

Complaint

120 F.T.C.

IN THE MATTER OF

NATURE'S BOUNTY, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3593. Complaint, July 21, 1995--Decision, July 21, 1995*

This consent order requires, among other things, the New York-based company and two of its wholly-owned subsidiaries to pay \$250,000 to the Commission for possible use for consumer redress, and requires them to have substantiation for specific health-related representations they make in advertising and promoting any product in the future.

Appearances

For the Commission: *Justin Dingfelder, Peter Metrinko, Rose Toufexis and Jonathan Cowen.*

For the respondents: *Michael F. Brockmeyer, Piper & Marbury, Baltimore, MD.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Nature's Bounty, Inc., a corporation, Puritan's Pride, Inc., a corporation, and Vitamin World, Inc., a corporation, ("respondents"), have violated Sections 5(a) and 12 of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. 45(a) and 52, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. A. Respondent Nature's Bounty, Inc. ("Nature's Bounty"), is a Delaware corporation, with its office and principal place of business at 90 Orville Dr., Bohemia, NY.

B. Respondent Puritan's Pride, Inc. ("Puritan's Pride"), is a Delaware corporation with its office and principal place of business at 90 Orville Dr., Bohemia, NY. Puritan's Pride is a wholly-owned subsidiary of Nature's Bounty.

C. Respondent Vitamin World, Inc. ("Vitamin World"), is a Delaware corporation with its office and principal place of business

at 90 Orville Dr., Bohemia, NY. Vitamin World is a wholly-owned subsidiary of Nature's Bounty.

D. Nature's Bounty directs or controls its subsidiaries Puritan's Pride and Vitamin World in carrying out the acts and practices alleged in this complaint.

PAR. 2. Respondents have manufactured, advertised, offered for sale, sold or distributed a variety of products, including "Sleeper's Diet," "L-Arginine 500 mg. tablets," "L-Ornithine 500 mg. tablets," "Prostex," "L-Cysteine," "L-Lysine," "L-Methionine," "Octacosanol," "New Zealand Green Lipped Mussel Extract," "KLB6," "Glucomannan," "Sugar Blocker," "Spirulina 500 mg. tablets," "Eye-Vites" (also sold as CATA-RX), "KLB6 Grapefruit Diet," "Herbal Cellulex Formula," "Memory Booster," "Ginsana," "Fatbuster Diet Tea," "Shake-A-Weigh," "Dark Circle Eye Treatment," "Natural Sterol Complex," "Super Fat Burners," "Super Cut," "Papaya Enzyme Tablets," and "Calmtabs." Each of these products is a "food" and/or "drug" within the meaning of Sections 12 and 15 of the FTC Act.

PAR. 3. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act.

PAR. 4. Respondents have disseminated or have caused to be disseminated advertisements and promotional materials for the products referred to in paragraph two, including, but not necessarily limited to, the attached Exhibits ("Ex.") A-R. These advertisements contain the following statements:

A. In regard to Sleeper's Diet: "SLEEPER'S DIET . . . Based on a popular weight loss program. Dieters will be interested in this special combination of amino acids." (Ex. A)

B. In regard to L-Arginine: (1) "L-Arginine stimulates the release of HGH (human growth hormone). HGH . . . promotes the formation of DNA and RNA needed to increase muscle mass and decrease body fat." (Ex. B) (2) "L-ARGININE . . . stimulates the release of growth hormone . . . [I]ncreases muscle mass while decreasing the amount of body fat." (Ex. C)

C. In regard to L-Ornithine: (1) "L-ORNITHINE . . . As with L-Arginine this amino acid releases HGH. However, L-Ornithine is said to be twice as effective." (Ex. B) (2) "L-ORNITHINE stimulates the release of growth hormone which increases muscle mass while decreasing the amount of body fat." (Ex. C)

D. In regard to Prostex: "PROSTEX Can Help You! If you are over 50 years of age and Benign Prostatic Hypertrophy is causing these discomforts: Frequent urination. Painful Urination. Urgency to urinate. Dribbling. Distended bladder due

to incomplete emptying. Sleepless nights caused by night time urination. Developed by a doctor - Prostex is a scientific combination of 3 pure amino acids in capsule form. It is safe, natural and effective . . . to relieve the symptoms of Benign Prostatic Hypertrophy." (Ex. D)

E. In regard to L-Cysteine: (1) "L-CYSTEINE found to increase hair growth by as much as 100%." (Ex. C)(2) "[E]ffective in preventing not only hangovers but brain and liver damage from alcohol." (Ex. C) (3)[H]elps prevent damages from the ill effects of cigarette smoke." (Ex. C)

F. In regard to L-Lysine: "L-LYSINE . . . produces L-Carnitine which improves stress tolerance . . . and has an anti-fatigue effect." (Ex. C)

G. In regard to L-Methionine: "L-METHIONINE . . . helps prevent premature hair loss." (Ex. C)

H. In regard to Octacosanol: "Increase Stamina, Vigor and Endurance. OCTACOSANOL . . . In fact, a recent study at the University of Illinois has shown that Octacosanol may speed reaction time, lower cholesterol levels and strengthen muscles (including the heart)." (Ex. D)

I. In regard to New Zealand Green Lipped Mussel Extract: "NEW ZEALAND GREEN LIPPED MUSSEL EXTRACT. It has been shown in recent studies that Green Lipped Mussel not only relieves the symptoms of arthritis, but works on the cause. For relief of one of the most painful and discomforting ailments, try Puritan's Pride Green Lipped Mussel today!" (Ex. E)

J. In regard to KLB6: "Losing weight is easy the KLB6 way. The original natural fat fighting plan that helps put you in shape. KLB6 Kelp, Lecithin, Vitamin B-6 and Cider Vinegar, all-in-one capsule. KELP - a natural food rich in iodine. It works to maintain a healthy thyroid. And, of course, a sluggish metabolism is an enemy to anyone wishing to shed a few pounds. LECITHIN . . . is of special interest if you're concerned about weight reduction. It is a lipotropic agent that disperses fat globules in the body and also appears to be involved in keeping down the cholesterol level." (Ex. F)

K. In regard to Glucomannan: "GLUCOMANNAN . . . Feel Full, Satisfied and Eat Less . . . Glucomannan helps your body to process your food easier and faster. Therefore many of the calories you do take in pass through your digestive tract undigested without adding inches to your waistline. Helps you lose weight without harmful drugs, chemicals or stimulants." (Ex. G)

L. In regard to Sugar Blocker: "Stop Sugar Calories before they make it to your waistline. SUGAR BLOCKER. New Sugar Blocker contains the herb Gymnema Sylvestre which helps to impede the absorption of some of the sugar you eat . . . When taken before a meal, Sugar Blocker occupies the same sites in the small intestine where sugar is absorbed. With these sites blocked, the sugar passes through your system, greatly reducing assimilation by the body." (Ex. H)

M. In regard to Spirulina 500 mg. tablets: "Diet without hunger . . . the natural way. SPIRULINA . . . People are reporting fast weight loss of 20 pounds and more . . . without hunger! . . . Taken before meals it helps turn off your brain's hunger center. It cuts your drive to eat, so you stick to your diet." (Ex. I)

N. In regard to Eye-Vites, also sold as CATA-RX: "EYE-VITES Tablet. A Nutritional Breakthrough in Cataracts Prevention . . . [N]ow, thanks to the efforts of a group of dedicated vision scientists, there's Eye-Vites . . . the nutritional approach to the prevention of age related cataracts. The potent anti-oxidants and

m micronutrients in Eye-Vites combine to help prevent the formation of cataracts. Research has proven that patients undergoing anti-oxidant therapy were 70% less likely to develop cataracts." (Ex. J)

O. In regard to KLB6 Grapefruit Diet: "KLB6 GRAPEFRUIT DIET . . . Puritan's Pride brings you the ultimate grapefruit diet formula to help you lose weight. You get the famous KLB6 combination that helps keep your body active so you can burn calories. Grapefruit extract works as a 'fat melter' to stimulate your metabolism and suppress the appetite." (Ex. K)

P. In regard to Herbal Cellulex Formula: "HERBAL CELLULEX FORMULA . . . Millions of dieters have used this unique herbal-vitamin formula as part of their herbal diet weight loss plan . . . You also get the famous Kelp, Lecithin and Cider Vinegar 'fat fighters' plus 6 herbal extracts." (Ex. F)

Q. In regard to Memory Booster: "An Exciting Blend of Nutrients to Help Sharpen Your Mind. MEMORY BOOSTER. Memory Booster from Puritan's Pride combines these special natural ingredients to work together as an aid to memory retention and mental alertness." (Ex. J)

R. In regard to Ginsana: "GINSANA. Concentrated Herbal Extract Helps Build Physical Endurance and Mental Alertness. Years of research studies have shown that endurance [and] mental alertness . . . were improved among Ginsana users." (Ex. L)

S. In regard to Fatbuster Diet Tea: "Lose weight naturally with . . . FATBUSTER DIET TEA . . . The result is a flavorful beverage that actually helps you shed unwanted pounds! When taken after every meal, the special combination of herbs filters through fatty substances, aiding your body in eliminating them . . ." (Ex. F)

T. In regard to Shake-A-Weigh: "SHAKE-A-WEIGH . . . This great tasting seasoning contains . . . Pantothenic Acid (B5) which helps food to pass rapidly through your digestive tract allowing less time to absorb calories." (Ex. G)

U. In regard to Dark Circle Eye Treatment: "This photo shows how there is no longer any evidence of dark circles after only one application on her left eye. DARK CIRCLE EYE TREATMENT. Makes Your Dark Circles Disappear . . . Dark Circle Eye Treatment is a new beauty discovery that therapeutically removes dark circles from the delicate area under your eyes in 2 easy steps." (Ex. M)

V. In regard to Natural Sterol Complex: "ADVANCED MUSCLE BUILDING FORMULA. NATURAL STEROL COMPLEX. MASS AND DENSITY ENHANCER . . . To maximize gains in muscle mass and strength, world-class bodybuilders train with Natural Sterol Complex . . . For serious growth in mass and strength, you need real power. And nothing powerizes you like Natural Sterol Complex by Universal. It's the most advanced, anabolic-strength formula available today for anyone looking to build a huge, massive and awe-inspiring body . . . Massive arms. Rock-hard shoulders. Awesome legs. Chiseled abs. For building your body, nothing even comes close to the power of Natural Sterol Complex." (Ex. N)

W. In regard to Super Fat Burners: "SUPER FAT BURNERS. Super Fat Burners contains a special combination of vitamins, minerals and amino acids needed for the reduction of fat cells. The ingredients in this formula help the body's ability to burn fat, thereby promoting visible muscle definition." (Ex. O)

X. In regard to Super Cut: "SUPER CUT . . . The ingredients in this formula help the body's ability to burn fat, thereby promoting visible muscle definition." (Ex. P)

Y. In regard to Papaya Enzyme Tablets: "PAPAYA ENZYME Tablets. An aid to better digestion from papaya . . . [C]ontains the enzyme Papain which helps you digest protein and helps release the nutritional potency of your foods and also promotes comfortable natural digestive processes." (Ex. Q)

Z. In regard to Calmtabs: "CALMTABS. All Natural Non-Habit Forming Herbal Relaxant. Puritan's Pride Calmtabs offers you a gentle and safe way to relax especially when everyday stress winds you up. This special formulation gives you six different herbs known for their calmative properties . . . You can enjoy Calmtabs' soothing, calm effect anytime during the day or before bedtime." (Ex. R)

PAR. 5. Through the use of the statements contained in the advertisements and promotional materials referred to in paragraph four, including but not necessarily limited to the attached Exhibits A-R, respondents have represented, directly or by implication, that:

A. Sleeper's Diet promotes weight loss during sleep.

B. L-Arginine stimulates the release of human growth hormone which increases muscle mass while decreasing body fat.

C. L-Ornithine stimulates the release of human growth hormone which increases muscle mass while decreasing body fat.

D. Prostex relieves the symptoms of benign prostatic hypertrophy.

E. L-Cysteine (1) increases hair growth, (2) prevents hangovers and brain and liver damage from alcohol, and (3) helps prevent harm caused by cigarette smoke.

F. L-Lysine improves stress tolerance and reduces fatigue.

G. L-Methionine prevents premature hair loss.

H. Octacosanol increases stamina, vigor, and endurance, improves reaction time, lowers cholesterol levels and strengthens muscles.

I. New Zealand Green Lipped Mussel Extract prevents arthritis and relieves its symptoms.

J. KLB6 causes weight loss and reduces cholesterol levels.

K. Glucomannan causes weight loss by suppressing appetite and allowing calories to pass through the body undigested.

L. Sugar Blocker prevents weight gain by impeding the body's absorption of sugar.

M. Spirulina 500 mg. tablets suppress the appetite, enabling adherence to a diet.

N. KLB6 Grapefruit Diet causes weight loss by stimulating metabolism and suppressing appetite.

O. Herbal Cellulex Formula causes weight loss by eliminating body fat.

P. Memory Booster improves memory retention and mental alertness.

Q. Ginsana helps build physical endurance and mental alertness.

R. Fatbuster Diet Tea causes weight loss by eliminating fatty substances from the body.

S. Shake-A-Weigh reduces the body's absorption of calories from food.

T. Dark Circle Eye Treatment removes dark circles from under the eyes.

U. Natural Sterol Complex promotes growth in muscle mass and improves strength.

V. Super Fat Burners reduces body fat, thereby promoting muscle definition.

W. Super Cut reduces body fat, thereby promoting muscle definition.

X. Papaya Enzyme Tablets aid digestion and promote greater absorption of nutrients from food.

Y. Calmtabs relieves stress and promotes relaxation.

PAR. 6. In truth and in fact:

A. Sleeper's Diet does not promote weight loss.

B. L-Arginine does not stimulate the release of human growth hormone so as to increase muscle mass while decreasing body fat.

C. L-Ornithine does not stimulate the release of human growth hormone so as to increase muscle mass while decreasing body fat.

D. L-Cysteine does not promote hair growth.

E. L-Methionine does not prevent premature hair loss.

Therefore the representations set forth in paragraph five A, B, C, G, and E(1) were, and are, false and misleading.

PAR. 7. Through the use of the statements contained in the advertisements and promotional materials referred to in paragraph four, including but not necessarily limited to the attached Exhibits A-R, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph five A-

Y, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 8. In truth and in fact, at the time they made the representations set forth in paragraph five A-Y, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph seven was, and is, false and misleading.

PAR. 9. Through the use of the statements contained in certain advertisements and promotional materials set forth in paragraph four, including but not necessarily limited to the advertisements and promotional materials attached as Exhibits D, E, J, and L, respondents have represented, directly or by implication, that scientific research, including scientific papers and/or studies, prove that:

1. Octacosanol may improve reaction time, lower cholesterol levels and strengthen muscles.
2. New Zealand Green Lipped Mussel Extract prevents arthritis and relieves its symptoms.
3. As to Eye-Vites, also sold as CATA-RX, patients undergoing anti-oxidant therapy such as that provided by Eye-Vites and CATA-RX are 70% less likely to develop cataracts.
4. Ginsana improves physical endurance and mental alertness.

PAR. 10. In truth and in fact, at the time respondents made the representations set forth in paragraph nine, scientific research, including scientific papers and/or studies, did not prove that (1) Octacosanol may improve reaction time, lower cholesterol levels and strengthen muscles, (2) New Zealand Green Lipped Mussel Extract prevents arthritis and relieves its symptoms, (3) patients undergoing anti-oxidant therapy such as that provided by Eye-Vites and CATA-RX are 70% less likely to develop cataracts, and (4) Ginsana improves physical endurance and mental alertness. Therefore, the representations set forth in paragraph nine were, and are, false and misleading.

PAR. 11. Through the use of the trade names set forth in this paragraph, including but not necessarily limited to their uses in the advertisements and promotional materials attached as Exhibits A, J, M, and O referred to in paragraph four, respondents have represented, directly or by implication, that:

1. "Sleeper's Diet" promotes weight loss during sleep.
2. "Memory Booster" improves memory retention.
3. "Dark Circle Eye Treatment" removes dark circles from under the eyes.
4. "Super Fat Burners" reduces body fat.

PAR. 12. In making the representations referred to in paragraph eleven, respondents have represented, directly or by implication, that at the time they made these representations they possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 13. In truth and in fact, at the time respondents made the representations set forth in paragraph eleven, they did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph twelve was, and is, false and misleading.

PAR. 14. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices and the making of false advertisements in or affecting commerce in violation of Sections 5(a) and 12 of the FTC Act.

EXHIBIT A

Is it really possible to lose weight while you still eat most of your favorite foods?

Yes! FIBER DIET lets you do it!**

Fiber Diet is an all natural food supplement that helps you lose weight while improving your diet. It helps you look and feel great. Here's how it works... Fiber Diet is a special combination of grain and fruit fiber. Recent medical research confirms that a high fiber diet is healthier and an effective, natural way to lose weight and keep it OFF! You simply take Fiber Diet tablets with water 15-30 minutes before you eat. You can eat what you want, but it is always sensible to avoid highly processed food, sugar or fat. Fiber Diet absorbs water and so, you lose weight and cut your hunger so you naturally eat less. Fiber Diet is completely free of drugs! It has no sugar, starch, preservatives or artificial colors. There is no caffeine or sodium (salt). So you can use Fiber Diet with confidence for as long as you need.



Sugar, Starch and Preservative Free

QTY.	PROD. NO.	PRICE
120	4122	6.95
250	4123	13.20
500	4125	21.95



For Dieters and Cholesterol Watchers!

Low Fat Cooking with Diet Brush**

This amazing brush has high technology polymer fibers that attract grease like a magnet, but repel other liquids. Brush it across the top of soups, stews and roasts to skim off the floating fat. Stir with it, and it removes from deep down. Wipe bacon, french fries and hamburgers to reduce fat and calories. Works better and cheaper than paper towels. Brush washes clean in sink or dishwasher.

QTY.	PROD. NO.	PRICE
1 Brush	5679	4.95

*Our special sale does not apply.

SLEEPER'S DIET**

GHF (Growth Hormone Factor)

Sugar & Starch Free

Formerly Tri-Amino Diet Supplement

Based on a popular weight loss program. Dieters will be interested in this special combination of amino acids.

4 Sleeper's Diet Tablets Provide:

L-Lysine	1200 mg.
L-Ornithine	300 mg.
L-Arginine	1200 mg.

QTY.	PROD. NO.	PRICE
60	3940	8.70
120	3941	15.95

Get That Full Feeling Naturally...

GUAR GUM Capsules**

It's Natural, Safe and Works Fast!

Guar Gum is the natural gel-forming fiber that many medical experts are recommending as a new, effective diet aid. It is a natural soluble fiber that comes from the guar plant, found in India and Sri Lanka. Guar Gum works because it helps to make your stomach feel full, reducing your appetite naturally. Even if you've tried other appetite suppressants before, you owe it to yourself to try Guar Gum: the one that really works.

QTY.	PROD. NO.	PRICE
100 Caps	4679	5.95

**The amount of weight you lose will depend on your body size, calorie intake and level of activity. As with starting any diet, you should first consult your physician.

84

Buy 1 Bottle GET 1 FREE (Total 2) (same item, same size)

EXHIBIT B

**NATURAL (FREE FORM)
AMINO ACID TABLETS**
Sugar, Starch and Preservative Free

L-TRYPTOPHAN Tablets "NATURE'S TRANQUILIZER"
In addition to being necessary to build high quality protein, L-Tryptophan has come to be known as "Nature's Tranquilizer." It is the precursor of serotonin, a chemical messenger of the brain. Serotonin has been found to be useful as an aid for relieving depression and inducing sleep.

200 mg.			500 mg.			667 mg.		
QTY.	PROD. NO.	3 FOR	QTY.	PROD. NO.	3 FOR	QTY.	PROD. NO.	3 FOR
30	2110	4.80	30	3890	9.85	30	2170	11.20
100	2112	14.40	100	3892	28.35	100	2172	32.55
250	2113	33.70						

Puritan's Pride now offers you the benefit of 15 individual amino acid supplements. Each is supplied in the natural "L" form, the form utilized by your body.

	QTY.	PROD. NO.	3 FOR
L-ARGININE 500 mg. Tablets L-Arginine stimulates the release of HGH (human growth hormone). HGH improves the body's immune systems, aids the healing process, and promotes the formation of DNA & RNA, needed to increase muscle mass and decrease body fat.	50	90	3.90
L-ORNITHINE 500 mg. Tablets As with L-Arginine this amino acid releases HGH. However, L-Ornithine is said to be twice as effective.	50	80	3.60
L-PHENYLALANINE 500 mg. Tablets Your body uses this essential amino acid to produce the neurotransmitters responsible for your positive mood, alertness and drive.	50	150	9.60
L-GLUTAMINE 500 mg. Tablets This important amino acid is one of the few nutrients that can pass through the selective blood barrier in the brain. Once in the brain, it is broken down into glutamic acid, a potent energy source for high level brain activity.	50 100	3040 3042	6.40 11.60
L-CYSTEINE 500 mg. Tablets Research is concentrating on this amino acid's ability to act as a detoxicant in the body. Heavy drinking and smoking produces harmful chemicals in the body which L-Cysteine can help to destroy.	50	100	10.45
L-LYSINE 500 mg. & 312 mg. Tablets <i>New easy-to-swallow protein-coated tablet</i> Many doctors today are recommending L-Lysine as a dietary supplement to patients who suffer from nerves.			

	500 mg.
100	3061 4.85
250	3063 10.95
500	3065 19.70
	312 mg.
60	8148 2.35

48 Buy 1 Bottle GET 2 FREE (TOTAL 3) (same item, same size)

EXHIBIT C

AMINO ACID GUIDE

L-ALANINE

- used as body fuel by tissues of the brain, nervous system and muscle
- important in converting energy to stored energy in the body's Krebs energy cycle
- glycogenic (energy storage source of glucose by the liver and muscles)
- important nitrogen quality for post-injury states
- builds up the immune system, producing immunoglobulins and antibodies
- metabolizes sugars and organic acids

L-ARGININE

- indispensable for optimum growth
- stimulates the release of growth hormone
- important to muscle metabolism; acts as a vehicle for transport, storage and excretion of nitrogen
- increases muscle mass while decreasing the amount of body fat
- plays an important role in post-injury problems such as weight changes, nitrogen balance and bone healing
- increases collagen, the main supportive fibrous protein found in bone, cartilage and other connective tissue
- stimulates the immune system
- combats physical and mental fatigue
- increases spermatogenesis
- used in the treatment of hepatic (liver) disorders
- transforms to L-Ornithine and urea
- promotes the detoxification of ammonia which is poisonous to living cells.

L-ASPARTIC ACID

- increases resistance to fatigue
- involved in the formation of RNA and DNA, the chemical bases of heredity and carriers of genetic information
- salts of aspartic acid increase stamina and endurance
- protects the liver and promotes normal cell function
- builds up the immune system, producing immunoglobulins and antibodies

L-CITRULLINE

- helps recovery from fatigue
- stimulates the immune system; therefore, beneficial in the presence of any stress, disease, traumatic injury or wound
- metabolizes to L-Arginine
- detoxifies ammonia which is poisonous to living cells

L-CYSTEINE

- found to increase hair growth by as much as 100%
- effective in preventing not only hangovers but brain and liver damage from alcohol
- helps prevent damage from the ill effects of cigarette smoke
- detoxifies many harmful chemicals
- helpful in the treatment of rheumatoid arthritis
- promotes healing and the immune system

L-CYSTINE

- essential for the formation of skin and hair
- promotes recovery from surgical operations and burns
- used in the treatment of respiratory disorders such as chronic bronchitis
- stimulates white blood cell activity in the immune system necessary for the resistance to disease

L-GLUTAMIC ACID

- especially important in brain metabolism
- functions as a brain fuel serving as an excitatory neurotransmitter
- transports potassium across the blood brain barrier
- combines to form L-Glutamine and in the process picks up ammonia radicals. This is the only method the brain has of detoxifying ammonia.
- instrumental in the metabolism of other amino acids
- metabolizes sugars and fats
- increases the blood sugar level; used in the treatment of hypoglycemia

L-GLUTAMINE

- sustains mental ability
- involved with brain metabolism
- along with L-Glutamic Acid is used as a brain fuel
- used in the treatment of alcoholism; can protect against alcohol poisoning
- has been used in the treatment of schizophrenia and senility

GLYCINE

- of special value as a source of creatine which is essential for muscle function, breaking down glycogen and freeing energy
- produces gluconic acid which mobilizes glycogen (a stored energy source of glucose) from the liver
- builds up the immune system, producing immunoglobulins and antibodies
- acts as a nitrogen pool for the synthesis of non-essential amino acids
- effective for hyperacidity (used in many gastric antacid agents)

L-HISTIDINE

- used in the treatment of allergic diseases
- used in the treatment of rheumatoid arthritis
- effective in the treatment of ulcers of the digestive organs
- important in the production of red and white blood cells; used in the treatment of anemia

L-ISOLEUCINE

- primarily metabolized in muscle tissue
- essential to the formation of hemoglobin
- should always be in well-balanced proportion with L-Leucine and L-Valine

For educational purposes only. Not to be construed or used as labeling for any product.

206

Complaint

EXHIBIT C

AMINO ACID GUIDE

L-LEUCINE*

- metabolized in muscle tissue
- promotes healing of skin and broken bones
- lowers elevated blood sugar levels
- should always be in well balanced proportion with L-Valine and L-Isoleucine

L-LYSINE*

- inhibits the growth of viruses
- used in the treatment of herpes simplex virus
- produces L-Carnitine which improves stress tolerance and fat metabolism and has an anti-fatigue effect
- promotes bone growth by helping to form collagen, the fibrous protein which makes up bone, cartilage and other connective tissue
- aids in the absorption of calcium

L-METHIONINE*

- is isotropic, preventing excessive fat buildup in the liver
- helps prevent premature hair loss
- interacts with other body substances to detoxify harmful compounds
- is included in nutritional supplementation as an anti-fatigue agent

L-ORNITHINE

- stimulates the release of growth hormone which increases muscle mass while decreasing the amount of body fat
- helps build up the immune system
- promotes liver function and regeneration
- important in the formation of urea, detoxifying ammonia which is poisonous to living cells
- promotes healing

L-PROLINE

- extremely important for the proper function of joints and tendons, as well as good heart muscles
- glycogenic (energy storage source of glucose by the liver and muscles)
- is major constituent of collagen, the main fibrous protein found in bone, cartilage and other connective tissue

L-PHENYLALANINE*

- produces and maintains an elevated and positive mood, alertness and ambition
- enhances learning and memory
- produces neurotransmitters which control impulse transmission between nerve cells
- is involved in dopamine transmission
- used in the treatment of certain types of depression
- suppresses appetite

L-SERINE

- glycogenic (energy storage source of glucose by the liver and muscles)
- builds up the immune system, producing immunoglobulins and antibodies

TAURINE

- found in high concentrations in the tissue of the heart, skeletal muscles and central nervous system
- used to treat some forms of epilepsy by controlling seizures

L-THREONINE*

- is isotropic, preventing fatty buildup in the liver
- glycogenic (energy storage source of glucose by the liver and muscles)
- essential to normal growth
- generally low in vegetarian diets
- builds up the immune system, producing immunoglobulins and antibodies
- is an important constituent of collagen and elastin proteins

L-TRYPTOPHAN*

- used by the brain to produce the neurotransmitter serotonin which results in a calming effect
- used in the treatment of insomnia, stress, anxiety and depression
- stimulates the release of growth hormone which burns body fat and acts as a natural weight control
- used in the treatment of migraines

L-TYROSINE

- plays an important role in the function of the adrenal, pituitary and thyroid glands
- generates red and white blood cells
- elevates mood
- is used in the treatment of anxiety, depression and insomnia
- produces Melanin, the skin and hair pigment
- produces norepinephrine, an appetite inhibitory neurotransmitter that suppresses appetite
- stimulates the release of growth hormone which causes muscle growth and reduces body fat

L-VALINE*

- glycogenic (energy storage source of glucose by the liver and the muscles)
- metabolized in muscle
- should always be in well balanced proportion with L-Leucine and L-Isoleucine
- used in the treatment of severe amino acid deficiencies caused by addictions

* Essential Amino Acid © Roger Prince 1984
Prince Enterprises, Santa Cruz, CA. Used with permission

For educational purposes only. Not to be construed or used as labeling for any product

EXHIBIT D

ATTENTION MEN!

**PROSTEX
Can Help You!**

If you are over 50 years of age and Benign Prostatic Hypertrophy is causing these discomforts:

- Frequent urination • Painful urination
- Urgency to urinate • Dribbling
- Distended bladder due to incomplete emptying
- Sleepless nights caused by night time urination

Developed by a doctor — Prostex is a scientific combination of 3 pure amino acids in capsule form. It is safe, natural and effective when taken as directed (6 tablets daily) to relieve the symptoms of Benign Prostatic Hypertrophy.

If you suffer from urinary distress, see your doctor. Then, if he diagnoses Benign Prostatic Hypertrophy, use Prostex for safe, natural relief.

QTY.	PROD. NO.	PRICE*
100	4030	9.95

*Our Special Sale does not apply.

**Increase Stamina,
Vigor and Endurance
OCTACOSANOL**

The secret of Wheat Germ Revealed

Sugar, Starch and Preservative Free
Octacosanol has been isolated as one of the most important ingredients found in wheat germ oil. In fact, a recent study at the University of Illinois has shown that Octacosanol may speed reaction time, lower cholesterol levels and strengthen muscles (including the heart).

1000 mcg. Capsules

QTY.	PROD. NO.	3 FOR
50	3820	9.85
100	3822	18.15
250	3823	42.40

5000 mcg. Tablets

Five times the potency in one convenient tablet.

QTY.	PROD. NO.	3 FOR
50	4270	12.95
100	4271	22.75



**MAN-VITES™
VITAMIN FORMULA
SPECIFICALLY FOR MEN**

These chewable tablets have a pleasing honey-nut flavor and contain 100 I.U. of Vitamin E, 100 mg. of all natural Bee Pollen, rich in protein and free amino acids, and 100 mcg. of Vitamin B-12. This combination may be what your body needs to meet your unique requirements.

QUANTITY	PROD. NO.	3 FOR
100	841	8.55

Sugar, Starch and Preservative Free

**INTERNATIONAL
TREASURES
GINSENG**

Ginseng is one of the oldest and most highly regarded herbs known to man. It has been referred to as the "root of life, the queen of herbs" and the "herb of eternal life." Ancient Asians prized it more than gold and royal families gave it as gifts.

Modern research in the Soviet Union resulted in its use by Russia's olympic athletes and her cosmonauts. It is also part of the diet of Japan's professional baseball players.

If you're looking for results, Puritan's Pride Ginseng is the finest high quality product you can buy. It is cultivated in the Asian Area which yields the greatest potency, high quality roots.

**MANCHURIAN GINSENG
250 mg. Capsules**

QTY.	PROD. NO.	3 FOR
50	1270	6.25
100	1271	11.60



**Higher Potency
500 mg. Tablets**

QTY.	PROD. NO.	3 FOR
50	3110	9.40
100	3111	17.25
250	3113	40.10

**KOREAN GINSENG
500 mg. Capsules **NEW****

QTY.	PROD. NO.	3 FOR
100	5021	16.90

Buy 1 Bottle GET 2 FREE (TOTAL 3) (same item, same size)

EXHIBIT E

Natural Pain Relief

M-KYA® (LEG-EZE)

Relieves Leg Cramp Pain.

Enjoy a full night's sleep without painful leg cramps. A non-prescription formula, M-KYA actually relaxes the knotted, tight muscles that cause painful leg cramps. Conventional pain relievers simply dull pain. M-KYA works directly on the muscles, relaxing them to relieve pain.

QTY.	PROD. NO.	3 FOR	PRICE*
50	3961		11.95
100	3962		22.20

Each capsule contains 27.64 mg chondroitin sulfate (active) with 400 IU Vitamin E in a vegetable case.

*Net is a registered trademark of 90-Products

Compare to Q-Vel***

Long Lasting Arthritis Pain Relief MYKON PLUS Tablets

Do all those things you used to enjoy before the pain of arthritis, bursitis and rheumatism stopped you. You'll even be able to sleep the whole night through.

Take doctor-recommended MYKON Tablets for natural pain relief. MYKON is powerful yet so safe it is available without prescription. The special ingredients in MYKON work quickly to ease aches and pains giving fast, temporary relief.

QTY.	PROD. NO.	PRICE*
100	4090	9.85

*Our Special Sale does not apply.

For Complete Formula see Page 86.

DL-PHENYLALANINE

An aid for offsetting depression and relieving pain.

Research suggests that this pure form of DL-Phenylalanine will perform a superior function as a nutritional supplement. It has been reported to aid in offsetting depression and in relief of pain.

QTY.	PROD. NO.	3 FOR	PRICE*
50	4050		10.95
100	4052		20.30

Ours is the pure form of DL-Phenylalanine and not a mixture of both "D" and "L". Each tablet contains 500 mg.

BACK-EZE NEW

Back-Eze is a brand new supplement that combines the specific nutritional elements found in healthy spines and discs. Each tablet provides essential vitamins and minerals including calcium, magnesium, zinc, potassium, vitamin C and vitamin B-6 to help fight the aching-back syndrome. Try some Back-Eze today.

QTY.	PROD. NO.	PRICE*
120	8066	9.95

*Our special sale does not apply.



until 10 pm
Eastern Time • Mon.-Fri.
Sat.-6 pm

50

Buy 1 Bottle GET 2 FREE (TOTAL 3) (same item, same size)



NEW ZEALAND GREEN LIPPED MUSSEL EXTRACT NEW

It has been shown in recent studies that Green Lipped Mussel not only relieves the symptoms of arthritis, but works on the cause. For relief of one of the most painful and disconcerting ailments, try Puritan's Pride Green Lipped Mussel today!

250 mg.

Sugar & Starch Free

QUANTITY	PROD. NO.	3 FOR	PRICE*
100	4950		15.95

Soothe Pain Away EXTRA-ACTIVE FORMULA

COOL HOT GEL

Compare to the active ingredient of "Mineral Ice".

Apply Puritan's Pride Cool Hot Gel to get soothing relief. This remarkable creamy balm gives overnight temporary relief from the pain of arthritis, bursitis, rheumatism, soreness, stiffness and annoying aches and pains of the common cold. Experience the tingly-cool of an ice-pack then toasty heat to bring deep soothing relief. Begin to sleep peacefully again. You will actually feel the lessening of pain within 24 hours.

QUANTITY	PROD. NO.	3 FOR	PRICE*
8 oz.	2090		8.95

EXHIBIT F

Losing weight is easy the KLB6® way

The original natural fat fighting plan that helps put you in shape.

KLB6® Kelp, Lecithin, Vitamin B-6 and Cider Vinegar, all-in-one capsule.**

KELP — a natural food rich in iodine. It works to maintain a healthy thyroid. And of course, a sluggish metabolism is an enemy to anyone wishing to shed a few pounds.

LECTHIN — an excellent natural source of choline and inositol—two members of the B-Complex of vitamins. Lecithin is essential to health and is of special interest if you're concerned about weight reduction. It is a lipotropic agent that disperses fat globules in the body and also appears to be involved in keeping down the cholesterol level.

B-6 — functions as a coenzyme involved in protein and fat metabolism when used in conjunction with kelp, lecithin and cider vinegar.

CIDER VINEGAR — a natural and rich source of potassium and other associated minerals.

6 KLB6 capsules daily contain		Sugar and Starch Free		
	QTY.	PROD. NO.	3 FOR	
Vitamin B-6 (Pyridoxine HCl)	21 mg	100	1210	5.95
Soya Lecithin	600 mg	250	1213	13.25
Kelp	150 mg			
Cider vinegar	240 mg			

For those who prefer a higher potency tablet

ULTRA KLB6®**

Sugar, Starch and Preservative Free

This formulation offers what we believe to be the highest potency of this ideal combination in a tablet. ULTRA KLB6 tablets provide an ideal supplement to the now-famous 1000 calories per day diet that is being followed successfully by many thousands throughout the country.

Three Ultra KLB6 tablets contain		Sugar and Starch Free		
	QTY.	PROD. NO.	3 FOR	
Lecithin	200 mg	100	1240	6.95
Vitamin B-6 (Pyridoxine HCl)	50 mg	250	1243	15.80
Kelp	100 mg	500	1245	29.25
Cider vinegar	240 mg			

*U.S. RDA has not been established. KLB6® is a licensed registered trademark.



until 10 pm Eastern Time - Mon.-Fri. Sat.-6 pm

Lose weight naturally with... FATBUSTER™ DIET TEA..

- NO caffeine
- NO side-effects
- aids in digestion
- calms tense nerves

Share in the ancient Chinese secret for weight loss! This exclusive tea contains Chinese herbs such as ginseng, comfrey and other herbs, carefully blended according to a thousand-year old oriental formula. The result is a flavorful beverage that actually helps you shed unwanted pounds! When taken after every meal, the special combination of herbs filters through fatty substances, aiding your body in eliminating them, and as a bonus, the delicious taste and aroma have a calming effect on your nerves, making you feel refreshed and rejuvenated.

	QTY.	PROD. NO.	PRICE*
30 Tea Bags	5686	8.95	

*Our special sale does not apply.

HERBAL CELLULEX FORMULA

Compare to Herbalife's® Cell-U-Loss

Millions of dieters have used this unique herbal-vitamin formula as part of their herbal diet weight loss plan. Herbal Cellulex is a special herbal formula fortified with natural Vitamin C, Potassium and Iron. You also get the famous Kelp, Lecithin and Cider Vinegar "fat fighters" plus 6 herbal extracts.

	QTY.	PROD. NO.	3 FOR
Vitamin C (with Ascorbic Acid)	250 mg	417	12.95
Potassium	20 mg	90	
Iron	21 mg	150	

Plus 1000 mg. of a special combination of the following powdered extracts: Echinacea, Licorice, Marshmallow, Ginseng, Garlic and Wild Yams. In a dose of 100 mg. of Kelp, 50 mg. Lecithin and 100 mg. Cider Vinegar.

Herbalife is a registered trademark of Herbalife International. *Purchase U.S. Recommended Daily Allowance. **U.S. RDA not established.

***The amount of weight you lose will depend on your body size, calorie intake and level of activity as well as eating and diet. You should first consult your physician.

Buy 1 Bottle GET 2 FREE (TOTAL 3) (same item, same size)

EXHIBIT G



For Dieters and Cholesterol Watchers!
Low Fat Cooking with Diet Brush

This amazing brush has high technology polymer fibers that attract grease like a magnet, but repel other liquids. Brush it across the top of soups, stews and roasts to skim off the floating fat. Stir with it, and it removes from deep down. Wipe bacon, french fries and hamburgers to reduce fat and calories. Works better and cheaper than paper towels. Brush washes clean in sink or dishwasher.

QTY.	PROD. NO.	PRICE*
1	5679	4.95

*Our special sale does not apply.

SHAKE-A-WEIGH **NEW**
Adds flavor to your diet while suppressing your appetite

This great tasting seasoning contains an appetite suppressant, a diuretic to reduce water retention, enzymes to break down food and Pantothenic Acid (B5) which helps food to pass rapidly through your digestive tract allowing less time to absorb calories.

Shake-A-Weigh is a natural assortment of herbs and spices you can sprinkle on salads, soups, meats, etc., to enhance the flavor of food. Use it like any flavoring or spice.

QTY.	PROD. NO.	PRICE*
1	5675	7.95

*Our Special Sale does not apply.

TRYMTONE 1200
All-Natural Amino Acid Dietary Supplement



A natural weight loss helper derived from vegetarian sources specially formulated for those concerned with their nutritional well-being. This safe, drug-free amino acid dietary supplement gives you the power of three essential amino acids L-Arginine, L-Glycine & L-Lysine along with 15 mg. Pyridoxine HCl, which acts as a co-enzyme in carbohydrate, protein and fat utilization.

QTY.	PROD. NO.	1 BOTTLE FOR*
120	5687	15.95

*Our special sale does not apply.

44

Buy 1 Bottle GET 2 FREE (TOTAL 3) (same item, same size)

GLUCOMANNAN**
500 mg. Capsules

Feel Full, Satisfied and Eat Less

When taken with 8 ounces of water, the Glucomannan Capsules instantly start to form a high fiber gel in your stomach. This gel provides you with the bulk you need to curb your appetite before you take in unnecessary calories. In addition, Glucomannan helps your body to process your food easier and faster. Therefore many of the calories you do take in pass through your digestive tract undigested without adding inches to your waistline. Helps you lose weight without harmful drugs, chemicals or stimulants.

QTY.	PROD. NO.	3 FOR
90	1891	14.90
250	1893	37.25

Get That Full Feeling Naturally. . .
GUAR GUM Capsules**

It's Natural, Safe and Works Fast!

Guar Gum is the natural gel-forming fiber that many medical experts are recommending as a new, effective diet aid. It is a natural soluble fiber that comes from the guar plant, found in India and Sri Lanka.

Guar Gum works because it helps to make your stomach feel full, reducing your appetite naturally. Even if you've tried other appetite suppressants before, you owe it to yourself to try Guar Gum, the one that really works.

QTY.	PROD. NO.	3 FOR
100	4670	5.95

Caps
**The amount of weight you lose will depend on your body size, calorie intake and level of activity. As with starting any diet, you should first consult your physician.

Complaint

120 F.T.C.

EXHIBIT H

Reduce Excess Body Water
Natural Herbal Diuretics

Yeast, Sugar, Salt & Preservative Free
WATER PILL™ TABLET
with **POTASSIUM**

This totally protein coated Water Pill tablet (diuretic) is fortified with Potassium.

Each Water Pill with Potassium Tablet Contains:
Buchu Leaves Powder 50 mg.
Uva Ursi Leaves Powder 50 mg.
Parsley Leaves Powder 50 mg.
Juniper Berries Powder 10 mg.
Potassium from Gluconate 20 mg.

QTY.	PROD. NO.	PRICE
50	2210	3.75
100	2212	6.85
250	2213	15.95

WATER PILL™ TABLET
with **IRON & POTASSIUM**

Yeast, Sugar, Salt & Preservative Free

Helps reduce excess body water, and replace lost iron and potassium.

Each Water Pill with Iron & Potassium Tablet Contains:
Buchu Leaves Powder 50 mg.
Uva Ursi Leaves Powder 50 mg.
Parsley Leaves Powder 50 mg.
Juniper Berries Powder 10 mg.
Potassium from Gluconate 20 mg.
Iron (Ferrous Gluconate) 5 mg.
*Three (3) tablets daily provide 100% of the Recommended Daily Allowance of iron for adults and children over 12.

QTY.	PROD. NO.	PRICE
50	2390	4.70
100	2382	8.70
250	2383	19.95

Lose weight fast while you spoil yourself with either a luscious chocolate, creamy vanilla, or delicious strawberry taste.

NATURE'S BOUNTY®

SLIM® QUICK™

Fortified with **FIBER, CALCIUM** and **20 Vitamins & Minerals**

Imagine the richest, thickest and most luscious shake ever and you'll know just how satisfying Slim Quick really is. The best part about indulging yourself with this rich diet shake is that with every passing day on this meal replacement plan you'll be closer to your goal of a new slimmer you.

Chocolate

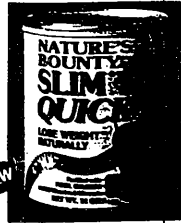
QTY.	PROD. NO.	PRICE
14 oz.	5581	10.95

Vanilla

QTY.	PROD. NO.	PRICE
14 oz.	5565	10.95

Strawberry

QTY.	PROD. NO.	PRICE
14 oz.	5567	10.95



Stop Sugar Calories before they make it to your waistline.

SUGAR BLOCKER™

New Sugar Blocker contains the herb Gymnema Sylvestre which helps to impede the absorption of some of the sugar you eat. Sugar Blocker works because it's molecular structure mimics the molecular structure of sugar. When taken before a meal, Sugar Blocker occupies the same sites in the small intestine where sugar is absorbed. With these sites blocked, the sugar passes through your system greatly reducing assimilation by the body. Sugar Blocker itself also passes out of your body eventually, making this amazing new food supplement safe to use with no side effects.

QTY.	PROD. NO.	PRICE
90	5696	14.95



Buy 1 Bottle GET 1 FREE (Total 2) * Buy 2 Bottles GET 3 FREE (Total 5) 83

EXHIBIT I

Is it really possible to lose weight while you still eat most of your favorite foods?

Yes! FIBER DIET lets you do it!

Sugar, Starch & Preservative Free

Fiber Diet is an all natural food supplement that helps you lose weight while improving your diet. It helps you look and feel great. Here's how it works... Fiber Diet is a special combination of grain and fruit fiber. Recent medical research confirms that a high fiber diet is healthier and an effective, natural way to lose weight and keep it OFF! You simply take Fiber Diet tablets with water 15-30 minutes before you eat. You can eat what you want, but it's always sensible to avoid highly processed food, sugar or fat. Fiber Diet absorbs water to give you a full feeling and cut your hunger so you naturally eat less, and so, you lose weight. Fiber Diet is completely free of drugs! It has no artificial colors. There is no caffeine or sodium (salt). So you can use Fiber Diet with confidence for as long as you need.



QTY.	PROD. NO.	3 FOR
120	4122	6.95
250	4123	13.20
500	4125	21.95

Diet without hunger... the natural way

SPIRULINA 500 mg. Tablets

Sugar, Starch and Preservative Free

People are reporting fast weight loss of 20 pounds and more... without hunger! The best thing about Spirulina is that it is totally natural. It is a unique type of vegetable plankton that grows in the pure lake waters of Central America and Africa. Spirulina contains up to 65% protein plus an incredible amount of vitamins and minerals.

Taken before meals it helps turn off your brain's hunger center. It cuts your drive to eat, so you stick to your diet.

QUANTITY	PROD. NO.	3 FOR
60	3281	8.80
500	3285	46.50

Makes a delicious drink to help you lose weight fast

PURITAN'S PRIDE SLIM™

Nutritionally Balanced Diet Meal Replacement with Fiber and NutraSweet!

Our most delicious formula ever! Mixed with skim milk Puritan's Pride Slim tastes like a rich chocolate candy bar. The flavor comes from real chocolate, natural carbohydrate sweetener and NUTRASWEET which adds sweetness with almost no calories. PLUS it's loaded with healthful fiber to fill

you up. Try Puritan's Pride Slim today and start losing weight. It's nutritious, inexpensive and delicious!

QTY.	PROD. NO.	3 FOR
16 oz. (1 lb.)	2280	16.65

Serving Size 1 oz.
 Servings per 16 oz. container 16
 Each Serving Provides: 8 Fl. Oz. Skim Milk**
 Calories 160
 Protein 17 gms.
 Carbohydrate 30 gms.
 Fat 1 gm.
 Fiber (Dietary) 2500 mg.
 PERCENTAGE OF U.S. RECOMMENDED DAILY ALLOWANCE (U.S. RDA)
 Protein 40%
 Vitamin A 35%
 Vitamin C (Ascorbic Acid) 35%
 Vitamin B-1 (Thiamine) 35%
 Vitamin B-2 (Riboflavin) 35%
 Niacinamide 35%
 Calcium 50%

Iron 35%
 Vitamin D 35%
 Vitamin E 35%
 Vitamin B-6 35%
 Folic Acid 25%
 Vitamin B-12 35%
 Phosphorus 40%
 Iodine 35%
 Magnesium 35%
 Zinc 35%
 Copper 35%
 Boron 35%
 Panthoic Acid 35%
 Manganese 35%
 Potassium 640 mg.
 **No U.S. RDA established
 ***Vitamin A & D, Protein Fortified
 Phenylethanolamine, carnitine, Phenylethylamine
 †Amount of weight you lose will depend on your body type, calorie intake and level of activity.
 ‡As with starting any diet, you should first consult your physician.

Double Rich Chocolate Flavor

NutraSweet is a registered trademark of G.D. Searle & Co.

42 Buy 1 Bottle GET 2 FREE (TOTAL 3) (same item, same size)

EXHIBIT J

A Perfect Combination for Healthy Blood

Natural EPA Softgel Capsules with Odorless Garlic

Sugar, Starch and Preservative Free
 Medical evidence continues to indicate that fish oils can substantially reduce cholesterol and blood pressure. New EPA with Garlic from Puritan's Pride is a unique combination of fish oils combined with odorless garlic to maximize your nutritional benefits. Now you can have the combined benefit of both EPA (marine lipid concentrate) and natural garlic all in one easy to swallow softgel capsule.

Each EPA with Garlic Capsule contains:
 Marine Lipid Concentrate 1000 mg
 EPA (Eicosapentaenoic Acid) 180 mg
 DHA (Docosahexaenoic Acid) 120 mg
 Garlic Powder 50 mg
 Vitamin E (D-Alpha Tocopherol) 70 mg
 Ascorbyl Palmitate 20 mg
 Lemon Oil 1.5 mg

QTY.	PROD. NO.	PRICE	SALE
50	6330	8.95	5.25
100	6332	17.90	9.45
250	6335	27.40	21.95

Don't Let Cataracts Dim Your Vision
EYE-VITES® **NEW**
 Tablet

A Nutritional Breakthrough in Cataracts Prevention

An alarming 2 out of 3 Americans over age 60 develop cataracts, a condition that clouds the lens of the eye and blurs the vision. For most cataracts sufferers, the usual surgical solution is an unpleasant alternative to the problem. But now, thanks to the efforts of a group of dedicated vision scientists, there's Eye-Vites—the nutritional approach to the prevention of age related cataracts. The potent anti-oxidants and micro-nutrients in Eye-Vites combine to help prevent the formation of cataracts. Research has proven that patients undergoing anti-oxidant therapy were 70% less likely to develop cataracts. Even if you already have cataracts you owe it to yourself and your sight to try Eye-Vites to help stabilize your problem. It's safe, natural and available to you without a prescription.

QTY.	PROD. NO.	PRICE
60	5626	16.95

*Our special sale does not apply.
 86 Buy 1 Bottle GET 1 FREE (Total 2)

Natural EPA Marine Lipid Concentrate 1000 mg. Capsules

Sugar, Starch and Preservative Free
 Now you can increase your intake of EPA and DHA, the two essential Omega-3 fatty acids without having to eat large amounts of oily fish. Just one capsule of Puritan's Pride EPA Marine Lipid Concentrate provides 180 mg. of EPA (Eicosapentaenoic acid) and 120 mg. of DHA (Docosahexaenoic acid) plus 1 I.U. of natural Vitamin E as an antioxidant. Puritan's Pride is proud to offer you such a beneficial natural supplement. Order your supply today!

QTY.	PROD. NO.	PRICE
50	3430	5.50
100	3832	9.95
250	3835	22.95

An Exciting Blend of Nutrients to Help Sharpen Your Mind
MEMORY BOOSTER™

Memory Booster from Puritan's Pride combines these special natural ingredients to work together as an aid to memory retention and mental alertness.

- Two Memory Booster tablets provide:
- L-Glutamine 250 mg. — An important amino acid used by the brain as an energy source for high level brain activity.
 - Ribonucleic Acid (RNA) 250 mg. — A key factor for cell reproduction vitally important to living cells and believed to be a memory and learning component that assists the brain.
 - L-Phenylethylamine 250 mg. — An amino acid capable of producing Epinephrine, a vital element of healthy neuroactivity.
 - Choline Bitartrate 250 mg. — Part of the Vitamin B-Complex group and component of acetylcholine, important for nerve impulse transmission.
 - Gotu Kola 250 mg. — A widely used herb believed to avoid mental fatigue and improve mental acuity.
 - Lecithin 1000 mg. — A rich source of choline which has been shown to aid the memory and learning processes of the brain.

QTY.	PROD. NO.	PRICE	SALE
60	2070	8.95	
100	2072	16.45	
500	2073	73.95	

* Buy 2 Bottles GET 3 FREE (Total 5)

EXHIBIT K

KLB6 DIET MIX

Many people who have tried other diet drinks find them difficult to tolerate and not nearly as satisfying. A few years ago we introduced KLB6 Diet Mix, a much better diet plan. Used by millions of successful dieters, KLB6 Diet Mix is the exclusive formula fortified with kelp, lecithin, and Vitamin B-6. Its vanilla flavor and luscious chocolate flavor makes it the most delicious, easy to take, effective weight loss plan that can work for you.

Taken as directed, twice a day, KLB6 Diet Mix provides 100% of the U.S. RDA of all the most important vitamins and minerals plus 80% of your protein requirement. There is no easier way to lose weight while maintaining sound nutrition.

Chocolate

(tastes like a rich chocolate shake)

QUANTITY	PROD. NO.	3 FOR
14 oz.	2600	11.95

Vanilla Flavor

(tastes like a creamy vanilla shake)

QUANTITY	PROD. NO.	3 FOR
14 oz.	2590	11.95

KLB6 GRAPEFRUIT DIET

The Ultimate Grapefruit Diet

3 Powerful Diet Aids in 1 Formula

- KLB6® • Grapefruit Extract
- Glucomannan

Puritan's Pride brings you the ultimate grapefruit diet formula to help you lose weight. You get the famous KLB6 combination that helps keep your body active so you can burn calories. Grapefruit extract works as a "fat melter" to stimulate your metabolism and suppress the appetite. The Glucomannan in KLB6 Grapefruit Diet forms a natural high fiber gel in your stomach to give that feeling of fullness. Dieting is so much easier without those nagging hunger pains. Follow the diet plan provided and start losing weight quickly and safely.

FOUR (4) TABLETS PROVIDE:

Grapefruit Extract	800 mg	Kelp	75 mg
Glucomannan	800 mg	Cider Vinegar	100 mg
Vitamin B-6	20 mg	Live Lipo	25 mg
Lecithin	200 mg	L-Phenylalanine	25 mg

*100% of the U.S. Recommended Daily Allowance for adults and children 12 or more years of age for Vitamin B-6.

QTY.	PROD. NO.	3 FOR
100	3970	8.95
250	3973	20.90
500	3975	38.60

CO ENZYME Q-10

10 mg. Tablets and 75 mg. Capsules

Co Enzyme Q-10 has been the subject of important research for the past 30 years. This nutrient reportedly plays a role in the body's production of adenosine tri-phosphate, the basic energy component of the cell. Popular as a cardiovascular supplement in Japan, Co Enzyme Q-10 is now available to you from Puritan's Pride.

10 mg. Tablets

QTY.	PROD. NO.	3 FOR
50	4710	15.95

75 mg. Capsules

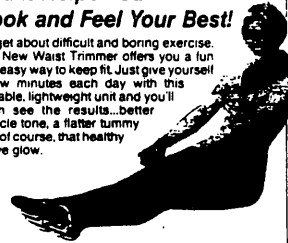
QTY.	PROD. NO.	3 FOR
30	5810	39.95

WAIST TRIMMER

It's Fun... It's Easy and It Helps You

Look and Feel Your Best!

Forget about difficult and boring exercise. The New Waist Trimmer offers you a fun and easy way to keep fit. Just give yourself a few minutes each day with this portable, lightweight unit and you'll soon see the results...better muscle tone, a flatter tummy and of course, that healthy active glow.



QUANTITY	PROD. NO.	PRICE	SALE
1	56 44	4.99	2.99*

*Our special sale does not apply.

ORIENTAL HERBAL DIET

Thousands of people have discovered the Oriental Herbal Diet. It's a blend of Ephedra and Glucomannan from the Orient. Also contains vitamins B-6, lecithin, kelp and cider vinegar!

QTY.	PROD. NO.	3 FOR
84	4770	14.95



Buy 1 Bottle GET 2 FREE (TOTAL 3) (same item, same size)

EXHIBIT L

FOOD SUPPLEMENTS



GINSANA

NEW

Concentrated Herbal Extract Helps Build Physical Endurance and Mental Alertness

Years of research studies have shown that endurance, mental alertness, cardiovascular performance and oxygen intake, were improved among Ginsana users. Developed in Switzerland, Ginsana is made of the finest standardized Ginseng extract G115. This all natural, non-habit forming non-allergenic herbal food supplement is available to you in easy-to-take softgel capsules. Order some today!

QTY.	PROD. NO.	PRICE*
30	8067	14.95

*Our special sale does not apply.

INTERNATIONAL TREASURES

GINSENG

Sugar, Starch & Preservative Free



Ginseng is one of the oldest and most highly regarded herbs known to man. It has been referred to as the "root of life, the queen of herbs" and the "herb of eternal life." Ancient Asians prized it more than gold and royal families gave it as gifts.

Modern research in the Soviet Union resulted in its use by Russia's Olympic athletes and her cosmonauts. It is also part of the diet of Japan's professional baseball players.

If you're looking for results, Puritan's Pride Ginseng is the finest high quality product you can buy. It is cultivated in the Asian Area which yields the greatest potency, high quality roots.

MANCHURIAN GINSENG™
250 mg. Capsules

QUANTITY	PROD. NO.	3 FOR
50	1270	6.25
100	1271	11.60

Higher potency 500 mg. Tablets

QUANTITY	PROD. NO.	3 FOR
50	3110	9.40
100	3111	17.25
250	3113	40.10

KOREAN GINSENG

500 mg. Capsules

QUANTITY	PROD. NO.	3 FOR
100	5021	16.90



Maintain Your Natural Energy, Vitality and Good Health!

Recent articles in a leading magazine and numerous requests led our Research and Development team to offer this Nucleic Acid supplement which nutritionists are excited about!

RNA/DNA

Ribonucleic Acid & Deoxyribonucleic Acid

Each RNA/DNA tablet contains:
RNA (Ribonucleic Acid) 100 mg
DNA (Deoxyribonucleic Acid) 100 mg
In a base containing 400 mg of Dried Deionized Brewer's Yeast.

QTY.	PROD. NO.	3 FOR
100	2150	7.65
250	2153	17.80
500	2155	33.20

Sugar & Starch Free

ORGANIC GERMANIUM

NEW

This fantastic nutrient has become one of the most talked about minerals. Recent studies show a wide variety of nutritional value and health benefits.

QTY.	PROD. NO.	3 FOR
60	5451	11.95

60

Buy 1 Bottle GET 2 FREE (TOTAL 3) (same item, same size)

Eye Care Products

A Nutritional Supplement for Healthy Eyes and Vision

EYE-VITES® Tablets

NEW

Eye-Vites is a nutritional formula created to supplement your diet with the nutrients you need to help maintain healthy eyes and vision. Eye-Vites contain zinc, the mineral many researchers believe is essential for ocular nutrition, plus vitamins A, C, and E, the antioxidants involved in important metabolic processes in the eye. Taken daily, Eye-Vites are a safe, natural way to supplement your diet with the nutrients you need for healthy, clear vision.

QTY.	PROD. NO.	PRICE
60	5626	16.95



DARK CIRCLE EYE TREATMENT

Makes Your Dark Circles Disappear

Eliminate that fatigued look by making the unattractive dark circles under your eyes disappear. Dark Circle Eye Treatment is a new beauty discovery that therapeutically removes dark circles from the delicate area under your eyes in 2 easy steps. The Day Treatment actually makes circles go away while preventing eye makeup from creasing. The Night Treatment rejuvenates and moisturizes the dry area under your eyes where dark circles occur.

QTY.	PROD. NO.	PRICE*
2	Formula 8229	9.95

*Our special sale does not apply.



Finally... Fog Free Vision with

OPTI-SHINE PEN

Have you ever walked in from outside only to have your glasses fog up on you? One application from this easy to use Opti-Shine Pen and your glasses are fog free. The applicator pen lasts for over 200 applications. Try it today. It really works.

QTY.	PROD. NO.	PRICE*
4	8091	5.00

*Our special sale does not apply.

EYE PUFFINESS MINIMIZER

Help Reduce Undereye Puffiness and Swelling

Help reduce the early morning puffiness and swelling that can occur under the eyes with this soothing, cool gel. Use it in the morning before applying make up, it's a great way to begin your daily beauty regimen.

QTY.	PROD. NO.	PRICE*
.5 oz.	8239	5.95

*Our special sale does not apply.

Condition dry, brittle eyelashes!

EYE-LASH OIL

Used rightly this unique blend of oils helps to build stronger healthier eyelashes. In just days you'll see the difference. Try some today!

QTY.	PROD. NO.	PRICE
1/3 oz.	8141	4.45

PERMA-TWEEZ

Removes Unwanted Hair...PERMANENTLY!

Now you can save hundreds of dollars in professional electrolysis treatments with the Perma-Tweez permanent hair remover! Perma-Tweez has been clinically tested for safety and effectiveness in removing hair from face, eyebrows, arms, legs or any part of your body...in the privacy of your own home! Easy to use. No-skin-puncture safety feature. Order now and get rid of that unwanted hair...forever!!

QTY.	PROD. NO.	PRICE*
1	5690	19.95

*Our special sale does not apply.

68 Buy 1 GET 1 FREE (TOTAL 2) • Buy 2 GET 3 FREE (TOTAL 5)

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Complaint

120 F.T.C.

EXHIBIT N



NATURAL STEROL COMPLEX

MASS AND DENSITY ENHANCER

Each Six Tablets Contains:

GLANDULAR BALANCE AGENTS:

Mexican Wild Yam Root	1000 mg
Smilax Officinalis Extract	1000 mg
Mura Purina	1000 mg
Gota Kola	500 mg
Smilagenin	25 mg
Diosgenin	25 mg
Hecogenin	25 mg
Boron	.3 mg

ANABOLIC STEROLS:

Gamma Oryzanol	500 mg
Fucosterol	7850 mcg
Beta-Sitosterol	5983 mcg
Campesterol	3378 mcg
Stigmasterol	1924 mcg
Other Naturally Occurring Sterols	10,0981 mcg

AMINO ACIDS:

Arginine	1200 mg
Ornithine	600 mg
Lysine	634 mg
Leucine	40 mg
Valine	38 mg
Isoleucine	30 mg
Phenylalanine	30 mg
Threonine	24 mg
Methionine	20 mg
Histidine	20 mg

LIPOTROPICS (FAT BURNERS):

Lipoic Acid	1040 mg
Oleic Acid	698 mg
Palmitic Acid	263 mg
Linoleic Acid	109 mg
Stearic Acid	56 mg
Lignoceric Acid	14 mg

Arachidonic Acid	13 mg
Eicosanoic Acid	11 mg
Behenic Acid	8 mg
Myristic Acid	5 mg

ENERGY STIMULANTS:

Bee Pollen	1000 mg
Guarana	500 mg
Korean Ginseng	100 mg
Cytochrome C	100 mg
Inosine	100 mg
Dimethylglycine	100 mg
Royal Jelly	30 mg

ELECTROLYTES:

Calcium	200 mg
Magnesium	100 mg
Potassium	99 mg

GROWTH AGENTS:

Octacosanol	1650 mg
RNA	60 mg
DNA	30 mg

PERFORMANCE BOTANICALS:

Caplicup	100 mg
Alfalfa	100 mg
Dandelion Root	100 mg
Garlic	100 mg
Yellow Dock	100 mg
Licence Root	100 mg
Hops	100 mg

POTENTIATING FACTORS AND TRACE MINERALS:

Chromium, Silicon, Silver, Lithium, Strontium, Chlorine, Cobalt, Sulfur, Nickel, Titanium, Barium, Bismuth, Manganese, Aluminum, Vanadium	
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UNIVERSAL
NUTRITIONAL SYSTEMS

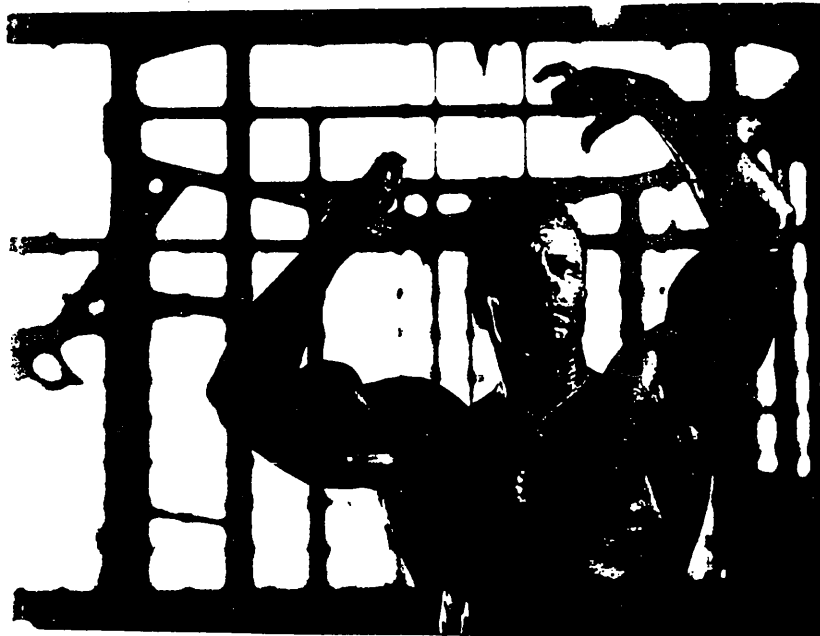
3 Terminal Rd., New Brunswick, NJ 08901 • 1-800-872-0101 (In NJ 1-908-545-3130)

EXHIBIT N

206

Complaint

EXHIBIT N



To maximize gains in muscle mass and strength, supplement your diet with Natural Steral Complex.

Experience the Power.

For serious growth in mass and strength, you need real power. And nothing powerizes you like Natural Steral Complex by Universal. It's the most advanced, anabolic-strength formula available today for anyone looking to build a huge, massive and awe-inspiring body.

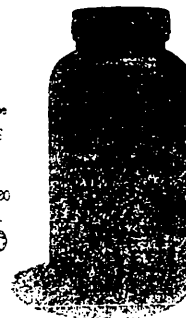
That's why serious bodybuilders and hardcore lifters swear by Natural Steral Complex as the most powerful, safest training supplement available. There's no other product nearly as potent or effective.

With an exclusive 9-way formula, Natural Steral Complex gives you more than ever before. Each time-released tablet is loaded with Anabolic Steroids, Glandular Balance Agents, and Essential Amino

Acids, Plus Electrolytes, Energizers, Lactogenic Growth Agents and Performance Nutrients... synergized for maximum anabolic gains and optimum performance.

Massive arms. Rock-hard shoulders. Awesome legs. Chiseled abs. For building your body, nothing even comes close to the power of Natural Steral Complex. Experience it.

Natural Steral Complex is available in 90 and 180 tablet sizes at health food stores and gyms everywhere.



UNIVERSAL
NUTRITIONAL SYSTEMS

EXHIBIT O

Sports Nutrition

MUSCLE & WEIGHT GAINER

Chocolate & Vanilla Flavors

Muscle and Weight Gainer is a combination of ino-form and branched chain amino acids to help build muscle mass and gain pounds. It is formulated with high quality milk and egg protein, 10 essential vitamins, 5 essential minerals, and 17 amino acids. Body Fortress Muscle & Weight Gainer gives you more body building protein, vitamins, minerals and amino acids than most other weight gain powders. For you that adds up to maximum nutritional power and weight gain potential, as much as 3 lbs. or more per week depending on how many shakes you drink. Natural energy packed carbohydrates are also included in Body Fortress Muscle and Weight Gainer to provide great taste and to help you recover quickly from your workouts.

Amino Acids Per 8 1/2 Gram Serving	With 2 Cups Whole Milk
Alanine	961 mg 1440 mg
Arginine	970 mg 1550 mg
Aspartic Acid	1740 mg 2960 mg
Cysteine	225 mg 370 mg
Glutamic Acid	4675 mg 8035 mg
Glycine	561 mg 890 mg
Histidine	680 mg 1115 mg
Isoleucine	1185 mg 2275 mg
Leucine	2235 mg 3685 mg
L-lysine	1765 mg 3060 mg
Methionine	675 mg 1090 mg
Threonine	1230 mg 2025 mg
Proline	3025 mg 5060 mg
Serine	1345 mg 2220 mg
Threonine	1010 mg 1715 mg
Tyrosine	1140 mg 1965 mg
Valine	1600 mg 2675 mg

Essential Amino Acids

Chocolate Flavor	QTY.
PROD. NO. 5463	24 oz.

Vanilla Flavor	QTY.
PROD. NO. 5461	24 oz.

YOHIMBE BARK

760 mg. Tablets

History heralds the natural herb, yohimbe. Each tablet provides 760 mg. of yohimbe bark.

PROD. NO.	QTY.
6351	50 Tablets

SUPER FAT BURNERS

Super Fat Burners contains a special combination of vitamins, minerals and amino acids needed for the reduction of fat cells. The ingredients in this formula help the body's ability to burn fat, thereby promoting visible muscle definition.

Each Tablet Provides	RDA*
Choline Bitartrate	1000 mg
Inositol	500 mg
D-Methionine	200 mg
Biotin	50 mg
Retaine HCL	200 mg

In a natural base of fiber and help
 *U.S. Recommended Daily Allowance for adults and children 12 or more years of age

PROD. NO.	QTY.
6361	90 Tablets

SMILAX

Smilax is a 100% pure cold processed Bio-Chelated Liquid Sarsaparilla Root Extract derived from the Smilax officinalis root. It is a highly concentrated liquid used by bodybuilders for added nutrition.

PROD. NO.	QTY.
5740	1 Fl. Oz.

Orange Flavor

CARBO-BOOSTER

Carbo-Booster Energy Drink is a combination of complex carbohydrates to help meet your energy needs during sustained sport activity or heavy training. This complex grouping of carbohydrates metabolizes at different rates and is digested slowly to provide maximum glycogen storage for prolonged energy demands.

Ingredients (Granulated complex carbohydrates extracted from grains)	Each Serving Contains: (from Beta Carotene)
Fructose, Vitamin and Mineral Mix containing:	Vitamin C 300 mg
Ascorbic Acid, Potassium Citrate, Calcium Citrate, Magnesium Oxide, Nucleonamide, Beta Carotene, Pyridoxine HCL, Riboflavin, Thiamine HCL and Cobalamin, Citric Acid and Natural Flavors	Vitamin B-1 3 mg
	Vitamin B-2 14 mg
	Nucleonamide 5 mg
	Vitamin B-6 4 mg
	Vitamin B-12 8 mcg
	Calcium 40 mg
	(from Calcium Citrate)
	Magnesium 100 mg
	(from Magnesium Oxide)
	Potassium 115 mg

PROD. NO.	QTY.
5490	16 oz.

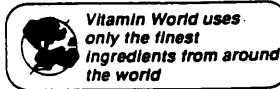


EXHIBIT P

NATURAL AMINO 1500
FREE FORM & PEPTIDE BOND

Body Fortress Amino Acids are specially formulated and scientifically balanced for body builders, power lifters and professional athletes. This formula contains a balanced blend of free form and peptide bond Amino Acids to give you optimum utilization.

Ingredients: Pharmaceutical grade Amino Acids derived from saccharum hydrolyzate and L-Cysteine HCL.

Typical Amino Acid Profile

Per 6 Tablets	Per 60 Tablets
L-Ornithine HCL	181.1
L-Leucine	836.2
L-Histidine	198.6
L-Arginine	325.2
L-Aspartic Acid	811.3
L-Threonine	374.3
L-Serine	626.2
L-Glutamic Acid	1298.7
L-Proline	625.6
L-Glycine	162.8
L-Alanine	398.8
L-Cystine	256.9
L-Valine	145.3
L-Methionine	203.8
L-Isoleucine	543.5
L-Isoleucine	977.4
L-Tyrosine	139.7
L-Phenylalanine	376.3

Essential Amino Acids	PROD. NO.	QTY.
	5091	150 Tablets
	5097	400 Tablets

ARGININE-ORNITHINE 1500

FREE FORM AMINO ACIDS

Body Fortress Arginine/Omithine 1500 combines two of the body's most important building blocks into one potent supplement. Each ingredient comes to you in its natural "L" free-form state for maximum metabolic absorption and assimilation.

Each two tablets provide:	
L-Arginine (pharmaceutical grade)	1000 mg.
L-Ornithine (pharmaceutical grade)	500 mg.

PROD. NO.	QTY.
5411	60 Tablets



SUPER CUT

Super Cut is a special formulation of vitamins, minerals and amino acids needed for lean muscle development. The ingredients in this formula help the body's ability to burn fat, thereby promoting visible muscle definition.

Each two tablets contain:	
Choline	300 mg.
Inositol	1000 mg.
d-Methionine	400 mg.
B6	100 mg.
Betaun HCl	400 mg.
In a natural base of liver and kelp	
PROD. NO.	5730
QTY.	90 Tablets

Yeast Free CHROMAX II CHROMIUM PICOLINATE 200 mcg.

Chromium Picolinate is an organic chromium supplement. It is yeast free and highly assimilable, providing optimum effectiveness as a dietary supplement for the essential trace nutrient - chromium.

Each tablet contains:	
Chromium (Picolinate)	200 mcg.
PROD. NO.	6390
QTY.	100 Tablets

ANABOLIC BOOSTER

Branch Chain & Free Form Amino Acids

PROD. NO.	5402
QTY.	30 Tablets

DIBENCOZIDE 10 mg.

PROD. NO.	5860
QTY.	60 Tablets

GAMMA ORYZANOL 60 mg.

PROD. NO.	5420
QTY.	100 Tablets

Crystalline Pure INOSINE 500 mg.

PROD. NO.	4570
QTY.	30 Tablets

LIQUID AMINO

If You Don't See It In Here, Ask Us!
Vitamin World offers you the most up-to-date formulations.

LIQUID AMINO

PROD. NO.	837
QTY.	16 Fl. Oz.

EXHIBIT Q

DIGESTIVE AIDS



Natural CHEWABLE ANTACID with Calcium

Supplies 200 mg. of Elemental Calcium
 Salt, Starch and Preservative Free

A delicious fructose sweetened chewable tablet to help make life more comfortable for thousands of fuzzy stomachs. Each tablet contains 500 mg. of the active ingredient Calcium Carbonate to provide symptomatic relief and neutralize gastric acidity. Obtain relief from acid indigestion, heartburn and sour stomach with Puritan's Pride Natural Antacid.

QUANTITY	PROD. NO.	3 FOR
100	2220	4.95
250	2223	11.55
500	2225	21.45

BETAINE HYDROCHLORIDE 400 mg. Tablets

Sugar and Starch Free
 As we get older, some of us may have trouble digesting the foods we eat. Puritan's Pride Betaine Hydrochloride provides acids that can naturally assist in the digestion of fats, proteins and starches. One tablet taken before meals supplies the powerful digestive aid of 400 mg. of Betaine Hydrochloride.

QUANTITY	PROD. NO.	3 FOR
100	3850	4.30
250	3853	9.90

HERBAL LAXATIVE Tablets
 Safely Encourages Natural Elimination

Sugar and Starch Free
 Now a natural way to obtain relief from the uncomfortable feeling of constipation. Puritan's Pride combines a mixture of natural active laxative ingredients, which include Senna Leaves, Cascara Sagrada and Frangula. This is a gentle all-vegetable and herb tablet.



QUANTITY	PROD. NO.	3 FOR
100	2180	4.45
500	2185	19.80

Chewable PAPAYA ENZYME Tablets

An aid to better digestion from papaya, "the Melon of the Tropics"

Preservative Free
New Fruit Flavored Chewable Tablets

Puritan's Pride manufactures this natural digestive aid in pleasantly small tablets. Each Papaya tablet contains the enzyme Papain which helps you digest protein and helps release the nutritional potency of your foods and also promotes comfortable natural digestive processes.

QUANTITY	PROD. NO.	3 FOR
100	1130	3.45
250	1133	7.95
500	1135	14.95



until 10 pm
 Eastern Time - Mon.-Fri.
 Sat.-6 pm

66

Buy 1 Bottle GET 2 FREE (TOTAL 3) (same item, same size)

EXHIBIT R



CALMTABS™

All Natural
Non-Habit Forming
Herbal Relaxant

Puritan's Pride Calmtabs offers you a gentle and safe way to relax especially when everyday stress winds you up. This special formulation gives you 6 different herbs known for their calmative properties since the days of ancient Egypt. You can enjoy Calmtabs' soothing, calm effect anytime during the day or before bedtime.

