

from any sums owing by the United States to the person charged.

(4) As used in paragraph (1), the term “knowingly” means (A) having actual knowledge, or (B) the presumed having of knowledge deemed to be possessed by a reasonable person who acts in the circumstances, including knowledge obtainable upon the exercise of due care to ascertain the truth of representations.

(5)(A) The maximum penalty amounts authorized in paragraph (1) shall be adjusted for inflation as provided in this paragraph.

(B) Not later than December 1, 2011, and December 1 of each fifth calendar year thereafter, the Commission shall prescribe and publish in the Federal Register a schedule of maximum authorized penalties that shall apply for violations that occur after January 1 of the year immediately following such publication.

(C) The schedule of maximum authorized penalties shall be prescribed by increasing each of the amounts referred to in paragraph (1) by the cost-of-living adjustment for the preceding five years. Any increase determined under the preceding sentence shall be rounded to—

(i) in the case of penalties greater than \$1,000 but less than or equal to \$10,000, the nearest multiple of \$1,000;

(ii) in the case of penalties greater than \$10,000 but less than or equal to \$100,000, the nearest multiple of \$5,000;

(iii) in the case of penalties greater than \$100,000 but less than or equal to \$200,000, the nearest multiple of \$10,000; and

(iv) in the case of penalties greater than \$200,000, the nearest multiple of \$25,000.

(D) For purposes of this subsection:

(i) The term “Consumer Price Index” means the Consumer Price Index for all-urban consumers published by the Department of Labor.

(ii) The term “cost-of-living adjustment for the preceding five years” means the percentage by which—

(I) the Consumer Price Index for the month of June of the calendar year preceding the adjustment; exceeds

(II) the Consumer Price Index for the month of June preceding the date on which the maximum authorized penalty was last adjusted.

(June 30, 1953, ch. 164, § 5, 67 Stat. 112; Pub. L. 90-189, § 4, Dec. 14, 1967, 81 Stat. 570; Pub. L. 101-608, title I, §§ 115(c), 118(b), Nov. 16, 1990, 104 Stat. 3120, 3122; Pub. L. 110-314, title II, § 217(a)(3), (b)(1)(C), Aug. 14, 2008, 122 Stat. 3058, 3059.)

#### REFERENCES IN TEXT

The Federal Trade Commission Act, referred to in subsecs. (a), (b), and (c), is act Sept. 26, 1914, ch. 311, 38 Stat. 717, as amended, which is classified generally to subchapter I (§ 1 et seq.) of chapter 2 of this title. For complete classification of this Act to the Code, see section 58 of this title and Tables.

#### AMENDMENTS

2008—Subsec. (e)(1). Pub. L. 110-314, § 217(a)(3)(A), (B), substituted “\$100,000” for “\$5,000” and “\$15,000,000” for “\$1,250,000”.

Subsec. (e)(2). Pub. L. 110-314, § 217(b)(1)(C)(i), substituted “nature, circumstances, extent, and gravity”

for “nature and number” and “absence of injury,” for “absence of injury, and” and inserted “, and such other factors as appropriate” before period at end.

Subsec. (e)(3). Pub. L. 110-314, § 217(b)(1)(C)(ii)(III), which directed insertion of “, and such other factors as appropriate” before the period, was executed by making the insertion before period at end of second sentence, to reflect the probable intent of Congress.

Pub. L. 110-314, § 217(b)(1)(C)(ii)(II), which directed the substitution of “absence of injury,” for “absence of injury, and”, could not be executed because “absence of injury, and” did not appear in par. (3).

Pub. L. 110-314, § 217(b)(1)(C)(ii)(I), substituted “nature, circumstances, extent, and gravity” for “nature and number”.

Subsec. (e)(5)(B). Pub. L. 110-314, § 217(a)(3)(C), which directed the substitution of “December 1, 2011,” for “December 1, 1994,” in par. (6)(B) of subsec. (e)(1), was executed by making the substitution in par. (5)(B) of subsec. (e) to reflect the probable intent of Congress because subsec. (e) does not contain a par. (6).

1990—Subsec. (a). Pub. L. 101-608, § 118(b), inserted at end “In the case of an attorney general of a State alleging a violation of a standard or regulation under section 1193 of this title that affects or may affect such State or its residents, such attorney general may bring a civil action for an injunction to enforce the requirement of such standard or regulation. The procedural requirements of section 2073 of this title shall apply to any such action.”

Subsec. (e). Pub. L. 101-608, § 115(c), added subsec. (e).

1967—Subsec. (c). Pub. L. 90-189, § 4(a), inserted “, including provisions for maintenance of records relating to fabrics, related materials, and products,” after “rules and regulations” and inserted sentence making violations of such rules and regulations unlawful and an unfair method of competition and an unfair and deceptive act or practice, in commerce, under the Federal Trade Commission Act.

Subsec. (d)(1). Pub. L. 90-189, § 4(b), substituted “product, fabric or related material” for “article of wearing apparel or fabric”.

Subsec. (d)(2). Pub. L. 90-189, § 4(b), substituted “or territory or with the District of Columbia or the Commonwealth of Puerto Rico” for “, Territory, or possession or with the District of Columbia”.

#### EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-314, title II, § 217(a)(4), Aug. 14, 2008, 122 Stat. 3058, provided that: “The amendments made by this subsection [amending this section and sections 1264 and 2069 of this title] shall take effect on the date that is the earlier of the date on which final regulations are issued under subsection (b)(2) [set out as a note under section 2069 of this title] or 1 year after the date of enactment of this Act [Aug. 14, 2008].”

#### TRANSFER OF FUNCTIONS

Functions of Secretary of Health, Education, and Welfare, Secretary of Commerce, and Federal Trade Commission under this chapter transferred to Consumer Product Safety Commission, along with functions of Federal Trade Commission under Federal Trade Commission Act, to extent such functions relate to administration and enforcement of this chapter, see section 2079 of this title.

#### CIVIL PENALTY CRITERIA

The Consumer Product Safety Commission to issue a final regulation providing its interpretation of penalty factors described in subsec. (e)(2) of this section no later than 1 year after Aug. 14, 2008, see section 217(b)(2) of Pub. L. 110-314, set out as a note under section 2069 of this title.

### § 1195. Injunction and condemnation proceedings

#### (a) Temporary injunction; venue

Whenever the Commission has reason to believe that any person is violating or is about to

violate section 1192 of this title, or a rule or regulation prescribed under section 1194(c) of this title, and that it would be in the public interest to enjoin such violation until complaint under the Federal Trade Commission Act [15 U.S.C. 41 et seq.] is issued and dismissed by the Commission or until order to cease and desist made thereon by the Commission has become final within the meaning of the Federal Trade Commission Act or is set aside by the court on review, the Commission may bring suit in the district court of the United States for the district in which such person resides or transacts business, or, if such person resides or transacts business in Guam or the Virgin Islands, then in the District Court of Guam or in the District Court of the Virgin Islands (as the case may be), to enjoin such violation and upon proper showing a temporary injunction or restraining order shall be granted without bond.

**(b) Process of libel for seizure and confiscation; manner of procedure; consolidation of trials**

Whenever the Commission has reason to believe that any product has been manufactured or introduced into commerce or any fabric or related material has been introduced in commerce in violation of section 1192 of this title, it may institute proceedings by process of libel for the seizure and confiscation of such product, fabric, or related material in any district court of the United States within the jurisdiction of which such product, fabric, or related material is found. Proceedings in cases instituted under the authority of this section shall conform as nearly as may be to proceedings in rem in admiralty, except that on demand of either party and in the discretion of the court, any issue of fact shall be tried by jury. Whenever such proceedings involving identical products, fabrics, or related materials are pending in two or more jurisdictions, they may be consolidated for trial by order of any such court upon application seasonably made by any party in interest upon notice to all other parties in interest. Any court granting an order of consolidation shall cause prompt notification thereof to be given to other courts having jurisdiction in the cases covered thereby and the clerks of such other courts shall transmit all pertinent records and papers to the court designated for the trial of such consolidated proceedings.

