### **UNITED STATES OF AMERICA BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS:	Lina M. Khan, Chair Noah Joshua Phillips Rebecca Kelly Slaugh Christine S. Wilson Alvaro M. Bedoya	ter
In the Matter of		
LIONS NOT SHEEP AI limited liability company	DOCKET NO. C-4772	
LIONS NOT SHEEP PE limited liability company		
LIONS NOT SHEEP VI limited liability company	, , , , , , , , , , , , , , , , , , ,	
LIONS NOT SHEEP LI company, and	LC, a limited liability	
SEAN WHALEN, indivi of LIONS NOT S		
	T SHEEP LLC; LIONS	
	ODUCTS, LLC; and	
LIONS NOT SHI	EEP VENTURES, LLC.	

### **COMPLAINT**

The Federal Trade Commission, having reason to believe that Lions Not Sheep Apparel, LLC, a limited liability company; Lions Not Sheep Products, LLC, a limited liability company; Lions Not Sheep Ventures, LLC, a limited liability company; Lions Not Sheep LLC, a limited liability company; and Sean Whalen, individually and as an officer of Lions Not Sheep Apparel, LLC, Lions Not Sheep Products, LLC, Lions Not Sheep Ventures, LLC, and Lions Not Sheep LLC (collectively, "Respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Lions Not Sheep Apparel, LLC is a Utah limited liability company with its principal office or place of business at 14572 S 790 W #C Bluffdale, Utah 84065.

2. Respondent Lions Not Sheep Products, LLC is a Utah limited liability company with its principal office or place of business at 14572 S 790 W #C Bluffdale, Utah 84065.

3. Respondent Lions Not Sheep Ventures, LLC is a Utah limited liability company with its principal office or place of business at 14572 S 790 W #C Bluffdale, Utah 84065.

4. Respondent Lions Not Sheep LLC is a Utah limited liability company with its principal office or place of business at 14572 S 790 W #C Bluffdale, Utah 84065. Lions Not Sheep LLC owns 100% of Lions Not Sheep Apparel, LLC, Lions Not Sheep Products, LLC, and Lions Not Sheep Ventures, LLC.

5. Respondent Sean Whalen ("Whalen") is the sole owner and manager of Lions Not Sheep LLC. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of Lions Not Sheep Apparel, LLC, Lions Not Sheep Products, LLC, Lions Not Sheep Ventures, LLC, and Lions Not Sheep LLC (collectively, "Lions Not Sheep" or "Corporate Respondents"), including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of the Corporate Respondents.

6. The Corporate Respondents have operated as a common enterprise while engaging in the unlawful acts and practices alleged below. Respondents have conducted the business practices described below through interrelated companies that have common ownership, officers, managers, business functions, employees, and office locations, and that commingled funds, etc. Because these Corporate Respondents have operated as a common enterprise, each of them is jointly and severally liable for the acts and practices alleged below. Respondent Whalen has formulated, directed, controlled, or had the authority to control, or participated in the acts and practices of the common enterprise alleged in this complaint.

7. Respondents have advertised, labeled, offered for sale, sold, and distributed products to consumers, including printed apparel, embroidered caps, and a range of accessories.

8. The acts and practices of Respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

# **Respondents' Business Practices**

9. Respondent Whalen organized Lions Not Sheep Apparel, LLC on February 4, 2016. Respondent Whalen has been employed and affiliated with Corporate Respondents as Chief Executive Officer since their inception.

10. Heavily marketed through social media channels, Lions Not Sheep describes itself as a lifestyle brand from which consumers can purchase apparel and accessories that "show people it's possible to live your life as a LION, Not a sheep" [sic].

11. The majority of Lions Not Sheep products are articles of wearing apparel including, but not limited to, t-shirts, sweatshirts, jackets, and sweaters.

12. Respondents also sell branded hats and accessories, such as flags, stickers, and wristbands.

13. Respondents sell Lions Not Sheep products online, including through their own website, lionsnotsheep.com, as well as on third-party platforms such as amazon.com and etsy.com. Products cost from \$10 for stickers up to \$105 for product bundles.

14. Respondent Whalen holds, and, at all times material to this Complaint has held, sole responsibility for and directed publication of all marketing claims made by Corporate Respondents.

15. Respondents have disseminated or have caused to be disseminated advertisements, packaging, and promotional materials for Lions Not Sheep products, including but not necessarily limited to the attached Exhibits A through F. These materials contain the following statements and depictions:

A. "Made in the USA" or "Made in America"

(Exhibit A, composite exhibit of lionsnotsheep.com homepage (Sept. 2021), product listings (Sept. 2021), Product Label, and Pinterest Post).

