

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

COMMISSIONERS: **Lina M. Khan, Chair
Rebecca Kelly Slaughter
Alvaro M. Bedoya**

In the Matter of

**CHAUCER ACCESSORIES, INC., a
corporation, also d/b/a CHAUCER
LEATHER CORP.;**

**BATES ACCESSORIES, INC., a corporation,
also d/b/a THOMAS BATES, TB PHELPS,
DAVID SPENCER SHOES, and CUSTOM
BRAND FOOTWEAR;**

**BATES RETAIL GROUP, INC., a corporation;
and**

**THOMAS P. BATES, individually and as an
officer of CHAUCER ACCESSORIES,
INC.; BATES ACCESSORIES, INC.; and
BATES RETAIL GROUP, INC.**

DOCKET NO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Chaucer Accessories, Inc., a corporation; Bates Accessories, Inc., a corporation; Bates Retail Group, Inc., a corporation; and Thomas Bates, individually and as an officer of Chaucer Accessories, Inc., Bates Accessories, Inc., and Bates Retail Group, Inc. (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 Chaucer Accessories, Inc. ("Chaucer"), also doing business as Chaucer Leather Corp., is a Massachusetts corporation with its principal office or place of business at 143 Essex St., Haverhill, Massachusetts 01832.
2. Respondent Bates Accessories, Inc. ("Bates Accessories"), also doing business as Thomas Bates, TB Phelps, David Spencer Shoes, and Custom Brand Footwear, is a Delaware

corporation with its principal office or place of business at 370 Portsmouth Ave., # 211, Greenland, New Hampshire 03840.

3. Respondent Bates Retail Group, Inc. (“Bates Retail Group”) is a New Hampshire corporation with its principal office or place of business at 36 Piscataqua St., P.O. Box 243, New Castle, New Hampshire 03854.

4. Respondent Thomas P. Bates (“Bates”) is the president and owner of Chaucer Accessories, Bates Accessories, and Bates Retail Group. Individually or in concert with others, he controlled or had the authority to control, or participated in the acts and practices of Chaucer, Bates Accessories, and Bates Retail Group, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of Bates Accessories.

5. Respondents Chaucer Accessories, Bates Accessories, and Bates Retail Group (collectively, “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 an interrelated network of companies that have common ownership, officers, managers, business functions, employees, and office locations; and commingled funds. Because these Corporate Respondents have operated as a common enterprise, each is jointly and severally liable for the acts and practices alleged below. Respondent Bates 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.

6. Respondents have manufactured, advertised, labeled, offered for sale, sold, and distributed products to consumers, including belts, bags, wallets, and shoes.

7. 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

8. Respondents have sold consumer goods for over 40 years. Among other things, Respondents manufacture, advertise, and sell leather and fabric belts, bags, and wallets. Respondents also advertise and sell shoes.

9. In some instances, Respondents label, advertise, and sell their products directly to consumers.

10. In other instances, Respondents label, advertise, and sell their products to third party trade customers for resale to consumers as private-labeled products under the third party retailers’ own brand names.

11. In numerous instances, Respondents have published promotional materials stating or implying all their products are all or virtually all made in the United States.

12. For example, Respondents' websites, including chaucerleather.com, thomasbates.com, and davidspencershoes.com, have featured banners with the claims "Made in USA" or "Hand Crafted in the USA." These claims were visible on every page of the sites.
13. Respondents also marketed their products as "Made in the USA" in catalogs and third-party online marketplaces, including amazon.com.
14. In fact, in numerous instances, Respondents' shoes, belts, and other products were wholly imported or contained significant imported content.
15. In numerous instances, Respondents represented to third-party trade customers that their private-labeled belts and accessories were made in the United States and provided those trade customers with labeling and promotional materials featuring U.S.-origin claims for use in the marketing and sale of such products.
16. In fact, in numerous instances, these products contained significant imported content.
17. Therefore, Respondents' express or implied representations that their products are all or virtually all made in the United States deceive consumers.
18. Additionally, in numerous instances, Respondents imported belt straps from Taiwan, affixed buckles to the straps in the United States, and labeled the finished belts as "Made in USA from Global Materials." Respondents then advertised and sold these belt straps through their own websites and catalogs and third-party platforms featuring prominent "Made in USA" claims.
19. U.S. Customs and Border Protection ("CBP") determined that, in fact, the products described in Paragraph 18 were not "Made in USA from Global Materials" because attaching a buckle to a belt strap is a minimal assembly operation that does not change the name, character, or use of an imported belt strap.
20. In numerous instances in which the Respondents made the representations described in Paragraph 18, CBP determined Respondents' products were wholly imported with *de minimis* finishing in the United States.
21. Therefore, Respondents' express or implied representations that the products described in Paragraph 18 are wholly or partially made in the United States are false or unsubstantiated.

Bates's Knowledge

22. At all times relevant to this Complaint, Respondent Bates has maintained 100% ownership over the Corporate Respondents and served as the Corporate Respondents' President.
23. Respondent Bates is responsible for the Corporate Respondents' product development, sourcing, descriptions, and governing policies.

24. At all times relevant to this Complaint, Respondent Bates had direct knowledge of the Corporate Respondents' overseas purchases and importation practices.

25. Respondent Bates has served as the Corporate Respondents' primary contact with CBP regarding appropriate country-of-origin labeling for imported products including, but not limited to, the belt straps described in Paragraph 18.

Count I
False or Misleading Made in USA Advertising Claims

26. In numerous instances, in connection with the advertising, promotion, offering for sale, sale, or distribution of belts, shoes, and other products, Respondents have represented, directly or indirectly, expressly or by implication, that their products are all or virtually all made in the United States.

27. In fact, in numerous instances in which Respondents have made the representations set forth in Paragraph 26, Respondents' products were not all or virtually all made in the United States. Indeed, in numerous instances they were wholly imported or incorporated significant imported components.

28. Therefore, Respondents' representations as set forth in Paragraph 26 are false or misleading, or were not substantiated at the time the representations were made.

Count II
False or Misleading Made in USA from Global Materials Advertising Claims

29. In numerous instances, in connection with the advertising, promotion, offering for sale, sale, or distribution of seven styles of belts, Respondents have represented, directly or indirectly, expressly or by implication, that those belts are "Made in USA from Global Materials."

30. In fact, in numerous instances in which Respondents have made the representations set forth in Paragraph 29, Respondents' products were not "Made in USA from Global Materials." Indeed, in numerous instances they were wholly imported with *de minimis* finishing in the United States.

31. Therefore, Respondents' representations as set forth in Paragraph 29 are false or misleading, or were not substantiated at the time the representations were made.

Count III
Means and Instrumentalities

32. Respondents have distributed the promotional materials described in Paragraph 26 to trade customers for use in the marketing and sale of Respondents' products, including private-labeled products. In so doing, Respondents have provided the means and instrumentalities to these trade customers for the commission of deceptive acts or practices.

Violation of Section 5

33. The acts and practices of Respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this _____ day of _____, 20___, has issued this Complaint against Respondents.

By the Commission.

[April J. Tabor]
Secretary

SEAL: