

Complaint

IN THE MATTER OF

**MACNEILL ENGINEERING COMPANY, INC.
d/B/A CHAMP**CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket No. C-4422; File No. 122 3292**Complaint, December 11, 2013 – Decision, December 11, 2013*

This consent order addresses allegations that respondent MacNeill Engineering Company, Inc., doing business as CHAMP, violated the Federal Trade Commission Act in its marketing, sale, and distribution of plastic golf tees. According to the complaint, CHAMP represented that its plastic golf tee products were biodegradable and, upon disposal, would completely break down and decompose into elements found in nature within a reasonably short time. The complaint alleges these claims were false and misleading and that respondent did not possess any substantiation for its claims. The order bars respondent from representing any of its products or packaging are biodegradable unless (1) the entire item will completely decompose into elements found in nature within one year after disposal; or (2) respondent clearly and prominently states the time to complete decomposition or explains the extent to which the item will decompose. The order further requires respondent to implement scientific protocols that replicates the physical conditions found in a landfill or existing using the method or facility stated in respondent's representations regarding its product's biodegradability.

Participants

For the *Commission*: *Korin Felix, Elisa Jillson, and Katherine Johnson.*

For the *Respondent*: *Kerry Timbers, Sunstein Kann Murphy & Timbers, LLP.*

COMPLAINT

The Federal Trade Commission, having reason to believe that MacNeill Engineering Company, Inc., also d/b/a CHAMP ("respondent"), has violated provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

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1. Respondent MacNeill Engineering Company, Inc., is a Massachusetts corporation with its principal office or place of business at 140 Locke Drive, Marlborough, MA 01752.

2. Respondent advertises, offers for sale, sells, and distributes athletic gear, including ZARMA FLYTees golf tees (“FLYTees”), to the public throughout the United States. Respondent advertises these goods on its website, www.champspikes.com. Respondent also offers for sale, sells, and distributes these goods through various online and brick-and-mortar retailers throughout the United States. Respondent advertises that FLYTees are biodegradable because of an additive from ECM Biofilms, Inc.

3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

4. To induce consumers to purchase FLYTees golf tees, respondent disseminates, has disseminated, or has caused to be disseminated advertisements, including, but not limited to, the attached Exhibits 1-2.

5. In its advertising, including, but not limited to, those shown in Exhibits 1-2, respondent has made the following statements and depictions:

A. Respondent’s Website (Exhibit 1):

i. Combi-Pack Product Page:

“Made with environmentally friendly biodegradable materials” (Ex. 1, at 1).

ii. Biodegradability Information Page:

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“FLYTees are completely biodegradable!” (Id., at 3).

“The CHAMP FLYTee is from a specially formulated sustainable bio-plastic that enables the material to maintain durability and performance, while still breaking down into CO₂ and water when it is done being used. Our plastic has a market proven bio-agent additive created by ECM Biofilms, Inc. ECM’s technology is a process which enables the microorganisms in the environment to metabolize the molecular structure of plastic products into humus that is beneficial to the environment.” (Id.).

iii. FLYTees Sell Sheet:

“The CHAMP FLYTee is made from a specially formulated sustainable bio-plastic that enables the material to maintain durability and performance, while still breaking down into CO₂ and water when it is done being used. Our plastic has a market proven bio-agent additive created by ECM Biofilms, Inc. ECM’s technology is a process which enables the microorganisms in the environment to metabolize the molecular structure of plastic products into humus that is beneficial to the environment.” (Id., at 4).

“Material tested with ECM has been tested and proved as biodegradable and safe for the

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environment by using the following: ASTM D5209
... ASTM 5511 ...
ISO 14855 / ASTM D5338.” (Id.).

iv. ECM Certificate of Biodegradability of Plastic Products:

“This is to certify that numerous plastic samples, submitted by ECM BioFilms, Inc., have been tested by independent laboratories in accordance with standard test methods The results of these tests and the related biodegradation and ecological impact experiments are contained in the Ecological Assessment of ECM Plastic report dated February 16, 1999, which certifies that plastic products manufactured with ECM additives can be marketed as biodegradable This Certificate and the Ecological Assessment of ECM Plastic report, along with Scanning Electron Microscope and other studies that have been conducted since the publication of the Ecological Assessment . . . may be used by [the certificate holder] to validate its [sic] claims to the biodegradability and environmental safety of plastic products that it manufactures” (Id., at 5).