B. "Are your products USA Made?

Our apparel is printed and/or embroidered in the United States. We purchase all our supplies and materials from local businesses in Utah and the surrounding states."

(Exhibit B, composite exhibit of lionsnotsheep.com FAQs (Sept. 2021) and Facebook post (Jan. 2021)).

C. "100% AMERICAN MADE."

(Exhibit C, Lions Not Sheep Facebook Post (June 2020))

- D. "BEST DAMN AMERICAN MADE GEAR ON THE PLANET" (Exhibit D, Lions Not Sheep Instagram Video (June 2020)).
- E. "Products made in USA??
  - \* \* \*

[E]very damn post y'all ask this. In the time it took you to type this hypocritical statement cause the truth is 95% of your belongings are NOT American made, you could have visited our site and seen for yourself."

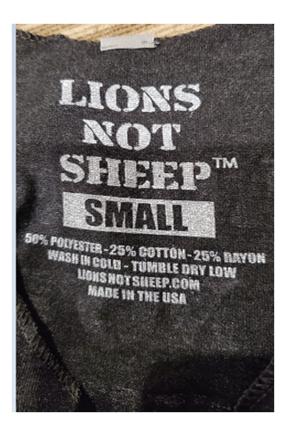
(Exhibit E, Post by Sean Whalen on Lions Not Sheep Facebook Post (May 2020)).

16. In most instances, the products advertised using the statements described in Paragraph 15 consist of wholly imported shirts and hats with limited finishing work, including printing or embroidery, performed in the USA.

17. On October 8, 2020, Respondent Whalen published a 4:16 video of himself to his social media accounts titled "MADE IN AMERICA" with a depiction of the Chinese flag. In that video, he introduced himself "as the owner and CEO of an apparel company," and stated that, to make "Made in USA" claims for products, marketers should substantiate their products are "all or virtually all" made in the USA. During the video, Respondent Whalen explains he sources t-shirts from China, screens them in the USA, folds them into bags in the USA, and then sends them to U.S. consumers. He states, "So our shirts are made in America . . . But those shirts are made in China, just like damn near every single made in America shirt you're wearing is. This is how it works." Respondent Whalen closes by stating he could conceal the fact that his shirts are of Chinese origin by removing origin tags, but to do that he would have to "charge you more for the tshirt 'cause I gotta pay the manpower and the labor to f----g tear the China tag off and put the America tag on. Which maybe at some point in time we do . . . God bless American-made products; God bless China; God bless the entire f----g world."



18. From May 10, 2021 through October 21, 2021, Respondents removed tags disclosing appropriate foreign country of origin from shirt products and printed "Made in USA" at the neck of the shirts, as depicted below. (Exhibit F).



19. Based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Respondents are violating or are about to violate laws enforced by the Commission because, among other things, Respondents ceased their unlawful activities only after learning the FTC was investigating them.

# **VIOLATION OF THE FTC ACT**

20. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts or practices in or affecting commerce."

21. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

### Count I False or Misleading Representation

22. In connection with the advertising, promotion, offering for sale, or sale of hats and nonapparel accessories, Respondents have represented, directly or indirectly, expressly or by implication, that such products are all or virtually all made in the United States.

23. In fact, in numerous instances, those hats and non-apparel accessories are wholly imported or contain significant imported content. Therefore, the representation set forth in Paragraph 22 is false or misleading.

24. The acts and practices of Respondents as alleged in Paragraphs 22-23 constitute unfair or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act.

# VIOLATIONS OF THE TEXTILE FIBER PRODUCTS IDENTIFICATION ACT AND <u>TEXTILE RULES</u>

25. The Textile Fiber Products Identification Act, 15 U.S.C. §§ 70-70k (the "Textile Act"), governs, *inter alia*, the labeling and advertising of textile fiber products manufactured, sold, advertised, or offered for sale in commerce. *See* 15 U.S.C. § 70a.

26. Pursuant to the Textile Act, a textile fiber product is misbranded if "a stamp, tag, label, or other means of identification, or substitute therefor authorized by section 70c of this title, is not on or affixed to the product showing in words and figures plainly legible . . . If it is an imported textile fiber product the name of the country where processed or manufactured[; or i]f it is a textile fiber product processed or manufactured in the United States, it be so identified." 15 U.S.C. § 70b(b).

