



UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
WESTERN REGION SAN FRANCISCO

Kerry O'Brien
Regional Director

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90 Seventh Street
Suite 14300
San Francisco, California 94103

June 10, 2024

Via Federal Express

Gary Lau
President
ZOTAC USA Inc.
1220 Highland Avenue, #1363
Duarte, CA 91010 (Fvg` y.° PBR],

Compliance Warning Re: Magnuson-Moss Warranty Act

Dear Mr. Lau:

The Federal Trade Commission ("FTC" or "Commission"), the nation's consumer protection agency, enforces the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 45, which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC Act requires that all representations be truthful and not misleading. The FTC also enforces the Magnuson-Moss Warranty Act ("the Warranty Act"), 15 U.S.C. §§ 2301-2312. The Warranty Act is a law that governs consumer product warranties and, among other things, establishes disclosure standards for written warranties. The Warranty Act prohibits warrantors of consumer products costing more than five dollars from conditioning their written warranties on a consumer's use of any article or service, such as rep)2b gh)9Ööâ aa"ë dh)9 ` —éL%W."Â ""a^)^2fâ3 D€"y

or (2) the warrantor has been granted an article or service

identified by brand, trade or corporate name is similarly deceptive and prohibited. A violation of

the Warranty Act is a violation of Section 5 of the FTC Act, and FTC has previously brought actions against companies for this type of Section 5 violation.³

In addition, claims by a warrantor that create a false impression that a warranty may be void due to the use of unauthorized parts or service may, apart from the Warranty Act, constitute a deceptive practice under Section 5 of the FTC Act. Absent a Commission waiver pursuant to Section 2302(c) of the Warranty Act, a warrantor claiming suggesting that a warranty is void simply because a consumer used unauthorized parts or service would have no basis for such a claim.

The FTC's Western Region San Francisco has reviewed written warranty materials related to products offered by ZOTAC USA Inc. ("ZOTAC") available on zotac.com. Staff has concerns about certain representations ZOTAC is making regarding its warranty coverage. In particular, staff is concerned about the repair restrictions inherent in the following statements in ZOTAC's written warranty:

Warranty claims will be void if the user: ... [t]ampers, defaces, or removes any stickers indicating void warranty if broken.

Staff similarly would be concerned about any additional representations made by ZOTAC that state or imply that its warranty coverage requires a consumer to purchase an article or service identified by ZOTAC or another brand, trade or corporate name. Furthermore, staff would be concerned if ZOTAC, in practice, denied warranty coverage based on the warranty provisions quoted above or any similar provision.

This letter places you on notice that violations of the Warranty and FTC Acts may result in legal action. FTC investigators have copied and preserved the online pages in written warranty and promotional materials after 30 days. You should review the Warranty and FTC Acts and, if necessary, bring legal action and seek appropriate injunctive and monetary remedies against ZOTAC based on past or future violations.

³ See e.g., Decision and Order re Harley-Davidson Motor CoGrp., LLC, FTC Docket No. C4778 (Oct. 21, 2022), https://www.ftc.gov/system/files/ftc_gov/pdf/2123140-Harley-Davidsoncombinedpackagewithout-signatures.pdf; Decision and Order re WeberStephen Prods., LLC, FTC Docket No. C4775 (Sept. 14, 2022), https://www.ftc.gov/system/files/ftc_gov/pdf/Weber

Thank you for your attention to this matter. Please direct any inquiries concerning this letter to Abdiel Lewis at alewis4@ftc.gov and Alyssa Wu at awu1@ftc.gov

Sincerely,

A handwritten signature in black ink, appearing to read "K O'Brien", with a horizontal line underneath.

Kerry O'Brien
Regional Director
Western Region San Francisco