**NEW EASY-TO-SWALLOW
PROTEIN-COATED TABLET**

Each Calmtabs tablet contains:
Ert. Valerian 1 gram
Passiflora 1 gram
Cassia Seed 1 gram
Calmeo 1 gram
Hops 1/2 gram
Dried Orange Peel 1/2 gram

Sugar & Preservative Free

QTY.	PROD. NO.	3 FOR
90	3261	4.95
250	3263	12.65
500	3265	23.50

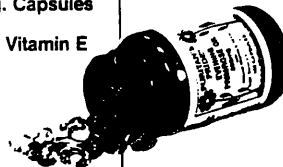
NEW
Time Release
NIACIN 250 mg.

Don't miss out on the benefits of Niacin. Puritan's Pride now offers you a Time Release 250 mg. size capsule. This new size has been micro-coated for easy swallowing, and has been specially processed to release its activity over 8 hours. Try some today!

QTY.	PROD. NO.	3 FOR
90	5800	7.99

Natural
**EVENING
PRIMROSE
OIL**

**500 mg. Capsules
with
Natural Vitamin E
13 I.U.**



Evening Primrose Oil is especially high in the essential polyunsaturated fatty acids - cislinoleic and gamma linolenic acid (GLA). Both are involved in the body's synthesis of prostaglandin, the chemical regulator of many body functions. Although both are involved, it is GLA which is directly converted to prostaglandin.

Evening Primrose Oil is not refined or hydrogenated. It is virtually the only natural source, other than mother's milk, which supplies GLA directly to the diet.

Sugar, Starch and Preservative Free

QTY.	PROD. NO.	3 FOR
30	3630	10.95
100	3632	32.95
250	3633	75.98

**POTASSIUM
99 mg.**

From
potassium gluconate.

Potassium helps in sending messages through the nervous system, keeps the body fluids properly balanced and helps attract nutrients from the blood stream into the cells. Without it sugar cannot be converted into energy nor can body starch be stored for future energy demands. This nutrient is excreted daily and therefore must be replaced each day.

Sugar and Preservative Free

**YOU NEED IT
EVERY DAY!**

QTY.	PROD. NO.	3 FOR
100	1111	2.95
250	1113	6.05
500	1115	11.10
1000	1118	20.40

NEW
**BLACK CURRANT
OIL**
**460 mg. Capsules
from Black Currants**

Black Currants have been found to be a rich, natural source of GLA. GLA is essential to good health because it is involved in the body's synthesis of Prostaglandin, the chemical regulator of many body functions.

Now Puritan's Pride is proud to offer you this new rich source of GLA.

QTY.	PROD. NO.	3 FOR
50	5600	16.50

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of 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 Nature's Bounty, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 90 Orville Dr., in the City of Bohemia, State of New York.

2. Respondent Puritan's Pride, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its office and principal place of business located at 90 Orville Dr., in the City of Bohemia, State of New York. Puritan's Pride, Inc., is a wholly-owned subsidiary of Nature's Bounty, Inc.

3. Vitamin World, Inc., is a corporation organized, existing and doing business under and by virtue of the laws of the State of

Delaware, with its office and principal place of business located at 90 Orville Dr., in the City of Bohemia, State of New York. Vitamin World, Inc., is a wholly-owned subsidiary of Nature's Bounty, Inc.

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

ORDER

DEFINITIONS

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

1. "*Product*" means any good that is offered for sale, sold or distributed to the public by respondents, their successors and assigns, under any brand name of respondents, their successors and assigns, or under the brand name of any third party. "Product" also means any product sold or distributed to the public by third parties under any brand name of respondents, or under private labeling agreements with respondents, their successors and assigns.

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

I.

It is ordered, That respondents Nature's Bounty, Inc., Puritan's Pride, Inc., and Vitamin World, Inc., their successors and assigns, and their officers, agents, representatives, and employees, directly or through any partnership, corporation, subsidiary, division or other device, in connection with the manufacture, advertising, packaging, labeling, promotion, offering for sale, sale or distribution of any product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting, in any manner, directly or by implication, the existence, contents, validity, results, conclusions, or interpretations

of any test, study, research article, or any other scientific opinion or data.

II.

It is further ordered, That respondents, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, advertising, labeling, packaging, offering for sale, sale, or distribution of "Sleeper's Diet," "L-Arginine," or "L-Ornithine," or any other substantially similar amino acid product, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that:

- A. Any such product stimulates greater production or release of human growth hormone in a user than a non-user of such product;
- B. Any such product promotes muscular development; or
- C. Any such product burns fat or otherwise alters human metabolism to use up or burn stored fat, or promotes weight loss.

For purposes of this order paragraph, "substantially similar amino acid product" shall mean any product which is of substantially similar composition or possesses substantially similar properties to Sleeper's Diet, L-Arginine or L-Ornithine.

III.

It is further ordered, That respondents, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, advertising, labeling, packaging, offering for sale, sale, or distribution of L-Cysteine, L-Methionine, or any other substantially similar hair care product, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that any such product will prevent or retard hair loss or promote hair growth where hair has already been lost. For purposes of this order paragraph, "substantially similar hair care product" shall mean any product that is advertised or intended for

sale over-the-counter to treat, cure or curtail hair loss or to promote hair growth where hair has already been lost, and which is of substantially similar composition or possesses substantially similar properties to L-Cysteine or L-Methionine.

IV.

It is further ordered, That respondents, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, advertising, labeling, packaging, offering for sale, sale, or distribution of any hair care product or service, 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

- (1) The use of the product or service will prevent, cure, relieve, reverse, or reduce hair loss; or
- (2) The use of the product or service will promote the growth of hair where hair already has been lost,

unless, at the time of making such representation, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

B. Manufacturing, advertising, labeling, packaging, promoting, offering for sale, selling, or distributing any product that is represented as promoting hair growth or preventing hair loss, unless the product is the subject of an approved new drug application for such purpose under the Federal Food, Drug, and Cosmetic Act, 21 U.S.C. 301 *et seq.*, provided that, this requirement shall not limit the requirements of order paragraphs III or IV.A. herein.

V.

It is further ordered, That respondents, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, advertising, labeling,

packaging, offering for sale, sale, or distribution of any product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from making any representation, directly or by implication, that any such product:

A. Cures, treats, prevents, or reduces the risk of developing any disease, disorder or condition in humans or relieves symptoms thereof;

B. Provides any weight loss or weight control benefit or otherwise provides an effective treatment for obesity;

C. Suppresses appetite, reduces the body's absorption of calories, stimulates metabolism, or reduces serum cholesterol;

D. Cures, treats, prevents, or reduces the risk of benign prostatic hypertrophy;

E. Promotes greater muscular development, endurance, strength, power, definition, or stamina, or shorter exercise recovery or recuperation time in a user than a non-user of such product;

F. Removes or diminishes dark circles under the eyes;

G. Improves mental clarity, mental concentration, mental comprehension, mental retention or mental alertness;

H. Aids digestion or promotes increased absorption of nutrients from ingested foods;

I. Relieves stress or promotes relaxation; or

J. Prevents, relieves or treats fatigue or boosts energy;

unless, at the time of making such representation, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

Provided, however, that respondents shall not be liable under this paragraph for any representation contained on a package label or package insert for a product that meets all of the following conditions:

1. The product is manufactured and distributed by a third party and is not manufactured or distributed exclusively for respondents;

2. The product is generally available at competing retail outlets;

3. The product is not identified with respondents and does not contain respondents' names or logos;

4. The product was not developed or manufactured at the instigation or with the assistance of respondents; and,

5. The product representation is not otherwise advertised or promoted by respondents.

Provided further, that the proviso in the preceding paragraph is currently identical to the "safe harbor" proviso contained in paragraph V. of the order in General Nutrition, Inc., Docket No. 9175, entered February 2, 1989. It is the intention of the parties to the order herein that the provisos shall remain identical. Therefore, except upon respondents filing a petition to reopen the proceeding herein and making a satisfactory showing that changed conditions of law or fact or the public interest warrants modification of the order herein by the Commission, respondents agree to be bound by any subsequent modifications (including vacation) of the safe harbor proviso in Docket No. 9175, without any further formal modification of the instant order.

VI.

It is further ordered, That nothing in this order shall prohibit respondents, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, from making any representation that is specifically permitted in labeling for any product by regulations promulgated by the Food and Drug Administration (FDA) pursuant to the Nutrition Labeling and Education Act of 1990; moreover, nothing in this order shall prohibit respondents, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, from making any representation for any drug that is permitted in labeling for any drug under any tentative final or final standard promulgated by the Food and Drug Administration, or under any new drug application approved by the Food and Drug Administration.

VII.

It is further ordered, That respondents, their successors and assigns, and their officers, agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, advertising, labeling,

packaging, offering for sale, sale, or distribution of any product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the name "Sleeper's Diet" or any other brand name that represents, directly or by implication, that such product has the ability to promote weight loss during sleep;

2. Using the name "Memory Booster" or any other brand name that represents, directly or by implication, that such product improves memory retention;

3. Using the name "Dark Circle Eye Treatment" or any other brand name that represents, directly or by implication, that such product removes dark circles from under the eyes; or

4. Using the name "Super Fat Burners" or any other brand name that represents, directly or by implication, that such product reduces body fat

unless, at the time of making such representation, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

VIII.

It is further ordered, That respondents, their successors and assigns, shall pay to the Federal Trade Commission, by cashier's check or certified check made payable to the Federal Trade Commission and delivered to the Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 6th and Pennsylvania Ave., NW, Washington, DC, the sum of two hundred and fifty thousand dollars (\$250,000). Respondents shall make this payment on or before the tenth day following the date of issuance of this order. In the event of any default on any obligation to make payment under this section, interest, computed pursuant to 28 U.S.C. 1961(a), shall accrue from the date of default to the date of payment. The funds paid by respondents shall, in the discretion of the Federal Trade Commission, be used to provide direct redress to consumers allegedly injured by respondents in connection with the acts or practices alleged in the complaint, and to pay any attendant costs of administration. If the Federal Trade Commission determines, in its sole discretion, that redress to consumers is impracticable or

unwarranted, any funds not used for redress shall be paid to the United States Treasury. Respondents shall be notified as to how the funds are distributed, but shall have no right to contest the manner of distribution chosen by the Commission.

IX.

It is further ordered, That, for five (5) years after the last date of dissemination of any representation covered by this order, respondents, or their successors and assigns, shall maintain and upon request make available to the Federal Trade Commission for inspection and copying:

1. All labeling, packaging, advertisements and promotional materials setting forth any representation covered by this order;
2. All materials that were relied upon by respondents to substantiate any representation covered by this order; and
3. All test reports, studies, surveys, demonstrations or other evidence in their possession or control that contradict, qualify, or call into question such representation or the basis upon which respondents relied for such representation, including complaints from consumers.

X.

It is further ordered, That for a period of ten (10) years after service upon them of this order, respondents, their successors and assigns, shall notify the Federal Trade Commission at least thirty (30) days prior to any proposed change in the respondents 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 corporations that may affect compliance obligations arising under this order.

XI.

It is further ordered, That the respondents shall distribute a copy of this order to each of their operating divisions, to each of their officers, agents, representatives, or employees engaged in the preparation and placement of advertisements, promotional materials, product labels or other such sales materials covered by this order, and

to all distributors of products manufactured or marketed by respondents.

XII.

It is further ordered, That respondents 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 they have complied or intend to comply with this order.

Commissioner Azcuenaga dissenting.

STATEMENT OF COMMISSIONER MARY L. AZCUENAGA

I dissent from the Commission's decision to issue a final decision and order against Nature's Bounty and its subsidiaries, Puritan's Pride, Inc., and Vitamin World, Inc., because the order leaves the respondents free to sell products they know, or should know, are deceptively labeled.

The proviso in paragraph V of the order states that the respondents would not necessarily be liable for false or unsubstantiated claims appearing on the labels or in the packaging of the products sold at its stores, even if it were clear that the companies had actual knowledge that those claims were unsubstantiated or untrue. I believe that the order should have provided that the respondents would be liable if they know, or should know, that the labels or packaging of any such product contains false or unsubstantiated claims.

IN THE MATTER OF

ELI LILLY AND COMPANY, INC.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 7 OF THE CLAYTON ACT AND SEC. 5 OF THE
FEDERAL TRADE COMMISSION ACT

Docket C-3594, Complaint, July 28, 1995--Decision, July 28, 1995

This consent order requires, among other things, an Indiana producer of pharmaceutical products to: ensure that the acquired company, PCS Health Systems (PCS), maintains an open formulary; appoint an independent Pharmacy and Therapeutics (P&T) Committee of health care professionals to objectively evaluate drugs for inclusion in the PCS open formulary; and, ensure that PCS accepts all discounts, rebates or other concessions offered by Eli Lilly's competitors for drugs that are accepted for listing on the open formulary, and to accurately reflect such discounts in ranking the drugs on the formulary. Pursuant to the modification of the proposed consent agreement, Eli Lilly would only need to obtain prior approval for an exclusive distribution agreement with McKesson Corporation. In addition, the consent order prohibits PCS and Eli Lilly from sharing proprietary or other non-public information, such as price data, obtained from Eli Lilly competitors whose drugs may be placed on a PCS formulary.

Appearances

For the Commission: *Michael D. McNeely and Kenneth A. Libby.*

For the respondent: *Jack Kaufman, Dewey Ballantine, New York, N.Y.*

COMPLAINT

The Federal Trade Commission, having reason to believe that respondent Eli Lilly and Company ("Lilly"), a corporation subject to the jurisdiction of the Commission, has entered into agreements with McKesson Corporation ("McKesson") that violate Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, that pursuant to these agreements, Lilly has commenced a cash tender offer to acquire all outstanding common shares of McKesson and intends to merge McKesson into a subsidiary of Lilly following the cash tender offer, which cash tender offer, acquisition and merger would, if consummated, violate Section 7 of the Clayton Act, as

amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, and that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint pursuant to Section 11 of the Clayton Act, 15 U.S.C. 21, and Section 5(b) of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, stating its charges as follows:

PARAGRAPH 1. Respondent Eli Lilly and Company is a corporation organized, existing and doing business under and by virtue of the laws of the State of Indiana, with its principal office located at Lilly Corporate Center, Indianapolis, Indiana.

PAR. 2. Lilly is engaged in the development, production and sale of pharmaceutical products, including Prozac, an antidepressant (specifically, a selective serotonin reuptake inhibitor); Humulin, an injectable insulin; Ceclor, an oral antibiotic; and Axid, an anti-ulcer product (specifically, an H2 antagonist).

PAR. 3. McKesson Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of Delaware, with its principal office located at One Post Street, San Francisco, California.

PAR. 4. Through its subsidiary PCS Health Systems, Inc. ("PCS"), McKesson is engaged in the business of providing pharmacy benefit management services to insurance companies, third party payors, and other members of the healthcare industry.

PAR. 5. At all times relevant herein, respondent Lilly has been, and is now, engaged in commerce as "commerce" is defined in Section 1 of the Clayton Act, as amended, 15 U.S.C. 12, and is a corporation whose business is in or affecting commerce as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. 44.

PAR. 6. Lilly and McKesson entered into an Agreement and Plan of Merger on July 10, 1994, pursuant to which Lilly commenced a cash tender offer for all outstanding shares of McKesson's common stock for \$76 per share. Following the cash tender offer, Lilly intends to merge McKesson into a subsidiary of Lilly. The total value of the cash tender offer is approximately \$3.4 billion.

PAR. 7. A relevant line of commerce within which to analyze the effects of this acquisition is the provision of pharmacy benefit management ("PBM") services by national full-service PBM firms, and any narrower markets contained therein. Other relevant lines of

commerce within which to analyze the effects of this acquisition are the development, manufacture and sale of pharmaceutical products in specific therapeutic categories, and narrower markets contained therein (including, but not limited to, the markets for injectable insulin, selective serotonin reuptake inhibitors, antidepressants, H2 antagonists, and anti-ulcer drugs).

PAR. 8. A relevant section of the country within which to analyze the effects of this acquisition is the United States.

PAR. 9. The relevant market for PBM services by national full-service PBM firms, as well as the relevant markets for pharmaceutical products in specific therapeutic categories, are highly concentrated.

PAR. 10. There are substantial entry barriers into the relevant markets. Even if new entry were to occur, it would take a long time, during which time substantial harm to competition could occur.

PAR. 11. As part of its PBM services, PCS maintains a drug formulary, which is a listing, by therapeutic category, of ambulatory drug products that are approved for use by the U.S. Food & Drug Administration, and which is made available to pharmacies, physicians, third-party payors, and other persons, to guide in the prescribing and dispensing of pharmaceuticals. Lilly pharmaceutical products are included on the PCS formulary. PCS provides a variety of other PBM services, including claims processing, drug utilization review, pharmacy network administration, and related services. PCS negotiates with pharmaceutical manufacturers, including Lilly, concerning placement on the PCS formulary, rebates, discounts, prices to be paid for pharmaceutical products purchased pursuant to pharmacy benefit plans managed by PCS, and other issues. PCS thereby influences the prices of pharmaceutical products and the availability of such products under the PCS pharmacy benefit plans.

PAR. 12. The Agreement and Plan of Merger contain a Memorandum of Understanding ("MOU") in which Lilly and McKesson agreed to investigate closing Lilly's distribution centers and having McKesson handle physical distribution of Lilly products to wholesalers and possibly be the sole distributor of Lilly products. Implementation of this MOU would force wholesalers to deal with McKesson to obtain Lilly products or deny them access to Lilly products.

PAR. 13. The effects of the proposed acquisition of McKesson by Lilly may be substantially to lessen competition in the relevant

markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, in the following ways, among others:

(a) Products of manufacturers other than Lilly are likely to be foreclosed from the PCS formulary;

(b) Reciprocal dealing, coordinated interaction, interdependent conduct, and tacit collusion among Lilly and other vertically integrated pharmaceutical companies will be enhanced;

(c) PCS will be eliminated as an independent negotiator of pharmaceutical prices with manufacturers;

(d) Incentives of other manufacturers to develop innovative pharmaceuticals will be diminished;

(e) Entry into the relevant markets may be more difficult because it will require entry at more than one level;

(f) Competition among drug wholesalers may be reduced because of the competitive advantage that control over Lilly drugs will provide McKesson; and,

(g) The price of pharmaceuticals is likely to increase and the quality of the pharmaceuticals available to consumers is likely to diminish.

PAR. 14. The proposed acquisition of McKesson by Lilly would, if consummated, violate Section 7 of the Clayton Act, as amended, 15 U.S.C. 18, and Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45.

PAR. 15. The Agreement and Plan of Merger between Lilly and McKesson violates Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45.

Commissioner Azcuenaga dissenting and Commissioner Starek recused.

DECISION AND ORDER

The Federal Trade Commission ("Commission") having initiated an investigation of the proposed acquisition by respondent Eli Lilly and Company of the stock of McKesson Corporation, 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 a violation of Section 5 of the Federal Trade Commission Act, as amended, 15 U.S.C. 45, and a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. 18; and

The respondent, its attorneys, 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, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Acts, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and having duly considered the comments received, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Eli Lilly and Company ("Lilly") 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 Lilly Corporate Center, in the City of Indianapolis, 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

I.

It is ordered, That the following definitions shall apply herein:

A. "*Respondent*" or "*Lilly*" means Eli Lilly and Company, its predecessors, divisions, subsidiaries, affiliates, partnerships, joint ventures, successors and assigns, and all directors, officers, employees, agents and representatives of the foregoing.

B. "*McKesson*" means McKesson Corporation, its predecessors, divisions, subsidiaries, affiliates, partnerships, joint ventures, successors and assigns, and all directors, officers, employees, agents and representatives of the foregoing.

C. "*PCS*" means PCS Health Systems, Inc., its predecessors, divisions, subsidiaries, affiliates, partnerships, joint ventures, successors and assigns, and all directors, officers, employees, agents and representatives of the foregoing.

D. "*Commission*" means the Federal Trade Commission.

E. "*Formulary*" means a listing, by therapeutic category, of branded and generic ambulatory drug products that are approved for use by the U.S. Food & Drug Administration ("FDA"), and which is made available to pharmacies, physicians, third-party payors, or other persons involved in the healthcare industry, to guide in the prescribing or dispensing of pharmaceuticals. An "Open Formulary" is a formulary that allows the inclusion of any ambulatory prescription drug product approved by the FDA for use in the United States, which the P&T Committee (defined below) determines is appropriate for inclusion in such formulary. For purposes of this order, an Open Formulary may provide truthful information stating or indicating the relative costs or benefits of drugs on the formulary.

F. "*Pharmacy Benefit Management Services*" or "*PBM Services*" means services provided by a pharmacy benefits manager, such as formulary services, negotiation of rebates or discounts from pharmaceutical manufacturers, prescription claims processing, and drug utilization review.

G. "*Formulary Services*" means the provision, development, establishment, management or maintenance of a formulary by a pharmacy benefits manager. For purposes of this order, "management" of a formulary includes the negotiation and administration of rebate or discount agreements with pharmaceutical manufacturers for drugs included on a formulary.

H. "*Lilly Non-Public Information*" means information not in the public domain that is provided to Lilly in its capacity as a pharmaceutical manufacturer by a supplier of PBM Services and that

concerns bids, proposals, contracts, prices, rebates, discounts, or other terms or conditions of sale of any person other than PCS.

I. "*PCS Non-Public Information*" means information not in the public domain that is provided to PCS in its capacity as a supplier of PBM Services by a manufacturer or seller of prescription drug products and that concerns bids, proposals, contracts, prices, rebates, discounts, or other terms or conditions of sale of any person other than Lilly.

J. "*Pharmacy and Therapeutics Committee*" or "*P&T Committee*" means a group of healthcare professionals, such as doctors, pharmacists, and pharmacologists, appointed for the purpose of evaluating prescription drug products for inclusion on a formulary.

II.

It is ordered, That respondent:

A. Within thirty (30) days from the date this order becomes final, Lilly shall cause PCS to maintain an Open Formulary. As of the date this order becomes final, the PCS "Clinical Formulary and Prescribing Guidelines 1994-1995," shall be deemed an Open Formulary that complies with this paragraph II.A.

B. Within thirty (30) days from the date this order becomes final, Lilly shall cause PCS to appoint an independent P&T Committee with the authority and responsibility to maintain the Open Formulary required by paragraph II.A above. Such P&T Committee shall make all decisions concerning the inclusion of drugs on such Open Formulary, the exclusion of drugs from such Open Formulary, and the clinical and therapeutic advice and evaluation concerning drugs on such Open Formulary, and shall operate according to the following provisions:

1. Such P&T Committee shall consist of at least nine (9) members, all of whom shall be physicians, pharmacists, pharmacologists, or other healthcare professionals.

2. A majority of the P&T Committee shall consist of persons who are not employees, officers, directors, or agents of, and who have no financial interest in: (a) Lilly, (b) PCS, or (c) any other person who has an ownership interest in Lilly or PCS. Such persons shall be referred to herein as "independent" members of the P&T Committee.

3. Each independent member of the P&T Committee shall have one vote on all decisions of the P&T Committee.

4. All members of the P&T Committee who are employees, officers, directors, or agents of, or who have a financial interest in, Lilly, PCS, or any other person who has an ownership interest in Lilly or PCS, shall not be entitled to vote on decisions of the P&T Committee.

5. All independent members of the P&T Committee shall be appointed for three-year terms, except that for the initial board, one-third of the independent members shall be appointed for one-year terms, one-third shall be appointed for two-year terms, and the remaining independent members shall be appointed for three-year terms. At the expiration of their terms, or upon the occurrence of a vacancy, members may be reappointed, or new members may be appointed, by a majority of the then-appointed independent members of the P&T Committee.

6. No independent member of the P&T Committee may be removed except for cause by vote of a majority of the independent members of the P&T Committee.

7. In performing its responsibilities in maintaining the Open Formulary, the P&T Committee shall utilize only criteria relating to safety, efficacy, FDA approved indications, side effects, contraindications, pharmacokinetics, patient compliance, physician follow-up requirements, effect on emergency room visits and hospitalizations, laboratory tests, cost, and similar objective factors. Such P&T Committee shall give no preference to the products of Lilly, or of any other person with an ownership interest in PCS, except on the basis of such objective criteria.

8. Lilly shall cause PCS to cover the costs and expenses of the P&T Committee, and Lilly shall cause PCS to indemnify the P&T Committee against any losses or claims of any kind that might arise out of its performance of functions under this order, except to the extent that such losses or claims result from misfeasance, gross negligence, willful or wanton acts, or bad faith.

9. Such P&T Committee shall maintain written records, for five (5) years from the date thereof, explaining the basis and rationale for all P&T Committee decisions relating to the exclusion of any products from, or the ranking of products on, the Open Formulary required by paragraph II.A.

C. Lilly shall cause PCS to accept all discounts, rebates or other concessions offered by any manufacturer, seller or distributor of pharmaceutical products included by the P&T Committee on the Open Formulary, and Lilly shall cause PCS to ensure that all such discounts, rebates, or concessions are truthfully and accurately reflected in determining relative rankings of products on the Open Formulary.

D. Nothing in this order shall preclude PCS from offering any formulary other than the Open Formulary to any customer.

E. Lilly shall cause PCS to provide a copy of this order to each member of the P&T Committee on or before the date of each such person's appointment to such P&T Committee.

