

## IN THE MATTER OF

MULTIPLE LISTING SERVICE OF THE  
GREATER MICHIGAN CITY AREA, INC.

also d/b/a

## MULTIPLE LISTING SERVICE OF LAPORTE COUNTY, INC.

CONSENT ORDER IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF THE  
FEDERAL TRADE COMMISSION ACT*Docket C-3163. Complaint, Sept. 11, 1985—Decision, Sept. 11, 1985*

This consent order requires an Indiana firm providing a multiple listing service to member real estate brokers doing business in LaPorte County, Ind., among other things, to cease fixing, establishing or maintaining commission rates for brokerage services; urging its members to charge the customary market rate of commission; taking adverse action against non-conforming brokers; or otherwise engage in conduct having the tendency to restrain competition in the real estate brokerage market. The company is also barred from interfering with any statement disseminated in an advertisement that truthfully refers or relates to another broker's business practices; restricting a broker from offering or accepting an exclusive agency listing, reserve clause listing or open listing; and restraining a broker's participation or involvement in a competitive organization or service. The firm is further required to publish exclusive agency listings or reserve clause listings in its multiple listing service; timely amend their by-laws, rules and regulations, and other materials to conform to the provisions of the order; and provide area real estate brokers with a prescribed statement setting forth those terms. Additionally, the order prohibits the firm from improperly denying a membership application; requires a written notice of denial together with the reasons for the denial to be provided to rejected applicants; and requires the firm to maintain records relating to membership applications for a specified period.

*Appearances*

For the Commission: *Alan J. Friedman* and *Oscar M. Voss*.

For the respondents: *Thomas D. Sallwasser, Sallwasser & McClain, Laporte, Ind.*

## 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, having reason to believe that respondent Multiple Listing Service Of The Greater Michigan City Area, Inc., a corporation, also trading and doing business as Multiple Listing Service Of LaPorte County, Inc., has violated and is violating Section 5 of the Federal Trade Commission Act, 15 U.S.C. 45, and it appearing to the

Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues this complaint stating its charges as follows:

1. As used in this complaint:

a. *Multiple listing service* shall mean a clearinghouse through which member real estate brokerage firms regularly and systematically exchange information on listings of real estate properties and share commissions with members who locate purchasers.

b. *Member or member firm* shall mean any real estate brokerage firm that is entitled to participate in the multiple listing service offered by respondent Multiple Listing Service Of The Greater Michigan City Area, Inc.

c. *Applicant* shall mean any owner or co-owner of a real estate brokerage firm who is duly licensed by the Indiana Real Estate Commission as a real estate broker within the State of Indiana and who has applied on behalf of his or her firm for membership in respondent's multiple listing service.

d. *Listing* shall mean any agreement between a real estate broker and a property owner for the provision of real estate brokerage services.

e. *Exclusive right to sell listing* shall mean any listing under which the property owner agrees to pay the broker a certain commission if the property is sold, regardless of who locates the purchaser.

f. *Reserve clause listing* shall mean any exclusive right to sell listing that includes a provision reserving the property owner's right to sell the property to one or more persons individually named in the listing agreement without owing a commission to the broker.

g. *Exclusive agency listing* shall mean any listing under which the property owner agrees to pay the broker a certain commission if the property is sold through any real estate broker, but, if the owner locates the purchaser independently of any real estate broker, the owner owes a reduced commission or no commission to the broker.

h. *Open listing* shall mean any listing under which the property owner grants the broker a nonexclusive agency to locate a purchaser for the property, such that the owner is free to enter into other open listings with other real estate brokers and owes a commission only to the broker who locates the purchaser.

2. Respondent Multiple Listing Service Of The Greater Michigan City Area, Inc. ("MLS") is a corporation organized, existing and doing business under any by virtue of the laws of the State of Indiana. Respondent MLS's principal office and place of business is at 5450 North Johnson Road, Michigan City, Indiana, in LaPorte County. The population of LaPorte County is approximately 105,000 and the popu-

lation of Michigan City (the County's largest city) is approximately 40,000.

3. Respondent MLS is now and has been at all times relevant herein a corporation organized for its own profit and that of its members within the meaning of Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

4. Respondent MLS is now and has been since 1970 providing a multiple listing service for member real estate brokerage firms doing business in LaPorte County. The member firms are owned and operated by real estate brokers who, for a commission, provide the service of bringing together buyers and sellers of residential real estate, as well as other related services designed to facilitate such sales. Each member firm agrees to submit all of its LaPorte County residential property listings (except for new residences in which the member has an ownership interest) for publication on the multiple listing service to the entire MLS membership and to share brokerage commissions with those member firms that successfully locate purchasers for properties it has listed. The MLS charges a fee to members for publishing listings on its multiple listing service only if the property is sold before the listing's expiration date; the fee is based on a percentage of the earned brokerage commission on the sale of the property. The MLS allows only exclusive right to sell listings to be published on its multiple listing service.

5. Membership in respondent MLS provides valuable competitive advantages in the brokering of residential real estate in LaPorte County. MLS membership significantly increases the opportunities of brokerage firms to enter into listings with residential property owners, as owners generally consider MLS publication of listings to be the fastest and most effective and convenient means of obtaining the broadest market exposure for residential property in LaPorte County. MLS membership also significantly reduces the costs of obtaining up-to-date and comprehensive information on listings and sales that is important for brokerage firms to compete effectively in the market. Respondent MLS provides the only real estate multiple listing service serving LaPorte County. About 65 percent of the active, full time residential real estate brokerage firms doing business in LaPorte County have been and are now members of the MLS. Only two of the eight largest residential real estate brokerage firms in terms of dollar sales are not currently members of the MLS. For 1982, about 65 percent of the total dollar volume of residential real estate sales in LaPorte County through brokerage firms involved listings published on the MLS's multiple listing service by current MLS members. Also for 1982, approximately 80 percent of the total dollar volume of residential real estate sales in Michigan City through brokerage firms

involved listings published on the MLS's multiple listing service by current MLS members.

6. Sales of real estate listings published on the MLS's multiple listing service totaled about \$30 million for 1981, at least \$22 million for 1982, and about \$31 million for 1983. Almost the entire dollar sales volume of MLS-published listings represents sales of residential real estate in LaPorte County.

7. Approximately thirty firms are members of the MLS's multiple listing service. Each member owns one share of MLS stock, entitling each firm to one vote in the operation of the multiple listing service. Only members may own MLS stock and participate in the MLS's multiple listing service.

8. The MLS requires each member to pledge adherence to MLS regulations and other MLS policies. Members found to be in violation of any MLS regulation or other MLS policy are subject to fine or to suspension or termination of membership.

9. Real estate brokers doing business in the State of Indiana must be licensed by the Indiana Real Estate Commission pursuant to state law. The state law licensing requirements include:

- a. completion of prescribed courses of study;
- b. one year experience as a licensed salesperson for a licensed real estate broker or equivalent experience; and
- c. passing a written examination.

10. Except to the extent that competition has been restrained as described in Paragraphs 12 through 22 below, the MLS members are now and have been in competition among themselves and with other firms in the provision of residential real estate brokerage services.

11. In adopting the policies and engaging in the acts and practices described in Paragraphs 12 through 22 below, the MLS has been and is now acting as a combination of its members, or in conspiracy with some of its members or others, to restrain trade in the provision of residential real estate brokerage services.

12. Upon the formation of the MLS in 1970, the MLS adopted regulations requiring that members charge for brokerage services "only such fees as are . . . in accordance with local practice in similar transactions" and that "any listing filed with [the MLS] shall provide for payment of a commission in accordance with the customary practices within [LaPorte County]." These regulations are still in effect. Almost all of the LaPorte County brokerage firms, including almost all of the current MLS members, have been and are now customarily charging commission rates of six or seven percent of the gross sales price of residential property.

and elsewhere, most or all of the brokerage firms serving Michigan City, including most or all of the member firms of the MLS at that time, jointly determined to raise the customary commission rate for brokering residential property in Michigan City from six percent to seven percent of the gross sales price of the property. Within about six months after this joint determination was made, the predominant commission rate on the sale of residential property in Michigan City increased from six to seven percent, and seven percent continues to be the predominant rate charged by Michigan City brokerage firms.

14. The MLS, in conspiracy with some MLS members, has obstructed truthful comparative advertising, including truthful advertising of low commission rates. An MLS code of ethics requirement in effect since the MLS's formation in 1970 states that a member "shall never publicly criticize a competitor . . . ." During July to September 1978 or thereabouts, an MLS member became the first LaPorte County brokerage firm since at least 1970 to advertise a commission rate below six percent and to refer in advertising to its costs and services in comparison with other area firms. Despite the truthfulness of this advertising, the president of the MLS and other MLS members charged that this firm's advertising constituted improper public criticism of a competitor and, through the MLS, jointly coerced the advertising member to stop this conduct. Since this incident, no MLS member has attempted to advertise in a similar fashion.

15. Since at least 1978, and in order to deter the entry of new competitors and to impede price competition, respondent MLS has been and is now requiring any duly licensed real estate broker seeking MLS membership on behalf of his or her firm to have owned and operated a real estate brokerage business in LaPorte County for one year immediately preceding the date of application. In addition, the MLS has been requiring that the applicant, for this one year period (and that each member to retain membership):

- a. derive the major or principal portion of earned income from full time practice of real estate brokerage; and
- b. operate from an established place of business in LaPorte County at a nonresidential location.

In one instance, in 1980, the MLS denied membership to a brokerage firm that had been regularly charging a four percent commission rate. Even though this firm had operated in LaPorte County under the same ownership since at least 1975, it was denied membership on the ground that it did not have a business office located in a non-residential location in LaPorte County for the requisite one year period.

16. In addition, the MLS has required some brokerage firms that

met the one year waiting periods described in Paragraph 15 above to wait for membership substantial additional periods of time. In 1980, the MLS notified one applicant that met the MLS's one year waiting period to reapply in about three months as no applications would be considered until that time. In 1978, before the above-described one year waiting periods were required, the MLS refused to process a membership application of a brokerage firm that had been operating full time in LaPorte County from a non-residential location for a number of years. About three or four months after receipt of this application, and only upon inquiry by the applicant, the MLS told the applicant that no new members were being accepted at that time and that no information could be provided on when new membership would be available.

17. Through the policies, acts, or practices described in Paragraphs 15 and 16 above, and since 1978, the MLS has unreasonably prevented or delayed the membership of at least eight firms by denying membership, failing to act upon applications, or deterring the submission of applications. At least six of these firms were new entrants and at least three of the eight, as of their dates of application or during their first year of operation, had regularly or frequently charged commission rates below six percent.

18. The MLS has been and is now prohibiting any member from entering into any exclusive agency listing, and the MLS has been and is now refusing to publish any exclusive agency listing on its multiple listing service.

19. The MLS has been and is now prohibiting any member from entering into any reserve clause listing with an individual residential property owner, and the MLS has been and is now refusing to publish any such listing on its multiple listing service.

20. The MLS has been and is now prohibiting any member from entering into any open listing with a residential property owner.

21. Respondent MLS has been and is now prohibiting any member from participating, without the approval of the MLS, in any organization that competes with the MLS's multiple listing service.

22. The MLS has been and is now unreasonably restricting the ability of members and property owners to cancel residential listings before the listing's expiration date. The MLS, through a regulation in effect since the MLS's formation in 1970, prohibits any member from entering into any agreement with a property owner to cancel a residential listing before the listing's expiration date without prior approval of the MLS. Although the MLS has approved a number of cancellations that release the member from further obligation to provide brokerage services under the listing (such as when the owner is

prohibiting any cancellation that would partially or fully release the owner from further obligation to pay a commission should the property be sold before the listing's original expiration date. The MLS also has been and is now prohibiting any cancellation that would provide for the transfer of the listing from a member to one of the member's former associates who has recently started his or her own firm.

23. The purposes or effects, and the tendency and capacity, of the policies, acts, or practices of the MLS and its members as described in Paragraphs 12 through 22 above have been and are to unreasonably restrain competition in one or more of the following ways, among others:

- a. stabilize, fix, maintain, or interfere with prices of real estate brokerage services;
- b. restrain price competition among brokerage firms;
- c. unreasonably restrain the entry of new brokerage firms and of new joint ventures or shared brokerage or multiple listing services in competition with the MLS's multiple listing service;
- d. restrain competition among brokerage firms based on willingness to accept different contract terms that may be attractive and beneficial to consumers, such as terms that allow the property owner to pay a reduced commission or no commission if the owner sells the property through alternative means;
- e. substantially limit the ability of consumers to negotiate lower prices for brokerage services and brokerage contract terms that may be more advantageous than an exclusive right to sell listing;
- f. substantially limit the ability of residential property sellers to compete with real estate brokers in locating purchasers;
- g. substantially limit consumers' ability to choose among a variety of brokerage firms competing on the basis of price, contract terms, and services; and
- h. deprive consumers of information pertinent to selecting a brokerage firm, and of the benefits of competition.

24. In the conduct of their businesses and through the policies, acts, and practices described in Paragraphs 12 through 22 above, the MLS and its members involve or affect:

- a. a substantial interstate flow of funds used in the financing of LaPorte County real estate;
- b. a substantial amount of LaPorte County real estate financing guaranteed or insured under federal government programs;
- c. the sale of a substantial amount of title and homeowners' insurance by interstate insurers to LaPorte County property owners;
- d. the franchise operations of those interstate chains of real estate

brokerage firms that include one or more members of respondent MLS; and

e. the interstate sale of computer services to respondent MLS.

As a result of these and other events and effects, the policies, acts, and practices of the MLS and its members as described in Paragraphs 12 through 22 above are in or affect commerce within the meaning of Section 5 of the Federal Trade Commission Act, 15 U.S.C. 45.

25. The policies, acts, practices, and combinations or conspiracies described in Paragraphs 12 through 22 above constitute unfair methods of competition or unfair acts or practices in violation of Section 5 of the Federal Trade Commission Act, 15 U.S.C. 45. The alleged conduct is continuing in nature and will continue in the absence of the relief requested.

#### 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 Competition 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 the Commission having thereafter executed an agreement containing a consent order; 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 sixty (60) days, having duly considered the comments filed thereafter by interested persons pursuant to Section 2.34(b) of its Rules and the recommendations of its staff; and

The respondent having been furnished with a copy of a revised draft of complaint which the Bureau of Competition proposed to present to the Commission for its consideration, and the respondent, its attorney, and counsel for the Commission having thereafter executed a revised agreement containing consent order dated August 28, 1984; and

The Commission having thereafter reconsidered the matter and having determined that it had reason to believe that the respondent has violated the said Act as stated in the revised complaint, and that



spect, and having thereupon withdrawn its acceptance of the original agreement and accepted the revised agreement and placed such revised agreement on the public record for a period of sixty (60) days, and having duly considered the comments filed thereafter by interested persons pursuant to Section 2.34(b) of its Rules and the recommendations of its staff; and

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

Now in 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 is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its office and principal place of business located at 5450 North Johnson Road, in the City of Michigan City, State of Indiana.

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

1. *Multiple listing service* shall mean a clearinghouse through which member real estate brokerage firms regularly and systematically exchange information on listings of real estate properties and share commissions with members who locate purchasers.

2. *Member* shall mean any real estate brokerage firm that is entitled to participate in the multiple listing service offered by respondent Multiple Listing Service Of The Greater Michigan City Area, Inc.

3. *Applicant* shall mean any owner or co-owner of a real estate brokerage firm who is duly licensed by the Indiana Real Estate Commission as a real estate broker within the State of Indiana and who has applied on behalf of his or her firm for membership in respondent's multiple listing service.

4. *Market* shall mean the provision of real estate brokerage services for residential properties located in LaPorte County, Indiana.

5. *Listing* shall mean any agreement between a real estate broker and a property owner for the provision of real estate brokerage services.

6. *Exclusive right to sell listing* shall mean any listing under which the property owner agrees to pay the broker a certain commission if the property is sold, regardless of who locates the purchaser.

7. *Reserve clause listing* shall mean any exclusive right to sell listing that includes a provision reserving the property owner's right to sell the property to one or more persons individually named in the listing agreement without owing a commission to the broker.

8. *Exclusive agency listing* shall mean any listing under which the property owner agrees to pay the broker a certain commission if the property is sold through any real estate broker, but, if the owner locates the purchaser independently of any real estate broker, the owner owes a reduced commission or no commission to the broker.

9. *Open listing* shall mean any listing under which the property owner grants the broker a nonexclusive agency to locate a purchaser for the property, such that the owner is free to enter into other open listings with other real estate brokers and owes a commission only to the broker who locates the purchaser.

#### I.

*It is ordered*, That respondent Multiple Listing Service Of The Greater Michigan City Area, Inc., and its directors, officers, committees, representatives, agents, employees, subsidiaries, successors, and assigns, directly or indirectly or through any device, in or in connection with respondent's operation of a multiple listing service in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall cease and desist from:

A. Fixing, establishing, or maintaining any rate, range or amount of commission for real estate brokerage services, or otherwise restraining price competition among real estate brokers, including but not limited to:

1. requiring, urging, recommending, or suggesting that any broker charge for brokerage services only such commissions or commission rates as are in accordance with local practice in similar transactions;

2. requiring, urging, recommending, or suggesting that any listing filed with respondent's multiple listing service provide for payment of a commission in accordance with the customary practices within the market;

3. requiring, urging, recommending, or suggesting that any broker refrain from charging or advertising any commission or commission

rate below what is customarily charged or prevailing in the market;  
or

4. taking or threatening any action that has the purpose or effect of penalizing, discriminating against, or interfering with any broker's charging or advertising any commission or commission rate below what is customarily charged or prevailing in the market.

B. Declaring to be unethical or otherwise restricting or interfering with any statement in a generally disseminated advertisement by a broker that truthfully refers or relates to the business practice of any other real estate broker, such as truthful comparisons of commissions, commission rates, operating costs, services, methods of operation, or brokerage terms or conditions. Generally disseminated advertisements shall include any advertisement through the media, through printed distributions covering a particular geographic area or a particular association of persons, or through other general means.

C. Adopting any policy or taking any other action that has the purpose or effect of:

1. requiring that any applicant or prospective applicant must have been engaged to any degree or in any manner or capacity in real estate brokerage for any period of time before becoming eligible for membership in respondent's multiple listing service;

2. requiring that any prospective applicant, applicant, or member must:

a. engage in real estate brokerage full time;

b. derive any particular amount or portion of income from real estate brokerage; or

c. operate from an established place of business at a nonresidential location;

3. restricting the acceptance of any membership application for processing to unreasonably infrequent or limited periods of time during the year;

4. unreasonably delaying action on any membership application or the induction of any new member; or

5. discriminating against any prospective applicant, applicant, or member that is a new entrant in the market or new to respondent's multiple listing service;

*provided, however,* that nothing contained in this subpart shall prohibit respondent from adopting or enforcing any reasonable and non-discriminatory policy to assure that its members are actively engaged in real estate brokerage and that listings published on respondent's multiple listing service are adequately serviced.

D. Restricting or interfering with:

1. any broker's offering or acceptance of any exclusive agency listing or reserve clause listing; or

2. the publishing on respondent's multiple listing service of any exclusive agency listing or reserve clause listing of a member.

E. Publishing on respondent's multiple listing service any exclusive agency listing or reserve clause listing:

1. in any manner different from the publishing of any exclusive right to sell listing; or

2. in any category separate from exclusive right to sell listings;

*provided, however*, that nothing contained in subparts I.D. or I.E. shall prohibit respondent from: (a) including a simple designation that a published listing is an exclusive agency listing or reserve clause listing rather than an exclusive right to sell listing; (b) charging a reasonable and nondiscriminatory fee based on costs for any service it provides; and (c) applying reasonable terms and conditions equally applicable to, and not discriminatory in their impact upon, the publication of any listing, whether exclusive agency, reserve clause, or exclusive right to sell.

F. Prohibiting any broker from entering into any open listing.

G. Restricting or interfering with any broker's development of, or participation or involvement in, any organization, service, or venture that competes in any way with respondent's multiple listing service.

H. Restricting or interfering with any member and property owner cancelling a listing before the listing's expiration date; *provided, however*, that nothing contained in this subpart shall prohibit respondent from: (1) requiring three days advance notice of the cancellation, including a copy of the cancellation agreement; (2) charging a reasonable and nondiscriminatory fee for any service it provides if the property subject to the cancelled listing is sold before the original expiration date of the listing and said fee is not otherwise owed to respondent by another member; and (3) charging a reasonable and nondiscriminatory fee based on costs for any service it provides.

## II.

*It is further ordered*, That respondent Multiple Listing Service Of The Greater Michigan City Area, Inc., shall:

A. Within sixty (60) days after this order becomes final, amend its by-laws, code of ethics, and rules and regulations and any other of its materials to conform to the provisions of this order.

B. Within thirty (30) days after this order becomes final, make its best efforts to distribute an announcement in the form shown in

Appendix A to the principal(s) of each real estate brokerage firm doing business in LaPorte County, Indiana (including each member and including any other brokerage firm listed in the most current telephone yellow page directories for Michigan City and the city of LaPorte), including a sufficient number of copies to permit each real estate broker and salesperson associated with any such firm to receive the announcement.

C. For a period of five (5) years after this order becomes final, furnish promptly a copy of this order to:

1. any person who inquires in writing about, or who submits an application for, membership in respondent's multiple listing service; and
2. any other person who requests a copy.

### III.

*It is further ordered,* That respondent Multiple Listing Service Of The Greater Michigan City Area, Inc., shall:

A. Within sixty (60) days after this order becomes final, submit a written report to the Federal Trade Commission setting forth in detail the manner and form in which respondent has complied and is complying with this order.

B. For a period of ten (10) years after this order becomes final:

1. provide to any applicant who has been denied membership prompt and clear written notice of the denial, specifying the membership requirements not met and explaining in what manner the requirements are not met; and

2. keep all documents that discuss, refer, or relate to any denied or approved application for a period of five (5) years from the final decision on such application, maintaining all such documents in one separate file segregated by the names of the applicants.

C. For a period of ten (10) years after this order becomes final, make available to the Federal Trade Commission staff for inspection and copying, upon reasonable notice, all documents that relate to determining whether respondent has been and is complying with this order, including but not limited to the documents required to be kept by subpart III. B. of this order.

D. Notify the Federal Trade Commission at least thirty (30) days prior to any proposed change in respondent, such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or any other change

in the corporation which may affect compliance obligations arising out of this order.

E. Require as a condition of sale or transfer of all, or a substantial part, of respondent's business or assets to any other person seeking to perform essentially the same services as respondent in LaPorte County, Indiana that such successor or transferee file promptly with the Federal Trade Commission a written agreement to be bound by the terms of this order; *provided, however*, that if respondent wishes to present to the Commission any reasons why this order should not apply in its present form to said successor or transferee, it shall submit to the Commission a written statement setting forth such reasons prior to the consummation of the succession or transfer.

#### IV.

*It is further ordered*, That nothing in this order shall be construed to exempt respondent from compliance with the antitrust laws or the Federal Trade Commission Act, and the fact that any activity is not prohibited by this order shall not bar a challenge to it under such laws and statute.

#### APPENDIX A

[Date]

[Respondent's Regular Letterhead]

#### ANNOUNCEMENT

As you may be aware, the Multiple Listing Service Of The Greater Michigan City Area, Inc., has entered into a consent agreement with the Federal Trade Commission that has now become final. The following is a brief summary of the provisions of the order issued pursuant to the consent agreement:

1. *Commission rates and advertising*: The MLS will not maintain any rate or amount of commission or fee for real estate brokerage services or restrain competition among member firms in any manner. Any member will be free to charge any commission rate and to engage in general truthful advertising of any type, including comparative advertising of rates or of other terms and services.

2. *Eligibility for membership*: The MLS will not require as a prerequisite for membership that a broker have owned and operated a business for a one year period or any other time period. In addition, the MLS will not require any applicant or member to be engaged full time in real estate brokerage, to operate from an office outside of the home, or to avoid participating in any other organization that competes with the MLS. Applications will be accepted and acted upon without unreasonable delay. If any membership application is denied, the MLS will promptly provide to the applicant a written explanation of the specific reasons for the denial.

3. *Property listings that limit or differ from an exclusive right to sell arrangement*:

Members will be free to enter into any exclusive agency listing\* or reserve clause listing.\*\* The MLS will publish all listings of these types with notice that the listing is an exclusive agency listing or reserve clause listing rather than a standard exclusive right to sell listing.\*\*\* Members also will be free to enter into any open listing. Under the order, the MLS will be free to allow or to disallow publication of open listings.

4. *Cancellation of listings:* The MLS will not prohibit the cancellation of a listing before its expiration date. However, the MLS may require three days advance notice of the cancellation. In addition, the MLS may still charge the member a regular service fee if the property subject to a cancelled listing is sold before the original expiration date of the listing, so long as that fee is not otherwise owed to the MLS by another member. In lieu of levying any such charge, the MLS may simply charge each member cancelling a listing a fee to cover the cost of publishing that listing.

The FTC is not endorsing any practice of the MLS that has not been challenged. For more specific information, you should refer to the FTC order itself. A copy of the order will be furnished to any person upon request.

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President  
Multiple Listing Service Of The  
Greater Michigan City Area, Inc.

\* Under an exclusive agency listing, the owner owes a reduced commission or no commission to the broker if the owner locates the purchaser independently of any real estate broker.

\*\* According to the order, a reserve clause listing is any exclusive right to sell listing that includes a provision reserving the owner's right to sell to designated persons without owing a commission to the broker.

\*\*\* The MLS may charge the listing member a fee to cover the cost of publishing the listing upon a sale where no brokerage commission is due.

IN THE MATTER OF  
NATIONAL CUSTOMS BROKERS & FORWARDERS  
ASSOCIATION OF AMERICA, INC.

CONSENT ORDER IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF THE  
FEDERAL TRADE COMMISSION ACT

*Docket C-3164. Complaint, Sept. 18, 1985—Decision, Sept. 18, 1985*

This consent order requires a national association whose members provide services to clients in connection with the importation of merchandise into the United States, among other things, to cease adopting, maintaining, or enforcing any by-law, code of ethics, provision, rule or regulation that restricts or attempts to restrict the ability of a member to offer price discounts or reach independent pricing decisions relating to custom brokerage services. The Association is also barred from commencing or continuing any affiliation or formal relationship with an organization that engages in the prohibited conduct. Further, the order requires that the Association timely send a copy of the complaint and order, to each of its current members, together with the attached explanatory letter; publish the order in its "Bulletin" or newsletter; and provide a copy of the order to all new members and affiliates for a period of three years.

*Appearances*

For the Commission: *Dennis McFeeley* and *Barbara Wright*.

For the respondents: *Gerald H. Ullman*, New York City.

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, having reason to believe that the National Customs Brokers & Forwarders Association of America, Inc., a corporation, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent the National Customs Brokers & Forwarders Association of America, Inc. (hereafter "Association"), is a non-profit corporation organized, existing and doing business under and by virtue of the laws of the State of New York. Its headquarters is at One World Trade Center, Suite 1109, New York, New York.

PAR. 2. The Association is a trade association with approximately



States. The Association operates in substantial part for the economic benefit of its members and is a corporation within the meaning of Section 4 of the Federal Trade Commission Act, as amended.

PAR. 3. Members of the Association provide services to clients in connection with the importation of merchandise into the United States. These services include determining the correct duty to be paid to the United States Customs Service, filing of the appropriate papers with the Customs Service, and performing other services for which members charge fees to their clients.

Members of the Association compete with each other in the sale of customs brokerage services.

PAR. 4. Members of the Association are integrally involved in the process of importing merchandise into the United States. Merchandise imported through the facilities and services of Association members is sold throughout the United States. Therefore, the acts and practices of the Association and its members affect commerce within the meaning of Section 5 of the Federal Trade Commission Act, as amended.

PAR. 5. Acting as a combination of, and in conspiracy with, its members, the Association has restrained price competition among its members. In furtherance of this combination and conspiracy, the Association adopted a by-law requiring that its members charge fees that would assure a fair return for services rendered.

PAR. 6. The purposes and effects of the combination or conspiracy alleged in Paragraph Five have been as follows:

- a) The Association's members have been restricted in their ability to reach independent pricing decisions and to offer price discounts;
- b) Customers who import goods and use the services of the Association's members have been restricted in their ability to receive discounts and to obtain the benefit of open price competition among the Association's members.

PAR. 7. The combination or conspiracy and the acts and practices described in Paragraph Five are unfair methods of competition in violation of Section 5 of the Federal Trade Commission Act.

#### 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 Seattle Regional Office 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 respondent, its attorney, and counsel for the 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, 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 sixty (60) 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 National Customs Brokers and Forwarders Association of America, Inc., is a non-profit corporation organized, existing and doing business under and by virtue of the laws of the State of New York, with its office and principal place of business located at One World Trade Center, Suite 1109, New York, New York.

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.

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

A. The term *Association* means the National Customs Brokers & Forwarders Association of America, Inc., its successors or assigns, and its officers, board members, directors, committees, members, agents, representatives or employees.

B. The term *customs broker* shall mean any entity licensed as a customs broker by the United States Customs Service.

## II.

*It is ordered,* That the Association, directly or indirectly, or through any corporate or other device, shall cease and desist from:

A. Adopting, participating in, maintaining or enforcing any by-law, code of ethics provision, rule, regulation, agreement, understanding, plan or program, either directly or indirectly, that restricts or attempts to restrict any member's ability to offer price discounts, or otherwise restricts or attempts to restrict the ability of any member to reach independent decisions concerning prices for the sale of customs brokerage services.

B. Affiliating or establishing a formal relationship, as set forth in the by-laws of the Association, or continuing an affiliation or formal relationship with any organization that has customs brokers in its membership that violates Section II.A of this order.

## III.

*It is further ordered,* That the Association shall:

A. Within thirty (30) days after the date of service of this order send to each of its members a copy of the complaint and decision and order in this matter, with the letter attached to this order.

B. Publish this order within 30 days after the date of service on respondent in 10-point boldface (or larger) type under the heading "Federal Trade Commission Order" in the Association's "Bulletin" or similar newsletter read by the Association's general membership.

C. Provide written notice of the name and address of any association of customs brokers that is disaffiliated or is refused affiliation pursuant to Section II.B of this order. The notice shall reference this matter by name of case and docket number and shall be sent to the Assistant Director for Compliance, Bureau of Competition, Federal Trade Commission and the Regional Director, Seattle Regional Office, Federal Trade Commission.

D. For three (3) years from the date of service of this order, provide to each new Association member or affiliate a copy of the complaint and decision and order in this matter. The complaint and decision and order shall be provided not later than thirty (30) days after the new member is accepted into membership or the organization is accepted as an affiliate.

Decision and Order

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## IV.

*It is further ordered,* That the Association shall, within sixty (60) days after service of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which it has complied with this order.

## V.

*It is further ordered,* That the Association shall notify the Commission at least thirty (30) days prior to any proposed change in the Association, including, but not limited to, disbanding, dissolution, assignment, the formation of a successor or substitute entity, or any other change in the Association that may affect compliance obligations arising out of this order.

## ATTACHMENT

[Association letterhead]

Dear Member:

This letter is to notify you that, without admitting liability for any wrongdoing, we have voluntarily entered into an agreement with the Federal Trade Commission that resulted in the entry of a consent order on [enter date of order]. The order requires that this association not engage in certain practices. Copies of the complaint and order are included.

In accordance with the terms of the order, you are hereby notified that, among other requirements of the order, the National Customs Brokers & Forwarders Association of America, Inc. may not adopt or maintain any provision in its bylaws, codes of ethics or elsewhere, or enter into any agreement or understanding, that discourages the discounting of prices or that has the purpose or effect of stabilizing or fixing prices or other terms or conditions for the sale of customs brokerage services.

Moreover, violations of the order by affiliate associations of the National Customs Brokers & Forwarders Association of America, Inc. will result in the Association's disaffiliation of those local associations.

As you may be aware, the code of ethics provisions in the by-laws of this association recently have been altered. The change deletes the requirement in the code of ethics that fees charged by members shall assure a fair return for the services rendered. All of the criteria to be considered in setting fees were also deleted from the code. You are not required to consider these code provisions in setting fees. Any fees you have set that are based in whole or in part upon the deleted code of ethics provisions should be re-determined by you independently of the former code of ethics provisions.

This letter summarizes the important parts of the order, but you should read it carefully in its entirety.

Sincerely,

John Hammon  
Executive Vice President

IN THE MATTER OF  
DR. BARRY BRICKLIN

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

*Docket 9194. Complaint, June 24, 1985—Decision, Sept. 20, 1985*

This consent order requires Dr. Barry Bricklin, among other things, to cease representing that he used his expertise as a psychologist and expert in the psychological aspects of dieting to test and evaluate weight control programs and products in the same way similarly qualified experts normally would. Also, respondent is prohibited from representing that consumers can eat as much food as they want and still lose weight without also giving specified disclosures about weight reduction; and from making claims about "usual" or "average" weight loss, or the efficacy or performance of weight reduction or weight control products or programs without competent and reliable surveys or other scientific evidence that substantiates the representation. Further, respondent is required to maintain records of substantiation for three years; file compliance reports with the Commission at specified times; and notify the Commission of the discontinuance of his present employment and any future employment in similar areas.

*Appearances*

For the Commission: *Michael Dershowitz and Sandra N. Hammer.*

For the respondents: *Pro se.*

COMPLAINT\*

The Federal Trade Commission, having reason to believe that Buckingham Productions, Inc., trading and doing business as Rotation Diet Center; Furlong-Elliot Corp.; Freedom Center, Inc.; Plaza Business Services, Inc.; N.F. Rotation, Inc.; Rotation-Freedom Diet, Inc., corporations; Howard Elliot; Judy Ruthrauff; Dorothy Woolslager; and Benito Ventresca, individually and as officers of said corporations; Gail Elliot, individually ("respondents"); and Dr. Barry Bricklin, individually, ("expert respondent") have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1.

(a) Buckingham Productions, Inc., trading and doing business as

\* The Decision and Order following this Complaint applies to respondent Dr. Barry Bricklin only. The Complaint against the other named respondents remains in litigation.

Rotation Diet Center, 4131 Swamp Road, Doylestown, Pennsylvania; Furlong-Elliot Corp., 73 Valley Drive, Furlong, Pennsylvania; Freedom Center, Inc., Rotation Plaza, Furlong, Pennsylvania; Plaza Business Services, Inc., Edison-Furlong Road and Route 263, Plaza Building, Furlong, Pennsylvania; N.F. Rotation, Inc., Furlong, Pennsylvania; and Rotation-Freedom Diet, Inc., Box 315, Health Plaza, Furlong, Pennsylvania, are Pennsylvania corporations.

(b) Furlong-Elliot Corp. dominates and controls the acts and practices of its wholly-owned subsidiaries, Buckingham Productions, Inc.; Freedom Center, Inc.; Plaza Business Services, Inc.; N.F. Rotation, Inc.; and Rotation-Freedom Diet, Inc.

(c) Howard Elliot is an officer of Furlong-Elliot Corp. Howard Elliot and Gail Elliot formulate, direct and control the acts and practices of the corporate respondents, including the acts and practices alleged in this complaint. Their address is 73 Valley Drive, Furlong, Pennsylvania.

(d) Judy Ruthrauff is an officer of Buckingham Productions Inc.; Freedom Center, Inc.; Plaza Business Services, Inc.; N.F. Rotation, Inc.; and Rotation-Freedom Diet, Inc. Ruthrauff formulates, directs and controls the acts and practices of said corporate respondents, including the acts and practices alleged in this complaint. Her address is R.D. 1, Box 252A, Riegelsville, Pennsylvania.

(e) Dorothy Woolslager is an officer of Buckingham Productions, Inc.; Freedom Center, Inc.; Plaza Business Services, Inc.; N.F. Rotation, Inc.; and Rotation-Freedom Diet, Inc. Woolslager formulates, directs and controls the acts and practices of said corporate respondents, including the acts and practices hereinafter set forth. Her address is R.D. 1, Box 24, Carversville-Wismer Road, Pipersville, Pennsylvania.

(f) Benito Ventresca is an officer of Buckingham Productions, Inc.; Freedom Center, Inc.; Plaza Business Services, Inc.; N.F. Rotation, Inc.; and Rotation-Freedom Diet, Inc. Ventresca formulates, directs and controls the acts and practices of said corporate respondents, including the acts and practices hereinafter set forth. His address is 4716 Woodfield Circle, R.D. 4, Doylestown, Pennsylvania.

(g) Dr. Barry Bricklin is a clinical psychologist, with a doctor of philosophy degree in psychology, and a license to practice psychology in Pennsylvania. He is now and at all material times has been an associate professor of clinical psychology at Hahnemann University. His address is 470 General Washington Road, Wayne, Pennsylvania. Expert respondent Bricklin possesses an expertise in psychology, and in the physiological and psychological aspects of dieting, superior to that generally acquired by ordinary individuals.

reduction and/or weight control programs and products. Expert respondent Dr. Barry Bricklin, for his part, developed some of the basic principles upon which the weight reduction and/or weight control programs offered for sale through the corporate respondents are based. Expert respondent Bricklin has had a continuing role in the marketing of these programs by serving as the Director of the programs' Professional Advisory Board, and by providing advice concerning the products and programs to Howard Elliot, to other respondents, and/or to employees of the respondents as requested. In addition, expert respondent Bricklin has aided in the promotion and sale of these weight reduction and/or weight control programs and products by providing as an expert in the field endorsements of the efficacy of the programs and products that appear in advertisements. The advertisements in which expert respondent Bricklin's endorsements appear depict him as possessing an expertise in psychology, and in the physiological and psychological aspects of dieting, superior to that generally acquired by ordinary individuals.

PAR. 3. Respondents have disseminated or caused to be disseminated, advertisements for weight reduction and/or weight control programs and products that include a "food" and/or a "drug" within the meaning of these terms in Section 12 of the Federal Trade Commission Act. These advertisements, some of which contain expert respondent Dr. Barry Bricklin's endorsement, have been disseminated (a) by United States mail, or in or having an effect upon commerce by any means for the purpose of inducing, or which have been likely to induce, directly or indirectly, the purchase of food and/or drugs, or (b) by any means, for the purpose of inducing, or which is likely to induce, directly or indirectly, the purchase in or having an effect upon commerce of food and/or drugs.

PAR. 4. The acts and practices of respondents and expert respondent Dr. Barry Bricklin alleged in this complaint have been in or affecting commerce.

PAR. 5. Typical of respondents' advertisements, but not necessarily inclusive thereof, are the advertisements attached hereto as Exhibits A through L. Specifically, the aforesaid advertisements contain the following statements:

(a) Women usually lose 8 to 20 pounds a month, men 12 to 25 pounds [on the Rotation Diet].

(b) [. . . The] "No Frills" Rotation Diet Plan . . . works just like the original Plan. It's just as safe, just as effective. . . .

(c) Now you can truly eat whatever you want, as much as you want without feeling guilty and you'll still lose weight.

(d) The all natural diet—no drugs or medicine! The Rotation Diet is really SANE and PROVEN SAFE!

(e) My total loss so far has been 62 pounds . . . There are thousands of Rotation Diet Center Members who've lost as much weight as I have. Even more!

(f) Reach your goal then keep it off with the Rotation Diet Maintenance Plan.

(g) . . . [R]eal breakthrough [of the Rotation Diet] is the unique way it allows a person to find his or her right weight and then stay there.

(h) Once you reach your weight goal, you only diet two days each week. Then as your body adjusts to its new weight, you diet just one day a week. You'll be able to stay slim all your life . . . comfortably and easily.

(i) Q. What do the [Rotation] tablets do?

A. They stop all hunger and increase your energy level.

(j) Rotation Wafers makes (sic) the diet work. They're critical to the success of the diet because they: STOP HUNGER (yet they're not a medicine, drug, or shot, so they're perfectly safe) . . . ELIMINATE FATIGUE. . . .

(k) Take-A-Break Tablets are specially formulated to work with the Rotation Diet and help to keep food from turning to fat. This means that for one day, two days, any number up to 15 days, you can enjoy taking a break from your Rotation Diet. Soon as you . . . get back on the Rotation Diet . . . in one week or less you'll be back at your "Pre-Break" weight.

(l) [I]t saves you more than it costs. . . . *You'll save more than you spend on this diet!* Most people cut about 40% off their food bill because they've cut down on expensive foods during their three Balance Days a week.

(m) Q. How much weight can I really lose on the FREEDOM DIET?

A. . . . [A]s a rule, women usually lose anywhere from 8 to 20 pounds the first month; men up to 25 pounds.

(n) The Freedom Chewable Tablets are the key to your weight-loss success. They contain no medicine or drugs, yet they stop hunger and help you to feel good on your diet day.

(o) Q. Can the FREEDOM DIET harm me in any way?

A. No. Our experience is that the diet when followed accurately, takes off weight safely and naturally.

(p) After You Reach Your Goal, It's Easy to Maintain. Once you've lost all the weight you want, it's easy to keep it off because FREEDOM DIET has a special Maintenance Program. You'll reduce your Diet Days to 2 per week . . . then as your system adjusts to your new weight, you'll cut back to just 1 diet day per week and you'll be able to stay slim for the rest of your life!

(q) Here's how the FREEDOM DIET works: This amazing diet actually let you eat and drink what and whenever you want on TUESDAYS, THURSDAYS, SATURDAYS AND SUNDAYS. You can have foods like spaghetti, ravioli, fettucini, and pizza. Bread and potatoes too. And desserts like chocolate layer cake, ice cream, banana splits, sundaes, pecan pie with whipped cream—whatever your favorites might be! You can even have double helpings of everything because that's the whole idea of the FREEDOM DIET. You're FREE to eat anything you want, as much as you want 4 days every week.

(r) Our "Make-A-Break" Plan will help you maintain your weight for up to 15 days when you have to take a break from FREEDOM DIET.

(s) [T]he majority of women [on the Rotation-Freedom Diet] fit within range of 8 to 20 pounds loss during the first month, men usually lose more.

(t) Take-A-Break Tablets [in the Rotation-Freedom Diet] let you go off your diet for 9 days without regaining.

PAR. 6. Typical of the statements in endorsements authorized by



advertisements, and are attached hereto as Exhibits A and I, are the following:

Q. Does the Rotation Diet really work? Do people lose weight on it?

A. It works extremely well. But as any doctor with years of experience in weight control knows, designing a way to lose weight is only a small part of the challenge. My years of observation of this diet convince me that its real breakthrough is the unique way it allows a person to find his or her right weight and then stay there. . . .

Q. How much weight can I lose?

A. Women usually lose 8 to 20 pounds a month, men 12 to 25 pounds. The amount depends on many personal variables, including the total amount of weight you have to lose. . . .

PAR. 7. Respondents' advertisements also contain the following statements, which purport to be actual and genuine testimonials from customers of the Rotation Diet Center:

(a) "The Rotation Tablets taste like Necco Wafers. They really stop my hunger and increase my energy level. I feel good on my 3 diet days!" E.R., Boston, Massachusetts

(b) "I really pig-out on my free days—pizza, cheesecake, beer, potato chips. I eat to my 'heart's content' and have still lost 57 pounds!" N.M., Princeton, New Jersey

(c) "I save enough on my 3 diet days to more than pay for the whole week. The diet actually costs me nothing!" J.A., Stowe, Ohio

(d) "The all natural diet—no drugs or medicine! The Rotation Diet is really SANE and PROVEN SAFE!" C.D., Wilmington, DE

(e) "I just used your switching process to make Wednesday a FREE DAY—it worked great!" A.Z., Hartford, CT

(f) "I've been on maintenance for 6 months and it's working great! I now have only ONE diet day each week." S.R., Los Angeles, CA

(g) "I've lost over 70 pounds while eating all of the ice cream that I want 4 days every week. THIS IS THE MOST SUCCESSFUL DIET EVER!" P.A., Philadelphia, PA

(h) "I've lost over 70 pounds while eating all of the ice cream I want 4 days every week. THIS IS THE MOST SUCCESSFUL DIET EVER!" D.C., Norristown, PA

PAR. 8. Respondents' advertisements also contain photographs of individuals accompanied by the following statements:

(a) I'm Dottie Woolslager. I'm thin for the first time since the kids came, and I know I'll never be fat again. I found the Rotation Diet, the only diet I've ever been able to live with. . . .

I'm so pleased about what happened to me, I'd love to help it happen to you.

...

I'm beginning to feel like a celebrity. Hundreds of people have been calling me personally, asking, "Why did you pick the Rotation Diet?" . . . They had read about me and The Rotation Diet, and seen how successful I was. But they weren't sure they could actually do it themselves.

That's why I volunteered to let The Rotation Diet Center relay calls to my home. I want to help spread the word about this wonderful diet. . . .

P.S. I'm no celebrity. I'm someone exactly like you, who's just a few months ahead of you on the Rotation Diet Program. . . .

(b) I'm Judy Ruthrauff. After the birth of my last little girl, I couldn't get rid of 23 pounds. I was always hungry, and I ate enormous amounts of diet food until I discovered The Rotation Diet. It really worked for me. It not only got the weight off, it got me feeling good about myself again.

**PAR. 9.** Through the use of the statements referred to in Paragraphs Five and Seven, and other statements in advertisements not specifically set forth herein, respondents have made the following material representations, directly or by implication:

(a) Consumers can eat unlimited quantities of food four days a week and, regardless of how much they eat on those four days, still lose substantial amounts of weight on the Rotation Diet, the Freedom Diet, and the Rotation-Freedom Diet.

(b) Thousands of consumers on the Rotation Diet have lost sixty-two pounds or more.

(c) Rotation Diet Wafers, Rotation Chewable Tablets, and Freedom Chewable Tablets stop hunger.

(d) Rotation Diet Wafers, Rotation Chewable Tablets, and Freedom Chewable Tablets eliminate or prevent fatigue.

(e) Rotation Diet "Take-A-Break" tablets help keep food from turning to fat.

(f) The testimonials in Paragraph Seven represent actual and genuine consumer testimonials from customers of the Rotation Diet Center.

**PAR. 10.** Through the use of the endorsements authorized by expert respondent Dr. Barry Bricklin, referred to in Paragraph Six, and other endorsements in respondents' advertisements not specifically set forth herein, expert respondent Bricklin has made the following material representation, directly or by implication:

Consumers can eat unlimited quantities of food four days a week and, regardless of how much they eat on those four days, still lose substantial amounts of weight on the Rotation Diet, the Freedom Diet, and the Rotation-Freedom Diet.

**PAR. 11.** In truth and in fact:

(a) Consumers cannot eat unlimited quantities of food four days a week and regardless of how much they eat on those four days, still lose substantial amounts of weight on the Rotation Diet, the Freedom Diet, and the Rotation-Freedom Diet.

(b) Only a small number of consumers on the Rotation Diet have lost sixty-two pounds or more.

(c) Rotation Diet Wafers, Rotation Chewable Tablets, and Freedom Chewable Tablets do not stop hunger.

(d) Rotation Diet Wafers, Rotation Chewable Tablets, and Freedom Chewable Tablets do not eliminate or prevent fatigue.

(e) Rotation Diet "Take-A-Break" Tablets do not help keep food from turning to fat.

(f) The testimonials in Paragraph Seven do not represent actual and genuine consumer testimonials from customers of the Rotation Diet Center.

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

And therefore, the representation contained in endorsements authorized by expert respondent Dr. Barry Bricklin, set forth in Paragraph Ten was, and is, false and misleading and expert respondent Bricklin knew or should have known that said representation was, and is, false and misleading.

PAR. 12. Through their use of the photographs and statements referred to in Paragraph Eight, and others not specifically set forth herein, respondents have represented that the photographed individuals are satisfied users of the Rotation Diet and have endorsed the Rotation Diet, but respondents failed to disclose that the photographed individuals were employees of respondents. Consumers would not reasonably expect individuals so portrayed to be employees of the advertiser and that fact might materially affect the weight or credibility given to the endorsements. Therefore, respondents' representations, because of their failure to disclose such a material connection between respondents and the photographed individuals was, and is, false and misleading.

PAR. 13. Through the use of the statements referred to in Paragraphs Five and Seven, and other statements in advertisements not specifically set forth herein, respondents have represented, directly or by implication, that:

(a) Usual weight loss for women customers of the Rotation Diet is eight to twenty pounds per month, and for men is twelve to twenty-five pounds per month.

(b) Usual first month weight loss for women customers of the Freedom Diet is eight to twenty pounds. A significant portion of men lose twenty-five pounds the first month on the Freedom Diet.

(c) The Rotation Diet is safe.

(d) The Freedom Diet cannot harm consumers.

(e) The Rotation Diet, the Freedom Diet, and the Rotation-Freedom Diet include maintenance programs that are effective in enabling consumers to maintain weight loss.

(f) Consumers on the Rotation Diet "Take-A-Break" plan can cease dieting for 15 days and after one week back on the diet, will have lost all weight gained during those 15 days.

(g) Consumers on the Freedom Diet "Make-A-Break" Plan can maintain their weight for up to fifteen days without any dietary restrictions and regardless of the type and quantity of food consumed.

(h) The Rotation Diet saves consumers more than it costs.

(i) Most Rotation Diet customers save approximately 40% on their food bill.

(j) Most women customers of the Rotation-Freedom Diet lose eight to twenty pounds the first month on the diet, while most men lose even more.

(k) Customers on the Rotation-Freedom Diet "Take-A-Break" plan can cease dieting for nine days and can maintain their prior weight without any dietary restrictions and regardless of the type and quantity of food consumed.

(l) The majority of women customers of the Rotation-Freedom Diet lose eight to twenty pounds the first month on the diet; men usually lose more.

PAR. 14. Through the use of the endorsements authorized by expert respondent Dr. Barry Bricklin, referred to in Paragraph Six, and other endorsements in respondents' advertisements not specifically set forth herein, expert respondent Bricklin has made the following representation, directly or by implication:

Usual weight loss for women customers of the Rotation Diet is eight to twenty pounds per month, and for men is twelve to twenty-five pounds per month.

PAR. 15. Through the use of the statements set forth in Paragraphs Five and Seven, and others not specifically set forth herein, respondents have represented, directly or by implication, that at the time of making the representations set forth in Paragraphs Nine and Thirteen they possessed and relied upon a reasonable basis for those representations.

PAR. 16. Through the use of the endorsements authorized by expert respondent Dr. Barry Bricklin, set forth in Paragraph Six, and other endorsements in respondents' advertising not specifically set forth herein, expert respondent Bricklin has represented, directly or by implication, that at the time of making the representations set forth in Paragraphs Ten and Fourteen he possessed and relied upon a reasonable basis for those representations, consisting of an actual exercise of his expertise in evaluating weight reduction and/or weight control programs and products with respect to which he is expert, in the form of an examination or testing of the programs and products

at least as extensive as someone with a similar degree of expertise would normally conduct in order to support the conclusions presented in the endorsement.

PAR. 17. In truth and in fact, at the time of the initial dissemination of the representations set forth in Paragraphs Nine and Thirteen and each subsequent dissemination, respondents did not possess and rely upon a reasonable basis for making such representations. Therefore, respondents' representations, as set forth in Paragraph Fifteen were, and are, false and misleading.

PAR. 18. In truth and in fact, at the time of the initial dissemination of the representations set forth in Paragraphs Ten and Fourteen and each subsequent dissemination, expert respondent Dr. Barry Bricklin did not possess and rely upon a reasonable basis for making such representations. Therefore, expert respondent Bricklin's representations, as set forth in Paragraph Sixteen were, and are, false and misleading.

PAR. 19. Expert respondent Dr. Barry Bricklin has received compensation for the use of his endorsements in respondents' advertisements for weight reduction and/or weight control programs and products.

PAR. 20. The acts or practices of respondents and expert respondent Dr. Barry Bricklin as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce and false advertisements and endorsements in violation of Sections 5 and 12 of the Federal Trade Commission Act.

Commissioners Bailey and Azcuenaga dissented as to the inclusion of Dr. Barry Bricklin as a respondent.

Complaint

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EXHIBIT A

**Losers Are Winners***With Rotation Center's Revolutionary Weight-Loss Program***It's easy because it's the diet you can live with.**

You can eat anything you want...without guilt...without injuring your health...without drugs...without being hungry all the time.

There are no special foods to buy...no weighing out portions...no calorie counting...no exercising. In fact, people don't even need to now you're on a diet. Best of all, you're never more than 24 hours away from the best meal of your life!

Think it's impossible? It's not! Read on for complete details...



**The Rotation Diet Will Work For You, Too!**

**Now you can truly eat whatever you want, as much as you want without feeling guilty and you'll still lose weight. It's not impossible. In fact, it's easy!**

**Here's how the Rotation Diet works:**  
**FREE DAYS**

Tuesday, Thursday, Saturday and Sunday are FREE DAYS. You eat and drink whatever you like—good food or junk food—as much as you want. Not just ice cream, but a sundae with fudge sauce, whipped cream, nuts, a "hamburger" and french fries (double order if you're hungry), pretzels and beer... absolutely anything you like to eat. FREE DAYS are your "reward" days and they are what makes the difference between your staying on the diet and giving up. Most people give up diets because they're bored with the same foods or bothered counting calories or tired of buying special, and frequently expensive, foods. There's none of that with the Rotation Diet.

The Rotation Diet is the diet you can live with and stick with. After you reach your weight goal, you'll get more FREE DAYS each week—up to 6 out of 7.

At all the Rotation Diet "phone-ins" you'll have to know you're on a diet. That's because of its special switching day feature. It lets you enjoy all special days without messing up your diet.

It won't be difficult for you to remember your FREE DAYS. And when you look at the month you'll see that FREE DAYS far outnumber the diet days.

S	M	T	W	Th	F	S	FREE DAYS
we	Diet	Free	Diet	Free	Diet	Diet	
ek	Day	Day	Day	Day	Day	Day	
	1	2	3	4	5		
7	8	9	10	11	12		13
14	15	16	17	18	19		20
21	22	23	24	25	26		27
28	29	30	31				

**BALANCE DAYS**

Monday, Wednesday, and Friday are BALANCE DAYS. On these days you'll have a special program which includes Rotation Waters and Rotational Meal Plans. We also give you simple, quick recipes for additional special foods. In addition, you get unlimited private consultation with a personal Diet Counselor and your personal Phonefriends.

Rotation Waters make the diet work. They're crucial to the success of your diet because they STOP HUNGER without medicine or drugs. PROVIDE ENERGY with a unique combination of healthful, high energy, natural ingredients. ELIMINATE FATIGUE so you can do anything you want in a Balance Day from early morning to late at night.

Rotation Waters allow your system to operate much like it does on your "training" days.

Rotation Diet is not a "mass program" that's the same for everyone. The success of Rotation Waters and Meal Plans is based on your answers to the questionaire and determined by a Rotation Center Diet Counselor.

Rotational Rotation Foods make the diet even easier for you to live with. And you can have all the diet soda, coffee, tea or water you want. Rotational foods will be added after by your personal counselor.

Rotation Diet doesn't have "fast days" because the "feed and fast" method doesn't work. It often causes dizziness and fatigue. And when hunger pangs strike, most people end up eating on their "fast days." But with the Rotation Diet you have Rotation Waters, beverages and food. BALANCE DAYS each week. You also have 4 FREE DAYS when you can really live it up and satisfy your cravings. The day after each of these you won't have any trouble doing without your favorite foods because you'll know you can have as much as you want of them in less than 24 hours!

**A.J. Robbins, M.D.**

Dr. Robbins, our newest member of the Professional Advisory Board, is a well known thoracic surgeon. Her experience in the field of nutrition began at St. Peter's College where she has been the Director of Health Services and the team physician since 1962. She has continued her recent comprehensive work in nutrition at Fairleigh Dickinson University. Dr. Robbins lost 25 pounds in 2 1/2 months on the Rotation Diet.



A.J. Robbins, M.D.



**Meet Another Member Of The Advisory Board...**

Dr. Barry Bricklin is Director of Rotation Center's Professional Advisory Board. He works with physicians, nutritionists and other scientific specialists to evaluate the plan and develop recommendations. About 13 years ago Dr. Bricklin weighed over 220 pounds. He's 5'8" tall. He lost 75 pounds with an earlier version of the Rotation Diet and has maintained his desired weight of 145 pounds for 12 years with the current plan. Currently Dr. Bricklin is an associate professor of psychology at Hahnemann Medical College in Philadelphia. Previously, he's served Jefferson Medical Hospital, Walter Reed Army Hospital, E.I. DuPont Company, New York Academy of Medicine and the Columbia Broadcasting System (CBS).

**The Rotation Diet Advisory Board Answers Your Questions...**

- Q: Does the Rotation Diet really work? Do people lose weight on it?
- A: It works extremely well. But as any doctor with years of experience in weight control knows, designing a way to lose weight is only a small part of the challenge. My years of observation of the diet prove the real key to successful weight loss is the gradual way it allows a person to find his or her right weight and then stay there.
- Q: Is the Rotation Diet medically safe?
- A: You take no drugs or medications with this diet. However, we do encourage you to discuss Rotation Diet with your doctor before starting this diet.
- Q: What do Rotation Waters contain?
- A: They contain only natural ingredients specially formulated to make the diet work. They include six four mineral salts and water with added natural vitamins, biotin and 100% pure natural lemon, lime, orange, magnesium and stevia extractives. The nutrient value of each liter is 45 grams protein, 10 grams carbohydrate, 100 calories, and 100 water.
- Q: How much weight can I lose?
- A: Women usually lose 10-20 pounds a month, men 12-15 pounds. The amount depends on many personal variables including the individual's weight you take to lose.
- Q: Can I buy Rotation Waters at my drug store?
- A: No, but special weight loss waters are available from a number of the Rotation Diet Centers and are available by mail.

**If you have a question about the Rotation System...**

Our Professional Advisory Board will answer as many questions as we have in future issues of our Newsletter "Rotation Rescue" and our quarterly "The Professional Advisory Board" of Rotation Center, Rotation Plaza, Fullerton, PA 19925.

**DON'T WAIT ANY LONGER—ORDER TODAY AND JOIN THE THOUSANDS OF OTHER ROTATION DIET WINNERS!**  
 (See your enclosed personalized form for complete plan instructions.)

**The Diet You Can Live With. Does It Really Work?**

**It Worked For Dot Wooslager...**



Dot before she started the Rotaton Diet



Dot now 62 pounds lighter

and she ate cheesecake, lettuce, ice cream sundaes, Tia Maras and all the other foods that she loves! Here's Dot's fabulous success story.

I started the Rotaton Diet on April 23, 1979. By the end of the summer I had lost 45 pounds, dropping my weight from 185 to 145 pounds. I was beginning to "rejoin the human race."

Since then I have been able to enjoy a modified maintenance program (fewer diet days) and still my weight continues to drop. My original goal was 130 pounds, but now I'm down to 123 pounds with a new goal of 115. I've lost a total of 62 pounds so far. That's great, that's over 29 inches! See my chart below. I'm almost down to the same weight as when I was a teenager. My skin is tight and I feel great!

I'm very proud of the way I look now—and looking good makes me feel good. My family is also very proud of the dramatic change in their "old" Mom. And although my husband was extremely understanding during my fat years, I know he enjoys having his "bride back." (And I enjoy being back!)

I just bought a new dress—size 9-10—that shows off my legs, and I just don't help but think how truly miraculous the Rotaton Diet has been for me.

Not only have I lost 62 pounds and 29 plus inches, but I've been able to enjoy all the foods I love during this diet without that nagging guilty feeling.

The Rotaton Diet has transformed my life and I know it could do the same for you!

Dot's statistics	Before	Now
WEIGHT	185 lbs.	123 lbs.
WAIST	34"	26"
HIPS	43"	36"
CHEST	35"	34"
NECK	13"	11"
THIGH	22"	15 1/2"
CALF	13"	10"
UPPER ARM	12"	10"



**It worked for Arlene...**

Here's Arlene H. at 218 pounds before the Rotaton Diet. And here she is at 143 pounds. Her goal is 125 and Rotaton Diet is going to help her get there!

**It worked for Judy...**

Here I am with the slacks I used to wear before the Rotaton Diet. Now I'm 23 pounds lighter!

**And it worked for all these people, too!**

Name	Pounds Lost	Name	Pounds Lost
Pat	74	Ann	40
Arlene H.	53	Linda	52
Bill	31 in 30 days	Bill	30
Bob	10 in 1 week	Jean	10 in 2 wks. 24 total
Barry	25 & maintaining	William	50
Ann	40	Judy	25
June	7 in 1 week	Maxine	15 in 2 weeks
Mary	16	Ruth	25 and maintaining
Andy	24	Jerry	25
Chris	23	Janece	13 in 3 weeks
Emery	25	June	25

Plus tens of thousands more!

With the Rotaton Diet, losers are winners. Wouldn't you like to see your name added to our list of winners? Start the Rotaton Diet now and it won't be long before you too are saying, "I'm a losing winner with Rotaton, and I feel great!"

**In fact, people from all walks of life have become winners with the Rotaton Diet.**

Just look at all the professions represented by Rotaton Dieters from all across the country.

- housewife
- physician
- stewardess
- dancer
- psychologist
- real estate agent
- school teacher
- minister
- factory worker
- dentist
- choreographer
- veterinarian
- baker
- nurse
- student
- teenager
- beautician
- model
- radio personality
- politician
- dress shop owner
- computer analyst
- author
- lawyer
- fireman
- journalist
- ambassador
- secretary
- professor
- mechanic
- chemist
- computer programmer
- artist
- therapist
- banker
- organizer
- business executive

"I feel normal!" J.F., New York, NY  
 "I've lost over 70 pounds while eating all the ice cream that I want 4 days every week. THIS IS THE MOST SUCCESSFUL DIET EVER!" P.A., Philadelphia, PA  
 "I've been on maintenance for 6 months and it's working great! I now have only ONE diet day each week." S.R., Los Angeles, CA



**Meet a Few Of Your Phonofriends...**

It's easier to succeed on the Rotation Diet because you don't have to do it alone. You get all the answers, all the help and support you need without attending meetings and without having to compare your weight with someone else's. Best of all, it's done by phone, toll free at no cost to you.

not try it out right now! Call one of your new Phonofriends today—they're ready and waiting to help you.

**JY** is 29 years old, 5'4", married with two children, ages three and nine, both girls. She has a large garden and enjoys canning and freezing her own vegetables. She lost weight until she got pregnant with her second child. She put on an extra 20 lbs. and couldn't seem to get rid of it. Regular dieting away all of her snacks and the more strenuous diets made her sick. On the Rotation Diet she has lost 23 lbs. in 2 1/2 months! *Wow, that's great!*



**NANCY** is 34 years old, 5'9", married, with two children, ages five and nine, a boy and a girl. She enjoys ice skating, bowling, bingo and buying new clothes for her new figure. Nancy has been fighting the "battle of the bulge" for about ten years. Three years ago she went on the Rotation Diet and has lost 32 lbs. At the time the Rotation Diet was new and maintenance procedures had not been developed. Without a maintenance program, Nancy put the 32 lbs. back on. Last year she went back on the Rotation Diet and has lost 25 lbs. in 2 1/2 months. This time she will be able to use the Rotation Diet Maintenance Program and will be slim for the rest of her life.



**VICKI** is 28 years old, she's been married eight years and has two children. Vicki is one of those girls who really has to fight to keep her weight down. Keeping after a family with three different schedules and eating habits certainly doesn't make dieting easy. Since starting the Rotation Diet eight weeks ago, Vicki has lost 22 pounds. Soon she will reach her goal—and be able to stay there! Vicki enjoys hobbies and crafts and at the present time is renovating their old Bucks County home.



**KAREN** is 21 years old and single. She never really had a weight problem until she finished high school and went to college. The college social scene plus the pressure of studies helped contribute 30 pounds to Karen's usual slim frame. After business school, Karen went to work at the Rotation Diet Center and decided to try the Rotation Diet. She quickly lost the extra ten pounds and is now enjoying the freedom of the maintenance program. Karen is an "outdoorsie," people person. (She enjoys being with people, talking to people, and enjoying people.) Her hobby is art and drawing.

**MARYANN** is a 38 year young grandmother who has been married 23 years. She has three children—two girls and one boy—and 3 grandchildren. She works as a nurse and lives on a small farm raising beef cattle and ducks. She has lost 30 pounds and 25% inches in four months on the Rotation Diet. Her interests include hunting, fishing, playing, eating, ice and roller skating and the Rotation Diet.

**PROMPT CONFIDENTIAL SERVICE**

Orders Filled In 1 Day!

know that when you decide to go on a diet you want to start NOW. With this in mind, we are geared to process all new orders the same day they are received. We ship by UPS which means that usually you receive your materials in 2 to 5 days.

Plus, you can call us TOLL FREE any day of the week between 8 a.m. and 11 p.m. Eastern time. Call to place an order, call if you have questions, call if you just want to share your weight loss success, or call if you need a little encouragement.

TOLL FREE 900-523-5763

We invite you to visit us if you pass our way. We'd love to meet you in person and hear about your success with the Rotation Diet. Come see us soon!

**Here's What You'll Receive When You Join Rotation Center's Revolutionary Weight Loss Program...**

- Your personalized Rotation Diet Kit will include all of the following:
  - Rotation Waters—the key to success
  - Rotation Multi vitamins
  - Instruction Handbook
  - Calendar
  - Free Subscription to our special newsletter, "Rotation Rescue"

And of course you get unlimited telephone contact with the Rotation Center and your Phonofriends!



**MONEY BACK GUARANTEE**

The Rotation Diet has been so successful that we never needed to guarantee it. However, we want to put your hesitations aside—we want to let you know this is a great offer. So we guarantee to refund the full purchase price of your unused Waters & Vitamins if you're not completely satisfied. Use the waters and vitamins exactly as prescribed for 2 weeks. If you don't lose the weight established by your goal,



**If You Act Now You'll Also Receive This Very Special FREE GIFT...**

Your free "welcome" gift is a lovely glittering gemstone ring, sterling silver, exquisitely covered with 24 karat gold with a hand cut gemstone set in the center. You'll also receive a free gold covered frame and 3 1/2 inch gold filled serpentine chain.

Each ring has been handcrafted expressly for the Rotation Center through a special arrangement with the Buckingham Mint. These exquisite rings weigh 2 grams and measure 11 mm by 21 mm—perfect to display or wear as a necklace or on a charm bracelet. You choose the gemstone you want: EMERALD • RUBY • SAPPHIRE • PEARL • PERidot • TOPAZ • GARNET • CUBIC ZIRCONIA • AQUAMARINE • ROLOISE • OPAL • AMETHYST.

So don't wait! This is a \$22.00 value and it's yours when you act. The bracelet shown on your enclosed Membership Card.

As extra incentive, we have a special program where you can receive FREE gold and silver rings when you reach your weight loss goals. Complete details will be included in your Membership Kit.

*"Everyone has one problem or another during weight loss, but on this diet, you get the answers and all the help you need."*

C.T., Toronto, Canada

*"I love the true freedom of being able to eat whatever I want every TUESDAY, THURSDAY, SATURDAY AND SUNDAY!"*


M.A., Norristown, PA

return the unused portions within 30 days of original order. We guarantee to send you a refund based on the unused portion of supplies, not including membership set-up fee. (Guarantee valid only if supplies are accompanied by original invoice. Not responsible for returns not received—recommend "receipt requested" mailing.) Don't wait any longer! Get the diet you can live with—ORDER TODAY!

Complaint

106 F.T.C.

EXHIBIT B



Discover  
**DIET FREEDOM** with  
**The FREEDOM DIET**

Read what glamorous  
**Barbara Eden**  
Star of "I Dream of Jeannie" and "Harper Valley" has to say  
about The Freedom Diet.

"No wonder homemakers, business people, workers  
everywhere have chosen The Freedom Diet. It's fantastic."  
Now, You too can Discover Diet Freedom with the Safe,  
Simple and Affordable Freedom Diet. You can eat anything  
you want 4 days a week and still lose weight.

Complaint

# Eat AND Lose...

The **FREEDOM DIET** gives you the freedom to eat while you lose weight. No more fighting will power, no more guilt, no more changing your lifestyle!

**DIET DAYS ARE EASY**  
When you're with **Freedom**, you're free from the mind of diet days.

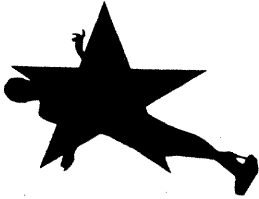
**NO MANDATORY EXERCISING**  
No more "no exercise days" or "mandatory" workouts.

**EAT ONE DAY**  
Just the way it should be.

**FREEDOM FRIENDS**  
We're all together, happy.

**GET THE FREEDOM**  
Eat, you can, see, do, and anything you want.

**OUR "MAKE-A-BREAK" PLAN**  
will help you manage your weight loss. You'll have Freedom Diet 100% of your life. You'll have to take a break when you have to take a break.



**Now you can eat whatever you want...as much as you want.**  
**The New FREEDOM DIET—it's safe, simple and affordable.**



Here's how the FREEDOM DIET works:

This amazing diet actually lets you eat and drink what and whenever you want on **TUESDAYS, THURSDAYS, SATURDAYS AND SUNDAYS**. You can have foods like spaghetti, ravioli, fettuccine and pizza. Bread, and potatoes, too. And desserts like chocolate layer cake, ice cream, banana splits, sundae, pecan pie with whipped cream... whatever your favorite might be. You can even have double helpings of everything because that's the whole idea of the FREEDOM DIET. You're FREE to eat anything you want, as much as you want, 4 days every week.

The other 3 days a week—**MONDAYS, WEDNESDAYS AND FRIDAYS**—are your Diet Days, and on these days you follow a simple weight loss program. You'll lose weight with Freedom Chewable Tablets. And you won't suffer from hunger pangs or experience dizziness or fatigue. You'll be able to drink all the diet soda, coffee and tea you want. And there are even optional foods you can have on these Diet Days (they'll be explained in your Nutrition Book). The **Freedom Chewable Tablets** are the key to your weight loss success. They contain no medicine or drugs, yet they stop hunger and help you to feel good on your diet day.

S Freedom Day	M Diet Day	T Freedom Day	W Diet Day	T Freedom Day	F Diet Day	S Freedom Day
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27

By following the FREEDOM DIET, 1 day a week, you can lose up to 26 pounds the first month! And best of all, nobody has to know you're on a diet. Because FREEDOM DIET has a special plan for watching your Freedom Days and Diet Days. It lets you enjoy special days without missing up your diet.

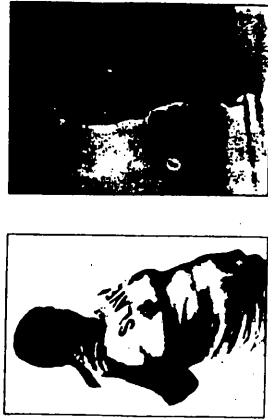
**After You Reach Your Goal, It's Easy To Maintain**

Once you've lost all the weight you want, it's easy to keep it off. Because FREEDOM DIET has a special Maintenance Program. You'll reduce your Diet Days to 2 per week, then as your system adjusts to your new weight, you'll cut back to just 1 diet day per week and you'll be able to stay slim for the rest of your life!

**It's Safe. And It's Sure**

The FREEDOM DIET contains no drugs or medications of any kind. It's a food product. As your doctor about it. Have him call on if you like.

It's simple, use it just makes good sense to learn a diet that doesn't deprive you of all the foods you love. And because it doesn't deprive you of stress, you'll be able to keep it off!



**Kathy Used To Weigh 180 Pounds...Today She Weighs 126 Pounds**

"My Mother and sister and my grandmother were all heavy. And I was heavy. I continued to gain weight over the years until I reached 180 pounds. I arrived that weight around for three years. And the one day I looked at myself in the mirror... really looked! I decided I couldn't stand in such another day..."

So Kathy went on a diet. She tried one diet after another with OK results...losing until she would start to cheat and the weight would begin to come back. She simply couldn't give up at these scrumptious and fattening foods she loves so much. So she always ended up, cheating, and feeling guilty.

Then Kathy heard about the FREEDOM DIET... a diet that lets you eat anything you want 4 days a week. "It was hard to believe," she said, "but I decided to give it a try. I had plenty of weight to lose, plus I wanted to start jumping into diet to diet. If the family had these, at least today Kathy weighs 126 pounds." "I haven't had to go back to diet."

Today Kathy is happy. Her husband is happy. And her family is happy. "I never dreamed I'd ever find a diet that gives me the freedom I've found on the FREEDOM DIET. I'm so much happier with it!"

*Kathy*

# Freedom Friends Will Be Here To Help You

At Freedom Headquarters they are spreading the word to help you lose weight. Like a minute right now and meet a couple of them spread a Freedom Friend.



**NORA CAREY - Freedom Friend**

Nora's mother made it a tradition to have a picnic with her family every year. She has been very successful in losing weight and she has been a Freedom Friend for several years. She has been a Freedom Friend for several years. She has been a Freedom Friend for several years.



## Complaint

Shirley Yord - Freedom Friend  
Shirley had weighed 200 lbs. She decided to try the Freedom Diet and after 12 weeks she had lost 25 pounds. She is now 175 lbs. and she is very happy. She has been a Freedom Friend for several years.

## A PERSONAL MESSAGE FROM BARBARA EDEN

Barbara Eden is a Freedom Friend who has lost 100 pounds. She is now 120 lbs. and she is very happy. She has been a Freedom Friend for several years. She has been a Freedom Friend for several years.

Don't wait any longer - make your first step to diet freedom by completing and mailing your enclosed personalized order form today. You'll be glad you did!

## whenever you want 4 days a week!

### Freedom Dieters Tell Us...

I'm a girl and I'm 16 years old. I've been a Freedom Dieter for 12 months. I've lost 25 pounds. I'm now 125 lbs. and I'm very happy. I've been a Freedom Dieter for 12 months. I've lost 25 pounds. I'm now 125 lbs. and I'm very happy.

### Freedom Headquarters Answers Your Questions

- Q: How much weight can I really lose on the FREEDOM DIET?
- A: There is no limit to the amount of weight you can lose on the FREEDOM DIET. It is up to you.
- Q: Can I lose weight on the FREEDOM DIET if I'm not a dieter?
- A: Yes, you can. The FREEDOM DIET is a diet for everyone.
- Q: What are the benefits of the FREEDOM DIET?
- A: The benefits of the FREEDOM DIET are: it is easy to follow, it is delicious, and it is effective.

Complaint

106 F.T.C.

**THE FREEDOM DIET™**

Freedom Headquarters • Washington Crossing, Pennsylvania 18977

215-794-3255 or 215-794-5643

**NOW FOR THE FIRST TIME YOU CAN GET ALL  
THE ADVANTAGES OF A ROTATION DIET  
BUT AT A BARGAIN PRICE!**

For anything you want — as much as you want — rotate it with our 4 day a week diet plan. It's the right way to eat. No counting, no trays, no diets, nothing — no special diets.

Dear Friend,

If you're like me, you've read all about the "Rotation Diet" that so many people have been using. It's true that it works. But it's also true that it's expensive — you have to pay a membership fee in order to use the diet program — and then of course you have to pay a high price for the diet itself.

It's for this reason that I'm writing you today. I'm very pleased to be able to tell you about the FREEDOM DIET. It's the same kind of diet — but it doesn't cost you nearly as much. You get the same advantages — the plan works the same way — and the Freedom Chewable Tablets do the same job. The big difference is the price!

If you're wondering how we can make this offer, let me explain. You save money because:

- we don't have the costly newsletters • we don't have a toll-free phone line • we don't send you separate vitamins — they're included as part of the Freedom Chewable Tablet • we don't waste money on fancy packaging • we don't charge you a costly membership fee • we don't promise expensive 1 day service — but we do process all orders within 5 days.

But are you getting a real "Rotation Diet"? Yes. And as you will see when you read the enclosed brochure, there are thousands of people who have already lost many pounds with the FREEDOM DIET. They've freed themselves of unwanted weight safely and easily — and saved money at the same time.

Just like me, these people found that the FREEDOM DIET gives them the freedom to eat what they love, without weight. There's no more fighting will power — no more guilt — no more need to change your lifestyle because you can eat whatever you want, as much as you want, whenever you want — 4 days a week — including Saturday and Sunday!

Imagine losing up to 20 pounds the first month without having to give up all the fattening foods you love — like cakes and pies, bread and potatoes, ice cream and candy, pasta, pizza, and other fast food. With the FREEDOM DIET you can keep right on eating all these wonderful foods and still lose weight!

Even after you've reached your weight loss goal you needn't worry about gaining all those unwanted pounds back again. FREEDOM DIET has a special weight maintenance plan to keep you slim.

So what are you waiting for? Read the enclosed brochure for complete details and then order your own FREEDOM DIET Kit today. See for yourself how you can have the freedom of eating while you lose — without it costing you a fortune!

Sincerely,

Barbara L. Thompson  
Director, Freedom Diet Headquarters

P.S. We've enclosed a special personalized order form and postage paid return envelope for your convenience. However, if you wish, you can call us at 215-794-3255 or 215-794-5643 and place your order immediately. We accept Visa, MasterCard, American Express and Diners Club.



THE FREEDOM DIET™ Order Form  
Freedom Diet Headquarters • Washington Crossing, Pennsylvania 19377

# DIET FREEDOM with the FREEDOM DIET

Special Diet Opportunity For:

Now You Can Eat Whatever You Want...As Much As You Want... Whenever You Want 4 Days A Week And Still Lose All Those Unwanted Pounds!

And that's exactly what you'll get—the freedom to eat whatever you want while you lose weight:  
\* without exercising \* without pills or drugs  
\* without counting calories \* without special diets \* without getting dizzy or fatigued  
\* WITHOUT GUILT! Best of all you get all the advantages of the Rotation Diet—but at a bargain price! There are no membership fees, no office visits or consultation fees.

### It's Easy To Begin The FREEDOM DIET

Here's all you need to do:

1. Complete the form at right. There are additional order blanks on the reverse for your friends.
2. Be sure to fill in your credit card information and sign if you are charging your order.
3. Mail your order form + and payment if paying by check or money order in the handy postage paid envelope we've provided for your convenience.

**IF YOU PREFER**, you can phone in your order. Just call 215-794-3233 or 215-794-3643 any day of the week, including Saturday and Sunday, between 8 a.m. and 11 p.m. eastern time.

**Whatever you do, don't wait any longer!** Take your first step to diet freedom by ordering your own FREEDOM DIET Kit today!

Name \_\_\_\_\_  
 Address \_\_\_\_\_ Apt. \_\_\_\_\_  
 City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

**This will be your mailing label! No P.O. Boxes please! UPS cannot deliver. We do please include apartment numbers!**

**YES!** I want to get diet freedom with the FREEDOM DIET. Please send me the following right away:

- 1 FREEDOM DIET KIT - 4 week supply ..... \$39.95 total  
 \$39.95 - we pay postage & handling
- 1 FREEDOM DIET KIT - 2 week introductory offer! ..... \$23.75 total  
 \$19.98 - \$3.75 postage & handling

Where did you first hear about the FREEDOM DIET? \_\_\_\_\_

**Please check one:**

check     money order     O.D. (made payable to FREEDOM DIET)  
OR  VISA     MASTERCARD     AMERICAN EXPRESS     DINERS CLUB  
Card # \_\_\_\_\_ expiration date \_\_\_\_\_

Date \_\_\_\_\_ Signature \_\_\_\_\_

Phone # \_\_\_\_\_

If we ship you may add \$4.00 for each kit for UPS AIR delivery if you live in one of these states: AL AK AZ AR CA CO FL GA HI ID IL IN IA KS KY LA MI MN MS MO MT NE NV NM ND OK OR SD TN TX UT WA WY



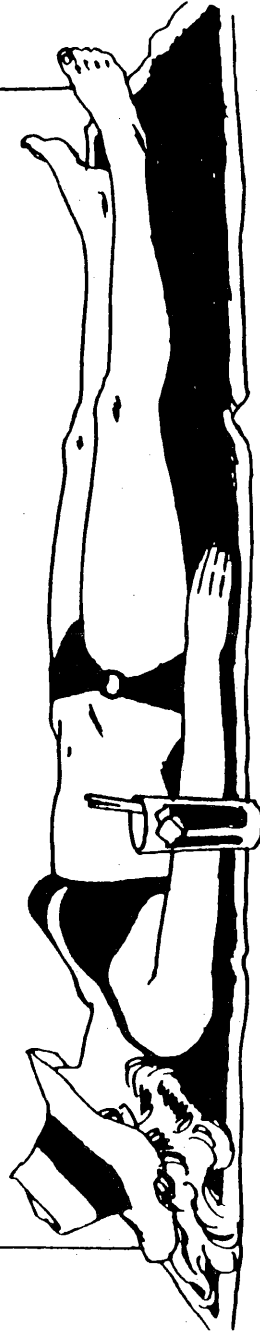
Additional order forms for your friends on the back.

## Now You Can Get Bathing Suit Freedom With The Freedom Diet!

If you feel a little self-conscious when you slip (or struggle) into your swimsuit, then you need the **FREEDOM DIET!** It's the safe, simple, affordable way to shed unwanted pounds **WITHOUT** giving up any of the foods you love.

No exercising...no counting calories...no special foods...no drugs...  
**NO GUILT.**

OUR "MAKE-A-BREAK" PLAN will help you maintain your weight for up to 15 days when you have to take a break from Freedom Diet. Enjoy your vacation...don't feel uncomfortable when you have house guests...





Complaint

EXHIBIT C

ROTATION CENTER  
Rotation Plaza, Village of Funong, PA 15075

### The diet you can live with

You can lose 16-20 pounds  
per month (comfortably,  
happily, eating what you  
like) and keep it off with  
THE ROTATION DIET™



### ROTATION DIET™

#### DOES IT WORK?

Dot Woolstager Lost 62 Pounds While Eating Cheesecake  
Fettucine, Ice Cream Sundae's, Tie Manks -- All The Foods She  
Loves -- Every Tuesday, Thursday, Saturday And Sunday



REPRODUCTION OF THIS ADVERTISEMENT IS STRICTLY PROHIBITED. CONTACT: 1-800-451-1000

				28	29	30										
				21	22	23	24	25	26	27						
				14	15	16	17	18	19	20						
				7	8	9	10	11	12	13						
				1	2	3	4	5	6							
S	M	T	W	T	F	S										

## It worked for Dot Woolslager

### Dot's Fabulous Success Story

I started the Rotation Diet™ on April 23, 1979. By the end of the summer I had dropped from 185 pounds to 140 pounds and was beginning to "reap the human rice." During these intervening months, I have been able to enjoy a modified maintenance program (minus diet days) and still my weight has continued to drop. I am now down to 123 pounds with a new goal of 115 pounds. My original goal was 130 pounds. My total loss so far has been 62 pounds! AND hundreds of inches! (see my chart). My skin is tight and I feel great! I'm almost down to the same weight as when I was a teenager. I'm very proud of the way that I look - and looking good makes me feel good! My family is also proud of this dramatic change in their "old" Mom. Although my husband Bob was extremely understanding during my "fat" years, I know that he enjoys having his "bride" back. (And I enjoy being back!) I just bought a new dress - size 8-10 (one that shows off my legs) and I couldn't help but think how really miraculous the Rotation Diet™ has been. Not only have I lost 62 pounds and hundreds of inches but I've been able to enjoy all of the food that I love all during the diet - cheesecake, lettuce, ice cream sundae, Tia Maria on the rocks - everything that I love. The Rotation Diet™ has transformed my life and it can do the same for you.



ROTATION DIET™ LOSERS ARE WINNERS			
Pat	74 pounds lost	Bill	31 pounds lost in 30 days
Archie	52 pounds lost	Ann	40 pounds lost



Dot's Statistics	THEN	NOW
WEIGHT	185	123
WAIST	34	27
HIPS	43	37
CHEST	35	35
NECK	13	11
THIGHS	22	16 1/2
CALF	13	11
UPPER ARM	12	10

IT WORKED FOR THOUSANDS MORE WHO LOST AS LITTLE AS 5 AND AS MUCH AS 110 POUNDS.

**The Rotation Diet™ will work for YOU**

Everyone has a problem with weight, but on the diet, you get the answer and all the rest you need. C.T.

JUDY LOST 22 POUNDS - SHE'S NOW AT HER GOAL.

Here's how...

It's easy! It's successful!  
And it saves you more than it costs!

EAT WHATEVER YOU WANT, AS MUCH AS YOU LIKE

Tuesday, Thursday, Saturday and Sunday are "FREE DAYS." You'll eat and drink what you like — good food or junk food — anything you want! Not just ice cream, but a sundae with fudge sauce, with whipped cream, with nuts. A cheeseburger and french fries (double order if you're hungry). Pretzels and beer, imagine! Everything you want to eat in whatever quantities you choose! Absolutely no "restrictions!"

● Four "FREE DAYS" every week. You're eating the way you like to eat.

● "FREE DAYS" are your "reward days."

They make the difference between your staying on the diet and giving it up. Most people give up diets because they feel deprived of favorite foods, because they're bored with the same foods, or bothered counting calories, or tired of purchasing special foods. There's none of that with The Rotation Diet™.

● The Rotation Diet™ is the diet you can live with and stick with. After you reach your goal weight, you'll get more and more "FREE DAYS" each week — up to six out of seven!

#### SPECIAL "FLEXIBILITY" FEATURE

The Rotation Diet™ is the "no-one-has-to-know-you're-on-a-diet" Diet. That's because of its wonderful switching day program. It lets you make all special days into "FREE DAYS" without messing up your diet.

● celebrate birthdays with the cause

● at parties, join in the eating and drinking

● dine in restaurants knowing you can choose anything on the menu — and still stay on your diet

● stuff the stocking at Christmas, then stuff yourself!

It won't be hard for you to remember your "FREE DAYS." But to help you highlight these "special days," you'll find in your Rotation Diet™ kit a supply of brightly-colored "FREE DAY" and Balance Day stickers for your calendar. When you look at the month, you'll see that "FREE DAYS" far outnumber the rest.

And it saves you more than it costs!

#### LOSE WEIGHT FEELING GREAT

The other three days a week — Monday, Wednesday and Friday — you'll follow our special 3 point program.

This is what makes The Rotation Diet™ the diet you can live with. You see, on "FREE DAYS" you'll really live it up. You'll have a feast, satisfy all your cravings. The next day you won't have trouble doing without your favorite foods. Because you'll know you can have as much as you want of them — and anything else — in less than 24 hours. And remember, every Tuesday, Thursday, Saturday and Sunday are Free Days! The Rotation Diet™ doesn't have "fast days." The "feed-and-fast" method of dieting doesn't work. It often causes dizziness and fatigue. And when hunger pangs come, most people end up eating on their "fast days."

The Rotation Diet™ gives you BALANCE DAYS.

● On Balance Days you'll have Rotation Waters™, Rotation Multi-Vitamins™ and a number of Rotation foods. In addition, you'll have unlimited, private consultation by phone with the Rotation Diet Center and your Phonefriend — a very important part of your diet.

● Rotation Waters™ make the diet work. They're critical to the success of the diet because they

STOP HUNGER (yet they're not a medicine, drug or shot, so they're perfectly safe).

PROVIDE ENERGY (through a unique combination of healthful, high-energy, natural ingredients).

ELIMINATE FATIGUE (you can do whatever you want on a Balance Day from early morning till late at night).

● This is a personalized, custom diet, not a "mass program" that's the same for everyone. The amount of Rotation Waters you must take is determined by a Rotation Diet Center counselor, based on the enclosed questionnaire and then filed in by hand in your member's instruction Handbook.

● Rotation foods make the diet even easier to live with. Choose from a list that includes a full 16 ounces of cottage cheese, Rotation Custard in every flavor you can imagine, Rotation Jello in every color of the rainbow, and all the diet, soda, coffee, tea or water you want. Additional foods will be added later by your personal counselor.

● You'll save more than you spend on this diet! Most people cut about 40% off their food bill because they've cut down on expensive foods during their three Balance Days a week. That more than covers the cost of The Rotation Diet™. And, with The Rotation Diet™, there are no office visits or expensive consultations. You get unlimited telephone support included in your low weekly charge.

● No calorie counting

● No forbidden foods

● No drugs or medicine

● No weighing of portions

● No gadgets or machines

● No expensive office visits.

Enjoy unlimited advice, support  
and encouragement

You'll lose more, lose faster with the help of your personal counselor.

There are 3 Very Special Ingredients in The Rotation Diet™

**THE ROTATION DIET CENTER, YOUR PHONEFRIENDS AND YOU.**

It's easier to succeed on The Rotation Diet™ because you don't have to do it alone. You get all the answers, all the help you need. Without attending meetings. Without having to compare your weight with someone else's. It's all done by phone, toll-free at no cost to you.

When you start The Rotation Diet™ you become a member of The Rotation Diet Center. You get complete membership—and you never have to leave. You're a lifetime member!

**Membership Benefits**

**CALL THE ROTATION DIET CENTER AS OFTEN AS YOU LIKE.**

TOLL FREE (800) 523-6262  
(215) 794-3278 (MON-FRI, 9A-5P)

Or contact your Phonefriend and their names and numbers are included in the package.

- Call daily if you need to.
- We've found that people who keep in touch with the Rotation Diet Center or their Phonefriends lose weight more quickly and more easily.
- Enjoy your conversation.

The Phonefriends have actually been on The Rotation Diet™ themselves. So they know just what you're going through! Discuss whatever you want. Your Phonefriend is your friend, who understands that what's happening in the rest of your life affects the progress of your diet.

- Celebrate your success.
- Your Phonefriend will congratulate you every time you lose and then give a big cheer when you've reached your goal weight and become the person you want to be.
- Keep your weight off.
- Use the Rotation Diet Center to help you maintain your weight loss. Even when you're no longer ordering supplies from us.

**RECEIVE A FREE SUBSCRIPTION TO PARTYLINE**

You'll learn all the latest diet news, collect beauty tips, share the experience of other Diet members, gather new recipes, maybe see your own before and after pictures printed.

**HERE'S WHAT YOU GET IN YOUR ROTATION DIET™ KIT:**

- Rotation Waters™  
2 week or 4 week supply. You choose the starting amount on your membership application.
- Rotation Multi-Vitamins™  
A full 2 week or 4 week supply.
- Instruction Handbook  
All you need to know, including the number of Rotation Waters™ personally allotted for you, how to switch days, how to add "FREE DAYS," and much more.
- Stickers for your "FREE DAYS"
- Calendar for the year  
Record your weight loss, watch the numbers drop.

**PLUS—**

**UNLIMITED TELEPHONE CONTACT WITH THE ROTATION DIET CENTER AND YOUR PHONEFRIENDS.**

Here's what you'll enjoy as a Lifetime Member of The Rotation Diet Center:

- Free telephone contact whenever you want, as often as you like—whether you're on the diet or a maintenance program or not receiving supplies at all.
- Free subscription to the Partyline newsletter.



**CALL THE ROTATION DIET CENTER FOR MORE INFORMATION**

TOLL FREE (800) 523-6262 Seven days 9-9  
In Pa. Call (215) 794-3278 Seven days 9-9  
Or call a Phonefriend days, evenings.

Call the Rotation Diet Center and use your credit card today. 9-9 Eastern Time. Your order is processed and on its way in ONE day!

**2 FOR 1 SPECIAL** Find out about the special rate for you and a friend on the membership application enclosed. (Green form.)

**Q** How long will it take to receive my supplies?  
**A** We'll ship your supplies as soon as possible. Please allow 7-10 business days for delivery.

**Q** Can I use my credit card?  
**A** Yes, we accept all major credit cards.

**Q** What is the difference between the 2-week and 4-week supply?  
**A** The 4-week supply is twice the amount of the 2-week supply.

**Q** How many Rotation Waters™ can I use?  
**A** You can use as many as you like, but we recommend following the guidelines in the handbook.

**Q** Can I use the diet if I'm traveling?  
**A** Yes, you can. Just call us for more information.

**Q** Is there a refund policy?  
**A** Yes, we have a 30-day money-back guarantee.

**Answers to your questions**

"I'm so pleased about what happened to me, I'd love to help it happen to you."



*Talk it over with  
Dot herself....*

Dear Friend:

I'm beginning to feel like a celebrity. Hundreds of people have been calling me personally asking "Why did you pick The Rotation Diet™?" "Didn't you feel guilty eating so much on your "FREE DAYS", and weren't you worried you wouldn't lose weight?" They had read about me and The Rotation Diet™ and seen how successful I was. But they weren't sure they could actually do it themselves.

That's why I volunteered to let The Rotation Diet™ Center relay calls to my home. I want to help spread the word about this wonderful diet.

So just call toll free (800) 523-6262 (In Penna. (215) 794-3278) and ask for Dot. I'm available most days and evenings plus weekends. I hope I'll be talking to you soon.

Sincerely,

*Dot Woolslager*

Dot Woolslager

P.S. I'm no celebrity. I'm someone exact like you who's just a few months ahead of you on The Rotation Diet™ Program. And I'm not even a genius — there are thousands of Rotation Diet™ Center members who've lost as much weight as I have. Even more! In fact, many of these people have joined the Center as Phone Friends. And one of them would be glad to speak to you too. Supply their names and numbers on the reply sheet.

In Pennsylvania the Center's Number is (215) 794-3278



Return Address (please print)  
Name \_\_\_\_\_  
Street \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_



NO POSTAGE  
NECESSARY  
IF MAILED  
IN THE  
UNITED STATES



BUSINESS REPLY MAIL  
FIRST CLASS PERMIT NO. 6 FURLONG, PA

POSTAGE WILL BE PAID BY ADDRESSEE

THE ROTATION DIET CENTER  
National Headquarters  
Rotation Plaza  
Furlong, Pennsylvania 18925

EXHIBIT D



"THE DIET YOU CAN LIVE WITH!"

# PARTYLINE

Published by the Phonefriend Rotation Diet®

ROTATION CENTER, Bucks County, Pennsylvania • (215) 794-3278 7 days, 9 to 9 • Outside PA (800) 523-6262 toll free, 7 days, 9 to 9

## ROTATION DIET CALLED — "MOST SUCCESSFUL DIET EVER!!"

Here are some comments from the thousands of people who are currently enjoying the Rotation Diet:

"I love the true freedom of being able to eat whatever I want every TUESDAY, THURSDAY, SATURDAY and SUNDAY!"

M.A., Norwalk, Connecticut

"I feel normal!"

J.F., New York, NY

"I've lost over 70 pounds while eating all of the ice cream that I want 4 days every week. THIS IS THE MOST SUCCESSFUL DIET EVER!"

P.A., Philadelphia, PA

"I've been on maintenance for 6 months and it's working great! I now have only ONE diet day each week."

L.R., Los Angeles, CA

"The Rotation Tablets taste like Necco Wafers. They really stop my hunger and increase my energy level. I feel good on my 3 diet days!"

B.B., Boston, Massachusetts

"I really pig-out on my free days — pizza, cheesecake, beer, potato chips. I eat to my heart's content and have still lost 57 pounds!"

M.M., Princeton, New Jersey

"I save enough on my 3 diet days to more than pay for the whole week. The diet actually costs me nothing!"

L.A., Salem, Ohio

"The all natural diet — no drugs or medicine! The Rotation Diet is really SANE and PROVEN SAFE!"

C.D., Wilmington, DE

"I just used your switching process to make Wednesday a FREE DAY — it worked great!"

A.L., Hartford, CT

"It's wonderful to know that I'll never have to miss another 'eating day' — no more birthday parties without the cake!"

D.W., New York, Pennsylvania

### Dr. Barry Bricklin Joins Rotation Diet Staff as DIRECTOR of our Professional Advisory Board

Dr. Barry Bricklin, Ph.D. is an assistant professor of psychology at the Hahnemann Medical College of Philadelphia. Presently, he served on the faculty of the Jefferson Medical College of Philadelphia. He has served as consultant in psychology to the Walter Reed Army Hospital Research Center in Washington, D.C. in the United States Army, to the U.S. Air Force Company in Wilmington, Delaware, to the National Research Council in Washington, D.C., to the New York Academy of Medicine and to the Columbia Broadcasting System. He is past president of the Philadelphia Society for Personality Assessment. He has authored 17 peer-reviewed scientific articles and articles on a wide variety of topics.

Among the results of Dr. Bricklin's cooperative ventures with his wife Pat (also a Dr. Bricklin) are numerous articles, three books, and four children (Gren, Scott, Carol and Elliot). Some of their books have been best-sellers, *Single Child — Four Grades: The Psychology of Underachievement*, and *Strong Family — Strong Child*. These books have been translated into nine different languages.

#### CONGRATULATIONS!

Pat	74 lb. 1988	Ann	48 lb. 1988
Arlene	52 lb. 1988	Linda	52 lb. 1988
Bill	71 lb. 1988 in 28 days	Sam	38 lb. 1988
Bob	40 lb. 1988 in 1 week	John	10 lbs. in 1 week, 24 total
Berry	28 lbs. and maintenance	William	28 lb. 1988
Ann	48 lb. 1988	Julie	28 lb. 1988
June	7 lb. 1988 in 1 week	Marianne	18 lb. 1988 in 3 weeks
Mary	48 lb. 1988	Ruth	28 lb. 1988 and maintenance
Joely	28 lb. 1988	Judy	28 lb. 1988
Phyllis	28 lb. 1988	Jessica	12 lb. 1988 in 3 weeks
Therese	28 lb. 1988	Lucy	28 lb. 1988

### One Day Service Fast and Personal

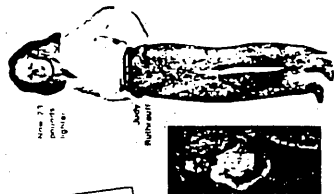
We know that when you decide to go on a diet you want to start NOW! With this in mind we are geared-up to process all new orders the same day that they are received. We ship UPS and usually the order is delivered within a day or two in the East and two or three days to the West Coast. Many orders are actually delivered the next day.

How are we so efficient? Easy — we use people not computers! My son Blair ordered a book from Time-Life and it took 6 weeks before it was delivered. He asked me every day for 6 weeks where his book was (he's 12) and I kept telling him that computers take time. He asked why they were used if they took so long and I explained that they were needed in large-scale operations. The Rotation Diet Center is relatively small. All together we are run by 75 people (up from 10 people only 12 months ago.) Don't expect Sears-Roebuck. When you call us you get a person who is on the Rotation Diet and CARES about YOU! No answering machines — no computers — just people who care!

Complaint

106 F.T.C.

The Rotation Diet™ will work for YOU!



Now 27 pounds lighter. Judy Ruffner

... I've been on the Rotation Diet for 3 months and I've lost 27 pounds. I feel great! I'm more energetic and my skin is glowing. I love the Rotation Diet!

... I've been on the Rotation Diet for 3 months and I've lost 27 pounds. I feel great! I'm more energetic and my skin is glowing. I love the Rotation Diet!

... I've been on the Rotation Diet for 3 months and I've lost 27 pounds. I feel great! I'm more energetic and my skin is glowing. I love the Rotation Diet!

... I've been on the Rotation Diet for 3 months and I've lost 27 pounds. I feel great! I'm more energetic and my skin is glowing. I love the Rotation Diet!

Here's How . . .

- Tuesday, Thursday, Saturday and Sunday are "FREE DAYS." You'll eat and drink what you like—good food or bad food. But a sundae with luscious ice cream, but a sundae with luscious sauce, with whipped cream, with nuts. A cheeseburger and french fries (double order if you're hungry). Pretzels and popcorn. Everything you want to eat in unlimited quantities. You choose! Absolutely no limitations!
- Four "FREE DAYS" every week. You're eating the way you like to eat.
- "FREE DAYS" are your "reward" for staying on the diet and giving it up. Most people give up diets because they feel deprived of favorite foods, but since they're on the Rotation Diet, they're not. Instead, they're on the Rotation Diet, they're on the Rotation Diet. There's more of that with the Rotation Diet.
- The Rotation Diet™ is the diet you can live with and stick with. After you reach your goal weight, you'll get more and more "FREE DAYS" each week—up to six out of seven!
- The Rotation Diet™ is the "no one has" to know you're on a diet. You'll enjoy the program. It lets you make all your "FREE DAYS" without missing up your diet.
- Celebrate birthdays with the cake.
- Eat in restaurants knowing you can choose anything on the menu—and still stay on your diet.
- No sticking at Christmas, then, for yourself.
- It won't be hard for you to remember your "FREE DAYS." But to keep you highlighted these "FREE DAYS," you'll find in your Rotation Diet™, not a simply of highly colored "FREE DAYS" stickers, but an entire calendar. When you look at the calendar, you'll see that "FREE DAYS" are outnumbering the rest!

It worked for Dot Woolslager



Dot's Fabulous Success Story: I started the Rotation Diet™ on April 21, 1979. By the end of the summer I had dropped from 185 pounds to 140 pounds and was beginning to require less medication. During these intervening months, I have been able to enjoy a wonderful life. I love the Rotation Diet! I'm more energetic and my skin is glowing. I love the Rotation Diet!

**ROTATION DIET™**  
**LOSERS ARE WINNERS**  
Pat—74 lbs lost  
Bill—31 lbs lost in 30 days  
Ann—53 lbs lost Ann—40 lbs lost



Nancy lost 25 lbs. — 62 lbs. Marianne 30 lbs.

Dot's Statistics	THEN	NOW
WEIGHT	185	123
WAIST	34	27
HIPS	43	37
CHEST	35	35
NECK	13	11
THIGHS	22	18 1/2
CALF	13	11
UPPER ARM	12	10



# And it saves you more than it costs! LOSE WEIGHT FEELING GREAT

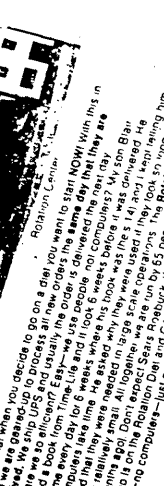
In other words, you can lose weight and feel great...  
This is what makes the Rotation Diet...  
On Balance Days you'll have...  
Rotation Diet...  
Call the Rotation Diet Center for more information.

## Here's what you get in your Rotation Diet kit:

- Rotation Waters: 2, or 4 week supply
- Membership Card
- Rotation Medication
- In-home support
- In-home support
- In-home support
- In-home support
- In-home support
- In-home support
- In-home support

**Call the Rotation Diet Center for more information**  
TOLL FREE (800) 555-3292, 9 a.m. to 5 p.m.  
In Pa. call (610) 726-3278, 9 a.m. to 5 p.m.  
Including weekends.

### One day service—Fast and personal



We know that when you decide to go on a diet you want to start NOW! With this in mind we've created...  
We'll get you started on a diet...  
We'll get you started on a diet...  
We'll get you started on a diet...

## Answers to your questions

- Q: How much does it cost?
- A: The Rotation Diet...  
Q: How long does it take?
- A: The Rotation Diet...  
Q: Can I lose weight?
- A: The Rotation Diet...

...the most effective...  
...the most effective...  
...the most effective...

EXHIBIT E

# THE DIET YOU CAN LIVE WITH!

You can lose 16-20 pounds per month with The Rotation Diet without giving up your favorite foods.

Four days a week, eat what you like, as much as you like. Tuesday, Thursday, Saturday and Sunday, eat and drink whatever you like - good food or junk food, from pancakes to pizza to pastry.

Three days a week, Monday, Wednesday, and Friday, you follow our special three-point program. The weight comes off and stays off.

- No calories to count • No forbidden foods • No drugs
- No foods to weigh • No gadgets • No fatigue

To start looking the way you want, call for your free, no-obligation information package.

CALL US TOLL FREE.  
**(800) 523-5763**  
 In Penna. call (215) 794-3278  
 Call 7 days a week from 9AM to 9PM



Dotie Woolslager  
lost 16-20 pounds

Now on the  
Rotation Diet  
plan, making  
steady progress  
toward her goal.



I'm Dottie Woolslager. I'm thin for the first time since the kids came, and I know I'll never be fat again. I found the Rotation Diet, the only diet I've ever been able to live with.

Included in the free information package will be telephone numbers of people like me who are on the Rotation Diet right now and can tell you about their experience with it. OR get your free information package by filling out the coupon below.

**Do It Right Now!**

ROTATION DIET CENTER  
 NATIONAL HEADQUARTERS  
 FURLONG, PA 18925

Please send me your FREE NO OBLIGATION information package today.



Complaint

EXHIBIT F

*Rotation Diet*

**Buckingham**  
**Direct Response Advertising**  
Buckingham, PA 18912-0102 • (215) 794-5914

SCRIPT FOR BUCKINGHAM PRODUCTS  
60 SECCND DIET SPOT

PLEASE GET A PENCIL AND STAND BY.

I'M GOING TO TELL YOU ABOUT AN EXCITING NEW DIET THAT IS SWEEPING THE COUNTRY. THERE ARE NOW OVER 100,000 PEOPLE ON THE ROTATION DIET---AND THESE PEOPLE ARE LOSING POUNDS WHILE EATING WHATEVER THEY WANT 4 DAYS EVERY WEEK.

THAT'S RIGHT! ON THE ROTATION DIET EVERY TUESDAY, THURSDAY, SATURDAY AND SUNDAY ARE FREE DAYS WHEN YOU ARE ENTIRELY FREE TO EAT WHATEVER YOU WANT---AND AS MUCH AS YOU WANT. THE OTHER 3 DAYS YOU OPERATE ON A PERSONALIZED DIET THAT KEEPS YOUR ENERGY HIGH AND YOUR HUNGER LOW AND YOU'RE NEVER MORE THAN TOMORROW MORNING AWAY FROM BEING ABLE TO HAVE WHATEVER YOU WANT. FOR A FREE BROCHURE CALL NOW TOLL FREE.

800-523-62-62

THAT'S

800-523-62-62

ONCE AGAIN, FOR A FREE BROCHURE CALL

800-523-62-62

SEE OUR AD IN THIS WEEK'S TV GUIDE

Complaint

106 F.T.C.

EXHIBIT G

## Take-A-Break Tablets<sup>®</sup> help to maintain your current weight up to 15 days if you must "Take-A-Break" from your Rotation Diet.<sup>®</sup>

**That's right!** You can now enjoy up to 15 consecutive Free Days without regaining the weight that you have lost!

We know that there are times when it's impossible to diet — even Rotation Diet®.

- Vacations with meals paid in advance.
- Last-second business dinners.
- When you're sick in the hospital.
- Just a feeling that you can't argue with...
- All sorts of pleasant times, emotional times, hard times — when it's just not the time to diet.

### NO DRUGS OR MEDICINE

Take-A-Break Tablets<sup>®</sup> are specially formulated to work with the Rotation Diet<sup>®</sup> and help to keep food from turning to fat. This means that for one day, two days, any number up to 15 days, you can enjoy taking a break from your Rotation Diet<sup>®</sup>. Soon as you return — get back on the Rotation Diet<sup>®</sup> and in one week or less you'll be back at your Pre-Break weight. It takes 1 to 3 balance days to rid your body of the food that was accumulated during your Break Time.



**Order Now...**  
You should have a supply of Take-A-Break Tablets<sup>®</sup> on hand for those situations that develop at the last minute! Don't worry about keeping the tablets around — they have unlimited life!

COST	
Per Day	\$ 3.25
15 Days	\$48.75
Includes postage and handling	

## EXHIBIT H



## ROTATION CENTER

National Headquarters • Rotation Plaza • Furlong, Pennsylvania 18925

You were very wise to request information about our popular Rotation Diet...

*And because you acted at this time, you can now take advantage of a very special offer, including a valuable free gift and a money back guarantee.*

The ROTATION DIET is the only diet available to you that lets you eat or drink anything you want 4 days a week and still lose up to 20 lbs. a month!

No Pills. No calorie counting. No special foods. No weighing or measuring. No exercising. No boredom. No gimmicks. NO KIDDING!

Dear Friend,

If you're like me, and the thousands of people I've helped to lose weight, you've tried everything to shed all those unwanted pounds... from calorie counting and weighing foods to carbohydrate, grapefruit, water, and liquid protein diets. But the problem with diets is just that. They're diets! And as we all know, anything that demands that you alter your lifestyle is difficult to stick with. And when you don't, all those pounds and inches come right back!

The Rotation Program is the diet you can live with.

That's right—the Rotation Diet is different from all the others because 4 days a week you eat and drink anything you want, as much as you want. Not celery and carrots, but suncoas, pizza, french fries, pies, cake, anything at all. These 4 days are your "FREE DAYS" and they help satisfy your cravings so you can stay with the program and lose each and every pound you want to.

Unlike other weight loss plans, Rotation Diet lets you celebrate birthdays with cake... dine out with no restrictions... vacation without limitations... and enjoy parties without guilt just like everybody else.

"Dieting" 3 days a week to lose weight month after month, including 16 to 20 pounds the first month. Impossible? Not at all...I've lost 62 pounds!

That's right. I've lost 62 pounds by using the Rotation Plan. Three days a week I followed a personalized weight loss program using Rotation Waters and Vitamins. I didn't experience fatigue, dizziness, hunger or boredom. I lost the weight I wanted to without guilt and without drugs.

Plus, I've kept off that unwanted weight. That's the beauty of the Rotation Diet. They don't leave you "tired and dry" after you've reached your weight loss goal like most every other diet.

OVER PLEASE

Complaint

106 F.T.C.

Rotation Diet gives you an easy weight maintenance plan, too!

After you reach your goal, Rotation Center will show you how easy it is to keep that weight off without anyone ever knowing and without it interfering with your lifestyle.

In addition, the Rotation Diet also allows you to vacation free of guilt with our special TAKE-A-BREAK plan. You can now safely put your diet on hold for up to 15 days when it isn't convenient! That's right—Rotation's special Take A Break allows you to take a break without feeling guilty and without gaining back all the weight you lost.

The Rotation Diet can actually save you more money than it costs!

With the Rotation Diet you can save more than you spend for the diet. If you're like most people, you'll cut about 40% off your food bill because you'll cut down on expensive foods during your 3 "BALANCE DAYS" each week.

Plus, there are never any expensive consultations or office visits to pay for. Our TOLL FREE HOTLINE also assures that you won't have any phone bills, and we guarantee you unlimited use of this special personal and confidential service.

Now's the time to act!

I hope you will take a few minutes right now to read my personal story and all the other important information in the enclosed brochure. Then call me and I'll send out the Rotation Diet for you. Or if you prefer, use the handy personalized order form that we've enclosed. Either way, don't put it off—you've got nothing to lose except a lot of unwanted pounds.

Sincerely,

*Dot Woolstager*

Dot Woolstager  
Director  
Rotation Diet Program

PS: Just for taking the first step to a new, thinner life, we want to send you a beautiful FREE GIFT valued at over \$25.00. So don't put it off for one more day. Call or write to me now!

*I'll be looking for  
your order - be sure  
to mark the envelope  
to my personal attention!*

## EXHIBIT I



Dot Woolblager, age 42, and Judy Petttrauff, age 38, are company executives at Rotation Diet and its Maintenance Plan.



*Dot and Judy Introduce the  
"NO FRILLS" Rotation Diet...*

*It's the real thing—not an imitation!*

Because of overwhelming product interest, we've created a low cost "No Frills" version of our unique Rotation Diet Program. **You still eat anything you want 4 days a week, and you still lose weight.** It's still the diet you can live with because you're never more than 24 hours away from eating all the foods you love.

**How Is This Possible?**

You can now get this very popular, successful diet at a substantially reduced cost because

- there is no membership fee
- there are no expensive movie stars advertising our diet
- there are no expensive TV or radio commercials
- there is no newsletter
- there is no fancy packaging
- there are no "free" gifts to increase the cost
- there is no free "800" phone number
- and there are no separate vitamins—you chose your own multi-vitamin

Everything else about the Rotation Diet remains the same—you sacrifice nothing when it comes to losing weight!

**Compare Rotation Diet With Others You See Advertised . . .**

Do these other "miracle" diets require you to count calories? Prepare special foods? Do special exercises? Take some sort of drug? Do without your favorite foods for weeks at a time? Make you spend money and waste valuable time at weight reduction sessions?

Rotation Diet doesn't make you do any of these!

Please take a few minutes right now to read the enclosed details on this "NO FRILLS" Rotation Diet Plan. You'll see that it works just like the original Plan. It's just as safe, just as effective and just as easy. Best of all, you can now try it for as little as \$19.98. So go ahead—ORDER TODAY. What do you have to lose besides pounds?

*Dot Woolblager Judy Petttrauff*

*If you're still not convinced give us a call. We'll talk with you personally and answer any questions you have!*

# The Rotation Diet Will Work For You, Too!

## Here's how the Rotation Diet works:



It worked for **Dix Woodling**, *Sixth Avenue* columnist, ice cream sundae, Tia Maria and all the other foods that got Jones!

"I started the Rotation Diet on April 23, 1979. By the end of the summer I had lost 40 pounds, dropping my weight from 185 to 145. I was beginning to regain the human race!"

Since then I've been able to enjoy a modified maintenance plan (fewer diet days) and stay low weight. My original goal was to get down to 120 pounds, but now I won't be satisfied until I get to 113. I'm almost always in my maintenance zone—my thighs are tight and I feel great!

My husband and I have been able to enjoy our family again very much. I'm so glad to have my husband back. (And I'm so glad to have my hair back.)

The Rotation Diet has transformed my life and I know it can do the same for you!

It worked for **Judy**, too:  
Here I am with the stacks I used to wear before the Rotation Diet. Now I'm 23 pounds lighter!



It also worked for these happy people . . .

"I've lost over 70 pounds while eating all the ice cream that I want 4 days a week. **THIS IS THE MOST SUCCESSFUL DIET EVER!**"

"I've been on maintenance for 6 months and it's working great! I now have only **ONE** diet day each week."

"The first week I lost 6 lbs. The second week I lost another 3 lbs. I couldn't believe how good this works and how easy it is to stay on one day a week!"

"The diet is everything it is claimed to be. I've lost weight but haven't missed anything doing it. My appetite is great!"

**PHYSICIAN REVIEWED**

A. J. Robbins, M.D., thoracic surgeon, nutritionist, superintendent of a large hospital in NJ, and a member of the Professional Advisory Board of the Rotation Diet Center says . . .

"Experience, both personally and professionally, with the Rotation Diet has enabled me to attest to its effectiveness as well as its safety."

### Phone Friends Help You Succeed

Available 7 days a week, 12 hours a day, Phone Friends will answer your questions, lend support and help you celebrate your weight losses. They also guide you through holiday alterations and switches.

### FREE DAYS

Tuesday, Thursday, Saturday and Sunday are **FREE DAYS**. You eat and drink whatever you like—good food or junk food—just as much as you want. Not just ice cream, but a sundae with fudge sauce, whipped cream, nuts, a cheeseburger and french fries, double order, double onions, pretzels and beer—absolutely anything you want.

For a full week you're eating the way you like. **FREE DAYS** are your reward days and they are what makes the difference between your starting on the diet and giving up. Most people give up diets because they're bored with the same foods or by friends, relatives, or loved ones tired of buying special, and frequently expensive, diets. There's none of that with the Rotation Diet.

The Rotation Diet is the diet you can live with and stick with. After you reach your weight goal, you'll get more **FREE DAYS** each week—up to 6 out of 7!

We call the Rotation Diet the "no-one-has-to-know-you're-on-a-diet" diet. That's because of its special switching day feature. It lets you enjoy all special days without messing up your diet.

It won't be difficult for you to remember your **FREE DAYS**. And when you look at the month you'll see that **FREE DAYS** outnumber the others.

S	M	T	W	T	F	S
Free Day	Diet Day	Free Day	Diet Day	Free Day	Diet Day	Free Day

### DIET DAYS

Monday, Wednesday and Friday are **DIET DAYS**. On these days you follow the special program which includes Rotation Diet exchange tables. We provide you simple, quick recipes for additional special foods. You can have all the diet soda, coffee, tea and water you want. Rotation Diet exchange tables make the diet work. They're made to be easy to use, so you can enjoy **STOP! HANG ON!** without the usual diet "diet" **PROVIDE ENERGY** with a unique combination of nutrients to help you stay energized. **HUMANS ARE MADE TO MOVE!** So you'll get the most out of your Diet Days by staying active.

When the Rotation Diet is over, you'll have **RENEWED ENERGY**. Beverages and all the **FREE DAYS** make you feel great. **FREE DAYS** are a great reward for your hard work. You'll feel great each day. These are your special days, and you'll be doing a lot of celebrating. You'll know you've done it. You'll have it all. You'll be able to do it all.

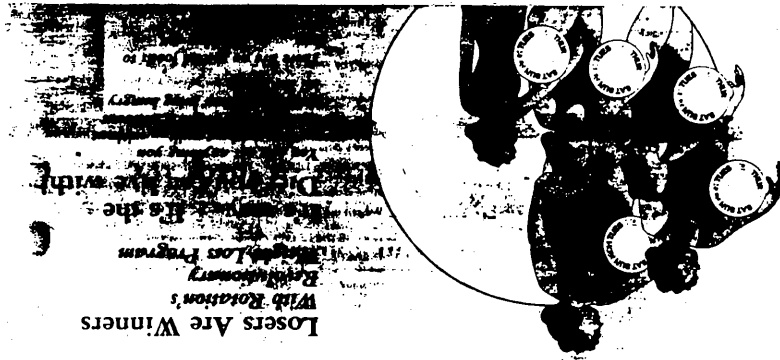
### MAINTENANCE

Once you reach your weight goal, you'll be able to enjoy **FREE DAYS** even more. You'll be able to enjoy **FREE DAYS** even more. You'll be able to enjoy **FREE DAYS** even more.

### TAKE-A-BREAK

The Rotation Diet allows you to vacation from the diet with **TAKE-A-BREAK** tables. You can now safely put off dieting for up to 7 days when it just isn't convenient. You'll be able to enjoy **FREE DAYS** and get back all the weight you've lost.





**Rotation Center's  
Advisory Board  
Director  
Answers Your  
Questions...**

Dr. Barry Bricklin is Director of Rotation Center's Professional Advisory Board. His responsibilities are to evaluate the plan and develop recommendations.

About 13 years ago Dr. Bricklin weighed over 320 pounds. He's 5'8" tall. He lost 75 pounds with an earlier version of the Rotation Diet and has maintained his desired weight of 145 pounds for 12 years with the current plan.

Currently Dr. Bricklin is an associate professor of psychology at Hahnemann Medical College in Philadelphia. Previously he's served Jefferson Medical Hospital, Walter Reed Army Hospital, E.I. DuPont Company, New York Academy of Medicine and the Columbia Broadcasting System (CBS).

**Prompt Confidential Service**

Orders are processed the day they are received! We know that when you decide to go on a diet you want to start NOW. With this in mind, we are pleased to process all new orders the same day they are received. We ship by air which means that usually you receive your materials in 4 to 7 days.

**Q: Does the Rotation Diet really work? Do people love weight on it?**

**A:** It works extremely well. But as any doctor with years of experience in weight control knows, designing a way to lose weight is only a small part of the challenge. My years of observation of this diet, involving me that is, breakfast, is the unique way it allows a person to find his or her own weight and then stay there.

**Q: Is the Rotation Diet medically safe?**

**A:** You take the traces of medications with this diet. However, an 80% reduction in the dosage of the Rotation Diet will allow you to take the maximum dosage of any medicine.

**Q: What are Rotation Chewable Tablets?**

**A:** They are the natural, safe, fast-acting, and effective way to lose the fat. The tablets are made from the Rotation Diet's special ingredients and are available in 100, 200, and 300 mg. per chewable tablet.

**Q: How much weight can I lose?**

**A:** Women usually lose 75 pounds a month, men 100 pounds. The amount depends on many personal variables including the total amount of weight you have to lose.

**Q: Can I buy Rotation Chewable Tablets at my drug store?**

**A:** No. Our special weight loss Chewable Tablets are manufactured expressly for the Rotation Diet Center and are available only to us.

We invite you to visit us if you pass our way. We'd love to meet you in person and hear about your success with the Rotation Diet. Or, we see us 24/7...  
National Headquarters • Rotation Plaza •  
Furlong, Pennsylvania 18925 • 215-794-4294 • 215-794-8881 •  
7 days a week • 9:00 a.m. - 9:00 p.m. EST

Why wait any longer? ORDER TODAY! Get the diet you can truly live with!

It's Easy To Get The Diet You Can Live With...

Here's How:

Complete this brief order form. Don't forget to fill in the credit card information and sign if you are charging your order. Mail your order form along with your payment if paying by check or money order in the handy postage paid envelope enclosed.

CREDIT CARD USERS: Get extra fast service by phoning in your order. Call (215) 794-8293 or (215) 794-8881 7 days a week 9:00 a.m. - 9:00 p.m. EST.

ADDITIONAL ORDER BLANKS ON REVERSE FOR YOUR FRIENDS

DON'T WAIT... ACT TODAY TO GET THE DIET YOU CAN LIVE WITH! orders processed within 24 hours!

The Real Rotation Diet "NO FRILLS" Plan

National Headquarters • Rotation Plaza • Furlong, Pennsylvania 18925

- YES! I want to begin the NO FRILLS Rotation Diet Plan right away. Please send the following: NO FRILLS Rotation Diet—2 Week Introductory Supply \$19.98 + \$3.95 for postage & handling... NO FRILLS Rotation Diet—4 Week Supply \$39.95... Rotation Center pays postage & handling.

OM7021000

Andrea Sacks 2727 29th St Nw Apt 311 Washington, DC 20008

Please Check One: (no C.O.D.)

- Money Order, Check, MasterCard, Visa, American Express, Diners Club. Payable to: ROTATION DIET OR.

Card #, Expiration Date, Signature, Date, Phone #

PLEASE CHANGE ANY INCORRECT INFORMATION USE STREET & APARTMENT ADDRESS - UPS CANNOT DELIVER TO P.O. BOXES

Tell a friend about the "NO FRILLS" Rotation Diet Plan...

If you have friends or relatives who would also like to get the diet they can live with, just have them use the forms below. Then mail all orders with appropriate payment in the enclosed postage paid reply envelope.

Name, Address, City, State, APT, ZIP

- YES! I want to begin the NO FRILLS Rotation Diet Plan right away. Please send the following: NO FRILLS Rotation Diet—2 Week Introductory Supply \$19.98 + \$3.95 for postage & handling... NO FRILLS Rotation Diet—4 Week Supply \$39.95... Rotation Center pays postage & handling.

PLEASE CHECK ONE (no C.O.D.): Money Order, Check, MasterCard, Visa, American Express, Diners Club. Payable to: ROTATION DIET OR.

Card #, Expiration Date, Signature, Date, Phone #

Name, Address, City, State, APT, ZIP

- YES! I want to begin the NO FRILLS Rotation Diet Plan right away. Please send the following: NO FRILLS Rotation Diet—2 Week Introductory Supply \$19.98 + \$3.95 for postage & handling... NO FRILLS Rotation Diet—4 Week Supply \$39.95... Rotation Center pays postage & handling.

PLEASE CHECK ONE (no C.O.D.): Money Order, Check, MasterCard, Visa, American Express, Diners Club. Payable to: ROTATION DIET OR.

Card #, Expiration Date, Signature, Date, Phone #



EXHIBIT J

**The Rotation Diet Can Actually Save You More Money Than It Costs!**

That's right! With the Rotation Diet you'll save more than you spend on this diet. If you're like most people, you'll cut about 40% off your food bill just because you'll cut down on expensive foods during our 3 Balance Days each week. And that will more than cover the cost for the Rotation Diet. Plus, there are never any expensive office visits or consultations. Our TOLL FREE HOTLINE also

assures that you won't even have any phone bills because we guarantee you unlimited use of this service. It's included in your low weekly cost.

So what do you have to lose besides a lot of pounds? Call us today or use the easy order blank on page 13 to start your Rotation Diet. Remember, losers are winners with Rotation Diet!

"Everyone has one problem or another during weight loss, but on this diet, you get the answers and all the help you need."  
C.T. Tarnish, Canada

"I love the true freedom of being able to eat whatever I want every TUESDAY, THURSDAY, SATURDAY AND SUNDAY!"  
M.A. Bartolotta, PA

**Lose Weight, Feel Great and Improve Your Health...  
 The Rotation Plan is truly a diet you can live with!**

- eat anything you want and as much as you want 4 days a week — no limitations, no guilt
- diet only 3 days each week
- no special foods to buy
- no drugs, no medicines — just natural ingredients
- no weighing out portions, no counting calories
- enjoy better health and longer life
- experience weight loss without dizziness or fatigue
- save up to 40% on your current food bills
- reach your goal then keep it off with the Rotation Diet Maintenance Plan
- enjoy unlimited help and support from your Rotation Center Phonefriends

This is a **personalized** diet. It isn't the same for everybody. A special Rotation Center Diet Counselor will analyze your needs and set up your diet accordingly.

And remember with the Rotation Diet you are never more than 24 hours away from the best meal of your life!

**FOR EASY ORDERING CALL  
TOLL FREE 800-523-5763**

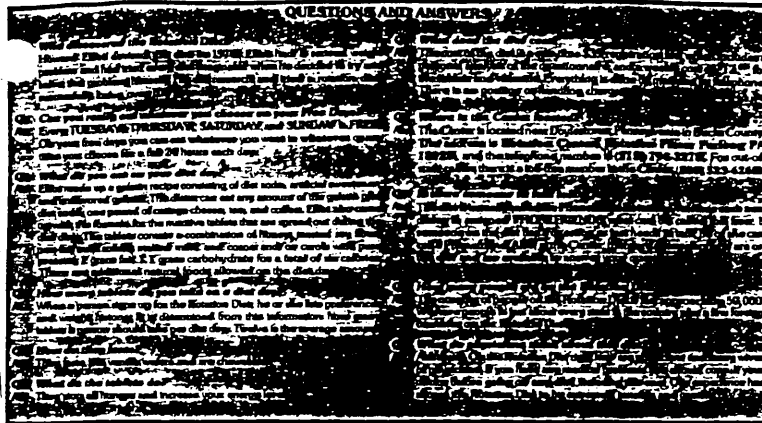


Your new Phonefriends are waiting to help you in any way they can.



"I've lost over 70 pounds while eating all the ice cream that I want 4 days every week. THIS IS THE MOST SUCCESSFUL DIET EVER!"  
P.A. Philadelphia, PA

"I've been on maintenance for 6 months and I'm working great! I now have only ONE diet day each week."  
S.B. Los Angeles, CA



**CALL FOR MORE INFORMATION**

**TOLL FREE (800) 523-6262**

**In Penna. (215) 794-3278**

Seven days a week from 9 A.M. to 11 P.M. (Eastern time)  
there is a Phonefriend ready to answer your questions or take your order.  
Why not call now!

**A FRIEND CAN USE THE COUPON BELOW  
TO ORDER AN INFORMATION PACKET LIKE THE ONE YOU RECEIVED**

Yes, I'm interested in finding out more about a diet that lets me eat whatever I want every TUESDAY, THURSDAY, SATURDAY and SUNDAY. Please send me the Rotation Diet Information Packet. I understand that the Packet is FREE and that there is absolutely no obligation!

Name \_\_\_\_\_

Street address \_\_\_\_\_ Apt. \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

Telephone (optional) ( ) \_\_\_\_\_  
area code

Please fill out this FREE request form and mail it in an envelope to:  
**ROTATION DIET CENTER**  
 Furlong, PA 18925  
 or call:  
 Toll Free (800) 523-6262  
 In Penna. (215) 794-3278

ROTATION REP NUMBER

EXHIBIT K



**JUDY RUTHRAUFF  
PRESIDENT  
ROTATION-FREEDOM DIET**

**"Four years ago I lost 23 lbs on this diet while eating whatever I wanted 4 days every week. More amazing! I've stayed at my right weight for 4 years and I eat whatever I want 6 days a week!  
I enjoy the freedom - and knowing that I'm in control of my life. I also enjoy the way I look --- I'm not a movie star but I'm the best I can be. Our files are filled with 1000's of people who have made this diet a part of their lives and are enjoying themselves just as I do. Join us!  
This diet has changed my life so dramatically that it thrills me to be able to offer you the chance of doing the same. To make it easier I'm establishing a special introductory price of \$9.95 (plus P&H) for a full 2 weeks of the Rotation-Freedom Diet. Join me!"**

Here's how the diet works:

*Judy*

**Free Days** - on Tuesdays, Thursdays, Saturdays, and Sundays you eat and drink anything you want. As much as you want. Eat spaghetti, pizza, breads, and desserts like goodies, banana splits. Eat all you want. **Second** if you want. You are never more than one day away from your next exciting meal.  
**Diet Days** - on just 3 days (Mondays, Wednesdays and Fridays) you follow the simple Rotation-Freedom Weight Loss Program and eat tasty Rotation-Freedom Chewable Tablets.  
**There Are Even Real Foods** allowed on Diet Days listed in your instruction booklet.  
**Rotation-Freedom Chewable Tablets** are one of the keys to your weight-loss success. They are specially formulated food supplement tablets, manufactured only for the Rotation-Freedom Diet. They contain no medicine or drugs yet help to make your Diet Days easier.  
**Great News: You can Switch Diet Days.** Special Occasions, holidays, and week-time parties take precedence. (The "Switching Plan" is in the Rotation-Freedom Instruction Booklet).  
**Exciting Weight-Loss: The First Month.** Rate of weight-loss varies with different people, but the majority of women in our file lose 8 to 20 pounds during the first month. **It's usually 10 pounds.**  
**A Way To Maintain Weight-Loss TOO.** The Rotation-Freedom Diet has a built-in weight maintenance plan that adds more freedom to your week automatically.  
**Phone Friends** are here to help. 12 hours a day. 12 days a week. Most are on our 241 and are in daily contact with members who have lost weight.  
**Extraordinary Success Stories**  
■ Maggie - began at 183 pounds. After less than three weeks started at 178 pounds. "I've gained" since the program.  
■ Eggar - started at 175 lbs. She lost 10 lbs. in 10 days. She lost 28 pounds in 22 weeks. "I don't know how to do it."  
■ Elena - "I've lost 20 lbs. (total) in 3 weeks and have never felt better. "I really love work."  
■ John - "I weighed 250 pounds when I first started the diet and am now down to 200 pounds. I'm a great success story."  
**Special Offer:** 2 weeks of the Rotation-Freedom Diet for \$9.95 (plus P&H)  
Rotation-Freedom Diet, Inc. Paul Lehman  
215-724-5579, 215-724-5578

**INTRODUCTORY**  
**2 WEEKS OF THE ROTATION FREEDOM DIET \$9.95**  
OFFER VALID FOR NEW MEMBERS ONLY. SPECIAL

ROTATION FREEDOM DIET  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_  
I am interested in the Rotation-Freedom Diet. Please send me the information and the 2-week introductory offer.  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_  
I am interested in the Rotation-Freedom Diet. Please send me the information and the 2-week introductory offer.  
Name: \_\_\_\_\_  
Address: \_\_\_\_\_  
City: \_\_\_\_\_ State: \_\_\_\_\_ Zip: \_\_\_\_\_  
Phone: \_\_\_\_\_  
I am interested in the Rotation-Freedom Diet. Please send me the information and the 2-week introductory offer.

# DIET GRAM

**FREE GIFTS PLUS SPECIAL PRICE  
... BUT YOU MUST ACT NOW!**

***Rotation-Freedom ... the diet people***

**ANNOUNCE**

**the breakthrough diet of the future!**

**FREEDOM *Plus!***

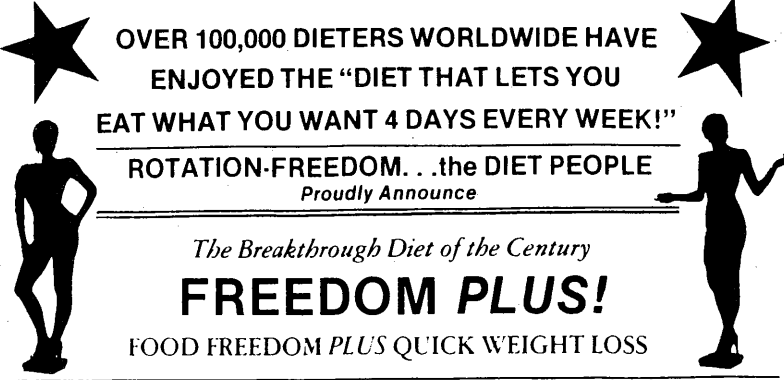
**Food Freedom plus Quick Weight Loss**

Just like Rotation-Freedom, you will enjoy 4 ABSOLUTELY FREE EATING DAYS every week BUT NOW LOSE UP TO 3 TIMES AS FAST!! Every Tuesday, Thursday, Saturday, and Sunday enjoy your ice cream, French Fries, cake and cookies — whatever you want, and as much as you want WHILE YOU LOSE 10, 20, 40, 60, or more POUNDS FAST!

All FREEDOM *Plus!* dieters are automatically eligible for \$500 weight loss prizes! You will receive complete information with your supplies.

Monday, Wednesday, and Friday you'll enjoy the all-natural FREEDOM *Plus!* Chewable Tablets and eat real foods as outlined in your instructions. It's pretty easy getting through the Diet Day when you know that tomorrow you can eat whatever you want!

We've added Q-L 2001 to the Free Day. Q-L 2001 can be used as a delicious soup or as a dip with crackers or vegetables. ITS SPECIAL ALL-NATURAL INGREDIENTS HELP THE FREE DAY FOOD MOVE RIGHT OUT OF YOUR BODY. Within 3 days you'll see the change IN YOUR CLOTHES AND ON YOUR SCALE as this dramatic new weight loss plan DOES ITS JOB!



OVER 100,000 DIETERS WORLDWIDE HAVE  
ENJOYED THE "DIET THAT LETS YOU  
EAT WHAT YOU WANT 4 DAYS EVERY WEEK!"

ROTATION-FREEDOM. . .the DIET PEOPLE  
*Proudly Announce*

*The Breakthrough Diet of the Century*  
**FREEDOM PLUS!**  
FOOD FREEDOM *PLUS* QUICK WEIGHT LOSS

### Here's How The FREEDOM *PLUS* DIET Works:

*Free Days...* it really is fabulous because on Tuesdays, Thursdays, Saturdays and Sundays you eat and drink anything you want. As much as you want. And still lose weight. It's truly a diet you can live with.

*Eat Anything You Want...* eat spaghetti, ravioli, pizza, breads; potatoes. And desserts: chocolate mousse, and fudge cake. Goopy banana splits. Pecan pie (with ice cream if you want). Eat all your favorites. Seconds if you want.

*Is Fantastic...* imagine; eat anything you want 4 days every week and still lose weight. Tuesdays, Thursdays, Saturdays and Sundays are your Free Days.

YOU ARE NEVER MORE THAN ONE DAY  
AWAY FROM YOUR NEXT EXCITING MEAL.  
**QL 2001!**

On your Free Days you will sip 3 cups of QL 2001: a delicious soup that comes in chicken, onion and beef flavors. The special all-natural fiber in the soup helps to move the free day food right out of your body!

*Diet Days...* on just 3 days (Mondays, Wednesdays and Fridays) you follow the simple Freedom Plus Weight Loss Program. On Diet Days, you eat tasty Freedom Plus Chewable Tablets along with as much water, tea, coffee or diet soda that you want.

*There Are Even Real Foods* allowed on Diet Days (listed in your Instruction Booklet). The Freedom Plus Chewable Tablets are one of the keys to your weight-loss

success. They are specially formulated, food supplement tablets, manufactured only for the Freedom Plus Center. They contain no medicine or drugs yet help to make your Diet Days easier. They are only available for members of this weight-loss plan.

*Great News...* You Can Switch Diet Days. Wow, that is great news... Special Occasions, Holidays, and weektime parties take precedence. Your friends won't even know you're on a diet. (The "Switching Plan" is in the Freedom Plus Instruction Booklet).

*A Way To Maintain Weight Loss Too...* the Freedom Plus Diet has a built-in weight maintenance plan. Once you have reached your goal you reduce your Diet Days to "2," then as your system adjusts to your new weight your Diet Day Number is "1". You can then adjust any weight changes by adding and subtracting diet days as you need them. In other words, if you stick to the plan you should be able to stay at the weight you want for the rest of your life. Isn't that incredible!

*Exciting Weight Loss the First Month* Rate of weight loss varies with different people, but the majority of women usually fit within a range of 8 to 20 pounds loss during the first month, men usually lose more.

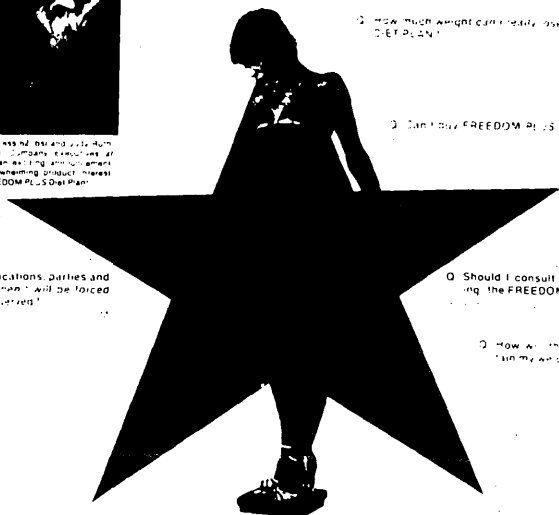
S	M	T	W	T	F	S
Free	Diet	Free	Diet	Free	Diet	Free
Days	Days	Days	Days	Days	Days	Days
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30	31			



**DOT and JUDY**  
Answer Your Questions



Did you know... *[Small text describing the origin of the diet plan]*



Q How much weight can I really lose on the FREEDOM PLUS DIET PLAN?

Q Can I buy FREEDOM PLUS Waters in the store?

Q What about vacations, parties and other times when I will be forced to eat what is served?

Q Should I consult my doctor before starting the FREEDOM PLUS Diet Plan?

Q How do I get started on the diet plan?

*Here's what dieters were telling us before QL-2001  
Imagine what they'll be saying NOW!!!*



"I'm very, very happy. For the first time in my life I can be included in the 'before after' file of a diet plan. I have sent you three more members."



"I've lost 39 lbs. Your diet was fantastic. I have been on your maintenance program for over a year now and I am holding my weight right where I want it."



She heard about the diet's success stories while working in our shipping department and decided to try it. Janet needed a diet that let her eat anything she wanted while attending Dog Shows. Dieting on Mondays, Wednesdays and Fridays was perfect for her.

Full copies of the testimonial letters above are available from the Center. Weight loss is a personal matter and therefore it should not be concluded that the testimonials above, although exact quotes are typical of the weight loss that any specific individual should expect.

Read What Other Happy Dieters Say

"I began at 193 lbs. A little less than three weeks later I am at 178 lbs. It feels terrific. I love the program."

"Your diet is the only one I've found that really works. I've lost 36 lbs. in 22 weeks. (113 lbs. the first month.)"

"She stopped smoking! I went from 112 to 138 lbs. I'm now down to 118 and feel great. I would recommend the diet to anyone."

"This is one diet you can really live with and enjoy yourself while on it." Dress size down from 18 to 14.

"I weighed 250 pounds when I first started the diet... and am now down to 200 pounds... from a waist size of 48 to 42."

"A loss of 61 pounds in 4 months. My waist dropped from 39" to 32" inches."

AND IT CAN WORK FOR YOU TOO!



# FREE \$14.<sup>95</sup> WEIGHT-MATE PLUS LOWER PRICES IF YOU ORDER NOW!

As Seen In . . .



## ORDER FORM

I'm ready for Diet Freedom with the FREEDOM Plus Diet! Please send me:

One 2 week FREEDOM Plus Diet Kit including FREEDOM Plus Chewable Tablets, QL 2001, complete instructions, information on the free weight loss contest, and Diet Tips.

~~\$19.95~~ plus \$2.00 postage & handling. TOTAL ~~\$21.95~~ **\$16.<sup>95</sup> SAVE!**

One 4 week FREEDOM Plus Diet Kit including FREEDOM Plus Chewable Tablets, QL 2001, complete instructions, information on the free weight loss contest, and Diet Tips.

~~\$39.90~~ (we pay postage & handling). TOTAL ~~\$39.90~~ **\$29.<sup>90</sup> SAVE!**

### LOSE FASTER!

Substitute one of our wonderful milkshakes for any meal on your Free Day. Contains the vitamins, minerals, and fiber that you need!

We'll send Vanilla, Chocolate and Strawberry!

**SAVE!**

8 Shakes — Add \$7.95 (2 Week Plan)

16 Shakes — Add \$14.95 (4 Week Plan)

*We pay postage & handling*

Name \_\_\_\_\_

Address \_\_\_\_\_ Apt. \_\_\_\_\_

City \_\_\_\_\_ State \_\_\_\_\_ Zip \_\_\_\_\_

(No P.O. Boxes please. UPS cannot deliver.)

Please check one:

check money order (no C.O.D.'s)

made payable to: FREEDOM Plus!

VISA MasterCard AE Diners Club

Card # \_\_\_\_\_ Exp. Date \_\_\_\_\_

Signature \_\_\_\_\_

Phone # ( ) \_\_\_\_\_

**TOLL FREE**

Credit Card Orders Only:

Call (800) 433-3378, Ext. 300

In PA call (215) 794-5643, Ext. 300

9 AM to 9 PM Eastern Time

7 days a week

**FREEDOM Plus!** ROTATION-FREEDOM CENTER, HEALTH PLAZA, FURLONG, PA 18925

## DECISION AND ORDER

The Commission having heretofore issued its complaint charging the respondent named in the caption hereof with violations of Sections 5 and 12 of the Federal Trade Commission Act, as amended, and the respondent having been served with a copy of that complaint, together with a notice of contemplated relief; and

The respondent and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 respondent that the law has been violated as alleged in such complaint, 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 Section 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 sixty (60) days, now in further conformity with the procedure prescribed in Section 3.25(f) of its Rules, the Commission hereby makes the following jurisdictional findings and enters the following order:

1. Respondent Dr. Barry Bricklin is an individual whose address is 470 General Washington Road, Wayne, Pennsylvania.
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 expert respondent Dr. Barry Bricklin, individually and through any corporate entity over which he now or hereafter exercises control, and his corporate successors and assigns, in connection with the endorsing, advertising, offering for sale, sale, or distribution of any weight reduction or weight control product, program or service, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, does forthwith cease and desist from:

- (A) Representing in advertising, directly or by implication, that any consumer can eat any quantity of food and still lose weight or main-

tain that weight loss, without an accompanying and proximate, clear and prominent disclosure that the consumer's weight loss or ability to maintain that weight loss depends on a reduction in caloric intake in the short term and an overall reduction in caloric intake over the long term.

(B) Representing in advertising, directly or by implication, the usual or average weight loss, or range of weight loss, obtained or obtainable from any such weight reduction or weight control product, program or service, unless at the time of making such representation expert respondent Dr. Barry Bricklin possesses and relies upon competent and reliable survey or other scientific evidence that substantiates the representation.

(C) Making any representation in advertising, directly or by implication, regarding the efficacy or performance of any weight reduction or weight control product, program or service, the content or mode of action of any weight reduction or weight control product, program or service, unless at the time of making such representation expert respondent Dr. Barry Bricklin possesses and relies upon competent and reliable survey or other scientific evidence that substantiates the representation.

For purposes of Part I of this order, *competent and reliable* evidence shall mean an actual exercise of expert respondent Dr. Barry Bricklin's expertise in evaluating weight reduction and/or weight control programs and products with respect to which he is expert, in the form of an examination or testing of the programs and products at least as extensive as someone with a similar degree of expertise would normally conduct in order to support the conclusions presented in the representation.

## II

*It is further ordered,* That for three years from the date that the representations to which they pertain are last disseminated, expert respondent Dr. Barry Bricklin shall maintain and upon request make available to the Federal Trade Commission for inspection and copying:

1. All materials that were relied upon to substantiate any such representation.
2. All test reports, studies, surveys, or other materials in his possession or control that contradict, qualify, or call into question such representation.

## III

*It is further ordered,* That expert respondent Dr. Barry Bricklin shall promptly notify the Commission of the discontinuance of his present business or employment and of his affiliation with a new business or employment and that, for a period of 10 years from the date of service of this order, expert respondent Dr. Barry Bricklin shall promptly notify the Commission of each affiliation with a new business or employment whose activities include the advertising, endorsing, promotion, offering for sale, sale, or distribution of any weight reduction or weight control product, program, or service, and of his affiliation with a new business or employment in which his own duties and responsibilities involve the advertising, endorsing, promotion, offering for sale, sale, or distribution of any weight reduction or weight control product, program or service, with each such notice to include expert respondent Dr. Barry Bricklin's new business address and a statement of the nature of the business or employment in which expert respondent Dr. Barry Bricklin is newly engaged as well as a description of expert respondent Bricklin's duties and responsibilities in connection with the business or employment.

## IV

*It is further ordered,* That expert respondent Dr. Barry Bricklin, and his corporate successors or assigns, shall, within sixty (60) days after service of this order, and also one (1) year thereafter, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.

Commissioners Bailey and Azcuenaga were recorded as voting in the negative with the notation that, not having reason to believe that Dr. Bricklin should have been charged with violations of Sections 5 and 12 of the Federal Trade Commission Act, they dissented from the decision to accept an agreement that placed him under an order to cease and desist.

IN THE MATTER OF  
JOHN TREADWELL  
d/b/a TRANS-CONTINENTAL INDUSTRIES

CONSENT ORDER IN REGARD TO ALLEGED VIOLATION OF SEC. 5 OF THE  
FEDERAL TRADE COMMISSION ACT

*Docket C-3165. Complaint, Sept. 23, 1985—Decision, Sept. 23, 1985*

This consent order requires John Treadwell, doing business as Trans-Continental Industries, to cease, among other things, making any performance claims for any gasoline additive without competent and reliable evidence; claiming that tests support any performance claims without proper substantiation; and misrepresenting the results or conclusions of any tests pertaining to gasoline additives or the potential profits or marketing assistance that will be provided for distributors of respondent's products. Further, respondent is required to maintain records of substantiation for three years; file a compliance report with the Commission within 60 days; and notify the Commission of the discontinuance of his present employment and any future employment in similar areas for five years.

*Appearances*

For the Commission: *Paul R. Roark.*

For the respondent: *Pro se.*

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, as amended, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that John Treadwell, an individual doing business as Trans-Continental Industries, hereinafter sometimes referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent John Treadwell is an individual doing business as Trans-Continental Industries ("TCI"), a sole proprietorship with its office and principal place of business located at 2489 Burlingham Place, Simi Valley, California.

PAR. 2. Respondent is now, and at all times relevant to this complaint has been, engaged in the manufacturing, offering for sale, sale, and distribution to the public of a product known as 20% PLUS ORGANIC FUEL CATALYST ("20% Plus") and other gasoline and

fuel additives. Respondent, in connection with his offering these products for sale, has also published and disseminated, and now publishes and disseminates, advertisements and other sales promotional material for the purpose of promoting their sale. 20% Plus is a gasoline additive advertised to be a means of substantially improving fuel economy in automobiles and other motor vehicles.

PAR. 3. In the course and conduct of his said business, respondent has disseminated and caused the dissemination of certain advertisements for 20% Plus and other gasoline and fuel additives by various means in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, including, but not limited to, the sending of promotional materials through the mail and the direct solicitation of individuals by telephone calls from California to numerous other states, for the purpose of inducing and which are likely to induce, directly or indirectly, the purchase of these products in or affecting commerce.

PAR. 4. Among the advertisements and other sales promotional materials disseminated by respondent are those identified as Exhibits A and B, which are attached hereto.

PAR. 5. In the advertisements and sales promotional materials referred to in Paragraph Four and other advertisements and sales promotional materials, and in statements made orally to prospective purchasers by telephone, respondent has stated that:

a. 1.

"20%

PLUS

ORGANIC FUEL CATALYST

.....

—PROVEN IN TESTING TO—

Deliver marked improvement of fuel  
efficiency and mileage.

.....

LABORATORY AND FIELD TESTING  
BOOKLET" (Exhibit A)

2. "20% PLUS organic fuel catalyst has been designed to improve combustion of normally unused and unburned fuel. In carefully controlled tests it has proven to aid fuel efficiency and reduce fuel consumption. It has effectively reduced fuel costs 20 to 25% in cases tested." (Exhibit B)

b. "To give you an idea of the money to be made as a distributor. . . . Back in January, 1982, . . . we had 46 distributors. 42 of those distributors made in excess of \$6200.00 net, . . . In fact, (name), this is the only business that I know of that you can literally double your money in 60 days or less."

c. Trans-Continental Industries will assist distributors of 20% Plus and other TCI products in reselling those products by placing advertising in local and national print and broadcast media and by soliciting accounts by telephone and referring those accounts to the local distributors.

PAR. 6. By and through the use of these and other statements, respondent has represented, directly or by implication, that:

a. Laboratory and road tests prove that 20% Plus reduces motor vehicle fuel costs 20 to 25%.

b. Forty-two out of forty-six distributors made in excess of \$6200 profit in January 1982 by reselling 20% Plus, and distributorships are, in general, very profitable.

c. Respondent would assist distributors of 20% Plus in reselling it.

PAR. 7. In truth and in fact, contrary to respondent's representations set forth in Paragraph Six:

a. Laboratory and road test results do not prove that 20% Plus reduces motor vehicle fuel costs 20 to 25%. Laboratory test reports used by respondent in promoting 20% Plus were, in fact, altered test reports relating to tests conducted for another company and for different purposes. Such reports were used without authorization from either the testing company or the company for which the tests were conducted, and such reports do not prove or in any way substantiate the fuel cost reduction claims made by respondent.

b. Forty-two out of forty-six distributors did not make in excess of \$6200 in January 1982. Most distributors have made little or no profit from the resale of respondent's products.

c. Respondent has not assisted distributors of 20% Plus in reselling it. Respondent has not placed advertisements in the media and does not conduct telephone solicitations for the benefit of its distributors.

Therefore, said advertisements and other sales promotional materials disseminated by respondent and oral statements made by respondent were and are false and misleading.

PAR. 8. By disseminating Exhibits A and B and other advertisements and sales promotional materials, respondent has represented, directly or by implication, that respondent possessed and relied upon a reasonable basis for making, at the time they were made, the representations alleged in part a. of Paragraph Six. In truth and in fact, respondent had no reasonable basis for such representations. Therefore, said advertisements and other sales promotional materials disseminated by respondent are false and misleading.

PAR. 9. The use by respondent of the aforesaid false and misleading representations has had and now has the capacity and tendency to mislead members of the consuming public into the erroneous and

mistaken belief that said representations were and are true and into the purchase of substantial quantities of products sold by respondent by reason of said erroneous and mistaken belief.

PAR. 10. The aforesaid acts and practices of respondent, as herein alleged, were and are all to the prejudice and injury of the public, and constituted and now constitute unfair and deceptive acts or practices in or affecting commerce in violation of Section 5 of the Federal Trade Commission Act. The acts and practices of respondent, as herein alleged, are continuing and will continue in the absence of the relief herein requested.



EXHIBIT A



**TRANS-CONTINENTAL INDUSTRIES**

4359 Township Ave./P.O. Box 480, Simi Valley, Ca. 93082 (805) 581-0477 (800) 423-2537

**20% PLUS**

**ORGANIC FUEL CATALYST**

**TREATS 275 GALLONS DIESEL OR GASOLINE**  
 — PROVEN IN TESTING TO —

Deliver marked improvement of fuel efficiency and mileage.  
 Emulsify and remove water from fuel system.  
 Thoroughly clean entire fuel system.  
 Improve fuel combustion.  
 Furnish anti-stall and anti-icing protection.  
 Restore and maintain horsepower.  
 Lubricate upper cylinder area.  
 Prevent potentially hazardous deposits.  
 Aid in faster starting.

**DANGER: SEE BACK PANEL**

NFT 16 FLUID OUNCES

275 GAL.  
250 GAL.  
225 GAL.  
200 GAL.  
175 GAL.  
150 GAL.  
125 GAL.  
100 GAL.  
75 GAL.  
50 GAL.  
25

EACH LINE ON GAUGE INDICATES 10 PER MIXTURE FOR 25 GALLONS OF FUEL

**LABORATORY  
AND  
FIELD TESTING  
BOOKLET**

Complaint

106 F.T.C.

EXHIBIT B

**SAVE 20% of your fuel cost or more on earth moving equipment, trucks, and all combustion engines. DIESEL & GASOLINE**

Proven Test Results...  
**20% PLUS™ Organic Fuel Catalyst**  
 NEW SCIENTIFIC DEVELOPMENT

20% PLUS™ organic fuel catalyst is blended with a multipurpose detergent cleaning additive for all grades of diesel fuel, leaded and unleaded gasoline, and which GUARANTEES a definite improvement of fuel efficiency, fuel mileage and increased engine life.

20% PLUS™ organic fuel catalyst has been designed to improve combustion of normally unused and unburned fuel. In carefully controlled tests it has proven to aid fuel efficiency and reduce fuel consumption. It has effectively reduced fuel costs 20 to 25% in cases tested.

**Guaranteed**

- to give definite improvement of fuel efficiency and mileage
- to remove water and moisture from fuel system
- to clean engine fuel system
- to insure complete combustion of fuel
- to give anti-stall and anti-jolting protection
- to restore and maintain horsepower
- to lubricate upper cylinder area
- to prevent harmful deposits
- to aid faster starting

**TRANS-CONTINENTAL**

(SATISFACTION GUARANTEED)

**TRANS-CONTINENTAL INC.**

4359 Tr. Conship Avenue, Simi Valley, California 93063  
 For orders call collect 1805-581-0477

## 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 Los Angeles Regional Office 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, and counsel for the 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, 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 sixty (60) 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 John Treadwell is an individual doing business as Trans-Continental Industries, a sole proprietorship, with its office and principal place of business located at 2489 Burlingham Place, Simi Valley, California.
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 respondent John Treadwell, an individual doing business as Trans-Continental Industries or under any other name or names, his successors and assigns, and respondent's agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the man-

ufacturing, advertising, labeling, offering for sale, sale or distribution of the gasoline additive known as 20% PLUS ORGANIC FUEL CATALYST ("20% Plus") or any other gasoline, oil, or fuel-saving product, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

a. Representing, directly or by implication, that any such product will or may result in fuel economy improvement when used in an automobile, truck, recreational vehicle or other motor vehicle unless, at the time of making such representation, respondent possesses and relies upon written results of competent and reliable testing that isolates the effects of the product and substantiates the representation. Respondent may use such tests as the then current urban dynamometer driving schedule (40 CFR 86, Appendix I) or the then current highway fuel economy driving schedule (40 CFR 600, Appendix I) established by the Environmental Protection Agency or other tests of an equivalent competency and reliability;

b. Representing, directly or by implication, that any performance claim about any such product is based upon any competent and reliable test(s) or survey(s), unless such representation is true;

c. Misrepresenting, directly or by implication, the purpose, content, or conclusion of any test or survey pertaining to any such product;

d. Misrepresenting, directly or by implication, the past, present or future sales, profits or earnings available from the resale of respondent's products, or misrepresenting, directly or by implication, the past or present sales, profits or earnings of respondent's sales agents;

e. Misrepresenting, directly or by implication, the advertising or promotional efforts to be undertaken by respondent to assist distributors in the resale of respondent's products.

For the purposes of Part I, a competent and reliable test means one in which persons qualified to do so conduct the test and evaluate its results in an objective manner using procedures that ensure accurate and reliable results.

## II

*It is further ordered,* That respondent, his successors and assigns, in connection with the manufacturing, advertising, labeling, offering for sale, sale or distribution of any gasoline, oil, or fuel-saving product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall for at least three years after the last date of dissemination by respondent either directly or through any business entity of any representation about any such product maintain and upon request make available to the Federal Trade Commission

for inspection and copying, copies of, and dissemination schedules for, all advertisements, labels, sales promotional materials and post-purchase materials for such product and copies of all test materials and results upon which such representation is based.

### III

*It is further ordered,* That respondent forthwith distribute a copy of this order to all present or future personnel, agents or representatives of respondent having sales, advertising, or policy responsibilities with respect to the subject matter of this order, and that respondent secure from each such person a signed statement acknowledging receipt of said order and maintain that statement in its files for at least three years.

### IV

*It is further ordered,* That respondent shall promptly notify the Commission of the discontinuance of his present business or employment and that for a period of five (5) years from the date of service of this order respondent shall promptly notify the Commission of each affiliation with a new business or employment in telephone sales, or in connection with the manufacturing, advertising, labeling, offering for sale, sale or distribution of any gasoline additive or any other gasoline, oil, or fuel-saving product, each such notice to include the new business address of respondent and a statement of the nature of the business or employment in which the respondent is newly engaged, as well as a description of the respondent's duties and responsibilities in connection with the new business or employment.

### V

*It is further ordered,* That respondent shall within sixty (60) days after service upon him of this order, file with the Commission a report, in writing, setting forth in detail the manner and form in which he has complied with this order.