

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

In the Matter of

**KUSHLY INDUSTRIES LLC, a limited liability
company,**

and

**CODY ALT, individually and as an officer of
KUSHLY INDUSTRIES LLC.**

FILE NO. 202-3111

**AGREEMENT CONTAINING
CONSENT ORDER**

DOCKET NO.

The Federal Trade Commission (“Commission”) has conducted an investigation of certain acts and practices of Kushly Industries LLC, and Cody Alt, individually and as an officer of Kushly Industries LLC (collectively “Proposed Respondents”). The Commission’s Bureau of Consumer Protection (“BCP”) has prepared a draft of an administrative Complaint (“draft Complaint”). BCP and Proposed Respondents, individually or through their duly authorized officers enter into this Agreement Containing Consent Order (“Consent Agreement”) to resolve the allegations in the attached draft Complaint through a proposed Decision and Order to present to the Commission, which is also attached and made a part of this Consent Agreement.

IT IS HEREBY AGREED by and between Proposed Respondents and BCP, that:

1. The Proposed Respondents are:
 - a. Proposed Respondent Kushly Industries LLC (“Kushly”) is an Arizona limited liability company with its principal office or place of business at East Rancho Vista Drive, #3014, Scottsdale, Arizona 85251.
 - b. Proposed Respondent Cody Alt (“Alt”) is the owner, chief executive officer, and manager of Proposed Respondent Kushly. Individually or in concert with others, he controls or has the authority to control, or participated in the acts and practices alleged in this Complaint. His principal office or place of business is the same as Kushly.
2. Proposed Respondents neither admit nor deny any of the allegations in the Complaint, except as specifically stated in the Decision and Order. Only for purposes of this action, Proposed Respondents admit the facts necessary to establish jurisdiction.
3. Proposed Respondents waive:
 - a. Any further procedural steps;

b. The requirement that the Commission's Decision contain a statement of findings of fact and conclusions of law; and

c. All rights to seek judicial review or otherwise to challenge or contest the validity of the Decision and Order issued pursuant to this Consent Agreement.

4. This Consent Agreement will not become part of the public record of the proceeding unless and until it is accepted by the Commission. If the Commission accepts this Consent Agreement, it, together with the draft Complaint, will be placed on the public record for 30 days and information about them publicly released. Acceptance does not constitute final approval, but it serves as the basis for further actions leading to final disposition of the matter. Thereafter, the Commission may either withdraw its acceptance of this Consent Agreement and so notify each Proposed Respondent, in which event the Commission will take such action as it may consider appropriate, or issue and serve its Complaint (in such form as the circumstances may require) and decision in disposition of the proceeding, which may include an Order. *See* Section 2.34 of the Commission's Rules, 16 C.F.R. § 2.34 ("Rule 2.34").

5. If this agreement is accepted by the Commission, and if such acceptance is not subsequently withdrawn by the Commission pursuant to Rule 2.34, the Commission may, without further notice to Proposed Respondents: (1) issue its Complaint corresponding in form and substance with the attached draft Complaint and its Decision and Order; and (2) make information about them public. Proposed Respondents agree that service of the Order may be effected by its publication on the Commission's website (ftc.gov), at which time the Order will become final. *See* Rule 2.32(d). Proposed Respondents waive any rights they may have to any other manner of service. *See* Rule 4.4.

6. When final, the Decision and Order will have the same force and effect and may be altered, modified, or set aside in the same manner and within the same time provided by statute for other Commission orders.

7. The Complaint may be used in construing the terms of the Decision and Order. No agreement, understanding, representation, or interpretation not contained in the Decision and Order or in this Consent Agreement may be used to vary or contradict the terms of the Decision and Order.

8. Each Proposed Respondent agrees to comply with the terms of the proposed Decision and Order from the date that Proposed Respondent signs this Consent Agreement. Proposed Respondents understand that they may be liable for civil penalties and other relief for each violation of the Decision and Order after it becomes final.

