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 CENTRAL DISTRICT OF CALIFORNIA
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11 ATTORNEYS FOR PLAINTIFF
 FEDERAL TRADE COMMISSION

12 DOCKETED

2007 AUG 30

CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES

13 UNITED STATES DISTRICT COURT
 CENTRAL DISTRICT OF CALIFORNIA

14 FEDERAL TRADE COMMISSION,

15 Plaintiff,

16 v.

17 NATURAL SOLUTION, INC., and
 18 ISABEL J. MENDOZA, individually, and
 19 as President of Natural Solution, Inc.,

20 Defendants.

21 CIVIL ACTION NO.
 22 CV 06-06112-JFW (JTLx)

23 ~~(Revised Proposed)~~
 24 JUDGMENT AND
 25 PERMANENT
 26 INJUNCTION

27 On September 25, 2006, the Federal Trade Commission ("FTC"), filed a
 28 Complaint for Permanent Injunction and Other Equitable Relief against
 Defendants Natural Solution, Inc. and Isabel J. Mendoza, alleging that they
 engaged in deceptive and unlawful acts and practices that violate Section 5(a) of
 the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 45(a). On June 22,

DOCKETED ON CM
 SEP - 6 2007
 BY [Signature]

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1 2007, the FTC filed a Motion for Summary Judgment, which the Court granted.
2 Based upon the evidence presented and consistent with this Court's August 7,
3 2007 Order Granting Plaintiff Federal Trade Commission's Motion for Summary
4 Judgment, the Court enters the following Judgment and Permanent Injunction:

5 DEFINITIONS

6 For the purpose of this Order, the following definitions shall apply:

- 7 1. "Advertising" means any written or verbal statement, illustration, or
8 depiction that is designed to effect a sale or create interest in the purchasing of
9 goods or services, whether it appears in a brochure, newspaper, magazine,
10 pamphlet, leaflet, circular, mailer, book insert, free standing insert, letter,
11 catalogue, poster, chart, billboard, public transit card, point of purchase display,
12 packaging, package insert, label, film, slide, radio, television or cable television,
13 audio program transmitted over a telephone system, program-length commercial
14 ("infomercial"), Internet, or in any other medium.
- 15 2. "Competent and Reliable Scientific Evidence" means tests, analyses,
16 research, studies, or other evidence based on the expertise of professionals in the
17 relevant area, that have been conducted and evaluated in an objective manner by
18 persons qualified to do so, using procedures generally accepted in the profession
19 to yield accurate and reliable results.
- 20 3. "Covered Product" means any dietary supplement, food, drug, or any
21 health-related service, product, or program, including but not limited to, Knutric.
- 22 4. "Defendants" means Natural Solution, Inc. and Isabel J. Mendoza and
23 their successors and assigns.
- 24 5. "Drug" means:

- 25 (a) Articles recognized in the official United States
26 Pharmacopoeia, official Homoeopathic Pharmacopoeia of the
27

1 United States, or official National Formulary, or any
2 supplement to any of them;

3 (b) Articles intended for use in the diagnosis, cure, mitigation,
4 treatment, or prevention of disease in man or other animals;

5 (c) Articles (other than food) intended to affect the structure or any
6 function of the body of man or other animals; and

7 (d) Articles intended for use as a component of any article
8 specified in clause (a), (b), or (c); but does not include devices
9 or their components, parts, or accessories.

10 6. "Food" means articles used for food or drink for man or other
11 animals, chewing gum, and articles used for components of any such article.

12 I. PROHIBITED MISREPRESENTATIONS

13 **IT IS THEREFORE ORDERED** that the Defendants, their officers,
14 agents, employees, and attorneys, and all persons and entities in active concert or
15 participation with them who receive actual notice of this Order by personal service
16 or otherwise, in connection with the advertising, promotion, offering for sale, sale,
17 or distribution of any covered product in or affecting commerce, are hereby
18 permanently enjoined from making any representation, directly or indirectly,
19 expressly or by implication, including through the use of endorsements, about the
20 absolute or comparative health benefits of such product, including but not limited
21 to, the representation that the covered product prevents or treats prostate cancer,
22 breast cancer, colon cancer, diabetes, anemia, heart disease, high cholesterol,
23 asthma, arthritis, and heart attacks; unless, at the time the representation is made,
24 Defendants possess and rely upon competent and reliable scientific evidence that
25 substantiates the representation.

II. NOTIFICATION TO CONSUMERS

IT IS FURTHER ORDERED that:

A. Within thirty (30) days of the date of entry of this Order, Defendants shall submit to the FTC all customer lists containing the full name, telephone number, and mailing address for every person who has purchased Knutric from the Defendants since January 1, 2005. In lieu of customer lists, Defendants may submit a truthful sworn statement listing the full name, telephone number, and mailing address of every person who has purchased Knutric from the Defendants since January 1, 2005.

B. Prior to submission to the FTC, Defendants shall retain a National Change of Address System ("NCOA") licensee and update this list by processing it through the NCOA database.

C. Within forty-five (45) days after the date of entry of this Order, Defendants shall send by first class mail, postage prepaid, an exact copy of the notice attached as Attachment A to all persons identified in subsection A of this Section. The mailing shall not include any other documents. The face of the envelope enclosing the notice shall be an exact copy of Attachment B.

III. CUSTOMER LISTS

IT IS FURTHER ORDERED that Defendants, and their officers, agents, servants, employees, and attorneys, and all other persons or entities in active concert or participation with them who receive actual notice of this Order by personal service or otherwise, are permanently restrained and enjoined from selling, renting, leasing, transferring, or otherwise disclosing the name, address, telephone number, credit card number, bank account number, e-mail address, or other identifying information of any person who paid any money to any Defendant, at any time prior to entry of this order, in connection with the purchase

1 of Knutric. Provided, however, that Defendants must disclose such identifying
2 information to the FTC pursuant to Section II.A of this Order; and Defendants
3 may disclose such identifying information to a law enforcement agency or as
4 required by any law, regulation, or court order.

5 IV. MONETARY RELIEF

6 IT IS FURTHER ORDERED that judgment is hereby entered in favor of
7 the FTC against Defendants, jointly and severally, in the sum of \$3,087,969.06,
8 which the Court determines is the amount of consumer injury caused by
9 Defendants' sales of Knutric.

10 V. COMPLIANCE MONITORING

11 IT IS FURTHER ORDERED that, for the purpose of monitoring and
12 investigating compliance with any provision of this Order:

13 A. Within ten (10) days of receipt of written notice from a representative of the
14 FTC, Defendants Natural Solution, Inc. and Isabel J. Mendoza each shall submit
15 additional written reports, sworn to under penalty of perjury; produce documents
16 for inspection and copying; appear for deposition; and/or provide entry during
17 normal business hours to any business location in such defendant's possession or
18 direct or indirect control.

19 B. In addition, the Commission is authorized to monitor compliance with this
20 Order by all other lawful means, including but not limited to the following:

21 ~~1. Obtaining discovery from any person, without further leave of court,~~
22 ~~using the procedures prescribed by Fed. R. Civ. P. 30, 31, 33, 34, 36, and 45;~~

23 2. Posing as consumers and suppliers to: Natural Solution, Inc. and
24 Isabel J. Mendoza, their employees, or any other entity managed or controlled in
25 whole or in part by Defendants Natural Solution, Inc. and Isabel J. Mendoza,
26 without the necessity of identification or prior notice; and

1 C. Defendants shall permit representatives of the Commission to interview any
2 employer, consultant, independent contractor, representative, agent, or employee
3 who has agreed to such an interview, relating in any way to any conduct subject to
4 this Order. The person interviewed may have counsel present.

5 *Provided, however,* that nothing in this Order shall limit the Commission's
6 lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act,
7 15 U.S.C. §§ 49, 57b-1, to obtain any documentary material, tangible things,
8 testimony, or information relevant to unfair or deceptive acts or practices in or
9 affecting commerce (within the meaning of 15 U.S.C. § 45(a)(1)).

10 VI. COMPLIANCE REPORTING BY DEFENDANTS

11 IT IS FURTHER ORDERED that, in order that compliance with the
12 provisions of this Order may be monitored:

13 A. For a period of three (3) years from the date of entry of this Order,

14 1. Defendant Isabel J. Mendoza shall notify the Commission of the
15 following:

16 (a) Any changes in her residence, mailing addresses, and telephone
17 numbers, within ten (10) days of the date of such change;

18 (b) Any changes in her employment status (including
19 self-employment), and any change in her ownership in any
20 business entity, within ten (10) days of the date of such change.
21 Such notice shall include the name and address of each
22 business that she is affiliated with, employed by, creates or
23 forms, or performs services for; a statement of the nature of the
24 business; and a statement of her duties and responsibilities in
25 connection with the business or employment;

