

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 Esrin 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%.

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.

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.