UNITED STATES DISTRICT COURT NORTHERN DISTRICT OF OHIO

FEDERAL TRADE COMMISSION, Plaintiff,

v.

IMPROVITA HEALTH PRODUCTS, INC., an Ohio Corporation; THOMAS B. KLAMET, individually and in his capacity as a former officer of Improvita Health Products, Inc.; and DANIEL P. KOHLER, individually and in his capacity as a former officer of Improvita Health Products, Inc.,

Defendants.

COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission ("FTC"), through its undersigned attorneys,

alleges as follows:

1. Plaintiff FTC brings this action under Section 13(b) of the Federal Trade

Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to secure a permanent injunction, rescission or reformation of contracts, restitution, disgorgement of ill-gotten monies, and other equitable relief against Improvita Health Products, Inc.; Thomas B. Klamet; and Daniel P. Kohler (collectively "Defendants") for engaging in deceptive acts or practices in connection with the advertising, marketing, and sale of the Germ Defense line of products, which are purported to prevent, treat, or cure colds and flu, in violation of Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§ 45(a) and

52.

JURISDICTION AND VENUE

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

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

THE PARTIES

4. Plaintiff, the Federal Trade Commission, is an independent agency of the United States Government created by statute. *See* 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC also enforces Section 12 of the FTC Act, 15 U.S.C. § 52, which prohibits false advertisements for foods, drugs, devices, services, or cosmetics in or affecting commerce. The FTC, through its own attorneys, may initiate federal district court proceedings to enjoin violations of the FTC Act and to secure such other equitable relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and disgorgement of ill-gotten monies, as may be appropriate in each case. 15 U.S.C. § 53(b).

5. Defendant Improvita Health Products, Inc. ("Improvita") is an Ohio corporation with its principal place of business at 10055 Sweet Valley Drive, Cleveland, Ohio, 44125. Since January 2005, acting alone or in concert with others, Improvita has manufactured, marketed, distributed, and sold Germ Defense to retailers and consumers throughout the United States both under the "Germ Defense" brand name and also under private label brands packaged for retailers. Improvita transacts or has transacted business in the Northern District of Ohio.

6. Defendant Thomas B. Klamet was the President and a Director of Improvita. His

business address was the same as that of Improvita. Between January 2005 and September 2008, acting alone or in concert with others, Klamet formulated, directed, controlled, or participated in the policies, acts, or practices of Improvita, including the various acts and practices set forth herein. Klamet resides and transacts, or has transacted, business in the Northern District of Ohio.

7. Defendant Daniel P. Kohler was the Chief Executive Officer, Chief Financial Officer, Chief Operating Officer, and a Director of Improvita. His business address was the same as that of Improvita. Between 2005 and September 2008, acting alone or in concert with others, Kohler formulated, directed, controlled, or participated in the policies, acts, or practices of Improvita, including the various acts and practices set forth herein. Kohler resides and transacts, or has transacted, business in the Northern District of Ohio.

COMMERCE

8. The acts and practices of Defendants, as alleged herein, have been in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

DEFENDANTS' COURSE OF BUSINESS

9. Since January 2005 and continuing thereafter, Defendants have advertised, promoted, offered for sale, sold, and distributed Germ Defense to retailers and the public.

10. Germ Defense purportedly contains Vitamins C and A, minerals, herbs, electrolytes, antioxidants, and amino acids and is available in two versions – tablet form and lozenges. The tablets and lozenges come in three flavors – Orange, Lemon-Lime, and Pink Grapefruit – and the tablets employ an effervescent formula.

11. Additional Germ Defense products include a "PM" version, an Apple Cider flavored effervescent tablet that contains extra ingredients, including chamomile and valerian,

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for use at night; and "Plus" and "Gold" versions, which contain increased levels of Vitamin C and Zinc.

12. The formulas used in the Germ Defense products purportedly replicate the formulas originated by and used in the original and "Nighttime" versions of "Airborne" products, manufactured and sold by Airborne Health, Inc. According to the product usage instructions, Germ Defense can be administered to both children and adults.

13. Improvita's Germ Defense was sold at retail stores and online at www.improvita.com. Improvita also sold Germ Defense to retailers to re-sell as their private label brands. These retailers included Rite Aid Corporation, American Sales/Ahold, Aldi Inc., AmerisourceBergen Corporation, Great Atlantic & Pacific Tea Company ("A&P"), the Chain Drug Marketing Association, Cardinal Health, Inc., Harris Teeter, Inc., Marc's, Kmart Holding Corporation, Nash Finch Company, Walgreens, and Winn-Dixie Stores, Inc. Germ Defense products have been marketed by Defendants and various retailers using either the Germ Defense name or other retailer-specific brand names such as Germ Defender and Effervescent Health Formula. Sales of Germ Defense by Improvita from January 2005 through May 2007 exceeded \$13 million.

