

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF GEORGIA
ATLANTA DIVISION**

UNITED STATES OF AMERICA,

Case No. 1:16-cv-1620-AT

Plaintiff,

STIPULATED ORDE

v.

iSPRING WATER SYSTEMS, LLC,
a limited liability company,

ZHUANGYONG CHEN, a/k/a John Chen,
individually and as an officer of
iSPRING WATER SYSTEMS, LLC,

and

PEARL CAI, a/k/a Yunzhu Cai,
individually and as an officer of
iSPRING WATER SYSTEMS, LLC,

Commission Act (“FTC Act”), 15 U.S.C. §§ 45(*l*) and 56(a)(1). Defendants have waived service of the summons and the Complaint. Plaintiff and Defendants stipulate to the entry of this Stipulated Order for Permanent Injunction and Civil

DEFINITIONS

For the purpose of this Order, the following definitions apply:

A. **“Clear(ly) and conspicuous(ly)”** means that a required disclosure is

d

4. In any communication using an interactive electronic medium, such as the Internet or software, the disclosure must be unavoidable.
5. On a product label, the disclosure must be presented on the principal display panel.
6. The disclosure must use diction and syntax understandable to ordinary consumers and must appear in each language in which the representation that requires the disclosure appears.
7. The disclosure must comply with these requirements in each medium through which it is received, including all electronic devices and face-to-face communications.
8. The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication.
9. When the representation or sales practice targets a specific audience, such as children, the elderl

doing business as 123filter.com, and its successors and assigns.

2. **“Individual Defendants”** means Zhuangyong Chen, a/k/a John Chen, and Pearl Cai, a/k/a Yunzhu Cai.

C. **“Made in the United States”** means made in the United States of America.

- A. The final assembly or processing of the product occurs in the United States, all significant processing that goes into the product occurs in the United States, and all or virtually all ingredients or components of the product are made and sourced in the United States; or
- B. A Clear and Conspicuous qualification appears immediately adjacent to the representation that accurately conveys the extent to which the product contains foreign parts, ingredients or components, and/or processing; or
- C. For a claim that a product is assembled in the United States, the product is last substantially transformed in the United States, the product's principal assembly takes place in the United States, and United States assembly operations are substantial.

II.
PROHIBITION AGAINST DECEPTIVE CLAIMS, INCLUDING FALSE
AND/OR UNSUBSTANTIATED CLAIMS

IT IS FURTHER ORDERED tE

representation, expressly or by implication, about the country of origin of any product or service unless the representation is non-misleading, and, at the time such representation is made, Defendants possess and rely upon a reasonable basis for the representation.

**IV.
ADDITIONAL MONETARY PROVISIONS**

IT IS FURTHER

V.
NOTICE TO CONSUMERS

IT IS FURTHER ORDERED that, within 30 days of entry of this Order, Defendants must notify customers as follows:

A. Defendants must identify all consumers who purchased iSpring products on or after March 10, 2018 and through July 15, 2018 (“eligible customers

3. Failure to provide required notices or any requested information will be treated as a continuing failure to obey this Order.

VI.
ORDER ACKNOWLEDGMENTS

IT IS FURTHER ORDERED that Defendants obtain acknowledgments of receipt of this Order:

A. Each Defendant, within 7 days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For 5 years after entry of this Order, each Individual Defendant for any business that such Defendant, individually or collectively with any other Defendants, is the majority owner or controls directly or indirectly, and the Corporate Defendant, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for conduct related to the subject matter of the Order and all agents and representatives who participate in conduct

delivery must occur before they assume their responsibilities.

C. From each individual or entity to which a Defendant delivered a copy of this Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

VII. COMPLIANCE REPORTING

IT IS FURTHER ORDERED that Defendants make timely submissions to the Commission:

A. One year after entry of t

describe in detail whether and how that Defendant is in compliance with each Section of this Order; and (e) provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission.

2. Additionally, each Individual Defendant must: (a) identify all telephone numbers and all physical, postal, email and Internet addresses, including all residences; (b) identify all business activities, including any business for which such Defendant performs services whether as an employee or otherwise and any entity in which such Defendant has any ownership interest; and (c) describe in detail such Defendant's involvement in each such business, including title, role, responsibilities, participation, authority, control, and any ownership.

B. For 20 years after entry of this Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

1. Each Defendant must report any change in: (a) any designated point of contact; or (b) the structure of any Corporate Defendant or any entity that Defendant has any ownership interest in or controls directly or indirectly that

may affect compliance obligations arising under this Order, including:
creation, merger, sale, or dissolution of the entity or any subsidiary, parent,
or affiliate that engages in any acts or practices subject to this Order.

2. Additionally, each Individ

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: United States v. iSpring Water Systems, LLC.

VIII. RECORDKEEPING

IT IS FURTHER ORDERED that Defendants must create certain records for 20 years after entry of the Order, and retain each such record for 5 years. Specifically, Corporate Defendant and each Individual Defendant for any business that such Defendant, individually or collectively with any other Defendants, is a majority owner or controls directly or indirectly, must create and retain the following records:

- A. Accounting records showing the revenues from all goods or services sold;
- B. Personnel records showing, for each person providing services, whether as

directly or indirectly, such as through a third party, and any response;

D. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission; and

E. A copy of each unique advertisement or other marketing material making a representation subject to this Order.

**IX.
COMPLIANCE MONITORING**

IT IS FURTHER ORDERED that, for the purpose of monitoring Defendants' compliance with this Order and any Tw 1(wfa377 0 3Tc 14.0377 0 0 14.04 251.53

authorized to communicate directly with each Defendant. Defendant must permit representatives of the Commission and Plaintiff to interview any employee or other person affiliated with any Defendant who has agreed to such an interview. The person interviewed may have counsel present.

C. The Commission and Plaintiff may use all other lawful means, including posing, through its representatives as consumers, suppliers, or other individuals or entities, to Defendants or any individual or entity affiliated with Defendants, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, [15 U.S.C. §§ 49, 57b-1](#).

X.
RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

SO ORDERED this 19th day of April, 2019.

UNITED STATES DISTRICT JUDGE

SO STIPULATED AND AGREED:

**FOR PLAINTIFF THE UNITED
STATES OF AMERICA:**

JOSEPH H. HUNT
Assistant Attorney General
Civil Division

JAMES M. BURNHAM
Deputy Assistant Attorney General

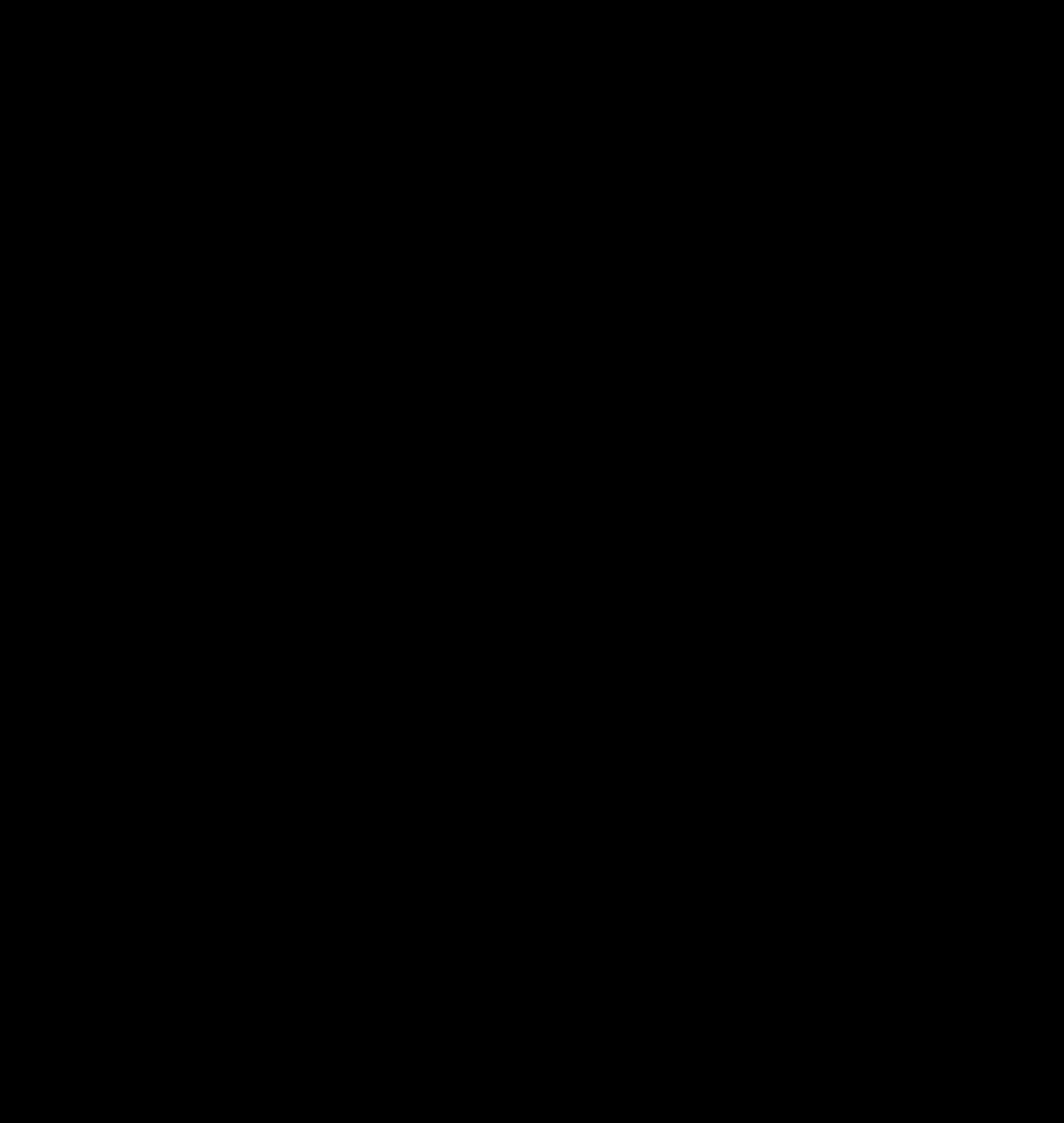
GUSTAV W. EYLER
Acting Director

/s/ Kendrack D. Lewis
KENDRACK D. LEWIS
Trial Attorney
Consumer Protection B

FOR THE FEDERAL TRADE COMMISSION:

JAMES A. KOHM
Associate Director for Enforcement

LAUE



ATTACHMENT A: NOTIFICATION LETTER OR EMAIL

The notification letter or email must be in the following form, from an authorized iSpring address or email address and containing an iSpring signature line with the sender's full contact information:

Subject: iSpring Water Filtration System

Dear <Name of customer>:

Our records show that you bought a water filtration system from iSpring Water Systems, LLC