

# **FEDERAL TRADE COMMISSION DECISIONS**

**FINDINGS, OPINIONS, AND ORDERS  
JULY 1, 2001 TO DECEMBER 31, 2001**

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**MEMBERS OF THE FEDERAL TRADE COMMISSION**  
**DURING THE PERIOD JULY 1, 2001 TO DECEMBER 31, 2001**

TIMOTHY J. MURIS, *Chairman*  
Took oath of office June 4, 2001.

SHEILA F. ANTHONY, *Commissioner*  
Took oath of office September 30, 1997.

MOZELLE W. THOMPSON, *Commissioner*  
Took oath of office December 17, 1997.

ORSON SWINDLE, *Commissioner*  
Took oath of office December 18, 1997.

THOMAS B. LEARY, *Commissioner*  
Took oath of office November 17, 1999.

DONALD S. CLARK, *Secretary*  
Appointed August 28, 1988.

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Complaint

IN THE MATTER OF

**MAXCELL BIOSCIENCE, INC., ET AL.**

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 5 AND SEC. 12 OF THE FEDERAL TRADE COMMISSION ACT

*Docket C-4017; File No. 0023098  
Complaint, July 30, 2001--Decision, July 30, 2001*

This consent order addresses representations that Respondent MaxCell BioScience, Inc. and its president, Respondent Stephen Cherniske, made about (1) the ability of Longevity Signal Formula ("LSF") – a dietary supplement containing, among other ingredients, arginine, DHEA, and 7-Keto DHEA – to reverse the aging process and, consequently, to prevent, treat, or cure numerous age-related diseases and conditions, and (2) the ability of an Anabolic/Catabolic Index™ ("ACI") test – an at-home (with laboratory analysis) urine test that measures the ratio of 17-ketosteroids to creatinine in one urine sample – to measure a person's overall healthiness and youthfulness, and to prove the effectiveness of LSF for reversing aging. The order, among other things, prohibits the respondents from representing that the ACI Test or any other substantially similar device provides a clinical gauge of an individual's overall healthiness or youthfulness. The order also requires that future claims that any test or device provides a clinical gauge of an individual's overall healthiness or youthfulness be both true and substantiated by competent and reliable scientific evidence. In addition, the order prohibits the respondents from misrepresenting the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research. The order also requires Respondent MaxCell BioScience, Inc. to disseminate a notice about the order to both current and future MaxCell distributors, and requires both respondents to pay \$150,000 to the Commission, which the Commission can in turn either forward to the United States Treasury as disgorgement or use for consumer redress purposes.

*Participants*

For the Commission: *Matthew Daynard, Jock K. Chung,  
C. Lee Peeler, Janis K. Pappalardo, Gerard R. Butters, and Paul  
A. Pautler.*

For the Respondents: *Claude C. Wild III, Patton Boggs LLP.*

Complaint

**COMPLAINT**

The Federal Trade Commission, having reason to believe that MaxCell BioScience, Inc., a corporation, and Stephen Cherniske, individually and as an officer of the corporation ("respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent MaxCell BioScience, Inc. ("MaxCell"), is a Delaware corporation with its principal office or place of business at 100 Technology Drive, Broomfield, Colorado 80021. MaxCell has also done business as Oasis Wellness Network.

2. Respondent Stephen Cherniske is President of MaxCell. Individually, or in concert with others, he formulates, directs, controls, or participates in the policies, acts, or practices of MaxCell, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of MaxCell.

3. Respondents have manufactured, advertised, labeled, offered for sale, sold, and distributed directly to the public and through distributors dietary supplements and related products, including:

- A. Longevity Signal Formula ("LSF"), a product containing, among other ingredients, arginine, DHEA, and 7-Keto DHEA, that is advertised as an anti-aging capsule, and
- B. The Anabolic/Catabolic Index™ ("ACI") test, an at-home (with laboratory analysis) urine test that measures the ratio of 17-ketosteroids to creatinine in one urine sample, purportedly to determine an individual's "biological age," or health status.

LSF is a "food" and/or "drug" and the ACI test is a "device" within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

Complaint

4. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

ACI Test

5. Respondents have disseminated or have caused to be disseminated advertisements, including but not necessarily limited to the attached Exhibits A, portions of a website located at www.oasisnetwork.com, and B, a marketing audiotape. These advertisements contain the following statements:

A. **How fast are you AGING?**

How old are you? Let's ask this another way.

**HOW OLD IS YOUR BODY?**

Is it younger or older . . . (sic) than your chronological age?

\* \* \*

Announcing the world's first at home anti-aging test (analyzed in a lab), which gives you an amazingly accurate measurement of your rate of aging. It's called

**Anabolic/Catabolic Index or ACI.<sup>TM</sup>**

\* \* \*

**Anabolic/Catabolic Index**

Track your health progress in the comfort of your own home and monitor your body's ability to prevent many of the side effects of aging.

\* \* \*

...[b]ecome biologically younger within 30 days. (Exhibit A).

B. Draw a straight line horizontally from left to right. At the starting point on the left, write birth, and at the end point on the right, put death. Now, I've got two questions for you. Number one, where are you right now on the scale of birth

## Complaint

and death? And number two, if you had a choice, would you like to move to the left back towards greater vitality and youthfulness?

\* \* \*

You see, if you use this safe, all-natural product for 30 days, we guarantee that you will look and feel younger. More important, we'll prove it with a before and after test that will verify in black and white that your body's regenerative activity has been increased and you have, as a result, grown biologically younger.

\* \* \*

Stephen Cherniske: "I mean, today, the average anti-aging work-up costs about \$2,000 and involves a lot of painful needle sticks. We found a way to capture that information in one simple and inexpensive test, and there's no pain. The ACI test is a simple urine test that you collect at home."

Narrator: "And once more, what do the results look like? What's the information that no other test can provide?"

Stephen Cherniske: "Well, the ACI pinpoints your location on that line from birth to death. I mean, we compare that to two points, the normal for your age, but more important, the level that has been determined to be optimal for slowing or reversing the aging process." (Exhibit B).

6. Through the means described in Paragraph 5, respondents have represented, expressly or by implication, that the ACI test provides a clinical gauge of an individual's overall healthiness or youthfulness.

7. In truth and in fact, the ACI test does not provide a clinical gauge of an individual's overall healthiness or youthfulness. In fact, the ACI test only measures inactive androgen breakdown products in the urine, which products, in most instances, are not a significant or reliable measure of overall healthiness or

Complaint

youthfulness. Therefore, the representation set forth in Paragraph 6 was, and is, false or misleading.

8. Through the means described in Paragraph 5, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representation set forth in Paragraph 6, at the time the representation was made.

9. In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representation set forth in Paragraph 6, at the time the representation was made. Therefore, the representation set forth in Paragraph 8 was, and is, false or misleading.

Longevity Signal Formula

10. Respondents have disseminated or have caused to be disseminated advertisements, including but not necessarily limited to the attached Exhibits A and B. These advertisements contain the following statements:

A. **"Anti-Aging in a bottle**

**Activate your body's regenerative powers!**

Amazing New Youth Formula is Guaranteed to make you biologically younger in 30 Days or Less and we have the test to prove it!

\* \* \*

'Twelve years ago I was 4 years older than I am right now. That's right. 12 years ago I was 39 years old, both chronologically and biologically. My blood pressure was high normal, cholesterol was 214, and body fat was twice what it is today. Since then by applying the antiaging principles that our new youth formula is based on, I reversed my biological age by 16 years.'

- Stephen Cherniske, President Wellness Network

**Your Secret weapon against aging!**

## Complaint

Add years to your life, no matter what your present age may be.

\* \* \*

**Longevity Signal Formula will reset your biological clock and we have the test that proves it!"** (Exhibit A).

"[O]n this interview, you will learn how to add years to your life, no matter what your present age might be."

Stephen Cherniske: I've developed a formula that can help you reset your biological clock and a breakthrough scientific test that can prove it. The product, called Longevity Signal Formula, has a tremendous amount of research support, over 150 scientific studies.

\* \* \*

So, in a very real sense, aging, as we know it, the rapid downhill slide of degeneration is no longer inevitable. In fact, it can be completely avoided.

\* \* \*

Stephen Cherniske: "[With Longevity Signal Formula] the body sends longevity signals to the brain, the brain sends anabolic instructions to the body and this puts you on an upward spiral that you'll never forget as long as you live. And indications are that that will be a very long life, probably 100 years or more."

\* \* \*

You see, if you use this safe, all-natural product for 30 days, we guarantee that you will look and feel younger. More important, we'll prove it with a before and after test that will verify in black and white that your body's regenerative activity has been increased and you have, as a result, grown biologically younger.

\* \* \*

Complaint

[W]e provide a product that's been shown in double-blind, placebo-controlled studies to help you achieve the optimal anabolic/catabolic balance." (Exhibit B).

- B. Stephen Cherniske: "I mean, there are, as I said, literally hundreds of scientific studies supporting the components of this breakthrough formula. Here are some of the most dramatic new findings.

A study with postmenopausal women demonstrating increased bone density, improved glucose tolerance, enhanced feelings of well-being, decreased body fat, increased muscle mass and increased growth hormone levels.

\* \* \*

And finally, a breakthrough study on nearly 1,000 subjects published in the prestigious journal of epidemiology showing a significant reduction in the risk for atherosclerosis. Now, that's the leading cause of death in Western nations." (Exhibit B).

- C. Endorser: "Since starting on Longevity Signal (sic)

\* \* \*

3) After four weeks, I can see better. I can now read my digital alarm clock in the mornings without my glasses.

4) I have lost 18 pounds.

\* \* \*

My wife is happy to have the arthritis in her hands, elbows and knees gone." (Exhibit A).

- D. Stephen Cherniske, identified as being 52 years old: "Life extension wasn't enough. I was looking for health extension, and I applied that research at first to myself and I've achieved a 16-year reduction in my biological age. . . . [M]y blood pressure is 90 over 60, . . . my

## Complaint

cholesterol level is 140, percent body fat is 9 percent, about the level of a highly trained college athlete, and my reaction time, immune profile, blood tests are all better than most 35-year olds.

\* \* \*

[T]welve years ago my blood pressure was high normal, cholesterol was 214, body fat was twice what it is today.

\* \* \*

I didn't try to lower my blood pressure, I didn't try to lower my cholesterol, I didn't try at all to lose weight or gain muscle. I made no effort to burn fat. These are simply the consequences of a highly anabolic metabolism. The Oasis breakthrough is making this opportunity available to everyone, not just a select group of biochemists." (Exhibit B).

- E. "It makes your bones stronger, the mind sharper, the mood higher." (Exhibit B).
- F. Endorser: "I would have to say I had been training seven weeks prior to getting on the Longevity Signal and had some good results prior to the Longevity Signal, but I just really start (sic) shredding up, I mean, practically overnight. In one week I lost 11 pounds which I was just amazed to see my entire physical being transformed right in front of the mirror." (Exhibit B).
- G. "Here's two breakthrough studies showing remarkable improvement in liver function. Now, why is that such a powerful anti-aging benefit? Because aging is associated with a marked reduction in liver function. A typical adult will lose more than 40 percent of their liver function by age 70 and that age-related defect contributes greatly to the degeneration of the entire body. Here's a study showing that you can reverse that." (Exhibit B).

Complaint

11. Through the means described in Paragraph 10, respondents have represented, expressly or by implication, that LSF:

- A. Significantly reduces the risk of atherosclerosis.
- B. Cures arthritis.
- C. Lowers blood pressure.
- D. Significantly lowers cholesterol levels in the bloodstream.
- E. Strengthens bones.
- F. Reduces or eliminates the need for corrective eyewear.
- G. Promotes significant weight loss and muscle gain without dieting or exercise.
- H. Increases glucose tolerance.
- I. Increases Growth Hormone levels in the body, thereby causing positive clinical effects on health.
- J. Improves liver function.
- K. Prevents or reverses aging.
- L. Significantly increases life expectancy.

12. Through the means described in Paragraph 10, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 11, at the time the representations were made.

13. In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representations set

## Complaint

forth in Paragraph 11, at the time the representations were made. Therefore, the representation set forth in Paragraph 12 was, and is, false or misleading.

14. Through the means described in Paragraph 10, respondents have represented, expressly or by implication, that scientific testing demonstrates that LSF:

- A. Significantly reduces the risk of atherosclerosis.
- B. Increases bone density, improves glucose tolerance, reduces body fat, increases muscle mass, and increases growth hormone levels in post-menopausal women.
- C. Improves liver function.
- D. Prevents or reverses aging.
- E. Significantly increases life expectancy.

15. In truth and in fact, scientific testing does not demonstrate that LSF:

- A. Significantly reduces the risk of atherosclerosis.
- B. Increases bone density, improves glucose tolerance, reduces body fat, increases muscle mass, and increases growth hormone levels in post-menopausal women.
- C. Improves liver function.
- D. Prevents or reverses aging.
- E. Significantly increases life expectancy.

Therefore, the representations set forth in Paragraph 14 were, and are, false or misleading.

Complaint

16. Respondents have provided advertisements and promotional materials to distributors for use in their marketing and sale of LSF and the ACI test, including but not necessarily limited to the attached Exhibits A and B.

17. Through the means described in Paragraph 16, respondents have provided means and instrumentalities to distributors of respondents' products in furtherance of the deceptive and misleading acts or practices alleged in Paragraphs 5 through 15.

18. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices, and the making of false advertisements, in or affecting commerce in violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this thirtieth day of July, 2001, has issued this complaint against respondents.

By the Commission.



◀ back one ◀ home page

products

ACI test

▶ order now

▶ more details

ACI  
Clinical Rationale  
pdf format

## Technological Breakthrough How fast are you AGING?

How old are you? Let's ask this another way.

### HOW OLD IS YOUR BODY?

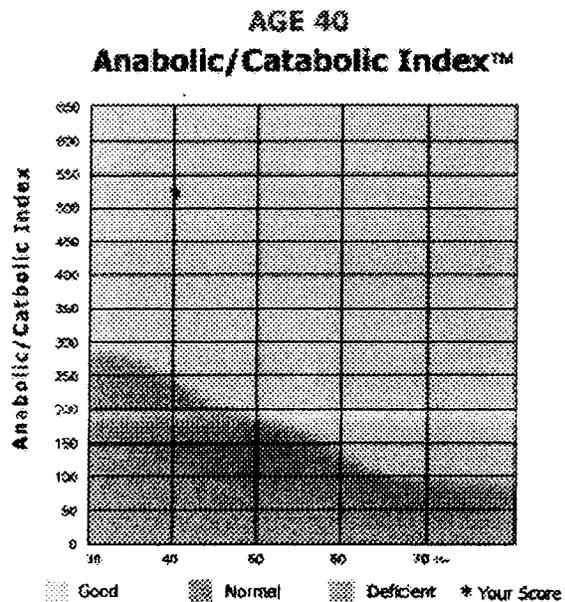
Is it younger or older . . . than your chronological age?

There's power in knowing the answer!

Many people today are aging way too quickly. They're biologically older (by 10, 20, or more years) than their chronological age.

### 100% Product Performance Guarantee

(see your Oasis Associate for details.)



### Learn to age slowly -- Not Quickly!

Announcing the world's first at home anti-aging test (analyzed in a lab), which gives you an amazingly accurate measurement of your rate of aging. It's called **Anabolic/Catabolic Index or ACI™**

- Provides a painless and inexpensive view of your rate of aging
- Accurately measures anabolic (youthful) metabolism in a urine sample down to 1 billionth of a gram

Oasis is the only source for this anti-aging test in all of North America

- Proprietary Test - Patents Pending
- Risk-Free Money Back Guarantee

EXHIBIT A

- With the information you get from the ACI Test, you can slow

down many of the effects of aging.

- We guarantee the ACI Test will prove that the Oasis Longevity Signal Formula is slowing down your rate of aging in 30 days or less – or you get your money back on the product, and your money back on the test. (see product or your Oasis Associate for details)

### **Empower Yourself**

Find out how fast you are aging  
Take the incredible ACI test today!

## **Turn back the hands of time!**

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[webmaster@oasisnetwork.com](mailto:webmaster@oasisnetwork.com)



◀ back one ◀ home page

products



longevity signal  
formula™

▶ order now

▶ more details



**Anti-Aging in a Bottle**  
**Activate your body's regenerative powers!**  
**Amazing New Youth Formula is Guaranteed to**  
**make you biologically younger in 30 Days or Less**  
**and we have the test to prove it!**

### 21st Century Youth Formulation

You're about to discover one of the most amazing health breakthroughs right when it's being released to the world.

"Twelve years ago I was 4 years older than I am right now. That's right. 12 years ago I was 39 years old, both chronologically and biologically. My blood pressure was high normal, cholesterol was 214, and body fat was twice what it is today. Since then by applying the anti-aging principles that our new youth formula is based on, I reversed my biological age by 16 years."

- Stephen Cherniske, President Wellness Network

### Your Secret weapon against aging!

Add years to your life, no matter what your present age may be.

- Increase your energy, strength and stamina.
- Lower your levels of stress and body fat.
- Improve your mental and physical performance while unlocking the door to an improved sense of well-being and fulfillment.



**Longevity Signal Formula will reset your biological clock and we have the**

**test that proves it!**

### Anabolic/Catabolic Index

Track your health progress in the comfort of your own home and monitor your body's ability to prevent many of the effects of aging. You may actually be biologically older than your birthday indicates. Take this test

and find out for sure.

It's simple and risk free. Try Longevity Signal Formula. You can't lose. Experience for yourself the power of the Longevity Signal Formula and become biologically younger within 30 days.

**Unconditional 90 day money back Guarantee!**

Longevity Signal Formula contains a powerful blend of anti-aging compounds including 7-Keto DHEA (8 patents pending), DHEA, L-arginine (GH stimulator), chlorella, Fo-ti ("Elixir of Life") and Lycium (chinese wolfberry).

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[webmaster@oasisnetwork.com](mailto:webmaster@oasisnetwork.com)



◀ back one

**Longevity Signal Formula™ /  
30-Day Renewal™  
Oasis Wellness Network**

"I am a 56 years old and quite active. Last August I started on the LSF and Renewal System. Since that time I have seen an energy increase, I have reduced my body fat, increased muscle mass and my workouts at the gym have gone ballistic... incredible stamina!! Also, I sleep less and more deeply."

**- Mike, Walnut Creek, CA**

"I don't know where to begin. There are so many little things that add up to making the Oasis products so exciting! For myself personally - I lost weight the first month I was on the product - 15 pounds. As I have gotten older I have found myself getting depressed about a week before my period. I would also experience strong cramps in my back. In April I was taken by surprise! I had not had the depression and cramps!! I realized that the same thing had happened in March. In March, I was on the 30 Day Renewal System. In April I was on the 30 Day Renewal System and the Female formula. I have also experienced an increase in my energy and stamina. I can come home from my Ju Jitsu class and still have energy to do other things like.

I put my 22-year-old daughter on the 30-Day Renewal System. She has suffered from "rheumatoid -like" symptoms since about the 5th grade, i.e.: swollen hands, pain in her joints and back. Almost immediately, she noticed a decrease in her symptoms. She tells everyone about what has happened to her.

Finally, my friend Christine - Christine suffers from several chronic conditions: Diabetes, Congestive Heart Failure, Asthma and Spastic Colon. Christine would frequently come to work with severe stomach cramps and diarrhea. She couldn't get very far from a bathroom. I gave her 10 days worth of the 30-Day Renewal System. She was thrilled! She noticed that she was not passing her vitamins in her urine, she felt more energetic. She decided to get on the product. When I told her what it would cost (this was in May, the price was still \$89.00) she decided that she couldn't afford them. At that time I asked her if she 'could afford not to take them.' We were going through a very stressful time as the company we were working for was closing us down. As soon as she stopped the product, her Spastic Colon started acting up again. About 3 days later she came into my office, threw a check on my desk and said, 'You were right! I can't afford not to.'

**- Chris, Las Cruces, NM**

"The results I have gotten with the Renewal System and Longevity Signal Formula really surprised me. Not because I didn't think they were great products, but because I had been taking what I thought were good nutritionals and I didn't expect to notice a difference. I was wrong! My benefits were very pronounced: They include

sleeping better and waking up rested and alert in the morning (this is really something for me), great and even energy throughout the day and well into the evening, my nails are better, stronger and longer than they've ever been, I can deal with day to day stresses much better and my workout sessions seem to take less effort.

But you don't have to take my word for it as I had lab tests done by an independent lab that specializes in oxidative stress testing. That lab had tested me several times before being introduced to the Oasis products so I had a base line from which to judge the results. I was amazed to see such a marked improvement - over 600% improvement in oxidative stress in my body. I knew I could feel the results and my ACI test showed that I have reduced my affective rate of aging by 25 years and then to see the results by the independent lab - that was incredible!"

- Pat, Bellevue, WA

"In the middle of September, I attended a naturopathic physicians convention in Las Vegas. I visited lots of booths and listened to a lot of speakers-what really caught my attention was Oasis' Longevity Signal Formula. On Thursday, September 23, I did the ACI test-which proved how bad off physically I really was. My score was 21, 0 is dead, normal for a 51 to 60-year old is 172. Age 30-40 normal is 272. I was closer to dead than I thought. Since starting on Longevity Signal

- 1) During the first week, my overall energy was way up.
- 2) After three weeks, my gums quit bleeding when I brushed my teeth.
- 3) After four weeks, I can see better. I can now read my digital alarm clock in the mornings without my glasses.
- 4) I have lost 18 pounds.
- 5) I can now sleep on my back-in the last 15-20 years, if I lie flat on my back for over three or four breaths, I would start coughing and couldn't breathe.
- 6) My libido came back to youthful levels after a long drought.
- 7) Lots of old aches and pains are gone or leaving
- 8) My skin has been very dark for many years. I thought it was due to farming and other outside activities. In my ninth week of Longevity Signal, my skin changes color! I think my liver must be functioning normally again.

My wife is happy to have the arthritis in her hands, elbows and knees gone. She also has a hip that she injured in a fall last January that has bothered her until she began the Longevity Signal. She is thrilled to have the aches and pains gone and much more energy.

We are both growing biologically younger."

-Stephen, Cokeville, WY

(results may vary)

To submit a testimonial please write to [testimonials@oasisnetwork.com](mailto:testimonials@oasisnetwork.com).

We can not post all testimonials received, but our editors will do their best to review and consider all submissions.

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[webmaster@oasisnetwork.com](mailto:webmaster@oasisnetwork.com)

**OFFICIAL TRANSCRIPT PROCEEDING**

**FEDERAL TRADE COMMISSION**

**MATTER NO. P994506**

**TITLE INTERNET ADVERTISING**

**DATE RECORDED: COPYRIGHT 1999  
TRANSCRIBED: JANUARY 11, 2000**

**PAGES 1 THROUGH 34**

**IF YOU ONLY KNEW. . .  
ANTI-AGING SECRETS OF A RESEARCH BIOCHEMIST**

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**FOR THE RECORD, INC.  
603 POST OFFICE ROAD, SUITE 309  
WALDORF, MARYLAND 20602  
(301)870-8025**

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FEDERAL TRADE COMMISSION

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In the Matter of: )  
Internet Advertising ) Matter No. P994506  
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The following transcript was produced from a  
live tape provided to For The Record, Inc. on January 11,  
2000.

## P R O C E E D I N G S

- - - - -

IF YOU ONLY KNEW. . .

## ANTI-AGING SECRETS OF A RESEARCH BIOCHEMIST

*(Music playing)*

STEPHEN CHERNISKE: Take out a piece of paper and a pen. If you don't have those handy, that's okay, because the image I'm going to ask you to illustrate is simple enough for you to create in your mind. Draw a straight line horizontally from left to right. At the starting point on the left, write birth, and at the end point on the right, put death.

Now, I've got two questions for you. Number one, where are you right now on the scale of birth and death? And number two, if you had a choice, would you like to move to the left back towards greater vitality and youthfulness.

MALE NARRATOR: If you only knew. If you only knew that you could turn back the aging clock and grow biologically younger. Up until now, the idea of reducing your biological age has been mere conjecture and fantasy. But today, that all changes.

That's why what you will hear in the next 35 minutes is so important. I encourage you to listen to every word at least once, because on this interview, you

1 will learn how to add years to your life, no matter what  
2 your present age might be. And even more important, how  
3 to enhance your life with more energy, strength and  
4 stamina, improved immunity, better sleep, less fat and  
5 lower levels of stress.

6 If you only knew that a remarkable health  
7 breakthrough, a youth formula, is about to be released to  
8 the world, would you jump at the chance to be one of the  
9 first to experience it?

10 Well, before you answer, it's important that  
11 you hear about the man whose voice began this tape. I'll  
12 be talking with Stephen Cherniske, a nutritional  
13 biochemist credited with helping to launch the anti-aging  
14 movement with his 1996 bestseller, DHEA Breakthrough.

15 Now, in his 52nd year of life, Stephen's  
16 biomarkers are that of a 36-year old. Stephen taught at  
17 two Southern California universities, ran the nation's  
18 first FDA-licensed nutritional testing lab and served on  
19 the faculty of the American College of Sports Medicine.  
20 A former consultant for the U.S. Olympic Team and  
21 nutritionist for top athletes and Hollywood stars,  
22 Stephen is a member of the National Academy of Research  
23 Biochemists, the American Medical Writers Association and  
24 is listed in Who's Who in American Professionals.

25 Stephen, you've been at the forefront of anti-

1       aging research for decades. How did this become so much  
2       of a passion?

3               STEPHEN CHERNISKE: Well, my life changed in  
4       graduate school in a genetics class. The professor held  
5       up two mice. These animals, he said, were both born six  
6       weeks ago. Are they the same age? We all looked at each  
7       other like he was nuts and said, well, of course they're  
8       the same age. Ah, said the professor, this one has an  
9       immune defect that will cause it to die in about a month.  
10      The other will enjoy a normal mouse life span of about 20  
11      months. Now, are they the same age?

12              That's when it hit me that chronological age,  
13      the year you were born, is meaningless. It's not about  
14      your birthdate, it's about your expiration date. I left  
15      that class determined to focus my research on a new  
16      paradigm of aging and ultimately pioneered a concept  
17      known as biological age. The understanding that the year  
18      you were born is not nearly as important as your health,  
19      how you look, feel and perform.

20              Life extension wasn't enough. I was looking  
21      for health extension, and I applied that research at  
22      first to myself and I've achieved a 16-year reduction in  
23      my biological age. Every doctor I've ever seen wants to  
24      know how I did this. When they find out that my blood  
25      pressure is 90 over 60, that my cholesterol level is 140,

1 percent body fat is 9 percent, about the level of a  
2 highly trained college athlete, and my reaction time,  
3 immune profile, blood tests are all better than most 35-  
4 year olds.

5 MALE NARRATOR: Well, you know, you certainly  
6 don't look like a man in his fifties. But let me play  
7 devil's advocate here. Couldn't that just be good genes?

8 STEPHEN CHERNISKE: Well, except for the fact  
9 that 12 years ago my blood pressure was high normal,  
10 cholesterol was 214, body fat was twice what it is today.

11 MALE NARRATOR: Hmm.

12 STEPHEN CHERNISKE: And I was more tired and  
13 less enthusiastic than I am now. Now, in a very real  
14 sense, I'm younger now than I was 12 years ago and that's  
15 been the result of specific steps that I've taken based  
16 on a new understanding of the aging process.

17 First and foremost, you have to forget about  
18 chronological age. If you can improve your biological  
19 age, and I'll explain how to do that in a moment, you can  
20 literally grow younger. Now, once more, this is the  
21 critical point.

22 I've developed a formula that can help you  
23 reset your biological clock and a breakthrough scientific  
24 test that can prove it. The product, called Longevity  
25 Signal Formula, has a tremendous amount of research

1 support, over 150 scientific studies. And the test has  
2 been written up in biomedical literature. It's for real  
3 and everything I say in this interview is documentable.  
4 In fact, anyone can prove this extraordinary system for  
5 themselves. In 30 days or less, you can see and feel the  
6 rejuvenating power of your body being reactivated.

7 People who have used the product in pre-  
8 clinical and clinical trials experienced more energy,  
9 lower stress, a restored feeling of vitality and  
10 youthfulness, and these changes are not coming from a  
11 stimulant effect. There's no stimulants at all in this  
12 product.

13 These benefits are obtained by creating a  
14 metabolic shift that restores the repair, rebuild and  
15 rejuvenate activity of your body to levels that you  
16 enjoyed when you were young. So, in a very real sense,  
17 aging, as we know it, the rapid downhill slide of  
18 degeneration is no longer inevitable. In fact, it can be  
19 completely avoided.

20 MALE NARRATOR: Oh, wow. Well, let's hear from  
21 someone who's involved in one of our clinical  
22 evaluations.

23 CAROLYN: Hi, I'm Carolyn. I'm from Agoura,  
24 California, and I've been a business professional and an  
25 attorney for about the last 15 years and I'd have to say

1 I have a pretty demanding schedule. And I turned 40  
2 recently and I noticed in the last few years I've had a  
3 decrease in my overall energy and stamina and my facial  
4 skin tone has weakened up a little bit and I've also had  
5 more mood swings throughout the day, which is something  
6 that I never used to have.

7 And I got on the Oasis Longevity Signal Formula  
8 about a month and a half ago, and boy, within a couple of  
9 weeks the improvements, the increase in energy and  
10 stamina that I began to feel, not just when I was out  
11 exercising, but I would literally come home from work and  
12 have enough energy to want to go out and either do a walk  
13 or a hike after work, which is a very unusual thing for  
14 me.

15 One of the other things that I noticed was  
16 improvement in my facial skin tone and then a dramatic  
17 change in my mood swings and I was now in a much more  
18 consistently better mood throughout the day. I can  
19 honestly say that I never forget to take the Oasis  
20 Longevity Signal Formula, unlike other nutritional  
21 supplement programs that I've been on where I had  
22 forgotten to take the supplements either in the evening  
23 or in the morning. I've noticed such a dramatic  
24 improvement in my overall sense of well-being that I  
25 never forget to take the formula.

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1                   MALE NARRATOR: So, what I hear from Carolyn is  
2 not only a dramatic shift in energy, but attitude and  
3 outlook as well.

4                   STEPHEN CHERNISKE: Exactly. Think for a  
5 moment what that means. If you've watched your parents  
6 or grandparents growing old --

7                   MALE NARRATOR: Um-hum.

8                   STEPHEN CHERNISKE: -- you're no doubt acutely  
9 aware of the pain, both physical and emotional, that  
10 aging normally entails. Perhaps many of our listeners  
11 have already started to experience some tiredness,  
12 decreased immunity, stiffness or pain. What would it be  
13 like to boost your body's natural repair and rebuild  
14 activity to restore feelings of vitality that you thought  
15 were gone forever?

16                  MALE NARRATOR: Yes. But, you know, a lot of  
17 people would say it's too good to be true.

18                  STEPHEN CHERNISKE: Yeah. And here's the  
19 point. You don't have to take my word for it. For the  
20 first time, a leading pharmaceutical research laboratory  
21 has teamed up with a nutritional supplement manufacturer  
22 to make an unprecedented offer. You see, if you use this  
23 safe, all-natural product for 30 days, we guarantee that  
24 you will look and feel younger. More important, we'll  
25 prove it with a before and after test that will verify in

1 black and white that your body's regenerative activity  
2 has been increased and you have, as a result, grown  
3 biologically younger.

4 MALE NARRATOR: Okay. Well then, let's talk a  
5 bit about the test. If someone went to their doctor,  
6 would their doctor know about this test?

7 STEPHEN CHERNISKE: Well, we're working with a  
8 large, and fortunately, a growing number of doctors, but  
9 the truth is, there are still relatively few who practice  
10 anti-aging or preventive medicine. The vast majority are  
11 still waiting for the patient to break down and fall  
12 apart and then they go into fix-it mode. I happen to  
13 think that's crazy. It's like waiting for your engine to  
14 seize up before you change your oil.

15 The fact is millions of baby boomers today  
16 don't want to wait until they fall apart. That's exactly  
17 what they want to avoid, and that's precisely what  
18 Longevity Signal Formula does. It shifts your metabolism  
19 towards more repair, rebuild and rejuvenate activity.  
20 It's the essence of preventive health care.

21 Now, the first thing people want to know about  
22 the test, is it expensive or painful, and the answer is  
23 neither. It's certainly not painful. It's a simple, at-  
24 home urine test. And the cost is a fraction of what  
25 you'd pay for any anti-aging profile that's now

1 available. Plus if you take the Oasis Longevity Signal  
2 Formula and your test score doesn't improve, we'll refund  
3 the cost of the product and the test. That's about as  
4 straightforward as it gets.

5 MALE NARRATOR: Um-hum. Now, what exactly does  
6 the test measure?

7 STEPHEN CHERNISKE: It measures your anabolic/  
8 catabolic index. Remember that I started this tape with  
9 a line illustrating the continuum between life and death.  
10 Again, the important question is, where are you? You  
11 see, that's your anabolic/catabolic index or ACI score.

12 Anabolic refers to the repair, rebuild and  
13 rejuvenate activity of the body. Catabolic, on the other  
14 hand, refers to the breakdown activity. Now, when you  
15 were young, you were mostly anabolic, and as you age,  
16 catabolic activity starts to predominate. So, the  
17 critical question is, where are you and how fast are you  
18 moving towards that endpoint known as death.

19 MALE NARRATOR: And I'd imagine that a lot of  
20 people wouldn't want to know.

21 STEPHEN CHERNISKE: Well, you're right. After  
22 all, that can be scary.

23 MALE NARRATOR: Um-hum.

24 STEPHEN CHERNISKE: Some seemingly healthy  
25 people are actually older biologically than they are in

1 years and they don't know it. Until now, there was no  
2 way that they could know. But what if I told you no  
3 matter where you are on this line, the Longevity Signal  
4 Formula can help move you to the left by restoring  
5 anabolic repair and rebuild activity.

6 MALE NARRATOR: And personally, that would make  
7 all the difference. I mean, if you are just going to  
8 give me bad news, who wants it. But if you're saying  
9 that I can change my location on that line between birth  
10 and death, to add years to that line, I'd say, hey, count  
11 me in, I want this information.

12 STEPHEN CHERNISKE: In fact, that's what  
13 thousands of people are saying because this information  
14 has never been available before. People were floundering  
15 in the dark, trying mega-vitamins, liquid minerals,  
16 exotic injections, special exercises. But they never  
17 knew if what they were doing was doing them any good. We  
18 now have a reliable test to validate any anti-aging  
19 therapy and it has to do with enhancing metabolism.

20 And remember, anabolic refers to all of the  
21 rebuild, repair and rejuvenate activity of the body.  
22 Catabolic metabolism is the breakdown activity. My  
23 physiology professor said it best. The day -- he said,  
24 the day your total catabolic activity exceeds your  
25 anabolic activity is the day you begin to die.

1 I remember sitting there and I was only in my  
2 twenties. I mean, you don't spend a lot of time thinking  
3 about mortality, but this hit me like a ton of bricks. I  
4 mean, another one of those defining moments. And I  
5 remember writing in my notebook, metabolism equals key to  
6 aging. You see?

7 When you increase your anabolic metabolism,  
8 you're regenerating it and becoming more youthful. When  
9 you're catabolic, you're breaking down and deteriorating.  
10 So, then I wrote another rather prophetic line. Goal,  
11 find a way to increase anabolic metabolism.

12 MALE NARRATOR: Um-hum. Well, now that was a  
13 long time ago. You've done an awful lot in the last 25  
14 years. What was the key to fulfilling this goal?

15 STEPHEN CHERNISKE: Well, the key turned out to  
16 be the discovery of cell signals, how your body  
17 communicates with your brain. And I certainly can't take  
18 credit for that. I've crystallized this breakthrough  
19 research into a product that works and a test that proves  
20 that you can turn back the clock.

21 But the discovery was a group process, an  
22 international collaboration. In 1994, the Nobel Prize in  
23 medicine was awarded to Gillman and Rodbell (phonetic)  
24 for their discovery of G-peptides, microscopic strands of  
25 protein that relay messages at lightning speed through

1 tens of millions of cells. I mean, that revolutionized  
2 the entire field of biochemistry.

3 Three years later, Bill Lee, the founder of the  
4 Oasis Wellness Network, commissioned an international  
5 research project to unlock the secrets of cell signals as  
6 they relate specifically to aging. And this two-year,  
7 multimillion dollar effort, known as the Bioregenics  
8 Project, provided an extraordinary wealth of information  
9 that was ultimately distilled into this breakthrough test  
10 and product. You know, again, the secret is in restoring  
11 anabolic rebuild and repair activity. And your body will  
12 do this if you can send the right signals.

13 If you can find a way to find that switch and,  
14 as you might imagine, the switch is in your brain. Now,  
15 whether the cell signals travel through G-peptides,  
16 hormones and neurons, they do one of two things. They  
17 can tell the brain that you're over the hill, in which  
18 case the brain switches to catabolic breakdown, what I  
19 call the shut-down sequence. Or you can send longevity  
20 signals, which tell the brain that you're fit, healthy  
21 and strong. And that triggers a metabolic shift that  
22 stimulates anabolic repair and rebuild functions.

23 MALE NARRATOR: I'm sure that many listeners  
24 are wondering why their brain would send catabolic or  
25 breakdown instructions to their body. The answer is

1 going to surprise you because basically this is how we  
2 age. I mean, you have to remember that the brain  
3 controls every cell in your body and that control  
4 includes all the issues surrounding the aging process,  
5 the breakdown of immunity, thinning hair, changes in body  
6 composition, reduced metabolic efficiency, lower energy  
7 production. All of that is initiated by the brain.

8 But I'll say it again. The brain is only  
9 acting on the information it gets from the body. Your  
10 brain doesn't care how many candles were on your last  
11 cake. See, it's a wonderfully elegant design which is  
12 part of the survival imperative built into all living  
13 things.

14 When an organism is past the age where it can  
15 reproduce, basically Mother Nature says, time to exit  
16 stage left, make room for a newer, younger model. And  
17 that's accomplished through this body/brain dialogue.  
18 Now, the dialogue takes place biochemically, but if I was  
19 to translate it into English, it would sound something  
20 like this.

21 Attention, everyone. This is the brain and  
22 I've got some rather sad news. I just learned that we  
23 are, as they say, over the hill now. It's been fun, but  
24 the game is about over and I'll be initiating the  
25 catabolic shut-down sequence from here. So, don't be

1 surprised if you see the lights dimming and the energy  
2 flow decreasing.

3 Immune system, things are going to go  
4 particularly bad for you because the shut-down sequence  
5 involves progressive immune failure. Oh, you've done an  
6 absolutely splendid job all these years. I really mean  
7 that. But now, I want you to surrender. It could be  
8 heart disease, cancer, pneumonia, any number of  
9 infections that will be coming along in the next few  
10 years.

11 And muscles, great job, but we're going to be  
12 making mostly fat from now on. And I'll be completely  
13 shutting down libido, no need for a sex drive. And don't  
14 be alarmed if the overall mood starts to get rather glum,  
15 shutting down a long-running show is always kind of sad.

16 MALE NARRATOR: (Laughter). That's a pretty  
17 chilling view of aging.

18 STEPHEN CHERNISKE: Oh, but a very realistic  
19 one. You see, this is not a metaphor. This dialogue  
20 does take place biochemically. I mean, we can measure  
21 the decreased muscle synthesis, failing immunity, a  
22 decreased metabolic efficiency, leading to fatigue,  
23 depression and ultimately fatal disease.

24 But unlike what your doctor is probably telling  
25 you, this is not inevitable. And please, I'm not bashing

1 doctors. I'm just saying that if your doctor tells you  
2 that you're aging at a normal rate, you should be very  
3 concerned, because he's basing his analysis on life  
4 expectancy, the point at which so-called normal people  
5 are expected to feel back pain, become fatigued, get  
6 overweight, fall apart and eventually die.

7 But remember, normal is nothing to aspire to.  
8 I mean, today, boomers are looking for optimal health and  
9 maximal life span. But to achieve that, you have to step  
10 beyond normal. Now, that's our specialty. We've  
11 discovered how to activate longevity signals and  
12 completely alter the brain's instructions to every cell  
13 in your body. With the longevity signal formula, the new  
14 dialogue sounds more like this.

15 Attention, everyone. This is the brain. I've  
16 just received month end reports and I have exciting news.  
17 We're actually growing younger. I'm serious. I don't  
18 know exactly how we're doing it, but listen to this.  
19 Muscle mass is up and much more active. Stress is down.  
20 Energy is way up. You're not going to believe this, but  
21 I verified the data. Hormone levels indicate that we're  
22 somewhere in our late twenties or early thirties. So,  
23 I'll be turning up anabolic activity, sex drive, mental  
24 clarity, respiratory efficiency, energy production and  
25 immunity.

1           I mean, don't be alarmed if things sound a bit  
2           rusty at first. A lot of this metabolic machinery hasn't  
3           been used in years. But we're on a roll. The guys over  
4           in the mood department are working overtime making a raft  
5           of new endorphines. We're young again.

6           Now, imagine what that would feel like, this  
7           sense of rejuvenation. You see, the Longevity Signal  
8           Formula enables you to activate longevity signals at any  
9           age and sends a different message to the brain, a  
10          different message, different, more anabolic response and  
11          a new you.

12          MALE NARRATOR: That's still going to be hard  
13          for most people to accept, though, don't you think? I  
14          mean, we're so conditioned to thinking that aging has to  
15          follow this inexorable path of degeneration leading to  
16          decrepitude.

17          STEPHEN CHERNISKE: Yeah, and you're right. It  
18          is conditioning, and only because so few people have  
19          actually achieved a true state of regeneration. But the  
20          numbers are growing and soon there will be a new model to  
21          follow. We already have hints of what's coming, a golden  
22          age of wellness.

23          Now, I admit, when I present this at  
24          conferences I still get looks of amazement and disbelief.  
25          But that's because people don't understand their bodies.

1 We now know that the average adult creates about 200  
2 million new cells every minute. That's almost 300  
3 billion cells a day. This massive cell creation is under  
4 the direct influence of the brain's anabolic/catabolic  
5 instructions.

6 If you can amplify the anabolic repair and  
7 rejuvenate signal, these cells will be stronger and  
8 healthier than the ones they replace and you will  
9 literally grow younger.

10 FEMALE NARRATOR: This is the end of Side 1.  
11 Please turn the tape over to continue.

12 (Music playing)

13 (END OF SIDE 1)

14 (Music playing)

15 MALE NARRATOR: I think one of the problems or  
16 difficulties in accepting the possibility of true  
17 regeneration is that people, especially baby boomers,  
18 have been trying all kinds of products and programs for  
19 years and they just haven't seen results. They've tried  
20 every vitamin known, liquid minerals, exotic herbs,  
21 special exercises and still they look in the mirror and  
22 they say, wait a minute, I'm aging just like my parents.

23 STEPHEN CHERNISKE: Well, sure. I mean,  
24 without changing the metabolic balance towards anabolic,  
25 just about anything you do in terms of anti-aging will

1 have limited results. Remember, not too long ago  
2 collagen injections were all the rage. You see, as we  
3 age, the production of collagen by our body starts to  
4 decline and we start to sag, especially around the eyes,  
5 the cheeks and the jaw line. So, people were spending a  
6 fortune having collagen injected into their faces.

7 But what happened? Well, because their body  
8 was highly catabolic, the injected collagen was quickly  
9 broken down. And when people found out that they had to  
10 go back for repeated injections every few months, they  
11 lost interest real fast.

12 Well, that's a perfect example of the short-  
13 sighted, treat the symptom conventional approach. The  
14 Longevity Signal approach says treat the underlying  
15 problem, and that is a high level of catabolic breakdown  
16 activity.

17 When you improve that, when you restore your  
18 body's own anabolic rebuild activity, your body  
19 manufacturers more collagen. It's infinitely better  
20 because it treats the problem naturally and enhances  
21 beauty from the inside out.

22 MALE NARRATOR: As you say, using the wisdom of  
23 Mother Nature to fool Father Time. You know, another  
24 advantage, of course, is that the idea of treating the  
25 underlying cause of aging instead of running after all

1 the myriad symptoms is a concept that most people quickly  
2 understand and appreciate.

3           STEPHEN CHERNISKE: Well, and again, how is  
4 that done? By sending longevity signals to the brain,  
5 the brain concludes that you're young and initiates an  
6 entire cascade of rebuild and restore instructions to  
7 every cell of your body. And, you know, it's been  
8 estimated that this approach affects more than 200  
9 separate metabolic functions. It enhances cell  
10 communication, boosts immunity, restores metabolic  
11 efficiency and vitality, feelings of strength and  
12 confidence. It makes your bones stronger, the mind  
13 sharper, the mood higher.

14           Again, the body sends longevity signals to the  
15 brain, the brain sends anabolic instructions to the body  
16 and this puts you on an upward spiral that you'll never  
17 forget as long as you live. And indications are that  
18 that will be a very long life, probably 100 years or  
19 more.

20           MALE NARRATOR: And again, in the last 12  
21 years, you've grown measurably younger.

22           STEPHEN CHERNISKE: Well, and here's the point,  
23 I didn't try to lower my blood pressure, I didn't try to  
24 lower my cholesterol, I didn't try at all to lose weight  
25 or gain muscle. I made no effort to burn fat. These are

1        simply the consequences of a highly anabolic metabolism.  
2        The Oasis breakthrough is making this opportunity  
3        available to everyone, not just a select group of  
4        biochemists.

5                    MALE NARRATOR: Now, since the announcement of  
6        this test and product, your lab at Oasis Wellness Network  
7        has been flooded with calls, most of the callers, I'm  
8        sure, have questions and most of the questions probably  
9        revolve around the how. How does the Longevity Signal  
10       Formula stimulate this incredible metabolic shift?

11                    STEPHEN CHERNISKE: Well, the answer,  
12        fortunately, is rather simple. I mean, remember that  
13        we're not tweaking and manipulating all the various  
14        organs and glands and tissues. We're altering the  
15        signals that inform the brain and letting the brain take  
16        care of the details.

17                    Now, when your brain asks your body how old you  
18        are, your body uses a dipstick to measure hormones  
19        produced by two key glands, the adrenals and the  
20        pituitary. So, creating a product that signaled along  
21        both of those pathways was absolutely critical. Now, no  
22        other research firm or nutraceutical company has taken  
23        this important step. I mean, most are still stuck either  
24        treating the symptoms of aging or working with one of the  
25        pathways without fully understanding the longevity signal

1 concept.

2 The Bioregenics Project found that the adrenal  
3 hormone, DHEA, is the most comprehensive longevity signal  
4 that there is. And we went on to develop a new more  
5 powerful and effective DHEA complex. You see, DHEA is  
6 the youth hormone. I mean, it's remarkably high when  
7 you're in your prime. DHEA gave you the sense that you  
8 could conquer the world. It was responsible for the sex  
9 drive, energy, stamina, mental clarity and amazing  
10 metabolic efficiency that you had in your twenties.

11 Well then, at about age 30, it starts to  
12 decline and every year it gets lower\_ and lower until at  
13 age 70 most people are producing only 10 or 15 percent of  
14 what they were making at age 25. I mean, there is no  
15 biochemical in the human body that decreases at such an  
16 alarming rate or whose decline causes such dire  
17 consequences.

18 Now, stay with me here because this is the key.  
19 For decades the so-called experts simply assumed that  
20 this decline was just another inevitable consequence of  
21 aging. I was one of the first to suggest that it was as  
22 much a cause of the aging process as an effect, and that  
23 by keeping DHEA levels at prime peak, one could maintain  
24 a highly anabolic, maximum energy, powerful immune state  
25 well into advancing years.

1                   But I was also the first to understand that  
2 this could not be accomplished simply by supplementing  
3 with DHEA. I mean, people have been taking DHEA now for  
4 years, but in the wrong dose and in the wrong form. You  
5 see, the amount required to activate clear longevity  
6 signals can be excessive for some people. That's because  
7 the body converts DHEA to other hormones like estrogen  
8 and testosterone.

9                   So, the solution to that critical dilemma came  
10 from Dr. Henry Lardi (phonetic), one of the nation's  
11 leading hormone biochemists and his team at the  
12 University of Wisconsin. They had been working on a  
13 natural analog or a purified form of DHEA that would  
14 maintain DHEA's powerful benefits without being converted  
15 to sex hormones. And after eight years of research, they  
16 succeeded in producing the perfect molecule. They trade-  
17 named it 7-Keto DHEA (phonetic).

18                   Today, this extraordinary compound is protected  
19 by seven U.S. patents. Now, these patents cover the  
20 molecule itself, the technology required to make the  
21 molecule and the use of 7-Keto for the treatment of a  
22 wide range of health disorders.

23                   Oasis Wellness Network is the first and only  
24 company to combine 7-Keto with DHEA in a proprietary,  
25 carefully balanced formula. Costing thousands of dollars

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1 per kilo, 7-Keto is not only the most expensive raw  
2 material in the natural products industry, it's one of  
3 the rarest and the most effective.

4 I asked Dr. John Zenk (phonetic), a board-  
5 certified internist and anti-aging specialist, to comment  
6 on 7-Keto and the Longevity Signal Formula.

7 DR. JOHN ZENK: Hello, this is Dr. John Zenk.  
8 I am a board-certified internal medicine physician in  
9 Minneapolis. I'm also author of a book called, Living  
10 Longer in the Boomer Age. In that book, I introduced a  
11 new dietary ingredient called 7-Keto.

12 7-Keto is a metabolic derivative of DHEA, which  
13 is more potent than DHEA. 7-Keto has shown promising  
14 beneficial results in improving memory, up-regulating the  
15 immune system and increasing alertness. The Longevity  
16 Signal Formula is the first time 7-Keto and DHEA have  
17 been placed together in a single product.

18 I expect to see even more promising beneficial  
19 effects from this product.

20 MALE NARRATOR: So, with 7-Keto, you had two  
21 pieces of the puzzle.

22 STEPHEN CHERNISKE: That's right. I could keep  
23 DHEA at low levels to maintain a high safety profile, but  
24 utilize enough 7-Keto to send powerful longevity signals  
25 to the brain. Now, still, I knew that I needed two more

1 factors because the perfect longevity signal would have  
2 to enhance the pituitary pathway at the same time.

3 I mean, it would have to increase growth  
4 hormone or GH. And it would have enhance the body's  
5 ability to detoxify.

6 Now, we achieve the growth hormone boost by  
7 adding a GH stimulator, the amino acid Arginine  
8 (phonetic). And we obtain the high nutrient detox  
9 benefits from a special group of botanical extracts, and  
10 importantly, these extracts are standardized compounds  
11 provided in clinically effective doses and supported by  
12 extensive research.

13 MALE NARRATOR: Well, speaking of research,  
14 you've got a file there with some of the latest findings.

15 STEPHEN CHERNISKE: Well, actually, this is  
16 only a sample of what's been published in medical  
17 journals and only in the last year. I mean, there are,  
18 as I said, literally hundreds of scientific studies  
19 supporting the components of this breakthrough formula.  
20 Here are some of the most dramatic new findings.

21 A study with postmenopausal women demonstrating  
22 increased bone density, improved glucose tolerance,  
23 enhanced feelings of well-being, decreased body fat,  
24 increased muscle mass and increased growth hormone  
25 levels.

1           Here's a study with men. Produced  
2 significantly increased IGF-1, the body's main repair and  
3 rebuild biochemical, as well as improvements in immunity.  
4 And here's a study with depressed patients showing that  
5 one compound out of the formula improved not only mood,  
6 but memory and learning ability at the same time.

7           Here's two breakthrough studies showing  
8 remarkable improvement in liver function. Now, why is  
9 that such a powerful anti-aging benefit? Because aging  
10 is associated with a marked reduction in liver function.  
11 A typical adult will lose more than 40 percent of their  
12 liver function by age 70 and that age-related defect  
13 contributes greatly to the degeneration of the entire  
14 body. Here's a study showing that you can reverse that.

15           And finally, a breakthrough study on nearly  
16 1,000 subjects published in the prestigious journal of  
17 epidemiology showing a significant reduction in the risk  
18 for atherosclerosis. Now, that's the leading cause of  
19 death in Western nations.

20           MALE NARRATOR: In the time remaining, Stephen,  
21 we need to answer some final questions about the ACI  
22 Test. We've heard about Nobel laureates, the Bioregenics  
23 Project, world-renowned professors, medical doctors and  
24 researchers. Where did the ACI come from?

25           STEPHEN CHERNISKE: Well, there, the pioneering

1 work was conducted at Halkito (phonetic) University in  
2 Japan. We picked up on their research, spent months  
3 improving the methodology and performed initial studies  
4 proving that the test was accurate, reproducible and  
5 clinically valuable.

6 Now, a more rigorous double-blind, placebo-  
7 controlled intervention trial has just been completed and  
8 the results are nothing short of spectacular. In fact,  
9 everyone was shocked except the test subjects. I mean,  
10 they knew something amazing was taking place by the way  
11 they felt. Imagine in less than 30 days waking up in the  
12 morning before the alarm clock, blazing through the day  
13 with energy to spare, dramatic increases in exercise  
14 tolerance.

15 Well, you tend to notice things like that.  
16 Now, just listen to what a few test subjects have to say  
17 about their results.

18 HARRIS: Hi, my name is Harris from Sarasota,  
19 Florida, and I've been a trained athlete involved in  
20 competitive sports for over 20 years. When I turned 40,  
21 I started experiencing a decrease in my overall  
22 performance, including unwanted weight gain.

23 In order to continue competing and excelling at  
24 a level I was accustomed to, I knew I needed to do  
25 something that would give me back my edge. That's when I

1 heard about the Oasis Longevity Signal Formula. After  
2 one month on the formula, I have noticed a decrease in  
3 body fat, increased stamina and strength, and I'm back  
4 competing against top athletes around the country.

5 This is a product I'll definitely never be  
6 without.

7 DAVE: My name is Dave and I'm from Southern  
8 California, and it's been pretty amazing since I've been  
9 taking the Longevity Signal. I used to dip in my energy  
10 levels quite a bit. But since I've been taking the  
11 Longevity Signal, I have to say I've got a consistent  
12 bioenergy all day long. At night, I sleep through the  
13 entire night like a rock, waking up early in the morning  
14 fresh, ready to go. I just feel like a million bucks.

15 As far as some special results, I would have to  
16 say I had been training seven weeks prior to getting on  
17 the Longevity Signal and had some good results prior to  
18 the Longevity Signal, but I just really start shredding  
19 up, I mean, practically overnight. In one week I lost 11  
20 pounds which I was just amazed to see my entire physical  
21 being transformed right in front of the mirror.

22 And another little special result is my sexual  
23 vigor has just gone through the roof and -- which is a  
24 great thing.

25 So, a long story short of it is I feel great, I

1           feel like a million dollars all day long. I sleep like a  
2           rock at night and I would highly recommend it for  
3           anybody.

4                         MALE NARRATOR: I can easily see how the ACI  
5           Test will change the field of anti-aging medicine.

6                         STEPHEN CHERNISKE: And for a number of  
7           reasons. I mean, today, the average anti-aging work-up  
8           costs about \$2,000 and involves a lot of painful needle  
9           sticks. We found a way to capture that information in  
10          one simple and inexpensive test, and there's no pain.  
11          The ACI Test is a simple urine test that you collect at  
12          home.

13                        MALE NARRATOR: And once more, what do the  
14          results look like? What's the information that no other  
15          test can provide?

16                        STEPHEN CHERNISKE: Well, the ACI pinpoints  
17          your location on that line from birth to death. I mean,  
18          we compare that to two points, the normal for your age,  
19          but more important, the level that has been determined to  
20          be optimal for slowing or reversing the aging process.  
21          That gives you critical information regarding where you  
22          are or where you want to be, and most important, we  
23          provide a product that's been shown in double-blind,  
24          placebo-controlled studies to help you to achieve the  
25          optimal anabolic/catabolic balance.

1                   Now, just listen to what a few doctors have to  
2 say about their results.

3                   DR. JESSIE HANDLEY: Hi, I'm Dr. Jessie Handley  
4 (phonetic), M.D., Medical Director of Malibu Health and  
5 Rehabilitation. I've been in private practice for over  
6 20 years practicing holistic and longevity medicine. The  
7 ACI is an exciting and insightful new laboratory  
8 evaluation of degeneration and regeneration. I find it a  
9 very valuable assay in my practice of wellness-oriented  
10 health care.

11                  DR. MICHAEL ROSENBAUM: This is Dr. Michael  
12 Rosenbaum (phonetic) and I am a physician in Northern  
13 California, and I've been practicing nutritional medicine  
14 for over 25 years. The ACI Test is a remarkable and  
15 impressive laboratory tool that can help evaluate your  
16 current health status. The word "anabolic" means the  
17 ability of your body to heal and to regenerate.

18                  Catabolic, in contrast, means to breakdown and  
19 it reflects the degree to which the body is degenerating  
20 or aging.

21                  Most healing therapies impact directly on this  
22 critical balance between healing or anabolism and  
23 breakdown or catabolism. I'm very, very excited about  
24 the potential of the ACI Test, not only to enhance my  
25 nutritional practice, but the practice of anti-aging

1 medicine in general.

2 MALE NARRATOR: Well, this has been incredible  
3 information, Stephen. Do you have any closing comments?

4 STEPHEN CHERNISKE: Well, yes. I'd like to  
5 close with the observation that life is short. At some  
6 point, everyone becomes aware that life is a precious  
7 journey and there's really no time for dead-ends and  
8 detours. You need an effective, practical and scientific  
9 anti-aging program. Oasis offers you that and more. It  
10 offers you a chance to experience true rejuvenation in  
11 every gland, tissue and organ in your body.

12 Time is the currency of life. I urge you to  
13 spend it wisely. And that means knowing where to go for  
14 help. And I want to suggest that the conventional  
15 medical approach has nothing to offer, nothing but a raft  
16 of palliative drugs to treat the ever-increasing symptoms  
17 of aging.

18 And if you're tired of empty promises, the  
19 smile and trust me approach, Oasis Wellness Network  
20 shakes your hand, looks you in the eye and says, let me  
21 prove it to you. Now, the difference is profound.

22 (Music playing)

23 MALE NARRATOR: If you only knew. Well, now  
24 you do know. You know that the Oasis ACI Test can  
25 measure your true age simply and inexpensively. You know

1           that the Oasis Longevity Signal Formula is guaranteed to  
2           make you biologically younger in 30 days or less. You  
3           know that your body is sending your brain longevity  
4           signals this very moment, but that they're not as strong  
5           as they could be.

6                         And now that you know, there is only one thing  
7           left to do. Call the person who gave you this tape and  
8           ask about the unconditionally guaranteed way to become  
9           biologically younger. There's absolutely no risk. Make  
10          this call today because now you know.

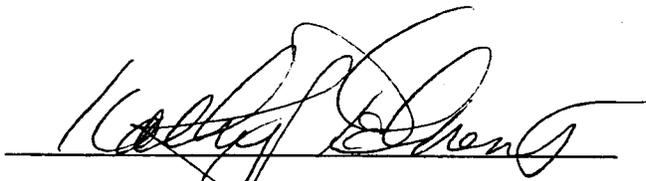
11                        Thanks for listening.

12                        **(The audiotape presentation was concluded.)**

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1                    C E R T I F I C A T I O N   O F   T Y P I S T  
23                    DOCKET/FILE NUMBER: P9945064                    CASE TITLE: INTERNET ADVERTISING5                    TAPING DATE: COPYRIGHT 19996                    TRANSCRIPTION DATE: JANUARY 11, 2000  
78                    I HEREBY CERTIFY that the transcript contained  
9                    herein is a full and accurate transcript of the tapes  
10                    transcribed by me on the above cause before the FEDERAL  
11                    TRADE COMMISSION to the best of my knowledge and belief.  
12

13                    DATED:    JANUARY 11, 2000

14                      
1516                    ELIZABETH M. FARRELL  
1718                    C E R T I F I C A T I O N   O F   P R O O F R E A D E R  
1920                    I HEREBY CERTIFY that I proofread the transcript for  
21                    accuracy in spelling, hyphenation, punctuation and  
22                    format.  
2324                      
25

KATHY J. DE MENT

Decision and Order

**DECISION AND ORDER**

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents, their attorney, and counsel for Federal Trade Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent MaxCell BioScience, Inc. is a Delaware corporation with its principal office or place of business at 100 Technology Drive, Broomfield, Colorado 80021.

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2. Respondent Stephen Cherniske is an officer of the corporate respondent. His principal office or place of business is the same as that of MaxCell BioScience, Inc.
3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

DEFINITIONS

For purposes of this Order, the following definitions shall apply:

1. Unless otherwise specified, "respondents" shall mean MaxCell BioScience, Inc., a corporation, its successors and assigns and its officers; Stephen Cherniske, individually and as an officer of the corporation; and each of the above's agents, representatives, and employees.
2. "Competent and reliable scientific evidence" shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.
3. "Distributor" shall mean any purchaser or other transferee of any product or service covered by this order who acquires such product or service from respondents, with or without valuable consideration, and who sells, or who has sold, such product or service to other sellers or to consumers, including but not limited to individuals, retail stores, or catalogs.
4. "Food," "drug" and "device," shall mean as "food," "drug," and "device" are defined in Section 15 of the Federal Trade Commission Act, 15 U.S.C. § 55.

## Decision and Order

5. "Commerce" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

## I.

IT IS ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, including franchisees, licensees, or distributors, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of the Anabolic/Catabolic Index test, or any other substantially similar device, in or affecting commerce, shall not represent, in any manner, expressly or by implication, that such device provides a clinical gauge of an individual's overall healthiness or overall youthfulness. For purposes of this Part, "substantially similar device" shall mean any product that measures the ratio of 17-ketosteroids to creatinine in one urine sample.

## II.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, including franchisees, licensees, or distributors, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any test or other device, in or affecting commerce, shall not represent, in any manner, expressly or by implication, that such device provides a clinical gauge of an individual's overall healthiness or overall youthfulness, unless the representation is true and, at the time it is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

## III.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, including franchisees, licensees, or distributors, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of Longevity Signal Formula or any

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other food, drug, device, service, or dietary supplement, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication:

- B. That such product or service reduces the risk of atherosclerosis,
- C. That such product or service cures arthritis,
- D. That such product or service lowers blood pressure,
- E. That such product or service lowers cholesterol levels in the bloodstream,
- F. That such product or service strengthens bones,
- G. That such product or service reduces or eliminates the need for corrective lenses,
- H. That such product or service promotes weight loss or muscle gain without dieting or exercise,
- I. That such product or service increases glucose tolerance,
- J. That such product or service increases Growth Hormone levels in the body, thereby causing positive clinical effects on health,
- K. That such product or service improves liver function,
- L. That such product or service prevents or reverses aging, or increases life expectancy, or
- M. About the effect of such product or service on any disease, or about the effect of such product or service on the structure or function of the human body, or about any other health benefit, or the safety, of such product or service,

## Decision and Order

unless, at the time it is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

## IV.

IT IS FURTHER ORDERED that respondents shall not provide to any person or entity means and instrumentalities that contain any claim about the effect of any product or service on any disease, or about the effect of any product or service on the structure or function of the human body, or about any other health benefit, or the safety, of any product or service, unless such claim is true, and substantiated by competent and reliable scientific evidence. For purposes of this Part, “means and instrumentalities” shall mean any information, including but not necessarily limited to any advertising, labeling or promotional materials, for use by distributors in their marketing or sale of the Anabolic/Catabolic Index test or Longevity Signal Formula or any other product or service covered under this order, in or affecting commerce.

## V.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, including franchisees, licensees, or distributors, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any food, drug, device, service, or dietary supplement, in or affecting commerce, shall not misrepresent, in any manner, expressly or by implication, the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research.

## VI.

IT IS FURTHER ORDERED that respondents shall:

- A. Within seven (7) days after service of this order upon respondents, deliver to the Commission a list, in the form of

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a sworn affidavit, of all distributors who purchased the Anabolic/Catabolic Index test or Longevity Signal Formula from respondents or from one of respondents' other distributors on or after January 1, 2000. Such list shall include each distributor's name and address, and, if available, the telephone number and email address of each distributor.

- B. Within thirty (30) days after service of this order upon respondents, send by first class mail, with postage prepaid, an exact copy of the notice attached hereto as Attachment A, showing the date of mailing, to each distributor who purchased the Anabolic/Catabolic Index test or Longevity Signal Formula from respondents or from one of respondents' other distributors between January 1, 2000, and the date of service of this order. This mailing shall not include any other document.

VII.

IT IS FURTHER ORDERED that respondent MaxCell BioScience, Inc., directly or through any corporation, subsidiary, division, trade name, or other device, shall:

- A. For a period of three (3) years following entry of this order, send a copy of the notice attached hereto (Attachment A) by first class mail, with postage prepaid, to any distributor of the Anabolic/Catabolic Index test, Longevity Signal Formula, or any other food, drug, device, service, or dietary supplement; provided, however, that the requirement of this subpart shall not apply to any distributor who received a copy of the notice attached hereto (Attachment A) pursuant to the requirements of subpart VI.B of this order. Such notice shall be sent within one (1) week from the first shipment of respondent's products or programs to said distributor. The mailing shall not include any other documents.

## Decision and Order

- B. Institute a reasonable program of surveillance adequate to reveal whether any of respondent's distributors are disseminating advertisements or promotional materials that contain any representation about the Anabolic/Catabolic Index test, Longevity Signal Formula, or any other food, drug, device, service, or dietary supplement manufactured by or purchased from respondent, that is prohibited by Part I, II, III, or IV of this order.
- C. Terminate all sales of the Anabolic/Catabolic Index test, Longevity Signal Formula, or any other food, drug, device, service, or dietary supplement to any distributor who is engaged in disseminating advertisements or promotional materials that contain any representation about the Anabolic/Catabolic Index test, Longevity Signal Formula, or any other food, drug, device, service, or dietary supplement manufactured by or purchased from respondent, that is prohibited by Part I, II, III, or IV of this order once respondent knows or should know that the distributor is or has been engaged in such conduct.

## VIII.

Nothing in this order shall prohibit respondents from making any representation for any drug that is permitted in labeling for such drug under any tentative final or final standard promulgated by the Food and Drug Administration, or under any new medical device application approved by the Food and Drug Administration. Nor shall it prohibit respondents from making any representation for any product that is specifically permitted in labeling for such product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990.

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IX.

**IT IS FURTHER ORDERED** that respondents shall pay the Federal Trade Commission the sum of **one hundred fifty thousand dollars** (\$150,000). This payment shall be made in the following manner:

- A. The payment shall be made by wire transfer or certified or cashier's check made payable to the Federal Trade Commission, the payment to be made no later than the date that this order becomes final.
- B. In the event of any default in payment, which default continues for ten (10) days beyond the due date of payment, the amount due, together with interest, as computed pursuant to 28 U.S.C. § 1961 from the date of default to the date of payment, shall immediately become due and payable.
- C. The funds paid by respondents, together with any accrued interest, shall, in the discretion of the Commission, be used by the Commission to provide direct redress to purchasers of Longevity Signal Formula and/or the Anabolic/Catabolic Index test in connection with the acts and practices alleged in the complaint, and to pay any attendant costs of administration. If the Commission determines, in its sole discretion, that redress to purchasers of these products is wholly or partially impracticable or is otherwise unwarranted, any funds not so used shall be paid to the United States Treasury. Respondents shall be notified as to how the funds are distributed, but shall have no right to contest the manner of distribution chosen by the Commission. No portion of the payment as herein provided shall be deemed a payment of any fine, penalty or punitive assessment.
- D. Respondents relinquish all dominion, control, and title to the funds paid, and all legal and equitable title to the funds vests in the Treasurer of the United States and in the

## Decision and Order

designated consumers. Respondents shall make no claim to or demand for return of funds, directly or indirectly, through counsel or otherwise; and in the event of bankruptcy of any respondent, respondents acknowledge that the funds are not part of the debtor's estate, nor does the estate have any claim or interest therein.

## X.

IT IS FURTHER ORDERED that respondent MaxCell BioScience, Inc., and its successors and assigns, and respondent Stephen Cherniske shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

- A. All advertisements and promotional materials containing the representation;
- B. All materials that were relied upon in disseminating the representation; and
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call 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.

## XI.

IT IS FURTHER ORDERED that respondent MaxCell BioScience, Inc., and its successors and assigns, and respondent Stephen Cherniske shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver

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this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

XII.

IT IS FURTHER ORDERED that respondent MaxCell BioScience, Inc., and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including, but not limited to, a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580.

XIII.

IT IS FURTHER ORDERED that respondent Stephen Cherniske, for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade

## Decision and Order

Commission, 600 Pennsylvania Avenue, N.W., Washington, D.C.  
20580.

## XIV.

IT IS FURTHER ORDERED that respondent MaxCell BioScience, Inc., and its successors and assigns, and respondent Stephen Cherniske shall, within sixty (60) days after service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

## XV.

This order will terminate twenty (20) years from the date of its issuance, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (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 Part.

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 Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the

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later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

By the Commission.

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**ATTACHMENT A**

LETTER SENT TO DISTRIBUTORS WITH WHOM  
RESPONDENT HAS DONE BUSINESS BETWEEN  
JANUARY 1, 2000,  
AND THE DATE OF SERVICE OF THIS ORDER

[To Be Printed on MaxCell BioScience letterhead]

[NAME AND ADDRESS OF RECIPIENT]

[DATE]

Dear [DISTRIBUTOR'S NAME]:

This letter is to inform you that MaxCell BioScience, Inc. recently settled a civil dispute with the Federal Trade Commission regarding its advertising for the *Anabolic/Catabolic Index test* and *Longevity Signal Formula*. Among other things, we have agreed to notify distributors of the settlement.

As a result of its agreement with the FTC, MaxCell BioScience, Inc. has consented to desist from, among other practices, making any claim about the effects on any disease or on the structure or function of the human body, or about any other health benefit, or the safety, of any dietary supplement, food, drug, device, or service, that is not supported by competent and reliable scientific evidence. Competent and reliable scientific evidence is defined as tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results. Anecdotal evidence and consumer testimonials are not considered competent and reliable scientific evidence.

According the FTC complaint, we did not have a reasonable basis to claim that the ACI test measures a person's overall

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healthiness or youthfulness or that LSF reduces the risk of atherosclerosis, cures arthritis, lowers blood pressure, lowers cholesterol levels in the bloodstream, strengthens bones, reduces or eliminates the need for corrective lenses, or promotes weight loss and muscle gain without dieting or exercise, increases glucose tolerance, increases Growth Hormone levels in the body, thereby causing positive clinical effects on health, or improves liver function.

As always, your responsibility as a distributor is to utilize only claims made directly from corporate communications or to have your advertising approved by the corporation before transmitting it. Failure to comply with these requirements can result in termination.

This letter has been provided for your files. If you have any questions or if you want a copy of the FTC order, please contact [insert name and telephone number of respondents' contact].

---

MaxCell BioScience, Inc.

## Analysis

**Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission has accepted, subject to final approval, an agreement containing a consent order from MaxCell BioScience, Inc. and Stephen Cherniske, president of the corporation (collectively, "MaxCell").

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

This matter involves alleged misleading representations about Longevity Signal Formula ("LSF"), a dietary supplement containing, among other ingredients, arginine, DHEA, and 7-Keto DHEA, and an Anabolic/Catabolic Index™ ("ACI") test, an at-home (with laboratory analysis) urine test that measures the ratio of 17-ketosteroids to creatinine in one urine sample. This matter concerns allegedly false and unsubstantiated advertising claims made in cassette tapes and web sites distributed directly to consumers and through distributors regarding the ability of LSF to reverse the aging process and, consequently, to prevent, treat, or cure numerous age-related diseases and conditions, and the ability of the ACI test to measure a person's overall healthiness and youthfulness and to prove the effectiveness of LSF for reversing aging.

According to the FTC complaint, MaxCell falsely claimed that the ACI test provides a clinical gauge of an individual's overall healthiness or youthfulness and demonstrates that LSF prevents or reverses aging. In fact, the complaint alleges that the ACI test only measures inactive androgen breakdown products in the urine, which products, in most instances, are not a significant or reliable measure of overall healthiness or youthfulness. The complaint further alleges that MaxCell falsely claimed that scientific testing

Analysis

demonstrates the ability of LSF to: significantly reduce the risk of atherosclerosis; increase bone density, improve glucose tolerance, reduce body fat, increase muscle mass, and increase growth hormone levels in post-menopausal women; improve liver function; and significantly increase life expectancy.

In addition, the complaint challenges claims that LSF: significantly reduces the risk of atherosclerosis; cures arthritis; lowers blood pressure; significantly lowers cholesterol levels in the bloodstream; strengthens bones; reduces or eliminates the need for corrective eyewear; promotes significant weight loss and muscle gain without dieting or exercise; increases glucose tolerance; increases Growth Hormone levels in the body, thereby causing positive clinical effects on health; improves liver function; prevents or reverses aging; and significantly increases life expectancy. The complaint alleges that these claims are unsubstantiated.

Finally, the complaint charges that MaxCell, by providing advertisements and promotional materials to distributors for use in their marketing and sale of LSF and the ACI test, have provided means and instrumentalities to distributors of MaxCell's products in furtherance of the deceptive and misleading acts or practices alleged in the complaint.

The proposed consent order contains provisions designed to prevent MaxCell and its distributors from engaging in similar acts and practices in the future and to redress consumer injury by requiring MaxCell to make a monetary payment to the Commission.

Part I of the order bans claims that the ACI Test or any other substantially similar device provides a clinical gauge of an individual's overall healthiness or youthfulness. "Substantially similar device" is defined as any product that measures the ratio of 17-ketosteroids to creatinine in one urine sample.

## Analysis

Part II of the order requires that future claims that any test or device provides a clinical gauge of an individual's overall healthiness or youthfulness be true and substantiated by competent and reliable scientific evidence.

Part III of the order requires competent and reliable scientific evidence as substantiation for future claims that LSF or any other food, drug, device, service, or dietary supplement provides any of the specific health benefits challenged above as unsubstantiated. In addition, Part III. L requires scientific substantiation for any future claim about the effect of covered products or services on any disease, on the structure or function of the human body, or about any other health benefit, or the safety, of any covered product or service.

Part IV of the order prohibits MaxCell from providing to any person or entity “means and instrumentalities” that contain any claim about the effect of any product or service on any disease, or about the effect of any product or service on the structure or function of the human body, or about any other health benefit, or the safety, of any product or service, unless such claim is true and substantiated by competent and reliable scientific evidence. “Means and instrumentalities” is defined as any information, including but not necessarily limited to any advertising, labeling, or promotional materials, for use by distributors in their marketing or sale of the ACI test or LSF or any other product or service covered under the order.

Part V of the order prohibits MaxCell from misrepresenting the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research.

Part VI of the order requires dissemination of a notice (“Attachment A”) about the order to MaxCell's distributors who have purchased the ACI Test or LSF since January 1, 2000. This notice indicates that MaxCell has agreed to cease making challenged representations, and warns distributors that they may

Analysis

be terminated if they do not conform their representations to the requirements placed on MaxCell.

Part VII of the order requires dissemination of Attachment A to future distributors, and that MaxCell monitor their distributors, and terminate sales to distributors who make representations prohibited by the order.

Part VIII of the order permits FDA-approved drug claims and claims for food or dietary supplements authorized under the Nutrition Labeling and Education Act of 1990.

Part IX of the order requires that MaxCell make a payment of \$150,000 to the Commission, which funds the FTC can forward to the U.S. Treasury as disgorgement or use for purposes of consumer redress.

Parts X, XI, XII, and XIV of the order require MaxCell to keep copies of relevant advertisements and materials substantiating claims made in the advertisements, to provide copies of the order to certain of its personnel, to notify the Commission of changes in corporate structure, and to file compliance reports with the Commission. Part XIII requires Stephen Cherniske to notify the Commission of his employment status, and Part XV provides that the order will terminate after twenty (20) years under certain circumstances.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

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IN THE MATTER OF

**FORMOR, INC. AND STAN GOSS**CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 5 AND SEC. 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-4021; File No. 0023226  
Complaint, July 30, 2001--Decision, July 30, 2001*

This consent order addresses health-related advertising claims that Respondent ForMor, Inc., and one of its officers, Respondent Stan Goss, disseminated on the Internet and elsewhere for their St. John's Kava Kava (a dietary supplement that contains St. John's Wort) colloidal silver, and shark cartilage products. The order, among other things, prohibits the respondents from representing that ingesting a St. John's Wort product – or any covered product or service – is effective in the treatment of HIV/AIDS, colds, syphilis, tuberculosis, dysentery, whooping cough, mania, hypochondria, fatigue, or hysteria – unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation – and from representing that ingesting a St. John's Wort product has no serious drug interactions. The order also prohibits the respondents from representing that ingesting colloidal silver is proven effective in the treatment of disease or any number of diseases, or that medical studies demonstrate that ingesting colloidal silver is safe or has no adverse side effects. In addition, the order prohibits the respondents – in connection with the advertising or sale of any shark cartilage product or any covered product or service – from representing that ingesting such a product is effective in the treatment of arthritis or other degenerative or inflammatory conditions, or of brain cancer, without possessing and relying upon competent and reliable scientific evidence that substantiates the representation. The order also prohibits the respondents – in connection with the advertising or sale of any covered product or service – from misrepresenting the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research. In addition, the order requires the respondents to provide refunds upon request to purchasers of colloidal silver and Ultimate II Shark Cartilage Concentrate.

*Participants*

For the Commission: *Susan M. Luciano, Donald G. D'Amato, Michael Joel Bloom, Thomas A. Cohn, Barbara Anthony, Janis K. Pappalardo, Gerard R. Butters and Paul A. Pautler.*

For the Respondent: *Stan Goss, pro se.*

Complaint

## COMPLAINT

The Federal Trade Commission, having reason to believe that ForMor, Inc., a corporation, also doing business as ForMor International, and Stan Goss, individually and as an officer of the corporation (“respondents”), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

PARAGRAPH 1: Respondent ForMor, Inc. is an Arkansas corporation with its principal office or place of business at P.O. Box 2080, Conway, Arkansas 72033.

Respondent Stan Goss is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation, including the acts and practices alleged in this complaint. His business address is P.O. Box 2080, Conway, Arkansas 72033.

PARAGRAPH 2: Respondents have advertised, offered for sale, sold, and distributed, among other products, St. John’s Kava Kava, a product containing St. John’s Wort; colloidal silver; and Ultimate II Shark Cartilage Concentrate. These products are “foods” and/or “drugs” within the meaning of Sections 12 and 15 of the Federal Trade Commission Act, 15 U.S.C. §§ 52 and 55.

PARAGRAPH 3: The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

### **ForMor, Inc.’s St. John’s Wort Product**

PARAGRAPH 4: Respondents have disseminated or have caused to be disseminated advertisements for St. John’s Kava Kava, including, but not limited to, the attached Exhibits A and B.

## Complaint

Advertisements for St. John's Kava Kava have been disseminated through, among other media, websites on the Internet. ForMor, Inc.'s website, <http://www.formorintl.com/kava.html> (excerpted in Exhibit A), contains the following statement:

[St. John's Wort] has also been used for treatment of infectious diseases such as colds, syphilis, tuberculosis, dysentery, whooping cough, mania, hypochondria, fatigue, hysteria and insomnia. . . . Recently St. John's Wort has received a great deal of attention in the treatment for human immuno-deficiency virus (HIV), the virus that can cause AIDS. . . . **Displays Anti-viral Activity** [R]esearchers have reported the discovery of two substances in St. John's Wort . . . that displayed anti-viral activity against some retroviruses. Retroviruses include the human immuno-deficiency virus (HIV). **Mild to Non-existent Side Effects** Recent medical studies confirm the safety of St. John's Wort.

In addition to the above, a brochure advertisement (Exhibit B) contains the following statement:

**Mild to Non-existent Side Effects:** In Germany, sixty-six million daily doses of Hypericum [St. John's Wort] were taken in 1994. There were no reports of serious drug interactions or even toxicity after accidental overdose.

PARAGRAPH 5: Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that ingestion of St. John's Kava Kava is effective in the treatment of HIV/AIDS, colds, syphilis, tuberculosis, dysentery, whooping cough, mania, hypochondria, fatigue, and hysteria.

PARAGRAPH 6: Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis

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that substantiated the representations set forth in Paragraph 5 at the time the representations were made.

PARAGRAPH 7: In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 5 at the time the representations were made. Respondents did not rely on well-controlled scientific studies involving human subjects showing that ingestion of St. John's Wort is effective in the treatment of HIV/AIDS, colds, syphilis, tuberculosis, dysentery, whooping cough, mania, hypochondria, fatigue, and hysteria. Therefore, the representation set forth in Paragraph 6 was, and is, false or misleading.

PARAGRAPH 8: Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that ingestion of St. John's Kava Kava is effective in the treatment of HIV/AIDS. Respondents have failed to disclose that ingestion of St. John's Wort is not compatible with use of protease inhibitors and other drugs used in the treatment of HIV/AIDS. This fact would be material to consumers in their purchase or use of the product. The failure to disclose this fact, in light of the representation made, was, and is, a deceptive practice.

PARAGRAPH 9: Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that ingestion of St. John's Kava Kava has no serious drug interactions.

PARAGRAPH 10: In truth and in fact, ingestion of St. John's Wort has serious drug interactions. Ingestion of St. John's Wort may reduce the effectiveness of drugs used to treat HIV/AIDS, as well as the effectiveness of cyclosporine (a drug used to prevent organ transplant rejection), the effectiveness of anticoagulants (such as warfarin), and the effectiveness of birth control pills. Therefore, the representation set forth in Paragraph 9 was, and is, false or misleading.

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**ForMor, Inc.'s Colloidal Silver Product**

PARAGRAPH 11: Respondents have disseminated or have caused to be disseminated advertisements for ForMor, Inc.'s colloidal silver product, including, but not limited to, the attached Exhibits C and D. Advertisements for ForMor, Inc.'s colloidal silver product have been disseminated through, among other media, websites on the Internet.

ForMor, Inc.'s website advertisement, <http://www.formorintl.com/silver.html> (excerpted in Exhibit C), contains the following statement:

[Colloidal Silver] is still considered to be the most universal antibiotic substance that is non-toxic in its micro-concentrations of 3 to 5-ppm. . . . It has been proven to be useful against over 650 different infectious conditions . . . . [It] is the only form of silver that can be used safely as a supplement. . . . The colloidal particles diffuse gradually throughout the blood and give prolonged therapeutic action. Kills over 650 Different Disease Causing Germs. . . . All harmful bacteria, fungi and virus are killed within 6 minutes of contact with silver and no disease organism can live in the presence of even minute traces of silver. . . . The following is a list of some of the pre-1938 documented uses of silver, particularly in the colloidal form, for the treatment of various conditions and pathogens: [the list includes, among other things, arthritis, blood poisoning, cancer, cholera, diphtheria, diabetes, dysentery, gonorrheal herpes, influenza, leprosy, lupus, malaria, meningitis, rheumatism, shingles, staph infections, strep infections, syphilis, tuberculosis, whooping cough, and yeast infections]. Colloidal silver was widely used in the U.S. 60 to 70 years ago as an antibacterial . . . . [I]ts utilization grew impractical [due to the high price of silver in the 1930s].

A brochure advertisement (Exhibit D) adds:

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**SAFE AND EFFECTIVE** Some lab tests have shown that ‘true’ Colloidal Silver has little effect on ‘friendly’ bacteria while being highly useful against infections . . . . Medical tests indicate no known adverse effects from the use of properly prepared Colloidal Silver. . . . [It] may be gargled, dropped into the eyes or ears, used vaginally, anally, atomized, or inhaled into the nose or lungs. [T]here are no side effects whatsoever from the highest concentration. . . . [footnote omitted] It also does not stain the skin, unlike certain pharmaceutical preparations of silver . . . . [footnote omitted] From extensive research and experiments with Silver in medicine, **Dr. Robert O. Brecker** . . . discovered that all cancer cells changed back to normal. Dr. Bjorn Nordstrom . . . has used silver in his cancer cure method for many years. . . . This has brought remission in patients who were given up on by other doctors.”

The brochure advertisement (Exhibit D) also includes testimonials such as:

I had a cancerous spot near my forefinger and thumb and I put a bandage with cotton soaked in silver twice a day for 2 weeks and it went completely away. I also had an eye infection which I doctored with 2 drops of the silver twice a day and the infection was gone in three days.

*Ray Pantry, Oklahoma City, OK*

PARAGRAPH 12: Through the means described in Paragraph 11, respondents have represented, expressly or by implication, that:

- A. Ingestion of colloidal silver is proven effective in the treatment of over 650 infectious diseases; and
- B. Medical tests prove that ingestion of colloidal silver is safe and has no adverse side effects.

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PARAGRAPH 13: In truth and in fact, ingestion of colloidal silver is not proven effective in the treatment of over 650 infectious diseases, and medical tests do not prove that ingestion of colloidal silver is safe and has no adverse side effects. Therefore, the representations set forth in Paragraph 12 were, and are, false or misleading.

PARAGRAPH 14: Through the means described in Paragraph 11, respondents have represented, expressly or by implication, that:

- A. Ingestion of colloidal silver is effective in the treatment of arthritis, blood poisoning, cancer, cholera, diphtheria, diabetes, dysentery, gonorrheal herpes, influenza, leprosy, lupus, malaria, meningitis, rheumatism, shingles, staph infections, strep infections, syphilis, tuberculosis, whooping cough, and yeast infections; and
- B. A testimonial from a consumer appearing in the advertisement for ForMor, Inc.'s colloidal silver reflects the typical or ordinary experience of persons with cancer who use the product.

PARAGRAPH 15: Through the means described in Paragraph 11, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 14 at the time the representations were made.

PARAGRAPH 16: In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 14 at the time the representations were made. For example, respondents did not rely on well-controlled scientific studies in human subjects showing colloidal silver is effective in the treatment of arthritis, blood poisoning, cancer, cholera, diphtheria, diabetes, dysentery, gonorrheal herpes, influenza, leprosy, lupus, malaria, meningitis, rheumatism, shingles, staph infections, strep infections, syphilis,

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tuberculosis, whooping cough, and yeast infections, and there are no reports of such studies in the publicly available scientific literature. In addition, the FDA issued a final rule, effective September 16, 1999, finding and establishing that all OTC drug products containing colloidal silver ingredients or silver salts for internal or external use are not generally recognized as safe and effective. Therefore, the representation set forth in Paragraph 15 was, and is, false or misleading.

**ForMor, Inc.'s Ultimate II Shark Cartilage Concentrate**

PARAGRAPH 17: Respondents have disseminated or have caused to be disseminated advertisements for ForMor, Inc.'s Ultimate II Shark Cartilage Concentrate product, including, but not limited to, the attached Exhibits E and F. Advertisements for ForMor, Inc.'s Ultimate II Shark Cartilage Concentrate have been disseminated through, among other media, websites on the Internet.

ForMor, Inc.'s website, <http://www.formorintl.com/ultimate.html> (excerpted in Exhibit E), contains the following statement:

The Results Are In On Shark Cartilage. Dr. Freeman cites exciting scientific research on using shark cartilage supplements in the successful treatment of arthritis. These experiments . . . were overwhelmingly effective in relieving joint pain and inflammation. A dozen elderly arthritic patients with severe knee pain were treated with shark cartilage

by Dr. Joseph Orcasity. . . . He reported that after four weeks of taking shark cartilage, most patients exhibited reduced pain and swelling and greater mobility. . . . Clinical Uses: The current medical literature contains much scientific evidence that shark cartilage is a tremendously effective treatment in many degenerative and inflammatory conditions.

In addition to the above, a brochure advertisement (Exhibit F) includes several testimonials, including:

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Before I started taking [Ultimate II Shark Cartilage Concentrate] . . . I had constant pain and I couldn't see, mainly out of my right eye. I had pretty bad headaches that were much like migraines. The doctors told me I had a terminal brain tumor that was big and growing. . . . Now, since I've taken the shark cartilage, everything is changing. I can see, I don't have very much pain . . . . And the doctor says the tumor is going down. . . . The doctor is very pleased and I don't have to see him for 6 months. . . .

—*Cherie Brandstetter, Texas*

PARAGRAPH 18: Through the means described in Paragraph 17, respondents have represented, expressly or by implication, that:

- A. Ingestion of shark cartilage is effective in the treatment of arthritis and other degenerative and inflammatory conditions;
- B. Ingestion of shark cartilage is effective in the treatment of brain cancer; and
- C. A testimonial from a consumer appearing in the advertisements for ForMor, Inc.'s Ultimate II Shark Cartilage Concentrate reflects the typical or ordinary experiences of persons with brain cancer who use the product.

PARAGRAPH 19: Through the means described in Paragraph 17, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 18 at the time the representations were made.

PARAGRAPH 20: In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 18 at the time the

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representations were made. Researchers generally believe that some substance in shark and bovine cartilage may inhibit blood vessel formation necessary to furnish oxygen and other nutrients to cancer cells. To date, however, all verified animal and human studies involving oral or rectal administration of shark cartilage have failed to demonstrate anti-cancer effectiveness. Similarly, the arthritis-related materials do not include well-controlled clinical studies involving the ingestion of shark cartilage by human subjects. Therefore, the representation set forth in Paragraph 19 was, and is, false or misleading.

PARAGRAPH 21: Through the means described in Paragraph 17, respondents have represented, expressly or by implication, that scientific research establishes that ingestion of shark cartilage is effective in the treatment of arthritis and other degenerative and inflammatory conditions.

PARAGRAPH 22: In truth and in fact, scientific research does not establish that ingestion of shark cartilage is effective in the treatment of arthritis and other degenerative and inflammatory conditions. Therefore, the representation set forth in Paragraph 21 was, and is, false or misleading.

PARAGRAPH 23: The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices, and the making of false advertisements, in or affecting commerce, in violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this thirtieth day of July, 2001, has issued this complaint against respondents.

By the Commission.



**ST. JOHN'S KAVA KAVA**  
*May be helpful*  
**for mild to moderate depression**

**St. John's Kava Kava**  
 Dietary Supplement

**Supplement Facts**

**A NATURAL MOOD BOOSTER**

"St. John's wort is a promising treatment for depression...Hypericum extracts were significantly superior to placebo and similarly effective as standard antidepressants .. The herb may offer an advantage, however, in terms of relative safety and tolerability, which might improve patient compliance."

**--British Medical Journal August 3, 1996**

"Move over, Prozac. German and American researchers report the herb known as St. John's wort may be effective in treating depression."

**--TIME August 12, 1996**

**ST. JOHN'S WORT AN HERBAL ALTERNATIVE TO PRESCRIPTION DRUGS**

An Herbal Alternative to Prescription Drugs St John's Wort is a natural herb that comes from a yellow flowered plant with the Latin name Hypericum Perforatum. Perforatum means 'perforated' and wort means "plant". It has been used for centuries in the treatment of wounds, kidney and lung ailments, bed wetting in children, anxiety and depression. It has also been used for treatment of infectious diseases such as colds, syphilis, tuberculosis, dysentery, whooping cough, mania, hypochondria, fatigue, hysteria and insomnia.

In centuries past and recent years St. John's Wort has been used as an anti-depressant alternative for mild to moderate depression.

Recently St. John's Wort has received a great deal of attention in the treatment for human immuno-deficiency virus (HIV), the virus that can cause AIDS.

**AN ANTI-DEPRESSANT ALTERNATIVE**

Depression is a world wide epidemic. In Germany, St. John's Wort is the leading treatment for mild to moderate depression and it is fast coming to the United States.

A compelling study of 3,250 patients found that approximately 80% of the patients suffering from mild to moderate depression experienced feeling better or were completely relieved of depression after four weeks.

#### **DISPLAYS ANIT-VIRAL ACTIVITY**

In a study published in the Journal Proceedings of the National Academy of Sciences in 1988, researchers have reported the discovery of two substances in St. John's Wort, hypericin and pseudohypericin, that displayed anti-viral activity against some retroviruses. Retroviruses include the human immuno-deficiency virus (HIV).

#### **MILD TO NON-EXISTENT SIDE EFFECTS**

Recent medical studies confirm the safety of St. John's Wort. In Germany, sixty-six million daily doses of Hypericum were taken in 1994. There were no reports of serious drug interactions or even toxicity after accidental overdose. Hypericum, by comparison, does not have a single recorded human death in 2,400 years of known medicinal use.

#### **St. John's Kava Kava**

Serving Size: 1 capsule

<b>Ingredients</b>	<b>Amt Per Serving</b>	<b>%DV</b>
Vitamin B6 (as pyridoxine HCl)	10mg	500
St. John's Wort extract (0.14% hypericin)	300mg	*
L-Tyrosine	50mg	*
Kava kava extract (30% kavalactones) (root)	50mg	*

\*Daily value not established

#### **ACTIVE INGREDIENTS**

The main components are hypericin and pseudohypericin. Other possible active ingredients are polymerization products of hypericin, the flavonoids quercetin, hyperoside, isoquercetin, rutin, campherol, luteolin and biopigenin.

Vitamin B6 (as Pyridoxine HCl) - Acts as a co-enzyme for metabolic functions affecting protein, carbohydrates and fat utilization. Promotes conversion of tryptophan to niacin or serotonin.

#### **Reasons to Use:**

- Participates actively in many chemical reactions of proteins and amino acids.
- Helps normal function of brain.
- Promotes normal red blood cell formation.

- Maintains chemical balance among body fluids.
- Regulates excretion of water.
- Helps in energy production and resistance to stress.
- Acts as co-enzyme in carbohydrate, protein and fat metabolism.
- Treats some forms of anemia.
- Treats cycloserine and isoniazid poisoning.

**L-Tyrosine - Functions as building block of all proteins.**

**Kava Kava (Piper Methysticum)** - This herb, a member of the pepper family, grows as a bush in the South Pacific. Explorer Captain James Cook, who gave this plant the botanical name of "intoxicating pepper", first discovered kava kava. Kava has been used for over 3,000 years for its medicinal effects as a sedative, muscle relaxant, diuretic, and as a remedy for nervousness and insomnia.

In Germany, Kava kava is used as a non-prescription drug to reduce anxiety. Kava was first mentioned in scientific records in 1886, and it is gaining popularity in the US for its relaxing effects.

Kava also is effective as a pain reliever and can be used instead of aspirin, acetaminophen and ibuprofen.

Recent clinical studies have shown that the herb kava is a safe, non-addictive, anti-anxiety medicine, and as effective as prescription anxiety agents containing benzodiazepines, such as valium. While benzodiazepines tend to promote lethargy and mental impairment, kava has been clinically demonstrated as a means of achieving a state of relaxation without the adverse side effects.

**Common Use:** Kava root is primarily used as a natural sedative and sleep enhancement. Herbalists have traditionally used it as a remedy for nervousness and insomnia. Kava kava is an effective relaxant that can help relieve cramping due to spasms.

**Kava Kava Root** - Kava Kava root is excellent for insomnia and nervousness, as it will invoke sleep and relax the nervous system. Used for pain associated with nerve or skin diseases. It relieves stress after injuries. The plant works by first stimulating the nervous system, and then depresses it. It is also a urinary antiseptic and anti-inflammatory, thus useful for cystitis and prostatitis. May be used in the treatment of rheumatism and gout. Externally used in liniments as an analgesic

**Recommended use:** Take 1 capsule daily as a dietary supplement.

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**Special Notice**

*"FORMOR makes no representation or warranty, expressed or implied, including warranties of fitness for a particular purpose and of merchantability of this product, except as indicated on its label."*

*If you are not fully satisfied with the results after using this product, your full purchase price will be refunded by the distributor you purchased it from.*

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

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Nutritionals | Skin Care | Home Care | Nutrizona | Testimonials



# ABOUT ST. JOHN'S KAVA KAVA BOOST

PLANTAIN 56 (AS PYRIDOXINE HCl)

What this vitamin does:

- Aids in the conversion of amino acids to energy
- Aids in the conversion of carbohydrates to energy
- Aids in the conversion of fats to energy
- Aids in the conversion of proteins to energy
- Aids in the conversion of vitamins to energy
- Aids in the conversion of minerals to energy
- Aids in the conversion of water to energy
- Aids in the conversion of oxygen to energy
- Aids in the conversion of carbon dioxide to energy
- Aids in the conversion of heat to energy
- Aids in the conversion of light to energy
- Aids in the conversion of sound to energy
- Aids in the conversion of touch to energy
- Aids in the conversion of taste to energy
- Aids in the conversion of smell to energy
- Aids in the conversion of pain to energy
- Aids in the conversion of pleasure to energy
- Aids in the conversion of all things to energy

## Reasons to Use:

- Aids in the conversion of many chemical reactions of proteins and amino acids.
- Aids in the normal function of the brain.
- Promotes normal growth and cell formation.
- Aids in the chemical balance of body fluids.
- Regulates the action of water.
- Helps in energy production and resistance to stress.
- Aids in the conversion of carbohydrates to protein and fat.
- Aids in the conversion of fats to energy.
- Aids in the conversion of proteins to energy.
- Aids in the conversion of vitamins to energy.
- Aids in the conversion of minerals to energy.
- Aids in the conversion of water to energy.
- Aids in the conversion of oxygen to energy.
- Aids in the conversion of carbon dioxide to energy.
- Aids in the conversion of heat to energy.
- Aids in the conversion of light to energy.
- Aids in the conversion of sound to energy.
- Aids in the conversion of touch to energy.
- Aids in the conversion of taste to energy.
- Aids in the conversion of smell to energy.
- Aids in the conversion of pain to energy.
- Aids in the conversion of pleasure to energy.
- Aids in the conversion of all things to energy.

## A Herbal Alternative to Prescription Drugs

St. John's Wort is a natural remedy for many conditions. It is a powerful herb that has been used for centuries. It is a natural antidepressant and is used to treat depression, anxiety, and insomnia. It is also used to treat pain, inflammation, and skin conditions. It is a natural sedative and is used to treat sleep disorders. It is a natural stimulant and is used to treat fatigue and lack of energy. It is a natural diuretic and is used to treat high blood pressure. It is a natural antispasmodic and is used to treat muscle spasms. It is a natural antitumor agent and is used to treat cancer. It is a natural antiviral agent and is used to treat HIV/AIDS. It is a natural antifungal agent and is used to treat yeast infections. It is a natural antibacterial agent and is used to treat bacterial infections. It is a natural antiparasitic agent and is used to treat parasitic infections. It is a natural immunomodulator and is used to boost the immune system. It is a natural antioxidant and is used to protect against free radicals. It is a natural anti-inflammatory agent and is used to reduce inflammation. It is a natural analgesic and is used to relieve pain. It is a natural anxiolytic and is used to reduce anxiety. It is a natural hypnotic and is used to induce sleep. It is a natural emetic and is used to induce vomiting. It is a natural laxative and is used to relieve constipation. It is a natural diaphoretic and is used to induce sweating. It is a natural expectorant and is used to loosen mucus. It is a natural antitussive and is used to suppress coughing. It is a natural anticholinergic agent and is used to block the action of acetylcholine. It is a natural antihistamine and is used to block the action of histamine. It is a natural antiserotonin agent and is used to block the action of serotonin. It is a natural antidiabetic agent and is used to lower blood sugar. It is a natural antihypertensive agent and is used to lower blood pressure. It is a natural antineoplastic agent and is used to kill cancer cells. It is a natural immunomodulator and is used to boost the immune system. It is a natural antioxidant and is used to protect against free radicals. It is a natural anti-inflammatory agent and is used to reduce inflammation. It is a natural analgesic and is used to relieve pain. It is a natural anxiolytic and is used to reduce anxiety. It is a natural hypnotic and is used to induce sleep. It is a natural emetic and is used to induce vomiting. It is a natural laxative and is used to relieve constipation. It is a natural diaphoretic and is used to induce sweating. It is a natural expectorant and is used to loosen mucus. It is a natural antitussive and is used to suppress coughing. It is a natural anticholinergic agent and is used to block the action of acetylcholine. It is a natural antihistamine and is used to block the action of histamine. It is a natural antiserotonin agent and is used to block the action of serotonin. It is a natural antidiabetic agent and is used to lower blood sugar. It is a natural antihypertensive agent and is used to lower blood pressure. It is a natural antineoplastic agent and is used to kill cancer cells.

Syphilis, tuberculosis, dysentery, whooping cough, mania, hypochondria, fatigue, hysteria and insomnia. In centuries past and recent years St. John's Wort has been used as an anti-depressant alternative for mild to moderate depression. Recently St. John's Wort has received a great deal of attention in the treatment for HIV (human immuno-deficiency virus), the virus that can cause AIDS.

Depression is a world wide epidemic. In Germany, St. John's Wort is the leading treatment for mild to moderate depression and it is fast coming to the United States. A compelling study of 3250 patients found that approximately 80% of the patients suffering from mild to moderate depression experienced feeling better or were completely relieved of depression after four weeks.

Displays and...  
In a study published in the Journal Proceedings of the National Academy of Sciences in 1988, researchers have reported the discovery of two substances in St. John's Wort: hypericin and pseudohypericin, that displayed antiviral activity against some retroviruses. Retroviruses include the human immuno-deficiency virus (HIV) and suggested herbal products as a treatment.

Medical...  
Recent medical studies confirm the safety of St. John's Wort in Germany, sixty-six million daily doses of Hypericum were taken in 1994. There were no reports of serious drug interactions or even toxicity after accidental overdose. Hypericum, by comparison, does not have a single recorded human death in 2400 years of known medicinal use.

## Active Ingredients

The active ingredients are hypericin and pseudohypericin. Other possible active ingredients are polyphenols, flavonoids, and tannins. The flavonoids are quercetin, hyperoside, isochlorogenic acid, campferol, luteolin and bioflavonoids.

## HYPEROSINE

## FUNCTIONS AS BUILDING BLOCK OF ALL PROTEINS

This herb, a member of the pepper family, grows as a bush in the South Pacific. Explorer Captain James Cook, who gave this plant the botanical name of "intoxicating pepper," first discovered kava kava. Kava has been used for over 3,000 years for its medicinal effects as a sedative, muscle relaxant, diuretic, and as a remedy for nervousness and insomnia.

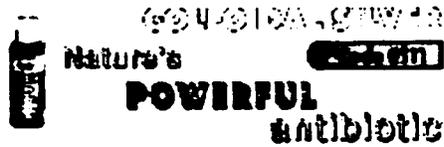
In Germany, Kava kava is used as a non-prescription drug to reduce anxiety. Kava was first mentioned in scientific records in 1886, and it is gaining popularity in the US for its relaxing effects.

Kava also is effective as a pain reliever and can be used instead of aspirin, acetaminophen and ibuprofen. Recent clinical studies have shown that the herb kava is a safe non-addictive anti-anxiety medicine, and as effective as prescription anxiety agents containing benzodiazepines such as valium. While benzodiazepines tend to promote lethargy and mental impairment, kava has been clinically demonstrated as a means of achieving a state of relaxation without the adverse side effects.

Kava root is primarily used as a natural sedative and sleep enhancement. Herbalists have traditionally used it as a remedy for nervousness and insomnia. Kava kava is an effective relaxant that can help relieve cramp-like spasms.

## KAVA KAVA R

Excellent for insomnia and nervousness as it will promote sleep and relax the nervous system. Used for pain associated with nerve or skin diseases. It relieves stress after injuries. The plant works by first stimulating the nervous system, and then depresses it. It is also a urinary, anti-septic and anti-inflammatory, thus useful for cystitis and prostatitis. May be used in the treatment of rheumatism and gout. Externally used in liniments as an analgesic.



## Colloidal Silver

### Supplement Facts

#### THE ULTIMATE UNIVERSAL ANTIBIOTIC - NATURE'S ANTIBIOTIC

Prior to 1938 Colloidal Silver was considered to be one of the mainstays of antibiotic treatment. It is still considered to be the most universal antibiotic substance that is nontoxic in its micro-concentrations of 3 to 5-ppm. It has been proven to be useful against over 650 different infectious conditions, as compiled to traditional antibiotics, which are effective against 6 to 7 conditions.

The comeback of silver in medicine began in the 1970's. The late Dr. Carl Moyer, Chairman of Washington University's Department of Surgery, received a grant to develop better treatments for burn victims. Dr. Margraf, as the Chief Biochemist, worked with Dr. Moyer and other surgeons to fund an antiseptic strong enough, yet safe enough to use over large areas of the body. As a result of their efforts, and that of other researchers, hundreds of important new medical uses for silver were found. Colloidal Silver, is the only form of silver that can be used safely as a supplement. It is absorbed into the tissues at a slow enough rate that it is not irritating to the tissues, unlike silver nitrate which reacts violently with body tissues because of its caustic action. The colloidal particles diffuse gradually throughout the blood and give prolonged therapeutic action. Many forms of bacteria, fungus, and virus utilize a specific enzyme for their metabolism. Silver act as a catalyst, effectively disabling the enzyme. It is toxic to all species tested of fungi, bacteria, protozoa, parasites and many viruses. To primitive life forms, silver is as toxic as the most powerful chemical disinfectants.

There is no known disease-causing organism that can live in the presence of even minute traces of the chemical element of simple metallic silver. Based on laboratory tests, destructive bacteria, virus, and fungus organisms are killed within minutes of contact.

Kills over 650 Different Disease Causing Germs. Is tasteless, odorless, and non-stinging to sensitive issues All harmful bacteria, fungi and virus are killed within 6 minutes of contact with silver and no disease organism can live in the presence of even minute traces of silver. Prior to 1938 Colloidal Silver was considered to be one of the mainstays of antibiotic treatment. When antibiotics were discovered, clinical uses for Silver as an antibiotic were discarded, until now.

The following is a list of some of the (pre-1938) documented uses of silver, particularly in the colloidal form, for the treatment of various conditions and pathogens: Acne, Arthritis, Athlete's foot, Bladder Inflammation, Blood Poisoning, Burns, Cancer, Cholera, Conjunctivitis, Cystitis Dermatitis, Diabetes, Diphtheria, Douche, Dysentery, Ear Infection, Eczema, Eustachian Tubes, Eye Drops, Fibrositis, Gargle for Throat Conditions, Gastritis, Gonorrheal Herpes, Impetigo, Intestinal Trouble, Influenza, Keratitis, Leprosy, Lupus, Lymphagitis, Malaria, Menier's Symptoms, Meningitis, Neurasthenia, Ophthalmology, Parvo Virus (Canine), Pleurisy, Prostate, Pruritis Ani, Rheumatism, Rhinitis, Ringworm, Scarlet fever, Seborrhea, Sepsicemia, Shingles, Sinus Disorders, Skin Cancer, Soft Sores, Staph Infections, Strep Infections, Syphilis, Tonsillitis, Toxemia, Trachoma, Trench Foot, Tuberculosis, Ulcers, Viral Warts, Whooping Cough, Yeast Infections.

NASA researched 23 different methods of water purification and selected the silver system as a vat system for the space shuttles. Not only does NASA use the silver system, but half of the world's airlines use silver water filters to guard against waterborne diseases. There are many practical uses for silver including Colloidal Silver as an all-natural antibacterial alternative.

Colloidal Silver was widely used in the U.S. 60 to 70 years ago as an antibacterial and in fact, was approved by the FDA to the 1920's. Although silver had an excellent reputation as an effective infection fighter, its utilization grew impractical. Current dollars would put the price of Colloidal Silver in the 1930's at nearly \$100 per ounce, limiting its widespread use at that time.

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**Special Notice**

*"FORMOR makes no representation or warranty, expressed or implied, including warranties of fitness for a particular purpose and of merchantability of this product, except as indicated on its label."*

*If you are not fully satisfied with the results after using this product, your full purchase price will be refunded by the distributor you purchased it from.*

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

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Nutritionals | Skin Care | Home Care | Nutrizone | Testimonials



# COLLOIDAL SILVER

## The Universal Antibiotic

The strongest, safest, broad-spectrum antibiotic known to man

rior to 1938, Colloidal Silver was considered to be one of the mainstays of antibiotic treatment. It is still considered to be the most universal antibiotic substance that is non-toxic in its microconcentrations of 3-5 ppm. It has been proven to be useful against over 650 different infectious conditions, as compared to traditional antibiotics, which are effective against 6-7 conditions. The comeback of silver in medicine began in the 1970's. The late Dr. Carl Meyer, former chairman of Washington University's Department of Surgery, received a grant to develop better treatments for burn victims. Dr. Margraf, as the chief biochemist, worked with Dr. Meyer and other surgeons to find an antibiotic strong enough, yet safe enough to use over large areas of the body. As a result of their efforts, and that of other researchers, hundreds of important new medical uses for silver were found. Colloidal Silver is the only form of silver that can be used safely as a supplement. It is absorbed into the tissues at a slow enough rate that it is not irritating to the tissues, unlike silver salts, which react violently with body tissues because of its caustic action. The colloidal particles diffuse gradually throughout the blood and give prolonged therapeutic action.

Many forms of bacteria, fungus, and virus utilize a specific enzyme for their metabolism. Silver acts as a catalyst, effectively disabling the enzyme. It is toxic to all species tested of fungi, bacteria, protozoa, parasites, and many viruses. To primitive life forms, silver is as toxic as the most powerful chemical disinfectant. There is no known disease-causing organism that can survive in the presence of even minute traces of the chemical element of simple metallic silver. Based on laboratory tests, destructive bacteria, virus, and fungus germs are killed within minutes of contact.

M. Crooks stated that Colloidal Silver kills pathogenic organisms in three or four minutes upon contact. In fact, there is no microbe known that is not killed by Colloidal Silver in six minutes or less, and there are no side effects whatsoever from the highest concentration. Colloidal Silver is effective against infections, colds, flu, and fermentation. Parasites are also killed while in their egg stage. It is tasteless, odorless, and non-toxic. It is effective with meals as a digestive aid.

no fermentation of food in the intestine.

A.B. Scarrle has pointed out that one important advantage of using Colloidal Silver is that it has no recorded side effects. It also does not stain the skin, unlike certain pharmaceutical preparations of silver that do stain the skin quite strongly.

Dr. Leonard Keene, A.M.M.D. (Johns Hopkins), concluded that from a therapeutic point of view only the colloid metals present the necessary homogeneity, minuteness of granules, purity, and stability for maximum health.

From extensive research and experiments with Silver in medicine, Dr. Robert O. Brecker, M.D., concluded that silver deficiency was responsible for the improper functioning of the immune system and that silver was doing something more than killing disease-causing organisms. It was also causing major growth stimulation of injured tissues. Burn patients and even the elderly patients noticed more rapid healing and he discovered that all cancer cells changed back to normal.

Dr. Bjorn Nordstrom, of the Karolinska Institute, Sweden, has used silver in his cancer cure method for many years. He said the whole thing was quite simple. This has brought remission in patients who were given up on by other doctors.

### SILVER USED BY NASA

NASA researched 23 different methods of water purification and selected a silver system for the space shuttles. Not only does NASA use the silver system, but half of the world's airlines use silver water filters to guard against water-borne diseases. There are many practical uses for silver, including Colloidal Silver as an all-natural anti-bacterial alternative.

Wash, James, *Bacterio-Colloidal Silver: The Amazing Antibiotic*, Lecture given at National Products Expo West, Anaheim, 3/16/74.  
Harrison, J.L. *Colloidal Chemistry*, Houghton Mifflin Co. Boston, 1959, p. 359.  
Keene, Leonard, *op. cit.*  
Crosby, James, *op. cit.*  
Chick, H.D. *Methods and empirical activity*, *Colloidal Silver*, The University Press, Baltimore, A.S., The Use of Colloids in Health and Disease, E.P. Dutton & Company, New York, 1915, p. 75.  
Hirschfeld, H. *op. cit.* p. 365.

In April of 1998, I had been ill for one year. The doctors finally diagnosed my illness as Hepatitis C with a 97% infection rate. I was made available a shot therapy called Interon "A" and was told that I was not a candidate for any other treatment. I started the shot therapy May 11, 1998. As of July 1998 the treatment had not been successful. I started taking Colloidal Silver Concentrate and MSM 2000 on a daily basis. By November 1998, my blood reports reflected no signs of the Hepatitis C. I am just one of many cases that have been diagnosed with this illness. Seeing my physicians for regular checkups and bloodwork, I have found that most patients undergoing the shot therapy could not tolerate the side effects. I truly believe that Colloidal Silver and MSM 2000 along with a miracle from God helped my body build antibodies to fight the illness and strengthen it against the side effects. Thank you For-Mor for giving me back my life.

Brigitte Reid, Brownwood, TX

Colloidal Silver is incredible! I've used it to successfully treat both of my boys' ear infections (when all the doctors wanted to operate or keep them on antibiotics). I've also used it to eliminate bladder infections and very sore throats. I'd never go a winter without at least two bottles around.

Barb Fletcher, La Mesa, CA

I work as a caterer. One day I spilled hot grease all over my arm. I received second degree burns. I immediately started putting Colloidal Silver on my arm. I continued to do so for the next few days. I am happy to say, there was no pain and there is not even a scar on my arm. Thank the Lord for Colloidal Silver.

B.S., North Carolina

Colloidal Silver is a great all-purpose natural healer and antibiotic. I had a cancerous spot near my forefinger and thumb and I put a bandage with cotton soaked in silver twice a day for 2 weeks and it went completely away. I also had an eye infection which I doctored with 2 drops of the silver twice a day and the infection was gone in three days.

Ray Pantny, Oklahoma City, OK

I have three dogs and one of them started a fight with his off-spring. The off-spring's eye really got attacked badly. I couldn't really afford a vet when the area around the infected eye became puffed out like an impacted tooth swelling. I put Colloidal Silver two times a day in my dog's eye and within four days, the eye was healed. I sure saved a lot without a huge vet bill.

Carol Gailley, Winchester, CA

My daughter suffered from severe acne, the bumps had pus in them. She washed her face with Colloidal Silver, the bumps dried up, her face is now smooth with only the dark spots to remind her.

Mrs. Carmeta Bodie, Nassau, Bahamas

Last night I delivered two bottles of Colloidal Silver to a friend. The next morning she called screaming, "Norma, my husband and I applied it in our nose and he is telling me that I didn't snore!" Since Sunday, I've applied it to my husband and he doesn't snore.

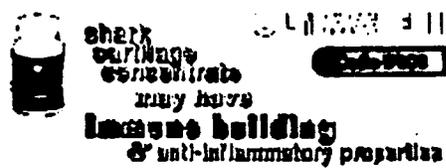
Norma Phillipson, Chula Vista, CA

Two months ago I went to the dentist for a gum disease. He cleaned out my gums, etc., for 2 hours and sewed me up and said "your infection is deeper and much worse than I thought, please come back in 1-2 weeks and I'll clean you out more." In the meantime, I would swish daily with Colloidal Silver & hold it in my mouth for 1-2 minutes and swallow. When I returned to the dentist he could not find a trace of gum infection and called in 2 more dentists who also could not find a trace. I told them that I'd used Colloidal Silver and they were not interested but thought they'd originally made a mistake regarding my gum infection severity.

Glenda F. Gentner, Baltimore, MD

I had a bad burn on my forehead from a curling iron. It was very hot. I got my Colloidal Silver and put it on first and the burn went away some. Then I put MSM Lotion over it, used it three times, and I have no scar. I can't even tell where I burned my forehead. Thank God for herbs. I am so glad for For-Mor products.

Glenda F. Gentner, Baltimore, MD



**Ultimate II**  
Dietary Supplement

**Supplement Facts**

**SHARK CARTILAGE CONCENTRATE**

The Results Are in On Shark Cartilage: Having survived virtually unchanged for four hundred million years, the shark is certainly one of the most remarkable creatures on the face of our planet. The shark appears to be the only animal with a natural immunity to cancer and practically every disease known to man. When wounded, it heals quickly; it even has five sets of teeth and can form new ones if needed. The shark is also the only animal with a skeleton comprised entirely of cartilage; a tough bone-like tissue that accounts for eight percent of its total weight. Scientists now believe it is the shark's cartilage skeleton, which is responsible for this super immunity. What makes shark cartilage so special is that it contains mucopolysaccharides in a concentration one thousand times greater than found in any other type of cartilage.

Arthritis And Cartilage Research: Dr. Stephen Freedman, marine biologist and immunobiochemist at the University of Utah, is particularly interested in the anti-inflammatory aspects of shark cartilage. These properties are in addition to its angiogenesis inhibiting ability and are produced by powerful anti-inflammatory molecules called mucopolysaccharides. Dr. Freeman cites exciting scientific research on using shark cartilage supplements in the successful treatment of arthritis. These experiments were conducted in Belgium and at Mote Labs in Florida and were overwhelmingly effective in relieving joint pain and inflammation.

A dozen elderly arthritic patients with severe knee pain were treated with shark cartilage by Dr. Joseph Orcasity, M.D., a consultant at the University of Miami Medical School. He reported that after four weeks of taking shark cartilage, most patients exhibited reduced pain and swelling and greater mobility. Dr. Allen Pressman, a prominent sports nutritionist, routinely uses shark cartilage in his healthy and active patient population as an adjunct in the treatment of low back joint pains. He reports that using shark cartilage as a treatment is becoming widely accepted in the medical community. In his acutely injured patients he finds an almost immediate reduction in pain and swelling and a marked increase in the range of limb motion.

Clinical Uses: The current medical literature contains much scientific

evidence that shark cartilage is a tremendously effective treatment in many degenerative and inflammatory conditions. Amazingly, we look to one of earth's oldest and most feared creatures to provide the means to treat or ameliorate many of our most devastating and enigmatic diseases.

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**Special Notice**

*"FORMOR makes no representation or warranty, expressed or implied, including warranties of fitness for a particular purpose and of merchantability of this product, except as indicated on its label."*

*If you are not fully satisfied with the results after using this product, your full purchase price will be refunded by the distributor you purchased it from.*

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

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## Typical Analysis

We believe **ULTIMATE II** Shark Cartilage Concentrate is superior to ordinary shark cartilage powder due to its high mucopolysaccharide content, low ash and fat, and high solubility. Because of the deodorization process, our shark cartilage is more desirable to take.

Loss on Drying	4.00%
Protein	26.00%
Lipids	0.15%
Residue on ignition	3.00%
Mucopolysaccharides	21.50%
Dextrin	45.00%

For **For Mor's Ultimate II** Shark Cartilage Concentrate is manufactured from 100% shark fin cartilage. **Ultimate II** Shark Cartilage Concentrate contains high levels of mucopolysaccharides and proteins and low levels of ash and lipids.

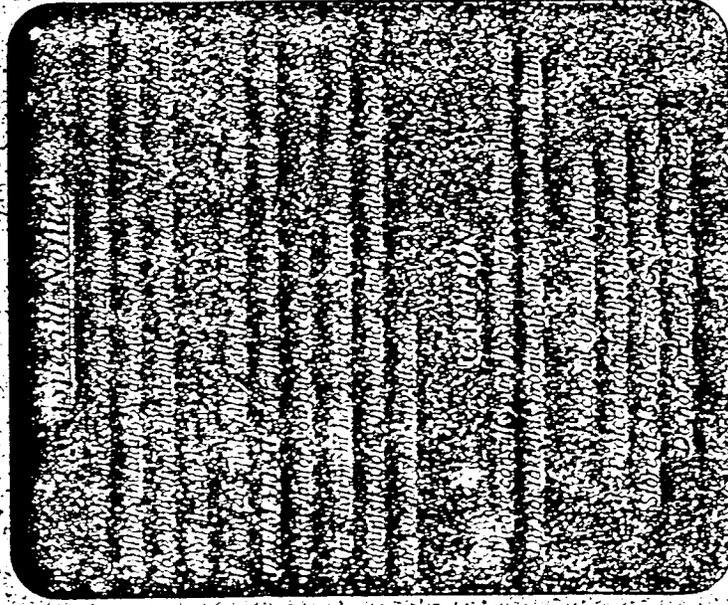
The manufacturing process is as follows:

- 1. Raw materials (shark fin cartilage)
- 2. Shredding
- 3. Digestion (protease)
- 4. Removal of impurities
- 5. Deodorization
- 6. Decolorization
- 7. Filtration
- 8. Addition of dextrin
- 9. Stabilization (plate method)
- 10. Drying (spray-dry)

*The Centers and Sources for Shark Cartilage can be ordered from the following places:*  
 600 Minutes Video, Sharks Don't Get Cancer  
 (800) 848-3265, Date: 7/1/93  
 Shark Cartilage Therapy and Puree Books and Videos  
 (800) 848-3265

**Ultimate II** recommended use:  
 Take 2 capsules daily as a nutritional supplement with an 8 ounce glass of water.

We suggest that when you have someone using a capsule larger than our 250 mg. **Ultimate II** Shark Cartilage Concentrate, get them to compare results by taking the same dosage from the capsules that are larger than our **Ultimate II**. You will find in most cases our 250 mg. will out-perform the larger ones, making **Ultimate II** very competitive, even with direct mail order marketers.



*Your Independent Distributor is:*



# Ultimate II

## Shark Cartilage Concentrate

100% Pure  
 Natural Food  
 Supplement





Decision and Order

**DECISION AND ORDER**

The Federal Trade Commission ("Commission"), having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Commission's Northeast Region proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission, having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, (and having duly considered the comments received) now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1a. Respondent ForMor, Inc. d/b/a ForMor International ("ForMor") is an Arkansas corporation with its principal office or place of business at P.O. Box 2080, Conway, Arkansas 72033.

Decision and Order

1b. Respondent Stan Goss is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation. His business address is P.O. Box 2080, Conway, Arkansas 72033.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

**ORDER**

**DEFINITIONS**

For purposes of this order, the following definitions shall apply:

A. Unless otherwise specified, “**respondents**” shall mean ForMor, Inc. doing business as ForMor International, a corporation, its successors and assigns and its officers; Stan Goss, individually and as an officer of the corporation; and each of the above’s agents, representatives, and employees.

B. “**Commerce**” shall mean as defined in Section 4 of the Federal Trade Commission Act,  
15 U.S.C. § 44.

C. “**Competent and reliable scientific evidence**” shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that have been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.

D. “**Product Label**” shall mean any label or other written, printed, or graphic matter upon any product or accompanying any product, including package labels, bottle labels, and package inserts.

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E. “**Clear(ly) and prominent(ly)**” shall mean as follows:

1. In an advertisement communicated through an electronic medium (such as television, video, radio, and interactive media such as the Internet, online services and software), the disclosure shall be presented simultaneously in both the audio and visual portions of the advertisement. *Provided, however,* that in any advertisement presented solely through visual or audio means, the disclosure may be made through the same means in which the ad is presented. *Provided, further,* that in any advertisement communicated through interactive media which is presented predominantly through visual or audio means, the disclosure may be made through the same means in which the ad is predominantly presented. The audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The visual disclosure shall be of a size and shade, with a degree of contrast to the background against which it appears, and shall appear on the screen for a duration and in a location, sufficiently noticeable for an ordinary consumer to read and comprehend it.

2. In a print advertisement, promotional material, or instructional manual, the disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background against which it appears. In multi-page documents, the disclosure shall appear on the cover or, alternatively, on the first page.

3. On a product label, the disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it and in print that contrasts with the background against which it appears. *Provided, however,* if a disclosure on a bottle label or package label is made in a location other than the principal display panel, the bottle label or package label shall include the statement, “**See important safety warning(s) on [insert disclosure location],**” as follows: (i) in a type size and location on the principal display panel sufficiently noticeable for an ordinary consumer to read and comprehend it; (ii) in print that

Decision and Order

contrasts with the background against which it appears; and (iii) within a border that is a color or shade that contrasts with the background against which it appears. ***Provided further***, that in a multi-page insert, the disclosure shall appear on the cover page or first page.

Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement or on any label.

F. In the case of advertisements disseminated by means of an interactive electronic medium, such as software, the Internet, or online services, "**in close proximity**" shall mean on the same Web page, online service page, or other electronic page, and proximate to the triggering representation, and shall not include disclosures accessed or displayed through hyperlinks, pop-ups, interstitials or other means.

G. "**Purchaser for resale**" shall mean any purchaser of any of respondents' St. John's Wort, colloidal silver, or shark cartilage products who orders: (a) five (5) or more units of any such product(s) at any one time; or (b) twenty (20) or more units of any such products(s) in any three (3) month period.

H. "**Food,**" "**drug,**" and "**device**" shall mean as "food," "drug," and "device" are defined in Section 15 of the Federal Trade Commission Act, 15 U.S.C. § 55.

I. "**Covered product or service**" shall mean any service, program, dietary supplement, food, drug, or device.

J. "**St. John's Wort product**" shall mean ForMor, Inc.'s St. John's Kava Kava or any covered product or service for which the term "Hypericum Perforatum" or "St. John's Wort" appears on the covered product or service label or in any advertising or promotion, and any covered product or service containing "Hypericum Perforatum" or "St. John's Wort."

## Decision and Order

K. **Colloidal silver product** shall mean ForMor, Inc.'s colloidal silver or any covered product or service label for which the term "colloidal silver" or "silver salts" appears on the covered product or service label or in any advertising or promotion, and any covered product or service containing "colloidal silver" or "silver salts."

L. **"Shark cartilage product"** shall mean ForMor, Inc.'s Ultimate II Shark Cartilage Concentrate or any covered product or service label for which the term "shark cartilage" appears on the covered product or service label or any advertising or promotion, and any covered product or service containing "shark cartilage."

M. A requirement that respondents **"notify the Commission," "file with the Commission" or "deliver to the Commission"** shall mean that the respondents shall send the necessary information via first-class mail, costs prepaid, to the Associate Director for Division of Enforcement, Federal Trade Commission, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. Attention: In the Matter of ForMor, Inc.

N. **"Person"** shall mean a natural person, organization or other legal entity, including a partnership, corporation, proprietorship, association, cooperative, or any other group acting together as an entity.

**ORDER****I.**

**IT IS ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any St. John's Wort product, or any covered product or service in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that ingestion of such product is effective in the treatment of HIV/AIDS, colds, syphilis,

Decision and Order

tuberculosis, dysentery, whooping cough, mania, hypochondria, fatigue, or hysteria unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

**II.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any St. John's Wort product in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that ingestion of such product has no serious drug interactions.

**III.**

**IT IS FURTHER ORDERED** that in any advertisement, promotional material, or product label for any St. John's Wort product, that contains any representation about the efficacy, performance, or safety of such product, and in any discussion, communicated via electronic mail or any telephone line, that contains any representation about the efficacy, performance, or safety of any St. John's Wort product, respondents, directly or through any corporation, subsidiary, division, trade name, or other device, shall make clearly and prominently, the following disclosure:

**WARNING:** St. John's Wort can have potentially dangerous interactions with some prescription drugs. Consult your physician before taking St. John's Wort if you are currently taking anticoagulants, oral contraceptives, anti-depressants, anti-seizure medications, drugs to treat HIV or prevent transplant rejection, or any other prescription drug. This product is not recommended for use if you are or could be pregnant unless a qualified health care provider tells you

## Decision and Order

to use it. The product may not be safe for your developing baby.

unless respondents possess competent and reliable scientific evidence that such product produces no adverse drug interactions or side effects.

*Provided, however*, that the **product label** requirements of this Part shall not apply to products that are shipped to consumers or purchasers for resale less than thirty (30) days after the date of service of this order; and, *provided further*, that with regard to products shipped after thirty (30) days of the date of service of this order, respondents may affix the disclosure clearly and prominently by sticker or other device on the labels of products manufactured prior to thirty (30) days after the service of this order.

*Provided further*, that in the event that the Food and Drug Administration issues a final rule requiring a warning on the labeling of products containing St. John's Wort, respondents may substitute that warning for the disclosure required under this Part.

**IV.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any colloidal silver product in or affecting commerce, shall not make any misrepresentation, in any manner, expressly or by implication, that:

- A. Ingestion of colloidal silver is proven effective in the treatment of disease or any number of diseases; or
- B. Medical studies demonstrate that ingestion of colloidal silver is safe or has no adverse side effects.

Decision and Order

**V.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any colloidal silver product, or any covered product or service in or affecting commerce, shall not make any representation, expressly or by implication, that ingestion of colloidal silver is effective in the treatment of arthritis, blood poisoning, cancer, cholera, diphtheria, diabetes, dysentery, gonorrheal herpes, influenza, leprosy, lupus, malaria, meningitis, rheumatism, shingles, staph infections, strep infections, syphilis, tuberculosis, whooping cough, or yeast infections unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

**VI.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any shark cartilage product, or any covered product or service in or affecting commerce, shall not make any representation, in any manner, that ingestion of such product:

- A. Is effective in the treatment of arthritis or other degenerative or inflammatory conditions; or
- B. Is effective in the treatment of brain cancer;

unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

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**VII.**

**IT FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any covered product or service in or affecting commerce, shall not misrepresent, in any manner, expressly or by implication, the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research.

**VIII.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any covered product or service in or affecting commerce, shall not represent, in any manner, expressly or by implication, that the experience represented by any user testimonial or endorsement of the covered product or service represents the typical or ordinary experience of members of the public who use the covered product or service, unless:

- A. At the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation; or
- B. Respondents disclose, clearly and prominently, and in close proximity to the endorsement or testimonial, either:
  1. What the generally expected results would be for users of the covered product or service; or
  2. The limited applicability of the endorser's experience to what consumers may generally expect to achieve, that is, that consumers should not expect to experience similar results.

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For purposes of this Part, “endorsement” shall mean as defined in 16 C.F.R. § 255.0(b).

**IX.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any St. John’s Wort product, colloidal silver product, shark cartilage product, or any covered product or service in or affecting commerce, shall not make any representation, in any manner, expressly or by implication:

A. That such covered product or service is effective in the mitigation, treatment, prevention, or cure of any disease or illness; or

B. About the health benefits, performance, safety, or efficacy of any such covered product or service; unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

**X.**

**IT IS FURTHER ORDERED** that respondents shall:

A. Within seven (7) days after service of this order upon respondents, deliver to the Commission a list, in the form of a sworn affidavit, of all persons who purchased, on or after January 1, 1999, a St. John’s Wort product from respondents. Such list shall include each purchaser’s name and address, and, if available, telephone number and email address, and shall designate whether each purchaser is a “purchaser for resale” as defined in this order.

## Decision and Order

- B. Within seven (7) days after service of this order upon respondents, deliver to the Commission a list, in the form of a sworn affidavit, of all persons who purchased, on or after January 1, 1999, a colloidal silver and/or shark cartilage product from respondents. Such list shall include each purchaser's name and address, and, if available, telephone number and email address, the full purchase price, including shipping, handling, and taxes, of any colloidal silver and/or shark cartilage product purchased from respondent, and shall designate whether each purchaser is a "purchaser for resale" as defined in this order.
- C. Within thirty (30) days after service of this order upon respondents, send by first class mail, with postage prepaid, an exact copy of the notice attached hereto as Attachment A, showing the date of mailing, to each person who purchased from respondent any St. John's Wort product, colloidal silver product, and/or shark cartilage product between January 1, 1999 and the date of service of this order. This mailing shall not include any other document.

**XI.**

**IT IS FURTHER ORDERED** that respondents shall refund the full purchase price of colloidal silver and shark cartilage products purchased from respondents between January 1, 1999 and the date of service of this order, including shipping and handling and applicable taxes, to each purchaser whose request for a refund is received by ForMor within ninety (90) days after the date of mailing shown on Attachment A. To receive a refund the purchaser must substantially complete a Refund Request in the form of the Refund Request appended to Attachment A and return it to ForMor, Inc. at the address indicated thereon. The refund shall be paid within fifteen (15) business days of respondents' receipt of the purchaser's substantially completed declaration.

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**XII.**

**IT IS FURTHER ORDERED** that respondents shall, no later than one hundred and eighty (180) days after the date of service of this order, deliver to the Commission a report, in the form of a sworn affidavit executed on behalf of respondents. This report shall specify the steps respondents have taken to comply with the terms of Part X and XI of this order and shall state, without limitation:

A. The name and address of each purchaser to whom respondents sent the notice attached hereto as Attachment A as required under Part X;

B. The name and address of each purchaser from whom respondents received a refund request;

C. The date on which each request was received and the amount of the refund requested;

D. The amount of the refund provided by respondents to each such purchaser;

E. The status of any disputed refund request and the identification of each purchaser whose refund request is disputed, by name, address, and amount of the claim; and

F. The total amount of refunds paid by respondents.

**XIII.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, shall:

A. Take reasonable steps sufficient to monitor and ensure that all employees and agents engaged in sales, order verification,

## Decision and Order

or other customer service functions comply with Parts I through IX of this order. Such steps shall include adequate monitoring of all advertisements, promotions, sales presentations, and other oral and written communication with customers regarding such products. Respondents, at a minimum, shall:

1. Conduct periodic monitoring of representations concerning St. John's Wort, colloidal silver, and shark cartilage products, and any other covered product or service, made by persons engaged in sales or other customer service functions, including representations made orally or through electronic communications;
2. Conduct periodic monitoring of representations made about St. John's Wort, colloidal silver, and shark cartilage products, and any other covered product or service, on all Internet websites operated and maintained by respondents; and
3. Establish a procedure for receiving, maintaining, and responding to consumer complaints.

B. Terminate any employee or agent who knowingly engages in any conduct prohibited by Parts I through IX of this order once respondents know or should know that such person is or has been engaged in such conduct.

**XIV.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, shall:

- A. For a period of three (3) years following the entry of this order, send a copy of the notice attached hereto as Attachment A to each purchaser for resale of any St. John's Wort product, colloidal silver product, or shark cartilage

Decision and Order

product who has not previously received the notice. Such notice shall be sent either by first class certified mail, return receipt requested, within one week from the shipment of product triggering the obligation to provide notice or shall be included, in a conspicuous manner, with such shipment.

- B. In the event that respondents receive any information that subsequent to receipt of a copy of the notice attached hereto as Attachment A any purchaser for resale is using or disseminating any advertisement or promotional material, or making any oral statement, that contains any representation that is prohibited by Parts I, II, or IV through IX of this order, or that does not contain the disclosure required pursuant to Part III of this order, respondents shall promptly investigate such information and upon verification shall immediately terminate, and shall not resume, sales or shipments to such purchaser for resale.

**XV.**

Nothing in this order shall prohibit respondents from making any representation for any drug that is permitted in labeling for such drug under any tentative final or final standard promulgated by the Food and Drug Administration, or under any drug application approved by the Food and Drug Administration. Nor shall it prohibit respondent from making any representation for any product that is specifically permitted in labeling for such product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990.

**XVI.**

**IT IS FURTHER ORDERED** that respondent ForMor, Inc., and its successors and assigns, and respondent Stan Goss shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request

## Decision and Order

make available to the Federal Trade Commission for inspection and copying:

- A. All advertisements and promotional materials containing the representation;
- B. All materials that were relied upon in disseminating the representation; and
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call 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.

**XVII.**

**IT IS FURTHER ORDERED** that respondent ForMor, Inc., and its successors and assigns, and respondent Stan Goss, shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within fifteen (15) days after the person assumes such position or responsibilities.

**XVIII.**

**IT IS FURTHER ORDERED** that respondent ForMor, Inc. and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor

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corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. **Provided, however,** that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge.

**XIX.**

**IT IS FURTHER ORDERED** that respondent Stan Goss, for a period of three (3) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities.

**XX.**

**IT IS FURTHER ORDERED** that respondent ForMor, Inc., and its successors and assigns, and respondent Stan Goss shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

**XXI.**

This order will terminate twenty (20) years from the date of its issuance, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later;

## Decision and Order

**provided, however,** that the filing of such a complaint will not affect the duration of:

- A. Any Part of this order that terminates in less than twenty (20) years;
- B. This order's application to any respondent that is not named as a defendant in any such complaint; and
- C. This order if such complaint is filed after the order has terminated pursuant to this Part.

**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 Part 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.

Decision and Order

**ATTACHMENT A**

[Insert Date]

Dear ForMor Customer,

This letter is to inform you that ForMor, Inc. recently settled a dispute with the Federal Trade Commission regarding our advertising for St. John's Kava Kava, Colloidal Silver, and Ultimate II Shark Cartilage Concentrate products. Under the terms of our settlement, **we agreed to offer refunds to purchasers of Colloidal Silver and Shark Cartilage products.** Refund instructions are contained in the last page of this letter. **We also agreed to notify purchasers of St. John's Wort products of serious drug interactions that may result from use of those products.** The settlement further requires us to instruct resellers to stop using advertising or promotional materials that make any of the representations prohibited by the settlement. Our distributor agreements permit resellers to use only ForMor-approved promotional materials, and we will terminate all sales to resellers that violate that agreement.

\_\_The FTC complaint alleges that ForMor engaged in deceptive advertising of its St. John's Kava Kava, Colloidal Silver, and Ultimate II Shark Cartilage Concentrate products, and the FTC order imposes various requirements on ForMor in connection with its past and future advertising of these and other products.

- ***St. John's Kava Kava.***

The FTC complaint alleges that our advertising materials claimed, expressly or by implication, that use of St. John's Kava Kava, which contains St. John's Wort, is effective in the treatment of HIV/AIDS, colds, syphilis, tuberculosis, dysentery, whooping cough, mania, hypochondria, fatigue, and hysteria; and that ingestion of St. John's Kava Kava has no serious drug interactions. The complaint challenges these claims. In particular, the FTC notes that ingestion of St.

## Decision and Order

John's Kava Kava has the potential for serious drug interactions with certain prescription medications. Ingestion of St. John's Wort may reduce the effectiveness of drugs used to treat HIV/AIDS, drugs used to prevent organ transplant rejection, anticoagulants, and birth control pills.

The FTC order prohibits us from making any of the challenged claims unless we have competent and reliable scientific evidence to support them. In addition, it requires us to state clearly and prominently in any advertisement of any St. John's Wort product the following, unless we have competent and reliable scientific evidence that the product produces no adverse drug interactions or side effects:

**WARNING:** St. John's Wort can have potentially dangerous interactions with some prescription drugs. Consult your physician before taking St. John's Wort if you are currently taking anticoagulants, oral contraceptives, anti-depressants, anti-seizure medications, drugs to treat HIV or prevent transplant rejection, or any other prescription drug. This product is not recommended for use if you are or could be pregnant unless a qualified health care provider tells you to use it. The product may not be safe for your developing baby.

- ***Colloidal Silver.***

The FTC complaint alleges that our advertising materials claimed, expressly or by implication, that Colloidal Silver is proven effective in the treatment of over 650 infectious diseases; and that medical tests prove that ingestion of Colloidal Silver is safe and has no adverse side effects. The complaint alleges that these claims are false or misleading. According to the FTC complaint, our advertising materials also claimed, expressly or by implication, that ingestion of Colloidal Silver is effective in the treatment of arthritis, blood poisoning, cancer, cholera, diphtheria, diabetes, dysentery, gonorrheal herpes, influenza, leprosy, lupus, malaria, meningitis, rheumatism, shingles, staph infections, strep

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infections, syphilis, tuberculosis, whooping cough, and yeast infections. The complaint alleges that the information on which we relied in making these claims was not competent and reliable scientific evidence, as required by law. The complaint notes in particular that the United States Food and Drug Administration previously determined that adequate scientific evidence did not support the safety and efficacy of Colloidal Silver. In addition, the complaint alleges that we misrepresented, in our use of testimonials, that the experiences recited reflected the typical experience of persons with cancer who use the product.

The FTC order prohibits us from making any of the challenged claims unless we have competent and reliable scientific evidence to support them. In addition, it prohibits us from misrepresenting that ingestion of Colloidal Silver is proven effective in the treatment of disease or any number of diseases; and that medical tests prove that ingestion of Colloidal Silver is safe and has no adverse side effects.

- **Ultimate II Shark Cartilage Concentrate.**

The FTC complaint also alleges, among other things, that our advertising expressly or implicitly claimed that Ultimate II Shark Cartilage Concentrate is effective in the treatment of arthritis and other degenerative or inflammatory conditions and cancer, and that we did not have competent and reliable scientific evidence for those claims. In addition, the complaint alleges that we misrepresented, in our use of testimonials, that the experiences recited reflected the typical experience of persons with brain cancer who use the product.

The FTC order prohibits our making therapeutic efficacy, safety, and certain other claims unless we have competent and reliable scientific evidence to support them

- **All Foods, Drugs, Dietary Supplements, Devices, Programs, or Services.**

## Decision and Order

In addition, the FTC order provides that we must not claim that any food, drug, dietary supplement, device, program, or service is effective in the mitigation, treatment, prevention, or cure of any disease or illness or make any claim about the health benefits, performance, safety, or efficacy of any such product or service unless we have competent and reliable scientific evidence for such claims.

**Again, you may obtain a refund for purchases of Colloidal Silver and Shark Cartilage products by following the instructions on the last page of this letter.** If you have any questions, please contact our Customer/Member Service representative, toll free, at 888/270-4793. Thank you for your cooperation and your business.

Sincerely,

Stan Goss, President  
ForMor, Inc.

copy: Associate Director, Division of Enforcement  
Bureau of Consumer Protection  
Federal Trade Commission  
Washington, D.C. 20580

**COLLOIDAL SILVER AND SHARK CARTILAGE  
PRODUCT  
REFUND CONDITIONS AND PROCEDURES**

ForMor, Inc. ("ForMor") will refund the full purchase price of Colloidal Silver and Shark Cartilage products purchased from ForMor between January 1, 1999 and [insert effective date of order], including shipping and handling and applicable taxes, to each purchaser whose request for a refund is received by ForMor within ninety (90) days after the date of this letter. To receive

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your refund you must complete the attached Refund Request and return it to ForMor at [insert address].

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### REFUND REQUEST

The undersigned hereby requests a refund for the purchase of *Colloidal Silver* and/or *Shark Cartilage* products.

Full Name (Please Print): \_\_\_\_\_

ForMor ID # (if available) \_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Product(s) Purchased:

\_\_\_\_\_

Purchase Price, including shipping, handling, and taxes:

\_\_\_\_\_

**It is not necessary to include proof of purchase, such as credit card statements, canceled checks, or receipts, but doing so may expedite your refund request in the event of a dispute concerning the amount of your refund.**

Signature of Purchaser: \_\_\_\_\_

Date: \_\_\_\_\_

## Analysis

**Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission has accepted, subject to final approval, an agreement to a proposed consent order from ForMor, Inc. (“ForMor”), a corporation, and Stan Goss, individually and as an officer of the corporation (“proposed respondents”).

The proposed consent order has been placed on the public record for thirty (30) days for the receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and comments received and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement’s proposed order.

This matter involves proposed respondents’ making of health-related advertising claims on the Internet and elsewhere for their St. John’s Kava Kava (a dietary supplement that contains St. John’s Wort), colloidal silver, and shark cartilage products. The proposed complaint alleges that proposed respondents violated Sections 5 and 12 of the Federal Trade Commission Act by making deceptive claims for these products.

The proposed complaint alleges that proposed respondents made the unsubstantiated claim that ingestion of St. John’s Kava Kava is effective in the treatment of HIV/AIDS, colds, syphilis, tuberculosis, dysentery, whooping cough, mania, hypochondria, fatigue, and hysteria. Further, the proposed complaint alleges that proposed respondents represented that ingestion of St. John’s Kava Kava is effective in the treatment of HIV/AIDS, but deceptively failed to disclose the material fact that ingestion of St. John’s Wort is not compatible with use of protease inhibitors and other drugs used in the treatment of HIV/AIDS. The proposed complaint also alleges that proposed respondents falsely represented that ingestion of St. John’s Kava Kava has no serious drug interactions.

Analysis

The proposed complaint further alleges that proposed respondents falsely claimed that ingestion of colloidal silver is proven effective in the treatment of over 650 infectious diseases, and that medical tests prove that ingestion of colloidal silver is safe and has no adverse side effects. In addition, the proposed complaint alleges that proposed respondents made the unsubstantiated claims that ingestion of colloidal silver is effective in the treatment of arthritis, blood poisoning, cancer, cholera, diphtheria, diabetes, dysentery, gonorrheal herpes, influenza, leprosy, lupus, malaria, meningitis, rheumatism, shingles, staph infections, strep infections, syphilis, tuberculosis, whooping cough, and yeast infections, and that a testimonial from a consumer appearing in the advertisement for proposed respondents' colloidal silver reflects the typical or ordinary experiences of persons with cancer who use the product.

Further, the proposed complaint alleges that proposed respondents made the following unsubstantiated claims regarding their shark cartilage products: ingestion of shark cartilage is effective in the treatment of arthritis and other degenerative and inflammatory conditions; ingestion of shark cartilage is effective in the treatment of brain cancer; and a testimonial from a consumer appearing in the advertisement for proposed respondents' Ultimate II Shark Cartilage Concentrate reflects the typical or ordinary experience of persons with brain cancer who use the product. Finally, the proposed complaint alleges that proposed respondents falsely represented that scientific research establishes that ingestion of shark cartilage is effective in the treatment of arthritis and other degenerative and inflammatory conditions.

For purposes of the proposed order a "covered product or service" means any service, program, dietary supplement, food, drug, or device.

The proposed order defines "St. John's Wort products" as ForMor's St. John's Kava Kava or any covered product or service for which the term "Hypericum Perforatum" or "St. John's Wort" appears on the covered product or service label or in any

## Analysis

advertising or promotion, and any covered product or service containing “Hypericum Perforatum” or “St. John’s Wort.” Part I of the proposed consent order prohibits proposed respondents from representing that ingestion of a St. John’s Wort product or any covered product or service is effective in the treatment of HIV/AIDS, colds, syphilis, tuberculosis, dysentery, whooping cough, mania, hypochondria, fatigue, or hysteria unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation. Part II of the proposed consent order prohibits proposed respondents from representing that ingestion of a St. John’s Wort product has no serious drug interactions.

Part III provides that in any advertisement, promotional material, or product label for any St. John’s Wort product, that contains any representation about the efficacy, performance, or safety of such product, and in any discussion, communicated via electronic mail or any telephone line, that contains any representation about the efficacy, performance, or safety of any St. John’s Wort product, proposed respondents shall make, clearly and prominently, the following disclosure:

**WARNING:** St. John’s Wort can have potentially dangerous interactions with some prescription drugs. Consult your physician before taking St. John’s Wort if you are currently taking anticoagulants, oral contraceptives, anti-depressants, anti-seizure medications, drugs to treat HIV or prevent transplant rejection, or any other prescription drug. This product is not recommended for use if you are or could be pregnant unless a qualified health care provider tells you to use it. The product may not be safe for your developing baby.

unless respondents possess competent and reliable scientific evidence that such product produces no adverse drug interactions or side effects. This disclosure was developed after discussions with the Food and Drug Administration. FDA has announced that it intends to initiate a rulemaking for dietary supplements for

Analysis

women who are or who may become pregnant. In the event that FDA issues a final rule requiring a warning for pregnant women on dietary supplements, respondents may substitute that warning for the disclosure on that topic required under the proposed order. Part III specifies that the product label requirements of this Part shall not apply to products that are shipped to consumers or purchasers for resale less than thirty (30) days after the date of service of this order, and that with regard to products shipped after thirty (30) days of the date of service of this order, respondents may affix the disclosure clearly and prominently by sticker or other device on the labels of products manufactured prior to thirty (30) days after the service of this order.

The proposed order defines “colloidal silver product” as ForMor’s colloidal silver or any covered product or service for which the term “colloidal silver” or “silver salts” appears on the covered product or service label or in any advertising or promotion, and any covered product or service containing “colloidal silver” or “silver salts.” In connection with the advertising or sale of a colloidal silver product, Part IV prohibits proposed respondents from representing that ingestion of colloidal silver is proven effective in the treatment of disease or any number of diseases, or representing that medical studies demonstrate that ingestion of colloidal silver is safe or has no adverse side effects. Part V prohibits proposed respondents from representing that ingestion of colloidal silver is effective in the treatment of arthritis, blood poisoning, cancer, cholera, diphtheria, diabetes, dysentery, gonorrhea, herpes, influenza, leprosy, lupus, malaria, meningitis, rheumatism, shingles, staph infections, strep infections, syphilis, tuberculosis, whooping cough, or yeast infections unless, at the time the representation is made, proposed respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

The proposed order defines “shark cartilage product” as ForMor’s Ultimate II Shark Cartilage Concentrate or any covered product or service label for which the term “shark cartilage” appears on the covered product or service label or any advertising or promotion, and any covered product or service containing

## Analysis

“shark cartilage.” Part VI requires proposed respondents, in connection with the advertising or sale of any shark cartilage product or any covered product or service, from representing that ingestion of such product is effective in the treatment of arthritis or other degenerative or inflammatory conditions, or is effective in the treatment of brain cancer, unless, at the time the representation is made, proposed respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

Part VII prohibits proposed respondents, in connection with the advertising or sale of any covered product or service, from misrepresenting the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research. Part VIII prohibits proposed respondents from representing that the experience represented by any user testimonial or endorsement of a covered product or service represents the typical or ordinary experience of members of the public who use the covered product or service, unless: (a) at the time the representation is made, proposed respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation; or (b) proposed respondents disclose, clearly and prominently, and in close proximity to the endorsement or testimonial, either what the generally expected results would be for users of the covered product or service, or the limited applicability of the endorser’s experience to what consumers may generally expect to achieve, that is, that consumers should not expect to experience similar results.

Part IX provides that proposed respondents, in connection with the advertising or sale of any St. John’s Wort product, colloidal silver product, shark cartilage product, or any covered product or service, shall not make any representation that such product or service is effective in the mitigation, treatment, prevention, or cure of any disease or illness, or about the health benefits, performance, safety, or efficacy of any such product or service, unless, at the time the representation is made, proposed respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

Analysis

Part X requires proposed respondents to send a notice to all purchasers of St. John's Kava Kava, colloidal silver, and Ultimate II Shark Cartilage Concentrate informing them of the Commission's complaint allegations and describing the terms of the settlement. Part XI requires proposed respondents to provide refunds upon request to purchasers of colloidal silver and Ultimate II Shark Cartilage Concentrate, and Part XII requires proposed respondents to submit a report specifying the steps they have taken to comply with Part X (purchaser notice provisions) and Part XI (purchaser refund provisions).

Part XIII requires proposed respondents to take reasonable steps to ensure that all employees and agents engaged in sales, order verification, and other customer service functions comply with Parts I through IX of the proposed order. It further requires proposed respondents to terminate any employee who knowingly engages in conduct that violates these parts of the order. Part XIV requires proposed respondents to send each purchaser for resale—defined as any purchaser of any of respondents' St. John's Wort, colloidal silver, or shark cartilage products who orders five or more units of any such product at any one time or twenty or more units of any such products in any three-month period—the purchaser notice provisions required by Part X. In the event that proposed respondents receive any information that subsequent to receipt of such notice a purchaser is using or disseminating any advertisement or promotional material or making any oral statement that contains any prohibited representation or that does not contain the disclosure required pursuant to Part III, proposed respondents are required to investigate such information and upon verification terminate, and not resume, sales or shipments to such purchaser for resale. Part XV would allow proposed respondents to make any representation that is specifically permitted in the labeling for any product by regulations promulgated by the FDA pursuant to the Nutrition Labeling and Education Act of 1990, and would allow respondents to make any representation for any drug that is permitted by the FDA in the drug's labeling.

Part XVI of the proposed order contains record keeping requirements for materials that substantiate, qualify, or contradict

## Analysis

claims covered by the proposed order. Part XVII of the proposed order requires distribution of a copy of the order to current and future officers and agents. Part XVIII provides for Commission notification upon a change in the corporate respondent and Part XIX requires Commission notification when the proposed individual respondent changes his business or employment. Part XX requires the proposed respondents to file with the Commission a report demonstrating compliance with the terms and provisions of the order. Part XXI provides for the termination of the order after twenty (20) years under certain circumstances.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and the proposed order or to modify in any way their terms.

Complaint

IN THE MATTER OF

**PANDA HERBAL INTERNATIONAL, INC., ET AL.**

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 5 AND SEC. 12 OF THE FEDERAL TRADE COMMISSION ACT

*Docket C-4018; File No. 0023229  
Complaint, July 30, 2001--Decision, July 30, 2001*

This consent order addresses health-related advertising claims that Respondent Panda Herbal International, Inc. and its officer, Respondent Everett L. Farr III, disseminated on the Internet and elsewhere for their Herbal Outlook product – a dietary supplement that contains St. John’s Wort – and their HerbVeil 8 product, a topical ointment. The order, among other things, prohibits the respondents from representing that ingesting any Herbal Outlook product, or any covered product or service, is effective in the treatment of HIV/AIDS, herpes simplex, tuberculosis, influenza, or hepatitis B infections without possessing and relying upon competent and reliable scientific evidence that substantiates the representation. The order also prohibits the respondents from representing that application of any HerbVeil 8 product, or any covered product or service, is effective in the treatment of any cancer without possessing and relying upon competent and reliable scientific evidence that substantiates the representation. In addition, the order prohibits the respondents from representing that ingesting any Herbal Outlook product has no known contraindications or drug interactions. The order also requires the respondents to place a disclosure warning about St. John’s Wort’s potentially dangerous interactions with some prescription drugs in any advertisement, promotional material, or product label for any Herbal Outlook or similar product. In addition the order requires the respondents to provide refunds upon request to consumer purchasers of HerbVeil 8.

*Participants*

For the Commission: *Susan M. Luciano, Donald G. D’Amato, Michael Joel Bloom, Thomas A. Cohn, Barbara Anthony, Janis K. Pappalardo, Gerard R. Butters and Paul A. Pautler.*

For the Respondent: *Everett L. Farr III, pro se.*

**COMPLAINT**

The Federal Trade Commission, having reason to believe that Panda Herbal International, Inc., a corporation, also doing

## Complaint

business as Viable Herbal Solutions, and Everett L. Farr III, individually and as an officer of the corporation (“respondents”), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

PARAGRAPH 1: Respondent Panda Herbal International, Inc. (“Panda”) is a Pennsylvania corporation with its principal office or place of business at 744 Walnut Avenue, Building 2, Bensalem, Pennsylvania 19020.

Respondent Everett L. Farr III is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation, including the acts and practices alleged in this complaint. His business address is 744 Walnut Avenue, Building 2, Bensalem, Pennsylvania 19020.

PARAGRAPH 2: Respondents have advertised, offered for sale, sold, and distributed, among other products, Herbal Outlook, a dietary supplement containing, among other ingredients, St. John’s Wort, Passion Flower, Gotu-Kola, and Kava Kava; and HerbVeil 8, a topical ointment containing, among other ingredients, distilled water, Bloodroot, Zinc Chloride, and Red Clover. Panda’s Herbal Outlook and HerbVeil 8 are “food” and/or “drugs” within the meaning of Sections 12 and 15 of the Federal Trade Commission Act, 15 U.S.C. §§ 52 and 55.

PARAGRAPH 3: The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

**Herbal Outlook**

PARAGRAPH 4: Respondents have disseminated or have caused to be disseminated advertisements for Herbal Outlook, including, but not limited to, the attached Exhibits A and B.

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Advertisements for Herbal Outlook have been disseminated through websites on the Internet. Panda's website, <http://www.viable-herbal.com> (excerpted in Exhibit A), contains the following statement:

Herbal Outlook - A Formula for Depression. The herbal ingredients in this formulation . . . have no known contraindications or side effects. . . .  
CONTRAINDICATIONS: None. Consult your physician before using this product if you are pregnant, lactating, have high blood pressure, or are being treated for a serious medical condition. ABOUT THE ACTIVE INGREDIENTS . . . . The New York University Medical Center and the Weizmann Institute of Science reported the discovery of two substances in St. John's Wort, hypericin and pseudohypericin, that displayed anti-viral activity against some retroviruses. Retroviruses include the human immunodeficiency virus (HIV), and the authors suggested that these herbal products could be useful in the treatment of AIDS. . . . Extracts of St. John's Wort are now known to inhibit the growth of Mycobacterium tuberculosis, the most common cause of tuberculosis . . . . St. John's Wort has also been reported to have anti-viral activity against herpes simplex virus, influenza virus and hepatitis B virus.

In addition, the package label for Herbal Outlook (Exhibit B) contains the following statement:

NO KNOWN WARNINGS OR CONTRAINDICATIONS.

PARAGRAPH 5: Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that ingestion of Herbal Outlook is effective in the treatment of HIV/AIDS, herpes simplex, tuberculosis, influenza, and hepatitis B infections.

PARAGRAPH 6: Through the means described in Paragraph 4, respondents have represented, expressly or by

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implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 5 at the time the representations were made.

PARAGRAPH 7: In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 5 at the time the representations were made. Respondents have produced no well-controlled scientific studies involving human subjects showing that ingestion of Herbal Outlook is effective in the treatment of HIV/AIDS, herpes simplex, tuberculosis, influenza, or hepatitis B infections. Therefore, the representation set forth in Paragraph 6 was, and is, false or misleading.

PARAGRAPH 8: Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that ingestion of St. John's Wort, an ingredient in Herbal Outlook, is effective in the treatment of HIV/AIDS. Respondents have failed to disclose that ingestion of St. John's Wort is not compatible with use of protease inhibitors and other drugs used in the treatment of HIV/AIDS. This fact would be material to consumers in their purchase or use of the product. The failure to disclose this fact, in light of the representation made, was, and is, a deceptive practice.

PARAGRAPH 9: Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that ingestion of St. John's Wort, an ingredient in Herbal Outlook, has no known contraindications or drug interactions.

PARAGRAPH 10: In truth and in fact, ingestion of St. John's Wort, an ingredient in Herbal Outlook, has known contraindications and drug interactions. Ingestion of St. John's Wort may reduce the effectiveness of drugs used to treat HIV/AIDS, as well as the effectiveness of cyclosporine (a drug used to prevent organ transplant rejection), the effectiveness of anticoagulants (such as warfarin), and the effectiveness of birth

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control pills. Therefore, the representation set forth in Paragraph 9 was, and is, false or misleading.

**HerbVeil 8**

PARAGRAPH 11: Respondents have disseminated or have caused to be disseminated advertisements for HerbVeil 8, including, but not limited to, the attached Exhibit C. Advertisements for HerbVeil 8 have been disseminated through, among other media, websites on the Internet. Panda's website advertisement, <http://www.viable-herbal.com> (excerpted in Exhibit C), contains the following statement:

HerbVeil 8 is a botanical preparation having remarkable anti-tumor properties when used as directed. The topical ointment, when applied externally to dermal or epidermal lesions, necroses (*kills*) the aberrant tissue and creates an 'eschar' on the skin shortly after application. The body's natural rejuvenation system expels the resultant 'scab', leading a cavitated 'pit' area where the lesion had existed. . . . No residual cells from the original neoplasm will remain, and there will be no 'recurrence' of the ailment in the area of the treatment. HerbVeil 8 has been used in the successful removal of carcinoma, adenocarcinoma, and melanoma.

PARAGRAPH 12: Through the means described in Paragraph 11, respondents have represented, expressly or by implication, that topical application of HerbVeil 8 is effective in the treatment of carcinomas, adenocarcinomas, and melanomas.

PARAGRAPH 13: Through the means described in Paragraph 11, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 12 at the time the representations were made.

PARAGRAPH 14: In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the

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representations set forth in Paragraph 12 at the time the representations were made. Respondents have produced no scientific studies involving human subjects showing that topical application of HerbVeil 8 is effective in the treatment of carcinomas, adenocarcinomas, and melanomas. Therefore, the representation set forth in Paragraph 13 was, and is, false or misleading.

PARAGRAPH 15: The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices, and the making of false advertisements, in or affecting commerce in violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this thirtieth day of July, 2001, has issued this complaint against respondents.

By the Commission.



## *Herbal Outlook*

### **A Formula for Depression**

#### *A Synergistic Botanical Preparation*

***Herbal Outlook - A Formula for Depression*** - is a botanical alternative medicine formulation which provides an increased sense of well-being & contentment, improved mental function & stamina, and increased energy. This formulation is also designed to cleanse toxins from the body that may be contributing to the depressive state.

Depression seems to be more prevalent today than it was years ago, and it affects people of all ages and all socioeconomic levels. Obviously, depression is a problem for the sufferer, but it can also be a difficulty for others who are associated with the depressed individual. The intensity of depression can vary from mild to extremely severe (*where it can lead to serious problems, including suicide*). Causes of depression are also varied, and include chemical imbalances, reactions to medication being administered for other purposes, stress, and mental disorders. Traditional pharmaceuticals often rely on a limited number of available anti-depressive drugs, such as Prozac, to treat the patient. Drugs like Prozac work by increasing the levels of Serotonin in the neuro-transmission system. However, these orthodox treatments have unpredictable results, and also have significant side-effects for a large number of users, including nausea, diarrhea, and sexual dysfunction. The herbal ingredients in this formulation, by comparison, have a history of effective treatment for depressive disorders, and also have no known contraindications or side effects.

**PURPOSE OF FORMULATION:** To treat the various causes, and symptoms, of depression.

**OTHER APPLICATIONS:** Anxiety, nervous tension, chronic fatigue syndrome, mononucleosis, and thoughts of worthlessness & suicide.

**FORM:** Capsules (600 mg. each)

**HERBAL INGREDIENTS:** Standardized herbal extracts of Wild Oat (*Avena sativa*), St. John's Wort (*Hypericum perforatum*), Kava Kava (*Diper methysticum*), Gotu Kola (*Centella asiatica*), Schizandra (*Schizandra frutus, chinensis*), Feverfew (*Chrysanthemum parthenium*), Horehound

(*Marrubium vulgare*), Damiana (*Turnera diffusa*), Passion Flower (*Passiflora incarnata*), Valerian Root (*Valeriana officinalis*), Borage (*Borago officinalis*), and Ginkgo Biloba (*Ginkgo biloba*).

**RECOMMENDED DOSAGE:** Two (2) capsules, three (3) times a day, for ten (10) days. Continue use of this product at the recommended dosage as long as feelings of anxiety, nervous tension, fatigue, and/or depression are obviously present. As symptoms subside, begin to reduce dosage accordingly. Maintain product use for some period (*several weeks*) even if no further symptoms are present. Do not exceed recommended dosage.

**CONTRAINDICATIONS:** None. Consult your physician before using this product if you are pregnant, lactating, have high blood pressure, or are being treated for a serious medical condition.

### ABOUT THE ACTIVE INGREDIENTS



*Viable Herbal Solutions understands today's issues regarding better health and well-being, and we offer you the benefit of our personal, technical & professional experience through the various products we provide. This brief overview is designed as an introduction to the well-known benefits of common herbs and plants which are used to produce our Herbal Outlook Formula for Depression.*

**WILD OAT** is an annual grass which is widely cultivated for its edible grain. A fibrous root produces a hollow, jointed stem from 2-4 feet high with more or less rough, pale green, narrow, flat leaves. Oat has been used traditionally for its antispasmodic, nervine, and stimulant properties. Wild Oat, also called Oat, is used primarily for its nutritional value; Oat is of particular benefit in special diets for convalescents, or for those with certain illnesses, including gastroenteritis and dyspepsia. Oat extract and tincture are useful as nerve & uterine tonics.

**ST. JOHN'S WORT**, also known as Goatweed, Hypericum and Klamath Wee, belongs to a group of about two hundred herbs of the family Hypericaceae. This aromatic perennial herb is found throughout Europe and the United States, producing golden yellow flowers that seem particularly abundant on June 24, the traditional birthday of John the Baptist. Ergo the name in honor of St. John. St. John's Wort was popular with ancient medical authorities and was commonly recommended as a folk remedy for the treatment of infectious diseases such as colds, syphilis, tuberculosis, dysentery, whooping cough and worms. St. John's Wort has also been used as a folk remedy for the treatment of depression, anxiety, mania, hypochondria, fatigue, hysteria and insomnia. Over time, with the advent of modern pharmaceutical science, St. John's Wort was nearly forgotten as a medicinal herb. Only recently has St. John's Wort gained a new reputation, particularly in Europe, as an effective nerve tonic for treatment of anxiety, depression, and unrest. A report in a leading German medical journal in 1984 demonstrated significant improvement in depression, anxiety and insomnia in nine people taking oral extracts of St. John's Wort. Recent studies have linked the antidepressant effects of St. John's Wort to various contained xanthenes and flavonoids that act as monoamine oxidase (MOA) inhibitors.

Tests on small animals and preliminary tests in humans have confirmed this activity. In a study published in the Journal Proceedings of the National Academy of Sciences in 1988, researchers from The New York University Medical Center and The Weizmann Institute of Science reported the discovery of two substances in St. John's Wort, hypericin and pseudohypericin, that displayed anti-viral activity against some retroviruses. Retroviruses include the human immune deficiency virus (HIV), and the authors suggested that these herbal products could be useful in the treatment of AIDS. Extracts of St. John's Wort are now known to inhibit the growth of Mycobacterium tuberculosis, the most common cause of tuberculosis, as well as the bacteria staphylococci, shigella and Escherichia coli. Researchers have also shown that St. John's Wort inhibits the growth of some strains bacteria that are highly resistant to antibiotics, such as Staphylococcus aureus, enterococcus and Pseudomonas aeruginosa. St. John's Wort has also been reported to have anti-viral activity against herpes simplex virus, influenza virus and hepatitis B virus. Hypericin and pseudohypericin appear to be the active therapeutic components of St. John's Wort, though other substances, including protein, fat, tannin, vitamins A and C, carotenoids, rutin and pectin support it's activities. The presence of hypericin and pseudohypericin distinguish St. John's Wort from other herbs, and both compounds are promising candidates for the treatment of HIV disease, including ARC and AIDS, as noted above.

**KAVA KAVA**, also known as kava pepper, is an exciting botanical that has gained recent popularity in United States due to its availability. Though Kava Kava is relatively new to the U.S., it is certainly not a new herb. Kava Kava has been used in Polynesia, Melanesia and Micronesia in the South Pacific for over 3,000 years. Kava Kava is an effective relaxant and sleep aid, able to induce a feeling of relaxation, peace and contentment, along with a sharpening of the senses. More recently, in the past few hundred years, Kava Kava has also gained popularity with the natives of Hawaii, Australia and New Guinea where it is used medicinally as well as recreationally. Kava was first mentioned in the scientific records in 1886, and by 1993 the active ingredients, Kavalactones, were detected by mass spectrometry. Over the past 100 years, extensive analytical investigation of the Kava root has revealed that the active ingredients in Kava Kava, the kavalactones, comprise 15% of the root. Of the fifteen lactones isolated from Kava Kava, there are six major lactones (*kavalactones*) known to provide psychoactive activity: kawain, methysticin, demethoxy-yangonin, dihydrokawain, dihydromethysticin, and yongonin. All kavalactones are physiologically active, though it is the fat-soluble kavalactones derived from kava resin that convey the main psychoactive activity. Absorption in the gastrointestinal tract is remarkably rapid, so the effects are felt almost immediately. The kavalactones are pharmacologically effective and differences in their actions are qualitative as well as quantitative. Increased cognitive function has been observed with Kava Kava use, according to a 1993 article in Neuropsychobiology. Unlike sedatives, Kava Kava improves mental function instead of "dulling the brain. And unlike alcohol or sedatives, it would be extremely difficult to build up a tolerance to Kava Kava (*Clinical and Experimental Pharmacology, 1992, 18:571*). Kava root is primarily used as a natural sedative and sleep inducer. It is also effective in reducing menstrual cramps. Kava is obviously not recommended for those who intend to drive or conduct any activity which requires fast reaction time. Pharmaceutical grades of natural Kava root are available from reputable companies in the United States. Synthetic Kava can be produced, but does not possess the same soothing qualities of naturally extracted kavalactones from the Kava plant. Correctly extracted Kava Kava will contain all six kavalactones in high concentrations (25-30%).

**SCHIZANDRA** is a highly prized herb by Chinese women as a sexual enhancer and youth tonic. It is believed to preserve beauty, and is a mild sedative. Schizandra is also reputed to increase sexual stamina among men. Until recently, this herb was rare and relatively expensive. It was highly coveted by the wealthy, and a favorite among the Chinese emperors. Schizandra is also considered an adaptogen, and similar to ginseng, it is believed to increase stamina and fight against fatigue. It has

also been used effectively as an antidepressant. Recent research supports these claims. According to a 1989 article in "Phytotherapy Research", polo horses given Schizandra performed better and showed better physiological responses to stress after taking the herb. Today, Schizandra is widely available in both capsules and extracts.

**GOTU KOLA**, being a naturally excellent neural tonic, slowly builds mental stamina and neural health. Gotu kola is an excellent treatment for nervous breakdown. In addition, Gotu kola, according to Asian and European practice, is an excellent blood purifier, glandular tonic and diuretic. Gotu kola is commonly used for diseases of the skin, blood and nervous system. Gotu kola contains 'asiaticoside' which is used routinely in the Far East to treat leprosy and tuberculosis. The people of India use this plant specifically to improve memory and longevity. Unlike the pronounced, quick-acting anti-fatigue properties of Capsicum, the combination of Ginseng and Gotu kola have been found to gradually increase overall energy or activity levels, thus increasing the body's metabolic rate. Gotu kola contains no caffeine at all, and is not related whatsoever to the Kola nut (*a standard source of caffeine in today's world*).

**FEVERFEW**, also known as Bachelor's Button, is a common flowering aromatic plant. Feverfew was known to the ancient Egyptians and Greeks who regarded it as a valuable remedy to alleviate headaches, joint pain, stomach aches, menstrual pains and fever. For centuries, it has also been employed as an emmenagogue to promote menstrual flow. Modern researchers confirm that Feverfew is a valuable herbal remedy that is especially effective in treating migraine headaches and arthritis. Feverfew contains a number of lactones, among them parthenolide, michefuscalide and chrysanthenyl. The main active sesquiterpene lactone, parthenolide, is known to inhibit the production and secretion of prostaglandins - substances released by blood platelets and white blood cells that contribute to migraines. White blood cells secrete substances believed to contribute to the kind of inflammatory processes seen in arthritis, and possibly some other auto-immune disorders. Another substance, Serotonin, is also secreted by blood platelets and can constrict blood vessels and contribute to migraine pain. This inhibition of prostaglandins results in reduction in inflammation, decreased secretion of histamine, and a reduction of fevers, thus the name Feverfew. Feverfew has also been useful in relaxing smooth muscles in the uterus, promoting menstrual flow and inhibiting platelet aggregation and excessive blood clotting. Feverfew also helps stimulate digestion and improves liver function.

**HOREHOUND** is a perennial plant found in waste places, in upland fields and pastures, and along roadsides in coastal areas of the U.S., Canada, Mexico, and Europe. A fibrous, spindle-shaped rootstock sends up numerous bushy, square, downy stems. This herb has been shown effective when used as a diaphoretic, diuretic, expectorant, stimulant, and tonic. Horehound is above all a remedy for coughing, and bronchial problems generally. It has also shown to aid in the restoration of the normal balance of secretions by various body organs and glands, and hence its inclusion in this formulation. It has shown positive results in treating nervous heart conditions, and to calm overall heart action.

**DAMIANA** leaf has one of the strongest reputations for building enhanced sexual activity. This reputation extends over hundreds of years. Damiana's use as an aphrodisiac can be traced to the ancient Mayans, but in modern times it is still popularly used as a sexual stimulant. Damiana leaf contains beta-sitosterol and various aromatic oils that create a stimulant effect on the body's sexual organs, helping to build stronger and more consistent sexual responses, and providing better sexual health and reproductivity.

**PASSION FLOWER** was first investigated scientifically less than 100 years ago when it was found

to possess an analgesic (*pain-killing*) property, and to prevent, without side effects, sleeplessness caused by brain inflammation. Since then, the sedative properties of Passion Flower have been observed and documented in many studies. Passion Flower is an extremely popular herb in Europe where it is often used to induce relaxation and sleep, an effect first experimentally verified in 1920. In that study, the researcher noticed that, unlike what happens with narcotics, sleep was induced normally, with easy, light breathing, and with little or no neural or mental depression. Upon awakening, the patients showed no signs of confusion or stupor or melancholy. In 1979, about 50 preparations on the market in Germany contained Passion Flower - 42 were sedatives, and 6 were cardiotonics. These preparations were recommended for nervous or easily aroused children, cardiovascular neurosis, bronchial asthma, coronary diseases, weak circulation, sleep disorders, problems of concentration in school children, and geriatrics.

**VALERIAN ROOT** is a tall perennial herb with hollow stems that bear white or reddish flowers. The vertical rhizome and attached rootlets are harvested in the autumn of the second year's growth. These plant parts possess an unpleasant aroma due to the contained volatile oils. Valerian extract, derived from the dried rhizomes and roots of the plant, has been used for thousands of years as a folk remedy, tranquilizer and calmative for several disorders such as restlessness, nervousness, insomnia, hysteria, menstrual problems, and as a sedative for "nervous" stomach. Valerian root is one of the most studied plants. Valerian, and/or its major constituents, the valepotriates, have marked sedative, anticonvulsive, hypotensive, tranquilizing, neurotropic, and anti-aggressive properties. These effects result from a selective neurotropic action of the root on higher brain centers. The herb's primary functional effect is to suppress and regulate the autonomic nervous system. As a result, it has been found effective in treating psychosomatic diseases and childhood behavioral disorders that involve dysregulation of the autonomic nervous system. Valerian extracts are currently used in scores of compounds and teas in Europe. Valerian is perhaps best characterized as a minor tranquilizer when administered in the form of a tea, a tincture or an extract.

**BORAGE** tea was given to competitor in tournaments of medieval times as a moral booster. "I, borage bring always courage", was a popular rhyme of the day. Borage is an annual plant that grows wild in the Mediterranean countries. The hollow, bristly, branched stem grows up to 2 feet tall. Borage has been used for various medicinal purposes over the years as an aperient, diaphoretic, febrifuge, galactagogue, pectoral, and tonic. Borage is good for reducing fever and for restoring vitality during convalescence from illness. Its diaphoretic action is also credited with some antidotal effect against several poisons. This herb also exhibits some calmative properties that make it useful for nervous conditions. Borage has also been recommended for pleurisy and peritonitis for its calmative and anti-inflammatory action.

**GINKGO BILOBA** is one of the oldest living tree species, dating back over 300 million years, and individual trees can live for over 1,000 years. In China, extracts of the fruit and leaves of the ginkgo tree have been used for over 5,000 years to treat lung ailments such as asthma and bronchitis, and also as a remedy for various cardiovascular diseases. Recently, western researchers have been studying Ginkgo biloba as a treatment for senility, hardening of the arteries, and as a treatment for oxygen deprivation. Ginkgo increases the body's production of the universal energy molecule adenosine triphosphate, commonly called ATP. This activity has been shown to boost the brains energy metabolism of glucose, thus acting in this formulation as a catalyst for effective weight reduction processes. Scientists have also shown that Ginkgo contains an abundance of useful compounds, including the antioxidants Vitamin C and carotenoids, but it is the flavonoid compounds collectively known as "ginkgolides" that are the most remarkable. The Ginkgo flavonoids act specifically to dilate the smallest segment of the circulatory system, the micro-capillaries, which has a widespread affect on

the body's organs, especially the brain. Researchers have also reported that Ginkgo extracts effectively increase blood circulation and increase oxygen levels in brain tissues. Ginkgo is a powerful antioxidant that prevents platelet aggregation inside arterial walls, keeping them flexible and decreasing the formation of arteriosclerotic plaque.

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*Herbal Outlook is being sold as a dietary supplement. All ingredients comply with F.D.A. regulations. This Product is distributed exclusively by Viable Herbal Solutions of Morrisville, PA.*

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**Herbal Outlook - A Formula for Depression** is available from ***Viable Herbal Solutions*** for \$22. **Orders** can be placed by contacting our home office where we gladly accept VISA, MasterCard and American Express.

***Viable Herbal Solutions***

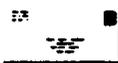
P.O. Box 969

Morrisville, PA. 19067-0969

Phn: (800) 505-9475 (215) 337-8182

Fax: (800) 505-9476 (215) 337-8186

Email: [sales@viable-herbal.com](mailto:sales@viable-herbal.com)



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***Viable Herbal Solutions*** provides a full 100% money-back guarantee for all of its products. If, for any reason, you are not totally satisfied with the results of product usage, simply notify ***VHS*** with your reasons for dissatisfaction, and return the unused portion of the product within 60 days of purchase for a complete refund.

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**Key Benefits:**

- .....all natural, herbal ingredients.
  - .....provides increased sense of well-being & contentment.
  - .....improves mental function & stamina.
  - .....increases energy.
  - .....competitively priced.
  - .....guaranteed results.
- 

**Pricing:**

DESCRIPTION	FORM	SIZE	ITEM #	PRICE
Herbal Outlook - Formula for Depression	60 capsules	600 mg. each	HO1001	\$22

**Ordering:**

VHS PRODUCT #	PRODUCT NAME & DESCRIPTION	UNIT PRICE (\$)	SHOPPING CART
HO1001	Herbal Outlook - Formula for Depression	\$22	Add To Shopping Cart
View Shopping Cart			

Ordering information is encrypted using Secure Socket Layer (SSL) protocol before being transferred to our SECURE Web Server for processing.



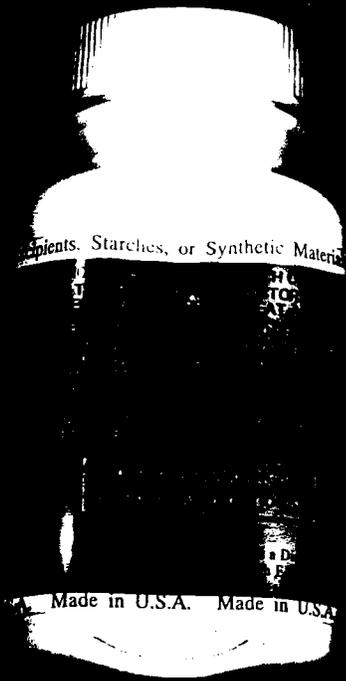
**Herbal Outlook - Information Request Form**

*Select the items that apply, and then let us know how to contact you.*

- Please send Product Literature
- Please send Company Literature
- Please send Distributor Information & Application Forms
- Please have a Customer Service Representative contact me

Name:

Company:



Back of Herbal Outlook Bottle

Exhibit B



## *HerbVeil 8*

### Escharotic Salve

*A Synergistic Botanical Preparation*

***HerbVeil 8 - Escharotic Salve*** - is a alternative medicine botanical formulation having remarkable anti-tumor properties when used as directed. The topical ointment, when applied externally to dermal or epidermal lesions, necroses (*kills*) the aberrant tissue and creates an "eschar" on the skin shortly after application. The body's natural rejuvenation system expels the resultant "scab", leaving a cavitated "pit" area where the lesion had existed. And over a period of several weeks (*perhaps months for severe cases*), the body continues to heal the cavitated area, usually leaving a slight depigmentation of the skin. No residual cells from the original neoplasm will remain, and there will be no "recurrence" of the ailment in the area of treatment. *HerbVeil 8* has been used in the successful removal of carcinoma, adenocarcinoma, and melanoma.

**PURPOSE OF FORMULATION:** Topical lotion belonging to a class of compounds known as "escharotics" for effective treatment of all varieties of skin conditions.

**OTHER APPLICATIONS:** All external skin conditions.

**FORM:** Salve (1/2 oz. glass vials)

**HERBAL INGREDIENTS:** Standardized herbal extracts of Chaparral (*Larrea tridentata*), Zinc Chloride, Cayenne (*Capsicum frutescens*), Bloodroot (*Sanguinaria canadensis*), Red Clover (*Trifolium pratense*), Birch Bark (*Betula alba*), DMSO (*dimethyl sulfoxide*), Burdock Root (*Arctium lappa*), and Irish Moss (*Chondrus crispus*).

**RECOMMENDED USAGE:** Intended for a single, self-application by using a standard household cotton swab. The salve should be applied directly to the lesion, or neoplastic tissue, in a thin coating, almost lightly 'caked', with a slight overlap onto the surrounding healthy tissue. Be sure to wash hands thoroughly both before, and after, applying *HerbVeil 8*. Properly discard the cotton swab after use.

**CONTRAINDICATIONS:** None. In some cases, there may be a 'burning sensation' associated with initial use of the product, and this is acceptable. Normal over-the-counter (OTC) products such as *Viable Herbal Solutions' Herbagessic - A Formula for Pain*, or other non-prescription pain killers, can be used to minimize this affect. This product is not intended for oral consumption. Apply to the

lips, if necessary, but not directly into the mouth. Never apply the product near mucous membranes. *HerbVeil 8* is not intended for use on skin-burned tissue, nor open wounds that are caused by puncture or penetration by an intruding object - that is, a cause other than the invasiveness of the neoplasm itself.

### ABOUT THE ACTIVE INGREDIENTS



*Viable Herbal Solutions understands today's issues regarding better health and well-being, and we offer you the benefit of our personal, technical & professional experience through the various products we provide. This brief overview is designed as an introduction to the well-known benefits of common herbs and plants which are used to produce our HerbVeil 8 Escharotic Salve.*

**CHAPARRAL** is undoubtedly beneficial for some people with certain types of cancer in certain stages of development, but it is not clear who may benefit, which cancers are most susceptible, or at which stage of cancer development the herb is most effective. It has been repeatedly shown that NDGA (*nordihydroguaiaretic acid*), the active principle in Chaparral, is poisonous to some kinds of cancer cells while not affecting normal cells. The herb's effectiveness against other forms of skin diseases may be attributed to its anti-microbial properties, its ability to increase ascorbic acid levels in the adrenals, or its tonic quality.

**ZINC CHLORIDE**, also called "Butter of Zinc", is a compound occasionally used in escharotic skin creams & salves for the treatment of skin cancer and other dermal / epidermal conditions. Zinc chloride assists in the absorption of the herbal nutrients & active ingredients of this formulation through the dermal layer and into the bloodstream.

**CAYENNE** is primarily a kind of catalyst in the blood purification process. Cayenne has positive effects on circulation, the heart, the stomach, and all other systems of the body. But it is not usually thought of as a tonic. It is generally considered a carminative (*expelling gas from the stomach & intestines*) and a stimulant. The stimulant property, however, is so prevalent that increased tonus of nerves & glands is a major end result of its action. It stimulates the vital organs to greater activity levels, and promotes cardiovascular efficiency, while lowering overall blood pressure. Additionally, Cayenne acts directly as a diaphoretic, stimulating excretion of wastes in the sweat. By increasing the circulation of blood to peripheral tissues, Cayenne helps ensure that nutrients (*including those obtained from this and other herbal preparations*) are effectively delivered to inflamed and infected areas. Cayenne also helps regulate cholesterol and lipid levels.

**BLOODROOT** is a small perennial plant, about 6 inches high, found in shaded, rich soils in the northeastern states of the U.S. The finger-thick rootstock contains red juice when fresh; when dried it is yellow inside and brown outside. Bloodroot has been used as a diuretic, emetic, emmenagogue, expectorant, febrifuge, stimulant, and tonic. Bloodroot has been used historically in numerous topical preparations for the treatment of various skin cancers, and also for sores, warts, eczema, and other dermal & epidermal problems. It has also been used internally in herbal preparations for congestive lung conditions such as emphysema and chronic bronchitis.

**RED CLOVER** has been used in America for over 100 years to treat and prevent cancer, and also as a sedative for whooping cough. In Europe, Red Clover has been used as a diuretic to treat gout, and

also as an expectorant. Because of its high content of several important nutrients, including vitamins and minerals, Red Clover has become a dependable nutritive supplement in all forms of degenerative disease. Antibiotic tests on Red Clover have shown it to possess activity against several bacteria, the most significant of which is the pathogen that causes tuberculosis.

**BIRCH BARK** is considered both a bitter and an astringent. A leaf tea made by infusion is said to eliminate gravel and dissolve kidney stones when taken daily for a time. This herb has also been used successfully as a cream, salve, wash or bath additive for the treatment of skin problems, including Melanoma, resulting from the action of the betulinic acid occurring naturally in the bark of the tree. Also, the inner bark contains an oil which is sometimes substituted for wintergreen in various over-the-counter (OTC) skin liniments.

**DMSO** (*Dimethyl suloxide*) is a by-product of wood. DMSO has been reported to relieve pain, diminish swelling, reduce inflammation, encourage healing, and restore normal function. DMSO is typically used for a variety of disorders, including cancer, arthritis, stroke, mental retardation, and various sports injuries.

**BURDOCK ROOT** is your all around blood purifier, its action being simple, yet profound. It produces gradual beneficial changes within the body by improving general nutrition and by gradually altering the health of the blood. It is both a diuretic (*increases the secretion and flow of urine*) and a diaphoretic (*induces perspiration*). Burdock has also been shown to enhance liver and bile functions. Bacteriostatic principles have been isolated from Burdock root, and it has been found to inhibit tumor growth. Documented effects include treatment of scurvy, venereal eruptions, leprosy, and other cankerous skin conditions.

**IRISH MOSS** is used as a stabilizer in such dairy products as ice creams, sherbets, chocolate milk, yogurt and whipped cream. In its raw form, Irish Moss is used as a bulk laxative, which also coats and soothes the entire gastrointestinal tract. In various forms, it alleviates peptic and duodenal ulcers in humans while having no adverse effects on the colon.

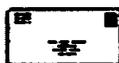
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*Each of the products contained in the **HerbVeil 8 Full Escharotic Healing Program**, including the **Escharotic Salve**, is being sold as a dietary supplement. All ingredients comply with F.D.A. regulations. This Product is distributed exclusively by **Viable Herbal Solutions of Morrisville, PA.***

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**HerbVeil 8 - Escharotic Salve** - is available from **Viable Herbal Solutions** for \$39. Orders can be placed by contacting our home office where we gladly accept VISA, MasterCard and American Express.

**Viable Herbal Solutions**  
 P.O. Box 969  
 Morrisville, PA. 19067-0969  
 Phn: (800) 505-9475 (215) 337-8182  
 Fax: (800) 505-9476 (215) 337-8186  
 Email: [sales@viable-herbal.com](mailto:sales@viable-herbal.com)




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*Return to Web Site Navigation Panel*

**Viable Herbal Solutions** provides a full 100% money-back guarantee for all of its products. If, for any reason, you are not totally satisfied with the results of product usage, simply notify **VHS** with your reasons for dissatisfaction, and return the unused portion of the product within 60 days of purchase for a complete refund.

### Key Benefits:

- .....all natural, herbal ingredients.
- .....effective treatment for all varieties of skin conditions.
- .....remarkable anti-tumor properties.
- .....most users need only one (1) application for effective results.
- .....necroses (*kills*) the aberrant tissue.
- .....no danger to healthy surrounding skin tissue.
- .....guaranteed satisfaction.

### Pricing:

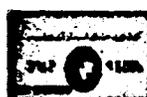
DESCRIPTION	FORM / SIZE	ITEM #	PRICE
<u>Full 5-Part Escharotic Healing Program</u>	Escharotic Salve + 2 Healing Creams, plus maintenance formulas	HV1000	\$129
<u>Full 2-Part Escharotic Treatment Program</u>	Escharotic Salve + 2 Healing Creams	HV2000	\$69
HerbVeil 8 Escharotic Salve	1/2 oz. glass vial	HV1001	\$39

### Ordering:

VHS PRODUCT #	PRODUCT NAME & DESCRIPTION	UNIT PRICE (\$)	SHOPPING CART
HV1000	HerbVeil 8 - Full (5-part) Escharotic Healing Program	\$129	<a href="#">Add to Shopping Cart</a>
HV2000	HerbVeil 8 - Full (2-part) Escharotic Treatment Program	\$69	<a href="#">Add to Shopping Cart</a>
HV1001	HerbVeil 8 - Escharotic Salve only (1/2 oz.)	\$39	<a href="#">Add to Shopping Cart</a>

[View Shopping Cart](#)

Ordering information is encrypted using Secure Socket Layer (SSL) protocol before being transferred to our SECURE Web Server for processing.



HerbVeil 8 Escharotic Salve - Information Request Form

*Select the items that apply, and then let us know how to contact you.*

- Please send Product Literature
- Please send Company Literature
- Please send Distributor Information & Application Forms
- Please have a Customer Service Representative contact me

**Name:**

**Company:**

**Address:**

**City/State/Zip:**

**Country:**

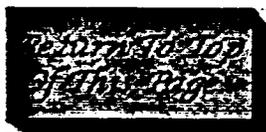
**Telephone:**

**FAX:**

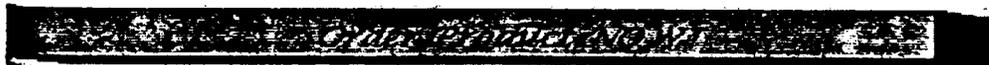
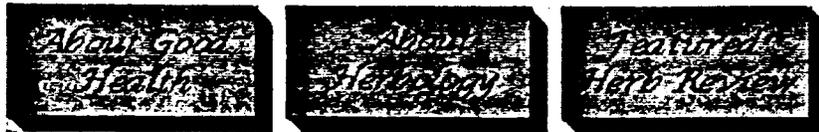
**E-mail:**

[Submit Information Request](#)

[Reset Form](#)



Viable Herbal Solutions' Web Navigation Panel



*Viabie Herbal Solutions' Web Site is designed to be an up-to-date intelligent resource of alternative medicine herbal health information and herbal product offerings that nourish both the human mind & body. Inside our Web Pages, you will find a wealth of scientifically accurate information on a host of current health & wellness issues, as well as access to some of the finest cutting-edge herbal formulations and herbal remedies currently available. We hope you'll find our rapidly developing Web Site to be a positive & comprehensive resource for improving the quality of life for yourself, and for those you care for. We look forward to serving you, and genuinely welcome your comments and suggestions. After you review our Web Site, we would appreciate your comments & suggestions in our On-Line Guest Book.*

<a href="#">About The Company</a>	<a href="#">Product Index</a>	<a href="#">Product Ingredients</a>	<a href="#">SECURE Product Order Form</a>
<a href="#">Satisfaction Guarantee</a>	<a href="#">How To Contact Us</a>	<a href="#">Business Opportunities</a>	<a href="#">Distributor Application</a>
<a href="#">About Good Health</a>	<a href="#">About Herbology</a>	<a href="#">Detailed Herb Descriptions</a>	<a href="#">Featured Herb Review</a>
<a href="#">Alternative Medicine Spotlight</a>	<a href="#">Custom Blends</a>	<a href="#">Bulk Herbs &amp; Extracts</a>	<a href="#">Volume Purchases</a>
<a href="#">What's New</a>	<a href="#">Your Feedback To Us</a>	<a href="#">Web Contents</a>	<a href="#">Search This Web Site</a>
Phn: 800-505-9475 Phn: 215-337-8182	<a href="#">View Shopping Cart</a>		Fax: 800-505-9476 Fax: 215-337-8186

Send mail to [vhs\\_pa@msn.com](mailto:vhs_pa@msn.com) with questions or comments about this web site.  
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 Last modified: May 08, 2000

Decision and Order

**DECISION AND ORDER**

The Federal Trade Commission ("Commission"), having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the Commission's Northeast Region proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission, having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, (and having duly considered the comments received) now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1a. Proposed respondent Panda Herbal International, Inc. d/b/a Viable Herbal Solutions ("Panda") is a Pennsylvania corporation with its principal office or place of business at 744 Walnut Avenue, Building 2, Bensalem, Pennsylvania 19020.

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1b. Proposed respondent Everett L. Farr III is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation. His business address is 744 Walnut Avenue, Building 2, Bensalem, Pennsylvania 19020.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

**ORDER**

**DEFINITIONS**

For purposes of this order, the following definitions shall apply:

A. Unless otherwise specified, “**respondents**” shall mean Panda Herbal International, Inc. doing business as Viable Herbal Solutions, a corporation, its successors and assigns and its officers; Everett L. Farr III, individually and as an officer of the corporation; and each of the above’s agents, representatives, and employees.

B. “**Commerce**” shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

C. “**Competent and reliable scientific evidence**” shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that have been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.

D. “**Product label**” shall mean any label or other written, printed, or graphic matter upon any product or accompanying any product, including package labels, bottle labels, and package inserts.

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E. “**Clear(ly) and prominent(ly)**” shall mean as follows:

1. In an advertisement communicated through an electronic medium (such as television, video, radio, and interactive media such as the Internet, online services and software), the disclosure shall be presented simultaneously in both the audio and visual portions of the advertisement. *Provided, however*, that in any advertisement presented solely through visual or audio means, the disclosure may be made through the same means in which the ad is presented. *Provided, further*, that in any advertisement communicated through interactive media which is presented predominantly through visual or audio means, the disclosure may be made through the same means in which the ad is predominantly presented. The audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The visual disclosure shall be of a size and shade, with a degree of contrast to the background against which it appears, and shall appear on the screen for a duration and in a location, sufficiently noticeable for an ordinary consumer to read and comprehend it.

2. In a print advertisement, promotional material, or instructional manual, the disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background against which it appears. In multi-page documents, the disclosure shall appear on the cover or, alternatively, on the first page.

3. On a product label, the disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it and in print that contrasts with the background against which it appears. *Provided, however*, if a disclosure on a bottle label or package label is made in a location other than the principal display panel, the bottle label or package label shall include the statement, “**See important safety warning(s) on [insert disclosure location],**” as follows: (i) in a type size and location on the principal display panel sufficiently noticeable for

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an ordinary consumer to read and comprehend it; (ii) in print that contrasts with the background against which it appears; and (iii) within a border that is a color or shade that contrasts with the background against which it appears. *Provided further*, that in a multi-page insert, the disclosure shall appear on the cover page or first page. Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement or on any label.

F. In the case of advertisements disseminated by means of an interactive electronic medium, such as software, the Internet, or online services, "**in close proximity**" shall mean on the same Web page, online service page, or other electronic page, and proximate to the triggering representation, and shall not include disclosures accessed or displayed through hyperlinks, pop-ups, interstitials or other means.

G. "**Food,**" "**drug,**" and "**device**" shall mean as "food," "drug," and "device" are defined in Section 15 of the Federal Trade Commission Act, 15 U.S.C. § 55.

H. "**Covered product or service**" shall mean any service, program, dietary supplement, food, drug, or device.

I. "**Herbal Outlook product**" shall mean Panda's Herbal Outlook or any other covered product or service for which the term "Hypericum Perforatum" or "St. John's Wort" appears on the covered product or service label or in any advertising or promotion, and any covered product or service containing "Hypericum Perforatum" or "St. John's Wort."

J. "**HerbVeil 8 product**" shall mean Panda's HerbVeil 8 or any covered product or service for which the term "HerbVeil 8" appears on the product label or in any advertising or promotion, any covered product or service containing "HerbVeil 8," and any covered product or service promoted for the topical treatment of any cancer.

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K. **“Purchaser for resale”** shall mean any purchaser of any of respondents’ Herbal Outlook product or HerbVeil 8 product, who: (a) is a distributor of, or operates a wholesale or retail business that sells, any such product(s); or (b) orders twenty (20) or more units of any such products(s) in any three (3) month period.

L. A requirement that respondents **“notify the Commission,” “file with the Commission”** or **“deliver to the Commission”** shall mean that the respondents shall send the necessary information via first-class mail, costs prepaid, to the Associate Director for Division of Enforcement, Federal Trade Commission, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. Attention: In the Matter of Panda Herbal International, Inc.

M. **“Person”** shall mean a natural person, organization or other legal entity, including a partnership, corporation, proprietorship, association, cooperative, or any other group acting together as an entity.

**ORDER****I.**

**IT IS ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Herbal Outlook product, or any covered product or service in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that ingestion of such product is effective in the treatment of HIV/AIDS, herpes simplex, tuberculosis, influenza, or hepatitis B infections unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

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**II.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any HerbVeil 8 product, or any covered product or service in or affecting commerce, shall not make any representation, in any manner, that application of such product is effective in the treatment of any cancer unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

**III.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Herbal Outlook product in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that ingestion of any Herbal Outlook product has no known contraindications or drug interactions.

**IV.**

**IT IS FURTHER ORDERED** that in any advertisement, promotional material, or product label for any Herbal Outlook product, that contains any representation about the efficacy, performance, or safety of such product, and in any discussion, communicated via electronic mail or any telephone line, that contains any representation about the efficacy, performance, or safety of any Herbal Outlook product, respondents, directly or through any corporation, subsidiary, division, trade name, or other device, shall make clearly and prominently, the following disclosure:

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**WARNING:** St. John's Wort can have potentially dangerous interactions with some prescription drugs. Consult your physician before taking St. John's Wort if you are currently taking anticoagulants, oral contraceptives, anti-depressants, anti-seizure medications, drugs to treat HIV or prevent transplant rejection, or any other prescription drug. This product is not recommended for use if you are or could be pregnant unless a qualified health care provider tells you to use it. The product may not be safe for your developing baby.

unless respondents possess competent and reliable scientific evidence that such product produces no adverse drug interactions or side effects.

*Provided, however,* that the **product label** requirements of this Part shall not apply to products that are shipped to consumers or purchasers for resale less than thirty (30) days after the date of service of this order; and, *provided further,* that with regard to products shipped after thirty (30) days of the date of service of this order, respondents may affix the disclosure clearly and prominently by sticker or other device on the labels of products manufactured prior to thirty (30) days after the service of this order.

*Provided further,* that in the event that the Food and Drug Administration issues a final rule requiring a warning on the labeling of products containing St. John's Wort, respondents may substitute that warning for the disclosure required under this Part.

**V.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Herbal Outlook product, HerbVeil 8 product, or any covered

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product or service in or affecting commerce, shall not make any representation, in any manner, expressly or by implication:

A. That such covered product or service is effective in the mitigation, treatment, prevention, or cure of any disease or illness; or

B. About the health benefits, performance, safety, or efficacy of any such covered product or service; unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

**VI.**

**IT IS FURTHER ORDERED** that respondents shall:

A. Within seven (7) days after service of this order upon respondents, deliver to the Commission a list, in the form of a sworn affidavit, of all purchasers for resale who purchased on or after January 1, 1999 an Herbal Outlook product, directly from respondents or indirectly through one of respondents' other purchasers for resale. Such list shall include each purchaser for resale's name and address, and, if available, the telephone number and email address of each purchaser for resale.

B. Within seven (7) days after service of this order upon respondents, deliver to the Commission a list, in the form of a sworn affidavit, of all consumers who purchased on or after January 1, 1999 an Herbal Outlook product, directly from respondents or indirectly through one of respondents' purchasers for resale. Such list shall include each consumer's name and address, and, if available, the telephone number and email address of each consumer.

C. Within seven (7) days after service of this order upon respondents, deliver to the Commission a list, in the form of a sworn affidavit, of all purchasers for resale who purchased on or

## Decision and Order

after January 1, 1999 an HerbVeil 8 product, directly from respondents or indirectly through one of respondents' other purchasers for resale. Such list shall include each purchaser for resale's name and address, and, if available, the telephone number and email address of each purchaser for resale.

D. Within seven (7) days after service of this order upon respondents, deliver to the Commission a list, in the form of a sworn affidavit, of all consumers who purchased on or after January 1, 1999 an HerbVeil 8 product, directly from respondents or indirectly through one of respondents' other purchasers for resale. Such list shall include each consumer's name and address, and, if available, the telephone number and email address of each consumer and the full purchase price, including shipping, handling, and taxes, of any HerbVeil 8 product purchased from respondent.

E. Within thirty (30) days after service of this order upon respondents, send by first class mail, with postage prepaid, an exact copy of the notice attached hereto as Attachment A, showing the date of mailing, to each purchaser for resale who purchased respondents' Herbal Outlook and/or HerbVeil 8 products between January 1, 1999 and the date of service of this order. This mailing shall not include any other document.

F. Within thirty (30) days after service of this order upon respondents, send by first class mail, with postage prepaid, an exact copy of the notice attached hereto as Attachment B, showing the date of mailing, to each consumer who purchased respondents' Herbal Outlook and/or HerbVeil 8 products between January 1, 1999 and the date of service of this order. This mailing shall not include any other document.

**VII.**

**IT IS FURTHER ORDERED** that respondents shall refund the full purchase price of HerbVeil 8 products purchased from respondents between January 1, 1999 and the date of service of

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this order, including shipping and handling and applicable taxes, to each consumer whose request for a refund is received by Panda within ninety (90) days after the date of mailing shown on Attachment B. To receive a refund the consumer must substantially complete a Refund Request in the form of the Refund Request appended to Attachment B and return it to Panda at the address indicated thereon. The refund shall be paid within fifteen (15) business days of respondents' receipt of the consumer's substantially completed declaration.

**VIII.**

**IT IS FURTHER ORDERED** that respondents shall, no later than one hundred and eighty (180) days after the date of service of this order, deliver to the Commission a report, in the form of a sworn affidavit executed on behalf of respondents. This report shall specify the steps respondents have taken to comply with the terms of Parts VI and VII of this order and shall state, without limitation:

- A. The name and address of each purchaser to whom respondents sent the notice attached hereto as Attachment A as required under Part VI E;
- B. The name and address of each consumer to whom respondents sent the notice attached hereto as Attachment B as required under Part VI F;
- C. The name and address of each consumer from whom respondents received a refund request;
- D. The date on which each request was received and the amount of the refund requested;
- E. The amount of the refund provided by respondents to each such consumer;

## Decision and Order

- F. The status of any disputed refund request and the identification of each consumer whose refund request is disputed, by name, address, and amount of the claim; and
- G. The total amount of refunds paid by respondents.

**IX.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, shall:

A. Take reasonable steps sufficient to monitor and ensure that all employees and agents engaged in sales, order verification, or other customer service functions comply with Parts I through V of this order. Such steps shall include adequate monitoring of all advertisements, promotions, sales presentations, and other oral and written communication with customers regarding such products. Respondents, at a minimum, shall:

1. Conduct periodic monitoring of representations concerning any Herbal Outlook and HerbVeil 8 products, and any other covered product or service, made by persons engaged in sales or other customer service functions, including representations made orally or through electronic communications;
2. Conduct periodic monitoring of representations made about any Herbal Outlook and HerbVeil 8 products, and any other covered product or service, on all Internet websites operated and maintained by respondents; and
3. Establish a procedure for receiving, maintaining, and responding to consumer complaints.

B. Terminate any employee or agent who knowingly engages in any conduct prohibited by Parts I through V of this order

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once respondents know or should know that such person is or has been engaged in such conduct.

**X.**

**IT IS FURTHER ORDERED** that respondents, directly or through any corporation, subsidiary, division, trade name, or other device, shall:

A. For a period of five (5) years following the entry of this order, send a copy of the notice attached hereto as Attachment A by first class certified mail, return receipt requested, to any purchaser for resale of any Herbal Outlook or HerbVeil 8 product, *provided, however*, that the requirements of this Part X A shall not apply to any purchasers for resale who received a copy of the notice attached hereto as Attachment A pursuant to the requirements of Part VI E of this order.

B. Institute a reasonable program of surveillance adequate to reveal whether any of respondents' purchasers for resale are:

1. Disseminating advertisements or promotional materials that contain any representation about any Herbal Outlook or HerbVeil 8 product or any other covered product or service manufactured by or purchased from any respondent, that is prohibited by Parts I, II, III, and V of this order; or

2. Disseminating advertisements or promotional materials or distributing respondents' Herbal Outlook product without the advertising and labeling disclosure required pursuant to Part IV of this order.

C. Terminate all sales of Herbal Outlook and HerbVeil8 products and any other covered product or service to any purchaser for resale who is engaged in:

1. Disseminating advertisements or promotional materials that contain any representation about any Herbal Outlook or

## Decision and Order

HerbVeil 8 product or any other covered product or service manufactured by or purchased from any respondent, that is prohibited by Parts I, II, III, and V of this order; or

2. Disseminating advertisements or promotional materials or distributing respondents' Herbal Outlook product without the advertising and labeling disclosure required pursuant to Part IV of this order; once respondents know or should know that the purchaser for resale is or has been engaged in such conduct.

**XI.**

Nothing in this order shall prohibit respondents from making any representation for any drug that is permitted in labeling for such drug under any tentative final or final standard promulgated by the Food and Drug Administration, or under any drug application approved by the Food and Drug Administration. Nor shall it prohibit respondent from making any representation for any product that is specifically permitted in labeling for such product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990.

**XII.**

**IT IS FURTHER ORDERED** that respondent Panda, and its successors and assigns, and respondent Everett L. Farr III shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

- A. All advertisements and promotional materials containing the representation;
- B. All materials that were relied upon in disseminating the representation; and

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C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call 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.

**XIII.**

**IT IS FURTHER ORDERED** that respondent Panda, and its successors and assigns, and respondent Everett L. Farr III, shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within fifteen (15) days after the person assumes such position or responsibilities.

**XIV.**

**IT IS FURTHER ORDERED** that respondent Panda and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. **Provided, however,** that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge.

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**XV.**

**IT IS FURTHER ORDERED** that respondent Everett L. Farr III, for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities.

**XVI.**

**IT IS FURTHER ORDERED** that respondent Panda and its successors and assigns, and respondent Everett L. Farr III shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

**XVII.**

This order will terminate twenty (20) years from the date of its issuance, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; **provided, however**, that the filing of such a complaint will not affect the duration of:

A. Any Part of this order that terminates in less than twenty (20) years;

B. This order's application to any respondent that is not named as a defendant in such complaint; and

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C. This order if such complaint is filed after the order has terminated pursuant to this Part.

**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 Part 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.

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**ATTACHMENT A**

[Insert Date]

Dear [Insert Name]

This letter is to inform you that Panda Herbal International, Inc., also doing business as Viable Herbal Solutions, recently settled a civil dispute with the Federal Trade Commission regarding its advertising for Herbal Outlook and HerbVeil 8 products. Panda has sold these products both directly to consumers and through resellers. Among other things, **the settlement requires us to notify all purchasers of serious drug interactions that may attend use of St. John's Wort products**, and to instruct resellers to stop using advertising or promotional materials that make any of the representations prohibited by the settlement. Importantly, **the settlement requires us to monitor our resellers and terminate all sales to any reseller who disseminates advertising or promotional materials that expressly or by implication make any claims about our Herbal Outlook or HerbVeil 8 products that we may not make pursuant to the order.**

The FTC complaint alleges that Panda engaged in deceptive advertising of its Herbal Outlook and HerbVeil 8 products, and the FTC order imposes various requirements on Panda in connection with its past and future advertising of these and other products.

- ***Herbal Outlook.***

According to the FTC complaint, our advertising materials (which are used by many of our resellers) claimed, expressly or by implication, that ingestion of Herbal Outlook, a dietary supplement that includes, among other ingredients, St. John's Wort, is effective in the treatment of HIV/AIDS, herpes simplex, tuberculosis, influenza, and hepatitis B infections and has no known contraindications or drug interactions. The complaint challenges these claims. In particular, the FTC notes

Decision and Order

that ingestion of St. John's Wort may reduce the effectiveness of some prescription drugs, including, for example, drugs used in the treatment of HIV/AIDS.

The FTC order prohibits us from making any of the challenged claims unless we have competent and reliable scientific evidence to support them. In addition, it requires us to make a specified safety disclosure in any advertisement of any product such as Herbal Outlook that contains St. John's Wort unless we have competent and reliable scientific evidence that the product has no adverse drug interactions or side effects. This disclosure must state the following clearly and prominently:

**WARNING:** St. John's Wort can have potentially dangerous interactions with some prescription drugs. Consult your physician before taking St. John's Wort if you are currently taking anticoagulants, oral contraceptives, antidepressants, anti-seizure medications, drugs to treat HIV or prevent transplant rejection, or any other prescription drug. This product is not recommended for use if you are or could be pregnant unless a qualified health care provider tells you to use it. The product may not be safe for your developing baby.

- **HerbVeil 8.**

The FTC complaint also alleges that our advertising expressly or implicitly claimed that HerbVeil 8 is effective in the treatment of carcinomas, adenocarcinomas, and melanomas, and that we did not have competent and reliable scientific evidence for those claims.

The FTC order prohibits our making those claims unless we have competent and reliable scientific evidence to support them.

- **All Foods, Drugs, Dietary Supplements, Devices, Programs, or Services.**

In addition, the FTC order provides that, in connection with the advertising of any covered product or service, which the order

## Decision and Order

defines as any food, drug, dietary supplement, device, program, or service, we must not claim that such covered product or service is effective in the mitigation, treatment, prevention, or cure of any disease or illness or make any claim about the health benefits, performance, safety, or efficacy of any such covered product or service unless we have competent and reliable scientific evidence to support such claims.

In addition, the FTC order requires us, among other things, to provide the FTC with purchaser information and to monitor and terminate all sales to resellers making prohibited claims for our Herbal Outlook and HerbVeil 8 products, whether expressly or by implication.

If you have any questions, please contact [Insert Name and Telephone Number of Attorney or Officer of Panda]. Thank you for your anticipated cooperation and assistance.

Sincerely,

Everett L. Farr III, President  
Panda Herbal International, Inc.

copy: Associate Director, Division of Enforcement  
Bureau of Consumer Protection  
Federal Trade Commission  
Washington, D.C. 20580

Decision and Order

**ATTACHMENT B**

[Insert Date]

Dear [Insert Name]

This letter is to inform you that Panda Herbal International, Inc., also doing business as Viable Herbal Solutions, recently settled a civil dispute with the Federal Trade Commission regarding its advertising for Herbal Outlook and HerbVeil 8 products. Panda has sold these products both directly to consumers and through resellers. Among other things, **the settlement requires us to offer refunds to purchasers of HerbVeil 8 products and to notify purchasers of St. John's Wort products of serious drug interactions that may result from use of those products. Refund instructions are contained in the last page of this letter.**

According to the FTC complaint, our advertising materials (which are used by many of our resellers) claimed, expressly or by implication, that ingestion of Herbal Outlook, a product that contains, among other ingredients, St. John's Wort, is effective in the treatment of HIV/AIDS, herpes simplex, tuberculosis, influenza, and hepatitis B infections and has no known contraindications or drug interactions. The complaint challenges these claims. In particular, the FTC notes that ingestion of St. John's Wort may reduce the effectiveness of some prescription drugs, including, for example, drugs used in the treatment of HIV/AIDS.

The FTC order prohibits us from making any of the challenged claims unless we have competent and reliable scientific evidence to support them. In addition, it requires us to make the following safety disclosure in any advertisement of any product such as Herbal Outlook that contains St. John's Wort product:

**WARNING:** St. John's Wort can have potentially dangerous interactions with some prescription drugs.

## Decision and Order

Consult your physician before taking St. John's Wort if you are currently taking anticoagulants, oral contraceptives, anti-depressants, anti-seizure medications, drugs to treat HIV or prevent transplant rejection, or any other prescription drug. This product is not recommended for use if you are or could be pregnant unless a qualified health care provider tells you to use it. The product may not be safe for your developing baby.

The FTC complaint also alleges that our advertising expressly or implicitly claimed that HerbVeil 8 is effective in the treatment of carcinomas, adenocarcinomas, and melanomas, and that we did not have competent and reliable scientific evidence for those claims.

Sincerely,

Everett L. Farr III, President  
Panda Herbal International, Inc.

Decision and Order

**HERBVEIL 8 PRODUCTS  
REFUND CONDITIONS AND PROCEDURES**

Panda Herbal International, Inc. ("Panda"), also doing business as Viable Herbal Solutions, will refund the full purchase price of HerbVeil 8 products purchased from Panda between January 1, 1999 and [insert effective date of order], including shipping and handling and applicable taxes, to each consumer whose request for a refund is received by Panda within ninety (90) days after the date of this letter. To receive your refund you must complete the attached Refund Request and return it to Panda at [insert address].

-----

**REFUND REQUEST**

The undersigned hereby requests a refund for the purchase of HerbVeil 8 products.

Full Name (Please Print):

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Product(s) Purchased:

\_\_\_\_\_

Purchase Price, including shipping, handling, and taxes:

\_\_\_\_\_

**It is not necessary to include proof of purchase, such as credit card statements, canceled checks, or receipts, but doing so**

Decision and Order

**may expedite your refund request in the event of a dispute concerning the amount of your refund.**

Signature of Purchaser:

\_\_\_\_\_

Date: \_\_\_\_\_

Analysis

**Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission has accepted, subject to final approval, an agreement to a proposed consent order from Panda Herbal International, Inc. (“Panda”), a corporation, and Everett L. Farr III, individually and as an officer of the corporation (“proposed respondents”).

The proposed consent order has been placed on the public record for thirty (30) days for the receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and comments received and will decide whether it should withdraw from the agreement and take appropriate action or make final the agreement’s proposed order.

This matter involves proposed respondents’ making of health-related advertising claims on the Internet and elsewhere for their Herbal Outlook (a dietary supplement that contains St. John’s Wort) and HerbVeil 8 (a topical ointment) products. The proposed complaint alleges that proposed respondents violated Sections 5 and 12 of the Federal Trade Commission Act by making deceptive claims for these products.

The proposed complaint alleges that respondents’ claims that ingestion of Herbal Outlook is effective in the treatment of HIV/AIDS, herpes simplex, tuberculosis, influenza, and hepatitis B infections are unsubstantiated. Further, the proposed complaint alleges that respondents deceptively fail to disclose significant adverse drug interactions in light of respondents’ implied drug compatibility claim (“ingestion of St. John’s Wort, an ingredient in Herbal Outlook, is effective in the treatment of HIV/AIDS”). The proposed complaint also alleges that respondents’ claim that ingestion of St. John’s Wort, an ingredient in Herbal Outlook, has no known contraindications or drug interactions is false because there is substantial information available documenting significant adverse drug interactions. In addition, the proposed complaint alleges that respondents’ HerbVeil 8 claims that topical

## Analysis

application of HerbVeil 8 is effective in the treatment of carcinomas, adenocarcinomas, and melanomas are unsubstantiated.

For purposes of the proposed order, a “covered product or service” means any service, program, dietary supplement, food, drug, or device.

The proposed order defines “Herbal Outlook product” as respondents’ Herbal Outlook or any other covered product or service for which the term “Hypericum Perforatum” or “St. John’s Wort” appears on the covered product or service label or in any advertising or promotion, and any covered product or service containing “Hypericum Perforatum” or “St. John’s Wort.” Part I of the proposed consent order prohibits proposed respondents from representing that ingestion of any Herbal Outlook product or any covered product or service is effective in the treatment of HIV/AIDS, herpes simplex, tuberculosis, influenza, or hepatitis B infections, unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

The proposed order defines “HerbVeil 8 product” as respondents’ HerbVeil 8 or any covered product or service for which the term “HerbVeil 8” appears on the product label or in any advertising or promotion, any covered product or service containing “HerbVeil 8,” and any covered product or service promoted for the topical treatment of any cancer. Part II of the proposed consent order prohibits proposed respondents from representing that application of any HerbVeil 8 product, or any covered product or service, is effective in the treatment of any cancer unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation. Part III of the proposed consent order prohibits proposed respondents from representing that ingestion of any Herbal Outlook product has no known contraindications or drug interactions.

Analysis

Part IV provides that in any advertisement, promotional material, or product label for any Herbal Outlook product, that contains any representation about the efficacy, performance, or safety of such product, and in any discussion, communicated via electronic mail or any telephone line, that contains any representation about the efficacy, performance, or safety of any Herbal Outlook product, proposed respondents shall make clearly and prominently, the following disclosure:

**WARNING:** St. John's Wort can have potentially dangerous interactions with some prescription drugs. Consult your physician before taking St. John's Wort if you are currently taking anticoagulants, oral contraceptives, anti-depressants, anti-seizure medications, drugs to treat HIV or prevent transplant rejection, or any other prescription drug. This product is not recommended for use if you are or could be pregnant unless a qualified health care provider tells you to use it. The product may not be safe for your developing baby.

unless respondents possess competent and reliable scientific evidence that such product produces no adverse drug interactions or side effects. This disclosure was developed after discussions with the Food and Drug Administration. FDA has announced that it intends to initiate a rulemaking for dietary supplements for women who are or who may become pregnant. In the event that FDA issues a final rule requiring a warning for pregnant women on dietary supplements, respondents may substitute that warning for the disclosure on that topic required under the proposed order. Part IV specifies that the product label requirements of this Part shall not apply to products that are shipped to consumers or purchasers for resale less than thirty (30) days after the date of service of this order, and that with regard to products shipped after thirty (30) days of the date of service of this order, respondents may affix the disclosure clearly and prominently by sticker or other device on the labels of products manufactured prior to thirty (30) days after the service of this order.

## Analysis

Part V provides that proposed respondents, in connection with the advertising or sale of any Herbal Outlook product, HerbVeil 8 product, or any covered product or service, shall not make any representation that such product or service is effective in the mitigation, treatment, prevention, or cure of any disease or illness, or about the health benefits, performance, safety, or efficacy of any such product or service, unless, at the time the representation is made, proposed respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

The proposed order defines “purchaser for resale” as any purchaser of any of proposed respondents’ Herbal Outlook product or HerbVeil 8 product, who: (a) is a distributor of, or operates a wholesale or retail business that sells, any such product(s); or (b) orders twenty (20) or more units of any such products(s) in any three (3) month period. Parts VI A and VI B of the proposed consent order require proposed respondents to deliver to the Commission lists containing information regarding purchasers for resale and consumers of Herbal Outlook, respectively. Parts VI C and VI D require proposed respondents to deliver to the Commission lists containing information regarding purchasers for resale and consumers of HerbVeil 8, respectively. Parts VI E and VI F require proposed respondents to send a notice to all purchasers of Herbal Outlook and HerbVeil 8 informing them of the Commission’s complaint allegations and the terms of the settlement. Part VII of the proposed order requires proposed respondents to provide refunds upon request to consumer purchasers of HerbVeil 8. Part VIII requires proposed respondents to submit a report specifying the steps it has taken to comply with Part VI (notice provisions) and Part VII (refund provision).

Part IX requires proposed respondents to take reasonable steps to monitor and ensure that all employees and agents engaged in sales, order verification, and other customer service functions comply with Parts I through V of the order and requires proposed respondents to terminate any employee who knowingly engages in conduct that violates these parts of the order. Part X A requires

Analysis

proposed respondents to send each purchaser for resale for a period of five years following entry of the order, the notice provisions required by Part VI E (to the extent such purchasers for resale have not already received such notice pursuant to Part VI E). Part X B requires proposed respondents to institute a purchaser for resale order compliance surveillance program and Part X C states that proposed respondents must terminate sales to those purchasers for resale they know or should know are violating Parts I through V of the proposed order. Part XI would allow proposed respondents to make any representation for any drug that is permitted by the FDA in the drug's labeling, and would allow proposed respondents to make any representation that is specifically permitted in the labeling for any product by regulations promulgated by the FDA pursuant to the Nutrition Labeling and Education Act of 1990.

Part XII of the proposed order contains record keeping requirements for materials that substantiate, qualify, or contradict claims covered by the proposed order. Part XIII of the proposed order requires distribution of a copy of the order to current and future officers, employees, and agents. Part XIV provides for Commission notification upon a change in the proposed corporate respondent and Part XV requires Commission notification when the proposed individual respondent changes his business or employment. Part XVI requires the proposed respondents to file with the Commission a report demonstrating compliance with the terms and provisions of the order. Part XVII provides for the termination of the order after twenty (20) years under certain circumstances.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and the proposed order or to modify in any way their terms.

Complaint

IN THE MATTER OF

**ROBERT C. SPENCER AND LISA M. SPENCER**CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 5 AND SEC. 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-4019; File No. 0023312  
Complaint, July 30, 2001--Decision, July 30, 2001*

This consent order addresses representations made by Respondents Robert C. Spencer and Lisa M. Spencer, doing business as Aaron Company, about "Colloidal Silver" – a dietary supplement allegedly containing submicroscopic particles of silver that was intended to be taken orally for the cure and treatment of more than 650 diseases – Chitosan with vitamin C, and Ultimate Energizer. The order, among other things, prohibits the respondents from misrepresenting, including by means of metatags, any claims that Colloidal Silver or any service, program, dietary supplement, food, drug, or device, has been medically proven to kill disease-causing organisms or any number of infections in the body. The order also requires the respondents to possess competent and reliable scientific evidence to substantiate representations that Colloidal Silver or any covered product (1) treats and cures cancer, multiple sclerosis, HIV/AIDS, and other specific illnesses; (2) is superior to antibiotics in healing and curing infections; (3) is safe for human consumption and has no side effects; (4) treats various medical and health problems in animals; and (5) enables consumers to lose substantial weight without the need for a restricted diet. In addition, the order prohibits the respondents from misrepresenting, including by means of metatags, the existence, contents or interpretation of any test, study, or research. The order also requires the respondents to include affirmative warnings concerning safety issues in any future advertisements for products containing ephedra or ephedrine.

*Participants*

For the Commission: *James T. Rohrer, Cindy A. Liebes, Andrea L. Foster, Janis K. Pappalardo, Gerard R. Butters and Paul A. Pautler.*

For the Respondents: *Robert C. Spencer and Lisa M. Spencer, pro se.*

Complaint

## COMPLAINT

The Federal Trade Commission, having reason to believe that Robert C. Spencer and Lisa M. Spencer ("respondents"), individually and doing business as Aaron Company have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

Respondents Robert C. Spencer and Lisa M. Spencer are residents of Florida. Their principal office or place of business is 1580 Masters Road, N.W., Palm Bay, FL 32907. Together, individually, or in concert with others, they formulate, direct, or control the policies, acts, or practices of the business operating under the trade name "Aaron Company," including the acts and practices alleged in this complaint.

2.a. Respondents have promoted, advertised, labeled, offered for sale, sold and distributed directly to the public a colloidal silver liquid product called *Colloidal Silver*, and various vitamin and herbal products including *Chitosan with vitamin C*, and *Ultimate Energizer*, including by means of an Internet Web site, [www.colloidalsilver.net](http://www.colloidalsilver.net), that provides product and purchase information and advertising and promotional claims.

2.b. Respondents' *Colloidal Silver* is purportedly a liquid containing 15-20 ppm of super-fine particles of silver in a water solution, that can be used for various therapeutic purposes through oral ingestion, nasal spray, or topical application. Respondents' *Chitosan with vitamin C* is a tablet purportedly containing chitin from the exoskeletons of crustaceans, that can be used for the purposes of weight loss and lowering of cholesterol. Respondents' *Ultimate Energizer* is a tablet purportedly containing mahuang and other substances, that can be used as a safe stimulant. *Colloidal Silver*, *Chitosan with vitamin C*, and *Ultimate Energizer* are either "foods" or "drugs" within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

## Complaint

3. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

4. Respondents have disseminated or have caused to be disseminated advertisements or promotional materials for *Colloidal Silver*, *Chitosan with vitamin C*, and *Ultimate Energizer*, through, among other media, websites on the Internet, including but not necessarily limited to the attached Exhibits 1 to 8. These advertisements contain the following statements, among others:

A.

**Aaron Co. Brings You The Most Important And Most Used Dietary Food Supplements On The Market Today**

For The Treatment Of:

Osteoarthritis

Urinary Infections

Prostate Enlargement

Memory Loss

Vitamin Deficiencies

Degenerative Diseases

Overweight

Coronary Diseases

Exhaustion And Depression

All Types Of Infections

\* \* \*

**CHITOSAN (400 mg.) WITH VITAMIN C (20 mg.)** If you want to **lose weight** without changing your eating habits, this is the product for you. Chitin (a polysaccharide) is a natural biopolymer found in the exoskeletons of crustaceans (such as crab, lobster, and shrimp). This product is not digestible, has no caloric value but **absorbs 5 times its weight in fats and oils**. There are no known side effects, it is extremely low in toxicity and is 100% natural fiber. This powerful **fat-absorber** also plays a significant role in lowering cholesterol. **PROD. NO. 557, QTY. 120, PRICE \$11.20**

Complaint

\* \* \*

**ULTIMATE ENERGIZER** For those of you who are **exhausted , tired and depressed** from running around most of the day, tending to home chores, work, school, children, sick and--- you name it. This product is a special blend of Mahuang, Citrus, Kola Nut, Yohimbe, Green tea and Ginseng extracts, and 77 colloidal minerals. Mahuang has been used in Chinese medicine for thousands of years as a **stimulant** to the sympathetic nervous system. There are **no known side effects** to this natural dietary supplement. **PROD. NO. 605, QTY. 100, PRICE \$18.50**

\* \* \*

**COLLOIDAL SILVER (15-20 ppm.) FOR EVERYONE !!!**  
For the **prevention and treatment of all known internal and external infections** caused by disease causing organisms. This includes germs, viruses, algae, and fungus. Taken daily this product may prevent respiratory infections which may lead to serious and sometimes incurable diseases. We cannot say enough about this product. A full report with testimonials is available upon request. **PROD. NO. 100, QTY. 8 oz. PRICE \$14.95, PROD. NO. 101, QTY. 16 oz. PRICE \$24.95, PROD. NO.102, NASAL DISPENSER, PRICE \$4.00 ( FREE WITH PROD. NO. 101 )**

\* \* \*

**More About Colloidal Silver**

\* \* \*

**MEDICAL PROOF OF EFFECTIVENESS**

First, be aware that the modern artificial antibiotics kill, on average 6 different disease causing organisms. A researcher at Brigham Young University sent colloidal silver to two different labs including the UCLA Medical Center. Dr. Larry C. Ford, of

## Complaint

the School of Medicine made **the startling discovery** that within 6 minutes, of contact, colloidal silver killed over 650 different disease causing organisms. It also killed every virus to which it was subjected . . . **NOW THAT IS POWERFUL MEDICINE.**

Quote Dr. Harry Margraf, a biochemist and pioneering silver research who worked for the late Carl Moyer, M.D., chairman of Washington University's Department of Surgery "**SILVER IS THE BEST ALL AROUND GERM FIGHTER WE HAVE**"

According to the E.P.A.'S POISON CONTROL CENTER, colloidal silver is considered non-toxic and there is no recorded reaction with other medications.

**OTHER BENEFITS OF COLLOIDAL SILVER**

Generally speaking colloidal silver helps promote rapid healing and subdue inflammation. It is a remedy for infections, even the non-apparent low grade general type. It can be taken internally for general prevention applied topically for rashes, burns, cuts and fungus infections, or sprayed into the ears, nose, throat and eyes for colds, allergies and other infections to those parts of the body.

We can not list all 650 diseases that colloidal silver is effective against but here is a list of some common ones: Common cold, stomach ulcers, acne, burns, shingles, arthritis, strep, tuberculosis, athlete's foot, virus warts, tonsillitis, herpes virus, allergies etc. etc.

\* \* \*

**DISCLAIMER SINCE EACH INDIVIDUAL MAY RESPOND DIFFERENTLY TO THIS PRODUCT, WE CANNOT GUARANTEE THE CLAIMS MADE HEREIN, SPECIFIC OR IMPLIED.**

Complaint

DISCLAIMER: The information contained herein has not been evaluated by the Food and Drug Administration and is not intended to diagnose, treat, cure or prevent any disease. Experiences and stories from users and articles are for educational purposes only. Aaron Co. makes no health or medical claims for the use of colloidal silver.

\* \* \*

[www.colloidalsilver.net/vitamins.htm](http://www.colloidalsilver.net/vitamins.htm)

Exhibit 1

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B.

**Colloidal Silver For The Treatment Of Fungal Infections**

**Free Special Offer**

Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make This Free Special Offer. Purchase One Bottle Of Colloidal Silver For The Treatment Of Fungal Infections. If Not Completely Satisfied, Return The Unused Portion For A Full Refund. To Order Please Go To <http://www.colloidalsilver.net>

**Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And Antiviral Solution With No Side Effects When Taken As Directed!**

Below are stories submitted to our bulletin board by people using colloidal silver.

\* \* \*

Submitted by (ALONZAJ@aol.com)

## Complaint

1. I have arrested my itchy scalp condition which had even spread to my eyebrows - also it has arrested my psoriasis (mild condition) . whether or not cured remains to be seen.
  2. it has arrested and put into remission a couple of warts.
  3. it has arrested and is in process of healing my grandson's athletes foot.
  4. it has cured, overnight, my wife's cracked lips (corners of mouth).
  5. it has cured a couple of stubborn spots on my 69 year old brothers arms.
  6. it has cured SKIN CANCER on my sons father in law. He has (or had) to have it burned off every month or so and he was able to cancel his last appointment for this due to this colloidal silver.
  7. it has arrested and put into remission several warty like conditions of raised skin lesions which were itchy. These were not warts but thats about the best condition I can explain.
  8. My sons mother in law is using it to treat her arthritis. She believes it may be helping as it did get better after starting but she can't be sure thats what caused it to get better.
- In other words - THIS IS GREAT STUFF

\* \* \*

For Additional Article On Fungal Infections Click [More2](#)  
[More3](#)

DISCLAIMER: The information contained herein has not been evaluated by the Food and Drug Administration and is not intended to diagnose, treat, cure or prevent any disease. Experiences and stories from users and articles are for educational purposes only. Aaron Co. makes no health or medical claims for the use of colloidal silver.

[www.colloidalsilver.net/fungal\\_infections.htm](http://www.colloidalsilver.net/fungal_infections.htm)

Exhibit 2

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Complaint

C.

***Colloidal Silver vs Pharmaceutical Antibiotics***

Interest in Colloidal Silver has increased most recently, probably because illness causing organisms do not seem to build up a resistance to Colloidal Silver the way they do to pharmaceutical antibiotics. Antibiotics are becoming less effective as resistance to them grows.

The Los Angeles Times states "but in the last decade, a broad resistance to antibiotics has begun to emerge. And because bacteria can transfer genes among themselves, experts only expect the resistance to grow. The potential nightmare is an Andromeda strain, which is immune to all antibiotics and could wreak havoc. ("Arsenal of Antibiotics Failing as Resistant Bacteria Develop," October 23, 1994).

An ordinary antibiotic kills perhaps a half dozen different disease organisms, but Colloidal Silver is known to be successful against more than 650 illness-causing microorganisms (bacteria, viruses, fungi) Colloidal Silver can be taken indefinitely because the body does not develop a tolerance to it.

How It works...

. . . Unlike pharmaceutical antibiotics which destroy beneficial enzymes, Colloidal Silver leaves these tissue cell enzymes intact. Thus, Colloidal Silver is absolutely safe for humans, reptiles and plants, and all living matter.

Ingesting Colloidal Silver...

. . .

It is impossible for germs to mutate into silver resistant forms, as happens with conventional antibiotics. Also, Colloidal

Complaint

Silver cannot interact or interfere with other medicine being taken. Colloidal Silver is truly a safe, natural remedy for many of mankind's ills.

\* \* \*

[www.colloidalsilver.net/staph\\_infections.htm](http://www.colloidalsilver.net/staph_infections.htm)

Exhibit 3

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D.

**Colloidal Silver For The Treatment Of Skin Infections**

**Free Special Offer**

Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make You This Special Offer. Purchase One Bottle Of Colloidal Silver For The Treatment Of Any Type Of Skin Infection. If You Are Not Completely Satisfied, Return The Unused Portion For A Full Refund. To Order Please Go To <http://www.colloidalsilver.net>

**Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And Antiviral Solution With No Side Effects When Taken As Directed!**

Below are stories written into the bulletin board by people using colloidal silver.

\* \* \*

Submitted by Bob Donan ([bigbob@sound.net](mailto:bigbob@sound.net)) on Thursday, June 25, 1998

I tried a small bottle of colloidal silver in spray form purchased at a local health food store and had such good results on jock

Complaint

itch. A co-worker of mine has sugar diabetes. He developed some ulcers on his lower leg and after a year of treatment with salves and pills his Dr. told him to get used to the sores and to keep them clean or they would get infected and he would lose his legs. I gave him a small spray bottle of colloidal silver. He sprayed his legs twice a day, after 3 days the red angry look of the sores subsided, By day 5 the sores dried up and scabs formed. Then came about 4 days of intense itching. By day 10 the scabs fell off during a shower. Another week of treatment and the pink skin under the scabs normalized. He is still diabetic, still takes insulin, but his concern for amputation is relieved, and he's grateful about that. So that's my story, nothing earth shattering, but one person has been made very happy, and that's a start.

\* \* \*

For Additional Article On Skin Infections Click [HERE2](#)  
[HERE3](#)

DISCLAIMER: The information contained herein has not been evaluated by the Food and Drug Administration and is not intended to diagnose, treat, cure or prevent any disease. Experiences and stories from users and articles are for educational purposes only. Aaron Co. makes no health or medical claims for the use of colloidal silver.

[www.colloidalsilver.net/skin\\_infections.htm](http://www.colloidalsilver.net/skin_infections.htm)

Exhibit 4

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Complaint

E.

**Colloidal Silver For The Treatment Of Lyme Diseases****Free Special Offer**

Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make You This Special Offer. Purchase One Bottle Of Colloidal Silver For The Treatment Of Lyme Diseases. IF You Are Not Completely Satisfied, Return The Unused Portion For A Full Refund. To Order Go To <http://www.colloidalsilver.net>

**Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And Antiviral Solution With No Side Effects When Taken As Directed!**

Below are stories written into the bulletin board by people using colloidal silver.

Submitted by Erin (mouser@mailcity.com) on Sunday, April 26, 1998:

Our 8 year old daughter was diagnosed with Lyme Disease after a lengthy and baffling illness. She was put on oral antibiotics for several years with fairly good results (they knocked the symptoms down from 40 to 4 ) but, as soon as she got off of the antibiotics, all the symptoms would return. We heard about Colloidal Silver through a newsletter we subscribed to and decided to give it a try. Within 4 weeks there was a tremendous improvement and not long after that, all symptoms were gone! This was almost 3 years ago, she has just turned 14 and remains symptom free.

\* \* \*

For More Information On Lyme Disease Click [Lyme2](#) [Lyme3](#) [Lyme4](#) [Lyme5](#)

Complaint

DISCLAIMER: The information contained herein has not been evaluated by the Food and Drug Administration and is not intended to diagnose, treat, cure or prevent any disease. Experiences and stories from users and articles are for educational purposes only. Aaron Co. makes no health or medical claims for the use of colloidal silver.

[www.colloidalsilver.net/lyme.htm](http://www.colloidalsilver.net/lyme.htm)

Exhibit 5

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F.

**Colloidal Silver For The Treatment Of Herpes**

Free Special Offer

Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make This Special Offer. Purchase One Bottle Of Colloidal Silver For The Treatment Of Herpes. If You Are Not Completely Satisfied, Return The Unused Portion For A Full Refund. To Order Please Go To <http://www.colloidalsilver.net>

**Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And Antiviral**

**Solution With No Side Effects When Taken As Directed!**

Below are stories written into the bulletin board by people using colloidal silver.

Submitted by Donna Thursday, August 6, 1998

I had contracted genital herpes a few years before I heard about Colloidal Silver. I would break out at least every 3 months, and along with a very painful lesion, experience low-grade fever and flu-like symptoms. I heard about Colloidal Silver through a

## Complaint

friend, who told me it cured her sister's herpes of the eye. With nothing to lose, I bought a bottle from her. The next time I broke out with a lesion, I immediately started drinking 1 oz. every four hours. Within 24 hours, the sore was completely gone (usually it would take up to 3-4 weeks for a sore to go away). It seemed like a small miracle to me. I have not broken out since, and that was over 3 years ago. In fact, I consider myself cured of genital herpes. I don't understand why the medical profession does not know or let people know about the great benefits of Colloidal Silver. I am a firm believer. I keep colloidal silver around the house for anything that comes up, since I have four children.

For More Information On Herpes, Click [MORE2](#) [MORE3](#)  
[MORE4](#) [MORE5](#)

DISCLAIMER: The information contained herein has not been evaluated by the Food and Drug Administration and is not intended to diagnose, treat, cure or prevent any disease. Experiences and stories from users and articles are for educational purposes only. Aaron Co. makes no health or medical claims for the use of colloidal silver.

[www.colloidalsilver.net/herpes.htm](http://www.colloidalsilver.net/herpes.htm)

Exhibit 6

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G.

### **Colloidal Silver For Animals**

#### **Free Special Offer**

Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make This Free Special Offer. Purchase One Bottle Of Colloidal Silver For The Treatment Of Your Animals As Indicated Below. If You Are Not Completely Satisfied, Return The

Complaint

Unused Bottle For A Full Refund. To Order Please Go To  
<http://www.colloidalsilver.net>

Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And  
Antiviral  
Solution With No Side Effects When Taken As Directed!

Below are stories written into the bulletin board by people  
using colloidal silver.

Submitted by SHN (snd@lodelink.com) on Friday, August 28,  
1998

Our cat occasionally tangles with the neighborhood cats, as cats will. My daughter brought it to my attention that one of his eyes seemed droopy as it was late I said I'd look in the morning, the following morning his eye had completely closed the lid was showing the conjunctive tissue beneath and was literally foaming a green pus and smelled nasty. I took him to the vet and was told he might lose the eye before the infection could be knocked down. He had been swatted in the face and a claw had penetrated through the lid and into the tissue to the side and rear of the eyeball. I had just months prior had one of those nasty abscesses surgically repaired as it would not heal, it had cost a mere \$100. the vet said it would cost less to remove the eye than to fight the infection. My wife had come home with this new "stuff" she had been told was wonderful and would cure anything, something called colloidal silver. I figured it wouldn't hurt as he would lose the eye! anyway, I cleaned the area around the eye and opened the lids, putting two drops in allowed it to close and used my finger to gently rotate it, then opened it again and put two more drops in holding the lid up away from the eye then allowed it to close. the next morning I expected the infection to be larger, however the cat was up and staring at me with two eyes. granted the one was still "slightly swollen". I Was Sold!!!. I repeated the procedure and the eye the following morning was completely normal in appearance and the claw hole was closed! I repeated

## Complaint

the procedure once more for general principles. I have since introduced more animal owners and friends to colloidal silver, Great "stuff".

Submitted by HAROLD G. (HGALIT@AOL.COM) on  
Saturday, October 17, 1998

I have been using c s for about 2 ½ years. I have found it work well on a tremendous amount of ailments... My dog came down with a infection in his prostate. He was dripping blood from his penis. The doctor wanted to operate and remove the prostate. I took the dog home and gave him 2 tablespoons . The next morning the dog was fit as a fiddle. My family uses c s for any viral or bacterial infection that attacks them. At present most of the people I know are using colloidal silver.

\* \* \*

C.M. from Iowa writes:

"I have a pet cat that started throwing up everything it ate. Upon taking it to a veterinarian, it was found to have swollen intestines and the foods couldn't pass through properly. So the vet gave me antibiotics which were supposed to help. He also said I would probably have to put it on steroids after using the antibiotics up. Steroids when used on cats cause feline leukemia. When the antibiotics were used up the cat was still throwing up frequently. So I started giving him some colloidal silver several times a day. Now he is getting better and rarely throws up after eating."

\* \* \*

Submitted by Barbara ([Bfland7374@aol.com](mailto:Bfland7374@aol.com))

I have used colloidal silver for many things, but my main use was on an Arabian gelding that I own. He had contracted a disease called EPM. I had taken him to a veterinarian that does

Complaint

acupuncture and uses a lot of homeopathy on horses as well as traditional veterinarian medicine. She had me put him on the colloidal silver. It has done wonders for him. He had severe muscle atrophy due to the EPM. Today, his muscles are almost back to normal in his croup and he has not regressed like many other horses in our area that I know have EPM. He has been off of it for about 6 months, but I still need a supply for him if needed. The regular vet that I use was against me using the colloidal silver, but I feel it really helped Knight fight the protozoa that attacks the horses spine and neurological system.

\* \* \*

For More Articles On Animals, Go To [More2](#) [More3](#) [More4](#)

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[www.colloidalsilver.net/animals.htm](http://www.colloidalsilver.net/animals.htm)

Exhibit 7

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#### H. META tags for Aaron company

<meta name="keywords"content="colloidal silver research research periodicals medical reports instruction Robert Becker body electric alternative health colloidal silver antibiotic antibacterial antifungal germicidal mild silver protein ms cancer lymes AIDS colds flu candida aids disease virus bacteria illness HIV injuries burns infection holistic medicinal article alternative medicine natural complementary preventive medicine herbal medicines holistic medical alternative HealthCare journals clinical trials healing disinfectant colloidal

## Complaint

silver water Collodial Colloidal colodall colodal colodel  
collodel detoxification healthy alternatives homeopathic  
remedies herbal remedy oriental ayurvedic holistic health  
natural health care naturopathic colloidal minerals book  
manual colloidal silver generator supplies pure .9999 silver  
solution Colloidal silver research research periodicals medical  
reports instruction Robert Becker body electric alternative  
health colloidal silver antibiotic antibacterial antifungal  
germicidal mild silver protein ms cancer lymes AIDS colds flu  
candida aids disease virus bacteria illness HIV injuries burns  
infection holistic medicinal article, alternative medicine natural  
complementary preventive medicine herbal medicines holistic  
medical alternative HealthCare journals clinical trials healing  
disinfectant colloidal silver water, Collodial Colloidal colodall  
colodal colodel collodel detoxification healthy alternatives  
homeopathic remedies, herbal remedy oriental ayurvedic  
holistic health natural health care naturopathic colloidal  
minerals book manual colloidal silver generator supplies pure  
.9999 silver solution">

Keyword Metatags from [www.colloidalsilver.net](http://www.colloidalsilver.net) Web site

## Exhibit 8

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5. In addition to the representations detailed above, respondents have embedded specific disease references in the “metatags” of respondents’ Internet Web site, [www.colloidalsilver.net](http://www.colloidalsilver.net). A metatag is a word or words embedded in an Internet Web site, which are not normally displayed visually to the consumer, that may be used by an Internet search engine for the purpose of selecting sites in response to an Internet user’s search request. References appearing only in the metatags and not in the Web pages displayed visually to the consumer include, among others, the following terms: “MS,” “cancer,” “HIV/AIDS,” and “candida.”

Complaint

Respondents' use of these metatag references increases the likelihood that consumers who research the terms "MS," "cancer," "HIV/AIDS," and "candida" on the Internet will find information about Aaron's products.

**Colloidal Silver**

6. Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that:

A. Colloidal silver has been medically proven to kill over 650 disease-causing organisms in the body.

B. Colloidal silver successfully treats all known infections caused by disease-causing organisms, including germs, viruses, algae and fungus.

7. In truth and in fact, colloidal silver has not been medically proven to kill over 650 disease-causing organisms in the body and colloidal silver does not successfully treat all known infections caused by disease causing organisms. Therefore the representations set forth on Paragraph 6 were, and are, false and misleading.

8. Through the means described in Paragraphs 4 and 5, taken together, respondents have represented, expressly or by implication, that:

A. Colloidal silver is effective in treating or curing cancer, multiple sclerosis, HIV/AIDS, flu, candida, Lyme's disease, psoriasis, the common cold, stomach ulcers, burns, arthritis, strep, tuberculosis, tonsillitis, herpes virus, virus warts, athlete's foot, shingles, allergies and infections associated with diabetes.

B. Colloidal silver promotes healing and cures infections.

## Complaint

- C. Colloidal silver is superior to antibiotics in killing disease-causing organisms.
- D. Colloidal silver is safe for human consumption and has no side effects.
- E. Colloidal silver is effective in treating various medical and health conditions in animals, including serious eye infection, prostate infection, and swollen intestine.

9. Through the means described in Paragraphs 4 and 5, taken together, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 8, at the time the representations were made.

10. In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 8 at the time the representations were made. For example, there is no competent and reliable scientific evidence that colloidal silver is effective in treating or curing cancer, multiple sclerosis, HIV/AIDS, flu, candida, Lyme's disease, psoriasis, the common cold, stomach ulcers, burns, arthritis, strep, tuberculosis, tonsillitis, herpes virus, virus warts, athlete's foot, shingles, allergies and infections associated with diabetes or that colloidal silver is superior to antibiotics in killing disease causing organisms. In addition, the FDA issued a final rule, effective September 16, 1999, finding and establishing that all OTC drug products containing colloidal silver ingredients or silver salts for internal or external use are not generally recognized as safe and effective. Therefore, the representation set forth in Paragraph 9 was, and is, false or misleading.

**Chitosan**

11. Through the means described in Paragraph 4 respondents have represented, expressly or by implication, that use of the recommended daily dose of the *Chitosan with vitamin C* enables

Complaint

consumers to lose substantial weight without the need for a restricted calorie diet.

12. Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representation set forth in Paragraph 11, at the time the representation was made.

13. In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representation set forth in Paragraph 11, at the time the representation was made. Therefore, the representation set forth in Paragraph 12 was, and is, false or misleading.

**Ultimate Energizer**

14. Through the means described in Paragraph 4 respondents have represented, expressly or by implication, that the *Ultimate Energizer*, containing Mahuang, among other substances, is safe and has no side effects.

15. Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representation set forth in Paragraph 14, at the time the representation was made.

16. In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representation set forth in Paragraph 14, at the time the representation was made. Therefore, the representation set forth in Paragraph 15 was, and is, false or misleading.

17. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices, and the making of false advertisements, in or affecting commerce in

## Complaint

violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this thirtieth day of July, 2001, has issued this complaint against respondents.

By the Commission.

## Aaron Co. Brings You The Most Important And Most Used Dietary Food Supplements On The Market Today



### For The Treatment Of:

- Osteoarthritis
- Urinary Infections
- Prostate Enlargement
- Memory Loss
- Vitamin Deficiencies
- Degenerative Diseases
- Overweight
- Coronary Diseases
- Exhaustion And Depression
- All Types Of Infections

**JOINT EEEZ PLUS** This product is a blend of Glucosamine (250 mg), Chondroitin (200 mg), Manganese (8.33 mg) Sulfates, and Vitamin C (83.3 mg) that has been designed to help ease the pain and symptoms of osteoarthritis. Dr. Jason Theodaskis, M.D. in his best selling book "**The arthritis cure**" has shown that glucosamine and chondriotin sulfates work synergistically to stimulate the development of **new cartilage** while keeping damaging enzymes under control. **JOINT EEEZ PLUS** is a **special blend** of both glucosamine and chondroitin sulfate which may be able to do what other supplements and treatments for osteoarthritis can not; it may actually help the body heal itself while it reduced both pain and inflammation. The 180 capsules is approximately a one month

supply .**PROD. NO. 620, QTY. 180, PRICE \$25.30**

**CRANBERRY CONCENTRATE (540 mg.)** Mostly for women who are constantly bothered with cystitis and urinary tract infections. Unlike cranberry juice beverages which are often laden with sugar and high in calories, cranberry concentrate capsules are more potent and less caloric. As to its ingredients, CRANBERRY CONCENTRATE has been cited as an effective remedy for urinary infections in the U.S. Pharmacopeia, the official listing of drugs in the United States. **PROD. NO. 269, QTY 100, PRICE \$9.30.**

**SAW PALMETTO EXTRACT (160 mg.)** Mostly for men, saw palmetto extract is extensively used for the **treatment of enlarged prostate** known as BPH. This condition manifests itself as frequent bathroom visits which are especially annoying during sleeping hours. Unlike drugs to treat this condition, saw palmetto is extracted from a berry , therefore there are **no known side effects** with this natural health product. Saw palmetto has also been used as an aphrodisiac for both men and women and has been called the "**sex pill of the 90's**". **PROD. NO. 653, QTY. 60, PRICE \$8.80.**

**GINKGO BILOBA EXTRACT (60 mg.)** This product is best known for its memory enhancing qualities and is not limited to the elderly. By improving blood flow to the vascular system ginkgo biloba has been used successfully to treat problems related to poor circulation such as phlebitis (inflammation of a vein) , vertigo, headaches, and depression. Ginkgo biloba is one of the oldest and most widely used dietary supplements. It is extremely safe and side effects are extremely uncommon. 100 capsules is approximately a one and a half month supply . **PROD. NO. 155, QTY. 100, PRICE \$14.40.**

**GRAPE SEED EXTRACT (100 mg.)** This **powerful antioxidant** helps the body to neutralize free radicals which are known to cause **cancer** and at least 100 other degenerative **diseases**. This product is 15-25 times **more powerful than vitamin E and C**. Grape seed extract is rich in flavonoids. In a 15 year test, men with the highest intake of flavonoids had 73% fewer strokes than those who consumed lower levels. Other benefits with taking this product is treating circulatory disorders such as heart disease, edema, high blood pressure, varicose veins, among others. There are **no known side effects to the product**. **PROD. NO. 570, QTY. 60, PRICE \$19.80**

**CHITOSAN (400 mg.) WITH VITAMIN C (20 mg.)** If you want to **lose weight** without changing your eating habits, this is the product for you. Chitin (a polysaccharide) is a natural biopolymer found in the exoskeletons of crustaceans (such as crab, lobster, and shrimp). This product is not digestible, has no caloric value but **absorbs 5 times its weight in fats and oils**. There are no known side effects, it is extremely low in toxicity and is 100% natural fiber. This powerful **fat-absorber** also plays a significant role in lowering cholesterol. **PROD. NO. 557, QTY. 120, PRICE \$11.20**

**CoQ -10 (60 mg.)** Coenzyme Q10 is especially important for the **elderly** and for those with **cardiovascular diseases** such as angina, mitral valve prolapse, hypertension and congestive heart failure. CoQ10 helps improve the conversion of fatty acids and other compounds into energy which prevents them from accumulating in the heart. One study, which evaluated 2500 patients diagnosed with heart failure reported these patients showed **remarkable improvement** in clinical signs and symptoms when taking 50-150 mg. Of CoQ10 daily for a period of three months. **None showed adverse side effects**. This study and many others conclude that CoQ10 supplementation is **safe and effective**. **PROD. NO. 121, QTY. 60, PRICE \$26.20**

**ULTIMATE ENERGIZER** For those of you who are **exhausted , tired and depressed** from

running around most of the day, tending to home chores, work, school, children, sick and--- you name it. This product is a special blend of Mahuang, Citrus, Kola Nut, Yohimbe, Green tea and Ginseng extracts, and 77 colloidal minerals. Mahuang has been used in Chinese medicine for thousands of years as a **stimulant** to the sympathetic nervous system. There are **no known side effects** to this natural dietary supplement. **PROD. NO. 605, QTY. 100, PRICE \$18.50**

**NATURES ESSENTIAL VITAMINS FOR EVERYONE !!!** If nothing else one tablet of this high potency vitamin pill is a must for everyone. Don't let your doctor fool you in thinking you are getting all the vitamins and minerals you need in your diet. **No diet is perfect**, and you could not possibly eat all the fruits and vegetables that your body requires for a full day of activities. One capsule of this vitamin provides you with more than the daily essential vitamins and mineral that your body requires. No extra vitamin C, E, B complexes, D, calcium and so on, to take with NATURES ESSENTIAL VITAMINS. A full list of ingredients and strengths is available upon request **PROD. NO. 669, QTY. 60, PRICE \$11.70**

**COLLOIDAL SILVER (15-20 ppm.) FOR EVERYONE !!!** For the **prevention and treatment of all known internal and external infections** caused by disease causing organisms. This includes germs, viruses, algae, and fungus. Taken daily this product may prevent respiratory infections which may lead to serious and sometimes incurable diseases. We cannot say enough about this product. A full report with testimonials is available upon request. **PROD. NO. 100, QTY. 8 oz. PRICE \$14.95, PROD. NO. 101, QTY. 16 oz. PRICE \$24.95, PROD. NO. 102, NASAL DISPENSER, PRICE \$4.00 ( FREE WITH PROD. NO. 101 )**



Click Below to E-Mail Us



### More About Colloidal Silver

### COLLOIDAL SILVER--A POSSIBLE CURE FOR ROSACEA

**TESTIMONY**—"For years I suffered with colds. Coughed all night, battled BRONCHITIS with cough suppressants, decongestants and antibiotics. I was a wreck. My friend asked me to try one teaspoon of colloidal silver each day as a preventative. I HAVE HAD NO COLDS FOR THE PAST FIVE YEARS. Thank you **COLLOIDAL SILVER**"---Shirley

**This Product May Save Your Life**

**THIS PRODUCT IS NOT NEW OR REVOLUTIONARY, BUT IT MAY BE THE ANSWER TO LIVING TO A RIPE OLD AGE---**

**DISEASE FREE!!**

## PREVENTION, PREVENTION, PREVENTION

Did you know that thousands of Americans die each year from infectious diseases which begin with the common cold. One teaspoon of colloidal silver a day may very well have prevented this from happening.

Most diseases in your body are caused by either germs, viruses, or fungi. Can you visualize each time a few germs begin to form in your body that millions upon millions of silver bullets are there, bombarding and killing them. Yes, colloidal silver develops within you, as a second immune system to help you combat the many disease producing germs which are present in our water, air, food and environment

## HISTORY OF SILVER

To prevent spoilage, the Greeks and the Romans stored their food in silver urns. American pioneers trekking across the plains kept their drinking water free from bacteria, algae, etc. by placing silver nuggets and coins in their casks.

Silver was used in various forms as a medicine in the late 1800's and early 1900's to combat burns and infectious diseases because it was discovered to possess powerful germicidal properties with **no known toxicity to humans.**

## WHAT IS COLLOIDAL SILVER

More effective than silver coins and nuggets is colloidal silver. The secret is that with modern day techniques, colloidal silver can be **produced electrically** by separating pure silver to form millions of microscopically small particles of silver suspended in pure de-ionized water. The result is a product that encapsulates and kills all forms of germs, immediately and effectively.

## MEDICAL PROOF OF EFFECTIVENESS

First, be aware that the modern artificial antibiotics kill, on average 6 different disease causing organisms. A researcher at Brigham Young University sent colloidal silver to two different labs including the UCLA Medical Center. Dr. Larry C. Ford, of the School of Medicine made **the startling discovery** that within 6 minutes, of contact, colloidal silver killed over 650 different disease causing organisms. It also killed every virus to which it was subjected. **.NOW THAT IS POWERFUL MEDICINE.**

Quote Dr. Harry Margraf, , a biochemist and pioneering silver research who worked for the late Carl Moyer, M.D., chairman of Washington University's Department of Surgery "**SILVER IS THE BEST ALL AROUND GERM FIGHTER WE HAVE**"

According to the E.P.A.'S POISON CONTROL CENTER, colloidal silver is considered non-toxic and there is no recorded reaction with other medications.

## OTHER BENEFITS OF COLLOIDAL SILVER

Generally speaking colloidal silver helps promote rapid healing and subdue inflammation. It is a

remedy for infections, even the non-apparent low grade general type. It can be taken internally for general prevention applied topically for rashes, burns, cuts and fungus infections, or sprayed into the ears, nose, throat and eyes for colds, allergies and other infections to those parts of the body.

We can not list all 650 diseases that colloidal silver is effective against but here is a list of some common ones: Common cold, stomach ulcers, acne, burns, shingles, arthritis, strep, tuberculosis, athlete's foot, virus warts, tonsillitis, herpes virus, allergies etc. etc.

**TESTIMONY**---I spend February, March and April in Las Vegas. During that time of the year the pollen count sometimes is so high that it goes beyond the readable level. The only way that I was able to control the watering eyes, the sneezing and the sleepless nights was to use prescription antihistamine drugs. This went on for years until my urologist told me that if I continued using these drugs it would assure me of prostate problems. I began spraying my nose with colloidal silver and within a week my allergies were under control. ---Mario

### **THE REST IS UP TO YOU**

The most important part of this advertisement is how you respond to it. **How much do you treasure your health?** You may be spending hundreds of dollars on health products which have very limited benefits. Don't let the fact that you have never heard of colloidal silver fool you. This is a product that will help everyone in your family including your pets and plants. Yes, you can even purify your water by adding one teaspoon to a gallon of water. I told you that the list of benefits goes on and on, but it's up to you to take the next step. **BUY NOW!!**

**FOR ADDITIONAL INFORMATION SEE OUR WEBSITE AT [www.colloidalsilver.net](http://www.colloidalsilver.net) OR EMAIL US AT [aaroncomp@aol.com](mailto:aaroncomp@aol.com).**

**DISCLAIMER— SINCE EACH INDIVIDUAL MAY RESPOND DIFFERENTLY TO THIS PRODUCT, WE CANNOT GUARANTEE THE CLAIMS MADE HEREIN, SPECIFIC OR IMPLIED.**

***Back to Top of Page***



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HTTP/1.1 200 OK Date: Fri, 12 May 2000 17:56:15 GMT Server: Rapidsite/Apa-1.3.4 FrontPage  
Last-Modified: Thu, 17 Feb 2000 20:08:51 GMT ETag: "20e5609-1f57-38ac5553" Accept-Ranges:  
bytes Content-Length: 8023 Connection: close Content-Type: text/html

## Colloidal Silver For The Treatment Of Fungal Infections

### Free Special Offer

Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make This Free Special Offer. Purchase One Bottle Of Colloidal Silver For The Treatment Of Fungal Infections. If Not Completely Satisfied, Return The Unused Portion For A Full Refund. To Order Please Go To <http://www.colloidalsilver.net>

*Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And Antiviral Solution With No Side Effects When Taken As Directed!*

Below are stories submitted to our bulletin board by people using colloidal silver.

I had severe sinus infection, and internal candida which turned to a Mycopal Fungus in all my organs and got so sick from different chemos and antibiotics that I almost died. My Immune system crashed, and I became allergic to EVERYTHING including breathing the Air. A Friend of mine who is an Animal MD told me of Colloidal Silver. In one weeks time my infections cleared up and all the fungus and candida was gone within 3 weeks. I am no longer with the enviromental allergies. I used to use it every day..and since I stopped, I came down with Pnemonia. There is a kill off reaction that I thought I could avoid by only using it when I was feeling some bug trying to get me. I am since back to it every day in emergency doses, and will take daily doses for prevention from now on! I have used it for my animals, including a chicken who was so ripped up by a coyote, that her whole left side was nearly gone. She became infected and I used it topically as well as orally on her...she recovered..and grew back all her left side including feathers and her tail! I could go on now but it will take so much space! I use it every time my sinus feels stuffed in a mixture of sea salt water in an atomizer. I use it for feminine use. I have used it in my eyes, and my friends children no longer catch everything the other kids on maintaince doses....My animals, cats, and chickens no longer ever get sick. I have used it to prevent infection in snakes and lizards, in birds and mice. I have used it to prevent bacterial contamination from foods, and spray it as a cleaner on my cutting boards and countertops. I guess you can say I sware by it an do recommend it to everyone I know. I am looking for a site to send my friends from a BBS to that tells all about it, from medical points of view not only testimonial...could you refer me to a home page for that! I used to know one but just cannot find it!!! God Bless All of You...Jessy-Lee

Jessica Anne Lee

Paulden, Az USA - Sunday, February 15, 1998 at 19:11:32 (PST)

Robert B. Harlow writes:

I have been using colloidal silver for the treatment of athlete's foot on myself for some time, as

it is a chronic problem for me. Colloidal silver disposes of the problem faster than anything I have tried before. Until my feet get wet for a few hours. We have been purchasing it from Wal-Mart for about \$16.00/4 oz. bottle. My wife and I are "Animal people", and have a lot of animals. We have been treating their wounds etc.. with the silver, with very good results.

Submitted by (ALONZAJ@aol.com)

1. I have arrested my itchy scalp condition which had even spread to my eyebrows -also it has arrested my psoriasis (mild condition) . whether or not cured remains to be seen.
  2. it has arrested and put into remission a couple of warts.
  3. it has arrested and is in process of healing my grandson's athlete's foot.
  4. it has cured, overnight, my wife's cracked lips (corners of mouth).
  5. it has cured a couple of stubborn spots on my 69 year old brother's arms.
  6. it has cured SKIN CANCER on my son's father in law. He has (or had) to have it burned off every month or so and he was able to cancel his last appointment for this due to this colloidal silver.
  7. it has arrested and put into remission several warty like conditions of raised skin lesions which were itchy . These were not warts but that's about the best condition I can explain.
  8. My son's mother in law is using it to treat her arthritis. She believes it may be helping as it did get better after starting but she can't be sure that's what caused it to get better.
- In other words - THIS IS GREAT STUFF

Robert B. Harlow writes:

...I have been using colloidal silver for the treatment of athlete's foot on myself for some time, as it is a chronic problem for me. Colloidal silver disposes of the problem faster than anything I have tried before. Until my feet get wet for a few hours. We have been purchasing it from Wal-Mart for about \$16.00/4 oz. bottle. My wife and I are "Animal people", and have a lot of animals. We have been treating their wounds ect. with the silver, with very good results. Our next test for the product is that during the rainy season here, our horses (3 of 5) have a chronic problem with "Thrush". This is the equine version of athlete's foot, and the treatment of this with silver.

We will check this out, and let you know the results.

For Additional Article On Fungal Infections Click [More2](#) [More3](#)

 Hit Counter

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## Colloidal Silver For The Treatment Of Staph Infections

### Free Internet Offer

Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make This Special Offer. Purchase One Bottle Of Colloidal Silver For Treatment Of Staph Infections. If You Are Not Completely Satisfied, Return The Unused Portion For A Full Refund. To Order Go To <http://www.colloidalsilver.net>

*Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And Antiviral Solution With No Side Effects When Taken As Directed!*

### *Colloidal Silver vs. Pharmaceutical Antibiotics*

**Interest in Colloidal Silver has increased most recently, probably because illness causing organisms do not seem to build up a resistance to Colloidal Silver the way they do to pharmaceutical antibiotics. Antibiotics are becoming less effective as resistance to them grows.**

**The Los Angeles Times states "but in the last decade, a broad resistance to antibiotics has begun to emerge. And because bacteria can transfer genes among themselves, experts only expect the resistance to grow. The potential nightmare is an Andromeda strain, which is immune to all antibiotics and could wreak havoc. ("Arsenal of Antibiotics Failing as Resistant Bacteria Develop, " October 23, 1994)**

**An ordinary antibiotic kills perhaps a half dozen different disease organisms, but Colloidal Silver is known to be successful against more than 650 illness-causing micro organisms (bacteria, viruses, fungi) Colloidal Silver can be taken indefinitely because the body does not develop a tolerance to it.**

### **How It works...**

**The presence of Colloidal Silver near a virus fungi, bacterium or any other single celled pathogen disables its oxygen metabolism enzyme, "its chemical lung", so to say. Within a few minutes, the pathogen suffocates and dies, and is cleared out of the body by the immune, lymphatic and elimination systems. Unlike pharmaceutical antibiotics which destroy beneficial enzymes, Colloidal Silver leaves these tissue cell enzymes intact. Thus, Colloidal Silver is absolutely safe for humans, reptiles and plants, and all living matter.**

### **Ingesting Colloidal Silver...**

**Taken orally, the silver solution is absorbed from the mouth into the bloodstream, then transported quickly to the body cells. Swishing the solution under the tongue briefly before swallowing ensures fast absorption. In three to four days the silver will have accumulated in the tissues sufficiently for benefits to begin. Since Colloidal Silver is eliminated by the kidneys, lymph systems and bowel after three weeks, a regular daily intake is recommended as a protection against dangerous pathogens.**

**It is impossible for germs to mutate into silver resistant forms, as happens with conventional antibiotics. Also Colloidal Silver cannot interact or interfere with other medicine being taken. Colloidal Silver is truly a safe, natural remedy for many of mankind's ills.**

**Our Colloidal Silver is produced by the electro-colloidal, non chemical method where silver particles and water have been colloided, i.e. dispersed within the bound to each other by an electrical current. The 99.99% pure super-fine silver are suspended indefinitely in demineralized water.**

**For More Articles On Staph Infections Go To [More2](#) [More3](#) [More4](#)**



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HTTP/1.1 200 OK Date: Fri, 12 May 2000 17:53:45 GMT Server: Rapidsite/Apa-1.3.4 FrontPage  
Last-Modified: Thu, 17 Feb 2000 20:09:15 GMT ETag: "218d711-28af-38ac556b" Accept-Ranges:  
bytes Content-Length: 10415 Connection: close Content-Type: text/html

## Colloidal Silver For The Treatment Of Skin Infections

### Free Special Offer

**Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make You This Special Offer. Purchase One Bottle Of Colloidal Silver For The Treatment Of Any Type Of Skin Infection. If You Are Not Completely Satisfied, Return The Unused Portion For A Full Refund. To Order Please Go To <http://www.colloidalsilver.net>**

***Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And Antiviral Solution With No Side Effects When Taken As Directed!***

Below are stories written into the bulletin board by people using colloidal silver.

By Molly C.

A little over a year ago, my mother had a mini-van run over her ankle. It was badly bruised and swollen so she iced it and did what the doctors told her to do. For an entire year, after a full day of walking around, her ankle would be swollen like a balloon and a disgusting purple color covered the entire outside of her foot. She had it checked out and the doc said it was dead scar tissue that had to be removed. She didn't have the money for surgery since it was considered cosmetic so I told her about colloidal silver so she gave it a shot. She went away for the weekend with her supply of CS and when she came home, she was literally as excited as a 5-year old on Christmas. "Look at my ankle!" She kept saying. The discoloration had almost completely subsided and she was no longer in pain.

Submitted by Kim Scaramastro (kim@antipas.org) on Monday, August 24, 1998

My husband had developed several carbuncles on his back close to his spine, which are very dangerous. We found that applying silver twice a day, completely penetrates the skin and neutralizes the poisons below the skin. The same happens with boils.

Submitted by (ponski@soft-link.com)

Since all deodorants contain aluminum, I started using Colloidal Silver about a year ago as an underarm deodorant. It works great! I pour a little bit in my hand, rub my hands together and rub it under my arms.

Submitted by Ronald King (rking@voyager.net) on Saturday, July 4, 1998

I make my own "silver water" in high concentration and then dilute it for drinking. I use the higher concentration for external applications. I had been having trouble with itching arm pits from using the commercial deodorants, and not caring for the ingredients in them anyway. The thought occurred to me that BO was caused by bacteria, and since colloidal silver killed them why not try it as a deodorant, so I did. What I did was to take a cotton pad and wipe silver water on each arm pit. It worked well, but my undershirt got just a small smell of BO, so I next tried wiping the silver water on the undershirt and

outer shirt also. It worked super well, at night no odor! One day I shoveled 4 tons on gravel onto my driveway in 80 deg. weather and sweat like you would imagine. That night no odor multivitamin, Echinacea drops, and occasionally garlic and a few other minerals or vitamins. So I put the drop in my viral load solely down to the CS. I'm due to go for another count soon so I'll keep you informed. I am one of those people who will not put chemicals into my body if I can help it so I certainly hope that the CS will be my answer.

Submitted by Jack Karpan (karpan@gte.net) on Sat, 03 Oct 1998

Several months ago I was at my In-Laws house sitting on the porch and noticed a spider. After examining it we decided it was a "Brown Recluse" and tried to catch it but it got away. The following morning I awoke with a very large burning, itching and swollen bite. It must have climbed onto my skirt and I carried it home. The bite was the size of a half dollar and marked with a " Bulls-eye" design. The surrounding tissue was very sore and discolored also. I immediately applied colloidal silver to the area and took the silver internally as well. The biggest problem with a recluse spider bite is severe tissue damage, I took the silver 3 times daily internally and externally and within 2 weeks the bite was completely gone with no tissue damage whatsoever! I have a very slight discoloration 3 months later but am convinced the damage was minimal due to the colloidal silver! Megan Karpan Port Richey, Florida

Submitted by Troy Watson (troy\_watson@hotmail.com) on Friday, June 5, 1998

I have been having unexplained sores pop up on my body for many, many years and the brilliant Doctors didn't have a clue. Nothing showed up in all the tests they performed and I paid for. I received a commercial adv. for Colloidal Silver espousing the benefits and immediately purchased a 16 oz bottle from my local health food store and began ingesting it and putting it on the sores. Within days, the sores were completely cleared and dried up and "NO MORE HAVE SHOWED UP ! ! ! !" My body is clear for the 1st time in over ten years. Thank God, literally, for colloidal silver. TROY WATSON

Submitted by Bob Donan (bigbob@sound.net) on Thursday, June 25, 1998

I tried a small bottle of colloidal silver in spray form purchased at a local health food store and had such good results on jock itch. A co-worker of mine has sugar diabetes. He developed some ulcers on his lower leg and after a year of treatment with salves and pills his Dr. told him to get used to the sores and to keep them clean or they would get infected and he would loose his legs. I gave him a small spray bottle of colloidal silver. He sprayed his legs twice a day, after 3 days the red angry look of the sores subsided, By day 5 the sores dried up and scabs formed. Then came about 4 days of intense itching. By day 10 the scabs fell of during a shower. Another week of treatment and the pink skin under the scabs normalized. He is still diabetic,! still takes insulin, but his concern for amputation is relived, and he's grateful about that. So that's my story, nothing earth shattering, but one person has been made very happy, and that's a start.

Joe Phelps writes:

"I was plagued with a skin infection for at least 10 years. It appeared as a rash on my chest and the back side of my neck. After many visits to the doctor with no cure, I went to the dermatologists who quickly identified it as a bacterial infection. I was given 4 different costly prescriptions through the years which would temporary clear it up but only to come back within days. Finally after talking to a friend, he recomended Colloidal Silver. After reading about this miracle stuff, I bought a small bottle of 5 ppm and began to take small doses orally. Within a day my infection cleared up like magic and has never returned. I am since a big fan of Collodial Silver.

Jim Rogers writes:

"We take a tablespoon of colloidal silver daily (family of six) and make batches for several friends. We have found it especially beneficial for external infections: infected bug bites, scrapes, cuts, etc. We successfully treated 2 cases of pink-eye by dripping it into the eyes. Applying the silver to the dressing works great. Also, for the first time in 9 years, none of our kids got seriously sick during the winter.

We recently started treating our pool water with silver and copper ions instead of chlorine. Although not a true colloid, the principle is the same

For Additional Article On Skin Infections Click [HERE2](#) [HERE3](#)



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HTTP/1.1 200 OK Date: Fri, 12 May 2000 17:47:44 GMT Server: Rapidsite/Apa-1.3.4 FrontPage  
Last-Modified: Thu, 17 Feb 2000 20:08:56 GMT ETag: "211941f-108c-38ac5558" Accept-Ranges:  
bytes Content-Length: 4236 Connection: close Content-Type: text/html

## Colloidal Silver For The Treatment Of Lyme Diseases

### Free Special Offer

Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make You This Special Offer. Purchase One Bottle Of Colloidal Silver For The Treatment Of Lyme Diseases. IF You Are Not Completely Satisfied, Return The Unused Portion For A Full Refund. To Order Go To <http://www.colloidalsilver.net>

*Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And Antiviral Solution With No Side Effects When Taken As Directed!*

Below are stories written into the bulletin board by people using colloidal silver.

Submitted by Erin (mouser@mailcity.com) on Sunday, April 26, 1998:

Our 8 year old daughter was diagnosed with Lyme Disease after a lengthy and baffling illness. She was put on oral antibiotics for several years with fairly good results (they knocked the symptoms down from 40 to 4 ) but, as soon as she got off of the antibiotics, all the symptoms would return. We heard about Colloidal Silver through a newsletter we subscribed to and decided to give it a try. Within 4 weeks there was a tremendous improvement and not long after that, all symptoms were gone! This was almost 3 years ago, she has just turned 14 and remains symptom free.

Edward W. Robinson writes:

"After a year of treatment with antibiotics for Lyme Disease, my doctor recommended the use of colloidal silver. Daily dosages of colloidal silver over a six month period lessened the Lyme symptoms greatly."

For More Information On Lyme Disease Click [Lyme2](#) [Lyme3](#) [Lyme4](#) [Lyme5](#)

 Hit Counter

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HTTP/1.1 200 OK Date: Fri, 12 May 2000 17:57:22 GMT Server: Rapidsite/Apa-1.3.4 FrontPage  
Last-Modified: Thu, 17 Feb 2000 20:08:55 GMT ETag: "20fa605-10ed-38ac5557" Accept-Ranges:  
bytes Content-Length: 4333 Connection: close Content-Type: text/html

# Colloidal Silver For The Treatment Of Herpes

## Free Special Offer

Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make This Special Offer. Purchase One Bottle Of Colloidal Silver For The Treatment Of Herpes. If You Are Not Completely Satisfied, Return The Unused Portion For A Full Refund. To Order Please Go To <http://www.colloidalsilver.net>

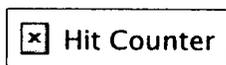
*Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And Antiviral Solution With No Side Effects When Taken As Directed!*

Below are stories written into the bulletin board by people using colloidal silver.

Submitted by Donna Thursday, August 6, 1998

I had contracted genital herpes a few years before I heard about Colloidal Silver. I would break out at least every 3 months, and along with a very painful lesion, experience low-grade fever and flu-like symptoms. I heard about Colloidal Silver through a friend, who told me it cured her sister's herpes of the eye. With nothing to lose, I bought a bottle from her. The next time I broke out with a lesion, I immediately started drinking 1 oz. every four hours. Within 24 hours, the sore was completely gone (usually it would take up to 3-4 weeks for a sore to go away). It seemed like a small miracle to me. I have not broken out since, and that was over 3 years ago. In fact, I consider myself cured of genital herpes. I don't understand why the medical profession does not know or let people know about the great benefits of Colloidal Silver. I am a firm believer. I keep colloidal silver around the house for anything that comes up, since I have four children.

For More Information On Herpes, Click [MORE2](#) [MORE3](#) [MORE4](#) [MORE5](#)



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HTTP/1.1 200 OK Date: Fri, 12 May 2000 17:48:50 GMT Server: Rapidsite/Apa-1.3.4 FrontPage  
Last-Modified: Thu, 17 Feb 2000 20:09:11 GMT ETag: "212bb0d-3e19-38ac5567" Accept-Ranges:  
bytes Content-Length: 15897 Connection: close Content-Type: text/html

# Colloidal Silver For Animals

## Free Special Offer

Aaron Co., Manufacturer Of Colloidal Silver Wishes To Make This Free Special Offer. Purchase One Bottle Of Colloidal Silver For The Treatment Of Your Animals As Indicated Below. If You Are Not Completely Satisfied, Return The Unused Bottle For A Full Refund. To Order Please Go To <http://www.colloidalsilver.net>

Colloidal Silver Is A Pure Natural Antibacterial, Antifungal, And Antiviral Solution With No Side Effects When Taken As Directed!

Below are stories written into the bulletin board by people using colloidal silver.

Submitted by SHN (snd@lodelink.com) on Friday, August 28, 1998

Our cat occasionally tangles with the neighborhood cats, as cats will. My daughter brought it to my attention that one of his eyes seemed droopy as it was late I said I'd look in the morning, the following morning his eye had completely closed the lid was showing the conjunctive tissue beneath and was literally foaming a green pus and smelled nasty. I took him to the vet and was told he might lose the eye before the infection could be knocked down. He had been swatted in the face and a claw had penetrated through the lid and into the tissue to the side and rear of the eyeball. I had just months prior had one of those nasty abscesses surgically repaired as it would not heal, it had cost a mere \$100. the vet said it would cost less to remove the eye than to fight the infection. My wife had come home with this new "stuff" she had been told was wonderful and would cure anything, something called colloidal silver. I figured it wouldn't hurt as he would lose the eye! anyway, I cleaned the area around the eye and opened the lids, putting two drops in allowed it to close and used my finger to gently rotate it, then opened it again and put two more drops in holding the lid up away from the eye then allowed it to close. the next morning I expected the infection to be larger, however the cat was up and staring at me with two eyes. granted the one was still "slightly swollen". I Was Sold!!!. I repeated the procedure and the eye the following morning was completely normal in appearance and the claw hole was closed! I repeated the procedure once more for general principles. I have since introduced more animal owners and friends to colloidal silver, Great "stuff".

Submitted by HAROLD G. (H GALIT@AOL.COM) on Saturday, October 17, 1998

I have been using c s for about 2 ½ years. I have found it work well on a tremendous amount of ailments... My dog came down with a infection in his prostate. He was dripping blood from his penis. The doctor wanted to operate and remove the prostate. I took the dog home and gave him 2 tablespoons . The next morning the dog was fit as a fiddle. My family uses c s for any viral or bacterial infection that attacks them. At present most of the people I know are using colloidal silver.

Submitted by Lanny Miller <ldmiller@bright.net> on June 14, 1998:

I believe my 8 month old dog had Parvo. She was paralyzed in her hindquarters and was having painful bowel movements. It was late Sat night 6/13 when I noticed the symptoms. After searching the net I realized the vets treatment was only 10% successful. I called the only one that would answer the phone so late at night and he had never heard of colloidal silver. He advised Pepto-bismol and bring her in tomorrow.

Not wanting to lose the time advantage I had, I took matters into my own hands and went to the all night grocery store and bought a disposable douche, emptied it, and gave her 8 oz strong colloidal silver rectal and about 4 oz orally. Within a couple hours she could stand for brief periods. The next morning she was walking, and by this afternoon, she is running all over. She is not completely cured yet, I plan to give her 4 oz a day (orally) for a couple more days. (I tried another 8 oz rectal this morning, but she was so much stronger, she put up a fight that two of us had trouble trying. Hope I didn't mess up by not insisting)

This same dog has had ringworm cured in one day and some fungus type thing under her left eye needs monthly treatment of colloidal silver or she loses her hair on her face. (she's part sharpe' and chow) She is very lucky I learned about this (colloidal silver) just prior to getting her. I don't think she would have made the night last night.

I'll report the final outcome later. I would like to have her stool sample analyzed to see if it was actually parvo. If it was, the 90% mortality rate may be just plain IGNORANCE!

C.M. from Iowa writes:

"I have a pet cat that started throwing up everything it ate. Upon taking it to a veterinarian, it was found to have swollen intestines and the foods couldn't pass through properly. So the vet gave me antibiotics which were supposed to help. He also said I would probably have to put it on steroids after using the antibiotics up. Steroids when used on cats cause feline leukemia. When the antibiotics were used up the cat was still throwing up frequently. So I started giving him some colloidal silver several times a day. Now he is getting better and rarely throws up after eating."

Submitted by Linda M. Alexander (bhmlma@nidlink.com) on April 16, 1998:

I have had many wonderful experiences with colloidal silver. Here are just a few.. My friend's dog had annoying skin lesions that the vet could not seem to eliminate or control. He was about to prescribe steroids, when she decided to try the silver. She sprayed it on the lesions, and put it in the dog's water, and now he is nearly clear of the problem. I could go on and on, but I'm sure you get the idea that I am totally sold on colloidal silver. I honestly believe that no household should be without one, and that it is the most useful yet harmless wellness apparatus available today.

Robert B. writes:

Thank you for the quick response concerning my order. I have been using colloidal silver for the treatment of athlete's foot on myself for some time, as it is a chronic problem for me. Colloidal silver disposes of the problem faster than anything I have tried before. My wife and I are "Animal people", and have a lot of animals. We have been treating their wounds etc. with the silver, with very good results.

M.W. from South Dakota writes:

"My son had ringworm on his arm. I had him apply colloidal silver water to the ringworm three times a day. In three days, it was gone. Also after feeding colloidal silver water to our pets they are more alert

and gaining weight on the same diet."

**From: Heather Hill, (hhill@yesic.com)**

**I raise show cats and one of my females had ended up with a cold! Not knowing better she sneezed and coughed all over her five wee kittens. Three out of five kittens developed runny eyes and sneezing. I called the vet right away and had them put on "moxilean and vetroplycin ointment for the eyes". A few days passed and the mom and two of the kittens seemed to clear but I had one kitten that really concerned me. The area was very swollen and there was no sign of an eye! I called the vet again and he met me as an emergency after hours. He took one look and was alarmed! He to was not sure if the eye had ruptured as there was nothing but white swollen tissue. We figured the kitten was blind. I was to take him to a specialist the next day to see what might be done. I came home and remembered that a friend had mentioned this stuff called colloidal silver would likely help his eye, I had nothing to lose at this point so I called him up. I began that night with the applications. I had at this time taken the wee kitten off all vet medications. I bathed the area, put a drop on and did my best to work it in. I also put a few drops in the mouth for good measure. I repeated this everyday. It has been 6 days now and I have seen a positive change everyday since I began with the silver. There is definitely and eye and he is now able to see from it!**

**The swelling is almost completely gone. Amazing! Thank you so much Heather.**

**From: Maggie, (zoezoe143@aol.com)**

**I have a pet sitting service and I believe in the natural way of healing whenever possible...my vet was amazed to see several of my successes--one with a badly scratched eye in a cat that healed so quickly he couldnt believe due to my use of c.s., two the rapidly healing of wounds in both dogs and cats when c.s. is applied and most significantly the prolonged well-being of a 21 year old cat with progressive kidney failure...with the use of c.s. internally he remained healthy enough to avoid many of the traumatic tadtional treatments for this disease and interestingly enough and lending to greater belief in this by the vet, he had another client in the same situation with the same results...it is not only healthy, I believe, it works better than traditional prescribed synthetic drugs in many cases...and this is all because I was urged to try it for chronic Lyme disease and the many auto-immune diseases I encountered because the Lyme went undiagnosed for two years...I send my clients, friends and family to this website but would like to be able to have a comprehensive text to provide these same people especially as many still do not have access to the web....**

**Submitted by Barbara (BFland7374@aol.com)**

**I have used colloidal silver for many things, but my main use was on an Arabian gelding that I own. He had contracted a disease called EPM. I had taken him to a veterinarian that does acupuncture and uses a lot of homeopathy on horses as well as traditional veterinarian medicine. She had me put him on the colloidal silver. It has done wonders for him. He had severe muscle atrophy due to the EPM. Today, his muscles are almost back to normal in his croup and he has not regressed like many other horses in our area that I know have EPM. He has been off of it for about 6 months, but I still need a supply for him if needed. The regular vet that I use was against me using the colloidal silver, but I feel it really helped**

**Knights fight the protozoa that attacks the horses spine and neurological system.**

**C.M. from Iowa writes:**

**"I have a pet cat that started throwing up everything it ate. Upon taking it to a veterinarian, it was found to have swollen intestines and the foods couldn't pass through properly. So the vet gave me antibiotics which were supposed to help. He also said I would probably have to put it on steroids after using the antibiotics up. Steroids when used on cats cause feline leukemia. When the antibiotics were used up the cat was still throwing up frequently. So I started giving him some colloidal silver several times a day. Now he is getting better and rarely throws up after eating."**

**M.W. from South Dakota writes:**

**"My son had ringworm on his arm. I had him apply colloidal silver water to the ringworm three times a day. In three days, it was gone. Also after feeding colloidal silver water to our pets they are more alert and gaining weight on the same diet." I've used colloidal silver (5 ppm)his on my cat and it's helped him. The first time he had several daily unexplained bleeding nasal bleeds. We took him to the vet and that was costly. No explanation. So I tried the silver. My neighbor told me that she knew someone who had healed a skin cancer on a cat. I told a friend in Southern California about it and she's using it on her cat. A rash immediately healed up. I am just learning about the value of colloidal silver and am looking for all the information I can glean. I'm also thinking that in the near future I may start generating my own as in the end it will cost much less.**

**For More Articles On Animals, Go To [More2](#) [More3](#) [More4](#)**

 Hit Counter

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**META tags for Aaron Company:**

<meta name="keywords" content="colloidal silver research research periodicals medical reports instruction Robert Becker body electric alternative health colloidal silver antibiotic antibacterial antifungal germicidal mild silver protein ms cancer lymes AIDS colds flu candida aids disease virus bacteria illness HIV injuries burns infection holistic medicinal article alternative medicine natural complementary preventive medicine herbal medicines holistic medical alternative HealthCare journals clinical trials healing disinfectant colloidal silver water Colloidal Colloidal colodall colodal colodel collodel detoxification healthy alternatives homeopathic remedies herbal remedy oriental ayurvedic holistic health natural health care naturopathic colloidal minerals book manual colloidal silver generator supplies pure .9999 silver solution Colloidal silver research research periodicals medical reports instruction Robert Becker body electric alternative health colloidal silver antibiotic antibacterial antifungal germicidal mild silver protein ms cancer lymes AIDS colds flu candida aids disease virus bacteria illness HIV injuries burns infection holistic medicinal article, alternative medicine natural complementary preventive medicine herbal medicines holistic medical alternative HealthCare journals clinical trials healing disinfectant colloidal silver water, Colloidal Colloidal colodall colodal colodel collodel detoxification healthy alternatives homeopathic remedies, herbal remedy oriental ayurvedic holistic health natural health care naturopathic colloidal minerals book manual colloidal silver generator supplies pure .9999 silver solution">

<meta name="description" content="COLLOIDAL SILVER - Wow! What a great price for Colloidal Silver! All Natural Colloidal Silver, Our Colloidal Silver is 99.99% pure 15-20 ppm. 8 ounce bottle of Colloidal Silver for \$14.95 16 ounce bottle of Colloidal Silver only \$24.95.">

Decision and Order

## DECISION AND ORDER

### ORDER

#### DEFINITIONS

For purposes of this order, the following definitions shall apply:

1. "Competent and reliable scientific evidence" shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.
  
1. "Clearly and prominently" shall mean as follows:
  - a. In an advertisement communicated through an electronic medium (such as television, video, radio, and interactive media such as the Internet, online services and software), the disclosure shall be presented simultaneously in both the audio and visual portions of the advertisement. Provided, however, that in any advertisement presented solely through visual or audio means, the disclosure may be made through the same means in which the ad is presented. Provided, further, that in any advertisement communicated through interactive media which is presented predominantly through visual or audio means, the disclosure may be made through the same means in which the ad is predominantly presented. The audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The visual disclosure shall be of a size and shade, with a degree of contrast to the background against which it appears, and shall appear on the screen for a duration and in a location, sufficiently noticeable for an ordinary consumer to read and comprehend it.

## Decision and Order

- b. In a print advertisement, promotional material, or instructional manual, the disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background against which it appears.
- c. On a product label, the disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it and in print that contrasts with the background against which it appears. *Provided, however*, if a disclosure on a bottle label or package label is made in a location other than the principal display panel, the bottle label or package label shall (i) include the statement, “**See important safety warning(s) on [insert disclosure location]**,” in a type size and location on the principal display panel sufficiently noticeable for an ordinary consumer to read and comprehend it and in print that contrasts with the background against which it appears; *and* (ii) place the disclosure on the bottle label and, if applicable, the package label, within a border that is a color or shade that contrasts with the background against which it appears. *Provided further*, that in a multi-page insert, the disclosure shall appear on the cover page or first page.

The disclosure shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement or on any label.

3. In the case of advertisements disseminated by means of an interactive electronic medium, such as software, the Internet, or online services, "in close proximity" shall mean on the same Web page, online service page, or other electronic page, and proximate to the triggering representation, and shall not include disclosures accessed or displayed through hyperlinks, pop-ups, interstitials or other means.
4. “Commerce” shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

Decision and Order

5. A requirement that respondents “notify the Commission,” “file with the Commission” or “deliver to the Commission” shall mean that the respondents shall send the necessary information via first-class mail, costs prepaid, to the Associate Director for Division of Enforcement, Federal Trade Commission, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. Attention: In the Matter Robert C. Spencer et al.
6. “Person” shall mean a natural person, organization or other legal entity, including a partnership, corporation, proprietorship, association, cooperative, or any other group acting together as an entity.
7. Unless otherwise specified, “respondents” shall mean Robert C. Spencer and Lisa M. Spencer, individually and d/b/a Aaron Company, their agents, representatives, and employees.
8. “Metatags” shall mean any word or words embedded in the source code of an Internet Web site that may be used by an Internet search engine in indexing Web sites for the purpose of selecting sites in response to an Internet user’s search request.
9. “Colloidal Silver product” shall mean any product containing or purporting to contain colloidal silver or silver salts, including but not limited to Aaron’s *Colloidal Silver*.
10. “Chitosan with vitamin C product” shall mean any product containing or purporting to contain chitosan, chitin, or any other substance derived, directly or indirectly, from the exoskeletons of crustaceans, including but not limited to Aaron’s *Chitosan with vitamin C*.
11. “Ultimate Energizer product” shall mean any product containing or purporting to contain ephedra, ephedra extract or ephedrine, including but not limited to Aaron’s *Ultimate Energizer*” or any other product containing Mahuang.

## Decision and Order

12. “Food,” “drug,” and “device” shall mean as “food,” “drug,” and “device” are defined in Section 15 of the Federal Trade Commission Act, 15 U.S.C. § 55.
13. “Covered product or service” shall mean any service, program, dietary supplement, food, drug, or device.
14. “Ephedra, ephedra extract or ephedrine” shall mean a source of ephedrine alkaloid, including, but not limited to, ephedrine, pseudoephedrine, norephedrine, norpseudoephedrine, N-methylephedrine, and N-methylpseudoephedrine, either derived from natural sources such as the herb *Ephedra sinica* (also called Ma-Huang or Chinese Ephedra) or synthetically produced.
15. “Product label” shall mean any label or other written, printed or graphic matter upon any product or accompanying any product, including package labels, bottle labels, and package inserts.

**I.**

**IT IS HEREBY ORDERED** that respondents, directly or through any partnership, corporation, subsidiary, division, trade name, or other device, including franchisees, licensees, or distributors, in connection with the labeling, advertising, promotion, offering for sale, sale, or distribution of any *Colloidal Silver* product or any covered product or service in or affecting commerce, shall not misrepresent, in any manner, including by means of metatags, expressly or by implication, that such product or service has been medically proven to kill any disease-causing organisms, or any number of disease-causing organisms, in the body or that colloidal silver successfully treats any infections, or any number of infections, caused by disease-causing organisms, including germs, viruses, algae and fungus.

Decision and Order

**II.**

**IT IS HEREBY ORDERED** that respondents, directly or through any partnership, corporation, subsidiary, division, trade name, or other device, including franchisees, licensees, or distributors, in connection with the labeling, advertising, promotion, offering for sale, sale, or distribution of any *Colloidal Silver* product, *Chitosan with vitamin C* product, *Ultimate Energizer* product, or any covered product or service in or affecting commerce, shall not make any representation, in any manner, including by means of metatags, expressly or by implication:

- A. That any such product or service is effective in treating or curing cancer, multiple sclerosis, HIV/AIDS, flu, candida, Lyme's disease, psoriasis, the common cold, stomach ulcers, burns, arthritis, streptococcus infections, tuberculosis, tonsillitis, herpes virus, virus warts, athlete's foot, shingles, allergies or infections associated with diabetes;
- B. That any such product or service promotes healing or cures infections;
- C. That any such product or service is superior to antibiotics in killing disease-causing organisms;
- D. That any such product or service is safe for human consumption or has no side effects;
- E. That any such product or service is effective in treating various medical or health conditions in animals, including serious eye infection, prostate infection, and swollen intestine; or
- F. That any such product or service enables consumers to lose substantial weight without the need for a restricted calorie diet;

## Decision and Order

G. That any such product or service is effective in the mitigation, treatment, prevention, or cure of any disease, illness or health conditions; or

H. About the health benefits, performance, safety, or efficacy of any such product or service;

unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

**III.**

**IT IS FURTHER ORDERED** that respondents, directly or through any partnership, corporation, subsidiary, division, trade name, or other device, including franchisees, licensees or distributors, in connection with the labeling, advertising, promotion, offering for sale, sale, or distribution of any covered product or service in or affecting commerce, shall not misrepresent, in any manner, including by means of metatags, expressly or by implication, the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research.

**IV.**

Nothing in this order shall prohibit respondents from making any representation for any drug that is permitted in labeling for such product under any tentative final or final standard promulgated by the Food and Drug Administration. Nor shall it prohibit respondents from making any representation for any product that is specifically permitted in labeling for such product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990.

Decision and Order

**V.**

**IT IS FURTHER ORDERED** that:

- A. In any advertisement (other than a television or radio advertisement), promotional material, or product label for any covered product or service containing ephedra or ephedrine, and during any discussion relating to the use of such product or service communicated via electronic mail or any telephone line, respondents, their officers, agents, servants, and employees shall make clearly and prominently, the following disclosure:

**WARNING:** This product contains ephedra or ephedrine alkaloids, which can have dangerous effects on the central nervous system and heart and can result in serious injury. Risk of injury can increase with dose, and may even include heart attack, stroke, seizure or death. Consult a health care provider prior to use if you have high blood pressure, heart or thyroid disease, diabetes, difficulty urinating, prostate enlargement, or glaucoma, or are using any prescription drug. Do not use if you are taking a MAO inhibitor or any allergy, asthma, or cold medication containing ephedrine, pseudoephedrine or phenylpropanolamine. Discontinue use if you experience rapid heart beat, chest pain, severe headache, shortness of breath, dizziness, sleeplessness or nausea. This product is not recommended for use if you are or could be pregnant unless a qualified health care provider tells you to use it. The product may not be safe for your developing baby.

unless respondents possess competent and reliable scientific evidence that such product is safe and produces no adverse side effects.

Provided, however, that the product label requirements of this Subpart shall not apply to products that are shipped to consumers or purchasers for resale less than thirty (30) days

## Decision and Order

after the date of service of this order; and, *provided further*, that with regard to products shipped after thirty (30) days of the date of service of this order, respondents may affix the disclosure clearly and prominently by sticker or other device on the labels of products manufactured prior to thirty (30) days after the service of this order.

- B. In any television or radio advertisement for any covered product or service containing ephedra or ephedrine, respondents, their officers, agents, servants, and employees shall make, clearly and prominently, the following disclosure:

**WARNING:** This product contains [insert name of ephedrine alkaloids contained in product, *e.g.*, Mahuang] which can have dangerous effects on the central nervous system and heart and can result in serious injury. Risk of injury increases with increased dosage.

unless respondents possess competent and reliable scientific evidence that such product is safe and produces no adverse side effects.

Provided, however, that in the event that the Food and Drug Administration issues a final rule requiring a warning on the labeling of products containing ephedrine alkaloids, respondents may substitute that warning for the disclosures required under Parts A and B above.

**VI.**

**IT IS FURTHER ORDERED** that respondents, for ten (10) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

- A. All advertisements and promotional materials containing the representation;

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- B. All materials that were relied upon in disseminating the representation; and
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call 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.

**VII.**

**IT IS FURTHER ORDERED** that respondents shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities as stated above. Respondents shall maintain and upon request make available to the Commission for inspection and copying each such signed and dated statement.

**VIII.**

**IT IS FURTHER ORDERED** that respondents shall notify the Commission at least thirty (30) days prior to any change with regard to Aaron Company that may affect compliance obligations arising under this order, including but not limited to its incorporation; and if incorporated, its creation, dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy

## Decision and Order

petition; or a change in the business or corporate name or address. Provided, however, that, with respect to any proposed change about which respondents learn less than thirty (30) days prior to the date such action is to take place, respondents shall notify the Commission as soon as is practicable after obtaining such knowledge.

**IX.**

**IT IS FURTHER ORDERED** that respondents, within five (5) days of entry of this order, shall notify the Commission of (1) their residence address and mailing address; (2) their telephone number(s); (3) if applicable, the names of their employer(s) and supervisor(s); and (4) their duties and responsibilities.

**X.**

**IT IS FURTHER ORDERED** that respondents, for a period of ten (10) years after the date of entry of this order, shall notify the Commission of (1) any changes in their residence address, mailing address, or business address; (2) the discontinuance of their current business or employment; and (3) their affiliation with any new business or employment. Notice of changes in employment status shall include: (1) the new employer's name, address and telephone number; (2) the full names of the employer's principals; (3) if applicable, the names of respondents' supervisors; and (4) a description of the employer's activities, and respondents' duties and responsibilities.

**XI.**

**IT IS FURTHER ORDERED** that respondents shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which respondents have complied and are complying with this order.

Decision and Order

## **XII.**

This order will terminate twenty (20) years from the date of its issuance, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later;

provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (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 Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondents 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 Part 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.

## Analysis

**Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission has accepted an agreement, subject to final approval, to a proposed consent order from Robert M. Spencer and Lisa Spencer, d/b/a/ Aaron Company ("proposed respondents"). Proposed respondents marketed "Colloidal Silver," a dietary supplement allegedly containing submicroscopic particles of silver that was intended to be taken orally for the cure and treatment of more than 650 diseases. In addition, proposed respondents marketed other dietary supplements, including Chitosan with vitamin C for substantial weight loss without a restricted calorie diet, and Ultimate Energizer as a stimulant and energizer claiming it was safe with no side effects.

The proposed consent order has been placed on the public record for thirty (30) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement and take other appropriate action or make final the agreement's proposed order.

The Commission's complaint charges that proposed respondents made false claims that their Colloidal Silver product had been (1) medically proven to kill over 650 disease-causing organisms in the body; and (2) successfully used to treat all known infections. The Commission's complaint also charges that proposed respondents failed to have a reasonable basis for claims they made about the Colloidal Silver product's (1) efficacy in treating and curing cancer, multiple sclerosis, HIV/AIDS, and other specific illnesses; (2) superiority to antibiotics in healing and curing infections; (3) safety for human consumption without side effects; and (4) superiority in treating various medical and health problems in animals. Proposed respondents have also been charged with failing to have a reasonable basis for claims they made about the efficacy of their Chitosan with vitamin C product, the safety claims for their Ultimate Energizer product containing Mahuang, and other substances. Such claims, promoting dietary

Analysis

supplements, appeared on the website that proposed respondents produced or caused to be produced.

Part I of the consent order prohibits proposed respondents from misrepresenting, including by means of metatags, any claims that Colloidal Silver or any service, program, dietary supplement, food, drug, or device, has been medically proven to kill disease-causing organisms or any number of infections in the body. Part II of the order requires competent and reliable scientific evidence to substantiate representations that Colloidal Silver or any covered product (1) treats and cures cancer, multiple sclerosis, HIV/AIDS, and other specific illnesses; (2) is superior to antibiotics in healing and curing infections; (3) is safe for human consumption and has no side effects; (4) treats various medical and health problems in animals; and (5) enables consumers to lose substantial weight without the need for a restricted diet. Part III of the order prohibits proposed respondents from misrepresenting, including by means of metatags, the existence, contents or interpretation of any test, study, or research. Part V of the order requires that for any future advertisement of products containing ephedra or ephedrine, proposed respondents must include affirmative warnings concerning safety issues. This warning was developed after discussions with the Food and Drug Administration. FDA has announced that it intends to initiate a rulemaking for dietary supplements for women who are or who may become pregnant. In the event that FDA issues a final rule requiring a warning for pregnant women on dietary supplements, respondents may substitute that warning for the disclosure on that topic required under the proposed order. Part IV of the proposed order permits proposed respondents to make certain claims for drugs or dietary supplements, respectively, that are permitted in labeling under laws and/or regulations administered by the U.S. Food and Drug Administration.

The remainder of the proposed order contains standard requirements that proposed respondents maintain advertising and any materials relied upon as substantiation for any representation covered by substantiation requirements under the order; distribute copies of the order to certain company officials and employees;

## Analysis

notify the Commission of any change in the business entity that may affect compliance obligations under the order; and file one or more reports detailing their compliance with the order. Part XII of the proposed order is a provision whereby the order, absent certain circumstances, terminates twenty years from the date of issuance.

This proposed order, if issued in final form, will resolve the claims alleged in the complaint against the named respondents. It is not the Commission's intent that acceptance of this consent agreement and issuance of a final decision and order will release any claims against any unnamed persons or entities associated with the conduct described in the complaint.

The purpose of this analysis is to facilitate public comment on the proposed order, and is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

Complaint

IN THE MATTER OF

**MICHAEL FORREST**

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 5 AND SEC. 12 OF THE FEDERAL TRADE COMMISSION ACT

*Docket C-4020; File No. 0123091*  
*Complaint, July 30, 2001--Decision, July 30, 2001*

This consent order addresses representations made by Respondent Michael Forrest – individually and doing business as Jaguar Enterprises, an Internet seller – about various electronic devices and herbal remedies purported to cure or treat a wide variety of illnesses and conditions. The order, among other things, prohibits the respondent from misrepresenting, as scientifically proven, (1) that its Miracle Herbs product is safe and effective in treating various cancers in humans with no side effects, or (2) that use of its Black Box, Magnetic Pulser and Magnetic Multi-Pulser products is effective to kill, deactivate or disable viruses, bacteria, fungi and other parasites in humans. The order also requires the respondent to possess competent and reliable scientific evidence to substantiate any representation that any electronic therapy device – or any other product or service – is effective in treating or curing cancer, AIDS, hepatitis, Gulf War Syndrome, Chronic Fatigue Syndrome, rheumatoid arthritis or Herpes; treating or preventing bacterial infections; treating or preventing viral infections; or mitigating, treating, preventing, or curing any disease or illness. In addition, the order prohibits the respondent from making false claims of scientific support for any electronic therapy device or any service, program, dietary supplement, food, drug, or device.

*Participants*

For the Commission: *Michael Milgrom, John M. Mendenhall,*  
*Janis K. Pappalardo, Gerard R. Butters, and Paul A. Pautler.*

For the Respondent: *Michael Forrest, pro se.*

**COMPLAINT**

The Federal Trade Commission, having reason to believe that Michael Forrest, individually and d/b/a Jaguar Enterprises of Santa Ana (hereinafter "respondent") has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

## Complaint

1. Respondent Michael Forrest is a Florida resident with his principal office or place of business at 1515 N. Town East Blvd., Suite 138-427, Mesquite, Texas 75150-4142. Doing business as Jaguar Enterprises of Santa Ana, a/k/a Jaguar Enterprises, he has used the same business address and also the addresses of 1601 NW 97<sup>th</sup> Ave SJO-1469, Miami, Florida 33102-5216, and P.O. Box 1172, Black Mountain, North Carolina 28711.
  
2. Respondent has manufactured, promoted, advertised, labeled, offered for sale, sold, and distributed directly to the public various products, including the *Black Box*, *Magnetic Pulser*, *Magnetic Multi-Pulser*, *Beck-Rife unit*, *Portable Rife Frequency Generator*, *PC-Rife #1*, *PC-Rife #2*, *PC-Rife #3*, and *Miracle Herbs*, including by means of two Internet Web sites, [www.ioa.com/~dragonfly](http://www.ioa.com/~dragonfly) and [www.excel.net/~jaguar](http://www.excel.net/~jaguar). The *Black Box*, *Magnetic Pulser*, *Magnetic Multi-Pulser*, *Beck-Rife unit*, *Portable Rife Frequency Generator*, *PC-Rife #1*, *PC-Rife #2*, *PC-Rife #3*, are “devices” within the meaning of Sections 12 and 15 of the Federal Trade Commission Act. *Miracle Herbs* which, according to respondent, consists of Papaveraceae, Donq Quai, Sanguinaria Canadensis, Panax Quinque Folius, Compositae, Zinc, Citric Acid, Ascorbic Acid, Althaea Officinalis, water, Araliaceae, Echinacea Berberidaceae, Arctium Lappa, Valerian, and trace elements, is a “food” or “drug” within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.
  
3. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.
  
4. Respondent has disseminated or has caused to be disseminated, via the Internet among other means, advertisements or promotional materials for the *Black Box*, *Magnetic Pulser*, *Magnetic Multi-Pulser*, *Beck-Rife unit*, *Portable Rife Frequency Generator*, *PC-Rife #1*, *PC-Rife #2*, *PC-Rife #3*, and *Miracle Herbs* including but not necessarily limited to the attached Exhibits A-H. These advertisements contain the following statements, among others:

Complaint

**Why you should buy**

1. For protection against all viruses and bacteria, including drug-resistant bacteria (responsible for Tuberculosis, Cholera, Pneumonia, Meningitis, Scarlet fever, Strep throat, and untreatable infections of the ears, skin, and blood).

Exhibit A, from [www.ioa.com/~dragonfly](http://www.ioa.com/~dragonfly).

BLACK BOX: An electronic device known to reverse many "incurable" viral & bacterial conditions, including AIDS, Cancer, Chronic Fatigue Syndrome, Gastritis, Herpes, Hepatitis, Lupus, Gulf War Syndrome (GWS), & Rheumatoid Arthritis. It delivers a very low frequency (1/4 or 4 or 100 hz, modified or pure square wave), low current, alternating polarity signal which neutralizes viruses and kills bacteria in the bloodstream & organs so they can be eliminated from the body. Research from MIT & Albert Einstein College of Medicine has revealed the effectiveness of electric currents on all viruses, even on the AIDS virus. It does this by deactivating their ability to penetrate into cells (and once there, reproduce while hiding out). By keeping them out of the cells and in the bloodstream, the immune system can easily remove them from the body.

\*\*\*\*\*

MAGNETIC PULSER: This device delivers a strong momentary magnetic pulse every 6 seconds which penetrates into surrounding tissues (within 4" of the center of the coil) to induce an electric current which is reported to neutralize viruses and bacteria (when pulsed at least 50 times) and cause the lymph fluid to circulate (which is essential when fighting a systemic infection). No sensation is felt at all except in some lymph vessels. The magnetic strength is equal to that of Magnetic Nuclear Resonance Imaging (which is safe), but stronger than a \$7000 Magnetron, Biotron, and Centurion unit. This Pulser is safe for use anywhere on the body. It's recommended that it be used daily with the Black Box.

## Complaint

Not using it will allow reinfection afterwards because viruses & bacteria hiding in the lymphatics can travel back into the bloodstream.

Exhibit B, from [www.ioa.com/~dragonfly](http://www.ioa.com/~dragonfly).

This Magnetic Multi-Pulser is a different type of Magnetic Pulser with proven effectiveness at treating cancer tumors, localized infections, and herpes

.....

Here's a customer testimony of how she got rid of the herpes virus completely:

"I have had herpes simplex (sores on my lips) for 20 years. They always happen under one of two conditions: emotional stress + exposure to sun and drying. I have been using the Black Box (2 hours a day) and Magnetic Pulser on and off for about 6 months. They have caused a remarkable improvement in my health! (My chronic fatigue is completely gone.) Recently I had what would have to be considered an emotionally stressful situation. ... After all this was taken care of (one of the most stressful two weeks in my life) I noticed something. No cold sores! Not even itching or the slight burning that precedes them! My previous use of the devices cured my CFIDS but not the herpes because I only pulsed with the regular Magnetic Pulser. This time, I used the Multi-Pulser too and now the herpes is gone. I have been doing this version of the treatment about a month."

Exhibit C, from [www.ioa.com/~dragonfly](http://www.ioa.com/~dragonfly).

**How do you know this isn't just a well hyped scam?** Because this bio-technology is based on reproducible laboratory research findings which prove the consistent negative effects that electric current has on microbes. It's science. Period. Also, this author and thousands others have gotten well from viral and bacterial diseases by using these devices. And there is a major medical

Complaint

device patent issued for the use of this blood electrification technology.

Exhibit D, from [www.ioa.com/~dragonfly](http://www.ioa.com/~dragonfly)

**Rife Success Stories**

click here:

Infection, Gout, Multiple Sclerosis, Stroke Paralysis, Carpal Tunnel Syndrome, Prostate Cancer, Lung Cancer, Glaucoma, crushed neck discs, Herpes Simplex, Breast Cancer, Mental Illness, Kidney Infections, Diabetes, Neuralgia, Knee Pain, Food Allergies, Cold Allergy

.....

"I would like to inform you the Rife machine is a Miracle Machine to us, especially to my wife. She has been paralyzed, half of her body, right side, due to stroke, since April 1991. After just a couple of uses, she can walk and put her weight to the right side of her body, the paralyzed side. She can walk now, not yet like the original way before she had the stroke, but she does not use her wheelchair."

.....

"My friend Evan...had been diagnosed with inoperable prostate cancer which had metastasized to the bone marrow. He was...not expected to live much longer. Upon learning about my Rife machine, he wanted to experiment on himself. The second time he used the unit, that night he had to urinate more than usual, and the urine was cloudy and loaded with pus. By the FOURTH treatment, he was free from bone pains (from the site of the metastases), and was able to discontinue the morphine he'd been taking for the past several months."

Exhibit E, from [www.ioa.com/~dragonfly](http://www.ioa.com/~dragonfly)

Complaint

**Portable Rife Frequency Generator and Beck blood electrifier**

This Rife machine can also do Beck blood electrification, which is useful when you don't know the needed Rife frequency or the actual microbe causing the disease.

Exhibit F, from [www.ioa.com/~dragonfly](http://www.ioa.com/~dragonfly)

**Miracle Herb Formula**

Note: This formula is a dietary supplement made mostly of herbs, and is not a drug. The statements made herein have not been evaluated by the Food and Drug Administration and are not to be construed as medical advice. These pages exist so that informed persons may choose to experiment with this product on themselves if they so choose.

**Adjuvant Herbal anti-cancer and immune boosting Therapy**

This incredible product is made from all natural ingredients from around the world. The 22 step manufacturing process turns this unique anti-cancer herbal combination into a compound that has been shown to be a successful cancer cell fighter and immune system booster. The current formula was made in 1996 after extensive testing on lab mice. Since then over 1000 cancer patients have experienced complete remission after taking the formula. This anti-cancer herbal paste has been successful at treating all types of tumors with some reducing in size in a few days. Past cases have also found it to be effective against Lupus, Hepatitis C, Herpes, AIDS, and numerous other infectious diseases.

The reason it is so effective against cancer is that it is cancer cell specific (it has a direct negative effect on cancer cells), a breakthrough in therapy for patients. It also increases immune system strength so that a patients body can also assist in destroying and removing dead cancer cells.

Complaint

Controlled studies in Mexico, the USA, and Canada indicate efficiency and safety in various cancers with no side effects.

.....

This food supplement is a proprietary preparation made by combining all natural herbs from many countries. These herbs are detoxified by being put through a 22 step manufacturing process which results in a dark herbal “paste”. The ingredients are: Papaveraceae, Donq Quai, Sanguinaria Canadensis, Panax Quinque Folius, Compositae, Zinc, Citric Acid, Ascorbic Acid, Althaea Officinalis, water, Araliaceae, Echinacea Berberidaceae, Arctium Lappa, Valerian, trace elements.

We believe ‘Miracle Herbs’ should be tried before surgery, chemotherapy, and/or radiation. In cases where patients have had surgery/chemotherapy/radiation, ‘Miracle Herbs’ has proven to still be effective against cancer and in helping restore the immune system. This anti-cancer herbal paste has shown itself effective when taken orally or used topically.

‘Miracle Herbs’ has also proven its effectiveness against all infectious diseases caused by viruses and bacteria, and also against many non-infectious diseases.

These are some of the conditions which ‘Miracle Herbs’ has proven effective against:

AIDS, allergies, bacterial infections, Bronchitis, Cancer (all types), Candidiasis (yeast), chronic infections, Chronic Fatigue Syndrome, common cold, Diabetes, Emphysema, fungal infections, Herpes Simplex, Mononucleosis, parasitic infections, periodontal disease, Pneumonia, radiation exposure, stress, all viral infections (including CytoMegaloVirus & Epstein Barr Virus)

Exhibit G, from [www.ioa.com/~dragonfly](http://www.ioa.com/~dragonfly).

Complaint

## Disclaimer

Jaguar Enterprises sells all its products as experimental units to those willing to research the effectiveness of the units on themselves. We make no claims concerning health & disease in relation to usage of the products we sell. These products are for research purposes only. The information we provide is for educational purposes only and is not intended as medical advice. Users assume all responsibility for the application of this technology on themselves. For all medical advice we recommend consulting a physician (hopefully a Naturopath).

Exhibit H, from [www.ioa.com/~dragonfly](http://www.ioa.com/~dragonfly).

5. Through the means described in Paragraph 4 respondent has represented among others, expressly or by implication, that the:
- A. Black Box is effective in treating cancer, AIDS, hepatitis, Gulf War Syndrome, Chronic Fatigue Syndrome and rheumatoid arthritis.
  - B. Magnetic Pulser, together with the Black Box, is effective in treating cancer, AIDS, hepatitis, Gulf War Syndrome, Chronic Fatigue Syndrome and rheumatoid arthritis.
  - C. Magnetic Multi-Pulser is effective in treating cancer, localized infections and diseases caused by the herpes virus.
  - D. Beck-Rife unit, Portable Rife Frequency Generator, PC-Rife #1, PC-Rife #2, and PC-Rife #3 are effective in treating cancer and other serious diseases.
  - E. Black Box, Magnetic Pulser and Magnetic Multi-Pulser, used as directed, deactivate disease-causing viruses, bacteria (including drug-resistant bacteria), fungi and other parasites in humans.
  - F. Miracle Herbs product is effective in treating cancers of all types, AIDS, bacterial infections and viral infections.

Complaint

6. Through the means described in Paragraph 4, respondent has represented, expressly or by implication, that he possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 5 at the time the representations were made.

7. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 5 at the time the representations were made. For example, there are no competent and reliable clinical studies demonstrating that respondent's products are effective in treating or curing cancer, AIDS, or any other disease. Therefore, the representation set forth in Paragraph 6 was, and is, false or misleading.

8. Through the means described in Paragraph 4, respondent has represented, expressly or by implication, that scientific proof, demonstrates that:

- A. Miracle Herbs is safe and effective in treating various cancers in humans with no side effects; and,
- B. use of the Black Box, Magnetic Pulser and Magnetic Multi-Pulser is effective to kill, deactivate or disable viruses, bacteria, fungi and other parasites in humans.

9. In truth and in fact, scientific proof does not demonstrate that:

- A. Miracle Herbs is safe and effective in treating various cancers in humans with no side effects; and,
- B. use of the Black Box, Magnetic Pulser and Magnetic Multi-Pulser is effective to kill, deactivate or disable viruses, bacteria, fungi and other parasites in humans.

Therefore, the representations set forth in Paragraph 8 were, and are, false or misleading.

## Complaint

10. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices, and the making of false advertisements, in or affecting commerce in violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this thirtieth day of July, 2001, has issued this complaint against respondent.

By the Commission.

# ← Jaguar Enterprises →

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## Why you should buy

1. For protection against all viruses and bacteria, including drug-resistant bacteria (responsible for Tuberculosis, Cholera, Pneumonia, Meningitis, Scarlet fever, Strep throat, and untreatable infections of the ears, skin, and blood).
2. Because we offer units with the most advanced features while maintaining low prices. With ours you can do blood electrification at 100hz without worrying about getting toxic from taking drugs and/or herbs and vitamins. Also you can know exactly when you are getting enough electric current to do the job.
3. Because any time now you may not be able to buy these devices due to a law that was passed in 1996 which could be used to eliminate the sale of all alternative devices.
4. Because these devices can help you live stronger and healthier and at a greater level of joy because of feeling better.
5. Because we gaurantee your satisfaction with these products and we'll return money if you're not.
6. Because two years ago the US determined that Iraq has developed biological weapons that will eventually be unleashed at our citizenry. We are a sitting duck. A large military medical conference was held near Chicago. The conclusion was that we are totally unprepared for the chaos which will result from a biological attack on our shores. We believe these devices can cause the elimination from your body of microbes acquired from such an 'attack'. Everyone else will be helpless. (there's no drugs to kill viruses, only vaccines to help prepare your immune system against their onslaught).

**Exhibit A**

## **Anti-Microbial Blood Electrification Devices**

### **(Functions & Use)**

**BLACK BOX:** An electronic device known to reverse many "incurable" viral & bacterial conditions, including AIDS, Cancer, Chronic Fatigue Syndrome, Gastritis, Herpes, Hepatitis, Lupus, Gulf War Syndrome (GWS), & Rheumatoid Arthritis. It delivers a very low frequency (1/4 or 4 or 100 hz, modified or pure square wave), low current, alternating polarity signal which neutralizes viruses and kills bacteria in the bloodstream & organs so they can be eliminated from the body. Research from MIT & Albert Einstein College of Medicine has revealed the effectiveness of electric currents on all viruses, even on the AIDS virus. It does this by deactivating their ability to penetrate into cells (and once there, reproduce while hiding out). By keeping them out of the cells and in the bloodstream, the immune system can easily remove them from the body. This knowledge has been greatly suppressed by the powers that be. It attaches to 2 cloth covered metal electrodes (which are to be strapped over arteries on the wrists or ankles) or 2 cloth pad electrodes. Typical usage is 1 to 2 hours daily for 6 weeks. With the 1/4 hz and 4 hz setting, users can only take the following items right after each days session: medicinal herbs, garlic, vit A & D, niacin, medicines, alcoholic drinks, caffeine, and nicotine. With the 100 hz setting there are no precautions for use. This unit (unlike other companies) also turns on a light when you are getting a minimum amount of needed electric current. Battery powered. One year warranty.

**COLLOIDAL SILVER MAKER ADD-ON:** An optional addition to the Black Box or Beck-Rife#2 or Rife units which enables you to make a colloidal silver solution by inserting electrically charged silver electrodes into distilled water for ~20 minutes. Silver Colloids are reported to be very effective at killing intestinal bacteria and viruses and also is effective at boosting immunity and speeding healing of damaged tissue (cuts, burns etc). This is known to greatly help AIDS sufferers when cleansing out viruses with electric current because it prevents opportunistic infections originating from the stomach & intestines which are more likely to happen when occupying the immune system with removing the debris of immobilized viruses and bacteria. The UCLA Medical Center reported Colloidal Silver "...killed every virus that was tested in the lab." People commonly use it to prevent/combat colds, apply to injuries, and as an anti-bacterial mouthwash. It also combats plant fungus and soil bacteria.

**MAGNETIC PULSER:** This device delivers a strong momentary magnetic pulse every 6 seconds which penetrates into surrounding tissues (within 4" of the center of the coil) to induce an electric current which is reported to neutralize viruses and bacteria (when pulsed at least 50 times) and cause the lymph fluid to circulate (which is essential when fighting a systemic infection). No sensation is felt at all except in some lymph vessels. The magnetic strength is equal to that of Magnetic Nuclear Resonance Imaging (which is safe), but stronger than a \$7000 Magnetron.

**Exhibit B**

Biotron, and Centurion unit. This Pulser is safe for use anywhere on the body. It's recommended that it be used daily with the Black Box. Not using it will allow reinfection afterwards because viruses & bacteria hiding in the lymphatics can travel back into the bloodstream. AC powered. One year warranty.

**MAGNETIC MULTI-PULSER:** Similar to the regular Pulser but is 2.3 times stronger, pulses every second, and outputs an oscillating bipolar magnetic field (at 5000 hz) instead of a unipolar one. [Click here](#) to read more about this unit. This type Pulser doesn't move the lymph like the regular Pulser though.

This information is for educational purposes only. For all questions please feel free to [email us](#)

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## Magnetic Multi-Pulser

**This Magnetic Multi-Pulser is a different type of Magnetic Pulser with proven effectiveness at treating cancer tumors, localized infections, and herpes. Instead of a single magnetic pulse each 6 seconds, every second it produces a short burst of pulses that oscillates at a rate of ~5000 cycles per second. The magnetic strength (~34 Kilogauss) is 2.3 times stronger than our standard Magnetic Pulser as it uses 1100 volts to power the output coil instead of 450 volts. Although it only has 3.4 Tesla (magnetic strength output), which is weaker than the 5 Tesla units mostly tested in the laboratory tests, it is interesting to note that at the end of the test results one rat tumor had shrunk by 87% even though the magnetic field strength applied was only 1.2 Tesla which indicates that the high power output of 5 Tesla isn't necessarily essential. [Click here](#) to read questions and answers about this type of Magnetic Pulser. [Click here](#) for the usage instructions. [Click here](#) for the order form.**

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**A Doctor experimented with using the Multi-Pulser (our older 18 Kilogauss unit) on cancer patients and said "I started a private trial using only the Multi-Pulser. The tests I performed for detecting cancer markers (some tests to detect by-products of the metabolism of the cancer cells) are going down meaning that the cancer cell activity is decreasing, and in one patient it fell from 245 to almost zero. But after 2 weeks the markers started going back up." This indicates the greatest effects from it are in the initial phase of treatment and by itself it is not sufficient to treat cancer. Please go to the first link from this page and review the short and long term effects on lab rats with cancer.**

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**The doctor also tested it against throat problems and said "I had a medical trial on patients suffering tonsillitis and laryngitis. I had used the Magnetic Multi-Pulser, 50 pulses each side of the neck on the tonsils and throat, and ALL the patients had resolution of the problem. The quantity of patients on this trial is 20, and every one showed the same good results. A Dr. Corina, who has depressed antibody levels due to radiation and chemotherapy against cancer, suffered frequent and very strong (sometimes putting her life at risk) infection of the throat and pharynx, (with extreme glottis edema) and was using strong corticoids and antibacterial drugs... NO MORE, she felt a fast and effective resolution of this disease."**

**From the experience of myself and friends I believe that it is necessary to pulse 50-100 times every 1 or 2 hours for a 4 hour period in order to kill all the throat bacteria. Maybe only bacteria at a certain stage of their life cycle are effected which is why repeated frequent applications are necessary. People that only pulse in the morning and evening (too long a time in between sessions) are not successful.**

**For most systemic infections though, the regular Magnetic Pulser is recommended since it causes lymph fluid circulation which this Pulser doesn't.**

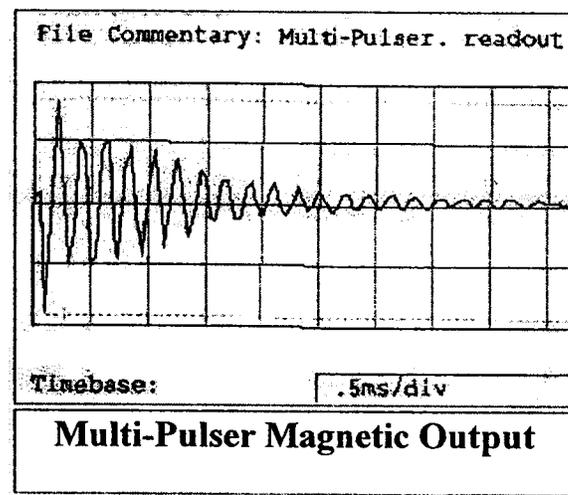
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**Here's a customer testimony of how she got rid of the herpes virus completely:**

**"I have had herpes simplex (sores on my lips) for 20 years. They always happen under one of**

two conditions: emotional stress + exposure to sun and drying. I have been using the Black Box (2 hours a day) and Magnetic Pulser on and off for about 6 months. They have caused a remarkable improvement in my health! (My chronic fatigue is completely gone.) Recently I had what would have to be considered an emotionally stressful situation. ... After all this was taken care of (one of the most stressful two weeks in my life) I noticed something. No cold sores! Not even itching or the slight burning that precedes them! My previous use of the devices cured my CFIDS but not the herpes because I only pulsed with the regular Magnetic Pulser. This time, I used the Multi-Pulser too and now the herpes is gone. I have been doing this version of the treatment about a month." (editors note: "this version" included daily using the Multi-Pulser firstly all over the head and then all over the rest of the body. She also drank ozonated water but I doubt it can get inside the nerves where the viruses hide.)

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# ← Jaguar Enterprises →

last updated July 12 '00

## *Questions & Answers* by Michael Forrest

**What is this electro-medical technology basically about?** It's about using small amounts of electric current to disable or kill virus, bacteria, and other pathogens (such as yeast and mycoplasmas) in the body.

**Are there other devices which safely use electric current on the body?** Yes. Muscle stimulators relieve pain, reduce spasms and edema, tonify weak muscles, and assist the healing process, run at from 1 to 130 Hz. TENS units are used to block pain run at about 80 to 90 Hz. Interferential Therapy units are a type of muscle stimulator run at 3000 to 4000 Hz. Bio Feedback instruments used to modify behavior and retrain the nervous and muscular systems, run from below 1Hz to about 40 Hz. Bone Growth Stimulators, used to heal broken bones, run at various frequencies. Deep Brain Stimulators, which use implanted electrodes to impart electrical pulses, run from between 120 and 160 Hz directly to the brain to control involuntary muscular tremors in Parkinson's disease. Heart Pacemakers use an electrical impulse to regulate the hearts rythm.

**Are the Black Box and Magnetic Pulser safe?** Yes, the Black Box delivers less current than the AMA approved TENS units, and the Pulser delivers only momentary pulses of a magnetic strength that is less than that of MRI (Magnetic Nuclear Resonance Imaging) body scanners. Dr Steven Kaali, patent owner for 2 blood electrification devices, said that electricity itself has no toxic side effects. Of course, this depends on your not using them longer and more often than you should (producing too much cleansing reactions). Also, with 1/4hz and 4hz, it depends on you not taking herbs & medicines anytime other than right after using the Black Box.

**How long have these devices been available?** Since 1991 when these were invented by Bob Beck as an alternative to the Medical Machines goal of only utilizing this technology on patients by extracting their blood, treating it electrically, and then re-injecting it (as a dialysis machine does). This, of course would be timely, costly, and painful. Also it would keep the technology out of the hands of the common man and in the control of the Medical System.

**Is using electricity for health a new concept?** No way! The earliest recorded medical use of electricity is in 46A.D. when the Roman emperors physician recommended treatment with the electric torpedo fish for rheumatism and gout. Benjamin Franklin also used electricity to treat people with neurologic problems. For a complete history of medical electrical devices you could visit the [Bakken Museum of ElectroMedicine](#) in Minneapolis. Also, there's an article in [Science & Vie Magazine](#) revealing that one of the methods used by immune cells to kill bacteria and fungi is to shock them with a surge of enzyme triggered electricity. So actually electricity has been used for health ever since the first human existed!

**Are there any devices like the Magnetic Pulser that have FDA approval?** Yes. Neotonus products have been approved since 1998. ['ExMI™' innovative technology](#) (Extracorporeal Magnetic Innervation) uses non-invasive pulsed magnetic fields to treat neurological and neuromuscular disorders. It works by producing a highly focused time-varying (pulsed) magnetic

Exhibit D

field that penetrates deep into a targeted region of the body to painlessly stimulate nerve activity in the region which causes muscle contractions and increased circulation. (ps- this system is stronger than Jaguars which isn't sufficient to affect most muscles.)

**How does Magnet Therapy compare to using a Magnetic Pulsar?** Magnets provide a constant force field but a varying (non-constant on/off) magnetic field is needed to induce electric currents in a conductive medium (a living body in this case). Electric current is essential for causing lymph flow and deactivating microbes. Magnetic Pulsers 'pulse' magnetism into the body which induces electric current therein. Magnets are good for some things but not for creating electric current.

**How do you know this isn't just a well hyped scam?** Because this bio-technology is based on reproducible laboratory research findings which prove the consistent negative effects that electric current has on microbes. It's science. Period. Also, this author and thousands others have gotten well from viral and bacterial diseases by using these devices. And there is a major medical device patent issued for the use of this blood electrification technology. ([click here for the patent](#)).

**Is their an on-line discussion group for this type of therapy?** Yes, it just started May 2000. Just go to <http://www.egroups.com/group/Beck-n-stuff> and click onto 'subscribe'.

**Is the Black Boxes electric current harmful to the blood at all?** Yes and No. White blood cells (immune cells) that are weakened by infection can have their cell walls ruptured (a process called Lysing) which will cause their demise. The rate at which the weakened cells are destroyed by the electric current is dependent on the amount of time the person uses the Black Box daily. This is why it is very unwise to use it any more daily than what the instructions recommend (especially for the first 3 weeks), especially if the persons immunity is already low. But this is ultimately good to have the infected blood cells destroyed so that the body will have the opportunity to make new replacements and have access to the viruses that were hiding inside so they can be eliminated. Lab tests on my blood have proved to me that healthy blood cells aren't negatively affected by this electric current. I had my blood tested for # of white blood cells (wbc) right after 6 weeks of blood electrification, and then a week after stopping blood electrification (which is enough time for the body to replace destroyed wbc's). The count wasn't higher in the second test which proves it doesn't destroy non-infected cells. Also, in the Biophysics Journal, Vol 58 Oct 1990, pages 897-903 the authors wrote that "Human erythrocytes treated with AC fields for hours were shown to have normal shape, volume, and permeabilities to potassium and sodium."

**Is the electric current helpful to the blood?** Yes, blood viewed under a microscope that has been treated electrically no longer displays the common problem of the red blood cells clumping together (which hinders the cells ability to absorb and release oxygen). Also it becomes so much more 'vital' that it will stay alive inside a sealed microscope slide 7 times longer than untreated blood will. It has been found that the electrical current recharges the energy level of the blood cells which results in an ATP energy production increase of as much as 500%! Read *Effects of Electric Currents on ATP Generation in Rat Skin* by Cheng & Nook, Clin Ortho and Rel Res. number 171, Nov-Dec 1982. This is why some people use these devices just for the extra energy they get as a result.

**What is meant by 4hz?** The 'hz' stands for 'hertz' which is a cycle per second. 4hz is a scientific abbreviation that means the voltage output completes a cycle of its polarity from positive to negative and back to positive four times a second. 100hz is 100 cycles per second. 1/4hz completes a cycle every 4 seconds.

**Do these devices produce a harmful 'EMF' (electro-magnetic field)?** The Black Box doesn't

produce any EMF. The Pulser produces some but only for a fraction of a second every time it pulses. EMF that is harmful is strong and continuous (such as what you get when living under a high voltage line or watching TV within 6 feet of it).

**When using the 1/4hz or 4hz setting, why do I have to limit taking herbs and medicine to the time right after Black Box usage?** Because during electric current application (at 4hz) blood cells more readily absorb chemicals that are in the bloodstream. (~20x more.) So it would be necessary to give the body plenty of time (22-23 hours) to expel the medicinal chemicals by only taking them right after each session. (otherwise use the 100hz setting which doesn't cause this effect). This high-absorption effect on blood cells exists only while the electric current is applied and is called 'transfection'.

**What has been your experience with this rule?** I had some strong Chinese herbal yin tonic tea that I used to test myself with. When I'd drink 2 cups of it before 4hz Box usage I'd get really sick within 2 hours (headache, weak, shakey, nauseous). (When I'd drink it right **after** Box usage I'd stay normal feeling which meant that the tea itself wasn't making me sick.) Doing the same test with the 100hz setting produced minimal negative feelings which proves that 100hz is the solution for this problem.

**What are your recommendations for making sure the body has eliminated all herbs & drugs within 23 hours?** Drink plenty of liquids that are cleansing such as water, fruit juice, and vegetable juice. If one has poor kidney function then he/she should take one of these food diuretics; watermelon, cucumber, or parsley. Sweating is not advised because it is too dehydrating although it helps eliminate toxins from the skin. Rebounding is good because it keeps the lymph fluid moving.

**Why does Bob Beck and other device manufacturers claim that these devices cause electroporation?** Because Beck mistakenly thought that the high-absorption effect was electroporation without studying the science journals enough to realize that it couldn't be electroporation which is a very severe and unwanted effect. And the other companies want to stay in harmony with Beck in order to keep getting his referrals. And none of them want to look foolish by saying that they were wrong to begin with.

**What is electroporation?** It is a temporary condition of the outer membrane of blood cells becoming 'porous' as a result of high electric fields affecting the cells. While the cells are porous, normally unwanted fluid & substances can enter into the blood cell with resultant disturbing effects. This man-made effect is useful to scientists though, which is why there are companies like Genetronics which manufacture laboratory instruments which induce electroporation. It should be a great relief to all to know that these blood electrification devices do not produce an effect so extreme as electroporation.

**What is the evidence that the high-absorption effect is not electroporation?** Brian Austin, Technical Support Manager at Genetronics (an electroporation device company), emailed me concerning the Black Box that "with the (electrical) conditions used, there should be no electroporation effects. Field strengths are not high enough." J. C. Weaver of the Massachusetts Institute of Technology in his report on electroporation published in the Journal of Cellular Biochemistry (51:426-435 1993) reported "In the case of isolated cells, mammalian cells experience electroporation for electric fields of about  $E=1\text{kv/cm}$  (1000 volts with a distance of 1 centimeter between electrodes) for short pulses." The Black Box produces about 1.35 volts per centimeter when the electrodes are placed on the same wrist. Another electroporation device manufacturer, Cyto Pulse Sciences, stated on their website (in the equipment tutorial) that red

blood cells need 1430 volts per centimeter for electroporation. To go to the Cyto Pulse web site [click here](#).

**What is the evidence that the blood cells are more absorptive during electrification?** In the Biophysics Journal, Vol 58 Oct 1990, pages 897-903 the authors wrote that "...electric fields that generate transmembrane potential in the range of millivolts are capable of activating membrane transport systems." (The Black Box creates a potential across the blood cell membranes of millivolts.) Also; "...reversible activation of certain membrane channels or transport systems may be achieved using low-amplitude, low frequency alternating current fields. Electric fields as small as 16 volts per centimeter have been shown to induce membrane conductance, and these effects were completely reversible."

**What is the best time to use the Black Box?** With the 100hz setting it doesn't matter. But with the 1/4hz and 4hz setting, because of high-absorption, it is best to use it when your blood stream has the least amount of potentially toxic byproducts of metabolism in it, which is when you awaken from sleep. After using it then take your supplements, herbs, drugs, coffee, etc.

**Does the Magnetic Pulser also cause the high-absorption effect?** No, because the induced electric current from the Pulser lasts for only a fraction of a second each time it pulses. This is not enough to activate the blood cells membrane transport system long enough to absorb much of anything.

**Are there any patents for devices using the same kind of technology that the Pulser uses?** Yes. Patent # 4683873 is about a device very similar to ours. It proposes its use for speeding the healing of broken bones by using it 8-14 hours a day. To read the whole patent [click here](#) and then click 'Back' to return here.

**Can the Black Box be modified to lessen the increased absorption effect at 1/4hz and 4hz?** Our units have the ability to lessen it on these settings by using a modified square wave with a rounded off leading edge (instead of a sharp edge) which makes its effects more similar to that of a sine wave. The Biophysics Journal, volume 58, said of the effects of a square wave versus a sine wave that "More than a 10-fold increase in transfection efficiency was apparent when the ac field was changed from a sine wave to a square wave". In other words, a sine wave has 1/10th the negative effect as a square wave. (Transfection is another biophysics term used to describe higher membrane transport of substances across it.) To see the difference between the two resultant current waveforms [click here](#).

**What other benefits are possible because of the waveform modifications?** Users experience less discomfort because of the lack of a high current transition spike that happens with a pure square wave when the signal reverses polarity. Without this mod all the electronic blood cleanser units create a momentary spike of current that is 4-6 times higher than the working current of .15 - .3 ma. Now with this mod the working current can also be increased 30-50% because without the spike of current there is less limitation due to electrical discomfort. This can be important to those with mineral deficiencies or high blood sugar because with these conditions the electrical current flow in the bloodstream is restricted and needs to be compensated for by turning up the current control knob. Also I believe that the lack of a transition spike of current will prevent a lot of infected blood cell lysing (dissolving) which may be crucially important for very sick people when they start blood electrification. A customer who also had a competitors unit (with 4hz square wave output) emailed : "Your box is a vast improvement for comfort. I hardly notice I'm wearing it. The current on the Black Box is certainly much more comfortable."

**How does the 100 hz setting further lessen possibilities of increased cellular absorption?**

Concerning different applied frequencies (in their transfection experiments) the Biophysics Journal, vol 58, reported that 1 hz caused the greatest amount of transfection, and 1/4hz and 4hz caused almost as much. On the graph in the Journal it looked like at 100 hz the amount of transfection was about .3% of the amount caused at 4 hz. Because of that we sell units with the option of switching on 100 hz. I tested myself with this 100 hz option by drinking strong Chinese yin tonic tea before 1 hour of device usage and got no bad effects from the blood electrification which means that it does reduce transfection enough to not be noticeable. (Robert Beck said that blood electrification was frequency independent anyway because it is the current that does the work, not the frequency. The only reason it uses any frequency is that it needs to alternate the polarity in order to prevent electrolysis. The original experiments by Dr Kaali were with zero frequency direct current anyway.) To see the graph mentioned [click here](#).

**Do you have any evidence that the 100 hz setting also disables microbes?** Yes. Reports from users indicate that it also is effective in that way. I've gotten two reports of healing (gastritis in one case) from people using this frequency and people have been getting cleansing reactions (headaches, tiredness) from using the 100 hz frequency setting which is a sure sign of microbe die-off. Also it proved capable of eliminating candida from my bloodstream (which was verified by live blood analysis by Dr Barclay Tait, ph 423-681-2312) although I had a bad case of intestinal candida infection and twice have gotten over the flu within 1.5 days using 100hz. But in my experiments with it I've found that for some stubborn viral infections (such as Epstein Barr) 1/4hz or 4hz is necessary to completely eradicate the virus.

**What then is the basic info concerning the switch combinations?** Square wave 4hz is the combo that Beck proposes but that I dislike due to the transfection effect. Modified 4hz is effective while lowering transfection, white blood cell lysing, and 'shocking' sensations in sensitive people. I don't recommend modified 100hz because together the effectiveness may be reduced. Square wave 100hz is effective without causing transfection.

**Should seasoning herbs and alcoholic drinks also be avoided except right after Black Box usage (not at 100 hz)?** Yes. Also avoid all minor medicines (including laxatives and headache medicine), high potency vitamins, vitamin A, D, Beta Carotene, niacin, garlic, caffeine, nicotine, and recreational drugs. Salt and other minerals are needful for adequate current flow in the bloodstream though. It's advisable to use sea salt every meal. Salt is an essential nutrient and is especially needed by the adrenal glands for normal functioning. Sea salt used in moderation does not cause high blood pressure.

**What is the reason for the new Black Box output of 1/4 hz?** It is our idea for an output that is closer to being direct electric current, which is what Kaali used to experiment with the effects of electricity against viruses. This output changes polarity every 2 seconds, which is 1/16 the frequency of 4 hertz. I have personally found that is more powerful which results in having to use it less time each day (1/3 the time of 4 hz) which is more convenient. But it is easier to use it more than you should and wind up with too-strong cleansing reactions. But I have seen friends get over the flu by using it only 45 minutes a day. Its transfection effect is equal to 4 hz although I recommend being more careful with it for lessened transfection effects since you don't want to add that on top of strong cleansing reactions if you accidentally use it too long.

**What is the biggest obstacle to people using this technology other than having to limit use of medicinals on the 4 hz setting?** Unbelief, Martyr's Complex, losing financial aid if they get well,

and a desire to die. Most people think that because their doctor doesn't OK it that it can't be the answer. They have a "group mind" which has to stay conventional until the whole group moves on. Our industrialized society designed the school system to mold our thinking that way so that we won't think for ourselves. The goal was to form us all into "economic units" instead of strong individuals able to act independent of the group if deemed necessary. A Martyr's Complex is what many weak people adopt as a way to get the attention and sympathy they desire. They think people will esteem them for their needless long suffering. The desire to die is also very prevalent in our society because people are unhappy and so they give up and subconsciously want out instead of standing tall and recreating their life into something more fulfilling. With this despairing mindset, though, they only get disease and more suffering, not a way out. Negative thoughts or the lack of strong healthy ones cause the immune system to weaken which then allows microbes to multiply and cause disease. Microbes exist to return the weak to the earth for recycling. If you don't cultivate and accumulate thoughts of vitality and prosperity then you silently give the recycling process the OK to prematurely proceed on you. Think vital to be vital.

**How do I know the devices are working for me?** Unless you have considerable immune dysfunction you will get varying degrees of cleansing reactions such as headaches, stiff joints, nausea, sleepiness, weakness, foggy thinking, and dulled speech. Blood cell lysing and the immune system chemically attacking disabled viruses and bacteria causes the cleansing reactions. The intensity of the cleansing reactions is controllable by the length of time that you daily use the Black Box. Longer usage time equals more cleansing reactions. Users limit the time according to how they feel the next day.

**Do these devices disable the good bacteria in the intestines as well as the bad?** The Pulser is said to affect all bacteria, both good and bad, which is why if you have poor digestion you shouldn't use it on the belly or lower back. The Black Box doesn't affect the intestinal contents. It is advisable that one take a good (expensive) Acidophilus supplement for one month after stopping use of the Pulser if it was used on the abdominal area. You also might try taking some acidophilus every day after pulsing the abdomen and some with meals during the treatment period.

**Is there any good bacteria in the body except in the intestines that I should be worried about killing?** Not that I know of.

**How important is the Magnetic Pulser?** If you are fighting a systemic infection then you CAN NOT completely be rid of the bacteria or virus unless you are using BOTH the blood electrification unit and a magnetic Pulser. The Pulser is necessary to stimulate lymph flow so that the microbes hiding out in the lymph will more rapidly be forced into the bloodstream where they can be taken care of by the electricity from a blood electrification unit. If you don't use a Pulser then you think you've conquered the infection after 6 weeks and stop doing blood electrification but then in another week or two you feel it's come back again since microbes that were safely tucked away in the lymph fluid trickled back into the bloodstream and reinfected you.

**What is lymph fluid?** Lymph is basically blood without the red blood cells. Blood flows into the lymph system (leaving the red blood cells in the blood), flows into the lymph vessels and nodes, and then empties back again into the bloodstream close to the heart. But most everyone's lymph flow is stagnant and moving too slow (due to lack of exercise, carnivorous diets, cheese, not enough water, etc) and especially needs the help of the Pulser to force some circulation of the lymph.

**Why is it recommended that the negative side of the Pulsers coil be placed against the body**

**when pulsing?** The negative (-) side is magnetic North. Bio-Magnetics people say that north pole energy arrests bacteria and growths, controls inflammations, reduces congestion, calms nerves, reduces pain, slows down overactive organs, attracts oxygen, increases alkalinity, contracts tissue, controls bleeding, and dissolves fat. Magnetic south pole energy is said to help areas of poor circulation and to stimulate underactive organs or glands. Unfortunately it also aids tumor and bacteria growth.

**Are these devices safe to use on someone with electrical implants (such as a pacemaker)?** The Black Box delivers electric current into the bloodstream. This current, like all others follows the path of least resistance. When both electrodes are placed on the arteries of one wrist then the current makes a loop traveling along the arterial paths which are through the hand and also down the arm around where the elbow is and then back up to the wrist. So its effects basically don't extend past the elbow although it's possible that some minor current also extends to the major arteries near the spine. Because of this possibility I would only recommend that people with electrical implants above the waist use the ankles for Black Box electrode placement. The reasoning here is that the arteries from the ankles of both legs make a major arterial connection in the lower abdominal area. This 2 into 1 termination would preclude any current going beyond that connection. As far as the Pulser goes, I wouldn't use it within 12" of any sensitive electrical implant. My tests with a secondary coil revealed no perceptible electromagnetic change at that distance from the coil of the Magnetic Pulser.

**What does it mean if someone gets better using these devices but still doesn't feel totally healthy?** It means that he/she has gotten rid of the source of the problem but not the results of the problem. The results may be a congested liver, weakened adrenals, mineral imbalances, low thyroid output, lessened acidophilus count in the intestines, weakened cardiovascular system, kidney stones, gallbladder stones, systemic Candida, hard to kill intestinal bacteria and parasites, and countless other nuances. As a person corrects these remaining imbalances with the help of a Naturopath he/she will slowly regain his/her feeling of vitality. Also, even without other problems, sometimes it takes a while to recover as the immune system slowly replaces destroyed immune cells.

**Is there anyone these devices can't help?** Everyone is a carrier of multitudes of bacteria and viruses that these devices are said to help clear out. For instance, a book about Chronic Fatigue Syndrome states that 97% of adults carry the Epstein-Barr Virus. The immune system is constantly expending energy to keep bacteria and viruses from multiplying to harmful levels. If they were all eliminated then the body's energy could be redirected to avenues of healing and building instead of defense.

**How do you explain why some people can do blood electrification without any good or bad effects?** The electrification just keeps newly created viruses from entering other blood cells. That's stage one of the viral removal process. Stage two is if the immune system is working then the deactivated viruses are eaten or chemically dissolved and the person feels a 'cleansing reaction'. If it isn't working (such as in late stage AIDS or CFIDS) then the person is up a creek without a paddle unless they use a herbal product that increases immunity by 3-8 times. It's called MGN-3 and this site sells it: <http://flinet.com/~awaves/index.html>

**Should my mate use the Black Box also?** Yes. It is thought that to prevent reinfection with the viruses that you've already shared through kissing and intercourse he/she should also use it. Otherwise, you should probably continue to use it 20-30 minutes every day as long as you two are together.

**What is the size and weight of the units, and can I still do things while using them?** The Black Box is 4"x3"x2" and is very lightweight. You can still walk around while using it and do other things as long as you are careful to not catch the wires on anything. The Pulser is slightly larger and heavier because the coil weighs 1 pound. You need to stay in one place while using it because it is powered by an AC adaptor.

**How long does it take to use the Black Box daily?** At 4 hz users should gradually work up to using it at least 1 hour daily. If someone has much immune dysfunction or poor circulation then they should use it 2 hours daily. This should be done daily for 6-8 weeks.

**What if someone uses 4hz 2 hours daily but still doesn't feel relief from a viral infection?** I'd recommend they use it more hours a day. I once had a virus that I Black Boxed for 2 hours a day for 3 months and it was still there until I used it for about 8 hours a day. The very next day I didn't feel the internal 'heat' I normally felt from my immune systems attack on this virus. 2 hours a day of 4hz is known to work for HIV and Epstein Barr, but there are many more types of viruses out there that may need much more treatment to get rid of. You have to experiment and find out what works for you.

**If the Beck approach is so good why have we not seen more testimonials about the treatment and why has it not been popularized?** This is a very good question. I helped a person get over AIDS but she wouldn't allow me to talk to her at all. (Her chiropractor was my go-between). I think people in general are ashamed of disease, especially sexually transmitted ones. Few people realize or care about the fact that their one healing testimony can lead the way for hundreds of others. So right now people have to enter the doorway of faith in order to try these products because there are so few testimonies and proof by lab tests. Maybe its best that way also if this really is a gift from God. Who knows? I've stopped getting frustrated over it though. I know they work like a charm though for anyone who uses them diligently.

**Why doesn't Beck make more accessible the clinical studies on the effects of blood electrification against AIDS?** Beck does in fact bring a stack of patient reports with him to the lecture table. However, in the interest of lecture time constraints, he does not invite every person from the audience to come up to the stage to handle the papers. This would cause chaos for a 45 minute lecture. He always invites any medically credentialed practitioner to the table to see the studies and verify them for the audience. Another reason he is reluctant to talk up the studies is due to the fact that they rely for their interpretation upon the results of the Kerry Mullis PCR testing for viral fragments. Of course, Dr. Mullis himself now disavows the diagnostic value of PCR due to the problem of cross-reactivity for the PCR test with dozens of other viruses and DNA fragments, making the test almost useless. So Beck doesn't really promote the studies too much, other than to say that the PCR counts were high and then were lowered for whatever significance that is. The bottom line is that the patients recovered and that's really Beck's message.

**Is Beck affiliated with your company and does he endorse your products?** No to both questions. He doesn't because we offer more options than just his original 4hz square wave output which is all that he will endorse. He wants to see clinical proof of the other options effectiveness before he endorses them, which is OK with me. I offer them for reasons stated above and invite users of my Black Box to experiment for themselves and see if the options are effective. From what I have seen and experienced I believe they are.

**Are there customers who've had success with these devices that I can talk to personally?**(I

wish I had a dime for every time I've been asked that!) I know you want to be reassured but please think about what you're asking. No one that leads a normal life wants to leave themselves open for strangers to call them at any hour of the day and take an average of 30 minutes on the phone asking them a myriad of questions which can all be answered on a web site anyway. When I first heard about people getting over chronic fatigue syndrome by using these devices I too had some skepticism but I had to overcome it and take the risk because I had everything to gain and only a couple hundred dollars to possibly lose. My life was trashed completely by this infirmity and I needed to do something. So I took the risk and was free of my disease in just 2 months after having suffered with it for 16 years. Shirley Maclain properly entitled her book about her personal spiritual growth "Out On A Limb" because that's where the fruit in life is; on the outskirts of the limbs where one has to take a risk to climb out there and pick them. Nothing ventured, nothing gained. Life is full of possible risks and sometimes you fall and get hurt but the experts in life wisely chose their risks and enjoy such sweetness as a result of their choice and faith-filled venture into the unknown. I pray that God gives you the needed faith to do what you need to do in order to enjoy the health that you want to enjoy.

**[Click here for Part II of Questions & Answers](#)**

**References:**

Explore More Magazine, issue 15, "Experimental *In Vivo* Blood Virus, Microbe, Fungi, and Parasite Elimination Device" by Robert C. Beck

Explore More Magazine, issue 16, "A Few Unique Plus Traditional Uses For Silver Colloid" by Robert C. Beck

Patent # 5139684 "Electrically conductive methods and systems for treatment of blood and/or other body fluids and/or synthetic fluids with electric forces" by Kaali and Schwolsky, 1992

Patent # 4683873 "Method and Device for treating living tissues and/or cells by means of pulsating electromagnetic fields" by Ruggero Cadossi and Donata Marazzi, 1987

Patent # 5091152 "Aparatus for electrically destroying targeted organisms in fluids" by Tim L. Thomas Sr., 1992

Patent # 4665898 "Malignancy treatment by pulsed magnetic field" by Jonathan L. Costa and Gunter A. Hofmann, 1987

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# Jaguar Enterprises

## Rife Success Stories

click here:

[Infection](#), [Gout](#), [Multiple Sclerosis](#), [Stroke Paralysis](#), [Carpal Tunnel Syndrome](#), [Prostate Cancer](#), [Lung Cancer](#), [Glaucoma](#), [crushed neck discs](#), [Herpes Simplex](#), [Breast Cancer](#), [Mental Illness](#), [Kidney Infections](#), [Diabetes](#), [Neuralgia](#), [Knee Pain](#), [Food Allergies](#), [Cold Allergy](#)

Willy M. emailed: "I got the research equipment (Rife Frequency Generator) on Dec.31 around noon. I began doing 'research' immediately. After 1 month of using these units the **infection in my leg** (due to a major motorcycle accident in 1972) has become completely under control. Before, the infection could not be brought under control from my knee down and was taking over completely so that I was not very far from losing my leg. Now the major wound site has completely healed about 30%! Side effects; new hair where there has never been hair before, hair growing on scar tissue, inflammation of entire left leg gone completely, pain created by herniated disc in my back is 95% gone, pain from neck injury is gone, a 26 + 1/2 year reliance on pain medicine (poison) is gone and the major joint pain is gone. I cannot express how I feel now in words. Anyways I was at the cancer treatment clinic I told you about before and the Doctors were so amazed that they asked me to order some 'research stuff' for them to play with! I started daily research times at 1 minute each of 20hz, 120hz, 728hz, 784hz, 880hz, 1550hz, 2008hz, 2127hz, 3000hz, 5000hz using the pad electrodes on both sides of my calf. After getting no toxic downloading reaction (TDR), I then increased times to 2 minutes for each frequency. I had no TDR. I then increased exposure times to 5 minutes at each frequency, no TDR. I then increased time on each frequency to 10 minutes, Major TDR! The next 30 hours I felt totally exhausted, like never before, after which was the turn around point, the point at which everything in my body started to change. After 1 week the calf area was feeling too irritated (probably due to lack of circulation needed to remove toxins), so I started using only wrist electrodes (one on each wrist) but increased total treatment time to 1.5 - 2 hours daily. You must understand that all this stuff, or at least most, was going on since I was just 17 years old, I am going to be 45 this May! Like I told your manager, I cannot put in words even close to how I feel. Thank you Michael."

Jerry S. emailed: "The benefit it's been continues to amaze me. I hired a welder to modify a flat deck for my electrical business and he came in the other morning limping, said he was fine the day before and didn't know what caused this. We guessed **GOUT** but he's only 23! ..... I applied the pads to his foot that nite at my birthday party he came to and immediately after the treatment he said the sharp pain was gone and was just left with a dull ache. This morning he showed up at work and was impressed that he still felt good."

"Randy M. is the president of the local **Multiple Sclerosis** Society in my city and he claims that the bi-monthly sessions on my pad style setup from Jaguar Enterprises is easing his suffering markedly. I can't give you anything more than his reports to me that his legs work better and his vision is improved. I'm using the MS frequencies and having him stand in bare feet on the salt water wetted pad and holding another 3 inch denim wetted pad in both hands. His knees also were giving him trouble and I went thru the 'Knee Pain' frequencies. To say he's thrilled with the results would be an understatement."

"I would like to inform you the Rife machine is a Miracle Machine to us, especially to my wife.

**Exhibit E**

3/19/2001 1:57 PM

She has been **paralyzed**, half of her body, right side, due to **stroke**, since April 1991. After just a couple of uses, she can walk and put her weight to the right side of her body, the paralyzed side. She can walk now, not yet like the original way before she had the stroke, but she does not use her wheelchair."

"**Carpal Tunnel Syndrome** once made it too painful for me to write, type, or lift a fork to eat. Imagine my astonishment after two sessions with an Rife frequency machine at being able to type for hours with my crippled hands! With a "touch-up" about twice a year, I now type 8 to 10 hours a day."

"My friend Evan...had been diagnosed with inoperable **prostate cancer** which had metastasized to the bone marrow. He was...not expected to live much longer. Upon learning about my Rife machine, he wanted to experiment on himself. The second time he used the unit, that night he had to urinate more than usual, and the urine was cloudy and loaded with pus. By the **FOURTH** treatment, he was free from bone pains (from the site of the metastases), and was able to discontinue the morphine he'd been taking for the past several months."

Rita F told me on the phone that her **lung cancer** came back after doctors had previously removed the top 3rd of one lung. But after using one of my Rife frequency generators for 9 months there was no sign of it when x-rayed again. She was zapping with these frequencies for 5 minutes each for 3 times a week: 663, 727, 778, 787, 880, 1050, 1550, 2008, 2050, 2127. The only other thing she did different was change her diet from high protein to **VEGAN** (vegetarian w/o dairy).

Rita F told me on the phone that her **glaucoma** eye pressure was down from 122 to 117 after converting to a vegetarian diet and using these frequencies for 5 minutes each 3 times a week: 727, 787, 880, 5000, 1600. She also said her eyesight had improved so much she had to have a reduction in the strength of the lenses in her glasses. This all was after 9 months of Rifing.

"When I was young, I **crushed all the discs in my neck**. For years, I suffered migraine type headaches as well as severe neck and shoulder pain. I started receiving relief from my pain the first week I used the Rife frequency generator. Now I just use it once a week for 1½ minutes per setting. My husband had breathing problems progressively getting worse. His father died from emphysema. Night time was the worst for my husband. When he laid down, he would cough so much he would wake up exhausted. Now he uses the Rife once a week. He now breathes easy and sleeps good. It also stopped his snoring. I want others, who have suffered as I have, to receive the relief I have. Life without pain has given me a better life."

"A report on the use of Rife frequencies. I purchased a Rife frequency instrument. I had a very serious internal virus infection that I had not been able to control by any means. With **large lesions in the mouth**, I had to use self-hypnosis to consume food and fluids. Five hours after the first application, all pain ceased, and three days later all lesions had closed. I have been totally free of the virus since!!!"

"In my last letter, I told you I had named my Rife unit "Albert". I loaned "Albert" to a lady with **breast cancer** in June. About the 3rd of July, she reported that her tumor had shrunk 1/3 in size."

"I had a brother-in-law who is **mentally ill**. I tried on him all the frequencies for mental illness. I noticed lots of improvement in his behaviour. Before he only sat and looked out the window.

Since I have given him a couple treatments on the machine he is now interested in becoming an American citizen."

"Because of a weakened immunity I frequently suffered from **kidney infections** and pneumonia which typically lasted for 6 weeks with antibiotics. After using the machine I was astonished to see the pain and symptoms clearing up in less than 6 hours!"

"I have suffered from **type 2 diabetes** for over 18 years. The disease had advanced to the stage of reduced circulation in the hands, lower legs, and feet. I was also experiencing blood clots. My first treatment was 6-2-93. Ten days later all circulation problems dissappeared along with the diabetes symptoms and have not returned to this day."

I started out with your Tenma oscillator and Rife Amplifier and am now using the R/B plasma tube. I probably could have saved myself \$2000 if I'd stayed with your unit. It seems to be just as effective as the tube unit and my volunteers liked it better because "I could feel the pulsations before!"

My grandfather, father and myself had bad knees. I applied your units 2 pads on either side of the knee and ran the "KNEE PAIN" freq's @ 3min each. Immediately afterwards (the treatment) he said the pain left completely. He used to have a nap for 20 min every noon so he could make it thru the afternoon. The next day (after the 1st treatment) he phoned me at 10 pm having not had a nap that day and in no pain at all, with energy to spare. I treated him again 2 weeks later as the pain was back. With a 2nd treatment he didn't need another one until a month later, then 2 months before the next treatment, He danced all nite at my son's wedding and was fine. Went skiing, no pain..... He's impressed. Dad's 64.

A 70 yr old with **trigeminal neuralgia**.....pain so intense he'd stopped eating and was having trouble walking. Used your list for this affliction and 1 hour later the pain was reduced to a dull ache. His wife observed that his eyes looked brighter. She phoned the next day and thanked me for his Ukrainian Xmas eve present. He was wandering around the house singing to his Pavorati records and has no pain. They tell me people with this affliction have tried to commit suicide because of the unrelenting pain. To date he is still pain free.

**Food Allergies**...this has worked without fail no matter what the cause on everyone I've used it on, and there's been many. The most dramatic was a 24 year old with a life threatening allergy to nuts. Any accidental contact with his skin would cause that part of his body to swell and if he ingested anything with nuts in it his thraot would swell up and suffocate him. He carried a syringe with him wherever he went. After his 1st treatment he got up from the chair and asked for the peanut butter. He took a microscopic dab of it on a knife and touched it to his lip. He said that normally within 30 seconds his lip would swell up. We waited 5 min.....nothing! He put a teaspoon of it in his mouth and said "Is that what peanut butter tastes like?" He said that normally in 30 seconds he'd be in mortal danger.....5 min later no reaction.

**Cold Allergy**...no less than amazing.....never heard of anyone allergic to the cold! But my niece was. She'd break out in red splotches and if she stayed out too long would blister. I ran her thru the allergy freq's and she immediately walked out on my patio, this was late fall in Saskatchewan, no shoes-no coat and stayed out there for 15 min. Her mother stood at the patio door watching saying "I DON'T BELIVE IT" No spots showed up on her skin and she sat on the couch while her mother warmed her feet for the next 1/2 hour.....even though cold to the touch she didn't break out.

I'd be here for hours if I was to tell you everything that it's worked on.....Much more to report, another time....Regards Jerry S



## ❖❖❖ J a g u a r E n t e r p r i s e s ❖❖❖

story of Royal Rife---success stories---questions & answers---Rife frequency list---order form

### Portable Rife Frequency Generator and Beck blood electrifier

This Rife machine can also do Beck blood electrification, which is useful when you don't know the need Rife frequency or the actual microbe causing the disease. It is battery powered and is completely portable. It has a rotary frequency range switch and three frequency adjustment knobs, as well as a digital display the frequency being generated. It also has a red light which comes on to show when enough electricity is being delivered when doing blood electrification. Like all the other Rife units we sell, its output pads are made of cloth which need to be wetted first with tap water in order to be electrically conductive. This remarkable unit has a price of only \$500. It comes with wettable cloth pad electrodes, wrist electrodes a elastic straps, and a saltwater bottle. The bottle will hold saltwater which you make yourself to use with wrist electrodes.

#### Technical Info:

The size of this unit is 6" x 3.5" x 2" and weighs 1 pound. Its output is a 60 volts peak to peak square wave signal with 35usec rise time. It uses five 9v alkaline batteries which uses 1.7ma current when not connected to someone (and up to 5ma more when connected). Battery life is approximately 2 months if used 1 hour daily. The frequency display reads in whole numbers (not fractions). The red current light comes on when there is 150ua (.00015 amp) electrical current and it flashes when using lower frequency (under 30hz) because it only detects half of the output signal. This light shows when the user is receiving the minimum current needed when doing blood electrification. When the Test button is pressed, the white Test light shows red and green if the batteries still have strength and when the output is correctly alternating. You can purchase the optional colloidal silver attachment for \$30 so you can also make colloidal silver which is antibiotic and quickens healing of cuts and burns. Its electrodes are .999 pure silver and by following the instructions you can make 5ppm silver solutions in distilled water.

#### Rife advantages:

Since most rife generators cost \$2000 then this unit is a real steal. Of course there are some additional advantages to the competitors Rife units in that they have pre-programmed frequency sets for different ailments and you don't have to manually dial in each frequency as you need to with this one (but they also limit you to just their frequency sets). But for most people the price difference isn't worth the added convenience. Also this unit's cloth electrodes are superior to others metal electrodes since metal can leech into the skin as a result of the applied electricity. Click here for Rife instructions.

#### Beck advantages:

Most Beck units on the market only offer a 4 hz frequency output instead of being variable as ours is. The advantage to variability is that you can select the frequency that matches your needs. Just keep in mind that the lower the frequency, the more effective it is but it also causes more transfection which means you'll have to either use it first thing in the morning or abstain from taking herbs, medicines, alcohol, cigarette coffee, or high doses of vitamins A and D 4-6 hours before using the unit. At 60-100hz there is almost no transfection but maybe not strong enough to finish off some microbes. So a good approach is to start with high frequency and then when no more die-off symptoms are experienced then gradually change the frequency lower and lower each time so that you continue to get die-off. Another advantage to this unit is the light which shows when you are getting enough electricity. Some people have mineral poor blood and therefore require more electricity. Also if the electrodes aren't positioned correctly then the electricity will

be limited and you can move them around until the light comes on. It's really good to know that you are getting at least 150ua current so that you aren't wasting your time. [Click here](#) for blood electrification instructions.



(Outdated photo. The latest version only has 4 frequency range positions which is simpler.)

## Miracle Herb Formula

Note: This formula is a dietary supplement made mostly of herbs, and is not a drug. The statements made herein have not been evaluated by the Food and Drug Administration and are not to be construed as medical advice. These pages exist so that informed persons may choose to experiment with this product on themselves if they so choose.

### Adjuvant Herbal anti-cancer and immune boosting Therapy

This incredible product is made from all natural ingredients from around the world. The 22 step manufacturing process turns this unique anti-cancer herbal combination into a compound that has been shown to be a successful cancer cell fighter and immune system booster. The current formula was made in 1996 after extensive testing on lab mice. Since then over 1000 cancer patients have experienced complete remission after taking the formula. This anti-cancer herbal paste has been successful at treating all types of tumors with some reducing in size in a few days. Past cases have also found it to be effective against Lupus, Hepatitis C, Herpes, AIDS, and numerous other infectious diseases.

The reason it is so effective against cancer is that it is cancer cell specific (it has a direct negative effect on cancer cells), a breakthrough in therapy for patients. It also increases immune system strength so that a patients body can also assist in destroying and removing dead cancer cells.

Controlled studies in Mexico, the USA, and Canada indicate efficiency and safety in various cancers with no side effects. Dr Bill Crawford, a naturopathic medical doctor on staff at the Oasis Hospital in Mexico, has reported great results from the use of this in a study of more than 50 cancer patients in Mexico, Canada, and the USA. Patients with prostate, lung, breast, liver, colon and other types of cancer have been included in the study which is ongoing. Other physicians have reported the same incredible results, with NO SIDE EFFECTS! Also important is its safety with taking other medications along with it.

This product is being made available to physicians for humanitarian reasons. We believe that no patient diagnosed with cancer should be condemned as terminal until a trial with 'Miracle Herbs' has been conducted. The FDA requires positive results from research over a five to ten year period with over 50,000 patients in order to believe in a therapy's effectiveness. However, this product's remarkable two year safety record and the fact that over 1000 patients have experienced cancer remission with this product is a very strong recommendation for the use of 'Miracle Herbs' although it hasn't been approved by the FDA yet.

This food supplement is a proprietary preparation made by combining all natural herbs from many countries. These herbs are detoxified by being put through a 22 step manufacturing process which results in a dark herbal 'paste'. The ingredients are: Papaveraceae, Donq Quai, Sanguinaria Canadensis, Panax Quinque Folius, Compositae, Zinc, Citric Acid, Ascorbic Acid, Althaea Officinalis, water, Araliaceae, Ehinacea Berberidaceae, Arctium Lappa, Valerian, trace elements.

We believe 'Miracle Herbs' should be tried before surgery, chemotherapy, and/or radiation. In

**Exhibit G**

cases where patients have had surgery/chemotherapy/radiation, 'Miracle Herbs' has proven to still be effective against cancer and in helping restore the immune system. This anti-cancer herbal paste has shown itself effective when taken orally or used topically.

'Miracle Herbs' has also proven its effectiveness against all infectious diseases caused by viruses and bacteria, and also against many non-infectious diseases.

**These are some of the conditions which 'Miracle Herbs' has proven effective against:**

AIDS, allergies, bacterial infections, Bronchitis, Cancer (all types), Candidiasis (yeast), chronic infections, Chronic Fatigue Syndrome, common cold, Diabetes, Emphysema, fungal infections, Herpes Simplex, Mononucleosis, parasitic infections, periodontal disease, Pneumonia, radiation exposure, stress, all viral infections (including CytoMegalovirus & Epstein Barr Virus)

***Jaguar can now supply this product (45-60 day supply).  
The price is \$400. Price includes shipping via Fed Ex ground.  
This product is non-returnable/non-refundable.  
Just [click here](#) for order page.  
[click here](#) for Home page***

❖❖❖ Jaguar Enterprises ❖❖❖

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## Disclaimer

Jaguar Enterprises sells all its products as experimental units to those willing to research the effectiveness of the units on themselves. We make no claims concerning health & disease in relation to usage of the products we sell. These products are for research purposes only. The information we provide is for educational purposes only and is not intended as medical advice. Users assume all responsibility for the application of this technology on themselves. For all medical advice we recommend consulting a physician (hopefully a Naturopath).

For all questions please send us email

*Home Page: w/Frames No Frames*

Decision and Order

**DECISION AND ORDER**

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violations of the Federal Trade Commission Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing consent order containing an admission by the respondent of all the jurisdictional facts set forth in the draft complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent Michael Forrest is a Florida resident with his principal office or place of business at 1515 N. Town East Blvd., Suite 138-427, Mesquite, Texas 75150-4142. Doing business as Jaguar Enterprises of Santa Ana, a/k/a Jaguar Enterprises, he has used the same business address and also the addresses of 1601 NW 97<sup>th</sup> Ave SJO-1469, Miami, Florida

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33102-5216 and P.O. Box 1172, Black Mountain, North Carolina 28711.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

### **DEFINITIONS**

For purposes of this order, the following definitions shall apply:

1. "Competent and reliable scientific evidence" shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.
2. "Clearly and prominently" shall mean as follows:
  - a. In an advertisement communicated through an electronic medium (such as television, video, radio, and interactive media such as the Internet, online services and software), the disclosure shall be presented simultaneously in both the audio and visual portions of the advertisement. Provided, however, that in any advertisement presented solely through visual or audio means, the disclosure may be made through the same means in which the ad is presented. Provided, further, that in any advertisement communicated through interactive media which is presented predominantly through visual or audio means, the disclosure may be made through the same means in which the ad is predominantly presented. The audio disclosure shall be delivered in a volume and cadence sufficient for an ordinary consumer to hear and comprehend it. The visual disclosure shall be of a size and shade, with a degree of contrast to the background against which it appears, and shall appear on the screen for a

## Decision and Order

duration and in a location, sufficiently noticeable for an ordinary consumer to read and comprehend it.

- b. In a print advertisement, promotional material, or instructional manual, the disclosure shall be in a type size and location sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background against which it appears.
- c. On a product label, the disclosure shall be in a type size and location on the principal display panel sufficiently noticeable for an ordinary consumer to read and comprehend it, in print that contrasts with the background against which it appears.

The disclosure shall be in understandable language and syntax. Nothing contrary to, inconsistent with, or in mitigation of the disclosure shall be used in any advertisement or on any label.

3. In the case of advertisements disseminated by means of an interactive electronic medium, such as software, the Internet, or online services, "in close proximity" shall mean on the same Web page, online service page, or other electronic page, and proximate to the triggering representation, and shall not include disclosures accessed or displayed through hyperlinks, pop-ups, interstitials or other means.
4. "Commerce" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.
5. A requirement that respondent "notify the Commission," "file with the Commission" or "deliver to the Commission" shall mean that the respondent shall send the necessary information via first-class mail, costs prepaid, to the Associate Director for Division of Enforcement, Federal Trade Commission, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. Attention: In the Matter of Michael Forrest.

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6. "Person" shall mean a natural person, organization or other legal entity, including a partnership, corporation, proprietorship, association, cooperative, or any other group acting together as an entity.
7. Unless otherwise specified, "respondent" shall mean Michael Forrest, individually and d/b/a Jaguar Enterprises of Santa Ana; and each of the above's agents, representatives, and employees.
8. "Electronic therapy device" shall mean any device that contains a magnet of any kind or produces an electric current of any kind, purporting to relieve the symptoms of, treat, mitigate, cure, heal or alleviate any disease or health condition, including but not limited to the *Black Box*, *Magnetic Pulser*, *Magnetic Multi-Pulser*, *Portable Rife Frequency Generator*, *Beck-Rife Unit*, *PC-Rife #1*, *PC-Rife #2*, and *PC-Rife #3*.
9. "Food," "drug," and "device" shall mean as "food," "drug," and "device" are defined in Section 15 of the Federal Trade Commission Act, 15 U.S.C. § 55.
10. Covered product or service" shall mean any service, program, dietary supplement, food, drug, or device.

**I.**

IT IS HEREBY ORDERED that respondent, directly or through any partnership, corporation, subsidiary, division, trade name, or other device, including franchisees, licensees, or distributors, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any electronic therapy device or any covered product or service in or affecting commerce, shall not misrepresent, in any manner, expressly or by implication,

- A. That it has been scientifically proven that use of the Black Box, Magnetic Pulser and Magnetic Multi-Pulser is effective to kill, deactivate or disable viruses, bacteria, fungi and other parasites in humans; or

## Decision and Order

- B. That it has been scientifically proven that Miracle Herbs is safe and effective in treating various cancers in humans with no side effects.

**II.**

IT IS HEREBY ORDERED that respondent, directly or through any partnership, corporation, subsidiary, division, trade name, or other device, including franchisees, licensees, or distributors, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any electronic therapy device or any covered product or service in or affecting commerce, shall not make any representation, in any manner, expressly or by implication:

- A. That any such product or service is effective in (1) treating or curing cancer, AIDS, hepatitis, Gulf War Syndrome, Chronic Fatigue Syndrome, rheumatoid arthritis or Herpes; (2) treating or preventing bacterial infections; or (3) treating or preventing viral infections;
- B. That any such product or service is effective in the mitigation, treatment, prevention, or cure of any disease or illness; or
- C. About the health benefits, performance, safety, or efficacy of any such product or service,

unless, at the time the representation is made, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation.

**III.**

IT IS FURTHER ORDERED that respondent, directly or through any corporation, subsidiary, division, trade name, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of

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any electronic therapy device or any covered product or service in or affecting commerce, shall not misrepresent, in any manner, expressly or by implication, the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research.

**IV.**

Nothing in this order shall prohibit respondent from making any representation for any drug that is permitted in labeling for such product under any tentative final or final standard promulgated by the Food and Drug Administration, or under any new medical device application approved by the Food and Drug Administration. Nor shall it prohibit respondent from making any representation for any product that is specifically permitted in labeling for such product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990.

**V.**

IT IS FURTHER ORDERED that respondent shall:

- A. Within seven (7) days after service of this order upon respondent, deliver to the Commission a list, in the form of a sworn affidavit, of all consumers who purchased the *Black Box*, *Magnetic Pulser*, *Magnetic Multi-Pulser*, *Portable Rife Frequency Generator*, *Beck-Rife Unit*, *PC-Rife #1*, *PC-Rife #2*, *PC-Rife #3*, and/or *Miracle Herbs* from respondent on or after April 1, 1999. Such list shall include each consumer's name and address, and, if available, the telephone number and email address of each consumer, and the full purchase price, including shipping, handling, and taxes, of the product(s) purchased from respondent.
- B. Within thirty (30) days after service of this order upon respondent, send by certified mail, with postage prepaid, an exact copy of the notice attached hereto as Attachment A, showing the date of mailing, to each consumer who

## Decision and Order

purchased a *Black Box, Magnetic Pulser, Magnetic Multi-Pulser, Portable Rife Frequency Generator, Beck-Rife Unit, PC-Rife #1, PC-Rife #2, PC-Rife #3, and/or Miracle Herbs* from respondent between April 1, 1999, and the date of service of this order. This mailing shall not include any other document.

## VI.

IT IS FURTHER ORDERED that respondent shall refund the full purchase price of the *Black Box, Magnetic Pulser, Magnetic Multi-Pulser, Portable Rife Frequency Generator, Beck-Rife Unit, PC-Rife #1, PC-Rife #2, PC-RIFE #3, and Miracle Herbs*, including shipping and handling and applicable taxes, to each consumer whose initial request for a refund is received by respondent within ninety (90) days after the date the notice required by Part V.B. of this order is mailed to consumers, under the following terms and conditions:

- A. If respondent's diligent inquiry reasonably substantiates the purchaser's claim of purchase or the purchaser provides proof of purchase, including but not limited to any of the following: return of goods or packaging, canceled check[s], credit card invoice[s], or receipt[s], the refund shall be paid within fifteen (15) business days of respondent's receipt of the refund request.
- B. If the purchaser makes a timely request for a refund but neither of the conditions of Subpart A is satisfied, respondent shall advise the purchaser, within fifteen (15) business days of receipt of the request for refund, that respondent will provide a prompt refund if the purchaser completes and returns to respondent, within fifteen (15) days of receipt of the notice, a declaration of purchase, which the respondent shall provide together with a stamped and addressed return envelope. The declaration shall be substantially in the form of the declaration attached hereto as Attachment B. The refund shall be paid within fifteen

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(15) business days of respondent's receipt of the purchaser's completed declaration.

Refund requests shall be sent to Jaguar Enterprises of Santa Ana, 1515 N. Town East Blvd., Suite 138-427, Mesquite, Texas 75150-4142.

VII.

IT IS FURTHER ORDERED that respondent Michael Forrest shall, no later than one hundred and eighty (180) days after the date of service of this order, deliver to the Commission a monitoring report, in the form of a sworn affidavit. This report shall specify the steps respondent has taken to comply with the terms of Parts V and VI of this order and shall state, without limitation:

- A. The name and address of each purchaser to whom respondent sent the notice attached hereto as Attachment A as required under Part V;
- B. The name and address of each purchaser from whom respondent received a refund request;
- C. The date on which each request was received and the amount of the refund requested;
- D. The amount of the refund provided by respondent to each such purchaser;
- E. The status of any disputed refund request and the identification of each purchaser whose refund request is disputed, by name, address, and amount of the claim; and
- F. The total amount of refunds paid by respondent.

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**VIII.**

IT IS FURTHER ORDERED that respondent Michael Forrest shall, for ten (10) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

- A. All advertisements and promotional materials containing the representation;
- B. All materials that were relied upon in disseminating the representation; and
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call 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.

**IX.**

IT IS FURTHER ORDERED that respondent Michael Forrest shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities. Respondent shall maintain and upon request make available to the Commission for inspection and copying each such signed and dated statement.

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**X.**

IT IS FURTHER ORDERED that respondent shall, for a period of five (5) years following the date of entry of this order, send a copy of this order to any distributor of any covered product or service and shall secure from each such distributor a signed and dated statement acknowledging receipt of the order. Respondent shall maintain and upon request make available to the Commission for inspection and copying each such signed and dated statement. For purposes of this Part, "distributor" shall mean any purchaser or other transferee of any covered product or service who acquires such product or service from respondent, with or without valuable consideration, who: (1) is known by respondent to have sold or offered to sell such product or service to other sellers or to consumers, including but not limited to individuals, retail stores, or catalogs, or (2) orders twenty (20) or more such units of any such product or service in any three month period.

**XI.**

IT IS FURTHER ORDERED that respondent Michael Forrest, within five (5) days of entry of this order, shall notify the Commission of (1) his residence address and mailing address; (2) his telephone number(s); (3) if applicable, the names of his employer and supervisor(s); and (4) his duties and responsibilities.

**XII.**

IT IS FURTHER ORDERED that respondent Michael Forrest, for a period of ten (10) years after the date of entry of this order, shall notify the Commission of (1) any changes in his residence address, mailing address, or business address; (2) the discontinuance of his current business or employment; and (3) his affiliation with any new business or employment. Notice of changes in employment status shall include: (1) the new employer's name, address and telephone number; (2) the full names of the employer's principals; (3) if applicable, the names of respondent's supervisors, and (4) a description of the employer's

## Decision and Order

activities, and respondent's duties and responsibilities.

**XIII.**

IT IS FURTHER ORDERED that respondent Michael Forrest shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which respondent has complied and is complying with this order.

**XIV.**

This order will terminate twenty (20) years from the date of its issuance, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (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 Part.

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 Part as though the complaint had never been filed, except that the order will not terminate between the date

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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 direction of the Commission

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**ATTACHMENT A**

LETTER SENT TO CONSUMERS WITH WHOM  
RESPONDENT HAS DONE BUSINESS BETWEEN APRIL 1,  
1999  
AND THE DATE OF SERVICE OF THIS ORDER

[To Be Printed on Jaguar Enterprises of Santa Ana letterhead]

[NAME AND ADDRESS OF RECIPIENT]

[DATE]

Dear [CUSTOMER'S NAME]:

This letter is to inform you that Jaguar Enterprises of Santa Ana recently settled a civil dispute with the Federal Trade Commission regarding its advertising for the *Black Box*, *Magnetic Pulser*, *Magnetic Multi-Pulser*, *Beck-Rife unit*, *Portable Rife Frequency Generator*, *PC-Rife #1*, *PC-Rife #2*, *PC-Rife #3*, and *Miracle Herbs*. Among other things, the settlement requires us to notify consumers of the settlement and offer refunds to persons who purchased the *Black Box*, *Magnetic Pulser*, *Magnetic Multi-Pulser*, *Beck-Rife unit*, *Portable Rife Frequency Generator*, *PC-Rife #1*, *PC-Rife #2*, *PC-Rife #3*, or *Miracle Herbs*.

According to the FTC complaint, we did not have a reasonable basis to claim that one or more of the above referenced products are effective in 1) treating cancer, AIDS, hepatitis, Gulf War Syndrome, Chronic Fatigue Syndrome and rheumatoid arthritis, 2) treating localized infections and diseases caused by the herpes virus, 3) treating bacterial and viral infections, or 4) deactivating disease-causing viruses, bacteria (including drug-resistant bacteria), fungi and other parasites in humans.

Although we deny the FTC's allegations, we have agreed to send this letter and offer you a refund. In order to receive a

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refund, please complete the enclosed form and return it to Jaguar Enterprises of Santa Ana, 1515 N. Town East Blvd., Suite 138-427, Mesquite, Texas 75150-4142.

\_\_\_\_\_  
Michael Forrest  
Owner  
Jaguar Enterprises of Santa Ana

**REFUND REQUEST**

The undersigned hereby requests a refund for the purchase of the *Black Box, Magnetic Pulser, Magnetic Multi-Pulser, Beck-Rife unit, Portable Rife Frequency Generator, PC-Rife #1, PC-Rife #2, PC-Rife #3, and/or Miracle Herbs.*

Full Name (Please Print):

\_\_\_\_\_

Address: \_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Products purchased:

\_\_\_\_\_

Purchase Price, including shipping, handling and taxes: \_\_\_\_\_

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**It is not necessary to include proof of purchase, such as credit card statements, canceled checks, or receipts, but doing so may expedite your refund request in the event of a dispute concerning the amount of your refund.**

Date: \_\_\_\_\_

Signature of Purchaser:

\_\_\_\_\_

Decision and Order

**ATTACHMENT B**

[ADDRESS AND TELEPHONE NUMBER OF THE  
DECLARANT]

[DATE]

Michael Forrest, Owner  
Jaguar Enterprises of Santa Ana  
1515 N. Town East Blvd., Suite 138-427  
Mesquite, Texas 75150-4142  
U.S.A.

Dear Mr. Forrest:

I make the following Declaration of Purchase.

On or about [DATE], I purchased [NUMBER OF PACKAGES]  
of [PRODUCT] at [PRICE PER UNIT]. Moreover, I incurred  
[DOLLAR AMOUNT] in shipping and handling charges and  
taxes as a result of this purchase(s). I request a refund for  
[TOTAL DOLLAR AMOUNT FOR PRODUCT(S),  
SHIPPING AND HANDLING, AND TAXES].

---

[DECLARANT'S FULL NAME]

---

[DECLARANT'S SIGNATURE]

---

[DATE]

## Analysis

**Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission has accepted an agreement, subject to final approval, to a proposed consent order from Michael Forrest, individually and d/b/a Jaguar Enterprises of Santa Ana ("Forrest" or the "proposed respondent"). Forrest is an Internet seller of various electronic devices and herbal remedies purported to cure or treat a wide variety of illnesses and conditions.

The proposed consent order has been placed on the public record for thirty (30) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement and take other appropriate action or make final the agreement's proposed order.

This matter concerns advertising and promotional practices related to the sale of various products known as *Black Box*, *Magnetic Pulser*, *Magnetic Multi-Pulser*, *Beck-Rife unit*, *Portable Rife Frequency Generator*, *PC-Rife #1*, *PC-Rife #2*, *PC-Rife #3*, and *Miracle Herbs*. *Miracle Herbs* is a combination of herbal ingredients purported to cure cancer and other serious diseases. The other products are devices that purport to cure cancer, AIDS, arthritis and other serious diseases by means of passing either an electric current or a magnetic pulse through the body. The Commission's complaint charges that Forrest failed to have a reasonable basis for the following claims, which were made on two Internet websites:

- 1) The Black Box is effective in treating cancer, AIDS, hepatitis, Gulf War Syndrome, Chronic Fatigue Syndrome and rheumatoid arthritis;

Analysis

- 2) The Magnetic Pulser, together with the Black Box, is effective in treating cancer, AIDS, hepatitis, Gulf War Syndrome, Chronic Fatigue Syndrome and rheumatoid arthritis;
- 3) The Magnetic Multi-Pulser is effective in treating cancer, localized infections and diseases caused by the herpes virus;
- 4) The Beck-Rife unit, Portable Rife Frequency Generator, PC-Rife #1, PC-Rife #2, and PC-Rife #3 are effective in treating cancer and other serious diseases;
- 5) The Black Box, Magnetic Pulser and Magnetic Multi-Pulser, used as directed, deactivate disease-causing viruses, bacteria (including drug-resistant bacteria), fungi and other parasites in humans; and
- 6) The Miracle Herbs product is effective in treating cancers of all types, AIDS, bacterial infections and viral infections.

The Complaint also alleges that Forrest claimed that scientific proof demonstrated the truth of two claims: 1) that Miracle Herbs is safe and effective in treating various cancers in humans with no side effects; and, 2) that use of the Black Box, Magnetic Pulser and Magnetic Multi-Pulser is effective to kill, deactivate or disable viruses, bacteria, fungi and other parasites in humans. The Complaint alleges that these claims of scientific proof are false.

Part I of the consent order requires that Forrest not misrepresent that the two claims listed above are scientifically proven.

Part II requires that Forrest must possess competent and reliable scientific evidence to substantiate any representation that:

- a) Any electronic therapy device or any other product or service is effective in (1) treating or curing cancer, AIDS, hepatitis, Gulf War Syndrome, Chronic Fatigue Syndrome, rheumatoid arthritis or Herpes; (2) treating or preventing

## Analysis

bacterial infections; or (3) treating or preventing viral infections;

b) That any such product or service is effective in the mitigation, treatment, prevention, or cure of any disease or illness; or

c) About the health benefits, performance, safety, or efficacy of any such product or service.

Part III prohibits false claims about scientific support for any electronic therapy device or any service, program, dietary supplement, food, drug, or device. Part IV permits Forrest to make certain claims for devices, drugs or dietary supplements that are permitted in labeling under laws and/or regulations administered by the U.S. Food and Drug Administration. Parts V and VI require Forrest to offer and make a refund to all purchasers of the listed products from Jaguar since April 1, 1999, using the forms and procedures specified. Part VII requires Forrest to file a report with the Commission detailing how he has complied with Parts V and VI.

The remainder of the proposed order contains standard requirements that proposed respondent maintain advertising and any materials relied upon as substantiation for any representation covered by substantiation requirements under the order; distribute copies of the order to certain company officials and employees; distribute copies of the order to any distributors that it might set up; notify the Commission of any change in his status that may affect compliance obligations under the order; and file one or more reports detailing his compliance with the order. Part XIV of the proposed order is a provision whereby the order, absent certain circumstances, terminates twenty years from the date of issuance.

This proposed order, if issued in final form, will resolve the claims alleged in the complaint against the named respondent. It is not the Commission's intent that acceptance of this consent agreement and issuance of a final decision and order will release any claims against any unnamed persons or entities associated

Analysis

with the conduct described in the complaint. The purpose of this analysis is to facilitate public comment on the proposed order, and is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

Complaint

IN THE MATTER OF

**LAFARGE S.A., ET AL.**CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 7 OF THE CLAYTON ACT AND SEC. 5 OF  
THE FEDERAL TRADE COMMISSION ACT*Docket C-4014; File No. 0010112  
Complaint, June 15, 2001--Decision, August 8, 2001*

This consent order addresses the acquisition by Respondent Lafarge S.A. – a French corporation with global operations in the manufacture and sale of cement and other building materials – of Respondent Blue Circle Industries PLC, an English corporation also having global operations in the same sectors. The order, among other things, requires the respondents to divest Blue Circle's cement business in the Great Lakes Region to a buyer approved by the Commission, and to divest Blue Circle's cement terminal – which serves the Syracuse, New York Region – to Glens Falls Lehigh Cement Company. The order also requires the respondents to regain 100 percent ownership of a joint venture with Chemical Lime Company – which manufactures and sells lime – from Chemical Lime, and then to divest Blue Circle's lime business in the Southeast Region to a buyer approved by the Commission. An accompanying Order to Hold Separate and Maintain Assets requires the respondents to preserve the businesses they are required to divest as viable, competitive, and ongoing operations until the divestitures are achieved.

*Participants*

For the Commission: *Chul Pak, Judith Cole, Steven Dahm, Angelike Andrinopoulos, Kristina Martin, Jacqueline Tapp, Jennifer Woods, Morris A. Bloom, Richard Liebeskind, Joseph Eckhaus, Roberta S. Baruch, Kenneth H. Kelly, and Daniel P. O'Brien.*

For the Respondents: *George S. Cary, Cleary, Gottlieb, Steen & Hamilton, and William Blumenthal, King & Spalding.*

**COMPLAINT**

Pursuant to the provisions of the Federal Trade Commission Act and of the Clayton Act, and by virtue of the authority vested in it by said Acts, the Federal Trade Commission (the

Complaint

“Commission”), having reason to believe that Respondent Lafarge S.A. ("Lafarge") has entered into an agreement to acquire all of the securities of Respondent Blue Circle Industries PLC ("Blue Circle PLC"); and having reason to believe that the transaction between Respondents is in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

**I. RESPONDENTS AND JURISDICTION**

1. Respondent Lafarge S.A. is a corporation organized, existing and doing business under and by virtue of the laws of France, with its office and principal place of business located at 61 rue des Belles Feuilles, Paris, France. Lafarge S.A. owns more than 50% of the common stock of Lafarge Corporation whose office and principal place of business in the United States is at 12950 Worldgate Drive, Suite 600, Herndon, VA 20191. Lafarge, among other things, is engaged in the manufacture and sale of cement and lime.
2. Respondent Blue Circle Industries PLC is a company registered in England and Wales under number 66568 whose registered office is located at 84 Eccleston Square, London, England. Blue Circle Industries PLC does business in the United States through Blue Circle North America, Inc., Blue Circle, Inc., BlueChem, L.L.C. and other entities. Blue Circle PLC, among other things, is engaged in the manufacture and sale of cement and lime.
3. Respondent Blue Circle North America, Inc., a corporation controlled by Blue Circle PLC, is organized, existing and doing business under and by virtue of the laws of the State of Georgia, and has its office and principal place of business located at 1800 Parkway Place, Suite 1100, Marietta, GA

## Complaint

30067. Blue Circle North America, Inc., among other things, is engaged in the manufacture and sale of cement and lime.

4. Respondent Blue Circle, Inc., a corporation controlled by Blue Circle PLC, is organized, existing and doing business under and by virtue of the laws of the State of Alabama, and has its office and principal place of business located at 1800 Parkway Place, Suite 1100, Marietta, GA 30067. Blue Circle, Inc., among other things, is engaged in the manufacture and sale of cement and lime.
5. Respondents are, and at all times relevant herein have been, engaged in commerce as defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and are corporations whose business is in, or affects, commerce as defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

**II. THE TRANSACTION**

6. On January 8, 2001, Lafarge and Blue Circle PLC approved an acquisition agreement pursuant to which Lafarge will acquire the outstanding common stock of Blue Circle PLC for an amount valued, at the time of entering into the agreement, at approximately \$3.8 billion (the "Acquisition").

**COUNT I****CEMENT IN THE GREAT LAKES REGION**

7. Paragraphs 1-6 are incorporated by reference as if fully set forth herein.
8. One relevant line of commerce in which to analyze the effects of the Acquisition is the manufacture, marketing and sale of cement.

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9. Cement is the essential binding ingredient in concrete. Cement is a construction raw material that users mix with water and aggregates (crushed stone, sand, or gravel) to form concrete. Cement is a closely controlled chemical combination of calcium (normally from limestone), silicon, aluminum, iron and small amounts of other ingredients.
10. Cement is made by quarrying, crushing and grinding the raw materials, burning them in large kilns at extremely high temperatures and finely grinding the resulting marble-size pellets (called "clinker") with gypsum into an extremely fine, usually gray, powder. The term "cement" includes its related products, including, but not limited to, portland cement and masonry and mortar cement. Cement produced by one manufacturer is virtually indistinguishable from that manufactured by another.
11. One relevant geographic market in which to analyze the effects of the Acquisition is the Great Lakes region (hereafter the "Great Lakes Region").
12. The Great Lakes Region consists of the province of Ontario, Canada, all of Michigan and the coastal areas around Lake Superior, Lake Michigan, Lake Huron, Lake Erie and Lake Ontario, including, but not limited to, Green Bay and Milwaukee, WI, Chicago, IL, Cleveland, OH and Buffalo, NY.
13. The market for cement in the Great Lakes Region is highly concentrated, and the Acquisition, if consummated, would substantially increase that concentration.
14. Entry into the Great Lakes Region cement market would not be timely, likely or sufficient to deter or offset the adverse competitive effects arising from the Acquisition.

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15. The effects of the Acquisition, if consummated, may be to substantially lessen competition for cement in the Great Lakes Region because, among other things:
  - a. it would increase concentration substantially in a highly concentrated market;
  - b. it would eliminate actual, direct, substantial, and potentially increased competition between Respondents;
  - c. it would facilitate the unilateral exercise of market power by the merged firm;
  - d. it would increase the likelihood of coordinated interaction among the remaining firms; and
  - e. it will likely result in increased prices for cement.

**COUNT II****CEMENT IN THE SYRACUSE, NY REGION**

16. Paragraphs 1-10 are incorporated by reference as if fully set forth herein.
17. One relevant geographic market in which to analyze the effects of the Acquisition is the market for cement in the region within approximately 70 miles of Blue Circle PLC's terminal located in Solvay, New York, including all of the surrounding metropolitan areas (the "Syracuse Region"). The metropolitan areas in the Syracuse Region include Syracuse, Utica, Rome, Elmira, and Binghamton, NY.
18. The market for cement in the Syracuse Region is highly concentrated, and the Acquisition, if consummated, would substantially increase that concentration.

Complaint

19. Entry into the market for cement in the Syracuse Region would not be timely, likely or sufficient to deter or offset the adverse competitive effects arising from the Acquisition.
20. The effects of the Acquisition, if consummated, may be to substantially lessen competition in the market for cement in the Syracuse Region because, among other things:
  - a. it would increase concentration substantially in a highly concentrated market;
  - b. it would eliminate actual, direct, substantial, and potentially increased competition between Respondents;
  - c. it would facilitate the unilateral exercise of market power by the merged firm;
  - d. it would increase the likelihood of coordinated interaction among the remaining firms; and
  - e. it will likely result in increased prices for cement.

**COUNT III**

**LIME IN THE SOUTHEASTERN UNITED STATES**

21. Paragraphs 1-6 are incorporated by reference as if fully set forth herein.
22. One relevant line of commerce in which to analyze the effects of the Acquisition is the manufacture, marketing and sale of lime.
23. Lime is produced through the combination of calcium (normally from limestone) and other raw materials, and is produced by quarrying, crushing and grinding the raw materials, and then burning them in kilns at high temperatures. Lime is used in a variety of applications,

## Complaint

including, among others, the steel and paper industries and water treatment plants. Lime produced by one manufacturer is virtually indistinguishable from that manufactured by another.

24. One relevant geographic market in which to analyze the effects of the Acquisition is the market for lime in the Southeastern region of the United States consisting of Alabama, Georgia and Florida (the "Southeast").
25. The market for lime in the Southeast is highly concentrated, and the Acquisition will substantially increase that concentration.
26. Entry into the market for lime in the Southeast would not be timely, likely or sufficient to deter or offset the adverse competitive effects arising from the Acquisition.
27. The effect of the Acquisition may be to substantially lessen competition in the market for lime in the Southeast because, among other things:
  - a. it would increase concentration substantially in a highly concentrated market;
  - b. it would reduce actual, direct, substantial, and potentially increased competition between Respondents;
  - c. it would increase the likelihood of coordinated interaction; and
  - d. it will likely result in increased prices for lime.

**III. VIOLATIONS CHARGED**

28. The agreement referenced in Paragraph 6 entered into by Lafarge and Blue Circle PLC constitutes a violation of Section 5 of the Federal Trade Commission Act, as

Complaint

amended, 15 U.S.C. § 45. Further, the Acquisition, if consummated, would constitute a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, and Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this 15<sup>th</sup> day of June, 2001, issues its Complaint against said Respondents.

By the Commission.

Decision and Order

**DECISION AND ORDER**

The Federal Trade Commission (“Commission”) having initiated an investigation of the proposed acquisition by Respondent Lafarge S.A. (“Lafarge”) of certain voting securities of Respondent Blue Circle Industries PLC (“Blue Circle PLC”), and Respondents having been furnished thereafter with a copy of the draft of Complaint that the Bureau of Competition proposed to present to the Commission for its consideration and that, if issued by the Commission, would charge Respondents with violations of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondents, their attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Orders, an admission by Respondents of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of the Agreement Containing Consent Orders is for settlement purposes only and does not constitute an admission by Respondents that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondents have violated the said Acts and that a Complaint should issue stating its charges in that respect, and having thereupon issued its Complaint and its Order to Hold Separate and Maintain Assets and having accepted the executed Agreement Containing Consent Orders and placed such Agreement Containing Consent Orders on the public record for a period of thirty (30) days for the receipt and consideration of public comments, and having duly considered the comments received, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby makes the following jurisdictional findings and issues the following Decision and Order (“Order”):

Decision and Order

1. Respondent Lafarge S.A. is a corporation organized, existing and doing business under and by virtue of the laws of France, with its office and principal place of business located at 61 rue des Belles Feuilles, Paris, France. Lafarge S.A. owns more than 50% of the common stock of Lafarge Corporation, whose office and principal place of business in the United States is located at 12950 Worldgate Drive, Suite 600, Herndon, VA 20191.
2. Respondent Blue Circle Industries PLC is a company registered in England and Wales under number 66558 whose registered office is located at 84 Eccleston Square, London, England. Blue Circle Industries PLC does business in the United States through Blue Circle North America, Inc., Blue Circle, Inc., BlueChem, L.L.C. and other entities.
3. Respondent Blue Circle North America, Inc., a corporation controlled by Blue Circle PLC, is organized, existing and doing business under and by virtue of the laws of the State of Georgia, and has its office and principal place of business located at 1800 Parkway Place, Suite 1100, Marietta, GA 30067.
4. Respondent Blue Circle, Inc., a corporation controlled by Blue Circle PLC, is organized, existing and doing business under and by virtue of the laws of the State of Alabama, and has its office and principal place of business located at 1800 Parkway Place, Suite 1100, Marietta, GA 30067.

The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the Respondents and the proceeding is in the public interest.

**ORDER**

**I.**

**IT IS HEREBY ORDERED** that, as used in this Order, the following definitions shall apply:

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- A. “Lafarge” means Lafarge S.A., its directors, officers, employees, agents, representatives, successors, and assigns; its subsidiaries, divisions, groups, and affiliates controlled by Lafarge S.A., including Lafarge Corporation, and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- B. “Blue Circle PLC” means Blue Circle Industries PLC, Blue Circle North America, Inc. and Blue Circle, Inc., their directors, officers, employees, agents, representatives, successors, and assigns; their parents, subsidiaries, divisions, groups, and affiliates controlled by Blue Circle Industries PLC, Blue Circle North America, Inc., Blue Circle, Inc. and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- C. “Chemical Lime” means Chemical Lime Company, a company organized under the laws of Nevada, with its office and principal place of business in the United States located at 3700 Hulen Street, Fort Worth, Texas 76107. The term “Chemical Lime” includes the directors, officers, employees, agents, representatives, successors, and assigns of Chemical Lime and the parents, subsidiaries, divisions, groups, and affiliates of Chemical Lime and their respective directors, officers, employees, agents, representatives, successors, and assigns.
- D. “BlueChem” means BlueChem, L.L.C., a limited liability company organized under the laws of Delaware, with its office and principal place of business in the United States located at 8039 Highway 25, Calera, Alabama. The term “BlueChem” includes the directors, officers, employees, agents, representatives, successors, and assigns of BlueChem and the parents, subsidiaries, divisions, groups, and affiliates of BlueChem and their respective directors, officers, employees, agents, representatives, successors, and assigns.
- E. “Eastern Lime” means Eastern Lime Holdings, L.P., a limited partnership organized under the laws of Delaware, with its office and principal place of business in the United States

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located at 8039 Highway 25, Calera, Alabama. The term “Eastern Lime” includes the directors, officers, employees, agents, representatives, successors, and assigns of Eastern Lime and the parents, subsidiaries, divisions, groups, and affiliates of Eastern Lime and their respective directors, officers, employees, agents, representatives, successors, and assigns.

- F. “Commission” means the Federal Trade Commission.
- G. “Respondents” means Lafarge and Blue Circle PLC, individually and collectively.
- H. “Acquirer” means the Person approved by the Commission to acquire the Great Lakes Assets, the Solvay Assets or the Lime Assets.
- I. “Acquisition” means the proposed acquisition of Blue Circle PLC by Lafarge, as publicly announced by Respondents on January 8, 2001, and for which a filing pursuant to the Hart-Scott-Rodino Antitrust Improvements Act was made by Lafarge on February 16, 2000, and by Blue Circle PLC on March 6, 2000; and as further described in the January 8, 2001 Merger Agreement between Lafarge and Blue Circle PLC, and the January 25, 2001 Scheme Document presented to Blue Circle PLC shareholders.
- J. “Barges” means the following barges and tugs: “St. Marys Barge #1” (Canadian Flag), “St. Marys Barge #2” (Canadian Flag), “St. Marys Barge #3” (Barbados Flag), “Sea Eagle II Tug for St. Marys Barge #2” (Canadian Flag), and “Lewis G. Harriman” (U.S. Flag).
- K. “Bowmanville Plant” means Blue Circle PLC’s plant in Bowmanville, Ontario, Canada that manufactures, distributes and sells Cement.

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- L. “Calera Site” means Blue Circle PLC’s real property located at 8039 Highway 25, Calera, Alabama on which the Lime Plant and Blue Circle PLC’s plant that produces Cement are located.
- M. “Carmeuse” means Carmeuse North America Group B.V., a private company organized under the laws of the Netherlands, with its office and principal place of business in the United States located at 390 East Joseph Orr Road, Chicago Heights, IL 60411. The term “Carmeuse” includes the directors, officers, employees, agents, representatives, successors, and assigns of Carmeuse North America Group B.V., and the subsidiaries, parents, divisions, groups, and affiliates of Carmeuse North America Group B.V. and their respective directors, officers, employees, agents, representatives, successors, and assigns.
- N. “Cement” means the product that is the result of the combination of calcium (normally from limestone), silicon, aluminum, iron and other raw materials, and that is produced by quarrying, crushing and grinding the raw materials, burning them in kilns at high temperatures, and then finely grinding the resulting pellets (“clinker”) with gypsum into an extremely fine powder. The term “Cement” includes, but is not limited to, portland cement, masonry and mortar cement, and the clinker that is ground to produce Cement.
- O. “Detroit Facility” means Blue Circle PLC’s grinding facility and terminal in Detroit, Michigan that grinds, distributes and sells Cement and Slag.
- P. “Divestiture Trustee” means the Divestiture Trustee(s) appointed pursuant to Paragraph VII of this Order.
- Q. “Effective Date of Divestiture of the Great Lakes Assets” means the date on which the divestiture of the Great Lakes Assets to the Great Lakes Assets Acquirer is consummated.

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- R. “Effective Date of Divestiture of the Lime Assets” means the date on which the divestiture of the Lime Assets to the Lime Assets Acquirer is consummated.
- S. “Excluded Great Lakes Assets” means all the assets identified in Appendix A to this Order.
- T. “Excluded Lime Assets” means all the assets identified in Appendix A to this Order.
- U. “Excluded Solvay Assets” means all the assets identified in Appendix A to this Order.
- V. “Glens Falls Lehigh” means Glens Falls Lehigh Cement Company, a partnership organized, existing and doing business under and by virtue of the laws of New York, with its offices and principal place of business located at 313 Warren Street, Glens Falls, New York, its subsidiaries, divisions, groups and affiliates proposing to acquire the Solvay Assets that receives the prior approval of the Commission to acquire the Solvay Assets.
- W. “Great Lakes Assets” means all of Blue Circle PLC’s rights, titles, and interests in and to all assets, properties, business and goodwill, tangible or intangible, used to operate the Great Lakes Business in the ordinary course and in accordance with past practice, including, but not limited to (i) the Bowmanville Plant, the St. Marys Plant, the Detroit Facility, the Great Lakes Terminals, the Barges, Hutton Transport, the Ready-Mix Operations, the Unused Great Lakes Terminals, and the Great Lakes Slag Joint Venture, (ii) all real property (together with appurtenances, licenses and permits) owned, leased or otherwise held by Blue Circle PLC and used to operate the Great Lakes Business, (iii) all personal property owned, leased or otherwise held by Blue Circle PLC and used to operate the Great Lakes Business, (iv) all intellectual property owned by or licensed to Blue Circle PLC used in the Great Lakes Business, including but not limited to, trademarks, patents, mask works, copyrights, trade secrets, research materials,

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technical information, management information systems, software, inventions, test data, technological know-how, licenses, registrations, submissions, approvals, technology, specifications, designs, drawings, processes, recipes, protocols, and formulas, (v) all rights of Blue Circle PLC relating to the Great Lakes Business under any contract entered into with customers (together with associated bid and performance bonds), suppliers, sales representatives, distributors, agents, personal property lessors, personal property lessees, licensors, licensees, consignors and consignees, and joint venture partners, (vi) all governmental approvals, consents, licenses, permits, waivers, or other authorizations held by Blue Circle PLC and used to operate the Great Lakes Business, (vii) all rights of Blue Circle PLC relating to the Great Lakes Business under any warranty and guarantee, express or implied, (viii) all books, records, and files held by Blue Circle PLC relating to the Great Lakes Business, (ix) all plant facilities, machinery, equipment, furniture, fixtures, tools, vehicles, transportation and storage facilities, and supplies held by Blue Circle PLC and used to operate the Great Lakes Business, (x) all rights in and to inventories of products, raw materials, supplies and parts, including work-in-process and finished goods held by Blue Circle PLC and used in the Great Lakes Business, (xi) all customer and vendor lists, catalogs, sales promotion literature, and advertising materials held by Blue Circle PLC and used in the Great Lakes Business, (xii) all rights in and to quarries and pits (together with appurtenances, licenses and permits) owned, leased or otherwise held by Blue Circle PLC and used to operate the Great Lakes Business, and (xiii) all items of prepaid expense held by Blue Circle PLC and used in the Great Lakes Business; provided, however, that the Great Lakes Assets do not include the Excluded Great Lakes Assets.

- X. "Great Lakes Assets Acquirer" means the Person approved by the Commission to acquire the Great Lakes Assets.
- Y. "Great Lakes Assets Purchase Agreement" means the Commission-approved agreement (including, but not limited to, all related agreements, schedules, exhibits and appendices)

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to be entered into between Lafarge and the Great Lakes Assets Acquirer for sale of the Great Lakes Assets by Lafarge to the Great Lakes Assets Acquirer.

- Z. “Great Lakes Business” means the research, development, manufacture, distribution, or sale of Cement and Slag at or by the Bowmanville Plant, the St. Marys Plant, the Detroit Facility, the Great Lakes Terminals, the Unused Great Lakes Terminals, the Barges, Hutton Transport, and the Ready-Mix Operations. The Great Lakes Business includes all of Blue Circle PLC’s rights, titles and interests in and to the Great Lakes Slag Joint Venture.
- AA. “Great Lakes Employees” means employees of Blue Circle PLC who worked at least one hundred (100) work days for the Great Lakes Business during the twelve-month period prior to the Effective Date of Divestiture of the Great Lakes Assets.
- BB. “Great Lakes Hold Separate Trustee Agreement” means the Commission-approved agreement entered into between Lafarge and the trustee appointed by the Commission for the Great Lakes Assets pursuant to the Hold Separate.
- CC. “Great Lakes Key Employees” means any Great Lakes Employees identified as such in the Great Lakes Assets Purchase Agreement.
- DD. “Great Lakes Slag Joint Venture” means the joint venture between Blue Circle PLC and St. Lawrence Cement Inc. (“St. Lawrence”) as set forth in the Share Purchase and Shareholder Agreement by and among St. Lawrence, Blue Circle PLC and Great Lakes Slag Inc., dated March 27, 2000, pursuant to which Blue Circle PLC purchases 50% of the annual output of Slag from Algoma Steel Inc.’s steel plant in Sault Ste. Marie, Ontario, Canada.
- EE. “Great Lakes Terminals” means Blue Circle PLC’s terminals located in Buffalo, New York, Cleveland, Ohio,

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Grand Rapids, Michigan, Green Bay, Wisconsin, Milwaukee, Wisconsin, Schoolcraft, Michigan and Waukegan, Illinois which store, distribute and sell Cement.

- FF. “Hold Separate” means the Order to Hold Separate and Maintain Assets incorporated into and made a part of the Agreement Containing Consent Orders.
- GG. “Hutton Transport” means Hutton Transport Limited, a company organized under the laws of Ontario, Canada and a wholly-owned subsidiary of Blue Circle PLC.
- HH. “Independent Auditor” means the Independent Auditor(s) appointed pursuant to Paragraph VI of this Order.
- II. “Lime” means the product that is the result of the quarrying, crushing and grinding of limestone, and burning it in kilns at high temperatures. The term “Lime” includes, but is not limited to, quicklime, dolomitic lime and hydrated lime.
- JJ. “Lime Assets” means all of Respondents’ rights, titles, and interests in and to all assets, properties, business and goodwill, tangible or intangible, used to operate the Lime Business in the ordinary course and in accordance with past practice, including, but not limited to (i) the Lime Plant, (ii) all real property (together with appurtenances, licenses and permits) owned, leased or otherwise held by Respondents and used to operate the Lime Business, (iii) all personal property owned, leased or otherwise held by Respondents and used to operate the Lime Business, (iv) all intellectual property owned by or licensed to Respondents relating to the Lime Business, including but not limited to, trademarks, patents, mask works, copyrights, trade secrets, research materials, technical information, management information systems, software, inventions, test data, technological know-how, licenses, registrations, submissions, approvals, technology, specifications, designs, drawings, processes, recipes, protocols, and formulas, (v) all rights of Respondents relating to the Lime Business under any contract entered into with customers

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(together with associated bid and performance bonds), suppliers, sales representatives, distributors, agents, personal property lessors, personal property lessees, licensors, licensees, consignors and consignees, and joint venture partners, (vi) all governmental approvals, consents, licenses, permits, waivers, or other authorizations held by Respondents and used to operate the Lime Business, (vii) all rights of Respondents relating to the Lime Business under any warranty and guarantee, express or implied, (viii) all books, records, and files held by Respondents relating to the Lime Business, (ix) all plant facilities, machinery, equipment, furniture, fixtures, tools, vehicles, transportation and storage facilities, and supplies held by Respondents and used to operate the Lime Business, (x) all rights in and to inventories of products, raw materials, supplies and parts, including work-in-process and finished goods held by Respondents and used to operate the Lime Business, (xi) all customer and vendor lists, catalogs, sales promotion literature, and advertising materials held by Respondents relating to the Lime Business, and (xii) all items of prepaid expense held by Respondents and used in the Lime Business; provided, however, that the Lime Assets do not include the Excluded Lime Assets.

- KK. “Lime Assets Acquirer” means the Person approved by the Commission to acquire the Lime Assets.
- LL. “Lime Assets Purchase Agreement” means the Commission-approved agreement (including, but not limited to, all related agreements, schedules, exhibits and appendices) to be entered into between Lafarge and the Lime Assets Acquirer for sale of the Lime Assets by Lafarge to the Lime Assets Acquirer. The Lime Assets Purchase Agreement includes the Lime Rock Supply Agreement and Lime Site Services Agreement.
- MM. “Lime Business” means the research, development, manufacture, distribution, or sale of Lime at or by the Lime Plant.

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- NN. "Lime Employees" means employees of Blue Circle PLC who worked at least one hundred (100) work days for the Lime Business during the twelve-month period prior to the Effective Date of Divestiture of the Lime Assets.
- OO. "Lime Hold Separate Trustee Agreement" means the Commission-approved agreement entered into between Lafarge and the trustee appointed by the Commission for the Lime Assets pursuant to the Hold Separate.
- PP. "Lime JV" means the joint venture created by Blue Circle PLC, Chemical Lime and BlueChem on or about December 20, 2000 to own and control the Lime Assets, and that operates under the name Eastern Lime Holdings, L.P.
- QQ. "Lime Key Employees" means any Lime Employees identified as such in the Lime Assets Purchase Agreement.
- RR. "Lime Off-Take Agreement" means the agreement between Eastern Lime and Chemical Lime pursuant to which Eastern Lime will supply to Chemical Lime the volumes of Lime listed in Confidential Appendix E for the five-year period following the date on which Chemical Lime divests to Blue Circle PLC all other rights, titles, and interests in and to the Lime JV and the Lime Assets.
- SS. "Lime Plant" means the Lime production facility located at 8039 Highway 25, Calera, Alabama that manufactures, distributes and sells Lime.
- TT. "Lime Rock Supply Agreement" means the agreement to be entered into between Lafarge and the Lime Assets Acquirer, and incorporated into the Lime Assets Purchase Agreement, by which Lafarge will supply lime rock to the Lime Assets Acquirer on terms agreed by the Lime Assets Acquirer and approved by the Commission.
- UU. "Lime Site Services Agreement" means the agreement to be entered into between Lafarge and the Lime Assets Acquirer,

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and incorporated into the Lime Assets Purchase Agreement, by which Lafarge will provide site services at the Calera Site to the Lime Assets Acquirer on terms agreed by the Lime Assets Acquirer and approved by the Commission.

- VV. “Non-Public Great Lakes Information” means any information relating to the Great Lakes Assets not in the public domain. Non-Public Great Lakes Information shall not include: (i) information that subsequently falls within the public domain through no violation of this Order by Respondents or breach of a confidentiality or non-disclosure agreement with respect to such information; (ii) information independently developed by Respondents without reference to or use of Non-Public Great Lakes Information; and (iii) information that is required to be disclosed by law.
- WW. “Non-Public Lime Information” means any information relating to the Lime Assets not in the public domain and any information obtained by Respondents in the course of performing Respondents’ obligations under the Lime Rock Supply Agreement or the Lime Site Services Agreement. Non-Public Lime Information shall not include: (i) information that subsequently falls within the public domain through no violation of this Order by Respondents or breach of a confidentiality or non-disclosure agreement with respect to such information; (ii) information independently developed by Respondents without reference to or use of Non-Public Lime Information; and (iii) information that is required to be disclosed by law.
- XX. “Non-Public Solvay Information” means any information relating to the Solvay Assets not in the public domain. Non-Public Solvay Information shall not include: (i) information that subsequently falls within the public domain through no violation of this Order by Respondents or breach of a confidentiality or non-disclosure agreement with respect to such information; (ii) information independently developed by Respondents without reference

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to or use of Non-Public Solvay Information; and (iii) information that is required to be disclosed by law.

- YY. “Person” means any individual, partnership, firm, corporation, association, trust, unincorporated organization or other entity.
- ZZ. “Railcars” means the 30 railcars identified in Confidential Appendix D hereto and owned by Blue Circle PLC.
- AAA. “Ready-Mix Operations” means the 39 ready-mix operations identified on Appendix C hereto.
- BBB. “Slag” means the by-product from the manufacture of steel that is ground into a powder, and sold as a product that can be used as an input into Cement.
- CCC. “Solvay Assets” means all of Blue Circle PLC’s rights, titles, and interests in and to all assets, properties, business and goodwill, tangible or intangible, used to operate the Solvay Terminal in the ordinary course and in accordance with past practice, including, but not limited to (i) the Solvay Terminal, (ii) all real property (together with appurtenances, licenses and permits) owned, leased or otherwise held by Blue Circle PLC and used to operate the Solvay Terminal, (iii) all personal property owned, leased or otherwise held by Blue Circle PLC and used to operate the Solvay Terminal, (iv) all rights of Blue Circle PLC relating to the Solvay Terminal under any contract entered into with customers (together with associated bid and performance bonds), suppliers, sales representatives, distributors, agents, personal property lessors, personal property lessees, licensors, licensees, consignors and consignees, and joint venture partners, (v) all governmental approvals, consents, licenses, permits, waivers, or other authorizations held by Blue Circle PLC and used to operate the Solvay Terminal, (vi) all rights of Blue Circle PLC relating to the Solvay Terminal under any warranty and guarantee, express or implied, (vii) all books, records, and files held by Blue Circle PLC relating to the Solvay

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Terminal, (viii) all facilities, machinery, equipment, furniture, fixtures, tools, vehicles, transportation and storage facilities, and supplies held by Blue Circle PLC and used to operate the Solvay Terminal; provided, however, that the Solvay Assets do not include the Railcars, (ix) all rights in and to inventories of Cement at the Solvay Terminal, including Cement contained in any Railcars at the Solvay Terminal and Cement contained in Railcars in transit to the Solvay Terminal, and supplies and parts held by Blue Circle PLC and used to operate the Solvay Terminal, (x) all customer and vendor lists of the Solvay Terminal, and (xi) all items of prepaid expense used to operate the Solvay Terminal; provided, however, that the Solvay Assets do not include the Excluded Solvay Assets.

DDD. “Solvay Assets Acquirer” means the Person approved by the Commission to acquire the Solvay Assets.

EEE. “Solvay Assets Purchase Agreement” means the Commission-approved agreement (including, but not limited to, all related agreements, schedules, exhibits, and appendices) to acquire the Solvay Assets between Lafarge and the Solvay Assets Acquirer, including the Purchase and Sale Agreement by and among Lafarge and Glens Falls Lehigh, dated March 29, 2001, including all related agreements, schedules, exhibits, and appendices (attached hereto as Confidential Appendix F).

FFF. “Solvay Employees” means the employees of Blue Circle PLC identified in Schedule 6.1 of the Solvay Assets Purchase Agreement.

GGG. “Solvay Terminal” means the Blue Circle PLC terminal located in Solvay, New York that stores, distributes and sells Cement.

HHH. “St. Marys Plant” means Blue Circle PLC’s plant in St. Marys, Ontario, Canada that manufactures, distributes and sells Cement.

- III. “Unused Great Lakes Terminals” means Blue Circle PLC’s terminals in South Beloit, Illinois and Coniston, Ontario, Canada.

## II.

### **IT IS FURTHER ORDERED** that:

- A. Blue Circle PLC and Lafarge shall divest the Great Lakes Assets, absolutely and in good faith and at no minimum price, to the Great Lakes Assets Acquirer no later than 180 days from the date upon which Blue Circle PLC and Lafarge consummate the Acquisition; provided, however, that nothing in this Paragraph II requires Blue Circle PLC and Lafarge to divest the Excluded Great Lakes Assets. This Paragraph II shall not require Blue Circle PLC and Lafarge to divest the Unused Great Lakes Terminals if the Commission approves the divestiture without such assets.
- B. Respondents shall divest the Great Lakes Assets only to an Acquirer that receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission.
- C. For a period of up to six months from the Effective Date of Divestiture of the Great Lakes Assets:

At the request of the Great Lakes Assets Acquirer, Blue Circle PLC and Lafarge shall provide technical assistance and advice sufficient to enable the Great Lakes Assets Acquirer to obtain governmental approvals necessary to operate the Great Lakes Business.

At the request of the Great Lakes Assets Acquirer, Blue Circle PLC and Lafarge shall provide such technical assistance as is necessary to enable the Great Lakes Assets Acquirer to conduct the Great Lakes Business in substantially the same manner as

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Blue Circle PLC operated the Great Lakes Business at the time of the announcement of the Acquisition.

Blue Circle PLC and Lafarge shall receive no compensation for providing the assistance required pursuant to Paragraph II.C of this Order that exceeds the out-of-pocket costs associated with providing such technical assistance and the direct cost of the material and labor to provide such assistance.

A. Blue Circle PLC and Lafarge shall allow the Great Lakes Assets Acquirer an opportunity to employ any Great Lakes Employees:

1. Not later than thirty days before the Effective Date of Divestiture of the Great Lakes Assets, Blue Circle PLC and Lafarge shall, to the extent permissible under applicable laws, (i) provide to the Great Lakes Assets Acquirer a list of all Great Lakes Employees, (ii) allow the Great Lakes Assets Acquirer an opportunity to interview any Great Lakes Employees, and (iii) allow the Great Lakes Assets Acquirer to inspect the personnel files and other documentation relating to such Great Lakes Employees.
2. Blue Circle PLC and Lafarge shall, to the extent permissible under applicable laws, (i) not offer any incentive to any Great Lakes Employee to decline employment with the Great Lakes Assets Acquirer, (ii) remove any contractual impediments with Blue Circle PLC and Lafarge that may deter any Great Lakes Employee from accepting employment with the Great Lakes Assets Acquirer, including, but not limited to, any non-compete or confidentiality provisions of employment or other contracts with Blue Circle PLC and Lafarge that would affect the ability of the Great Lakes Employee to be employed by the Great Lakes Assets Acquirer, (iii) not interfere with the employment by the Great Lakes Assets Acquirer of any Great Lakes Employee, (iv) continue employee benefits offered by Blue Circle PLC and Lafarge until the divestiture has been completed, including regularly scheduled raises and bonuses, and regularly scheduled vesting of all pension benefits, and (v) pay a bonus to Great Lakes

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Key Employees who accept an offer of employment from the Great Lakes Assets Acquirer no later than thirty (30) days from the date Blue Circle PLC and Lafarge divest the Great Lakes Assets, pursuant to the terms set forth in Confidential Appendix B to this Order.

3. For a period of one year from the date this Order becomes final, Blue Circle PLC and Lafarge shall not, directly or indirectly, solicit, hire or enter into any arrangement for the services of any Great Lakes Employee employed by the Great Lakes Assets Acquirer, unless the Great Lakes Employee's employment has been terminated by the Great Lakes Assets Acquirer.

E. Pending divestiture of the Great Lakes Assets and subject to the Hold Separate, Blue Circle PLC and Lafarge shall maintain the viability, marketability, and competitiveness of the Great Lakes Assets, and shall not cause the wasting or deterioration of the Great Lakes Assets, nor shall they cause the Great Lakes Assets to be operated in a manner inconsistent with applicable laws, nor shall they sell, transfer, encumber or otherwise impair the viability, marketability or competitiveness of the Great Lakes Assets. Blue Circle PLC and Lafarge shall comply with the terms of this paragraph until such time as Blue Circle PLC and Lafarge or the Divestiture Trustee have divested the Great Lakes Assets pursuant to the terms of this Order. Blue Circle PLC and Lafarge shall conduct the business of the Great Lakes Assets in the regular and ordinary course of business and in accordance with past practice (including regular repair and maintenance efforts) and shall use their best efforts to preserve the existing relationships with suppliers, customers, employees, and others having business relationships with the Great Lakes Assets in the ordinary course of business and in accordance with past practice. Blue Circle PLC and Lafarge shall not terminate the operations of any Great Lakes Assets. Blue Circle PLC and Lafarge shall use their best efforts to keep the organization and properties of the Great Lakes Assets intact, including current business operations, physical facilities and working conditions, and a

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work force of equivalent size, training, and expertise associated with the Great Lakes Assets.

- F. The purpose of the divestiture of the Great Lakes Assets is to ensure the continued use of the Great Lakes Assets in the same business in which the Great Lakes Assets were engaged at the time of the announcement of the proposed Acquisition by Blue Circle PLC and Lafarge and to remedy the lessening of competition alleged in the Commission's complaint.

**III.**

**IT IS FURTHER ORDERED** that:

- A. Blue Circle PLC and Lafarge shall divest the Solvay Assets, absolutely and in good faith, to Glens Falls Lehigh pursuant to and in accordance with the Solvay Assets Purchase Agreement, no later than 20 business days from the date upon which Blue Circle PLC and Lafarge consummate the Acquisition; provided, however, that nothing in this Paragraph III requires Blue Circle PLC and Lafarge to divest the Excluded Solvay Assets.
- B. If, at the time the Commission determines to make this Order final, the Commission determines that Glens Falls Lehigh is not acceptable as the Solvay Assets Acquirer or that the Solvay Assets Purchase Agreement is not an acceptable manner of divestiture, and so notifies Blue Circle PLC and Lafarge, Blue Circle PLC and Lafarge shall immediately terminate or rescind the Solvay Assets Purchase Agreement with Glens Falls Lehigh and divest the Solvay Assets at no minimum price, absolutely and in good faith, to another Person that receives the prior approval of the Commission and in a manner that receives the prior approval of the Commission, no later than 120 days from the date this Order becomes final.
- C. Blue Circle PLC and Lafarge shall comply with all terms of the Solvay Assets Purchase Agreement which shall be incorporated by reference and made a part of this Order.

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Failure by Blue Circle PLC and Lafarge to perform under or comply with the Solvay Assets Purchase Agreement shall also constitute a violation of this Order. Notwithstanding any paragraph, section, or other provision of the Solvay Assets Purchase Agreement, Blue Circle PLC and Lafarge shall not, without the prior approval of the Commission, modify any term of the Solvay Assets Purchase Agreement or fail to satisfy each condition to the Solvay Assets Acquirer's obligation to acquire the Solvay Assets (whether or not waived). The terms of the Solvay Assets Purchase Agreement shall not be construed to vary from or contradict the terms of this Order.

- D. For a period of up to six months from the date Blue Circle PLC and Lafarge divest the Solvay Assets pursuant to Paragraph III.A of this Order:
1. At the request of the Solvay Assets Acquirer, Blue Circle PLC and Lafarge shall provide technical assistance and advice sufficient to enable the Solvay Assets Acquirer to obtain governmental approvals necessary to operate the Solvay Terminal.
  2. At the request of the Solvay Assets Acquirer, Blue Circle PLC and Lafarge shall provide technical assistance as is necessary to enable the Solvay Assets Acquirer to operate the Solvay Terminal in substantially the same manner as Blue Circle PLC operated the Solvay Terminal at the time of the announcement of the Acquisition.
  3. Blue Circle PLC and Lafarge shall receive no compensation for providing the assistance required pursuant to Paragraph III.D of this Order that exceeds the out-of-pocket costs associated with providing such technical assistance and the direct cost of the material and labor to provide such assistance.
- B. Blue Circle PLC and Lafarge shall allow the Solvay Assets Acquirer an opportunity to enter into an employment contract with any Solvay Employees:

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1. Not later than thirty days before the date the Solvay Assets are divested, Blue Circle PLC and Lafarge shall, to the extent permissible under applicable laws, (i) provide to the Solvay Assets Acquirer a list of all Solvay Employees, (ii) allow the Solvay Assets Acquirer an opportunity to interview any Solvay Employees, and (iii) allow the Solvay Assets Acquirer to inspect the personnel files and other documentation relating to such Solvay Employees.
  2. Blue Circle PLC and Lafarge shall, to the extent permissible under applicable laws, (i) not offer any incentive to any Solvay Employee to decline employment with the Solvay Assets Acquirer, (ii) remove any contractual impediments with Blue Circle PLC and Lafarge that may deter any Solvay Employee from accepting employment with the Solvay Assets Acquirer, including, but not limited to, any non-compete or confidentiality provisions of employment or other contracts with Blue Circle PLC and Lafarge that would affect the ability of the Solvay Employee to be employed by the Solvay Assets Acquirer, (iii) not interfere with the employment by the Solvay Assets Acquirer of any Solvay Employee, and (iv) continue employee benefits offered by Blue Circle PLC and Lafarge until the divestiture has been completed, including regularly scheduled raises and bonuses, and regularly scheduled vesting of all pension benefits.
  3. For a period of one year from the date this Order becomes final, Blue Circle PLC and Lafarge shall not, directly or indirectly, solicit, hire or enter into any arrangement for the services of any Solvay Employee employed by the Solvay Assets Acquirer, unless the Solvay Employee's employment has been terminated by the Solvay Assets Acquirer.
- B. Pending divestiture of the Solvay Assets, Blue Circle PLC and Lafarge shall maintain the viability, marketability, and competitiveness of the Solvay Assets, and shall not cause the wasting or deterioration of the Solvay Assets, nor shall they cause the Solvay Assets to be operated in a manner inconsistent with applicable laws, nor shall they sell, transfer,

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encumber or otherwise impair the viability, marketability or competitiveness of the Solvay Assets. Blue Circle PLC and Lafarge shall comply with the terms of this paragraph until such time as Blue Circle PLC and Lafarge or the Divestiture Trustee have divested the Solvay Assets pursuant to the terms of this Order. Blue Circle PLC and Lafarge shall conduct the business of the Solvay Assets in the regular and ordinary course of business and in accordance with past practice (including regular repair and maintenance efforts) and shall use their best efforts to preserve the existing relationships with suppliers, customers, employees, and others having business relationships with the Solvay Assets in the ordinary course of business and in accordance with past practice. Blue Circle PLC and Lafarge shall not terminate the operations of any Solvay Assets. Blue Circle PLC and Lafarge shall use their best efforts to keep the organization and properties of the Solvay Assets intact, including current business operations, physical facilities and working conditions, and a work force of equivalent size, training, and expertise associated with the Solvay Assets.

- C. The purpose of the divestiture of the Solvay Assets is to ensure the continued use of the Solvay Assets in the same business in which the Solvay Assets were engaged at the time of the announcement of the proposed Acquisition by Blue Circle PLC and Lafarge and to remedy the lessening of competition alleged in the Commission's complaint.

**IV.****IT IS FURTHER ORDERED** that:

- A. Blue Circle PLC shall acquire from Chemical Lime all of Chemical Lime's rights, titles, and interests in and to the Lime JV and the Lime Assets (other than the Lime Off-Take Agreement), absolutely and in good faith by no later than the date upon which Lafarge and Blue Circle PLC consummate the Acquisition. Lafarge and Blue Circle PLC shall not consummate the Acquisition unless and until Chemical Lime

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has divested all of its rights, titles, and interests in and to the Lime JV and the Lime Assets (other than the Lime Off-Take Agreement), absolutely and in good faith, to Blue Circle PLC effective no later than the consummation of the Acquisition.

- B. Respondents shall divest the Lime Assets (subject to the Lime Off-Take Agreement), absolutely and in good faith and at no minimum price, to the Lime Assets Acquirer no later than 180 days from the date upon which Lafarge and Blue Circle PLC consummate the Acquisition, provided, however, that nothing in this Paragraph IV requires Blue Circle PLC and Lafarge to divest the Excluded Lime Assets.
- C. Respondents shall divest the Lime Assets only to an Acquirer that receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission.
- D. Respondents shall not divest the Lime Assets to Chemical Lime or Carmeuse.
- E. For a period of up to six months from the Effective Date of Divestiture of the Lime Assets:
  - 1. At the request of the Lime Assets Acquirer, Blue Circle PLC and Lafarge shall provide technical assistance and advice sufficient to enable the Lime Assets Acquirer to obtain governmental approvals necessary to operate the Lime Business.
  - 2. At the request of the Lime Assets Acquirer, Blue Circle PLC and Lafarge shall provide such technical assistance as is necessary to enable the Lime Assets Acquirer to conduct the Lime Business in substantially the same manner as Blue Circle PLC operated the Lime Business at the time of the announcement of the Acquisition.
  - 3. Blue Circle PLC and Lafarge shall receive no compensation for providing the assistance required pursuant to Paragraph IV.E of this Order that exceeds the out-of-pocket costs

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associated with providing such technical assistance and the direct cost of material and labor to provide such assistance.

- B. Blue Circle PLC and Lafarge shall allow the Lime Assets Acquirer an opportunity to employ any Lime Employees:
1. No later than thirty days before the Effective Date of Divestiture of the Lime Assets, Blue Circle PLC and Lafarge shall, to the extent permissible under applicable laws, (i) provide to the Lime Assets Acquirer a list of all Lime Employees, (ii) allow the Lime Assets Acquirer an opportunity to interview any Lime Employees, and (iii) allow the Lime Assets Acquirer to inspect the personnel files and other documentation relating to such Lime Employees.
  2. Blue Circle PLC and Lafarge shall, to the extent permissible under applicable laws, (i) not offer any incentive to any Lime Employee to decline employment with the Lime Assets Acquirer, (ii) remove any contractual impediments with Blue Circle PLC and Lafarge that may deter any Lime Employee from accepting employment with the Lime Assets Acquirer, including, but not limited to, any non-compete or confidentiality provisions of employment or other contracts with Blue Circle PLC and Lafarge that would affect the ability of the Lime Employee to be employed by the Lime Assets Acquirer, (iii) not interfere with the employment by the Lime Assets Acquirer of any Lime Employee, (iv) continue employee benefits offered by Blue Circle PLC and Lafarge until the divestiture has been completed, including regularly scheduled raises and bonuses, and regularly scheduled vesting of all pension benefits, and (v) pay a bonus to Lime Key Employees who accept an offer of employment from the Lime Assets Acquirer no later than thirty (30) days from the date Blue Circle PLC and Lafarge divest the Lime Assets, pursuant to the terms set forth in Confidential Appendix B to this Order.
  3. For a period of one year from the Effective Date of Divestiture of the Lime Assets, Blue Circle PLC and Lafarge shall not,

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directly or indirectly, solicit, hire or enter into any arrangement for the services of any Lime Employee employed by the Lime Assets Acquirer, unless the Lime Employee's employment has been terminated by the Lime Assets Acquirer.

- B. Pending divestiture of the Lime Assets and subject to the Hold Separate, Blue Circle PLC and Lafarge shall maintain the viability, marketability, and competitiveness of the Lime Assets, and shall not cause the wasting or deterioration of the Lime Assets, nor shall they cause the Lime Assets to be operated in a manner inconsistent with applicable laws, nor shall they sell, transfer, encumber or otherwise impair the viability, marketability or competitiveness of the Lime Assets. Respondents shall comply with the terms of this paragraph until such time as Respondents or the Divestiture Trustee have divested the Lime Assets pursuant to the terms of this Order. Blue Circle PLC and Lafarge shall conduct the business of the Lime Assets in the regular and ordinary course of business and in accordance with past practice (including regular repair and maintenance efforts) and shall use their best efforts to preserve the existing relationships with suppliers, customers, employees, and others having business relationships with the Lime Assets in the ordinary course of business and in accordance with past practice. Blue Circle PLC and Lafarge shall not terminate the operations of any Lime Assets. Blue Circle PLC and Lafarge shall use their best efforts to keep the organization and properties of the Lime Assets intact, including current business operations, physical facilities and working conditions, and a work force of equivalent size, training, and expertise associated with the Lime Assets.
- C. The purpose of the divestiture of the Lime Assets is to ensure the continued use of the Lime Assets in the same business in which the Lime Assets were engaged at the time of the announcement of the proposed Acquisition by Blue Circle PLC and Lafarge and to remedy the lessening of competition alleged in the Commission's complaint.

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**V.****IT IS FURTHER ORDERED** that:

- A. Respondents shall (i) not provide, disclose or otherwise make available any Non-Public Great Lakes Information, any Non-Public Solvay Information or any Non-Public Lime Information to any Person, (ii) not use any Non-Public Great Lakes Information, any Non-Public Solvay Information, or any Non-Public Lime Information for any reason or purpose other than those set out in this Paragraph V, and (iii) enforce the terms of this Paragraph V.A as to any Person and take such action as is necessary to cause each Person to comply with the terms of this Paragraph V.A, including all actions that Respondents would take to protect their own trade secrets and confidential information; provided, however, that Respondents may disclose Non-Public Great Lakes Information to the Great Lakes Assets Acquirer, Non-Public Solvay Information to the Solvay Assets Acquirer, and Non-Public Lime Information to the Lime Assets Acquirer and their respective directors, officers, employees, agents and representatives, in connection with the divestiture requirements set forth in Paragraphs II, III and IV of this Order.
- B. Notwithstanding Paragraph V.A of this Order and subject to the Hold Separate:
1. Respondents may use Non-Public Great Lakes Information, Non-Public Solvay Information or Non-Public Lime Information in the operation or sale process of the Great Lakes Assets, the Solvay Assets and the Lime Assets, respectively, prior to divesting such assets.
  2. Respondents may provide, disclose, make available, or use Non-Public Great Lakes Information, Non-Public Solvay Information or Non-Public Lime Information only as is necessary to provide the technical assistance services pursuant to Paragraphs II, III and IV, respectively, of this Order, subject to the conditions set forth in Paragraph V.B.4 of this Order.

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3. Respondents may provide, disclose, make available, or use Non-Public Lime Information only as is necessary to perform their obligations under the Lime Rock Supply Agreement and Lime Site Services Agreement, subject to the conditions set forth in Paragraph V.B.4 of this Order.
4. Respondents shall (i) provide, disclose, or otherwise make available Non-Public Great Lakes Information, Non-Public Solvay Information or Non-Public Lime Information only to those Persons working for Respondents and having a need to know and who agree in writing to maintain the confidentiality of such information and (ii) use any Non-Public Great Lakes Information, Non-Public Solvay Information or Non-Public Lime Information solely for the purposes set forth in this Paragraph V.
5. Respondents shall enforce the terms of this Paragraph V.B as to any Person and take such action as is necessary to cause each such Person to comply with the terms of this Paragraph V.B, including all actions that Respondents would take to protect their own trade secrets and confidential information.

**VI.**

**IT IS FURTHER ORDERED** that:

- A. At any time after execution of the Agreement Containing Consent Orders, the Commission may appoint one or more Persons to serve as Independent Auditor for the purpose of monitoring Respondents' compliance with Paragraph IV of this Order:
  1. The Commission may appoint William M. Troutman, to whose appointment Respondents have previously consented, to serve as the Independent Auditor for the Lime Assets.
  2. The Commission may select someone other than William M. Troutman to serve as the Independent Auditor for the Lime

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Assets, subject to the consent of Respondents, which consent shall not be unreasonably withheld. Respondents shall be deemed to have consented to the selection of the proposed substitute Independent Auditor if Respondents have not opposed, in writing, including the reasons for opposing, the selection of any proposed Independent Auditor within ten (10) days after Respondents' receipt of written notice from the staff of the Commission of the identity of the proposed substitute Independent Auditor.

3. Within ten (10) days after appointment of the Independent Auditor, Respondents shall execute an agreement that, subject to the prior approval of the Commission, transfers to the Independent Auditor all rights and powers necessary to permit the Independent Auditor to perform his or her obligations under Paragraphs IV and VI of this Order.
  4. The Independent Auditor shall serve, without bond or other security, at the cost and expense of Respondents, on reasonable and customary terms and conditions, subject to the approval of the Commission.
  5. If the Independent Auditor has ceased to act or failed to act diligently, or if the Independent Auditor resigns for any reason, the Commission may appoint a substitute Independent Auditor in the same manner provided by this Order for appointment of the initial Independent Auditor.
  6. The Independent Auditor's power and duties under this Paragraph shall terminate the earlier of (i) ten (10) years from the date on which this Order becomes final, or (ii) the date on which all the agreements that comprise the Lime Assets Purchase Agreement have terminated or expired.
- B. An Independent Auditor appointed pursuant to Paragraph VI.A of this Order shall have all the powers and duties necessary, and may do all such acts and things required to be done, to monitor Respondents' compliance with Paragraph IV of this Order. In addition to the powers and duties provided to the

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Independent Auditor by this Order, the Independent Auditor shall:

1. Employ such consultants, accountants, attorneys, and other representatives and assistants as may be necessary to assist the Independent Auditor to perform his or her duties under this Paragraph VI;
  2. Account for all expenses incurred, including fees for the Independent Auditor's services and the services of any person employed by the Independent Auditor, in the course of performing his or her duties under this Paragraph VI;
  3. Sign a confidentiality agreement, if requested by Respondents, prohibiting the use, or disclosure to anyone other than the Commission or persons employed by the Independent Auditor, of any confidential information gained as a result of his or her role as Independent Auditor and providing for the return of any confidential information upon termination of the Independent Auditor's duties; and
  4. Report in writing to the Commission concerning Respondents' compliance with Paragraph IV of this Order (i) within sixty (60) days from the date the Commission appoints the Independent Auditor and (ii) annually thereafter on the anniversary of the date this Order becomes final during the remainder of the Independent Auditor's period of appointment, or at any other time as requested by the staff of the Commission.
- B. Respondents shall assist and cooperate with the Independent Auditor in performing his or her duties under this Paragraph VI and shall take no affirmative action, or fail to take any action within Respondents' control, as a result of which the Independent Auditor's ability to fulfill his or her duties as required by Paragraphs IV and VI of this Order would be diminished. In addition to the obligations imposed upon Respondents by Paragraph IV of this Order, Respondents shall:

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1. Provide the Independent Auditor with complete access, subject to any legally recognized privilege, to the personnel, facilities, books, records, and any other information relating to Respondents' obligations under Paragraph IV of this Order; provided, however, that the Independent Auditor shall give Respondents notice of any request and attempt to schedule such access in a manner that will not unreasonably interfere with Respondents' operations;
  2. Compensate the Independent Auditor for (i) his or her services and (ii) the services of such consultants, accountants, attorneys, and other representatives and assistants as are reasonably necessary to the Independent Auditor to perform his or her duties, at reasonable and customary terms and conditions, including payment of reasonable out-of-pocket expenses incurred in the performance of the Independent Auditor's duties; and
  3. Indemnify the Independent Auditor, including any persons retained by the Independent Auditor, and hold all such persons harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Independent Auditor's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from gross negligence, willful or wanton acts, or bad faith by the Independent Auditor.
- B. The Commission may on its own initiative or at the request of the Independent Auditor issue such additional orders or directions as may be necessary or appropriate to monitor compliance with the requirements of Paragraph IV of this Order.

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**VII.**

**IT IS FURTHER ORDERED** that:

- A. If Respondents fail to complete one or more of the divestitures required by Paragraphs II, III and IV of this Order within the time periods specified therein, the Commission may appoint one or more Divestiture Trustees to divest the Great Lakes Assets, the Solvay Assets and/or the Lime Assets that have not been divested to an Acquirer or Acquirers in a manner acceptable to the Commission. The Divestiture Trustee will have the authority and responsibility to divest the Great Lakes Assets, the Solvay Assets and/or the Lime Assets absolutely and in good faith at no minimum price, and with the Commission's prior approval. Neither the decision of the Commission to appoint a Divestiture Trustee, nor the decision of the Commission not to appoint a Divestiture Trustee, to divest any of the assets under this Paragraph VII shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed trustee, pursuant to Section 5(l) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by the Respondents to comply with this Order.
- B. If a Divestiture Trustee is appointed by the Commission or a court pursuant to Paragraph VII of this Order to divest the Great Lakes Assets, the Solvay Assets and/or the Lime Assets to an Acquirer or Acquirers, Respondents shall consent to the following terms and conditions regarding the Divestiture Trustee's powers, duties, authority, and responsibilities:
  1. The Commission may appoint Daniel E. Somes and William M. Troutman, to whose appointments Respondents have previously consented, to serve as, respectively, the Divestiture Trustee for the Great Lakes Assets and the Divestiture Trustee for the Lime Assets. If the Commission appoints Daniel E. Somes as the Divestiture Trustee of the Great Lakes Assets or William M. Troutman as the Divestiture Trustee for the Lime

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Assets, Respondents shall execute a trust agreement with the Divestiture Trustee no later than one (1) business day after appointment by the Commission in the form of the trust agreement attached to the Great Lakes Hold Separate Trustee Agreement and the Lime Hold Separate Trustee Agreement, as the case may be. Respondents shall transfer to the Divestiture Trustee all rights and powers necessary to permit the Divestiture Trustee to divest the Great Lakes Assets or the Lime Assets to an Acquirer or Acquirers and to enter into a purchase and sale agreement(s) and, as applicable, an operating agreement, with the Acquirer or Acquirers.

2. The Commission may select someone other than Daniel E. Somes or William M. Troutman to serve as Divestiture Trustees, subject to the consent of Respondents, which consent shall not be unreasonably withheld. Respondents shall be deemed to have consented to the selection of a proposed substitute Divestiture Trustee if Respondents have not opposed, in writing, including the reasons for opposing, the selection of any proposed substitute Divestiture Trustee within ten (10) days after Respondents' receipt of written notice from the staff of the Commission of the identity of the proposed Divestiture Trustee.
3. Subject to the prior approval of the Commission, the Divestiture Trustee(s) shall have the exclusive power and authority to divest the Great Lakes Assets, the Solvay Assets and/or the Lime Assets to an Acquirer or Acquirers pursuant to the terms of this Order and to enter into a purchase and sale agreement(s) and, as applicable, an operating agreement with the Acquirer or Acquirers pursuant to the terms of this Order, which purchase and sale agreement(s) and, as applicable, operating agreement, shall be subject to the prior approval of the Commission.
4. Except as provided in Paragraph VII.B.1, within ten (10) days after appointment of a Divestiture Trustee, Respondents shall execute a trust agreement that, subject to the prior approval of the Commission and, in the case of a court-appointed trustee,

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of the court, transfers to the Divestiture Trustee all rights and powers necessary to permit the Divestiture Trustee to divest the Great Lakes Assets, the Solvay Assets and/or the Lime Assets to an Acquirer or Acquirers and to enter into a purchase and sale agreement(s) and, as applicable, an operating agreement, with the Acquirer or Acquirers.

5. The Divestiture Trustee shall have twelve (12) months from the date the Commission appoints the Divestiture Trustee to divest the Great Lakes Assets, the Solvay Assets and/or the Lime Assets only to an Acquirer or Acquirers that receives the prior approval of the Commission and only in a manner that receives the prior approval of the Commission. If, however, at the end of the applicable twelve-month period, the Divestiture Trustee has submitted to the Commission a plan of divestiture or believes that divestiture can be achieved within a reasonable time, such divestiture period may be extended by the Commission, or, in the case of a court-appointed trustee, by the court; provided, however, the Commission may extend such divestiture period only two (2) times.
6. The Divestiture Trustee shall have full and complete access, subject to any legally recognized privilege, to the personnel, books, records and facilities of Respondents related to the Great Lakes Assets, the Solvay Assets and/or the Lime Assets, or to any other relevant information, as the Divestiture Trustee may request. Respondents shall develop such financial or other information as the Divestiture Trustee may request and shall cooperate with the Divestiture Trustee. Respondents shall take no action to interfere with or impede the Divestiture Trustee's accomplishment of his or her responsibilities.
7. The Divestiture Trustee shall use his or her best efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, but shall divest expeditiously at no minimum price. The divestitures shall be made only to an Acquirer or Acquirers that receives the prior approval of the Commission and the divestitures shall be accomplished only in a manner that receives the prior approval

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of the Commission; provided, however, if the Divestiture Trustee receives bona fide offers from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the Divestiture Trustee shall divest to the acquiring entity or entities selected by Respondents from among those approved by the Commission; provided further, however, that Respondents shall select such entity within five (5) days of receiving written notification of the Commission's approval.

8. The Divestiture Trustee shall serve, without bond or other security, at the expense of Respondents, on such reasonable and customary terms and conditions as the Commission or a court may set. The Divestiture Trustee shall have the authority to employ, at the expense of Respondents, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the Divestiture Trustee's duties and responsibilities. The Divestiture Trustee shall account for all monies derived from the divestiture and all expenses incurred. After approval by the Commission and, in the case of a court-appointed Divestiture Trustee, by the court, of the account of the Divestiture Trustee, including fees for his or her services, all remaining monies shall be paid at the direction of Respondents. The Divestiture Trustee's compensation shall be based at least in significant part on a commission arrangement contingent on the Divestiture Trustee's locating an Acquirer or Acquirers and assuring compliance with this Order.
9. Respondents shall indemnify the Divestiture Trustee and hold the Divestiture Trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Divestiture Trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from misfeasance, gross

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negligence, willful or wanton acts, or bad faith by the Divestiture Trustee.

10. If the Divestiture Trustee has ceased to act or failed to act diligently, the Commission may appoint a substitute trustee in the same manner as provided in Paragraph VII of this Order.
  11. The Divestiture Trustee shall have no obligation or authority to operate or maintain the Great Lakes Assets, the Solvay Assets or the Lime Assets, as the case may be.
  12. The Divestiture Trustee shall report in writing to the Commission every sixty (60) days concerning his or her efforts to divest the Great Lakes Assets, the Solvay Assets and/or the Lime Assets and Respondents' compliance with the terms of this Order.
- B. The Commission or, in the case of a court-appointed trustee, the court, may on its own initiative or at the request of the Divestiture Trustee issue such additional orders or directions as may be necessary or appropriate to accomplish the divestitures required by this Order.

**VIII.**

**IT IS FURTHER ORDERED** that Respondents shall provide a copy of this Order to each of Respondents' officers, employees, or agents having managerial responsibility for any of Respondents' obligations under this Order, no later than ten (10) days from the date this Order becomes final.

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**IX.****IT IS FURTHER ORDERED** that:

- A. Except as provided in Paragraph IX.B., Respondents shall file a verified written report with the Commission setting forth in detail the manner and form in which they intend to comply, are complying, and have complied with this Order (i) no later than sixty (60) days from the date this Order becomes final, (ii) every sixty (60) days thereafter until the divestitures have been completed, and (iii) at such other times as the Commission may require.
- B. Within sixty (60) days of the Effective Date of Divestiture of the Lime Assets, and annually thereafter until the earlier of (i) ten (10) years from the date on which this Order becomes final, or (ii) the date on which all of the agreements that comprise the Lime Assets Purchase Agreement have terminated or expired, Respondents shall file a verified written report with the Commission setting forth in detail the manner and form in which they intend to comply, are complying, and have complied with Paragraph IV of this Order.
- C. Respondents shall include in their compliance reports, among other things required by the Commission, a description (when applicable) of all substantive contacts or negotiations relating to the divestitures required by Paragraphs II, III and IV of this Order, the identity of all parties contacted, copies of all written communications to and from such parties, all reports and recommendations concerning the divestiture, the date of divestiture, and a statement that the divestiture has been accomplished in the manner approved by the Commission.

**X.**

**IT IS FURTHER ORDERED** that Respondents shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate structure of Respondents such as dissolution, assignment, sale resulting in the emergence of a

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successor corporation, or the creation or dissolution of subsidiaries or any other change in the corporation that may affect compliance obligations arising out of this Order.

**XI.**

**IT IS FURTHER ORDERED** that, for the purpose of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request with reasonable notice to Respondents, Respondents shall permit any duly authorized representative of the Commission:

A. Access, during office hours and in the presence of counsel, to all facilities and access to inspect and copy all non-privileged books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of Respondents relating to any matter contained in this Order; and

B. Upon eight days' notice to Respondents and without restraint or interference from them, to interview officers, directors, or employees of Respondents, who may have counsel present, regarding any such matters.

**XII.**

**IT IS FURTHER ORDERED** that this Order shall terminate on August 8<sup>th</sup>, 2011.

By the Commission.

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**Appendix A****The Excluded Great Lakes Assets includes the following:**

1. cash and cash equivalents;
2. any U.S. insurance policies that do not apply exclusively to the Great Lakes Business and prepaid expenses for any such U.S. insurance policies;
3. sporting tickets to the Toronto Blue Jays, Toronto Raptors, Toronto Maple Leafs, Ottawa Senators and any interest in the Ottawa Senators hockey club;
4. the following pension plans: (i) Blue Circle Inc. Savings Plan for Salaried Employees; (ii) Blue Circle Inc. Savings Plan for Blue Circle Cement Hourly Employees; and (iii) Blue Circle Inc. Pension Plan;
5. subject to item 6 below, intellectual property that is not used exclusively in the Great Lakes Business, provided, however, that, to the extent such intellectual property is used in the Great Lakes Business, Respondents shall grant the Great Lakes Assets Acquirer a perpetual, nonexclusive, paid-up (royalty-free) license to use such intellectual property in the operation of the Great Lakes Business;
6. all rights, including the right to use, in or to any trade name and trademark whether or not registered in any country in the world which includes the term "BLUE CIRCLE" or the "BLUE CIRCLE" design or the term "NEWCEM" or the "NEWCEM" design; provided, however, that the Great Lakes Assets Acquirer shall have rights to use the "BLUE CIRCLE" trade name and trademark and the "NEWCEM" trade name and trademark for a transition period of three months following the Effective Date of Divestiture of the Great Lakes Assets;
7. any titles, leases, licenses or other rights to or in real property other than the real property comprising the Detroit Facility, the

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Bowmanville Plant, the St. Marys Plant, the Great Lakes Terminals, Hutton Transport, the Unused Great Lakes Terminals and the Ready-Mix Operations, provided however, that Respondents shall not be required to divest any titles, leases, licenses or other rights to or in the real property comprising the Unused Great Lakes Terminals if the Commission approves the divestiture of the Great Lakes Assets without the Unused Great Lakes Terminals;

8. rights in and to pits and quarries, including all personal property used to operate such pits and quarries, other than those located at the Bowmanville Plant and the St. Marys Plant, or at Cambridge, Sunderland, Aberfoyle, Brighton, and North London (except the Byron and TCG Asphalt & Construction properties), Ontario, Canada;
9. any books and records that Respondents are required by law to retain, so long as Blue Circle PLC delivers at least one copy thereof to the Great Lakes Assets Acquirer; and
10. all refunds, rebates or similar payments of taxes to the extent such taxes were paid by or on behalf of Blue Circle PLC prior to the Effective Date of Divestiture of the Great Lakes Assets.

**The Excluded Solvay Assets includes the following:**

1. cash and cash equivalents;
2. any insurance policies that do not apply exclusively to the business of the Solvay Terminal and prepaid expenses for any such insurance policies;
3. the following pension plans: (i) Blue Circle Inc. Savings Plan for Salaried Employees; (ii) Blue Circle Inc. Savings Plan for Blue Circle Cement Hourly Employees; and (iii) Blue Circle Inc. Pension Plan;

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4. any plants that manufacture Cement or Slag;
5. all rights, including the right to use, in or to any trade name and trademark whether or not registered in any country in the world which includes the term "BLUE CIRCLE" or the "BLUE CIRCLE" design; provided, however, that the Solvay Assets Acquirer shall have rights to use the "BLUE CIRCLE" trade name and "BLUE CIRCLE" design for a transition period of three months following divestiture of the Solvay Assets;
6. any titles, leases, licenses or other rights to or in real property, except for Blue Circle PLC's lease with CSX Transportation (formerly Consolidated Rail Corporation) dated April 1, 1987;
7. any books and records that Respondents are required by law to retain, so long as Blue Circle PLC delivers at least one copy thereof to the Acquirer of the Solvay Assets; and
8. all refunds, rebates or similar payments of taxes to the extent such taxes were paid by or on behalf of Blue Circle PLC prior to the date of divestiture of the Solvay Assets.

**The Excluded Lime Assets include the following:**

1. cash and cash equivalents;
2. any insurance policies that do not apply exclusively to the Lime Business and prepaid expenses for any such insurance policies;
3. the following pension plans: (i) Blue Circle Inc. Savings Plan for Salaried Employees; (ii) Blue Circle Inc. Savings Plan for Blue Circle Cement Hourly Employees; and (iii) Blue Circle Inc. Pension Plan;
4. any assets used by Respondents to provide site services to the Lime Assets Acquirer under the Lime Site Services Agreement;

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5. any assets used by Respondents to provide lime rock to the Lime Assets Acquirer under the Lime Rock Supply Agreement, including rights in and to pits and quarries and all personal property used to operate such pits and quarries;
6. subject to item 6 below, intellectual property that is not used exclusively in the Lime Business, provided, however, that, to the extent such intellectual property is used in the Lime Business, Respondents shall grant the Lime Assets Acquirer a perpetual, nonexclusive, paid-up (royalty-free) license to use such intellectual property in the operation of the Lime Business;
7. all rights, including the right to use, in or to any trade name and trademark whether or not registered in any country in the world which includes the term "BLUE CIRCLE" or the "BLUE CIRCLE" design provided, however, that the Lime Assets Acquirer shall have the right to use the "BLUE CIRCLE" trade name and trademark for a transition period of three months following the Effective Date of Divestiture of the Lime Assets;
8. in the event the Lime Assets Acquirer chooses to enter into a lease for the real property comprising the Lime Plant (the "Land"), the Land together with related appurtenances, licenses and permits;
9. any railtracks, provided, however, that Respondents shall grant the Lime Assets Acquirer easements to use railtracks on the Calera Site;
10. any collective bargaining agreements;
11. any books and records that Respondents are required by law to retain, so long as Blue Circle PLC delivers at least one copy thereof to the Lime Assets Acquirer; and

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12. all refunds, rebates or similar payments of taxes to the extent such taxes were paid by or on behalf of Blue Circle PLC prior to the Effective Date of Divestiture of the Lime Assets.

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**Confidential Appendix B**

**Appendix C**

Blue Circle PLC Ready-Mix Operations to be divested pursuant to Paragraph II of this Order:

2. Barrie, Ontario
3. Belleville, Ontario
4. Blenheim, Ontario
5. Bowmanville, Ontario
6. Brampton, Ontario
7. Brantford, Ontario
8. Burlington, Ontario
9. Caledon, Ontario
10. Cambridge, Ontario
11. Cobourg, Ontario
12. Elora, Ontario
13. Guelph, Ontario
14. Hamilton, Ontario
15. Hanover, Ontario
16. Hull, Quebec
17. Ingersoll, Ontario
18. Kingston, Ontario
19. Leaside-Toronto, Ontario
20. London, Ontario
21. Maple, Ontario
22. Milton, Ontario
23. Mount Forest, Ontario
24. New Hamburg, Ontario
25. Newmarket, Ontario
26. Niagara (Thorold), Ontario
27. Ottawa (Gloucester), Ontario
28. Ottawa (Kanata), Ontario
29. Perth, Ontario
30. Peterborough, Ontario
31. Sarnia, Ontario
32. Scarborough, Ontario
33. St. Thomas, Ontario

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34. Sutton, Ontario
35. Toronto (Bathurst/Etobicoke), Ontario
36. Wallaceburg, Ontario
37. West Lorne, Ontario
38. Whitby, Ontario
39. Windsor, Ontario
40. Woodstock, Ontario

**Confidential Appendix D**  
**Confidential Appendix E**  
**Confidential Appendix F**

Analysis

**Analysis of the Complaint and Proposed Consent Order to  
Aid Public Comment**

**I. Introduction**

The Federal Trade Commission has accepted for public comment a Decision and Order (“Proposed Order”), pursuant to an Agreement Containing Consent Orders (“Consent Agreement”), against Lafarge S.A. and Blue Circle Industries PLC (collectively “Respondents”). The Proposed Order is intended to resolve anticompetitive effects in the cement and lime markets stemming from the proposed acquisition by Lafarge of Blue Circle (the “Acquisition”). As described below, the Proposed Order seeks to remedy anticompetitive effects of the Acquisition in cement and lime by requiring Respondents to divest certain assets relating to cement to Glens Falls Lehigh Cement Company; to divest certain other assets relating to cement to an acquirer approved by the Commission; and to divest certain assets relating to lime to an acquirer approved by the Commission. The Commission has also issued an Order to Hold Separate and Maintain Assets (“Hold Separate Order”) that, except with respect to the assets to be divested to Glens Falls, requires Respondents to preserve the businesses they are required to divest as viable, competitive, and ongoing operations until the divestitures are achieved.

The Proposed Order, if finally issued by the Commission, would settle charges that the Acquisition may have substantially lessened competition in the markets for cement and lime. The Commission has reason to believe that the Acquisition would violate Section 7 of the Clayton Act and Section 5 of the Federal Trade Commission Act. The proposed complaint (“Complaint”), described below, relates to the basis for this belief.

**II. The Merging Parties and the Acquisition**

Lafarge is a French corporation with global operations in the manufacture and sale of cement and other building materials. Based on 2000 production capacity, Lafarge is one of the top three

## Analysis

cement manufacturers in North America. Lafarge also has an ownership interest in a joint venture with Carmeuse North America Group B.V. that manufactures and sells lime.

Blue Circle is an English corporation with global operations in the manufacture and sale of cement and other building materials. Based on 2000 production capacity, Blue Circle is one of the top five cement manufacturers in North America. Blue Circle also participates in a joint venture with Chemical Lime Company that manufactures and sells lime (the "Lime JV").

On January 8, 2001, Lafarge and Blue Circle entered into an agreement in which Lafarge will pay Blue Circle shareholders approximately \$3.8 billion in cash for the approximately 75% of Blue Circle's outstanding voting stock that Lafarge does not already own.

### **III. The Proposed Complaint**

According to the Complaint, the Acquisition will have anticompetitive effects in two relevant product markets: cement and lime. Cement is a construction raw material that users mix with water and aggregates to form concrete. Cement is made by combining calcium (normally from limestone), silicon, aluminum, iron and other raw materials. Cement manufacturers quarry, crush and grind these raw materials, burn them in kilns at high temperatures and then grind the resulting pellets with gypsum into a fine powder. Lime is used in a variety of applications including, in the steel industry, as a flux to remove impurities. Lime is made by quarrying, crushing, and grinding limestone and then burning it in kilns at high temperatures.

The Complaint also alleges three relevant geographic markets in which to analyze the effects of the Acquisition: (1) the market for cement in the region consisting of the province of Ontario, Canada, all of Michigan and the coastal markets around Lake Superior, Lake Michigan, Lake Huron, Lake Erie and Lake Ontario, including Green Bay and Milwaukee, WI, Chicago, IL, Cleveland, OH and Buffalo, NY (the "Great Lakes Region"); (2)

Analysis

the market for cement in the region within an approximately 70-mile radius of Syracuse, NY, including the metropolitan areas of Syracuse, Utica, Rome, Elmira and Binghamton, NY (the "Syracuse Region"); and (3) the market for lime in the States of Alabama, Georgia and Florida (the "Southeast Region").

The Complaint alleges that the markets for cement in the Great Lakes Region and the Syracuse Region and the market for lime in the Southeast Region are highly concentrated, and the Acquisition, if consummated, would substantially increase that concentration. In the Great Lakes, Lafarge and Blue Circle have a combined share of 47% of the market, and if the Acquisition proceeds, the top four firms would control 91% of the market. In the Syracuse Region, Lafarge and Blue Circle have a combined market share of 68%, and if the Acquisition proceeds, two firms would control 100% of the cement market in the Syracuse Region. In the Southeast Region, if the Acquisition proceeds and the Lime JV remains in place, Chemical Lime, Blue Circle/Lafarge and Carmeuse, through their joint ventures with each other, would link together 85% of the lime market and provide the three firms with incentives to reduce rivalry in the market.

The Complaint further alleges that the Acquisition likely would eliminate direct competition between Respondents, increase the likelihood of coordinated interaction among the remaining firms, and result in increased prices for cement and lime. The Complaint also alleges that entry into the relevant markets would not be timely, likely or sufficient to deter or counteract the adverse competitive effects arising from the Acquisition.

#### **IV. Terms of the Proposed Order**

The Proposed Order is designed to remedy the anticompetitive effects of the Acquisition through three divestitures. First, Lafarge must divest Blue Circle's cement business in the Great Lakes Region within 180 days of the consummation of the Acquisition to a Commission-approved buyer. Second, Lafarge must divest Blue Circle's cement terminal that serves the Syracuse Region to Glens Falls no later than 20 business days after the

## Analysis

closing of the Acquisition. Third, Blue Circle must regain 100% ownership of the Lime JV from Chemical Lime, and then Lafarge must divest Blue Circle's lime business in the Southeast Region within 180 days of the consummation of the Acquisition to a Commission-approved buyer. Lafarge cannot consummate the Acquisition until the Lime JV is unwound. If Respondents do not complete the divestitures within the time specified in the Proposed Order, procedures for the appointment of a trustee to sell the assets have been agreed to and will be triggered.

The Commission has also issued the Hold Separate Order. The purpose of the Hold Separate Order is to prevent interim harm to competition and to preserve the assets to be divested as viable and competitive businesses. The Hold Separate Order requires Respondents to hold Blue Circle's cement business in the Great Lakes Region and Blue Circle's lime business in the Southeast Region separate from the rest of their business operations until Lafarge has divested these assets to a Commission-approved buyer. The Hold Separate Order requires Respondents to preserve and maintain the marketability, viability and competitiveness of the relevant businesses. Respondents have agreed to the appointment of trustees to monitor their compliance with the terms of the Hold Separate Order.

**V. Opportunity for Public Comment**

The Proposed Order has been placed on the public record for 30 days for receipt of comments from interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will again review the Consent Agreement and the comments received and will decide whether to make the Proposed Order final. By accepting the Consent Agreement subject to final approval, the Commission anticipates that the competitive problems alleged in the Complaint will be resolved.

The Commission invites public comment to aid the Commission in determining whether it should make final the Proposed Order contained in the Consent Agreement. The

Analysis

Commission does not intend this analysis to constitute an official interpretation of the Proposed Order, nor does this analysis modify in any way the terms of the Proposed Order.

Complaint

IN THE MATTER OF

**VALUEVISION INTERNATIONAL, INC.**CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 5 AND SEC. 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-4022; File No. 0023308  
Complaint, August 22, 2001--Decision, August 22, 2001*

This consent order addresses representations about two weight-loss products, an internal cleanser, an anti-cellulite lotion, and a topical anti-hair-loss solution disseminated by Respondent ValueVision International, Inc., which operates a live, 24-hour per day television home shopping network. The order, among other things, prohibits the respondent from making any claim not substantiated by competent and reliable scientific evidence that the WeightPerfect Fat Loss Accelerators, Fight the Fat, NutriFirm Perfect Body Solution – or any other food, drug, dietary supplement, or cosmetic – causes substantial weight loss or fat loss; causes substantial loss in body weight or body fat without exercise or restrictions on caloric intake; prevents weight gain, regardless of exercise or caloric intake; increases metabolic rate or burns calories; reduces or eliminates cellulite; suppresses the appetite; causes substantial loss in body weight or body fat while sleeping; prevents the human body from absorbing fat; or enables consumers to lose weight even if they eat foods that are high in fat. The order also prohibits unsubstantiated claims that NutriFirm Internal Cleanser – or any other food, drug, or dietary supplement – alleviates back aches, muscle aches or headaches; alleviates colds, influenza or allergies; or improves impaired memory. In addition, the order prohibits unsubstantiated claims that NutriFirm Vitamin H Serum – or any other food, drug, dietary supplement or cosmetic – prevents or slows the rate of hair loss, including hair loss in women after pregnancy. The order also requires the respondent to offer a complete refund for up to three bottles of the product – or a credit toward the purchase of other ValueVision merchandise– to all purchasers of the covered products from the respondent since February 1, 2000.

*Participants*

For the Commission: *Keith Fentonmiller, Daniel Kaufman, Mary K. Engle, C. Lee Peeler, and Mark Hertzendorf.*

For the Respondent: *Ronald J. Greene, Wilmer, Cutler & Pickering, and Nathan Fagre, ValueVision.*

Complaint

## COMPLAINT

The Federal Trade Commission, having reason to believe that ValueVision International, Inc., a corporation (“respondent”), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent ValueVision International, Inc. (“ValueVision”) is a Minnesota corporation with its principal office or place of business at 6740 Shady Oak Road, Eden Prairie, Minnesota, 55344. ValueVision operates a cable shopping service and is principally engaged in the marketing of a variety of consumer products by means of live, customer-interactive, televised sales programs and through its Internet website (www.vvtv.com). ValueVision produces and disseminates advertising in the form of television programming that is disseminated through cable channels, broadcast stations and satellite dish receivers. This programming markets consumer products directly to viewers.
2. Respondent has advertised, offered for sale, sold and distributed products to the public, including WeightPerfect Fat Loss Accelerator Daytime, WeightPerfect Fat Loss Accelerator Nighttime, Fight the Fat, NutriFirm Perfect Body Solution, NutriFirm Internal Cleanser and NutriFirm Vitamin H Serum. These products are “foods,” “drugs” and/or “cosmetics” within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.
3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

### WeightPerfect Fat Loss Accelerators

4. Respondent has disseminated or has caused to be disseminated advertisements for WeightPerfect Fat Loss Accelerator Daytime and WeightPerfect Fat Loss Accelerator Nighttime (collectively

## Complaint

“Weight Perfect Fat Loss Accelerators”), including but not necessarily limited to the attached Exhibits A through C. According to the product labels, WeightPerfect Fat Loss Accelerator Daytime contains, among other ingredients, pyruvate, citrus aurantium, guarana, St. John’s Wort, white willow bark, ginger root and 5HTP, and WeightPerfect Fat Loss Accelerator Nighttime contains, among other ingredients, pyruvate, melatonin, and various amino acids. The advertisements for the WeightPerfect Fat Loss Accelerators contain the following statements:

- A. ALAN NORTH: This is such an amazing product because it contains -- it contains special proteins amino acids. I'm not going to, you know -- you don't need to hear this but ornithine, arginine, glutamine. Those are natural protein amino acids.

But together in the right combination, what it does is it helps directly -- during sleep, directly stimulate the pituitary gland in the brain to release growth hormone. Why is that important? Because growth hormone which we all have peaks during the night.

And if you're not sleeping well enough, then you're not giving your body an opportunity to repair itself to the cells that have been damaged during the day. So, together with this combination and the melatonin, you're going to help induce sleep and raise the levels of growth hormone and that equals into greater fat mobilization. In other words, you're going to help lose body fat while you're sleeping because of the higher levels of growth hormone.

(Exhibit A, pp. 10-11) (Exhibit A is a transcript of a segment from the ValueVision television show that aired on July 17, 2000).

- B. PAULA (via telephone): Well, Alan mentioned something on his first time on the show about this molecule that's

Complaint

sleeping and some people have it and some people don't have it. Mine went to sleep for years. And this -- these pills I think woke it up.

ALAN NORTH: You know, it's interesting --

HOST: Hum.

ALAN NORTH: It's interesting that you should mention that Paula and a lot of times I'll talk about -- you're referring to the UCP molecule that's located in brown fat.

**ON SCREEN:**

**WeightPerfect**

**V-11550**

**Fat Loss Accelerator**

**Night time formula helps you lose weight by:**

**Restoring healthy sleep patterns**

**Repairing and rejuvenating metabolic functions to  
better burn fat**

**Supplying body with important nutrients**

**1-800-788-2454**

**VALUEVISION**

**vvtv.com**

PAULA: Yes.

ALAN NORTH: That's interesting because, you know, some people that they really -- if that molecule is sort of what I would call shut off -

PAULA: Uh-huh.

ALAN NORTH: -- then this could, of course, like it's done for you, it's reactivated your fat burning molecule --

**ON SCREEN:**

**WeightPerfect**

Complaint

**V-11550****Fat Loss Accelerator****Daytime formula helps you lose weight by:****Boosting your metabolism****Decreasing your appetite****Increasing energy****1-800-788-2454****VALUEVISION****vvtv.com**

PAULA: Right.

ALAN NORTH: -- and simulated that thermogenic effect which is the production of heat within the body. And truly, for some people -- you know, and everyone responds differently but you're obviously someone that this was -- this product was perfect for. . . .

. . .

ALAN NORTH: A lot of people think 50 pounds is so much weight in three months but 50 pounds is not -- I mean, I have seen so many people lose 50 pounds --

PAULA: I know.

ALAN NORTH: -- in 12 weeks.

PAULA: I still have another 50 to go, Alan.

ALAN NORTH: That's very realistic. It's very realistic.  
Paula --

HOST: It's exciting.

. . .

Complaint

ALAN NORTH: . . . And see, with Paula, she's now using it. Of course, she's also eating good and she's making better choices. But occasionally, as she mentioned, it's not -- I mean, it's not -- it's not brutal. She's having occasional popcorn. This isn't about deprivation. . . .

(Exhibit A, pp. 18-22) (Exhibit A is a transcript of a segment from the ValueVision television show that aired on July 17, 2000).

C. ON SCREEN:

**before after (printed above before-and-after photographs that show dramatic contrasts in body fat composition)**  
**Individual results may vary (printed below photographs in extremely small, poorly-contrasting type obscured by background graphics)**

ALAN NORTH: Check this out. This is -- this guy is so awesome. This guy is Johnny. He is somebody that I work with. The funniest guy you can imagine. But 50 pounds overweight and just -- I mean, two knee replacements, had trouble exercising. I mean, he could barely ride a bike for five -- for five minutes and he had trouble exercising.

HOST: Well, look at that difference.

ALAN NORTH: Look at the difference. And, again, that is only 12 weeks, and just like Paula, he also lost 50 pounds.

HOST: Excellent.

ALAN NORTH: Fifty pounds, 12 weeks --

HOST: Incredible.

ALAN NORTH: -- gone.

Complaint

HOST: Incredible.

(Exhibit A, p. 24) (Exhibit A is a transcript of a segment from the ValueVision television show that aired on July 17, 2000).

**D. ON SCREEN:**

**before after (printed above before-and-after photographs that show dramatic contrasts in body fat composition)**

**Individual results may vary (printed below photographs in extremely small, poorly-contrasting type obscured by background graphics)**

ALAN NORTH: . . . This is Elda, another interesting story. Elda lost 38 pounds in 12 weeks. Elda's weight wouldn't budge because she had back problems, was pretty much immobile. Immobile. She had back problems. Her husband calls me every week still to thank me. She's -- she's lost --

HOST: Her husband calls you.

ALAN NORTH: Her husband calls me. She --

HOST: Because she feels good. Her -- and she's happy and she's alive.

ALAN NORTH: I've got to get an updated after [photograph]. That's a 38 pound difference. She's already lost 60. She has lost 60 --

HOST: Oh.

ALAN NORTH: I can't keep up with all the afters. We've got one more, I think. Juanita, again, I can't keep up with the after photos. She's lost 75 pounds. Her weight loss is up to 115. One hundred and fifteen.

Complaint

HOST: Congratulations to all of these people because you know what, they were probably feeling helpless, too, until they met you.

ALAN NORTH: Now -- now, this is an interesting story, too, because now -- now, Hal is somebody that did the Weight Perfect Nutritional Program, got excellent results, had heart problems, was in -- he was actually in the hospital when I met him. Now, he got -- he just -- again, he also plateaued. The Accelerator helped him get to his goal lean weight.

HOST: And Alan is not telling you to go and buy all these special foods. He's saying sit down and eat with your family --

ALAN NORTH: Yes.

HOST: -- and just use some good old-fashioned common sense.

ALAN NORTH: Absolutely.

(Exhibit A, pp. 25-26) (Exhibit A is a transcript of a segment from the ValueVision television show that aired on July 17, 2000).

E. **ON SCREEN:**

**before after (printed above before-and-after photographs that show dramatic contrasts in body fat composition)**  
**Individual results may vary (printed below photographs in extremely small, poorly-contrasting type obscured by background graphics)**

ALAN NORTH: . . . This is an individual that had two knee replacements. He couldn't hardly walk let alone exercise.

## Complaint

HOST: That is so dramatic.

ALAN NORTH: Fifty pounds. Fifty pounds, 12 weeks. I'm going to show how to use the program it's so easy. Fifty pounds in 12 weeks. Look at that. Protected his lean muscle tissue, lost the body fat that was stored, trapped, had nowhere to go.

HOST: That's the deal guys. It has to be easy, too. I mean, there is not a single program that could be easier. I've used it. I know.

(Exhibit B, p. 6) (Exhibit B is a transcript of a segment from the ValueVision television show that aired on July 19, 2000)

**F. ON SCREEN:**

**before after (printed above before-and-after photographs that show dramatic contrasts in body fat composition)**

**Individual results may vary (printed below photographs in extremely small, poorly-contrasting type obscured by background graphics)**

ALAN NORTH: . . . This is Elda. Elda had chronic back pain. Again, like Johnny who you saw earlier who lost fifty pounds in 12 weeks, she couldn't work out either as she was in constant pain. And you can imagine -- I mean, you know, the food that she ate just went to fat. It went straight to fat. Even -- you know, again, if you're totally immobile and you can't move, even if you're making good food choices, a lot of it could go to fat if you're not active.

HOST: Yes.

ALAN NORTH: This is Juanita, 70 pound difference. Look at the difference. You can visually see a big difference. That is, again, in the realm -- this was

Complaint

somewhere between 12 and 14 weeks. Seventy pounds between 12 at 14 weeks. I think it was somewhere –

HOST: Gosh.

ALAN NORTH: I don't know exactly. It was between 12 and 14 weeks. Seventy pounds. She's already lost 115. I've got to get another picture of her. We have another individual I think. Look at this.

HOST: That -- that is the most dramatic one.

ALAN NORTH: Hal, is somebody that did do the Weight Perfect Nutrition but kind of plateaued toward the end. Wanted to get rid of -- they wanted to get rid of their last bit of weight. Put them on the Accelerator, two capsules in the morning, two in the afternoon, a tablespoon of the Nighttime right before they go to sleep. Look at the remarkable difference in 10 weeks.

HOST: You can't even tell this is the same person.

ALAN NORTH: I know.

HOST: Literally can take --

ALAN NORTH: Look at the face.

HOST: He looks 20 years younger.

ALAN NORTH: Look at the chin area, the face area --

HOST: Um-hum.

ALAN NORTH: -- and, of course, the stomach and the arms. Look at the definition. And, again, you can't hold that in. You can't hold that in.

## Complaint

(Exhibit B, pp.7-8) (Exhibit B is a transcript of a segment from the ValueVision television show that aired on July 19, 2000)

G. ALAN NORTH: I'll tell you about the great work. It's funny, Michelle. I had a call -- this was two days ago as a matter of fact --

HOST: Still thick, yes.

ALAN NORTH: -- and it was from a guy -- his name was Tony in New Jersey. And he said Alan, I've been watching and I've ordered the product, I want to just ask you a question. He goes does it work for everybody. I'm like, well, there's a host of factors involved. I mean, you know, it's hard to answer doesn't work for everybody because I don't know what everybody does.

But does it work for everybody? There are certain -- there are certain people that could take this product, the daytime and nighttime, and really be on a very poor nutritional program, be very sedentary, and may not see a difference. He goes well let me tell you something, I have been -- I've tried all the diets that around there, the popular no carb diets and this is the only thing that's worked. I have lost 25 pounds in a matter of two months.

So, again, he really responded to the 24-hour fat loss Accelerator. But, you know, I always recommend -- you don't hear me talking about hey, take these two products and eat whatever you want.

HOST: No.

ALAN NORTH: Nutrition is very, very important.

HOST: Um-hum.

Complaint

**ON SCREEN:**

**before after (printed above before-and-after  
photographs that show dramatic contrasts in body fat  
composition)**

**Individual results may vary (printed below photographs  
in extremely small, poorly-contrasting type obscured by  
background graphics)**

**VALUEVISION**

ALAN NORTH: But a lot of times -- I've heard a lot of feedback. I talk to a lot of the people that order this as you well know and they call the office and they'll ask me questions and they'll talk about their success stories. And so many people have lost a tremendous amount of weight by taking the Accelerator and/or the nutritional system.

But it's interesting. The people that I get that call that say well, I'm having trouble with the eating part of it so I've ordered the Accelerator and I'm on a poor eating program but I wanted to see if this would work. Sometimes they'll say well, gosh, I haven't noticed a lot of difference in weight loss but I've noticed my clothes fitting looser or --

At any rate, see -- and most times -- and, Michelle, you know this, either you all are -- if you have a tendency to put on weight, you're either gaining weight or you're losing weight.

And most people don't really maintain because people with slow metabolic rates tend to accumulate body fat almost on a weekly basis. And I've noticed that even with the people that don't say they've lost a lot of weight with the Accelerator, it's at least preventing a lot of the people from gaining weight.

(Exhibit C, pp. 15-17) (Exhibit C is a transcript of a segment from the ValueVision television show that aired on July 17, 2000).

## Complaint

5. Through the means described in Paragraph 4, respondent has represented, expressly or by implication, that:
- A. The WeightPerfect Fat Loss Accelerators cause substantial loss in body weight or body fat in one to twelve weeks, without exercise or restricting caloric intake.
  - B. The WeightPerfect Fat Loss Accelerators prevent weight gain, regardless of exercise or caloric intake.
  - C. The WeightPerfect Fat Loss Accelerators increase the body's metabolic rate and burn calories.
  - D. The WeightPerfect Fat Loss Accelerator Daytime suppresses the appetite.
  - E. The WeightPerfect Fat Loss Accelerator Nighttime causes substantial loss in body weight or body fat while sleeping.
6. Through the means described in Paragraph 4, respondent has represented, expressly or by implication, that it possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 5, at the time the representations were made.
7. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 5, at the time the representations were made. Among other reasons, the studies relied upon by ValueVision involved subjects who were on restricted calorie diets, and/or exercise programs, and the studies did not involve the specific formulation of the WeightPerfect Fat Loss Accelerators. Therefore, the representation set forth in Paragraph 6 was, and is, false or misleading.

Complaint

Fight the Fat

8. Respondent has disseminated or has caused to be disseminated advertisements for Fight the Fat, including but not necessarily limited to the attached Exhibits D and E. According to the product label and product materials, Fight the Fat contains, among other ingredients, a liquid form of chitosan derived from glucosamine. Advertisements for Fight the Fat contain the following statements:

A. You may have lost the battle, but with “Fight the Fat,” you can win the war. . . . A remarkable 12 to 14 drops absorbs 15 grams of dietary fat. . . . Just add drops to a cold, non-dairy drink, and it helps to reduce caloric intake. . . . You can lose up to five pounds in one month without changing your diet.

(Exhibit D) (Exhibit D appeared on ValueVision’s home page on the Internet, <http://www.vvtv.com>).

B. FEMALE HOST: Those ten pounds have crept up and you just cannot maintain. Maybe you go on a fad diet, you lose the five pounds, you lose the ten pounds and you can't maintain it. No matter what your age, no matter what your lifestyle, no matter what your eating habits are, this system will help you lose weight. It will quite literally melt the pounds off you. I want to introduce FTF. . .

. . .

FEMALE HOST: All right. Who's addicted? Chocolate --

MALE HOST: Chocolate, me.

FEMALE HOST: -- butter, salt, chips. These are foods you can continue to eat, continue to enjoy on July 4th, on your birthday parties, every single day if you want to because this

## Complaint

product will take the fat components, from what I understand --

MALE HOST: Right.

FEMALE HOST: -- in whatever food you're eating --

MALE HOST: In whatever you're eating.

FEMALE HOST: -- and just escort it right out of your body.

MALE HOST: Before it can stick to your chin, to your jowls, to your belly, to your buttocks. It is an amazing product. . . .

(Exhibit E, pp. 1-2) (Exhibit E is a transcript of a segment from the ValueVision television show that aired on June 6, 2000).

- C. MALE HOST: One of the things that we do know, that the way to lose weight is exercise. We do encourage you to exercise because if you exercise, just a simple walk around the block every day, is going to help you lose fat even faster when you use FTF. The other item is that you need to reduce your fat caloric intake.

FEMALE HOST: Um-hum.

MALE HOST: FTF does that . . . .

. . .

FEMALE HOST: I love meat. I'm just one of those people that I crave having beef. Take a look at what's going to happen if you eat your one hamburger. 31 grams of fat, right?

Complaint

**ON SCREEN: Value Vision Showcase  
One Hamburger Has 31 Grams of Fat  
2 Squirts of FTF will absorb 24 Grams of Fat versus 24  
capsules of Chitosan  
1-800-788-2454**

MALE HOST: That's right.

FEMALE HOST: All you need are less than two squirts, is that about the 14 drops?

MALE HOST: About 14 to 20 drops of FTF.

FEMALE HOST: Okay.

MALE HOST: And I'm going to show you how easy it is to use because you just -- I mean, we're talking drops.

FEMALE HOST: Let's take a look at it.

...

MALE HOST: -- and we're going to just drop -- I'm going to take -- I had a steak for dinner tonight.

**ON SCREEN: Value Vision Showcase  
Pizza Has 20 Grams of Fat  
Just 14 drops of FTF will absorb the Fat  
Versus 12 capsules of Chitosan  
1-800-788-2454**

FEMALE HOST: What do I drop this into safely?

MALE HOST: So, one, two, three, four, five, six. You can take this into any kind of fruit juice, grape juice is my personal favorite.

FEMALE HOST: Um-hum.

## Complaint

. . .

MALE HOST: I just -- I am just taking out the fat right now from the filet mignon that I had at dinnertime.

FEMALE HOST: That's amazing.

MALE HOST: It is absolutely amazing, and it works, folks. The thing is that it is just that easy. What, ten seconds it took me? Ten seconds and I'm going to lose the fat from the steak that I had at dinnertime. It is an amazing product and you need to order it right now.

(Exhibit E, pp. 4-7) (Exhibit E is a transcript of a segment from the ValueVision television show that aired on June 6, 2000).

**D. ON SCREEN: Value Vision Showcase  
Fried Chicken has 21 Grams of Fat  
Just 14 drops of FTF will absorb the Fat  
Versus 12 capsules of Chitosan  
1-800-788-2454**

MALE HOST: It's a real big thing in this country and I'm going to tell you it is all fat. Well, I'm going to tell you also, fried chicken, a great staple of the Southern part of this country, it's popular throughout the country. FTF will remove the fat in that chicken before it sticks to your thunder thighs, your big derriere or your chin.

FEMALE HOST: Um-hum, wherever, wherever.

(Exhibit E, p. 22) (Exhibit E is a transcript of a segment from the ValueVision television show that aired on June 6, 2000).

**E. MALE HOST: It is hard to lose weight when you have to be controlled, if you will, okay?**

Complaint

FEMALE HOST: Oh, forget about it.

MALE HOST: But with FTF, you've got two times -- two times a day. Can you afford to give us ten seconds twice a day? Twenty seconds a day, the pounds are going to start dropping off. Six to 12 drops in your drink and I am telling you, you're going to feel better because you're going to look better.

FEMALE HOST: Um-hum.

MALE HOST: Get up and walk around the house a little bit. Get up and walk around the block. Start a little bit of an exercise routine, it's going to help.

FEMALE HOST: Um-hum.

MALE HOST: You're going to drop weight because you're going to be reducing your fat calorie intake because the fat is now bio-unavailable. Give us a call now. Order the product. It's going to change your life, I guarantee it.

...

FEMALE HOST: All right. What happens to that fat after the product takes hold of it and escorts it out of your body? Well, the only way I know of it escorting out of your body is in waste. Does it come out in your waste?

MALE HOST: That's it. Yeah, you --

FEMALE HOST: You don't sweat it out, right?

MALE HOST: No, you don't sweat it out. You kind of poop it out.

FEMALE HOST: You poop it out.

## Complaint

MALE HOST: You poop it out.

FEMALE HOST: It's as simple as that.

MALE HOST: But it's not a big ton and it's not going to -- it doesn't -- no, I mean, you know, you're asking the question, I'm going to tell you.

FEMALE HOST: Yeah.

MALE HOST: You know, you're not going to get diarrhea from this, you won't get the runs. It's not going to happen all of a sudden. It just -- it flows. Trust me, folks, it's easy. It's very, very easy.

(Exhibit E, pp. 26-28) (Exhibit E is a transcript of a segment from the ValueVision television show that aired on June 6, 2000).

9. Through the means described in Paragraph 8, respondent has represented, expressly or by implication, that:
  - A. Fight the Fat enables consumers to lose substantial weight without the need for a change in diet or exercise.
  - B. Fight the Fat enables consumers to lose substantial weight even if consumers eat substantial amounts of foods that are high in fat, including steaks, pizza, hamburgers, butter, fried chicken and chocolate.
  - C. Fight the Fat prevents the human body from absorbing substantial amounts of fat consumed.
  
10. Through the means described in Paragraph 8, respondent has represented, expressly or by implication, that it possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 9, at the time the representations were made.

Complaint

11. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 9, at the time the representations were made. Among other reasons, the studies relied upon by ValueVision involved subjects who were on restricted calorie diets, and the studies did not involve the specific formulation of Fight the Fat. Therefore, the representation set forth in Paragraph 10 was, and is, false or misleading.

NutriFirm Perfect Body Solution

12. Respondent has disseminated or has caused to be disseminated advertisements for NutriFirm Perfect Body Solution, including but not necessarily limited to the attached Exhibits F through H. According to the product label, NutriFirm Perfect Body Solution contains, among other ingredients, coco-caprylate/caprate, and a variety of extracts, including barley, ivy, ladies thistle, mushroom, sweet clover, aloe vera, butchers broom and ginkgo. Advertisements for NutriFirm Perfect Body Solution contain the following statements and depictions:

- A. Soften the look of cellulite on your body. This skin firming product targets the cellulite in your skin by using your own body's natural chemistry. This process tightens and tones the skin while also eliminating sponginess and the orange peel look.

\* \* \*

The "Nutri-Firm Perfect Body" uses the liposomes in your body to move herbs to "target" areas of your skin. Then these herbs release trapped elements in your skin that can cause cellulite.

(Exhibit F) (Exhibit F appeared on ValueVision's home page on the Internet, <http://www.vvtv.com>).

## Complaint

B. HOST: I love this demonstration. It's every woman's nightmare seeing this.

MANUELLA: Cellulite?

HOST: Yes, cellulite. Cellulite.

MANUELLA: Cellulite was my -- cellulite was my big problem. And the reason I -- I think I had it was because I was in really, really good shape. I was not overweight.

...

MANUELLA: So, I went to Darius who -- we were in university at the time and I said listen, come up -- make something for me. So, he did. He started working with all these plant extracts and he created the Perfect Body Solution.

**ON SCREEN:**

**NutriFirm 3<sup>rd</sup> Anniversary Body Kit  
C-17392**

**Includes:**

**(2) Perfect Body Solution \$29.99 each**  
**(3) Stimulating Body Wash \$ 9.50 each**  
**Total Retail Value \$88.48**  
**You Save \$43.53**

HOST: Oh, my gosh.

MANUELLA: He goes I've got that answer for you. I started using it and I tell you, the results I got so quickly. We started giving it to other people because I said, you know, I can't believe it.

And that's how Isomer's Laboratories was created by this Perfect Body Solution. What we've done to it now to make it even better is instead of seven plant extracts in a liposome

Complaint

formulation, it has more than 10 plant extracts now. We've added the red and brown algae.

(Exhibit G, pp. 1-3) (Exhibit G is a transcript of a segment from the ValueVision television show that aired on August 10, 2000).

C. HOST: This is the demo. I love this.

MANUELLA: [holding jar containing red gelatinous substance] This is the stuff underneath the skin. This is sticky. It doesn't work very well. This is lab created problem. The reason is we don't do animal testing so we have to create a synthetic model of what the problem is.

We wanted something to break this down. Now, people say if you have cellulite, if you have cottage cheese loss of elasticity on the skin, they say drink water or --

HOST: Right.

MANUELLA:-- exercise. Well, you know what? We're exercising. [stirs jar] Does it break it down? No. Doesn't break it down. And you know what? This didn't break it down either. I've tried.

HOST: You can spin that for an hour and it wouldn't change.

MANUELLA: It wouldn't change.

HOST: It would just be that thick goop.

MANUELLA: Then they say drink water. [pours water in jar] Believe me, I have drunk swimming pools full of water to get rid of it. What happened? Actually, it absorbs it. Look, it absorbs all the water.

## Complaint

HOST: Oh, my gosh. It gets thicker.

MANUELLA: It gets thicker.

HOST: Ooh.

MANUELLA: And that's why some days your clothes are even tighter or you feel hotter in that area because it's absorbing and it's bloating up. What we did -- this is the plant extracts. This is in the Perfect Body Solution. [pours solution into jar]

You go in, you rub it in on that area, and what you find -- look. It breaks it down.

HOST: Wow.

MANUELLA: It liquefies it.

HOST: Fun.

MANUELLA: Now, when you drink water, now if you exercise, what happens? You can literally get rid of the problem. You can actually smooth your skin --

HOST: Oh, my gosh.

MANUELLA: -- and this is what we want to do. With the Perfect Body Solution, we are going to address the needs of your body. Is it slimming? Is it toning? Is it lifting? Is it firming? This system will do it for you.

The reason is the plant extracts in that liposome formulation. It's got the red and brown algae to give you that instant lift. It is very, very nourishing, very, very moisturizing.

Complaint

I tell you as a women and as a scientist, this is the best body cream for you. And I'll tell you why. Nutritionally it is complete for the body. Structurally it is the molecular size the pores need, not to be clogged, but to be moisturized.

(Exhibit G, pp. 5-7) (Exhibit G is a transcript of a segment from the ValueVision television show that aired on August 10, 2000).

- D. HOST: Not on your life. I love capri pants. I can tell you that. But it's -- but it's very true. When you look in the mirror and you don't like what you see, the first thing that you do is try to hide it. Let's try to correct it. And there's a difference.

So, now if you help to correct the problem, if you help to minimize the appearance of the cellulite and you actually break that up underneath the skin so it's all smooth and wonderful, you have a whole new way of looking at yourself in the mirror.

Cellulite has nothing to do with weight, does it?

MANUELLA: It has nothing to do with weight.

HOST: No. No.

(Exhibit H, pp. 5-6) (Exhibit G is a transcript of a segment from the ValueVision television show that aired on August 11, 2000).

- E. MANUELLA: What I did is I went to my husband, I said you've got to come up with something, you've got to create something for me and he did. He went to the laboratory, came up with all the plant extracts, butcher's broom, ladies' thistle, mushroom, all things that are known to help with that problem.

## Complaint

What I'm going to do now is I'm going to show you how this product actually works. This is a lab-created sample of the problem. This is the guck that is underneath our skin that creates that cottage cheese look.

HOST: Can you imagine? Yikes.

MANUELLA: Right. And what you can see is that -- it's not --

HOST: It's very goopy and sticky.

MANUELLA: It's very goopy, sticky, and you can't massage it away. They say, you know, massage and exercise. You'll get rid of it. Take a look at female marathon runners. They're in excellent shape and they have cellulite because it has nothing to do with exercise.

Drink water. Well, I'm adding water and massaging. What happens? It absorbs all the water.

HOST: Um-hum.

MANUELLA: Why? Because this is -- it loves water. It needs to expand. It's going to grow. That's why when you wear certain outfits, they are snug on you sometimes because of the fact that the cellulite is actually growing, you're becoming bloated.

What you want is the eight plant extracts in the liposome formulation. You just take it, rub it in, and what you're going to find, it's going to decongest. Look at that. It breaks it down.

Why is this important? Now, this is underneath your skin. You don't have that cottage cheese look. It is soft. It is smooth. It is much better underneath the skin to give you that streamline, that contoured look that you want.

Complaint

(Exhibit H, pp. 6-7) (Exhibit H is a transcript of a segment from the ValueVision television show that aired on August 11, 2000).

- F. HOST: All the time. Because I just think women get very distressed about seeing cellulite on their bodies. Other people get distressed about seeing cellulite. You know what? And it seems like they look at the cellulite. They don't see anything else.

MANUELLA: Um-hum.

HOST: They don't see anything else about you. They see the cellulite. It's like a little magnet that just draws the eye to that area to that imperfection. Well, you have a way to help with that problem and it is called Perfect Body.

We do have it available for you here at Value Vision. And if you get it in the anniversary kit, you're going to save \$43.53. The total retail value -- here at Value Vision the retail value is \$88.48.

...

HOST: You have an alternative and your alternative is Isomers. Your alternative is Manuella and Darius because they're scientists. So, we're getting this directly from them. There are no middlemen. There are no big huge department stores that you have to pay overhead for. That's the beauty of this product.

So, we hope that you can dial through and take advantage of it, and as we like to say, just say no to cellulite. Just say no to cellulite. That's what's so important. This is a lot of fun.

(Exhibit H, pp. 26-28) (Exhibit H is a transcript of a segment from the ValueVision television show that aired on August 11, 2000).

## Complaint

13. Through the means described in Paragraph 12, respondent has represented, expressly or by implication, that NutriFirm Perfect Body Solution substantially reduces or eliminates cellulite.

14. Through the means described in Paragraph 12, respondent has represented, expressly or by implication, that it possessed and relied upon a reasonable basis that substantiated the representation set forth in Paragraph 13, at the time the representations were made.

15. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representation set forth in Paragraph 13, at the time the representations were made. Therefore, the representation set forth in Paragraph 14 was, and is, false or misleading.

NutriFirm Internal Cleanser

16. Respondent has disseminated or has caused to be disseminated advertisements for NutriFirm Internal Cleanser, including but not necessarily limited to the attached Exhibits I and J. According to the product labels for NutriFirm Internal Cleanser, the first part of the system, "Detox," contains, among other ingredients, psyllium husk powder, alfalfa leaf powder and dandelion root powder; the second part of the system, "Restore," contains, among other ingredients, lactobacillus acidophilus and bifodobacterium longum. Advertisements for NutriFirm Internal Cleanser contain the following statements:

- A. Internal Cleanser feeds the cells and removes pollutants, aiding those who suffer from constipation, colds, flu, headaches, allergies, weight problems, impaired memory, stress, back and muscle ache, breath and body odors and skin problems. . . . The greatest benefits of this detoxification program is [sic] for those who are very busy and are exposed to processed foods, stress and environmental pollutants. It also helps those who suffer

Complaint

from headaches, allergies, fatigue, digestive problems, skin problems, smoke, drink or cravings.

(Exhibit I) (Exhibit I appeared on ValueVision's home page on the Internet, <http://www.vvtv.com>).

- B. MANUELLA: If you suffer from a lot of headaches, a lot of times you'll notice that they will -- they will pass. If you have a lot of allergies, you'll notice that they'll subside. So, you'll see a lot of changes in your body once you detoxify.

(Exhibit J, p. 5) (Exhibit J is a transcript of a segment from the ValueVision television show that aired on August 11, 2000).

C. ON SCREEN:

**NutriFirm Detox and Restore Capsules - 2 bottle set  
C-17395**

**An Internal Cleansing Program may help those who  
suffer**

**from:**

...

**Colds**

**Flu**

**Headaches**

**Allergies**

...

**Impaired memory**

HOST: Okay. Colds, flu -- well, you know, if you've got a lot of bacteria hanging around in your body, of course -- I mean, really. If you've got a lot of stuff that isn't supposed to be there, bacteria, it's going to wreak havoc. It's going to be in a big play ground. Oh, let's have a good time.

MANUELLA: Um-hum.

## Complaint

HOST: We're just going to do whatever we want to right now.

MANUELLA: Um-hum.

HOST: So, it is very important that we get rid of it.

(Exhibit J, p. 7) (Exhibit J is a transcript of a segment from the ValueVision television show that aired on August 11, 2000).

D. MANUELLA: -- two in the morning, and you're done. This is going to pass through your system. It's going to clean it up. It's going to wake in the system. You're going to find that the headaches subside. You feel better. You look better. You have energy because the body --you're taking rid of all of that sediment --

HOST: Um-hum.

MANUELLA: -- that's been hanging around. Think about this. You wash your dishes every day after each meal, right? If you didn't wash your dishes, what would happen after a week? If you kept eating off the same dish -- we do the same thing with our body.

(Exhibit J, p. 13) (Exhibit J is a transcript of a segment from the ValueVision television show that aired on August 11, 2000).

17. Through the means described in Paragraph 16, respondent has represented, expressly or by implication, that:

- A. NutriFirm Internal Cleanser alleviates backaches, muscle aches, and headaches.
- B. NutriFirm Internal Cleanser alleviates colds, influenza and allergies.

Complaint

C. NutriFirm Internal Cleanser improves impaired memory.

18. Through the means described in Paragraph 16, respondent has represented, expressly or by implication, that it possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 17, at the time the representations were made.

19. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 17, at the time the representations were made. Therefore, the representation set forth in Paragraph 18 was, and is, false or misleading.

NutriFirm Vitamin H Serum

20. Respondent has disseminated or has caused to be disseminated advertisements for NutriFirm Vitamin H Serum, including but not necessarily limited to the attached Exhibit K. According to the product label, NutriFirm Vitamin H Serum contains biotin and soy isoflavones. Advertisements for NutriFirm Vitamin H Serum contain the following statements:

A. MANUELLA: But this serum does many things. When you put it up or on it, apply it to the scalp, the works on strengthening the hair, on the - strengthening the shaft, on cleaning up the follicle, improving the circulation, and feeding your scalp the Vitamin H.

HOST: So if you're losing hair, balding -

MANUELLA: If you know when you -

HOST: - gray -

MANUELLA: Exactly. Exactly. When you shampoo your hair and you see all that hair fall out in the bathtub, you know, in the shower, and you -

## Complaint

HOST: Yes.

MANUELLA: - say, "Look at that," or it's in your brush, you will notice a remarkable difference when you start -

HOST: Oh, my gosh.

MANUELLA: -- using this product.

. . .

HOST: Women of all ages, and men, too.

MANUELLA: Especially women after pregnancy, when they give birth, they usually tend to lose their hair in clumps, that didn't happen to me because I'm using the serum. I got to keep my hair longer -

HOST: You're lucky.

MANUELLA: Which is what we want to do. We want to slow down the fall-out. And this is what Vitamin H serum is designed to do. It helps us with the scalp. It moisturizes. It nourishes. It softens. It strengthens the hair.

(Exhibit K, pp. 1-2) (Exhibit K is a transcript of a segment from the ValueVision television show that aired on February 29, 2000).

B. MANUELLA: That's the thing. What happens is your hair starts to fall out. Remember your hair grows in three stages; okay? So when you were - when your hair is coming out of your head you - you want it so that the growth stage and the fall-out stage actually match each other so that it's not falling out faster than it's growing.

HOST: Very -

Complaint

MANUELLA: With most people what happens is your fall-out happens faster than your growth, so you end up with splitting hair. You end up with bald patches. With this Vitamin H serum we have put amino acids and strengtheners in there that help allow the scalp to retain the hair. It actually helps keep it right in there.

So that what I noticed after pregnancy was that I was not like my girlfriends, who were losing clumps and clumps of hair. I wasn't losing. I was taking my shower and I'm looking down and there was nothing on the bathroom floor. There was nothing on the bathroom floor-

HOST: You're kidding me. Nothing?

MANUELLA: - nothing on the shower curtain.

(Exhibit K, pp. 8-9) (Exhibit K is a transcript of a segment from the ValueVision television show that aired on February 29, 2000).

C. MANUELLA: - what we're doing with this product. We are reducing the rate that it falls out at, so - which is very important, so that you get to retain the hair.

HOST: Uh-huh.

MANUELLA: The hair stays fuller and it's thicker.

(Exhibit K, p. 11) (Exhibit K is a transcript of a segment from the ValueVision television show that aired on February 29, 2000).

21. Through the means described in Paragraph 20, respondent has represented, expressly or by implication, that NutriFirm Vitamin H Serum prevents or reduces hair-loss, including hair-loss in women after pregnancy.

## Complaint

22. Through the means described in Paragraph 20, respondent has represented, expressly or by implication, that it possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 21, at the time the representations were made.

23. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 21, at the time the representations were made. Therefore, the representation set forth in Paragraph 22 was, and is, false or misleading.

24. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices, and the making of false advertisements, in or affecting commerce in violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this twenty-second day of August, 2001, has issued this complaint against respondent.

By the Commission, Chairman Muris not participating.

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**VALUEVISION**

**WEIGHTPERFECT FAT LOSS ACCELERATORS**

DATE RECORDED: JULY 17, 2000



1                   HOST: Hello. Thank you. This is my -- this is my man.

2                   ALAN NORTH: We haven't worked together in what, a decade?

3                   **ON SCREEN: Alan North vtv.com Lynne Schacher**

4                   HOST: I know. I know. It's been a long time. Guys, I am so, so

5 serious. This is -- this is something that if you have not ordered this before, you need

6 to do it today and here is why. I'm just going to let you talk in a minute.

7                   ALAN NORTH: We have a special price, too.

8                   HOST: I will let him talk then just a minute. But this works. This

9 works. I have two children under my belt. I have always been a little apprehensive --

10                  ALAN NORTH: Um-hum.

11                  HOST: -- of going to the beach. I just went to the beach and I was not

12 apprehensive and it is thanks to this guy. If you have been using Weight Perfect, if

13 you've been using the powder formula, if you've been using the Accelerator, call us.

14 We want to hear from you.

15                  ALAN NORTH: Absolutely.

16                  HOST: This is your time to get on the air and say you know what, I

17 have got the before and after picture, too, and I am going to show it off.

18                  ALAN NORTH: Right.

19                  HOST: Okay. But you know what? We have to take care of business.

20                  **(Break in tape.)**

21                  HOST: -- the basic premise is a what your basic premise is. Eat -- you

22 have to supply your body with food --

23                  ALAN NORTH: You've got to eat. You've got to.

24                  HOST: -- then just get up off the couch.

25                  ALAN NORTH: You have to eat to lose body fat. Remember,

26 traditional diets don't work.

27                  HOST: I used to starve myself as a dancer.

1 ALAN NORTH: You know what?  
2 HOST: The least amount you could eat was the best.  
3 **ON SCREEN:**  
4 **V-11550**  
5 **Retail Value \$99.95**  
6 **S&H \$4.49**  
7 **REGULAR PRICE \$59.95 (slashed out)**  
8 **SPECIAL PRICE \$49.95**  
9 **This Visit Only**  
10 **WeightPerfect 24-Hr. Fat Loss Accelerator (30 day supply)**  
11 **1-800-788-2454**  
12 **VALUEVISION**  
13 **vvtv.com**  
14 ALAN NORTH: I'm telling you I starved myself. When I was 18  
15 years old, I went on one of those -- you remember when all of the yogurt places -- the  
16 frozen yogurt shops were all over the place --  
17 HOST: Oh, yeah, yeah, yeah.  
18 ALAN NORTH: You couldn't walk around the corner --  
19 HOST: Yeah.  
20 ALAN NORTH: -- without seeing a frozen yogurt place. I ate only  
21 yogurt for six weeks. I became emaciated. I went from 215 pounds to 165, lost  
22 nothing but muscle, was sluggish, had headaches all day, and then I gained all the way  
23 up to 300 pounds and I was just sick about it.  
24 HOST: Now --  
25 ALAN NORTH: I --  
26 HOST: -- Alan, let's focus on this right now.  
27 ALAN NORTH: Okay. Let's go for it.

1                   HOST: We -- you know what we're doing is we're probably switching  
2 the show order  
3 around --

4                   ALAN NORTH: Okay.

5                   HOST: -- because I'm really a little bit nuts for this product --

6                   ALAN NORTH: I know. It's so great.

7                   HOST: -- and it is a relatively new product as well.

8                   ALAN NORTH: Right.

9                   HOST: It has to be easy, right? Alan is not telling you to eat  
10 everything that you want to eat in the world, oh yeah, you're going to drop the weight.  
11 No, no, no, that's not what he's telling you. He's telling you common sense take care  
12 of yourself. But this is a product, guys, that really -- it does --

13                   ALAN NORTH: It --

14                   HOST: -- what our body doesn't do anymore. That's what I've found,  
15 Alan.

16                   ALAN NORTH: It is so -- I mean, this is -- as far as a fat burning  
17 product, I mean, I cannot think of a product on the market that comes close. My job  
18 is to work with our researchers --

19                   HOST: Um-hum.

20                   ALAN NORTH: -- and create products for you that are -- that are real.  
21 I mean, I am so tired of the junk out there. This is a two-part product. Okay. It has  
22 daytime and nighttime formula. The daytime formula is packed with the safest  
23 ingredients. Again --

24                   HOST: I love that word.

25                   ALAN NORTH: -- we needed the -- we needed the product to work  
26 but so many products out there have ingredients and they actually do work as far as fat  
27 loss but they have negative effects. You know what I'm talking about. You've heard

1 about ephedrine. You've heard about mahuang, ephedra.

2 HOST: Yeah.

3 ALAN NORTH: It does burn body fat. However, associated with that

4 body fat some people have major jitters, feel nervous, feel anxious --

5 HOST: Like you drank a pot of coffee.

6 ALAN NORTH: -- feel --

7 HOST: That's what you feel like.

8 ALAN NORTH: Yeah. More than a pot of coffee.

9 HOST: Um-hum.

10 ALAN NORTH: Your heart is racing, your blood pressure can be

11 elevated, you have headaches, and that's not what this is all about. This is a product

12 that is extremely effective. Instead of ephedrine, the main ingredient in the daytime

13 formula is a very simple ingredient called citrus aurantium. It is derived -- it's a

14 natural herb derived from the bitter orange tree. It contains --

15 HOST: What does it do for my body?

16 ALAN NORTH: It helps you -- it helps -- what it helps is stimulate

17 cells that would otherwise burn fat. See, all of us have special cells in the body that

18 work as fat burning incinerators. That's why some people can get away with eating

19 hot dogs -- you know people who can eat pizza and burgers and hot dogs.

20 HOST: Well, I could do that when I was 18.

21 ALAN NORTH: Yes. Yes.

22 HOST: I can't do that anymore.

23 ALAN NORTH: And some people could have done it when they were

24 younger.

25 HOST: Um-hum.

26 ALAN NORTH: The fact is sometimes those cells shut down and they

27 no longer work if some genetic process that shuts those cells down. What citrus

1     aurantium does is it stimulates those cells to be reactivated so that you can naturally  
2     increase your metabolic rate.

3             So, what happens to ingested food that you eat, it has a better  
4     opportunity to be burned rather than stored. Also, in addition -- see, this is a product  
5     that helps attack fat in a variety of ways. It helps you burn fat, ingested fat that you  
6     eat, and also stored fat.

7             See, the fat that's stored -- that gets stored on your body, you know --  
8     you know what I'm talking about. You have it on your stomach, on your legs,  
9     anywhere on the body. It is just trapped energy that has nowhere to go because -- and  
10    this is partly due because of those cells being inactive.

11            Citrus aurantium, which is the main ingredient that has no negative  
12    effects, reactivates those cells so that you can become a fat burning machine. Now,  
13    along with that, there's other ingredients that work and have been proven to work by  
14    themselves.

15            For example, citrus aurantium we know works by itself. Now, there's  
16    other ingredients. Guarana. Guarana is a natural form of caffeine. It's not mega  
17    dosed because you don't need to mega dose it. Guarana by itself helps you burned fat.

18            Well, scientists in recent discoveries have found that when you  
19    combine the two together, you have an even greater fat burning effect. But not only  
20    that, there's also pyruvate), a very effective fat burning ingredient. In fact, the more  
21    weight you need to lose, the better pyruvate works.

22            So, again, you're having a very good synergy with all of these  
23    ingredients. Not only that -- and we haven't even gotten to the -- to the nighttime  
24    product. So, it is --

25            HOST: It's incredible, guys. Get to the phones. I'm going to call you  
26    to action.

27            ALAN NORTH: It's going to help -- is going to help you with your

1 appetite because there's 5HTP, hydroxytryptophen (phonetic). It's a protein that helps  
2 -- that's an immediate precursor to serotonin. What does that mean?

3 Serotonin -- if your levels of serotonin are low, your appetite -- you're  
4 never going to feel full. That's going to help you with your appetite. And in addition,  
5 there is trace essential minerals that most people do not get enough of such as  
6 chromium, magnesium, and vanadium..

7 HOST: So, you're nourishing the body as well?

8 ALAN NORTH: Absolutely.

9 HOST: Um-hum.

10 ALAN NORTH: And then not only that, see, this is designed to help  
11 you burn fat throughout the day but then you have the nighttime formula that does a  
12 complete different function. The --

13 HOST: So, let's go -- that's  
14 there -- before we move on --

15 ALAN NORTH: Okay.

16 HOST: -- the daytime, when I take it?

17 ALAN NORTH: You take it real simply in the morning at 10:00 a.m.  
18 and in the afternoon at 2:00 p.m.

19 HOST: So, you get up and you have your breakfast --

20 ALAN NORTH: Right.

21 HOST: -- and you let your body do whatever it needs to do, and then -  
22 - the kind of time where we do feel -- we tend to drag a little bit that late morning,  
23 that's when we want to take this.

24 ALAN NORTH: Absolutely.

25 HOST: On an empty stomach?

26 ALAN NORTH: Absolutely. On an empty  
27 stomach --

1 HOST: Um-hum.

2 ALAN NORTH: -- to see -- just do it either an hour before you eat or  
3 an hour after. It's really simple.

4 **ON SCREEN:**

5 **WeightPerfect**

6 **V-11550**

7 **Fat Loss Accelerator**

8 **Daytime formula helps you lose weight by:**

9 **Boosting your metabolism**

10 **Decreasing you appetite**

11 **Increasing energy**

12 **1-800-788-2454**

13 **VALUEVISION**

14 **vvtv.com**

15 ALAN NORTH: Now, with the nighttime, this is an incredible  
16 product. And, again, I want you to point  
17 out --

18 HOST: It tastes really good, too.

19 ALAN NORTH: It tastes great. The nighttime product is not a  
20 capsule. It happens to be a liquid.

21 HOST: Um-hum.

22 **ON SCREEN:**

23 **V-11550**

24 **Retail Value \$99.95**

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ALAN NORTH: Okay. The nighttime formula focuses on the relationship between body fat and sleep. A lot of people are thinking what is he talking about, what in the world would sleep have to do with weight loss. Sleep has so much to do with weight loss.

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**V-11550**  
**Fat Loss Accelerator**  
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**Repairing and rejuvenating metabolic functions to better burn fat**  
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ALAN NORTH: We have a clinical nutritionist that we work with. One of the very first questions that he asks his clients -- asks the people that we work with is how much sleep do you get and what is the quality of sleep like that you get? First of all, you need to get seven -- seven to nine hours of sleep a night and it needs to be a very good quality of sleep.

HOST: Yeah, right.

ALAN NORTH: Because if it's not -- you really do. You really do

1 because --

2 HOST: I know I need it but how do you get it?

3 ALAN NORTH: Well, this is a product that helps with that.

4 HOST: It does. That's my point. It really does allow your body  
5 somehow to go into that deeper sleep pattern. I have a problem getting there and this  
6 really does that.

7 **ON SCREEN:**

8 **V-11550**

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18 ALAN NORTH: This is such an amazing product because it contains -  
19 - it contains special proteins amino acids. I'm not going to, you know -- you don't  
20 need to hear this but ornithine, arginine, glutamine. Those are natural protein amino  
21 acids.

22 But together in the right combination, what it does is it helps directly --  
23 during sleep, directly stimulate the pituitary gland in the brain to release growth  
24 hormone. Why is that important? Because growth hormone which we all have peaks  
25 during the night.

26 And if you're not sleeping well enough, then you're not giving your  
27 body an opportunity to repair itself to the cells that have been damaged during the

1 day. So, together with this combination and the melatonin, you're going to help  
2 induce sleep and raise the levels of growth hormone and that equals into greater fat  
3 mobilization. In other words, you're going to help lose body fat while you're sleeping  
4 because of the higher levels of growth hormone.

5 HOST: Now, Alan has given you all of the specifics about both of  
6 these. I want to talk to you emotionally. I don't care if you're female, male, whatever  
7 it is. I'm going to go into my world for just a minute. I had -- just to tell you how I  
8 felt like there was nothing else that I could ever do and how --

9 ALAN NORTH: Right.

10 HOST: -- when I met Alan I really thought, you know what, I'm going  
11 to try this just because I'm supposed to, to air it for you, I'd better know what they  
12 taste like, I'd better know if this works or not just so I could give you my  
13 interpretation of it.

14 ALAN NORTH: Right.

15 HOST: I kept saying to people like my mom, oh, I just had a baby, I  
16 just had a baby. Finally after about two years after my second child was born, she  
17 said no, you didn't and it woke me up like crazy.

18 ALAN NORTH: Interesting.

19 HOST: And it was about that same time that I met you.

20 ALAN NORTH: Interesting.

21 HOST: I met Alan and I said you know what, I'm going to try. I don't  
22 have the time to diet. I hate that word. I don't have the time to exercise. This better  
23 be easy and it better be good or I'm not going to have anything to do with it. And,  
24 Alan, this product I -- I could do it without having to interrupt what my family ate --

25 ALAN NORTH: Um-hum.

26 HOST: -- and interfere with them in anyway. It tastes great. I feel  
27 like I'm having a milkshake --

1                   ALAN NORTH: Um-hum.

2                   HOST: -- instead of depriving my body. And because Alan was  
3                   telling me to eat all the time and nourish my body, I never felt hungry, I never got  
4                   crabby.

5                   So, if you're the same way like I was and you're thinking you know  
6                   what, I don't have the time, it's got to be easy, nothing works, I've tried everything,  
7                   call me. I want your testimonials if you've been using this. And if you look in the  
8                   mirror -- this is beach season for you. And if you tend to hide and not go out there  
9                   and not want to let anybody see you --

10                  ALAN NORTH: Right.

11                  HOST: We've all been there. The majority of us have been there.  
12                  Call me, guys. This works.

13                  ALAN NORTH: And there's nothing more rewarding for me to hear  
14                  somebody call and say Alan, this has finally worked. And, again, this -- this -- the  
15                  process of losing weight --

16                  HOST: Um-hum.

17                  ALAN NORTH: -- is difficult because -- in reality, it's difficult in  
18                  your own imagination because of all the past diets that you've done. Your  
19                  expectations for future diets -- you can -- you can say well gosh, how could this work,  
20                  everything else has failed.

21                  But remember, this is about nutrition. Again, I know that this is a  
22                  popular product but I want people to focus on nutrition because that's going to  
23                  maximize your results and, of course, do a little bit of exercising. But, again, this is  
24                  about facts. All you do with this product -- it's really simple. You're going to take --  
25                  you're going to take two capsules in the morning. I just want to show you this, too --

26                  HOST: Um-hum.

27                  ALAN NORTH: -- how gentle on the -- it's not a big horse tablet.

1 Look at that. It's a very fine powder. You're taking two capsules. It's very gentle on  
2 the stomach. It's very highly absorbable.

3 And then now, you take the nighttime. I'll just show you how this  
4 works. First off, you want to shake a nighttime up. You do want to refrigerate the  
5 nighttime right before going to sleep. And you take the nighttime product -- the  
6 nighttime liquid which is --

7 HOST: I would taste it for you but I can't because it does relax your  
8 body.

9 ALAN NORTH: It does. It gives you a night's calming -- it doesn't  
10 give the tranquilizer effect --

11 HOST: Um-hum.

12 ALAN NORTH: -- but it does give you a relaxing and calm effect.

13 HOST: Guys, get to the phones.

14 ALAN NORTH: It helps you sleep.

15 HOST: Don't wait until the end, guys. Okay.

16 ALAN NORTH: Mix it with water and that's it. You take this right  
17 before going to sleep. We do recommend to try not to eat three hours prior to taking  
18 because that will interfere with the uptake of the nutrients in the nighttime formula.

19 So, again, two capsules in the morning, two the afternoon, a  
20 tablespoon -- a full tablespoon right before going to sleep of the nighttime and you're  
21 going to give your body 24-hour help. Twenty-four hour help.

22 If your body just kind of -- no matter what you eat -- if you're one of  
23 those people that no matter what you eat and it just kind of -- your cells are sort of  
24 lazy, it just doesn't process the food and it naturally just distributes that food and  
25 stores it as fat, this is a product that can help you lose body fat, but more importantly,  
26 help you twenty-four hours a day.

27 Again, I encourage you, please, if you are on the program -- a lot of

1 people ask if I'm on the Weight Perfect Nutritional Program, can I use the  
2 Accelerator. The answer, of course, is yes. You're going to --

3 HOST: Oh, they were all designed to go together.

4 ALAN NORTH: You're going to maximize your results. Now --

5 HOST: Um-hum.

6 ALAN NORTH: -- the answer is can I use it if I'm not on the Weight  
7 Perfect Program, the answer is still yes. But I encourage you to if you're just starting  
8 off and you want to make the most incredible difference, you want to shock yourself,  
9 also ask your sales operator about the nutritional food supplements either in the form  
10 of the powder which is what I recommend before the bars and use the bars as backup.

11 HOST: The bars are backup.

12 ALAN NORTH: And, you know, if you can --

13 HOST: Um-hum.

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27 ALAN NORTH: If you can, you want to cover all bases, get all three.

1 But, again, just think about what product would work best for you based on what I'm  
2 telling you and just choose.

3 HOST: Let's go to the phones and chat with Paula. Hi, Paula.

4 **ON SCREEN:**

5 **V-11520**

6 **SA&H \$6.79**

7 **\$44.95**

8 **WeightPerfect**

9 **WeightPerfect Nutrition Bars**

10 **24-Bars (Choice)**

11 **1-800-788-2454**

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13 **vvtv.com**

14 ALAN NORTH: All right.

15 HOST: Welcome to the show.

16 PAULA: Yes. Hi, Lynne.

17 HOST: How are you?

18 PAULA: Hi. I spoke to Alan before.

19 ALAN NORTH: Hi, Paula.

20 **ON SCREEN:**

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3                   **vvtv.com**  
4                   PAULA: Hi, Alan. I bought -- I bought when you first introduced the  
5 program.  
6                   ALAN NORTH: Uh-huh.  
7                   HOST: Okay.  
8                   PAULA: And I just bought my fourth kit.  
9                   ALAN NORTH: Oh, wow.  
10                  HOST: Good for you.  
11                  ALAN NORTH: Wow. What's --  
12                  PAULA: I lost 50 pounds in three months.  
13                  ALAN NORTH: Wow.  
14                  HOST: Fifty pounds.  
15                  ALAN NORTH: All right.  
16                  HOST: Paula, congratulations.  
17                  PAULA: See, I don't know how -- Lynne, you were always thin. I  
18 mean, I stopped smoking and I got really big. I have another 50 to lose.  
19                  ALAN NORTH: Fifty pounds in three -- oh, that's awesome. Yep.  
20                  HOST: How do you feel?  
21                  PAULA: I feel wonderful. It's -- my daughter-in-law is on it also. It  
22 really works.  
23                  HOST: It does. Thank you.  
24                  PAULA: Tell everybody not to hesitate. The shakes are delicious.  
25                  HOST: Um-hum.  
26                  PAULA: The bars are delicious.  
27                  ALAN NORTH: So, Paula, you basically covered all bases. You did

1 the shakes, the bars, and the Accelerator?

2 PAULA: Right. Right. And I eat --

3 ALAN NORTH: Oh, that's awesome.

4 PAULA: And I eat two meals a day because I work.

5 **ON SCREEN:**

6 **before & after (photographs)**

7 **Individual results may vary**

8 **VALUEVISION**

9 ALAN NORTH: What about -- did you do any exercising?

10 PAULA: Yeah. I go over a treadmill. I do a mile a day on the

11 treadmill.

12 ALAN NORTH: Paula, will you do me one favor?

13 HOST: Incredible.

14 ALAN NORTH: Just do me one favor.

15 PAULA: Um-hum.

16 ALAN NORTH: I want your before and after and I want to show you

17 off the next time I come to Value Vision.

18 PAULA: Yeah. But, Alan, I never took a picture of myself.

19 ALAN NORTH: Find one.

20 HOST: Find one.

21 ALAN NORTH: You've got one. Find one. Find one. You sound

22 like me. I never want to dig up those before.

23 PAULA: I hate it.

24 HOST: Okay.

25 PAULA: But the thing is nobody should hesitate. I tried everything. I

26 mean --

27 HOST: Um-hum.

1 PAULA: -- I tried the Dr. Atkins. That's too brutal with the -- no  
2 carbohydrates. That's brutal.

3 ALAN NORTH: Right.

4 HOST: Right.

5 PAULA: At least with Alan's diet you can go to the movies and have  
6 popcorn.

7 HOST: Um-hum.

8 ALAN NORTH: Right.

9 PAULA: You can have a baked potato.

10 HOST: That's right.

11 PAULA: You can eat the good carbos.

12 HOST: It just works with life.

13 ALAN NORTH: Exactly.

14 PAULA: It's good. It's really good. I mean, you can't go have a hot  
15 fudge sundae. I mean, that you can't have. I mean, let's face it. But you can still lose  
16 a lot of weight eating sensibly and not bad.

17 ALAN NORTH: Well --

18 HOST: Why do you think, Paula -- why do you think if when you've  
19 gotten to the point where you've tried everything and nothing was working for you,  
20 why do you think this worked? What was it?

21 PAULA: Well, Alan mentioned something on his first time on the  
22 show about this molecule that's sleeping and some people have it and some people  
23 don't have it. Mine went to sleep for years. And this -- these pills I think woke it up.

24 ALAN NORTH: You know, it's interesting --

25 HOST: Hum.

26 ALAN NORTH: It's interesting that you should mention that Paula  
27 and a lot of times I'll talk about -- you're referring to the UCP molecule that's located

1 in brown fat.

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13 PAULA: Yes.

14 ALAN NORTH: That's interesting because, you know, some people  
15 that they really -- if that molecule is sort of what I would call shut off --

16 PAULA: Uh-huh.

17 ALAN NORTH: -- then this could, of course, like it's done for you,  
18 it's reactivated your fat burning molecule --

19 **ON SCREEN:**

20 **WeightPerfect**

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22 **Fat Loss Accelerator**

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3                   PAULA: Right.

4                   ALAN NORTH: -- and simulated that thermogenic effect which is the  
5 production of heat within the body. And truly, for some people -- you know, and  
6 everyone responds differently but you're obviously someone that this was -- this  
7 product was perfect for. So --

8                   **ON SCREEN:**

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19                  PAULA: Right. Because I was a smoker. I was a very heavy smoker.  
20 And I stopped smoking and that's when you blossom.

21                  ALAN NORTH: Right.

22                  PAULA: And no diet in the world helped me.

23                  ALAN NORTH: Well --

24                  PAULA: Nothing.

25                  HOST: Well, you --

26                  PAULA: It was a nightmare.

27                  HOST: Well, you took care of the most important thing first --

1                   ALAN NORTH: Fifty pounds.

2                   HOST: -- when you quit smoking. Congratulations on that.

3                   ALAN NORTH: A lot of people think 50 pounds is so much weight in  
4 three months but 50 pounds is not -- I mean, I have seen so many people lose 50  
5 pounds --

6                   PAULA: I know.

7                   ALAN NORTH: -- in 12 weeks.

8                   PAULA: I still have another 50 to go, Alan.

9                   ALAN NORTH: That's very realistic. It's very realistic. Paula --

10                  HOST: It's exciting.

11                  ALAN NORTH: -- thank you so much.

12                  PAULA: Thank you, Alan.

13                  ALAN NORTH: Thank you --

14                  HOST: Bye, Paula.

15                  ALAN NORTH: I just want to kind of --

16                  HOST: Bye-bye.

17                  ALAN NORTH: -- want to recap on what Paula  
18 was saying because it's very important. See, what happens is --

19                  HOST: Incredible.

20                  ALAN NORTH: See -- and I don't want to get -- I know -- you know,  
21 the producer might complain that I get too technical and I don't want to sound  
22 technical but this is body fat -- this is what body fat looks like in the body. Okay. It's  
23 this -- you know, it doesn't look good. It's very unpleasant looking.

24                  This is commonly referred to -- even though this is yellow, this is  
25 commonly referred to by scientists as white fat. Okay. White fat is the bad fat. It's  
26 the bad fat that makes you look unpleasant. It's the dimply fat, you know, with all the  
27 funny names that people have made of it.

1 HOST: Fat is fat.

2 ALAN NORTH: Yeah. Fat is fat.

3 HOST: Fat is fat.

4 ALAN NORTH: And 95 percent of your -- the body fat on your body  
5 is made up of white fat. But there's also what's called a good fat. There's a good fat  
6 that's called brown fat or otherwise known as BAT, brown adipose tissue. That  
7 brown fat is located in the neck area, above the kidneys. That fat actually helps keep  
8 your body warm when you're cold.

9 But scientists made it, like Paula was mentioning, a very important  
10 discovery. They found located within brown fat, the good fat, there's special  
11 molecules that help incinerate fat. They're called fat burning incinerators. And in  
12 some people that have a genetic tendency to put on fat easily, that -- that molecule is  
13 actually turned off.

14 By adding these substances that are safe and natural, you're  
15 reactivating those fat burning processes and creating what's called thermogenesis  
16 which is a natural fat -- it's a natural process like digestion.

17 And see, with Paula, she's now using it. Of course, she's also eating  
18 good and she's making better choices. But occasionally, as she mentioned, it's not -- I  
19 mean, it's not -- it's not brutal. She's having occasional popcorn. This isn't about  
20 deprivation. You're turning those fat -- you're unlocking --

21 HOST: It's tools.

22 ALAN NORTH: It's like a key. It's like a key that you're ingesting  
23 that's unlocking your body's own fat burning potential.

24 **ON SCREEN:**

25 **before & after (photographs)**

26 **Individual results may vary**

27 **VALUEVISION**

1                   HOST: Guys, get to the phones. Please don't wait until the end of the  
2 show. I have done enough shows with Alan --

3                   ALAN NORTH: This --

4                   HOST: -- to see what happens at the end of the show.

5                   ALAN NORTH: Especially -- especially at this price. It was tough to  
6 come up with this price. Again, this was the introductory price. We sold out over  
7 7,000 units. We -- we sold out, basically. And so, now it's back at this price. The  
8 phones are packed. So, please if you really want to try this, don't wait until the end of  
9 the hour because you're going to be on hold.

10                  HOST: This visit only. Let's talk about some of these before and  
11                  afters they've been showing up here, Alan.

12                  ALAN NORTH: If we could -- if we can go through all of them, that  
13                  would be great. This is Todd. I think we're going to go back to the beginning. I'll  
14                  show you everybody. Everyone has a little bit of a story here.

15                  This is CB. CB was making some better food choices, had a very  
16                  sluggish metabolic rate. She was working out with the trainer, couldn't get the results.  
17                  This is only -- this is less than 12 weeks.

18                  Now, I also want to point out that something -- about something that's  
19                  interesting. I got a call from CB because I wanted to get -- she was looking so great, I  
20                  saw her -- I saw her in the gym, my brother's gym in Dallas and I go CB, you are  
21                  looking awesome. We've got to get an after photograph of you. She goes you better  
22                  hurry because I'm two months pregnant.

23                  HOST: So, in that photo, Alan --

24                  ALAN NORTH: That photo --

25                  HOST: -- she's two months pregnant?

26                  ALAN NORTH: -- she's two months pregnant --

27                  HOST: Excellent.

1                   ALAN NORTH: -- just to give you an idea how wonderful --  
2                   HOST: Excellent.  
3                   ALAN NORTH: -- the wonderful results that she got. And she's  
4 doing incredible. Of course, now she's pregnant. So she's not on the Accelerator but  
5 she is still using the drinks. And, of course, you don't want to be on any type of  
6 caloric restriction when you're pregnant. But, again, she's still using the drinks  
7 because her protein requirement, of course, goes up when she's pregnant.  
8                   HOST: Get to the phones, guys. They're heating up.  
9                   ALAN NORTH: Look at some more --  
10                  HOST: I'm so excited for every single one of you.  
11                  ALAN NORTH: Check this out. This is -- this guy is so awesome.  
12 This guy is Johnny. He is somebody that I work with. The funniest guy you can  
13 imagine. But 50 pounds overweight and just -- I mean, two knee replacements, had  
14 trouble exercising. I mean, he could barely ride a bike for five -- for five minutes and  
15 he had trouble exercising.  
16                  HOST: Well, look at that difference.  
17                  ALAN NORTH: Look at the difference. And, again, that is only 12  
18 weeks, and just like Paula, he also lost 50 pounds.  
19                  HOST: Excellent.  
20                  ALAN NORTH: Fifty pounds, 12 weeks --  
21                  HOST: Incredible.  
22                  ALAN NORTH: -- gone.  
23                  HOST: Incredible.  
24                  ALAN NORTH: We got a whole bunch more. This is Todd who you  
25 saw a minute ago. Todd -- interesting story about Todd is he lost a lot of weight.  
26 See, this before -- in fact, I wish I had another before of him because -- you see, look  
27 at that before photograph. That before photograph is actually -- was his after because

1 he was 50 pounds heavier than that before.

2 HOST: Heavier than that one.

3 ALAN NORTH: So -- and he was kick boxing. He was -- he was  
4 doing aerobic exercise. But what happened with Todd is see, he plateaued. It's  
5 interesting to point this out because see, people have a set point in their weight, okay,  
6 where their weight -- he -- you know, we know people -- look -- well, I'm just going  
7 to point out the after.

8 HOST: You get stuck.

9 ALAN NORTH: I'll talk about this when we get back in a second but  
10 look at the after. This is an eight week difference. Eight week difference.

11 HOST: Eight weeks.

12 ALAN NORTH: Look at the difference. He just plateaued --

13 HOST: What are you waiting for?

14 ALAN NORTH: -- he plateaued on his weight loss program. Think  
15 we have a couple more --

16 HOST: Um-hum.

17 ALAN NORTH: -- pictures. I'll show you some more. This is Elda,  
18 another interesting story. Elda lost 38 pounds in 12 weeks. Elda's weight wouldn't  
19 budge because she had back problems, was pretty much immobile. Immobile. She  
20 had back problems. Her husband calls me every week still to thank me. She's -- she's  
21 lost --

22 HOST: Her husband calls you.

23 ALAN NORTH: Her husband calls me. She --

24 HOST: Because she feels good.

25 Her -- and she's happy and she's alive.

26 ALAN NORTH: I've got to get an updated after. That's a 38 pound  
27 difference. She's already lost 60. She has lost 60 --

1                   HOST: Oh.

2                   ALAN NORTH: I can't keep up with all the afters. We've got one  
3 more, I think. Juanita, again, I can keep up with the after photos. She's lost 75  
4 pounds. Her weight loss is up to 115. One hundred and fifteen.

5                   HOST: Congratulations to all of these people because you know what,  
6 they were probably feeling helpless, too; until they met you.

7                   ALAN NORTH: Now -- now, this is an interesting story, too,  
8 because now -- now, Hal is somebody that did the Weight Perfect Nutritional  
9 Program, got excellent results, had heart problems, was in -- he was actually in the  
10 hospital when I met him. Now, he got -- he just -- again, he also plateaued. The  
11 Accelerator helped him get to his goal lean weight.

12                  HOST: And Alan is not telling you to go and buy all these special  
13 foods. He's saying sit down and eat with your family --

14                  ALAN NORTH: Yes.

15                  HOST: -- and just use some good old-fashioned common sense.

16                  ALAN NORTH: Absolutely.

17                  HOST: We have to go the phones and talk with Susan.

18                  ALAN NORTH: All right.

19                  HOST: Susan, thanks so much for waiting. Welcome to the show.

20                  SUSAN: Hi. Hi, Alan.

21                  ALAN NORTH: Hi, Susan.

22                  SUSAN: You know, I just bought the product the last time you -- it  
23 was on the show.

24                  ALAN NORTH: Right.

25                  SUSAN: And I started taking it I'd say the end of last -- the beginning  
26 of last week and -- and since last Wednesday, I've lost 13 pounds.

27                  ALAN NORTH: All right. Since last Wednesday?

1 SUSAN: Since last Wednesday.

2 ALAN NORTH: Wow. Now, which product --

3 HOST: Susan, you go.

4 ALAN NORTH: Now, Susan, which product are you talking about?

5 SUSAN: The daytime and the nighttime formula.

6 ALAN NORTH: Okay.

7 SUSAN: I've been taking them together. And one of the things that's  
8 been very helpful is I'm -- I have terrible insomnia and I'm sleeping so much better.

9 HOST: I noticed that difference, too, Susan.

10 ALAN NORTH: Oh, gosh. Susan, that is an excellent point that I  
11 don't even talk about enough that so many people have insomnia and that could be a --  
12 I've spoken with a sleep specialist -- a sleep doctor who said you're right, Alan, I've  
13 seen you on tv, insomnia can be -- I mean, not being able to sleep can have a major,  
14 major negative effect on your metabolic rate. So, gosh, congratulations.

15 HOST: Susan, tell us a little bit about yourself. I mean, I always like  
16 to ask this question. Did you feel like you were just hitting a wall, that nothing was  
17 working?

18 SUSAN: I have tried everything, everything you can possibly imagine,  
19 and I feel like nothing -- no matter how much I stick to a food plan and watch what I  
20 eat, nothing has helped me jump start my metabolism.

21 ALAN NORTH: That is so great.

22 SUSAN: And I've been so depressed about it because I've been getting  
23 some problems --

24 ALAN NORTH: Sure.

25 SUSAN: -- with my legs and my mobility and I've been in and out of  
26 work.

27 ALAN NORTH: Oh, man.

1                   SUSAN: You know, I don't want to lose my job because of my  
2 mobility problems.

3                   ALAN NORTH: Sure.

4                   SUSAN: So, this has been the first thing that's been actually giving me  
5 any ray of hope. So, thank you so much.

6                   **ON SCREEN:**

7                   **WeightPerfect**

8                   **V-11550**

9                   **Fat Loss Accelerator**

10                  **Night time formula helps you lose weight by:**

11                  **Restoring healthy sleep patterns**

12                  **Repairing and rejuvenating metabolic functions to better burn fat**

13                  **Supplying body with important nutrients**

14                  **1-800-788-2454**

15                  **VALUEVISION**

16                  **vvtv.com**

17                  HOST: So, everybody at home -- everyone who's watching right now,  
18 Susan, tell everybody again, just in case people are -- you know, have the sink on, the  
19 water going, something like that --

20                  ALAN NORTH: Right.

21                  HOST: -- how much by using the product for a week and how much  
22 did you lose in a week?

23                  SUSAN: Thirteen pounds.

24                  ALAN NORTH: That's great.

25                  **ON SCREEN:**

26                  **WeightPerfect**

27                  **V-11550**

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**Fat Loss Accelerator**  
**Daytime formula helps you lose weight by:**  
**Boosting your metabolism**  
**Decreasing you appetite**  
**Increasing energy**  
**1-800-788-2454**  
**VALUEVISION**  
**vvtv.com**  
SUSAN: It's amazing.  
HOST: How do you feel? I mean, how does your body feel? How  
does your energy level feel?  
SUSAN: Oh, I feel so much better. I'm moving so much better. It's  
amazing.  
ALAN NORTH: Susan --  
HOST: And you're sleeping better.  
ALAN NORTH: Now, Susan, let me ask --  
SUSAN: I'm definitely sleeping better. I haven't slept in years.  
**ON SCREEN:**  
**V-11550**  
**Retail Value \$99.95**  
**S&H \$4.49**  
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**VALUEVISION**

1 **vvtv.com**

2 ALAN NORTH: Susan, let me ask you this. I know that you're using  
3 the Accelerator. You've lost 13 pounds. What about as far as -- have you made any  
4 changes nutritionally?

5 SUSAN: Oh, absolutely.

6 ALAN NORTH: Good..

7 SUSAN: I've been eating less -- one of the things that, you know, it  
8 said on the bottle and I was  
9 a little skeptical, it said that -- you know, that it had -- it helped your appetite.

10 ALAN NORTH: Yes.

11 SUSAN: I am not as hungry. And -- you know, that's never been quite  
12 my -- always my reason for eating. But I found that since I haven't been as hungry, I  
13 really have not felt the need to eat.

14 ALAN NORTH: Right.

15 SUSAN: So, I'm eating much less food. I'm pretty -- sticking between  
16 about 1800 calories which has been very helpful.

17 ALAN NORTH: That's good. If you're not using the food  
18 supplements, Susan, definitely keep your protein levels up, try to eat frequently  
19 throughout the day, eat five smaller meals throughout the day, and in combination  
20 with the Accelerator, the weight loss is going to continue to melt off. Great story.

21 SUSAN: Thank you so much.

22 ALAN NORTH: Thank you, Susan.

23 HOST: Susan, thank you for taking the time to call. Appreciate it.

24 ALAN NORTH: That's so awesome.

25 SUSAN: Thank you.

26 HOST: That's really awesome.

27 ALAN NORTH: And I do want to point out, again, I know that -- I

1 know that this is a very exciting program. Obviously, it's at a great price.

2 HOST: Look at our phones. Stay on there, guys. Don't hang up.

3 We're very, very busy as you can imagine. Everybody --

4 **(The program was concluded.)**

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**VALUEVISION**

**WEIGHTPERFECT FAT LOSS ACCELERATORS**

DATE RECORDED: JULY 19, 2000

Exhibit B

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**PROCEEDINGS**

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**WEIGHT PERFECT**

HOST: Hello, everyone. Welcome back to ValueVision. I'm so excited. Alan North, I get -- you know, I came in last night during my night off --

**ON SCREEN: Alan North vvtv.com Lynne Schacher**

ALAN NORTH: I know.

HOST: -- during my night off and I stayed here because this is your last show and I'm so excited to have one final opportunity to let everybody get on this.

ALAN NORTH: Oh, that's wonderful.

HOST: I'm Lynne Schacher. This is Alan North, Weight Perfect.

ALAN NORTH: I have a 6:00 a.m. flight tomorrow.

HOST: This -- it's now or never. You're gone at 6:00 a.m..

ALAN NORTH: Thanks for coming in again.

HOST: Not a problem. Happy to do it.

ALAN NORTH: Appreciate it.

HOST: Here's why. I started this product about a year ago with the powders. We're going to show you everything that Alan has to offer. When I had hit a dead end and thought all those extra 15 baby pounds are never going to go away, I met Alan. So, we're going to talk about it. But before we do, call early to do --

**(Break in tape.)**

HOST: We do have to focus on basically two items and that's because you're leaving --

ALAN NORTH: Right.

HOST: -- and the price goes up.

ALAN NORTH: Right.

1                   HOST: So, that's why if you're wondering well, Lynne, why aren't you  
2 spending as much time on the powders -- on the meal replacements as you are some  
3 of these other items, that's because in about 55 minutes, the price will change.

4                   **ON SCREEN:**

5                   **V-11550**

6                   **Retail Value \$99.95**

7                   **S&H \$4.49**

8                   **REGULAR PRICE \$59.95 (slashed out)**

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14                  **vvtv.com**

15                  ALAN NORTH: Right.

16                  HOST: And that's -- we were doing a special for this visit that Alan is  
17 here, and that's it guys. This is where we're going to start the presentation.

18 Everything else though we will show is coming up and will show as still available  
19 because we want you to have access to everything that Alan has to offer. But this is  
20 where we're going to start.

21                  If you are someone who needs to lose that last five pounds and your  
22 metabolism has stopped, if you needed to lose -- you have 30 pounds left but your  
23 body has hit a set point --

24                  ALAN NORTH: Yes.

25                  HOST: -- Alan, you have found for us -- you've created for us  
26 something that's going to work for every single person out there to get their  
27 metabolism revved back up and ready to go.

1                   ALAN NORTH: Well, this is a product that can really be influential in  
2 helping you speed up that metabolic rate so you can burn more calories faster, more  
3 calories and fat more efficiently while -- during the day while you're awake and  
4 working and doing all the activities that you do during the day. But there's also a  
5 product that helps while you're sleeping at night because so many companies don't  
6 focus on what happens during the night.

7                   HOST: Um-hum.

8                   ALAN NORTH: And during the night is so important. Lots of  
9 metabolic processes are happening while you're sleeping. And why not ingest  
10 something that's healthy that's going to help you burn those calories not only during  
11 the day but while you're sleeping. So, you have a two-part product here, daytime and  
12 nighttime formula.

13                  HOST: Oh, I love that. Say that again.

14                  ALAN NORTH: It's a -- it's a --

15                  HOST: Two part product.

16                  ALAN NORTH: It's a two-part product. It's really -- this is a -- this is  
17 a weight loss system that was designed specifically -- now, keep in mind if this is you,  
18 then this is for you.

19                  HOST: Um-hum.

20                  ALAN NORTH: If you are somebody that has a struggle like I do -- I  
21 was a hundred pounds overweight. If you're just tuning in and you haven't seen me  
22 before, I was a hundred pounds overweight. I've worked with so many different types  
23 of people.

24                  My average client -- I used to train people every day all day long and  
25 counsel people nutritionally. My average client, when I first met somebody, was a  
26 hundred pounds overweight. So, again, of course, I recommend a good eating and I  
27 recommend some moderate exercise. You don't need to kill yourself in the gym. But

1 why not make it easier --

2 HOST: Um-hum.

3 ALAN NORTH: -- and that's what we've developed. We have  
4 developed a system that's a supplement is to complement. It's designed to  
5 complement a good nutritional program, a good exercise program, and can help you --  
6 at -- first of all, it can put an end to the weight gain because people that put on body  
7 fat -- and believe me I can -- I can identify.

8 If you put on fat real easily, the one thing that's interesting is that  
9 we've noticed that people constantly are putting on weight. It's just like this never-  
10 ending cycle. When you have fat cells and -- and you efficiently store fat, those fat  
11 cells can expand indefinitely.

12 HOST: Um-hum.

13 ALAN NORTH: In other words, you can continue to gain body fat  
14 and keep piling on fat and what happens to that stored energy, it just sits there. It gets  
15 --

16 HOST: It does.

17 ALAN NORTH: It gets trapped. This is what it is.

18 HOST: It does.

19 ALAN NORTH: This is what it looks like. It's trapped energy.

20 HOST: Um-hum.

21 ALAN NORTH: And we have designed a formula that helps you burn  
22 calories. It's been scientifically proven with many, many different studies. It's a two-  
23 part product. The daytime formula has specific ingredients that stimulate a process  
24 known as thermogenesis, that fat burning process. It creates -- it creates energy, heat  
25 production within the body naturally.

26 And, again, some people that lack the capacity to burn fat and calories  
27 on their own, what happens to the food that you eat? Several things. One of three

1 things can only happen. There's only three things that can possibly happen. One, you  
2 eat food, what happens to it? It meets the energy requirements for the day. Okay.

3 HOST: And then what does it do?

4 ALAN NORTH: Two -- two, it gets either -- if it doesn't do that, it  
5 gets stored as fat.

6 HOST: Um-hum.

7 ALAN NORTH: Or three, which is real important, it gets burned off.  
8 It gets burned off by special cells of the body that are located within brown adipose  
9 tissue, brown fat. Those cells help incinerate the fat that you eat and store in fat so  
10 that you don't store it.

11 Well, that latter process is known as thermogenesis and some people  
12 naturally lack this capacity. And scientists have found that certain people -- and this  
13 is one of the problems with obesity and there's lots of problems. There's -- there's  
14 genetics. In fact --

15 HOST: Um-hum.

16 ALAN NORTH: -- scientists have found an OB -- it's called the OB  
17 gene where certain people have a gene where you put on fat easily and you can, of  
18 course, identify with it because your mother may be overweight or your father may be  
19 overweight or both parents could be overweight and you can see a lot of your relatives  
20 are overweight. But one of the reasons that people put on fat is because they lack the  
21 special molecule to burn fat that's located in cells throughout the body.

22 HOST: Do you mean they literally lack it?

23 **ON SCREEN:**

24 **before & after (photographs)**

25 **Individual results may vary**

26 **VALUEVISION**

27 ALAN NORTH: Well, no, I'm sorry. Let me rephrase. I made a

1 mistake. You don't lack it. You have it. You have the cell but it's just turned off.

2 HOST: It's turned off.

3 ALAN NORTH: This is an example of somebody that --

4 HOST: Uh.

5 ALAN NORTH: -- that has the capacity to lose weight but those cells

6 weren't working properly. Look at the difference here. This is an 11 week difference.

7 She lost over 30 pounds in 11 weeks.

8 HOST: In 11 weeks.

9 ALAN NORTH: And she was eating right. She was exercising. This

10 is an individual that had two knee replacements. He couldn't hardly walk let alone

11 exercise.

12 HOST: That is so dramatic.

13 ALAN NORTH: Fifty pounds. Fifty pounds, 12 weeks. I'm going to

14 show how to use the program it's so easy. Fifty pounds in 12 weeks. Look at that.

15 Protected his lean muscle tissue, lost the body fat that was stored, trapped, had

16 nowhere to go.

17 HOST: That's the deal guys. It has to be easy, too. I mean, there is

18 not a single program that could be easier. I've used it. I know.

19 ALAN NORTH: Got some more photographs.

20 HOST: Um-hum.

21 ALAN NORTH: We have a whole bunch of photographs we're going

22 to show you in just a couple --

23 HOST: We'll just keep moving on through them for you.

24 ALAN NORTH: Let's go right down.

25 HOST: Absolutely. How much did this guy lose?

26 ALAN NORTH: Fifty pounds. This is 30 pounds in eight weeks.

27 HOST: Wow.

1                   ALAN NORTH: Thirty pounds in eight weeks. And that before  
2 photograph when I first met Todd, he was a hair- dresser. He is a hairdresser, he was  
3 kick boxing, he was working out with a trainer, he was on the treadmill, and his  
4 weight just plateaued. He needed that extra lift, that extra boost.

5                   And, again, I don't recommend taking the ephedrine-based products.  
6 This is not about ephedrine. It's not about mahuang. It's not going to make you jittery  
7 --

8                   HOST: Um-hum.

9                   ALAN NORTH: -- not going to make you  
10 feel nervous, not going to make you feel depressed.  
11 This is Elda. Elda had chronic back pain. Again, like Johnny who you saw earlier  
12 who lost fifty pounds in 12 weeks, she couldn't work out either as she was in constant  
13 pain.

14                   And you can imagine -- I mean, you know, the food that she ate just  
15 went to fat. It went straight to fat. Even -- you know, again, if you're totally  
16 immobile and you can't move, even if you're making good food choices, a lot of it  
17 could go to fat if you're not active.

18                   HOST: Yes.

19                   ALAN NORTH: This is Juanita, 70 pound difference. Look at the  
20 difference. You can visually see a big difference. That is, again, in the realm -- this  
21 was somewhere between 12 and 14 weeks. Seventy pounds between 12 at 14 weeks.  
22 I think it was somewhere --

23                   HOST: Gosh.

24                   ALAN NORTH: I don't know exactly. It was between 12 and 14  
25 weeks. Seventy pounds. She's already lost 115. I've got to get another picture of her.  
26 We have another individual I think. Look at this.

27

1                   HOST: That -- that is the most dramatic one.

2                   ALAN NORTH: Hal, is somebody that did do the Weight Perfect

3 Nutrition but kind of plateaued toward the end. Wanted to get rid of -- they wanted to

4 get rid of their last bit of weight. Put them on the Accelerator, two capsules in the

5 morning, two in the afternoon, a tablespoon of the Nighttime right before they go to

6 sleep. Look at the remarkable difference in 10 weeks.

7                   HOST: You can't even tell this is the same person.

8                   ALAN NORTH: I know.

9                   HOST: Literally can take --

10                  ALAN NORTH: Look at the face.

11                  HOST: He looks 20 years younger.

12                  ALAN NORTH: Look at the chin area, the face area --

13                  HOST: Um-hum.

14                  ALAN NORTH: -- and, of course, the stomach and the arms. Look at

15 the definition. And, again, you can't hold that in. You can't hold that in.

16                  **ON SCREEN:**

17                  **V-11550**

18                  **Retail Value \$99.95**

19                  **S&H \$4.49**

20                  **REGULAR PRICE \$59.95 (slashed out)**

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24                  **1-800-788-2454**

25                  **VALUEVISION**

26                  **vvtv.com**

27                  HOST: I know. It really is dramatic. Let's tell everybody how you use

1 this because you know what?

2 ALAN NORTH: Okay.

3 HOST: For it to work with me -- I have a career. I have two children.

4 For this to work for me, it had to be easy. It had to be.

5 ALAN NORTH: I'm going to --

6 HOST: Let's tell everybody how easy this is.

7 ALAN NORTH: I'm going to show you how easy it is to use --

8 HOST: Yeah.

9 ALAN NORTH: -- and then I'm going to give you a little bit of the

10 mechanics of how it works in the body.

11 HOST: Um-hum.

12 ALAN NORTH: Okay. Look, you have -- the daytime is capsules.

13 Okay. So, you want to take the daytime, of course, during the day right in the

14 morning. On the bottle, it's going to say at 10:00 in the morning and then at 2:00 in

15 the afternoon. You don't have to take it at 10:00 and 2:00, although we recommend it.

16 It could be at 9:00 and 1:00 or 11:00 and 3:00. But I want to demonstrate that it's not

17 a horse tablet.

18 HOST: That's what I love.

19 ALAN NORTH: This is just very natural herbal ingredients that have

20 been proven to burn fat.

21 HOST: That -- so, that just means it's going to go to work so fast --

22 ALAN NORTH: Very --

23 HOST: -- into your system, isn't it?

24 ALAN NORTH: It is. It goes --

25 HOST: Yeah.

26 ALAN NORTH: -- right to the system. It's not going to sit there. It

27 doesn't -- there's no binders and fillers. This doesn't disintegrate. Look how -- look

1       how gentle it is. It's very gentle on a stomach. Easy to swallow.

2                       HOST: Twenty four hours.

3                       ALAN NORTH: Basically -- you'll notice on the bottle, too, it says

4       take on an empty stomach. By definition, it's real easy. Don't be confused. You take

5       an hour before you eat or an hour after.

6                       HOST: Um-hum. Um-hum.

7                       ALAN NORTH: So, two in the morning, two in the afternoon. And,

8       again, it could be at 11:00 and 3:00, it could be 10:00 and 2:00, it doesn't matter.

9                       HOST: And you -- and you know what I do though? If I'm off, I just

10       take it no matter what time.

11                      ALAN NORTH: Yes.

12                      HOST: Like if I don't have it with me and I forget --

13                      ALAN NORTH: Well --

14                      HOST: -- and I go home and I take it right away.

15                      ALAN NORTH: Now, with the nighttime, all you do -- then you don't

16       even need this much water and I don't even have a tablespoon but you do use a

17       tablespoon. Shake --

18                      HOST: Excuse me. I can get one for you.

19                      ALAN NORTH: Shake the nighttime -- I think we might have one in

20       there.

21                      HOST: I do as a matter of fact.

22                      ALAN NORTH: Okay. On the nighttime product, it's a liquid form.

23       It tastes great. You mix it with water or you can -- even if you want to you can mix

24       with crystal -- there we go.

25                      HOST: That's the beauty of live television. Okay.

26                      ALAN NORTH: Okay. Now, I want you to zero in here because I

27       want you to have a full tablespoon right before going to sleep. This is going to help

1 all that metabolic activity.

2 HOST: And it taste good. And it taste good too.

3 ALAN NORTH: Look at this. You mix it -- you don't even need that  
4 much water. I put a little bit too much. Okay. You can mix it with Crystal Light.  
5 We do recommend not mixing it with juice because you want to avoid calories --

6 HOST: The extra calories.

7 ALAN NORTH: -- at night, and, of course, you want to avoid simple  
8 sugars at night.

9 HOST: Um-hum.

10 ALAN NORTH: Now, here's the difference in here. I do want -- as  
11 you'll notice, on the bottle -- it's so easy, too. You'll notice -- I'm just going to tell  
12 you. It says add one tablespoon to eight ounces of water, you don't even need that  
13 much, to cold water just before going to sleep. Okay.

14 Now, take this on an empty stomach. Try not to -- like if you go to bed  
15 at 10:00 and you're going to take this right at 10:00, do not eat after 7:00. Try to let  
16 three hours go prior to taking this product. And that's all that you do. That's all that  
17 you do.

18 HOST: And it's that -- yeah.

19 ALAN NORTH: And it's going to provide those nutrients --

20 HOST: I'd just like just a sip --

21 ALAN NORTH: Yeah. Now --

22 HOST: -- because I'm not going to bed.

23 ALAN NORTH: Take a sip and I'll tell you why I don't recommend  
24 taking it right now. Okay. Now, here's the key.

25 HOST: It's good.

26 ALAN NORTH: I'm going to show you this works. Okay. What's in  
27 here? You don't need to be confused with the science of all this. It's so simple.

1 These are ingredients -- we didn't just put a bunch of ingredients in here and just, you  
2 know, we keep our fingers crossed, let's hope that this burns fat.

3 HOST: Just hold on.

4 ALAN NORTH: This was based on real science, based on a lot of  
5 research. It took two years to develop this program. Okay. There's citrus aurantium  
6 which is a safe alternative to ephedrine. Ephedrine -- you know you've taken  
7 ephedrine before. That's the big horse tablet in the kiosk. It -- it makes you jittery.

8 HOST: Um-hum.

9 ALAN NORTH: I've taken it before. We at first considered using it  
10 but it raises your blood pressure, it makes you nervous, it gives you headaches, and it  
11 could also lead to depression.

12 In fact, some people have -- there hasn't been -- there have been deaths  
13 linked to that supplement. This is a product that is safe. It's natural. Citrus  
14 aurantium is one of the ingredients but it's the main ingredient.

15 HOST: Um-hum.

16 ALAN NORTH: Okay. It's the main ingredient because citrus  
17 aurantium is from the bitter orange tree. It contains something that's called syneferine  
18 (phonetic). Okay. That's the active fat burning ingredient. It's very safe.

19 It's going to burn fat in a similar fashion to ephedrine because it's  
20 actually scientifically considered to be a cousin of ephedrine. But the great thing  
21 about citrus aurantium is that it's natural, it's derived from the bitter orange tree, and it  
22 has none of the negative side effects like ephedrine.

23 Okay. In addition -- see, that's  
24 going to stimulate that thermogenic, that fat burning process that you may lack. In  
25 addition, there's pyruvate. Pyruvate -- here's the interesting study about pyruvate.

26 HOST: You get so excited. You can just tell.

27

1                   ALAN NORTH: Pyruvate actually has been shown to work better if  
2 you have more weight to lose. Okay. In fact --

3                   HOST: Oh.

4                   ALAN NORTH: In fact, pyruvate doesn't really work as well with  
5 people that are leaner. It works better if you have more fat to lose and it works  
6 especially well with both men and women but even better with women. Okay. So --

7                   HOST: Because we have more fat.

8                   ALAN NORTH: Better --

9                   HOST: Our tissues are made into more fat.

10                  ALAN NORTH: Scientists don't even know why it works better with  
11 women but pyruvate specifically seems to work better with women. Now, citrus  
12 aurantium works better -- works equally on both men and women.

13                  So, you're getting not just one fat burning ingredient, you're getting  
14 several. You're getting also guarana. Now, here's what's interesting about guarana.  
15 It's natural caffeine. It's as safe as coffee.

16                  HOST: We like guarana.

17                  ALAN NORTH: Now, interesting, a lot of people ask when they're on  
18 the WeightPerfect Program, can you have coffee. Actually, coffee does have caffeine.  
19 We know that. That actually helps you burn fat. Caffeine is a well-known fat burner.  
20 We didn't megadose it though.

21                  And the interesting thing about the study is with the citrus aurantium  
22 and pyruvate is that when studied, we find -- scientists have found that they all work -  
23 - if you just use citrus aurantium by itself, it works.

24                  But recent studies show that if you combine it with a natural form of  
25 caffeine, it actually makes the citrus aurantium burn more fat which means that it's  
26 synergistic. It works better and in combination.

27                  So, what -- unlike a lot of the supplement companies that will just stick

1 one fat burning ingredient at the incorrect levels, you're getting the right ingredients at  
2 the right levels but in a very unique combination.

3 **ON SCREEN:**

4 **WeightPerfect**

5 **V-11550**

6 **Fat Loss Accelerator**

7 **Daytime formula helps you lose weight by:**

8 **Boosting your metabolism**

9 **Decreasing you appetite**

10 **Increasing energy**

11 **1-800-788-2454**

12 **VALUEVISION**

13 **vvtv.com**

14 ALAN NORTH: So, you're getting four unique combination fat  
15 burning ingredients that all have a synergy. The synergistically work to get that  
16 metabolism going without any of the negative effects. Now, that's the whole concept  
17 of the daytime formula.

18 **ON SCREEN:**

19 **V-11550**

20 **Retail Value \$99.95**

21 **S&H \$4.49**

22 **REGULAR PRICE \$59.95 (slashed out)**

23 **SPECIAL PRICE \$49.95**

24 **This Visit Only**

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27 **VALUEVISION**

1 vvtv.com

2 ALAN NORTH: Now, let me go to the nighttime formula because the  
3 nighttime formula you want to focus on at night. Okay. A lot of people neglect sleep  
4 and a lot of companies neglect sleep.

5 Our clinical nutritionist the first thing -- and people always wonder  
6 why he asks this. When he sits with somebody that has a real serious problem with  
7 being overweight, what do you think the first question he asks?

8 HOST: Do you sleep?

9 ALAN NORTH: Do you get enough sleep? Do you get enough sleep?

10 HOST: Who gets enough sleep?

11 ALAN NORTH: Do you get the right quality of sleep?

12 HOST: Yeah.

13 ALAN NORTH: Because sleep -- if you are not sleeping, if you have  
14 insomnia, if you're tossing and turning, you may be adding body fat to your body. It's  
15 real simple.

16 HOST: Wait. Just by sleeping  
17 there --

18 ALAN NORTH: Don't --

19 HOST: -- I don't -- I don't get my body to go into that, deep sleep,  
20 what am I doing?

21 ALAN NORTH: By -- by not sleeping, you're adding -- you're  
22 contributing the body fat. And let  
23 me -- and, again, I don't want to get to scientific --

24 HOST: Wow.

25 ALAN NORTH: -- but let me explain how this works. There are  
26 special processes that happen during -- you know, constantly. Your body is  
27 constantly at work. A lot of people think that when they go to sleep, their bodies are

1 simply in this docile state, that you're at rest, and nothing is happening, but lots of  
2 things are happening with your body. Lots of processes are happening.

3 And the body, while you're sleeping, -- that's the only time during the  
4 day where your body has to heal itself, has to really rejuvenate and repair itself.

5 HOST: Um-hum. Um-hum.

6 ALAN NORTH: And how does it do that? It does that by feeding  
7 your body with the right nutrients, the right amino acids, protein. Protein amino  
8 acids, this is what your muscle is made of.

9 **ON SCREEN:**

10 **WeightPerfect**

11 **V-11550**

12 **Fat Loss Accelerator**

13 **Night time formula helps you lose weight by:**

14 **Restoring healthy sleep patterns**

15 **Repairing and rejuvenating metabolic functions to better burn fat**

16 **Supplying body with important nutrients**

17 **1-800-788-2454**

18 **VALUEVISION**

19 **vvtv.com**

20 ALAN NORTH: Your muscle is made of protein amino acids. So,  
21 naturally, one of the key factors here is that the nighttime formula contains amino  
22 acids that are found in food, although most people aren't getting them from the foods  
23 that they eat.

24 HOST: Alan, I sleep better. I am not a good sleeper. I have two kids  
25 so I always kind of go with one eye open and one ear, you know, always open and  
26 listening. I sleep better. I am more restful with the nighttime formula.

27 **ON SCREEN:**

1                   **V-11550**  
2                   **Retail Value \$99.95**  
3                   **S&H \$4.49**  
4                   **REGULAR PRICE \$59.95 (slashed out)**  
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8                   **1-800-788-2454**  
9                   **VALUEVISION**  
10                  **vvtv.com**  
11                  ALAN NORTH: I'll tell you something. I have a 6:00 a.m. flight  
12                  tomorrow morning. I -- after doing the show, I get all excited. I get hyped up. I'm  
13                  not going to be able to go to sleep naturally. I'm going to be up. I'm going to want to  
14                  watch TV.  
15                  HOST: Yes.  
16                  ALAN NORTH: I will need to take this in order for me to sleep.  
17                  Now, I have a slow metabolism so I'm not just -- you know, I'm not preaching that  
18                  this -- you know, this is for you if you're overweight.  
19                  I know what it's like being overweight. I was a hundred pounds  
20                  overweight. I've worked with people -- I do it every -- I don't just come to Value  
21                  Vision and act as the spokesperson. I work with people every day --  
22                  HOST: Um-hum.  
23                  ALAN NORTH: -- you know, and a lot of people that are watching  
24                  right now you've called me and you know that if you -- you can call me -- that's --  
25                  that's my job is to work with people. That's -- that's what I like doing. I like helping  
26                  people get leaner and healthier at the same time --  
27                  HOST: Um-hum.

1                   ALAN NORTH: -- because what good is being leaner if you're not  
2 going to be healthier. But here is the key to the nighttime formula. It's so important  
3 that while you're sleeping, in addition to all those metabolic processes that are  
4 happening, growth hormone is released. Growth hormone is released naturally within  
5 all of us -- within all of us.

6                   That's why kids grow. Kids, you know, grow faster as teenagers and  
7 through adolescence because they have lots of growth hormones. But as you get  
8 older, the growth hormone levels in your body decrease. So, what's interesting about  
9 growth hormone is that it is an amino acid-based hormone that peaks while you're  
10 sleeping.

11                   And guess what? If you're not sleeping, levels will be very low and  
12 especially in combination as you age, they're already getting lower. That's why  
13 doctors are even recommending as people get older they take growth hormone shots  
14 but you don't need to do that. That's synthetic.

15                   HOST: I know people who do that. It costs a fortune.

16                   **ON SCREEN:**  
17                   **before & after (photographs)**

18                   **Individual results may vary**

19                   **VALUEVISION**

20                   ALAN NORTH: A lot of -- it costs thousands to do that, but you can  
21 do it naturally with nutrients. Again, what are those nutrients? Amino acids, protein  
22 amino acids, natural nutrients that you're going to provide for your body that's going  
23 to help increase the levels of growth hormone while you're sleeping. And what does  
24 that mean? What does that mean?

25                   That means you're going to help protect your muscle tissue which is  
26 going to help burn more fat and you're going to help utilize fat so that you don't store  
27 it. You're going to utilize fat and -- so that it gets mobilized so you actually use it

1 while you're sleeping.

2 But in addition, why this helps you sleep, because it has those amino  
3 acids, gamma amino butyric acid which helps -- it has a calming effect. In addition  
4 though, there's melatonin. Melatonin and vitamins, B vitamins. You have melatonin  
5 which will help induce sleep which will further augment the levels of growth  
6 hormone.

7 That's why these people that you're seeing, they're not hired models.  
8 They were just like you that had trouble, but by implementing this simple supplement,  
9 they're able to, in addition to their diets --

10 HOST: Um-hum.

11 ALAN NORTH: -- in addition to their  
12 exercise -- I hate to use the word diets. I should say their nutritional program.

13 HOST: Yes.

14 **ON SCREEN:**

15 **V-11550**

16 **Retail Value \$99.95**

17 **S&H \$4.49**

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23 **VALUEVISION**

24 **vvtv.com**

25 ALAN NORTH: They're able to lose the fat and it's -- what it is -- it's -  
26 - do you need this product? You don't necessarily need the product. The most  
27 important factor is nutrition. That's why I'm always talking about nutrition. But why

1 not take a supplement that will make it easier for you --

2 HOST: Um-hum.

3 ALAN NORTH: -- and is what this -- that's our whole company goal  
4 is to help this whole process which is very difficult for a lot of people to make it  
5 easier.

6

7 **(The program was concluded.)**

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**VALUEVISION**

**WEIGHTPERFECT FAT LOSS ACCELERATORS**

DATE RECORDED: JULY 17, 2000

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**PROCEEDINGS**

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**WEIGHT PERFECT**

**ON SCREEN: Alan North vvtv.com Michelle Murphy**

HOST: We really want you to call in with your testimonials. We want to hear how much weight you've lost. We want to hear how easy the program is. How you haven't been hungry. How it's been effective for you. How you've felt more energy.

**ON SCREEN:**

**V-11520**

**S&H \$6.79**

**\$44.95**

**WeightPerfect**

**WeightPerfect Nutrition Bars**

**24-Bars (Choice)**

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**VALUEVISION**

**vvtv.com**

HOST: And speaking of more energy, we have a show coming up --

**(Break in tape.)**

HOST: Why do you do the Accelerator? Because there's a few problems we have when we try to go on a weight loss program.

**ON SCREEN:**

**V-11550**

**Retail Value \$99.95**

**S&H \$4.49**

1                   **REGULAR PRICE \$59.95 (slashed out)**

2                   **SPECIAL PRICE \$49.95**

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7                   **vvtv.com**

8                   HOST: And we really want you to call in with your testimonials. If  
9 you've lost weight on this program --

10                   ALAN NORTH: Right.

11                   HOST: -- or you've gone on another program you're like look, I've  
12 been on every program, I'm going to give up. Do not give up. Because if you give up,  
13 you're going to be at the same place in six months as you are today. The other thing  
14 you said these, you know, results are very quick.

15                   ALAN NORTH: Right.

16                   HOST: We don't want you to think this is a crash diet though.

17                   ALAN NORTH: No, not at all.

18                   HOST: This is a program that your body loves and you're feeding your  
19 body, you're feeding your brain, and when you give your body what it actually needs  
20 and not these other wasteful things --

21                   ALAN NORTH: Right.

22                   HOST: -- you're going to lose weight. The Accelerator is going to  
23 increase the process. It's going to make your body a fat burner and it's going to  
24 increase your metabolism.

25                   Now, I've got to tell you also the other benefit is you're not hungry. If  
26 you take those and don't feel the cravings and that's, to me, the most important thing  
27 about the Accelerator. Because when you go on a diet, the worst thing is -- because

1 you know what? Your stomach -- they say your stomach can't shrink and get bigger  
2 but in a way it does because --

3 ALAN NORTH: Yeah, it does.

4 HOST: -- you really -- if you're used to eating, you know, 5000  
5 calories a day and you cut down even to 3000 calories or 2500, you're going to feel  
6 hungry. This is going to help you so you're not going to be hungry and you're going to  
7 stick on your program. Because you know what, what's the goal? The goal is to lose  
8 weight. That is more important than any brownie or any, you know, dessert that you  
9 see in the stores.

10 ALAN NORTH: This is a product that's really -- we've had an  
11 unbelievable response with. This is a two part product. It's designed to help you  
12 really increase your metabolic rate. The fact is all -- all people are different and here's  
13 the thing. If you have a slow sluggish metabolism, there's a scientific reason.

14 HOST: Um-hum.

15 ALAN NORTH: I mean, a lot of people will blame you. They'll think  
16 well gosh -- you know, you'll even blame yourself. You'll think I'm just lazy, you  
17 know -- you know, I don't eat the right foods. I'm not active enough. And that may  
18 be partially --

19 HOST: I don't have discipline.

20 ALAN NORTH: -- true. That may be partially true. There's lots of  
21 different ways -- reasons why people gain weight. One of those reasons is because  
22 certain people lack the capacity to create a process known as thermogenesis.

23 Thermogenesis is a production of heat, the production of energy, the  
24 fat burning process that's natural that goes on with some people but not others. Think  
25 of it this way -- and I'm not -- I don't want to get too scientific but let me describe it  
26 this way.

27 HOST: Um-hum.

1                   ALAN NORTH: You have two different types of fat on your body.  
2    You have the good fat which is often referred to as brown adipose tissue, brown fat,  
3    and you have the bad fat that's often called white fat. The white fat is the body fat that  
4    you can see. It's the stored energy.

5                   And a lot of times what happens if you have a slow metabolism, no  
6    matter what you seem to eat, it gets stored efficiently into fat cells, while other people  
7    can kind of eat whatever they want --

8                   HOST: Um-hum.

9                   ALAN NORTH: -- pizza, hot dogs --

10                  HOST: And it burns up.

11                  ALAN NORTH: -- and they burn it up. And there's a reason for that.

12                  HOST: Teenagers.

13                  ALAN NORTH: There's a natural capacity located with brown  
14    adipose tissue -- this is probably one of the most significant discoveries in weight loss  
15    management in the last 50 years. In brown adipose tissue, the good fat which only  
16    represents three percent of the fat in your body, you have special molecules -- they're  
17    actually sometimes referred to as fat burning molecules.

18                  **ON SCREEN:**

19                  **before & after (photographs)**

20                  **Individual results may vary**

21                  **VALUEVISION**

22                  HOST: Um-hum.

23                  ALAN NORTH: Okay. And what happens is  
24    those -- they're fat burning incinerators that help burn not only stored fat but ingested  
25    fat that you eat. Well, if you have a really slow metabolism, for some reason it's like  
26    a genetic cue that -- that doesn't allow you to burn the fat naturally. So, what ends up  
27    happening is in the daytime form -- these are two different products. We have a

1 daytime formula and a nighttime formula.

2 HOST: But it's one price and it's a price that's only good for this visit.

3 So, when you're seeing these before and afters, you know -- I mean, think about it.

4 Everybody says well, it's easy for you.

5 ALAN NORTH: Right.

6 HOST: Now, is -- do they think it's easy for this man as before? Do

7 you think it's that easy for all of the other before?

8 ALAN NORTH: Look at the difference. Look at the difference. This  
9 is an Accelerator difference. And, again, I put him on both products, the daytime and  
10 the nighttime. It's all in one.

11 And what ends up happening is you have citrus aurantium, the top fat  
12 burning ingredients. Citrus aurantium which contains a natural ingredient called  
13 syneferine (phonetic) that's the active fat burning ingredient that stimulates those  
14 molecules that are located within brown adipose tissue and they work like fat burning  
15 incinerators throughout the body.

16 What it does it carries white fat and carries it to the fat burning  
17 incinerators throughout your body. So, the effect is a faster metabolism naturally.  
18 There is no ephedrine in this product.

19 HOST: And ephedrine is what people have linked to heart problems.

20 There is nothing -- none of that in that. I just want --

21 ALAN NORTH: Right.

22 HOST: -- to mention to you what this is and how you take it. You

23 take this product --

24 **ON SCREEN:**

25 **V-11550**

26 **Retail Value \$99.95**

27 **S&H \$4.49**

1                   **REGULAR PRICE \$59.95 (slashed out)**

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5                   **1-800-788-2454**

6                   **VALUEVISION**

7                   **vvtv.com**

8                   ALAN NORTH: Two capsules in the morning.

9                   HOST: -- two in the morning and two in the afternoon, and they're  
10 capsules. We've learned a lot about vitamins lately here at ValueVision. And I want  
11 to share with you, this is soft. Okay. I can open this up and I'm just going to pour it  
12 out because I want you to see how easy the body is going to be able to assimilate this  
13 material. Okay.

14                   So, it's not going to sit in your stomach. Because you know what?  
15 Especially if it's a fat burner, you want it to work right away. You don't want it to just  
16 sit there for five hours.

17                   ALAN NORTH: Exactly.

18                   HOST: Now, there's two products for \$49.95. You take this twice a  
19 day --

20                   ALAN NORTH: Right.

21                   HOST: -- and you take this  
22 product at night. There's also other nutrients in this product --

23                   ALAN NORTH: Right.

24                   HOST: -- and trace minerals that your body needs. It's a supplement  
25 that you're not getting anyway. So, even if you didn't have to lose weight, this would  
26 be something, you know, the vitamin A, the vitamin C, the calcium, something that  
27 you need. Now, I want to mention also your studies because, you know --

1 ALAN NORTH: Right.

2 HOST: -- here you're talking very scientifically.

3 ALAN NORTH: Right.

4 HOST: You do a lot of work

5 that other diet, you know, doctors would have you do not do --

6 ALAN NORTH: Right.

7 HOST: -- because really this is not a government regulated kind of a  
8 thing. So -- but you are regulating yourself.

9 **ON SCREEN:**

10 **WeightPerfect**

11 **V-11550**

12 **Fat Loss Accelerator**

13 **Daytime formula helps you lose weight by:**

14 **Boosting your metabolism**

15 **Decreasing you appetite**

16 **Increasing energy**

17 **1-800-788-2454**

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20 ALAN NORTH: Nutritional supplements are -- you can't patent a  
21 nutritional supplement, although a lot of the drug companies are familiar with these  
22 substances for burning fat, they don't get involved in them because it is a nutritional  
23 supplement that cannot be patented. Therefore, the drug companies can't make money  
24 with it.

25 But we have a research team -- of course, I'm not a doctor. This is not  
26 intended to prevent, treat, or cure any type of disease but it can be very, very useful in  
27 the treatment of weight loss.

1                   HOST: Um-hum.

2                   ALAN NORTH: Especially -- what happens is especially if you have a  
3 slow metabolic rate, you take two capsules in the morning and two in the afternoon.  
4 That product specifically, the daytime that you're looking at, is designed to help burn  
5 adipose tissue, burn body fat.

6                   HOST: Whether you're on this program or any other program --

7                   ALAN NORTH: Right.

8                   HOST: If you're already on a program --

9                   ALAN NORTH: Right.

10                  **ON SCREEN:**

11                  **V-11550**

12                  **Retail Value \$99.95**

13                  **S&H \$4.49**

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20                  **vvtv.com**

21                  HOST: -- let's say you went to a doctor and he put you on, you know,  
22 a certain type of diet regimen --

23                  ALAN NORTH: Right.

24                  HOST: -- this is still something that you can take. Take it to your  
25 doctor. Everything is on the bottle.

26                  ALAN NORTH: Right.

27                  **ON SCREEN:**

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**WeightPerfect**  
**V-11550**  
**Fat Loss Accelerator**  
**Night time formula helps you lose weight by:**  
**Restoring healthy sleep patterns**  
**Repairing and rejuvenating metabolic functions to better burn fat**  
**Supplying body with important nutrients**  
**1-800-788-2454**

**VALUEVISION**  
**vvtv.com**

HOST: You get all the information. You get the information on the nighttime. So, you can take this in conjunction. That's why this is the hottest selling diet product we have.

ALAN NORTH: This is --

HOST: V-11550. You got to get on the line. There's a wait in the phone room. You need to use automated ordering. And if you've lost weight on this program, you need to call. Now, I'm taking this -- these capsules twice today.

ALAN NORTH: Right.

HOST: The nighttime formula, it's pineapple flavored. Very, very slight flavor. You're going to -- you know, it's very -- I mean, it's not a strong pineapple flavor but it's very pleasant.

**ON SCREEN:**  
**V-11550**  
**Retail Value \$99.95**  
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ALAN NORTH: It's very --

HOST: What does this do for me?

ALAN NORTH: Now, there are two different products because, again, it's a two-part series that helps burn body fat throughout the day. So, how many companies neglect -- you know, they neglect the time when you're sleeping and sleep is so critical. This product, the nighttime formula, focuses on the relationship between sleep and burning body fat.

**ON SCREEN:**

**WeightPerfect**

**V-11550**

**Fat Loss Accelerator**

**Night time formula helps you lose weight by:**

**Restoring healthy sleep patterns**

**Repairing and rejuvenating metabolic functions to better burn fat**

**Supplying body with important nutrients**

**1-800-788-2454**

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ALAN NORTH: So, if you have difficulty losing fat, one of the reasons -- okay. Again, we talk about different reasons why people put on weight. One of the reasons may be because you're not sleeping enough or you're not getting the quality of sleep that you really need. Why is that important and why is this --

1 where does this product fit in?

2 **ON SCREEN:**

3 **V-11550**

4 **Retail Value \$99.95**

5 **S&H \$4.49**

6 **REGULAR PRICE \$59.95 (slashed out)**

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13 **ALAN NORTH:** Well, it's real simple. This

14 is -- these are two different --

15 **HOST:** We're going to show you how it works.

16 **ALAN NORTH:** -- formulations. The first product is a capsule that  
17 you take --

18 **HOST:** Um-hum.

19 **ALAN NORTH:** -- for fat burning throughout the day. The second  
20 product is a nighttime product that you take right before going to sleep. And what it  
21 has in it is nutrients, amino acids, ornithine, glutamine, taurine, lysine rather and  
22 there's melatonin.

23 And the whole concept of this product is to help induce a very relaxed  
24 state of sleep. Why is that important? Because what ends up happening during sleep  
25 your growth hormone levels tend to peak during the night while you're sleeping.

26 Now, why is that important? Because growth hormone levels, which  
27 we all have, decrease as you get older and number -- number two, they will be

1 decreased if you're not sleeping enough because growth hormone levels which is --  
2 growth hormone is directly signaled by the pituitary gland in the brain. If you're not  
3 sleeping enough or you're not sleeping enough -- you're not getting the right quality of  
4 sleep, your growth hormone levels will be low.

5 HOST: And they also have said that the metabolism is low and you  
6 don't metabolize carbohydrates as well.

7 **ON SCREEN:**  
8 **before & after (photographs)**  
9 **Individual results may vary**

10 **VALUEVISION**

11 ALAN NORTH: You don't and your metabolism will be slower if  
12 you're not sleeping enough because of growth hormone being low. Growth hormone  
13 is the hormone that helps you burn body fat, help regulate your metabolic rate while  
14 sleeping.

15 So, again, how many products out there can offer a 24-hour metabolic  
16 support? You're getting the right amino acids in combination with melatonin, in  
17 combination with vitamins which will altogether help induce sleep.

18 HOST: Oh, it's great.

19 ALAN NORTH: So, you're burning body fat really around the clock.

20 HOST: Well, the other thing is how many of you -- we want you to  
21 call. Please call with your testimonials. Call with your questions. How many of you  
22 have gone on a diet program and you're great during the day -- is I'm a -- I mean, I'm a  
23 night eater for one thing --

24 ALAN NORTH: Um-hum. Um-hum.

25 HOST: -- and I can't go to bed hungry. So, this is the perfect program  
26 for me because you sit in bed and you're thinking I'm hungry --

27 ALAN NORTH: Right.

1                   HOST: -- I can't sleep, I'm hungry. I mean, how many of you -- and  
2 some people, you know, can sleep on a concrete floor. But for those of us -- and it's a  
3 perfect time right now. It's 6:24 in California. You know, it's early enough. Did you  
4 sleep well last night? Are you trying to, you know, lose weight? Especially when  
5 you're busy during the day --

6                   ALAN NORTH: Right.

7                   HOST: -- is probably easier to not eat as much, to not overeat, to not  
8 choose the wrong foods, but when that nighttime comes, when it's a little bit quieter,  
9 when you're having that down time --

10                  **ON SCREEN:**

11                  **V-11550**

12                  **Retail Value \$99.95**

13                  **S&H \$4.49**

14                  **REGULAR PRICE \$59.95 (slashed out)**

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18                  **1-800-788-2454**

19                  **VALUEVISION**

20                  **vvtv.com**

21                  HOST: -- it's really difficult to not run down to the refrigerator. It's  
22 almost like your defenses are low.

23                  ALAN NORTH: It is.

24                  HOST: Have you had this problem? I mean, anybody? I know you  
25 have. This is great because you can take it at night. You're going to sleep better.  
26 Now, Melatonin is really the sleep aid that is in here.

27                  ALAN NORTH: Yeah. Well, also the amino acids. There is GABA -

1                   HOST: Um-hum.

2                   ALAN NORTH: -- which is gamma amino butyric acids (phonetic).  
3                   It's a protein amino acid. It's very natural. And that helps -- that has a calming effect.  
4                   The amino acids help relieve stress.

5                   And, again, altogether the concoction of amino acids together in the  
6                   right combination will further help augment levels of growth hormone. That  
7                   translates into greater fat mobilization. You're going to utilize fat more efficiently  
8                   while you're sleeping.

9                   So, again, it's a two-part product. The interesting thing about the  
10                  daytime formula -- it's very comprehensive. There's not just one ingredient. citrus  
11                  aurantium we know works.

12                 HOST: Um-hum.

13                 ALAN NORTH: But scientific studies show that it has a synergy with  
14                 other ingredients like for example guarana. Guarana is a natural form of caffeine.

15                 HOST: Um-hum.

16                 ALAN NORTH: Together, both guarana and citrus aurantium, work  
17                 by themselves, but when placed together in a formula --

18                 HOST: Oh, it's --

19                 ALAN NORTH: -- they work even better.

20                 HOST: Wonderful.

21                 ALAN NORTH: And, again, not only that, there's pyruvate. Pyruvate  
22                 --

23                 HOST: Um-hum.

24                 ALAN NORTH: -- is a very well known fat metabolizer, especially --  
25                 especially -- and studies show that it works better on people that have more fat to lose.  
26                 So, you have pyruvate, citrus aurantium, you have guarana, you have 5HTP, you have  
27                 trace minerals, you have ginger root, and together -- again, together it creates the

1 synergy to help burn fat.

2 HOST: Let's talk about the price for a moment because the price, you

3 know --

4 ALAN NORTH: Okay.

5 HOST: Is price an issue? I guarantee you -- I mean, we can ask Amy

6 who lost -- how much weight did you lose, Amy? Almost 85 pounds.

7 ALAN NORTH: Wow.

8 HOST: Okay. She's our producer today. She's lost weight on the

9 program. The thing about losing weight is I know that if I told you you could lose 20

10 pounds, 10 pounds, whatever you need to lose, 80 pounds, you'd pay anything. I

11 mean, you'd pay dearly. I guarantee you \$5,000 would not be too much to ask. This

12 is only \$49.95.

13 ALAN NORTH: Summer special.

14 HOST: It's one visit. This is the only price that you're going to see

15 this visit. Next visit it's going to be higher. Now, my question is there's a lot of

16 kiosks that are out there --

17 ALAN NORTH: Right.

18 HOST: -- that are offering you --

19 ALAN NORTH: Right.

20 **(Break in tape.)**

21 HOST: Good luck.

22 NATALIE: Okay. Thank you.

23 ALAN NORTH: Thanks, Natalie.

24 HOST: Bye-bye, Natalie.

25 ALAN NORTH: I'll tell you about the great work. It's funny,

26 Michelle. I had a call -- this was two days ago as a matter of fact --

27 HOST: Still thick, yes.

1                   ALAN NORTH: -- and it was from a guy -- his name was Tony in  
2 New Jersey. And he said Alan, I've been watching and I've ordered the product, I  
3 want to just ask you a question. He goes does it work for everybody. I'm like, well,  
4 there's a host of factors involved. I mean, you know, it's hard to answer doesn't work  
5 for everybody because I don't know what everybody does.

6                   But does it work for everybody? There are certain -- there are certain  
7 people that could take this product, the daytime and nighttime, and really be on a very  
8 poor nutritional program, be very sedentary, and may not see a difference. He goes  
9 well let me tell you something, I have been -- I've tried all the diets that are out there,  
10 the popular no carb diets and this is the only thing that's worked. I have lost 25  
11 pounds in a matter of two months.

12                   So, again, he really responded to the 24-hour fat loss Accelerator. But,  
13 you know, I always recommend -- you don't hear me talking about hey, take these two  
14 products and eat whatever you want.

15                   HOST: No.

16                   ALAN NORTH: Nutrition is very, very important.

17                   HOST: Um-hum.

18                   **ON SCREEN:**  
19 **before & after (photographs)**

20                   **Individual results may vary**

21                   **VALUEVISION**

22                   ALAN NORTH: But a lot of times -- I've heard a lot of feedback. I  
23 talk to a lot of the people that order this as you well know and they call the office and  
24 they'll ask me questions and they'll talk about their success stories. And so many  
25 people have lost a tremendous amount of weight by taking the Accelerator and/or the  
26 nutritional system.

27                   But it's interesting. The people that I get that call that say well, I'm

1 having trouble with the eating part of it so I've ordered the Accelerator and I'm on a  
2 poor eating program but I wanted to see if this would work. Sometimes they'll say  
3 well, gosh, I haven't noticed a lot of difference in weight loss but I've noticed my  
4 clothes fitting looser or --

5 At any rate, see -- and most times -- and, Michelle, you know this,  
6 either you all are -- if you have a tendency to put on weight, you're either gaining  
7 weight or you're losing weight.

8 And most people don't really maintain because people with slow  
9 metabolic rates tend to accumulate body fat almost on a weekly basis. And I've  
10 noticed that even with the people that don't say they've lost a lot of weight with the  
11 Accelerator, it's at least preventing a lot of the people from gaining weight.

12 HOST: You know, what it is? And I'll -- and the reason why -- and I  
13 still go back to this. The reason why -- the number one reason -- I feel I, you know,  
14 the top 10. The number one reason why I take these capsules is because it -- I'm not  
15 hungry because I can be on a, you know, more -- you know, better diet when I'm not  
16 hungry.

17 ALAN NORTH: Right.

18 HOST: When I'm hungry, I'm going to eat everything.

19 ALAN NORTH: Sure.

20 HOST: And if you are the kind of person that does not eat during the  
21 day and you get home from work, especially if you have children, it's crazy. At 5:30,  
22 6:00 at night or whenever you get home, you could eat everything.

23 **ON SCREEN:**

24 **V-11550**

25 **Retail Value \$99.95**

26 **S&H \$4.49**

27 **REGULAR PRICE \$59.95 (slashed out)**

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5                   **VALUEVISION**  
6                   **vvtv.com**  
7                   ALAN NORTH: Right.  
8                   HOST: And remember, the figure in the car counts. The food you eat  
9                   off your children's plate counts. The food you eat before you eat dinner counts --  
10                  ALAN NORTH: Right.  
11                  HOST: -- and I think a lot of people forget that. If you eat bread  
12                  before you -- you know, like when you go to a restaurant, this is a great item to have  
13                  because you're not going to want it. You're not going to want it. That's the beauty of  
14                  this program.  
15                  ALAN NORTH: It -- it does have 5HTP. 5HTP stands for five  
16                  hydroxytryptophen (phonetic) which acts as an immediate precursor to serotonin.  
17                  Serotonin levels are often linked to obesity because when the levels of serotonin are  
18                  low, the appetite is high. So, this is a product to -- it's a very comprehensive product  
19                  and we're just talking about the daytime. The daytime has 5HTP.  
20                  HOST: Um-hum.  
21                  **ON SCREEN:**  
22                  **WeightPerfect**  
23                  **V-11550**  
24                  **Fat Loss Accelerator**  
25                  **Daytime formula helps you lose weight by:**  
26                  **Boosting your metabolism**  
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2                   **1-800-788-2454**

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4                   **vvtv.com**

5                   ALAN NORTH: -- which acts as a mild -- even more than a mild  
6                   appetite suppressant and because it's an immediate precursor to serotonin. The drug  
7                   companies have known about this for years. Of course, again, they don't get involved  
8                   because they won't make money because it can't be patented.

9                   Now, also, in addition though, the product basically helps -- as far as  
10                  the daytime is concerned, helps reactivate your natural fat burning process. See, we  
11                  all have the --

12                 HOST: And boosting your metabolism is another way to say that,  
13                 right?

14                 ALAN NORTH: Boosting your metabolism, reactivating your natural  
15                 fat burning process by stimulating the cells that burn fat. See, some of those cells are  
16                 -- you know, in a nut shell, they're turned off. In some people, they are literally turned  
17                 off.

18                 **ON SCREEN:**

19                 **V-11550**

20                 **Retail Value \$99.95**

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27                 **VALUEVISION**

1 vvtv.com

2 HOST: They're waiting.

3 ALAN NORTH: In the brown fat located within the body, the good  
4 fat, those brown fat -- that's called the UCP molecule but I don't want to get technical.  
5 It's called uncoupling protein.

6 That uncoupling protein molecule helps burn fat, but in some people,  
7 it's active, and that's why some people can get away with eating whenever they want  
8 and not gain weight, while some of us -- in a way, those cells are just turned off.  
9 They're lazy.

10 HOST: Um-hum.

11 ALAN NORTH: So, what they do -- the food that you eat, it just -- it's  
12 sluggish and it just puts the food right to body fat. And that's why you're seeing so  
13 many before and after photos where look at the before, they're pretty heavy. Heavy  
14 people. But after a short time, eight, 12 weeks, look at the difference here.

15 **ON SCREEN:**

16 **before & after (photographs)**

17 **Individual results may vary**

18 **VALUEVISION**

19 ALAN NORTH: Now, this is a gentleman that happens to have been  
20 on the Weight Perfect Nutritional Program, used two shakes a day in conjunction with  
21 regular food. And, again, it doesn't omit all of your favorite foods. You get to have  
22 some of your favorite foods on the program. But he got great results. But to really  
23 lose the last bit of weight, we put him on the Accelerator. Look at the definition  
24 going down in his stomach area.

25 HOST: Um-hum.

26 ALAN NORTH: I mean, let me just run down and explain some of  
27 these people that have done this. We've got some or people -- this is Juanita. Juanita

1 is unbelievable. This is a 70 pound difference.

2 HOST: Wow.

3 ALAN NORTH: She's up to 115 pounds gone and it's primarily the  
4 main focus -- the main product that she focused on was the Accelerator because she  
5 was doing the right thing, she was in the gym, she was eating right, but couldn't get  
6 the weight to move because she had such a slow metabolism.

7 HOST: Well, it's great if you're  
8 on a plateau, too. How many of you have been on a program -- and I'll guarantee you  
9 if you're going to lose this much weight --

10 ALAN NORTH: Look at this.

11 HOST: -- you're going to plateau, you know. There's a great way --  
12 it's like -- it's like cross training. When you go into the gym and you cross train,  
13 you're going to break through that plateau. The same thing with the 24-hour program.

14 ALAN NORTH: In fact, in one scientific study, one of the doctors that  
15 was analyzing citrus aurantium and doing studies said that citrus aurantium, which is  
16 in the daytime formula, may be the ideal supplement if you've plateaued on your  
17 weight loss program.

18 You're looking at Elda. Elda basically was a pretty tough case. Elda  
19 was on -- you know, eating light but she couldn't -- she was very immobile --

20 HOST: Um-hum.

21 ALAN NORTH: -- because she had back problems and she could -- I  
22 mean, she had trouble standing taking these pictures. And so, look at the difference  
23 38 pounds -- I mean, I keep -- I still get calls from her husband thinking because she's  
24 done such great -- her energy level. She's happier.

25 HOST: Well, she feels good.

26 ALAN NORTH: And her back pain has lessened.

27 HOST: You know, and there's a little bit of St. John's Wart also in the

1 daytime formula.

2 ALAN NORTH: Yes.

3 HOST: Not -- you know, if you -- you know, it's not going to cure  
4 depression but there's a little bit in here. So, it is going to make you feel better.

5 ALAN NORTH: It is.

6 HOST: And when you feel better -- I guarantee you when you feel  
7 better, you're going to eat better --

8 ALAN NORTH: And --

9 HOST: -- you're going to -- and you're going to want to exercise.

10 ALAN NORTH: Um-hum. You're going to want to move. You're  
11 going to lose body fat. Your energy level is going to skyrocket. This is a gentleman -  
12 -

13 HOST: This is great.

14 ALAN NORTH: It's also an interesting story about Todd. Todd was  
15 really not that overweight. You can see the, you know, in the face area and the  
16 stomach area. But the interesting thing about Todd is he was working out with a  
17 personal trainer three days a week, he was kick boxing, he was on the treadmill  
18 everyday and he couldn't get the last 30 pounds off.

19 HOST: I know a lot of people like that. They say they run three miles  
20 a day and they're still overweight. I mean, can you imagine?

21 ALAN NORTH: This was the kicker that he needed and look at the  
22 difference.

23 HOST: And this will work for you.

24 ALAN NORTH: That's eight weeks. Eight week difference.

25 HOST: Here's the deal. You have a couple -- three item numbers here  
26 to worry about.

27 ALAN NORTH: Look at that.

1                   HOST: One is the shake program that is individually packaged.  
2    You're going to love the taste. It's either chocolate, vanilla, or strawberry or you can  
3    get --

4                   **(The program was concluded.)**

5

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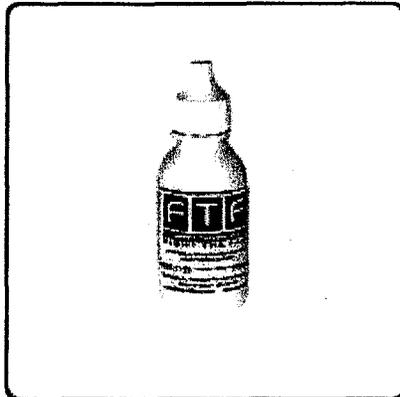
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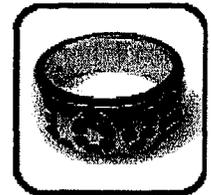


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**FIGHT THE FAT**

DATE: RECORDED JUNE 6, 2000

1  
2 **PROCEEDINGS**

3 - - - - -

4 FEMALE HOST: Those ten pounds have crept up and you just cannot  
5 maintain. Maybe you go on a fad diet, you lose the five pounds, you lose the ten  
6 pounds and you can't maintain it. No matter what your age, no matter what your  
7 lifestyle, no matter what your eating habits are, this system will help you lose weight.  
8 It will quite literally melt the pounds off you.

9 I want to introduce FTF, but before we do, I want you to listen to a  
10 gentleman named Randy --

11 MALE HOST: No, that's the --

12 FEMALE HOST: Oh, that's the next one, I'm sorry.

13 MALE HOST: That's okay.

14 FEMALE HOST: Everyone is going to listen to two women.

15 MALE HOST: This is going to be two women right now.

16 FEMALE HOST: Two women.

17 MALE HOST: Who will tell you about FTF. It's perfect.

18 FEMALE HOST: Ahhh, take a look at these testimonials and then  
19 we'll talk so much about really the breakthrough technology you're getting.

20  
21 **(Testimonials)**

22 **ON SCREEN: Leann L. Individual results may vary**

23 LEANN L.: Well, I think FTF is definitely a dieter's dream. It is the  
24 most easy and convenient product that you could ever hope to use. I put the FTF in  
25 my purse, I put a few drops in my drink, I don't have to think about, you know,  
26 planning, I don't have to plan taking it ahead of time.

27 I can take it before or I can take it after a meal. It has go to be

1 absolutely the easiest product to use that's on the market today.

2 **ON SCREEN: Cam C. Individual results may vary**

3 CAM C.: Okay. FTF allows me to eat chocolate and I'd say most of  
4 my fat is in the foods that I really enjoy, and if I forget to take it before a meal, I can  
5 always take it after. And I've lost, oh, about eight and a quarter pounds in the last two  
6 weeks and I really haven't changed my eating habits that much.

7 FEMALE HOST: All right. Who's addicted? Chocolate --

8 MALE HOST: Chocolate, me.

9 FEMALE HOST: -- butter, salt, chips. These are foods you can  
10 continue to eat, continue to enjoy on July 4th, on your birthday parties, every single  
11 day if you want to because this product will take the fat components, from what I  
12 understand --

13 MALE HOST: Right.

14 FEMALE HOST: -- in whatever food you're  
15 eating --

16 MALE HOST: In whatever you're eating.

17 FEMALE HOST: -- and just escort it right out of your body.

18 MALE HOST: Before it can stick to your chin, to your jowls, to your  
19 belly, to your buttocks. It is an amazing product. Now, you may have heard of  
20 something called chitosan.

21 **ON SCREEN: FTF Value Vision Showcase**

22 **C-17291**

23 **S&H \$3.99**

24 **\$34.95**

25 **Fight the Fat**

26 **1-800-788-2454**

27 FEMALE HOST: Um-hum.

1 MALE HOST: What FTF is is a refined form of chitosan, okay? It's  
2 taken the active ingredients in chitosan --

3 FEMALE HOST: Um-hum.

4 MALE HOST: -- and it has concentrated them, made them super-  
5 powerful. We've done a -- we had an independent laboratory test, FTF, and what they  
6 found is it actually absorbs 16 -- over 16 times its weight in fat.

7 FEMALE HOST: Wow.

8 MALE HOST: So, drop for drop, think about that. We have some  
9 pictures that we're going to show you that have absolutely -- that show you -- the  
10 American staple is the hamburger, right?

11 **ON SCREEN: Value Vision Showcase**

12 **C-17291**

13 **Fight the Fat**

14 **12-14 drops will absorb up to 16 times its weight in dietary fat**

15 **All natural**

16 **Does not contain stimulants or drugs**

17 **Should not be taken by pregnant women, children or anyone**

18 **allergic to shellfish**

19 **1-800-788-2454**

20 FEMALE HOST: Incredible. Take a look at this, 12 to 14 drops --

21 MALE HOST: Right.

22 FEMALE HOST: -- of this product will absorb up to 16 times its  
23 weight in dietary fat. Think about that for just a second. It will actually absorb that  
24 fat from the grams of fat that you're consuming and escort them right out your body.  
25 It's all-natural. It does not contain any stimulants or any drugs. The only people that  
26 really shouldn't be taking this -- but of course ask your doctor about it -- are pregnant  
27 women, children or anyone allergic to shellfish.

1 MALE HOST: Right. That's because --

2 FEMALE HOST: That's an ingredient?

3 MALE HOST: -- the main ingredient is based from shellfish.

4 FEMALE HOST: Okay.

5 **ON SCREEN: FTF Value Vision Showcase**

6 **C-17291**

7 **S&H \$3.99**

8 **\$34.95**

9 **Fight the Fat**

10 **1-800-788-2454**

11 MALE HOST: One of the things that we do know, that the way to lose

12 weight is exercise. We do encourage you to exercise because if you exercise, just a

13 simple walk around the block every day, is going to help you lose fat even faster when

14 you use FTF. The other item is that you need to reduce your fat caloric intake.

15 FEMALE HOST: Um-hum.

16 MALE HOST: FTF does that, and as we get older, sometimes your

17 cholesterol level goes up.

18 FEMALE HOST: Um-hum.

19 MALE HOST: Well, I'm going to tell you, if you take FTF regularly,

20 your cholesterol will drop. It will go down, studies conclusively prove that.

21 FEMALE HOST: Take a look at this. Let's take a look at the kind of

22 foods we eat especially this time of year. I have grilled out for the last two weeks and

23 I've had plenty of hamburgers.

24 MALE HOST: Absolutely. It's an American staple.

25 FEMALE HOST: I love meat. I'm just one of those people that I

26 crave having beef. Take a look at what's going to happen if you eat your one

27 hamburger. 31 grams of fat, right?

1                   **ON SCREEN: Value Vision Showcase**  
2                   **One Hamburger Has 31 Grams of Fat**  
3                   **2 Squirts of FTF will absorb 24 Grams of Fat versus 24 capsules of**  
4           **Chitosan**  
5                   **1-800-788-2454**  
6                   MALE HOST: That's right.  
7                   FEMALE HOST: All you need are less than two squirts, is that about  
8           the 14 drops?  
9                   MALE HOST: About 14 to 20 drops of FTF.  
10                  FEMALE HOST: Okay.  
11                  MALE HOST: And I'm going to show you how easy it is to use  
12           because you just -- I mean, we're talking drops.  
13                  FEMALE HOST: Let's take a look at it.  
14                  MALE HOST: Let's --  
15                  FEMALE HOST: Let's take a look at what it will do.  
16                  **ON SCREEN: FTF Value Vision Showcase**  
17                  **C-17291**  
18                  **S&H \$3.99**  
19                  **\$34.95**  
20                  **Fight the Fat**  
21                  **1-800-788-2454**  
22                  MALE HOST: I stole the bottle. I'm sorry, I didn't mean to do that.  
23                  FEMALE HOST: That's all right. You can steal all you want.  
24                  MALE HOST: Okay, here we go. I'm going to move the potato chips.  
25                  FEMALE HOST: Um-hum.  
26                  MALE HOST: Okay. This is some peach nectar --  
27           FEMALE HOST: Okay.

1 MALE HOST: -- and we're going to just drop -- I'm going to take -- I  
2 had a steak for dinner tonight.

3 **ON SCREEN: Value Vision Showcase**

4 **Pizza Has 20 Grams of Fat**

5 **Just 14 drops of FTF will absorb the Fat**

6 **Versus 12 capsules of Chitosan**

7 **1-800-788-2454**

8 FEMALE HOST: What do I drop this into safely?

9 MALE HOST: So, one, two, three, four, five, six. You can take this  
10 into any kind of fruit juice, grape juice is my personal favorite.

11 FEMALE HOST: Um-hum.

12 MALE HOST: Orange juice, soda pop, tea, water. It has very little  
13 taste. You will not even notice it. Now, you can't use it in coffee because coffee has  
14 some fat in the beans.

15 FEMALE HOST: Interesting.

16 **ON SCREEN: FTF Value Vision Showcase**

17 **C-17291**

18 **S&H \$3.99**

19 **\$34.95**

20 **Fight the Fat**

21 **1-800-788-2454**

22 MALE HOST: You can't put it in milk, you can't put it in anything  
23 that contains fat. It will bind the fat causing it to appear to curdle. Now --

24 FEMALE HOST: Now, how many times a day do I do this?

25 MALE HOST: Twice a day.

26 FEMALE HOST: Okay.

27 MALE HOST: I just -- I am just taking out the fat right now from the

1 filet mignon that I had at dinnertime.

2 FEMALE HOST: That's amazing.

3 MALE HOST: It is absolutely amazing, and it works, folks. The thing  
4 is that it is just that easy. What, ten seconds it took me? Ten seconds and I'm going  
5 to lose the fat from the steak that I had at dinnertime. It is an amazing product and  
6 you need to order it right now.

7 FEMALE HOST: Take a look at that burger graphic one more time,  
8 and then we'll show you a couple other of your favorite foods.

9 Get the two pack. Put one in your purse so you've always got it, you  
10 never have an excuse not to get rid of the fat you're ingesting.

11 **ON SCREEN: Value Vision Showcase**

12 **One Hamburger Has 31 Grams of Fat**

13 **2 Squirts of FTF will absorb 24 Grams of Fat versus 24 capsules of**

14 **Chitosan**

15 **1-800-788-2454**

16 FEMALE HOST: Two squirts will automatically absorb 24 of those  
17 31 grams of fact from that hamburger and escort those 24 grams of fat right out your  
18 body before they even have a chance to attach to wherever it is you're putting the fat.

19 MALE HOST: Wherever it -- think about this, including your arteries,  
20 your veins. Okay? So that it's not going to stick there either. So, it's going to make  
21 you healthier all around. It's very, very important to be healthy.

22 **ON SCREEN: Value Vision Showcase**

23 **Pizza Has 20 Grams of Fat**

24 **Just 14 drops of FTF will absorb the Fat**

25 **Versus 12 capsules of Chitosan**

26 **1-800-788-2454**

27 MALE HOST: Now, we're getting into the summer months, and as we

1 get into the summer months, people start shedding clothing, right?

2 FEMALE HOST: Absolutely.

3 MALE HOST: Women are going to start wearing bikinis, guys are  
4 going to wear those short swimming trunks.

5 FEMALE HOST: Um-hum.

6 **ON SCREEN: FTF Value Vision Showcase**

7 **C-17291**

8 **S&H \$3.99**

9 **\$34.95**

10 **Fight the Fat**

11 **1-800-788-2454**

12 MALE HOST: You've got to get in shape. Now, how do you do that?  
13 Well, you eat less, you exercise and you probably need a little -- maybe a secret.

14 FEMALE HOST: Um-hum.

15 MALE HOST: And a secret is FTF. If you take FTF, if you use FTF  
16 on a regular basis, you're going to see amazing results, it's going to be fast, it's going  
17 to be easy. It is not a diet. This is a food supplement. It's going to work for you.  
18 And if you've used the product, call us up, tell us about your successes because I  
19 know that there are thousands of people in this country who have used FTF and that  
20 you can share your results with us right now.

21 FEMALE HOST: This is a dream come true for those of you that don't  
22 want to have to work for it, for those of you like me that have a very busy lifestyle, I  
23 work full-time, I'm a full-time mom, I have an almost two-year old.

24 MALE HOST: Oh, boy.

25 FEMALE HOST: And you can only imagine how busy she's keeping  
26 me. I do not have time to plan meals. I have been trying to put my husband and I on  
27 a diet for -- since I had the baby, which was two years ago. It hasn't happened in two

1 years, and if it's not happened yet, it's just not going to happen.

2 This is as easy as putting one of these on my counter in my kitchen,  
3 another one of these in my purse. I do a couple of drops at lunch, I do a couple of  
4 drops at dinner and that's all I have to do and the fat that I'm eating will automatically  
5 leave my body without really having to work for it.

6 Now, as Mark has mentioned, we do recommend that you eat a healthy  
7 lifestyle or --

8 MALE HOST: Right.

9 FEMALE HOST: -- at least try to. We do recommend that you get  
10 some exercise. But for a busy full-time working mom, let me tell you what, this is  
11 absolutely positively a dream come true. Now, this is breakthrough technology.

12 I want to show you a little bit of footage and I want to have Mark  
13 explain --

14 MALE HOST: Okay.

15 FEMALE HOST: -- what you're seeing here because I know a lot of  
16 you have heard of chitosan products and chitosan-based products, and you've heard of  
17 them somehow melting the fat and taking it out of your body. Take a look at what  
18 this product scientifically does. What are we looking at, Mark?

19 MALE HOST: Okay. We have two beakers. In both beakers we put  
20 water. The water has been chemically treated to appear to be -- to act as if it were the  
21 contents -- the chemical composition of a normal human stomach.

22 FEMALE HOST: Um-hum.

23 MALE HOST: We've just added chitosan to that and we're stirring it  
24 in.

25 FEMALE HOST: On the right hand side?

26 MALE HOST: On the right hand side --

27 FEMALE HOST: Okay.

1 MALE HOST: -- as we're watching. It will take these capsules  
2 anywhere from two to four hours to begin to work.

3 **ON SCREEN: Capsules Take 2-4 Hours to Work**

4 FEMALE HOST: Oooh.

5 MALE HOST: To begin to work.

6 FEMALE HOST: So, you have to plan on what you're going to eat  
7 two to four hours ahead of time.

8 MALE HOST: You have to take -- right.

9 FEMALE HOST: It's like, oh my gosh.

10 **ON SCREEN: Actual Time: 20 Seconds**

11 MALE HOST: So, at 9:00 in the morning, you have to take it because  
12 you may be eating a hamburger at lunch three hours later. Maybe.

13 FEMALE HOST: See, I'm not -- I don't plan like that.

14 **ON SCREEN: Works Almost Instantly**

15 **FTF Absorbs Fat Faster and Quicker**

16 **Capsules**

17 MALE HOST: I can't do it. Now, watch this, within 20 seconds -- we  
18 did the same thing, we've added drops of the FTF.

19 FEMALE HOST: Um-hum.

20 MALE HOST: Watch what happens. It starts clearing at the bottom  
21 because what happens is that the FTF works instantly.

22 FEMALE HOST: Oh, my gosh.

23 MALE HOST: Within 20 seconds, it has taken the fat and it has made  
24 it bio-unavailable. Bio-unavailable, a very important word. What bio-unavailable  
25 does to you and your body, it takes the fat that you're eating in your steaks, your pizza,  
26 your hamburgers, your cheese, your macaroni and cheese.

27 FEMALE HOST: Chocolate.

1 MALE HOST: Chocolate, which I like, too.

2 FEMALE HOST: Butter.

3 MALE HOST: Butter, all those --

4 FEMALE HOST: Bread.

5 MALE HOST: -- and it makes it so it doesn't stick to your chin, to  
6 your stomach, to your derriere, to your thighs. I mean, this is a breakthrough  
7 technology, folks.

8 FEMALE HOST: Um-hum.

9 MALE HOST: It is not magic, it just appears to work like magic. It is  
10 easy, it is fast and you need to order right now.

11 FEMALE HOST: Oh. If we can see that -- if we can see that one  
12 more time because I know a lot of you didn't believe your eyes. If we can rewind that  
13 and show that B-roll one more time and show you what this is going to do for you.

14 MALE HOST: Right.

15 FEMALE HOST: I know a lot of you take chitosan, a lot of you are  
16 taking what you're seeing on the right, and that is the capsules.

17 MALE HOST: And what they --

18 FEMALE HOST: How many capsules do I need to take in a day,  
19 Mark?

20 MALE HOST: Well, every time you're going to take maybe 12 to 14  
21 grams of fat, you're going to need to take anywhere from 20 to 24 pills.

22 Now, there's a couple of problems with this, it takes two to four hours  
23 for the capsules to work, two to four hours to work. It's not my words, these are --  
24 this is what the research indicates.

25

26 **ON SCREEN: Capsules Take 2-4 Hours to Work**

27 FEMALE HOST: Um-hum.

1                   MALE HOST: It also means that your food could be gone by the time  
2 you're -- the chitosan is ready, so that there's nothing for it to react to, so it's just  
3 pushed through the body, it doesn't actually work.

4                   **ON SCREEN: Actual Time: 20 Seconds**

5                   **Works Almost Instantly**

6                   **FTF Absorbs Fat Faster and Quicker**

7                   **Capsules**

8                   MALE HOST: What actually happens with the FTF, because it is a  
9 liquid, it instantly binds with the food and within seconds, as you see here in the  
10 beaker, it starts clearing from the bottom --

11                  FEMALE HOST: Um-hum.

12                  MALE HOST: -- and works its way up and within 20 seconds or so, it  
13 absorbs the fat. It is faster, it is quicker, it is a lot less expensive, it won't irritate your  
14 stomach. If you took 24 capsules, I am going to tell you, you have the possibility of  
15 having --

16                  FEMALE HOST: I couldn't.

17                  MALE HOST: -- some kind of gastroenterology --                  FEMALE  
18 HOST: I couldn't take 24 capsules.

19                  MALE HOST: No. Twice a day.

20                  FEMALE HOST: In one sitting? You're kidding.

21                  MALE HOST: In one sitting.

22                  FEMALE HOST: I would imagine that the expense would be  
23 enormous in taking that many capsules over the course of a day.

24                  MALE HOST: Absolutely. There is no question. There is absolutely  
25 no question. One bottle, one little tiny bottle of FTF has the same fat fighting power  
26 as four to six bottles of regular chitosan.

27                  Now, what this is -- what FTF is is they take all the active ingredients

1 in chitosan --

2 FEMALE HOST: Okay.

3 MALE HOST: -- they condense them.

4 FEMALE HOST: Um-hum.

5 MALE HOST: They make it super-powerful and then they put it in

6 this little bottle just for you.

7 FEMALE HOST: How long will this bottle last me?

8 MALE HOST: About a month.

9 FEMALE HOST: This is a good -- this is a good two fluid ounces.

10 MALE HOST: Yes. It is -- it will last about a month. We recommend

11 that you take it, as I said, lunch and dinner.

12 FEMALE HOST: Um-hum.

13 MALE HOST: We don't recommend you take it three times a day

14 because it does take -- what it does do is it takes fat, all fats out. So, we want you to

15 take a multiple vitamin in the morning, we want you to be over the age of 16, we don't

16 want you to be pregnant or a nursing mom.

17 FEMALE HOST: Okay.

18 MALE HOST: Or allergic to shellfish.

19 FEMALE HOST: All right. Other than that, you're set to go. Get the

20 double pack. Please call. If we can show the graphic for the double pack real

21 quickly, guys.

22 **ON SCREEN: Value Vision Showcase**

23 **C-17357**

24 **S&H \$3.99**

25 **\$65.95**

26 **Fight the Fat - Two Pack**

27 **1-800-788-2454**

1 FEMALE HOST: Not only are you going to save money on the double  
2 pack, but in addition to that, the shipping and handling for the double pack is exactly  
3 the same as the single pack. So, share it with a friend, share it with a mom, share it  
4 with a sister, have one in your purse and one at home, have one in your briefcase if  
5 you travel a lot and one at the office, perhaps.

6 \$65.95. It is as easy as at lunch and at dinner -- does it matter if I do it  
7 before lunch, during lunch, after lunch?

8 MALE HOST: No, this is one of the things that's so interesting. With  
9 the regular old-fashioned powdered capsule chitosan, you have to take this in  
10 advance.

11 FEMALE HOST: Okay.

12 MALE HOST: But with the FTF, you take it before lunch, before  
13 dinner, during dinner or after dinner. It does not matter. I prefer taking it just after  
14 dinner. I don't know why I do it, but that's how I take it.

15 FEMALE HOST: Um-hum.

16 MALE HOST: And at lunchtime I take it either during or just after.  
17 It's my personal preference. It works quickly, fast. It is safe. There are no medical  
18 interactions. You know, there are some medical drugs that are available now.

19 FEMALE HOST: Okay.

20 MALE HOST: And the side effects from some of these --

21 FEMALE HOST: Absolutely.

22 MALE HOST: -- which grab the fat in your food are horrendous.

23 FEMALE HOST: Um-hum.

24 MALE HOST: First of all, some of them can be embarrassing and you  
25 can suffer some very, very serious consequences. Why not, for less money, try FTF?  
26 Because we know that you'll be very happy with it. Look, Americans love this stuff.

27 FEMALE HOST: Oh -- I mean, who put the chocolate in front of me?

1 MALE HOST: Yeah, exactly.

2 FEMALE HOST: Who did this? Who did -- see, this is mine. Some  
3 people, it's the chips and the salt and the fat. Me, it's the chocolate chip cookies.

4 MALE HOST: I can't believe I'm eating again.

5 FEMALE HOST: I'm never giving these up and FTF will allow me to  
6 not have to ever. Now, this is scientific fact. We're just going to briefly put up two  
7 studies on the screen for you. There are two studies that have proven that this concept  
8 works. Anything that is chitosan-based, all right, is going to help to escort the fat out  
9 of your body.

10 **ON SCREEN: Value Vision Showcase**

11 **Helsinki Study**

12 **Chitosan group averaged: 15 lbs. weight loss**

13 **Placebo group averaged: 5 lbs. weight loss**

14 **Source: Study performed at the ARS Medicine in Helsinki,**  
15 **Finland from mid August - October 1994**

16 **1-800-788-2454**

17 FEMALE HOST: What FTF is, it is the purest form, it's the most  
18 concentrated form, it is the safest and most natural form, no side effects, no  
19 stimulants, no drugs. It's not going to change what happens to you over the course of  
20 the day other than the elimination of the fat, which is fabulous, and I'll tell you right  
21 here, it's proven, look at that, from 15 to 5 pounds.

22 MALE HOST: Exactly. What happened is --

23 FEMALE HOST: Oooh.

24 MALE HOST: -- that the chitosan worked. It does work. And in the  
25 control group or the placebo group, they only lost five pounds. FTF takes the same  
26 fat fighting power that is found in chitosan and superifies it if you will, and the fat  
27 rolls off just like magic. It's very, very interesting.

1 **ON SCREEN: Make-Up Brush Kit**

2 FEMALE HOST: I don't know what the make-up brush kit is all  
3 about.

4 MALE HOST: I don't either.

5 FEMALE HOST: But we're not selling that today.

6 MALE HOST: No.

7 FEMALE HOST: At any rate, here's what I want to do. If we can  
8 show you the value page. If we can show the value page of how much money you're  
9 saving to get the double pack today. The phone lines have just exploded. I want to  
10 also get that automated ordering number up on the screen.

11 **ON SCREEN: Value Vision Showcase**

12 **New Zealand Study**

13 **Lowered Cholesterol Lost Inches On Waist**

14 **Lost Weight**

15 **Source: Dr. David Gligen, New Zealand Medical Journal,**

16 **January 1997**

17 **1-800-788-2454**

18 FEMALE HOST: This is dedicated truly to all of you who not only  
19 want to lose fat, but want to lower your cholesterol, that want to lose inches, that want  
20 to lose weight. This will give you all of those effects. My husband has scary  
21 cholesterol.

22 MALE HOST: Oooh.

23 FEMALE HOST: He eats well. He really does eat well. It's  
24 hereditary and there's not a lot that he can do about it. This will help in that fight?

25 MALE HOST: Absolutely. He should exercise, of course.

26 FEMALE HOST: Right.

27 **ON SCREEN: Value Vision Showcase**

1                   **C-17357**

2                   **Fight the Fat 2-Pack**

3                   **1 bottle of FTF   \$34.95**

4                   **FTF 2-Pack       \$65.95**

5                   **(that's just \$32.98 a bottle)**

6                   **You save           \$3.95**

7                   MALE HOST: We always recommend that you exercise. We also  
8 recommend that you watch what you eat. I mean, this is not a panacea, folks. You  
9 can't eat ribs and chips and potato chips every day.

10                  FEMALE HOST: Um-hum.

11                  MALE HOST: You can't do it. But what you  
12 can do is that if you do eat it on a regular basis, because we -- we in America love  
13 fatty foods.

14                  FEMALE HOST: Um-hum.

15                  MALE HOST: If you use FTF on a regular basis, it's going to take  
16 those inches off just like it did in the study that we showed you just a moment ago  
17 from New Zealand.

18                  **ON SCREEN: Value Vision Showcase**

19                  **C-17357**

20                  **S&H \$3.99**

21                  **\$65.95**

22                  **Fight the Fat - Two Pack**

23                  **1-800-788-2454**

24                  FEMALE HOST: Now, you know what, if we could show that page  
25 one more time, guys? There are not enough of you getting the double pack, and here's  
26 what's going to happen. That month is going to fly by and then you're going to have  
27 two or three weeks because you're going to have forgotten to reorder it.

1 **ON SCREEN: Value Vision Showcase**

2 **C-17357**

3 **Fight the Fat 2-Pack**

4 **1 bottle of FTF \$34.95**

5 **FTF 2-Pack \$65.95**

6 **(that's just \$32.98 a bottle)**

7 **You save \$3.95**

8 MALE HOST: Right.

9 FEMALE HOST: Here's what you need to do right now. Now, if you  
10 want to order one bottle, it's \$34.95. If you order the two pack, it is \$65.95. You're  
11 automatically saving money because you're only paying \$32.98 a bottle, plus you're  
12 saving on the shipping and handling, because the shipping and handling, whether you  
13 choose one bottle or two bottles today, is the same amount of money.

14 This is a dream product. It is going to help reduce calories, lower  
15 cholesterol, block the fat, grab it, tackle it and escort it out your body before it's able  
16 to do any damage.

17 How long is this going to take to work? How many pounds am I going  
18 to lose and when?

19 **ON SCREEN: Value Vision Showcase**

20 **C-17357**

21 **S&H \$3.99**

22 **\$65.95**

23 **Fight the Fat - Two Pack**

24 **1-800-788-2454**

25 MALE HOST: You're going to watch the fat start rolling off almost  
26 immediately, within days.

27 FEMALE HOST: Wow.

1 MALE HOST: And that's something that's really amazing. Can you  
2 imagine if you're a new mom, okay, and you have a baby say maybe a year old, and  
3 you've been trying to lose that last 10 or 15 pounds. And I know you can relate to me,  
4 right? Yeah, I'm talking to you.

5 And what that is is you just -- you've tried everything. You can't seem  
6 to lose those pounds. FTF is going to help you. If you've been struggling with weight  
7 all your life, if you are very, very overweight, FTF is going to help give you the  
8 motivation to get started on an exercise program because you are going to see results  
9 immediately.

10 Now, this is -- again, I don't want you to go out and say, I'm going to  
11 change my eating habits and eat everything in sight. No, no. This is to help you start  
12 on a new healthier way of living.

13 FEMALE HOST: If you've been roller-coastering, if you've been  
14 overweight your entire life, if you've just turned that 35, just turned that 40 and you've  
15 found that those 5 pounds have crept on you, and perhaps you've tried that fad diet for  
16 a couple of weeks and you've lost it and then it comes right back, you're not able to  
17 maintain, take a look at what this product can do for you today.

18 This is breakthrough technology, and yet, it really doesn't mean that  
19 you have to take any time -- there's no planning, there's no effort, there's no diet. You  
20 don't have to change what you eat, you don't have to change what your cravings are,  
21 and you know what, the pounds melt off not a month from now, not two months from  
22 now, immediately.

23 **ON SCREEN: Capsules Take 2-4 Hours to Work**

24 MALE HOST: Immediately. Watch how fast it works. The capsules  
25 take two to four hours to begin to work. They have to liquify in your stomach before  
26 they can grab the fat. However, FTF, because it's pure and all-natural, it actually  
27 takes seconds. Look at this beaker, we've just put the fat in it. We've mixed in the

1 chitosan droplets, and within 20 seconds, watch from the bottom of that beaker.

2  
3 **ON SCREEN: Actual Time: 20 Seconds**

4 **Works almost instantly**

5 **FTF Absorbs Fat Faster and Quicker**

6 **Capsules**

7 FEMALE HOST: It's amazing.

8 MALE HOST: It is absolutely amazing. It's almost like a magic trick.

9 FEMALE HOST: Is this the only concentrated form that's out there?

10 **ON SCREEN: Value Vision Showcase**

11 **C-17357**

12 **S&H \$3.99**

13 **\$65.95**

14 **Fight the Fat - Two Pack**

15 **1-800-788-2454**

16 **Automated ordering 1-800-788-2452**

17 MALE HOST: Absolutely. This is the only concentrated form. It is  
18 the only form of chitosan and it is a form of chitosan, it's not chitosan --

19 FEMALE HOST: Um-hum.

20 MALE HOST: -- that is considered a food grade. In other words, the  
21 Food and Agricultural Department have said this is a food grade product. This is a  
22 food supplement. It will not interact with any drugs you're taking, it will not hurt you  
23 in any way, shape or form, and I'm going to tell you something else, it -- you can't take  
24 too much of it. You cannot take too much of it. It will work for you. It's worked for  
25 me and I know it will work for you.

26 FEMALE HOST: It's pure, it is natural. So, you don't have to worry  
27 about it at all. There are a lot of you out there taking chitosan tablets right now. Are

1 you enjoying taking 20 to 30 capsules at a sitting? I would gag after the fifth pill.

2 MALE HOST: Oh, absolutely.

3 FEMALE HOST: I'm sorry.

4 MALE HOST: And probably you're not taking 20 or 24 capsules

5 because --

6 **ON SCREEN: Value Vision Showcase**

7 **One Hamburger Has 31 Grams of Fat**

8 **2 Squirts of FTF will absorb 24 Grams of Fat versus 24 capsules of**

9 **Chitosan**

10 **1-800-788-2454**

11 FEMALE HOST: You're not taking enough of them.

12 MALE HOST: You're not taking enough.

13 FEMALE HOST: Okay.

14 MALE HOST: And you probably have noticed that your weight loss  
15 isn't going the way you want it to.

16 FEMALE HOST: Um-hum.

17 MALE HOST: Well, that's because you can't -- you need to be careful  
18 in taking all those pills. This is the way to get around that. FTF will take the fat out.  
19 I mean, we all eat hamburgers. I mean, I'm busy during the week and I have to say I  
20 stop at every fast food place along the way.

21 **ON SCREEN: Value Vision Showcase**

22 **Pizza Has 20 Grams of Fat**

23 **Just 14 drops of FTF will absorb the Fat**

24 **Versus 12 capsules of Chitosan**

25 **1-800-788-2454**

26 FEMALE HOST: Especially when you've got a two-year old.

27 MALE HOST: Absolutely. Or --

1 FEMALE HOST: McDonald's is very attractive when you've got a  
2 two-year old.

3 MALE HOST: Exactly. I have a 17-year old and a McDonald's or a  
4 Wendy's or whatever they are, we have to get those a couple of times a week.

5 FEMALE HOST: Um-hum.

6 MALE HOST: Pizza is a big thing.

7 FEMALE HOST: Yeah, huge.

8 **ON SCREEN: Value Vision Showcase**

9 **Fried Chicken has 21 Grams of Fat**

10 **Just 14 drops of FTF will absorb the Fat**

11 **Versus 12 capsules of Chitosan**

12 **1-800-788-2454**

13 MALE HOST: It's a real big thing in this country and I'm going to tell  
14 you it is all fat. Well, I'm going to tell you also, fried chicken, a great staple of the  
15 Southern part of this country, it's popular throughout the country. FTF will remove  
16 the fat in that chicken before it sticks to your thunder thighs, your big derriere or your  
17 chin.

18 FEMALE HOST: Um-hum, wherever, wherever.

19 **ON SCREEN: Value Vision Showcase**

20 **C-17357**

21 **S&H \$3.99**

22 **\$65.95**

23 **Fight the Fat - Two Pack**

24 **1-800-788-2454**

25 **Automated Ordering 1-800-788-2452**

26 MALE HOST: And it will push the fat through, it will bio-unavailable  
27 and you will lose weight because you are reducing your fat calorie intake.

1 FEMALE HOST: If we could, guys, I'd love to get a two-minute clock  
2 on the screen. When that two-minute clock runs out, we're going to show you another  
3 set of testimonials, and then when we come back, we're going to talk about alleviating  
4 pain.

5 Because chances are, if you're over 30, over 35, over 40, and in  
6 addition to have turning that milestone have been a little overweight, let me tell you,  
7 the effects of gravity have probably caused a little bit of creakiness, a little bit of  
8 aches and pains, I'm talking anywhere from my shoulder, from carrying my two-year  
9 old around all day long, to the knees, to the elbows, depending on what you do for a  
10 living and what you've done over the course of your life, we are going to help to  
11 alleviate pain. For those of you that have really suffered from osteoarthritis over the  
12 course of the years, we have a dream product for you next.

13 But right now, take it into your own hands, don't wait to have someone  
14 else tell you what diet you need to be on, what food you need to -- I mean, I've got a  
15 two-year old, I've got a husband that travels a lot, he's in sales, I work full-time and  
16 I'm a full-time mom, I haven't had time to get through this diet book that I want to, let  
17 alone plan out the meals, count the calories, count the fat. There's no counting  
18 involved here.

19 MALE HOST: And you don't have to do it.

20 FEMALE HOST: Except for counting drops, right?

21 MALE HOST: Counting drops. And listen, this is not a diet. This is  
22 not a diet at all. This is a way of life.

23 FEMALE HOST: Um-hum, absolutely.

24 MALE HOST: Okay. If you are on a diet, it doesn't matter if you're on  
25 a high protein diet, I don't care if you're on a -- whatever kind of diet you're on.

26 FEMALE HOST: It works with it?

27 MALE HOST: It works with it. So, if you're on any other kind of diet

1 program or diet system, you can use FTF -- you could cheat a little, if you will, and  
2 you can use FTF alongside any other regimen that you're doing and you will lose  
3 weight faster, quicker, and I might say healthier as well.

4 Let me tell you one other thing about the capsule chitosan.

5 FEMALE HOST: Please.

6 MALE HOST: And that is that there's a lot of heavy metals in there.

7 Those are unhealthy.

8 FEMALE HOST: Really?

9 MALE HOST: There's lead, there's mercury.

10 FEMALE HOST: Why?

11 MALE HOST: Because it's a natural product.

12 FEMALE HOST: Fillers?

13 MALE HOST: It's not -- this is all removed in the FTF, and yes,  
14 you're right -- the fillers -- when you buy a bottle of chitosan, over 50 percent, over  
15 half in some brands are filler.

16 FEMALE HOST: Is filler, yeah.

17 MALE HOST: That's amazing. This is 99 percent pure. One percent  
18 is used -- is ascorbic acid. That's Vitamin C.

19 FEMALE HOST: If we can show you the value page one more time  
20 and then we'll get into the testimonials. Here's what happened. On our single bottles  
21 of FTF, over half sold out. We're looking at only about 100 bottles remaining and  
22 that is all.

23 Here's what I recommend that you do, right here on your screen, C-  
24 17357, a two pack. If you get the two pack, one bottle is about one month's supply,  
25 all right. If you get the two pack, you will never have any excuses, because you've got  
26 one bottle in your purse or guys one bottle in your briefcase.

27 **ON SCREEN: Value Vision Showcase**

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**C-17357**  
**Fight the Fat 2-Pack**  
**1 bottle of FTF \$34.95**  
**FTF 2-Pack \$65.95**  
**(that's just \$32.98 a bottle)**  
**You save \$3.95**

MALE HOST: Right.

FEMALE HOST: And you've got one bottle at home. And you've got a two month's supply. Not only are you going to have it, but you are going to have it at \$32.98 a bottle rather than \$34.95 a bottle and whether you choose the single bottle or the double pack, the shipping and handling is the same. So, we're saying, I think, some extra dollars on the shipping and handling, \$4 or so if you get the two pack today.

Do this for yourself, do it for your sanity. I mean, we all get so stressed out about our weight and -- I mean, I've been totally stressed over the last couple of months.

**ON SCREEN: Value Vision Showcase**

**C-17357**  
**S&H \$3.99**  
**\$65.95**

**Fight the Fat - Two Pack**  
**1-800-788-2454**

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MALE HOST: Oh, absolutely.

FEMALE HOST: I come home and my husband is like, did you get that diet ready yet, I need to start eating right. I'm like, yeah, right, you know, next week sometime.

1 MALE HOST: It is hard to lose weight --

2 FEMALE HOST: It is --

3 MALE HOST: It is hard to lose weight when you have to be  
4 controlled, if you will, okay?

5 FEMALE HOST: Oh, forget about it.

6 MALE HOST: But with FTF, you've got two times -- two times a day.  
7 Can you afford to give us ten seconds twice a day? Twenty seconds a day, the pounds  
8 are going to start dropping off. Six to 12 drops in your drink and I am telling you,  
9 you're going to feel better because you're going to look better.

10 FEMALE HOST: Um-hum.

11 MALE HOST: Get up and walk around the house a little bit. Get up  
12 and walk around the block. Start a little bit of an exercise routine, it's going to help.

13 FEMALE HOST: Um-hum.

14 MALE HOST: You're going to drop weight because you're going to be  
15 reducing your fat calorie intake because the fat is now bio-unavailable. Give us a call  
16 now. Order the product. It's going to change your life, I guarantee it.

17 FEMALE HOST: Once at lunch, once at dinner. It's tasteless, it's  
18 odorless, you're not even going to know it's there except for by your pants size fitting  
19 you a little bit better.

20 MALE HOST: That's right.

21 FEMALE HOST: Which is great.

22 Now, here's what I want to do, I'm going to show you some more  
23 testimonials, and when we come back, how many of you have been feeling the affects  
24 of gravity and have some aches and pains? We're going to take care of that, too, when  
25 we come back.

26 **(Testimonials)**

27 **ON SCREEN: Barbara K. Individual Results May Vary**

1 BARBARA K.: It's great. It melted the last five pounds away. I've  
2 been trying for months and FTF did it. It's great. I love it. I'm happy. I'll recommend  
3 it to all my friends. It's great.

4 **ON SCREEN: Robbie D.**

5 ROBBIE D.: If you have any type of fat problem at all, I would  
6 recommend you use FTF. It will make you lose weight. That's it. I don't have any  
7 big scientific explanation for it except I was a 16, eight weeks later I am a 14 going  
8 toward a 12. It works.

9 **ON SCREEN: Value Vision Showcase**

10 **C-17357**

11 **S&H \$3.99**

12 **\$65.95**

13 **Fight the Fat - Two Pack**

14 **1-800-788-2454**

15 **Automated Ordering 1-800-788-2452**

16 FEMALE HOST: All right. What happens to that fat after the product  
17 takes hold of it and escorts it out of your body? Well, the only way I know of it  
18 escorting out of your body is in waste. Does it come out in your waste?

19 MALE HOST: That's it. Yeah, you --

20 FEMALE HOST: You don't sweat it out, right?

21 MALE HOST: No, you don't sweat it out. You kind of poop it out.

22 FEMALE HOST: You poop it out.

23 MALE HOST: You poop it out.

24 FEMALE HOST: It's as simple as that.

25 MALE HOST: But it's not a big ton and it's not going to -- it doesn't --  
26 no, I mean, you know, you're asking the question, I'm going to tell you.

27 FEMALE HOST: Yeah.

1                   MALE HOST: You know, you're not going to get diarrhea from this,  
2                   you won't get the runs. It's not going to happen all of a sudden. It just -- it flows.  
3                   Trust me, folks, it's easy. It's very, very easy.  
4

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**Nutri-Firm Perfect Body Double Pack - Isomers**

Product Number: C17072  
VTV Price: \$49.99  
Shipping: \$4.49

Softens the look of cellulite on your body. This skin firming product targets the cellulite in your skin by using your own body's natural chemistry. This process tightens and tones the skin while also eliminating sponginess and the orange peel look.

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To order by Phone: 1-800-884-2212

**more high quality at low prices**



Nutri-Firm Perfect Body Solution - Isomers  
VTV: \$29.99

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Nutri-Firm K Serum - Isomers  
VTV: \$34.99

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Misty Mate Combo Pack  
VTV: ~~\$24.95~~  
Sale: \$24.95

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**more information...**

"Nutri-Firm Perfect Body Double Pack" is one of the many products offered by the Isomer line.

The Isomer line is made of all natural ingredients to help your body's functions perform at their peak. The "Nutri-Firm Perfect Body" uses the liposomes in your body to move herbs to "target" areas of your skin. Then these herbs release trapped elements in your skin that can cause cellulite. Many other products offer these same qualities-but are only available to you in three or four separate products. "Nutri-Firm" is the only product that is "all- in- one," saving you expense and hassle.

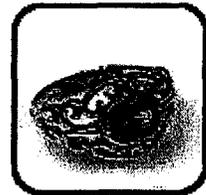
The herb ingredients include: sweet clover (soothing), reishi mushroom (balancing), lemon (firming), Barley (tightens), Ivy (toning), Butcher's broom (astringent), camelia (anti-oxidant), and soy (firming).

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Exhibit F

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**VALUE VISION**

**NUTRI FIRM PERFECT BODY SOLUTION**

DATE

RECORDED: AUGUST 10, 2000

Exhibit G

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**PROCEEDINGS**

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HOST: I know so many of you are working very hard to get your orders in. Our operators will help you. I remember the demo. Are you going to do the demo?

MANUELLA: Yeah.

HOST: Would you do the demo for me, please?

MANUELLA: I'll do the demo.

HOST: I love this demonstration. It's every woman's nightmare seeing this.

MANUELLA: Cellulite?

HOST: Yes, cellulite. Cellulite.

MANUELLA: Cellulite was my -- cellulite was my big problem. And the reason I -- I think I had it was because I was in really, really good shape. I was not overweight. I didn't have --

HOST: You were an athlete at the time.

MANUELLA: I was very, very athletic. I was in gymnastics. And every time I did the splits and it was -- it would always bother me. Every time I did the splits, I would be on the bar and I'd do the splits. I'd look down and there was literally like a hole. This hole of cellulite on my thigh.

HOST: And why would that bother you? Like you can do splits on the bar, why should that bother you but it did.

MANUELLA: I'm very agile and I was not very big. I was not, you know, heavy or anything but I had cottage cheesy legs. And I tried everything. I went to all the cosmetic counters. These -- this is some stuff --

HOST: I can see what you got.

MANUELLA: This is true. This stuff -- look.

1                                   HOST: The torture chamber.

2                                   MANUELLA: This is old but this is stuff I used to use to pound it, to

3 rub it and scrub it. And even this, I ordered from the -- from the Middle East to get

4 rid of it. Okay. These are all the torture things I used.

5                                   HOST: Did they work?

6                                   MANUELLA: They belong in a museum. They don't work.

7                                   HOST: You're the museum.

8                                   MANUELLA: These are just gags or practical jokes for women.

9                                   HOST: You use them on your thighs and what happened? You were

10 bruised probably.

11                                  MANUELLA: I used -- what happened, I bruised, broke the elasticity

12 --

13                                  HOST: Yes.

14                                  MANUELLA: -- irritated my skin. So, I went to Darius who -- we

15 were in university at the time and I said listen, come up -- make something for me.

16 So, he did. He started working with all these plant extracts and he created the Perfect

17 Body Solution.

18                                  **ON SCREEN:**

19                                  **Nutri Firm 3<sup>rd</sup> Anniversary Body Kit**

20                                  **C-17392**

21                                  **Includes:**

22                                  **(2) Perfect Body Solution                   \$29.99 each**

23                                  **(3) Stimulating Body Wash               \$ 9.50 each**

24                                  **Total Retail Value                       \$88.48**

25                                  **You Save                                   \$43.53**

26                                  HOST: Oh, my gosh.

27                                  MANUELLA: He goes I've got that answer for you. I started using it

1 and I tell you, the results I got so quickly. We started giving it to other people  
2 because I said, you know, I can't believe it.

3 And that's how Isomer's Laboratories was created by this Perfect Body  
4 Solution. What we've done to it now to make it even better is instead of seven plant  
5 extracts in a liposome formulation, it has more than 10 plant extracts now. We've  
6 added the red and brown algae.

7 **ON SCREEN:**

8 **C-17392**

9 **Retail Value \$88.48**

10 **S&H \$4.29**

11 **\$44.95**

12 **Isomers**

13 **Nutri-Firm 3<sup>rd</sup> Anniversary Body Kit Special**

14 **1-800-788-2454**

15 **VALUEVISION**

16 **vvtv.com**

17 **MANUELLA:** We've added the anti-oxidants. You're getting two full  
18 size bottles. Very easy to use. It's a beautiful, beautiful moisturizer. Beautiful,  
19 beautiful treatment cream. It's also your exfoliant to soften the skin. Take a look at  
20 how --

21 **HOST:** I'm going to put some on.

22 **MANUELLA:** -- beautiful and how rich this cream is. But it's  
23 nongreasy. It is food for the skin. I call it an invisible girdle for the skin. And you're  
24 getting the full two -- two bottles of this. Eight and a half ounces. Two bottles.

25 **HOST:** What's the first thing I did tonight when you gave me that  
26 bottle?

27 **ON SCREEN:**

1                   **Nutri Firm 3<sup>rd</sup> Anniversary Body Kit**

2                   **C-17392**

3                   **Body Kit Includes:**

4                   **Perfect Body Solution**

5                   **Ingredients:**

6                   **Japanese Green Tea, Barley, Ivy Extract, Ladies Thistle,**  
7                   **Mushroom, Soy Germ, Sweet Cover Extract, Aloe Vera Extract,**  
8                   **Butchers Broom, Retinyl Palmitate, Ginkgo, Horse Chestnut,**  
9                   **Lemon Extract, Urea, Carrageenan, Red & Brown Algae, L-**  
10                   **Ascorbic Acid (Vitamin C), D-Alpha Tocopherol (Vitamin E),**  
11                   **Alanine, Natural moisturizing factors and Lactic Acid.**

12                   MANUELLA: You grabbed it and you stuck it on your legs.

13                   HOST: And I'm going to do that right now. I'm just going to put a  
14                   little more on. Because you know what? Even if -- you said to me early on from this  
15                   body kit, you said you know -- because we were talking about the little bumps on the  
16                   back of our arms --

17                   MANUELLA: Yep.

18                   HOST: -- or from shaving on the back of our legs.

19                   MANUELLA: Yep.

20                   HOST: Great for guys as well. But -- also, like around the knee.  
21                   People who have like hooded knee or --

22                   MANUELLA: Hooded knee or that skin starts to sag and fall forward  
23                   --

24                   HOST: Yeah. Yeah.

25                   MANUELLA: -- and break the elasticity.

26                   **ON SCREEN:**

27                   **C-17392**

1                   **Retail Value \$88.48**  
2                   **S&H \$4.29**  
3                   **\$44.95**  
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8                   **vvtv.com**

9                   MANUELLA: What you want to do is you want to lift the skin. You  
10 want to firm it. You want to tighten it up.

11                   HOST: It's so nice.

12                   MANUELLA: And you're going to see that this -- the liposome  
13 formulation goes in, targets the problem area. How does it do that? I'll tell you.

14                   HOST: Fantastic. I love this stuff.

15                   MANUELLA: You know you got -- this is the problem. This is the --

16                   HOST: This is the demo. I love this.

17                   MANUELLA: [holding jar containing red gelatinous substance] This  
18 is the stuff underneath the skin. This is sticky. It doesn't work very well. This is lab  
19 created problem. The reason is we don't do animal testing so we have to create a  
20 synthetic model of what the problem is.

21                   We wanted something to break this down. Now, people say if you  
22 have cellulite, if you have cottage cheese loss of elasticity on the skin, they say drink  
23 water or --

24                   HOST: Right.

25                   MANUELLA: -- exercise. Well, you know what? We're exercising.  
26 [stirs jar] Does it break it down? No. Doesn't break it down. And you know what?  
27 This didn't break it down either. I've tried.

1                   HOST: You can spin that for an hour and it wouldn't change.

2                   MANUELLA: It wouldn't change.

3                   HOST: It would just be that thick goop.

4                   MANUELLA: Then they say drink water. [pours water in jar]

5                   Believe me, I have drunk swimming pools full of water to get rid of it. What

6                   happened? Actually, it absorbs it. Look, it absorbs all the water.

7                   HOST: Oh, my gosh. It gets thicker.

8                   MANUELLA: It gets thicker.

9                   HOST: Ooh.

10                  MANUELLA: And that's why some days your clothes are even tighter

11                  or you feel hotter in that area because it's absorbing and it's bloating up. What we did

12                  -- this is the plant extracts. This is in the Perfect Body Solution. [pours solution into

13                  jar]

14                  You go in, you rub it in on that area, and what you find -- look. It

15                  breaks it down.

16                  HOST: Wow.

17                  MANUELLA: It liquefies it.

18                  HOST: Fun.

19                  MANUELLA: Now, when you drink water, now if you exercise, what

20                  happens? You can literally get rid of the problem. You can actually smooth your

21                  skin --

22                  HOST: Oh, my gosh.

23                  MANUELLA: -- and this is what we want to do. With the Perfect

24                  Body Solution, we are going to address the needs of your body. Is it slimming? Is it

25                  toning? Is it lifting? Is it firming? This system will do it for you.

26                  The reason is the plant extracts in that liposome formulation. It's got

27                  the red and brown algae to give you that instant lift. It is very, very nourishing, very,

1 very moisturizing.

2 I tell you as a women and as a scientist, this is the best body cream for  
3 you. And I'll tell you why. Nutritionally it is complete for the body. Structurally it is  
4 the molecular size the pores need, not to be clogged, but to be moisturized.

5 If you happen to have very allergic skin, dry flaky skin, skin that gets  
6 itchy and uncomfortable or very, very tight feeling, it's because your acid mantle has  
7 been disturbed. This will help restore your acid mantle.

8 HOST: Interesting.

9 MANUELLA: So, it's very, very good for you. Plus, it has lactic acid  
10 in here which is a chemical the body makes itself when it rebuilds itself. We've added  
11 it in here as a moisturizer and as an exfoliant to smooth the skin.

12 What else is in this kit? You're getting two full sizes of this. These  
13 are \$30 values on their own. So, that's \$60 worth of product just here. Plus, you're  
14 getting three bottles of the Stimulating Body Wash.

15 Why is the Stimulating Body Wash so important? First of all, it is the  
16 only soap, if you want to call it a soap or a cleanser, your body is going to need. Look  
17 at it. It's beautiful. It's clear. It has no colors, no dye, no synthetic product in here.

18 It is a beautiful cleanser. You could go and wash your skin with it. If  
19 you shave, you can shave your legs and under arms with this as well.

20 HOST: It smells so nice and clean.

21 MANUELLA: It's -- it smells wonderful. It's very clean. It's not  
22 foaming but it will get white on the skin like this. What this actually does, goes in, re  
23 -- helps give that acid mantle a perfect balance.

24 If you have broke out skin, allergic skin, itchy skin, this helps to sooth  
25 it and calm it and clean it very, very easily.

26 HOST: Especially this time of year. You're putting sun block or  
27 maybe you're putting any kind of extra products on your skin.

1 MANUELLA: Right.

2 **ON SCREEN:**

3 **before & after (photographs)**

4 **Individual results may vary**

5 **VALUEVISION**

6 HOST: Also, for young people, it's wonderful. That is shocking. That  
7 is shocking. Look at this -- this leg. Oh, my gosh.

8 MANUELLA: This -- this actually took four months to get this before  
9 and after. But take a look at the before. Look at the before. A loss of elasticity. The  
10 skin -- you can see the cellulite. You can see the skin is gray and pasty. The skin  
11 looks old. The leg looks old. Look at the after. Smooth --

12 HOST: That's much larger too.

13 MANUELLA: -- streamlined contoured. It is in great shape. It's a  
14 young healthy looking leg. What you want to do is you want to be able to give your --  
15 your shape the best -- best possible environment it can and this is what the Perfect  
16 Body Solution does.

17 Again, before. Big problem. Thighs rubbing together. The inner  
18 thigh. There's not much you can do about it. You can target the problem with the  
19 Perfect Body Solution.

20 HOST: My gosh. How many times we've had calls from women who  
21 are saying -- thinking liposuction or go have this done or that done. Cosmetic surgery  
22 is very appealing because you think it's permanent but it isn't because you need to take  
23 care of things afterwards.

24 We've had a lot of women using the Perfect Body after their surgeries  
25 and some are saying they're not going to do it, they're just going to try this product  
26 instead.

27 MANUELLA: Exactly. And with liposuction, I get very, very

1 frightened because I keep thinking about -- you know, when you -- you vacuum your  
2 carpet?

3 HOST: Uh-huh.

4 MANUELLA: If you're vacuuming your carpet, you know that if you  
5 don't do an even job, you see those lines. You see that pattern in your carpet.

6 HOST: Um-hum.

7 **ON SCREEN:**

8 **C-17392**

9 **Retail Value \$88.48**

10 **S&H \$4.29**

11 **\$44.95**

12 **Isomers**

13 **Nutri-Firm 3<sup>rd</sup> Anniversary Body Kit Special**

14 **1-800-788-2454**

15 **VALUEVISION**

16 **vvtv.com**

17 MANUELLA: That's in essence how they do liposuction. They just  
18 go in there and they randomly vacuum. So, you could end up with a lumpier leg or  
19 lumpier --

20 HOST: That's scary. That's so scary.

21 MANUELLA: -- problem. So, what you want to do is you want to  
22 firm the skin. You want to tone the skin. You want to create --

23 HOST: It's a great product.

24 MANUELLA: -- a really good environment that is making the skin  
25 work better and decongest it. Perfect Body Solution is going to help with that  
26 firming, toning, hydrating. It is going to address the needs of your skin. It's -- if you  
27 have very dry skin, your skin will love it and drink it up.

1                   HOST: Um-hum.

2                   MANUELLA: You're using a moisturizer any ways. Using something  
3 on your skin any ways. Why not use something that's going to give you --

4                   HOST: It's wonderful.

5                   MANUELLA: -- nutrients and a treatment all in one. Thirty seconds  
6 in the morning, 30 seconds at night. It's that simple.

7                   HOST: That's right.

8                   MANUELLA: You just take it, put it on all over your body. You're  
9 going to love it. What's going to happen to your skin, it is not -- you're never going to  
10 feel your skin as soft and smooth as like with the Perfect Body Solution.

11                  HOST: Oh, my gosh.

12                  MANUELLA: It gets so baby soft --

13                  HOST: That's right.

14                  MANUELLA: -- wonderful to the touch. You're going to say I didn't  
15 realize my skin could be feeling so great. And it's true because it will really address  
16 the needs of the skin.

17                  HOST: Someone asked what if I put it on before my workout. Is it an  
18 extra bonus if I put it on --

19                  MANUELLA: Actually, if you put it on before your workout, you put  
20 it on before you sweat, what's actually -- what actually happens is --

21                  HOST: That's feels great.

22                  MANUELLA: -- you end up getting that tightening effect even faster  
23 because it's heat activated. So, if you could actually add heat to it, it'll penetrate  
24 deeper and work deeper and give you a faster result.

25                  HOST: What if I did this and sat in the sauna which is --

26                  MANUELLA: You can do that too.

27                  HOST: -- more my style. Really?

1                   MANUELLA: You can do that too. A lot of women actually take it  
2 and actually wrap. They take it and they put those really, really tight --

3                   HOST: Oh, yeah?

4                   MANUELLA: -- hose on, those support hose --

5                   HOST: Yeah.

6                   MANUELLA: -- and that actually helps to heat activate it and  
7 penetrate it deeper so you end up with a faster contouring effect.

8                   HOST: So, you -- because I know some of it because you've talked  
9 about this off air how well, Perfect Body Solution looks like it works but you know  
10 what, what about the cost of it and having to keep using it.

11                   And I think about the stuff we buy, you know, at the grocery store.  
12 Oh, I need some body lotion and you pick it off -- what -- what are you really putting  
13 on because if it's on your skin, it's topical. Doesn't it go into the skin? It must do  
14 something inside. You know what I'm ?

15                   MANUELLA: Well, most body lotions, most products out there that  
16 are oil based, they actually don't go into the skin, they just sit on top of the skin. And  
17 what that actually does it makes an inclusive barrier which suffocates the skin.

18                   HOST: Hum.

19                   MANUELLA: It's like someone saying I've used -- I've had dry skin  
20 for 18 years and I've used product X for 18 years. Well, my first thing is well,  
21 obviously product X isn't working for you. You still have dry skin.

22                   HOST: Exactly.

23                   MANUELLA: Right?

24                   HOST: Exactly. Right.

25                   MANUELLA: So, it's just sitting on top. It's not addressing the needs  
26 of the skin. Perfect Body Solution is something that you use one or two days and you  
27 say oh, my gosh, my skin is so soft.

1                   HOST: Yeah, the first -- right. Right.

2                   MANUELLA: Oh, my gosh, my skin is not dry anymore.

3                   HOST: Um-hum. Um-hum.

4                   MANUELLA: And what happened to that itchiness. It's gone.

5                   HOST: Um-hum.

6                   MANUELLA: You know why? Because it's going to start creating a

7                   healthy environment for the skin. Once you start correcting the PH, it becomes more

8                   acidic. Once you start addressing the needs of the skin, your skin will change color.

9                   It will actually start being more even in color, not so pasty. We won't look so --

10                  HOST: I should do the other leg. I'll do the other leg. Is that a hint?

11                  MANUELLA: You know why? Because it helps with the micro

12                  circulation. Now, take a look at this before and after. I love this before and after.

13                  The reason is in the before her leg is thicker and heavier. You can see

14                  it's weighted down. In the after, it's lifted. You can see that lifting effect of that red

15                  and brown algae. You can see that decongesting effect of the liposome. You can see

16                  how the skin has firmed and tighten and lifted and this is what we want to do.

17                  **ON SCREEN:**

18                  **C-17392**

19                  **Retail Value \$88.48**

20                  **S&H \$4.29**

21                  **\$44.95**

22                  **Isomers**

23                  **Nutri-Firm 3<sup>rd</sup> Anniversary Body Kit Special**

24                  **1-800-788-2454**

25                  **VALUEVISION**

26                  **vvtv.com**

27                  MANUELLA: We want to be able to increase the elasticity. If we

1 don't address the elasticity issue of the skin, the skin continues to sag and sag and sag.  
2 And then it becomes where you end up with that real flappy skin or you end up with  
3 those hooded knees.

4 HOST: Um-hum.

5 MANUELLA: You want to be able to --

6 HOST: Guilty.

7 MANUELLA: -- reverse it and lift it all the way up again.

8 HOST: And it's -- you know what? It's so easy. This -- you use a  
9 little bit. It goes a long way. You're going to do this for yourself anyway. And then I  
10 said to Manuella once -- I really like using because I'm an angel fanatic.

11 MANUELLA: Um-hum.

12 HOST: I love -- Angel the fragrance. I said well, I really like using  
13 my Angel body lotion which is like -- it's so expensive. I can't believe how expensive  
14 it is but I adore it. It makes the Angel just go even further because --

15 MANUELLA: Sure.

16 HOST: -- I do my body in this and then I take a little bit of the -- the  
17 fragrant and put it on and it lasts longer. And I couldn't figure that out at first. I was  
18 like well how come it's lasting? Why is the scent lasting longer? Well, it made sense.  
19 It wasn't being sucked into dry skin --

20 MANUELLA: Um-hum.

21 HOST: -- you know, because it was moisturized properly by using the  
22 Body Solution. Perfect Body Solution. You're getting two of them, plus three of the  
23 body wash. You're getting this whole kit. The whole package. I can imagine you  
24 using this, the Bio Metabolic, the Detox, and the anti-oxidant. Oh, my gosh.

25 MANUELLA: You'd be --

26 HOST: You are going to be so revved up. I mean --

27 MANUELLA: I also -- you'll be so tight, you'll be waterproof.

1                   HOST: -- this is --

2                   MANUELLA: But it's true. It's -- you're

3 going to have really tight firmed skin. You're going to have --

4                   HOST: Oh, beautiful skin.

5                   MANUELLA: -- nourished skin. You're going to be clean from inside

6 out and everything will be working properly. And why does that make sense? Why is

7 that important? Because we're talking about something that these are not quick fixes.

8 This is something that you can 10 years from now, 20 years from now say thank

9 goodness I was using that stuff because it made sense. It's good for my body. It's

10 good long term. It is nothing that's based on hocus pocus. It's all --

11                  HOST: Right.

12                  MANUELLA: -- based on science, on fact, on respect for the organs,

13 inner and the external organs. The skin is the largest organ of the body. You want to

14 feed it. You want to correct it. You want to protect it.

15                  This five piece kit will do it. The Perfect Body Solution is going to

16 feed it and protect it. The Stimulating Body Wash is going to clean it properly so that

17 you'll be able to deliver the -- the cream on top that will actually help to make the skin

18 soft and smooth and supple again.

19                  HOST: I have a question then.

20                  MANUELLA: Yeah.

21                  HOST: Okay. So, if we're going to tell our customers or help our

22 customers do this, this is how I lost all my weight.

23                  MANUELLA: Yes.

24                  HOST: Just taking this. I can't believe it. Because you remember

25 when I went through -- I had Teresa, my youngest, who's now six.

26                  MANUELLA: Um-hum. Um-hum.

27                  HOST: And I gained like 80 pounds.

1 MANUELLA: Um-hum.

2 HOST: Anyway, it took me forever to get rid of that weight and I went  
3 through the whole trainer thing and the dieting and all of that. And it worked but it  
4 was just -- it was horrible.

5 This is has been really easy for me but I've noticed too that because I  
6 use the Perfect Body, I don't have like sagging skin.

7 MANUELLA: That's right.

8 HOST: Like you start losing -- and I have to use it more in this area  
9 here from, you know, mommy weight and having some problems there with  
10 pregnancies.

11 MANUELLA: Well, this -- you know, I have  
12 had -- Armond, three months.

13 HOST: But -- my gosh, look at this waist.

14 MANUELLA: It's just been three months since I've had Armond.

15 HOST: Oh my gosh, look at you.

16 MANUELLA: And I'm about -- I'm about 13 pounds off of where I  
17 should be. So, in three months, I've lost a lot because with Armond, I gained more  
18 than twice than I did with Kian because --

19 HOST: Did you really?

20 MANUELLA: Oh, man, my -- my body --

21 HOST: Look at this skinny little tiny waist.

22 MANUELLA: -- just stored it all up. But look at that. By using this  
23 and my skin is firm and tight.

24 HOST: Wow.

25 MANUELLA: I don't have that -- you know, that paper bag, that  
26 crumpled paper bag look --

27 HOST: Yeah.

1 MANUELLA: -- that a lot of women end up with on the belly --

2 HOST: Uh-huh.

3 MANUELLA: -- area. I don't have that because I was using the  
4 Perfect Body Solution and the bust firming. And you want --

5 HOST: Yeah, but --

6 MANUELLA: -- to because you want to keep that skin active. You  
7 want to keep it healthy. You want to keep it moisturized. And this is how you're  
8 going to do it. You can't do it with a wax that's just going to sit on top.

9 HOST: Right.

10 MANUELLA: And you can't do it by just sitting there and wishing it.  
11 You've got to take action. And the action I'm asking you to take is something that  
12 makes so much sense for you.

13 HOST: I have a question though. Now, I started Bio Metabolic like  
14 two months ago --

15 MANUELLA: Um-hum.

16 HOST: -- and lost all this weight.

17 MANUELLA: Um-hum.

18 HOST: And I -- now, should I start using the Perfect Body like  
19 religiously? Will it do anything? What if I didn't use it back then when I started  
20 losing the weight? Know what I'm saying?

21 **ON SCREEN:**

22 **before & after (photographs)**

23 **Individual results may vary**

24 **VALUEVISION**

25 MANUELLA: What -- use it -- it's never too late.

26 HOST: Will it do anything now?

27 MANUELLA: Of course it will.

1                   HOST: Will it work now because I have that little paper bag --

2                   MANUELLA: Of course it will.

3                   HOST: -- crimplly thing you're talking about here --

4                   MANUELLA: Of course it will. Because --

5                   HOST: -- on my gut.

6                   MANUELLA: -- you know what -- you know what Perfect Body

7                   Solution is really great for? Because of the liposome action, because of the way the

8                   liposome and those plant extracts are put together, it really helps stimulate the micro

9                   circulation on the skin.

10                  If you could help to stimulate the micro circulation on the skin, you're

11                  going to get a response. And this is exactly --

12                  HOST: Right.

13                  MANUELLA: -- what we want to do. The Perfect Body Solution will

14                  get a response from your skin.

15                  HOST: See, because I'm hoping --

16                  MANUELLA: Bio Metabolic gets a response from the inside of your

17                  body.

18                  HOST: You're going to shop tonight because you're getting all of

19                  these. Two of the Perfect Body plus the body wash. I love that. That's -- my --

20                  Teresa loves that too, so does Gabby. But --

21                  MANUELLA: Um-hum.

22                  HOST: -- Teresa really loves it. And then you -- really three of these?

23                  MANUELLA: Three.

24                  HOST: Three Bio Metabolics.

25                  MANUELLA: One for each year of the anniversary.

26                  HOST: Love you. Yeah.

27                  MANUELLA: See. Three -- a third year anniversary --

1                   HOST: Ah, I just got it. Happy anniversary to Isomers' Laboratory.  
2 Ladies and gentlemen, come on and join me. All of America is saying I'm  
3 overweight. I want to lose weight. I'm on this diet. I'm going to take this pill. I'm  
4 going to try that cream. I'm going to go get liposuction. I'm going to get cut off.

5                   **ON SCREEN:**

6                   **C-17350**

7                   **S&H \$3.99**

8                   **\$49.99**

9                   **Isomers**

10                  **Nutri-Firm 3<sup>rd</sup> Anniversary Eio-metabolic Special**

11                  **1-800-788-2454**

12                  **VALUEVISION**

13                  **vvtv.com**

14                  HOST: You know what? We are absolutely fed up with having this  
15 whole body image concept just be blown out of the water because the dieting doesn't  
16 work, the trainer is too expensive. La da, da, da. All that stuff -- I said you know  
17 what, no more.

18                  MANUELLA: Um-hum.

19                  HOST: I am done. I have had enough. And then you come along and  
20 you went Bio Metabolic and held that dangling carrot right in front of me. And I went  
21 oh, great. Yeah, something else to lose weight. Yeah, sure. And I took it.

22                  MANUELLA: Um-hum.

23                  HOST: And I took it at a time where I was at an all time low. I'm  
24 going I'm overweight. I'm not happy with myself. I am just not --

25                  **(The program was concluded.)**

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**VALUEVISION**

**NUTRI FIRM PERFECT BODY SOLUTION**

DATE RECORDED: AUGUST 11, 2000

Exhibit H



1 MANUELLA: -- that address it at the source, at the root.

2 HOST: Right.

3 MANUELLA: What is the source? What is the problem? Lumpy,  
4 bumpy, sponginess.

5 HOST: Um-hum.

6 MANUELLA: Slacking skin, loss of elasticity.

7 HOST: Right.

8 MANUELLA: Congestion. We stimulate the micro-circulation. We  
9 firm, tone, hydrate the skin. And now we can do it in this super power-packed  
10 anniversary special here. So, this will give you a good three to four months of Perfect  
11 Body Solution to address the lumps and bumps on your hips, your abdomen, your  
12 thighs.

13 But not only is it a treatment cream for that, it's your moisturizer. It's  
14 your exfoliant. It's your softening cream all in one.

15 HOST: And, you know, you can put that on right after you shave.

16 MANUELLA: Yes, you can.

17 HOST: It does not irritate your skin.

18 MANUELLA: Uh-uh.

19 **ON SCREEN:**

20 **Nutri Firm 3rd Anniversary Body Kit**

21 **C-17392**

22 **Includes:**

23 **(2) Perfect Body Solution \$29.99 each**

24 **(3) Stimulating Body Wash \$ 9.50 each**

25 **Total Retail Value \$88.48**

26 **You Save \$43.53**

27 HOST: I put it on right when I get out of the shower. This is the value

1 page that we have for you so that you understand what it is that you're receiving and  
2 how much money you are saving.

3 You're saving \$43.53 by purchasing it in this kit today because of the  
4 anniversary price and the anniversary show.

5 And, you know, we're going to be able to show you what cellulite is  
6 about. We have some lab-created cellulite. And there are a lot of people out there  
7 watching the show who are saying to themselves, yeah, right, I have tried everything  
8 on the market.

9 **ON SCREEN:**

10 **Nutri Firm 3rd Anniversary Body Kit**

11 **C-17392**

12 **Body Kit Includes:**

13 **Perfect Body Solution**

14 **New and improved formula contains red and brown algae**

15 **Helps promote extra firming and lifting**

16 **Helps reduce superficial imperfections**

17 **Gives skin an instant lifting effect**

18 **Retexturizes and evens out skin tone**

19 HOST: I have paid a fortune, I have beat myself up. Oh, you've got  
20 the little things. Oh, aren't those charming?

21 **ON SCREEN:**

22 **Before & after (photographs)**

23 **Individual results may vary**

24 **VALUEVISION**

25 MANUELLA: These are -- these are from my -- my personal stash  
26 that when I was younger that I had.

27 HOST: Can you believe that? Look at this before and after. Before,

1 after.

2 MANUELLA: Um-hum.

3 HOST: Now, tell me what leg you think looks more desirable. I  
4 mean, truly. Think about the before or the after, tell me what leg -- look at even the  
5 buttock area.

6 MANUELLA: Well, that's where you actually --

7 HOST: Yeah.

8 MANUELLA: -- notice the loss of elasticity, that cottage cheese look.

9 HOST: Oh, yeah.

10 MANUELLA: And what literally is happening is if you think of you're  
11 -- you're -- a balloon and you fill it up with water.

12 HOST: Um-hum.

13 MANUELLA: You know how that water just pulls that balloon down  
14 and stretches it down. That's what the cellulite is doing to the leg there.

15 **ON SCREEN:**

16 **C-17392**

17 **Retail Value \$88.48**

18 **S&H \$4.29**

19 **\$44.95**

20 **Isomers**

21 **Nutri-Firm 3rd Anniversary Body Kit Special**

22 **1-800-788-2454**

23 **VALUEVISION**

24 **vvtv.com**

25 MANUELLA: It's just pulling it down and stretching it down. What  
26 you want to do is lift it and firm it and tone it and hydrate it.

27 HOST: Um-hum.

1 MANUELLA: And how do we do that? This magical plant extracts  
2 that work to nourish the skin, firm the skin, increase the micro-circulation of the skin  
3 so that it actually --

4 HOST: Um-hum.

5 **ON SCREEN:**

6 **Before & after (photographs)**

7 **Individual results may vary**

8 **VALUEVISION**

9 MANUELLA: -- can become much more refined, not as congested.  
10 When you have blocked sinuses, you take a decongestant. When you have this  
11 problem here with the cushiony-ness to the skin, you need a decongestant. Perfect  
12 Body Solution is the answer for that. And, again, treatment, moisturizer, exfoliant all  
13 in one.

14 HOST: And, you know, these before and afters are just -- oh, this is a  
15 dramatic before and after to me. You know, we -- we're in the summer months. We  
16 all have put on the shorts, looked in the mirror, and taken them right back off.

17 **ON SCREEN:**

18 **C-17392**

19 **Retail Value \$88.48**

20 **S&H \$4.29**

21 **\$44.95**

22 **Isomers**

23 **Nutri-Firm 3rd Anniversary Body Kit Special**

24 **1-800-788-2454**

25 **VALUEVISION**

26 **vvtv.com**

27 HOST: Not on your life. I love capri pants. I can tell you that. But

1 it's -- but it's very true. When you look in the mirror and you don't like what you see,  
2 the first thing that you do is try to hide it. Let's try to correct it. And there's a  
3 difference.

4 So, now if you help to correct the problem, if you help to minimize the  
5 appearance of the cellulite and you actually break that up underneath the skin so it's  
6 all smooth and wonderful, you have a whole new way of looking at yourself in the  
7 mirror.

8 Cellulite has nothing to do with weight, does it?

9 MANUELLA: It has nothing to do with weight.

10 HOST: No. No.

11 MANUELLA: I suffered from it terribly when I was 17, 18, 19 years  
12 old --

13 HOST: Um-hum.

14 MANUELLA: -- and I was thin. I was in very good shape. I -- I  
15 needed to use something that actually addressed the firming and toning needs of my  
16 skin. I went to all the cosmetic counters. I bought this, I bought this, I bought this  
17 and all the creams and all the tools that went with it.

18 HOST: Um-hum.

19 MANUELLA: And I spent hundreds of dollars and what I ended up  
20 with, bruised legs, irritated skin.

21 HOST: Doesn't it break down the elasticity, too?

22 MANUELLA: Broken elasticity.

23 HOST: Yeah.

24 MANUELLA: So, a little bit worse in the situation of the skin.

25 HOST: Um-hum.

26 MANUELLA: What I did is I went to my husband, I said you've got to  
27 come up with something, you've got to create something for me and he did. He went

1 to the laboratory, came up with all the plant extracts, butcher's broom, ladies' thistle,  
2 mushroom, all things that are known to help with that problem.

3 What I'm going to do now is I'm going to show you how this product  
4 actually works. This is a lab-created sample of the problem. This is the guck that is  
5 underneath our skin that creates that cottage cheese look.

6 HOST: Can you imagine? Yikes.

7 MANUELLA: Right. And what you can see is that -- it's not --

8 HOST: It's very goopy and sticky.

9 MANUELLA: It's very goopy, sticky, and you can't massage it away.  
10 They say, you know, massage and exercise. You'll get rid of it. Take a look at female  
11 marathon runners. They're in excellent shape and they have cellulite because it has  
12 nothing to do with exercise.

13 Drink water. Well, I'm adding water and massaging. What happens?  
14 It absorbs all the water.

15 HOST: Um-hum.

16 MANUELLA: Why? Because this is -- it loves water. It needs to  
17 expand. It's going to grow. That's why when you wear certain outfits, they are snug  
18 on you sometimes because of the fact that the cellulite is actually growing, you're  
19 becoming bloated.

20 What you want is the eight plant extracts in the liposome formulation.  
21 You just take it, rub it in, and what you're going to find, it's going to decongest. Look  
22 at that. It breaks it down.

23 Why is this important? Now, this is underneath your skin. You don't  
24 have that cottage cheese look. It is soft. It is smooth. It is much better underneath  
25 the skin to give you that streamline, that contoured look that you want.

26 In this kit that you're getting --

27 HOST: Um-hum.

1                   MANUELLA: -- for the anniversary, this is my way of saying thank  
2 you to you. You're getting two Perfect Body Solutions and you're getting three of the  
3 Stimulating Body Wash.

4                   **ON SCREEN:**

5                   **Nutri Firm 3rd Anniversary Body Kit**

6                   **C-17392**

7                   **Includes:**

8                   **(2) Perfect Body Solution                   \$29.99 each**

9                   **(3) Stimulating Body Wash                   \$ 9.50 each**

10                  **Total Retail Value                   \$88.48**

11                  **You Save                                 \$43.53**

12                  MANUELLA: So, you're getting the actual cleanser for your body.

13 We spend a fortune to cleanse our face and we ignore the needs of the skin on the  
14 body. We need the proper cleanser. If you have allergic skin or itchy skin, very dry  
15 flaky skin --

16                  HOST: Um-hum.

17                  MANUELLA: -- breakout on your back or on other areas, on your  
18 legs, even those little lumps and bumps on the back of your arms, you need the proper  
19 cleanser. This -- we're giving you three bottles of it.

20                  **ON SCREEN:**

21                  **Before & after (photographs)**

22                  **Individual results may vary**

23                  **VALUEVISION**

24                  MANUELLA: All full-size. And the Perfect Body Solution.

25                  HOST: Look at this before and after. I mean, we're not talking about  
26 small results. We're talking about dramatic results.

27                  MANUELLA: Um-hum.

1                   HOST: And the only way that you're going to know whether it works  
2 for you is to try it.

3                   MANUELLA: Right.

4                   HOST: But you have to use it. How many times a day should we put  
5 this on?

6                   MANUELLA: Once in the morning, once at night. That's it. You  
7 literally need about the size of a quarter.

8                   HOST: Okay.

9                   MANUELLA: And you just rub it in like a moisturizer.

10                  HOST: It's so easy. Yeah.

11                  **ON SCREEN:**

12                  **C-17392**

13                  **Retail Value \$88.48**

14                  **S&H \$4.29**

15                  **\$44.95**

16                  **Isomers**

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21                  MANUELLA: You don't need very much. You take it -- this is a  
22 beautiful, beautiful, beautiful cream.

23                  HOST: Oh, it is.

24                  MANUELLA: It is -- if -- it's light. It's not greasy.

25                  HOST: Um-hum. And it doesn't smell.

26                  MANUELLA: It's not -- no, it doesn't smell and it's not perfume. So,  
27 you will notice it will just glide.

1                   HOST: Um-hum.

2                   MANUELLA: The liposomes actually give a rolling effect. It glides  
3 onto the skin and a little goes a very long way. It goes into the skin.

4                   It leaves it soft, it leaves it supple, and you're getting the full treatment.  
5 You're getting the moisturization. You're getting the nutrients. It has anti-oxidants in  
6 here and it has red and brown algae. Why is this important? It gives an instant lifting  
7 and toning and tightening to the skin.

8                   HOST: You know, I -- it -- to me, when you think about all of the  
9 money that you -- because you're getting two full bottles of the Perfect Body,  
10 everyone. Normally, we only sell one or we do the double pack. But you're getting  
11 two full-size --

12                   MANUELLA: And we do the double pack for \$49.

13                   HOST: Yeah. So -- I mean, think about this. This is \$44.95. So,  
14 you're getting a discount on the double pack plus you're getting three of the cleansers.  
15 And you're getting that for one price of \$44.95.

16                   If you already know you love this product, I would get more than one.  
17 I mean, I would get more than one.

18                   MANUELLA: And it's only this visit.

19                   HOST: Yeah.

20                   MANUELLA: This is only for the anniversary. This is very limited.  
21 When the quantity on the screen is gone, it's gone. The reason we did this, this is a  
22 thank you to you because it's our third anniversary.

23                   HOST: Um-hum.

24                   MANUELLA: And I want you out there to use the product because I  
25 remember -- I really -- I don't think any woman ever forgets when they put the shorts  
26 on and they sit down in a restaurant and they look down and they look at their legs --

27                   HOST: And you see all that --

1                   MANUELLA: -- and they go aah.

2                   HOST: Oh, yeah. And you try to like move your legs so that there's

3 not so much pressure on it in the back.

4                   MANUELLA: Exactly.

5                   HOST: I know.

6                   MANUELLA: And you try going forward or you take the table -- you

7 know, the tablecloth and you kind of hide your legs underneath because, you know,

8 you don't want anybody to see your legs.

9                   HOST: That's right.

10                  MANUELLA: I remember those days.

11                  HOST: Um-hum.

12                  MANUELLA: And I know the fear that we have or how

13 uncomfortable we feel. And I know the fact that you don't buy certain outfits because

14 it exposes certain parts.

15                  You know what? Say, you know, you want the freedom.

16                  HOST: Um-hum.

17                  MANUELLA: Say no to cellulite. Say good night to cellulite. That's

18 what I always say.

19                  And what's great about this, the product is your moisturizer, it's your

20 exfoliant. It actually has lactic acid in here.

21                  Why lactic acid? That is an element that our body creates and

22 understands. Lactic acid is built up in our body when we rebuild our muscles.

23                  HOST: Um-hum.

24                  MANUELLA: And it also is very good for moisturizing and

25 rebuilding our skin. We've put this in here because it is skin identical. It is bio-

26 available. And what else does it do?

27                  If you have ingrown hair, if you have those little lumps behind your

1 arms, if you have ingrown hair on the top of your thighs, you know, in special areas  
2 where you have a lot of chafing, it's going to soften and smooth that skin. It's going to  
3 direct -- address the needs of the skin, of those blocked follicles on the legs, abdomen,  
4 buttocks area.

5 And with -- with the cleanser, the Stimulating Body Wash --

6 HOST: Um-hum.

7 MANUELLA: -- that is an algae-based wash. What's important about  
8 that, everybody knows the slimming effect of algae. They have algae soaps that  
9 you're supposed to shower with. You're getting a liquid soap form of that so you can  
10 tighten and tone your skin with  
11 -- like an astringent in the shower.

12 HOST: And, you know, it's easy to use. We're not talking about  
13 something where you have to take, okay, ten minutes of your time and you sit down  
14 and you massage for ten minutes.

15 MANUELLA: Like these.

16 HOST: And then you have to do this and you have to apply everything  
17 and then you have to wait for so long before you put your clothes back on. It's not  
18 that. You get out of the shower, you put it on, you're done.

19 MANUELLA: Um-hum.

20 HOST: And I understand we have a testimonial on this product as  
21 well. It's Kay.

22 Hi, Kay. Welcome to the show.

23 KAY: Hi.

24 HOST: How are you?

25 KAY: Good. How are you doing?

26 HOST: Good. I -- I understand you use this?

27 KAY: Oh, I love it.

1                   HOST: Do you?  
2                   **ON SCREEN:**  
3                   **Before & after (photographs)**  
4                   **Individual results may vary**  
5                   **VALUEVISION**  
6                   KAY: Oh -- I mean, I had cottage cheese legs and now they're gone.  
7                   MANUELLA: Excellent.  
8                   HOST: Great -- gone completely?  
9                   MANUELLA: Congratulations.  
10                  KAY: Yes. I mean, they look like when I was 18.  
11                  MANUELLA: Yes.  
12                  HOST: Now, how long did it take for you to see the results, Kay?  
13                  KAY: I would say no more than maybe three months.  
14                  HOST: Really?  
15                  MANUELLA: Wow.  
16                  HOST: For it to be completely done?  
17                  KAY: Yeah. It's done. And I use it twice a day every day and they're  
18                  just beautiful. And I'm wearing shorts and I'm loving it.  
19                  HOST: Oh, good for you.  
20                  MANUELLA: Good for you.  
21                  KAY: Yeah.  
22                  HOST: You know --  
23                  KAY: Yeah.  
24                  HOST: -- that -- that is something that can be very disconcerting. Are  
25                  you married or single? Can I ask?  
26                  KAY: Single.  
27                  HOST: See. Oh, well, yeah. I remember when I was single. I liked to

1 show my legs, too, a lot.

2 KAY: Yeah.

3 HOST: Now, we're there, right?

4 KAY: Yep.

5 HOST: We can do that again.

6 KAY: Yeah. I hid them for years because, you know, my weight went  
7 to my hips and that.

8 HOST: Um-hum.

9 KAY: And they were just awful.

10 HOST: Well --

11 KAY: And I tell you, this is a lifesaver.

12 HOST: Now, was it easy for you to use?

13 KAY: Oh, yeah, very easy, and it doesn't take any time. I mean, a  
14 couple of minutes. You rub it in and I put it on my stomach, and voila, and then I just  
15 get dressed and off to work I go.

16 HOST: And then it's working for you all day long and you don't even -  
17 - you're not even aware of it.

18 KAY: No. No. And your skin is so soft. I mean, it's baby soft.

19 HOST: Isn't that great?

20 **ON SCREEN:**

21 **C-17392**

22 **Retail Value \$88.48**

23 **S&H \$4.29**

24 **\$44.95**

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KAY: Yes. I love her products. Oh, I couldn't live without them. I'll tell you. If you -- if you ever go away, that's it. Life is over.

HOST: We're keeping her. She's not going anywhere. She's not going anywhere, Kay.

MANUELLA: But you know what I like about the Perfect Body Solution? When I was in the hospital, I had to stay in the hospital for a few extra days when I had Armand.

I had -- of course, I had the Perfect Body Solution with me because I used it during the pregnancy and everything. And there was other women on the floor. I would walk around with the baby and things like that. And we would talk about our bodies.

We talked about how we're changing or how we want to, you know, remember the good old days when we weren't so big. We all started -- I had them all start using the Perfect Body Solution. It was hilarious how women were saying I can see a result already. My skin is so soft, it's getting toned.

HOST: Oh, great.

MANUELLA: Three, four days later. They were loving it. So, I'm glad you trust, I'm glad you use it, and I'm really happy you're faithful with it and you got the results. So, thank you so much.

KAY: Oh, thank you.

HOST: Well, you enjoy. Thank you for taking the time. We appreciate it.

KAY: Oh, you're welcome.

HOST: All right.

KAY: Bye-bye.

1                   HOST: Bye-bye.  
2                   You know, it's true. When you have a  
3 product that works so well for you and you can see the results --  
4                   MANUELLA: Um-hum.  
5                   HOST: -- and you see it slowly disappearing and you see -- and one  
6 thing that you'll notice right away, your skin feels really smooth. All those little  
7 lumps and bumps that you have go -- and it has to be the lactic acid that's in there as  
8 well --  
9                   MANUELLA: Um-hum.  
10                  HOST: -- that's helping to smooth that  
11 out --  
12                  MANUELLA: It is. It's part of it.  
13                  HOST: -- because -- yeah. You feel that almost immediately when  
14 you use it. And to me, I don't know about anybody else, but if my arm has that, I don't  
15 want anyone touching me, you know, let alone your legs or anything. I don't -- I don't  
16 want anyone to know that that's there. That's -- it's not -- when you look at someone's  
17 skin and it's very pretty and then you touch it and you go, eeh --  
18                  MANUELLA: Um-hum.  
19                  HOST: -- that isn't fun.  
20                  MANUELLA: When it feels like -- like -- like sandpaper. A lot of  
21 times --  
22                  HOST: Exactly.  
23                  MANUELLA: -- you'll touch people and you'll say, oh, their skin is  
24 like sandpaper and you're --  
25 you're --  
26                  HOST: Yes.  
27                  MANUELLA: Actually you're set back a little bit because you didn't

1 expect it to be like that.

2 HOST: Sure.

3 MANUELLA: With the Perfect Body Solution, you're going to find  
4 that your skin is smooth and silky and soft and touchable.

5 HOST: Yes.

6 MANUELLA: You're also going to find it's excellent on the elbows  
7 and excellent on the knees.

8 HOST: Um-hum.

9 MANUELLA: You're also going to find that if you have tired legs,  
10 sometimes you get tired legs if they're very sore and they're very water-logged and  
11 things like that. The Perfect Body Solution is wonderful to massage and concentrate  
12 on that area and really get that micro-circulation going to help give lymphatic  
13 drainage to that. So, it is very, very skin friendly.

14 HOST: Um-hum.

15 MANUELLA: It is very, very body friendly and very, very multi-  
16 purpose. It is something that you can literally use from the neck down --

17 HOST: Um-hum.

18 MANUELLA: -- except the bust -- bust line, of course, and that will  
19 soften the skin and smooth the skin, tone the skin --

20 HOST: Um-hum.

21 MANUELLA: -- and give it all of the nutrients it needs and protection  
22 which is very important that you don't get from a conventional moisturizer.

23 HOST: Um-hum.

24 MANUELLA: It does not contain oils, no animal byproducts, no  
25 animal testing. All natural plant ingredients and plants that you understand, Japanese  
26 green tea, mushroom, butcher's broom. Butcher's broom was used centuries ago for  
27 varicose veins --

1                   HOST: Oh.

2                   MANUELLA: -- because of veining on the legs. And if you have a  
3 problem with veining, you will find this very soothing on the legs as well.

4                   HOST: You know, I -- previously, you know, when we were talking  
5 about the surface of the skin not being smooth enough, I didn't know you could do  
6 anything for that.

7                   MANUELLA: Um-hum.

8                   HOST: I mean, what could you do for that? A loofah sponge can be  
9 real -- I mean, that can be very harsh on -- on your skin.

10                  MANUELLA: Harsh, and the loofah contains bacteria. So, you're  
11 actually -- you're rubbing it  
12 in --

13                  HOST: There you go.

14                  MANUELLA: -- infecting your skin.

15                  HOST: Oh, that's charming. We love to think about that. We have  
16 Alicia on the line.

17                  Hello, Alicia. Welcome in.

18                  ALICIA: Hi. How are you guys doing tonight?

19                  MANUELLA: Wonderful.

20                  HOST: Great.

21                  **ON SCREEN:**

22                  **Before & after (photographs)**

23                  **Individual results may vary**

24                  **VALUEVISION**

25                  ALICIA: Good. I just wanted to tell Manuella happy anniversary.

26                  MANUELLA: Thank you very much.

27                  ALICIA: And Darius (phonetic), if you're out there watching, same to

1 you. It's just a little ole family thing. And also congratulations on the birth of your  
2 son, too.

3 MANUELLA: Thank you. Thank you very much.

4 ALICIA: But I just wanted to -- just thank you, thank you for your  
5 products and just wish you a happy anniversary.

6 MANUELLA: Oh, you're so sweet.

7 HOST: Very nice.

8 MANUELLA: And it means very much to me. Thank you. I really  
9 appreciate it.

10 ALICIA: Yes. Now, I have a question.

11 MANUELLA: Sure.

12 ALICIA: Just one question. If you use -- I heard you mention in an  
13 earlier show, Manuella, something about if you buy the Bio Metabolic --

14 MANUELLA: Um-hum.

15 ALICIA: -- Bio Metabolic --

16 MANUELLA: Yes.

17 HOST: Okay.

18 ALICIA: -- you suggested that you get the Body Kit as well?

19 MANUELLA: Yes.

20 HOST: Yes.

21 **ON SCREEN:**

22 **C-17392**

23 **Retail Value \$88.48**

24 **S&H \$4.29**

25 **\$44.95**

26 **Isomers**

27 **Nutri-Firm 3rd Anniversary Body Kit Special**

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MANUELLA: Yes. And I'll explain why. If you're using the Bio Metabolic or any weight control, if you're on a diet -- and Bio Metabolic is sold out. But if you're using any kind of diet or you're on a diet or you're slimming down, what happens most of time is your body is stretched out. The skin has been stretched out.

As your body shrinks, the skin doesn't necessarily remember to shrink with it. So, you end up with sagging skin or drooping skin or -- or it's spongy skin. The Perfect Body Solution when you are dieting is excellent because it helps to tone the skin while you are reducing your size.

HOST: Mmm.

MANUELLA: So, it's very important to use them together. And it's never too late to start because it is bio-available. So, if you're losing weight or on an exercise program or a diet program, use the Perfect Body Solution together with that diet.

So, it won't show -- you know, a lot of times you'll say, yeah, you lost 40 pounds but you don't look as good as you used to because your skin is sagging. The Perfect Body Solution will help firm up that skin and tone it so you look really, really good.

HOST: Great.

ALICIA: Well, thank you so much.

MANUELLA: Thank you.

ALICIA: And you guys have a blessed day, and also, congratulations.

MANUELLA: Thank you. I -- thank you very much.

HOST: Take care.

ALICIA: Bye-bye.

1                   HOST: Bye-bye.

2                   For those of you who are on line, I know the phone lines are very, very

3 busy right now. You know, when you can do something that is effective -- effective,

4 easy for you to use, a great price tag and you can compare this -- especially this kit to

5 anything else that you want to. I mean, this is an incredible price for this kit.

6                   My next question is to you, are you worth it? Do you think that you're

7 worth it? I think I'm worth it.

8                   MANUELLA: Um-hum.

9                   HOST: Now -- now, it's different if you have to put up \$300 for

10 something. Then you're thinking well, maybe I'll work on hiding it a little bit more

11 because that's a lot. That's a lot to do.

12                   But when you can do something like this and you can really make a

13 change in the way that you feel about yourself, in the way that you look, in the way

14 that you see yourself when you look into the mirror, to me, gosh, that's really worth it.

15                   **ON SCREEN:**

16                   **Before & after (photographs)**

17                   **Individual results may vary**

18                   **VALUEVISION**

19                   MANUELLA: It's worth it.

20                   HOST: Yeah.

21                   MANUELLA: And, you know, you're going to use a moisturizer

22 anyway.

23                   HOST: Right.

24                   MANUELLA: You're going to have to wash your skin anyway.

25                   HOST: Um-hum.

26                   MANUELLA: And you're going to have to address the problems that

27 you have, if it's dryness, flakiness, broken out skin, broken --

1                   HOST: Um-hum.

2                   MANUELLA: -- you know, all of those things. You are going to want  
3 to solve those problems.

4                   HOST: Sure.

5                   MANUELLA: I'm giving you a tool here that addresses all of those  
6 problems --

7                   HOST: Um-hum.

8                   MANUELLA: -- and it's one simple easy step. And it's --

9                   HOST: Wow.

10                  MANUELLA: -- giving you more. The nutrition, the hydration, the  
11 protection --

12                  HOST: Um-hum.

13                  MANUELLA: -- and the ease, the convenience, the safety. It does not  
14 contain drugs in it. A lot of cellulite products contain aminophylline or caffeine or  
15 other stimulants. This does not.

16                  These are natural plants that work synergistically to tone and tighten  
17 the skin. It works to increase the micro-circulation. It also has the red and brown  
18 algae to really help create a mesh to give you that invisible girdle, that invisible lift.

19                  HOST: Um-hum.

20                  MANUELLA: This is something that is -- it is good for your skin. It  
21 is good for the long term.

22                  Perfect Body Solution has been around for ten years. It's been around  
23 for about ten years now, really. And because we --

24                  HOST: Wow.

25                  MANUELLA: We created it in Canada. It's been out in Canada for a  
26 very long time.

27                  **ON SCREEN:**

1                   **C-17392**

2                   **Retail Value \$88.48**

3                   **S&H \$4.29**

4                   **\$44.95**

5                   **Isomers**

6                   **Nutri-Firm 3rd Anniversary Body Kit Special**

7                   **1-800-788-2454**

8                   **VALUEVISION**

9                   **vvtv.com**

10                  HOST: Um-hum.

11                  MANUELLA: And it is something that is so good for the body. That's

12 why we continue to sell out of it. That's why people continue to love it. And that's

13 why --                   HOST: Yeah.

14                  MANUELLA: -- it continues to work. It makes sense.

15                  I've used it for the longest time. I'm very, very happy with it. It was

16 created for me and it was created for me so that I could use it in one minute in the

17 morning, one minute at night and I'm done.

18                  **ON SCREEN:**

19                  **Nutri Firm 3rd Anniversary Body Kit**

20                  **C-17392**

21                  **Includes:**

22                  **(2) Perfect Body Solution                   \$29.99 each**

23                  **(3) Stimulating Body Wash                   \$ 9.50 each**

24                  **Total Retail Value                       \$88.48**

25                  **You Save                                       \$43.53**

26                  HOST: Yeah, you like it to be quick.

27                  MANUELLA: Quick.

1                   HOST: Yeah. You're very busy.

2                   MANUELLA: Very.

3                   HOST: You have an incredibly busy lifestyle. You can't -- you can't

4 spend a lot of time doing all of that stuff, so it works out perfectly.

5                   You know, let's talk about the different areas of the body that it helps.

6 The buttock area.

7                   MANUELLA: Buttock area.

8                   HOST: Oh, lifting, firming, toning, cellulite diminishes.

9                   MANUELLA: Smoothing. Yes.

10                  HOST: Smoothing. You bet. Upper -- upper legs. Do you know --

11 do you love it when you feel that movement on the inner -- on your inner -- oh, don't

12 you love it? I mean, that is just so very fun to feel that moving in there. So, we can --

13 we can firm that up a little bit?

14                  **ON SCREEN:**

15                  **C-17392**

16                  **Retail Value \$88.48**

17                  **S&H \$4.29**

18                  **\$44.95**

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22                  **VALUEVISION**

23                  **vvtv.com**

24                  MANUELLA: You can firm that up on the inner thigh, on the thigh

25 itself.

26                  HOST: Yeah.

27                  MANUELLA: A lot of times, too, if you even look at your thigh and

1 you notice that it's kind of drooping over your knee, you can lift that --

2 HOST: Hooded knees

3 MANUELLA: Hooded knees. Hooded knees are that cushiony

4 element on the knee.

5 HOST: I have a little bit of that.

6 MANUELLA: You can actually address it.

7 HOST: Yeah.

8 MANUELLA: Start putting on the Perfect Body Solution and massage

9 it in an upward motion --

10 HOST: Okay.

11 MANUELLA: -- up away from that and that will give that lifting

12 effect. How about the ankle area if you have those nice thick ankles --

13 HOST: Yeah.

14 MANUELLA: -- and you want to get rid of them.

15 HOST: Tummy.

16 MANUELLA: Tummy.

17 HOST: The tummy area.

18 MANUELLA: The back of the arms.

19 HOST: Hips.

20 MANUELLA: Hips.

21 HOST: Oh.

22 MANUELLA: Back of -- this part of the back as well.

23 HOST: Wow.

24 MANUELLA: A lot of women on the back of the neck. You can use

25 it literally on all those areas. It's very good. A lot of women have this --

26 HOST: Very nice.

27 MANUELLA: -- here right in the back and they

1 -- they don't know how to do it and you can't exercise that even if you wanted to.

2 HOST: It's like a little bulge back there. Yeah.

3 MANUELLA: Um-hum.

4 HOST: Oh, yeah. That's a great idea. I didn't think about that one in  
5 the back.

6 MANUELLA: Oh, yeah. That's a great one.

7 HOST: Oh, that is terrific. Yeah. Have your husband help you, your  
8 significant other help you. You can kind of do that area back here. Put it on the back  
9 of your hand and you can rub that in if you want to.

10 MANUELLA: Um-hum. Um-hum.

11 HOST: Now, this is -- you know, for \$44.95, you're getting two full-  
12 size Perfect Body. Perfect Body has always been one of my favorites. I ask for  
13 Perfect Body to be in the show all the time.

14 MANUELLA: Um-hum.

15 **ON SCREEN:**

16 **Nutri Firm 3rd Anniversary Body Kit**

17 **C-17392**

18 **Includes:**

19 **(2) Perfect Body Solution \$29.99 each**

20 **(3) Stimulating Body Wash \$ 9.50 each**

21 **Total Retail Value \$88.48**

22 **You Save \$43.53**

23 HOST: All the time. Because I just think women get very distressed  
24 about seeing cellulite on their bodies. Other people get distressed about seeing  
25 cellulite. You know what? And it seems like they look at the cellulite. They don't  
26 see anything else.

27 MANUELLA: Um-hum.

1                   HOST: They don't see anything else about you. They see the cellulite.  
2                   It's like a little magnet that just draws the eye to that area to that imperfection. Well,  
3                   you have a way to help with that problem and it is called Perfect Body.

4                   We do have it available for you here at Value Vision. And if you get it  
5                   in the anniversary kit, you're going to save \$43.53. The total retail value -- here at  
6                   ValueVision the retail value is \$88.48.

7                   **ON SCREEN:**

8                   **C-17392**

9                   **Retail Value \$88.48**

10                  **S&H \$4.29**

11                  **\$44.95**

12                  **Isomers**

13                  **Nutri-Firm 3rd Anniversary Body Kit Special**

14                  **1-800-788-2454**

15                  **VALUEVISION**

16                  **vvtv.com**

17                  HOST: You know what? If someone came to me and said, I have this  
18                  wonderful product for you, I can show you before and after pictures on how this  
19                  product works and this is what you're going to get, you're going to get eight fluid  
20                  ounces and it's \$100, I would say give me one. I want it now. If it works -- if it  
21                  works, I will pay the price for it.

22                  MANUELLA: Um-hum.

23                  HOST: Now, am I going to be much happier if I can get two of them  
24                  plus three cleansers for \$44 and change? Absolutely, I'm going to be a lot happier  
25                  about that. But the point is that women in the United States, women anywhere, if we  
26                  find a solution to our problems, we will pay for it and we will be willing to pay that  
27                  price to have it into our homes.

1                   That's why when we're out on retail and we're in the cosmetic industry,  
2 they have all those big price tags on those creams and on those lotions and on all of  
3 those products because they know that we'll pay it.

4                   MANUELLA: Um-hum.

5                   HOST: You have an alternative and your alternative is Isomers. Your  
6 alternative is Manuella and Darius because they're scientists. So, we're getting this  
7 directly from them. There are no middlemen. There are no big huge department  
8 stores that you have to pay overhead for. That's the beauty of this product.

9                   So, we hope that you can dial through and take advantage of it, and as  
10 we like to say, just say no to cellulite. Just say no to cellulite. That's what's so  
11 important. This is a lot of fun.

12                  MANUELLA: It's a lot of fun and it's --

13                  HOST: And you're getting two of these.

14                  MANUELLA: You know, it's getting control again of your legs, of  
15 your body, of your -- of your belly area.

16                  HOST: That's right.

17                  MANUELLA: You know, a lot of times --

18                  HOST: Yeah.

19                  MANUELLA: -- women, you do the exercise on -- on the belly area  
20 and you still --

21                  HOST: Um-hum.

22                  MANUELLA: -- end up with that little pooch. Well that little pooch  
23 can't be exercised away. It's excess skin.

24                  HOST: Yeah.

25                  MANUELLA: It's just skin that's loose and hanging there. You've got  
26 to use the Perfect Body Solution --

27                  HOST: Um-hum.

1                   MANUELLA: -- to tone that skin up --

2                   HOST: Yeah.

3                   MANUELLA: -- to tighten that skin up --

4                   HOST: Yeah.

5                   MANUELLA: -- and it'll work on it. If you have stretch marks, take

6 the Perfect Body Solution and either the Bust Firming or you can use it with the

7 Stretch Mark Cream --

8                   HOST: Um-hum.

9                   MANUELLA: -- and address that area. And yes, you can use this

10 with NutriTone. If you've got the Nutri Tone Machine, get the conductive serum --

11                   HOST: Ooh.

12                   MANUELLA: -- drench that cellulite area, zap it a few times, and

13 then take the Perfect Body Solution and use it on top. It will penetrate deeply into the

14 skin.

15                   HOST: Um-hum.

16                   MANUELLA: It'll work on decongesting it. Because anything you

17 can do to stimulate the circulation is going to help with that drainage, help with that

18 contouring, help with that toning of the skin. And this is what we want to achieve.

19 But don't neglect or ignore the value of the Stimulating Body Wash.

20                   HOST: Yeah.

21                   MANUELLA: When you start to wash your body with this, you are

22 going to notice that a lot of those -- that itching or flaking or dryness or redness or

23 sometimes you look down and your skin looks all different colors and shades, it

24 doesn't look very even --

25                   HOST: Right.

26                   MANUELLA: -- that will diminish. It will subside because this

27 protects the acid mantle and it cleans the skin in the proper way. So, you are going to

1 notice a lot of benefits in this kit.

2 **ON SCREEN:**

3 **Time Left: 3:00 (counting down)**

4 HOST: We're going to put a clock up on the screen everybody. And  
5 you know what? Please use automated ordering. Our phones are very, very busy for  
6 this product.

7 1-800-788-2452 is the number for automated ordering. You can order  
8 more than one item. In fact, you can order up to nine different items on automated  
9 ordering.

10 **ON SCREEN:**

11 **AUTOMATED ORDERING: 1-800-788-2452**

12 MANUELLA: Excellent.

13 HOST: So, it's very easy to do. And you're processed quickly. There's  
14 no waiting in line if you use automated ordering. And if you already know that you  
15 love Perfect Body, I definitely feel comfortable recommending that you get two of  
16 these.

17 MANUELLA: Yes.

18 HOST: Yeah.

19 MANUELLA: Yes.

20 HOST: If you love Perfect Body, I would definitely get two of these  
21 because that's a steal. That price --

22 MANUELLA: Um-hum.

23 HOST: You know, if you get the double packs anyway, you're saving  
24 money just from the price of the double pack.

25 MANUELLA: The double pack, you can buy it right now. It's \$49.99.

26 HOST: Okay.

27 MANUELLA: Even one bottle is \$30 and you can get that right now.

1                   HOST: Um-hum.

2                   MANUELLA: This kit is limited to this anniversary special. So, you  
3                   are getting something here that -- the reason why you're getting this. I want you to use  
4                   it. I want you to use it correctly.

5                   HOST: Um-hum.

6                   MANUELLA: I want you to get the results. I want you to be very,  
7                   very, very happy. And this is one of those things. These go in tandem. They work  
8                   well with you. A lot of people --

9                   HOST: Um-hum.

10                  MANUELLA: -- are using the Bio Metabolic or now the Detox. Use  
11                  this as well in tandem to control and -- and really give the skin that elasticity and  
12                  bounce and softness and smoothness that you want.

13                  HOST: Oh, I agree.

14                  MANUELLA: I mean, you want to -- you want to hug people. People  
15                  want to touch you and all this. Why not have beautiful soft skin and get a body  
16                  treatment at the same time? And this is what Perfect Body Solution does.

17                  HOST: Well, we have one more hour with Manuella. And coming up  
18                  next hour we are going to have so much fun.

19                  **(The program was concluded.)**

20

21

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Product Number: C17395  
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Feel better, more energetic, awake and aware! Detox and restore yourself with this Nutri Beauty internal cleanser. It includes 120 capsules to detox and 60 capsules to restore (a 30-day supply). This cleanser prevents toxic build-up and helps clean out and balance your system. It removes toxins, waste, fat and irritations while it jump starts a sluggish system, aids digestion and decreases bloating. This will help de-stress the body and improve the digestive system.

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Internal Cleanser feeds the cells and removes pollutants, aiding those who suffer from constipation, colds, flu, headaches, allergies, weight problems, impaired memory, stress, back and muscle ache, breath and body odors and skin problems.

Detox and Restore is designed to eliminate toxins, undigested food and waste from the intestines. It is a cellular cleanser formulated to support the liver and kidneys in removing toxins from the body. It helps purge yeast and build-up from the gastrointestinal tract while restoring healthy flora and beneficial bacteria to the intestinal tract. A toxin is a substance that irritates our body and undermines our health. We see this in aches and pains, poor memory and bad skin. Through detoxification, we provide our bodies with a key ammunition to clear and filter toxins and waste. Everyone has a need to cleanse, both physically and mentally, in order to allow the body to function and rest. The greatest benefits of this detoxification program is for those who are very busy and are exposed to processed foods, stress and environmental pollutants. It also helps those who suffer from headaches, allergies, fatigue, digestive problems, skin problems, smoke, drink or cravings. During the detox program, you maintain a normal lifestyle, although you may experience enhanced vigor and improved health within a few days. An easy system to use, it takes 30 days-- during which you eat normally and are required to drink 8-10 glasses of water daily.

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**VALUE VISION**  
**NUTRI FIRM DETOX AND RESTORE INTERNAL CLEANSER**

DATE RECORDED: AUGUST 11, 2000

1  
2 **PROCEEDINGS**

3 - - - - -

4 HOST: We are going to talk about detoxing your body.

5 **ON SCREEN:**

6 **C-17395**

7 **S&H \$3.99**

8 **\$59.95**

9 **Isomers**

10 **NutriFirm Detox & Restore Internal Cleanser**

11 **1-800-788-2454**

12 **VALUEVISION**

13 **vvtv.com**

14 HOST: You know, I have a friend who is -- oh my gosh, she is so into  
15 health and, you know, fitness and she exercises all the time. And I always -- I'm  
16 detoxing. That's her thing.

17 MANUELLA: Um-hum.

18 HOST: I'm detoxing this week. Well, I -- you know, I think about  
19 what that girl does and -- and I think well, oh, I'd be sick right after the first day.  
20 Starving to death number one. I'd be starving to death and they drink all these juices  
21 --

22 MANUELLA: Um-hum.

23 HOST: -- and all this stuff. And -- and, you know, I just can't do that.  
24 I know that it's necessary and she says you know, if you can get past doing it for the  
25 first few days, you feel so much better afterwards because you're all completely  
26 cleansed. Everything in your body, your intestines and everything, are all completely  
27 cleansed.

1 MANUELLA: Um-hum.

2 HOST: Well, that's a very difficult thing to do. It's never been worth  
3 the torture for me. Just let it all build up. Just let it build up because if I don't know  
4 it's there, I'm fine with it.

5 **ON SCREEN:**

6 **Nutri Firm Detox and Restore Capsules - 2 bottle set**

7 **C-17395**

8 **An Internal Cleansing Program may help:**

9 **One feel better, more energetic, awake and aware**

10 **Clean out and balance your system**

11 **Remove toxins, waste, fat and irritations**

12 HOST: This is the first time that I have seen a program that let's you  
13 maintain the life that you have without doing anything horrifying or disruptive to your  
14 system or your stomach or giving you headaches and yet, you can do what you need to  
15 do for your body.

16 **ON SCREEN:**

17 **C-17395**

18 **S&H \$3.99**

19 **\$59.95**

20 **Isomers**

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25 MANUELLA: Right. Because this, again, we're using an enzymatic  
26 system. What the detox program contains, it contains Psyllium Husk to help push out  
27 all of the elements that are bad. It contains Dandelion and Alfalfa enzymes. These

1 enzymes go into the digestive tract, into the intestine, small and large intestine, and  
2 like little pac-men, they eat up all the dirt and debris.

3 If you think of your stomach or the stomach lining like a sponge, it has  
4 holes and crevices in there. And a lot of what we eat, the foods, the processed foods,  
5 things that -- the chemicals that we eat, the dyes that we ingest and the candy or ice  
6 cream or things like that, that all sticks into those little crevices.

7 **ON SCREEN:**

8 **Nutri Firm Detox and Restore**

9 **C-17395**

10 **Intestinal Detox Cleanser and Eliminator**

11 **Ingredients:**

12 **Psyllium Husk**

13 **Alfalfa Leaf**

14 **Dandelion Root**

15 **Carrot**

16 **Green Anise**

17 **Fennel Seed**

18 MANUELLA: What we want to do is clean that out enzymatically.  
19 And then when it comes out, it passes through us. We end up being detoxified. The  
20 Restore that you take in the morning, that is a seven strands of friendly bacteria to  
21 rebuild the flora and fauna and the amelia in the body.

22 HOST: Wonderful.

23 **ON SCREEN:**

24 **Nutri Firm Detox and Restore**

25 **C-17395**

26 **Restore Ingredients:**

27 **FOS (Fructooligosaccharides)**

1                   **Probiotic Acidophilus**  
2                   **Complex Supplying 4 billion CFU's of**  
3                   **Lactobacillus Acidophilus**  
4                   **Bifodobacterium Longum,**  
5                   **Lactobacillus Bulgaricus,**  
6                   **Lactobacillus Rhammosis,**  
7                   **Lactobacillus Casei**  
8                   **Lactobacillus Plantarum,**  
9                   **Lactobacillus Brevis,**  
10                  **Lactoferrin**

11                  MANUELLA: So, we clean you out and restore at ground zero so you  
12                  have a fresh start. It literally only takes one month, 30 days, of following this  
13                  program.

14                  HOST: Um-hum.

15                  MANUELLA: You will -- you will probably notice a lot of things.  
16                  You have more energy. You've lost weight.

17                  HOST: Ahh.

18                  **ON SCREEN:**

19                  **C-17395**

20                  **S&H \$3.99**

21                  **\$59.95**

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27                  MANUELLA: Because a lot of times you'll be carrying excess weight

1           that is there from toxic.

2                       HOST: Just kind of hanging out.

3                       MANUELLA: You'll be feeling better.

4                       HOST: Yes.

5                       MANUELLA: Your skin will look better. Your eyes will have more

6           clarity.

7                       HOST: Oh, yes.

8                       MANUELLA: If you suffer from a lot of headaches, a lot of times

9           you'll notice that they will -- they will pass. If you have a lot of allergies, you'll notice

10           that they'll subside. So, you'll see a lot of changes in your body once you detoxify.

11                      HOST: Well -- and you know what's -- what's interesting, too, is -- a

12           lot of what my friend would do is the juices.

13                      MANUELLA: Um-hum.

14                      HOST: A lot of juices. And I think, ooh, the acidic feeling that you

15           would have. How can you drink just juice for days?

16                      MANUELLA: Exactly. It plays with your metabolism when you just

17           drink juices.

18                      HOST: Ooh. Ooh. Ooh, ooh.

19                      MANUELLA: And it stops your digestive systems. So, it ends up

20           making it much more sluggish. This is a system that works hand in hand with your

21           lifestyle. This is something that works hand in hand with your body. Again, it's

22           enzymes. It's like using the enzyme peel but only on the inside.

23                      HOST: Wonderful. Easy to take.

24                      MANUELLA: Very easy to take.

25                      **ON SCREEN:**

26                      **Nutri Firm Detox and Restore Capsules - 2 bottle set**

27                      **C-17395**

1                   **An Internal Cleansing Program may help those who suffer**

2                   **from:**

3                   **Constipation**

4                   **Colds**

5                   **Flu**

6                   **Headaches**

7                   **Allergies**

8                   **Weight Problems**

9                   **Impaired memory**

10                   HOST: Let's -- let's take a look at our screen. This is a lot of things --  
11                   okay. Constipation.

12                   MANUELLA: Um-hum.

13                   HOST: A lot of women suffer from that.

14                   MANUELLA: Right. And also --

15                   HOST: Big deal for women. Yeah.

16                   MANUELLA: Oh, exactly. And a lot of women also will end up  
17                   taking -- they want to cleanse out and they'll say okay, I'll just take a laxative.

18                   HOST: Um.

19                   MANUELLA: You know what happens when you do that? It  
20                   becomes a vicious cycle because it's relaxed muscles in the body that no longer  
21                   function properly. Restore actually exercises --

22                   **ON SCREEN:**

23                   **C-17395**

24                   **S&H \$3.99**

25                   **\$59.95**

26                   **Isomers**

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HOST: That's very bad.

MANUELLA: -- those muscles --

HOST: Um-hum.

MANUELLA: -- to keep you in optimum shape.

**ON SCREEN:**

**Nutri Firm Detox and Restore Capsules - 2 bottle set**

**C-17395**

**An Internal Cleansing Program may help those who suffer**

**from:**

**Constipation**

**Colds**

**Flu**

**Headaches**

**Allergies**

**Weight Problems**

**Impaired memory**

HOST: Okay. Colds, flu -- well, you know, if you've got a lot of bacteria hanging around in your body, of course -- I mean, really. If you've got a lot of stuff that isn't supposed to be there, bacteria, it's going to wreak havoc. It's going to be in a big play ground. Oh, let's have a good time.

MANUELLA: Um-hum.

HOST: We're just going to do whatever we want to right now.

MANUELLA: Um-hum.

HOST: So, it is very important that we get rid of it.

1 **ON SCREEN:**

2 **Nutri Firm Detox and Restore Capsules - 2 bottle set**

3 **C-17395**

4 **An Internal Cleansing Program may help:**

5 **One feel better, more energetic, awake and aware**

6 **Clean out and balance your system**

7 **Remove toxins, waste, fat and irritations**

8 MANUELLA: It's very important. A lot of times when you travel,  
9 you eat foreign foods or you're subject to a lot of medications --

10 HOST: Oh, yes.

11 MANUELLA: -- or allergies or just in a polluted environment --

12 **ON SCREEN:**

13 **C-17395**

14 **S&H \$3.99**

15 **\$59.95**

16 **Isomers**

17 **NutriFirm Detox & Restore Internal Cleanser**

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21 HOST: Um-hum.

22 MANUELLA: -- you want to be able to clean all of this out. Because  
23 by cleaning it out and starting from scratch, your body is then able to function better.  
24 If the filter in your air conditioning -- don't you rinse it out once in a while to get all  
25 that trapped sediment out of -- out of the air conditioning system because you don't  
26 want to breathe it?

27 What about inside the body? We have filters in our body as well that

1 need to be cleansed out. Once they're cleansed out, you will notice that your body  
2 will react better. You will feel better. You'll have more energy. And a lot of times  
3 you'll notice some weight loss as well as the system cleans out some things that have  
4 built up over years and years and years of constant neglect.

5 HOST: Can you imagine though? Can you imagine -- that would just  
6 be horrifying to think about. You know, sometimes we -- we don't think about those  
7 things.

8 MANUELLA: Um-hum.

9 **ON SCREEN:**

10 **Nutri Firm Detox and Restore Capsules - 2 bottle set**

11 **C-17395**

12 **Easy to use, 30-day system**

13 **Eat normally**

14 **Requires drinking 2 liters of cold water per day**

15 **Use system only 3-4 times per year**

16 HOST: And we don't think about taking care of our bodies properly.  
17 And it always seems to me that the ones who, you know, spend half of their time  
18 reading about nutrition and, you know, going into the health food stores and they  
19 spend all of their time in the gym and they're always saying oh, you know, you should  
20 read this book by so and so and that book, I don't have time for it and I don't do it.

21 MANUELLA: Um-hum.

22 HOST: And I know I don't have time for it and I know I'm never going  
23 to -- I'm not even interested. I'm not even interested. That's why a program like this  
24 would work for me because I'm honest with myself.

25 MANUELLA: Um-hum.

26 HOST: I know I need to do it but because I can't see it, I'm going to  
27 ignore it.

1 MANUELLA: Exactly.

2 HOST: That's not the healthy thing to do. That just isn't the healthy  
3 thing to do.

4 **ON SCREEN:**

5 **C-17395**

6 **S&H \$3.99**

7 **\$59.95**

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13 HOST: So, one thing that -- that's interesting is that if you do this  
14 yourself, if you -- you know, you're doing the juices and everything, you're not adding  
15 the second part of that which is the friendly portion that goes in and helps to repair  
16 everything.

17 MANUELLA: Right.

18 HOST: So, you have a two-fold system here that we're talking about,  
19 not just the detoxifying but the restoring or the proper restoration of your system as  
20 well.

21 You know, we think about that for our skin. If we take away all the  
22 moisture on our skin, if we wash it with something that's -- that's a soap or whatever,  
23 then we always think about restoring the PH balance.

24 We always think about giving ourselves moisture. If we're hungry and  
25 we've depleted our system of energy, we always think about taking vitamins or  
26 thinking about eating food.

27 MANUELLA: Um-hum.

1                   HOST: Why wouldn't we think about getting rid of the bad and then  
2                   repairing the inside of our body as well? You know, I think it's an area that we all  
3                   need to really start thinking about. And maybe if you are sluggish, you're having  
4                   some of the problems like with constipation and a lot of women suffer from consti-  
5                   pation --

6                   MANUELLA: Headache.

7                   HOST: -- a lot of headaches. Oh, that's --

8                   MANUELLA: Wake up in the morning with a headache. Think about  
9                   it. Your system is backed up. It's all toxic. And because we don't do things to clean  
10                  out our lymphatic system, we don't go on the trampoline and we don't stand on our  
11                  heads, it's the only real way to actually jump start your lymphatic system. You need  
12                  to actually do something to clean your lymphatic system out as well. And this detox  
13                  program works that way as well, which is fabulous.

14                  HOST: Un -- you know what? I -- I just -- I've just never seen a  
15                  program like this in just a little pill. So, now how do I take this? What do I do?

16                  MANUELLA: Very, very simple. The Detox, my favorite way of  
17                  doing this, you take three Detox at night.

18                  HOST: All right.

19                  MANUELLA: Okay. So, take three and go to bed. That's it.

20                  HOST: On an empty stomach? You don't have to have food?

21                  MANUELLA: You don't have to have food.

22                  HOST: Okay.

23                  MANUELLA: Take three and go to bed. In the morning when you  
24                  wake up with breakfast, take two of the Restore. Do that for 30 days.

25                  HOST: That's it? Just --

26                  MANUELLA: That's it.

27                  HOST: -- do it for 30 days? Then I don't have to do it again for -- you

1 do it a couple of times a year, you're done.

2 MANUELLA: Two, three, four times. No more than four times a  
3 year. So, no more than once a season.

4 HOST: See, now -- and this is the interesting thing is once you do  
5 something like this for your body, you don't have a point of reference right now. If  
6 you've never detoxed your system, you do not have a point of reference. So, you don't  
7 know how good you're going to feel afterwards.

8 But once you do this the first time, you will know when you need to do  
9 it again.

10 MANUELLA: You'll know --

11 HOST: You'll feel it.

12 MANUELLA: -- and, also, you'll feel it. A lot of times people say --

13 HOST: Yeah.

14 MANUELLA: -- you know, I have plaque in my arteries or I have  
15 build-up of such --

16 HOST: Yikes.

17 MANUELLA: -- and such and such in the body.

18 HOST: Um-hum.

19 MANUELLA: You eat normally. You fight -- you do everything that  
20 you're doing today, everything that you're going to do tomorrow --

21 HOST: Um-hum.

22 MANUELLA: -- you continue doing all of those things. It's not a  
23 special diet. It's nothing that you have to change. All you have to do is take these  
24 three in the evening --

25 HOST: Um-hum.

26 **ON SCREEN:**

27 **Time Left: 2:00**

1                   MANUELLA: -- two in the morning, and you're done. This is going  
2 to pass through your system. It's going to clean it up. It's going to waken the system.  
3 You're going to find that the headaches subside. You feel better. You look better.  
4 You have energy because the body -- you're taking rid of all of that sediment --

5                   HOST: Um-hum.

6                   MANUELLA: -- that's been hanging around. Think about this. You  
7 wash your dishes every day after each meal, right? If you didn't wash your dishes,  
8 what would happen after a week? If you kept eating off the same dish -- we do the  
9 same thing with our body. We don't --

10                  HOST: I wouldn't eat off the same dish  
11 twice --

12                  MANUELLA: Well --

13                  HOST: -- let alone after a week.

14                  MANUELLA: After a week but we go years and years and years of  
15 ingesting things constantly and never really backing down and saying you know what,  
16 let's clean it out.

17                  HOST: Right.

18                  MANUELLA: Let's clean out those nooks and crannies and crevices.

19                  HOST: Um-hum.

20                  MANUELLA: It's very interesting because my son Kian, he's two  
21 years old, he loves peanuts. He loves peanuts and sunflower seeds --

22                  HOST: Oh, yeah.

23                  MANUELLA: -- and these kind of things. Did you know that my --  
24 his pediatrician told me do not give him peanuts or sunflower seeds because they're  
25 the perfect size that fit into the holes and the crevices in the lining of your stomach.

26                  So, think about this. There could be peanuts and things that we have  
27 in our body that have been hanging around for a long time. This enzymatic system

1 will get it out.

2 HOST: Oh, you bet. You bet. \$59 and change, everybody. Please  
3 write the item number down. We are getting ready to talk about Bio Nutritional. So,  
4 now we've done this wonderful thing for our -- for our bodies. We've detoxed it. And  
5 the one thing that we really need to make sure that we do is feed everything.

6 MANUELLA: Um-hum.

7

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**VALUE VISION**  
**VITAMIN H SERUM**

DATE RECORDED: FEBRUARY 29, 2000

1 **Proceedings**

2 MANUELLA: But this serum does many things. When you put it up or on it,  
3 apply it to the scalp, the works on strengthening the hair, on the - strengthening the  
4 shaft, on cleaning up the follicle, improving the circulation, and feeding your scalp the  
5 Vitamin H.

6 HOST: So if you're losing hair, balding -

7 MANUELLA: If you know when you -

8 HOST: - gray -

9 MANUELLA: Exactly. Exactly. When you shampoo your hair and you see  
10 all that hair fall out in the bathtub, you know, in the shower, and you -

11 HOST: Yes.

12 MANUELLA: - say, "Look at that," or it's in your brush, you will notice a  
13 remarkable difference when you start -

14 HOST: Oh, my gosh.

15 MANUELLA: -- using this product.

16 **ON SCREEN:**

17 **(UNREADABLE GRAPHIC)**

18 **LEAP YEAR SALE**

19 **C-17344**

20 **S&H \$5.79**

21 **\$39.95**

22 **NUTRI FIRM RESURGENCE**

1           **GAMMOTHERAPY NUCLEUS CREAM**

2           **NEW ITEM TODAY**

3           **1-800-788-2454**

4           **VALUE VISION**

5           **VVTV.COM**

6           HOST: Women of all ages, and men, too.

7           MANUELLA: Especially women after pregnancy, when they give birth, they  
8 usually tend to lose their hair in clumps, that didn't happen to me because I'm using the  
9 serum. I got to keep my hair longer -

10          HOST: You're lucky.

11          MANUELLA: Which is what we want to do. We want to slow down the fall-  
12 out. And this is what Vitamin H serum is designed to do. It helps us with the scalp. It  
13 moisturizes. It nourishes. It softens. It strengthens the hair.

14          HOST: Can I put it in now or -

15          MANUELLA: Split ends.

16          HOST: - does it have to be wet?

17          MANUELLA: No, you can put it in wet or dry. You put it right into - and you  
18 notice it's not an oil. It's not greasy.

19          HOST: I'm so surprised. It's - it's - it's really - oh, it's really light.

20          MANUELLA: So very light. Just put it into -

21          HOST: And in the scalp.

22          MANUELLA: - your scalp and massage it into your scalp, three to five drops.

1           HOST: Oh, it smells good.

2           MANUELLA: All over. And it's - it's loaded with nutrients for the scalp.

3           Now, the Gammotherapy cream -

4           HOST: Oh, this is great.

5           MANUELLA: This is with the beech tree extract, the perfect DNA for the  
6           skin. This instantly, instantly when you put it on YOUR skin, it fills in the fine lines  
7           and wrinkles.

8           HOST: Oh, I love you.

9           MANUELLA: And this is something that is - we've got these products, the  
10          Resurgence, the intensive serum to work deep within the skin. We have the  
11          Gammotherapy. Look, it's like custard the way it is formulated.

12          HOST: Oh, my gosh.

13          MANUELLA: This goes on top of the skin and this fills in the lines, fills in  
14          the wrinkles, and works -

15          HOST: Really?

16          MANUELLA: - to soften and hydrate the skin. And the way the skin feels  
17          after this is amazing because of the emollients.

18          HOST: Oh, wow. That's wild.

19          MANUELLA: Doesn't it feel great?

20          HOST: Yes.

21          MANUELLA: It's extra moisturizing, so if you're wanting something that -

22          HOST: (Unintelligible) my face.

1           MANUELLA: - increases the moisture in the skin, increases the dewiness to  
2 the skin, the Gammotherapy cream is here. And remember the Gammotherapy cream -  
3 treatment cream with the beech tree extract is limited edition, as well.

4           HOST: Hmm.

5           MANUELLA: All of these soy and the beech tree, because we cultivate it,  
6 because we get the DNA ourselves, what we bring you is what is available for the next  
7 couple of months. That's it.

8           HOST: This is wild. Oh, my gosh.

9           **ON SCREEN:**

10          **COMING UP**

11          **THE COMPUTER STORE**

12          **C-17210**

13          **S&H \$2.99**

14          **\$9.95**

15          **NUTRI-FIRM FOOT CARE KIT**

16          **LEAP YEAR - ISOMERS**

17          **1-800-788-2454**

18          **VALUE VISION**

19          **VVTV.COM**

20          MANUELLA: (Unintelligible) better deal.

21          HOST: You've got to try that. Oh, I know we can't wait to get there. All right.

22          Here's the lineup. A 90 second special. John, can you help me bring that a little

1 closer, please?

2 Manuella is here on a Leap Year special. I can't believe this is happening  
3 today. The Nutri Firm Foot Care Kit for only \$9.95. We're making history in the  
4 world of television. Manuella launches yet something else new. Watch out  
5 everybody. Everybody be listening today. Manuella makes a new path in the  
6 wonderful world of not only beauty, but treatment for our skin.

7 Got to have this for your feet. A little instant pick-me-up right through your  
8 hosiery, as well.

9 MANUELLA: Right. This cools the feet, refreshes the skin, softens the skin if  
10 you've got calluses, dry feet, fungus, itchy feet, uh, smelly feet, this is very good for it.  
11 It goes quickly into the skin. This is done - this is a little bit of a special because  
12 people have been asking us over and over again for the Happy Feet. It really, truly  
13 helps the feeling.

14 HOST: Both of these.

15 MANUELLA: You get two Happy Feet, um, and it's amazing because it - it  
16 just works very quickly into the skin.

17 HOST: And we have used this, uh, on each other, as a matter of fact, in the  
18 dressing room.

19 MANUELLA: Uh-huh.

20 HOST: You got tired feet, swollen feet, something doesn't feel right, you're in  
21 your shoes too long, put this on. Doesn't have to be barefoot. And you know what? A  
22 lot of us go barefoot around the house.

1 MANUELLA: A lot of times -

2 HOST: (Unintelligible).

3 MANUELLA: - we don't even worry about our feet until sandal season comes  
4 around, but you know what? With the menthol, with the peppermint -

5 HOST: And it's very refreshing. It's very cooling. It's very tonifying. And  
6 what I do, especially now in the condition that I'm in, I take it right up into my legs,  
7 because it really helps to energize the legs.

8 MANUELLA: Oh, that feels good.

9 HOST: The menthol, the peppermint, it really - with the massage it really  
10 helps to speed up that circulation. You don't get swollen ankles. You don't get swollen  
11 legs.

12 MANUELLA: See, I had all of that. I was just a big old swollen thing.

13 HOST: You needed Happy Feet back then.

14 MANUELLA: I needed Happy Feet, for sure. How can you do this? You only  
15 gain weight, like, in your belly where the baby is, nothing else.

16 HOST: See, that's what I told my body to do. It was so -

17 MANUELLA: You - only in the belly.

18 HOST: - healthy, my gosh. You're so healthy.

19 MANUELLA: Think about this just for a moment. Put this in your head.  
20 How far along are you?

21 HOST: Seven and a half months.

22 MANUELLA: Seven and a half months and injury in the laboratory building

1 products for our customers. That's - that's a lot of love and that's a lot of safe stuff.

2 HOST: Yeah. Oh, absolutely.

3 MANUELLA: Very safe.

4 HOST: I - I've used this. I've tasted. I've put it on. I do all of this stuff. It's  
5 because it's science. It's because it's the perfect DNA structure. It's because it's things  
6 that make sense internally, externally, for the body. It's nutrition. It's, uh, perfect  
7 balance for the skin.

8 MANUELLA: And we're going to talk about that right now. Are you all  
9 ready? Are you really, really, really ready? Let's go to the hair first. The vitamin, the  
10 new vitamin that we're going to talk about is Vitamin H. Then we're going to extend  
11 the life of Resurgence. Please make your decision quickly, because everything is very,  
12 very limited.

13 HOST: Yeah.

14 MANUELLA: You are so good to us, and I thank you, and thank you for all  
15 these goodies. Take a look at this. It came out on the - on the INTERNET. We were  
16 chatting about it. Manuella had already been working on it. So no matter what request  
17 we put in it's, like, she's already working on it.

18 Vitamin H for your scalp, for your hair. And we do lose a lot of hair, and I did  
19 go through that with Teresa after I had her.

20 HOST: Uh-huh. Uh-huh.

21 MANUELLA: I lost my lashes and my hair got really, really, just thin. I had  
22 to do the wig thing, which is kind of fun for a while.

1 HOST: I was afraid it wasn't going to grow back. It gets hot. You know?

2 **ON SCREEN:**

3 **PEARLE VISION'S**

4 **LEAP YEAR SALE**

5 **C-17342**

6 **S&H \$5.79**

7 **\$39.95**

8 **NUTRI FIRM VITAMIN H SERUM**

9 **NEW ITEM TODAY**

10 **1-800-788-2454**

11 **VALUE VISION**

12 **VVTV.COM**

13 MANUELLA: That's the thing. What happens is your hair starts to fall out.

14 Remember your hair grows in three stages; okay? So when you were - when your hair

15 is coming out of your head you - you want it so that the growth stage and the fall-out

16 stage actually match each other so that it's not falling out faster than it's growing.

17 HOST: Very -

18 MANUELLA: With most people what happens is your fall-out happens faster

19 than your growth, so you end up with splitting hair. You end up with bald patches.

20 With this Vitamin H serum we have put amino acids and strengtheners in there that

21 help allow the scalp to retain the hair. It actually helps keep it right in there.

22 So that what I noticed after pregnancy was that I was not like my girlfriends,

1 who were losing clumps and clumps of hair. I wasn't losing. I was taking my shower  
2 and I'm looking down and there was nothing on the bathroom floor. There was  
3 nothing on the bathroom floor-

4 HOST: You're kidding me. Nothing?

5 MANUELLA: - nothing on the shower curtain.

6 HOST: - can take that little bathtub stopper and yank up, like, a couple of  
7 inches of - of hair.

8 MANUELLA: And that's scary. I used to do that.

9 HOST: It is, too, scary.

10 MANUELLA: Especially when I used to color my hair many years ago. You  
11 know, you brush and, oh, it's all there. This is the color I was.

12 HOST: That scares me. I need some of this.

13 MANUELLA: Because it comes (unintelligible) -

14 HOST: Can I borrow your brush? Can I just buy this right here off the set?

15 MANUELLA: What's great about this, it's non-oily. It's non-greasy. What's  
16 great about this -

17 HOST: It really takes (unintelligible) -

18 MANUELLA: - three to five drops. You massage it into your scalp, and you  
19 leave it in. This is a leave-in treatment. It's for men. It's for women. It is excellent on  
20 the scalp. It is a serum, non-oily serum, with the Vitamin H. We find that Vitamin H,  
21 see, all I do is take a few drops. This is medical, um, pharmaceutical grade packaging.  
22 You just take it, put it on, into your scalp just like that -

1           HOST: This is great.

2           MANUELLA: - and that's it. And you allow it to go to work.

3           HOST: I want some more.

4           MANUELLA: It's not oily. It's not oily.

5           HOST: It won't leave a residue.

6           MANUELLA: It won't. It actually - what's great about this, it has Pro-vitamin

7           B-5, as well, panthenol. What does that do? That thickens the hair. So if you have

8           fine, limp hair that you can't manage, you can't style, you'll be able to start to style and

9           manage your hair, as well.

10          HOST: Fascinating.

11          MANUELLA: There is nothing else on the market like this Vitamin H serum.

12          HOST: No kit would. That's right.

13          MANUELLA: Nothing else.

14          HOST: And who's going to be able to do this but you?

15          MANUELLA: Well, we - this formulation has been in the works for over

16          seven years now.

17          HOST: Wow.

18          MANUELLA: Because my husband has a full head of hair.

19          HOST: Gorgeous hair.

20          MANUELLA: And he - he loves his hair. But he used to be so paranoid that

21          he's going to lose his hair. So he started to do research on this. And many years ago

22          we came across Vitamin H and Vitamin deficiencies, saying that when you're deficient

1 in Vitamin H you tend to prematurely gray. So we started to do the research in this.

2 Then we looked at other amino acids. We looked at things that actually,  
3 people want hair to grow all the time. You can't force the hair to grow, but what you  
4 can do is you can stop or reduce the fall-out, and this is -

5 HOST: Got you.

6 MANUELLA: - what we're doing with this product. We are reducing the rate  
7 that it falls out at, so - which is very important, so that you get to retain the hair.

8 HOST: Uh-huh.

9 MANUELLA: The hair stays fuller and it's thicker.

10 HOST: How often should I do this?

11 MANUELLA: Use it every day.

12 HOST: Every day?

13 MANUELLA: Every day. And believe me, men out there, when you start to  
14 use this -

15 HOST: David, come here.

16 MANUELLA: - actually, don't buy one. Buy two, three, or four right now at a  
17 time.

18 HOST: Okay.

19 MANUELLA: And I'll tell you why.

20 HOST: It's only, what, \$39.

21 MANUELLA: Everybody when you start using it you're going to love the  
22 results. You don't want to be without these results, because you start to be able to see

1 your hair come out -

2 HOST: (Unintelligible) already?

3 MANUELLA: - (unintelligible), you get - you can start to notice it. You  
4 know? Couple of weeks. It takes a couple of weeks, but you will start to notice it  
5 dramatically.

6 HOST: Okay.

7 MANUELLA: And the way I would say, gauge it this way. When you brush  
8 your hair, you towel dry your hair, look down on the bathroom floor and see what you  
9 got.

10 HOST: I'm scared. You know, when you're saying that you're just scaring me  
11 because I - you know, we put color in our hair.

12 MANUELLA: Uh-huh.

13 HOST: I like it a little bit on the lighter side and I do have a lot of silver in  
14 there and gray, whatever you want to call it.

15 MANUELLA: Uh-huh.

16 HOST: And - and you're right. I can look in my brush in my bag right now -

17 MANUELLA: Right.

18 HOST: - and my head, I'm going, oh, my, gosh, it's like I can pull off a half a  
19 handful.

20 MANUELLA: Right. And - and -

21 HOST: A clump.

22 MANUELLA: And every day you're taking a clump. You know, every day

1 you're taking a clump out of your brush.

2 HOST: (Unintelligible).

3 MANUELLA: Or every couple of days.

4 HOST: Yeah. I don't clean out my brush every day.

5 MANUELLA: But you know what? Why not -

6 HOST: But every time I clean it it's like my brush has more hair. Oh, no.

7 MANUELLA: But what you - what you want to do is you want to keep it on  
8 your scalp, which is where it should be, because when you keep it there then it allows  
9 it to stay fluffier and manageable and everything. What's great about it, it's not heavy.  
10 It will not weigh the hair down. It's not greasy or not oily. It's an excellent, uh,  
11 companion to your hair.

12 HOST: We're getting some calls about, uh, the necklace I'm wearing. This is  
13 the Trader Jack buy. Do I have to remove this now? Am I getting heck because I have  
14 this on? I'll take it off. We were only allowed to sell it for a certain amount of time.  
15 And it's screwed up on the price, real, for real, for real.

16 MANUELLA: Okay.

17 HOST: And I would like to invite any of the men out, uh, in our control room  
18 or were working behind the scenes to come - oh, my gosh. You have 63 of these in  
19 our inventory? That's all we have?

20 MANUELLA: They're going.

21 HOST: Okey-dokey. Never mind about that invite. I'm sorry.

22 MANUELLA: Again, a limited edition. Uh, truly on a -

1           HOST: Oh, (unintelligible).

2           MANUELLA: The reason for this is because this is what we do at Isomer's  
3 laboratories. As a scientist we work with very, very high integrity products. We do a  
4 lot of our own cultivation. We do a lot - we do all of our own formulation. So what  
5 we're doing with the Vitamin H, we've got a limited edition on this so that you can try  
6 this product for Leap Day. It was available for today only. We have a lot of interest in  
7 this and 60 left, so, um, we'll let you know if there are anymore out there.

8           So how was can we get some more? Last two days in March -

9           HOST: Another - uh, you're here another month?

10          MANUELLA: Yep.

11          HOST: Next month?

12          MANUELLA: Yep.

13          HOST: Okay.

14          MANUELLA: Are we going to put some more in the system now? Okay.

15          Great.

16          HOST: Can we stay on the site, um, David? Are you going to put some more  
17 in there now? All right. Let's come back. Let's just come back and let the guys work  
18 it out.

19

Decision and Order

**DECISION AND ORDER**

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violation of the Federal Trade Commission Act; and

The respondent, its attorney, and counsel for Federal Trade Commission having thereafter executed an agreement containing a consent order, an admission by the respondent of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent ValueVision International, Inc. is a Minnesota corporation with its principal office or place of business at 6740 Shady Oak Road, Eden Prairie, Minnesota, 55344.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

Decision and Order

ORDER

DEFINITIONS

For purposes of this Order, the following definitions shall apply:

1. "Competent and reliable scientific evidence" shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.
2. Unless otherwise specified, "respondent" shall mean ValueVision International, Inc., its successors and assigns, and its officers, agents, representatives, and employees.
3. "Commerce" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

I.

IT IS ORDERED that respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the labeling, advertising, promotion, offering for sale, sale, or distribution of WeightPerfect Fat Loss Accelerator Daytime and WeightPerfect Fat Loss Accelerator Nighttime (collectively "WeightPerfect Fat Loss Accelerators"), Fight the Fat, NutriFirm Perfect Body Solution or any other food, drug, dietary supplement or cosmetic, as "food," "drug," and "cosmetic" are defined in Section 15 of the Federal Trade Commission Act, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that such product:

- A. Causes substantial weight loss or fat loss;
- B. Causes substantial loss in body weight or body fat without exercise or restrictions on caloric intake;

## Decision and Order

- C. Prevents weight gain, regardless of exercise or caloric intake;
- D. Increases metabolic rate or burns calories;
- E. Reduces or eliminates cellulite;
- F. Suppresses the appetite;
- G. Causes substantial loss in body weight or body fat while sleeping;
- H. Prevents the human body from absorbing fat; or
- I. Enables consumers to lose weight even if consumers eat foods that are high in fat, including steaks, pizza, hamburgers, butter, fried chicken or chocolate,

unless, at the time the representation is made, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation.

## II.

IT IS FURTHER ORDERED that respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the labeling, advertising, promotion, offering for sale, sale, or distribution of NutriFirm Internal Cleanser, or any other food, drug, or dietary supplement, as “food” and “drug” are defined in Section 15 of the Federal Trade Commission Act, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that such product:

- A. Alleviates back aches, muscle aches or headaches;
- B. Alleviates colds, influenza or allergies; or
- C. Improves impaired memory,

Decision and Order

unless, at the time the representation is made, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation.

III.

IT IS FURTHER ORDERED that respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the labeling, advertising, promotion, offering for sale, sale, or distribution of NutriFirm Vitamin H Serum, or any other food, drug, dietary supplement or cosmetic, as “food,” “drug” and “cosmetic” are defined in Section 15 of the Federal Trade Commission Act, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that such product prevents or slows the rate of hair-loss, including hair-loss in women after pregnancy, unless, at the time the representation is made, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation.

IV.

IT IS FURTHER ORDERED that respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any food, drug, dietary supplement, cellulite-treatment product or weight-loss program in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that such product can or will cure, treat, or prevent any disease, or have any effect on the structure or function of the human body unless, at the time the representation is made, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation.

## Decision and Order

## V.

IT IS FURTHER ORDERED that respondent, or its successors and assigns, shall offer Refunds to Eligible Purchasers of WeightPerfect Fat Loss Accelerator Daytime, WeightPerfect Fat Loss Accelerator Nighttime, Fight the Fat, NutriFirm Perfect Body Solution, NutriFirm Internal Cleanser, and/or NutriFirm Vitamin H Serum (hereafter, "covered products"), who purchased such products through ValueVision, in accordance with the provisions of this Part. For purposes of this Part, "Eligible Purchaser" shall mean any person who purchased any of the covered products through respondent between February 1, 2000 and the date respondent executed this order, who is dissatisfied with such product(s), and who has not previously received a Refund. "Refund" shall mean either: (i) a cash refund for the full purchase price of the covered product(s), including applicable shipping and handling charges, *or* (ii) if respondent elects in its sole discretion, a rebate certificate equal in value to, or of a specified value greater than, the full purchase price of such product(s), including applicable shipping and handling charges, and redeemable toward any product or service offered through respondent. Provided, however, each Eligible Purchaser shall have the right to elect a cash refund. With regard to Eligible Purchasers who purchased multiple products as part of a single order, "applicable shipping and handling charges" shall mean the lesser of: (a) the amount of shipping and handling charges actually paid by the Eligible Purchaser attributable to the individual covered product(s) or, to the extent applicable, the multiple-product units containing the covered product(s) in the order; or (b) the amount of shipping and handling charges that would have been charged had the Eligible Purchaser obtained only the individual covered product(s) as a separate order.

- A. Within fifteen (15) business days from the date of service of this order, respondent shall compile a mailing list identifying each Eligible Purchaser by name, last known address, and the covered product(s) and quantity of covered product(s) purchased, to the extent known by respondent through a diligent search of its records. Within twenty (20)

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business days from the date of service of this order, respondent shall provide Commission staff with a computer print-out copy of the mailing list, as well as provide the list in computer readable form.

- B. Within forty-five (45) days from the date of service of this order, respondent shall send via first-class mail, postage prepaid, a Notice of Refund Offer in the form set forth in Appendix 1 or Appendix 2 to this order, to all Eligible Purchasers listed on the mailing list required by subpart A of this Part.
- C. Respondent shall also send via first-class mail, postage prepaid, a Notice of Refund Offer, in the form set forth in Appendix 1 or 2 to this order, to all Eligible Purchasers who contact respondent or the Commission in any manner within one hundred twenty (120) days from the date of service of this order. Each mailing shall be made within fifteen (15) business days after respondent receives the Eligible Purchaser's name and address.
- D. No information other than that contained in Appendix 1 or 2 shall be included in or added to the Notice of Refund Offer, nor shall any other material be transmitted therewith. The envelope containing the Notice of Refund Offer shall be in the form set forth in Appendix 3 to this order. For each mailing returned by the U.S. Postal Service as undeliverable for which respondents thereafter obtain a corrected address within one hundred twenty (120) days from the date of service of this order, respondent shall, within fifteen (15) business days after receiving the corrected address, send a Notice of Refund Offer to the corrected address.
- E. Respondent shall provide a Refund to each Eligible Purchaser who returns the completed application form appended to the Notice of Refund Offer to respondent or who otherwise requests a Refund in writing to respondent within one hundred and sixty (160) days of the service of this order if respondent's diligent inquiry and examination

## Decision and Order

of its corporate books and records and of any documents submitted by an Eligible Purchaser reasonably substantiates the claim of purchase. Provided, however, that if any request for a Refund from a single Eligible Purchaser is for greater than three units (*e.g.* bottles) of a product covered by this Part, and the request is reasonably substantiated, respondent shall be required to provide a Refund for only three units. Respondent shall send a Refund in the form requested by the Eligible Purchaser (either a refund check or a rebate certificate) by first-class mail, postage prepaid within fifteen (15) business days after respondent receives the completed application from the Eligible Purchaser. The envelope containing the Refund shall be in the form set forth in Appendix 4 to this order.

- F. Respondent shall make reasonable efforts to notify any Eligible Purchaser who applies for a Refund but fails to apply properly of any error in the Eligible Purchaser's Refund application, and shall provide a reasonable opportunity for the Eligible Purchaser to rectify any such error.
- G. Within two hundred forty (240) days from the date of service of this order, respondent shall furnish to Commission staff the following:
  - 1. in computer readable form and in computer print-out form, a list of the names and addresses of all consumers who were sent Refunds pursuant to this Part, and for each name included on the list, the amount, check number or rebate certificate number, and mailing date of every Refund sent;
  - 2. in computer readable form and in computer print-out form, a list of the names and addresses of all consumers who contacted respondents or were referred to respondents by the Commission in accordance with sub-part C of this Part;

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3. copies of all correspondence and other communications to, from, or concerning all consumers who requested a Refund but were refused, and the reason(s) for denying the Refund;
4. all Notices of Refund Offer returned to respondent as undeliverable; and
5. all other documents and records evidencing efforts made and actions taken by respondent to identify, locate, contact, and provide Refunds to consumers requesting a Refund.

VI.

Nothing in this order shall prohibit respondent from making any representation for any drug that is permitted in labeling for such drug under any tentative final or final standard promulgated by the Food and Drug Administration, or under any new drug application approved by the Food and Drug Administration.

VII.

Nothing in this order shall prohibit respondent from making any representation for any product that is specifically permitted in labeling for such product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990.

VIII.

IT IS FURTHER ORDERED that respondent ValueVision International, Inc., and its successors and assigns, shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

## Decision and Order

- A. All advertisements and promotional materials containing the representation including videotape recordings of all such broadcast advertisements;
- B. All materials that were relied upon in disseminating the representation; and
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call 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.

## IX.

IT IS FURTHER ORDERED that respondent ValueVision International, Inc., and its successors and assigns, shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

## X.

IT IS FURTHER ORDERED that respondent ValueVision International, Inc. and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition;

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or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue, NW, Washington, D.C. 20580.

XI.

IT IS FURTHER ORDERED that respondent ValueVision International, Inc. and its successors and assigns shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

XII.

This order will terminate on August 22, 2021, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (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 Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the

## Decision and Order

order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part 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, Chairman Muris not participating.

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APPENDIX 1  
NOTICE OF REFUND (CASH OR REBATE)

[To be printed on letterhead of ValueVision International, Inc.]

[Date]

[Name and Address of Recipient]

Dear [Recipient]:

You may be eligible for a refund. The Federal Trade Commission (the "FTC") has been reviewing advertising claims regarding the benefits and effectiveness of the following products offered by various manufacturers through ValueVision:

- Weight Perfect Fat Loss Accelerator (Daytime and Nighttime)
- Fight the Fat
- NutriFirm Vitamin H Serum
- NutriFirm Perfect Body Solution
- NutriFirm Internal Cleanser.

To settle its differences with the FTC, ValueVision has agreed to provide refunds to customers who

- purchased any of these products between February 1, 2000, and [specify date respondent executed this order],
- are dissatisfied with the product(s) **and**
- have not previously received a refund for the product(s).

If you are one of these customers, you are eligible for a refund of the purchase price of the product(s), together with shipping and handling charges. You also have the choice of receiving your refund as a rebate certificate redeemable toward the purchase of any product offered through ValueVision.

To claim your refund, simply complete the attached form and return it to ValueVision by [specify return date 160 days from

## Decision and Order

service of order]. You may send us, along with the enclosed form, copies of any receipts, credit card statements or other documents showing your purchases of any of the products listed above. You do not have to send us any proof of purchase; however, if you do not, the amount of your refund will be based upon information in our computer system.

Our customers are very important to us, and we take your satisfaction with products purchased through ValueVision very seriously.

**Please note:** If you bought more than three bottles of any one product, the amount of your refund will be limited to three bottles.

Sincerely,

[Specify ValueVision Officer]

**Request for Refund**  
(Please print or type)

Name:

\_\_\_\_\_

Mailing Address:

\_\_\_\_\_

City: \_\_\_\_\_ State: \_\_\_\_\_

Zip Code: \_\_\_\_\_

Telephone Number: (       )

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<b>I purchased the following products through ValueVision between February 1, 2000 and [execution date].</b> (circle all that apply)	<b>I was NOT satisfied with the following product(s).</b> (check all that apply)	<b>Number of bottles purchased.</b> (write in number, if you know)
Weight Perfect Fat Loss Accelerator (Daytime and Nighttime)		
Fight the Fat		
NutriFirm Vitamin H Serum		
NutriFirm Perfect Body Solution		
NutriFirm Internal Cleanser		

I would like my refund in the form of (check one):

- A check for the full purchase price, plus shipping and handling; OR
- A rebate certificate for the full purchase price, plus shipping and handling, redeemable toward the purchase of **any** product offered through ValueVision.

**To get your refund, you must sign below and return this form to ValueVision at the following address by [specify return date 160 days from service of order]:**

**ValueVision International, Inc.**  
**[address]**

## Decision and Order

I declare under the laws of the United States of America that the information in my request for refund is true and correct to the best of my knowledge, that I was not satisfied with the product(s) circled above, and that I have not previously received a refund for these product(s).

---

Signature

Date

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APPENDIX 2  
NOTICE OF REFUND (CASH ONLY)

[To be printed on letterhead of ValueVision International, Inc.]

[Date]

[Name and Address of Recipient]

Dear [Recipient]:

You may be eligible for a refund. The Federal Trade Commission (the "FTC") has been reviewing advertising claims regarding the benefits and effectiveness of the following products offered by various manufacturers through ValueVision:

- Weight Perfect Fat Loss Accelerator (Daytime and Nighttime)
- Fight the Fat
- NutriFirm Vitamin H Serum
- NutriFirm Perfect Body Solution
- NutriFirm Internal Cleanser.

To settle its differences with the FTC, ValueVision has agreed to provide refunds to customers who

- purchased any of these products between February 1, 2000, and [specify date respondent executed this order],
- are dissatisfied with the product(s) **and**
- have not previously received a refund for the product(s).

If you are one of these customers, you are eligible for a refund of the purchase price of the product(s), together with shipping and handling charges.

To claim your refund, simply complete the attached form and return it to ValueVision by [specify return date 160 days from service of order]. You may send us, along with the enclosed form, copies of any receipts, credit card statements or other documents

## Decision and Order

showing your purchases of any of the products listed above. You do not have to send us any proof of purchase; however, if you do not, the amount of your refund will be based upon information in our computer system.

Our customers are very important to us, and we take your satisfaction with products purchased through ValueVision very seriously.

**Please note:** If you bought more than three bottles of any one product, the amount of your refund will be limited to three bottles.

Sincerely,

[Specify ValueVision Officer]

**Request for Refund**  
(Please print or type)

Name:

\_\_\_\_\_  
\_\_\_\_\_

Mailing Address:

\_\_\_\_\_  
\_\_\_\_\_

City: \_\_\_\_\_ State:

\_\_\_\_\_ Zip Code: \_\_\_\_\_

Telephone Number: (      )

Decision and Order

<p><b>I purchased the following products through ValueVision between February 1, 2000 and [execution date].</b>                      (circle all that apply)</p>	<p><b>I was NOT satisfied with the following product(s).</b>                      (check all that apply)</p>	<p><b>Number of bottles purchased.</b>                      (write in number, if you know)</p>
<p>Weight Perfect Fat Loss Accelerator (Daytime and Nighttime)</p>		
<p>Fight the Fat</p>		
<p>NutriFirm Vitamin H Serum</p>		
<p>NutriFirm Perfect Body Solution</p>		
<p>NutriFirm Internal Cleanser</p>		

**To get your refund, you must sign below and return this form to ValueVision at the following address by [specify return date 160 days from service of order]:**

**ValueVision International, Inc.**  
**[address]**

## Decision and Order

I declare under the laws of the United States of America that the information in my request for refund is true and correct to the best of my knowledge, that I was not satisfied with the product(s) circled above, and that I have not previously received a refund for those product(s).

---

Signature

Date

Decision and Order

APPENDIX 3  
REFUND NOTICE LETTER ENVELOPE

FORWARDING AND RETURN POSTAGE GUARANTEED

ValueVision International, Inc.  
[address]

Window Envelope

[The following statement is to appear in a box, on the left hand side of the envelope in red, in extra large, bold type face]

**Attention: Important  
Refund Information  
Inside**

Decision and Order

APPENDIX 4  
REFUND CHECK ENVELOPE

FORWARDING AND RETURN POSTAGE GUARANTEED

ValueVision International, Inc.  
[address]

Window Envelope

(indicates a check is enclosed)

Analysis

**Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission has accepted, subject to final approval, an agreement containing a consent order from respondent ValueVision International, Inc. ("ValueVision"), which operates a live, 24-hour per day television home shopping network.

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

This matter involves allegedly misleading representations about two weight-loss products (WeightPerfect Fat Loss Accelerators and Fight the Fat), an internal cleanser (NutriFirm Internal Cleanser), an anti-cellulite lotion (NutriFirm Perfect Body Solution), and a topical anti-hair-loss solution (NutriFirm Vitamin H Serum). It concerns unsubstantiated health, disease, and weight loss claims made on television and in Internet advertising about these products.

According to the FTC complaint, ValueVision made unsubstantiated claims that the WeightPerfect Fat Loss Accelerators: cause substantial loss in body weight or body fat in one to twelve weeks without exercise or restricting caloric intake; prevent weight gain regardless of exercise or caloric intake; increase the body's metabolic rate and burn calories; suppress the appetite; and cause substantial loss in body weight or body fat while sleeping. The studies relied upon by ValueVision involved subjects who were on restricted calorie diets, and/or exercise programs, and the studies did not involve the specific formulation of the WeightPerfect Fat Loss Accelerators.

The complaint also alleges that ValueVision made unsubstantiated claims that Fight the Fat: enables consumers to

## Analysis

lose substantial weight without the need for a change in diet or exercise; enables consumers to lose substantial weight even if consumers eat substantial amounts of foods that are high in fat, including steaks, pizza, hamburgers, butter, fried chicken and chocolate; and prevents the human body from absorbing substantial amounts of fat consumed. The studies relied upon by ValueVision involved subjects who were on restricted calorie diets, and the studies did not involve the specific formulation of Fight the Fat.

The complaint also alleges that ValueVision made unsubstantiated claims that NutriFirm Perfect Body Solution substantially reduces or eliminates cellulite; that NutriFirm Internal Cleanser alleviates backaches, muscle aches, headaches, colds, influenza and allergies, and improves impaired memory; and that NutriFirm Vitamin H Serum prevents or reduces hair-loss, including hair-loss in women after pregnancy.

The proposed consent order contains provisions designed to prevent ValueVision from engaging in similar acts and practices in the future.

Part I of the proposed order prohibits ValueVision from making any unsubstantiated claim (a claim lacking competent and reliable scientific evidence) that the WeightPerfect Fat Loss Accelerators, Fight the Fat, NutriFirm Perfect Body Solution, or any other food, drug, dietary supplement, or cosmetic: causes substantial weight loss or fat loss; causes substantial loss in body weight or body fat without exercise or restrictions on caloric intake; prevents weight gain, regardless of exercise or caloric intake; increases metabolic rate or burns calories; reduces or eliminates cellulite; suppresses the appetite; causes substantial loss in body weight or body fat while sleeping; prevents the human body from absorbing fat; or enables consumers to lose weight even if consumers eat foods that are high in fat, including steaks, pizza, hamburgers, butter, fried chicken or chocolate.

Part II of the order prohibits unsubstantiated claims that NutriFirm Internal Cleanser, or any other food, drug, or dietary

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supplement, alleviates back aches, muscle aches or headaches; alleviates colds, influenza or allergies; or improves impaired memory.

Part III of the order prohibits unsubstantiated claims that NutriFirm Vitamin H Serum, or any other food, drug, dietary supplement or cosmetic, prevents or slows the rate of hair-loss, including hair-loss in women after pregnancy.

Part IV requires ValueVision to have competent and reliable scientific evidence for any claims it makes that any food, drug, dietary supplement, cellulite-treatment product or weight-loss program can or will cure, treat, or prevent disease, or will have any effect on the structure or function of the human body.

Part V of the order contains a consumer redress provision, requiring ValueVision to send a letter to all purchasers of the covered products from ValueVision since February 1, 2000, offering a complete refund for up to three bottles of the product, including shipping and handling charges. ValueVision may choose to offer consumers the choice of a refund or a credit toward the purchase of other ValueVision merchandise. The order, and appendices 1 through 4 thereto, specify the content of the consumer letters and of the envelopes in which the refund offer and refund checks will be sent. Part V also requires ValueVision to provide the Commission with documentation regarding its efforts to provide refunds.

Part VI is a standard safe harbor for FDA-approved drug claims, and Part VII is a standard safe harbor for food or dietary supplement claims authorized under the Nutrition Labeling and Education Act of 1990.

Parts VIII through XI of the order require ValueVision to keep copies of relevant advertisements and materials substantiating claims made in the advertisements, to provide copies of the order to certain of its personnel, to notify the Commission of changes in corporate structure, and to file compliance reports with the Commission.

## Analysis

Part XII provides that the order will terminate after twenty (20) years under certain circumstances.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

Complaint

IN THE MATTER OF

**NATURAL ORGANICS, INC. AND  
GERALD A. KESSLER**

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 5 AND SEC. 12 OF THE FEDERAL TRADE COMMISSION ACT

*Docket 9294; File No. 9723175*

*Complaint, August 9, 2000--Decision, September 6, 2001*

This consent order addresses advertising representations made by Respondent Natural Organics, Inc. – and its principal, Respondent Gerald A. Kessler – about the efficacy of Pedi-Active A.D.D., a dietary supplement, in treating Attention Deficit Hyperactivity Disorder (“ADHD”), or certain symptoms of that disorder. The order, among other things, prohibits the respondents from representing that Pedi-Active A.D.D. – or any other food, drug, or dietary supplement – (1) will improve the attention span of children who have difficulty focusing on school work; (2) will improve the scholastic performance of children who have difficulty focusing on school work; (3) will improve the attention span of children who suffer from ADHD; (4) will improve the scholastic performance of children who suffer from ADHD; or (5) can treat or mitigate ADHD in children, unless the respondents possess competent and reliable scientific evidence that substantiates the representation. The order also requires the respondents – before they market a product for children using the name “A.D.D.,” or any other name that represents that the product can treat or mitigate ADHD – to possess competent and reliable scientific evidence that substantiates that representation. In addition, the order prohibits the respondents from making any representation about the ability of any food, drug or dietary supplement marketed for children to treat or cure any disease or mental disorder, unless they possess competent and reliable scientific evidence that substantiates the representation.

*Participants*

For the Commission: *Matthew D. Gold, Kerry O’Brien, Dean C. Graybill, Linda K. Badger, Erika Wodinsky, Jeffrey Klurfeld, and Dennis Murphy.*

For the Respondents: *Mark Landau and John M. Desiderio, Kaplan, Thomashower & Landau, and John R. Fleder, Stephen H. McNamara, A. Wes Siegner, and Paul L. Ferrari, Hyman, Phelps & McNamara, P.C.*

Complaint

**COMPLAINT**

The Federal Trade Commission, having reason to believe that Natural Organics, Inc., a corporation, and Gerald A. Kessler, individually and as an officer of the corporation (“respondents”), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Natural Organics, Inc. is a New York corporation with its principal office or place of business at 548 Broadhollow Road, Melville, New York 11747-3708. Natural Organics, Inc., does business as “Nature's Plus.”
2. Respondent Gerald A. Kessler is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation, including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of Natural Organics, Inc.
3. Respondents have manufactured, advertised, labeled, offered for sale, sold, and distributed products to the public, including “Pedi-Active A.D.D.” Pedi-Active A.D.D. is a “food” and/or “drug” within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.
4. Pedi-Active A.D.D. is targeted to parents of children with Attention Deficit/Hyperactivity Disorder (“ADHD”). As defined in the American Psychiatric Association, Diagnostic and Statistical Manual of Mental Disorders, (4<sup>th</sup> ed. 1994), ADHD is a widely-recognized developmental disorder of childhood characterized by a persistent pattern of inattention and/or hyperactivity-impulsiveness that is more frequent and severe than is typically observed in individuals at a comparable level of development. A prior edition of the American Psychiatric Association’s Manual referred to this disorder as Attention Deficit

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Disorder, or “ADD.” For this reason, the terms ADHD and ADD are often used interchangeably.

5. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

6. Respondents have disseminated or have caused to be disseminated advertisements for Pedi-Active A.D.D., including but not necessarily limited to the attached Exhibits A through D. These advertisements contain the following statements and depictions:

A. Print Advertisement for Pedi-Active A.D.D. (Exhibit A):

**“If yelling, begging and pleading doesn't get your child to do their homework, maybe this will.**

[picture of child who is holding a pen and apparently focusing on his work is shown next to a bottle of Pedi-Active A.D.D.]

***REPORT CARD.*** *Not working up to capabilities. Has difficulty paying attention. Does not follow instructions. Does not work well with others.*

In many cases children will score very high on I.Q. tests. Still, they do not perform as well in school as their parents and teachers know they can. The problem is often not their intelligence, but the child's inability to remain focused. A skill which is essential for success in the classroom and beyond.

Nature's Plus has approached the problems of the active child from a nutritional perspective. Pedi-Active A.D.D.<sup>TM</sup>, a formula which combines phosphatidylserine, DMAE and activated soy phosphatides in a state-of-the-art nutritional supplement. Each incredibly delicious, mixed berry flavor,

## Complaint

chewable tablet supplies a complete profile of the most advanced neuronutrients available.

Isn't your child worth the best nutritional support science has to offer?

....”

## B. Brochure for Pedi-Active A.D.D. (Exhibit B):

**“NUTRITIONAL SUPPORT FOR THE ACTIVE CHILD**

[picture of very young child holding teddy bear is shown]

## ADVANCED DIETARY DELIVERY SYSTEM

**PEDI-ACTIVE A.D.D.**

Phosphatidylserine DMAE Complex

[report card depicted showing poor to satisfactory performance]

**Not working up to capabilities.**

**Has difficulty paying attention.**

**Does not follow instructions.**

**Does not work well with others.**

In many cases children will score very high on I.Q. tests. Still, they do not perform as well in school as their parents and teachers know they can. The problem is often not their intelligence, but the child's inability to remain focused. A skill which is essential for success in the classroom and beyond.

Complaint

Nature's Plus has approached the problems of the active child from a nutritional perspective. Introducing **Pedi-Active A.D.D.**, a precisely calibrated formula designed for the active child. Each incredibly delicious, chewable tablet supplies a complete profile of the most advanced neuronutrients available, including a diversified combination of phosphatidylserine, DMAE and activated soy phosphatides, such as phosphatidylcholine. **Pedi-Active A.D.D.** is a state-of-the-art nutritional supplement that naturally complements an active child's delicate system.

**Isn't your child worth the best nutritional support science has to offer?**

[bottle of Pedi-Active A.D.D. is depicted]

....”

C. Letter Sent To Consumers Who Inquire About Pedi-Active A.D.D. (Exhibit C):

“....

Dear [consumer's name]:

Thank you for your interest in **Pedi-Active A.D.D.** from Nature's Plus. We know that sometimes yelling, pleading and begging your child to [sic] their homework just isn't enough. Research has shown that many of the problems [sic] a child who is hyperactive or suffering from Attention Deficit Disorder can be related to improper nutrition. What your child needs is a nutritional supplement that supplies a complete profile of the most advanced neuronutrients available to help your child live up to their full potential. Each delicious mixed berry flavored chewable tablet combines phosphatidylserine, DMAE and activated soy phosphatides to provide the nutritional support your active child needs.

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....

Sincerely,  
[signature]  
Gerald Kessler  
Founder, Nature's Plus

[coupons for Pedi-Active A.D.D. and another product are attached to bottom of letter]”

D. Natural Organics’ World Wide Web Advertisement for  
Pedi-Active A.D.D. (Exhibit D):

“Pedi-Active A.D.D. Chewables

....”

7. Through the means described in Paragraph 6, respondents have represented, expressly or by implication, that Pedi-Active A.D.D. will:

- A. improve the attention span of children who have difficulty focusing on school work;
- B. improve the scholastic performance of children who have difficulty focusing on school work;
- C. improve the attention span of children who suffer from ADHD;
- D. improve the scholastic performance of children who suffer from ADHD; and
- E. treat or mitigate ADHD or its symptoms.

8. Through the means described in Paragraph 6, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the

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representations set forth in Paragraph 7, at the time the representations were made.

9. In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 7, at the time the representations were made. Therefore, the representation set forth in Paragraph 8 was, and is, false or misleading.

10. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices, and the making of false advertisements, in or affecting commerce in violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

NOTICE

Proceedings on the charges asserted against the respondents named in this complaint will be held before an Administrative Law Judge (ALJ) of the Federal Trade Commission, under Part 3 of the Commission's Rules of Practice, 16 C.F.R. Part 3. A copy of Part 3 of the Rules is enclosed with this complaint.

You are notified that the opportunity is afforded you to file with the Commission an answer to this complaint on or before the twentieth (20<sup>th</sup>) day after service of it upon you. An answer in which the allegations of the complaint are contested shall contain a concise statement of the facts constituting each ground of defense; and specific admission, denial, or explanation of each fact alleged in the complaint or, if you are without knowledge thereof, a statement to that effect. Allegations of the complaint not thus answered shall be deemed to have been admitted.

If you elect not to contest the allegations of fact set forth in the complaint, the answer shall consist of a statement that you admit all of the material allegations to be true. Such an answer shall constitute a waiver of hearings as to the facts alleged in the complaint, and together with the complaint will provide a record

## Complaint

basis on which the ALJ shall file an initial decision containing appropriate findings and conclusions and an appropriate order disposing of the proceeding. In such answer you may, however, reserve the right to submit proposed findings and conclusions and the right to appeal the initial decision to the Commission under Section 3.52 of the Commission's Rules of Practice for Adjudicative Proceedings.

Failure to answer within the time above provided shall be deemed to constitute a waiver of your right to appear and contest the allegations of the complaint and shall authorize the ALJ, without further notice to you, to find the facts to be as alleged in the complaint and to enter an initial decision containing such findings, appropriate conclusions and order.

The ALJ will schedule an initial prehearing scheduling conference to be held not later than 7 days after the last answer is filed by any party named as a respondent in the complaint. Unless otherwise directed by the ALJ, the scheduling conference and further proceedings will take place at the Federal Trade Commission, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. Rule 3.21(a) requires a meeting of the parties' counsel as early as practicable before the prehearing scheduling conference, and Rule 3.31(b) obligates counsel for each party, within 5 days of receiving a respondent's answer, to make certain initial disclosures without awaiting a formal discovery request.

Notice is hereby given to each of the respondents named in this complaint that a hearing before the ALJ on the charges set forth in this complaint will begin on April 9, 2001, at 10:00 A.M., or such other date and time as determined by the ALJ, in Room 532, Federal Trade Commission Building, 600 Pennsylvania Avenue, N.W., Washington, D.C. 20580. At the hearing, you will have the right under the Federal Trade Commission Act to appear and show cause why an order should not be entered requiring you to cease and desist from the violations of law charged in this complaint.

Complaint

The following is the form of order which the Commission has reason to believe should issue if the facts are found to be as alleged in the complaint. If, however, the Commission should conclude from record facts developed in any adjudicative proceedings in this matter that the proposed order provisions might be inadequate to fully protect the consuming public, the Commission may order such other relief as it finds necessary or appropriate, including corrective advertising or other affirmative disclosure.

Moreover, the Commission has reason to believe that, if the facts are found as alleged in the complaint, it may be necessary and appropriate for the Commission to seek relief to redress injury to consumers, or other persons, partnerships or corporations, in the form of restitution and refunds for past, present, and future consumers and such other types of relief as are set forth in Section 19(b) of the Federal Trade Commission Act. The Commission will determine whether to apply to a court for such relief on the basis of the adjudicative proceedings in this matter and such other factors as are relevant to consider the necessity and appropriateness of such action.

ORDER

DEFINITIONS

For purposes of this order, the following definitions shall apply:

1. "Competent and reliable scientific evidence" shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.
2. "Substantially similar product" shall mean any product that is substantially similar in ingredients, composition, and properties.

## Complaint

3. "ADHD" shall mean Attention Deficit/Hyperactivity Disorder, as defined in American Psychiatric Association, Diagnostic and Statistical Manual of Mental Disorders, (4<sup>th</sup> ed. 1994).

4. Unless otherwise specified, "respondents" shall mean Natural Organics, Inc., a corporation, its successors and assigns and its officers; Gerald A. Kessler, individually and as an officer of the corporation; and each of the above's agents, representatives, and employees.

5. "Commerce" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

## VI.

IT IS ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of Pedi-Active A.D.D. or any other food, drug, or dietary supplement, as "food" and "drug" are defined in Section 15 of the Federal Trade Commission Act, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that such product:

- A. will improve the attention span of children who have difficulty focusing on school work;
- B. will improve the scholastic performance of children who have difficulty focusing on school work;
- C. will improve the attention span of children who suffer from ADHD;
- D. will improve the scholastic performance of children who suffer from ADHD; or
- E. can treat or mitigate ADHD or its symptoms;

Complaint

unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

VII.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of Pedi-Active A.D.D. or any substantially similar product in or affecting commerce, shall not use the name "A.D.D." or any other name that represents expressly or by implication, that the product can treat or mitigate ADHD or its symptoms unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

VIII.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any food, drug or dietary supplement, as "food" and "drug" are defined in Section 15 of the Federal Trade Commission Act, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, about the health benefits, performance, or efficacy of such product, unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

IX.

Nothing in this order shall prohibit respondents from making any representation for any drug that is permitted in labeling for such drug under any tentative final or final standard promulgated

## Complaint

by the Food and Drug Administration, or under any new drug application approved by the Food and Drug Administration.

## X.

Nothing in this order shall prohibit respondents from making any representation for any product that is specifically permitted in labeling for such product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990.

## XI.

IT IS FURTHER ORDERED that respondent Natural Organics, Inc., and its successors and assigns, and respondent Gerald A. Kessler shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

- A All advertisements and promotional materials containing the representation;
- B All materials that were relied upon in disseminating the representation; and
- C All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call 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.

## XII.

IT IS FURTHER ORDERED that respondent Natural Organics, Inc., and its successors and assigns, and respondent Gerald A. Kessler shall deliver a copy of this order to all current

Complaint

and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities. Respondents shall maintain and upon request make available to the Federal Trade Commission for inspection and copying a copy of each signed statement acknowledging receipt of the order.

XIII.

IT IS FURTHER ORDERED that respondent Natural Organics, Inc. and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580.

XIV.

IT IS FURTHER ORDERED that respondent Gerald A. Kessler, for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of

## Complaint

his current business or employment, or of his affiliation with any new business or employment. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580.

## XV.

IT IS FURTHER ORDERED that respondent Natural Organics, Inc., and its successors and assigns, and respondent Gerald A. Kessler shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

## XVI.

This order will terminate twenty (20) years from the date of its issuance, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; Provided, however, that the filing of such a complaint will not affect the duration of:

- A Any Part in this order that terminates in less than twenty (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 Part.

Complaint

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 Part 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.

IN WITNESS WHEREOF, the Federal Trade Commission has caused this complaint to be signed by its Secretary and its official seal to be hereto affixed at Washington, D.C. this ninth day of August, 2000.

By the Commission.

# If yelling, begging and pleading doesn't get your child to do their homework,



## maybe this will.

*REPORT CARD: Not working up to capabilities. Has difficulty paying attention. Does not follow instructions. Does not work well with others.*

In many cases children will score very high on I.Q. tests. Still, they do not perform as well in school as their parents and teachers know they can. The problem is often not their intelligence, but the child's inability to remain focused. A skill which is essential for success in the classroom and beyond.

Nature's Plus has approached the problems of the active child from a nutritional perspective. Pedi-Active A.D.D.<sup>TM</sup>, a formula which combines phosphatidylserine, DMAE and activated soy phosphatides in a state-of-the-art nutritional supplement. Each incredibly delicious, mixed berry flavor, chewable tablet supplies a complete profile of the most advanced neuronutrients available.

Isn't your child worth the best nutritional support science has to offer? Help your child live up to their full potential with Nature's Plus Pedi-Active A.D.D., available at your local health food store. Fill out the coupon below for discount offers toward your first purchase. Or call:

**1-800-937-0500, ext. 4710**

Yes, send me discount coupons toward my child's nutritional well-being and my first purchase of Pedi-Active A.D.D. Please mail to: Nature's Plus, P.O. Box 91719, Long Beach, CA 90809-1719

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Signature \_\_\_\_\_ Date \_\_\_\_\_

Offer expires 8/31/97 4710

**Nature's Plus.**  
**The Energy Supplements.**

<http://www.natplus.com>

EXHIBIT A

**Nature's Plus.**  
**The Energy Supplements.**

**NUTRITIONAL SUPPORT  
FOR THE ACTIVE CHILD**



ADVANCED DIETARY  
DELIVERY SYSTEM

**PEDI-ACTIVE A.D.D.<sup>TM</sup>**  
**Chewable Phosphatidylserine**  
**DMAE Complex**

EXHIBIT B

Report Card

Name: Sally  
Teacher: Mrs. Farley  
Grade: Fourth

	Poor	Satisfactory	Good
English		✓	
Math	✓		
History	✓		
Science			✓

**Not working up to capabilities.**

**Has difficulty paying attention.**

**Does not follow instructions.**

**Does not work well with others.**

In many cases children will score very high on I.Q. tests. Still, they do not perform as well in school as their parents and teachers know they can. The problem is often not their intelligence, but the child's inability to remain focused. A skill which is essential for success in the classroom and beyond.

Nature's Plus has approached the problems of the active child from a nutritional perspective. Introducing **Pedi-Active A.D.D.**, a precisely calibrated formula designed for the active child. Each incredibly delicious,

chewable tablet supplies a complete profile of the most advanced neuronutrients available, including a diversified combination of phosphatidylserine, DMAE and activated soy phosphatides, such as phosphatidylcholine. **Pedi-Active A.D.D.** is a state-of-the-art nutritional supplement that naturally complements an active child's delicate system.

**Isn't your child worth the best nutritional support science has to offer?**



**Bottles of 60  
Product #3000**

**Each Chewable Tablet Contains:**

- LECI-PS<sup>®</sup> (phosphatidylserine-rich purified lecithin concentrate) . . . . . 50 mg.
- Supplying Activated Phosphatides:
  - Phosphatidylserine (PS) . . . . . 10 mg.
  - Phosphatidylcholine (PC) . . . . . 10 mg.
  - Cephalin (phosphatidylethanolamine) . . . . . 6 mg.
  - Phosphoinositides . . . . . 3 mg.
- DMAE (2-dimethylaminoethanol bitartrate) . . . . . 50 mg.

 is a registered trademark of Lucas Meyer Inc.

**REFERENCES**

Gianotti C; Porta A; De Graan PN; Oestreicher AB; Nunzi MG, B-50/GAP 43 Phosphorylation in Hippocampal Slices From Aged Rats: Effects of Phosphatidylserine Administration. Neurobiol Aging (United States), Sep-Oct 1993, 14(5) p401-6.

Osvaldo RE. 2-Dimethylaminoethanol (Deanol): A Brief Review of its Clinical Efficacy and Postulated Mechanism of Action. Current Therapeutic Research. Vol. 16, No. 11, 1974.

Heiss WD; Kessler J; Slansky I; Mielke R; Szelies B; Herholz K. Activation PET as an Instrument to Determine Therapeutic Efficacy in Alzheimer's Disease. Ann NY Acad Sci (United States), Sep 24 1993, 695 p327-31.

**THE NATURE'S PLUS COMMITMENT**

Nature's Plus is committed to supplying the highest quality supplements that meet or exceed industry standards for potency, purity and disintegration. Look for Nature's Plus The Energy Supplements logo as your guarantee of quality.



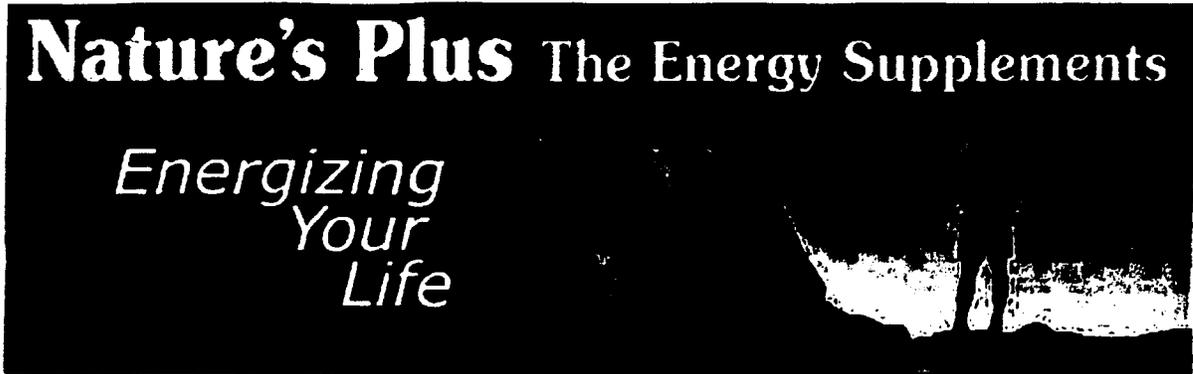
**Nature's Plus.**  
**The Energy Supplements.**

548 Broadhollow Rd., Melville, NY 11747-3708 (516) 293-0030  
2500 Grand Ave., Long Beach, CA 90815-1764 (562) 494-2500  
<http://www.natplus.com>

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9024/6362





## Supplements Healthy Brain Function

Pedi-Active A.D.D. Chewables

### Pedi-Active A.D.D. Chewables Product No. 3000



Pedi-Active A.D.D. is a precisely calibrated formula designed for the active child. Each naturally sweetened, delicious chewable tablet supplies a complete profile of the most advanced neuronutrients available, including a diversified combination of phosphatidylserine, DMAE and activated soy phosphatides. Pedi-Active A.D.D. is a state-of-the art nutritional supplement that naturally complements an active child's delicate system. Choose the Pedi-Active A.D.D. tablets or the convenient Pedi-Active Liposomal Spray, and supplement either with the naturally delicious Pedi-Active Bar.

*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.*

**Sizes Available:**

Bottles of 60 #3000 - 120 #3001

Two chewable tablets contain	
LECI-PS (phosphatidylserine-rich purified lecithin concentrate) (supplying activated phosphatides: phosphatidylserine [PS] [20 mg], phosphatidylcholine [PC] [20 mg], cephalin [phosphatidylethanolamine] [12 mg] and phosphoinositides [6 mg])	100 mg

### Find Supplement by Keyword

Enter your search keyword(s) separated by commas, then click **Search**.

EXHIBIT D

<input checked="" type="checkbox"/> <b>Product Information</b>	<input type="checkbox"/> <b>Your Health Library</b>	<input type="checkbox"/> <b>Where To Buy</b>
<input type="checkbox"/> <b>Work With Us</b>	<input type="checkbox"/> <b>More Info</b>	<input type="checkbox"/> <b>Return To Home</b>
<input type="checkbox"/> <b>What's New</b>	<input type="checkbox"/> <b>Unwavering Commitment</b>	<input type="checkbox"/> <b>Contact Us</b>

Decision and Order

### **DECISION AND ORDER**

The Commission having heretofore issued its complaint charging the respondents named in the caption hereof with violation of Sections 5 and 12 of the Federal Trade Commission Act, as amended, and the respondents having been served with a copy of that complaint, together with a notice of contemplated relief; and

The respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Secretary of the Commission having thereafter withdrawn this matter from adjudication in accordance with § 3.25(c) of its Rules; and

The Commission having considered the matter and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 3.25(f) of its Rules, the Commission hereby makes the following jurisdictional findings and enters the following order:

1. Respondent Natural Organics is a New York corporation with its principal office or place of business at 548 Broadhollow Road, Melville, New York 11747-3708. Natural Organics also does business as Nature's Plus.

## Decision and Order

Respondent Gerald A. Kessler is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

## DEFINITIONS

For purposes of this order, the following definitions shall apply:

1. "Competent and reliable scientific evidence" shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.
2. "Substantially similar product" shall mean any product that is substantially similar in ingredients, composition, and properties.
3. "ADHD" shall mean Attention Deficit/Hyperactivity Disorder, a widely-recognized developmental disorder of childhood characterized by a persistent pattern of inattention and/or hyperactivity-impulsiveness that is more frequent and severe than is typically observed in individuals at a comparable level of development, as identified in American Psychiatric Association, Diagnostic and Statistical Manual of Mental Disorders, (4<sup>th</sup> ed. 1994).
4. "Children" shall mean individuals under the age of 13.
5. "Mental disorder" shall mean any disorder that meets the criteria for a specific disorder identified in American Psychiatric

Decision and Order

Association, Diagnostic and Statistical Manual of Mental Disorders, (4<sup>th</sup> ed. 1994).

6. Unless otherwise specified, “respondents” shall mean Natural Organics, Inc., a corporation, its successors and assigns and its officers; Gerald A. Kessler, individually and as an officer of the corporation; and each of the above's agents, representatives, and employees.

7. “Commerce” shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

I

IT IS ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of Pedi-Active A.D.D. or any other food, drug, or dietary supplement, as “food” and “drug” are defined in Section 15 of the Federal Trade Commission Act, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that such product:

- A. will improve the attention span of children who have difficulty focusing on school work;
- B. will improve the scholastic performance of children who have difficulty focusing on school work;
- C. will improve the attention span of children who suffer from ADHD;
- D. will improve the scholastic performance of children who suffer from ADHD; or
- E. can treat or mitigate ADHD in children;

## Decision and Order

unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

## II

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of Pedi-Active A.D.D. or any substantially similar product marketed for children in or affecting commerce, shall not use the name "A.D.D." or any other name that represents expressly or by implication, that the product can treat or mitigate ADHD unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

## III

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any food, drug or dietary supplement marketed for children, as "food" and "drug" are defined in Section 15 of the Federal Trade Commission Act, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, regarding the ability of such product to treat or cure any disease or mental disorder unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

## IV

Nothing in this order shall prohibit respondents from making any representation for any product that is specifically permitted in labeling for such product either by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling

Decision and Order

and Education Act of 1990, or pursuant to Sections 303-304 of the Food and Drug Administration Modernization Act of 1997.

V

Nothing in this order shall be constituted as a waiver of respondents' right to engage in speech protected by the First Amendment to the Constitution of the United States.

VI

IT IS FURTHER ORDERED that this order shall not apply to any product sold or distributed to consumers by third parties under private labeling agreements with respondents, their successors or assigns, provided respondents, their successors or assigns, do not participate in any manner, directly or indirectly, in the funding, preparation or dissemination of any advertising of said products to consumers.

VII

IT IS FURTHER ORDERED that respondent Natural Organics, Inc., and its successors and assigns, and respondent Gerald A. Kessler shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

- 1 All advertisements and promotional materials containing the representation;
- 2 All materials that were relied upon in disseminating the representation; and
- 3 All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and

## Decision and Order

other communications with consumers or with governmental or consumer protection organizations.

## VIII

IT IS FURTHER ORDERED that respondent Natural Organics, Inc., and its successors and assigns, and respondent Gerald A. Kessler shall deliver a copy of this order to all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities. Respondents shall maintain and upon request make available to the Federal Trade Commission for inspection and copying a copy of each signed statement acknowledging receipt of the order.

## IX

IT IS FURTHER ORDERED that respondent Natural Organics, Inc. and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement,

Decision and Order

Bureau of Consumer Protection, Federal Trade Commission,  
Washington, D.C. 20580.

X

IT IS FURTHER ORDERED that respondent Gerald A. Kessler, for a period of ten (10) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580.

XI

IT IS FURTHER ORDERED that respondent Natural Organics, Inc., and its successors and assigns, and respondent Gerald A. Kessler shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

XII

This order will terminate on September 6, 2021, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; Provided, however, that the filing of such a complaint will not affect the duration of:

- 1 Any Part in this order that terminates in less than twenty (20) years;

## Decision and Order

- 2 This order's application to any respondent that is not named as a defendant in such complaint; and
- 3 This order if such complaint is filed after the order has terminated pursuant to this Part.

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 Part 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.

Analysis

**Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission has accepted an agreement to a proposed consent order with Natural Organics, Inc. and Gerald A. Kessler, the principal who controlled this corporation (referred to collectively as “Respondents”). The agreement would settle a complaint by the Federal Trade Commission that Respondents engaged in unfair or deceptive acts or practices in violation of Sections 5 and 12 of the Federal Trade Commission Act.

The proposed consent order has been placed on the public record for thirty (30) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

This matter concerns advertising representations made about Pedi-Active A.D.D., a dietary supplement. The administrative complaint alleged that Respondents violated the FTC Act by disseminating advertisements that made unsubstantiated efficacy claims about the ability of Pedi-Active A.D.D. to treat Attention Deficit Hyperactivity Disorder (“ADHD”) or certain symptoms of that disorder. Specifically, the complaint alleged that Respondents made unsubstantiated claims that Pedi-Active A.D.D. will: (1) improve the attention span of children who have difficulty focusing on school work; (2) improve the scholastic performance of children who have difficulty focusing on school work; (3) improve the attention span of children who suffer from ADHD; (4) improve the scholastic performance of children who suffer from ADHD; and (5) treat or mitigate ADHD or its symptoms.

The proposed consent order contains provisions designed to prevent Respondents from engaging in acts and practices similar to those alleged in the complaint in the future. Part I of the proposed consent order prohibits Respondents from claiming that Pedi-Active A.D.D. or any other food, drug, or dietary supplement

## Analysis

(1) will improve the attention span of children who have difficulty focusing on school work, (2) will improve the scholastic performance of children who have difficulty focusing on school work, (3) will improve the attention span of children who suffer from ADHD, (4) will improve the scholastic performance of children who suffer from ADHD, or (5) can treat or mitigate ADHD in children, unless they possess competent and reliable scientific evidence substantiating the claim. In addition, Part II of the proposed consent order requires Respondents to possess competent and reliable scientific evidence before they market a product for children using the name "A.D.D." or any other name that represents that the product can treat or mitigate ADHD. Finally, Part III of the proposed order prohibits Respondents from making any representation about the ability of any food, drug or dietary supplement marketed for children to treat or cure any disease or mental disorder, unless they possess competent and reliable scientific evidence.

Part IV of the proposed order states that Respondents will be permitted to make claims that the FDA has approved pursuant to the Nutrition Labeling and Education Act of 1990, or pursuant to Sections 303-304 of the Food and Drug Administration Modernization Act of 1997.

Part V of the proposed order states that nothing in the order constitutes a waiver of Respondents' First Amendment rights.

As set out in Part VI of the proposed order, the proposed consent order will not apply to any product sold or distributed to consumers by third parties under private labeling agreements with Respondents, provided Respondents do not participate in any manner in the funding, preparation or dissemination of the product's advertising.

The remainder of the proposed consent order contains provisions regarding distribution of the order, record-keeping, notification of changes in corporate status or employment, termination of the order, and the filing of a compliance report.

Analysis

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

Complaint

IN THE MATTER OF

**WARNER COMMUNICATIONS, INC.**CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-4025; File No. 0010231**Complaint, September 17, 2001--Decision, September 17, 2001*

This consent order addresses an agreement between Respondent Warner Communications Inc. – a subsidiary of AOL Time Warner Inc. – and certain subsidiaries of Vivendi Universal S.A. concerning price and advertising levels for certain audio and video products featuring opera singers Luciano Pavarotti, Placido Domingo, and Jose Carreras, known collectively as The Three Tenors. The order, among other things, prohibits the respondent from agreeing with a competitor (1) to fix, raise, or stabilize prices for any audio product, or (2) to prohibit, restrict, or limit truthful, non-deceptive advertising and promotion for any audio product. The order also permits the respondent to join with other sellers to prevent the advertising, marketing or sale to children of audio products or video products labeled or rated with a parental advisory or cautionary statement as to content.

*Participants*

For the Commission: *Geoffrey M. Green, John Roberti, Cary Zuk, Melissa Westman-Cherry, Geoffrey D. Oliver, Richard B. Dagen, Rendell A. Davis, Jr., Roberta S. Baruch, Daniel P. Ducore, John Howell, Michael G. Vita, and Daniel P. O'Brien.*

For the Respondent: *Robert Joffe, Katherine Forrest, and John M. Lundine, Cravath, Swaine & Moore, George S. Cary and Tanya Dunn, Cleary, Gottlieb, Steen, & Hamilton, and Paul T. Cappuccio, Ed Weiss and Paul Washington, Warner Communications Inc.*

**COMPLAINT**

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission (“Commission”), having reason to believe that Warner Communications Inc., a corporation,

Complaint

hereinafter sometimes referred to as "respondent," has violated the provisions of said Act, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

1. Respondent Warner Communications Inc. ("Warner") is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 75 Rockefeller Plaza, New York, New York 10019. Warner is a subsidiary of AOL Time Warner Inc.
2. PolyGram Holding, Inc. ("PolyGram Holding") is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware with its office and principal place of business located at 825 Eighth Avenue, New York, New York 10019.
3. Decca Music Group Limited ("Decca Music") is a corporation organized, existing and doing business under and by virtue of the laws of the United Kingdom, with its office and principal place of business located at 347-353 Chiswick High Road, London, England W4 4HS. Decca Music is successor to, and was formerly named, The Decca Record Company Limited ("Decca Records").
4. UMG Recordings, Inc. ("UMG") is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 2220 Colorado Avenue, Santa Monica, California 90404. UMG is successor to, and was formerly named, PolyGram Records, Inc. ("PolyGram Records").
5. Universal Music & Video Distribution Corp. ("UMVD") is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 10 Universal City Plaza, Universal City, California 91608. UMVD became the successor

## Complaint

corporation to PolyGram Group Distribution, Inc. (“PolyGram Distribution”) when PolyGram Distribution merged with UMVD on May 1, 2000. PolyGram Holding, Decca Music, UMG, and UMVD are all subsidiaries or affiliates of Vivendi Universal S.A., a French corporation.

6. Warner, acting directly and through certain subsidiaries (collectively, “Warner Music Group”), has for many years been engaged in the business of producing, marketing, and distributing pre-recorded music and videos in the United States and worldwide.

7. PolyGram N.V. (“PolyGram”), a Netherlands corporation, acting directly and through certain subsidiaries (collectively, “PolyGram Music Group”), was for many years engaged in the business of producing, marketing, and distributing pre-recorded music and videos in the United States and worldwide. Among the firms composing the PolyGram Music Group were PolyGram Holding, Decca Records, PolyGram Records, and PolyGram Distribution. In December 1998, PolyGram was acquired by The Seagram Company Ltd., a Canadian corporation. Two years later, The Seagram Company Ltd. merged with Vivendi S.A. and Canal Plus S.A., to form Vivendi Universal S.A.

8. The acts and practices of Warner, PolyGram Holding, Decca Records (predecessor to Decca Music), PolyGram Records (predecessor to UMG), and PolyGram Distribution (predecessor to UMVD), including the acts and practices alleged herein, are in commerce or affect commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

9. The Three Tenors is a musical joint venture consisting of renowned opera singers Luciano Pavarotti, Placido Domingo, and Jose Carreras. Beginning in 1990, The Three Tenors have come together every four years at the site of the World Cup soccer finals for a combination live concert and recording session. The concert promoter is responsible for producing the master recordings. Prior to each performance, the concert promoter selects one (or

Complaint

more) of the major music/video distribution companies to distribute compact discs, cassettes, videocassettes, and videodiscs derived from the master recordings.

10. Distribution rights to the original 1990 Three Tenors performance, entitled *The Three Tenors*, were acquired by PolyGram Music Group. Distribution rights to the follow-up performance, *The Three Tenors in Concert 1994*, were acquired by Warner Music Group.

11. In a contract dated December 19, 1997, Warner Music Group and PolyGram Music Group agreed to collaborate in the distribution of audio and video products derived from the next Three Tenors World Cup concert, scheduled for Paris on July 10, 1998. Among the important undertakings of the parties were the following:

- (a) Warner Music Group would secure from the concert promoter worldwide audio, home video, and television broadcast rights to the 1998 Three Tenors concert (the "Rights");
- (b) Warner Music Group would exploit the Rights within the United States;
- (c) Warner Music Group would license to PolyGram Music Group the right to exploit the Rights outside of the United States;
- (d) Warner Music Group and PolyGram Music Group would each be entitled to 50 percent of the net profits and net losses derived from the worldwide exploitation of the Rights (as well as from the production of a Greatest Hits album and/or a Box Set incorporating the 1990, 1994, and 1998 Three Tenors albums);

## Complaint

- (e) PolyGram Music Group would reimburse Warner Music Group for 50 percent of any advance paid to the concert promoter; and
- (f) other expenses incurred by either Warner Music Group or PolyGram Music Group in the exploitation of the Rights (*e.g.*, manufacture, advertising, marketing, and distribution) would be deducted from revenues for purposes of calculating net profits (losses).

12. Warner Music Group and PolyGram Music Group were concerned that the audio and video products that would be derived from the upcoming Three Tenors concert in Paris would be neither as original nor as commercially appealing as the earlier Three Tenors releases.

13. In 1998, Warner and certain other members of Warner Music Group, and PolyGram Holding, Decca Records, PolyGram Records, and PolyGram Distribution, entered into an agreement not to compete. PolyGram Holding, Decca Records, PolyGram Records, and PolyGram Distribution agreed not to discount and not to advertise the 1990 Three Tenors album and video from August 1, 1998 through October 15, 1998. In return, Warner and certain other members of Warner Music Group agreed not to discount and not to advertise the 1994 Three Tenors album and video from August 1, 1998 through October 15, 1998. The parties referred to their agreement not to compete worldwide during this period as the “moratorium.”

14. The third Three Tenors album and video, entitled *The Three Tenors -- Paris 1998*, were released in the United States on August 18, 1998, and were distributed in the United States by Warner Music Group. During the moratorium period, August 1 through October 15, PolyGram Holding, Decca Records, PolyGram Records, and PolyGram Distribution refrained from discounting or advertising the 1990 Three Tenors album and video in the United States. During this period, Warner and Warner

Complaint

Music Group likewise refrained from discounting or advertising the 1994 Three Tenors album and video in the United States.

15. The moratorium agreement was not reasonably necessary to the formation or to the efficient operation of the joint venture between Warner Music Group and PolyGram Music Group.

16. The effect of the moratorium agreement among Warner, certain other members of Warner Music Group, PolyGram Holding, Decca Records, PolyGram Records, and PolyGram Distribution, as alleged herein, was to restrain competition unreasonably, to increase prices, and to injure consumers.

**Violations Alleged**

17. As set forth in Paragraph 13 above, Warner, PolyGram Holding, Decca Records (predecessor to Decca Music), PolyGram Records (predecessor to UMG), and PolyGram Distribution (predecessor to UMVD) agreed to restrict price competition, in violation of Section 5 of the Federal Trade Commission Act, as amended.

18. As set forth in Paragraph 13 above, Warner, PolyGram Holding, Decca Records (predecessor to Decca Music), PolyGram Records (predecessor to UMG), and PolyGram Distribution (predecessor to UMVD) agreed to forgo advertising, in violation of Section 5 of the Federal Trade Commission Act, as amended.

19. The acts and practices of respondent, as alleged herein, constitute unfair methods of competition in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45. Such acts and practices, or the effects thereof, will continue or recur in the absence of appropriate relief.

## Complaint

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this seventeenth day of September, 2001 issues its complaint against respondent.

By the Commission, Chairman Muris recused.

Decision and Order

## **DECISION AND ORDER**

The Federal Trade Commission having initiated an investigation of certain acts and practices of Respondent, Warner Communications Inc., and Respondent having been furnished thereafter with a copy of the draft of Complaint that the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued, would charge Respondent with violations of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondent, its attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Order (“Consent Agreement”), containing an admission by Respondent of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondent that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondent has violated the said Act, and that a Complaint should issue stating its charges in that respect, and having accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby issues its Complaint, makes the following jurisdictional findings and issues the following Order:

1. Proposed Respondent Warner Communications Inc. is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 75 Rockefeller Plaza, New York, New York 10019.

## Decision and Order

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the Respondent, and the proceeding is in the public interest.

**ORDER****I.**

**IT IS ORDERED** that, as used in this Decision and Order, the following definitions shall apply:

- A. “WCI” or “Respondent” means Warner Communications Inc., its directors, officers, employees, agents, representatives, successors, and assigns; its subsidiaries, divisions, groups, and affiliates controlled by Warner Communications Inc., except Time Warner Entertainment Company, L.P.; and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- B. “Commission” means the Federal Trade Commission.
- C. “Audio Product” means any prerecorded music in any physical, electronic, or other predominantly audio form or format, now or hereafter known, including, but not limited to, any compact disc, magnetic recording tape, audio DVD, audio cassette, album, audiotape, digital audio tape, phonograph record, electronic recording, or digital audio file (*i.e.*, digital files delivered to the consumer electronically to be stored on the consumer’s hard drive or other storage device).
- D. “Video Product” means any prerecorded visual or audiovisual product in any physical, electronic, or other form or format, now or hereafter known, including, but not limited to, any videocassette, videotape, videogram, videodisc, compact disc, electronic recording, or digital video file (*i.e.*, digital files delivered to the consumer electronically to be stored on the consumer’s hard drive or

Decision and Order

other storage device), that includes a performance by The Three Tenors.

- E. “Seller” means any Person other than Respondent that produces or sells at wholesale any Audio Product or Video Product.
- F. “Joint Venture Agreement” means an agreement between Respondent and a Seller that provides that the parties to the agreement shall collaborate in the production or distribution (including, without limitation, through the licensing of intellectual property) of Audio Products or Video Products.
- G. An Audio Product or Video Product is “Jointly Produced” by Respondent and a Seller when, pursuant to an agreement between Respondent and such Seller, each contributes significant assets to the production or distribution of the Audio Product or Video Product (including, without limitation, personal artistic services, intellectual property, technology, manufacturing facilities, or distribution networks) to achieve procompetitive benefits. For example and without limitation, an Audio Product or Video Product is “Jointly Produced” by Respondent and a Seller when (1) such product is manufactured or packaged by such Seller and sold at wholesale by Respondent, or (2) such product is manufactured or packaged by Respondent and sold at wholesale by such Seller.
- H. “The Three Tenors” means Jose Carreras, Placido Domingo and Luciano Pavarotti.
- I. “Person” means both natural persons and artificial persons, including, but not limited to, corporations, partnerships, and unincorporated entities.
- J. “Officer, Director, or Employee” means any officer or director or management employee of WCI with responsibility for the pricing, marketing, or sale in the United States of Audio Products or Video Products.

## Decision and Order

- K. “United States” means the fifty states, the District of Columbia, the Commonwealth of Puerto Rico, and all territories, dependencies, and possessions of the United States of America.

**II.**

**IT IS FURTHER ORDERED** that Respondent shall cease and desist from, directly, indirectly, or through any corporate or other device, in or affecting commerce, as “commerce” is defined in the Federal Trade Commission Act, soliciting, participating in, entering into, attempting to enter into, implementing, attempting to implement, continuing, attempting to continue, or otherwise facilitating or attempting to facilitate any combination, conspiracy, or agreement, either express or implied, with any Seller:

- A. to fix, raise, or stabilize prices or price levels, in connection with the sale in or into the United States of any Audio Product or any Video Product; or
- B. that prohibits, restricts, regulates, or otherwise places any limitation on any truthful, non-deceptive advertising or promotion in the United States for any Audio Product or any Video Product.

**III.**

**IT IS FURTHER ORDERED** that:

- A. It shall not, of itself, constitute a violation of Paragraph II.A. of this Decision and Order for Respondent to enter into, attempt to enter into, or comply with an agreement to set the prices or price levels for any Audio Product or Video Product when such agreement is reasonably related to a lawful Joint Venture Agreement and reasonably necessary to achieve its procompetitive benefits.

Decision and Order

B. It shall not, of itself, constitute a violation of Paragraph II.B. of this Decision and Order for Respondent to enter into, attempt to enter into, or comply with an agreement that regulates or restricts the advertising or promotion for any Audio Product or Video Product where such agreement is reasonably related to a lawful Joint Venture Agreement and reasonably necessary to achieve its procompetitive benefits.

C. It shall not, of itself, constitute a violation of Paragraph II.A. of this Decision and Order for Respondent and a Seller to enter into, attempt to enter into, or comply with an agreement to set the prices or price levels for any Audio Product or Video Product that is Jointly Produced by Respondent and such Seller.

D. It shall not, of itself, constitute a violation of Paragraph II.B. of this Decision and Order for Respondent and a Seller to enter into, attempt to enter into, or comply with an agreement that regulates or restricts the advertising or promotion for any Audio Product or Video Product that is Jointly Produced by Respondent and such Seller.

E. It shall not, of itself, constitute a violation of Paragraph II.B. of this Decision and Order for Respondent to enter into, attempt to enter into, or comply with a written agreement, industry code, or industry ethical standard that is: (1) intended to prevent or discourage the advertising, marketing, promotion, or sale to children of Audio Products or Video Products labeled or rated with a parental advisory or cautionary statement as to content, and (2) reasonably tailored to such objective.

**IV.**

**IT IS FURTHER ORDERED** that:

A. Within sixty (60) days after the date this Decision and Order becomes final, Respondent shall submit to the Commission a verified written report setting forth in detail the manner and form in which that Respondent has complied and is complying with this Order.

## Decision and Order

B. One (1) year after the date this Decision and Order becomes final, annually for the next four (4) years on the anniversary of the date this Decision and Order becomes final, and at other times as the Commission may require, Respondent shall file with the Commission a verified written report setting forth in detail the manner and form in which it has complied and is complying with this Decision and Order.

**V.**

**IT IS FURTHER ORDERED** that Respondent shall notify the Commission at least thirty (30) days prior to any proposed change in Respondent such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or any other change in the corporation that may affect compliance obligations arising out of the order.

**VI.**

**IT IS FURTHER ORDERED** that, for the purpose of determining or securing compliance with this order, upon written request, Respondent shall permit any duly authorized representative of the Commission:

A. Access, during office hours and in the presence of counsel, to all facilities and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of Respondent relating to any matters contained in this Decision and Order; and

B. Upon five (5) days' notice to Respondent and without restraint or interference from it, to interview officers, directors, or employees of Respondent.

Decision and Order

**VII.**

**IT IS FURTHER ORDERED** that Respondent shall:

- A. Within thirty (30) days after the date on which this Decision and Order becomes final, send a copy of this Decision and Order by first class mail to each Officer, Director, or Employee;
- B. Mail a copy of this Decision and Order by first class mail to each person who becomes an Officer, Director, or Employee, no later than (30) days after the commencement of such person's employment or affiliation with Respondent.

**VIII.**

**IT IS FURTHER ORDERED** that this Decision and Order shall terminate twenty (20) years after the date on which it is issued.

By the Commission.

## Analysis

**Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission has accepted, subject to final approval, an agreement containing a proposed Consent Order from Warner Communications Inc. (“Warner”). Warner is a subsidiary of AOL Time Warner Inc., and has its principal place of business in New York, New York.

The proposed Consent Order has been placed on the public record for thirty (30) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received, and decide whether it should withdraw from the agreement or make final the agreement's proposed Order.

The Commission has not held an evidentiary hearing concerning the complaint. By accepting this agreement, the Commission is affirming only that it has reason to believe that the allegations in the complaint are well-founded.

The Commission’s complaint charges that Warner has violated Section 5 of the Federal Trade Commission Act by agreeing with certain subsidiaries of Vivendi Universal S.A. (the “Universal Respondents”) to fix prices and to forgo advertising. According to the Commission’s complaint, the Universal Respondents are the successor firms to PolyGram Music Group.<sup>1</sup> The Universal Respondents have not signed an agreement containing a proposed consent order, and hence the Commission’s antitrust claims against the Universal Respondents will be addressed in an administrative trial.

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<sup>1</sup> PolyGram N.V. was acquired by The Seagram Company Ltd. in 1998. Two years later, The Seagram Company Ltd. merged with Vivendi S.A. and Canal Plus S.A. to form Vivendi Universal S.A.

Analysis

The alleged conspiracy involves audio and video products featuring the renowned opera singers Luciano Pavarotti, Placido Domingo, and Jose Carreras -- known collectively as The Three Tenors. Beginning in 1990, The Three Tenors have come together every four years at the site of the World Cup soccer finals for a combination live concert and recording session. According to the complaint, prior to each performance, the concert promoter selects one (or more) of the major music/video distribution companies to distribute compact discs, cassettes, videocassettes, and videodiscs derived from the master recordings.<sup>2</sup> Distribution rights to the original 1990 Three Tenors performance, entitled *The Three Tenors*, were acquired by PolyGram Music Group. Distribution rights to the follow-up performance, *The Three Tenors in Concert 1994*, were acquired by Warner Music Group.

The complaint alleges that in 1997, Warner Music Group and PolyGram Music Group agreed to collaborate in the distribution of audio and video products derived from the next Three Tenors World Cup concert, scheduled for Paris on July 10, 1998. The parties agreed that Warner Music Group would distribute the 1998 releases in the United States; that PolyGram Music Group would distribute the 1998 releases outside of the United States; and that the firms would share all costs, profits, and losses on a 50/50 basis. The complaint does not challenge the formation or basic structure of the Warner/PolyGram joint venture.

According to the complaint, as the concert approached, Warner Music Group and PolyGram Music Group became concerned that the audio and video products that would be derived from the Paris concert would not be as original or as commercially appealing as the earlier Three Tenors releases. In order to reduce competition from these earlier releases, Warner Music Group and PolyGram Music Group adopted what they called a “moratorium” agreement. PolyGram Music Group agreed not to discount and

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<sup>2</sup> The concert promoter is responsible for producing the master recordings.

## Analysis

not to advertise the 1990 Three Tenors album and video during a designated time period (from August 1, 1998 through October 15, 1998). In return, Warner Music Group agreed not to discount and not to advertise the 1994 Three Tenors album and video during the same interval.

According to the complaint, the third Three Tenors album and video, both entitled *The Three Tenors -- Paris 1998*, were released on August 18, 1998, and were distributed in the United States by Warner Music Group. During the moratorium period, PolyGram Music Group refrained from discounting or advertising the 1990 Three Tenors album and video. During this period, Warner Music Group likewise refrained from discounting or advertising the 1994 Three Tenors album and video.

Finally, the complaint alleges that the moratorium agreement was not reasonably necessary to the formation or to the efficient operation of the joint venture between Warner Music Group and PolyGram Music Group. Rather, the effect of the moratorium agreement was to restrain competition unreasonably, to increase prices, and to injure consumers.

Warner has signed a consent agreement containing the proposed Consent Order. The proposed Consent Order would prohibit Warner from: (i) agreeing with a competitor to fix, raise, or stabilize prices for any audio product, or (ii) agreeing with a competitor to prohibit, restrict, or limit truthful, non-deceptive advertising and promotion for any audio product.<sup>3</sup>

The Federal Trade Commission is aware that there is a great deal of collaborative activity among companies in the music industry (e.g., joint ventures, intellectual property licenses, sharing of artist rights and compositions). The proposed Consent Order re-affirms the Commission's view that participation in a

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<sup>3</sup> These Order provisions would also apply to video products that feature the Three Tenors. The proposed Order generally does not cover vertical restraints.

Analysis

joint venture is often pro-competitive, but that it is not a blanket excuse for price fixing or other serious restraints on competition. In this regard, The Antitrust Guidelines for Collaborations Among Competitors, issued by the Federal Trade Commission and the U.S. Department of Justice in April 2000, should not be read to suggest that all agreements “related to” a joint venture will be analyzed under the full rule of reason.

There are, however, situations in which horizontal restraints on price competition and advertising are permissible. Thus, the proposed Consent Order contains exceptions to the above-described prohibitions that are intended to permit Warner to engage in certain lawful and pro-competitive conduct. First, when Warner and a competing seller jointly produce a new audio product, the Order does not bar the firms from jointly setting the selling price and jointly directing the advertising campaign for that product. *See Broadcast Music, Inc. v. CBS*, 441 U.S. 1 (1979).<sup>4</sup> Second, when Warner and a competing seller enter into a legitimate joint venture agreement, the order does not bar the firms from entering into ancillary restraints both reasonably related to the venture and reasonably necessary to achieve the pro-competitive benefits of the venture. *See NCAA v. Board of Regents*, 468 U.S. 85 (1984); *Massachusetts Board of Registration in Optometry*, 110 F.T.C. 549 (1988).

The Commission’s complaint alleges that the Warner/PolyGram moratorium agreement was not a lawful restraint on competition. Of critical importance is the allegation that the parties’ restrictions on competitive activity were not limited to jointly produced products. Instead, the complaint charges that Warner Music Group and PolyGram Music Group agreed to fix the prices of the pre-existing Three Tenors releases --

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<sup>4</sup> In order to fall within this proviso, the collaborating parties must each contribute significant assets toward production of the audio product so as to achieve pro-competitive benefits. Sham collaborations will not shield an agreement on price. *Cf. Palmer v. BRG of Georgia, Inc.*, 498 U.S. 46 (1990).

## Analysis

products that were separately produced and separately distributed. Restraints that operate on products outside of a joint venture will be scrutinized by the Commission with great care,<sup>5</sup> particularly if the restraints are directed at price. Here the Commission has reason to believe that the alleged agreement between Warner and PolyGram is not reasonably related to the joint venture or reasonably necessary to achieve procompetitive benefits of the joint venture and is therefore per se unlawful.

One specific question involved in this proceeding is whether the moratorium agreement was reasonably necessary in order to address a free-rider problem.<sup>6</sup> Suppose, hypothetically, that Warner Music Group's investment in advertising the 1998 Three Tenors album in the United States brings consumers into the record stores. Suppose further that many such consumers then opt to purchase, at a lower price, the 1990 album distributed by PolyGram Music Group. The result may be that PolyGram Music Group benefits from Warner Music Group's investment, leaving

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<sup>5</sup> See *General Motors Corp.*, 103 F.T.C. 374 (1984) (consent order) (manufacturing joint venture between General Motors and Toyota approved by the Commission, subject to conditions aimed at reducing the likelihood of collusion between the competitors with regard to both joint venture products and products outside the joint venture).

<sup>6</sup> See *Chicago Pro. Sports Ltd. Partnership v. NBA*, 961 F.2d 667, 674 (7<sup>th</sup> Cir.), *cert. denied*, 506 U.S. 954 (1992):

It costs money to make a product attractive against other contenders for consumers' favor. Firms that take advantage of costly efforts without paying for them, that reap where they have not sown, reduce the payoff that the firms making the investment receive. This makes investments in design and distribution of products less attractive, to the ultimate detriment of consumers. Control of free-riding is accordingly an accepted justification for cooperation.

Analysis

Warner Music Group (arguably) with less incentive to invest resources in promoting the 1998 Three Tenors album.<sup>7</sup>

The Commission has reason to believe that this hypothetical scenario does not justify the restraints on competition alleged in the complaint. According to the complaint, Warner Music Group and PolyGram Music Group agreed to share the cost of advertising the 1998 Three Tenors album. It follows that, with regard to such advertising, PolyGram Music Group need not be characterized as a free rider. In the words of Judge Easterbrook: “Free-riding is the diversion of value from a business rival’s efforts without payment . . . . When payment is possible, free-riding is not a problem because the ‘ride’ is not free.” *Chicago Pro. Sports Ltd. Partnership v. NBA*, 961 F.2d 667, 675 (7<sup>th</sup> Cir.), *cert. denied*, 506 U.S. 954 (1992).<sup>8</sup> More generally, when faced with a potential free-rider problem, firms should consider whether there are practical, less-restrictive alternatives than price-fixing.

The proposed Consent Order includes a third proviso that is designed to ensure that the Order does not impede Warner’s ability to participate in industry efforts to discourage the promotion of violent or otherwise inappropriate audio and video products to children. Although Warner is generally prohibited from agreeing with a competitor to restrict truthful and non-deceptive advertising, Warner is expressly permitted under the

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<sup>7</sup> Note that this is a hypothetical example. It is not apparent, *inter alia*, that an advertising campaign promoting the 1998 Three Tenors album would necessarily lead a significant number of consumers to purchase the 1990 Three Tenors album.

<sup>8</sup> *Accord High Technology Careers v. San Jose Mercury News*, 996 F.2d 987, 992 (9<sup>th</sup> Cir. 1993); *Toys R Us, Inc.* \_\_\_ F.T.C. \_\_\_ (1998), 1998 FTC LEXIS 119, 131-35 (1998), *aff’d*, 221 F.3d 928, 938 (7<sup>th</sup> Cir. 2000); H. Hovenkamp, XIII *Antitrust Law* at 334 ¶ 2223b (1999) (“[F]ree rider defenses should be rejected when the firm that controls the input is able to sell, rather than give away, the good or service that is subject to the free ride.”).

## Analysis

Order to join with other sellers to prevent the advertising, marketing or sale to children of audio products or video products labeled or rated with a parental advisory or cautionary statement as to content.

The purpose of this analysis is to facilitate public comment on the proposed Order, and it is not intended to constitute an official interpretation of the agreement and proposed Order or to modify in any way its terms.

Statement

**Statement of Commissioner Mozelle W. Thompson**

As I said in my statement<sup>1</sup> following the issuance of The Antitrust Guidelines for Collaborations Among Competitors,<sup>2</sup> I believe that joint ventures can enable companies to expand into foreign markets, fund expensive innovation and research efforts, and lower costs to the benefit of industry and consumers alike. But an otherwise legitimate joint venture may not shield price fixing or any other form of anticompetitive restraint if the restraint is not both reasonably related to the venture and reasonably necessary to achieve the venture's procompetitive objectives. The Commission's complaint against Warner Communications and the accompanying consent order that we accepted for public comment today underscore this important principle of joint venture law.

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<<<http://www.ftc.gov/os/2000/04/antitrustguidethompson.htm>>>

<sup>2</sup> The Federal Trade Commission and the U.S. Department of Justice issued the Guidelines in April 2000.

<<<http://www.ftc.gov/bc/guidelin.htm>>>

Complaint

IN THE MATTER OF

**METSO OYJ AND SVEDALA INDUSTRI AB**CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 7 OF THE CLAYTON ACT AND SEC. 5 OF  
THE FEDERAL TRADE COMMISSION ACT*Docket C-4024; File No. 0010186**Complaint, September 7, 2001--Decision, October 19, 2001*

This consent order addresses the acquisition by Respondent Metso Oyj (“Metso”) – a Finnish corporation and one of the world’s largest suppliers of rock processing equipment such as cone crushers, jaw crushers, primary gyratory crushers, and grinding mills – of Respondent Svedala Industri AB (“Svedala”), a Swedish corporation that is another large supplier of such equipment. The order, among other things, requires the respondents to divest the Metso worldwide primary gyratory crusher business to Sandvik AB – a publicly-traded Swedish corporation, and a leading global supplier of drilling and excavation machinery, equipment and tools for mining and construction industries – and to divest their grinding mill businesses to Outokumpu Oyj (“Outokumpu”), a diversified Finnish metals corporation. The order also requires the respondents to divest Svedala’s worldwide cone crusher and jaw crusher businesses to Sandvik. In addition, the order prohibits the respondents, for one year, from soliciting or inducing any employees or agents of the rock processing equipment businesses involved in the divestitures to terminate their employment with Sandvik or Outokumpu. The order also requires the respondents, for one year, to provide technical assistance and training at cost to Sandvik and Outokumpu.

*Participants*

For the Commission: *Matthew J. Reilly, Joanne C. Lewers, Randall A. Long, Eric D. Dowell, Katherine F. Seifert, Ann Malester, David A. von Nirschl, Roberta S. Baruch, Jeffrey Fischer, Roger Boner, Daniel O’Brien, and David Scheffman.*

For the Respondents: *M. Elaine Johnston, Martin M. Toto, and Tara A. Hunt, White & Case, Robert S. Schlossberg, Christine A. Laciak, and Robert B. Wiggins, Morgan, Lewis & Bockius.*

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## COMPLAINT

The Federal Trade Commission (“Commission”), having reason to believe that Respondents Metso Oyj (“Metso”), a corporation subject to the jurisdiction of the Commission, and Svedala Industri AB (“Svedala”), a corporation subject to the jurisdiction of the Commission, have entered into an agreement whereby Metso would acquire all of the issued and outstanding securities and convertible debentures of Svedala in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act (“FTC Act”), as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

### I. RESPONDENTS

1. Respondent Metso is a corporation organized, existing and doing business under and by virtue of the laws of Finland, with its office and principal place of business located at Fabianinkatu 9 A, P.O. Box 1220, FIN-00101, Helsinki, Finland. Metso’s principal subsidiary in the United States is located at 133 Federal Street, Suite 302, Boston, MA 02110.
2. Respondent Svedala is a corporation organized, existing and doing business under and by virtue of the laws of Sweden, with its office and principal place of business located at Kaptensgatan 1, Box 4004, SE-203, 11 Malmö, Sweden. Svedala’s principal subsidiary in the United States is located at 20965 Crossroads Circle, Waukesha, WI 53186.
3. Respondent Metso, through its Metso Minerals subsidiary (formerly known as Nordberg), and Respondent Svedala are engaged in, among other things, the research, development, manufacture and sale of rock and mineral processing equipment, including but not limited to cone crushers, jaw crushers, primary gyratory crushers and grinding mills.

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4. Respondents are, and at all times herein have been, engaged in commerce, as “commerce” is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and are corporations whose business is in or affects commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

**II. THE PROPOSED ACQUISITION**

5. On June 21, 2000, Metso announced a cash tender offer to acquire all of the issued and outstanding shares and convertible debentures of Svedala (“Acquisition”). The transaction is valued at approximately \$1.6 billion.

**III. THE RELEVANT MARKETS**

6. For the purposes of this Complaint, the relevant lines of commerce in which to analyze the effects of the Acquisition are:
  - a. the research, development, manufacture and sale of cone crushers;
  - b. the research, development, manufacture and sale of jaw crushers;
  - c. the research, development, manufacture and sale of primary gyratory crushers; and
  - d. the research, development, manufacture and sale of grinding mills.
7. For the purposes of this Complaint, the world is the relevant geographic area in which to analyze the effects of the Acquisition in the relevant lines of commerce.

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#### **IV. THE STRUCTURE OF THE MARKETS**

8. The market for the research, development, manufacture and sale of cone crushers is highly concentrated whether measured by the Herfindahl-Hirschman Index (“HHI”) or by concentration ratios. Metso and Svedala are the two leading suppliers of cone crushers in the world.
9. The market for the research, development, manufacture and sale of jaw crushers is highly concentrated whether measured by the HHI or by concentration ratios. Metso and Svedala are the two leading suppliers of jaw crushers in the world.
10. The market for the research, development, manufacture and sale of primary gyratory crushers is highly concentrated whether measured by the HHI or by concentration ratios. Metso and Svedala are two of the leading suppliers of primary gyratory crushers in the world.
11. The market for the research, development, manufacture and sale of grinding mills is highly concentrated whether measured by the HHI or by concentration ratios. Metso and Svedala are two of the leading suppliers of grinding mills in the world.
12. Metso and Svedala are actual competitors in each of the relevant markets for the research, development, manufacture and sale of cone crushers, jaw crushers, primary gyratory crushers and grinding mills.

#### **V. ENTRY CONDITIONS**

13. Entry into each of the relevant markets identified in Paragraphs 6 and 7 is unlikely and would not occur in a timely manner to deter or counteract the adverse competitive effects described in Paragraph 14, because of, among other things, the time and expense necessary to

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develop new rock processing equipment and gain customer acceptance for the equipment.

**VI. EFFECTS OF THE ACQUISITION**

14. The effects of the Acquisition, if consummated, may be to substantially lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:
  - a. by eliminating actual, direct, and substantial competition between Metso and Svedala in each of the relevant markets;
  - b. by increasing the likelihood that Metso will unilaterally exercise market power in each of the relevant markets;
  - c. by increasing the likelihood of coordinated interaction in each of the relevant markets; and
  - d. by increasing the likelihood that customers of cone crushers, jaw crushers, primary gyratory crushers and grinding mills would be forced to pay higher prices.

**VII. VIOLATIONS CHARGED**

15. The cash tender offer described in Paragraph 5 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.
16. The Acquisition described in Paragraph 5, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

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WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this seventh day of September, 2001, issues its Complaint against said Respondents.

By the Commission, Chairman Muris not participating.

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**DECISION AND ORDER**

The Federal Trade Commission (“Commission”) having initiated an investigation of the proposed acquisition of Respondent Svedala Industri AB (“Svedala”) by Respondent Metso Oyj (“Metso”), hereinafter referred to as “Respondents,” and Respondents having been furnished thereafter with a copy of a draft of Complaint that the Bureau of Competition presented to the Commission for its consideration and which, if issued by the Commission, would charge Respondents with violations of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondents, their attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Orders (“Consent Agreement”), containing an admission by Respondents of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondents that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondents have violated the said Acts, and that a Complaint should issue stating its charges in that respect, and having thereupon issued its Complaint and an Order to Maintain Assets, and having accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby makes the following jurisdictional findings and issues the following Decision and Order (“Order”):

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1. Respondent Metso is a corporation organized, existing and doing business under and by virtue of the laws of Finland, with its office and principal place of business located at Fabianinkatu 9 A, P.O. Box 1220, FIN-00101, Helsinki, Finland. Metso's principal subsidiary in the United States is located at 133 Federal Street, Suite 302, Boston, MA 02110.

2. Respondent Svedala is a corporation organized, existing and doing business under and by virtue of the laws of Sweden, with its office and principal place of business located at Kaptensgatan 1, Box 4004, SE-203 11, Malmö, Sweden. Svedala's principal subsidiary in the United States is located at 20965 Crossroads Circle, Waukesha, WI 53186.

3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of Respondents, and the proceeding is in the public interest.

**ORDER**

I.

**IT IS ORDERED** that, as used in this Order, the following definitions shall apply:

- A. "Metso" means Metso Oyj, its directors, officers, employees, agents, representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by Metso Oyj (including, but not limited to, Metso Minerals f/k/a Nordberg), and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- B. "Svedala" means Svedala Industri AB, its directors, officers, employees, agents, representatives, predecessors, successors, and assigns; its joint ventures, subsidiaries, divisions, groups and affiliates controlled by Svedala Industri AB, and the respective directors, officers,

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employees, agents, representatives, successors, and assigns of each.

- C. "Respondents" means Metso and Svedala, individually and collectively.
- D. "Acquisition" means Respondent Metso's proposed acquisition of the common stock and convertible debentures of Respondent Svedala in accordance with the terms and conditions of the recommended public takeover offer announced on 21 June 2000 (offer document dated 7 July 2000).
- E. "Commission" means the Federal Trade Commission.
- F. "Sandvik" means Sandvik AB (publ), Reg. No. 556000-3468, a corporation organized, existing and doing business under and by virtue of the laws of Sweden, with its offices and principal place of business located at SE-81181 Sandviken, Sweden.
- G. "Outokumpu" means Outokumpu Mintec Oy, Reg. No. 764.823, a corporation organized, existing and doing business under and by virtue of the laws of Finland, with its offices and principal place of business located at Riihitontuntie 7 B, PO Box 140, FIN-02201 Espoo, Finland.
- H. "Acquirer" means any person or business that purchases the Cone Crusher Business, the Grinding Mill Business, the Jaw Crusher Business or the Primary Gyratory Crusher Business pursuant to this Order. Acquirer includes Sandvik and/or Outokumpu.
- I. "Agency" means any governmental regulatory authority in the world responsible for granting approvals, clearances, qualifications, licenses or permits for any aspect of the research, design, development, engineering, manufacturing,

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constructing, marketing, distribution, sale, or after-sales support of a Product.

- J. "Autogenous Mill" means a Grinding Mill utilizing a horizontal tube design that breaks rocks down into smaller particles strictly by inducing frequent, high energy impacts between the rocks themselves.
- K. "Ball Mill" means a Grinding Mill utilizing a horizontal tube design that employs a tumbling charge of steel balls to break rocks down into smaller particles as the mill rotates.
- L. "Business Day" means any day excluding Saturday, Sunday and any other United States Federal holiday.
- M. "Classic Products" means the following discontinued and non-U.S. models of Cone Crushers: Hydrocone 30", Hydrocone 36", Superior 36", Hydrocone 45", Superior 45", Hydrocone 51", Superior 50", Hydrocone 60", Hydrocone 84", Hydrocone 200, Hydrocone 300, Hydrocone 400, Hydrocone 500, Hydrocone 600, Hydrocone 700, Loro Prisini Neytrec Cone Crushers, Rollercones, Dracar Cones, BS Cones, Gyrasphere 24FC-24S-245, Gyrasphere 36S-367-36X10, Gyrasphere 48fc-48s-489-48X13, Gyrasand 24GS-36GS-48GS, 90RB, 120RB, 50T and 60T; and the following discontinued and non-U.S. models of Jaw Crushers: R 2513, TRF 3521, R 5026 = 50 F, TRF 6026, R 6030 = TRF 6030 & 60 F, R 6040 = 60 G-96, R 7550 = 75G-120, RG 8013 = TRF 8013 R, TRG 9060, TRG 9075, R 9075 = 90G-160, R 9090, RG 10015 = TRF 10015, RG 12030 = TRF 12030, R 10580, R 105100, R 120100, R 150120, R 210170, FS 4025, FS 5032, FS 6540, P 7055, P 7550, FS 9060, P 10080, P 100100, P 12090 = FS 12090, P 120100-210, P 120100-240, P 150130, P 180140, A-1 48x60, A-1 60x84, Universal 1536, Universal 1830, Universal 2036, Universal 3042, Universal 3242, Universal 3254, Universal 3648, Universal 4248, Universal 4250, Universal 5060, 8013, 9026, 12040, 2015, 3020, 4230,

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6240, 8050, 10060, 10080, 12090, 150120, RT 6090, RT 75105, RT 60120, RT 80120, RT 105120, Cfbk, Altairac, and Dragon & Babbitless.

- N. "Closing Date" means the date on which Respondents and a Commission-approved Acquirer close on a transaction to divest or transfer relevant assets pursuant to this Order.
- O. "Commission-approved Acquirer" means an entity approved by the Commission to acquire particular assets the Respondents are required to divest or transfer pursuant to this Order.
- P. "Cone Crusher" means a fixed or mobile machine, other than a Primary Gyratory Crusher, used to crush rocks in mines, quarries and certain other applications, that achieves crushing by using two cones (one placed inside the other) which crush rock fed into the space between the two cones by elliptical rotation of the inner cone in a manner that causes the gap between the mobile cone and the fixed cone to open and close.
- Q. "Cone Crusher Assets" means all of Respondent Svedala's rights, title and interest, worldwide, in and to all assets relating to the Cone Crusher Business, including, without limitation, the following:
1. all rights, title, and interest in and to Product Intellectual Property relating to the research, design, development, engineering, manufacture, construction, distribution, marketing, sale, or after-sales support of Cone Crushers worldwide;
  2. all rights, title, and interest in all equipment, machinery, tools, furniture, and other tangible property listed in Schedules 1 b), 1 j), 1 k) and 2.3 of the Sandvik Share Purchase Agreement;

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3. all rights, title, and interest in and to Patents relating to the research, design, development, engineering, manufacture, construction, distribution, marketing, sale or after-sales support of Cone Crushers worldwide, including, but not limited to, those Patents listed in Schedules 1 l) and 2.3 of the Sandvik Share Purchase Agreement;
4. all rights, title, and interest in and to inventories of products, raw materials (to the extent requested by the Commission-approved Acquirer), supplies and parts, including work-in-process and finished goods, relating to the research, design, development, engineering, manufacturing, construction, marketing, sale, or after-sales support of Cone Crushers worldwide, listed and described in Schedules 1 b), 1 j), 1 k) and 2.3 of the Sandvik Share Purchase Agreement;
5. all rights, title, and interest in and to agreements, express or implied, relating to the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale or after-sales support of Cone Crushers worldwide, regardless of whether such agreements relate exclusively to such purposes, including, but not limited to, warranties, guarantees, and contracts with joint venture partners, suppliers, personal property lessors, personal property lessees, licensors, licensees, consignors, consignees, and customers;
6. all Product Marketing Materials;
7. all unfilled customer orders for finished Cone Crushers as of the Closing Date (a list of such orders to be provided to the Commission-approved Acquirer within five Business Days after the Closing Date);

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8. all books, records and files that relate to Product Manufacturing Technology, Product manufacturing, and Product manufacturing processes; and
9. all inventories on hand as of the Closing Date.

PROVIDED, HOWEVER, that the definition of Cone Crusher Assets does not include:

- (i) Consignment Stock; and
  - (ii) Any inventory, drawing, pattern, computer software or program solely related to the Classic Products and previously used by Respondent Svedala.
- R. "Cone Crusher Business" means Respondent Svedala's business of researching, designing, developing, engineering, manufacturing, constructing, distributing, marketing, selling, and providing after-sales support for Cone Crushers, including, but not limited to, the following model designations: Hydrocone H-22", Hydrocone S-2000, Hydrocone S-3000, Hydrocone S-4000, Hydrocone S-6000, Hydrocone H-2000, Hydrocone H-3000, Hydrocone H-4000, Hydrocone H-6000, Hydrocone H-8000, Eurocone 942, Eurocone 1152, Eurocone 1362, Eurocone 1572, as well as mobile versions of these models where the crusher is installed on wheel- or track-mounted chassis, Crawlmaster S3000, Crawlmaster S4000, Scorpion 2000, Scorpion 4000, Scorpion 3000, Roadmaster 3000 and Roadmaster 4000.
- S. "Cone Crusher Employees" means all of those individuals employed by Respondent Svedala with responsibility for the research, design, development, engineering, manufacturing, constructing, distributing, marketing, sales or after-sales support of Cone Crushers, who directly participated (irrespective of the portion of working time involved) in the research, design, development, engineering, manufacturing, constructing, distributing, marketing, sales or after-sales

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support of Cone Crushers worldwide within the eighteen (18) month period immediately prior to the Closing Date.

- T. “Confidential Business Information” means all information owned by Respondents that is not in the public domain relating to the research, design, development, engineering, manufacturing, construction, marketing, commercialization, distribution, cost, pricing, supply, sales, after-sales support, or use of any of Respondents’ Products or Respondents’ Products in development.
- U. “Consignment Stock” means finished Products, including spare parts and wear parts, and second-hand equipment owned by Respondent Svedala’s distribution organization or Respondent Metso and does not include the inventory of work in process, raw materials and components owned by Svedala-Arbrå Aktiebolag, Svedala Mobile Equipment AB, or Svedala SA.
- V. “Contract Manufacture” means the manufacture of a Product supplied pursuant to a Divestiture Agreement by Respondents for sale to a Commission-approved Acquirer.
- W. “Divestiture Agreement” means each of the following agreements individually: the Outokumpu Asset Purchase Agreement, the Sandvik Share Purchase Agreement, and the Jaw Crusher Supply Agreement; or any agreement signed by the Respondents and approved by the Commission to accomplish the requirements of this Order.
- X. “Divestiture Trustee” means the trustee appointed by the Commission pursuant to Paragraph V.A. of the Decision and Order in this matter.
- Y. “Grinding Mill” means a cylindrical machine used to grind rock to a powder or liquid slurry in mines, industrial mineral processes and certain other applications by inducing

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movement and motion to the rocks contained within the mill body, which causes them to impact one another or to have impact with some form of grinding media (steel balls, steel rods, or ceramic balls) and, through repetition, causes the rocks to break apart and gradually wear down to small particles.

- Z. “Grinding Mill Assets” means all of Respondent Metso’s rights, title and interest, worldwide, in and to all assets relating to the Grinding Mill Business, including without limitation, the following:
1. all rights, title, and interest in and to Product Intellectual Property relating to the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale or after-sales support of Grinding Mills worldwide;
  2. all rights, title, and interest in all equipment, machinery, tools, furniture, and other tangible property listed in Schedules 1.2 and 7.9 of the Outokumpu Asset Purchase Agreement;
  3. all rights, title, and interest in and to Patents relating to the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale, or after-sales support of Grinding Mills worldwide, including, but not limited to, those Patents listed in Schedule 7.14 of the Outokumpu Asset Purchase Agreement;
  4. all rights, title, and interest in and to inventories of products, raw materials (to the extent requested by the Commission-approved Acquirer), supplies and parts, including work-in-process and finished goods, relating to the research, design, manufacturing, construction, development, engineering, marketing, sale or after-sales support of Grinding Mills worldwide, listed and

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described in Schedule 1.2 of the Outokumpu Asset Purchase Agreement;

5. all rights, title, and interest in and to agreements, express or implied, relating to the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale or after-sales support of Grinding Mills worldwide, regardless of whether such agreements relate exclusively to such purposes, including, but not limited to, warranties, guarantees, and contracts with joint venture partners, suppliers, personal property lessors, personal property lessees, licensors, licensees, consignors, consignees, and customers;
6. all Product Marketing Materials;
7. all unfilled customer orders for finished Grinding Mills as of the Closing Date (a list of such orders to be provided to the Commission-approved Acquirer within five Business Days after the Closing Date);
8. at the Acquirer's option, and with the concurrence of the Commission, a contract pursuant to which Respondents will provide to the Acquirer certain services related to Grinding Mills, including administrative services, as provided in Section 5.6 of the Outokumpu Asset Purchase Agreement;
9. all books, records and files that relate to Product Manufacturing Technology, Product manufacturing, and Product manufacturing processes; and
10. all inventories on hand as of the Closing Date.

PROVIDED, HOWEVER, that the definition of Grinding Mill Assets does not include:

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- (i) one pilot scale grinding mill located in Milwaukee, Wisconsin;
  - (ii) a license agreement, dated January 1, 1982, between Nordberg Technology NV, Nordberg Inc., Nordberg Licensing BV and Nordberg Manufacturing Company (SA) (Proprietary) Limited, including all amendments thereto;
  - (iii) rights relating to an outstanding dispute with Ashanti Goldfields in Tanzania;
  - (iv) any rights, titles and interests in or to owned or leased real property, buildings, office equipment or furniture at Metso's offices in Milwaukee, Wisconsin; Perth, Australia; or Johannesburg, South Africa;
  - (v) real property and improvements, office space and personal property related solely to Respondent Metso's sales and distribution organization; and
  - (vi) the project contracts listed on Schedule A hereto.
- AA. "Grinding Mill Business" means Respondent Metso's business of researching, designing, developing, engineering, manufacturing, constructing, distributing, marketing, selling and providing after-sales support for, Grinding Mills including, but not limited to, Autogenous Mills, Semi-Autogenous Mills, Rod Mills, Ball Mills, and Pebble Mills.
- BB. "Grinding Mill Employees" means all of those individuals employed by Respondent Metso with responsibility for the research, design, development, engineering, manufacturing, constructing, distributing, marketing, sales or after-sales support of Grinding Mills, who directly participated (irrespective of the portion of

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working time involved) in the research, design, development, engineering, manufacturing, constructing, marketing, sales or after-sales support of Grinding Mills worldwide within the eighteen (18) month period immediately prior to the Closing Date.

- CC. “Intellectual Property” means all: (1) Patents; (2) mask works and copyrights in works of authorship of any type, including, but not limited to, computer software and industrial designs, registrations and applications for registration thereof; (3) Product Trademarks, including the goodwill of the business symbolized thereby and associated therewith, as well as registrations and applications for registration thereof; (4) trade secrets, know-how and other confidential or proprietary technical, business, research, development and other information, and all rights in any jurisdiction to limit the use or disclosure thereof; (5) rights to obtain and file for Patents and registrations thereof; and (6) rights to sue and recover damages or obtain injunctive relief for infringement, dilution, misappropriation, violation or breach thereof.
- DD. “Interim Monitor” means the Interim Monitor appointed by the Commission pursuant to Paragraph III.A. of the Order to Maintain Assets and/or Paragraph IV. A. of the Decision and Order in this matter.
- EE. “Jaw Crusher” means a fixed or mobile machine used in mines, quarries and certain other applications, that crushes rocks by trapping them in between a fixed steel plate and a pivoting, oscillating steel plate, which moves backwards and forwards, being operated by a revolving flywheel mounted on an eccentric shaft.
- FF. “Jaw Crusher Assets” means all of Respondent Svedala’s rights, title and interest, worldwide, in and to all assets

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relating to the Jaw Crusher Business, including without limitation, the following:

1. all rights, title, and interest in and to Product Intellectual Property relating to the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale or after-sales support of Jaw Crushers worldwide;
2. all rights, title, and interest in all equipment, machinery, tools, furniture, and other tangible property listed in Schedules 1 b), 1 j), 1 k) and 2.3 of the Sandvik Share Purchase Agreement;
3. all rights, title, and interest in and to Patents relating to the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale, or after-sales support of Jaw Crushers worldwide, including, but not limited to, those Patents listed in Schedules 1 l) and 2.3 of the Sandvik Share Purchase Agreement;
4. all rights, title, and interest in and to inventories of products, raw materials (to the extent requested by the Commission-approved Acquirer), supplies and parts, including work-in-process and finished goods, relating to the research, design, manufacturing, construction, development, engineering, marketing, sale, or after-sales support of Jaw Crushers worldwide, listed and described in Schedules 1 b), 1 j), 1 k) and 2.3 of the Sandvik Share Purchase Agreement;
5. all rights, title, and interest in and to agreements, express or implied, relating to the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale or after-sales support of Jaw Crushers worldwide, regardless of whether such agreements relate exclusively to such

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purposes, including, but not limited to, warranties, guarantees, and contracts with joint venture partners, suppliers, personal property lessors, personal property lessees, licensors, licensees, consignors, consignees, and customers;

6. all Product Marketing Materials;
7. at the Acquirer's option, and with the concurrence of the Commission, a contract pursuant to which Respondents will Contract Manufacture Jaw Crushers, in accordance with the Jaw Crusher Supply Agreement;
8. all unfilled customer orders for finished Jaw Crushers as of the Closing Date (a list of such orders to be provided to the Commission-approved Acquirer within five Business Days after the Closing Date);
9. all books, records and files that relate to Product Manufacturing Technology, Product manufacturing, and Product manufacturing processes; and
10. all inventories on hand as of the Closing Date.

PROVIDED, HOWEVER, that the definition of Jaw Crusher Assets does not include:

- (i) any rights, titles and interests in or to owned or leased real property or buildings at Svedala's foundry and manufacturing facility in Faco, Brazil;
- (ii) Consignment Stock; and
- (iii) any inventory, drawing, pattern, computer software or program solely related to the Classic Products and previously used by Respondent Svedala.

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- GG. “Jaw Crusher Business” means Respondent Svedala’s business of researching, designing, developing, engineering, manufacturing, constructing, distributing, marketing, selling, and providing after-sales support for, Jaw Crushers, including, but not limited to, the following model designations: Jawmaster 806, Jawmaster 907, Jawmaster 1108, Jawmaster 1206, Jawmaster 1208, Jawmaster 1211, Jawmaster 1312, Jawmaster 1511, Jawmaster 1513, as well as mobile versions of these models where the crusher is installed on wheel- or track-mounted chassis, Crawlmaster 907, Crawlmaster 1108, Crawlmaster 1206, Crawlmaster 1208, Crawlmaster 1208F, and Crawlmaster 1211F.
- HH. “Jaw Crusher Employees” means all of those individuals employed by Respondent Svedala with responsibility for the research, design, development, engineering, manufacturing, constructing, distributing, marketing, sales or after-sales support of Jaw Crushers, who directly participated (irrespective of the portion of working time involved) in the research, design, development, engineering, manufacturing, constructing, marketing, sales or after-sales support of Jaw Crushers worldwide within the eighteen (18) month period immediately prior to the Closing Date.
- II. “Jaw Crusher Supply Agreement” means the *Framework Sub-Contracting Agreement*, as amended, attached as Schedule 15 to the Sandvik Share Purchase Agreement, and any modifications and amendments thereto that have been approved by the Commission, which is contained in non-public Appendix I attached to this Order.
- JJ. “Manufacturing Technology” means all technology, trade secrets, know-how, and proprietary information relating to the manufacture, assembly, or construction of the Product.

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- KK. “Outokumpu Asset Purchase Agreement” means the *Asset Purchase Agreement* by and between Metso Corporation and Outokumpu Mintec OY dated June 7, 2001, as amended, which is contained in non-public Appendix II attached to this Order.
- LL. “Patents” mean all patents, patents pending, patent applications and statutory invention registrations, including reissues, divisions, continuations, continuations-in-part, supplementary protection certificates, extensions and reexaminations thereof, all inventions disclosed therein, all rights therein provided by international treaties and conventions, and all rights to obtain and file for patents and registrations thereto in the world, related to any Product of or owned by Respondents as of the Closing Date.
- MM. “Pebble Mill” means a Grinding Mill that either: (a) utilizes a horizontal tube design where the inside of the cylinder is lined with ceramic bricks and employs ceramic balls to break the rocks down into smaller particles to produce a very pure, finely ground product; or (b) operates as the second stage to an Autogenous Mill and uses rocks from the Autogenous Mill discharge as its grinding media.
- NN. “Primary Gyratory Crusher” means a machine used as a primary crusher of rocks in mines, quarries, and certain other applications, that achieves crushing by using two cones (one placed inside the other) in which the interior mobile cone is inverted relative to the fixed outside cone to allow very large rocks to enter the crusher and which crushes rocks fed into the space between the gap in the two cones by movement of the interior cone in an eccentric manner inside the fixed cone with the result that the gap between the two cones opens and closes.

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- OO. “Primary Gyratory Crusher Assets” means all of Respondent Metso’s rights, title and interest, worldwide, in and to all assets relating to the Primary Gyratory Crusher Business, including without limitation, the following:
1. all rights, title, and interest in and to Product Intellectual Property relating to the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale, or after-sales support of Primary Gyratory Crushers worldwide;
  2. all rights, title, and interest in all equipment, machinery, tools, furniture, and other tangible property listed in Schedule 1 f) of the Sandvik Share Purchase Agreement;
  3. all rights, title, and interest in and to Patents relating to the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale or after-sales support of Primary Gyratory Crushers worldwide, including, but not limited to, those Patents listed in Schedule 1 l) of the Sandvik Share Purchase Agreement;
  4. all rights, title, and interest in and to inventories of products, raw materials (to the extent requested by the Commission-approved Acquirer), supplies and parts, including work-in-process and finished goods, relating to the research, design, manufacturing, construction, development, engineering, marketing, sale or after-sales support of Primary Gyratory Crushers worldwide, listed and described in Schedule 1 f) of the Sandvik Share Purchase Agreement;

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5. all rights, title, and interest in and to agreements, express or implied, relating to the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale or after-sales support of Primary Gyratory Crushers worldwide, regardless of whether such agreements relate exclusively to such purposes, including, but not limited to, warranties, guarantees, and contracts with joint venture partners, suppliers, personal property lessors, personal property lessees, licensors, licensees, consignors, consignees, and customers;
6. all Product Marketing Materials;
7. all unfilled customer orders for finished Primary Gyratory Crushers as of the Closing Date (a list of such orders to be provided to the Commission-approved Acquirer within five Business Days after the Closing Date);
8. all books, records and files that relate to Product Manufacturing Technology, Product manufacturing, and Product manufacturing processes; and
9. all inventories on hand as of the Closing Date.

PROVIDED, HOWEVER, that the definition of Primary Gyratory Crusher Assets does not include:

- (i) any rights, titles and interests in or to owned or leased real property, buildings, office equipment or furniture at Metso's offices in Milwaukee, Wisconsin and Smedjebacken, Sweden;
- (ii) Consignment Stock;
- (iii) a license agreement, dated January 1, 1982, between Nordberg Technology NV, Nordberg Inc., Nordberg

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Licensing BV and Nordberg Manufacturing Company (SA) (Proprietary) Limited, including all amendments thereto; and

- (iv) real property and improvements, office space and personal property related solely to Respondent Metso's sales and distribution organization.
  
- PP. "Primary Gyratory Crusher Business" means Respondent Metso's business of researching, designing, developing, engineering, manufacturing, constructing, distributing, marketing, selling, and providing after-sales support for, Primary Gyratory Crushers, including, but not limited to, the following model designations: Morgardshammer BS, Nordberg GY and Nordberg XP.
  
- QQ. "Primary Gyratory Crusher Employees" means all of those individuals employed by Respondent Metso with responsibility for the research, design, development, engineering, manufacturing, constructing, distributing, marketing, sales or after-sales support of Primary Gyratory Crushers, who directly participated (irrespective of the portion of working time involved) in the research, design, development, engineering, manufacturing, constructing, distributing, marketing, sales, or after-sales support of Primary Gyratory Crushers worldwide within the eighteen (18) month period immediately prior to the Closing Date.
  
- RR. "Product(s)" means Cone Crushers, Jaw Crushers, Grinding Mills, and Primary Gyratory Crushers.
  
- SS. "Product Intellectual Property" means all worldwide (1) Product Patents, (2) Product Trademarks, (3) Manufacturing Technology, (4) all copyrights in and to the Product Marketing Materials, (5) all other Intellectual

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Property relating to a Product, and (6) all Confidential Business Information as of the Closing Date.

- TT. “Product Marketing Materials” means all marketing materials used anywhere in the world with respect to the Products as of the Closing Date, including, without limitation, all advertising materials, training materials, product data, price lists, mailing lists, sales materials, marketing information (e.g., customer sales and competitor data), promotional materials and other materials associated with the Products.
- UU. “Product Registrations” means all registrations, permits, licenses, consents, authorizations and other approvals, and pending applications and requests therefor, required by applicable Agencies relating to the research, development, engineering, manufacturing, construction, distribution, marketing, sale or after-sales support of the Products worldwide.
- VV. “Product Trademarks” means all trademarks, trade names and brand names including registrations and applications for registration therefor (and all renewals, modifications, and extensions thereof) and all common law rights, and the goodwill symbolized by and associated therewith, for a Product. *Provided, however*, that Product Trademarks do not include the trade names, trademarks or logos “Metso,” “Nordberg,” “Svedala,” “Svedala Gold,” “Allis Minerals Systems,” “Universal,” “Superior” and “Faco”.
- WW. “Rod Mill” means a Grinding Mill utilizing a horizontal tube design that employs a tumbling charge of steel rods to break rocks down into smaller particles by trapping and crushing rocks between the rods as the mill rotates.
- XX. “Sandvik Share Purchase Agreement” means the *Share Purchase Agreement* by and between Metso Corporation and Sandvik AB (publ) dated June 7, 2001, as amended,

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which is contained in non-public Appendix III attached to this Order.

- YY. “Semi-Autogenous Mill” means a Grinding Mill utilizing a horizontal tube design that breaks rocks down into smaller particles using a combination of rock-on-rock impacts and steel media-on-rock impacts.

## II.

**IT IS FURTHER ORDERED** that:

- A. Not later than twenty (20) Business Days after the Acquisition is consummated, Respondents shall divest the Cone Crusher Assets, Jaw Crusher Assets, and the Primary Gyratory Crusher Assets as ongoing businesses to Sandvik pursuant to and in accordance with the Sandvik Share Purchase Agreement (which agreement shall not vary or contradict, or be construed to vary or contradict, the terms of this Order), and such agreement, if approved by the Commission as the Divestiture Agreement for the Cone Crusher Assets, Jaw Crusher Assets and the Primary Gyratory Crusher Assets, is incorporated by reference into this Order and made part hereof as non-public Appendix III. If Respondents do not divest the Cone Crusher Assets, Jaw Crusher Assets, and the Primary Gyratory Crusher Assets to Sandvik within twenty (20) Business Days after the Acquisition is consummated, the Commission may appoint a trustee to divest the Cone Crusher Assets, Jaw Crusher Assets, and the Primary Gyratory Crusher Assets. Provided, however, that if Respondents have divested the Cone Crusher Assets, Jaw Crusher Assets, and the Primary Gyratory Crusher Assets to Sandvik prior to the date this Order becomes final, and if, at the time the Commission determines to make this Order final, the Commission notifies Respondents that Sandvik is not an acceptable

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purchaser of the Cone Crusher Assets, Jaw Crusher Assets, and the Primary Gyratory Crusher Assets or that the manner in which the divestiture was accomplished is not acceptable, then Respondents shall immediately rescind the transaction with Sandvik and the Commission may appoint a trustee to divest the Cone Crusher Assets, Jaw Crusher Assets, and the Primary Gyratory Crusher Assets to a Commission-approved Acquirer.

- B. Failure by Respondents to comply with all terms of the Sandvik Share Purchase Agreement, if approved by the Commission, shall constitute a failure to comply with this Order. Any Divestiture Agreement between Respondents (or a trustee appointed pursuant to Paragraph V of this Order) and an Acquirer of the Cone Crusher Assets, Jaw Crusher Assets and Primary Gyratory Crusher Assets that has been approved by the Commission shall be deemed incorporated by reference into this Order, and any failure by Respondents to comply with the terms of such Divestiture Agreement shall constitute a failure to comply with this Order.
- C. Respondents shall waive any and all rights to bring legal proceedings or take other legal action against the Commission-approved Acquirer, or any third-party authorized by the Commission-approved Acquirer to provide spare and wear parts for the Classic Products to the Commission-approved Acquirer, alleging infringement of Intellectual Property or Manufacturing Technology rights in connection with the Commission-approved Acquirer's research, design, development, engineering, manufacturing, constructing, distributing, marketing or sale of spare and wear parts for the Classic Products. PROVIDED THAT Respondents do not waive any rights to bring such proceedings or take such action based on a violation by the Commission-approved Acquirer of trademark or tradename rights, Respondents acknowledging for purposes of this proviso that it will not be a violation of trademark or

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tradename rights for the Commission-approved Acquirer to fairly and accurately describe such spare and wear parts as being for use with the Classic Products.

- D. Respondents shall include in any Divestiture Agreement related to the Jaw Crusher Assets the following provisions, and Respondents shall commit to satisfy the following:
1. Respondents shall Contract Manufacture and deliver to the Commission-approved Acquirer in a timely manner and under reasonable terms and conditions, a supply of Jawmaster model Jaw Crushers, for a period of years sufficient to allow the Commission-approved Acquirer to manufacture Jaw Crushers independently of Respondents. The Contract Manufacture agreement shall specify an exact monetary price for each make and model of Jawmaster model Jaw Crusher. Respondents shall provide a detailed explanation of all cost components, including, but not limited to, the specific amount, categories and allocation methodologies of costs for each make and model of Jawmaster model Jaw Crusher to staff of the Commission.
  2. After Respondents commence delivery of Jaw Crushers to the Commission-approved Acquirer pursuant to a Divestiture Agreement and for the term of the Contract Manufacture related to Jaw Crushers, Respondents will make inventory of Jawmaster model Jaw Crushers available for sale or resale only to the Commission-approved Acquirer.
  3. Respondents shall make representations and warranties that Respondents will hold harmless and indemnify the Commission-approved Acquirer for any liabilities or loss of profits resulting from the failure by Respondents to deliver Jawmaster model Jaw Crushers in a timely manner as required by the Divestiture Agreement unless Respondents can demonstrate that their failure was

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entirely beyond the control of the Respondents and in no part the result of negligence or willful misconduct by Respondents.

4. During the term of the Contract Manufacture between Respondents and the Commission-approved Acquirer, upon request of the Commission-approved Acquirer or the Interim Monitor, Respondents shall make available to the Interim Monitor all records that relate to the manufacture of Jawmaster model Jaw Crushers.
- E. Respondents shall submit to the Commission-approved Acquirer, at Respondents' expense, all Confidential Business Information relating to the Cone Crusher Business, the Jaw Crusher Business, and the Primary Gyratory Crusher Business.
- F. Respondents shall not use, directly or indirectly, any Confidential Business Information relating to the Cone Crusher Business, Jaw Crusher Business, and Primary Gyratory Crusher Business, and shall not disclose or convey such Confidential Business Information, directly or indirectly, to any person except the Commission-approved Acquirer. Notwithstanding the foregoing, Respondents shall be permitted to disclose any such Confidential Business Information to the extent legally required or necessary for obtaining appropriate regulatory licenses or approvals or responding to Agency inquiries, to the extent necessary to permit Respondents to comply with obligations under the Divestiture Agreements and this Order, or as required by a court of competent jurisdiction.
- G. For a period of one (1) year following the Closing Date, Respondents shall not, directly or indirectly, solicit or otherwise attempt to induce any employees of the Commission-approved Acquirer with any amount of responsibility relating to Cone Crushers, Jaw Crushers or Primary Gyratory Crushers who are former employees of

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Respondents to terminate their employment relationship with the Commission-approved Acquirer; provided, however, a violation of this provision will not occur if: (i) Respondents advertise for employees in newspapers, trade publications or other media not targeted specifically at the employees of the Commission-approved Acquirer, (ii) Respondents hire employees who apply for employment with Respondents, as long as such employees were not solicited by Respondents in violation of this paragraph, or (iii) the Commission-approved Acquirer has terminated the individual's employment or has otherwise granted a release to the individual to permit the individual to be employed by the Respondents.

- H. For a period of six (6) months following the Closing Date, Respondents shall not interfere with the employment by the Commission-approved Acquirer of any Cone Crusher Employees, Jaw Crusher Employees or Primary Gyratory Crusher Employees; shall not offer any incentive to such employees to decline employment with the Commission-approved Acquirer or to accept other employment with the Respondents; and shall remove any impediments that may deter such employees from accepting employment with the Commission-approved Acquirer, including, but not limited to, any confidentiality provisions relating to the Products or any non-compete or confidentiality provisions of employment or other contracts with the Respondents that would affect the ability of those individuals to be employed by the Commission-approved Acquirer.
- I. Respondents shall secure, prior to divestiture, all consents and waivers from all private entities that are necessary for the divestiture of the Cone Crusher Assets, Jaw Crusher Assets or Primary Gyratory Crusher Assets, or for the continued research, development, engineering, manufacturing, construction, distribution, sale, or marketing of Cone Crushers, Jaw Crushers, or Primary Gyratory Crushers by the Commission-approved Acquirer.

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- J. Respondents shall require, as a condition of continued employment post-divestiture, that each Cone Crusher Employee, Jaw Crusher Employee and Primary Gyratory Crusher Employee sign a confidentiality agreement pursuant to which such employee shall be required to maintain all Confidential Business Information (including, without limitation, all field experience) related to the Cone Crusher Business, Jaw Crusher Business, or Primary Gyratory Crusher Business strictly confidential, including the nondisclosure of such information to all other employees, executives or other personnel of Respondents. Such agreement shall provide for the following: (i) restrictions on the use of trade secrets and Confidential Business Information; (ii) retention of such information; (iii) appropriate conduct relating to information that could be used to the detriment of competitors; and (iv) sanctions for violation of the terms of the notification. (A copy of this confidentiality agreement will be in a form substantially similar to Schedule 1 of the Sandvik Share Purchase Agreement). Respondents shall send such agreement by e-mail with return receipt requested or similar transmission, and keep a file of such return receipts for one (1) year after the Closing Date. Respondents shall provide a copy of such agreement to the Commission-approved Acquirer. Respondents shall maintain complete records of all such agreements at Respondents' corporate headquarters and shall provide an officer's certificate to the Commission, stating that such acknowledgment program has been implemented and is being complied with. Respondents shall make available at the Commission-approved Acquirer's request copies of all certifications, notifications and reminders sent to Respondents' personnel.
- K. At the time of divestiture, and at the Commission-approved Acquirer's option, Respondents shall make available to the Commission-approved Acquirer such personnel, assistance and training as the Commission-approved Acquirer might

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reasonably need to transfer the Cone Crusher Assets, Jaw Crusher Assets and Primary Gyratory Crusher Assets and shall continue providing such personnel, assistance and training, at the request of the Commission-approved Acquirer, until the Commission-approved Acquirer is fully capable of independently manufacturing the Cone Crushers, Jaw Crushers, and Primary Gyratory Crushers. At the time of divestiture, and at the Commission-approved Acquirer's option, Respondents shall also divest any additional, incidental assets of Respondents and make any further arrangements for transitional services within the first twelve (12) months after divestiture that may be reasonably necessary to assure the viability and competitiveness of the Cone Crusher Assets, Jaw Crusher Assets and Primary Gyratory Crusher Assets.

- L. Pending divestiture of the Cone Crusher Assets, Jaw Crusher Assets, and Primary Gyratory Crusher Assets, Respondents shall take such actions as are necessary to maintain the viability and marketability of the Cone Crusher Assets, Jaw Crusher Assets, and Primary Gyratory Crusher Assets and to prevent the destruction, removal, wasting, deterioration, or impairment of any of the Cone Crusher Assets, Jaw Crusher Assets, and Primary Gyratory Crusher Assets except for ordinary wear and tear.
- M. The purpose of the divestiture of the Cone Crusher Assets, Jaw Crusher Assets, and Primary Gyratory Crusher Assets is to ensure the continued use of the Cone Crusher Assets, Jaw Crusher Assets, and Primary Gyratory Crusher Assets in the same business in which the Cone Crusher Assets, Jaw Crusher Assets, and Primary Gyratory Crusher Assets were engaged at the time of the announcement of the Acquisition, and to remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's complaint.

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III.

**IT IS FURTHER ORDERED** that:

- A. Not later than twenty (20) Business Days after the Acquisition is consummated, Respondents shall divest the Grinding Mill Assets as an ongoing business to Outokumpu pursuant to and in accordance with the Outokumpu Asset Purchase Agreement (which agreement shall not vary or contradict, or be construed to vary or contradict, the terms of this Order), and such agreement, if approved by the Commission as the Divestiture Agreement for the Grinding Mill Assets, is incorporated by reference into this Order and made part hereof as non-public Appendix II. If Respondents do not divest the Grinding Mill Assets to Outokumpu within twenty (20) Business Days after the Acquisition is consummated, the Commission may appoint a trustee to divest the Grinding Mill Assets. Provided, however, that if Respondents have divested the Grinding Mill Assets to Outokumpu prior to the date this Order becomes final, and if, at the time the Commission determines to make this Order final, the Commission notifies Respondents that Outokumpu is not an acceptable purchaser of the Grinding Mill Assets or that the manner in which the divestiture was accomplished is not acceptable, then Respondents shall immediately rescind the transaction with Outokumpu and the Commission may appoint a trustee to divest the Grinding Mill Assets to a Commission-approved Acquirer.
- B. Failure by Respondents to comply with all terms of the Outokumpu Asset Purchase Agreement, if approved by the Commission, shall constitute a failure to comply with this Order. Any Divestiture Agreement between Respondents (or a trustee appointed pursuant to Paragraph V of this Order) and an Acquirer of the Grinding Mill Assets that has been approved by the Commission shall be deemed incorporated by reference into this Order, and any failure by

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Respondents to comply with the terms of such Divestiture Agreement shall constitute a failure to comply with this Order.

- C. Respondents shall submit to the Commission-approved Acquirer, at Respondents' expense, all Confidential Business Information relating to the Grinding Mill Business.
- D. Respondents shall not use, directly or indirectly, any Confidential Business Information relating to the Grinding Mill Business, and shall not disclose or convey such Confidential Business Information, directly or indirectly, to any person except the Commission-approved Acquirer. Notwithstanding the foregoing, Respondents shall be permitted to disclose any such Confidential Business Information to the extent legally required or necessary for obtaining appropriate regulatory licenses or approvals or responding to Agency inquiries, to the extent necessary to permit Respondents to comply with obligations under the Divestiture Agreement and this Order, or as required by a court of competent jurisdiction.
- E. For a period of one (1) year following the Closing Date the divestiture is accomplished, Respondents shall not, directly or indirectly, solicit or otherwise attempt to induce any employees of the Commission-approved Acquirer with any amount of responsibility relating to Grinding Mills who are former employees of Respondents to terminate their employment relationship with the Commission-approved Acquirer; provided, however, a violation of this provision will not occur if (i) Respondents advertise for employees in newspapers, trade publications or other media not targeted specifically at the employees of the Commission-approved Acquirer, (ii) Respondents hire employees who apply for employment with Respondents, as long as such employees were not solicited by Respondents in violation of this paragraph, or (iii) the Commission-approved Acquirer has terminated the individual's employment or has otherwise

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granted a release to the individual to permit the individual to be employed by the Respondents.

- F. For a period of six (6) months following the Closing Date, Respondents shall not interfere with the employment by the Commission-approved Acquirer of any Grinding Mill Employees; shall not offer any incentive to such employees to decline employment with the Commission-approved Acquirer or to accept other employment with the Respondents; and shall remove any impediments that may deter such employees from accepting employment with the Commission-approved Acquirer, including, but not limited to, any confidentiality provisions relating to the Products or any non-compete or confidentiality provisions of employment or other contracts with the Respondents that would affect the ability of those individuals to be employed by the Commission-approved Acquirer.
- G. Respondents shall secure, prior to divestiture, all consents and waivers from all private entities that are necessary for the divestiture of the Grinding Mill Assets, or for the continued research, development, engineering, manufacturing, construction, distribution, marketing, sale, after-sales support, marketing or distribution of Grinding Mills by the Commission-approved Acquirer.
- H. Respondents shall require, as a condition of continued employment post-divestiture, that each Grinding Mill Employee sign a confidentiality agreement pursuant to which such employee shall be required to maintain all Confidential Business Information (including, without limitation, all field experience) related to the Grinding Mill Business, strictly confidential, including the nondisclosure of such information to all other employees, executives or other personnel of Respondents. Such agreement shall provide for the following: (i) restrictions on the use of trade secrets and Confidential Business Information; (ii) retention of such information; (iii) appropriate conduct relating to

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information that could be used to the detriment of competitors; and (iv) sanctions for violation of the terms of the notification. (A copy of this confidentiality agreement will be in a form substantially similar to Schedule A of the Outokumpu Asset Purchase Agreement). Respondents shall send such agreement by e-mail with return receipt requested or similar transmission, and keep a file of such return receipts for one (1) year after the Closing Date.

Respondents shall provide a copy of such agreement to the Commission-approved Acquirer. Respondents shall maintain complete records of all such agreements at Respondents' corporate headquarters and shall provide an officer's certificate to the Commission, stating that such acknowledgment program has been implemented and is being complied with. Respondents shall make available at the Commission-approved Acquirer's request copies of all certifications, notifications and reminders sent to Respondents' personnel.

- I. At the time of divestiture, and at the Commission-approved Acquirer's option, Respondents shall make available to the Commission-approved Acquirer such personnel, assistance and training as the Commission-approved Acquirer might reasonably need to transfer the Grinding Mill Assets, and shall continue providing such personnel, assistance and training, at Respondents' cost, at the request of the Commission-approved Acquirer, until the Commission-approved Acquirer is fully capable of independently producing Grinding Mills. At the time of divestiture, and at the Commission-approved Acquirer's option, Respondents shall also divest any additional, incidental assets of Respondents and make any further arrangements for transitional services within the first twelve (12) months after divestiture that may be reasonably necessary to assure the viability and competitiveness of the Grinding Mill Assets.
- J. Pending divestiture of the Grinding Mill Assets, Respondents shall take such actions as are necessary to

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maintain the viability and marketability of the Grinding Mill Assets, and to prevent the destruction, removal, wasting, deterioration, or impairment of any of the Grinding Mill Assets except for ordinary wear and tear.

- K. The purpose of the divestiture of the Grinding Mill Assets is to ensure the continued use of the Grinding Mill Assets in the same business in which the Grinding Mill Assets were engaged at the time of the announcement of the Acquisition, and to remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's complaint.

**IV.**

**IT IS FURTHER ORDERED** that:

- A. At any time after Respondents sign the Consent Agreement in this matter, the Commission may appoint an Interim Monitor to assure that Respondents expeditiously comply with all of their obligations and perform all of their responsibilities as required by this Order and the Divestiture Agreements. The Commission may appoint one or more Interim Monitors to assure Respondents' compliance with the requirements of Paragraphs II and III of this Order, and the related Divestiture Agreements.
- B. If one or more Interim Monitors are appointed pursuant to Paragraph IV. A. of this Order, Respondents shall consent to the following terms and conditions regarding the powers, duties, authorities, and responsibilities of each Interim Monitor:
1. The Commission shall select the Interim Monitor, subject to the consent of Respondents, which consent shall not be unreasonably withheld. If Respondents have not opposed, in writing, including the reasons for opposing, the selection of any proposed Interim Monitor within ten (10) days after notice by the staff of the Commission to Respondents of the

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identity of any proposed Interim Monitor, Respondents shall be deemed to have consented to the selection of the proposed Interim Monitor.

2. The Interim Monitor shall have the power and authority to monitor Respondents' compliance with the terms of this Order and with the relevant Divestiture Agreement(s) made a part of this Order, and shall exercise such power and authority and carry out the duties and responsibilities of the Interim Monitor in a manner consistent with the purposes of this Order and in consultation with the Commission.
3. Within ten (10) days after appointment of the Interim Monitor, Respondents shall execute an agreement that, subject to the prior approval of the Commission, confers on the Interim Monitor all the rights and powers necessary to permit the Interim Monitor to monitor Respondents' compliance with the terms of this Order and with the relevant Divestiture Agreement(s) in a manner consistent with the purposes of this Order.
4. The Interim Monitor shall serve until the last obligation under each of the Divestiture Agreements has been fully performed and each of the Commission-approved Acquirers pursuant to Paragraphs II and III of this Order (or as otherwise specified by the Commission) is fully capable of independently manufacturing and selling the Product(s) acquired pursuant to a Divestiture Agreement; provided, however, that the Commission may extend or modify this period as may be necessary or appropriate to accomplish the purposes of this Order.
5. The Interim Monitor shall have full and complete access to Respondents' personnel, books, records, documents, facilities and technical information relating to the research, development, engineering, and manufacture of the relevant Products, or to any other relevant information, as the Interim Monitor may reasonably request, including, but not limited

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to, all documents and records kept in the normal course of business that relate to the manufacture of the relevant Products and all materials and information relating to Agency approvals. Respondents shall cooperate with any reasonable request of the Interim Monitor. Respondents shall take no action to interfere with or impede the Interim Monitor's ability to monitor Respondents' compliance with this Order and the relevant Divestiture Agreement(s).

6. The Interim Monitor shall serve, without bond or other security, at the expense of Respondents, on such reasonable and customary terms and conditions as the Commission may set. The Commission may, among other things, require the Interim Monitor to sign an appropriate confidentiality agreement relating to Commission materials and information received in connection with the performance of the Interim Monitor's duties. The Interim Monitor shall have authority to employ, at the expense of Respondents, such consultants, accountants, attorneys and other representatives and assistants as are reasonably necessary to carry out the Interim Monitor's duties and responsibilities. The Interim Monitor shall account for all expenses incurred, including fees for his or her services, subject to the approval of the Commission.
7. Respondents shall indemnify the Interim Monitor and hold the Interim Monitor harmless against any losses, claims, damages, liabilities or expenses arising out of, or in connection with, the performance of the Interim Monitor's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparations for, or defense of, any claim whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the Interim Monitor.

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8. If the Commission determines that the Interim Monitor has ceased to act or failed to act diligently, the Commission may appoint a substitute Interim Monitor in the same manner as provided in Paragraph IV.A. of this Order.
  9. The Commission may on its own initiative or at the request of the Interim Monitor issue such additional orders or directions as may be necessary or appropriate to assure compliance with the requirements of this Order and the relevant Divestiture Agreement(s).
  10. Respondents shall report to the Interim Monitor in accordance with the requirements of Paragraph VI.A. of this Order and/or as otherwise provided in any agreement approved by the Commission. The Interim Monitor shall evaluate the reports submitted to it by the Respondents, and any reports submitted by the relevant Commission-approved Acquirer(s), with respect to the performance of Respondents' obligations under the relevant Divestiture Agreement(s). Within one (1) month from the date the Interim Monitor receives these reports, the Interim Monitor shall report in writing to the Commission concerning compliance by Respondents with the provisions of this Order and the relevant Divestiture Agreement(s). These responsibilities of the Interim Monitor shall continue until the last obligation under the relevant Divestiture Agreement(s) has been fully performed, unless otherwise directed by the Commission.
  11. Respondents may require the Interim Monitor to sign a customary confidentiality agreement; provided, however, such agreement shall not restrict the Interim Monitor from providing any information to the Commission.
- C. The Interim Monitor(s) appointed pursuant to Paragraph III.A. of the Order to Maintain Assets may be the same person(s) appointed as Interim Monitor(s) pursuant to Paragraph IV.A. of the Decision and Order in this matter, and/or as Divestiture

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Trustee(s) pursuant to Paragraph V.A. of the Decision and Order in this matter.

**V.**

**IT IS FURTHER ORDERED** that:

- A. If Respondents have not fully complied with the obligations specified in Paragraphs II through IV of this Order, the Commission may appoint a trustee or trustees to divest or transfer the assets required to be divested or transferred pursuant to each of the relevant Paragraphs in a manner that satisfies the requirements of each such Paragraph, as applicable. The Commission may appoint a different Divestiture Trustee to accomplish each of the divestitures described in Paragraphs II and III, respectively. In the event that the Commission or the Attorney General brings an action pursuant to § 5(*l*) of the Federal Trade Commission Act, 15 U.S.C. § 45(*l*), or any other statute enforced by the Commission, Respondents shall consent to the appointment of a Divestiture Trustee in such action to divest the relevant assets. Neither the appointment of a Divestiture Trustee nor a decision not to appoint a Divestiture Trustee under this Paragraph shall preclude the Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed Divestiture Trustee, pursuant to § 5(*l*) of the Federal Trade Commission Act, or any other statute enforced by the Commission, for any failure by the Respondents to comply with this Order.
- B. If a Divestiture Trustee is appointed by the Commission or a court pursuant to Paragraph V.A. of this Order, Respondents shall consent to the following terms and conditions regarding the Divestiture Trustee's powers, duties, authority, and responsibilities:
  1. The Commission shall select the Divestiture Trustee, subject to the consent of Respondents, which consent

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shall not be unreasonably withheld. The Divestiture Trustee shall be a person with experience and expertise in acquisitions and divestitures. If Respondents have not opposed, in writing, including the reasons for opposing, the selection of any proposed Divestiture Trustee within ten (10) days after notice by the staff of the Commission to Respondents of the identity of any proposed Divestiture Trustee, Respondents shall be deemed to have consented to the selection of the proposed Divestiture Trustee.

2. Subject to the prior approval of the Commission, the Divestiture Trustee shall have the exclusive power and authority to divest or transfer the relevant assets that are required by this Order to be divested or transferred.
3. Within ten (10) days after appointment of the Divestiture Trustee, Respondents shall execute a trust agreement that, subject to the prior approval of the Commission and, in the case of a court-appointed Divestiture Trustee, of the court, transfers to the Divestiture Trustee all rights and powers necessary to permit the Divestiture Trustee to effect the relevant divestiture(s) or transfer(s) required by the Order.
4. The Divestiture Trustee shall have twelve (12) months from the date the Commission approves the trust agreement described in Paragraph V. B. 3. to accomplish the divestiture(s), which shall be subject to the prior approval of the Commission. If, however, at the end of the twelve-month period, the Divestiture Trustee has submitted a plan of divestiture or believes that the divestiture(s) can be achieved within a reasonable time, the divestiture period may be extended by the Commission, or, in the case of a court-appointed Divestiture Trustee, by the court; provided, however, the Commission may extend the divestiture period only two (2) times.

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5. The Divestiture Trustee shall have full and complete access to the personnel, books, records and facilities relating to the relevant assets that are required to be divested by this Order or to any other relevant information, as the Divestiture Trustee may request. Respondents shall develop such financial or other information as the Divestiture Trustee may request and shall cooperate with the Divestiture Trustee. Respondents shall take no action to interfere with or impede the Divestiture Trustee's accomplishment of the divestiture(s). Any delays in divestiture caused by Respondents shall extend the time for divestiture under this Paragraph in an amount equal to the delay, as determined by the Commission or, for a court-appointed Divestiture Trustee, by the court.
6. The Divestiture Trustee shall use his or her best efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to Respondents' absolute and unconditional obligation to divest at no minimum price. The divestiture(s) shall be made in the manner and to an Acquirer as required by this Order; provided, however, if the Divestiture Trustee receives bona fide offers from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the Divestiture Trustee shall divest to the acquiring entity selected by Respondents from among those approved by the Commission; provided further, however, that Respondents shall select such entity within five (5) Business Days of receiving notification of the Commission's approval.
7. The Divestiture Trustee shall serve, without bond or other security, at the cost and expense of Respondents, on such reasonable and customary terms and conditions as the Commission or a court may set. The Divestiture Trustee shall have the authority to employ, at the cost

## Decision and Order

and expense of Respondents, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the Divestiture Trustee's duties and responsibilities. The Divestiture Trustee shall account for all monies derived from the divestiture(s) and all expenses incurred. After approval by the Commission and, in the case of a court-appointed Divestiture Trustee, by the court, of the account of the Divestiture Trustee, including fees for his or her services, all remaining monies shall be paid at the direction of the Respondents, and the Divestiture Trustee's power shall be terminated. The compensation of the Divestiture Trustee shall be based at least in significant part on a commission arrangement contingent on the divestiture of all of the relevant assets that are required to be divested by this Order.

8. Respondents shall indemnify the Divestiture Trustee and hold the Divestiture Trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the Divestiture Trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the Divestiture Trustee.
9. If the Divestiture Trustee ceases to act or fails to act diligently, a substitute Divestiture Trustee shall be appointed in the same manner as provided in Paragraph V.A. of this Order.
10. The Commission or, in the case of a court-appointed Divestiture Trustee, the court, may on its own initiative or at the request of the Divestiture Trustee

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issue such additional orders or directions as may be necessary or appropriate to accomplish the divestiture(s) required by this Order.

11. In the event that the Divestiture Trustee determines that he or she is unable to divest the assets required to be divested pursuant to each of the relevant Paragraphs in a manner that preserves their marketability, viability and competitiveness and ensures their continued use in the research, design, development, engineering, manufacturing, construction, distribution, marketing, sale, or after-sales support of the relevant Product or Products, the Divestiture Trustee may divest such additional assets related to the relevant Product or Products of the Respondents and effect such arrangements as are necessary to satisfy the requirements of this Order.
12. The Divestiture Trustee shall have no obligation or authority to operate or maintain the relevant assets required to be divested by this Order.
13. The Divestiture Trustee shall report in writing to Respondents and the Commission every sixty (60) days concerning the Divestiture Trustee's efforts to accomplish the divestiture(s).
14. Respondents may require the Divestiture Trustee to sign a customary confidentiality agreement; provided, however, such agreement shall not restrict the Divestiture Trustee from providing any information to the Commission.

C. The Divestiture Trustee(s) appointed pursuant to V.A. of this Order may be the same person(s) appointed as Interim Monitor(s) pursuant to Paragraph IV.A. of this Order.

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**VI.****IT IS FURTHER ORDERED** that:

- A. Respondents shall submit to the Commission (with simultaneous copies to the Interim Monitor(s) and the Divestiture Trustee(s), as appropriate) verified written reports setting forth in detail the manner and form in which they intend to comply, are complying, and have complied with this Order. These reports are due as follows: the initial report is due thirty (30) days after the date this Order becomes final; the second report is due sixty (60) days after the initial report; and all subsequent reports are due every ninety (90) days thereafter until Respondents have fully complied with Paragraphs II through V of this Order. Respondents shall include in their reports, among other things that are required from time to time, a full description of the efforts being made to comply with Paragraphs II through V of this Order, including a description of all substantive contacts or negotiations for the divestitures and the identity of all parties contacted. Respondents shall include in their reports copies of all written communications to and from such parties, all internal memoranda, and all reports and recommendations concerning completing the obligations.
- B. One (1) year from the date this Order becomes final, annually for the next five (5) years on the anniversary of the date this Order becomes final, and at other times as the Commission may require, Respondents shall file a verified written report with the Commission setting forth in detail the manner and form in which they have complied and are complying with this Order.

**VII.**

**IT IS FURTHER ORDERED** that Respondents shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate Respondents such as dissolution, assignment, sale resulting in the emergence of a successor

Decision and Order

corporation, or the creation or dissolution of subsidiaries or any other change in the corporation that may affect compliance obligations arising out of the Order.

**VIII.**

**IT IS FURTHER ORDERED** that, for the purpose of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request with reasonable notice to Respondents made to their principal United States office, Respondents shall permit any duly authorized representative of the Commission:

- A. Access, during office hours of Respondents and in the presence of counsel, to all facilities and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda and all other records and documents in the possession or under the control of Respondents relating to compliance with this Order; and
- B. Upon five (5) days' notice to Respondents and without restraint or interference from Respondents, to interview officers, directors, or employees of Respondents, who may have counsel present, regarding such matters.

**IX.**

**IT IS FURTHER ORDERED** that this Order shall terminate on October 19, 2021.

By the Commission, Chairman Muris not participating.

Decision and Order

**[Non-Public Appendices I, II, and III Redacted From Public  
Record Version]**

Order

### **ORDER TO MAINTAIN ASSETS**

The Federal Trade Commission (“Commission”) having initiated an investigation of the proposed acquisition of Respondent Svedala Industri AB (“Svedala”) by Respondent Metso Oyj (“Metso”), hereinafter referred to as “Respondents,” and Respondents having been furnished thereafter with a copy of a draft of Complaint that the Bureau of Competition presented to the Commission for its consideration and which, if issued by the Commission, would charge Respondents with violations of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondents, their attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Orders (“Consent Agreement”), containing the proposed Decision and Order, an admission by Respondents of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondents that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it has reason to believe that Respondents have violated the said Acts, and that a Complaint should issue stating its charges in that respect, and having determined to accept the executed Consent Agreement and to place the Consent Agreement on the public record for a period of thirty (30) days, the Commission hereby issues its Complaint, makes the following jurisdictional findings and issues this Order to Maintain Assets:

1. Respondent Metso is a corporation organized, existing and doing business under and by virtue of the laws of Finland, with its office and principal place of business located at Fabianinkatu 9 A, P.O. Box 1220, FIN-00101, Helsinki, Finland. Metso’s principal

## Order

subsidiary in the United States is located at 133 Federal Street, Suite 302, Boston, MA 02110.

2. Respondent Svedala is a corporation organized, existing and doing business under and by virtue of the laws of Sweden, with its office and principal place of business located at Kaptensgatan 1, Box 4004, SE-203 11, Malmö, Sweden. Svedala's principal subsidiary in the United States is located at 20965 Crossroads Circle, Waukesha, WI, 53186.

3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of Respondents, and the proceeding is in the public interest.

**ORDER**

## I.

**IT IS ORDERED** that, as used in this Order to Maintain Assets, the definitions used in the Consent Agreement and the attached Decision and Order shall apply.

## II.

**IT IS FURTHER ORDERED** that from the date this Order to Maintain Assets becomes final:

- A. Respondents shall take such actions as are reasonably necessary to maintain the viability, marketability, and competitiveness of the Cone Crusher Assets, Grinding Mill Assets, Jaw Crusher Assets, and the Primary Gyratory Crusher Assets, hereinafter collectively referred to as "Assets," and to prevent the destruction, removal, wasting, deterioration, sale, disposition, transfer or impairment of any of the Assets, except for ordinary wear and tear and as would otherwise occur in the ordinary course of business.
- B. Respondents shall provide all Cone Crusher Employees, Grinding Mill Employees, Jaw Crusher Employees, and Primary Gyratory Crusher Employees, with reasonable

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- financial incentives to continue in their positions until the Closing Date. Such incentives shall include a continuation of all employee benefits offered by Respondents until the Closing Date for the divestiture of the Assets has occurred, including the regularly scheduled raises and bonuses, and a vesting of all pension benefits (as permitted by law).
- C. Respondents shall adhere to and abide by the Divestiture Agreements incorporated by reference into this Order to Maintain Assets and made a part hereof.

III.

**IT IS FURTHER ORDERED** that:

- A. At any time after the Commission issues this Order to Maintain Assets, the Commission may appoint one or more Interim Monitors to assure that Respondents expeditiously comply with their obligations relating to the Assets pursuant to this Order to Maintain Assets, and to the Consent Agreement, the Decision and Order and the related Divestiture Agreements.
- B. Respondents shall consent to the following terms and conditions regarding the powers, duties, authorities and responsibilities of any Interim Monitor appointed pursuant to Paragraph III.A.:
1. The Commission shall select the Interim Monitor, subject to the consent of Respondents, which consent shall not be unreasonably withheld. If Respondents have not opposed, in writing, including the reasons for opposing, the selection of any proposed Interim Monitor within ten (10) days after receipt of written notice by the staff of the Commission to Respondents of the identity of any proposed Interim Monitor, Respondents shall be deemed to have consented to the selection of the proposed Interim Monitor.
  2. The Interim Monitor shall have the power and authority to monitor Respondents' compliance with the terms of this Order to Maintain Assets and of any corresponding terms in the Consent Agreement and the Decision and Order.

## Order

3. Within ten (10) days after appointment of the Interim Monitor, Respondents shall execute an agreement that, subject to the prior approval of the Commission, confers on the Interim Monitor all the rights and powers necessary to permit the Interim Monitor to monitor Respondents' compliance with the terms of this Order to Maintain Assets and, as applicable, the Consent Agreement and the Decision and Order.
4. The Interim Monitor shall serve for such time as is necessary to monitor Respondents' compliance with the provisions of this Order to Maintain Assets.
5. The Interim Monitor shall have full and complete access, subject to any legally recognized privilege of Respondents, to Respondents' personnel, books, records, documents, facilities and technical information relating to any of the Assets or to any other relevant information, as the Interim Monitor may reasonably request, including, but not limited to, all documents and records kept in the normal course of business that relate to the Assets. Respondents shall cooperate with any reasonable request of the Interim Monitor. Respondents shall take no action to interfere with or impede the Interim Monitor's ability to monitor Respondents' compliance with this Order to Maintain Assets and, as applicable, the Consent Agreement and the Decision and Order.
6. The Interim Monitor shall serve, without bond or other security, at the expense of Respondents, on such reasonable and customary terms and conditions as the Commission may set. The Interim Monitor shall have authority to employ, at the expense of Respondents, such consultants, accountants, attorneys and other representatives and assistants as are reasonably necessary to carry out the Interim Monitor's duties and responsibilities.
7. Respondents shall indemnify the Interim Monitor and hold the Interim Monitor harmless against any losses, claims, damages, liabilities or expenses arising out of, or in connection with, the performance of the Interim Monitor's duties, including all

Order

reasonable fees of counsel and other expenses incurred in connection with the preparations for, or defense of, any claim whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the Interim Monitor.

8. If the Commission determines that the Interim Monitor has ceased to act or failed to act diligently, the Commission may appoint a substitute Interim Monitor in the same manner as provided in Paragraph III.A. of this Order to Maintain Assets.
  9. The Commission may on its own initiative or at the request of the Interim Monitor issue such additional orders or directions as may be necessary or appropriate to assure compliance with the requirements of this Order to Maintain Assets and, as applicable, the Consent Agreement and the Decision and Order.
  10. The Interim Monitor shall report in writing to the Commission concerning compliance by Respondents with the provisions of this Order to Maintain Assets and, as applicable, the Consent Agreement and the Decision and Order, within twenty (20) days from the date of appointment and every thirty (30) days thereafter until the Respondents have completed all the divestitures required by the Decision and Order.
  11. Respondents may require the Interim Monitor to sign a customary confidentiality agreement; provided, however, such agreement shall not restrict the Interim Monitor from providing any information to the Commission.
- C. The Interim Monitor(s) appointed pursuant to Paragraph III.A. of this Order to Maintain Assets may be the same person(s) appointed as Interim Monitor(s) pursuant to Paragraph IV.A. of the Decision and Order in this matter, and/or as Divestiture Trustee(s) pursuant to Paragraph V.A. of the Decision and Order in this matter.

Order

**IV.**

**IT IS FURTHER ORDERED** that Respondents shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate Respondents such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or any other change in the corporation that may affect compliance obligations arising out of this Order to Maintain Assets.

**V.**

**IT IS FURTHER ORDERED** that for the purposes of determining or securing compliance with this Order to Maintain Assets, and subject to any legally recognized privilege, and upon written request with reasonable notice to Respondents made to their principal United States office, Respondents shall permit any duly authorized representatives of the Commission:

- A. Access, during office hours of Respondents and in the presence of counsel, to all facilities, and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda and all other records and documents in the possession or under the control of Respondents relating to compliance with this Order to Maintain Assets; and
- B. Upon five (5) days' notice to Respondents and without restraint or interference from Respondents, to interview officers, directors, or employees of Respondents, who may have counsel present, regarding such matters.

**VI.**

**IT IS FURTHER ORDERED** that this Order to Maintain Assets shall terminate on the earlier of:

- A. Three (3) business days after the Commission withdraws its acceptance of the Consent Agreement pursuant to the provisions of Commission Rule 2.34, 16 C.F.R. § 2.34; or

Order

- B. The day after all of the divestitures or transfers of the Assets, as described in and required by the Decision and Order, are completed.

By the Commission, Chairman Muris not participating.

## Analysis

**Analysis of Agreement Containing Consent Orders to Aid  
Public Comment**

The Federal Trade Commission (“Commission”) has accepted, subject to final approval, an Agreement Containing Consent Orders (“Consent Agreement”) from Metso Oyj (“Metso”) and Svedala Industri AB (“Svedala”), which is designed to remedy the anticompetitive effects resulting from Metso’s acquisition of Svedala. Under the terms of the Consent Agreement, Metso and Svedala will be required to divest Metso’s global primary gyratory crusher and grinding mills businesses and Svedala’s global cone crusher and jaw crusher businesses. The three crusher businesses will be divested to Sandvik AB (“Sandvik”). The grinding mill business will be divested to Outokumpu Oyj (“Outokumpu”). Both divestitures will take place no later than twenty (20) days from the date Metso consummates its acquisition of Svedala.

The proposed Consent Agreement has been placed on the public record for thirty (30) days for the reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the proposed Consent Agreement and the comments received, and will decide whether it should withdraw from the proposed Consent Agreement or make final the Decision and Order.

Pursuant to a cash tender offer announced on June 21, 2000, Metso proposes to acquire all of the issued and outstanding shares and convertible debentures of Svedala. The total value of the transaction is approximately \$1.6 billion. The Commission’s complaint alleges that the proposed acquisition, if consummated, would violate Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, in the global markets for the research, development, manufacture and sale of: (1) cone crushers; (2) jaw crushers; (3) primary gyratory crushers; and (4) grinding mills.

Analysis

Metso, through its Metso Minerals (formerly known as Nordberg) subsidiary, and Svedala, are the two largest suppliers of rock processing equipment in the world. Rock processing equipment includes, among other products: (1) cone crushers; (2) jaw crushers; (3) primary gyratory crushers; and (4) grinding mills. Rock processing equipment is used by both aggregate and mineral producers to crush and pulverize large rock formations in order to manufacture aggregates and retrieve minerals. Aggregate and mineral producers use a series of different types of rock processing equipment in a circuit to crush the rock into the desired size, shape and form. Customers of these products state that they purchase the type and size of rock processing equipment that is optimal for their circuit and, because of the unique performance characteristics of each type and size of equipment, there is little opportunity to switch to alternative equipment.

The global markets for cone crushers, jaw crushers, primary gyratory crushers and grinding mills are highly concentrated. If the proposed acquisition is consummated, Metso's market share would exceed 50 percent in each of the global markets for: (1) cone crushers; (2) jaw crushers; (3) primary gyratory crushers; and (4) grinding mills. In some of these markets, Metso and Svedala are the largest and second largest suppliers. If the acquisition is consummated, Metso would have a market share many times higher than its next-closest competitor.

Metso and Svedala regularly bid against each other for rock processing equipment. By eliminating competition between these two leading suppliers, the proposed acquisition would allow Metso to exercise market power unilaterally for certain bids, thereby increasing the likelihood that purchasers of cone crushers, jaw crushers, primary gyratory crushers and grinding mills would be forced to pay higher prices and that innovation in these markets would decrease. Metso's proposed acquisition of Svedala would also increase the likelihood that the remaining suppliers of cone crushers, jaw crushers, primary gyratory crushers and grinding mills could collude to the detriment of customers in the relevant markets.

## Analysis

Significant impediments to new entry exist in each of the global markets for cone crushers, jaw crushers, primary gyratory crushers and grinding mills. First, a supplier must design and develop a prototype of the particular type of rock processing equipment, which requires significant amounts of money and time. After a new prototype is developed, suppliers devote additional money and time to testing the prototype at a customer's mine or quarry. The testing stage often lasts as long as two years because many flaws cannot be detected until the equipment has been in continuous operation for a significant period of time. It is imperative that the rock processing equipment that suppliers offer to customers have a track record of reliability and high performance because failure of such equipment would substantially decrease or halt production at a site, costing the customer thousands of dollars an hour in production losses. The steps involved in developing a prototype, testing it, and gaining customer acceptance for a new piece of equipment are difficult, expensive and time-consuming. For these reasons, new entry into the markets for cone crushers, jaw crushers, primary gyratory crushers and grinding mills would not be accomplished in a timely manner or be likely to occur at all even if prices increased substantially after the proposed acquisition.

The Consent Agreement effectively remedies the acquisition's anticompetitive effects in the global markets for cone crushers, jaw crushers, primary gyratory crushers and grinding mills by requiring Metso to divest its worldwide primary gyratory crusher and grinding mill businesses and by requiring Svedala to divest its worldwide cone crusher and jaw crusher businesses. Pursuant to the Consent Agreement, the three crusher businesses will be divested to Sandvik. The grinding mill business will be divested to Outokumpu. Both divestitures will take place no later than twenty (20) days from the date Metso consummates its acquisition. If the Commission determines that Sandvik or Outokumpu is not an acceptable buyer or that the manner of either divestiture is not acceptable, Metso and Svedala must unwind the sale(s) and divest the crusher businesses or the grinding mill business to a Commission-approved buyer. Should they fail to do

Analysis

so, the Commission may appoint a trustee to divest the crusher businesses or the grinding mill business.

The Commission's goal in evaluating possible purchasers of divested assets is to maintain the competitive environment that existed prior to the acquisition. A proposed buyer of divested assets must not itself present competitive problems. The Commission is satisfied that both Sandvik and Outokumpu are well-qualified acquirers of the divested assets. Sandvik is a publicly-traded Swedish corporation and a leading global supplier of drilling and excavation machinery, equipment and tools for mining and construction industries. Outokumpu is a diversified Finnish metals corporation involved primarily in the mining, production and fabrication of steel, chromium, zinc, copper and nickel. Both Sandvik and Outokumpu have the necessary industry expertise to replace the competition that existed prior to the proposed acquisition. Furthermore, Sandvik and Outokumpu do not pose separate competitive issues as acquirers of the divested assets.

The Consent Agreement contains several provisions designed to ensure that the divestitures of the crusher businesses and the grinding mill business are successful. The Consent Agreement requires Metso and Svedala to provide incentives to all of the employees that Sandvik and Outokumpu want to hire to continue in their positions until the divestitures are accomplished. For a period of one (1) year from the date the divestitures of the businesses are accomplished, Metso and Svedala are prohibited from soliciting or inducing any employees or agents of the rock processing equipment businesses involved in the divestitures to terminate their employment with Sandvik or Outokumpu. Furthermore, in order to enable Sandvik and Outokumpu to develop and manufacture rock processing equipment in the same manner and quality achieved by Metso and Svedala, the Consent Agreement requires Metso and Svedala for a period of one (1) year to provide technical assistance and training at cost to Sandvik and Outokumpu.

## Analysis

Metso and Svedala are also required to provide transitional manufacturing services for the production of jaw crushers to enable Sandvik to deliver jaw crushers to customers without delay. The transitional manufacturing provision only covers the production of jaw crushers because Svedala currently manufactures a substantial portion of its jaw crushers in its Brazilian facility, which will not be divested. Svedala also manufactures some jaw crushers at its Swedish facility which will be divested under the proposed Consent Agreement. Less than 24 months ago, Svedala manufactured all of its jaw crushers in the Swedish facility. Thus, the primary production assets for the manufacture of jaw crushers already exist in the Swedish facility. Sandvik will also manufacture all of its jaw crushers at the Swedish facility. The Commission will appoint an Interim Monitor to oversee the transfer of Svedala's jaw crusher assets located in Brazil and to insure compliance with the transitional manufacturing agreement. The Interim Monitor has the requisite capability and applicable business knowledge to supervise the proper transfer of divested assets and monitor the critical manufacturing and supply activities of Metso and Svedala. Thus, the transitional manufacturing agreement, in conjunction with the Interim Monitor, provides a guarantee to Sandvik that its production of jaw crushers will be seamless and uninterrupted after the divestiture.

In order to ensure that the Commission remains informed about the status of the crushing businesses and the grinding mill business pending divestiture, and about the efforts being made to accomplish the divestitures, the Consent Agreement requires Metso and Svedala to file reports with the Commission within thirty (30) days of the date they sign the Consent Agreement, and periodically thereafter, until the divestitures are accomplished.

The purpose of this analysis is to facilitate public comment on the Consent Agreement, and it is not intended to constitute an official interpretation of the Consent Agreement or to modify in any way its terms.

Complaint

**IN THE MATTER OF**

**FANBUZZ, INC.**

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

*Docket C-4026; File No. 0123151*

*Complaint, November 19, 2001--Decision, November 19, 2001*

This consent order addresses practices used by Respondent FanBuzz, Inc. in connection with the sale of textile products by means of an Internet catalog. The order, among other things, prohibits the respondent from violating the Textile Fiber Products Identification Act, and Commission rules and regulations implementing the requirements of the statute. The order also requires the respondent to distribute copies of the order to certain company officials and employees.

*Participants*

For the Commission: *Carol Jennings, Elaine D. Kolish, and Keith Anderson.*

For the Respondent: *Martin J. Neville, Neville Peterson, LLP.*

**COMPLAINT**

The Federal Trade Commission, having reason to believe that FanBuzz, Inc. (“respondent”), has violated the provisions of the Federal Trade Commission Act, 15 U.S.C. § 41 *et seq.*, and the Textile Fiber Products Identification Act, 15 U.S.C. § 70 *et seq.* (“Textile Act”), and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent is a Minnesota corporation with its principal office or place of business at 10729 Bren Road East, Minnetonka, Minnesota 55343.
2. Respondent is an Internet seller of clothing for men and women. Respondent has advertised, offered for sale, sold, and

## Complaint

distributed to the public textile products subject to the requirements of the Textile Act.

3. The acts and practices of respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

4. Respondent has offered for sale and sold, by means of an online shopping service or Internet catalog, textile products subject to the requirements of the Textile Act.

5. Respondent has offered for sale and sold, by means of an online shopping service or Internet catalog, textile products subject to the requirements of the Textile Act, without disclosing in its product descriptions whether such products were made in the U.S.A., imported, or both, thus violating 15 U.S.C. § 70b(i), and implementing regulations in 16 C.F.R. § 303.34.

6. The acts and practices of respondent as alleged in this complaint constitute unfair or 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).

THEREFORE, the Federal Trade Commission this nineteenth day of November, 2001, has issued this complaint against respondent.

By the Commission.

Decision and Order

## **DECISION AND ORDER**

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violations of the Federal Trade Commission Act and the Textile Fiber Products Identification Act; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, and admission by the respondent of all the jurisdictional facts set forth in the draft complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondent that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent violated the said Acts, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings, and enters the following order:

1. Respondent FanBuzz, Inc., is a Minnesota corporation with its principal office or place of business at 10729 Bren Road East, Minnetonka, Minnesota 55343.
2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

Decision and Order

**ORDER**

## I.

IT IS ORDERED that respondent FanBuzz, Inc., its successors and assigns, and its officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division, or other device, shall not violate any provision of the Textile Fiber Products Identification Act, 15 U.S.C. § 70 *et seq.*, and any of the Rules promulgated pursuant to the Act, 16 C.F.R. Part 303, or as they may hereafter be amended.

## II.

IT IS FURTHER ORDERED that respondent FanBuzz, Inc., and its successors and assigns, for five (5) years after the date of issuance of this Order, shall maintain, and upon request make available to the Federal Trade Commission, business records demonstrating compliance with the terms and provisions of this Order, including but not limited to:

- A. Copies of all mail order catalogs and mail order promotional materials, as defined in 16 C.F.R. § 303.1(u), that offer textile products for direct sale to consumers. If such mail order catalogs and mail order promotional materials are disseminated to consumers in electronic form, copies may also be maintained in an electronic format, provided that it is accessible or printable.
- B. All complaints and other communications with consumers, or with governmental or consumer protection organizations, that pertain to country of origin disclosures for textile products.

## III.

IT IS FURTHER ORDERED that respondent FanBuzz, Inc., and its successors and assigns, shall deliver a copy of this Order to

Decision and Order

all current and future principals, officers, directors, and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this Order, and shall secure from each such person a signed and dated statement acknowledging receipt of the Order. Respondent shall deliver this Order to current personnel within thirty (30) days after the date of service of this Order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

IV.

IT IS FURTHER ORDERED that respondent FanBuzz, Inc., and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this Order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. *Provided, however,* that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580.

V.

IT IS FURTHER ORDERED that respondent FanBuzz, Inc., and its successors and assigns, shall, within sixty (60) days after the date of service of this Order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this Order.

Decision and Order

## VI.

This Order will terminate on November 19, 2021, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the Order, whichever comes later; *provided, however*, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this Order that terminates in less than twenty (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 Part.

*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 Part 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 direction of the Commission.

Analysis

**Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission has accepted, subject to final approval, an agreement to a proposed consent order from respondent FanBuzz, Inc.

The proposed consent order has been placed on the public record for thirty (30) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement and take other appropriate action or make final the agreement's proposed order.

This matter concerns practices related to the sale of textile products by means of an Internet catalog. The Commission's complaint charges that respondent violated the Federal Trade Commission Act, 15 U.S.C. § 41 *et seq.*, and the Textile Fiber Products Identification Act, 15 U.S.C. § 70 *et seq.*, by failing to disclose in its Internet catalog whether products offered for sale were made in the United States, imported, or both.

Part I of the proposed consent order prohibits future violations of the Textile Fiber Products Identification Act and Commission rules and regulations, found at 16 C.F.R. Part 303, implementing the requirements of the statute.

Part II of the proposed order requires the respondent, for five years after the date of issuance of the Order, to maintain records demonstrating compliance with the Order, including: (a) copies of mail order catalogs and mail order promotional materials, as defined in 16 C.F.R. § 303.1(u), that offer textile products for direct sale to consumers; and (b) complaints and other communications with consumers, government agencies, or consumer protection organizations, pertaining to country-of-origin disclosures for textile products.

## Analysis

Part III of the proposed order requires the respondent to distribute copies of the order to certain company officials and employees. Part IV of the proposed order requires the respondent to notify the Commission of any change in the corporation that may affect compliance obligations under the order. Part V of the proposed order requires the respondent to file one or more compliance reports. Part VI of the proposed order is a provision whereby the order, absent certain circumstances, terminates twenty years from the date of issuance.

The purpose of this analysis is to facilitate public comment on the proposed consent order. It is not intended to constitute an official interpretation of the agreement and proposed order or to modify in any way their terms.

Complaint

IN THE MATTER OF

**AIRGAS, INC.**

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 7 OF THE CLAYTON ACT AND SEC. 5 OF  
THE FEDERAL TRADE COMMISSION ACT

*Docket C-4029; File No. 0010040*

*Complaint, December 12, 2001--Decision, December 12, 2001*

This consent order addresses the acquisition by Respondent Airgas, Inc., the only North American producer of nitrous oxide – a clear, odorless gas that is mainly used in dental and surgical procedures, as an analgesic or a weak anesthetic – of the Puritan Bennett Medical Gas Business from Mallinckrodt, Inc. The order, among other things, requires the respondent to divest a nitrous oxide business – consisting of two nitrous oxide production plants, customer contracts, and all related assets necessary for distribution and storage – to Air Liquide, a producer of other medical gases such as medical grade oxygen and nitrogen. The order also requires the respondent to supply Air Liquide with a specified amount of bulk liquid nitrous oxide from its Florida nitrous oxide production plant, in order to ensure that Air Liquide has the same volume of nitrous oxide as the respondent did before it acquired Puritan Bennett.

#### *Participants*

For the Commission: *Christina R. Perez, James J. Hagarty, Ann Malester, Joseph Eckhaus, Elizabeth A. Piotrowski, Fred C. Martin, and Daniel P. O'Brien.*

For the Respondent: *Stephen Stack, Dechert.*

#### **COMPLAINT**

The Federal Trade Commission ("Commission"), having reason to believe that Respondent, Airgas, Inc. ("Airgas"), a corporation subject to the jurisdiction of the Commission, has acquired 100 percent of the Puritan Bennett Medical Gas Business ("the Acquisition") from Mallinckrodt, Inc. ("Mallinckrodt"), a corporation subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as

## Complaint

amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

**I. RESPONDENT**

1. Respondent Airgas is a corporation organized, existing, and doing business under and by virtue of the laws of Delaware with its office and principal place of business located at 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087.

2. Respondent is engaged in, among other things, the production and distribution of nitrous oxide.

3. Respondent is, and at all times relevant herein has been, engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

**II. THE ACQUIRED COMPANY**

4. Mallinckrodt was a corporation organized, existing, and doing business at the time of the Acquisition under and by virtue of the laws of New York, with its office and principal place of business located at 675 McDonnell Boulevard, St. Louis, Missouri 63134.

5. Puritan Bennett, a subsidiary of Mallinckrodt, was, until the time of its acquisition by Respondent, engaged in, among other things, the business of providing nitrous oxide and other medical gases to a broad spectrum of consumers.

6. Mallinckrodt was at all times relevant herein engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce as "commerce" is defined in

Complaint

Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

### **III. THE ACQUISITION**

7. On January 21, 2000, Respondent Airgas acquired substantially all of the assets of the Puritan Bennett Medical Gas Business, including all of the assets related to its nitrous oxide business, from Mallinckrodt for approximately \$90 million.

### **IV. THE RELEVANT MARKET**

8. For purposes of this Complaint, the relevant line of commerce in which to analyze the effects of the Acquisition is the production and sale of nitrous oxide.

9. For purposes of this Complaint, the United States and Canada constitute the relevant geographic area in which to analyze the effects of the Acquisition in the relevant line of commerce.

### **V. STRUCTURE OF THE MARKET**

10. As a consequence of the Acquisition of the Puritan Bennett Medical Gas Business by Airgas, the market for the production and sale of nitrous oxide is a monopoly. At the time of its acquisition, the Puritan Bennett Medical Gas Business was Airgas's only competitor in the production and sale of nitrous oxide.

### **VI. BARRIERS TO ENTRY**

11. Entry into the relevant market identified in Paragraphs 8 and 9 is difficult, costly and unlikely to occur in a timely manner to deter or counteract the adverse competitive effects described in Paragraph 12 because of, among other things, the time needed to build a nitrous oxide production plant and delivery infrastructure and because the expense necessary to acquire a feed source, construct a nitrous oxide production facility, develop a distribution and delivery infrastructure and gain customer acceptance is quite high relative to the size of the market.

Complaint

**VII. EFFECTS OF THE ACQUISITION**

12. The acquisition has substantially lessened or may substantially lessen competition and has created a monopoly in the relevant market in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others, by:

- (a) increasing the likelihood that customers requiring nitrous oxide will pay higher prices;
- (b) eliminating actual, direct, and substantial competition in the relevant market between Airgas and the Puritan Bennett Medical Gas Business, both of which had the ability and incentive to compete on price; and
- (c) increasing the likelihood of unilateral anticompetitive effects in the relevant markets.

**VIII. VIOLATIONS CHARGED**

13. The Acquisition described in Paragraph 7 constitutes a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this twelfth day of December, 2001, issues its Complaint against said Respondent.

By the Commission.

Decision and Order

## **DECISION AND ORDER**

The Federal Trade Commission (“Commission”) having initiated an investigation of the acquisition by certain wholly-owned subsidiaries of Respondent Airgas, Inc. of 100 percent of the Puritan Bennett Medical Gas Business from Mallinckrodt, Inc., and Respondent having been furnished thereafter with a copy of a draft of Complaint that the Bureau of Competition proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge Respondent with violations of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45; and

Respondent, its attorneys, and counsel for the Commission having thereafter executed an Agreement Containing Consent Order (“Consent Agreement”), containing an admission by Respondent of all the jurisdictional facts set forth in the aforesaid draft of Complaint, a statement that the signing of said Consent Agreement is for settlement purposes only and does not constitute an admission by Respondent that the law has been violated as alleged in such Complaint, or that the facts as alleged in such Complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission’s Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that Respondent has violated the said Acts, and that a Complaint should issue stating its charges in that respect and having accepted the executed Consent Agreement and placed such Consent Agreement on the public record for a period of thirty (30) days for the receipt and consideration of public comments, now in further conformity with the procedure described in Commission Rule 2.34, 16 C.F.R. § 2.34, the Commission hereby issues its complaint, makes the following jurisdictional findings and issues the following Decision and Order (“Order”):

1. Respondent Airgas is a corporation organized, existing and doing business under and by virtue of the laws of the State of

## Decision and Order

Delaware, with its office and principal place of business located at 259 North Radnor-Chester Road, Suite 100, Radnor, Pennsylvania 19087.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of Respondent, and the proceeding is in the public interest.

**ORDER****1.**

**IT IS ORDERED** that, as used in this Order, the following definitions shall apply:

- a. “Respondent” or “Airgas” means Airgas, Inc., its directors, officers, employees, agents, representatives, successors, and assigns; its joint ventures, subsidiaries, divisions, groups, and affiliates controlled by Airgas, and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.
- b. “Mallinckrodt” means Mallinckrodt, Inc., a corporation that was organized, existing and doing business at the time of the Acquisition under and by virtue of the laws of New York, with its office and principal place of business located at 675 McDonnell Boulevard, P.O. Box 5840, St. Louis, Missouri 63134.
- c. “Puritan Bennett Medical Gas Business” means the assets formerly owned by Mallinckrodt, Inc. used to manufacture, sell and distribute gases in the United States and Canada and purchased by Airgas on January 26, 2000.
- d. “Air Liquide” means Air Liquide America Corporation, a corporation organized, existing and doing business under and by virtue of the laws of the state of Delaware, with its office and principal place of business located at 2700 Post Oak Blvd, Houston, Texas 77056. Air Liquide also

Decision and Order

includes all of the joint ventures, subsidiaries, divisions, groups and affiliates controlled by Air Liquide America Corporation.

- e. “Acquirer” means either Air Liquide or the entity approved by the Commission to acquire the Assets To Be Divested pursuant to Paragraph II. or Paragraph III. of this Order, as appropriate.
- f. “Acquisition” means the acquisition by Airgas of the Puritan Bennett Medical Gas Business from Mallinckrodt.
- g. “Assets To Be Divested” means the Donora Manufacturing Facility and the Richmond Manufacturing Facility.
- h. “Commission” means the Federal Trade Commission.
- i. “Contract Manufacture Nitrous Oxide” means the annual production of Nitrous Oxide supplied pursuant to the terms of a Divestiture Agreement by Respondent for sale to the Acquirer.
- j. “Divestiture Agreement” means all agreements, including any supply agreement, by and between Respondent and the Acquirer and all exhibits and schedules thereof, incorporated by reference into this Order and made a part hereof as a confidential appendix, that have been approved by the Commission.
- k. “Donora Manufacturing Facility” means all assets, properties, business and goodwill, tangible and intangible, located in Donora, Pennsylvania as of September 24, 2001 used to produce, sell or distribute Nitrous Oxide, including, but not limited to:
  - i. all real property interests, including rights, title and interests in and to owned or leased property, together with all buildings, improvements, appurtenances,

## Decision and Order

licenses and permits;

- ii. all inventory, machinery, fixtures, equipment, vehicles, transportation facilities, furniture, tools and other tangible personal property, including distribution equipment, storage containers, filling equipment and cylinders;
- iii. all vendor lists;
- iv. all sales promotion literature and advertising materials; provided, however, that the Acquirer may not use or distribute any items containing the Respondent's name or logo;
- v. rights to research materials, inventions, trade secrets, intellectual property, patents, technology, know-how, management information systems, software and software licenses sufficient to operate the Assets To Be Divested;
- vi. all specifications, designs, drawings, processes and quality control data;
- vii. rights to and in all contracts, including, but not limited to, customer, dealer, distributor, supply and utility contracts; provided, however, the Acquirer may negotiate with the Respondent for rights to certain other customers or other contracts, if the Acquirer deems it necessary to be competitive;
- viii. all assignable regulatory approvals;
- ix. all rights under warranties and guarantees, express or implied;
- x. all books, records and files; and
- xi. all items of prepaid expense.

Decision and Order

- l. “Nitrous Oxide” means the chemical compound comprised of two parts nitrogen and one part oxygen (“N<sub>2</sub>O”).
- m. “Richmond Manufacturing Facility” means all assets, properties, business and goodwill, tangible and intangible, located in Richmond, California as of September 24, 2001 used to produce, sell or distribute Nitrous Oxide, including, but not limited to:
  - i. all real property interests, including rights, title and interests in and to owned or leased property, together with all buildings, improvements, appurtenances, licenses and permits;
  - ii. all inventory, machinery, fixtures, equipment, vehicles, transportation facilities, furniture, tools and other tangible personal property, including distribution equipment, storage containers, filling equipment and cylinders;
  - iii. all vendor lists;
  - iv. all sales promotion literature and advertising materials; provided, however, that the Acquirer may not use or distribute any items containing the Respondent’s name or logo;
  - v. rights to research materials, inventions, trade secrets, intellectual property, patents, technology, know-how, management information systems, software and software licenses sufficient to operate the Assets To Be Divested;
  - vi. all specifications, designs, drawings, processes and quality control data;

## Decision and Order

- vii. rights to and in all contracts, including, but not limited to, customer, dealer, distributor, supply and utility contracts; provided, however, the Acquirer may negotiate with the Respondent for rights to certain other customers or other contracts, if the Acquirer deems it necessary to be competitive;
- viii. all assignable regulatory approvals;
- ix. all rights under warranties and guarantees, express or implied;
- x. all books, records and files; and
- xi. all items of prepaid expense.

**2.****IT IS FURTHER ORDERED** that:

- a. Respondent shall divest the Assets To Be Divested, absolutely and in good faith, as a competitively viable, on-going business to Air Liquide in accordance with the Divestiture Agreement (which agreement shall not vary from or contradict or be construed to vary from or contradict the terms of this Order). The divestiture shall be made no later than ten (10) days after the date the Order in this matter becomes final. Provided, however, that if Respondent has divested the Assets To Be Divested to Air Liquide prior to the date this Order becomes final, and if, at the time the Commission determines to make this Order final, the Commission notifies Respondent that Air Liquide is not an acceptable purchaser or that the manner of divestiture is not acceptable, then Respondent shall immediately rescind the transaction with Air Liquide and shall divest the Assets To Be Divested, absolutely and in good faith, within six (6) months from the date the Order becomes final. Respondent shall divest the Assets To Be Divested only to an Acquirer that receives the prior approval of the Commission and only

Decision and Order

in a manner that receives the prior approval of the Commission.

- b. The purpose of the divestiture of the Assets To Be Divested and the Divestiture Agreement is to ensure competition in the production, distribution and sale of Nitrous Oxide in the same manner and of the same quality as was produced, distributed and/or sold by Respondent prior to the Acquisition, and to remedy the lessening of competition resulting from the Acquisition as alleged in the Commission's Complaint.
- c. Respondent shall not, directly or indirectly, withhold or threaten to withhold Respondent's purchases of oxygen, nitrogen or any other product(s) from any person on the condition that that person also purchase Nitrous Oxide from the Respondent.
- d. Respondent shall comply with all of the terms of the Divestiture Agreement approved by the Commission pursuant to which the Assets To Be Divested are divested to the Acquirer (either Air Liquide or any other entity approved by the Commission to acquire the Assets To Be Divested pursuant to this Order). The Divestiture Agreement with the Acquirer shall be deemed incorporated by reference into this Order, and any failure by Respondent to comply with the terms of the Divestiture Agreement shall constitute a failure to comply with this Order.
- e. Respondent shall Contract Manufacture Nitrous Oxide and deliver it to the Acquirer in a timely manner and under the terms and conditions of the Divestiture Agreement, for a period not to exceed five (5) years from the date of the divestiture.
- f. Pending divestiture of the Assets To Be Divested, Respondent shall take such actions as are necessary to maintain the viability, marketability and competitiveness of the Assets To Be Divested, and to prevent the destruction,

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removal, wasting, deterioration or impairment of any of the Assets To Be Divested except for ordinary wear and tear.

- g. Respondent shall provide the Acquirer with a complete list of all non-clerical, salaried employees at the Assets To Be Divested who have been involved in the production, distribution and/or sale of Nitrous Oxide at any time from January 21, 2000, until the date of the Divestiture Agreement, at the request of the Acquirer any time after the execution of the Divestiture Agreement with the Acquirer. Respondent shall also provide the Acquirer with a complete list of all independent contractors involved in the production, distribution and/or sale of Nitrous Oxide at the Assets To Be Divested at any time from January 21, 2000, until the date of the Divestiture Agreement. The lists shall state each individual's name, position or positions held from January 21, 2000, until the date of the Divestiture Agreement, address, telephone number, and a description of the duties and work performed by the individual in connection with the manufacture, distribution, and/or sale of Nitrous Oxide. Respondent shall provide the Acquirer with the opportunity to enter into employment contracts with such individuals, provided that such contracts are contingent upon the divestiture of the Assets To Be Divested.
- h. Respondent shall provide the Acquirer with an opportunity to inspect the personnel files and other documentation relating to individuals identified in Paragraph II.G. of this Order to the extent permissible under applicable laws, at the request of the Acquirer any time after the execution of the Divestiture Agreement with the Acquirer.

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- i. For a period of one (1) year following the date the divestiture is accomplished, Respondent shall not, directly or indirectly, solicit or otherwise attempt to induce any employees to terminate their employment relationship with the Acquirer; provided, however, it shall not be deemed to be a violation of this provision if: (i) Respondent advertises for employees in newspapers, trade publications or other media not targeted specifically at the employees of the Commission-approved Acquirer, or (ii) Respondent hires employees who apply for employment with Respondent, as long as such employees were not solicited by Respondent in violation of this Paragraph.
- j. Respondent shall not enforce any confidentiality or non-compete restrictions relating to the Assets To Be Divested that apply to any employee identified in Paragraph II.G. who accepts employment with the Acquirer, but Respondent may enforce all other rights thereunder relating to any other products or services.

**3.**

**IT IS FURTHER ORDERED** that:

- a. If Respondent fails to divest, absolutely and in good faith and with the Commission's prior approval, the Assets To Be Divested within the time frame set forth in Paragraph II. of this Order, the Commission may appoint a trustee to divest the Assets To Be Divested and enter into a supply contract for Nitrous Oxide in a manner that satisfies the requirements of Paragraph II. of this Order.
- b. In the event that the Commission or the Attorney General brings an action pursuant to Section 5(*l*) of the Federal Trade Commission Act, 15 U.S.C. § 45(*l*), or any other statute enforced by the Commission, Respondent shall consent to the appointment of a trustee in such action. Neither the appointment of a trustee nor a decision not to appoint a trustee under this Paragraph shall preclude the

## Decision and Order

Commission or the Attorney General from seeking civil penalties or any other relief available to it, including a court-appointed trustee, pursuant to Section 5(*I*) of the Federal Trade Commission Act or any other statute enforced by the Commission, for any failure by the Respondent to comply with this Order.

- c. If a trustee is appointed by the Commission or a court pursuant to Paragraph III.A. of this Order, Respondent shall consent to the following terms and conditions regarding the trustee's powers, duties, authority, and responsibilities:
  - i. The Commission shall select the trustee, subject to the consent of Respondent, which consent shall not be unreasonably withheld. The trustee shall be a person with experience and expertise in acquisitions and divestitures. If Respondent has not opposed, in writing, including the reasons for opposing, the selection of any proposed trustee within ten (10) days after notice by the staff of the Commission to Respondent of the identity of any proposed trustee, Respondent shall be deemed to have consented to the selection of the proposed trustee.
  - ii. Subject to the prior approval of the Commission, the trustee shall have the exclusive power and authority to divest the Assets To Be Divested.
  - iii. Within ten (10) days after appointment of the trustee, Respondent shall execute a trust agreement that, subject to the prior approval of the Commission and, in the case of a court-appointed trustee, of the court, transfers to the trustee all rights and powers necessary to permit the trustee to effect the divestiture required by this Order.
  - iv. The trustee shall have twelve (12) months from the date the Commission approves the trust agreement described in Paragraph III.C.3. to accomplish the divestiture, which shall be subject to the prior

Decision and Order

approval of the Commission. If, however, at the end of the twelve-month period, the trustee has submitted a plan of divestiture or believes that divestiture can be achieved within a reasonable time, the divestiture period may be extended by the Commission, or, in the case of a court-appointed trustee, by the court; provided, however, the Commission may extend this period only two (2) times.

- v. The trustee shall have full and complete access to the personnel, books, records and facilities related to the Assets To Be Divested or to any other relevant information, as the trustee may request. Respondent shall develop such financial or other information as the trustee may request and shall cooperate with the trustee. Respondent shall take no action to interfere with or impede the trustee's accomplishment of the divestiture. Any delays in divestiture caused by Respondent shall extend the time for divestiture under this Paragraph in an amount equal to the delay, as determined by the Commission or, for a court-appointed trustee, by the court.
  
- vi. The trustee shall use his or her best efforts to negotiate the most favorable price and terms available in each contract that is submitted to the Commission, subject to Respondent's absolute and unconditional obligation to divest expeditiously at no minimum price. The divestiture shall be made in the manner and to an acquirer as set out in Paragraph II. of this Order; provided, however, if the trustee receives bona fide offers from more than one acquiring entity, and if the Commission determines to approve more than one such acquiring entity, the trustee shall divest to the acquiring entity selected by Respondent from among those approved by the Commission; provided further, however, that Respondent shall select such entity within five (5) business days of receiving notification of the Commission's approval.

## Decision and Order

- vii. The trustee shall serve, without bond or other security, at the cost and expense of Respondent, on such reasonable and customary terms and conditions as the Commission or a court may set. The trustee shall have the authority to employ, at the cost and expense of Respondent, such consultants, accountants, attorneys, investment bankers, business brokers, appraisers, and other representatives and assistants as are necessary to carry out the trustee's duties and responsibilities. The trustee shall account for all monies derived from the divestiture and all expenses incurred. After approval by the Commission and, in the case of a court-appointed trustee, by the court, of the account of the trustee, including fees for his or her services, all remaining monies shall be paid at the direction of the Respondent, and the trustee's power shall be terminated. The trustee's compensation shall be based at least in significant part on a commission arrangement contingent on the trustee's divesting the Assets To Be Divested.
- viii. Respondent shall indemnify the trustee and hold the trustee harmless against any losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the trustee's duties, including all reasonable fees of counsel and other expenses incurred in connection with the preparation for or defense of any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from misfeasance, gross negligence, willful or wanton acts, or bad faith by the trustee.
- ix. If the trustee ceases to act or fails to act diligently, a substitute trustee shall be appointed in the same manner as provided in Paragraph III.A. of this Order.

Decision and Order

- x. The Commission or, in the case of a court-appointed trustee, the court, may on its own initiative or at the request of the trustee issue such additional orders or directions as may be necessary or appropriate to accomplish the divestiture required by this Order.
- xi. In the event that the trustee determines that he or she is unable to divest the Assets To Be Divested in a manner consistent with the Commission's purpose as described in Paragraph II.B. of this Order, the trustee may divest additional ancillary assets of Respondent related to the Assets To Be Divested and effect such arrangements as are necessary to satisfy the requirements of this Order.
- xii. The trustee shall have no obligation or authority to operate or maintain the Assets To Be Divested.
- xiii. The trustee shall report in writing to Respondent and the Commission every sixty (60) days concerning the trustee's efforts to accomplish the divestiture.

**4.**

**IT IS FURTHER ORDERED** that:

- a. Within thirty (30) days after the date this Order becomes final and every sixty (60) days thereafter until Respondent has fully complied with the provisions of Paragraphs II..A, II.F., II.G., II.H. and III. of this Order, Respondent shall submit to the Commission a verified written report setting forth in detail the manner and form in which it intends to comply, is complying, and has complied with Paragraphs II.A, II. F., II.G., II.H. and III. of this Order. Respondent shall include in its compliance reports, among other things that are required from time to time, a full description of the efforts being made to comply with Paragraphs II.A., II.F., II.G., II.H. and III. of the Order, including a description of all substantive contacts or negotiations for the divestiture

## Decision and Order

and the identity of all parties contacted. Respondent shall include in its compliance reports copies of all written communications to and from such parties, all internal memoranda, and all reports and recommendations concerning divestiture. The final compliance report required by this Paragraph IV.A. shall include a statement that the divestiture has been accomplished in the manner approved by the Commission and shall include the date the divestiture was accomplished.

- b. One (1) year from the date of divestiture of the Assets To Be Divested and annually thereafter until the Order terminates, Respondent shall file a verified written report to the Commission setting forth in detail the manner in which it has complied and is complying with this Order.

**5.**

**IT IS FURTHER ORDERED** that Respondent shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate Respondent such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or any other change in the corporation that may affect compliance obligations arising out of this Order.

**6.**

**IT IS FURTHER ORDERED** that for the purposes of determining or securing compliance with this Order, and subject to any legally recognized privilege, and upon written request with reasonable notice to Respondent, Respondent shall permit any duly authorized representatives of the Commission:

- a. Access, during office hours of Respondent and in the presence of counsel, to all facilities, and access to inspect and copy all books, ledgers, accounts, correspondence, memoranda, and all other records and documents in the

Decision and Order

possession or under the control of the Respondent relating to compliance with this Order; and

- b. Upon five (5) days' notice to Respondent and without restraint or interference from Respondent, to interview officers, directors, or employees of Respondent, who may have counsel present, regarding such matters.

**VII.**

**IT IS FURTHER ORDERED** that this Order shall terminate when all of the obligations of the Divestiture Agreement required in Paragraph II. or Paragraph III. of this Order have been accomplished.

By the Commission.

Decision and Order

**Confidential Appendix**

**[Redacted From Public Record Version]**

Analysis

**Analysis of Agreement Containing Consent Order to Aid  
Public Comment**

The Federal Trade Commission (“Commission”) has accepted, subject to final approval, an Agreement Containing Consent Order (“Consent Agreement”) from Airgas, Inc. (“Airgas”), which is designed to remedy the anticompetitive effects resulting from an acquisition by certain wholly-owned subsidiaries of Airgas of the Puritan Bennett Medical Gas Business (“Puritan Bennett”). Under the terms of the Consent Agreement, Airgas will be required to divest a nitrous oxide business to Air Liquide America Corporation (“Air Liquide”) within ten days of the date the Commission issues the Decision and Order in this matter.

The Consent Agreement has been placed on the public record for thirty (30) days for reception of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the Consent Agreement and the comments received, and will decide whether it should withdraw from the Consent Agreement or make final the Decision and Order.

On January 21, 2000, Airgas acquired Puritan Bennett from Mallinckrodt, Inc. for approximately \$90 million. The Commission's Complaint alleges that the acquisition violated Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 45, in the market for the production and sale of nitrous oxide in the United States and Canada (“North America”).

Nitrous oxide is a clear, odorless gas that is mainly used in dental and surgical procedures as an analgesic or a weak anesthetic. Because nitrous oxide elevates the patient's pain threshold and relieves patient anxiety, it is predominantly used by dentists when a patient is undergoing extensive dental work or by anesthesiologists during many surgical procedures as a supplement to other anesthetics. According to customers of nitrous oxide, other anesthetics and analgesics are far more

## Analysis

expensive or have other detriments when compared to nitrous oxide, and thus are not viable substitutes for nitrous oxide.

Currently, Airgas is the only producer of nitrous oxide in North America. However, prior to its purchase by Airgas, Puritan Bennett was also a producer and seller of nitrous oxide in North America. As a result, before the acquisition, Puritan Bennett and Airgas competed against each other for a wide variety of nitrous oxide customers across the country. Therefore, Airgas's acquisition of Puritan Bennett effectively eliminated any competition in the North American market for the production and sale of nitrous oxide.

There are substantial barriers to new entry into the nitrous oxide market. Effective new entry would require a company to build multiple production facilities, which would take well in excess of two years. In addition, a new entrant would have to incur substantial investments, including the acquisition of a source of raw material and the development of an appropriate infrastructure to deliver bulk nitrous oxide to end-users and to distributors for resale. In light of the fact that the nitrous oxide market is relatively small compared to the costs that a new entrant would have to incur, new entry is not likely to occur. Because of the cost and difficulty of accomplishing these tasks, no new entry into the nitrous oxide market is likely to occur within the next two years to deter or counteract the anticompetitive effects resulting from the transaction.

The proposed order effectively remedies the acquisition's anticompetitive effects in the North American nitrous oxide market by requiring Airgas to divest a nitrous oxide business, which consists of two nitrous oxide production plants, customer contracts, and all related assets necessary for distribution and storage to Air Liquide. The order also requires Airgas to supply Air Liquide with a specified amount of bulk liquid nitrous oxide from its Florida nitrous oxide production plant in order to ensure that Air Liquide has the same volume of nitrous oxide as Airgas did before its acquisition of Puritan Bennett.

Analysis

Air Liquide has all of the necessary attributes to restore competition to the relevant market. Not only does it produce other medical gases, such as medical grade oxygen and nitrogen, but it also already has extensive contracts with gas distributors, which are the major customers of nitrous oxide. Indeed, many distributors already buy a wide variety of other gases from Air Liquide. Furthermore, Air Liquide has the financial resources to purchase the assets and operate the business in a competitive manner.

Pursuant to the proposed order, Airgas is required to divest these assets to Air Liquide within ten days of the date the Commission issues the Decision and Order in this matter. If the divestiture to Air Liquide is not accomplished by then, Airgas must divest these nitrous oxide assets to a Commission-approved acquirer within six months. Should Airgas fail to do so, the Commission may appoint a trustee to divest the business.

In order to ensure that the Commission remains informed about the status of the Airgas nitrous oxide business pending divestiture, and about efforts being made to accomplish the divestiture, the Consent Agreement requires Airgas to report to the Commission within 30 days, and every 60 days thereafter until the divestiture is accomplished. In addition, Airgas is required to report to the Commission every 60 days regarding its obligations to provide transitional services and facilities management.

The purpose of this analysis is to facilitate public comment on the Consent Agreement, and it is not intended to constitute an official interpretation of the Consent Agreement or to modify in any way its terms.

Complaint

## IN THE MATTER OF

**ESRIM VE SHEVA HOLDING CORP., ET AL.**CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATIONS OF  
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-4030; File No. 0123116**Complaint, December 17, 2001--Decision, December 17, 2001*

This consent order addresses advertising representations that Respondent Esrin Ve Sheva Holding Corporation, sometimes doing business as Gadget Universe – and its chief executive officer, Respondent Alexander Elnekaveh – made about Super FuelMAX, an automotive fuel-line magnet. The order, among other things, prohibits the respondents from making any claim in connection with any fuel-line magnet, or any purported fuel-saving or emission-reducing product for use with a motor vehicle – including claims that such product improves fuel burn, reduces fuel consumption, or reduces emissions or pollutants; or about the benefits, performance, or efficacy of such product – without possessing and relying on competent and reliable evidence, which, when appropriate, must be competent and reliable scientific evidence, substantiating the claim. The order also prohibits the respondents from misrepresenting (1) that any user testimonial or endorsement of the product reflects the actual and current opinions, findings, beliefs, or experiences of the user, or (2) the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research.

*Participants*

For the Commission: *Jonathan Cowen, Angela Floyd, Joni Lupovitz, and Elaine D. Kolish*

For the Respondent: *Bernard Schwam.*

**COMPLAINT**

The Federal Trade Commission, having reason to believe that Esrin Ve Sheva Holding Corporation, sometimes doing business as Gadget Universe, and Alexander Elnekaveh, individually and as an officer of the corporation ("respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

Complaint

1a. Respondent Etrim Ve Sheva Holding Corp. is a New York corporation with its principal office or place of business at 9408 Owensmouth Ave., Chatsworth, California 91311.

1b. Respondent Alexander Elnekaveh is an officer of the corporate respondent. Individually or in concert with others he formulates, directs, or controls the policies, acts, or practices of the corporation, including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of Etrim Ve Sheva Holding Corp.

2. Respondents have advertised, offered for sale, sold, and distributed products to the public, including Super FuelMAX, an automotive aftermarket fuel-line magnet device.

3. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

4. Respondents have disseminated or have caused to be disseminated advertisements for the Super FuelMAX, including but not necessarily limited to the attached Exhibits A, B, and C. These advertisements contain the following statements:

A. Finding the world's most extraordinary products for you is not my job – it's my mission. . . . No matter where you see our unique products, I've personally selected each one from the 1000's I discover around the globe. Here's one the big oil companies don't want you to know about: Super FuelMAX® on page 52 will cut your fuel costs by 27% and reduce harmful emissions by up to 40%. . . .

Sincerely,  
Alex  
President, Gadget Universe

[Exhibit A (catalog ad)]

## Complaint

## B. FUEL BEFORE

## FUEL AFTER

[graphical depiction of fuel molecules lining up in straight columns and rows after passing through Super FuelMax]

SAVE UP TO 27% ON GAS!!

[Exhibit B (catalog ad)]

C. Fight the War Against Rising Gas Prices – Reduce Your Fuel Costs by An Amazing 27% with Super FuelMAX®, and Keep the Air Cleaner At the Same Time

I refuse to be at the mercy of OPEC! So, I searched for the best product I could find to save money on fuel for my gas-guzzling SUV. I wanted something I could install myself, without tools, that would also guarantee to boost engine performance. The Super FuelMAX came through with flying colors. It clamps onto my fuel line, and two powerful neodymium conductors use the scientific principal of magnetic resonance to give me better fuel burn. A certified EPA laboratory reports an amazing 27% in increased mileage and 42% reduction in harmful pollutants. Since the Super FuelMAX is used by trucking fleets and transportation departments around the world, it's exactly what I need to reduce my fuel costs today without worrying about how high they'll raise oil prices in the Middle East tomorrow.

[Exhibits B (catalog ad) and C (Internet ad)]

5. Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that, when applied to the fuel line in a motor vehicle, Super FuelMAX:

- A. causes fuel molecules to line up in straight columns and rows;

Complaint

- B. improves fuel burn through magnetic resonance;
- C. reduces fuel consumption;
- D. reduces fuel consumption by 27% or up to 27%;
- E. reduces harmful emissions or pollutants; and
- F. reduces harmful emissions or pollutants by 42% or up to 40%.

6. Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 5, at the time the representations were made.

7. In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 5, at the time the representations were made. Therefore, the representation set forth in Paragraph 6 was, and is, false or misleading.

8. Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that tests performed at a certified EPA laboratory prove that Super FuelMAX:

- A. increases mileage by 27%; and
- B. reduces harmful pollutants by 42%;

9. In truth and in fact, tests performed at a certified EPA laboratory do not prove that Super FuelMAX:

- A. increases mileage by 27%; and
- B. reduces harmful pollutants by 42%;

## Complaint

Therefore, the representations set forth in Paragraph 8 were, and are, false or misleading.

10. Through the means described in Paragraph 4, respondents have represented, expressly or by implication, that a testimonial from respondent Alexander Elnekaveh appearing in the advertisements for Super FuelMAX reflects:

- A. Elnekaveh's actual findings and experience with the product; and
- B. the typical or ordinary experience of members of the public who use the product.

11. In truth and in fact, a testimonial from respondent Alexander Elnekaveh appearing in the advertisements for Super FuelMAX does not reflect:

- A. Elnekaveh's actual findings and experience with the product; and
- B. the typical or ordinary experience of members of the public who use the product.

Therefore, the representations set forth in Paragraph 10 were, and are, false or misleading.

12. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices, in or affecting commerce, in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this seventeenth day of December, 2001, has issued this complaint against respondents.

By the Commission.

# **EXHIBIT A**

**F**inding the world's most extraordinary products for you is not my job—it's my mission. If it doesn't make your life healthier, safer, more efficient, simpler or more fun, you won't find it here or on our web site. And thanks to you, [www.gadgetuniverse.com](http://www.gadgetuniverse.com) has twice as many new customers as our two major competitors combined! Sign up to receive our e-mail specials and save hundreds of dollars—we'll give you even more fantastic values with limited editions, one-of-a-kind sales, close-outs and sweepstakes you won't find in the catalog. *I promise you your e-mail address is 100% secure with us.* No matter where you see our unique products, I've personally selected each one from the 1000's I discover around the globe. Here's one the big oil companies don't want you to know about: Super FuelMAX® on page 52 will cut your fuel costs by 27% and reduce harmful emissions up to 40%. We'll refund your money if it doesn't work for you! Another standout is

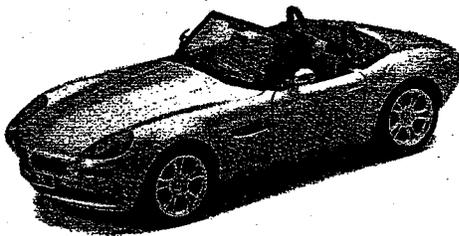
the Junghans MEGA Radio-Controlled Watch on page 6, a handsome, high tech wonder we've featured before, but now it's hundreds of dollars off the original \$1000 price. In print or on the web,

there's always something out-of-this-world from Gadget Universe. I make sure of it.

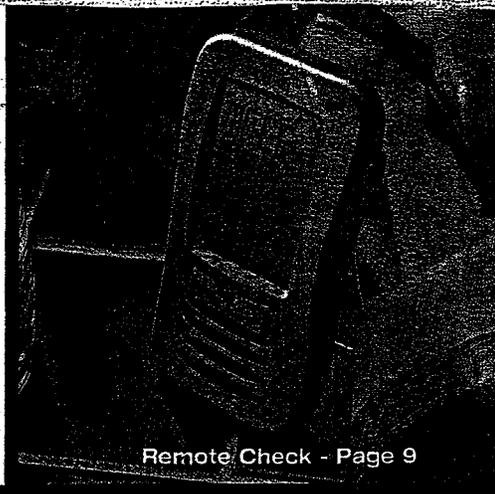
Sincerely,



Alex  
President, Gadget Universe  
[alex@gadgetuniverse.com](mailto:alex@gadgetuniverse.com)



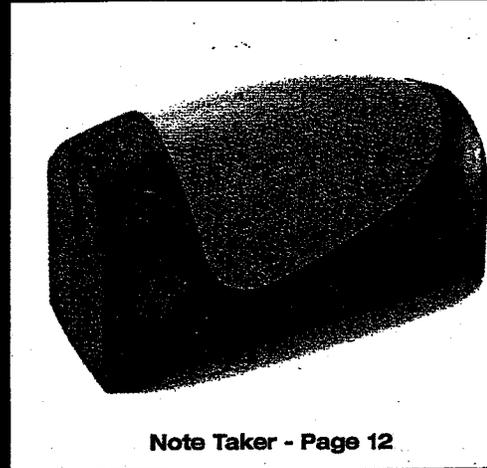
**BMW Z8 - Page 33**



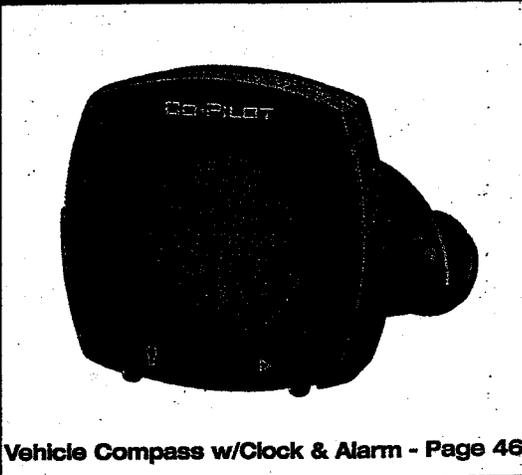
**Remote Check - Page 9**



**Speaker Phone - Page 12**



**Note Taker - Page 12**



**Vehicle Compass w/Clock & Alarm - Page 46**



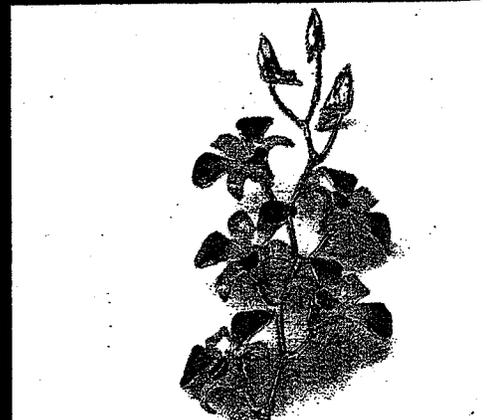
**Sony® Portable DVD Player - Page 9**



**100% SATISFACTION - QUALITY - SERVICE**



**Radar Detector w/Compass & Alt - Page 19**



**Orchid - Page 21**

# **EXHIBIT B**

**The World's Finest Wireless Headset Will Give You The Freedom You've Never Had Before**

I'm on the road so much I don't know how I got along without this amazingly comfortable hands-free universal headset. Dangling wires are gone forever! More than once I've tangled the wires and yanked my headset off, right in the



middle of an important business call. This incredible set is so tiny and fits so light, you'd think I'm talking to the air. And the sound is clear even when my mobile phone is 5

feet away. I just plug the base unit into my car's lighter, plug the jack into the headset, and I'm good to go. And I'm a better, safer driver because of it.

- TP216 - Air Magic Headset - \$99.95
  - TP518S - StarTac GSM Phone Adapter
  - TP518N - Nokia 5100/6100 Series Adapter
  - TP518E - Ericson 600/700 Series Adapter
- \$14.95 each

**WORKS WITH MOST CELL PHONES!**



**FUEL BEFORE**



**SAVE UP TO 27% ON GAS!!**

**FUEL AFTER**

**Fight the War Against Rising Gas Prices—Reduce Your Fuel Costs by An Amazing 27% with Super FuelMAX®, and Keep the Air Cleaner At the Same Time**

I refuse to be at the mercy of OPEC! So, I searched for the best product I could find to save money on fuel for my gas-guzzling SUV. I wanted something I could install myself, without tools, that would also guarantee to boost engine performance. The Super FuelMAX came through with flying colors. It clamps onto my fuel line, and two powerful neodymium conductors use the scientific principal of magnetic resonance to give me better fuel burn. A certified EPA laboratory reports an amazing 27% in increased mileage and 42% reduction in harmful pollutants. Since the Super FuelMAX is used by trucking fleets and transportation departments around the world, it's exactly what I need to reduce my fuel costs today without worrying about how high they'll raise oil prices in the Middle East tomorrow. Try it for 60 days—if it doesn't work for you, we'll refund your money.

TG224 - Super FuelMAX® - \$49.95



Visit our website at [www.gadgetuniverse.com](http://www.gadgetuniverse.com)

**GadgetUniverse**

9408 Owensmouth Ave.  
Chatsworth, CA 91311

CUSTOMER NUMBER

10JTMH

SOURCE CODE

WEB CODE: PLEASE USE THIS CODE WHEN ORDERING FROM THE WEB

BULK RATE  
U.S. POSTAGE  
P A I D  
ESTHOLDING INC.

To order call 1-800-478-4703 24 hours.  
For Customer Service and Product Information call 1-800-872-6250 8-4 Pacific M-F.

# EXHIBIT C

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**TG 224 Super Fuel Max** **\$ 49.95**

### Fight the War Against Rising Gas Prices-Reduce Your Fuel Costs by An Amazing 27% with Super FuelMAX®, and Keep the Air Cleaner At the Same Time

I refuse to be at the mercy of OPEC! So, I searched for the best product I could find to save money on fuel for my gas-guzzling SUV. I wanted something I could install myself, without tools, that would also guarantee to boost engine performance. The Super FuelMAX came through with flying colors. It clamps onto my fuel line, and two powerful neodymium conductors use the scientific principal of magnetic resonance to give me better fuel burn. A certified EPA laboratory reports an amazing 27% in increased mileage and 42% reduction in harmful pollutants. Since the Super FuelMAX is used by trucking fleets and transportation departments around the world, it's exactly what I need to reduce my fuel costs today without worrying about how high they'll raise oil prices in the Middle East tomorrow. Try it for 60 days-if it doesn't work for you, we'll refund your money.

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- Mini III - \$249.95
- Park RI System
- Micro 2 - \$99.95
- Mini II F - \$179.95

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Secure Server via Verisign

Decision and Order

## **DECISION AND ORDER**

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft complaint which the Bureau of Consumer Protection proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents, their attorneys, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the draft complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true, and waivers and other provisions as required by the Commission's Rules; and

The Commission having considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of thirty (30) days, now in further conformity with the procedure prescribed in § 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1a. Respondent Eslim Ve Sheva Holding Corp. is a New York corporation with its principal office or place of business at 9408 Owensmouth Ave., Chatsworth, California 91311.

1b. Respondent Alexander Elnkaveh is an officer of the corporate respondent. Individually or in concert with others he formulates, directs, or controls the policies, acts, or practices of

## Decision and Order

the corporation, including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of Eslim Ve Sheva Holding Corp.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

ORDER

## DEFINITIONS

For purposes of this order, the following definitions shall apply:

1. "Competent and reliable scientific evidence" shall mean tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that have been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.
2. Unless otherwise specified, "respondents" shall mean Eslim Ve Sheva Holding Corporation, sometimes doing business as Gadget Universe, its successors and assigns and its officers; Alexander Elnekaveh, individually and as an officer of the corporation; and each of the above's agents, representatives, and employees.
3. "Commerce" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. § 44.

## I.

IT IS ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any fuel-line magnet, or any purported fuel-saving or emissions-reducing product for use in

Decision and Order

conjunction with a motor vehicle, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication

- A. about the effect of such product on fuel molecules;
- B. that such product improves fuel burn;
- C. that such product reduces fuel consumption;
- D. that such product reduces fuel consumption by any number, percentage, or rate;
- E. that such product reduces emissions or pollutants;
- F. that such product reduces emissions or pollutants by any number, percentage, or rate; or
- G. about the benefits, performance, or efficacy of such product;

unless, at the time of making such representation, respondents possess and rely upon competent and reliable evidence, which when appropriate must be competent and reliable scientific evidence, that substantiates the representation.

II.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product in or affecting commerce, shall not misrepresent, in any manner, expressly or by implication, that any user testimonial or endorsement of the product reflects the actual and current opinions, findings, beliefs, or experiences of the user.

Decision and Order

## III.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product in or affecting commerce, shall not represent, in any manner, expressly or by implication, that the experience represented by any user testimonial or endorsement of the product represents the typical or ordinary experience of members of the public who use the product, unless:

- A. The representation is true and, at the time it is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation; or
- B. Respondents disclose, clearly and prominently, and in close proximity to the endorsement or testimonial, either:
  - 1. what the generally expected results would be for users of the product, or
  - 2. the limited applicability of the endorser's experience to what consumers may generally expect to achieve, that is, that consumers should not expect to experience similar results.

For purposes of this Part, "endorsement" shall mean as defined in 16 C.F.R. § 255.0(b).

## IV.

IT IS FURTHER ORDERED that respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product in or affecting commerce, shall not misrepresent, in any manner, expressly or by implication, the existence, contents, validity,

Decision and Order

results, conclusions, or interpretations of any test, study, or research.

V.

IT IS FURTHER ORDERED that respondent Esrin Ve Sheva Holding Corp., and its successors and assigns, and respondent Alexander Elnkaveh shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

- A. All advertisements and promotional materials containing the representation;
- B. All materials that were relied upon in disseminating the representation; and
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call 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.

VI.

IT IS FURTHER ORDERED that respondent Esrin Ve Sheva Holding Corp., and its successors and assigns, and respondent Alexander Elnkaveh shall deliver a copy of this order to all current and future principals, officers, directors and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondents shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities. Respondents shall retain the signed, dated

## Decision and Order

statements acknowledging receipt of the order for a period of five years and upon request make them available to the Federal Trade Commission for inspection and copying.

## VII.

IT IS FURTHER ORDERED that respondent Eshim Ve Sheva Holding Corp., and its successors and assigns, shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580.

## VIII.

IT IS FURTHER ORDERED that respondent Alexander Elnkaveh, for a period of five (5) years after the date of issuance of this order, shall notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580.

Decision and Order

IX.

IT IS FURTHER ORDERED that respondent Eshim Ve Sheva Holding Corp., and its successors and assigns, and respondent Alexander Elnekaveh shall, within sixty (60) days after the date of service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which it has complied with this order.

X.

This order will terminate on December 17, 2021, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (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 Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondents 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 Part 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.

## Analysis

**Analysis of Proposed Consent Order to Aid Public Comment**

The Federal Trade Commission has accepted, subject to final approval, an agreement for entry of a consent order from Etrim Ve Sheva Holding Corp., a corporation sometimes doing business as Gadget Universe, and its CEO, Alexander Elnekaveh, individually and as an officer of the corporation (referred to collectively as "respondents"). The agreement would settle a complaint by the Federal Trade Commission that respondents engaged in deceptive acts or practices in violation of Section 5(a) of the Federal Trade Commission Act.

The proposed consent order has been placed on the public record for thirty (30) days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After thirty (30) days, the Commission will again review the agreement and the comments received and will decide whether it should withdraw from the agreement or make final the agreement's proposed order.

This matter concerns advertising representations made about Super FuelMAX, an automotive fuel-line magnet. The administrative complaint alleges that respondents violated the FTC Act by disseminating advertisements that made unsubstantiated performance claims about Super FuelMAX. The Complaint alleges that respondents represented that Super FuelMAX: (1) causes fuel molecules to line up in straight columns and rows; (2) improves fuel burn through magnetic resonance; (3) reduces fuel consumption; (4) reduces fuel consumption by 27% or up to 27%; (5) reduces harmful emissions or pollutants; and (6) reduces harmful emissions or pollutants by 42% or up to 40%. The Complaint further alleges that respondents represented that they had a reasonable basis for making these claims, but in fact did not possess competent evidence supporting them. Additionally, the Complaint challenges, as false, claims that tests performed at a certified U.S. Environmental Protection Agency prove that: (a) increases mileage by 27%; and (b) reduces harmful pollutants by 42%.

Analysis

The Complaint also alleges that respondents falsely represented that a testimonial from respondent Alexander Elnekaveh reflected: (a) Elnekaveh's actual findings and experience with the product; and (b) the typical or ordinary experience of members of the public who use the product.

The proposed consent order contains provisions designed to prevent respondents from engaging in similar acts and practices in the future. Part I of the proposed consent order prohibits respondents from making unsubstantiated claims in connection with any fuel-line magnet or any purported fuel-saving or emission-reducing product for use with a motor vehicle, including claims about the effect of such product on fuel molecules and that such product improves fuel burn; reduces fuel consumption or reduces fuel consumption by any number, percentage, or rate; reduces emissions or pollutants or reduces emissions or pollutants by any number, percentage, or rate; or about the benefits, performance, or efficacy of such product. The evidence required to substantiate such claims must be competent and reliable evidence, which, when appropriate, must be competent and reliable scientific evidence.

Part II of the proposed consent order prohibits respondents from misrepresenting that any user testimonial or endorsement of the product reflects the actual and current opinions, findings, beliefs, or experiences of the user.

Part III of the proposed consent order prohibits respondents from representing that the experience represented by any user testimonial or endorsement of the product represents the typical or ordinary experience of members of the public who use the product, unless the representation is true and, at the time it is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation; or respondents disclose what the generally expected results would be for users of the product, or that consumers should not expect to experience similar results.

## Analysis

Part IV of the proposed consent order prohibits respondents from misrepresenting the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research.

The remainder of the proposed consent order also contains provisions regarding record-keeping, distribution of the order, notification of changes in corporate status, notification of changes in employment of the individual respondent, the filing of a compliance report, and termination of the order.

The purpose of this analysis is to facilitate public comment on the proposed order, and it is not intended to constitute an official interpretation of the agreement and the proposed order or to modify their terms in any way.