III.

It is further ordered, That:

A. Lilly shall not provide, disclose, or otherwise make available to PCS any Lilly Non-Public Information; and

B. PCS shall not provide, disclose, or otherwise make available to Lilly any PCS Non-Public Information.

IV.

It is further ordered, That Lilly shall retain all documents, and shall cause PCS to separately retain all documents, that relate to (A) the exclusion of any prescription drug products from the Open Formulary required by paragraph II.A above, (B) any preference or ranking accorded to any prescription drug product on the Open Formulary required by paragraph II.A above, or (C) statements or indications of discounts, rebates, or other concessions, as described in paragraph II.C above, for a period of five (5) years from the date such document is created or received.

V.

It is further ordered, That Lilly shall disclose the availability of the Open Formulary as follows:

A. Lilly shall cause PCS to disclose the availability of the Open Formulary to all persons who currently have an agreement with PCS concerning PBM services or concerning the inclusion of pharmaceuticals on a formulary, by providing to each such person a letter containing the following statement within ten (10) days after initiation of contact between PCS and such person regarding renewal or extension of such person's existing agreement with PCS:

PCS maintains an Open Formulary that allows, subject to the determination of an independent Pharmacy and Therapeutics Committee, the inclusion of any ambulatory prescription drug product approved by the FDA for use in the United States. This Open Formulary will be provided to you upon request.

B. For a period of five (5) years from the date this order becomes final, Lilly shall cause PCS to provide in writing the statement set forth in paragraph V.A above to each prospective customer of PCS at the time of PCS's response to such prospective customer's request for proposal, or at the time of PCS's initial written proposal to such prospective customer, whichever occurs first.

VI.

It is further ordered, That, for a period of five (5) years from the date this order becomes final, respondent shall not, without the prior approval of the Commission, directly or indirectly, through subsidiaries, partnerships, or otherwise, enter into any agreement, understanding, or condition with McKesson that Lilly will sell or distribute pharmaceutical products bearing any brand or trade name used by Lilly, in the United States or any part of the United States, exclusively through McKesson.

VII.

It is further ordered, That respondent shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment, sale resulting in the emergence of a successor corporation, or the creation or dissolution of subsidiaries or any other change in the corporation that may affect compliance obligations arising out of the order.

VIII.

It is further ordered, That:

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

B. One year (1) from the date this order becomes final, annually for the next nine (9) years on the anniversary of the date this order becomes final, and at other times as the Commission may require, respondent shall file a verified written report with the Commission setting forth in detail the manner and form in which it has complied and is complying with this order.

C. Respondent shall include in its compliance reports a copy of the Open Formulary required by paragraph II.A above, and all written communications, internal memoranda, and reports and recommendations concerning compliance with the order.

IX.

It is further ordered, That, for the purpose of determining or securing compliance with this order, respondent shall permit any duly authorized representative of the Commission:

A. Access, during office hours and in the presence of counsel, to inspect and copy all books, ledgers, accounts, correspondence, memoranda and other records and documents in the possession or under the control of respondent relating to any matters contained in this order; and

B. Upon five days' notice to respondent and without restraint or interference from it, to interview officers, directors, or employees of respondent.

X.

It is further ordered, That this order shall terminate ten (10) years from the date this order becomes final.

Commissioner Azcuenaga dissenting and Commissioner Starek recused.

STATEMENT OF THE COMMISSION

The Commission has determined to approve and issue as final, with two modifications, the consent order ("order") agreed to with Eli Lilly and Company ("Lilly") in connection with its acquisition of PCS Health Systems, Inc. from McKesson Corporation. We reached this decision after careful and thorough consideration of the public comments received and discussions with consumer and industry representatives.

The Commission believes that, based on the evidence currently before it, this order provides the most appropriate relief available. Nevertheless, in light of the rapidly evolving nature of the markets for pharmaceutical products and pharmacy benefits management ("PBM"), the Commission remains concerned that this acquisition, together with other vertical integration in these markets, could lead to anticompetitive consequences that require additional relief. Thus, the Commission will continue to monitor this industry carefully, both through ongoing investigations and Lilly's compliance obligations under the order. More specifically, the Commission will assess, among other things:

- (1) The extent and effects of foreclosure of the products of other pharmaceutical manufacturers, especially those not vertically integrated with a PBM;
- (2) Whether, and to what extent, vertical integration in this industry fosters anticompetitive reciprocal dealing, coordinated interaction, or interdependent conduct among the vertically integrated firms; and
- (3) Whether vertical integration among pharmaceutical manufacturers and PBMs increases the prices or diminishes the availability of pharmaceuticals to consumers.

If the Commission concludes that competition is being reduced as a result of these vertical arrangements, it will seek appropriate relief against any firms engaged in anticompetitive conduct, including if necessary post-acquisition divestitures. The Commission may, of course, subsequently reopen a judgment in this or any matter

"whenever in the opinion of the Commission conditions of fact or law have so changed as to require such action or if the public interest shall so require." 15 U.S.C. 45(b); *see* 15 U.S.C. 21(b). The Commission believes that this course of action is both prudent and appropriate, given the significant and ongoing changes occurring in this segment of the health care industry.

Because the Commission has recently adopted a policy limiting the imposition of prior approvals, paragraphs VI(a) and VI(b) of the proposed order, which required Lilly to obtain prior approval before acquiring another PBM, have been eliminated. The acquisition of another PBM in the relevant market by Lilly would likely require premerger notification under the Hart-Scott-Rodino Act. 15 U.S.C. 18a. The Commission has modified paragraph VI of the order to require Lilly to obtain prior approval before distributing pharmaceuticals through an exclusive arrangement with McKesson, rather than through any exclusive arrangement with a wholesaler.

DISSENTING STATEMENT OF COMMISSIONER MARY L. AZCUENAGA

Today, the Commission accepts a consent order that is simultaneously inadequate to remedy the potential competitive harm from Eli Lilly and Company, Inc.'s acquisition of PCS Health Systems, Inc. ("PCS") from McKesson Corporation and overreaching in that it imposes restrictions on Lilly without a coherent theory of competitive harm. I dissent because the order does not resolve the competitive concern raised by the acquisition and because it encumbers the company with pointless and unnecessary restrictions. The Statement of the Commission, which holds out the possibility of further investigations and monitoring, implicitly reflects a lack of confidence in the remedial value of the order.¹

Paragraph thirteen of the complaint identifies several ways in which the proposed acquisition may substantially lessen competition. The most specific and plausible theory of violation is described in paragraph thirteen C of the complaint, which alleges that the acquisition eliminates PCS as "an independent negotiator of pharmaceutical prices with manufacturers." PCS is a pharmacy benefits manager (PBM) and provides administrative services for

¹ *See* Dissenting Statement of Commissioner Mary L. Azcuenaga (on the occasion of accepting the consent order for public comment), Eli Lilly and Company, Inc., File No. 941-0102 (Nov. 4, 1994) (attached and incorporated by reference).

pharmacy benefits plans to insurers, third party payers, and others. As alleged in paragraph eleven of the complaint, one service provided by a PBM is to negotiate, on behalf of the benefit plans, with pharmaceutical manufacturers regarding the price paid for drugs purchased through the plans.

The price negotiation function of a PBM, such as PCS, has competitive significance because PBMs, acting on behalf of many pharmacy benefits plans covering millions of covered patients, apparently have been successful in negotiating low prices for pharmaceuticals. Since the consent order is being entered without an administrative trial, we do not have a record sufficient to assess the role of PCS (and that of other PBMs) in bargaining for low drug prices. Based on the limited information presently available, it seems possible that PBMs may have been able to act as power buyers by aggregating the purchasing power of millions of covered patients and using this leverage to negotiate competitive prices. After the merger, PCS will continue to negotiate on behalf of its millions of covered patients. The merger, however, may alter the incentives of a Lilly-owned PCS. Lilly's role as a major drug producer may temper PCS's enthusiasm for bargaining down pharmaceutical prices. Lilly may be unwilling to lower prices and forgo profits on its own drugs sold through PCS, and a Lilly-owned PCS may hesitate to give any preference to a Lilly competitor in reward for low prices.

Assuming that the Commission has reason to believe that the merger violates Section 7 on the basis of this theory, the consent order provides no remedy. The order does nothing to preserve the role of PCS as an independent bargaining agent on behalf of pharmaceutical consumers. Section II of the order requires Lilly to offer an open formulary and to accept whatever discounts sellers may choose to offer, but passive acceptance of proffered discounts is hardly the same thing as aggressively pursuing price reductions. To the extent that the theory of competitive harm alleged in paragraph thirteen C of the complaint has merit, the order does not remedy the harm to competition.

A second theory of violation is contained in paragraph thirteen A of the complaint, which alleges that "[p]roducts of manufacturers other than Lilly are likely to be foreclosed from the PCS formulary." Although cases such as *United States Steel v. FTC*, 426 F.2d (6th Cir. 1970) (vertical market foreclosure resulting from a vertical merger deemed to be anticompetitive), support the theory of violation in

paragraph thirteen A, reliance on such cases ignores subsequent scholarly and judicial repudiation of the vertical foreclosure theory.

The Commission's apparent resuscitation of this theory calls for an explanation. Although the Commission used the foreclosure theory to challenge vertical mergers in the 1970's,² the Court of Appeals for the Second Circuit decisively rejected it in 1979. *Freuhauf Corp. v. FTC*, 603 F.2d 345 (2d Cir. 1979). The court was unwilling to rely on vertical foreclosure alone as a basis for liability. 603 F.2d at 352 and 352 n.9. It observed that "[a] showing of some probable anticompetitive impact is still essential" 603 F.2d at 353. Antitrust commentators also have criticized the foreclosure approach.³ The Court of Appeals for the Third Circuit agreed with the scholarly criticism and rejected the vertical foreclosure theory. *Alberta Gas Chemicals v. E.I. du Pont de Nemours and Co.*, 826 F.2d 1235 (3d Cir. 1987), *cert. denied*, 486 U.S. 1059 (1988).⁴

A truly effective prohibition on foreclosure of Lilly's competitors may preclude a closed formulary from achieving efficiencies. Closing a formulary may be essential to achieve certain efficiencies. By steering all patients to one of several equivalent drugs, the PBM may be able to negotiate a highly favorable, low price with a manufacturer by offering a large number of purchasers of that drug. Absent the ability to steer patients to one of several equivalent products, the PBM would lack negotiating leverage. In an analogous situation, the Commission's staff has opposed state legislation to require medical plans to deal with "any willing provider."⁵ The staff's argument has been that requiring a plan to deal with any pharmacy (or other provider) willing to provide the services diminishes the incentives of pharmacies to compete to secure places in the provider network and thereby drives up consumer prices. At this point, we lack empirical evidence establishing that closed formularies are able to realize similar efficiencies, but the

² See, e.g., *Ash Grove Cement v. FTC*, 577 F.2d 1368 (9th Cir. 1975), *cert. denied*, 439 U.S. 982 (1978).

³ See, e.g., 4 P. Areeda & D. Turner, *Antitrust law* ¶ 1004 at 211 (1980); R. Bork, *The Antitrust Paradox* 226, 237 (1978); Page, *Antitrust Damages and Economic Efficiency*, 47 U. Chi. L. Rev. 467, 495 (1980).

⁴ But see generally *United States v. American Cyanamid Co.*, 719 F.2d 558 (2d Cir. 1983), *cert. denied*, 465 U.S. 1101 (1984).

⁵ Letter to The Honorable Roger Madigan, The Senate of Pennsylvania, from the staff of the Federal Trade Commission, April 19, 1993; Letter to The Honorable E. Scott Garrett, Chairman, Assembly Insurance Committee of the New Jersey State Assembly from the staff of the Federal Trade Commission, March 29, 1993.

Commission staff's analysis of any willing provider provisions suggests that closed formularies may realize efficiencies.

Reliance on the theory of vertical foreclosure, given its history, seems to cry out for an explanation why the Commission is reviving it. Recent economic literature has suggested that under certain narrow conditions vertical arrangements may have harmful horizontal competitive effects.⁶ The complaint alleges the foreclosure "from the PCS formulary" as an anticompetitive effect, standing alone, which allegation does not appear to reflect the potential issue addressed in the economics literature. The complaint does not allege that the "PCS formulary" is a relevant antitrust market, and it does not (and insofar as I can tell, could not) allege that any relevant antitrust market, such as the markets for antidepressants, injectable insulin, H2 antagonists, or antiulcer drugs, will be totally (or even significantly) foreclosed to any competitor. Sales of these drugs through PCS account for only a portion of sales through PBM companies, and sales of these drugs through all PBMs are only a fraction of all drugs sold through the various channels of distribution. In short, PCS accounts for only a fraction of total United States drug sales, and it is not self evident what impact, if any, the merger has on the relevant markets for drugs alleged in paragraph seven of the complaint, including the markets for antidepressants, injectable insulin, H2 antagonists, or antiulcer drugs (or any other relevant markets).

Even assuming that the vertical foreclosure theory is sound, the remedy, which is to require Lilly to offer an open formulary, is singularly ineffective. A PBM's formulary is a list of drugs approved or recommended for particular therapeutic purposes. The formulary is made available to physicians, pharmacists, and others who treat patients covered by health plans using the PBM's services. A formulary is open if it includes all drugs recommended for treatment of a condition covered by the benefit plan. A closed or restricted formulary may limit reimbursement under the benefit plan to certain approved drugs, or may employ other incentives to encourage the use of a particular product in the treatment of a medical condition.

Although the Commission's order requires Lilly/PCS to offer an open formulary, it does nothing to ensure that PCS's open formulary remains an economically attractive or even viable option for benefit

⁶ See e.g., Riordan and Salop, "Evaluating Vertical Mergers: A Post-Chicago Approach," 63 Antitrust Law J. 513 (1995); Janusz Ordoover, Garth Saloner & Steven Salop, "Equilibrium Vertical Foreclosure," 80 Am. Econ. Rev. 127 (1990); Steven Salop & David Scheffman, "Cost-Raising Strategies," 36 J. Indus. Econ. 19 (1987).

plans to select. Under the order, PCS is free to offer a high priced open formulary and a closed formulary with lower prices. Simply by adjusting the relative prices of the open and closed formularies, Lilly/PCS should be able to shift sales from one formulary to another. Even if Lilly concludes that it is commercially advantageous for PCS to offer an open formulary at an attractive price, PCS is free to shift patients away from other drugs to Lilly products. For example, PCS might waive copayments by end users for Lilly drugs, while requiring copayments on competing drugs, or it might promote Lilly products directly to physicians and pharmacists. To the extent that the Commission finds reason to believe that foreclosure from "the PCS formulary" is anticompetitive, the Commission's order does not solve the problem.

Third, paragraph thirteen E of the complaint alleges that "[e]ntry into the relevant markets may be more difficult because it will require entry at more than one level." This is a theoretically plausible competitive effect from a vertical merger that I would support in an appropriate case. Here, however, the alleged foreclosure resulting from this acquisition is not remotely related to the established standards for proving this competitive effect. Section 4.2 of the Department of Justice 1984 Merger Guidelines, which the Commission adopted by reference in joining the Statement Accompanying the Release of Revised Merger Guidelines in April 1992, sets forth the standard for evaluating this competitive effect. Section 4.2 states, as one "necessary" condition for this anticompetitive effect, that "the degree of vertical integration between the two markets must be so extensive that" entrants to one market must also enter the second market simultaneously. A second prerequisite is that the need for entry at the secondary level must make primary level entry "significantly more difficult and less likely to occur." In addition, competitive conditions in the primary market must be sufficiently conducive to noncompetitive performance that the increased difficulty of entry is a matter of concern. Even if these conditions are satisfied, the Merger Guidelines indicate that an antitrust challenge is unlikely if sales by unintegrated firms in the secondary market are sufficient to service two minimum-efficient-scale plants in the primary market.

The conclusory allegations of the complaint do not set forth a plausible claim under the standards in the 1984 Merger Guidelines. For example, the Guidelines adopt the standard of two minimum-

efficient-scale plants as a threshold level for an antitrust challenge. Although the complaint does not allege the size of efficient scale operations to produce the products identified in paragraph seven (injectable insulin, selective serotonin reuptake inhibitors, antidepressants, H2 antagonists and antiulcer drugs), the fact that a substantial proportion of total drug sales is made through non-PBM channels tends to mitigate any concern regarding the need for two level entry under the Guidelines. Furthermore, even assuming that a competing manufacturer of one primary product, say injectable insulin, would be foreclosed from sales through PCS, it does not follow that it would be foreclosed from sales through other PBMs, whether or not they are owned by a drug producer. Other vertically integrated PBMs would not necessarily be foreclosed to an unintegrated insulin supplier unless the PBM/drug manufacturer also produced insulin. In short, the complaint does not allege a *prima facie* case under the Guidelines.

Fourth, paragraph thirteen B of the complaint alleges that "[r]eciprocal dealing, coordinated interaction, interdependent conduct, and tacit collusion among Lilly and other vertically integrated pharmaceutical companies will be enhanced." These allegations evoke a sinister image without providing any explanation of what anticompetitive harms are likely and why this merger is likely substantially to lessen competition. Although under notice pleading little specificity is required in articulating a theory of harm to competition, and this is especially so in a complaint accompanying a consent order, I seriously question whether this allegation has any substance at all. In horizontal merger cases, when the Commission alleges that a merger lessens competition by enabling the firms in the relevant market to engage in coordinated interaction, that allegation reflects a carefully considered judgment based on established standards. Several substantial hurdles must be crossed before a judgment of anticompetitive effects will be reached. After markets are identified, the structure of the industry is examined, as are the likelihood of entry and efficiencies. Under Section 2.1 of the 1992 Horizontal Merger Guidelines, the Commission considers various conditions conducive to coordination. Careful allegations, well supported in fact, law and economic analysis, have served the Commission well in challenging horizontal mergers. Given that this vertical merger does not fit within a familiar template, it is particularly inappropriate to abandon careful consideration of

competitive conditions in the relevant markets in favor of casual conclusions about competitive effects.

The allegations in paragraph thirteen B are so conclusory that it is difficult to pinpoint any coherent antitrust theory of liability. One antitrust concern relating to the pharmaceutical industry in general appears to be that Lilly/PCS may reach agreements with other vertically integrated drug manufacturer/PBM companies regarding inclusion on each other's formularies. That is, Lilly might agree, for example, to include Merck drugs on the PCS formularies in exchange for Merck's inclusion of Lilly drugs on the Medco formularies. If enough vertically integrated firms engaged in such reciprocal agreements and if they excluded drugs made by other firms from their formularies, then drug manufacturers that did not own a PBM (and thus were not part of a series of reciprocal deals) might be foreclosed from sales through many PBM firms. I agree that horizontal reciprocal deals that created a noncompetitive market might well raise serious antitrust concerns. If reciprocal agreements among integrated drug producers do produce anticompetitive results, an antitrust action under Section 5 of the Federal Trade Commission Act would lie. I seriously question, however, whether on the present record, there is reason to believe that the anticompetitive practices are occurring or are likely to occur or that Lilly's acquisition of PCS would make them more likely. Even assuming that such a cartel of drug manufacturers is likely to be formed, the remedy in this order, which merely prohibits some limited information sharing between Lilly and PCS, is totally inadequate. If at some time in the future the Commission has reason to believe that this anticompetitive practice is occurring, I would suggest consideration of a much stronger remedy that is more related to the competitive harm. The other theories of violation alleged in paragraph thirteen of the complaint are even less compelling than those I have discussed.

Fifth, paragraph twelve of the complaint alleges that Lilly and McKesson have signed a memorandum of understanding "to investigate closing Lilly's distribution centers and having McKesson handle physical distribution of Lilly products to wholesalers and possibly be the sole distributor of Lilly products." Paragraph thirteen F of the complaint alleges that competition among drug wholesalers may be reduced "because of the competitive advantage that control over Lilly drugs will provide McKesson."

The memorandum of understanding is not an exclusive distribution agreement. It is not even an agreement to agree on an exclusive distribution arrangement. It is an agreement "to investigate" possible distribution arrangements in the future. In my view, there is no colorable factual basis to allege that competition in drug wholesale distribution is threatened because McKesson will control Lilly drugs. Indeed, the allegation that a major pharmaceutical manufacturer such as Lilly would hand over "control" of its products to McKesson seems so implausible that it begs for an explanation.

The Commission's hasty allegation of a Section 7 violation from the mere consideration of innovative, new distribution arrangements could chill consideration of efficient, procompetitive channels of delivering products to consumers. At this point, all we know is that McKesson and Lilly proposed to investigate a novel concept in distribution. Perhaps nothing would have come of the investigation, but perhaps the two firms could have found ways to save costs and improve efficiency. Because the Commission acted peremptorily and without the benefit of a specific proposal, the order could well chill consideration of innovative approaches to distribution.

The consent order imposes a five-year prior approval requirement on any exclusive distribution agreement between Lilly and McKesson. It is at least somewhat amusing that having recently abandoned its prior approval requirement in cases enjoining unlawful mergers (citing as one reason the cost of compliance),⁷ the Commission chooses here to impose a prior approval requirement in the context of an acquisition that is being allowed to proceed and on the basis of a separate alleged violation that is only a gleam in the Commission's eye.

Lilly's acquisition of PCS followed several other acquisitions of PBMs by drug manufacturers that the Commission did not challenge. Although the elimination of PBMs as an independent force in the pharmaceutical marketplace would be a source of legitimate antitrust concern, the evidence does not come close to showing that this transaction would likely lead to such a result, and even assuming that it did, requiring PCS to maintain an open formulary would be no

⁷ Statement of Federal Trade Commission Policy Concerning Prior Approval and Prior Notice Provisions (June 21, 1995), Commissioner Azcuenaga dissenting in a separate statement. According to the Commission's Statement, "as a general matter, Commission orders will not include . . . prior approval . . . requirements . . . [except possibly] where there is a credible risk that a company . . . would, but for the provision, attempt the same or approximately the same merger." *Id.* at 2-3.

solution. This order is no more than a fig leaf to conceal apparent indecision about the extent and nature of the competitive problem. Implementation of the bureaucratic provisions of the order will waste private resources and may provide a false sense of security that will lull us into complacency. Although I support the Commission's promise to continue monitoring the industry, the murky allegations in the complaint and the ineffective order are not an auspicious beginning. The allegation that the Lilly/McKesson agreement to investigate new distribution concepts is unlawful already has done its harm. That peremptory action, which is entirely unnecessary at this time, may cost consumers by blocking the exploration of innovative ideas for distribution.

I dissent.

DISSENTING STATEMENT OF COMMISSIONER MARY L. AZCUENAGA

Today, the Commission accepts a consent order for public comment that exudes a lack of conviction in the underlying theory of competitive harm on which the order is based. The order does not cure the competitive problems alleged in the complaint. Three of the four primary provisions in the order are inadequate, and the fourth, which addresses a memorandum of understanding between Lilly and McKesson, is based on no colorable factual showing of a violation of law. In addition, there is no justification for making the duration of the order half that of other Commission orders. Finally, imposing this order without addressing similar acquisitions raises a question of evenhandedness and leaves unanswered the broader question of the competitive effect of vertical integration in this industry.

I dissent.

Complaint

120 F.T.C.

IN THE MATTER OF

IHI CLINICS, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3595, Complaint, Aug. 1, 1995--Decision, Aug. 1, 1995*

This consent order prohibits, among other things, a Georgia corporation and its officers from misrepresenting the performance, success or efficacy of their smoking cessation, weight loss and maintenance seminars, or any such program, and from representing that the U.S. Government has rated their group hypnosis method as the best way to stop smoking. The consent order requires the respondents to possess and rely upon competent and reliable scientific evidence to substantiate any representation about the performance or efficacy of any smoking cessation or weight loss program, before they make such a claim.

*Appearances*For the Commission: *Matthew Daynard.*For the respondents: *Pro se.*

COMPLAINT

The Federal Trade Commission, having reason to believe that IHI Clinics, Inc. ("IHIC"), a corporation, Gordon Brick, individually and as an officer of said corporation, and Larry Brick, individually and as a former officer of said corporation ("respondents"), 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. Respondent IHIC is a Georgia corporation, with its principal office and place of business at 1962 Carthage Road, Tucker, Georgia.

Respondent Gordon Brick is the sole officer, director and shareholder of the corporate respondent. Larry Brick is the former President of the corporate respondent. Together, they formulated, directed, and controlled the acts and practices of the corporate respondent, including the acts and practices alleged in this complaint.

Their principal office or place of business is the same as that of the corporate respondent.

PAR. 2. Respondents have advertised, offered for sale, and sold seminars for smoking cessation and weight loss known as "The IHI Clinic Method of Hypnosis," and other stop-smoking and weight-loss seminars, to consumers. The IHI Clinic Method seminar consists of a single, group hypnosis session, approximately three hours in length, provided to consumers by Larry Brick at various sites throughout the United States.

