

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

UNITED STATES OF AMERICA,

Plaintiff,

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,

Defendants.

Case No. _____

**COMPLAINT FOR CIVIL
PENALTIES, PERMANENT
INJUNCTION, AND OTHER
EQUITABLE RELIEF**

Plaintiff, the United States of America, acting upon notification and on behalf of the Federal Trade Commission (“FTC” or “Commission”), for its Complaint alleges that:

1. Plaintiff brings this action against Defendants iSpring Water Systems, LLC (“iSpring” or “Corporate Defendant”); Zhuangyong Chen, a/k/a John Chen (“Chen”); and Pearl Cai, a/k/a Yunzhu Cai (“Cai”) (collectively, “Defendants”) under Section 5(l) and 16(a)(1), of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(l) and 56(a)(1), to obtain civil penalties, an injunction, and other equitable relief for violations of an order previously issued by the Commission. See Exhibit A, In re iSpring Water Systems, LLC, 2017 FTC LEXIS 64 (2017) (Decision and Order, FTC Docket No. 1611) (“Commission Order”).

2. The Commission Order prohibits Corporate Defendant and Corporate Defendant’s officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them who re 8.5 (n) J Tnl 8 0 Td () (nd) 8.1 (e) 3. Tw

123filter.com, and through third party websites, including, but not limited to, amazon.com, overstock.com, sears.com, and homedepot.com.

7. Zhuangyong Chen, a/k/a John Chen, is the owner and an officer of iSpring Water Systems, LLC. At all times material to this Complaint, acting alone or in concert with others, he has formulated, directed, controlled, had the authority to control, or participated in the acts and practices of the Corporate Defendant, including the acts and practices set forth in this Complaint. Defendant Chen resides in this District and, in connection with the matters alleged herein, transacts or has transacted business in this District and throughout the United States.

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COMMERCE

9.

12. Under the Commission Order, Part I state

I.

PROHIBITED MISREPRESENTATIONS

IT IS ORDERED that [iSpring], and [iSpring]'s officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any water filtration system or associated parts and accessories, or any other product or service, must not make any representation, expressly or by implication, that a product or service is Made in the United States unless:

- 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, and/or processing.

See Commission Order, Part I.

13. The Commission Order defines "Made in USA" to mean "any representation, express or implied, that a product or service, or a specified component thereof, is of U.S. origin, including, but not limited to, a representation that such product or service is "made," "manufactured," "built," or "produced" in the United States, or any other U.S. origin claim."

See Commission Order, Definition B.

14. The Commission Order defines “Clear(ly) and Conspicuous(ly)”

mean

[T]hat a required disclosure is difficult to miss (i.e., easily noticeable) and easily understandable by ordinary consumers, including in all of the following ways:

a. In any communication that is solely visual or solely audible, the

- h. The disclosure must not be contradicted or mitigated by, or inconsistent with, anything else in the communication.
- i.

Defendants' Notice of the Commission Order

17. On December 15, 2016, Cai signed the Commission Order on behalf of iSpring as iSpring's Vice President. On April 25, 2017, Cai acknowledged receipt of the final Commission Order on iSpring's behalf.

18.

20. Defendants

that accurately conveys the extent to which the product contains foreign parts, ingredients, and/or processing.” Commission Order Part I.

24. In truth and in fact, in numerous instances, Defendants made “Made in USA” claims for wholly imported products.

25. Therefore, the representations described in Paragraphs constitute misrepresentations in violation of Part I of the Commission Order.

COURT’S POWER TO GRANT RELIEF

26. Each representation Defendants have made in violation of the Commission Order constitutes a separate violation for which Plaintiff may seek a civil penalty pursuant to Section 5(l) of the FTC Act, 15 U.S.C. § 45(l).

27. Section 5(l) of the FTC Act, 15 U.S.C. § 45(l), as modified by Section 4 of the Federal Civil Penalties Inflation Adjustment Act of 1990, 28 U.S.C. § 2461, and Section 1.98(c) of the FTC’s Rules of Practice, 16 C.F.R. § 1.98(c) (Feb. 14, 2019) directs that a defendant who violates an order of the Commission after it has become final and while such order is in effect “§ 1.8(s) 53. [ugvil0.041.333

DATED: April 10, 2019

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