

1 WILLIAM E. KOVACIC
2 General Counsel

3 THOMAS J. SYTA
4 Cal. Bar No. 116286
5 Federal Trade Commission
6 10877 Wilshire Blvd, Suite 700
7 Los Angeles, CA 90024
8 Phone (310) 824-4343/ Fax (310) 824-4380

9 Attorneys for Plaintiff
10 Federal Trade Commission

FILED
2004 DEC 29 PM 1:23
CLERK, U.S. DISTRICT COURT
CENTRAL DIST. OF CALIF.
LOS ANGELES

11 UNITED STATES DISTRICT COURT
12 CENTRAL DISTRICT OF CALIFORNIA

13 FEDERAL TRADE COMMISSION,

14 Plaintiff,

15 v.

16 SAGEE U.S.A. GROUP, INC., a
17 California Corporation;
18 SAGEE U.S.A. GROUP, INC., a
19 Nevada Corporation;
20 XIAO HUA LI, individually and as an
21 officer of Sagee U.S.A. Group, Inc., a
22 California Corporation;

23 Defendants.

CV 04 10560 GPS (CWx)

COMPLAINT FOR
PERMANENT INJUNCTION
AND OTHER EQUITABLE
RELIEF

24 Plaintiff, the Federal Trade Commission ("FTC" or "Commission"),
25 through its undersigned attorneys, for its Complaint alleges:

26 1. Plaintiff brings this action under Section 13(b) of the Federal Trade
27 Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to secure a permanent
28 injunction, restitution, disgorgement, and other equitable relief against Sagee
U.S.A. Group, Inc., a California corporation, its wholly-owned subsidiary Sagee
U.S.A. Group, Inc., a Nevada corporation, and Xiao Hua Li ("Defendants") for
engaging in unfair or deceptive acts or practices in connection with the

1 advertising, marketing, and sale of products purporting to treat, prevent, or cure
2 such conditions as dementia, Alzheimer's Disease, and various brain disorders, in
3 violation of Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§ 45(a) and 52.

4 5 **JURISDICTION AND VENUE**

6 2. This Court has jurisdiction over this matter pursuant to 15 U.S.C.
7 §§ 45(a), 52, and 53(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.

8 3. Venue in this District is proper under 15 U.S.C. § 53(b) and 28
9 U.S.C. § 1391(b) and (c).

10 11 **PLAINTIFF**

12 4. Plaintiff, the Federal Trade Commission, is an independent agency of
13 the United States Government created by statute. 15 U.S.C. §§ 41-58. The
14 Commission enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which
15 prohibits unfair or deceptive acts or practices in or affecting commerce. The
16 Commission also enforces Section 12 of the FTC Act, 15 U.S.C. § 52, which
17 prohibits false advertisements for food, drugs, devices, services, or cosmetics in
18 or affecting commerce. The Commission may initiate federal district court
19 proceedings to enjoin violations of the FTC Act and to secure such equitable
20 relief, including restitution, as may be appropriate in each case. 15 U.S.C.
21 § 53(b).

22 23 **DEFENDANTS**

24 5. Defendant Sagee U.S.A. Group, Inc., a California corporation
25 ("Sagee-California"), has its principal place of business at 18688 E. San Jose
26 Ave., City of Industry, CA 91748. At all times relevant to this Complaint, acting
27 alone or in concert with others, Sagee-California has manufactured, marketed,
28 distributed, and sold Sagee to consumers throughout the United States. Sagee-

1 California is a wholly-owned subsidiary of Sagee U.S.A. Group, Inc., a Nevada
2 corporation.

3 6. Defendant Sagee U.S.A. Group, Inc., a Nevada corporation (“Sagee-
4 Nevada”), is incorporated in and resides in the District of Nevada.

5 7. Defendant Xiao Hua Li is an officer of Sagee-California and a co-
6 owner of Sagee-Nevada. At all times material to this complaint, acting alone or in
7 conjunction with others, he formulated, directed, controlled, or participated in the
8 acts and practices of the corporate defendants, including the acts and practices set
9 forth in this complaint.

11 COMMERCE

12 8. The acts and practices of Defendants alleged in this Complaint have
13 been in or affecting commerce, as “commerce” is defined in Section 4 of the FTC
14 Act, 15 U.S.C. § 44.

16 DEFENDANTS’ COURSE OF CONDUCT

17 9. Since at least 2002, Defendants have advertised, labeled, offered for
18 sale, sold, and distributed Sagee, a product purporting to treat, prevent, or cure
19 such conditions as dementia, Alzheimer’s Disease, and various brain disorders.
20 Defendants primarily advertise and offer Sagee for sale through Chinese and
21 Vietnamese-language newspapers, radio, and television stations. Their sales
22 campaign has also included an Internet website, www.sagee.com.

24 SAGEE

25 10. Sagee is a dietary supplement in capsule form that purports to contain
26 Ginseng Root, Red-Rooted Sage Root, Safflower, Lycium Berries Fruit, Dong
27 Quai Root, Schisandra Fruit, Fo-Ti Root, Polygala Root, Sichuan Lovage Root,
28 and Persica. The label directs consumers to take 3 capsules twice daily. The

1 retail price for a bottle of 90 capsules (a 15-day supply) is \$49.50, and the
2 wholesale price is \$35.00, with some discounts for purchases of multiple bottles.
3 Defendants' total gross sales of the product were \$1,139,190, for the period
4 November 2002 through June 2003.

6 DEFENDANTS' ADVERTISEMENTS FOR SAGEE

7 11. To induce consumers to purchase Sagee, Defendants have
8 disseminated or caused to be disseminated newspaper, radio, television, and
9 Internet advertisements, including but not limited to the attached Exhibits A and
10 B. These advertisements contain, among other things, the following statements
11 and depictions:

12 a. "Sagee" can activate the dormant neural cells, and promote the
13 migration from damaged brain cells to healthy ones. Statistics show
14 users of Sagee gain faster responses, longer concentration, better
15 attentiveness and less tension. It is best suitable for elderly people,
16 professionals under constant work pressures and school aged
17 children.

18 * * *

19 Sagee is made of 100% natural herbal extracts. These carefully
20 selected herbs have been widely used by the oriental people for
21 centuries to maintain and improve brain functions such as memory
22 retention and mental alertness. Sagee is the right answer and good
23 news for those who have brain care needs and those who seek to
24 improve their brain efficiencies.

25 – Exhibit A, Internet advertisement

26
27 b. Research shows Chinese herbs have the power to improve
28 brain health. With the combination of ancient oriental wisdom and

1 modern herb processing technology, "SAGEE" revitalizes and
2 rejuvenates the brain.

3 * * *

4 Recent studies show that brain cells continue to develop even in
5 adulthood, suggesting that damage cause by injury and disease is
6 repairable. "SAGEE" simulates [sic] brain cells to regenerate, so the
7 recovery from cerebropathy can be greatly increased.

8 * * *

9 Who should take "SAGEE":

10 • **Computer and Cell Phone Users**

11 Brain tissue is particularly susceptible to damage from free
12 radicals. Competitions, magnetic wave radiation, environment
13 pollution will cause serious damage to brain cells. "SAGEE"
14 helps to repair the damaged brain cells, reduce brain fatigue,
15 and improve work efficiency.

16 • **Students of All Ages**

17 Students taking "SAGEE" reported not only memory
18 improvement, but also faster responses, longer concentration,
19 better attentiveness and less tension.

20 • **Seniors**

21 "SAGEE" simulates [sic] brain cells to divide and regenerate,
22 so as to slow down the aging process, and relieve aging related
23 syndromes.

24 • **People Suffer From Brain Disorders**

25 Mental disorders includes but not limited to:

26 Insomnia, migraine, neuroticism, schizophrenia, tinnitus,
27 autism.
28

1 • **Patients of Brain Disease**

2 Brain disease includes but not limited to:

3 Alzheimer's Disease, cerebral embolism, cerebral hemorrhage,
4 epilepsy, Parkinson's Disease, senile dementia, stroke.

5 • **People with Mental Handicap**

6 A person who has a mental handicap generally tends to have a
7 limited ability to learn. This limitation may be present at birth
8 or may be acquired early in life. "SAGEE" helps to increase
9 brain activities and learning ability, making it easier to cope
10 with the demands of daily life.

11 – Exhibit B, Internet advertisement

12
13 c. [Video depiction purportedly of the father of a young man with
14 Down's Syndrome, holding a package of Sagee and making the
15 following statement]:

16 "My son suffered from congenital idiocy. He couldn't take care of
17 himself when he was young. So, I wanted him to learn some basic
18 skills for survival. After taking Sagee, a miracle happened. He made
19 great improvement in social life and verbal expression. Now, he has
20 begun to use words exactly and become agile recently, just like a
21 normal person. Sagee changes Zhou Zhou's fate."

22 [Followed by a video depiction of the man's son conducting a
23 symphony performance, purportedly attended by Jiang Zemin, former
24 President of the People's Republic of China.]

25
26 **DEFENDANTS' VIOLATIONS OF THE FTC ACT**

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

1 Act, 15 U.S.C. § 52(a), prohibits the dissemination of any false advertisement in
2 or affecting commerce for the purpose of inducing, or which is likely to induce,
3 the purchase of food, drugs, devices, services, or cosmetics. For the purposes of
4 Section 12 of the FTC Act, 15 U.S.C. § 52, Sagee is a “food” or “drug” pursuant
5 to Section 15(d) of the FTC Act, 15 U.S.C. § 55(d). As set forth below,
6 Defendants have engaged in such unlawful practices in connection with the
7 marketing and sale of Sagee.

8 9 **COUNT I**

10 **Unsubstantiated Disease Claims for Sagee.**

11 13. Through the means described in Paragraph 11, Defendants have
12 represented, expressly or by implication, that Sagee:

- 13 a. Repairs damaged brain cells;
- 14 b. Improves memory, concentration, attentiveness, and response
15 times;
- 16 c. Slows down the brain’s aging process and relieves aging-
17 related conditions of the brain;
- 18 d. Treats or alleviates insomnia, migraine headaches,
19 neuroticism, schizophrenia, tinnitus, autism, Alzheimer’s Disease,
20 cerebral embolism, cerebral hemorrhage, epilepsy, Parkinson’s
21 Disease, senile dementia, and stroke; and
- 22 e. Increases the brain activity and learning ability of people with
23 mental handicaps.

24 14. Defendants did not possess and rely upon a reasonable basis that
25 substantiated the representations set forth in Paragraph 13 at the time the
26 representations were made. Therefore, the making of the representations set forth
27 in Paragraph 14 constitutes a deceptive practice, and the making of false
28 advertisements, in or affecting commerce, in violation of Sections 5(a) and 12 of

1 the FTC Act, 15 U.S.C. §§ 45(a) and 52.
2

3 **COUNT II**

4 **False Clinical Studies Claims for Sagee**

5 15. Through the means described in Paragraph 11, Defendants have
6 represented, expressly or by implication, that:

7 a. Scientific studies prove that Sagee revitalizes and rejuvenates
8 the brain; and

9 b. Scientific studies prove that Sagee stimulates brain cells to
10 regenerate, thereby repairing damage caused to brain cells by injury
11 and disease.

12 16. In truth and in fact,

13 a. Scientific studies do not prove that Sagee revitalizes and
14 rejuvenates the brain; and

15 b. Scientific studies do not prove that Sagee stimulates brain cells
16 to regenerate, thereby repairing damage caused to brain cells by
17 injury and disease.

18 Therefore, Defendants' representations as set forth in Paragraph 15 are false or
19 misleading and constitute a deceptive act or practice, and the making of false
20 advertisements, in or affecting commerce, in violation of Sections 5(a) and 12 of
21 the FTC Act, 15 U.S.C. §§ 45(a) and 52.
22

23 **CONSUMER INJURY**

24 17. Consumers throughout the United States have suffered and continue
25 to suffer substantial monetary loss and may suffer physical injury as a result of
26 Defendants' unlawful acts and practices. In addition, Defendants have been
27 unjustly enriched as a result of their unlawful practices. Absent injunctive relief
28 by this Court, Defendants are likely to continue to injure consumers, reap unjust

1 enrichment, and harm the public interest.

2
3 **THIS COURT'S POWER TO GRANT RELIEF**

4 18. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this
5 Court to grant injunctive and such other relief as the Court may deem appropriate
6 to halt and redress violations of the FTC Act. The Court, in the exercise of its
7 equitable jurisdiction, may award other ancillary relief, including, but not limited
8 to, rescission of contracts and restitution, and the disgorgement of ill-gotten gains,
9 caused by the Defendants' law violations.

10
11 **PRAYER FOR RELIEF**

12 WHEREFORE, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15
13 U.S.C. § 53(b), and the Court's own equitable powers, requests that this Court:

14 1. Permanently enjoin and restrain Defendants from violating Sections
15 5(a) and 12 of the FTC Act in connection with the advertising or sale of food,
16 drugs, dietary supplements, devices, cosmetics, or other products, services, or
17 programs.

18 2. Award such equitable relief as the Court finds necessary to redress
19 injury to consumers resulting from the Defendants' violations of Sections 5(a) and
20 12 of the FTC Act, including, but not limited to, rescission of contracts and
21 restitution, and the disgorgement of ill-gotten gains; and

22 3. Award Plaintiff the costs of bringing this action, and such other
23 equitable relief as the Court may determine to be just and proper.

24
25 Dated: December 29, 2004

26
27 Respectfully Submitted,
28 WILLIAM E. KOVACIC
General Counsel

Thomas J. Syta

THOMAS J. SYTA
10877 Wilshire Blvd., Suite 700
Los Angeles, CA 90024
Phone (310) 824-4343
Fax (310) 824-4380

Attorneys For Plaintiff
Federal Trade Commission

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

SAGEE

High Potency
Nutritive Functions
No Side Effect

Sagee, Treasure of Brain Care

Pure Herbal Extract
90 Capsules

SAGEE U.S.A. GROUP, INC.

Made in U.S.A.

SAGEE Brings You Healthier Brain

As a dietary supplement recently available to the US from Sagee Corporation, SAGEE is a miraculous invention for the well-being of the brain, the most vital and most metabolically active organ in a human body. Like other organs, it faces normal aging issues and is susceptible to city life. City life, expressed in the forms of stress, improper medication, lack of exercise, unbalanced diet, exposure to radiation from cell phones, computers and other pollutants, constantly pose a threat to brain health causing deteriorating memories, and poor sleep quality and mental fatigue. "Sagee" revitalizes and rejuvenates the brain cells in three ways: improve the capillary circulation in the brain, activate the dormant cells and supply nutrients. Recent studies show that brain cells continue to develop even in adulthood. One of the key issues impacting brain functions is the blood supply that delivers oxygen and nutrients to the brain cells. "Sagee" helps to improve the blood circulation so that the capillary circulation can be greatly increased and the brain can stay at its peak performance. Studies also show that during normal brain functions only a limited percentage of the brain is active, while the remaining part stays in a state of dormancy. "Sagee" can activate the dormant neural cells, and promote the migration from damaged brain cells to healthy ones. Statistics show users of Sagee gain faster responses, longer concentration, better attentiveness and less tension. It is best suitable for elderly people, professionals under constant work pressures and school aged children.

Sagee contains high potency, nutrients and has no side effect; it is a product resulted from ancient oriental recipe and modern biological technology. Sagee is made of 100% natural herbal extracts. These carefully selected herbs have been widely used by the oriental people for centuries to maintain and improve brain functions such as memory retention and mental alertness. Sagee is the right answer and good news for those who have brain care needs and those who seek to improve their brain efficiencies.

INGREDIENTS:

Fleeca-Ginseng Root, Red-Rooted Sage Root, Safflower, Lycium Berries Fruit, Dong Quai Root, Schisandra Fruit, Fo-Ti Root, Polygala Root, Sichuan Lovage Root, Persica.

Content: 90 Capsules per bottle, Gelatin.

Recommended Use: As a dietary supplement. For adults: twice a day after meals, 3 capsules each time. Continue for 3 months. (6 bottles for 3 months supply). Observe the results to adjust the intake amount. Also adjust the amount according to individual's health conditions. For children: Reduce the intake amount accordingly or consult your health care professional. If you are under a physician's care of taking other medications, consult your health professional before using this product.

CAUTION:

Do not use when pregnant.
Store at room temperature and keep tightly closed.
Avoid excessive heat.
Keep out of reach of children.
Do not use if outer safety seal is broken or missing. Take less if you have diarrhea.

Expiration: 5 years from the production date.

Produced in GMP factory approved by the US government
Manufactured for and distributed by:

SAGEE U.S.A. GROUP, INC.

18888 E. San Jose Ave.
City of Industry, CA 91748
U.S.A.

Tel: (626) 839-1388, Fax: (626) 839-1389

Toll Free Number: 1-800-930-6688

Web site: www.sagee.com

E-mail: marketing@sagee.com

EXHIBIT A



Search products

[Home](#) [Contact Us](#) [Help](#) [My Account](#) [My Cart](#) [Checkout](#)

Categories

- [Specials](#)
- [Fan and Air Related Products](#)
- [Kitchen & Housewares](#)
- [Massage Chair](#)
- [Toys](#)
- [All Categories](#)

Showrooms

- [Remote Control Toys](#)
- [Rice Cooker](#)
- [Lead Crystals](#)
- [Bear Family](#)

My Account

- [My Account Login](#)
- [Register Now](#)
- [My Cart](#)
- [Order Status](#)

Purchase Assistance

- [How to shop](#)
- [Payment Options](#)
- [Shipping](#)
- [Tax](#)
- [Return Policy](#)
- [Online Security](#)
- [Privacy Policy](#)
- [Contact Us](#)

Natural Herbal capsule for Brain Health Care (Sagee)



[Picture Zoom-In](#)

All Natural Herbal Capsule for improving Memory & Brain Health Care and More. Made in USA by FDA certified GMP facility

Sagee contains high potency, nutrients and has no side effect which resulted from ancient oriental recipe and modern biological technology. Sagee is made of 100% natural herbal extracts which have been widely used by oriental people for centuries to and improve brain functions such as memory retention and mental alertness. Sagee is the right answer and good news for those who have brain care needs and those who seeks to improve their brain efficiencies.

- Protecting the damaged central nerve cells
- Inhibiting the death of the central nerve cells
- Promoting the growth of the central nerve cells
- Proliferating and regenerating the central nerve cells

CERTIFICATE OF ACHIEVEMENT - Based on the achievements made by Sagee in the study of the human brain and those natural herbs that effect memory, Sagee became the winner of the 2002 Toronto International Health Festival.


How it work?

Retail Price: ~~\$60.00~~
Our Price: \$49.20
You Save: \$10.80 (17% off)

Item in stock!

Segee Bottle

**Free UPS shipping to US
48 contiguous states**

 [Tell a Friend](#)

- The brain is the most metabolically active organ in the body, yet stress, improper medication, lack of exercise, unbalanced diet, radiation and other environmental pollutants pose a continuous threat to brain's health and vitality "SAGEE" is a pure natural formula with 100% herbal extract for a healthy brain.
- Research shows Chinese herbs have the power to improve brain health. With the combination of ancient oriental wisdom and modern herb processing technology, "SAGEE" revitalizes and rejuvenates the brain.
- The most important factor of normal brain function is the blood supply to the brain, and the nutrient and oxygen content of the blood. "SAGEE" helps to increase blood circulation to the brain so that it can stay at its peak performance.
- Recent studies show that brain cells continue to develop even in adulthood, suggesting that damage caused by injury and disease is repairable. "SAGEE" stimulates brain cells to regenerate, so the recovery from cerebropathy can be greatly increased.
- Only a limited percentage of the brain is active for normal functions, while the remaining part stays in a state of dormancy. "SAGEE" can activate the dormant neural cells, and promote the functional migration from damaged brain parts to healthy parts.

Benefits:

- 1) Protecting the damaged central nerve cells
- 2) Inhibiting the death of the central nerve cells
- 3) Promoting the growth of the central nerve cells
- 4) Proliferating and regenerating the central nerve cells

Who should take "SAGEE":

- **Computer and Cell Phone Users**
Brain tissue is particularly susceptible to damage from free radicals. Competitions, magnetic wave radiation, environment pollution will cause serious

damage to brain cells. "SAGEE" helps to repair the damaged brain cells, reduce brain fatigue, and improve work efficiency.

- **Students of All Ages**
Students taking "SAGEE" reported not only memory improvement, but also faster responses, longer concentration, better attentiveness and less tension.
- **Seniors**
"SAGEE" simulates brain cells to divide and regenerate, so as to slow down the aging process, and relieve aging related syndromes.
- **People Suffer From Brain Disorders**
Mental disorders includes but not limited to: Insomnia, migraine, neuroticism, schizophrenia, tinnitus, autism.
- **Patients of Brain Disease**
Brain disease includes but not limited to: Alzheimer's Disease, cerebral embolism, cerebral hemorrhage, epilepsy, Parkinson's Disease, senile dementia, stroke.
- **People with Mental Handicap**
A person who has a mental handicap generally tends to have a limited ability to learn. This limitation may be present at birth or may be acquired early in life. "SAGEE" helps to increase brain activities and learning ability, making it easier to cope with the demands of daily life.

Who cannot take "SAGEE":

Pregnant women

Volume discount:

Buy 6 bottles get one free, average cost: \$41.00/bottle.

Buy 12 bottles get two free, average cost: \$40.6/bottle.

As seen on TV, you can [download video file](#) (3.60mb) in RealPlay (.ram) format to see the miracle story about the Segee.

Related Products :

[Category : Health Care](#)

Product Reviews :

[Write a review](#)

Copyright © 1998-2003 2sale.us Store. All rights reserved.