B. Respondent’s Product Packaging (Exhibit 2):



(Ex. 2, at 1).

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6. Approximately 92 percent of total municipal solid waste in the United States is disposed of either in landfills, incinerators, or recycling facilities. These customary disposal methods do not present conditions that would allow FLYTees to completely break down and decompose into elements found in nature within a reasonably short period of time.

7. Consumers likely interpret unqualified degradable claims to mean that the entire product or package will completely decompose into elements found in nature within a reasonably short period of time after customary disposal.

8. The Ecological Assessment of ECM Plastic, American Society for Testing and Materials (“ASTM”) International D5511, Standard Test Method for Determining Anaerobic Biodegradation of Plastic Materials under High Solids Anaerobic Digestion Conditions (“ASTM D5511”), and other scientific tests relied on by respondent do not assure complete decomposition of FLYTees in a reasonably short period of time or in respondent’s stated timeframes, e.g., nine months to five years, and do not replicate, i.e., simulate, the physical conditions of either landfills, where most trash is disposed, or other disposal facilities stated in the representations.

VIOLATIONS OF SECTION 5 OF THE FTC ACT

FALSE OR MISLEADING REPRESENTATIONS

9. Through the means described in Paragraphs 2, 4, and 5, respondent has represented, expressly or by implication, that:

- A. FLYTees are biodegradable, i.e., will completely break down and decompose into elements found in nature within a reasonably short period of time after customary disposal;
- B. FLYTees are biodegradable as a result of an additive from ECM Biofilms, Inc.; and

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- C. FLYTees have been shown to be biodegradable under various scientific tests including, but not limited to, ASTM D5511.

10. In truth and in fact:

- A. FLYTees will not completely break down and decompose into elements found in nature within a reasonably short period of time after customary disposal;
- B. FLYTees will not completely break down and decompose into elements found in nature within a reasonably short period of time after customary disposal as a result of respondent's use of an additive from ECM Biofilms, Inc.;
- C. FLYTees have not been shown to completely break down and decompose into elements found in nature within a reasonably short period of time after customary disposal under various scientific tests, including, but not limited to, ASTM D5511.

11. Therefore, the representations set forth in Paragraph 9 were, and are, false or misleading.

UNSUBSTANTIATED REPRESENTATIONS

12. Through the means described in Paragraphs 2, 4, and 5, in numerous instances respondent has represented, expressly or by implication, that it possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 9, at the time the representations were made.

13. In truth and in fact, at the time respondent made the representations referred to in Paragraph 9, respondent did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in Paragraph 12 is false or misleading.

14. Respondent's practices, as alleged in this complaint, therefore, constitute deceptive acts or practices in or affecting

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commerce in violation of Section 5(a) of the Federal Trade Commission Act.

IN WITNESS WHEREOF, the Federal Trade Commission has issued this complaint against respondent and has caused it to be signed by its Secretary and its official seal to be hereto affixed, at Washington, D.C. this eleventh day of December, 2013.

By the Commission.

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EXHIBIT 1

CHAMP | Zarma FLYtee™ Combi-Pak

• Home

CHAMP The World Leader in Sport Cleat Technology®

NEWS & EVENTS PRODUCT INFORMATION WHY CHAMP SPIKES? WHERE TO BUY

• FLYtees™ Zarma FLYtee™ Golf Football Soccer Track Baseball Rugby Lacrosse Cricket

FLYtees™ Industrial

- Zarma FLYtee™ MyHit™ Tee
- Zarma FLYtee™ 3 1/2"
- Zarma FLYtee™ 2 1/2"
- Zarma FLYtee™ 1 1/2"
- Zarma FLYtee™ Combi-Pak
- Zarma FLYtee™ Multi-Color Pack 2 1/2"
- Custom Printed FLYtees
- ZARMA FLYtee™ Biodegradability Information

CHAMP Tee-It-Up™

Wrenches

Divot Tools

Other Accessories

Ball Markers



Zarma FLYtee™ Combi-Pak
CHAMP GOLF ACCESSORIES
White/Orange Combination Pak

Buy Now

- Overview
- Specifications
- Part Numbers

Finally a performance Tee that Performs!

The CHAMP Zarma FLYtee™ is a new performance tee that will increase your distance and accuracy from tee to green. Made with environmentally friendly biodegradable materials, a durable plastic design and a 6 prong head makes it easier to place the ball on the tee and keep it stable. With its added durability and contoured cup, this tee gives top performance to all golfers, from amateurs to professionals.

Specifications

A combination pack of 15 white 2 1/2" (63mm) length tees and 8 orange 1 1/2" (44mm) length tees. Package contains 23 tees.

Product not available in the US.

> Download Sell Sheet

> Download High Res Product Images

Part Numbers

Pack of 23
Combi-Pak No.82561

White 2 1/2" (15)
Orange 1 1/2" (8)

Product not Available in the US

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EXHIBIT 1

CHAMP | ZARMA FLYtee™ Biodegradability Information

CHAMP The World Leader in Sport Cleat Technology®

Distributors Retailers OEM Contact 1 800 OK CHAMP

NEWS & EVENTS PRODUCT INFORMATION WHY CHAMP SPIKES? WHERE TO BUY

Golf Football Soccer Track Baseball Rugby Lacrosse Cricket

Home Products Golf Golf Accessories FLYtees™ ZARMA FLYtee™ Biodegradability Information

Industrial

FLYtees™

Zarma FLYtee™ MyHite™ Tee
Zarma FLYtee™ 3 1/2"
Zarma FLYtee™ 2 3/4"
Zarma FLYtee™ 1 1/2"
Zarma FLYtee™ Combi-Pak
Zarma FLYtee™ Multi-Color Pack 2 3/4"
Custom Printed FLYtees
ZARMA FLYtee™ Biodegradability Information

CHAMP Tee-It-Up™
Wrenches
Divet Tools
Other Accessories
Ball Markers




ZARMA FLYtee™ Biodegradability Information
CHAMP GOLF ACCESSORIES

FLYtees are completely biodegradable!

Overview

Specifications

Part Numbers

FLYtees are completely biodegradable!

The CHAMP FLYtee is from a specially formulated sustainable bio-plastic that enables the material to maintain durability and performance, while still breaking down into CO2 and water when it is done being used. Our plastic has a market proven bio-agent additive created by ECM Biotech, Inc. ECM's technology is a process which enables the microorganisms in the environment to metabolize the molecular structure of plastic products into humus that is beneficial to the environment.

Specifications

- Download Sell Sheet
- Download Technical Sheet

Part Numbers

Reduce...Reuse...Recycle

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INNOVATIVE TRACTION TECHNOLOGY™

Connect with us





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EXHIBIT 1



Sustainable Design

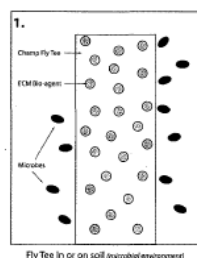


The Champ Fly Tee is made from a specially formulated sustainable bio-plastic that enables the material to maintain durability and performance, while still breaking down into CO₂ and Water when it is done being used. Our plastic has a market proven bio-agent additive created by ECM Biofilms, Inc. ECM's technology is a process which enables the microorganisms in the environment to metabolize the molecular structure of plastic products into humus that is beneficial to the environment.