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

PAR. 4. Respondents have disseminated or have caused to be disseminated advertisements for The IHI Clinic Method seminar, including but not necessarily limited to the attached Exhibit A. This advertisement contains the following statements:

SAVE HUNDREDS OF DOLLARS and RESTORE YOUR HEALTH
STOP SMOKING IN JUST ONE EVENING! NO CRAVING NO STRESS
. . . . NO WEIGHT GAIN The IHI Clinic Method of Hypnosis has helped
thousands of smokers kick the habit. Of the smokers attending the seminar, over
95% will discard their cigarettes and Stop Smoking YOUR CRAVING FOR
CIGARETTES IS GONE! Graduates of this seminar do everything they've
done before, but they do it without smoking THIS PROGRAM ELIMINATES
THE NEED, THE DESIRE, THE CRAVING AND THE URGE TO SMOKE.
. . . . Even if you are currently using the patch, you should attend my program. I
explain why the gum and patch don't work for most people. You'll find my
program educational, informative, and most important - 95% effective. . . . You will
be amazed at how easy and pleasant it is to overcome your desire for cigarettes
ONCE AND FOR ALL You've tried to quit smoking many times before --
you've tried everything. The gum, the patches, cold turkey, and EVEN WILL
POWER - Nothing else has worked. My program will end your smoking habit
forever! NO UNWANTED WEIGHT GAIN! This program helps you
attain your goal weight and be a health conscious eater LOSE WEIGHT FREE
. . . . THOUSANDS BECOME NON-SMOKERS! Thousands of people just like
you, with the same doubts, have gone before you and successfully stopped smoking
with this guaranteed program THE U.S. GOVERNMENT RATES THESE
PROGRAMS AS THE BEST WAY TO STOP SMOKING

PAR. 5. Through the use of statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisement attached as Exhibit A, respondents have represented, directly or by implication, that:

A. Ninety-five percent or more of the participants who attend respondents' smoking cessation seminars permanently abstain from smoking after attending those seminars.

B. The United States Government has rated the single-session, group hypnosis seminar used by respondents as the best way to stop smoking.

PAR. 6. In truth and in fact:

A. Ninety-five percent or more of the participants who attend respondents' smoking cessation seminars do not permanently abstain from smoking after those seminars.

B. The United States Government has not rated the single-session, group hypnosis seminar used by respondents as the best way to stop smoking.

Therefore, the representations set forth in paragraph five were, and are, false and misleading.

PAR. 7. Through the use of statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisement attached as Exhibit A, respondents have represented, directly or by implication, that:

A. Participants who attend respondents' single-session group hypnosis seminar are cured of smoking addiction and permanently abstain from smoking cigarettes.

B. Participants who attend respondents, single-session group hypnosis seminar are cured of smoking addiction without experiencing craving, stress or weight gain.

C. Thousands of consumers have permanently quit smoking as a result of attending respondents' single-session, group hypnosis seminar.

D. Respondents' single-session group hypnosis seminar is more efficacious for smoking cessation than other stop-smoking methods.

PAR. 8. Through the use of the statements in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisement attached as Exhibit A, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph seven, respondents possessed

and relied upon a reasonable basis that substantiated such representations.

PAR. 9. In truth and in fact, at the time that they made the representations set forth in paragraph seven, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph eight was, and is, false and misleading.

PAR. 10. Respondents have disseminated or have caused to be disseminated advertisements for The IHI Clinic Method seminar, including but not necessarily limited to the attached Exhibit B. This advertisement contains the following statements:

LOSE WEIGHT THRU HYPNOSIS . . . SAVE . . . FAST . . . WITHOUT DIETING . . . THE RESULTS ARE INCREDIBLE . . . Expect results ranging from 20 to 60 lbs. in as little as 3 months, to over 110 lbs. in one year . . . You will lose the weight you wish to lose and keep it off permanently. The program works if you want to lose a little or a lot of weight. LOSE WEIGHT THE EASY WAY . . . DIETS DON'T WORK . . . Say goodbye to diets forever. Remember, you diet, lose weight and 6 months later its all gained back. The true solution is real behavior modification brought about by using the power of the subconscious mind. GAIN CONTROL OF YOUR EATING HABITS . . . This program eliminates the need, the desire, the craving, and the urge to overeat. You will be free of impulsive or compulsive overeating. You will be able to pass up the non-healthy foods with little or no conscious effort. THIS PROGRAM WILL WORK FOR YOU! GUARANTEED . . . OUR WRITTEN GUARANTEE . . . You will lose the weight you wish to lose. If you don't, or if you ever need reinforcement, you'll be admitted to any IHI Clinics Weight Loss Session free of charge.

PAR. 11. Through the use of statements contained in the advertisements referred to in paragraph ten, including but not necessarily limited to the advertisement attached as Exhibit B, respondents have represented, directly or by implication, that:

A. Participants who attend respondents' single-session group hypnosis seminar achieve and maintain weight loss.

B. Participants who attend respondents' single-session group hypnosis seminar achieve weight loss quickly.

C. Respondents' single-session group hypnosis seminar is more efficacious for weight loss and weight-loss maintenance than other weight-loss methods.

PAR. 12. Through the use of the statements in the advertisements referred to in paragraph ten, including but not necessarily limited to the advertisement attached as Exhibit B, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph eleven, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 13. In truth and in fact, at the time that they made the representations set forth in paragraph eleven, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph twelve was, and is, false and misleading.

PAR. 14. Respondents have disseminated or have caused to be disseminated advertisements for The IHI Clinic Method seminar, including but not necessarily limited to the attached Exhibit A. This advertisement contains the following statements:

You too will have a bright Future as a NON-SMOKER!

ENDORSEMENTS

"My wife and I attended your seminar. I wanted to stop smoking and we both wanted to lose weight. Well I haven't smoked since then and we've both reached our weight goal . . ."

Bill and Kathy Woodfin, Lookout Mountain, TN

"I am a cocktail waitress and work around smokers constantly. I didn't think I could stop; but I did and their smoking doesn't bother me one bit. Also since your seminar, I've lost 12 pounds."

Jenny Thigpen, Macon, GA

"Before I attended your seminar, I was obsessed with cigarettes. I smoked 3 packs a day. I haven't had the slightest urge since then -- I am truly a non-smoker today. Many thanks for a better life."

Louise Ross, Tampa, FL

"I lost 38 pounds in seven weeks and it was really easy. I really feel great about myself."

Joe Casbarro, Tucker, GA

"I'd smoked for 36 years, two packs per day. Your seminar was a miracle for me -- I had no withdrawal at all."

George Myers, Tampa, FL

"Four of my fraternity brothers attended with me -- we all quit and we're even losing weight . . ."

Dick Middleton, Thomasville, GA

"It works. I have not smoked since the seminar. It was so easy."

Robert J. Adkins, Stockbridge, GA

PAR. 15. Through the use of statements contained in the advertisements referred to in paragraph fourteen, including but not necessarily limited to the advertisement attached as Exhibit A, respondents have represented, directly or by implication, that testimonials from consumers appearing in advertisements for the IHI Clinic Method seminar reflect the typical or ordinary experience of members of the public who have attended the seminar.

PAR. 16. Through the use of the statements in the advertisements referred to in paragraph fourteen, including but not necessarily limited to the advertisement attached as Exhibit A, respondents have represented, directly or by implication, that at the time they made the representation set forth in paragraph fifteen, respondents possessed and relied upon a reasonable basis that substantiated such representation.

PAR. 17. In truth and in fact, at the time that they made the representation set forth in paragraph fifteen, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph sixteen was, and is, false and misleading.

PAR. 18. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

EXHIBIT A

PRINTED & MAILED BY IHI INC. ADVERTISING CONSULTANTS. TO ADVERTISE CALL 411-488-888 MON-FRI 9:00 AM TO 5:00 PM

SAVE HUNDREDS OF DOLLARS and RESTORE YOUR HEALTH

STOP SMOKING

IN JUST ONE EVENING!
NO CRAVING **\$39.99**
NO STRESS
NO WEIGHT GAIN
WRITTEN LIFETIME GUARANTEE

COMPLETE!

Cash & Checks
are also Welcomed



Larry Brink, C.J.H.
Senior Counselor

The IHI Clinic Method of Hypnosis has helped thousands of smokers quit the habit. Of the smokers attending the seminar, over 95% quit during the 30-minute and 100-minute sessions.

Larry Brink is a Certified and Registered Clinical Hypnotist with the American Society of Hypnotists. He is President of IHI Clinics, Inc., a Georgia corporation, and received his B.S.A. degree from the University of Georgia.

SMOKERS, Bring this AD for FREE AUDIO TAPE

KNOXVILLE

MONDAY DECEMBER 13

KNOXVILLE HOLIDAY INN WEST

1315 Kirby Road
(Papermill Rd. Exit 363 off I-75 & I-40)

TWO SEMINARS

2:00 PM till 4:30 PM
OR
7:00 PM till 9:30 PM

REGISTRATION BEGINS AT
THE DOOR 1 HOUR BEFORE

YOUR CRAVING FOR CIGARETTES IS GONE! See, hear, and experience the joyful feeling of becoming a Non-Smoker without all the pain and stresses. Customers of the seminar are surprised they no longer believe that they do it without smoking or using E-cigs, Smoking, Driving your Car, Talking on the Telephone, Typing your reports, driving, watching TV, or any other activity. You'll be able to do anything others who smoke, and it won't bother you or your life.

I'VE ALREADY TRIED THE GUM & PATCHES! No a Winner! Not a Loser! If the gum and patches are not working, it's not your fault! Don't blame yourself! You can't quit the nicotine habit on just one patch or one pack of gum and patch and I want for more people. You'll find my program successful.

You have the POWER - I show you how to use it! Hypnosis is a natural, normal, and universal state of mind. It is the ability you've had your whole life. My program shows you how to use it. YOU WILL ALWAYS BE IN CONTROL. You won't be unconscious or asleep. You'll be aware of everything. You will be pleased at how easy and pleasant it is to experience your desire for cigarettes. **QUICK AND PAINLESS!** I will show you how much you smoke or how long you've been smoking.

YOU'LL BE AMAZED HOW EASY IT IS!

THE SECRET OF WILL POWER! You've tried to quit smoking many times before - you've read everything. The gum, the patches, said "No, and EVEN WILL POWER - Nothing else has worked. My program will and your smoking habit... GONE! In the seminar you will learn the secret of will power so you can quit it for good. Smoking will not bother you again in your life.

WRITTEN LIFETIME GUARANTEE This is my personal guarantee to you. If for any reason, you ever go back to smoking, after the seminar you may attend another IHI Clinic, Inc. Seminar **FREE OF CHARGE**.

NO UNWANTED WEIGHT GAIN! You will not feel the need to substitute food for the cigarettes that you no longer want. You will not feel any anxiety or guilt. The program helps you attain your goal weight and be a health conscious man.

THOUSANDS BECOME NON-SMOKERS! Thousands of people just like you, with the same desire, have gone before you and successfully stopped smoking with the seminar program. Please raise the back page for a list of their endorsements.

BEING A FRIEND AND STOP SMOKING TOGETHER!

You Can Too!!

LOSE WEIGHT FREE

With IHI Clinics Method of Hypnosis you can shed those extra pounds and not worry about gaining weight when you stop smoking. **THE WEIGHT LOSS SESSION IS FREE WHEN YOU ATTEND THE STOP SMOKING SEMINAR.** If you are unable to attend the Weight Loss Hypnosis Session, your fee is \$29.99 and you must register before the Stop Smoking Seminar begins. The Weight Loss Hypnosis Session will begin following the Stop Smoking Seminar and last about half an hour.

IHI Clinics, Inc.
P.O. Box 314
Tucker, GA 30085
1-404-934-4816

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THE U.S. GOVERNMENT RATES THESE PROGRAMS AS THE BEST WAY TO STOP SMOKING.

EXHIBIT A

**Thousands
have
become
NON
SMOKERS**

**USING
I H I
Clinic's
METHOD**

You too will have a bright Future as a NON-SMOKER!

ENDORSEMENTS

"I highly recommend this program to any one who smokes or needs help controlling their weight. I am encouraged by the programs results."
Mary Jane Myers Roswell, GA

"It was truly painless!"
Victoria Boarden Ellerswood, GA

"My wife and I attended your seminar. I wanted to stop smoking and we both wanted to lose weight. Well I haven't smoked since then and we've both reached our weight goal. I do want to thank you for the new life we have. We've never felt better."
Bill and Kathy Woodfin Lookout Mountain, TN

"I am a cocktail waitress and work around smokers constantly. I didn't think I could stop; but I did and their smoking doesn't bother me one bit. Also since your seminar, I've lost 12 pounds."
Jenny Thigpen Macon, GA

"At first I was skeptical, but now I am amazed at the results — I am still a non-smoker."
Dr. Millicent Ann Dandridge Atlanta, GA

"Before I attended your seminar, I was obsessed with cigarettes. I smoked 3 packs a day. I haven't had the slightest urge since then — I am truly a non-smoker today. Many thanks for a better life."
Louise Ross Tampa, FL

"I lost 38 pounds in seven weeks and it was really easy. I really feel great about myself."
Joe Casbarro Tucker, GA

"I can now wear the clothes I always wanted to. I can't wait for summer. I'm going to wear a bikini for the first time in my life."
Susan K. Dothan, AL

"I'd smoked for 36 years, two packs per day. Your seminar was a miracle for me — I had no withdrawal at all."
George Myers Tampa, FL

"I was amazed at how the pounds just seemed to melt away after your seminar. I didn't experience the first inkling of anxiety either. With your help, I am now a health conscious eater."
Susan Iannucci Atlanta, GA

"I wanted to quit, but I didn't think it would work for me. It did, and it was the best bargain in town."
Glnvy Nicholson Dublin, GA

"Four of my fraternity brothers attended with me — we all quit and we're even losing weight. Thanks for a great program."
Dick Middleton Thomasville, GA

"You made me a real believer in your seminar. I recommend it to everyone who smokes. It's amazing how I never even think of Cigarettes."
Larry Barfoot Sarasota, FL

"It works... I have not smoked since the seminar. It was so easy."
Robert J. Adkins Stockbridge, GA

"It's the damnest thing I've ever seen! I wouldn't have bet five cents that your program would work — but, somehow I'm a non-smoker. I've tried it all before. I considered myself a hard-core smoker — 'one of the few' who just had to smoke in order to function. I wish I could write more but I'm just too excited about my new life to sit still."
Sam Jordan Chattanooga, TN

About your Seminar Leader

Larry Brick, C.H. has presented Stop Smoking Seminars to enthusiastic audiences across the United States. He obtained his BBA degree from the University of Georgia. He is a Certified and Registered Clinical Hypnotherapist with the American Board of Hypnotherapy. He has studied with the American Institute of Hypnotherapy and his seminar is sanctioned by the International Hypnotherapy Institute.

Larry is President and co-founder of I H I Clinics, Inc., a Georgia Corporation, based in Atlanta.

I H I Clinics, Inc.
P.O. Box 314
Tucker, GA 30085-0314
1-404-934-4816

EXHIBIT B

BE A BETTER YOU! COME JOIN US AND . . .

LOSE WEIGHT THRU HYPNOSIS

SAFE ^{300 BM} FAST WITHOUT DIETING WRITTEN GUARANTEE ONLY \$3999 COMPLETE

Cash, Check, Visa, MC, AMEX Discover

THE RESULTS ARE INCREDIBLE!
Expect results ranging from 20 to 60 lbs in as little as 3 months, to over 110 lbs in one year. There will be no pre-packaged foods, no calorie counting, no starving, no dieting, and no cravings. You will lose the weight you wish to lose and keep it off permanently. The program works if you want to lose a little or a lot of weight.

LOSE WEIGHT THE EASY WAY
Hypnosis is normal, natural and pleasant. There is no sleep or loss of control. You will leave the session refreshed and feeling good, because you will be in control of your eating habits ONCE AND FOR ALL.

STOP HAVING WEIGHT CONTROL YOUR LIFE
Become the winner you want to be! Feel younger, look younger, gain confidence, and improve your self-esteem.

DIETS DON'T WORK
Say goodbye to diets forever. Remember, you diet, lose weight and 7 months later it's all gained back. The true solution is real behavior modification brought about by using the power of the subconscious mind.

TAKE CONTROL OF YOUR EATING HABITS
See, hear and experience the joyful feeling of becoming a HEALTHY CONSCIOUS EATER. This program eliminates the need, the desire, the craving, and the urge to overeat. You will be free of impulsive or compulsive overeating. You will be able to pass up the non-healthy foods with ease or no conscious effort.

THIS PROGRAM WILL WORK FOR YOU! GUARANTEED

Copyright IHI Clinics, Inc. 1994. All Rights Reserved.

OUR WRITTEN GUARANTEE

You will lose all the weight you wish to lose. If you don't, or if you ever need reinforcement, you'll be admitted to any IHI Clinics Weight Loss Session free of charge.

<p>ROSWELL Monday - May 23 8:00 PM - 9:00 PM Holiday Inn - Holcomb Bridge 1078 Holcomb Bridge Road (GA 400 East Holcomb Bridge)</p>	<p>WINNETT Thursday - May 26 7:00 PM - 8:00 PM Marriott Chantrel Place 1778 Pleasant Hill Road (1-80 East 40)</p>
<p>MARIETTA Tuesday - May 24 8:00 PM - 9:00 PM Holiday Inn Northwest 2285 Oak Road (1-75 East 1191)</p>	<p>JONESBORO Saturday - May 28 11:00 AM - 1:00 PM Holiday Inn South 6288 Old Dixie Highway (1-75 East 77)</p>
<p>NORTHLAKE Wednesday - May 25 8:00 PM - 9:00 PM Holiday Inn Northlake 2188 Lakeway Road (441-2nd East 22)</p>	<p>GAINESVILLE Sunday - May 22 8:00 AM - 9:00 PM Holiday Inn Gainesville 738 Jackson-Jordan Parkway (1-75 South GA 13)</p>

BRING THIS AD FOR AN EXTRA BONUS

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and having duly considered the comments received, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent IHIC is a Georgia corporation, with its principal office and place of business at 1962 Carthage Road, Tucker, Georgia.
2. Respondent Gordon Brick is the President and Chief Executive officer of said corporation. He formulates, directs and controls the acts and practices of said corporation. Respondent Larry Brick is the former President of said corporation. Together with Gordon Brick, he formulated, directed, and controlled the acts and practices of said corporation. Their address is the same as that of said corporation.
3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

DEFINITION

For the purposes of this order, "*competent and reliable scientific evidence*" shall mean those tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results. Survey evidence may be appropriate depending on the representation made.

I.

It is ordered, That respondents IHI Clinics, Inc., a corporation, its successors and assigns, and its officers, Gordon Brick, individually and as an officer of said corporation, and Larry Brick, individually and as a former officer of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division, or other device, in connection with the advertising, promotion, offering for sale, or sale of any smoking cessation or weight loss program, including any such program that uses hypnosis 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 ninety-five percent or more of the participants who attend respondents' smoking cessation seminars permanently abstain from smoking after attending those seminars, unless such is the case.

B. Representing, directly or by implication, that the United States Government has rated the single-session, group hypnosis seminar used by respondents as the best way to stop smoking.

C. Representing, directly or by implication, that participants who attend respondents' single-session group hypnosis seminar are cured of smoking addiction without experiencing craving, stress, weight gain, or other side effects, unless, at the time of making any such representation, respondents possess and rely upon competent and reliable scientific evidence substantiating the representation.

D. Making any representation, directly or by implication, about the relative or absolute performance or efficacy of any smoking cessation program or weight loss program, unless, at the time of making any such representation, respondents possess and rely upon competent and reliable scientific evidence substantiating the representation.

E. Representing through any endorsement or testimonial that any participant(s) of respondents' smoking cessation program or weight loss program have achieved success in smoking abstinence or weight loss unless:

(1) At the time of making such representation, the success claimed is representative of the typical or ordinary experience of all participants of such program, and respondents possess and rely upon competent and reliable scientific evidence that substantiates such representation, or

(2) Respondents disclose, clearly and prominently, and in close proximity to the endorsement or testimonial, either:

(a) What the generally expected results would be for participants in such program, or

(b) The limited applicability of the endorser's experience to what consumers may generally expect to achieve, that is, that consumers should not expect to experience similar results.

F. Misrepresenting, directly or by implication, the existence, contents, validity, results, conclusions, or interpretations of any test, study, survey or report.

G. Misrepresenting, directly or by implication, the performance or efficacy of any smoking cessation program or weight loss program.

II.

It is further ordered, That for three (3) years after the last date of dissemination of any representation covered by this order, respondents, or their successors and assigns, shall maintain and upon request make available to the Federal Trade Commission for inspection and copying:

A. All materials that were relied upon in disseminating such representation; and

B. All tests, reports, studies, surveys, demonstrations or other evidence in their possession or control that contradict, qualify, or call into question such representation, or the basis relied upon for such representation, including complaints from consumers.

III.

It is further ordered, That respondents shall notify the Commission at least thirty (30) days prior to the effective date of any proposed change in the corporate respondent such as dissolution, assignment, or sale resulting in the emergence of a successor corporation(s), the creation or dissolution of subsidiaries, or any other change in the corporation that may affect compliance obligations arising out of this order.

IV.

It is further ordered, That the individual respondents named herein shall promptly notify the Commission of the discontinuance of their present business or of their affiliation with the corporate respondent. In addition, for a period of three (3) years from the date of service of this order, each respondent shall promptly notify the Commission of each affiliation with a new business or employment that involves a smoking cessation program or a weight loss program. Each such notice shall include the respondent's new business address 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 business or employment.

V.

It is further ordered, That respondents shall distribute a copy of this order to each of their officers, agents, representatives, independent contractors, and employees who are involved in the preparation and placement of advertisements or promotional materials; and, for a period of three (3) years from the date of entry

of this order, distribute same to all future such officers, agents, representatives, independent contractors, and employees.

VI.

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

Complaint

120 F.T.C.

IN THE MATTER OF

ORIGINAL MARKETING, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3596. Complaint, Aug. 9, 1995--Decision, Aug. 9, 1995*

This consent order prohibits, among other things, the Florida-based corporation, two of its officers and an affiliated advertising agency from making performance or benefit claims for any weight-loss or weight-control product or program or acupressure device unless the claims are true and substantiated by competent and reliable scientific evidence. Also, the consent order prohibits the respondents from misrepresenting any endorsement or testimonial for any weight-loss or weight-control product or program or any acupressure device as representing the typical or ordinary experience of users. In addition, the respondents are required to pay refunds to purchasers of Acu-Stop 2000 who have previously returned it, or who return it within 90 days after the order is final, and the individual respondents are required to post a \$300,000 performance bond, or to pay that amount into an escrow account, before marketing any weight-loss or weight-control product or program or any acupressure device.

Appearances

For the Commission: *Richard L. Cleland* and *Brian A. Dahl*.

For the respondents: *Sheldon Lustigman, Helfgott & Karas*, New York, N.Y.

COMPLAINT

The Federal Trade Commission, having reason to believe that Original Marketing, Inc., d/b/a Acu-Stop 2000, and Franklin & Joseph, Inc., corporations; Barry A. Weiss, individually and as an officer and director of Original Marketing, Inc.; and Roger Franklin, individually and as an officer and director of Original Marketing, Inc. and Franklin & Joseph, Inc. ("respondents"), 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. Respondent Original Marketing, Inc. ("OMI") is a Florida corporation doing business under the name Acu-Stop 2000. Its principal place of business is located at 11570 Wiles Road, Pompano Beach, Florida.

Respondent Franklin & Joseph, Inc. is a New York corporation with its principal place of business located at 237 Mamaroneck Avenue, White Plains, New York.

Respondent Barry A. Weiss is or was at relevant times herein an officer and director of OMI. Individually or in concert with others, he formulated, directed, and controlled the acts and practices of OMI, including the acts and practices alleged in this complaint. He resides at 22471 Vista Wood Way, Boca Raton, Florida.

Respondent Roger Franklin is or was at relevant times herein an officer and director of OMI and Franklin & Joseph, Inc. Individually or in concert with others, he formulated, directed, and controlled the acts and practices of OMI and Franklin & Joseph, Inc., including the acts and practices alleged in this complaint. He resides at 33 Maplemoor Lane, White Plains, New York.

PAR. 2. Respondents have advertised, offered for sale, sold, and distributed to the public, the Acu-Stop 2000, an acupressure weight-loss device that nests inside the ear. The Acu-Stop 2000 is a device within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

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

PAR. 4. Respondents have disseminated or have caused to be disseminated advertisements and promotional materials for the Acu-Stop 2000, including but not necessarily limited to the attached Exhibits A-E. These advertisements contain the following statements:

A. YOU'LL PROVE TO YOURSELF:
YOU CAN LOSE 30 POUNDS IN 30 DAYS!
ACU-STOP 2000 GUARANTEES:

This device is all you'll need, ever, to control your weight and get rid of flab. It will work for you or we'll refund every cent you paid for it. Every cent.

21st CENTURY METHOD MEANS:

- No Dieting - No Pills
- No Nervousness
- No Frantic Exercising
- No Strange Formulas
- No Special Foods To Buy

MORE THAN 200,000 SOLD! TESTIMONIALS ABOUND!

Ms. K.B. of California is typical of ACU-STOP 2000 users. She writes:
I've lost five pounds in eight days. My energy level is up. Those diet pills cost a ton of money and can't do this.

Ms. S.L.M. is an adult model who had all but given up on regaining her figure. She writes:

My waist had ballooned to 32 inches. Now it's back to 25 and I'm modeling again. I love you for making me beautiful again.

Mr. P.N. of Minnesota didn't think it would work but decided to give it a try:
30 pounds in 30 days? Right. Actually, I lost 33 pounds in 30 days. I still can't believe it.

NOT A 30-DAY OR 60-DAY SUPPLY. ONE ACU-STOP 2000 IS ALL YOU NEED . . . EVER!

ACU-STOP 2000 is a precision-engineered invention that fits snugly (and invisibly) in the right ear. It contacts and stimulates six precise pressure points, exactly like renowned acupuncture. Using it just minutes a day eliminates your craving for food. You'll lose weight at the pace you think best. (If you lose too much weight, use your ACU-STOP 2000 less often.)

* * * *

Ask yourself: Would ACU-STOP 2000 make such an offer if thousands of users hadn't proved how effective it is? Nothing--no, nothing is as effective and as safe. (Exhibit A).

B. YOU TOO WILL BE ABLE TO SAY:

"I LOST 33 POUNDS IN 30 DAYS!"

WE PREDICT:

By the year 2001 this will be the standard. **WHY?** Because only Acu-Stop 2000 means

- No Strenuous Dieting
- No Pills - No Nervousness
- No Frantic Exercising
- No Strange Formulas
- No Special Food To Buy

Please Read Every Word of This ACU-STOP 2000 **GUARANTEE:**

This device is all you'll need, ever, to control your weight and get rid of the flab. It will work for you or we'll refund every cent you paid for the product. Every cent.

ASK THE MORE THAN 200,000 ACU-STOP BUYERS!

Ms. K.B. of Florida is an ACU-STOP user. She writes:

I've lost five pounds in eight days. My energy level is up. Those diet pills cost a ton of money and can't do this.

Ms. S.L.M. is an adult model who had all but given up on regaining her figure. She writes:

My waist had ballooned to 32 inches. Now it's back to 25 and I'm modeling again. I love you for making me beautiful again.

Ms. K.McF. of California didn't think it would work but decided to give it a try:
30 pounds in 30 days? Right. Actually, I lost 33 pounds in 30 days. I still can't believe it.

Results described in this ad may be atypical. [fine print]

YOU'LL NEVER HAVE TO SPEND ANOTHER CENT. THIS IS NOT A 30-DAY OR 60-DAY SUPPLY. ONE ACU-STOP IS ALL YOU NEED . . . EVER! ACU-STOP 2000 is a precision-engineered invention that fits snugly (and invisibly) in the right ear. It contacts and stimulates six precise pressure points, exactly like renowned acupressure. All of "mainstream" science does not accept the discipline of acupressure. Most doctors do . . . and over 200,000 satisfied customers can't be wrong. Using it just minutes a day eliminates your craving for food. We can't tell you how much weight you will lose. Everyone is different. Results will vary depending on the individual.

* * * *

Ask yourself: Would ACU-STOP 2000 make such an offer if thousands of users hadn't proved how effective it is? Nothing--no, nothing--is as effective and as safe. (Exhibit B).

C. Introducing a real breakthrough in losing weight. So advanced, it won't let you fail! Pure Science or Pure Miracle? Maybe it's a little of both.

* * * *

From now on, every other diet method is a thing of the past.

Think of it. No pills to pop. No favorite foods to give up. No tasteless, unsatisfying meal plans. No endless, wearying exercise. Just one incredible product that can enable you to lose weight fast and easily. Amazing? You bet. Here's why.

Based on a centuries-old understanding of how our bodies work.

The idea for ACU-STOP 2000 comes to us from across the seas in China. Their understanding of human physiology has long been acknowledged by medical experts to be extremely advanced. ACU-STOP 2000 is an acupressure-like device that stimulates those points in your body which regulate appetite . . . and suppresses their activity. It fits almost invisibly in your right ear. You don't have to wear it all day, just for a few minutes. But those few minutes a day can change the rest of your life--because that's all it takes to make those excess pounds and inches you hate disappear. What happens is, your hunger pangs and your craving for food just stop. They go away. Gone. With absolutely no unpleasant side effects, you eat less. And lose more. It's so effective, you'll see results immediately.

Lose weight with none of the drawbacks other diet methods have.

We know how hard it is to lose weight. The emotional and physical toll on your mind and body can be devastating. But with ACU-STOP 2000 you will succeed. It just won't let you fail. And you won't have to worry about any of the negatives of other methods. You don't have to starve yourself, like a prisoner in your own home. You don't have to pop strange chemical pills with who-knows-what side effects (pills that can make you so nervous and irritable, that even if they work friends and family may hate to be around you). And you don't have to undergo strenuous, exhausting exercise day after day. Forget all that. The acupressure method puts you in control without endless exercise and with minimal will power! All you do is stimulate the ear piece and your ravenous appetite goes . . . followed quickly by all those unwanted pounds and inches.

* * * *

Mrs. K.McE, Los Angeles, CA.

I have been overweight for 30 of my 38 years. On Oct. 1st, I weighed myself. I used the Acu-Stop following your instructions, and ate what I liked. On Nov. 1st

Complaint

120 F.T.C.

to my absolute and total amazement I had LOST, YES LOST!! 33 pounds and all of that in just 30 days.

* * * *

Miss H.L., Huntington, NY: I tried your product and lost 20 pounds in the first three weeks. I can't believe how easy it was and I feel so much better about myself. Thank you so much.

Mrs. L.P., Kingwood, TX: I recently ordered one of your Acu-Stop 2000's. I followed the enclosed instructions and within the first month I lost 36 pounds. I'd like to take this opportunity to tell you how very pleased I am with your product. It worked for me better than any diet pill I've tried.

Ms. A.S., Massepequa, NY: I purchased your product several months ago. When I opened the package I didn't quite believe that this product would work. However, I was very surprised--IT WORKED!! I lost my target weight faster than any other product or diet I tried before. I can't thank you enough.

Mrs. K.B., Ft. Lauderdale, Fla.: Using your product I lost seven pounds in the first seven days! I am continuing to use your product because I know that with its help I can continue to lose weight.

Results will vary and these losses are atypical. If you lose too much weight, discontinue use immediately. (Exhibit C).

D. What Pleasure You'll Get From Reading About A Method That REALLY DOES Work . . .

--Without Pills

--Without Diets

--Without Books

--Without Will-Power

ACU-STOP 2000®

Once You Own It,

You'll NEVER Buy Another Pill . . .

You'll NEVER Go On Another Diet . . .

You'll NEVER Have To Plow Through Another Book . . .

You'll NEVER Again Depend On Will-Power!

ACU-STOP 2000 WORKS ON ITS OWN. NOTHING ELSE TO BUY, EVER.
TESTED BY DOCTORS AND BACKED BY A ROCK-SOLID 100%
GUARANTEE.

* * * *

ONCE YOU UNDERSTAND HOW IT WORKS, YOU'LL UNDERSTAND WHY IT WILL WORK FOR YOU!

Centuries ago, Chinese physicians perfected acupressure.

(Acupressure differs from its cousin, acupuncture, in its effectiveness without needles or discomfort.)

What these sages learned was that light stimulating pressure in the ear can control various cravings. Now, as we approach the 21st century, the scientists at Acu-Stop have refined this knowledge.

Acu-Stop 2000 is a thoroughly tested and proved device that fits invisibly in the right ear. It has no batteries nor moving parts. But activating it controls the appetite.

* * * *

We Make You This Promise:

278

Complaint

You've never experienced such an easy, effortless way to lose surplus pounds and inches. Never!

* * * *

Are You Currently On Another Diet Plan?

ACU-STOP 2000® has been found to accelerate the results of diet pills and meal plans. This means you can reach your weight loss goals considerably faster. The same unconditional guarantee applies, of course. (Exhibit D).

E. LOSE 30 POUND IN 30 DAYS

--WITHOUT DIETING

--WITHOUT EXERCISE

ACU-STOP 2000

THE WEIGHT LOSS METHOD OF THE FUTURE IS AVAILABLE TODAY-

* * * *

LOSE 30 POUNDS IN 30 DAYS

Doctor patented Acu-Stop 2000 is so effective, a loss of 30 pounds in 30 days is not unusual. Our satisfied customers have told us their stories and they are fantastic! Miss H.L., Huntington, NY: I tried your product and lost 20 pounds in the first three weeks. I can't believe how easy it was and feel so much better about myself. Thank you so much.

Mrs. L.P., Kingwood, TX: I recently ordered one of your Acu-Stop 2000's. I followed the enclosed instructions and within the first month I lost 36 pounds. I'd like to take this opportunity to tell you how very pleased I am with your product. It worked for me better than any diet pill I've tried.

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Mrs. K.B., Ft. Lauderdale, Fla.: Using your product I lost seven pounds in the first seven days! I am continuing to use your product because I know that with its help I can continue to lose weight.

Mrs. B.K., Hartland, MI: Thank you for inventing this amazing product! This is the first diet that is really easy. Acu-Stop 2000 suppressed my appetite and I eat what I want while still losing weight.

Why Did The U.S. Government Officially Approve Acu-Stop 2000 For A Legal Patent?

From Mike Powers, President

Acu-Stop 2000

* * * *

The Official U.S. Government Document you see here hangs framed on my wall. I'm proud of it for it tells people who have a weight problem that Acu-Stop 2000 has been tested and patented by a Doctor.

Yes, you can finally have the beautiful, slim figure you're after . . . and lose up to 30 pounds in 30 days. No diets. No exercise. No pills. Why?

Because Acu-Stop 2000 will CONTROL your hunger in a remarkable new way. So amazing in fact, that the U.S. Government officially approved Acu-Stop 2000 with the Legal Patent you see above. One of the major problems in America is that people are too fat, and that's not just unsightly, it's unhealthy, too.

Acu-Stop 2000 has the POWER to end this problem. The Chinese invented it, and we perfected it! I can prove it really works. (Exhibit E).

PAR. 5. Through the use of the statements contained in the advertisements and promotional materials referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits A-E, respondents have represented, directly or by implication, that:

- A. The Acu-Stop 2000 causes significant weight loss;
- B. The Acu-Stop 2000 causes significant weight loss without the need to diet or exercise;
- C. The Acu-Stop 2000 controls appetite or eliminates a person's craving for food; and
- D. The Acu-Stop 2000 is scientifically proven to cause significant weight loss and control appetite.

PAR. 6. In truth and in fact:

- A. The Acu-Stop 2000 does not cause significant weight loss;
- B. The Acu-Stop 2000 does not cause significant weight loss without the need to diet or exercise;
- C. The Acu-Stop 2000 does not control appetite or eliminate a person's craving for food; and
- D. The Acu-Stop 2000 is not scientifically proven to cause significant weight loss and control appetite.

Therefore, the representations set forth in paragraph five were, and are, false and misleading.

PAR. 7. Through the use of statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits A-E, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph five (A) - (C), they possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 8. In truth and in fact, at the time they made the representations set forth in paragraph five (A) - (C), respondents did not possess and rely upon a reasonable basis that substantiated such

representations. Therefore, the representation set forth in paragraph seven was, and is, false and misleading.

PAR. 9. Through the use of statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits A-C and E, respondents have represented, directly or by implication, that testimonials from consumers appearing in advertisements for the Acu-Stop 2000 reflect the typical or ordinary experience of members of the public who have used the product.

PAR. 10. In truth and in fact, testimonials from consumers appearing in advertisements for the Acu-Stop 2000 do not reflect the typical or ordinary experience of members of the public who have used the product. Therefore, the representation set forth in paragraph nine was, and is, false and misleading.

PAR. 11. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices and the making of false advertisements in or affecting commerce in violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

Complaint

120 F.T.C.

EXHIBIT A



© 1993 Acu-Stop 2000

YOU'LL PROVE TO YOURSELF:

ACU-STOP 2000 GUARANTEES:

This device is all you'll need, ever, to control your weight and get rid of flab. It will work for you or we'll refund every cent you paid for it. Every cent.

21st CENTURY METHOD MEANS:

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- No Nervousness
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- No Strange Formulas
- No Special Foods To Buy

MORE THAN 200,000 SOLD! TESTIMONIALS ABOUND!

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Ms. S.L.M. is an adult model who had all but given up on regaining her figure. She writes:

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Mr. P.N. of Minnesota didn't think it would work but decided to give it a try: 30 pounds in 30 days? Right. Actually, I lost 33 pounds in 30 days. I still can't believe it

YOU CAN LOSE 30 POUNDS IN 30 DAYS!

NOT A 30-DAY OR 60-DAY SUPPLY. ONE ACU-STOP 2000 IS ALL YOU NEED...EVER!

ACU-STOP 2000 is a precision-engineered invention that fits snugly (and invisibly) in the right ear. It contacts and stimulates six precise pressure points, exactly like renowned acupressure. Using it just minutes a day eliminates your craving for food. You'll lose weight at the pace you think best. (If you lose too much weight, use your ACU-STOP 2000 less often.)

NOW:

If you think it won't work for you, we challenge you: Try it. You can't lose, because if after using your ACU-STOP 2000 for one full month you don't agree it's the most effective way to get rid of fat and flab you've ever tried, just send it back for a 100% refund. Ask yourself: Would ACU-STOP 2000 make such an offer if thousands of users hadn't proved how effective it is? Nothing - no, nothing is as effective and as safe.

Only \$3999

WHY WAIT 1 MORE DAY? WHY NOT LOOK YOUR ABSOLUTE BEST? WHY WASTE MONEY ON PILLS AND BOOKS?

Operators standing By 24 Hours A Day
Call Toll Free **1-800-228-3663**
or mail coupon to
ACU-STOP 2000
10343 Royal Palm Blvd.
Coral Springs, Florida 33065

ACU-STOP 2000 • 10343 Royal Palm Blvd., Suite 339 • Coral Springs, Florida 33065

YES, rush my ACU-STOP 2000. I understand this is all I'll need, ever. I'll use it for one full month. If I'm not delighted with the results, I have the absolute right to send it back for a 100% refund of every cent I've paid for the product.

1 Acu-Stop 2000 @ \$39.99, plus \$4.50 Shipping and Handling - Total = \$44.49
Florida residents add \$2.40 sales tax

2 Acu-Stop 2000 @ \$29.99, plus \$4.50 Shipping and Handling - Total = \$64.48
(Save \$20)
Florida residents add \$3.60 sales tax

Please indicate payment method:

Check or money order enclosed
Charge to: Visa MasterCard
Card No. _____

Expires _____

Signature _____

Please Print

Name _____

Address _____

City _____

State _____

Zip _____

For fastest service call
Toll-Free **1-800-228-3663**

EXHIBIT B

Take Your Own Word For It! GUARANTEE

©1993 Acu-Stop 2000

YOU TOO WILL BE ABLE TO SAY:

WE PREDICT:

By the year 2001 this will be the standard. WIN? Because only Acu-Stop 2000 means

- No Strenuous Dieting
- No Pills ■ No Nervousness
- No Frantic Exercising
- No Strange Formulas
- No Special Food To Buy

Please Read Every Word of This ACU-STOP 2000 GUARANTEE:

This device is all you'll need, ever, to control your weight and get rid of the flab. It will work for you or we'll refund every cent you paid for the product. Every cent.

ASK THE MORE THAN 200,000 ACU-STOP BUYERS!

Ms. K.B. of Florida is an Acu-Stop user. She writes: **'ve lost five pounds in eight days. My energy level is up. Those diet pills cost a ton of money and can't do this.**

Ms. S.L.M. is an adult model who had all but given up on regaining her figure. She writes: **My waist had ballooned to 32 inches. Now it's back to 25 and I'm modeling again. I owe you for making me beautiful again.**

Ms. K. McF. of California didn't think it could work but decided to try it: **30 pounds in 30 days? Right. Actually, I lost 33 pounds in 30 days. I still can't believe it.**

"I LOST 33 POUNDS IN 30 DAYS!"

Only **\$39⁹⁹**

YOU'LL NEVER HAVE TO SPEND ANOTHER CENT. THIS IS NOT A 30-DAY OR 60-DAY SUPPLY. ONE ACU-STOP IS ALL YOU NEED...EVER!

ACU-STOP 2000 is a precision-engineered invention that fits snugly (and invisibly) in the right ear. It contacts and stimulates six precise pressure points, exactly like renowned acupressure. All of "mainstream" science does not accept the discipline of acupressure. Most doctors do...and over 200,000 satisfied customers can't be wrong. Using it just minutes a day eliminates your craving for food. We can't tell you how much weight you will lose. Everyone is different. Results will vary depending on the individual.

NOW:

If you think it won't work for you, **we challenge you:** Try it. You can't lose, because if after using ACU-STOP 2000 for one full month you don't agree it's the most effective way to get rid of fat and flab you've ever tried, just send it back for a 100% refund. Ask yourself: Would ACU-STOP 2000 make such an offer if thousands of users hadn't proved how effective it is? Nothing--no, nothing--is as effective and as safe.

WHY WAIT EVEN ONE MORE DAY? WHY NOT LOOK TRIM IN A SWIMSUIT? WHY WASTE MONEY ON PILLS AND BOOKS?

Operators Standing By 24 Hours A Day

Call Toll Free **1-800-395-7638** or mail coupon to ACU-STOP 2000, 11900 SW 66th Ave., Miami, FL 33186

Results described in this ad may be atypical.

ACU-STOP 2000 • 11900 SW 66th Ave., • Miami, Florida 33186

YES, rush my ACU-STOP 2000. I understand this is all I'll need, ever. I'll use it for one full month. If I'm not delighted with the results, I have the absolute right to send it back for a 100% refund of every cent I've paid for this product.

1 ACU-STOP 2000 @ \$39.99, plus \$4.50 Shipping and Handling Total=\$44.49 (Florida residents add \$2.40 sales tax)

2 ACU-STOP 2000 @ \$29.99, plus \$4.50 Shipping and Handling Total=\$64.48 (Save \$20!) (Florida residents add \$3.72 sales tax)

Please indicate payment method:
 Check or money order enclosed
Charge to: Visa MasterCard
Card No. _____
Expires _____
Signature _____

Please Print:
Name _____
Address _____
City _____
State _____ Zip _____
For faster service call Toll-Free 1-800-395-7638

Complaint

120 F.T.C.

EXHIBIT C

lost 33 pounds in 30 days!" *Mrs. K. McE., Los Angeles, CA.

**Introducing
a real
breakthrough
in losing
weight.**

**So advanced,
it won't
let you fail!**

Pure Science or Pure Miracle?
Maybe it's a little of both.



00000

EXHIBIT C

We've changed so many lives We can change yours.

From now on, every other diet method is a thing of the past.

Think of it. No pills to pop. No favorite foods to give up. No tasteless, unsatisfying meal plans. No endless, wearying exercise. Just one incredible product that can enable you to lose weight fast and easily. Amazing? You bet. Here's why.

Based on a centuries-old understanding of how our bodies work.

The idea for ACU-STOP 2000 comes to us from across the seas in China. Their understanding of human physiology has long been acknowledged by medical experts to be extremely advanced.

ACU-STOP 2000 is an acupressure-like device stimulates those points in your body which regulate appetite...and suppresses their activity. It fits almost invisibly in your right ear. You don't have to wear it all day, just for a few minutes. **But those few minutes a day can change the rest of your life because that's all it takes to make those excess pounds and inches you hate disappear.** What happens is, your hunger pangs and your craving for food just stop. They go away. Gone. With absolutely no unpleasant side effects, you eat less. And lose more. It's so effective, you'll see results immediately.

*You have nothing to lose
but pounds
and inches.*



You t
You t
You probably
**NOW IS THE
TRY ACU**

Miss H.L., Huntington, NY: I tried your product and lost 20 pounds in the first three weeks. I can't believe how easy it was and I feel so much better about myself. Thank you so much.

Mrs. L.P., Kingwood, TX: I recently ordered one of your Acu-Stop devices. I followed the enclosed instructions and within the first month I lost 15 pounds. I'd like to take this opportunity to tell you how very pleased I am with your product. It worked for me better than any diet pill I've tried.

Result will vary and these losses are not guaranteed.

Complaint

120 F.T.C.

EXHIBIT C

Lose weight with none of the drawbacks other diet methods have.

We know how hard it is to lose weight. The emotional and physical toll on your mind and body can be devastating. **But with ACU-STOP 2000 you will succeed. It just won't let you fail.** And you won't have to worry about any of the negatives of other methods. You don't have to starve yourself, like a prisoner in your own home. You don't have to pop strange chemical pills with who-knows-what side effects (pills that can make you so nervous and irritable, that even if they work friends and family may hate to be around you). And you don't have to undergo strenuous, exhausting exercise day after day. **Forget all that. The acupressure method puts you in control without endless exercise and with minimal will power!** All you do is stimulate the ear piece and your ravenous appetite goes... followed quickly by all those unwanted pounds and inches.

Everything you need to know about our money-back guarantee.

It couldn't be simpler. We're so sure you'll be satisfied with ACU-STOP 2000, if you don't lose the weight, we'll refund your money. No questions asked.

Nothing to buy ever again – a small price to pay for looking great.

This may not be your first attempt at losing weight, but it will be your last. Because this method works. You'll never have to spend money on a diet pill, meal, book or exercise aid again. Order ACU-STOP 2000 once and that's it. This isn't a 30 or 60 day supply. This isn't step 1. This is it. Use it until you reach your goal weight, then put it away. If you have to use it again in the future for a minor weight gain, no problem. The stimulator lasts for years. But don't buy ACU-STOP just because of the money you'll save. Buy it because of all the weight you'll lose!

***"I LOST 33 POUNDS IN 30 DAYS!"**

Mrs. K.McE, Los Angeles, CA.

I have been overweight for 30 of my 38 years. On Oct. 1st, I weighed myself. I used Acu-Stop following your instructions, and ate what I liked. On Nov. 1st, to my absolute and total amazement I had LOST, YES LOST!! 33 pounds and all of that in just 30 days.

d pills...
l plans...
en tried prayer...
**IT'S TIME TO
STOP 2000**



Ms. A.S., Maspeth, NY: I purchased your product several months ago. When I opened the package I didn't quite believe that this product would work. However, I was very surprised – IT WORKED!! I lost my target weight faster than any other product or diet I tried before. I can't thank you enough.

Mrs. K.B., Ft. Lauderdale, Fla.: Using your product I lost seven pounds in the first seven days! I am continuing to use your product because I know that with its help I can continue to lose weight.

000001

EXHIBIT C

ORDER TODAY- DON'T WAIT


Even if you've given up all hope of losing weight, ACU-STOP 2000 is right for you. Don't give up. Don't give in. This is different from every other diet method. And it will work. For you. Guaranteed. Call now. Our operators are standing by, 24 hours a day. Now is the time to lose the weight you hate.

CALL NOW - TOLL FREE 1-800-292-1971

MONEY BACK GUARANTEE
We guarantee ACU-STOP 2000 to be fast, safe and effective. If you are not completely satisfied, simply return it within 30 days for a full refund. No questions asked!


**TWO FREE GIFTS
WITH YOUR ORDER!
LIMITED TIME ONLY**

BRILLIANTLY FACETED
ONE CARAT CUBIC ZIRCONIA



Suitable for setting

JEWELRY CASE
from China -
perfect for those
special pieces
that you cherish.



BOTH YOURS - FREE!



**ONLY
\$39.99**

SPECIAL
Buy 2 and pay only
\$29.99 each. Save \$20.

**It controls
your hunger,
so you can
control
your weight.**



**NOTE: If you lose too much weight,
discontinue use immediately.**
Acu-Stop 2000, 10343 Royal Palm Blvd., Suite 339
Coral Springs, FL 33065-9896

EXHIBIT D

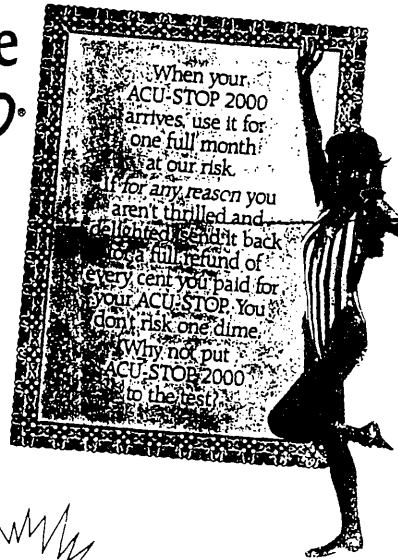
YOU TAKE NO RISK!

Take A Look At The **ACU-STOP 2000** Unconditional Guarantee

Are You Currently
On Another
Diet Plan?

ACU-STOP 2000

has been found to accelerate the results of diet pills and meal plans. This means you can reach your weight loss goals considerably faster. The same unconditional guarantee applies, of course.



TWO FREE GIFTS FROM ACU-STOP 2000

Phone or mail your order within the next 10 days and we'll include a brilliantly faceted one carat cubic zirconia, suitable for setting, and this handsome jewelry case from China. These gifts are yours to keep, our way of saying thanks for trying ACU-STOP 2000.

© 1991 Acu-Stop 2000

Available Only From



EXHIBIT D

**YOU SAY
YOU'VE TRIED**
 — PILLS
 — DIETS
 — BOOKS
 — WILL-POWER
 AND YOUR WEIGHT
 STILL BOUNCES UP AND
 DOWN LIKE A YO-YO?

*What Pleasure You'll Get From
 Reading About A Method
 That REALLY DOES Work...*

- Without Pills
- Without Diets
- Without Books
- Without Will-Power

ACU-STOP 2000®

**Once You Own It,
 You'll NEVER Buy Another Pill...
 You'll NEVER Go On Another Diet...
 You'll NEVER Have To Plow Through Another Book...
 You'll NEVER Again Depend On Will-Power!**

ACU-STOP 2000
 WORKS ON ITS
 OWN. NOTHING
 ELSE TO BUY,
 EVER.



Before



After

TESTED BY
 DOCTORS AND
 BACKED BY A
 ROCK-SOLID
 100% GUARANTEE

\$39⁹⁹ Complete
plus \$4.50 shipping/handling

nothing else to buy ever!

