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STATE OF OHIO
OFFICE OF THE ATTORNEY GENERAL
CONSUMER PROTECTION SECTION

FEB 11 2021

CONSUMER PROTECTION SECTION
PUBLIC INSPECTION FILE

STATE OF OHIO)
)
IN THE MATTER OF:) DOCKET NO. 589769
ZHAOQIAN LIU,)
FLYNN MING, LLC)
d/b/a ACOLOGY)

ASSURANCE OF VOLUNTARY COMPLIANCE

This Assurance of Voluntary Compliance (hereafter "Assurance") is entered into this 4th day of February, 2021 by Zhaoqian Liu and Flynn Ming, LLC d/b/a Acology ("Suppliers") and Dave Yost, Attorney General of the State of Ohio ("Attorney General"). For purposes of this Assurance, "Suppliers" means Zhaoqian Liu, personally and individually, and as the owner/operator of the online seller entity known as Acology, and Flynn Ming, LLC, as well as their officers, partners, managers, successors or assigns and all persons acting in concert or participation with them, directly or indirectly, through any corporate device, partnership, association and affiliation.

WHEREAS, the Attorney General, having reasonable cause to believe that Suppliers have engaged in acts and practices which violate the Consumer Sales Practices Act ("CSPA"), R.C. 1345.01 *et seq.*, the Valentine Act, Ohio's antitrust law, R.C. 1331.01, *et seq.*, and having authority to investigate Suppliers pursuant to R.C. 1345.06, R.C. 1331.16 and the common law of the State of Ohio, the Attorney General has conducted an investigation pursuant to the authority granted him, and;

WHEREAS, the Attorney General may, pursuant to R.C. 1345.06(F) enter into and accept an Assurance of Voluntary Compliance, and;

WHEREAS, this Assurance of Voluntary Compliance is an Assurance in writing by Suppliers of their intent to conduct their business in a manner designed to comply with all provisions of the CSPA, R.C. 1345.01, *et seq.*, its Substantive Rules, O.A.C. 109:4-3-01 *et seq.*, and the provisions of the Valentine Act, R.C. 1331.01, *et seq.* and

WHEREAS, Suppliers, desiring to comply with all aspects of the CSPA and the Valentine Act, hereby voluntarily enter into this Assurance with the Attorney General.

NOW THEREFORE, in consideration of the mutual promises and conditions set forth herein, the parties hereto **AGREE** as follows:

1. The "Effective Date" shall mean the date that is indicated on the first page of this Assurance.
2. By accepting this written Assurance, the Attorney General agrees to terminate the current investigation of Zhaoqian Liu and Flynn Ming LLC d/b/a Acology and their business practices and actions occurring on or before the Effective Date of this Assurance.
3. By giving this written Assurance, Suppliers agree to comply with all the terms of this Assurance and to conduct their business in compliance with all applicable Ohio laws, including without limitation, the CSPA, together with its substantive rules, and the Valentine Act.

BACKGROUND AND STATEMENT OF FACTS

4. Zhaoqian Liu and Flynn Ming, LLC are online sellers of hand sanitizer and other products, doing business as Acology, with their principal place of business located at 4441 Habersham Ln, N., Richmond Heights, Ohio 44143.
5. At all times relevant to this Assurance, Zhaoqian Liu served as owner and sole member of Flynn Ming, LLC.

6. Zhaoqian Liu and Flynn Ming, LLC are "suppliers" as that term is defined in R.C. 1345.01(C) as they have been, at all times, relevant herein, engaged in the business of effecting consumer transactions by selling hand sanitizer products to individuals in the State of Ohio for purposes that were primarily personal, family or household within the meaning specified in R.C. 1345.01(A).
7. Suppliers operate an online business in which they acquire a variety of products, including hand sanitizer, and resell those products to the general public via the online platform Amazon.
8. In early 2020, COVID-19, a highly communicable and dangerous contagion, arrived in the United States and began to spread.
9. On February 29, 2020 the United States reported its first death from COVID-19 in Washington state.
10. In the face of these developments, Ohioans and people across the nation became increasingly frightened.
11. This fear prompted many citizens to bolster their personal supplies of products they believed might be needed and/or in short supply if the crisis continued to worsen to pandemic levels. Those pandemic-related products included disinfecting wipes, hand sanitizers, respirator masks and even toilet paper.
12. In February 2020, hand sanitizer products could still be purchased from retailers such as Marc's and Discount Drug Mart with no significant increase in price over the price charged in January 2020.
13. Suppliers purchased large amounts of these products from retailers such as Marc's and Discount Drug Mart with the intention to resell them online via Amazon.

14. In the aggregate, mass purchases of these items by Suppliers and others who sought to resell necessary pandemic-related products led to a shortage of the products, driving up demand.
15. Between February 28, 2020 and March 5, 2020 Suppliers purchased well over 1,000 hand sanitizer products from various retailers and re-sold these products online at prices between 92.8 – 895.2% over the average sales price charged for similar items sold in January 2020.
16. By way of example, in January 2020, before COVID-19 created a statewide and national crisis, the average sales price for a 4-pack of 8 oz. pump bottles of Purell Advanced Hand Sanitizer Soothing Gel sold on Amazon was \$10.75. Suppliers sold this item for \$107.02 in the February-March 2020 timeframe.
17. Suppliers made substantially more money by selling hand sanitizer products at inflated prices than they would have made by selling at the average price for each product prior to the national crisis.
18. Suppliers committed unfair, deceptive, and unconscionable acts and practices in violation of R.C. 1345.02 and R.C. 1345.03 by selling hand sanitizer products at substantially increased prices during the national health crisis.
19. Suppliers committed unconscionable acts and practices in violation of R.C. 1345.03(A), as set forth in R.C. 1345.03(B)(5), by requiring consumers to enter into transactions which Suppliers knew were substantially one-sided in favor of Suppliers.
20. Suppliers committed and carried out unreasonable restrictions in trade and commerce and increased the price of merchandise in violation of R.C. 1331.01(C) and R.C. 1331.04, by acquiring and artificially manipulating the available supplies of hand sanitizer and

combining with and utilizing an online platform to offer it for sale at artificially inflated anticompetitive levels during a national health crisis.

COMPLIANCE PROVISIONS

21. Suppliers shall not violate the CSPA, R.C. 1345.01, *et seq.*, and specifically shall not engage in unfair, deceptive or unconscionable acts or practices under R.C. 1345.02 and R.C. 1345.03, by inflating the price of goods during times of widespread fear and panic.
22. Suppliers shall not violate the Valentine Act, R.C. 1331.01, *et seq.*, and specifically shall not create and carry out unreasonable restrictions in trade or commerce and/or prevent competition in the sale or purchase of a merchandise under R.C. 1331.01 and R.C. 1331.04, by removing goods from the stream of commerce for purposes of reselling at anticompetitive levels during times of widespread fear and panic.

GENERAL PROVISIONS

23. By accepting this written Assurance, the Attorney General agrees to terminate his current investigation into Suppliers' business practices occurring prior to the Effective Date of this Assurance, relative to Suppliers' practices of inflating the sales price of goods during a national health crisis as set forth above.
24. Suppliers understand and agree that this Assurance applies to any related owners, principals, officers, directors, agents, representatives, salespersons, employees, instructors, independent contractors, successors and assigns.
25. This Assurance shall be governed by the laws of the State of Ohio.
26. This Assurance does not constitute an approval by the Attorney General of any of the Suppliers' business practices, and the Suppliers shall not represent directly or indirectly,

or in any way whatsoever, that the Attorney General has sanctioned, condoned or approved any part or aspect of their business practices.

27. This Assurance sets forth the entire agreement between the Attorney General and Suppliers and supersedes any and all prior agreements or understandings, whether written or oral, between the parties and/or their respective counsel regarding the subject matter hereof. This Assurance may be amended by written agreement of the Parties, subject to any further requirements under state law.
28. The Parties hereto acknowledge that no other promises, representations, or agreements of any nature have been made or entered into by the Parties. The Parties further acknowledge that this Assurance constitutes a single and entire agreement that is not severable or divisible, except that if any provision herein is found to be legally insufficient or unenforceable, the remaining provisions shall continue in full force and effect.
29. Zhaoqian Liu and Flynn Ming, LLC shall negotiate in good faith, through the Office of the Attorney General, any consumer complaints filed with this Office regarding Suppliers' conduct occurring prior to or after the Effective Date of this Assurance, brought by consumers known at the time or discovered after entering into this Assurance.
30. This Assurance constitutes a public record and shall be filed in the Public Inspection File pursuant to R.C. 1345.05(A)(3).
31. This Assurance shall in no way exempt Suppliers from any other obligation imposed by law, and nothing contained herein shall relieve them of any legal responsibility for any acts or practices they have engaged in other than those specifically addressed by this Assurance.

32. Nothing in this Assurance shall in any way preclude any investigative or enforcement action(s) against Suppliers under any legal authority granted to the Ohio Attorney

General:

- a. With respect to the transactions which are the subject of this enforcement action if the terms of the Assurance are not fully obeyed, or,
- b. With respect to transactions or occurrences which are not the subject of this Assurance.

PAYMENT TO THE STATE

33. As part of the consideration for the termination of this investigation, Suppliers shall, upon execution of this Agreement, pay Three Thousand Dollars (~~\$3,000.00~~) to the Attorney General as reimbursement for investigative and administrative costs associated with this matter. This payment shall be placed in the Ohio Attorney General's Consumer Protection Enforcement Fund, for use by the Attorney General as provided in R.C. 1345.51.

34. This payment shall be made by delivering a certified check or money order, made payable to the "Ohio Attorney General's Office" and containing "CPS" in the memo line, to:

Financial Specialist
Consumer Protection Section
30 E. Broad St., 14th fl.
Columbus, OH 43215

PENALTIES FOR FAILURE TO COMPLY

35. The Attorney General may assert any claim that Suppliers have violated this Assurance in a separate civil action to enforce the terms of this Assurance against Suppliers and the

Court shall apply applicable standards of law to determine damages for any subsequent violations of the CSPA which may include any and all remedies available to the Attorney General pursuant to 1345.07.

36. Pursuant to R.C. 1345.06(F), this Assurance is not, and shall not be construed as, evidence of any violation by Suppliers of the CSPA or its Substantive Rules. Evidence of a violation of an Assurance of Voluntary Compliance, though, is prima-facie evidence of an act or practice in violation of the CSPA, R.C. 1345.01 *et seq.*, if presented after the violation in an action brought pursuant to the CSPA, R.C. 1345.01 *et seq.*

WHEREFORE, the Parties hereto affix their signatures in recognition and acceptance of the terms contained herein and warrant and represent that by affixing their signatures below they have the legal right to do so.

SIGNATURES

Accepted:

**DAVE YOST,
OHIO ATTORNEY GENERAL**

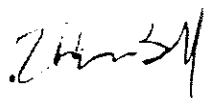
Signature of Dave Yost

By:

Date: February 9, 2021

Rebecca F. Schlag, Senior AAG
Consumer Protection Section
James Roberts, Principal AAG
Antitrust Section
Cleveland Regional Office
615 W. Superior Ave., 11th fl.
Cleveland, OH 44113
Phone: 216-787-3030
Rebecca.Schlag@OhioAttorneyGeneral.gov
Counsel for Ohio Attorney General
(signatures continued next page)

Accepted:



Date:

2/4/2021

Zhaoqian Liu
4441 Habersham Ln., N.
Richmond Heights, OH 44143
Phone: 330-310-8149
Individually, and on behalf of Flynn Ming, LLC.

ABA Acology Suppliers

Accepted:

By: *Ronald Frey*

Date: February 4, 2021

Ronald Frey, Esq.
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Attorney for, and on behalf of, Suppliers