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WEBFERN DISTRICT COURT
BY WESTERN DISTRICT OF WASHINGTON
DERING

UNITED STATES DISTRICT COURT WESTERN DISTRICT OF WASHINGTON

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

INVISIONS INTERNATIONAL CORP., a New Jersey corporation, and

STEPHEN C. FOX, individually and as an officer of said corporation,

Defendants.

C 96 1727

Civil No.

COMPLAINT FOR
PERMANENT INJUNCTION
AND OTHER EQUITABLE
RELIEF

X970027

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), brings this action under Sections 5(a) and 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a) and 53(b), to obtain permanent injunctive relief against defendants and to obtain such other relief as is necessary to redress consumers for the injury resulting from defendants' unfair or deceptive acts or practices.

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COMPLAINT - Page 1 of 10

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JURISDICTION AND VENUE

- Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. § 53(b) and 28 U.S.C. §§ 1331, 1337(a), and 1345.
- 2. Venue in the Western District of Washington is proper under 15 U.S.C. § 53(b), as amended by the Federal Trage Commission Act Amendments of 1994, Pub. L. No. 103-312, 108 Stat. 1691.

THE PARTIES

- 3. Plaintiff is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41 et seq. Commission is charged with enforcing Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits deceptive acts or practices in or affecting commerce. The Commission is authorized to initiate federal district court proceedings to enjoin violations of the FTC Act and to secure such equitable relief, including consumer redress, as may be appropriate in each case. 15 U.S.C. § 53(b).
- 4. Defendant InVisions International Corp. ("InVisions") is a New Jersey corporation with its office and principal place of business at 18000 Horizon Way #800, Mt. Laurel, New Jersey 08054.
- Defendant Stephen Fox is president and treasurer of 5. InVisions International Corp. and is the majority stockholder. At all times pertinent to this action, defendant Fox, individually or in concert with others, has formulated, directed, controlled, or participated in the acts and practices of the corporate defendant as alleged herein.

COMMERCE

7. At all times material to this complaint, defendants' course of business, including the acts and practices alleged herein, has been and is in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS' COURSE OF BUSINESS

- 8. Since at least 1990, defendants have marketed and sold hairpieces to consumers through at least 15 branch offices and franchises in the United States and Canada. Defendants also have provided advertising, promotional, and training materials and various services to sellers of hair replacement products and services that are current or former branch offices or franchisees of the defendants and that use or used the "InVisions" name in the sale of their hair replacement products and services (hereinafter "affiliated sellers").
- 9. Defendants have disseminated or have caused to be disseminated print and broadcast advertisements, including but not limited to the attached Exhibits A-D. Typical and illustrative of the statements made in these advertisements are the following:
 - A. "Unlike wigs, toupees, transplants, hair weaves and drugs, the InVisions' Process is virtually the only procedure that is 100% safe, painless and results in a natural, healthy looking head of hair. It's a non-surgical permanent solution to hair loss." (Exhibit A)
 - B. "The best part is that unlike other outdated solutions that require frequent and costly return visits, not to mention exclusive use of their haircare products,

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- C. "Here's how the process works. First we take an impression of the thinning or balding area, then we take actual hair samples to acheive (sic) an identical match to your own texture, color and hair growth pattern. Over the next six to eight weeks, we will gradually match texture, color and curl to achieve a natural looking transition that will complete the process." (Exhibits A and B)
- D. "InVisions has spent years of research and millions of dollars developing a process that is so gradual and so natural, we're sure you will be happy with the change. In fact, the Process is so superior that the only change people notice is the change in your level of confidence." (Exhibits A and B)
- E. Consumer endorser: "When I finally admitted I had a hair loss problem, I was really uncomfortable about doing something about it. I was without hair for so long, I just felt sure my patients would notice the change. Well, the process was so gradual and undetectable, and looked so natural, nobody knew a thing!" (Exhibits A and B)
- F. "This Process is a new and intensively researched procedure that is unlike any other hair replacement technique available anywere. With the Single Strand Process you are guaranteed a head of hair that allows you to swim, shower...in fact, do it all.... There are...no maintenance visits." (Exhibit C)
- G. Consumer endorser: "The process was so gradual and natural, nobody knew a thing!" (Exhibit C)
- H. Consumer endorser: "You don't actually know you're having it done until it is done, and you see a full head of hair again.... I get my hair cut now just like I would before -- about every six weeks -- no difference. I use the same kind of conditioner I would, the same kind of shampoo, and everything." (Exhibit D)
- I. Consumer endorser: "Anything else has either side effects or maintenance. This is my hair back." (Exhibit D)

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- K. Stephen Fox: "And everybody said the same thing --'Get a hairpiece'.... Well, there was no way I was going to settle for just a hairpiece. So I did a lot of research, and that's when the single-strand process was born." (Exhibit D)
- L. Consumer endorser: "The process was so gradual that no one even noticed that I was getting it done.... Having my natural hair back was the greatest feeling in the world." (Exhibit D)
- M. Consumer endorser: "Another good thing is that I can take four or five showers a day, and it's not going to hurt my hair.... I use my regular shampoo, regular conditioner, and then I towel dry it...then I take a blow dryer if I'm going out.... [I]t's maintenance free." (Exhibit D)
- 10. In their sales presentations, defendants and their affiliated sellers have further represented that they sell a "process" or a procedure. Defendants have instructed their telephone salespeople to tell consumers that the "process" is "definitely not" a hairpiece and that "virtually no maintenance" is required. Defendants have instructed their employees to avoid use of the terms "hairpiece," "toupee," or "wig" when speaking with consumers.
- 11. Many consumers first learn that the "InVisions Process" is actually a hairpiece after payment is made and the hairpiece is fitted to the consumer's head. Consumers who complain that they were misled by defendants or their affiliated sellers have been urged to try the hairpiece for an adjustment period.

 Defendants' employees and the employees of their affiliated

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sellers have told consumers that if they are dissatisfied after that time, the consumers can return the "process" to defendants, in some cases stating explicitly that a refund will be made. Consumers who rely on these representations and return the hairpiece within the adjustment period do not receive refunds in many cases.

VIOLATIONS OF SECTION 5 (A) OF THE FTC ACT

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

COUNT I

- 13. By and through the statements and depictions contained in the advertisements and promotional materials referred to in Paragraph 9 and others, including but not limited to the advertisements and promotional materials attached as Exhibits A-D, and by and through the sales practices referred to in Paragraphs 10-11, defendants have represented, directly or by implication, orally or in writing, that:
 - a. the InVisions Process is not a hairpiece, wig or toupee;
 - b. the InVisions Process is maintenance-free;
 - c. customers who take possession of the completed
 InVisions Process and return it the next day or shortly
 thereafter will receive a 50% refund of the purchase
 price.
 - 14. In truth and in fact:
 - a. the InVisions Process is a hairpiece, wig or toupee;

- b. the InVisions Process is not maintenance-free;
- c. many customers who take possession of the completed InVisions Process and return it the next day or shortly thereafter do not receive a 50% refund of the purchase price.
- 15. Therefore, the representations set forth in Paragraph 13 above are false and misleading and constitute unfair or deceptive acts or practices in violation of section 5(a) of the FTC Act.

COUNT II

- 16. By and through the use of the statements contained in the advertisements and promotional materials referred to in Paragraph 9 and others, including but not limited to the advertisements and promotional materials attached as Exhibits A-D, the defendants have represented, directly or by implication, orally or in writing, that testimonials from consumers appearing in the advertisements and promotional materials for the InVisions Process reflect the typical or ordinary experience of members of the public who have used the product.
- 17. In truth and in fact the testimonials from consumers appearing in the advertisements and promotional materials for the InVisions Process do not reflect the typical and ordinary experience of members of the public who have used the product.
- 18. Therefore, the representations set forth in Paragraph 16 above are false and misleading and constitute unfair or deceptive acts or practices in violation of section 5(a) of the FTC Act.

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19. The advertisements and promotional materials referred to in Paragraph 9, including but not necessarily limited to the attached Exhibits A-D, contain endorsements of defendants' product by defendants' sales consultants and other persons who derive income from the sale of the InVisions Process. Defendants have failed to disclose, either in their advertising and promotional materials or otherwise, that the persons whose endorsements of defendants' product are contained in defendants' advertising and promotional materials may have a financial interest in promoting the sale of the InVisions Process. This fact would be material to consumers in their purchase decisions regarding the InVisions Process. Therefore, the failure to disclose this fact, in light of the representations made, was and is a deceptive practice.

COUNT IV

20. Defendants knew or should have known that the advertisements referred to in Paragraph 9, including but not limited to the advertisements attached as Exhibits A-D, contained the misleading representations and material omissions set forth in Paragraphs 13 through 19, but defendants nevertheless have provided services and materials to assist their affiliated sellers' marketing and sale of the InVisions "process," including but not limited to: accounting and management services, customer services, order processing services, training materials, and the advertising and promotional materials referred to herein.

21. Through the means described in Paragraph 20, defendants have provided means and instrumentalities and/or have provided substantial assistance to affiliated sellers in furtherance of the unfair or deceptive acts or practices alleged in Paragraphs 13 through 19, which defendants knew or should have known were unfair or deceptive.

CONSUMER INJURY

22. Defendants' violations of Section 5(a) of the FTC Act, as set forth in Paragraphs 13-21, have caused substantial injury to consumers. Absent injunctive relief by this Court, defendants are likely to continue to injure consumers.

THIS COURT'S POWER TO GRANT RELIEF

23. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this court to issue a permanent injunction against defendants' violations of the FTC Act and, in the exercise of the court's equitable jurisdiction, to order ancillary relief, including restitution and other remedial measures.

PRAYER FOR RELIEF

WHEREFORE, plaintiff requests this Court, pursuant to 15 U.S.C. § 53(b) and pursuant to its own equitable power:

- (1) Enter judgment against defendants and in favor of the plaintiff for each and every violation alleged in this complaint;
- (2) Permanently enjoin defendants from violating Section 5(a) of the FTC Act as alleged in this complaint;