

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: **Rebecca Kelly Slaughter, Acting Chair**
 Noah Joshua Phillips
 Rohit Chopra
 Christine S. Wilson

In the Matter of

**KUSHLY INDUSTRIES LLC, a limited liability
company, and**

**CODY ALT, individually and as an officer of
KUSHLY INDUSTRIES LLC.**

DOCKET NO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Kushly Industries LLC, a limited liability company, and Cody Alt, individually and as an officer of Kushly Industries LLC (collectively, “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 Kushly Industries LLC (“Kushly”) is an Arizona limited liability company with its principal office or place of business at East Rancho Vista Drive, #3014, Scottsdale, Arizona 85251.
2. Respondent Cody Alt (“Alt”) is the owner, chief executive officer, and manager of Kushly. Individually or in concert with others, he controls or has had the authority to control, or participates in the acts and practices alleged in this Complaint. His principal office or place of business is the same as Kushly.
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.

Respondents’ Marketing of CBD Products

4. Cannabidiol (“CBD”) is a non-psychoactive cannabinoid that naturally occurs in, and can be extracted from, the hemp plant, *cannabis sativa*. Respondents have labeled, advertised, promoted, offered for sale, and sold products containing CBD (“CBD Products”) that are

intended for human use. These CBD Products are “food” and/or “drugs,” within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

5. Respondents sell various CBD Products, including but not limited to tinctures, gummies, softgel capsules, skincare products, toothpicks, bath salts, and topical ointments. Consumers can purchase Kushly brand CBD Products from Respondents by ordering them through Respondents’ website at Kushly.com.

6. Respondents promote CBD Products through a variety of means, including through their website, Kushly.com, and through social media platforms including, but not limited to, Twitter, Instagram, Snapchat, TikTok, and Facebook.

7. Respondent Alt directly participates in the promotion and advertising of Kushly’s CBD Products and has often been featured and quoted in press articles about Kushly, its products, and the CBD industry.

8. Respondents have disseminated or have caused to be disseminated advertisements, blog and social media posts, and other promotional materials for CBD Products. These advertisements, posts, and materials have included the following statements:

A. Excerpt from “CBD Lotions – Do They Really Work?” Kushly (Kushly.com), posted Mar. 24, 2020, <https://Kushly.com/blogs/news/cdb-lotion>:

[CBD] also affects the brain positively, allowing for the minimization of symptoms related to anxiety, depression, and other mental disorders. CBD has also shown some promise with regards to the treatment of seizures as well as neurological problems such as Parkinson’s or Alzheimer’s disease....

B. Excerpt from “Cannabis Health Benefits For Women: How Cannabis Can Help Maintain Women’s Health,” Kushly (Kushly.com), posted Dec. 1, 2019, <https://Kushly.com/blogs/news/cannabis-health-benefits-for-women>:

The THC content of cannabis helps to minimize the endometriosis pain as it activates the production of dopamine in the body, but CBD has also been hailed as a valuable substance for treating endometriosis with some experts suggesting applying CBD topicals directly to the pain site to help soothe discomforts and aches.

C. Excerpt from “CBD Oil and Wellness: How Does It Work?” Kushly, (Kushly.com), posted Nov. 29, 2019, Kushly.com/blogs/news/cbd-and-wellness-how-does-it-work:

[T]he active compound, cannabidiol or CBD is getting all the spotlight with its healing potential in treating conditions like

eczema, arthritis, some forms of cancers, muscle and joint pains and even Alzheimer's disease....

Going back to CBD, a lot of studies confirmed that this compound could be used to treat body conditions relating to the endocrine system. Cannabidiol helps you sleep better, ease tensed muscles and painful joints, it equally makes your eczema symptoms vanish without too much effort....

Another good news is that CBD oil can aid in these situations by potentially relieving the pain experienced by women.

When rubbed to the affected areas, a person may instantly feel relieved. The compound is absorbed by the body and it works in the endocrine system. Furthermore, CBD oil contains essential fatty acids that balance out hormones. Due to these, acne can be reduced. Headaches associated with hormonal change and lack of sleep can be relieved using CBD oil.

D. Excerpt from "Eat Away Chronic Pain: Best CBD-Infused Edibles to Try," Kushly, (Kushly.com), posted Nov. 28, 2019, [Kushly.com/blogs/news/eat-away-chronic-pain-best-cbd-infused-edibles-to-try](https://kushly.com/blogs/news/eat-away-chronic-pain-best-cbd-infused-edibles-to-try):

In fact, many scientists and doctors have stated that CBD can help people with various diseases. Some of these medical conditions include:

- Chronic pain
- Skin diseases
- Anxiety and depression
- Diabetes
- Insomnia and other sleep disorders
- Multiple sclerosis...
- Alzheimer's disease
- Parkinson's disease
- Certain types of cancer...

