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FTC Action Leads to Ban for Company and Its Owner Who Failed to Ship PPE 'Next Day' at Height of Pandemic

Proposed court order would ban Kevin Lipsitz and SuperGoodDeals from selling protective equipment, requires Lipsitz to turn over more than \$145,000

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As a result of a Federal Trade Commission lawsuit, Kevin Lipsitz, who defrauded consumers by falsely promising "next day" shipping of facemasks and respirators to consumers at the height of the COVID-19 pandemic, will be banned in from selling personal protective equipment (PPE) and be required to turn over more than \$145,000 to the FTC.

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Competition in the Health Care

The FTC first sued Lipsitz and his company, SuperGoodDeals.com, in July 2020. Beginning in March of that year, when the company sought to capitalize on the soaring demand for PPE from consumers worried about being exposed to the coronavirus, SuperGoodDeals' website claimed PPE was "in stock," and touted "Pay Today, Ships Tomorrow." In numerous instances, though, Lipsitz and SuperGoodDeals did not have masks in stock and took weeks to ship the PPE merchandise customers ordered.

"Failing to adhere to promised fast shipping times for facemasks, or any other product for that matter, isn't just unscrupulous – it's illegal," said Samuel Levine, Director of the FTC's Bureau of Consumer Protection. "The FTC will take strong action against those engaging in such practices."

SuperGoodDeals received many complaints through emails, phone calls, and website chat messages about the shipping delays. Some of the complaints were from customers who were in dire need of PPE, including those ordering facemasks for healthcare professionals, immunocompromised family members, and child welfare workers making in-home visits.

The proposed court order, which was agreed to by Lipsitz and SuperGoodDeals, includes a number of requirements:

- Permanent ban on selling protective equipment: Lipsitz and SuperGoodDeals are permanently banned from selling any PPE designed to prevent the spread of disease or infection.
- Prohibition on misleading shipping promises: The proposed order also prohibits
 Lipsitz and SuperGoodDeals from making promises about shipping times without a
 reasonable basis for those claims. In addition, the proposed order requires Lipsitz
 and the company to abide by the requirements of the Mail, Internet, or Telephone
 Order Merchandise Rule.
- Prohibition on other deceptive practices: The proposed order also prohibits Lipsitz and SuperGoodDeals from misrepresenting any refund policy, the nature or quality of any good including whether it is certified or specifically branded, and any other material misrepresentations.
- Turn over funds: The order requires Lipsitz to turn over \$145,958.59 to the FTC.

Marketplace

The proposed order contains a total monetary judgment of \$1,088,984.20, which is partially suspended based on the defendants' inability to pay the full amount. If the defendants are found to have lied to the FTC in their financial disclosures, the full judgment would be immediately payable.

The Commission vote approving the stipulated final order was 3-0. The FTC filed the proposed order in the U.S. District Court for the Eastern District of New York.

NOTE: Stipulated final orders or injunctions have the force of law when approved and signed by the District Court judge.

The staff attorneys on this matter were Brian M. Welke and Daniel T. Wilkes of the FTC's 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 <u>consumer.ftc.gov</u>, or report fraud, scams, and bad business practices at <u>ReportFraud.ftc.gov</u>. Follow the <u>FTC on social media</u>, read <u>consumer alerts</u> and the business blog, and sign up to get the latest FTC news and alerts.

Press Release Reference

FTC Takes Action against Marketer That Falsely Promised Consumers Next Day Shipping of Facemasks and Other Personal Protective Equipment

Contact Information

Contact for Consumers

FTC Consumer Response Center 877-382-4357 https://reportfraud.ftc.gov

Media Contact

Jay Mayfield ⊠ Office of Public Affairs 202-326-2656

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