14. To induce the purchase of Germ Defense, Defendants advertised and promoted it through advertisements on websites, on packaging, and in product sell sheets distributed to retailers with specifications for displaying and advertising the product to consumers.

15. Improvita created, prepared, disseminated, or caused to be disseminated advertisements, product labels, and other promotional material, including, but not limited to, the attached Exhibits A through E, containing, among other things, the following statements and depictions:

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a. Improvita Germ Defense Packaging (Exhibit A)

Compare to the active ingredients of Airborne

Handborn & Airborn

TAKE AT THE FIRST SIGN OF COLD SYMPTOMS OR BEFORE ENTERING CROWDED ENVIRONMENTS*

Germ Defense

contains 7 herbal extracts, antioxidants, electrolytes, amino acids, 1,000 mg of Vitamin C and more!

For Cold & Flu Dietary Supplement . . .

For use in:

- * Airplanes
- * Offices
- * Schools
- * Restaurants
- * Health Clubs
- * Theaters

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* These statements have not been evaluated by the Food and Drug Administration. This product is not intended to diagnose, treat, cure or prevent any disease.

b. Improvita Website Advertisement (Exhibit B) - April 30, 2007

[Shows package of Handborn & Airborn Germ Defense]

Germ Defense

Cold and Flu

Germ Defense for Cold & Flu, like Airborne, is a dietary supplement that contains 7 herbal extracts, antioxidants, electrolytes, amino acids, 1,000 mg of Vitamin C and more. . . . For maximum benefit, it should be taken before entering a crowded environment. . . .

USE: Take to boost your immune system before entering crowded environments such as airplanes, offices, schools, restaurants, health clubs, theaters, etc.

DOSAGE: At the first sign of cold symptoms, simply drop (1) tablet in a small amount of plain water, let dissolve (about 1 minute) and drink. Repeat every three hours as necessary, no more than 3 times per day. Children 4 or more years of age: take one half tablet, or as directed by a physician. May be used in hot or cold water.

c. Improvita Website Advertisement (Exhibit C) - October 1, 2007

[Shows package of Handborn & Airborn Germ Defense]

improvita

Keeping Families Healthy . . . Naturally kids adults . . .

Germ Defense

Orange

Germ Defense is a dietary supplement that contains herbal extracts, antioxidants, electrolytes, amino acids, 1,000 mg of Vitamin C and more. The effervescent technology offers 100% immediate absorption. For maximum benefit, it should be taken before entering crowded environments.

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Cold & Flu Preventation [sic]

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USE: Take to boost your immune system before entering crowded environments such as airplanes, offices, schools, restaurants, health clubs, theaters, etc.

d. Improvita Sell Sheet/Product & Display Specifications for Retailers (Exhibit D)

[Shows package of Handborn & Airborn Germ Defense PM Nighttime Formula]

GERM DEFENSE EFFERVESCENT PM

Natural effervescent dietary supplement with SEVEN HERBAL EXTRACTS, ANTIOXIDANTS, ELECTROLYTES, AMINO ACIDS, ZINC, and 1,000 MG OF VITAMIN C to help boost the body's immune system, guarding against infection from Cold & Flu viruses....

COMPARE TO AIRBORNE Night-time!

e. Rite Aid Germ Defense Packaging (Exhibit E)

Compare to the active ingredients of Airborne

Handborn & Airborn Germ Defense For Cold & Flu Take at the first sign of cold symptoms or before entering crowded environments....

For use in*Airplanes*Offices*Schools*Restaurants*Health Clubs*Theaters

DIRECTIONS: AT THE **FIRST** SIGN OF A COLD SYMPTOM, SIMPLY DROP (1) TABLET IN A SMALL AMOUNT OF PLAIN WATER, LET DISSOLVE (ABOUT 1 MINUTE) AND DRINK

TAKE AT THE FIRST SIGN OF COLD SYMPTOM OR IN CROWDED PLACES

DEFENDANTS' VIOLATIONS OF THE FTC ACT

16. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or deceptive acts

or practices in or affecting commerce. Section 12(a) of the FTC Act, 15 U.S.C. § 52(a),

prohibits the dissemination of any false advertisement in or affecting commerce for the purpose

of inducing, or which is likely to induce, the purchase of food, drugs, devices, services, or

cosmetics. For the purposes of Section 12 of the FTC Act, 15 U.S.C. § 52, the Germ Defense

products are "drugs" or "foods" pursuant to Section 15(b) and (c) of the FTC Act, 15 U.S.C.

§ 55(b) and (c). As set forth below, Defendants have engaged in such unlawful practices in

connection with the marketing and sale of the Germ Defense products.

<u>COUNT ONE</u> Unsubstantiated Prevention and Treatment Claims

17. Through the means described in Paragraph 15, including the statements and depictions contained in the advertisements attached as Exhibits A through E, among others, Defendants have represented, expressly or by implication, that the Germ Defense products:

- a. Reduce the risk of or prevent colds and flu;
- b. Protect against or help fight germs;
- c. Reduce the severity or duration of a cold;
- d. Protect against colds and flu in crowded places such as airplanes, offices, schools, restaurants, health clubs, and theaters; and
- e. Boost the body's immune system, thereby providing protection against cold and flu viruses.

18. The representations set forth in Paragraph 17 were not substantiated at the time the representations were made. Therefore, the making of the representations set forth in Paragraph 17 constitutes deceptive acts or practices, and the making of false advertisements, in or affecting commerce, in violation of Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§ 45(a) and 52.

<u>COUNT TWO</u> Providing the Means and Instrumentalities for Deception

19. Defendants have provided to their retail store customers advertisements, packaging, and other promotional materials referred to in Paragraph 15 above, containing, among other things, unsubstantiated representations, as set forth in Paragraph 17 above.

20. By providing to their retail store customers these advertising, packaging, and promotional materials, Defendants have provided their retail store customers the means and

instrumentalities for the commission of deceptive acts or practices. Therefore, Defendants' practices, described in Paragraph 19, constitute deceptive acts or practices, in or affecting commerce, in violation of Section 5(a) of the Federal Trade Commission Act, 15 U.S.C. § 45(a).

CONSUMER INJURY

21. Consumers throughout the United States have suffered and continue to suffer substantial monetary loss as a result of Defendants' unlawful acts and practices. In addition, Defendants have been unjustly enriched as a result of their unlawful practices. Absent relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

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

PRAYER FOR RELIEF

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

1. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants;

2. Award such relief as the Court finds necessary to redress injury to consumers

resulting from Defendants' violations of the FTC Act, including, but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of illgotten monies from Defendants; and

3. Award Plaintiff the costs of bringing this action, as well as such other and

additional relief as the Court may determine to be just and proper.

Respectfully submitted,

DAVID C. SHONKA Acting General Counsel

Dated:

s/JONATHAN L. KESSLER

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Attorneys for Plaintiff Federal Trade Commission



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Germ Defense Cold and Flu

Germ Defense for Cold & Flu, like Airborne, is a dietary supplement that contains 7 herbal extracts, antioxidants, electrolytes, amino acids, 1,000 mg of Vitamin C and more. The effervescent technology offers 100% immediate absorption. For maximum benefit, it should be taken before entering a crowded environment.



Great Orange Flavor!

\$5.99

10 ct Tube

USE: Take to boost your immune system before entering crowded environments such as airplanes, offices, schools, restaurants, health clubs, theaters, etc.

DOSAGE: At the first sign of cold symptoms, simply drop (1) tablet in a small amount of plain water, let dissolve (about 1 minute) and drink. Repeat every three hours as necessary, no more than 3 times per day. Children 4 or more years of age: take one half tablet, or as directed by a physician. May be used in hot or cold water.

WARNINGS: As with all dietary supplements, pregnant women or people on medication should consult a physician before taking.

INGREDIENTS: Vitamin A (100% Palmitate) 5,000 I.U. (100% DV*), Vitamin C (Ascorbic Acid) 1,000 mg (1,670% DV*), Vitamin E (Acetate) 30 U.I. (100% DV*), Riboflavin 2.8 mg (170% DV*), Magnesium (Sulfate) 40 mg (10% DV*), Zinc (Sulfate) 8 mg (55% DV*), Selenium (Amino Acid Chelated) 15 mcg (20% DV*), Manganese (Gluconate) 3mg (150% DV*), Potassium (Bicarbonate) 75 mg (2% DV*), Herbal Extracts (Proprietary blend of Lonicera, Forsythia, Schizonepeta, Ginger, Chinese Vitex, Isatis Root, Echinacea) 350 mg (DV*), Amino Acids (Glutamine as L-Glutamine, Lysine as L-Lysine HCI) 50 mg (DV*). *Daily value based on a 2000 calorie diet. **Daily value not established. OTHER INGREDIENTS: Citric Acid, Sodium Bicarbonate, Sorbitol, Orange Flavor, Sucralose, Acesulfame Potassium.

http://www.improvita.com/adults.php?sub=forfamilies&sp=gm3600c

4/30/2007

EXHIBIT B

kids

Improvita Reeping Families Healthy...Naturally

COLUMN STATE

Email Signup For Men I For Women For Families Cold & Flu Preventation Germ Defense Orange Germ Defense Lemon-Lime Germ Defense Pink Grapefruit Germ Defense Citrus Cranberry Germ Defense PM Germ Defense Gold Germ Defense Lozenges Germ Defense Hand Sanitizer Improvax Flu Defense Improflu Cold & Flu Solution Improvax Flu Defense Insect Repellent & First Aid

Germ Defense Orange

find a store

Germ Defense is a dietary supplement that contains herbal extracts, antioxidants, electrolytes, amino acids, 1,000 mg of Vitamin C and more. The effervescent technology offers 100% immediate absorption. For maximum benefit, it should be taken before entering crowded environments.

Great Orange Flavor!

\$5.99

buy now 10 ct Tube

USE: Take to boost your immune system before entering crowded



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No Skeeterz - Bottle No Skeeterz - Pen Shopping Cart

theaters, etc.

environments such as airplanes, offices, schools, restaurants, health clubs,

Featured Products

Germ Defense Germs With Knock Out Connorth

WARNINGS: As with all dietary supplements, pregnant women or people

on medication should consult a physician before taking.

necessary. No more than 4 times daily. Do not take for more than dissolve (about 1 minute) and drink. Repeat every three hours as

two weeks. Children 4-12 years: adults please dispense one half

tablet. May be used in hot or cold water.

DIRECTIONS: Simply drop (1) tablet in 4-6 ounces of water, let

Case 1:09-cv-00858

Document 1

Riboflavin 2.8 mg (170% DV*), Magnesium (Sulfate) 40 mg (10% DV*),

Acid) 1,000 mg (1,670% DV*), Vitamin E (Acetate) 30 U.I. (100% DV*),

Zinc (Sulfate) B mg (55% DV*), Selenium (Amino Acid Chelated) 15 mcg

(Bicarbonate) 75 mg (2% DV*), Herbal Extracts (Proprietary blend of

(20% DV*), Manganese (Gluconate) 3mg (150% DV*), Potassium

Echinacea) 350 mg (DV**), Amino Acids (Glutamine as L-Glutamine, Lysine as L-Lysine HCI) 50 mg (DV**). *Daily value based on a 2000

Lonicera, Forsythia, Schizonepeta, Ginger, Chinese Vitex, Isatis Root,

Vitamin A (100% Palmitate) 5,000 I.U. (100% DV*), Vitamin C (Ascorbic

Total Carbohydrates 0g, Sugars 0g, Protein 0g.

SUPPLEMENT FACTS: Serving size 1 tablet. Servings per container: 10. Amount per serving: Calories 5, Total Fat 0g, Sodium 230mg (10% DV),



before entering crowded environments, \$5,99

LEARN MORE >

designed to aid in reducing tobacco Quit Smoking This Year the the process of homeopathic Easy Way This unique ormula is



LEARN MORE >



cravings and ... \$24.99

OTHER INGREDIENTS: Citric Acid, Sodium Bicarbonate, Sorbitol, Orange calorie diet. **Daily value not established. Flavor, Sucralose, Acesulfame Potassium.

Filed 04/15/2009

Administration. This product is not intended to diagnose, treat, cure or These statements have not been evaluated by the Food and Drug prevent any disease.

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P (216) 573-1850, F (216) 573-1852, SALESGIMPROVITA.COM 10055 SWEET VALLEY DRIVE, CLEVELAND, OHIO 44125-4245

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4/2005 Improvita, Inc

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GERM DEFENSE EFFERVESCENT PM

Natural effervescent dietary supplement with SEVEN HERBAL EXTRACTS, ANTIOXIDANTS, ELECTROLYTES, AMINO ACIDS, ZINC and 1,000 MG OF VITAMIN C to help boost the body's immune system, guarding against infection from Cold & Flu viruses.

PM is formulated with Valerian and Chamomile which acts as an natural sedative to help soothe & Relax for a restful nights sleep.



MSRP: \$6.99

COMPARE TO AIRBORNE Night-time!

Improvita

	Germ Defense 10 ct PM	S States	Unit	Inner	Case
Aftr. Code	PM1010	Pack	10 ct	6	36
Unit UPC	6-53648-10787-9	Weight	3.0 oz	11b	7lb
Case UPC	6-53648-10788-6	Cube	0.01	0.03	0.26
Unit Cost	\$3.80	Dimensions	1.2x3.7x4	4x4.2x4	12x4.5x8.3
Case Cost	\$136.80	Pallet TI/HI		A startes	15/8

Improvita Health Products Inc. 10055 Sweet Valley, Cleveland, OH 44125 Phone: 216-573-1850 Fax: 216-573-1852 Email: www.improvita.com