E. Excerpt from "Best CBD Oils to Put You to Sleep in Minutes," Kushly (Kushly.com), posted Oct. 4, 2019, [Kushly.com/blogs/news/best-cbd-oils-to-put-you-to-sleep-in-minutes](https://kushly.com/blogs/news/best-cbd-oils-to-put-you-to-sleep-in-minutes):

Thanks to the discovery and promotion of CBD hemp oil and other products from medical cannabis, millions of sleep-deprived Americans now have help for this insomnia as well as daytime sleepiness or fatigue, restless leg syndrome, and sleep apnea.

F. Excerpt from “Get to Know: CBD, Its Products, and Applications,” Kushly (Kushly.com), posted Oct. 1, 2019, [Kushly.com/blogs/news/get-to-know-cbd-its-products-and-applications](https://kushly.com/blogs/news/get-to-know-cbd-its-products-and-applications):

Here are some science-backed health benefits of CBD: ...

- Reduction of Anxiety and Depression...

Some studies showed the potential of CBD hemp oil to treat both mental disorders. Many patients prefer this treatment over the use of pharmaceutical drugs, which can result in various side effects such as insomnia, headache, and agitation.

- Capacity to Heal and Protect the Nervous System

CBD’s capability to influence the ECS has also an additional benefit, it can treat neurological disorders such as . . . multiple sclerosis.

- Improvement of Heart Health

A body of research has linked CBD to the improvement in heart function and blood circulation. Experts attribute it to the substance’s antioxidant and stress-reducing properties. Moreover, CBD has the capacity to lower blood pressure....

- Treat Acne and Other Skin Diseases

Being an anti-inflammatory substance, CBD is being used to treat acne, psoriasis, and other skin irritations.

G. Excerpt from “CBD Oil as Aid to Medicine: How Does It Work?” Kushly (Kushly.com), posted Sept. 27, 2019, [Kushly.com/blogs/news/cbd-oil-as-aid-to-medicine-how-does-it-work](https://kushly.com/blogs/news/cbd-oil-as-aid-to-medicine-how-does-it-work):

How is CBD oil aid [sic] to Medicine?...

Aside from helping to alleviate the side-effects of some cancer treatments, CBD oil is also showing potential in preventing the development of cancer itself and the spread of tumors.

H. Excerpt from “Medical Marijuana,” Kushly (Kushly.com), Sept. 20, 2019, [Kushly.com/blogs/news/how-the-human-body-reacts-to-medical-marijuana](https://kushly.com/blogs/news/how-the-human-body-reacts-to-medical-marijuana):

Furthermore, WHO listed a host of issues that CBD has the potential to alleviate or treat:...

- Anxiety and Depression

Some studies have shown the potential of cannabis to treat both anxiety and depression based illnesses. Many patients prefer to use CBD hemp oil over pharmaceutical drugs. They believe that CBD oil is safer and that pharmaceutical drugs have side effects like insomnia, headache, and agitation....

- Cancer Symptoms...

The substance also has powerful anti-cancer properties.

I. Excerpt from “This Is Not a Drill: Reasons to Add Cannabis to Your Wellness Routine,” Kushly, (Kushly.com), posted Sept. 15, 2019, [Kushly.com/blogs/news/reasons-to-add-cannabis-to-your-wellness-routine](https://kushly.com/blogs/news/reasons-to-add-cannabis-to-your-wellness-routine):

How can CBD improve your Wellbeing?

Here are some of the fantastic benefits cannabidiol can provide for your wellness routine:...

- Promotes Cardiovascular Health...

Researchers found that CBD can help alleviate high blood pressure and Scientists [sic] have pointed out the substance’s capacity to reduce stress and anxiety and for lowering blood pressure. Cannabidiol’s antioxidant properties can also improve heart function and blood circulation....

- Treats Acne and Other Skin Diseases

...CBD oil is also known for its anti-inflammatory properties and ability to reduce sebum production, which can help to soothe and reduce soreness and skin irritation caused by acne, psoriasis and other skin conditions while keeping the skin nourished and moisturized. CBD oil can also treat eczema by stimulating abnormal cell death....

- Gives Nightly Quality Sleep

To sufferers of insomnia and other sleep disorders, CBD can be a welcome relief. Cannabidiol can be a natural and safe remedy for insomnia.

J. Excerpt from “Beat Workplace Stress With CBD: Your Guide to Productivity and Ease,” Kushly (Kushly.com), posted Aug. 27, 2019, [Kushly.com/blogs/news/beat-workplace-stress-with-cbd-your-guide-to-productivity-and-ease](https://kushly.com/blogs/news/beat-workplace-stress-with-cbd-your-guide-to-productivity-and-ease):

Apart from chronic pain, one of the primary reasons users take CBD is to reduce anxiety. Studies have shown CBD hemp oil to be a potent treatment to different types of anxiety disorders, such as generalized anxiety disorder and PTSD....

Researchers found that people who take CBD to address their ADHD improved their attentiveness and concentration....

K. Excerpt from “Can CBD Help in Treating Mental Illnesses?” Kushly (Kushly.com), posted Aug. 13, 2019, [Kushly.com/blogs/news/can-cbd-help-in-treating-mental-illnesses](https://kushly.com/blogs/news/can-cbd-help-in-treating-mental-illnesses):

Why CBD is a great Treatment for Mental Illnesses...

Here are some effects that make cannabidiol a viable addition to mental illness treatments:...

Depression and manic depression (also called bipolar disorder) are some of the most known mental disorders....

Perhaps one of the most important traits of CBD is its regulatory effects. In skincare, this substance is known to regulate sebum production to avoid oily skin and also jumpstarts oil production to combat dry skin. The same characteristic is observed in regulating mood disorders. It has shown potential in treating depression by giving uplifting effects, while it can address manic episodes by regulating serotonin.

Aids Sleep

Patients suffering from PTSD are known to relive the experience, leading to difficulty falling or staying asleep....

Just like for depression and bipolarism, its mood-enhancing effects makes it feasible for treating mood related manifestations of PTSD and other similar conditions.

Enhances Appetite

Conditions such as anorexia nervosa is [sic] a type of eating disorder. It is characterized by the irrational fear of gaining weight, which leads patients to lose interest in food. It also leads to loss of appetite. Some risk factors include depression, anxiety disorder, and weight consciousness.

Anorexia is one of the qualifying medical conditions for medical marijuana for a good reason. Doctors have classified CBD as an effective aid to medical treatments. Aside from being able to treat depression, this compound can increase the appetite of the patient, allowing them to reach a healthier weight.

L. Excerpt from “CBD and Psychotherapy: The Role of Cannabis In Mental Health,” Kushly (Kushly.com), July 24, 2019, kushly.com/blogs/news/cbd-and-psychotherapy-the-role-of-cannabis-in-mental-health; captured 5/4/20:

CBD Benefits Backed with Science...

Prevent Nerve-Related Diseases...

A more significant finding from a 2008 study showed that cannabidiol helped create new nerve cells in aging brains. As the brain ages, the production of new neurons slows down, which causes degenerative diseases. Therefore, new cells need to be created continuously and CBD can take part in this process. In addition to this, CBD also helps prevent nerve-related illnesses including neuropathy and Alzheimer’s disease.

Reduce Anxiety

According to a 2012 research, a number of respondents shown reduce anxiety symptoms after taking cannabidiol....

Effective for Depression

Clinical depression is a serious mental condition that is characterized by persistent sadness, sudden loss of appetite and suicidal thoughts....

Intake of CBD is proven to stabilize a person’s mood by enhancing serotonergic and glutamate signaling of the brain. Regular intake showed the effectiveness of the compound in making respondents feel better and stress-free.

M. Excerpt from “Narcolepsy and the Healing Power of CBD Cannabis Oil,” Kushly (Kushly.com), posted July 10, 2019, [Kushly.com/blogs/news/narcolepsy-and-the-healing-power-of-cbd-cannabis-oil](https://kushly.com/blogs/news/narcolepsy-and-the-healing-power-of-cbd-cannabis-oil):

Narcolepsy and the Healing Power of CBD Cannabis Oil...

Cannabis oil seems to be the answer...

Any person who consumes small doses of CBD will experience a higher state of alertness which is exactly what someone with narcolepsy will require. It will be important for people with this condition to ensure that they take only enough to provide them with the necessary benefits. It has been seen in studies that CBD can help to significantly improve the consistency of sleeping cycles. This results in a situation where a person is able to feel alert for many hours each day.

N. Excerpt from KushlyBrand, posted Mar. 31, 2020, “Hemp Lotion and It’s Benefits,” www.facebook.com/notes/kushlybrands/hemp-lotion-and-its-benefits/646013019278539/?_tn_=HH-R:

The entire medical community is trying to invest more resources into investigating the effects of CBD, and science has shown that CBD does have anti-inflammatory properties. Here are the top benefits of CBD, as suggested by the users.

- Acne
- Anorexia
- Anxiety
- Chronic pain
- Depression...
- Arthritis
- Seizures...
- High blood pressure
- Insomnia

- Muscle spasms
- Parkinson’s disease

O. Excerpt from “6 Reasons Why CBD Cannabidiol Can Help Children with Anxiety,” Kushly (Kushly.com), posted July 14, 2019, <https://Kushly.com/blogs/news/6-reasons-why-cbd-cannabidiol-can-help-children-with-anxiety>; captured 10/22/20:

CBD Cannabidiol Treats Anxiety

Among its many health benefits, CBD also treats mental health problems [hyperlink to: kushly.com/blogs/news/can-cbd-treat-children-with-adhd-and-concentration-problems] such as anxiety. That is why, in the last ten years, many people have turned to CBD for the relief of anxiety. This has been supported by research such as the review that was published in the *Neurotherapeutics* that reported that CBD can effectively reduce anxiety in people with general anxiety disorder, post-traumatic stress disorder, panic disorder, obsessive-compulsive disorder and social anxiety disorder. (1). *So far, CBD has not shown any adverse effects when used for these problems and the researchers have called for CBD to be studied further as a potential treatment method for anxiety....*

P. Excerpt from “Daily Dose of CBD,” Kushly (Kushly.com), posted May 26, 2019, Kushly.com/blogs/news/daily-dose-of-cbd:

How CBD Affects the Brain

- **Protects and Rejuvenates Nerves...**

The discovery of cannabis’ power to prevent brain degeneration is perhaps one of the most important breakthroughs in modern medicine. At a time when Alzheimer’s disease, dementia, Parkinson’s disease, and other neurological diseases affect millions of people, the discovery of cannabis as an effective medicine is a watershed moment in brain research and treatment. This substance is one of the few that has the power to reduce brain damage caused by many factors. It protects the brain from stress caused by traumatic blows, lack of oxygen supply, as well as autoimmune and genetic disorders....

- **Relieves Anxiety and Depression...**

Modern brain-scanning machines, such as fMRI, have found that people with chronic anxiety and depression have a smaller hippocampus, the part of the brain linked to long-term memory, spatial navigation and spatial memory, and behavioral inhibition. Because of CBD's ability to regenerate neurons in this area, the behavior and moods of the anxious and depressed can be modified. With a larger hippocampus, they can now better manage their behavior in the face of stress and other emotional trauma.

Count I

False or Unsubstantiated Efficacy Claims Regarding CBD

9. In connection with the advertising, promotion, offering for sale, sale, or labeling of CBD Products, Respondents have represented, directly or indirectly, expressly or by implication, that CBD Products effectively treat, mitigate, or cure diseases or health conditions including: sleep disorders, including insomnia and narcolepsy; psychiatric disorders, including depression, bipolar disorder, post-traumatic stress disorder, psychosis, and anorexia nervosa; cancer; multiple sclerosis; Parkinson's disease; hypertension; Alzheimer's disease; acne, psoriasis, eczema; arthritis; muscle spasms; pain resulting from endometriosis; and dysmenorrhea.

10. The representations set forth in Paragraph 9 are false or misleading, or were not substantiated at the time the representations were made.

Count II

False Establishment Claims Regarding CBD Products

11. In connection with the advertising, promotion, offering for sale, sale, or labeling of CBD Products, Respondents have represented, directly or indirectly, expressly or by implication, that studies or scientific research prove that CBD Products effectively treat, mitigate, or cure multiple sclerosis, general anxiety disorder, post-traumatic stress disorder, panic disorder, obsessive-compulsive disorder and social anxiety disorder, depression, cancer, sleep disorders, hypertension, Parkinson's disease, Alzheimer's disease, acne, psoriasis, and eczema, and improve sleep.

12. In fact, studies or scientific research do not prove that CBD Products effectively treat, mitigate, or cure chronic pain, multiple sclerosis, general anxiety disorder, post-traumatic stress disorder, panic disorder, obsessive-compulsive disorder and social anxiety disorder, depression, cancer, sleep disorders, hypertension, Parkinson's disease, Alzheimer's disease, acne, psoriasis, and eczema, or improve sleep. Therefore, the representations set forth in Paragraph 11 are false or misleading.

Violations of Sections 5 and 12

13. 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 _____ day of _____, 2021, has issued this Complaint against Respondents.

By the Commission.

April J. Tabor
Secretary

SEAL: