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August 15, 2024

Stephen T. Hartell
Vice President, U.S. Public Policy
Amazon Corporation, LLC
410 Terry Avenue North
Seattle, WA 98109

Dear Mr. Hartell:

I write to you today on behalf of many constituents who have reached out to me regarding the sudden and unexpected suspension of their Amazon seller accounts and the devastating impact this has had on their businesses, employees, and families.

As the Congressman for New Jersey's Fourth Congressional District, I have heard of hundreds of seller accounts in my district alone that have been locked down by Amazon with very little communication or detail. Most have received a generic form letter-type response stating that the action is "in accordance with Section 3 of the Business Solutions Agreement." Yet, there is no information provided to explain how Section 3 specifically relates to their case or what specific products may be in question.

I have been advised that when my constituents—your selling partners—attempt to contact Amazon to determine the exact issue, offense, product or supplier, most receive no assistance at all. After days and weeks of calls and emails to Amazon, the "lucky" ones get an inadequate video or phone call that typically ends in no resolution.

Many also note that they are lead on by a cryptic or non-existent appeal process. There is little or no opportunity for direct contact with an Amazon representative with whom the constituents can advocate to get their businesses released—and assets rightfully returned—and no information as to which product or supplier is in question or creating a problem, if there even is an authenticated problem. The forced arbitration process from the Business Seller Agreement proves costly and limited in providing discovery opportunities for the third-party seller trying to gather information and recoup their own assets.

Perhaps most troubling is the fact that after making a seemingly random determination, Amazon holds all inventory—even products unrelated to the "offense"—and **confiscates hundreds of thousands of constituents' dollars with no return date in sight**. The final result is the total devastation of businesses and livelihoods.

Here are just a few of the many comments I have received:

- *“Long-time sellers, trying to make an honest living, find themselves at the mercy of an algorithm. One day, they wake up to discover they are out of business, with all their money and inventory held. They have to fire their employees, can't pay their vendors or loans, and are left with unsellable inventory. This situation severely impacts their personal lives: mortgages can't be paid, bills are overdue, and their lives are ruined. Years of hard work is erased in an instant, with no one to talk to. I have been affected, with over a million dollars in cash and inventory held with no path to reinstatement because they "cannot verify my suppliers.”*
- *“Amazon recently shut both of my seller accounts and gave very vague explanations as to the reason. They mentioned that I abused their FBA reimbursement policy. I am very unclear what they are talking about since I never did that. I am an honest seller that has been selling for over eight years and always did everything according to the books. They are holding onto **over \$2 million of my inventory**, and they are not allowing me to remove it. I have a big overhead, payroll and rent that I have to cover in addition to supporting my family. I also have large lines of credit that I cannot make payments to since my inventory is being held and they are not allowing me to make sales.*
- *“My Amazon selling account was suspended almost a year ago with absolutely no communication from Amazon as to why it was deactivated, and absolutely no information as to any steps I can take to have it reopened. A few months later they did a video interview to see if I can receive MY funds that they had been holding, and with absolutely no explanation at all they "decided" based on a few-minute interview where the interviewer did not ask one substantive question, that they would be keeping MY money!*
This has caused me my entire business of three years, built up through 16-hour days and lots of my personal funds invested. Aside from the entire business that is now gone, they also charged me more than \$5,000 to send me my inventory that they had held, as well as my funds that they never returned (the amount of which I can't even be sure of because they blocked me from that information!).
- *“For nearly a decade, our business has successfully sold products on Amazon's platform, providing genuine and verified items to our customers. However, a few months ago, Amazon revoked our selling privileges, accusing us of selling fraudulent products. We have consistently proven the authenticity of our products by submitting all requested documentation to Amazon, yet our appeals have been ignored.*

*As a result of this action, **Amazon is holding our inventory and funds valued at \$500,000.** Despite numerous attempts to resolve this matter with Amazon, we have not received any meaningful response. This situation has severely impacted our business, forcing us to lay off several employees and threatening our livelihood.*

- *“We received a shocking notification that our account had been deactivated. Despite having account health insurance, which should have ensured prior notification, Amazon deactivated our account without any advance warning. They claimed we were in violation of trademark infringement. However, after consulting with lawyers, it was confirmed that we were fully compliant with trademark laws.*

*Despite our efforts to communicate with Amazon and resolve the issue, they have not provided any pathway for reinstating our account. As of today, our account remains deactivated. This decision has resulted in the immediate layoff of 30 workers who depended on this business for their livelihoods. Additionally, we are now facing a **financial crisis**, with millions of dollars owed in lines of credit and payments to suppliers. The sudden shutdown has not only disrupted our operations but has also put us on the brink of **financial ruin**.*

It has been reported that these closures may be an attempt by Amazon to comply with the *INFORM Consumers Act* (15 USC 45f)—and properly police the illegal use of your platform by third-party sellers who trade in stolen, counterfeit and illegal products. Obviously, for the sake of justice and protection of potential victims (buyers), we **all** support the use of careful and legitimate efforts to combat and remove ill-gotten and fraudulent merchandise.

That is not the issue for my constituents.

Instead, many raise credible concerns that the current process is so far-reaching and indiscriminate that new victims are being created every day as they lose their livelihoods and assets. Is there not a more reasonable and judicious compliance process—to include robust communication—which would provide sellers the knowledge of which specific products are in question and give them the opportunity to provide reasonable proof of provenance?

Though news reports detail closures and seizures all over the world, I am especially concerned by the large concentration of these punitive actions taken against businesses from Lakewood, NJ in my congressional district which has a large Orthodox. One constituent who raised the concern about unfair targeting of Lakewood residents reported that he did finally speak with an Amazon representative from “seller performance” and was told “you guys all know each other and circumvent the rules.” This, if accurate, is clearly an inappropriate comment that undermines any confidence in the efficacy and equity in Amazon’s enforcement program.

I hope you would agree that while you rightfully work to identify and hold real offenders liable, at the same time, you can and should provide the broader community of affected selling partners a clear

and concise description of what the alleged infraction is, what product or products are involved, and an expedited opportunity to provide documentation proving their innocence.

To that end, I respectfully request the opportunity to meet with you to discuss these important issues and ask that you to take immediate corrective action to help to restore the lives of honest and hard-working small business owners who have been persecuted by a reportedly over-zealous policy.

I await your timely reply and look forward to meeting with you at your earliest convenience. Ms. Latona, my office scheduler is available to assist you and your staff in identifying a mutually convenient time to meet as soon as possible.

Sincerely



CHRISTOPHER H. SMITH
Member of Congress