

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

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

In the Matter of

CYCRA INC., a corporation, and

**STEVEN CHADWICK JAMES, a/k/a CHAD
JAMES, individually and as an
officer of CYCRA INC.**

DOCKET NO. C-4794

COMPLAINT

The Federal Trade Commission, having reason to believe that Cycra Inc., a corporation, and Steven Chadwick James, individually and as an officer of Cycra Inc. (collectively, “Respondents”), have violated the provisions of the Federal Trade Commission Act and the Made in USA Labeling Rule, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Cycra Inc. (“Cycra” or “Corporate Respondent”) is a North Carolina corporation with its principal place of business as 941 Old Hargrave Road, Lexington, NC 27295.
2. Respondent Steven Chadwick James, also known as Chad James, (“James”) is an officer of Cycra. Individually or in concert with others, he controlled or had the authority to control, or participated in, the acts and practices of Cycra, including the acts and practices alleged in this Complaint. His principal office or place of business is the same as that of Cycra.
3. Respondents have advertised, promoted, labeled, offered for sale, sold, and distributed products to consumers, including motocross, motorcycle, and all-terrain vehicle (“ATV”) parts.
4. 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

5. Cycra has advertised, promoted, labeled, offered for sale, sold, and distributed motocross, motorcycle, and ATV products since 2019.
6. From 2019 until at least May 31, 2022, Respondents represented, expressly or by implication, that their motocross, motorcycle, and ATV products are all or virtually all made in the United States.
7. For example, Respondents' cycra.com website featured a banner visible across its product pages stating products are "Proudly designed, developed and manufactured in Lexington, North Carolina." See Exhibit A (cycra.com).
8. Cycra's social media accounts also claimed Respondents' products were all or virtually all made in the United States, including by stating Cycra products were "Proudly made in the USA" or "Made in the USA." See Exhibits B-C (Respondents' Instagram and Facebook pages).
9. Respondents labeled more than 150 products with the words "Made in the USA" (the "MUSA Label") and, in numerous instances, included an image of the U.S. flag on packaging for these products.



See Exhibits D-F (product labels and packaging).

10. In fact, many of the products Respondents have advertised, promoted, labeled, offered for sale, sold, or distributed, including products advertised or sold with the MUSA Label, are not all or virtually all made in the United States.

11. Between at least March 2019 and August 2022, Cycra imported at least 30 shipments of parts or accessories from Asia and Europe.

12. In some instances, Cycra imported significant parts or materials that it incorporated into products in the United States.

13. In other instances, Cycra imported finished products already packaged for sale with MUSA Labels.

14. In at least two instances, Cycra imported shipments of finished products from Taiwan already in packaging or ready to be packaged with MUSA Labels after receiving notice from U.S. Customs and Border Protection (“CBP”) that such origin labels were false.

15. Accordingly, Cycra’s express or implied representations that its products are all or virtually all made in the United States are false or unsubstantiated.

James’s Knowledge

16. At all times relevant to this Complaint, Respondent James has served as Cycra’s Chief Operating Officer and held day-to-day management responsibilities for the Corporate Respondent.

17. Respondent James’s responsibilities have included creating, developing, approving, implementing, overseeing, or ensuring compliance with Cycra’s policies regarding making express or implied representations that products are made in the United States.

18. At all times relevant to this Complaint, James has had direct knowledge of Cycra’s overseas purchases and importation practices, as well as the advertising, labeling, offering for sale, sale, or distribution of partially or wholly imported products.

19. James has served as Cycra’s primary point of contact with CBP, and, in numerous instances, corresponded with CBP agents regarding appropriate origin labeling for Cycra products and the incidents described in Paragraph 14.

Count I **False or Misleading Made in USA Advertising Claims**

20. In numerous instances since March 2019, in connection with the advertising, promotion, offering for sale, sale, or distribution of motocross, motorcycle, and ATV products, Respondents

have represented, directly or indirectly, expressly or by implication, that their products are all or virtually all made in the United States.

21. In fact, in numerous instances in which Respondents have made the representations set forth in Paragraph 20, 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.

22. Therefore, Respondents' representations as set forth in Paragraph 20 are false or misleading, or were not substantiated at the time the representations were made.

Violations of the Made in USA Labeling Rule

23. Effective August 13, 2021, the Made in USA Labeling Rule, 16 C.F.R. Part 323 ("MUSA Labeling Rule"), prohibits marketers from labeling products as "Made in USA" unless: (1) "the final assembly or processing of the product occurs in the United States"; (2) "all significant processing that goes into the product occurs in the United States"; and (3) "all or virtually all ingredients or components of the product are made and sourced in the United States." 16 C.F.R. § 323.2.

24. The MUSA Labeling Rule also provides that to the extent any mail order catalog or mail order promotional material includes a seal, mark, tag, or stamp labeling a product "Made in USA," such label must comply with the requirements of 16 C.F.R. § 323.2. 16 C.F.R. § 323.3.

25. For purposes of the MUSA Labeling Rule, "Made in USA" is defined as "any unqualified 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,' 'produced,' 'created,' or 'crafted' in the United States or in America, or any other unqualified U.S.-origin claim." 16 C.F.R. § 323.1.

26. A violation of the MUSA Labeling Rule constitutes an unfair or deceptive act or practice in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a). 15 U.S.C. § 57a(d)(3) and 16 C.F.R. § 323.4.

Count II **MUSA Labeling Rule Violations**

27. In numerous instances since August 13, 2021, Respondents labeled motocross, motorcycle, and ATV products as Made in the USA.

28. In fact, in numerous instances, these products were not Made in the USA. Such products were not all or virtually all made in the United States because they were wholly imported or contained significant imported components.

29. Therefore, Respondents' acts or practices as set forth in Paragraph 27 violate the MUSA Labeling Rule.

Violations of Section 5

30. 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 30th day of May, 2023 has issued this Complaint against Respondents.

By the Commission.

April J. Tabor
Secretary

SEAL: