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For Release

# FTC Action Leads to \$2 Million Penalty Against Kubota for False Made in USA Claims

## Penalty is largest ever in Made In USA case

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Tractor maker Kubota North America Corporation will pay a \$2 million civil penalty as a result of a Federal Trade Commission action against the company for falsely labeling some of its replacement parts as being "Made in USA."

Under a stipulated court order filed by the Department of Justice on the FTC's behalf and agreed to by the company, Kubota will be prohibited from making deceptive claims in addition to requiring them to pay the penalty, which is the largest ever in a Made in USA case.

"Today's settlement includes the largest civil penalty assessed for violating the Made in USA Labeling Rule," said Samuel Levine, Director of the Bureau of Consumer Protection. "The FTC will continue cracking down on deceptive Made in USA claims that cheat consumers and honest businesses."

The [complaint](#) filed in the case charges that since at least 2021, Kubota has labeled thousands of replacement parts for its tractors and other agricultural equipment as Made In USA, even though they were made entirely overseas. In addition, after the company moved manufacturing for some parts to other countries, it failed to update the products' labeling to reflect that change, leaving them labeled as "Made in USA," according to the complaint.

Kubota was [previously sued by the FTC](#) in 1999 for falsely claiming that a line of lawn tractors it manufactured was Made in USA, and was subject to an FTC order in that case that expired in 2019.

The [stipulated order](#) against Kubota, which the company has agreed to, includes a number of requirements about the claims the company makes:

- Restriction on unqualified claims:** Kubota will be prohibited from making *unqualified* U.S.-origin claims for any product, unless it can show that the product's final assembly or processing—and all significant processing—takes place in the U.S., and that all or virtually all ingredients or components of the product are made and sourced in the U.S.
- Requirement for qualified claims:** Kubota is required to include in any *qualified* Made in USA claims a clear and conspicuous disclosure about the extent to which the product contains foreign parts, ingredients or components, or processing.
- Requirement for assembly claims:** Kubota must also ensure, when claiming a product is *assembled* in the U.S., that it is last substantially transformed in the U.S., its principal assembly takes place in the U.S., and U.S. assembly operations are substantial.
- Civil Penalty:** The order includes a civil penalty of \$2 million, which must be paid to the U.S. Treasury.

The FTC is committed to ensuring that "Made in USA" claims are truthful. The FTC's [Enforcement Policy Statement on U.S. Origin Claims](#) provides guidance on making non-deceptive "Made in USA" claims. In addition, the FTC's [Made in USA Labeling Rule](#) went into effect on Aug. 13, 2021. Companies that violate the Rule from that date forward may be subject to civil penalties.

The Commission vote to authorize the staff to refer the complaint to the DOJ and to approve the stipulated consent decree was 3-0. The DOJ filed the complaint and stipulated consent decree on behalf of the Commission in U.S. District Court for the Northern District of Texas.

**NOTE:** The Commission authorizes the filing of a complaint when it has "reason to believe" that the named defendants are violating or are about to violate the law and it appears to the Commission that a proceeding is in the public interest. Consent decrees have the force of law when approved and signed by the District Court judge.

The lead staff attorney on this matter was Julia Solomon Ensor in the Bureau of Consumer Protection.

The Federal Trade Commission works to promote competition and [protect and educate consumers](#). The FTC will never demand money, make threats, tell you to transfer money, or promise you a prize. Learn more about consumer topics at [consumer.ftc.gov](#), or report fraud, scams, and bad business practices at [ReportFraud.ftc.gov](#). Follow the [FTC on social media](#), read [consumer alerts](#) and the [business blog](#), and [sign up to get the latest FTC news and alerts](#).

### Press Release Reference

[Major U.S. Manufacturers Agree to Settle Charges of Making Misleading "Made in USA" Claims](#)

## Contact Information

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877-382-4357  
<https://reportfraud.ftc.gov>

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