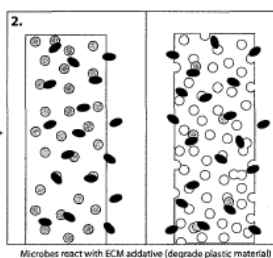
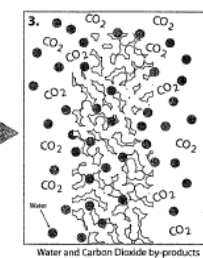


Degradation Illustration

Plastic Attracts Microbes



Microbes Consume the Plastic

Plastic Becomes Water & CO₂

Actual Test Performed by ECM



Date: 6-JAN-97, Day 1



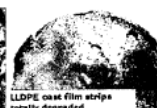
Date: 21-FEB-97, Day 47



Date: 13-MAY-97, Day 130



Date: 13-AUG-97, Day 210



Date: 16-JUN-98, Day 537

Actual tee degradation times will vary depending upon the location of the tee and its surrounding environment.

www.ecmbiofilms.com

Material treated with ECM has been tested and proved as biodegradable and safe for the environment by using the following:

ASTM D5209

"Standard Test Method for Determining the Aerobic Biodegradation of Plastic Materials in the Presence of Municipal Sewage Sludge"

ASTM 5511

"Standard Test Method for Determining Anaerobic Biodegradation of Plastic Materials Under High-Solids Anaerobic Digestion Conditions"

ISO 14855 / ASTM D5338

"Standard Test Method for Determining Aerobic Biodegradation of Plastic Materials under Controlled Composting Conditions"

www.champgolf.com

CHAMP

800.OK.CHAMP

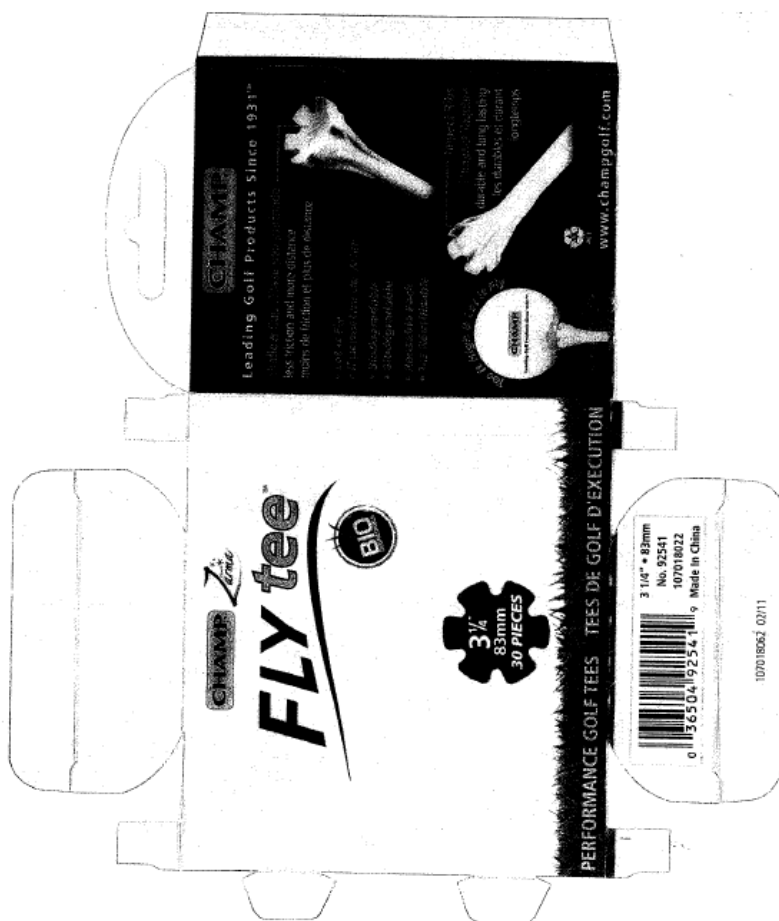
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EXHIBIT 1



Complaint

EXHIBIT 2



Decision and Order

DECISION AND ORDER

The Federal Trade Commission (“Commission”) having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft complaint that the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge the respondent with violation of the Federal Trade Commission Act, 15 U.S.C § 45 *et seq.*; and

The respondent, its attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order (“consent agreement”), a statement that respondent neither admits nor denies any of the allegations in the draft complaint except as specifically stated in the consent agreement, an admission by the respondent of facts necessary to establish jurisdiction for purposes of this action, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that the respondent has violated the Federal Trade Commission Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such consent agreement on the public record for a period of thirty (30) days, and having duly considered the comments filed thereafter by interested persons pursuant to Commission Rule 2.34, 16 C.F.R. § 2.34, now in further conformity with the procedure prescribed in Commission Rule 2.34, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent MacNeill Engineering Company, Inc. is a Massachusetts corporation with its principal office or place of business at 140 Locke Drive, Marlborough, Massachusetts 01752.
2. The Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

Decision and Order

ORDER**DEFINITIONS**

For purposes of this order, the following definitions shall apply:

1. “Clearly and Prominently” means as follows:
 - A. In print communications, the disclosure shall be presented in a manner that stands out from the accompanying text, so that it is sufficiently prominent, because of its type size, contrast, location, or other characteristics, for an ordinary consumer to notice, read and comprehend it;
 - B. In communications made through an electronic medium (such as television, video, radio, and interactive media such as the Internet, online services, and software), the disclosure shall be presented simultaneously in both the audio and visual portions of the communication. In any communication presented solely through visual or audio means, the disclosure shall be made through the same means through which the communication is presented. In any communication disseminated by means of an interactive electronic medium such as software, the Internet, or online services, the disclosure must be unavoidable. Any audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. Any visual disclosure shall be presented in a manner that stands out in the context in which it is presented, so that it is sufficiently prominent, due to its size and shade, contrast to the background against which it appears, the length of time it appears on the screen, and its location, for an ordinary consumer to notice, read and comprehend it; and

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- C. Regardless of the medium used to disseminate it, the disclosure shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any communication.
2. “Close proximity” means on the same print page, web page, online service page, or other electronic page, and proximate to the triggering representation, and not accessed or displayed through hyperlinks, pop-ups, interstitials, or other means.
3. “Commerce” means as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.
4. “Competent and reliable scientific evidence” means tests, analyses, research, or studies that have been conducted and evaluated in an objective manner by qualified persons, that are generally accepted in the profession to yield accurate and reliable results, and that are sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that a representation is true. Specifically:
- A. For unqualified biodegradability claims, any scientific technical protocol (or combination of protocols) substantiating such claims must assure complete decomposition within one year and replicate, i.e., simulate, the physical conditions found in landfills, where most trash is disposed.
- B. For qualified biodegradability claims, any scientific technical protocol (or combination of protocols) substantiating such claims must both:
- i. assure the entire product will (1) completely decompose into elements found in nature in the stated timeframe or, if not qualified by time, within one year; or (2) decompose into

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elements found in nature at the rate and to the extent stated in the representation; and

- ii. replicate, i.e., simulate, the physical conditions found in the type of disposal facility or method stated in the representation or, if not qualified by disposal facility or method, the conditions found in landfills, where most trash is disposed.

For example, results from ASTM (American Society for Testing and Materials) International D5511-12, Standard Test Method for Determining Anaerobic Biodegradation of Plastic Materials under High Solids Anaerobic Digestion Conditions, or any prior version thereof, are not competent and reliable scientific evidence supporting unqualified claims, or claims of outcomes beyond the parameters and results of the actual test performed.

5. “Customary disposal” means any disposal method whereby respondent’s products ultimately will be disposed of in a landfill, in an incinerator, or in a recycling facility.
6. “Degradable” includes biodegradable, oxo-biodegradable, oxo-degradable, or photodegradable, or any variation thereof.
7. “Landfill” means a municipal solid waste landfill that receives household waste. “Landfill” does not include landfills that are operated as bioreactors or those that are actively managed to enhance decomposition.
8. Unless otherwise specified, “respondent” means MacNeill Engineering Company, Inc., a corporation, and its successors and assigns.

I.

IT IS ORDERED that respondent, and its officers, agents, representatives, and employees, directly or through any corporation, partnership, subsidiary, division, or other device, in

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connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product, package, or service, in or affecting commerce, shall not represent, in any manner, directly or indirectly, expressly or by implication:

- A. That any product or package is degradable, unless:
 - i. the entire item will completely decompose into elements found in nature within one year after customary disposal; or
 - ii. the representation is clearly and prominently and in close proximity qualified by:
 - a. Either (1) the time to complete decomposition into elements found in nature; or (2) the rate and extent of decomposition into elements found in nature, provided that such qualification must disclose that the stated rate and extent of decomposition does not mean that the product or package will continue to decompose; and
 - b. If the product will not decompose in a customary disposal facility or by a customary method of disposal, both (1) the type of non-customary disposal facility or method and (2) the availability of such disposal facility or method to consumers where the product or package is marketed or sold
- and such representation is true, not misleading, and, at the time it is made, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation.
- B. That any such product, package, or service offers any environmental benefit, unless the representation is true, not misleading, and, at the time it is made, respondent possesses and relies upon competent and reliable evidence, which when appropriate must be

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competent and reliable scientific evidence, that substantiates the representation.

II.

IT IS FURTHER ORDERED that respondent shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Commission for inspection and copying:

- A. All advertisements, labeling, packaging and promotional materials containing the representations specified in Part I;
- B. All materials that were relied upon in disseminating the representations specified in Part I;
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in its possession or control that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations; and
- D. All acknowledgments of receipt of this order, obtained pursuant to Part III.

III.

IT IS FURTHER ORDERED that respondent shall deliver a copy of this order to all current and future subsidiaries, current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having decision-making authority relating to the subject matter of this order. Respondent shall secure from each such person a signed and dated statement acknowledging receipt of the order, with any electronic signatures complying with the requirements of the E-Sign Act, 15 U.S.C. § 7001 *et seq.* Respondent shall deliver this order to such current personnel within thirty (30) days after the date of service of this order, and to such future personnel within

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thirty (30) days after the person assumes such position or responsibilities.

IV.

IT IS FURTHER ORDERED that respondent shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including, but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor entity; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the business or corporate name or address. *Provided, however,* that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge.

Unless otherwise directed by a representative of the Commission in writing, all notices required by this Part shall 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, Mail Stop M-8102B, Washington, DC 20580. The subject line must begin: “MacNeill Engineering Company, Inc., File No. 1223292.”

V.

IT IS FURTHER ORDERED that respondent shall, within sixty (60) days after the date of service of this order file with the Commission a true and accurate report, in writing, setting forth in detail the manner and form in which respondent has complied with this order. Within ten (10) days of receipt of written notice from a representative of the Commission, respondent shall submit additional true and accurate written reports. Unless otherwise directed by a representative of the Commission in writing, all notices required by this Part shall be emailed to Debrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to:

Decision and Order

Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Mail Stop 8102-B, Washington, DC 20580. The subject line must begin: "MacNeill Engineering Company, Inc., File No. 1223292."

VI.

This order will terminate on December 11, 2033, or twenty (20) years from the most recent date that the United States or the Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; *provided, however*, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (20) years;
- B. This order's application to any respondent that is not named as a defendant in such complaint; and
- C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

Analysis to Aid Public Comment

ANALYSIS OF CONSENT ORDER TO AID PUBLIC COMMENT

The Federal Trade Commission (“FTC” or “Commission”) has accepted, subject to final approval, an agreement containing a consent order from CHAMP/MacNeill Engineering Company, Inc., a corporation (“respondent”).

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement or make final the agreement’s proposed order.

This matter involves respondent’s marketing, sale, and distribution of purportedly biodegradable plastic golf tees to the public. According to the FTC complaint, respondent represented that its plastic products are completely biodegradable (i.e., will completely break down and decompose into elements found in nature within a reasonably short period of time after customary disposal). Respondent further represented that its plastic products are biodegradable in a landfill; are biodegradable in a stated qualified timeframe; and are biodegradable, biodegradable in a landfill, or biodegradable in a stated qualified timeframe as a result of respondent’s use of a plastic additive manufactured by ECM Biofilms, Inc.

The complaint alleges that each of these degradable claims is false and misleading. In addition, the complaint alleges that, although respondent represented (expressly or implicitly) that it could substantiate its degradable claims, respondent did not in fact possess or rely upon a reasonable basis to substantiate these representations of biodegradability. Thus, the complaint alleges that respondent engaged in deceptive practices in violation of Section 5(a) of the FTC Act.

The proposed consent order contains a provision designed to prevent respondent from engaging in similar acts and practices in the future. Part I prohibits respondent from making any

Analysis to Aid Public Comment

representation that a product or package is degradable, unless one of two conditions is met. The first condition is that the entire item will completely decompose into elements found in nature within one year after customary disposal. The second condition is that the representation will be clearly and prominently and in close proximity qualified by either the time to complete decomposition or the rate and extent of decomposition (although this qualification must disclose that the stated rate and extent of decomposition does not mean that the item will continue to decompose). In addition, if the product will not decompose in (or by) a customary disposal facility/method, the representation must be qualified regarding the type of disposal, and the availability of such disposal facility or method to consumers where the item is marketed and sold.

Part I also requires that, at the time of any such representation, respondent must possess and rely upon competent and reliable scientific evidence from a scientific technical protocol (or protocols) that does two things. First, the protocol must assure that the entire product will either completely decompose in one year or the stated timeframe, or that it will decompose at the rate and to the extent stated in the representation. Second, such protocol must replicate (i.e., simulate) the physical conditions found in a landfill or the disposal facility or method stated in the representation. Part I further prohibits respondent from marketing any products, packages, or services as offering any environmental benefit, unless the representation is true, not misleading, and, at the time it is made, respondent possesses and relies upon competent and reliable evidence that substantiates the representation.

Parts II through V are reporting and compliance provisions. Part II requires respondent to keep (and make available to the Commission on request): copies of advertisements, labeling, packaging and promotional materials containing the representations identified in Part I; materials relied upon in disseminating those representations; evidence that contradicts, qualifies, or calls into question the representation, or the basis relied upon for the representation, specified in Part I; and all acknowledgments of receipt of the order. Part III requires dissemination of the order now and in the future to subsidiaries, principals, officers, directors, and managers, and to all current and

Analysis to Aid Public Comment

future employees, agents, and representatives having decision-making authority relating to the subject matter of the order. Part IV requires notification to the FTC of changes in corporate status. Part V mandates that respondent submit an initial compliance report to the FTC and make available to the FTC subsequent reports. Part VI is a provision “sunsetting” the order after twenty (20) years, with certain exceptions.

The purpose of the analysis is to aid public comment on the proposed order. It is not intended to constitute an official interpretation of the proposed order or to modify its terms in any way.

Complaint

IN THE MATTER OF

CARNIE CAP, INC.CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket No. C-4421; File No. 122 3290**Complaint, December 11, 2013 – Decision, December 11, 2013*

The consent order addresses respondent Carnie Cap, Inc.’s marketing, sale, and distribution of plastic rebar cap covers that prevent accidental impalement at construction sites. Carnie Cap represented that its plastic rebar cap covers are completely biodegradable and would completely break down and decompose into elements found in nature within a reasonably short time. Carnie Cap further represented that its plastic products are biodegradable in a landfill and are biodegradable within a certain timeframe as a result of Carnie Cap’s use of Eco-One, a plastic additive. The complaint alleges that all of these claims were false and misleading, in violation of the FTC Act, and that respondent did not possess any substantiation for its claims. The order bars respondent from representing any of its products or packaging are biodegradable unless (1) the entire item will completely decompose into elements found in nature within one year after disposal; or (2) respondent clearly and prominently states the time to complete decomposition or explains the extent to which the item will decompose. The order further requires respondent to implement scientific protocols that replicates the physical conditions found in a landfill or existing using the method or facility stated in respondent’s representations regarding its product’s biodegradability. Additionally, the order requires respondent to submit an initial compliance report to the Commission and make subsequent reports available to the Commission.

Participants

For the *Commission*: *Korin Felix, Elisa Jillson and Katherine Johnson.*

For the *Respondent*: *Not represented by counsel.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Carnie Cap, Inc. (“respondent”), has violated provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges: