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UNITED STATES DISTRICT COURT

CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION, Plaintiff, v. SHEIN DISTRIBUTION CORPORATION, SHEIN US SERVICES LLC, SHEIN TECHNOLOGY LLC, Defendants.	Case No. 2:26-CV-13701 COMPLAINT FOR PERMANENT INJUNCTION, MONETARY JUDGMENT AND OTHER RELIEF

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), for its Complaint alleges:

1. The FTC brings this action for Defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a); the FTC's Trade Regulation Rule Concerning the Sale of Mail, Internet, or Telephone Order Merchandise ("MITOR"), 16 C.F.R. Part 435; and the FTC's Trade Regulation Rule on the Use of Consumer Reviews and Testimonials ("Reviews and Testimonials Rule"), 16 C.F.R. Part 465. For these violations, the FTC seeks relief, including a permanent injunction, monetary relief, and other relief pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b), 57b; MITOR, 16 C.F.R. Part 435; and the Reviews and Testimonials Rule, 16 C.F.R. Part 465.

SUMMARY OF THE CASE

2. SHEIN is one of the world's largest fashion retailers, bringing in billions of dollars in revenue annually. As a "fast-fashion" brand founded in the People's Republic of China ("China"), SHEIN produces low-cost clothing quickly, using internet and social media marketing to advertise its products. SHEIN makes up nearly 50% of fast-fashion sales in the United States.

3. SHEIN targets young consumers with the promise of trendy but "responsibly made" clothing, low prices, fast, free shipping, and an easy, convenient, modern online shopping experience. In reality, SHEIN's practices are contrary to its marketing claims and glossy ad campaigns, thus deceiving millions of American consumers about its products, its suppliers, and its consumer reviews.

4. First, SHEIN's purportedly user-friendly online shopping experience is a minefield for consumers, generating tens of thousands of complaints. Data shows that after placing orders, merchandise arrives days, weeks, and even months late. In some cases, consumers complain about never receiving ordered merchandise at all. SHEIN does not provide adequate notice that the products will

be delayed or undelivered, and it also does not provide prompt refunds, even after 30 days of delay, as MITOR requires. SHEIN's "customer service" makes it difficult or effectively impossible for consumers to resolve issues with shipping, delivery, or other concerns. And even though SHEIN ships nearly one million packages into the U.S. every day, for years SHEIN had no customer service via phone, and as of September 2025 had only five agents. In fact, SHEIN was only reachable through emails and chats, which often go unanswered, or the responses are automated, limited, or unable to address consumers' problems.

5. Second, SHEIN illegally uses a consumer review screening policy that directly approves higher star reviews containing "helpful" terms for publishing, while throttling lower star reviews with the same content through extended screening that suppresses their publication. SHEIN also illegally suppresses reviews related to returned products. Together, these practices deceptively suppress feedback from consumers who are more likely to leave critical feedback about the company's products, distort comparison shopping, artificially divert consumer demand, and ultimately undermine the competitive process.

6. Third, in response to consumer demand for responsible labor and production practices, SHEIN has represented that products in its "purpose driven" line, evoluSHEIN, are made by suppliers who have earned "above average" ratings in social compliance audits. According to SHEIN, these audits demonstrate that evoluSHEIN suppliers prohibit child labor and forced labor, require payment of wages, and mandate workplace health and safety. While internally noting that these representations will "result in long-term affinity with the public," SHEIN has not provided or made available to the FTC even one such audit to substantiate its claims. Nor has SHEIN linked any purported "above average" audit to any evoluSHEIN supplier or product.

7. Finally, SHEIN tells consumers it verifies the country of origin of its materials and fabrics through third-party testing and its "proprietary" "chain of custody" documentation, but in many instances, the company fails to even provide the necessary information to its third-party tester to verify the origin of the materials used in its products. Even when SHEIN does track material origin of its suppliers, the supplier's claimed origin is sometimes false or inaccurate. For example, in numerous instances, third-party testers determined that cotton claimed by SHEIN's suppliers to be grown in the United States was actually from China. SHEIN has faced questions from members of Congress over reports that it uses cotton from China's Xinjiang Uyghur Autonomous Region.

8. SHEIN's deceptive and unlawful conduct has caused significant harm to consumers. SHEIN has sold products based on unsubstantiated claims, charged consumers for merchandise that never arrived, and imposed shipping-related fees tied to shipping and delivery dates the company never met. Consumers have also wasted substantial time trying to contact a customer service department that is not responsive or functionally nonexistent.

JURISDICTION AND VENUE

9. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), 1345 and 1355.

10. Venue is proper in this District under 28 U.S.C. §§ 1391(b)(1), (b)(2), (b)(3), (c)(2), (c)(3), and (d), 1395(a), and 15 U.S.C. § 53(b).

PLAINTIFF

11. The FTC is an agency of the United States Government created by the FTC Act, which authorizes the FTC to commence this district court civil action by its own attorneys. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces MITOR, which requires sellers, in

certain circumstances when shipping is delayed, to offer consumers options to consent to a delay or to cancel the order, or to deem an order cancelled and to make prompt refunds. The FTC also enforces the Reviews and Testimonials Rule, which, among other things, prohibits certain review suppression practices.

DEFENDANTS

12. Defendant SHEIN Distribution Corporation ("SHEIN Distribution") is a Delaware corporation with its principal place of business at 777 Alameda St., Suite 400, Los Angeles, CA 90021. SHEIN Distribution transacts or has transacted business in this District and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, SHEIN Distribution has advertised, marketed, distributed, or sold merchandise to consumers throughout the United States.

13. Defendant SHEIN US Services LLC ("SHEIN US Services") is a Delaware limited liability company with its principal place of business at 777 Alameda St., 2nd Floor, Los Angeles, CA 90021. SHEIN US Services provides operations and legal services to Defendants SHEIN Distribution and SHEIN Technology LLC. SHEIN US Services transacts or has transacted business in this District and throughout the United States, including providing operations and legal services to Defendants SHEIN Distribution and SHEIN Technology LLC. At all times relevant to this Complaint, acting alone, or in concert with others, SHEIN US Services has advertised, marketed, distributed, or sold merchandise to consumers throughout the United States.

14. Defendant SHEIN Technology LLC ("SHEIN Technology") is a Delaware limited liability company with its principal place of business at 777 Alameda St., 2nd Floor, Los Angeles, CA 90021. SHEIN Technology transacts or has transacted business in this District and throughout the United States, including providing technology services and support to SHEIN Distribution and SHEIN US

Services. At all times relevant to this Complaint, acting alone, or in concert with others, SHEIN Technology has advertised, marketed, distributed, or sold merchandise to consumers throughout the United States.

COMMON ENTERPRISE

15. Defendants SHEIN Distribution Corporation, SHEIN US Services LLC, and SHEIN Technology LLC (collectively, "SHEIN" or "Defendants") have operated as a common enterprise while engaging in the deceptive and unfair acts and practices and other violations of law alleged below. Defendants have conducted the business practices described below through an interrelated network of companies that have common ownership, officers, managers, and office locations. Because these Defendants have operated as a common enterprise, each of them is liable for the acts and practices alleged below.

COMMERCE

16. At all times relevant to this Complaint, Defendants have maintained a substantial course of trade in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS' BUSINESS ACTIVITIES

17. SHEIN describes its business model as "A Pioneering Model for On-Demand Fashion." The company purports to blend technology with fashion by deploying artificial intelligence and search engine optimization to monitor and track consumer behavior and feedback on its website and app, using that data to determine which styles to produce. SHEIN manufactures small initial batches of products and expands production based on consumer demand. Through this "on demand" process, SHEIN can predict fashion trends and add thousands of new products to its website every day. The company claims this is how it keeps its offerings trendy, affordable, and consistent with evolving consumer demand.

18. The constant flow of new, low-priced merchandise to SHEIN's website, combined with strong social media engagement, influencer partnerships, regular discounts and incentives, and the advertised fast shipping and smooth online shopping experience, keeps consumers engaged and encourages repeat purchases. Consumers shop with SHEIN through the company's website and app.

19. To make a purchase, consumers must create a SHEIN account, which provides consumers access to track shipments, view order history, and communicate with customer service.

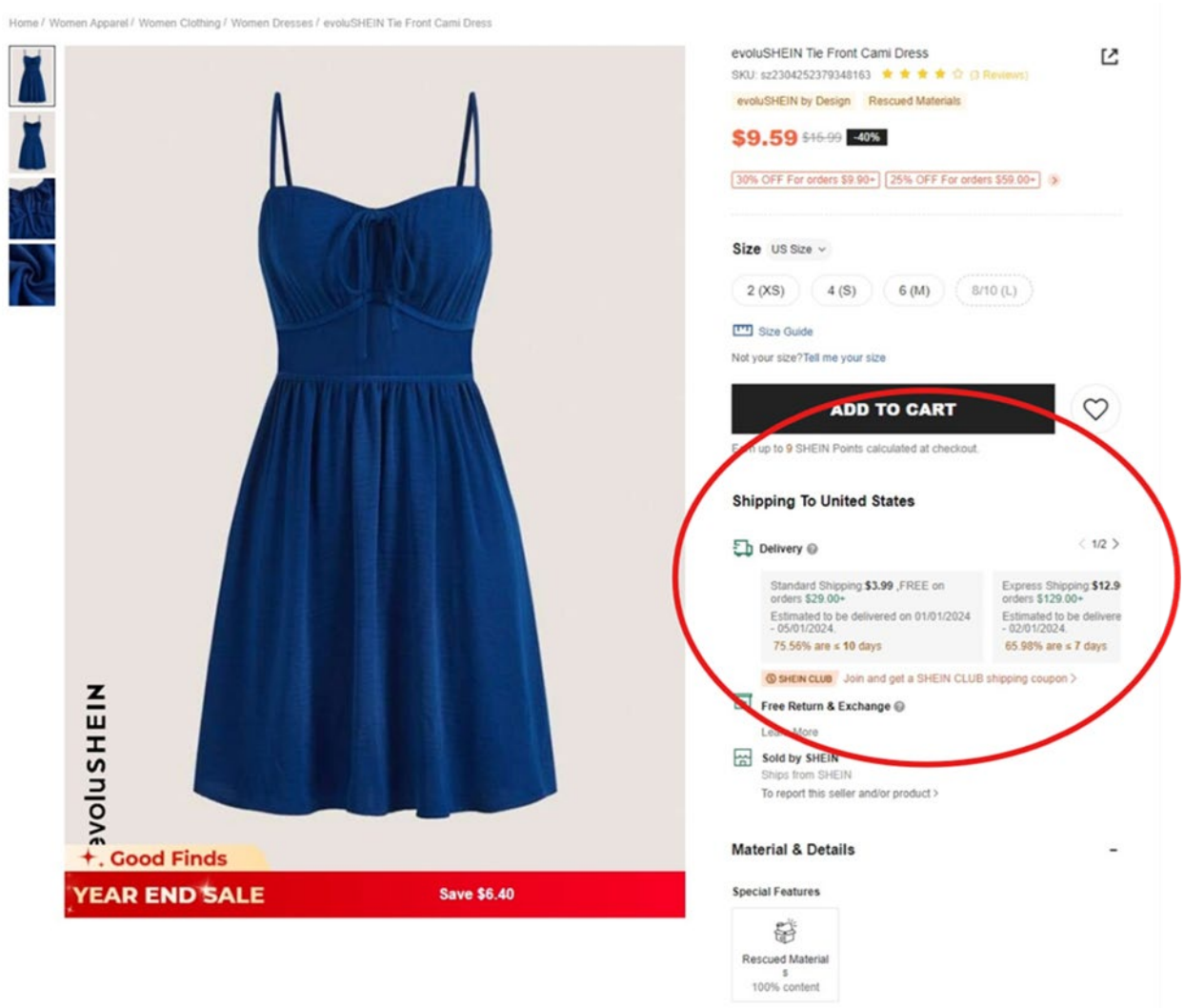
SHEIN's Delayed Shipping and Fulfillment Practices Violate MITOR

20. SHEIN consistently represents to consumers that it ships products quickly, describing its delivery time as "lightning fast." Throughout the online shopping process, SHEIN reinforces these promises to consumers in multiple locations by providing delivery dates on every product page, providing delivery date estimates on the Shipping Information page, displaying a QuickShip label for certain products on SHEIN's website, and during checkout showing consumers a delivery estimate again once they select a shipping speed. Once the consumer places an order and it is processed and shipped, consumers receive a delivery date estimate and tracking information.

21. Under MITOR, however, companies are required, among other things, to notify consumers when they learn they cannot ship within the time frame stated or within 30 days. The Rule further requires companies to obtain the consumer's consent to the delay. If the company cannot obtain that consent—whether because the consumer's silence cannot legally be treated as consent and the consumer has not expressly agreed, or because the consumer has expressly refused—the company must promptly refund all money the consumer paid for the unshipped merchandise, without waiting for the consumer to request a refund.

22. The first delivery estimate consumers encounter is on the product page. As shown in Figure 1, each product page includes a delivery window for both standard and expedited shipping. This information allows shoppers to rely on these representations when determining whether an item meets their shipping and timing needs.

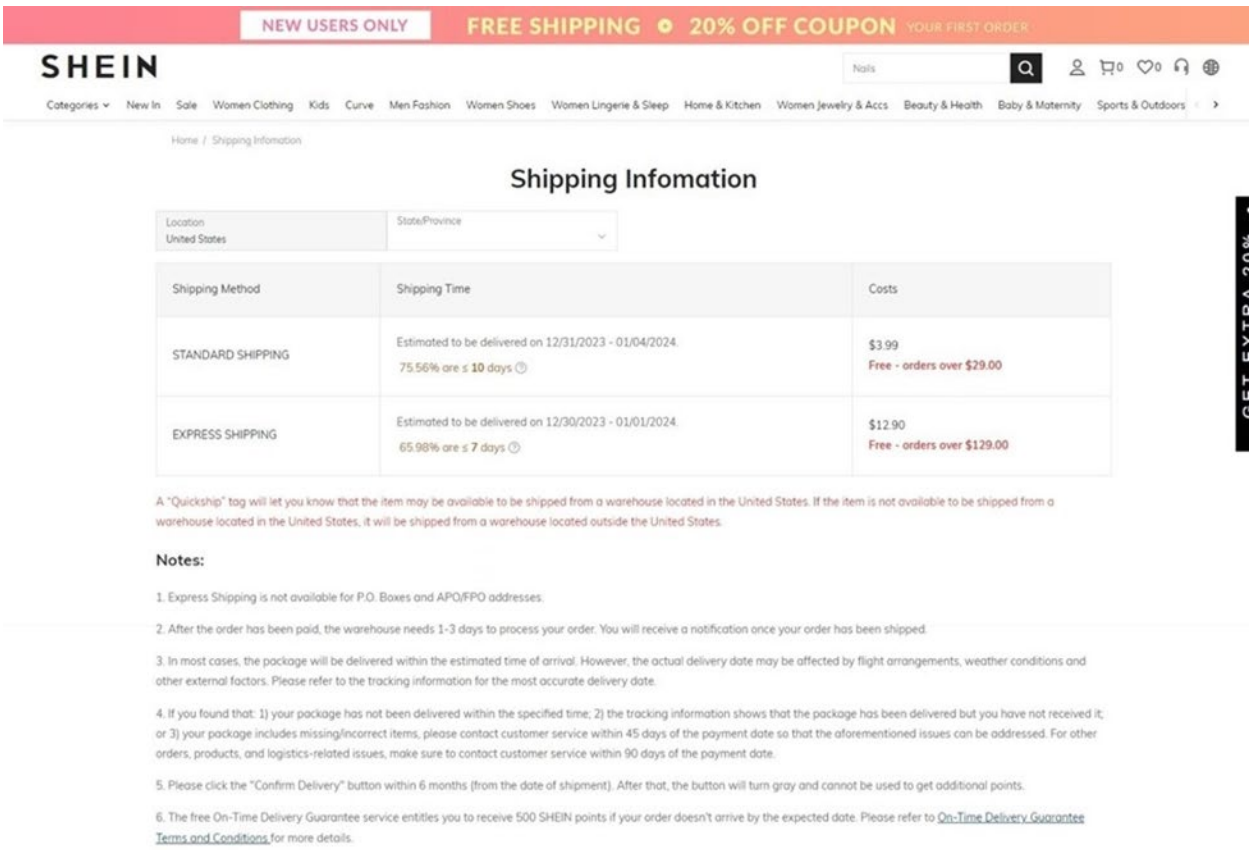
Figure 1.



(red circle added)

23. Next, consumers encounter delivery estimates on the Shipping Information page, shown in Figure 2. Consumers reach this page in two ways: by scrolling to the bottom of SHEIN's homepage and selecting "Shipping Info" under the "Help & Support" menu, or by clicking the question mark icon next to the delivery truck symbol on any product page (shown inside of the red circle in Figure 1, *supra*). Clicking this icon reveals a condensed version of the Shipping Information page. Current updates to the page removed the question mark and replaced it with an arrow that consumers can expand to view Shipping Information. Previously, the Shipping Information page informed consumers that order processing would take 1-3 days. After receiving notice of the FTC investigation, SHEIN stopped providing the 1-3 day timeline and revised the message to a more general statement that the warehouse "needs some time" to process orders.

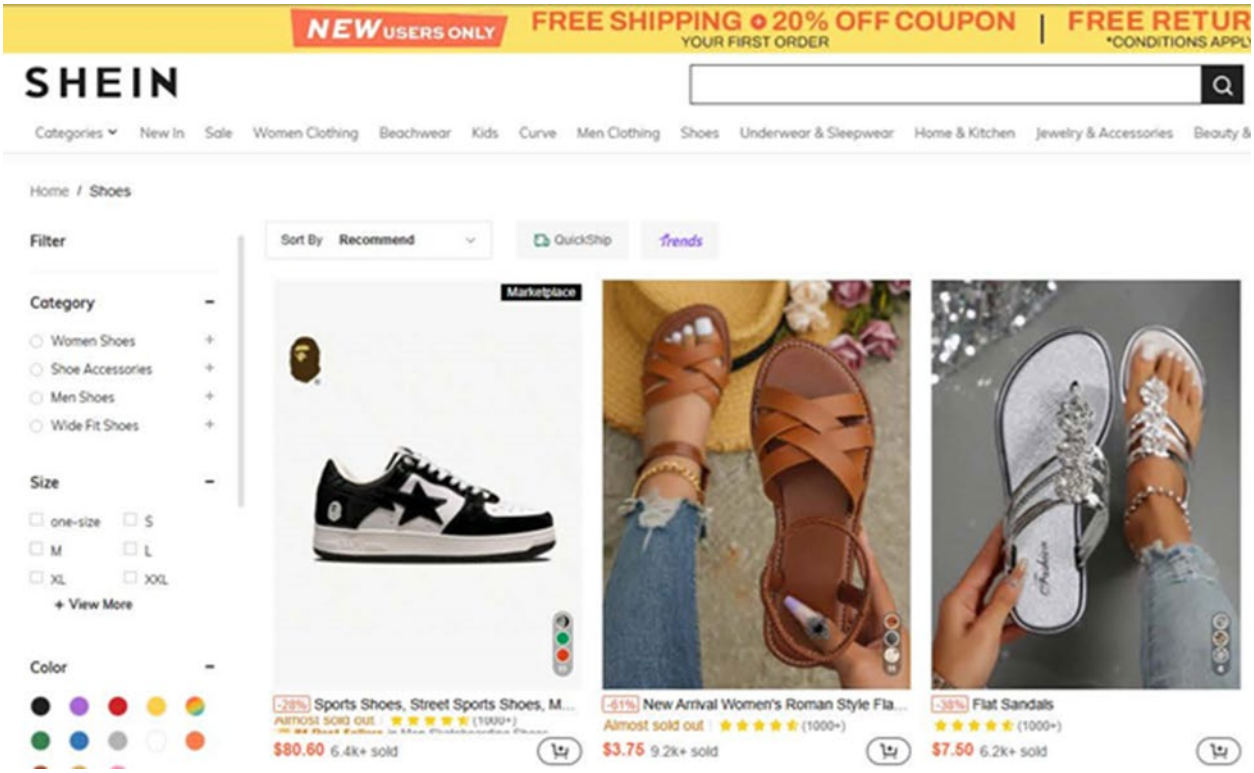
Figure 2.



24. SHEIN advertises shipping promotions, including free standard shipping for orders over $29 and occasional offers for free express shipping, from the shipping information page. These promotions, which have varied over time, are displayed at the top of SHEIN's website, in digital pop ups on the website, and on the "Shipping Info" page as shown in Figure 2, *supra*.

25. SHEIN has a shipping feature called "QuickShip," in which product pages with the QuickShip label may be fulfilled locally, allowing potentially even faster shipping and delivery. As demonstrated in Figure 3, consumers can sort and filter merchandise to view only merchandise designated as "QuickShip." Since receiving notice of the FTC's investigation, SHEIN changed the label from "QuickShip" to "Local."

Figure 3.



26. When consumers are ready to check out, SHEIN shows delivery estimates that reflect the shipping speed selected by the customer.

27. Finally, under SHEIN's shipping policies, once an order is completed and paid for, the order processing timeline begins and SHEIN sends consumers an email order confirmation noting the 1-3 day processing and shipping timeline.

28. In all relevant periods, SHEIN's shipping policy advises that once an order is processed and shipped, the company provides consumers with a tracking number and delivery date via email.

29. These repeated representations—on product pages, at checkout, on the Shipping Information page, and again in the order confirmation and shipping confirmation emails—communicate to consumers that SHEIN provides predictable and reliable shipping and delivery windows and that consumers can rely on those windows when deciding whether to purchase products from SHEIN. Taken together, SHEIN's stated 1-3 day order processing and shipping timeframe, combined with the delivery estimates shown during checkout and in the shipping confirmation email, gives consumers a concrete understanding of when they should expect to receive their orders.

30. However, despite its representations, SHEIN repeatedly fails to honor its promises. In numerous instances SHEIN delivers orders outside of the promised timeframe. Many consumers wait weeks and, in some cases, more than a month to receive their order. One consumer complained, "I placed a order with SHEIN and been waiting for my package for almost 3 months. It'??s still say [It still says] Shipping in progress." Similarly, another consumer complained "i placed an order with Shein.com on January 14, shipping confirmation was sent on January 16. It is now February and i have not heard anything from them since." In a complaint directly to the company concerning a QuickShip item, a consumer complained, "I've been waiting 8 days for a quick ship out of NY. No updates, no way to contact Customer service."

31. SHEIN was aware of fulfillment and logistics issues. It routinely monitored delays and tracked shipping and delivery problems across its various carriers. The company received regular updates detailing delays and other logistics failures.

32. Its own internal data underscored these issues. Between 2021 and 2024, SHEIN's internal customer complaint analyses show an upward trend in consumer complaints about logistics-related issues. During this timeframe, at times, logistics complaints reached as high as 53-54% of all consumer complaints. These complaints primarily concerned "logistics not meeting customer expectations," including significant logistics delays and unreliable estimated delivery times.

33. Yet, despite awareness of these issues, in numerous instances SHEIN failed to issue MITOR-compliant notices. And it did not offer consumers, absent any request on their part, the legally required MITOR options: the choice to consent to the delay or to cancel the order and receive a prompt refund.

34. Ultimately, many consumers file complaints with the Better Business Bureau and initiate chargebacks through their banks.

35. At all relevant times, SHEIN has not maintained records or documentary proof establishing its use of systems and procedures which assure compliance with MITOR in the ordinary course of business, including providing buyers with the required options and prompt refunds.

