

# FTC news

Federal Trade Commission Washington, D.C. 20580 (202) 326-2180

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## DISPOSABLE PAPER-PLATE MANUFACTURER AGREES TO SETTLE FTC CHARGES THAT IT MADE DECEPTIVE BIODEGRADABLE AND RECYCLABLE CLAIMS

AJM Packaging Corporation, of Detroit, Michigan, has agreed to settle Federal Trade Commission charges that it made false and unsubstantiated environmental claims that its "Nature's Own Green Label" disposable paper plates are biodegradable and recyclable. Under the proposed settlement, AJM would be prohibited from representing that any product it sells offers any environmental benefit unless it can substantiate the claim. This case is another in a series of FTC cases challenging allegedly deceptive environmental marketing claims.

According to the FTC complaint detailing the charges, the package for AJM's paper plates contained the statement: "MADE FROM 100% RECYCLABLE AND BIODEGRADABLE PAPER." The FTC charged that, by using the term "recyclable," AJM represented that its paper plates are recyclable after ordinary use. In fact, according to the FTC, while the paper plates are capable of being recycled, the vast majority of consumers cannot recycle them because there are virtually no collection facilities that accept food-contaminated paper products for recycling. In light of this, the FTC charged that the recyclable representation is false.

The FTC also charged that by the use of the term "biodegradable" on its packaging, AJM represented without a reasonable basis that the paper plates, when disposed of as trash:

- will completely break down and return to nature within a reasonably short period of time; and
- offer a significant environmental benefit after customary disposal.

(AJM Packaging--04/26/94)

Most trash, including disposable paper plates, is buried in sanitary landfills, FTC staff said. Typically, landfills are designed to minimize the exposure of garbage to water, air, and sunlight, in order to prevent groundwater contamination and air pollution. Because the elements necessary for biodegradation are thus minimized in landfills, biodegradation -- even of organic matter like paper plates -- takes place very slowly, the staff said.

The proposed consent agreement to settle these charges, announced today for public comment, would prohibit AJM from misrepresenting that any paper product or package is capable of being recycled, or the extent to which recycling collection programs for them are available.

In addition, AJM would be prohibited from making unsubstantiated claims that its products or packages are degradable, biodegradable or photodegradable, or that their degradability offers any environmental benefit when consumers dispose of them as trash that is buried in a sanitary landfill.

AJM also would be prohibited from making any unsubstantiated representation that any product or package it markets offers any environmental benefit.

Finally, the proposed settlement contains provisions that would assist the FTC in monitoring compliance with the settlement.

The Commission vote to accept the proposed consent agreement for public comment was 5-0. It will be published in the Federal Register shortly and will be subject to public comment for 60 days, after which the Commission will decide whether to make it final. Comments should be addressed to the FTC, Office of the Secretary, 6th Street and Pennsylvania Avenue, N.W., Washington, D.C. 20580.

**NOTE:** A consent agreement is for settlement purposes only and does not constitute an admission of a law violation. When the Commission issues a consent order on a final basis, it carries the force of law with respect to future actions. Each violation of such an order may result in a civil penalty of \$10,000.

(AJM Packaging--04/26/94)

Copies of the complaint and proposed consent agreement, an analysis of the agreement to assist the public in commenting, and the FTC's Guidelines for Environmental Marketing Claims, are available from the FTC's Public Reference Branch, Room 130, at the above address; 202-326-2222; TTY for hearing impaired 202-326-2502.

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(AJM)