KUSHLY INDUSTRIES LLC

FEDERAL TRADE COMMISSION

By: _____
Cody Alt
Chief Executive Officer

By: _____
Reid Tepfer
Attorney, Southwest Regional Office

Date: _____

APPROVED:

CODY ALT

By: _____
Cody Alt, individually and as
officer of Kushly Industries LLC

Dama Brown
Regional Director
Southwest Regional Office

Date: _____

David R. Callaway
Goodwin Proctor LLP
Attorney for Proposed Respondents

Daniel Kaufman
Acting Director
Bureau of Consumer Protection

Date: _____

Date: _____

**UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Rebecca Kelly Slaughter, Acting Chair**
 Noah Joshua Phillips
 Rohit Chopra
 Christine S. Wilson

In the Matter of

**KUSHLY INDUSTRIES LLC, a limited liability
company, and**

**CODY ALT,
individually and as an officer of
KUSHLY INDUSTRIES LLC.**

DECISION AND ORDER

DOCKET NO. C-

DECISION

The Federal Trade Commission (“Commission”) initiated an investigation of certain acts and practices of the Respondents named in the caption. The Commission’s Bureau of Consumer Protection (“BCP”) prepared and furnished to Respondents a draft Complaint. BCP proposed to present the draft Complaint to the Commission for its consideration. If issued by the Commission, the draft Complaint would charge the Respondents with violations of the Federal Trade Commission Act.

Respondents and BCP thereafter executed an Agreement Containing Consent Order (“Consent Agreement”). The Consent Agreement includes: 1) statements by Respondents that they neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Decision and Order, and that only for purposes of this action, they admit the facts necessary to establish jurisdiction; and 2) waivers and other provisions as required by the Commission’s Rules.

The Commission considered the matter and determined that it had reason to believe that Respondents have violated the Federal Trade Commission Act, and that a Complaint should issue stating its charges in that respect. The Commission accepted the executed Consent Agreement and placed it on the public record for a period of 30 days for the receipt and consideration of public comments. The Commission duly considered any comments received from interested persons pursuant to Section 2.34 of its Rules, 16 C.F.R. § 2.34. Now, in further conformity with the procedure prescribed in Rule 2.34, the Commission issues its Complaint, makes the following Findings, and issues the following Order:

Findings

1. The Respondents are:
 - a. Respondent Kushly Industries LLC (“Kushly”) is an Arizona limited liability company with its principal office or place of business at East Rancho Vista Drive, #3014, Scottsdale, Arizona 85251.
 - b. Respondent Cody Alt (“Alt”) is the owner, chief executive officer, and manager of Kushly. Individually or in concert with others, he controls or had the authority to control, or participated in the acts and practices alleged in this complaint. His principal office or residence is the same as Kushly.
2. The Commission has jurisdiction over the subject matter of this proceeding and over the Respondents, and the proceeding is in the public interest.

ORDER

Definitions

For purposes of this Order, the following definitions apply:

- A. “CBD Product” means any Drug, Food, or Dietary Supplement containing cannabidiol.
- B. “CBG Product” means any Drug, Food, or Dietary Supplement containing cannabigerol.
- C. “Covered Product” means any Drug, Food, or Dietary Supplement, including but not limited to CBD Products or CBG Products.
- D. “Dietary Supplement” means: (a) any product labeled as a dietary supplement or otherwise represented as a dietary supplement; or (b) any pill, tablet, capsule, powder, softgel, gelcap, liquid, or other similar form containing one or more ingredients that are a vitamin, mineral, herb or other botanical, amino acid, probiotic, or other dietary substance for use by humans to supplement the diet by increasing the total dietary intake, or a concentrate, metabolite, constituent, extract, or combination of any ingredient described above, that is intended to be ingested, and is not represented to be used as a conventional Food or as a sole item of a meal or the diet.
- E. “Drug” means: (a) articles recognized in the official United States Pharmacopoeia, official Homoeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them; (b) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans or other animals; (c) articles (other than Food) intended to affect the structure or any function of the body of humans or other animals; and (d) articles intended for use as a component of any article specified in (a), (b), or (c); but does not include devices or their components, parts, or accessories.

- F. “Essentially Equivalent Product” means a product that contains the identical ingredients, except for inactive ingredients (e.g., inactive binders, colors, fillers, excipients), in the same form and dosage, and with the same route of administration (e.g., orally, sublingually), as the Covered Product; provided that the Covered Product may contain additional ingredients if reliable scientific evidence generally accepted by experts in the field indicates that the amount and combination of additional ingredients is unlikely to impede or inhibit the effectiveness of the ingredients in the Essentially Equivalent Product.
- G. “Food” means: (a) any article used for food or drink for humans or other animals; (b) chewing gum; and (c) any article used for components of any such article.
- H. “Respondents” means the Corporate Respondent and the Individual Respondent, individually, collectively, or in any combination.
1. “Corporate Respondent” means Kushly Industries LLC, a limited liability company, and its successors and assigns.
 2. “Individual Respondent” means Cody Alt.

Provisions

I. Prohibited Representations: Regarding Health-Related Claims Requiring Human Clinical Testing For Substantiation

IT IS ORDERED that Respondents, Respondents’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the labeling, advertising, promotion, offering for sale, or sale of any Covered Product, must not make, or assist others in making, expressly or by implication, any representation that such Covered Product effectively treats, mitigates, or cures diseases or health conditions including: sleep disorders, including insomnia and narcolepsy; headaches; psychiatric disorders, including depression, bipolar disorder, general anxiety disorder, panic disorder, obsessive-compulsive disorder and social anxiety disorder; post-traumatic stress disorder, psychosis, and anorexia nervosa; cancer; multiple sclerosis; chronic drowsiness; Parkinson’s disease; hypertension; Alzheimer’s disease; acne, psoriasis, eczema; arthritis; muscle spasms; pain resulting from endometriosis; and dysmenorrhea, unless the representation is non-misleading, and, at the time of making such representation, they possess and rely upon competent and reliable scientific evidence that substantiates that the representation is true.

For purposes of this Provision, “competent and reliable scientific evidence” must consist of human clinical testing of the Covered Product, or of an Essentially Equivalent Product, that is sufficient in quality and quantity based on standards generally accepted by experts in the relevant disease, condition, or function to which the representation relates, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true. Such testing must be: (1) randomized, double-blind, and placebo-controlled; and (2) conducted by researchers qualified by training and experience to conduct such testing. In

addition, all underlying or supporting data and documents generally accepted by experts in the field as relevant to an assessment of such testing as described in the Provision entitled Preservation of Records Relating to Competent and Reliable Human Clinical Tests or Studies must be available for inspection and production to the Commission. Persons covered by this Section have the burden of proving that a product satisfies the definition of Essentially Equivalent Product.

II. Prohibited Representations: Other Health-Related Claims

IT IS FURTHER ORDERED that Respondents, Respondents' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the labeling, advertising, promotion, offering for sale, or sale of any Covered Product must not make, or assist others in making, any representation, other than representations covered under the Provision of this Order entitled Prohibited Representations: Regarding Health-Related Claims Requiring Human Clinical Testing For Substantiation, expressly or by implication, about the health benefits, performance, or efficacy, safety, or side effects of such Covered Product, unless the representation is non-misleading, including that, at the time such representation is made, they possess and rely upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted by experts in the relevant disease, condition, or function to which the representation relates, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true.

For purposes of this Provision, "competent and reliable scientific evidence" means tests, analyses, research, or studies that (1) have been conducted and evaluated in an objective manner by experts in the relevant disease, condition, or function to which the representation relates; (2) that are generally accepted by such experts to yield accurate and reliable results; and (3) that are randomized, double-blind, and placebo-controlled human clinical testing of the Covered Product or of an Essentially Equivalent Product, when such experts would generally require such human clinical testing to substantiate that the representation is true. In addition, when such tests or studies are human clinical tests or studies, all underlying or supporting data and documents generally accepted by experts in the field as relevant to an assessment of such testing as described in the Provision of this Order titled Preservation of Records Relating to Competent and Reliable Human Clinical Tests or Studies must be available for inspection and production to the Commission. Persons covered by this section will have the burden of proving that a product satisfies the definition of an Essentially Equivalent Product.

III. Preservation of Records Relating to Competent and Reliable Human Clinical Tests or Studies

IT IS FURTHER ORDERED that, with regard to any human clinical test or study ("test") upon which Respondents rely to substantiate any claim covered by this Order, Respondents must secure and preserve all underlying or supporting data and documents generally accepted by experts in the field as relevant to an assessment of the test, including:

- A. All protocols and protocol amendments, reports, articles, write-ups, or other accounts of the results of the test, and drafts of such documents reviewed by the test sponsor or any other person not employed by the research entity;
- B. All documents referring or relating to recruitment; randomization; instructions, including oral instructions, to participants; and participant compliance;
- C. Documents sufficient to identify all test participants, including any participants who did not complete the test, and all communications with any participants relating to the test; all raw data collected from participants enrolled in the test, including any participants who did not complete the test; source documents for such data; any data dictionaries; and any case report forms;
- D. All documents referring or relating to any statistical analysis of any test data, including any pretest analysis, intent-to-treat analysis, or between-group analysis performed on any test data; and
- E. All documents referring or relating to the sponsorship of the test, including all communications and contracts between any sponsor and the test's researchers.

Provided, however, the preceding preservation requirement does not apply to a reliably reported test, unless the test was conducted, controlled, or sponsored, in whole or in part by (1) any Respondent; (2) any Respondent's officers, agents, representatives, or employees; (3) any other person or entity in active concert or participation with any Respondent; (4) any person or entity affiliated with or acting on behalf of any Respondent; (5) any supplier of any ingredient contained in the product at issue to any of the foregoing or to the product's manufacturer; or (6) the supplier or manufacturer of such product.

For purposes of this Provision, "reliably reported test" means a report of the test has been published in a peer-reviewed journal, and such published report provides sufficient information about the test for experts in the relevant field to assess the reliability of the results.

For any test conducted, controlled, or sponsored, in whole or in part, by Respondents, Respondents must establish and maintain reasonable procedures to protect the confidentiality, security, and integrity of any personal information collected from or about participants. These procedures must be documented in writing and must contain administrative, technical, and physical safeguards appropriate to Respondents' size and complexity, the nature and scope of Respondents' activities, and the sensitivity of the personal information collected from or about the participants.

IV. Prohibited Misrepresentations Regarding Tests, Studies, or Other Research

IT IS FURTHER ORDERED that Respondents, Respondents' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the labeling, advertising, promotion, offering for sale, or sale of any product must not misrepresent, in any manner, expressly or by implication:

- A. that any Covered Product is clinically proven to:
 - 1. treat, alleviate, or cure chronic pain, multiple sclerosis, anxiety, depression, cancer, sleep disorders, hypertension, Parkinson's disease, Alzheimer's disease, acne, psoriasis, and eczema,
- B. that the performance or benefits of a Covered Product are scientifically or clinically proven or otherwise established; or
- C. the existence, contents, validity, results, conclusions, or interpretations of any test, study, or other research.

V. FDA Approved Claims

IT IS FURTHER ORDERED that nothing in this Order prohibits Respondents, or Respondents' officers, agents, employees, and attorneys, or all other persons in active concert or participation with any of them, from:

- A. For any drug, making a representation that is approved in labeling for such drug under any tentative final or final monograph promulgated by the Food and Drug Administration ("FDA"), or under any new drug application approved by the FDA; and
- B. For any product, making a representation that is specifically authorized in labeling for such product by regulations promulgated by the FDA pursuant to the Nutrition Labeling and Education Act of 1990 or authorized under Sections 303-304 of the Food and Drug Administration Modernization Act of 1997.

VI. Monetary Relief

IT IS FURTHER ORDERED that:

- A. Respondents must pay to the Commission \$30,583.14, which Respondents stipulate their undersigned counsel holds in escrow for no purpose other than payment to the Commission.
- B. Such payment must be made within 5 days of the effective date of this Order by electronic fund transfer in accordance with instructions that will be provided by a representative of the Commission.

VII. Additional Monetary Provisions

IT IS FURTHER ORDERED that:

- A. Respondents relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.
- B. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission to enforce its rights to any payment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.
- C. The facts alleged in the Complaint establish all elements necessary to sustain an action by or on behalf of the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.
- D. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other relief (including consumer information remedies) as it determines to be reasonably related to Respondents' practices alleged in the Complaint. Any money not used is to be deposited to the U.S. Treasury. Respondents have no right to challenge any activities pursuant to this Provision.
- E. In the event of default on any obligation to make payment under this Order, interest, computed as if pursuant to 28 U.S.C. § 1961(a), shall accrue from the date of default to the date of payment. In the event such default continues for 10 days beyond the date that payment is due, the entire amount will immediately become due and payable.
- F. Each day of nonpayment is a violation through continuing failure to obey or neglect to obey a final order of the Commission and thus will be deemed a separate offense and violation for which a civil penalty shall accrue.
- G. Respondents acknowledge that their Taxpayer Identification Numbers (Social Security or Employer Identification Numbers), which Respondents have previously submitted to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

VIII. Customer Information

IT IS FURTHER ORDERED that Respondents must directly or indirectly provide sufficient customer information to enable the Commission to efficiently administer consumer redress to all purchasers of Kushly Industries LLC's CBD Products who made purchases from

May 26, 2019 through August 27, 2020. If a representative of the Commission requests in writing any information related to redress, Respondents must provide it, in the form prescribed by the Commission representative, within 14 days.

IX. Notices to Customers

IT IS FURTHER ORDERED that Respondents must notify customers as follows:

- A. Respondents must identify all consumers who purchased Kushly Industries LLC's CBD Products from May 26, 2019 through August 27, 2020 ("eligible customers").
 1. Such eligible customers, and their contact information, must be identified to the extent such information is in Respondents' possession, custody or control, including from third parties such as resellers;
 2. Eligible customers include those identified at any time, including after Respondents' execution of the Agreement through one year after the issuance date of the Order.
- B. Respondents must notify all identified eligible customers by mailing each a notice:
 1. The letter must be in the form shown in Attachment A.
 2. The envelope containing the letter must be in the form shown in Attachment B.
 3. The mailing of the notification letter must not include any other enclosures.
 4. The mailing must be sent by first-class mail, postage prepaid, address correction service requested with forwarding and return postage guaranteed. For any mailings returned as undeliverable, Respondents must use standard address search methodologies such as re-checking Respondents' records and the Postal Service's National Change of Address database and re-mailing to the corrected address within 8 days.
- C. Respondents must notify all eligible customers within 180 days after the issuance date of this Order and any eligible customers identified thereafter within 30 days of their identification.
- D. Respondents must provide a website notice on their website kushly.com and all social media accounts, including Facebook, Instagram, YouTube, TikTok, Pinterest, LinkedIn, Tumblr, SoundCloud, MySpace, and Twitter. Such notice must link to a copy of the Order along with the telephone number and email addresss dedicated to responding to inquiries about redress. Respondents must respond promptly and accurately to such inquiries, including: 1) whether the consumer is an eligible customer; 2) and if so, the redress required by the Order and steps taken for that customer. The notice must be posted not later than 3 days after the effective date of the Order and for at least 1 year after the redress period ends.

- E. Respondents must report on their notification program under penalty of perjury:
1. Respondents must submit a report at the conclusion of the program summarizing their compliance to date, including the total number of eligible customers identified and notified.
 2. If a representative of the Commission requests any information regarding the program, including any of the underlying customer data, Respondents must submit it within 10 days of the request.
 3. Failure to provide required notices or any requested information will be treated as a continuing failure to obey this Order.

X. Notice to Wholesalers, Affiliates, and Other Distributors

IT IS FURTHER ORDERED that within 30 days of the effective date of this Order, Respondents must notify all affiliates or other resellers who either (1) purchased CBD Products from Respondents or (2) sold, distributed, or promoted CBD Products on behalf of Respondents by sending each by first-class mail, postage paid and return receipt requested, or by courier service with signature proof of delivery, the notification letter attached as Attachment A. Respondents must include a copy of this Order, but no other document or enclosure.