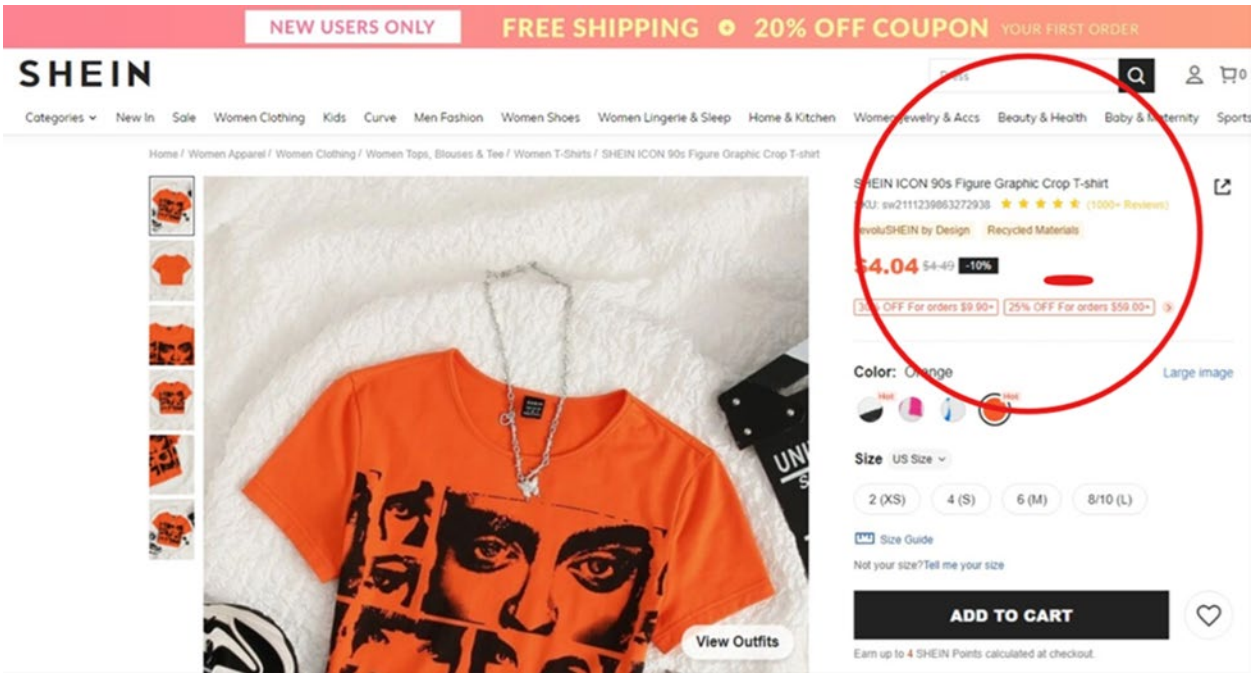
SHEIN's Deceptive Consumer Review Practices

36. SHEIN understands and emphasizes the importance and power of consumer opinion. The company closely monitors its brand reputation across the Internet through various internal reports, including a daily social media listening report. The company prominently displays star ratings, total review counts,

consumer generated size feedback (see Figure 5 *infra*), and detailed written reviews on every product page.

37. As shown in Figure 4, at the top of every product page, directly beneath the product name and above the item price, a bright yellow-star rating displays the product's overall star rating and the total number of reviews. The review count is a hyperlink that takes users directly to the consumer reviews.

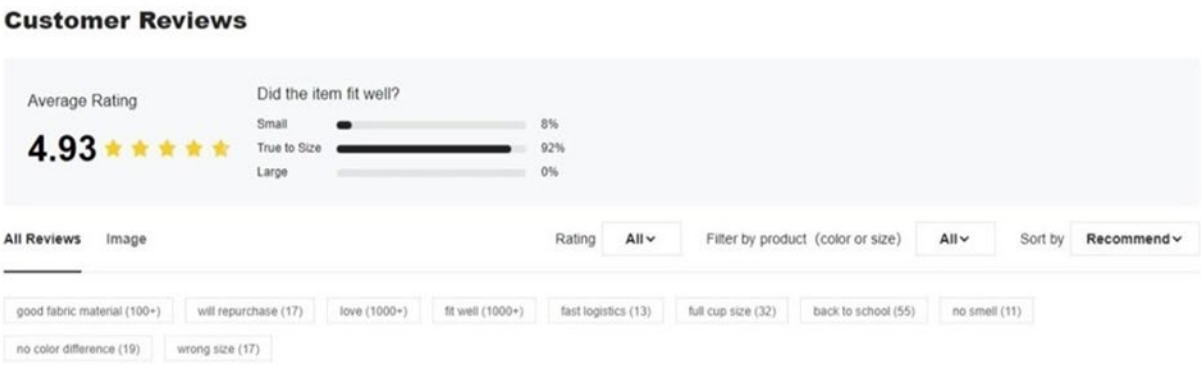
Figure 4.



(red circle added)

38. Detailed product reviews appear further down each product page. As shown below in Figure 5, directly beneath the displayed product image there is a section called "Customer Reviews" in large black text, followed by the average star rating and the bright yellow stars indicating the average number of stars received.

Figure 5.



39. Located in that Customer Reviews section, SHEIN prominently features consumer-generated size feedback on every product page. Fit is a critical factor in online purchasing decisions. In fact, SHEIN's own recent internal research found that fit is one of the top three factors influencing consumer purchasing decisions. Because of its importance to consumers, SHEIN prominently features reviews and size insights for consumers to rely on when deciding to make a purchase.

40. The consumer-generated size feedback represents consumers' view on the question "Did the item fit well?" with three options: Small, True to Size, and Large, each accompanied by a percentage of reviewers who selected that option. *See* Figure 5, *supra*.

41. The Customer Reviews section also allows consumers to filter and search reviews by product color or size, search reviews with images, or sort reviews from most recent to oldest.

42. SHEIN actively encourages consumers to leave reviews by awarding baseline bonus points for each review. Although the program's terms have changed over time, the bonus points system assigns varying point values to different activities. Consumers may earn points for making purchases (typically one point per dollar), watching SHEIN live stream events, verifying their email address,

participating in in-app activities such as games, completing seven consecutive daily check-ins on the app, and placing orders. The program also awards 5 points for submitting a review, an additional 10 points for including a photo in the review, and an additional 2 points for providing detailed size information. Points may be redeemed toward future SHEIN purchases only. In 2023, the program provided that 100 points equaled $1.00 and permitted consumers to apply points toward up to 70 percent of the order total excluding taxes, shipping, and insurance. The current policy reduces this cap to 50 percent. Points have varying expiration periods, ranging from seven days to three months or longer, and expired points are removed from the consumer's account.

43. To leave a product review, consumers must log into their SHEIN account and search their order history. Users can then select the item they wish to review. SHEIN's review policy lists several reasons a product may be ineligible for review or why a submitted review may be removed. For example, the policy states that users can only review products within six months of placing an order. And, reviews can be removed for a narrow set of reasons, including inappropriate, illegal, or offensive content, or reviews that are not about the product. The reviews policy assures consumers that except for these narrow circumstances, all reviews are published and not removed simply for being critical of a product.

44. Despite these assurances, SHEIN surreptitiously engages in policies and practices that materially distort the review environment it heavily promotes.

45. SHEIN manages its product reviews through the Global Comment Management System ("GCMS"). All posted comments undergo an initial automated screening for "irrelevant and sensitive contents," including emojis, email addresses, spam, URLs, references to social media platforms, abusive language, and images depicting pornography, terrorism, political content, or

packaging. Comments that fail at this stage are automatically rejected. Comments that pass are then screened for "taboo words." Comments containing taboo words are automatically rejected. Those that pass are sent to a third screening for "helpful" and "unhelpful" words.

46. SHEIN's "helpful words" and "unhelpful words" list highlights that the system favors comments that make the company look good and hides those that do not. The helpful list includes favorable terms such as "durable," "elegant," "no complaints," "lots of compliments," "satisfied," "as pictured," "comfy," "fits well," "can't wait to try this on," "as described," "must buy," and "awesome." In contrast, although the unhelpful words list includes foul and abusive language, it also triggers additional scrutiny for names of competitors and a wide range of neutral, truthful, and common review words like, "damaged," "rip," "broke," "very disappointed," "bad quality," "waste of money," "very small," "too short," "did not fit," and "not good."

47. Critically, SHEIN's "helpful words" and "unhelpful words" screening policy goes even further by expressly treating reviews differently based on whether the review is positive or otherwise favorable toward SHEIN. According to the internal policy, reviews that contain helpful review words and do not contain unhelpful review words, and are rated 4 stars or greater, are directly approved for publishing. However, reviews that meet the same criteria but are rated 1, 2, or 3 stars are routed into additional automated and manual screening causing further delays in publishing, if they are published at all.

48. Reviews that contain unhelpful words are routed into an additional automated scoring model trained on historical comment data. If the model cannot determine a pass/fail outcome, the review goes to manual review under SHEIN's Product Review Guidance, which lists several violation categories: sensitive information, infringing content, inducement of third parties, "malicious or

extremely bad comments," and irrelevant content. One example of "malicious" and "extremely bad comments" in the guidance is: "Text or picture content that expresses serious consequences for the body. (For example, jewelry will stain the skin, the product contains carcinogens, and the smell of the product causes customers to have a headache for a few days)." In other words, SHEIN's GCMS removes reviews that describe instances where SHEIN's products harm consumers.

49. SHEIN also maintains an internal policy that prevents customers from submitting reviews associated with returned items. Because consumers can only leave reviews by logging into their accounts and selecting items they purchased, the option to review a product is removed in situations where SHEIN processes a return in a way that disables reviewing. For example, when an entire order is returned, SHEIN disables the consumer's ability to leave a review for those products. If a consumer has already posted a review before the entire order is returned, SHEIN removes that review as well.

50. Through these practices, SHEIN limits the visibility of negative consumer experiences and withholds information necessary for consumers to make informed purchasing decisions. SHEIN not only deprives consumers of timely feedback but also prevents meaningful comparison shopping. Because SHEIN operates on an on-demand fast fashion business model—where products have very short windows of relevance and are quickly removed or reorganized—delays and limitations in posting reviews are especially harmful because consumers lose access to feedback when it would matter most. Taken together, these review practices deceive consumers, undermine their ability to compare alternatives, and compromise the integrity of SHEIN's solicitation and publication of consumer reviews, which is particularly important to consumers when they shop from online retailers that, like SHEIN, lack or only have temporary pop-up physical locations..

SHEIN Engages In Unfair Customer Service Practices

51. SHEIN has engaged in unfair customer service that has harmed consumers by implementing policies, procedures, and practices that make it unreasonably difficult and, in some cases, effectively impossible for consumers to resolve issues with their SHEIN purchases.

52. For example, SHEIN provides customer service only via email and chat. Consumers can submit a ticket to start an email exchange or engage with a chatbot to attempt to resolve issues with their purchase. But numerous consumers have complained that they cannot resolve issues with their purchases using SHEIN's text-based system.

53. Many consumers report, for example, that the chat function rarely worked, was disabled during the hours that SHEIN advertised it provided live chat services, or abruptly ended mid-conversation. And even after attempting multiple methods of contact, including direct messages through SHEIN social media accounts, numerous consumers report receiving only unhelpful or automated responses. As one SHEIN consumer recently complained, "I've reached out to SHEIN multiple times via live chat, email, and service tickets. Each response has been generic, often AI-generated, and does not address or resolve the issue." Similarly, another SHEIN customer complained that "I have been going in circles with SHEINs [sic] customer service for over 10 days, receiving copy-paste responses from different agents without any meaningful resolution."

54. Consumers have also complained that there is "no phone customer service available," further complicating their ability to resolve issues with their purchases. For example, one consumer who tried to cancel an order when they realized they were not getting free shipping as expected complained that "[t]he company doesn[']t have any customer service number to call, so you are not able to speak to a live person." Instead, that consumer had to contact SHEIN via chat,

but "the bot or respondent kept asking me the same question, even though it was clearly detailed in every communication with them," and rather than resolving the request, ultimately SHEIN told the consumer that "there was nothing they can do now, because the products were now being shipped." In September 2025—a month in which SHEIN received more than 1.2 million customer service inquiries from U.S. customers—SHEIN added five human customer service agents in the U.S. who handle telephone inquiries from all U.S. consumers. However, consumers cannot easily contact any of those five agents because SHEIN fails to provide a phone number on its website. SHEIN's customer care FAQs page on its website instead tells consumers to "stay tuned" for a "SHEIN US call center" but does not identify any start date.

55. In addition to SHEIN's failure to provide effective ways for consumers to contact and communicate with SHEIN, the company also implements other policies, procedures, and practices that prevent consumers from getting a timely resolution from SHEIN. For example, when a package is delivered to the wrong address, SHEIN marks it as delivered in its system if there is a photo establishing that the package was delivered somewhere. It does not require evidence that the package was delivered to the correct address. It is common for a package to be marked as delivered in SHEIN's records even though the intended consumer did not actually receive the package. In that scenario, SHEIN fails to help the consumer find their package or get a refund. Instead, SHEIN tells the customer to work directly with the shipper or to file a chargeback with their bank to attempt to get a resolution. Although shippers may help the customer locate a package, under SHEIN's contracts with certain shippers, refunds can only be processed by SHEIN. Since SHEIN lacks a human customer service option, the consumer does not have the opportunity to speak with a live agent and must communicate exclusively in writing with SHEIN. As one consumer complained,

"SHEIN delivered my package to the wrong address and won't do anything about it because it was marked as delivered. I've tried multiple times over a week to explain to their [customer service] chat (no phone customer service available) that the delivery photos and GPS coordinates don't match my home address and previous successful delivery photos of my actual house are attached to older orders but they don't care. They say it was marked as delivered so the delivery location is irrelevant basically."

56. SHEIN has been aware of consumer complaints about its customer service for years. For example, in 2023, SHEIN employees chatted about possible reasons consumers were dissatisfied with ticket responses, demonstrating awareness that consumers were complaining about the company's customer service. SHEIN has also been aware that these customer service policies, practices, and procedures cause substantial injury to consumers who spend significant time on chat and email repeatedly communicating with the company to resolve issues involving SHEIN products consumers purchased or other related issues. For instance, in 2024, an internal analysis of a four-week period found that "58% of poor customer service relate to - response time exceeded and response time did not meet customer expectations." Another 2024 analysis of the drop in customer satisfaction found that the main dissatisfaction was "Unable to actually solve my problem. It takes a long time to reply."

57. Consumers cannot reasonably avoid this harm. SHEIN's customer service failures are entirely out of consumers' control and are due to SHEIN's unreasonable policies, practices, and procedures. Indeed, a consumer cannot reasonably be expected to know about SHEIN's customer service practices before making a purchase. One potential avenue for consumers to be made aware of the bad customer service is through SHEIN's reviews. But consumers may not get accurate information about customer service from customer reviews due to

SHEIN's reviews practices. And, on its customer care FAQs page on its website, for example, SHEIN represents that it provides a seamless customer service process: in response to the question, "Is SHEIN considered reliable," the company tells consumers, "As a global brand, SHEIN is dedicated to bringing you the best and latest trends in fashion at an affordable price, and most importantly reliable service."

58. The harm to consumers from SHEIN's customer service practices is not outweighed by countervailing benefits to consumers or competition.

SHEIN Makes Unsubstantiated Claims About its Suppliers

59. In a 2023 internal report, SHEIN noted the growing "demand…from consumers and the wider apparel industry for responsible, circular production practices." SHEIN created evoluSHEIN because of this demand and its business strategy to "sell more sustainable products for increased pricing."

60. Since 2022, SHEIN has advertised, marketed, and sold apparel as part of the company's product line branded as "evoluSHEIN." After launching evoluSHEIN with 150 products, SHEIN has, at various times, marketed over 15,000 evoluSHEIN products per month.

61. SHEIN has sold evoluSHEIN apparel on its website and mobile application, enabling consumers to search for evoluSHEIN products using a keyword and filter for "evoluSHEIN."

evoluSHEIN Advertisements and Product Webpages

62. To induce consumers to purchase evoluSHEIN products, SHEIN has disseminated advertisements, webpages, social media posts and videos, press releases, social impact reports, and customer newsletters representing that evoluSHEIN products are sourced and manufactured in ways that do not violate labor or human rights standards. SHEIN has similarly represented to consumers that all evoluSHEIN products are made by suppliers who earn above-average

scores on third-party social compliance audits—that is, audits that measure a supplier's compliance with international standards on bribery, labor, and health and safety issues.

Figure 6.



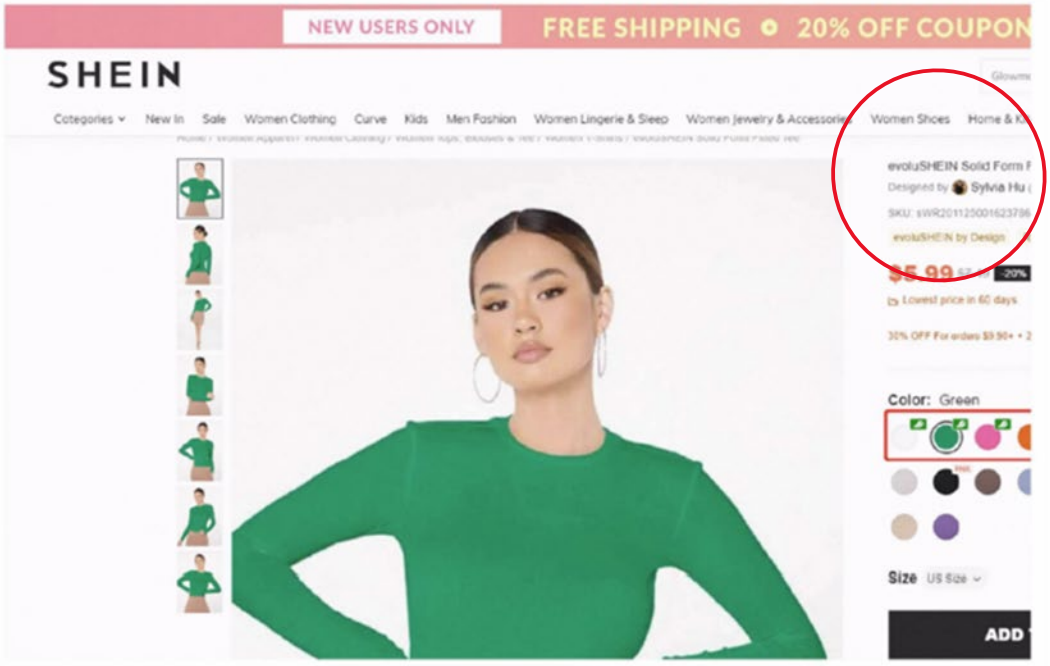
evoluSHEIN by Design is our product initiative aimed at promoting the use of materials and manufacturing processes as described below. Styles under this collection are made with at least 30% preferred materials, such as recycled polyester, forest-safe viscose and rescued materials;manufactured by suppliers who have obtained above-average ratings under our social compliance audit program and/or third-party certification; and use packaging designed to use 100% GRS-certified recycled PE plastic.

(yellow highlight added)

63. In advertisements on its website, SHEIN has also described "evoluSHEIN" as a "purpose-driven collection" for "customers seeking to make a positive impact with their product choices." And SHEIN has marketed evoluSHEIN using phrases such as "responsibly-made collections," and "fashion for a better future."

64. On every evoluSHEIN product page, SHEIN displays an orange badge that indicates the product belongs to the evoluSHEIN product line. When consumers navigate to a webpage for an evoluSHEIN product, the badge is displayed as below.

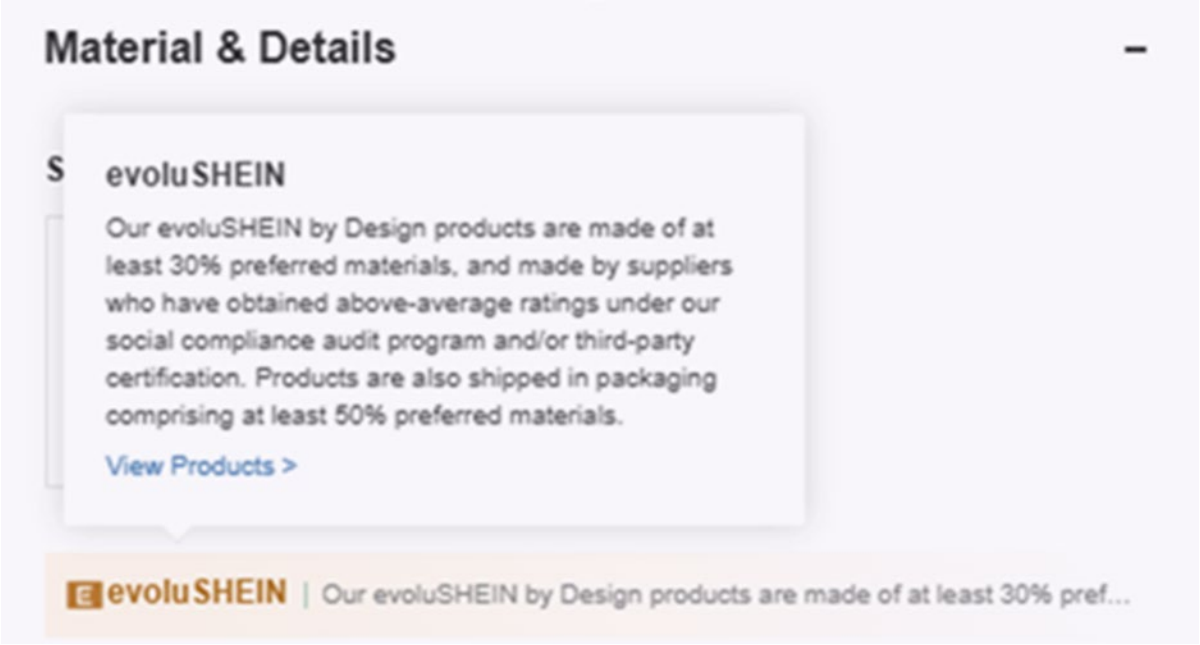
Figure 7.



(red circle added)

65. When consumers hover over the badge, the following text box as shown in Figure 8 appears:

Figure 8.



66. That badge's description provides that: "Our evoluSHEIN by Design products are … made by suppliers who have obtained above-average ratings under our social compliance audit program and/or third-party certification."

67. A link labeled "Sustainability" appears at the bottom of every evoluSHEIN product page. Until the company learned of the FTC's investigation, consumers who clicked on the link would be taken to SHEIN's sourcing page for evoluSHEIN by Design products, which displayed the following text: "Garments sold through this initiative must…be produced by suppliers that have received high social compliance verification through third-party audits."

68. In another example, a 2023 report by SHEIN provided the "evoluSHEIN Standard":

> For a garment to be recognized as an evoluSHEIN by Design product, it must meet our evoluSHEIN Standard. The standard specifies that qualifying garments must … be manufactured by suppliers who have achieved an

> above-average rating on their SRS [social responsibility score] audit (i.e., A or B in our current grading scale) conducted by an accredited third party or be certified to an independent third-party standard that includes criteria for social compliance[,]e.g., SA8000 … [which] is a social certification program established by Social Accountability International.

The SA8000 Standard is based on internationally recognized labor standards, including the United Nations' Universal Declaration of Human Rights, International Labor Organization conventions, and national laws.

69. SHEIN describes these audits as "SRS," or "social responsibility score" audits: that is, unannounced, on-site audits conducted by certified assessors at least once a year. According to the company's website and marketing materials, each SRS audit covers 141 inspection points, including anti-bribery, labor issues, supply chain concerns and worker health and safety. The company's SRS policy states that its SRS program is "formulated upon … the Universal Declaration of Human Rights, the United Nations Guiding Principles on Business and Human Rights, the Core Conventions of the International Labor Organization and the International Labor Organization's 'Declaration on Fundamental Principles and Rights at Work.'"

Figure 9.



70. SHEIN's press strategy has been to double down on these representations that supplier audits are regular and enforced. For example, an April 2022 internal press guide includes the following messaging regarding labor laws: "we have third-party auditors that go into factories on an unannounced basis, and they go in and they walk the factory and they talk to factories and they audit the factories." In SHEIN's 2024 Social Impact Report, the company dedicates sections to "Enforcing Compliance" and "Enforce Risk-based Supply Chain Audits," identifying areas that its audits cover, such as child labor and forced labor.

71. In its advertisements, webpages, and public statements, SHEIN is clear about what it means when it tells consumers that evoluSHEIN suppliers earn high marks in SRS audits: they do not engage in practices that violate

international standards on anti-bribery, labor, and health and safety issues, such as low pay, bribery of regulators, sweat shops, child labor, unsafe working conditions, and long hours.

SHEIN's Lack of Substantiation for Claims About its Suppliers

72. To date, SHEIN has not produced or otherwise made available to the FTC any of the SRS audits the company claims to have performed or commissioned to evaluate suppliers of evoluSHEIN merchandise.

73. To substantiate its claim that evoluSHEIN products are made by suppliers who achieve above-average ratings on SRS audits, SHEIN has relied instead on "Limited Assurance Statements" ("LASs") generated by its accounting firm.

74. But the LASs simply report a distribution of letter grades (A-D) calculated from a list of audits provided by SHEIN; they do not verify, or even review, the findings of any audits or link "above-average" audits (graded A or B) to any evoluSHEIN supplier. In the words of the accounting firm, the LASs simply "re-calculated gradings." Neither the accounting firm nor the LASs it produced substantively evaluated the audits or their findings, performed quality assurance on the audits or auditors, opined on whether the audits were properly conducted, or determined whether any audits, if performed, measured compliance with international standards on bribery, labor, and health and safety issues.

75. By its own admission, SHEIN did not, for example, provide to its accounting firm the almost 4,000 audits it claims to have conducted or commissioned in 2023. SHEIN allowed the accounting firm temporary on-site access to an audit database for brief periods, but the firm could not review any full audit report unless SHEIN fulfilled the firm's request for a particular audit. The accounting firm was explicit about the limitations of the LASs it generated: "Our procedures did not include the validation of the conclusions included in these

reports on any violations of applicable labor laws." In a spreadsheet emailed to SHEIN addressing the LAS, the accounting firm explained that, "[a]s a third-party assurer, we would like to clarify that we are unable to provide assurance on SRS audits as they are conducted by another entity. Therefore, we cannot independently verify the results or outcomes of those audits."

76. SHEIN has not provided any information to the FTC indicating that the scores tallied in the LASs were even derived from audits of evoluSHEIN suppliers, let alone represent a statistically significant or representative sample of audits of evoluSHEIN suppliers. For example, in the 2024 LAS, SHEIN's accounting firm calculated that 29% of the audit scores in the list provided by SHEIN were an "A" or a "B," but the LAS does not link these audit scores to any suppliers of evoluSHEIN products or any piece of clothing sold on SHEIN's website that bears the evoluSHEIN label.

SHEIN's Claims About Cotton Traceability

77. Several press outlets have reported on SHEIN's use of cotton grown in the Xinjiang Uyghur Autonomous Region, and SHEIN has faced questions from multiple governments concerning its use of cotton grown by forced laborers. SHEIN monitors social media for posts and articles connecting its labor practices to cotton grown by Uyghurs.

78. SHEIN represents to consumers that it accurately traces the country of origin for the sources of cotton it uses in its products. For example, on its website and as shown in the image below, SHEIN describes its "robust cotton traceability program to reinforce our cotton supply chain due diligence and identify opportunities to increase preferred fiber sourcing. SHEIN maintains strict chain of custody documentation for its SHEIN-branded products." SHEIN further represents to consumers that "our manufacturing suppliers only source cotton from Australia, Brazil, India, the United States and other approved regions." Yet,

according to SHEIN's contracts with third-party cotton origin verification services, the only other approved region was Eastern China. While SHEIN bragged about using cotton from Australia, Brazil, India, and the United States, it hid the fact that it also relied on Chinese cotton.

Figure 10.



Cotton

SHEIN has established a robust cotton traceability program to reinforce our cotton supply chain due diligence and identify opportunities to increase preferred fiber sourcing. SHEIN maintains strict chain of custody documentation requirements for its SHEIN-branded cotton products and has developed a proprietary Traceability Management System (TMS) that integrates supply chain documentation required from yarn, fabric and finished product suppliers.

The Traceability Management System includes certificates of raw material origin, export/import documents and purchase orders. Suppliers who fail to provide the required documents are prevented from partnering with SHEIN. The system allows us to trace the individual components used in any finished SHEIN product and retain visibility of the raw cotton used.

In allowing for more precise identification and verification of raw material origin, SHEIN's cotton traceability program also supports supply chain assurance and customs compliance efforts across key global markets. For cotton products, to further enhance our compliance with US laws, we request that our manufacturing suppliers only source cotton from Australia, Brazil, India, the United States and other approved regions.

Our cotton traceability program is bolstered by third-party cotton sample testing. Yarn and fabric samples are collected by third-party verification agencies and sent to Oritain, a global leader in isotopic analysis and cotton testing, to provide independent testing and origin verification. To date, Oritain has mapped over 90% of the world's cotton, and its technology allows SHEIN to reliably confirm the geographic origin of the cotton our suppliers use.

Other Fibers

Other fiber categories - including polyamide, spandex, linen, acrylic and metallics - accounted for nearly 19% of our directlly-sourced textiles in 2022.

Rescued Materials

Another way to reduce our environmental footprint involves incorporating rescued waste materials into our product designs. Decreasing demand for new material production cuts down consumption of water, energy, chemicals, and fiber inputs throughout the supply chain. In 2022, SHEIN partnered with Queen of Raw to begin sourcing high-quality excess deadstock fabric from other brands. These surplus materials, which were destined for landfills or incinerators, now have a chance to be worn and valued. Learn more about how SHEIN is designing circular systems to become a leading rescuer of deadstock materials on page 54, and how we are partnering with Queen of Raw to accelerate sustainable innovation on page 61.

79. To substantiate its claim that it accurately traces the origin of its cotton supplies, SHEIN has relied on its "Traceability Management System." SHEIN represents to its consumers that the Traceability Management System requires its cotton suppliers to maintain and upload required documentation about where they get their cotton, including bills of lading and invoices. But SHEIN has provided no evidence to the FTC that the system and its documentation requirements are followed or enforced.

80. SHEIN also relies on test results from a third-party tester that purports to measure whether cotton samples meet the chemical profile of cottons from approved countries. The limited test results SHEIN provided to the FTC contain numerous examples in which SHEIN's cotton suppliers misidentified their cotton's country of origin, did not include the documentation required by SHEIN's policies, and produced testing results inconsistent with the suppliers' stated origin. Included among these limited results there are examples of cotton samples identified by SHEIN's suppliers as grown in the United States that testing indicated were grown in other countries, including China.

81. SHEIN's tester has concluded that over 7% of the cotton samples submitted by SHEIN could not be traced to a country of origin, despite SHEIN's representations and testing regimen. Those 7% of SHEIN cotton samples did not have adequate documentation (e.g., bills of lading and invoices) to determine the country of origin. In fact, the documentation for those samples: (i) lacked a claimed country of origin; (ii) demonstrated that the cotton was from a country of origin other than SHEIN's list of approved regions, *see* Figure 10 *supra*; or (iii) showed that the claimed origin was from a country that does not grow cotton commercially. For the remaining 93% of cotton samples tested, the tester reported that it could not determine the country of origin from among those on SHEIN's list of approved regions, including China, because "the data was too

intertwined to extract" (in other words, "too intertwined," for example, to distinguish between Chinese cotton and American cotton). Accordingly, SHEIN has not substantiated its claim that it has a "robust cotton traceability" program that accurately traces the cotton it uses to its country of origin.

82. Based on the facts and violations of law alleged in this Complaint, the FTC has reason to believe that Defendants are violating or are about to violate laws enforced by the Commission, because, among other things, Defendants continued their unlawful acts or practices despite knowledge of numerous complaints, and Defendants altered their unlawful policies or practices only after receiving a Civil Investigative Demand from the FTC.

VIOLATIONS OF MITOR

83. The Mail, Internet, or Telephone Order Merchandise Rule, 16 C.F.R. Part 435, prohibits sellers from soliciting any order for the sale of merchandise ordered through the mail, via the Internet, or by telephone "unless, at the time of the solicitation, the seller has a reasonable basis to expect that it will be able to ship any ordered merchandise to the buyer" either "[w]ithin that time clearly and conspicuously stated in any such solicitation; or [i]f no time is clearly and conspicuously stated, within thirty (30) days after receipt of a properly completed order from the buyer." 16 C.F.R. § 435.2(a)(1).

84. "Receipt of a properly completed order" means "where the buyer tenders full or partial payment . . . the time at which the seller receives both said payment and an order from the buyer containing all of the information needed by the seller to process and ship the order." 16 C.F.R. § 435.1(c).

85. When a consumer makes payment by a "credit sale" under MITOR, "Refund" means, where a third party is the creditor, "an appropriate credit memorandum or the like sent to the third party creditor which will remove the charge from the buyer's account and a copy of the credit memorandum or the like

sent to the buyer that includes the date that the seller sent the credit memorandum or the like to the third party creditor and the amount of the charge to be removed, or a statement from the seller acknowledging the cancellation of the order and representing that it has not taken any action regarding the order which will result in a charge to the buyer's account with the third party." 16 C.F.R. § 435.1(d)(2)(ii).

86. When a consumer makes payment by means other than cash, check, money order, or credit sale, "Refund" means (i) "[i]nstructions sent to the entity that transferred payment to the seller instructing that entity to return to the buyer the amount tendered in the form tendered and a statement sent to the buyer setting forth the instructions sent to the entity, including the date of the instructions and the amount to be returned to the buyer; or (ii) [a] return of the amount tendered in the form of cash, check, or money order sent to the buyer; or (iii) [a] statement from the seller sent to the buyer acknowledging the cancellation of the order and representing that the seller has not taken any action regarding the order which will access any of the buyer's funds." 16 C.F.R. § 435.1(d)(3).

87. Where a Refund is made pursuant to 16 C.F.R. § 435.1(d)(2)(ii) or § 435.1(d)(3), "Prompt Refund" means "a refund sent by any means at least as fast and reliable as first class mail within seven (7) working days of the date on which the buyer's right to refund vests under [MITOR]." 16 C.F.R. § 435.1(b)(1). If the seller cannot provide a refund by the same method payment was tendered, Prompt Refund "shall mean a refund sent in the form of cash, check, or money order, by any means at least as fast and reliable as first class mail, within seven (7) working days of the date on which the seller discovers it cannot provide a refund by the same method as payment was tendered." *Id.*

88. "Shipment" means the act of physically placing the merchandise in the possession of a carrier. 16 C.F.R. § 435.1(e). Where a seller is unable to ship merchandise within the seller's advertised time or within 30 days if

no time is given, the seller must offer to the buyer "clearly and conspicuously and without prior demand, an option either to consent to a delay in shipping or to cancel the buyer's order and receive a prompt refund." 16 C.F.R. § 435.2(b)(1).

a. Any such offer "shall be made within a reasonable time after the seller first becomes aware of its inability to ship." 16 C.F.R. § 435.2(b)(1).

b. The offer must fully inform the buyer of the buyer's right to cancel and provide either a definite revised shipping date or inform the buyer that the seller is unable to make any representation regarding the length of delay. 16 C.F.R. § 435.2(b)(1)(i).

89. A seller must deem an order cancelled and make a prompt refund to the buyer whenever the seller receives, prior to shipment, notification from the buyer cancelling the order pursuant to any option under MITOR, or the seller fails to offer the option to consent to a delay in shipping or cancel required by § 435.2(b)(1) and has not shipped the merchandise within the time required by MITOR. 16 C.F.R. § 435.2(c), (c)(1), and (c)(5).

90. Pursuant to Section 18 of the FTC Act, 15 U.S.C. § 57a(d)(3), and 16 C.F.R. § 435.2, a violation of MITOR constitutes an unfair or deceptive act or practice in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT I

MITOR VIOLATIONS

91. As set forth in Paragraphs 20–35, in numerous instances, when Defendants:

a. have failed to ship orders within the timeframe required by MITOR, they also have failed to clearly and conspicuously and without prior demand, offer consumers the opportunity to consent

to a delay in shipping or to cancel their order and receive a prompt refund; and

b. have failed to ship orders within the timeframe required by MITOR and have failed to clearly and conspicuously and without prior demand, offer consumers the opportunity to consent to a delay in shipping or cancel their order, they have not cancelled those orders or provided consumers a prompt refund.

92. Therefore, Defendants' acts and practices, described in Paragraphs 20–35 violate MITOR, 16 C.F.R. § 435.2(b) and (c), and therefore are unfair or deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE FTC ACT

93. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts or practices in or affecting commerce."

94. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

95. Acts or practices are unfair under Section 5 of the FTC Act if they cause or are likely to cause substantial injury to consumers that consumers cannot reasonably avoid themselves and that is not outweighed by countervailing benefits to consumers or competition. 15 U.S.C. § 45(n).

COUNT II

Unfair Customer Service

96. In numerous instances, Defendants have implemented customer service policies and practices that make it unreasonably difficult and, in some cases, effectively impossible for consumers to resolve issues with their SHEIN purchases, as described in Paragraphs 51–58.

97. Defendants' acts and practices caused substantial injury to consumers that consumers cannot reasonably avoid themselves and that is not outweighed by countervailing benefits to consumers or competition.

98. Therefore, Defendants' acts or practices as described in Paragraphs 51–58 constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45(a) and (n).

COUNT III

Unsubstantiated Claims about evoluSHEIN Products

99. In numerous instances in connection with the marketing, advertising, promotion, offering for sale, or sale of products labeled "evoluSHEIN," Defendants have represented, directly or indirectly, expressly or by implication, that all evoluSHEIN products are made by suppliers who earn above-average scores in third-party audits that measure "social compliance," or compliance with international standards on labor, health, and safety issues.

100. The representations in Paragraph 99 were not substantiated at the time that the representations were made.

101. Therefore, Defendants' representations as set forth in Paragraph 99 of this Complaint constitute a deceptive act or practice, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT IV

Unsubstantiated Claims About Cotton Traceability

102. In numerous instances in connection with the marketing, advertising, promotion, offering for sale, or sale of products, Defendants have represented that they accurately trace the country of origin for the sources of cotton they use in their products.

103. The representations in Paragraph 102 were not substantiated at the time the representations were made.

104. Therefore, Defendants' representations as set forth in Paragraphs 77–81 of this Complaint constitute a deceptive act or practice, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

VIOLATIONS OF THE RULE ON THE USE OF CONSUMER REVIEWS AND TESTIMONIALS

105. The Commission promulgated the Reviews and Testimonials Rule, 16 C.F.R. Part 465, pursuant to Section 18 of the FTC Act, 15 U.S.C. § 57a. The Reviews and Testimonials Rule took effect on October 21, 2024.

106. Defendants are a "business" as defined by the Reviews and Testimonials Rule, 16 C.F.R. § 465.1(a).

107. It is an unfair or deceptive act or practice and a violation of the Reviews and Testimonials Rule for a business to materially misrepresent that "the consumer reviews of one or more of the products or services it sells displayed in a portion of its website or platform dedicated in whole or in part to receiving and displaying consumer reviews represent most or all the reviews submitted to the website or platform when reviews are being suppressed (i.e., not displayable) based upon their ratings or their negative sentiment." See 16 C.F.R. § 465.7(b).

108. As described in Paragraphs 36–50 above, Defendants receive and display consumer reviews as defined by the Reviews and Testimonials Rule. 16 C.F.R. § 465.1(d).

109. Pursuant to Section 18(d)(3) of the FTC Act, 15 U.S.C. § 57a(d)(3), a violation of the Reviews and Testimonials Rule constitutes an unfair or deceptive act or practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT V

Deceptive Consumer Review Practices

110. Defendants, through the means described in Paragraphs 36–

50, represent, directly or indirectly, expressly or by implication, that the product reviews on the Defendants' website accurately reflect the views of all purchasers who submitted reviews of Defendants' products to the website.

111. In truth and in fact, the product reviews on Defendants' website do not accurately reflect the views of all purchasers who submitted reviews of the products because:

a. Defendants suppress product reviews of returned items; and

b. Defendants use a review screening policy that automatically approves 4- and 5-star reviews with 'helpful' words and no 'unhelpful' words for publishing, while diverting 1-to-3-star reviews with 'helpful' words and no 'unhelpful' words for additional screening that delays and prevents publication.

112. Therefore, Defendants' acts or practices, as described in Paragraphs 36–50, violate Section 465.7 of the Reviews and Testimonials Rule, 16 C.F.R. § 465.7, and Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

113. Consumers are suffering, have suffered, and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act, MITOR, and the Reviews and Testimonials Rule. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public interest.

PRAYER FOR RELIEF

Wherefore, the FTC requests that the Court:

A. Enter a permanent injunction to prevent future violations of the FTC Act, MITOR, and the Reviews and Testimonials Rule;

B. Award monetary and other relief within the Court's power to grant; and

C. Award any additional relief as the Court determines to be just and proper.

Dated:

Respectfully submitted,

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