**(c) Application by defendant for representative sample of seized materials**

In any such action the court, upon application seasonably made before trial, shall by order allow any party in interest, his attorney or agent, to obtain a representative sample of the product, fabric, or related material seized.

**(d) Disposal of condemned materials**

If such products, fabrics, or related materials are condemned by the court they shall be disposed of by destruction, by delivery to the owner or claimant thereof upon payment of court costs and fees and storage and other proper expenses and upon execution of good and sufficient bond to the effect that such products, fabrics, or related materials will not be disposed of until properly and adequately treated or processed so as to render them lawful for introduction into

commerce, or by sale upon execution of good and sufficient bond to the effect that such products, fabrics, or related materials will not be disposed of until properly and adequately treated or processed so as to render them lawful for introduction into commerce. If such products, fabrics, or related materials are disposed of by sale the proceeds, less costs and charges, shall be paid into the Treasury of the United States.

(June 30, 1953, ch. 164, § 6, 67 Stat. 113; Pub. L. 90-189, § 5, Dec. 14, 1967, 81 Stat. 571.)

REFERENCES IN TEXT

The Federal Trade Commission Act, referred to in subsec. (a), is act Sept. 26, 1914, ch. 311, 38 Stat. 717, as amended, which is classified generally to subchapter I (§ 41 et seq.) of chapter 2 of this title. For complete classification of this Act to the Code, see section 58 of this title and Tables.

AMENDMENTS

1967—Subsec. (a). Pub. L. 90-189, § 5(a), inserted “, or a rule or regulation prescribed under section 1194 (c) of this title,” after “section 1192 of this title” and substituted “for the district in which such person resides or transacts business, or, if such person resides or transacts business in Guam or the Virgin Islands, then in the District Court of Guam or in the District Court of the Virgin Islands (as the case may be)” for “or in the United States court of any Territory for the district or Territory in which such person resides or transacts business”.

Subsec. (b). Pub. L. 90-189, § 5(b), substituted “product” for “article of wearing apparel”, “product, fabric, or related material” for “article of wearing apparel or fabric” in two places and “products, fabrics, or related materials” for “articles of wearing apparel or fabrics”, and inserted “or related material” before “has been introduced in commerce”.

Subsec. (c). Pub. L. 90-189, § 5(b), substituted “product, fabric, or related material” for “article of wearing apparel or fabric”.

Subsec. (d). Pub. L. 90-189, § 5(b), substituted “products, fabrics, or related materials” for “articles of wearing apparel or fabrics” wherever appearing and struck out “for wearing apparel purposes” before “until properly and adequately treated or processed” in two places.

TRANSFER OF FUNCTIONS

Functions of Secretary of Health, Education, and Welfare, Secretary of Commerce, and Federal Trade Commission under this chapter transferred to Consumer Product Safety Commission, along with functions of Federal Trade Commission under Federal Trade Commission Act, to extent such functions relate to administration and enforcement of this chapter, see section 2079 of this title.

**§ 1196. Penalties**

Violation of section 1192 or 1197(b) of this title, or failure to comply with section 1202(c) of this title, is punishable by—

- (1) imprisonment for not more than 5 years for a knowing and willful violation of that section;
- (2) a fine determined under section 3571 of title 18; or
- (3) both.

(June 30, 1953, ch. 164, § 7, 67 Stat. 114; Pub. L. 95-631, § 8(b), Nov. 10, 1978, 92 Stat. 3747; Pub. L. 110-314, title II, § 217(c)(4), Aug. 14, 2008, 122 Stat. 3060.)

AMENDMENTS

2008—Pub. L. 110-314 amended section generally. Prior to amendment, text read as follows: “Any person who