27. The Textile Act further provides that "a textile fiber product shall be considered to be falsely or deceptively advertised in any mail order catalog or mail order promotional material which is used in the direct sale or direct offering for sale of such textile fiber product, unless such textile fiber product description states in a clear and conspicuous manner that such textile fiber product is processed or manufactured in the United States of America, or imported, or both." 15 U.S.C. § 70b(i).

28. Subsection 70c declares unlawful removal or mutilation of a stamp, tag, label, or other identification required by the Textile Act before the product is sold and delivered to the ultimate consumer. 15 U.S.C. § 70c(a).

29. Pursuant to Subsection 70e of the Textile Act, 15 U.S.C. § 70e(c), the Commission promulgated the Textile Fiber Rule, 16 C.F.R. Part 303 ("Textile Rules"). The Textile Rules provide, in relevant part:

- a. Articles of wearing apparel are subject to the Textile Act and Textile Rules. 16 C.F.R. § 303.45(a).
- b. Imported textile products must be labeled with the name of the country where the imported product was processed or manufactured. 16 C.F.R. § 303.33(a)(1).
- c. A textile product either (1) made in the United States in whole or in part of imported materials; or (2) partially manufactured in a foreign country and partially manufactured in the United States must contain a label disclosing those facts. 16 C.F.R. § 303.33(a)(3).
- d. Product descriptions for textile products advertised in mail order catalogs or mail order promotional materials must state clearly and conspicuously that the product was

made in the United States, imported, or both in a manner that is consistent with the origin labeling of the product advertised. 16 C.F.R. § 303.34.

30. A violation of either the Textile Act or the Textile Rules constitutes an unfair or deceptive act or practice in violation of the FTC Act. *See* 5 U.S.C. §§ 70a and 70e.

### Count II Textile Act and Textile Rules

31. As set forth in Paragraph 11, Respondents market and sell or have marketed and sold textile fiber products subject to the Textile Act and Textile Rules.

32. As set forth in Paragraph 15, Respondents advertise or have advertised the origin of those textile fiber products as USA.

33. As set forth in Paragraph 16, in numerous instances, these textile products are wholly imported or incorporate significant imported materials.

34. As set forth in Paragraph 18, in numerous instances, Respondents removed tags containing information required pursuant to the Textile Act and Textile Rules from retail textile fiber products and replaced those tags with false country-of-origin designations.

35. Therefore, through the means described in Paragraphs 11-18 and 31-34, Respondents have introduced, advertised, offered for sale, or sold textile fiber products that are mislabeled or falsely or deceptively advertised, in violation of Sections 70a and 70b of the Textile Act, 15 U.S.C. §§ 70a and 70b, and Sections 303.33 and 303.34 of the Textile Rules, 16 C.F.R. §§ 303.33 and 303.34.

36. Respondents' violations of the Textile Act and Textile Rules constitute deceptive acts or practices, in or affecting commerce, in violation of 5(a) of the FTC Act. *See* 15 U.S.C. §§ 70a and 70e.

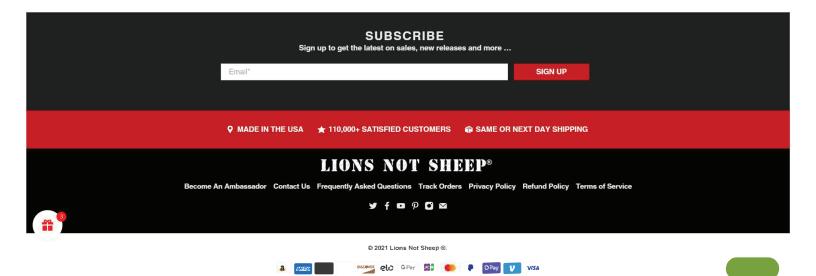
37. Therefore, the acts and practices of Respondents as alleged in Paragraphs 31-36 constitute unfair or deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this 28th day of July, 2022, has issued this Complaint against Respondents.

By the Commission.

April J. Tabor Secretary

SEAL:



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#### LIONS NOT SHEEP\*

HOME MENS  $\checkmark$  WOMENS  $\checkmark$  KIDS HATS & ACCESSORIES  $\checkmark$  LIMITED EDITION DROPS TRACK ORDER BLOG

#### Previous | Next



# 

#### DESCRIPTION All Black Snapback Trucker Hat.

All black Shapback Trucker hat.

#### MATERIAL

Adjustable Snapback Trucker Hat with embroidered logo

#### MADE IN THE USA

#### SHIPPING

Items will be shipped out in 1-3 days from time of order

#### USA Shipping:3-5 Business Days

International Shipping: 5-9 Business Days

#### RETURNS & EXCHANGES

We offer a 7 Day Returns & Exchanges Policy.