**LOSE 30 POUNDS
IN 30 DAYS**

**-WITHOUT
DIETING**

**-WITHOUT
EXERCISE!**

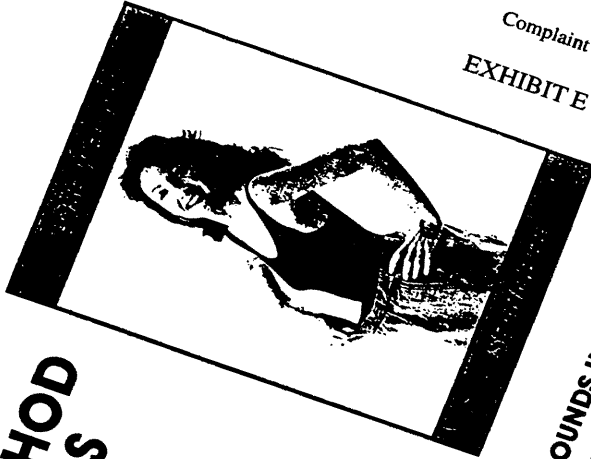
ACU-STOP 2000

THE WEIGHT LOSS METHOD OF THE FUTURE

**IS AVAILABLE
TODAY-**

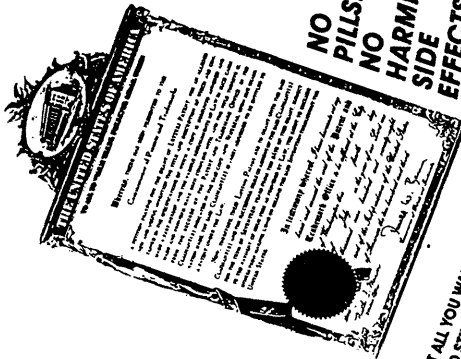
Complaint

EXHIBIT E



NEW PATENTED WEIGHT LOSS METHOD MAKES DIET PILLS OBSOLETE!

**NO PILLS!
NO HARMFUL
SIDE EFFECTS!**



EAT ALL YOU WANT AND STILL LOSE WEIGHT

No diet pills will be as fast as the method we've invented. This method makes diet pills obsolete. You can eat all you want and still lose weight. No pills, no harmful side effects.

THE CHINESE INVENTED IT AND WE PERFECTED IT

The Chinese invented this method. It's a natural process and makes you lose weight. You can eat all you want and still lose weight. No pills, no harmful side effects.

NO EXERCISE AND NO WILL POWER

No exercise and no will power. You can eat all you want and still lose weight. No pills, no harmful side effects.

THE LAST DIET

This is not a diet. It's the last diet. You can eat all you want and still lose weight. No pills, no harmful side effects.



LOSE 30 POUNDS IN 30 DAYS

Doctors recommend losing 10-15 lbs. in 30 days is the maximum amount of weight you should lose. We've invented a method that makes diet pills obsolete. You can eat all you want and still lose weight. No pills, no harmful side effects.

EXHIBIT E

Why Did The U.S. Government Officially Approve Acu-Stop 2000 For A Legal Patent?



From Mike Powers, President
Acu-Stop 2000

Coral Springs, Florida
Thursday, 2:30 p.m.

SPECIAL REPORT

Dear Friend,

The Official U.S. Government Document you see here hangs framed on my wall. I'm proud of it for it tells people who have a weight problem that Acu-Stop 2000 has been tested and patented by a Doctor.

I've also framed the letters I get from Acu-Stop 2000 users. These letters hang on my wall, too.

Let's make one thing perfectly clear right now. The Acu-Stop 2000 sure-fire way to CONTROL weight, permanently, does away with pills, diets, and exercise. I'm sure that's good news for you, because if you're like most people who have a FAT problem, you most likely hate to give up the foods you love, deplore long hours of strenuous exercise, and are suspicious of swallowing pills to lose weight.

The fact is, statistics clearly show us that pills, crash diets (which are dangerous to health) and long hours of boring exercise rarely conquer fat on the long term. Most overweight women and men who try these methods know that they may lose weight...then gain it back again.

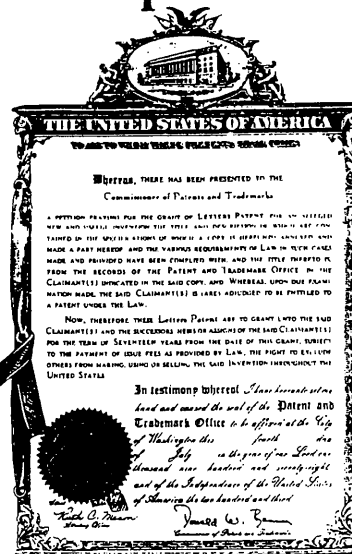
Is this the case with you? Are you tired of being on a roller coaster, losing, gaining, losing, gaining...without permanent results? If so, you have my Written Guarantee that Acu-Stop 2000 will change all that.

Yes, you can finally have the beautiful, slim figure you're after...and lose up to 30 pounds in 30 days. No diets. No exercise. No pills. Why?

Because Acu-Stop 2000 will CONTROL your hunger in a remarkable new way. So amazing in fact, that the U.S. Government officially approved Acu-Stop 2000 with the Legal Patent you see above. One of the major problems in America is that people are too fat, and that's not just unsightly, it's unhealthy, too.

Acu-Stop 2000 has the POWER to end this problem. The Chinese invented it, and we perfected it! I can prove it really works.

Please turn the page



U.S. Patent 4098277

Complaint

120 F.T.C.

EXHIBIT E

← Please read other side first

SPECIAL REPORT

Why Did the U.S. Government Officially Approve Acu-Stop For A Legal Patent?

In America today, health care costs are enormous. One of the leading causes of poor health is heart disease. Being overweight can lead to heart disease...ask your Doctor.



And while you're at it, please show him this letter. I'm sure your Doctor wants to see you shed unwanted pounds fast and sensibly, and so do I. Acu-Stop 2000 makes it easy.

So forget past failures. All I ask is that you give this amazing NEW WEIGHT LOSS MIRACLE an honest try for just 30 days. All over America people are doing it. They have a lot to smile about....



A woman from New York lost 20 pounds the first three weeks! In the first month, a lady from Texas said goodbye to 36 pounds of fat. An Acu-Stop 2000 user from Florida lost a pound a day! I have framed letters hanging on my wall to prove it.

NO CRASH DIETS...NO STRENUOUS EXERCISE...NO PILLS! POUNDS MELT OFF FAST, JUST LIKE MAGIC! YES, IT REALLY WORKS.

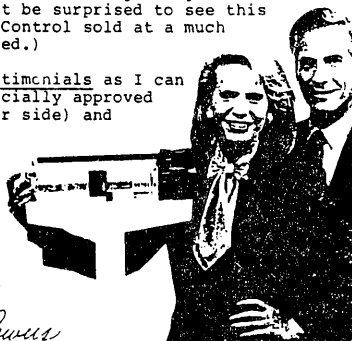
FOR MEN TOO

I'll Even Pay You Money To Help Me Prove That Acu-Stop 2000 Can Change Your Life!

Right now, our Company is planning a Nation Wide Advertising Campaign. Do be surprised to see Acu-Stop 2000 on television and major magazines and newspapers all across America. (Also don't be surprised to see this MAJOR BREAKTHROUGH in the field of Weight Control sold at a much higher price than on the ORDER FORM enclosed.)

Frankly, I'm after as many honest Testimonials as I can lay my hands on. The U.S. Government officially approved Acu-Stop 2000 for a Legal Patent (see other side) and I want to prove it really works.

Do this: Order this proven FAT-FIGHTER right now, by phone or mail. Use it as directed and be thrilled with fast results! Send me a letter... if I feel your letter is suitable for publication I'll send you \$100 right away. Your name will not be published unless I have your permission...but I will frame it and proudly hang it on my wall.



Sincerely, *Mike Powers*

ORDER TODAY – DON'T WAIT

Acu-Stop 2000 is right for you. It's unlike any other diet method you've ever tried, and it works! Call now. Our operators are standing by, 24 hours a day.

Try it for 30 days. You have nothing to lose but unwanted pounds and inches!



CALL NOW – TOLL FREE

1-800-288-8885

ONLY \$39.99

(plus \$4.00 shipping and handling)

**AND YOU'LL
NEVER NEED
ANOTHER DIET
OR DIET PILLS
AGAIN!**



**NOTE: If you lose too much weight,
discontinue use immediately.**

*Money
Back
Guarantee*

We guarantee Acu-Stop 2000
to be fast, safe,
and effective. If you are not
completely satisfied,
simply return it
within 30 days
for a full refund.
No questions asked.

DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of 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 Original Marketing, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Florida, with its office and principal place of business located at 11570 Wiles Road, in the City of Pompano Beach, State of Florida.

Respondent Franklin & Joseph, Inc. is a 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 237 Mamaroneck Avenue, in the City of White Plains, State of New York.

Respondent Barry A. Weiss is an officer and director of Original Marketing, Inc. He formulates, directs and controls the policies, acts

and practices of Original Marketing, Inc. He resides at 22471 Vista Wood Way, in the City of Boca Raton, State of Florida.

Respondent Roger Franklin is an officer and director of Original Marketing, Inc. and Franklin & Joseph, Inc. He formulates, directs and controls the acts and practices of said corporations. He resides at 33 Maplemoor Lane, in the City of White Plains, State of New York.

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

ORDER

For the purposes of this order:

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

2. "*Acupressure device*" shall mean any product, program, or service that is intended to function by means of the principles of acupressure.

I.

It is ordered, That respondents, Original Marketing, Inc. and Franklin & Joseph, Inc., corporations, their successors and assigns, and their officers; Barry A. Weiss, individually and as an officer and director of Original Marketing, Inc.; Roger Franklin, individually and as an officer and director of Original Marketing, Inc. and Franklin & Joseph, Inc.; and respondents' agents, representatives and employees, directly or through any partnership, corporation, subsidiary, division or other device, in connection with the advertising, packaging, labeling, promotion, offering for sale, sale, or distribution of the Acu-Stop 2000 or any other acupressure device in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, in any manner, directly or by implication, that

- A. Such product causes significant weight loss;
- B. Such product causes significant weight loss without the need to diet or exercise;
- C. Such product controls appetite or eliminates a person's craving for food; or
- D. Such product is scientifically proven to cause significant weight loss or control appetite.

II.

It is further ordered, That respondents, Original Marketing, Inc. and Franklin & Joseph, Inc., corporations, their successors and assigns, and their officers; Barry A. Weiss, individually and as an officer and director of original Marketing, Inc.; Roger Franklin, individually and as an officer and director of Original Marketing, Inc. and Franklin & Joseph, Inc.; and respondents' agents, representatives and employees, directly or through any partnership, corporation, subsidiary, division or other device, in connection with the advertising, packaging, labeling, promotion, offering for sale, sale, or distribution of any weight-loss or weight-control product or program or any acupuncture device in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from making any representation, directly or by implication, regarding the performance, benefits, efficacy, or safety of such product, program, or device unless such representation is true and unless, at the time of making such representation, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

III.

It is further ordered, That respondents, Original Marketing, Inc. and Franklin & Joseph, Inc., corporations, their successors and assigns, and their officers; Barry A. Weiss, individually and as an officer and director of Original Marketing, Inc.; Roger Franklin, individually and as an officer and director of Original Marketing, Inc. and Franklin & Joseph, Inc.; and respondents' agents, representatives and employees, directly or through any partnership, corporation, subsidiary, division or other device, in connection with the advertising, packaging, labeling, promotion, offering for sale, sale, or

distribution of any weight-loss or weight-control product or program or any acupressure device in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, directly or by implication, that any endorsement (as "endorsement" is defined in 16 CFR 255.0(b)) of the product, program, or device represents the typical or ordinary experience of members of the public who use the product, program, or device unless this is the case.

IV.

It is further ordered, That respondents, Original Marketing, Inc. and Franklin & Joseph, Inc., corporations, their successors and assigns, and their officers; Barry A. Weiss, individually and as an officer and director of Original Marketing, Inc.; Roger Franklin, individually and as an officer and director of Original Marketing, Inc. and Franklin & Joseph, Inc.; and respondents' agents, representatives and employees, directly or through any partnership, corporation, subsidiary, division or other device, in connection with the advertising, packaging, labeling, promotion, offering for sale, sale, or distribution of any weight-loss or weight-control product or program or any acupressure device in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting, in any manner, directly or by implication, the contents, validity, results, conclusions, or interpretations of any test or study.

V.

It is further ordered, That respondents, and their successors and assigns, are jointly and severally liable for, and shall pay refunds to eligible consumers of Acu-Stop 2000 as provided herein. "Eligible consumer" shall mean any person who purchases, or has purchased, an Acu-Stop 2000 from respondents; who returns, or has returned, the device to respondents requesting a refund prior to ninety (90) days after the date this order becomes final; and who has not previously received a refund. "Eligible consumer" shall not include persons who request a credit from a credit card issuer and who do not otherwise request a credit or refund from respondents. Respondents shall

provide to the Commission all information necessary to identify eligible consumers and to verify their eligibility.

A. Not later than the date this order becomes final, respondents shall deposit into an escrow account, to be established by the Commission for the purpose of receiving payments due under the provisions of this order ("escrow account"), the sum of fifty thousand dollars (\$50,000.00). These funds, together with accrued interest, less any amount necessary to pay the costs of administering the escrow account and refund program provided herein, shall be used by the Commission or its representative to pay refunds to those eligible consumers who purchased an Acu-Stop 2000 from respondents prior to January 1, 1995. Any funds remaining in the escrow account after all refunds to consumers under this subparagraph have been paid shall be paid to the United States Treasury.

At any time after this order becomes final, the Commission may direct the escrow agent to transfer funds from the escrow account, including accrued interest, to the Commission to be distributed as herein provided. Respondents shall be notified as to how the funds are distributed, but shall have no right to contest the manner of distribution chosen by the Commission. The Commission, or its representative, shall, in its sole discretion, select the escrow agent. Costs associated with the administration of the escrow account and refund program provided herein, if any, shall be paid from funds in the escrow account.

Respondents relinquish all dominion, control and title to the funds paid into the escrow account, and all legal and equitable title to the funds shall vest in the Treasurer of the United States and in the designated consumers. Respondents shall make no claim to or demand for the return of the funds, directly or indirectly, through counsel or otherwise; and in the event of bankruptcy of respondents, respondents acknowledge that the funds are not part of the debtor's estate, nor does the estate have any claim or interest therein.

B. Respondents shall pay from their own funds refunds to all eligible consumers who are not paid from the escrow account provided herein. This requirement shall include:

- 1) All refund requests from eligible consumers who purchased an Acu-Stop 2000 after January 1, 1995, and

2) All refund requests under subparagraph A that exceed the amount available in the escrow account.

All refunds required in subparagraph B.1 shall be paid within thirty (30) days after the receipt of the request, or within thirty (30) days after the date this order becomes final, whichever is later. All refunds required in subparagraph B.2 shall be paid within thirty (30) days after notification to respondents that the funds available in the escrow account to pay refunds have been depleted.

VI.

It is further ordered, That for three (3) years after this order becomes final, respondents, and their successors and assigns, shall maintain documents and records demonstrating the manner and form of respondents' compliance with Part V of this order, and upon request make available to the Commission, at a place it designates for inspection and copying, copies of:

A. All documents and records evidencing the refunds respondents paid, or charge card credits issued, to eligible consumers, as that term is defined in Part V;

B. A list containing the name, mailing address, and purchase price for each eligible consumer who requested a refund;

C. The name and last known address of each consumer who requested a refund but was refused and the reason for each refusal to refund; and

D. Copies of all correspondence and other communications to, or from, any consumers regarding a refund.

VII.

It is further ordered, That the respondents Barry A. Weiss, Roger Franklin, and their agents, representatives, and employees, directly or through any partnership, corporation, subsidiary, division, joint venture or other device, do forthwith cease and desist from advertising, promoting, offering for sale, selling, or distributing any weight-loss or weight-control product or program or any acupressure device to the general public, unless, prior to advertising, promoting, offering for sale, selling, or distributing to the general public any such product, respondents Weiss and Franklin first obtain a

performance bond in the principal sum of three hundred thousand dollars (\$300,000). Said bond shall be conditioned upon compliance by respondents Weiss and Franklin with the provisions of the Federal Trade Commission Act, and with the provisions of this order. The bond shall be deemed continuous and remain in full force and effect as long as respondents Weiss and Franklin continue to advertise, promote, offer for sale, sell, or distribute any weight-loss or weight-control product or program or any acupuncture device, directly or indirectly, to the general public, and for at least five (5) years after they have ceased any such activity. The bond shall cite this order as the subject matter of the bond and provide surety against respondents' failure to pay consumer redress or disgorgement as set forth herein. Such performance bond shall be an insurance agreement providing surety issued by a surety company that is admitted to do business in a state in which respondents Weiss and Franklin are doing business and that holds a Federal Certificate of Authority as Acceptable Surety on Federal Bonding and Reinsuring.

Respondents Weiss and Franklin shall provide a copy of such performance bond to the associate director of the Federal Trade Commission's Division of Enforcement, 6th Street & Pennsylvania Avenue, N.W., Washington, D.C. 20580, prior to the commencement of any business for which such bond is required.

Provided, however, in *lieu* of a performance bond, respondents Weiss and Franklin may establish and fund, pursuant to the terms set forth herein, an escrow account in the principal sum of three hundred thousand dollars (\$300,000) in cash, or such other assets of equivalent value, which the Commission, or its representative, in its sole discretion may approve. Respondents Weiss and Franklin shall maintain such amount in that account for as long as they continue to advertise, promote, offer for sale, sell, or distribute any weight-loss or weight-control product or program or any acupuncture device, directly or indirectly, to the general public, and for at least five (5) years after they have ceased any such activity. Respondents Weiss and Franklin shall pay all costs associated with the creation, funding, operation, and administration of the escrow account. The Commission, or its representative, shall, in its sole discretion, select the escrow agent. The escrow agreement shall be in substantially the form attached to this order as Exhibit A.

The performance bond or escrow agreement shall provide that the surety company or escrow agent, within thirty (30) days following

receipt of notice that a final judgment or an order of the Commission against respondent Weiss and/or respondent Franklin for consumer redress or disgorgement in an action brought under the provisions of the Federal Trade Commission Act has been entered, or, in the case of an order of the Commission, has become final, finding that Weiss and/or Franklin has violated the terms of this order or the Federal Trade Commission Act, and determining the amount of consumer redress or disgorgement to be paid, shall pay to the Commission so much of the performance bond or funds of the escrow account as does not exceed the amount of consumer redress or disgorgement ordered, and which remains unsatisfied at the time notice is provided to the surety company or escrow agent, provided that, if respondents have agreed to the entry of a court order of an order of the Commission, a specific finding that respondents violated the terms of this order or the provisions of the Federal Trade Commission Act shall not be necessary. A copy of the notice provided for herein shall be mailed to respondent Weiss and/or respondent Franklin at their last known address.

Respondents Weiss and Franklin may not disclose the existence of the performance bond or escrow account to any consumer, or other purchaser or prospective purchaser, to whom a covered product, program, or device is advertised, promoted, offered for sale, sold, or distributed, without also disclosing at the same time and in a like manner that the performance bond or escrow account is required by order of the Federal Trade Commission in settlement of charges that respondents engaged in false and misleading representations.

VIII.

It is further ordered, That for five (5) years after the last date of dissemination of any representation covered by this order, respondents, or their successors and assigns, shall maintain and upon request make available to the Federal Trade Commission or its staff for inspection and copying:

A. All materials that were relied upon in disseminating such representation; and

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

into question such representation, or the basis relied upon for such representation, including complaints from consumers.

IX.

It is further ordered, That respondents, Original Marketing, Inc. and Franklin & Joseph, Inc., shall:

A. Within thirty (30) days after service of this order, provide a copy of this order to each of respondents' current principals, officers, directors and managers, and to all personnel, agents, and representatives having sales, advertising, or policy responsibility with respect to the subject matter of this order; and

B. For a period of five (5) years from the date of issuance of this order, provide a copy of this order to each of respondents' future principals, officers, directors, and managers, and to all personnel, agents, and representatives having sales, advertising, or policy responsibility with respect to the subject matter of this order who are associated with respondents or any subsidiary, successor, or assign, within three (3) days after the person assumes his or her position.

X.

It is further ordered, That respondents, Original Marketing, Inc. and Franklin & Joseph, Inc., shall notify the Federal Trade Commission at least thirty (30) days prior to any proposed change in their corporate structures, including but not limited to dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or affiliates, the planned filing of a bankruptcy petition, or any other corporate change the may affect compliance obligations arising out of this order.

XI.

It is further ordered, That respondents, Barry A. Weiss and Roger Franklin, shall, for a period of five (5) years from the date of issuance of this order, notify the Commission within thirty (30) days of the discontinuance of his present business or employment and of his affiliation with any new business or employment. Each notice of

affiliation with any new business or employment shall include respondents' new business address and telephone number, current home address, and a statement describing the nature of the business or employment and his duties and responsibilities.

XII.

It is further ordered, That respondents, Original Marketing, Inc. and Franklin & Joseph, Inc., corporations, their successors and assigns, and their officers; Barry A. Weiss, individually and as an officer and director of Original Marketing, Inc., and Roger Franklin, individually and as an officer and director of Original Marketing, Inc. and Franklin & Joseph, Inc., shall, within sixty (60) days after service of this order, and at such other times as the Federal Trade Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

EXHIBIT A

This escrow agreement, made and entered into this ____ day of _____, _____, by and between _____ (hereinafter "_____"); and the Federal Trade Commission, an agency of the Government of the United States of America, by and through _____ (hereinafter "FTC"); and _____ (hereinafter "Escrow Agent");

WITNESSETH:

Whereas, the FTC and _____ have entered into an Agreement Containing Consent Order to Cease and Desist (hereinafter "consent order"), a copy of which is attached hereto as Exhibit A; and

Whereas, the consent order requires that _____ cease and desist from advertising, promoting, offering for sale, selling, or distributing any weight-loss or weight-control product or program or any acupuncture device to the general public unless _____ first establishes and maintains an escrow account, under the terms and conditions specified in the consent order;

Now, wherefore, in accordance with the terms of the consent order, which are incorporated herein by reference, the parties covenant and agree as follows:

1. _____ shall establish an Escrow Account at _____, to be styled _____ Escrow Account, _____, Escrow Agent. _____ shall deposit into the Escrow Account an initial sum of at least three hundred thousand dollars (\$300,000.00) in cash, or other approved assets of equivalent value. Thereafter, _____ shall deposit such additional amounts into the Escrow Account as are necessary to maintain the total amount in the Escrow Account at three hundred thousand dollars (\$300,000.00).

2. The Escrow Agent shall be the sole signatory on the Escrow Account and access to the funds held in that account shall be solely through the Escrow Agent. It is understood by the parties to this Escrow Agreement that upon the signing of this Agreement, _____ relinquishes to the Escrow Agent, all legal title to the escrow funds, except as to such amounts in the Escrow Account that are in excess of three hundred thousand dollars (\$300,000.00). Until and unless the Escrow Account is terminated as provided for herein, _____ agrees to make no claim to or demand for return of the funds, directly or indirectly, through counsel or otherwise; and, in the event of bankruptcy, _____ acknowledges that the funds are not part of _____'s estate, nor does the estate have any claim or interest therein.

3. The Escrow Agent and the parties hereto agree that the escrow funds shall be held only in accordance with the terms of the consent order and the Escrow Agreement. _____ shall pay all costs associated with the creation, funding, operation, and administration of the Escrow Account as they become due. In the event that _____ fails to pay such costs as they become due, the Escrow Agent shall pay the costs from the interest earned on the escrow funds.

4. The Escrow Agent, within thirty days following receipt of notice that a final judgment or an order of the Commission against _____ for consumer redress of disgorgement in an action brought under the provisions of the Federal Trade Commission Act has been entered, or, in the case of an order of the Commission, has become final, finding that _____ has violated the terms of the consent order or the provisions of the Federal Trade Commission Act, and determining the amount of consumer redress or disgorgement to be paid, which notice shall also be mailed to _____ at his last known address, shall pay to the Commission so much of the funds of the escrow Account as does not exceed the amount of consumer redress or disgorgement ordered, and which remains unsatisfied at the time notice is provided to the Escrow Agent, provided that, if _____ has

agreed to the entry of a court order or an order of the Commission, a specific finding that _____ violated the terms of the consent order or the provisions of the Federal Trade Commission Act shall not be necessary. The Escrow Agent shall have the power to convert to cash so much of the Escrow Account assets as are necessary to satisfy the obligations of the judgment or order.

5. The Escrow Account shall continue until at least five years after _____ last advertises, promotes, offers for sale, sells, or distributes any product specified in the consent order, at which time, if there are no pending FTC investigations, legal or administrative actions by the FTC against _____, or unsatisfied obligations pursuant to a judgment or order described in paragraph 4 herein, for which a claim could be made against the escrow funds under the terms of the consent order, the FTC shall, upon _____'s request, instruct the Escrow Agent to terminate the Escrow Account and return the balance of the Escrow Account to _____. At such time, the Escrow Agent shall be fully and completely released from its agency as herein described. The legal title to the escrow funds shall vest in _____ at such time as the Escrow Agent, pursuant to instructions from the FTC, returns the funds to _____.

Witness the signatures of the parties, the day and year first above written.

SIGNATURES

DATE: