

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Joseph J. Simons, Chairman
Noah Joshua Phillips
Rohit Chopra
Rebecca Kelly Slaughter
Christine S. Wilson

In the Matter of

NATIONAL FLOORS DIRECT, INC., a corporation.

DOCKET NO.

COMPLAINT

The Federal Trade Commission, having reason to believe that National Floors Direct, Inc. ("Respondent") has violated the Consumer Review Fairness Act of 2016, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent National Floors Direct, Inc. ("NFD") is a Massachusetts corporation with its principal office or place of business at 100 Messina Drive, Braintree, Massachusetts 02184. NFD sells and installs carpeting and flooring in the northeastern United States.
2. The acts and practices Respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 5 of the Federal Trade Commission Act, 15 U.S.C. § 44.

Course of Conduct

3. Between approximately July 2016 and April 2018, NFD used, in its form contracts offered to thousands of customers in the course of selling its goods and services in the states of Massachusetts, Rhode Island, and New Hampshire, the following provision:

Non-Disparagement: National Floors Direct takes customer service very seriously. We want all of our customers to be 100% satisfied. We also take our reputation very seriously. By signing this purchase order you are agreeing, under penalty of civil suit, for an amount not to exceed three times the monetary value of this order, plus attorney's fees for National Floors Direct, not to publicly disparage or defame National Floors Direct in any way or through any medium.

A copy of NFD's flooring purchase order "Additional Terms and Conditions" that includes this paragraph is attached as Exhibit A here. NFD's form contracts were in effect on or after December 14, 2017.

VIOLETION OF THE CONSUMER REVIEW FAIRNESS ACT

4. The Consumer Review Fairness Act of 2016 ("CRFA"), Pub. No. 114-258, 15 U.S.C. § 45b, was enacted on December 14, 2016. As of March 14, 2017, Section 2 of the CRFA renders void, and Section 2(c) of the CRFA prohibits the offering of, provisions in form contracts that prohibit or restrict individual consumers' ability to communicate reviews, performance assessments, and similar analyses about a seller's services, or conduct; or that