Items must be in brand new condition for us to accept the return/exchange.

We do not accept returns or exchanges based of "Change of Mind"

- We only accept size exchanges. We do not accept exchanges for other
- designs / different items.

### WHAT IS LIONS NOT SHEEP

It's a way of being.

#### It's something you already have.

It's already inside you.

You have 2 choices.

To lead, or to be led.

Lions Not Sheep is the savage inside you have chosen to ignore.

We live in a time when "fairness" and equality is peddled more than hard work and victory is.

We live in a time that man is encouraged to sit down and shut up than stand

up and be bold. Following the masses is more encouraged than following your heart.

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Lions choose to lead.

Not to be rebellious or to stand out, we lead because it's who we are.

We think differently. We speak and act differently.

Because WE ARE DIFFERENT.

A lion makes no apologies for being a lion.

A lion makes no apologies for wanting to eat.

A lion wakes up and fucking hunts.

Power. THE BODY

Passion. THE RELATIONSHIPS

Purpose. THE MIND

Production. THE BUSINESS

Lions live by a very specific code.

Their own code to their own tribe.

Lions Not Sheep is not a group of followers, it is a pride of lions.

A pride of men and women who PRODUCE abundantly for their pride.

Who PROTECT their pride at all costs.

And who PROVIDE for their own needs and desires.

You choose if you are part of a pride.

You choose if you are leading, or being led.

You choose today like every other day if you will be a LION.

Or if you will be a sheep.

We are LIONS NOT SHEEP

Exhibit A p. 2 of 6 LIONS NOT SHEEP IS PROUDLY SUPPORTED BY ...



#### **Customer Reviews**

5.0 ***** Based on 378 Reviews	5 x 98% 4 x 14 3 x 04 2 x 04 1 x 05	37 5 1 0 0					
97% reviewers would recommend this product Reviews 378 Questions 0				♀ Ask a Question	☑ Write a Review		
Filter Reviews:						With Photos	~
Q Search Reviews							
Quality Hats Sh	ipping Lion:	s Message	Compliments				
SHEEP Love Sta	tement 553	56					



\*\*\*\* 09/04/2021 I recommend this product Hats Great!! I love all my products from Lions not sheep. Great quality and perfect style. Lions Not Sheep OG Hat (All Black) - MESH BACK Michelle G. Verified Buyer

12 Share Was this helpful? 🔹 0 👎 0



\*\*\*\*\* 08/23/2021 🔺 I recommend this product

Stand proudly Stand prougly The quality of the tank top and hat are top notch. Fit us great and comfortable. I got multiple compliments all night long on my outfit and what it represents. Lions Not Sheep OG Hat (All Black)

- MESH BACK Jessie R. Verified Buyer

Ct Share Was this helpful? 🔹 0 👎 0



\*\*\*\* 08/19/2021 I recommend this product Extremely Happy!! Ordered 3 hats great quality!! Time to order some hoodies and shirts

#### Lions Not Sheep OG Hat (All Black) MESH BACK Nathan O. Verified Buyer

Ct Share

Was this helpful? 🍁 0 🦷 0



#### \*\*\*\*\* 05/30/2021

🔺 I recommend this product My Awesome New Hat Got Stolen! Great product, great message, fast shipping and attentive post-purchase follow up.

My only complaint is that the hat is so cool that my little dude 6 year old stole it from me and now he wears it all the time! Guess I'll be getting another one.

One thing...for \$30 a hat y'all should be doing free shipping, or at least



My nusbane loves it: I bought him this hat when your online shop first opened up, and little did I know that he was going to I ove it and wear it so much! You were sold out for a while but I got him another one as soon as they were back in stock. It's sturdy, durable for wears it a lottle good durable (he wears it a lot!), good quality. Great buy! Lions Not Sheep OG Hat (All Black) - MESH BACK

#### Denise R. Verified Buyer

12 Share Was this helpful? 🏼 🔹 0 👎 0

picking up part of the cost. Other than that, i have no complaints and will be ordering at least one more to replace the one my son stole! Lions Not Sheep OG Hat (All Black) - MESH BACK Samuel M. Verified Buyer C<sup>2</sup> Share Was this helpful? ▲ 0 ♥ 0

#### < 1 2 3 4 5 6 7 8 9 10 >

♥ MADE IN THE USA ★ 115,000+ SATISFIED CUSTOMERS 📦 SAME OR NEXT DAY SHIPPING

### LIONS NOT SHEEP®

Be

come An Ambassador Contact Us Frequently Asked Questions Track Orders Privacy Policy Refund Policy Terms of Service y f 🖸 🕫 ն 🖄

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Get the Lions Not Sheep OG Tee for 15% OFF with code PIN15. Limited time deal! us Made in America! (●) Over 20,000+ Happy Customers 🛠 1,000+ 5-Star Reviews! Shop Now: LionsNotSheep.com



Lions Not Sheep Apparel 329 followers

Made In America Mens Tees Lions Sheep Shop Now Coding >

More information...

Exhibit A p. 6 of 6

### LIONS NOT SHEEP®

FREE POCKET CONSTITUTION WITH EVERY ORDER

HOME MENS  $\lor$  WOMENS  $\lor$  KIDS HATS & ACCESSORIES  $\lor$  LIMITED EDITION DROPS TRACK ORDER BLOG

# **Frequently Asked Questions**

Are you located in the United States?	-
Yes, our warehouse and fulfillment facility is in Salt Lake City, Utah.	
Are your products USA Made?	-
Our apparel is printed and/or embroidered in the United States. We purchase all of our supplies and materials from local businesses in Utah and other surrounding states.	1
Do your sizes run small or are they true to US sizes?	Ч
How does The Lions Den work? How can I sign up?	H
What are your payment methods?	H
What is the exchange process?	н
What is the refund process?	н
Can I make changes to my order once it is placed?	н
Why is my tracking showing in pre-shipment?	Н
Do you offer overnight/express shipping?	Ч
Do you sell curved caps and not flat brims?	٩

🞗 MADE IN THE USA 🛛 🛨 110,000+ SATISFIED CUSTOMERS 🛛 🎲 SAME OR NEXT DAY SHIPPING

# LIONS NOT SHEEP®

Become An Ambassador Contact Us Frequently Asked Questions Track Orders Privacy Policy Refund Policy Terms of Service

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⑦ Help

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Lions Not Sheepe

Shop @ iore reotsheep today and receive a free batewithe \$75 purchase.e

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#freedom #donsroesheepapparee#lionsnotsheep



p. 2 of 2

#### https://www.facebook.com/LionsNotSheep/?ref=page\_internal ô $\widehat{\mathbf{W}}$ book Lions Not Sheep View Shop Message Q Like ... Press Enter to post. Lions Not Shee... LNS Apparel Co... Lions Not Shee ... Lions Not Sheep tagged a product from their shop. LIONS NOT SHIEEP \$17.50 \$35.00 \$35.00 ... June 3 . 🕥 **DROPPING AT 5PM MST!** Page Transparency See All JERSEY JUNE IS JUST GETTING STARTED! 100% AMERICAN MADE. Facebook is showing information to help you better understand the purpose of a Page. See The actions taken by the people who manage and #lionsnotsheep #lionsnotsheep #lionsnotsheepapparel post content. FREE MAN Page created - August 8, 2015 Page manager locations: United States, 0 Pakistan **Related Pages** ONS 75 Hard Like Interest No Slack Clothing Comp... Like Clothing Company GOD FIRST Like Assemblies of God Add Your Business to Facebook Showcase your work, create ads and connect with customers or supporters. Click to View Products Create Page 00 170 24 Comments 4 Shares Privacy · Terms · Advertising · Ad Choices 🕨 · Cookies · More · 🖒 Like pm/LionsNotSheep/photos/pcb.2915122035391221/2915121985391... Share Comment

Exhibit C

### https://www.instagram.com/tv/CCFBSwppIGV/?igshid=pajxy7nnsdvy

Instagram V Q Search 6 LIONS NOT SHEEP lionsnotsheep • Follow ... lionsnotsheep Made in U.S.A us LIONS NOT SHEEP Some folks are confused about what "MADE IN USA" means. This should clarify for ya. To all our customers, supporters and fans THANK YOU! We love this country and we love making apparel that represents our beliefs and passions! We will never stop loving America, supporting our POTUS, vets and LEO's, and we will never stop making the BEST DAMN AMERICAN MADE GEAR ON THE PLANET! V  $\heartsuit$  $\square$ 19,132 views JUNE 30, 2020 0:20 / 3:51 8  $(\cdot \cdot)$ Add a comment...

**Exhibit D** 



Lions Not Sheep May 15, 2020 · 🕄

The opinions of others cannot be d-posited into your bank account.

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Yet most of us spend way too much time caring about them.



Exhibit E

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