1 (c) Any changes in her name or use of any aliases or fictitious
2 names; and

3 2. Defendants Natural Solution, Inc. and Isabel J. Mendoza shall notify
4 the FTC of any changes in Natural Solution, Inc.'s corporate structure or in any
5 business entity that Defendant Isabel J. Mendoza directly or indirectly control(s),
6 or has an ownership interest in, that may affect compliance obligations arising
7 under this Order, including but not limited to a dissolution, assignment, sale,
8 merger, or other action that would result in the emergence of a successor entity;
9 the creation or dissolution of a subsidiary, parent, or affiliate that engages in any
10 acts or practices subject to this Order; the filing of a bankruptcy petition; or a
11 change in the corporate name or address, at least thirty (30) days prior to such
12 change, *provided* that, with respect to any proposed change in the corporation
13 about which the Defendants learn less than thirty (30) days prior to the date such
14 action is to take place, Defendants Natural Solution, Inc. and Isabel J. Mendoza
15 shall notify the Commission as soon as is practicable after obtaining such
16 knowledge.

17 B. One hundred eighty (180) days after the date of entry of this Order, all
18 Defendants shall provide a written report to the FTC, sworn to under penalty of
19 perjury, setting forth in detail the manner and form in which they have complied
20 and are complying with this Order. This report shall include, but not be limited to:

21 1. For Isabel J. Mendoza,

22 (a) Her then-current residence address, mailing addresses, and
23 telephone numbers;

24 (b) Her then-current employment and business addresses, and
25 telephone numbers, a description of the business activities of
26 each such employer or business; and the title and
27

responsibilities of Isabel J. Mendoza, for each such employer or business; and

(c) Any other changes required to be reported under subsection A of this Section VI.

2. For all Defendants,

(a) A copy of each acknowledgment of receipt of this Order, obtained pursuant to Section VII;

(b) A copy of the notice and the envelope required by Section II.C of this Order to notify consumers of this lawsuit.

(c) Any other changes required to be reported under subsection A of this Section VI.

C. For the purposes of this Order, Defendants shall, unless otherwise directed by the Commission's authorized representatives, mail all written notifications to the Commission to:

Associate Director for Enforcement

Federal Trade Commission

600 Pennsylvania Ave., NW Room NJ-2122

Washington, DC 20580

Re: FTC v. Natural Solution, Inc. et al.,

Civil Action No. 06-06112 JFW (JTLx)

D. For purposes of the compliance reporting and monitoring required by this Order, the FTC is authorized to communicate directly with Defendants.

VII. RECORD KEEPING PROVISIONS

IT IS FURTHER ORDERED that, for a period of six (6) years from the date of entry of this Order, Natural Solution, Inc. and Isabel J. Mendoza and their agents, employees, officers, corporations, and those persons in active concert or

1 participation with them who receive actual notice of this Order by personal service
2 or otherwise, are hereby restrained and enjoined from failing to create and retain
3 the following records:

4 A. Accounting records that reflect the cost of goods or services sold, revenues
5 generated, and the disbursement of such revenues;

6 B. Personnel records accurately reflecting: the name, address, and telephone
7 number of each person employed in any capacity by such business, including as an
8 independent contractor; that person's job title or position; the date upon which the
9 person commenced work; and the date and reason for the person's termination, if
10 applicable;

11 C. Customer files containing the names, addresses, phone numbers, dollar
12 amounts paid, quantity of items or services purchased, and description of items or
13 services purchased, to the extent such information is obtained in the ordinary
14 course of business;

15 D. Complaints and refund requests (whether received directly, indirectly or
16 through any third party) and any responses to those complaints or requests;

17 E. Copies of all training materials, advertisements, or other marketing
18 materials, including taped advertisements or infomercials, and infomercial scripts;

19 F. All materials that were relied upon in making any representations contained
20 in the materials identified in subsection E above, including all documents
21 evidencing or referring to the accuracy of any claim therein, including but not
22 limited to, all tests, reports, studies, demonstrations, or other evidence that
23 confirm, contradict, qualify, or call into question the accuracy of such claim;

24 G. One copy of the notice and the envelope required by Section II.C of this
25 Order to notify consumers of this lawsuit; and

26 H. All records and documents necessary to demonstrate full compliance with
27

1 each provision of this Order, including but not limited to, copies of
2 acknowledgments of receipt of this Order, required by Section VIII., and all
3 reports submitted to the FTC pursuant to Section VI.

4 **VIII. DISTRIBUTION OF ORDER BY DEFENDANTS**

5 **IT IS FURTHER ORDERED** that, for a period of three (3) years from the
6 date of entry of this Order, Defendants shall deliver copies of the Order as directed
7 below:

8 A. Defendant Natural Solution, Inc. must deliver a copy of this Order to all of
9 its principals, officers, directors, and managers. Natural Solution, Inc. also must
10 deliver copies of this Order to all of its employees, agents, advertising and media
11 outlets, retailers, distributors, and representatives who engage in conduct related to
12 the subject matter of this Order. For current personnel, delivery shall be within (5)
13 days of service of this Order upon Defendant. For new personnel, delivery shall
14 occur prior to them assuming their responsibilities.

15 B. For any business that Defendant Isabel J. Mendoza controls, directly or
16 indirectly, or in which she has a majority ownership interest, Isabel J. Mendoza
17 must deliver a copy of this Order to all principals, officers, directors, and
18 managers of that business. Isabel J. Mendoza must also deliver copies of this
19 Order to all employees, agents, and representatives of that business who engage in
20 conduct related to the subject matter of this Order. For current personnel, delivery
21 shall be within (5) days of service of this Order upon Defendant. For new
22 personnel, delivery shall occur prior to them assuming their responsibilities.

23 C. For any business where Isabel J. Mendoza is not a controlling person of a
24 business but otherwise engages in conduct related to the subject matter of this
25 Order, Isabel J. Mendoza must deliver a copy of this Order to all principals and
26 managers of such business before engaging in such conduct.

D. Natural Solution, Inc. and Isabel J. Mendoza must secure a signed and dated statement acknowledging receipt of the Order, within thirty days of delivery, from all persons receiving a copy of the Order pursuant to this Section VIII.


IX. ACKNOWLEDGMENT OF RECEIPT OF ORDER

IT IS FURTHER ORDERED that each defendant, Natural Solution, Inc. and Isabel J. Mendoza, within five (5) business days of receipt of this Order as entered by the Court, must submit to the FTC a truthful sworn statement acknowledging receipt of this Order.

X. RETENTION OF JURISDICTION

IT IS FURTHER ORDERED that this Court shall retain jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.

SO ORDERED, this 4th day of September, 2007.



HON. JOHN F. WALTER
UNITED STATES DISTRICT JUDGE

ATTACHMENT A

Front Page

[Membrete de Natural Solution, Inc.]

CORREO DE PRIMERA CLASE

Estimado cliente de Natural Solution:

Nuestros archivos indican que usted compró el producto Knutric por medio de Natural Solution, Inc. Le estamos enviando esta carta para notificarle de una demanda presentada contra Knutric.

La Comisión Federal de Comercio (*Federal Trade Commission*, FTC), la agencia nacional de protección al consumidor, inició una demanda judicial contra Natural Solution, Inc. En esta demanda la FTC alegó que hicimos declaraciones falsas sobre los efectos benéficos de Knutric. Nuestros anuncios publicitarios declararon que Knutric puede prevenir y tratar enfermedades como el cáncer de la próstata, cáncer del seno, y el cáncer del colon. Un juez determinó que nuestros anuncios publicitarios eran engañosos, y que **NO HAY NINGUNA EVIDENCIA** que Knutric puede prevenir o tratar el cáncer de la próstata, cáncer del seno, y el cáncer del colon. Ahora estamos prohibidos de hacer declaraciones sobre los beneficios de salud que provee Knutric sin tener pruebas científicas.

Si usted ha tomado Knutric, le urgimos que consulte con un profesional de atención médica si sufre de una enfermedad. Para más información sobre la prevención y el tratamiento del cáncer, por favor llame al Servicio de Información sobre el Cáncer del Instituto Nacional del Cáncer al 1-800-422-6237 (4-Cancer).

Cordialmente,

Isabel Mendoza, Presidente de Natural Solution, Inc.

S. C. A. (K) (E) (S)

ATTACHMENT A

Back Page

Natural Solution, Inc. Letterhead

BY FIRST CLASS MAIL

Dear Natural Solution customer:

Our records show that you bought Knutric from us. This letter is to tell you about a lawsuit concerning Knutric.

The Federal Trade Commission, the nation's consumer protection agency, sued us for making deceptive claims about the health benefits of Knutric. We said in our ads that Knutric could prevent and treat diseases like prostate cancer, breast cancer, and colon cancer. A judge found that our ads were deceptive, and there is **NO EVIDENCE** to substantiate the claim that Knutric can prevent or treat prostate cancer, breast cancer, or colon cancer. We are now prohibited from saying anything about Knutric's health benefits without scientific evidence.

If you have been taking Knutric, we urge you to get proper medical attention from your health care practitioner for any ailments you may have. For more information about cancer prevention and treatment, please contact the National Cancer Institute's Cancer Information Center at 1-800-4CANCER.

Sincerely,

Isabel Mendoza
President, Natural Solution, Inc.