XI. Acknowledgments of the Order

IT IS FURTHER ORDERED that Respondents obtain acknowledgments of receipt of this Order:

- A. Each Respondent, within 10 days after the effective date of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For 5 years after the issuance date of this Order, the Individual Respondent for any business that such Respondent, individually or collectively with Corporate Respondent, is the majority owner or controls directly or indirectly, and the Corporate Respondent, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for labeling, advertising, marketing, promotion, offering for sale, or sale of CBD or CBG Products and all agents and representatives who participate in labeling, advertising, marketing, promotion, offering for sale, or sale of CBD or CBG Products; and (3) any business entity resulting from any change in structure as set forth in the Provision titled Compliance Reports and Notices. Delivery must occur within 10 days after the effective date of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.
- C. From each individual or entity to which a Respondent delivered a copy of this Order, that Respondent must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

XII. Compliance Reports and Notices

IT IS FURTHER ORDERED that Respondents make timely submissions to the Commission:

- A. One year after the issuance date of this Order, each Respondent must submit a compliance report, sworn under penalty of perjury, in which:
 1. Each Respondent must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission, may use to communicate with Respondent; (b) identify all of that Respondent's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of Corporate Respondent (which the Individual Respondent must describe if he knows or should know due to his own involvement); (d) describe in detail whether and how that Respondent is in compliance with each Provision of this Order, including a discussion of all of the changes the Respondent made to comply with the Order; and (e) provide a copy of each Acknowledgment of the Order obtained pursuant to this Order, unless previously submitted to the Commission.
 2. Additionally, the Individual Respondent must: (a) identify all his telephone numbers and all his physical, postal, email and Internet addresses, including all residences; (b) identify all his business activities, including any business for which such Respondent performs services whether as an employee or otherwise and any entity in which such Respondent has any ownership interest; and (c) describe in detail such Respondent's involvement in each such business activity, including title, role, responsibilities, participation, authority, control, and any ownership.
- B. For 10 years after the issuance date of this Order, each Respondent must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:
 1. Each Respondent must submit notice of any change in: (a) any designated point of contact; or (b) the structure of the Corporate Respondent or any entity that Respondent has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.
 2. Additionally, the Individual Respondent must submit notice of any change in: (a) name, including alias or fictitious name, or residence address; or (b) title or role in any business activity, including (i) any business for which such Respondent performs services whether as an employee or otherwise and (ii) any entity in which such

Respondent has any ownership interest in and over which Respondents have direct or indirect control. For each such business activity, also identify its name, physical address, and any Internet address.

- C. Each Respondent must submit notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Respondent within 14 days of its filing.
- D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: _____” and supplying the date, signatory’s full name, title (if applicable), and signature.
- E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: In re Kushly Industries LLC.

XIII. Recordkeeping

IT IS FURTHER ORDERED that Respondents must create certain records for 10 years after the issuance date of the Order and retain each such record for 5 years. Specifically, Corporate Respondent and the Individual Respondent for any business that such Respondent, individually or collectively with any other Respondent, is a majority owner or controls directly or indirectly, must create and retain the following records:

- A. accounting records showing the revenues from all goods or services sold, the costs incurred in generating those revenues, and resulting net profit or loss;
- B. personnel records showing, for each person providing services in relation to any aspect of the Order, whether as an employee or otherwise, that person’s: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. copies or records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- D. a copy of each unique advertisement or other marketing material making a representation subject to this Order.
- E. for 5 years from the date of the last dissemination of any representation covered by this Order:

1. all materials that were relied upon in making the representation; and
 2. all tests, studies, analysis, demonstrations, other research or other evidence in Respondent's possession, custody, or control that contradicts, qualifies, or otherwise calls into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations;
- F. for 5 years from the date received, copies of all subpoenas and other communications with law enforcement, if such communication relate to Respondents' compliance with this Order;
- G. for 5 years from the date created or received, all records, whether prepared by or on behalf of Respondents, that demonstrate non-compliance OR tend to show any lack of compliance by Respondents with this Order; and
- H. all records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission.

XIV. Compliance Monitoring

IT IS FURTHER ORDERED that, for the purpose of monitoring Respondents' compliance with this Order:

- A. Within 10 days of receipt of a written request from a representative of the Commission, each Respondent must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury, and produce records for inspection and copying.
- B. For matters concerning this Order, representatives of the Commission are authorized to communicate directly with each Respondent. Respondents must permit representatives of the Commission to interview anyone affiliated with any Respondent who has agreed to such an interview. The interviewee may have counsel present.
- C. The Commission may use all other lawful means, including posing through its representatives as consumers, suppliers, or other individuals or entities, to Respondents or any individual or entity affiliated with Respondents, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49 and 57b-1.
- D. Upon written request from a representative of the Commission, any consumer reporting agency must furnish consumer reports concerning the Individual Respondent, pursuant to Section 604(2) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(2).

XV. Order Effective Dates

IT IS FURTHER ORDERED that this Order is final and effective upon the date of its publication on the Commission's website (ftc.gov) as a final order. This Order will terminate 20 years from the date of its issuance (which date may be stated at the end of this Order, near the Commission's seal), or 20 years from the most recent date that the United States or the Commission files a complaint (with or without an accompanying settlement) in federal court alleging any violation of this Order, whichever comes later; *provided, however*, that the filing of such a complaint will not affect the duration of:

- A. Any Provision in this Order that terminates in less than 20 years;
- B. This Order's application to any Respondent that is not named as a defendant in such complaint; and
- C. This Order if such complaint is filed after the Order has terminated pursuant to this Provision.

Provided, further, that if such complaint is dismissed or a federal court rules that the Respondent did not violate any provision of the Order, and the dismissal or ruling is either not appealed or upheld on appeal, then the Order will terminate according to this Provision as though the complaint had never been filed, except that the Order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

April J. Tabor
Secretary

SEAL:
ISSUED:

ATTACHMENT A TO THE ORDER

CLAIMS ABOUT PRODUCTS CONTAINING CBD

In the Matter of Kushly Industries et al.

<Date>

Subject: Kushly Industries LLC d/b/a Kushly CBD Products

<Name of customer>

<mailing address of customer
including zip code>

Dear <Name of customer>:

Our records show that you bought CBD products from Kushly between May 26, 2019 and August 27, 2020. The Federal Trade Commission (FTC) sued us for deceptive or false advertising of those products.

- The FTC says **we do not have scientific evidence** that our CBD products can treat or cure diseases and health conditions including
 - sleep disorders like insomnia and narcolepsy;
 - psychiatric disorders like depression, bipolar disorder, post-traumatic stress disorder, psychosis, and anorexia nervosa;
 - diseases and conditions like cancer, multiple sclerosis, Parkinson's disease, Alzheimer's disease, and hypertension;
 - skin conditions like acne, psoriasis, and eczema; and
 - pain associated with arthritis, endometriosis, and menstruation (dysmenorrhea).
- The FTC says **we do not have scientific evidence** that our CBD products can help muscles heal fast.
- The FTC says studies **do not prove** that our CBD products treat or cure any of the diseases and health conditions listed above.

As part of a settlement with the FTC, we agreed not to make those misleading claims in the future.

What you should know about CBD products

CBD products could be dangerous if you take them with other medicines or at a high dose. They also could interfere with other medications you're taking or treatments you're getting. Talk to your doctor before you use CBD products. Learn more at [ftc.gov/miraclehealth](https://www.ftc.gov/miraclehealth).

Sincerely,
[signature]

Cody Alt
CEO
Kushly Industries LLC

ATTACHMENT B TO THE ORDER – ENVELOPE TEMPLATE

The envelope for the notification letter must be in the following form, with the underlined text completed as directed:

*[Identify Respondent
Street Address
City, State and Zip Code]*

FORWARDING AND RETURN POSTAGE GUARANTEED ADDRESS CORRECTION
SERVICE REQUESTED

[name and
mailing address of customer,
including zip code]