

## IN THE MATTER OF

## CHECKPOINT SYSTEMS, INC.

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

*Docket C-3796. Complaint,\*<sup>1</sup> April 6, 1998--Decision, April 6, 1998*

This consent order prohibits, among other things, the New Jersey-based manufacturer of electronic article surveillance equipment from entering into any agreement that prohibits, restricts, impedes, interferes with, restrains, places limitations on, or advises against engaging in truthful, non-deceptive advertising, comparative advertising or promotional and sales activities. In addition, the consent order nullifies the agreement, between Sensormatic Electronics Corporation and Checkpoint Systems, Inc., to restrict advertising and promotional claims about each other's products or services.

*Appearances*

For the Commission: *William Lanning, Michael McNeely, and William Baer.*

For the respondent: *Frank Newell, Montgomery, McCracken, Walker & Rhoad, Philadelphia, PA.*

## DECISION AND ORDER

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

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

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<sup>1</sup> \* Complaint previously published at 125 FTC 587 (1998).

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that 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 described 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 Checkpoint Systems, Inc. is a corporation organized, existing and doing business under and by virtue of the laws of the State of Pennsylvania with its office and principal place of business located at 101 Wolf Drive, Thorofare, New Jersey.
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, as used in this order, the following definitions shall apply:

- A. "*Respondent*" means Checkpoint Systems, Inc.
- B. "*Checkpoint Systems, Inc.*" means Checkpoint Systems, Inc., its directors, officers, employees, agents and representatives, predecessors, successors, and assigns; its subsidiaries, divisions, groups and affiliates controlled by Checkpoint Systems, Inc., and the respective directors, officers, employees, agents, and representatives, successors, and assigns of each.
- C. "*Sensormatic Electronics Corporation*" means Sensormatic Electronics Corporation, its directors, officers, employees, agents and representatives, predecessors, successors, and assigns; its subsidiaries, divisions, groups and affiliates controlled by Sensormatic Electronics Corporation, and the respective directors, officers, employees, agents, and representatives, successors, and assigns of each.
- D. "*EAS system*" means electronic article surveillance equipment, including, but not limited to, sensors, deactivation equipment, labels or tags, source tags or labels, and any other component parts or related products.

## II.

*It is further ordered,* That within three (3) days after the date this order becomes final, respondent shall declare null and void Section 4, the "Negative Advertising" provision, of the June 27, 1993 agreement between Sensormatic Electronics Corporation and respondent.

## III.

*It is further ordered,* That respondent, directly or indirectly, or through any person, corporation, subsidiary, division or other device, in connection with the manufacture, advertising, offering for sale, sale or distribution of any EAS system, in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, forthwith cease and desist from:

A. Entering into, attempting to enter into, organizing, continuing, or acting in furtherance of any agreement or combination, or carrying out any agreement, either express or implied, that prohibits, restricts, impedes, interferes with, restrains, places limitations on, or advises against engaging in truthful, non-deceptive advertising, comparative advertising, and promotional and sales activities; and

B. Encouraging, advising, pressuring, assisting, inducing, or attempting to induce any non-governmental person or organization to engage in any action prohibited by this order.

## IV.

*It is further ordered,* That respondent shall:

A. Within thirty (30) days of the date on which this order becomes final, provide a copy of this order to all of its directors and officers;

B. For a period of three (3) years from the date on which this order becomes final, and within ten (10) days after the date on which any person becomes a director or officer of respondent, provide a copy of this order to such person; and

C. Require each person to whom a copy of this order is furnished pursuant to subparagraphs IV.A and B of this order to sign and submit to its respective employer named as a respondent within thirty (30) days of the receipt thereof a statement that: (1) acknowledges receipt of the order; (2) represents that the undersigned has read and understands the order; and (3) acknowledges that the undersigned has been advised and understands that non-compliance with the order may subject the respondent to civil penalties for violation of the order.

## V.

*It is further ordered,* That respondent shall:

A. Within sixty (60) days from the date on which this order becomes final, and annually thereafter for three (3) years on the anniversary of the date this order becomes final, and at such other times as the Commission may by written notice to the respondent require, file with the Commission a verified written report setting forth in detail the manner and form in which respondent has complied and is complying with this order;

B. For a period of three (3) years after the order becomes final, maintain and make available to the staff of the Federal Trade Commission for inspection and copying, upon reasonable notice, all records of communications with EAS competitors of respondent relating to any aspect of advertising, and records pertaining to any action taken in connection with any activity covered by parts II, III, IV, and V of this order; and

C. Notify the Commission at least thirty (30) days prior to any proposed change in 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 this order.

## VI.

*It is further ordered,* That this order shall terminate on April 6, 2018.

Commissioner Thompson and Commissioner Swindle not participating.

## IN THE MATTER OF

## ROGER J. CALLAHAN

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

*Docket C-3797. Complaint, April 6, 1998--Decision, April 6, 1998*

This consent order prohibits, among other things, the California-based respondent from making claims, in radio and television infomercials, about Dr. Callahan's Addiction Breaking System and its ability to reduce an individual's compulsive desire to eat and any claims that the product cures addictions and compulsions, such as smoking, eating, and using alcohol or heroin. In addition, the consent order requires the respondent to pay \$50,000 in consumer redress.

*Appearances*

For the Commission: *Russell Damtoft, Mary Tortorice, Charluta Pagar, Theresa McGrew and C. Steven Baker.*

For the respondent: *Curtis W. Morris, Lamb, Morris and Lobello, San Dimas, CA.*

## COMPLAINT

The Federal Trade Commission, having reason to believe that Roger J. Callahan, individually ("respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Roger J. Callahan has manufactured, advertised, offered for sale, sold, and distributed products to the public, including Dr. Callahan's Addiction Breaking System. Individually or in concert with others, he participated in the acts or practices alleged in this complaint. His principal office or place of business is 45350 Vista Santa Rosa, Indian Wells, California.

2. Respondent entered into an agreement with Mega Systems, Inc., a corporation which creates and distributes program-length radio and television commercials which run for 30 minutes or less and fit within normal radio and television broadcasting time slots. The television commercials were and are broadcast on network, independent and cable television stations throughout the United States. The radio commercials were and are broadcast on network and independent radio stations throughout the United States. In at least one of Mega Systems, Inc.'s program-length television commercials,

respondent acted as the guest and promoted Dr. Callahan's Addiction Breaking System.

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

4. Respondent has created and disseminated advertisements for Dr. Callahan's Addiction Breaking System, including but not necessarily limited to the attached Exhibit A. This advertisement contains the following statements:

A. Trudeau: "He [Dr. Callahan] has been a best-selling author whose revolutionary treatment for losing weight and quitting smoking takes less than three minutes with 95 percent success. If you smoke and want to quit, or if you want to lose weight once and for all, today's show could be an answer to your prayers."

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"[T]he treatments that you discovered, that you invented get rid of addictions like food addictions so people can lose weight easily without trying to diet. They can just lose the weight because they reduce the urge to overeat. You can reduce smoking, alcoholism, any type of compulsion, depression, jealousy."

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Callahan: "It's revolutionary because it works with a high success rate that's never before been possible."

\*\*\*\*\*

Trudeau: "[I]f you have any addiction, whether it be for food, if you're overweight, if you have a smoking addiction, if your children are addicted to drugs -- any compulsion, anything whatsoever, we recommend you call the 800 number..."

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Callahan: "What we mean is that their addictive urge, that uncontrollable urge is gone, completely gone, and they feel fine."

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"And when we eliminate the anxiety, they don't need the heroin; they don't need the alcohol. The withdrawal is gone." (Television Infomercial Script.)

5. Through the means described in paragraph four, respondent has represented, expressly or by implication, that for all or virtually all users:

A. Dr. Callahan's Addiction Breaking System reduces an individual's compulsive desire to eat, leading to significant weight loss.

B. Dr. Callahan's Addiction Breaking System reduces an individual's compulsive desire to eat, leading to significant weight loss without the need to diet or exercise.

C. Dr. Callahan's Addiction Breaking System cures addictions and compulsions, including but not limited to, smoking, eating, and using alcohol or heroin.

6. In truth and in fact:

A. Dr. Callahan's Addiction Breaking System does not reduce an individual's compulsive desire to eat, and as such, Dr. Callahan's Addiction Breaking System does not lead to significant weight loss.

B. Dr. Callahan's Addiction Breaking System does not reduce an individual's compulsive desire to eat, and as such, Dr. Callahan's Addiction Breaking System does not lead to significant weight loss without the need to diet or exercise.

C. Dr. Callahan's Addiction Breaking System does not cure addictions and compulsions, including but not limited to, smoking, eating, and using alcohol or heroin. Indeed, Dr. Callahan's Addiction Breaking System simply consists of a video tape in which Dr. Callahan demonstrates a series of tapping one's face, chest, and hand, rolling one's eyes, and humming.

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

7. Through the means described in paragraph four, respondent has represented, expressly or by implication, that he possessed and relied upon a reasonable basis that substantiated the representations set forth in paragraph five, at the time the representations were made.

8. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representations set forth in paragraph five, at the time the representations were made. Therefore, the representation set forth in paragraph seven was, and is, false or misleading.

9. The acts and practices of respondent 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.

Commissioner Thompson and Commissioner Swindle not participating.

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EXHIBIT A

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FEDERAL TRADE COMMISSION

FTC MATTER NO.: 942-3278

TITLE: DR. CALLAHAN'S ADDICTION BREAKING  
TECHNIQUE TELEVISION INFOMERCIAL

PAGES: 1 THROUGH 28

MSI/SALBERG COMPLAINT EXHIBIT G  
TRUDEAU COMPLAINT EXHIBIT F  
CALLAHAN COMPLAINT EXHIBIT A

## EXHIBIT A

PROCEEDINGS

1  
2 ANNOUNCER: The following is a paid commercial program  
3 brought to you by Mega Systems.

4 MR. TRUDEAU: Thanks again for joining me. I'm Kevin  
5 Trudeau, and this is another edition of "A Closer Look."

6 Millions of people are addicted to food and are  
7 overweight, constantly struggling with diet after diet, exercise  
8 program after exercise program, yet more people are fat today  
9 than ever before. Millions, too, are addicted to cigarettes and  
10 can't quit, and probably millions more suffer from some kind of  
11 addiction, compulsion, or phobia.

12 My guest today is Dr. Roger Callahan, an expert in the  
13 field of addictions, phobias, stress, and traumas. He has been  
14 featured on virtually every major TV and radio talk show,  
15 including "Donahue" and CNN. He has been a best-selling author  
16 whose revolutionary treatment for losing weight and quitting  
17 smoking takes less than three minutes with 95 percent success.  
18 If you smoke and want to quit, or if you want to lose weight once  
19 and for all, today's show could be an answer to your prayers.

20 Dr. Callahan, thanks for being my guest today.

21 DR. CALLAHAN: Kevin, a pleasure to be with you.

22 MR. TRUDEAU: You know, I have to tell the viewing  
23 audience how I met you because it was a fascinating story. As  
24 you know, we do a series of infomercials like this where we  
25 market different products, and I saw your ad in an airline

## EXHIBIT A

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1 magazine for the five-minute phobia cure. And I thought, you  
2 know, that would be a great product for us to market if it works,  
3 and I called you on the phone to discuss it with you, find out  
4 your background; and I learned all about your, you know,  
5 expertise and the books you've authored with the major book  
6 publishers and your experience on CNN and "Donahue" and so forth.

7           And you said, Kevin, not only will we get rid of  
8 phobias, but the treatments that you discovered, that you  
9 invented get rid of addictions like food addictions so people can  
10 lose weight easily without trying to diet. They can just lose  
11 the weight because they reduce the urge to overeat.

12           You can reduce smoking, alcoholism, any type of  
13 compulsion, depression, jealousy. And I was fascinated. I said  
14 really, can you get rid of smoking? He said, Oh, yeah. I said  
15 well, doctor, I smoke cigars, about six cigars a day, if you  
16 remember this conversation -- I was calling you on the phone.

17           DR. CALLAHAN: Yes, I do, yeah.

18           MR. TRUDEAU: And I said I had gone to, for the last  
19 six years, the top people in various fields trying to get rid of  
20 --

21           DR. CALLAHAN: You mentioned some names to me, and they  
22 were, indeed, the top people.

23           MR. TRUDEAU: The top people in hypnotists. I bought  
24 subliminal tapes. I bought other types of tapes. I'd been to,  
25 you know, different types of therapies -- biofeedback. I got

## EXHIBIT A

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1 accupressure, acupuncture. I, I got the patch. I got an ear  
2 clip that uses some type of Chinese thing. I got magnets --  
3 everything to try to quit. I bought little devices to try to cut  
4 down, and nothing worked. And worse, I was just more stressful  
5 trying to quit.

6           And you said, "Well, Kevin, the next time you have an  
7 urge to smoke a cigar, you call me." So I called you on the  
8 phone a few days later because for the first two days I didn't  
9 want to call you. I was afraid you were going to take the cigar  
10 away from me.

11           So I called you on the phone and said, "Doctor, I really  
12 have to smoke a cigar right now. And I remember this because it  
13 wasn't that I wanted to; I had to.

14           DR. CALLAHAN: Yes.

15           MR. TRUDEAU: And a lot of people that are watching, if  
16 you have an addiction to cigarettes or food, you know it's true  
17 If you want Haagen Daz Ice Cream, if you want pizza, if you want  
18 hamburgers or French fries, or if you want a cigarette, you get  
19 to that point, as you know, it's a have to: you have to smoke.

20           DR. CALLAHAN: Yeah. That's the keynote of addiction.

21           MR. TRUDEAU: Right.

22           DR. CALLAHAN: It's an irresistible, uncontrollable  
23 urge --

24           MR. TRUDEAU: -- to do it.

25           DR. CALLAHAN: -- which is destructive in some way.

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## EXHIBIT A

1 MR. TRUDEAU: Oh, sure.

2 DR. CALLAHAN: And hurtful.

3 MR. TRUDEAU: And I said-- you said on a scale of one  
4 to ten, where is it? And I says it's about a nine and a half.  
5 You said fine. You gave me and walked me through the treatments  
6 --

7 DR. CALLAHAN: Right.

8 MR. TRUDEAU: -- on the phone. It took less than five  
9 minutes. It's a simple treatment you just do. Very simple, very  
10 easy. And the urge reduced from a nine and a half to a one or  
11 zero. It was gone.

12 DR. CALLAHAN: Yeah. That's right.

13 MR. TRUDEAU: I said, Doctor, I swear to you, I'm not  
14 going to smoke this cigar, but I'm convinced it will come back,  
15 the urge, if not tonight, tomorrow. And you said fine, if it  
16 comes back, call me.

17 DR. CALLAHAN: Yeah.

18 MR. TRUDEAU: I said that's a deal. Six months passed,  
19 and I never had the urge to smoke a cigar. I never smoked a  
20 cigar.

21 DR. CALLAHAN: Right.

22 MR. TRUDEAU: It was incredible. Now, this is not  
23 uncommon. You see this all the time in your practice.

24 DR. CALLAHAN: Yeah. We see that all the time. More  
25 frequently, a person will have to repeat the simple treatment.

## EXHIBIT A

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1 Once they learn how to do the treatment, --

2 MR. TRUDEAU: Right.

3 DR. CALLAHAN: -- it only takes a minute or less.

4 MR. TRUDEAU: Yeah. It seems, it seems --

5 DR. CALLAHAN: Because once you know it and once the  
6 person learns how to do it, they can do it without thinking about  
7 it, and it takes less than a minute.

8 MR. TRUDEAU: Now, this is a revolutionary approach to  
9 addictions.

10 DR. CALLAHAN: Oh, yes, yes. It's revolutionary in the  
11 sense that nothing in psychology could have explained or  
12 predicted this. It's revolutionary because it works with a high  
13 success rate that's never before been possible.

14 And what we're doing, Kevin, is we're actually --when  
15 we do the treatment, we're actually getting to the fundamental  
16 causal level of the problem. It's not like just distraction or  
17 reducing the symptom. We're actually getting at the core base of  
18 the problem. I had to study quantum physics to really understand  
19 that in more detail.

20 MR. TRUDEAU: Now, I remember you were on CNN --

21 DR. CALLAHAN: Yes.

22 MR. TRUDEAU: -- because with people who are  
23 overweight, they have this uncontrollable urge to eat, whether it  
24 be chocolate or candy bars or, you know, hamburgers, french  
25 fries. People watching know they have addictions to Waagen Das

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## EXHIBIT A

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1 ice cream. You know, we eat too much food.

2 DR. CALLAHAN: Right.

3 MR. TRUDEAU: And, again, they eat when they are not  
4 hungry.

5 DR. CALLAHAN: Yes.

6 MR. TRUDEAU: I mean, you authored the book, "Why Do I  
7 Eat When I'm Not Hungry?" Right?

8 DR. CALLAHAN: That's right.

9 MR. TRUDEAU: But you were on CNN, and you had a very  
10 interesting experience you were sharing with me.

11 DR. CALLAHAN: Yes. It was my third time on CNN. The  
12 previous two times I helped some people with anxiety problems,  
13 very quickly, who called in for help. This time the anchor said,  
14 I hear you've been developing something with addiction. Well,  
15 see if you can help me right now. I'm dying for some chocolate.

16 And the anchor who was with her joked and says, Yes.  
17 She's going to eat her pencil. And she really looked desperate,  
18 and it was serious. At first, I didn't know if she was joking  
19 because they were laughing. And she says, no, it's very serious.  
20 So I took her through the treatment. She was in Georgia, and I  
21 was in a studio in L.A. And in about two minutes, because she  
22 didn't know what they were all about -- two or three minutes --  
23 her urge was not only gone, but you've seen a clip of that, you  
24 know --

25 MR. TRUDEAU: Yes.

## EXHIBIT A

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1 DR. CALLAHAN: She does something like this, which is  
2 very interesting. She says -- and we're telling her all the  
3 while to think how good the chocolate would be. We're not trying  
4 to turn her off.

5 MR. TRUDEAU: That's right.

6 DR. CALLAHAN: She said at the end of the treatment,  
7 "Ooh, I don't even want any." Remember that?

8 MR. TRUDEAU: That's right.

9 DR. CALLAHAN: Isn't that interesting? We get that  
10 every once in a while. Also, she became very relaxed. Her whole  
11 being changed. Her manner changed because that, that power that  
12 was driving that urge coming from a very deep level of being, was  
13 simply dissipated. It was gone, not there anymore.

14 MR. TRUDEAU: And now you also find that when people  
15 give themselves the treatment, because it just takes less than  
16 five minutes, that their face sometimes changes, the stress  
17 reduction goes down so much.

18 DR. CALLAHAN: That's right. Their face changes. I  
19 had one patient who was addicted to pain pills, and it was very  
20 serious because she was getting pain pills from a number of  
21 different doctors, -- you know, one doctor would never give her  
22 that many -- and she found that it made her relax, the only thing  
23 that made her relax, but it was a terribly dangerous thing she  
24 was doing. And I treated her. After the second meeting, by  
25 telephone -- we treated her by telephone -- after second session.

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## EXHIBIT A

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1 she didn't want, she didn't want any anymore, and about a week  
2 later she called up and she said, you know, this is really  
3 interesting. My friends are coming up to me and asking if I had  
4 plastic surgery, I look so much better. She looked younger. All  
5 the strain and stress and everything was gone out of her face.

6           We have people, too, who are very pale and they are low  
7 on energy. After treatment, color comes into their face. They  
8 feel so much better. So we know that a lot of physiologic and  
9 chemical changes result as a function of this simple treatment.  
10 It's a very deep, basic thing.

11           MR. TRUDEAU: Now, we were talking about smoking, and I  
12 had a friend of mine, Jack Freeman, who is -- he's from  
13 Charlotte, North Carolina. We had went to Las Vegas, and he, for  
14 15 years, this guy smoked two and a half packs of cigarettes a  
15 day.

16           Now, imagine, he's on the plane from Charlotte to  
17 Chicago for about two hours without a cigarette. He gets off the  
18 plane, and the plane was a little delayed because we were running  
19 late. He says, Kevin, I have to smoke a cigarette. I said,  
20 well, you can't. We have to just get right on this plane.  
21 They're going to leave.

22           We hop on. Now we get another three hours to Las  
23 Vegas. This guy is in the plane climbing the walls. Now, when  
24 someone doesn't have a cigarette, what's going on there? Let's  
25 talk about that phenomenon just for a moment.

## EXHIBIT A

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1 DR. CALLAHAN: I wrote a book called -- it's published  
2 in Germany -- called "The Anxiety Addiction Connection" because I  
3 found there is an addiction between anxiety and addictions. And  
4 all addictions, Kevin, whether it's to nail biting, hair pulling,  
5 heroine, cocaine, pain pills, cigarettes, chocolate, -- you name  
6 it -- all addictions are a result of anxiety, and they are an  
7 attempt to -- a wrong attempt, a tragic attempt to mask or  
8 tranquilize the anxiety. And it just doesn't work. It doesn't  
9 take care of the problem.

10 MR. TRUDEAU: So that's what people go on diets for?  
11 If they try to stop cold smoking they are climbing the walls and  
12 they are irritable?

13 DR. CALLAHAN: Yes, that's right. That's what it is.  
14 They are having an anxiety attack. Even heroin withdrawal, I  
15 found, is actually an anxiety attack.

16 MR. TRUDEAU: Really? Not physiological?

17 DR. CALLAHAN: No. Well, there are physiological  
18 elements, but they are very minor, very minor. What I was  
19 trained, and most professionals still believe, that in the heroin  
20 addiction the problem is mainly physiologic. It's not at all.  
21 There is a lot of evidence now to show that. It's not at all.

22 MR. TRUDEAU: Well, this fellow, Jack, when he was, you  
23 know, climbing the walls on the plane, I walked him through the  
24 treatments. We're sitting right next to him on the plane.

25 DR. CALLAHAN: Yeah.

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## EXHIBIT A

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1 MR. TRUDEAU: And within two to three minutes, the urge  
2 went from a ten -- actually, he said it was an 11 -- went from an  
3 11 down to a zero, and he said I don't want the cigarette. I  
4 have no urge. Then he goes, I can't believe it.

5 DR. CALLAHAN: Yeah.

6 MR. TRUDEAU: The meal came, and we started talking,  
7 and he was eating. They were cleaning up all the plates, and he  
8 had not finished his meal yet; he was still eating. He noticed  
9 he was the last guy done eating, and he didn't even eat his  
10 entire meal. And he grabbed me, and he says, Kevin that's the  
11 slowest I've ever eaten in my life.

12 DR. CALLAHAN: Oh, yeah.

13 MR. TRUDEAU: Now, isn't that interesting? It seemed  
14 to change everything.

15 DR. CALLAHAN: Yes. What happened is -- and they all  
16 report this after the addiction treatment. They unanimously  
17 almost will say, you know, I feel very relaxed.

18 MR. TRUDEAU: Right.

19 DR. CALLAHAN: I feel very calm inside. And that's  
20 what it was. He didn't have that frantic kind of a need to push  
21 and shove the meal down. So it's better for his digestion also.

22 MR. TRUDEAU: Oh, sure.

23 DR. CALLAHAN: But, you know, there is something very  
24 important for people -- you said at the opening, if they want to  
25 quit smoking.

## EXHIBIT A

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1 MR. TRUDEAU: Right.

2 DR. CALLAHAN: Let me tell you something: Some of them  
3 don't want to quit smoking. I recommend those who don't want to  
4 quit smoking but have to fly across country or attend meetings  
5 where they are not allowed to smoke, do this treatment and watch  
6 what it can do for them. And they find that it's not going to  
7 drive them crazy to be without their cigarettes, they may change  
8 their mind about it.

9 MR. TRUDEAU: They may want to.

10 DR. CALLAHAN: But even if they never want to, at least  
11 they are going to have more control over it. It's not going to  
12 be running them, not controlling them. They can regain control.

13 MR. TRUDEAU: That's funny, because we both know a  
14 major celebrity, who will be nameless, who just yesterday just  
15 did the treatment because "I don't want to quit; I like smoking."  
16 I said, well, do this treatment anyways, and then smoke the  
17 cigarette. We did the treatment. He didn't want to smoke it.  
18 He says you know something? Maybe I do want to really quit.

19 DR. CALLAHAN: Sure.

20 MR. TRUDEAU: Because he was afraid, as you mentioned,  
21 to try to quit because he thought it was going to be very  
22 difficult and stressful and so forth.

23 DR. CALLAHAN: Oh, yeah. I know how difficult it is  
24 when I quit 30-some years ago. It was terrible. I went through  
25 hell. And there are people who -- most smokers have tried it.

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## EXHIBIT A

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1 and they find that, Jesus, I'd rather die of lung cancer or heart  
2 disease than end up in a mental hospital. That's the way it  
3 stands for them.

4 MR. TRUDEAU: Right, right. For those of you watching  
5 who do want information on Dr. Callahan's techniques, it's a  
6 videotape where you, in just about 15 minutes, explain and show  
7 the treatment, how to apply it.

8 I highly recommend it. I've seen this in-action. It's  
9 probably the most revolutionary thing you can do, if you have any  
10 addiction, whether it be for food, if you're overweight, if you,  
11 have a smoking addiction, if your children are addicted to drugs  
12 -- any compulsion, anything whatsoever, we recommend you call the  
13 800 number and get information on the video because it really  
14 could change your life. And it's something that I feel very  
15 passionate about because I've seen the results for myself and in  
16 my own life.

17 Now, let's talk about weight loss. We've talked about  
18 smoking, but people out there -- and I'm one of them -- we like  
19 to eat food. You know, I --

20 DR. CALLAHAN: Almost all of us are.

21 MR. TRUDEAU: It's a very pleasurable experience.

22 DR. CALLAHAN: Yeah. And it really is, yeah.

23 MR. TRUDEAU: And sometimes you eat to the point -- and  
24 I think people can relate to this -- you eat when you're not  
25 hungry. You just go past that point.

## EXHIBIT A

13

1 DR. CALLAHAN: Or it's so good, and you can't resist  
2 it. See, that's the key element. If you could resist it, then  
3 you don't have any problem.

4 MR. TRUDEAU: Right.

5 DR. CALLAHAN: And there are very few people like that,  
6 they can just resist it. "Oh, I'll lose a few pounds. I'll just  
7 leave this out and leave that out," and they don't have any  
8 trouble, but most of us have trouble; and that's what we mean by  
9 addiction.

10 MR. TRUDEAU: It seems that a lot of these diets that  
11 people try would work if you followed through on them, --

12 DR. CALLAHAN: Yeah.

13 MR. TRUDEAU: -- but people, quote, cheat, or they  
14 can't -- because they are just being driven -- at ten o'clock at  
15 night they open up the refrigerator and out comes the Haagen Daz.

16 DR. CALLAHAN: The editor who bought my book, "Why Do I  
17 Eat When I'm Not Hungry?" -- she was at Doubleday at the time --  
18 she and her husband are very nice people, and they love good  
19 food. In fact, they go over to Italy -- they go to Bologna and  
20 study the special gourmet cooking that they have there and so  
21 forth, and she always has been over 30-some pounds, and she'd  
22 always go crazy when she was there because it was so good and she  
23 could not resist it.

24 Well, she read the book, of course, that she bought.  
25 She later left Doubleday, so that's relevant for the rest of this

## EXHIBIT A

14

1 story because at the International Book Fair, my agent was there,  
2 -- I think it was at Brussels -- and he said that she was telling  
3 everybody that for the first time she could go to Bologna and  
4 only eat smaller amounts. She didn't have to eat so much. The  
5 drive was gone, that extra urge. That addictive urge was gone,  
6 so she was raving about it to everybody.

7 MR. TRUDEAU: She could really enjoy the food --

8 DR. CALLAHAN: But she could still enjoy good food --

9 MR. TRUDEAU: -- without feeling guilty --

10 DR. CALLAHAN: -- without feeling guilty.

11 MR. TRUDEAU: -- and actually reduce weight because she  
12 could eat normally without having that urge.

13 DR. CALLAHAN: Exactly. Isn't that wonderful?

14 MR. TRUDEAU: It's fascinating. Now, you had mentioned  
15 about some of the talk shows you've been on radio, because you've  
16 been on many --

17 DR. CALLAHAN: Yeah.

18 MR. TRUDEAU: -- and you treat people right over the  
19 phone in a few minutes.

20 DR. CALLAHAN: They call -- we tell them to call -- you  
21 know, I'll tell you why I do this. It's very simple. When I  
22 wrote my first book, it was a Book-of-the-Month Club selection on  
23 romantic love, and like every other author, I just went on show  
24 after show and just discussed the concepts in the book.

25 But when I wrote the "Five-minute Phobia Cure," I knew

## EXHIBIT A

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1 nobody in their right mind would believe me or even should  
2 believe me because it's so outrageous, it's so revolutionary. So  
3 I told all the producers, get people who have these problems, and  
4 let me show you.

5           So when I was appearing on the radio shows and I had  
6 just discovered the addiction treatment, I told the listening  
7 audience because I wanted to show people what we could do, so  
8 they didn't just have to take my word for it. You know, in the  
9 privacy of your office, you can make any claim you want. Nobody  
10 knows the difference.

11           MR. TRUDEAU: Sure, you can. Right, right, right.

12           DR. CALLAHAN: So I wanted to show the world that we  
13 really had something quite real and powerful. And so we had -- I  
14 urged anyone calling in who had any addictive urge for anything  
15 -- we've had people call in for -- who needed to shoot up with  
16 heroin, they needed to take the extra alcoholic drank, they were  
17 -- the first one who called was on the way to the refrigerator,  
18 she said, and she heard me say that. She stopped, picked up the  
19 phone, and called.

20           She says, I'm on my way to the refrigerator right now.  
21 I'm in there to get my favorite desert, that ice cream with  
22 chocolate on it. She said, I can't resist that stuff. Is there  
23 anything you can do for me?

24           In a matter of about a minute and a half, in her case,  
25 she didn't want it, didn't need it. Now, listen to this: 104

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## EXHIBIT A

16

1 people in a row -- I kept the records on this -- called before we  
2 ran into the first person that we couldn't help within the time  
3 constraints of the show.

4 MR. TRUDEAU: Now --

5 DR. CALLAHAN: That was over a lot of shows. That  
6 wasn't one show. That was about 30 or 40 shows.

7 MR. TRUDEAU: Right. Well, that brings me to the next  
8 question: Does this treatment work for everyone 100 percent of  
9 the time?

10 DR. CALLAHAN: No, no; of course, not. There are some  
11 people that it won't work for at all: their problems are too  
12 complicated. Also, let's make it clear --

13 MR. TRUDEAU: But that's a very small percentage.

14 DR. CALLAHAN: It's a small percentage, and they can  
15 usually be helped with individual treatment --

16 MR. TRUDEAU: Right.

17 DR. CALLAHAN: -- which we do by telephone.

18 MR. TRUDEAU: Which you still do over the phone, right?

19 DR. CALLAHAN: Yeah. We and our staff can check them  
20 through their voice, and we can treat them by phone.

21 MR. TRUDEAU: But it helps most of them, and what we  
22 mean by "help" is we don't mean we cure their addiction in a  
23 couple of minutes.

24 MR. TRUDEAU: Right.

25 DR. CALLAHAN: What we mean is that their addictive

## EXHIBIT A

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1 urge, that uncontrollable urge is gone, completely gone, and they  
2 feel fine.

3 MR. TRUDEAU: Right.

4 DR. CALLAHAN: And there is no resistance. They don't  
5 have to fight it. Now, they may have to repeat that treatment  
6 over and over until -- the beautiful thing is for the first time  
7 in their life, the cause, the deep cause of the problem is being  
8 addressed during this treatment, believe it or not.

9 MR. TRUDEAU: Right.

10 DR. CALLAHAN: The real cause.

11 MR. TRUDEAU: Which brings me to the next point: What  
12 is the root cause that we're dealing with? I mean, you talked  
13 about energy patterns running through the body, you know, with  
14 meridians from the ancient arts.

15 DR. CALLAHAN: It's very, very difficult to explain  
16 this, Kevin, because it does relate to quantum physics. There is  
17 information -- God, how do I, how do I briefly tell you this?

18 The quickest thing I can tell you is that they are  
19 anxious. When we do the treatment, they are not anxious. And  
20 when we eliminate the anxiety, they don't need the heroin, they  
21 don't need the alcohol. The withdrawal is gone.

22 MR. TRUDEAU: Is that why when someone tries to quit  
23 one addiction, another one replaces it?

24 DR. CALLAHAN: Sure. Without treating the addiction --  
25 Alcoholics Anonymous, which has been up until recently the best

## EXHIBIT A

18

1 form of treatment for alcoholism, what do they do? They go there  
2 and they get addicted to sugar, coffee, all kind of things, which  
3 are better addictions, by the way, because the alcohol was  
4 probably ruining their life, --

5 MR. TRUDEAU: Right.

6 DR. CALLAHAN: -- but, nevertheless, they still remain  
7 highly addicted to these other things.

8 MR. TRUDEAU: Well, let's talk about the alcohol. You  
9 had mentioned a story where you live in Palm Springs, someone  
10 came into the grocery store that recognized you from TV.

11 DR. CALLAHAN: Yeah. I live in Indian Wells, which is  
12 right near Palm Springs, and I was going to the supermarket one  
13 day, and somebody slapped me on the shoulder. I looked around,  
14 and I see this smiling face.

15 And he says, Dr. Callahan. I says, yeah. Hi, how are  
16 you? He says, I saw you on television. He says, I saw you a  
17 year and a half ago, and you were doing something about  
18 addictions on there. I says, yeah, yeah, I remember that. And  
19 he says, you know, I've tried that. I've been an alcoholic for,  
20 like, 20 years, tried a lot of different programs. Nothing  
21 helped me.

22 He says, I just followed the directions that you did on  
23 that program, and I feel so great, I want you to know I haven't  
24 had a drink in a year and a half. He said, I'm so grateful to  
25 you. Now, that's the kind of thing that makes somebody feel

## EXHIBIT A

19

1 good.

2 MR. TRUDEAU: It's amazing because I read some books  
3 for different addictions and overweight.

4 DR. CALLAHAN: Yeah.

5 MR. TRUDEAU: And it seems that it's always about some  
6 type of psychological problem, some type of stress, something  
7 they are trying to cover up or hide.

8 DR. CALLAHAN: Yeah.

9 MR. TRUDEAU: And I know the feeling. I mean, I've  
10 been there like a lot of people where you just want to eat, and  
11 you're not hungry; and you say, you know, I just have to eat this  
12 food.

13 DR. CALLAHAN: In November, the American Psychological  
14 Association -- that's my professional organization -- came out  
15 with a newspaper article reporting that the science director --  
16 that's the group -- the head of the research and so forth  
17 representing the organization -- found that really the people  
18 trying to help other people with problems aren't doing very well.

19 They are not really helping much. So the problems  
20 usually always come back, and so you see, but that's not applying  
21 to this work. They are not aware of this yet. This gets to the  
22 heart of their problem, eliminates in most cases, very quickly.

23 MR. TRUDEAU: For those of you watching, again, who do  
24 want information on Dr. Callahan's technique, it's a video which  
25 can eliminate or help reduce the urge of any addiction that you

## EXHIBIT A

6  
20

1 may have. If you are overweight and you've been trying to lose  
2 weight, this could be -- and I believe it may be the answer that  
3 you've been looking for. If you've been trying to quit smoking  
4 and really want to, try this.

5           You have nothing to lose by trying it. I've used the  
6 techniques myself. I've tried them on my friends. The results  
7 have been nothing more than miraculous or spectacular. You have  
8 the video, "Hope without Reason."

9           DR. CALLAHAN: "Hope with Reason," yeah.

10          MR. TRUDEAU: "Hope with Reason."

11          DR. CALLAHAN: And, you know, how about the story about  
12 the makeup lady?

13          MR. TRUDEAU: Oh, yeah. Every time that we would run  
14 into someone we would use the technique --

15          DR. CALLAHAN: She was curious about what we did, and  
16 so I said, do you want to experience it? She said, Yeah. This  
17 happened about 20 minutes ago.

18          MR. TRUDEAU: Right.

19          DR. CALLAHAN: And she said -- I asked her, Is there  
20 anything in your past that -- you know, most of us have things in  
21 our past, some kind of pain or trauma.

22          MR. TRUDEAU: Everyone does. Sure. Yeah.

23          DR. CALLAHAN: Right. And I said I don't want to know  
24 what it is, but think about it, and how high do you go? She went  
25 all the way to the top of the scale for ten. How long have you

## EXHIBIT A

21

1 had this? Seven years.

2 Well, she's only 29 years old, so she's had this almost  
3 a third of her life. Every time she would think of this during  
4 the last seven-year period, she'd be in great pain and misery.  
5 In a matter of maybe a minute and a half, we got her to a one,  
6 which I use as the lowest end of the scale, no trace of it.

7 MR. TRUDEAU: Right.

8 DR. CALLAHAN: And she walked around later, saying, I  
9 feel so good. I feel like a load or burden. But, you see, until  
10 my discoveries, nothing like that was possible.

11 MR. TRUDEAU: Right.

12 DR. CALLAHAN: And so, check back with her and see how  
13 long it endures. We expect that to last forever.

14 MR. TRUDEAU: What other doctors right now -- I know a  
15 lot of doctors, therapists from -- whether they be psychiatrists,  
16 psychologists --

17 DR. CALLAHAN: Yeah.

18 MR. TRUDEAU: -- are coming to you to learn these so  
19 they can treat their own patients.

20 DR. CALLAHAN: Oh, yes.

21 MR. TRUDEAU: What are other people, therapists saying?

22 DR. CALLAHAN: Oh, gosh. We have all kinds of -- for  
23 example, at our last training session in June, this last June,  
24 Dr. -- what's his name? -- from Massachusetts -- well, put his  
25 quote up and let them see it because he said something really

## EXHIBIT A

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1 spectacular, and I want his name on there.

2 MR. TRUDEAU: Yeah.

3 DR. CALLAHAN: He said he's been a psychiatrist for 30  
4 years, but since he's been doing my procedure, -- this is really  
5 terrific -- he said for the first time in 30 years, he has the  
6 satisfaction of actually helping his patients. Now, we get  
7 things like that from all over.

8 We had people from Europe, from Canada, and doctors all  
9 over the country who -- Dr. Fred Gallo, for example, from  
10 Pennsylvania, is very, very excited because he's been able to  
11 eliminate depression with these techniques which we developed  
12 some time ago. And he's just thrilled about it because he had  
13 always thought that depression was a chemical problem.

14 MR. TRUDEAU: Right.

15 DR. CALLAHAN: You have to do something with the  
16 chemistry. When we do the treatments, Kevin, the chemistry  
17 changes.

18 MR. TRUDEAU: The actual ---

19 DR. CALLAHAN: Sure, because we're working on a more  
20 fundamental level than the chemistry. We're working at the  
21 input-of-information level into the body. The chemistry and the  
22 thoughts come later. I used to work just with thoughts.

23 MR. TRUDEAU: Right.

24 DR. CALLAHAN: They are almost irrelevant.

25 MR. TRUDEAU: It's amazing. Now, people can learn the

## EXHIBIT A

23

1 treatments within less than ten or fifteen minutes.

2 DR. CALLAHAN: Well, on the video we take them through  
3 the step-by-step recipes that we've developed that will help most  
4 people.

5 MR. TRUDEAU: Now, when you see these physiological  
6 changes, -- we talked about the stress reduction, we talked about  
7 the urges going away - is there any other physiological or health  
8 benefits that you know are associated with the treatments?

9 DR. CALLAHAN: Oh, yeah, because there is a lot of --

10 MR. TRUDEAU: Does energy levels increase, for example?

11 DR. CALLAHAN: Oh, yes. Well, there is a lot of  
12 physiologic health benefits simply from eliminating psychological  
13 problems. It's been known for many, many years that most  
14 patients that go to their general practitioners or doctors  
15 actually -- at least half of them mainly have something  
16 psychological behind their problem.

17 MR. TRUDEAU: You know, I was reading in a trade  
18 journal that the 900 lines, the psychic lines, --

19 DR. CALLAHAN: Yeah.

20 MR. TRUDEAU: -- the number-one reason people call is  
21 because they are feeling bad, some type of depression --

22 DR. CALLAHAN: Yeah.

23 MR. TRUDEAU: -- which usually leads them to overeat,  
24 and they are looking for relationships, they are looking for  
25 love, and they have some type of love pain. And they continue to

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## EXHIBIT A

24

1 call over and over again to try to get some type of relief from  
2 this bad feeling. And these treatments that you give that you  
3 teach people how to administer to themselves in just a matter of  
4 minutes can alleviate that problem --

5 DR. CALLAHAN: Yes, in most people.

6 MR. TRUDEAU: -- and not just -- maybe they have to  
7 apply it a few more times, --

8 DR. CALLAHAN: Yeah.

9 MR. TRUDEAU: -- but how long does it last?

10 DR. CALLAHAN: Well, it will vary from one person to  
11 the next. It's really shocking that in a small number of them,  
12 one treatment is all they need. My first case, you know, was  
13 with a Snicker bar addiction. This patient came to me because  
14 her doctor told she was developing a heart problem. She needed  
15 to lose about 40 pounds.

16 She went back six months later. She hadn't lost a  
17 pound. And she explained to her doctor it's because of the  
18 Snicker bar. I got to have Snicker bars all the time. She  
19 carried a bunch of them in her purse for emergencies. And so she  
20 came to me and said -- I had already helped her with a serious  
21 anxiety problem -- and she said, do you think you could help me  
22 with this? I said, let's find out. So we had her think about  
23 Snicker bars, treated her. It took about two or three minutes,  
24 at most. That was 14 years ago, and I keep checking with her.  
25 She hasn't wanted another Snicker bar since.

## EXHIBIT A

1 MR. TRUDEAU: It's amazing --

2 DR. CALLAHAN: That's what happens.

3 MR. TRUDEAU: -- because when you do the treatment,  
4 like when you mentioned about the CNN, you don't try to hide what  
5 the person -- you say, here, look at it, --

6 DR. CALLAHAN: Yeah.

7 MR. TRUDEAU: -- smell it.

8 DR. CALLAHAN: Think about how good it is:

9 MR. TRUDEAU: Think how wonderful it is. And I've seen  
10 people like with Haagen Daz Ice Cream who are about to just jump  
11 right in -- and the ice cream is great, as we know, but say, I  
12 don't want it. Now, the other thing that you had mentioned which  
13 was fascinating is that people can still eat chocolate, they can  
14 still eat Haagen Daz, but now they are in control. They can eat  
15 it, or they can still smoke the cigarette, --

16 DR. CALLAHAN: Yeah.

17 MR. TRUDEAU: -- but they are now in control.

18 DR. CALLAHAN: Yeah. People can eat and smoke and do  
19 all kinds of things without being addicted. What we are after is  
20 eliminating the addiction.

21 MR. TRUDEAU: Do you find that when people use the  
22 treatments for being overweight that there is -- that they lose  
23 weight very quickly without any stress whatsoever?

24 DR. CALLAHAN: Well, it's much easier for them,  
25 obviously. For example, this first patient I was telling you

## EXHIBIT A

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1 with the Snicker bars, all she had to do was leave out the  
2 Snicker bars, and she started keeping everything else the same  
3 and started dropping a pound, two pounds a week.

4 MR. TRUDEAU: So now people don't have -- for the first  
5 time don't have to, quote, go on a diet.

6 DR. CALLAHAN: Yeah.

7 MR. TRUDEAU: They can just eliminate the addiction to  
8 food that they know they shouldn't be eating?

9 DR. CALLAHAN: That's right, yes.

10 MR. TRUDEAU: And they can eat normally, be  
11 happy --

12 DR. CALLAHAN: Exactly.

13 MR. TRUDEAU: -- and have no deprivation.

14 DR. CALLAHAN: Right.

15 MR. TRUDEAU: Which is a key. When people try to go on  
16 diets, I know, they always feel like they are being deprived of  
17 something that they really want.

18 DR. CALLAHAN: Oh, yeah.

19 MR. TRUDEAU: But you're saying --

20 DR. CALLAHAN: And they can't wait to get off the diet.

21 MR. TRUDEAU: You're saying you eliminate the want.

22 DR. CALLAHAN: We eliminate that excessive addictive  
23 urge, yes. That's right.

24 MR. TRUDEAU: And if you are overweight -- I think  
25 every person who has had this type of addiction to food feels

## EXHIBIT A

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1 that -- they know that they've been overweight. Let's talk about  
2 sports. You mentioned an Olympic swimmer.

3 DR. CALLAHAN: Uh-huh.

4 MR. TRUDEAU: What type of result --

5 DR. CALLAHAN: Oh, yeah. We had -- an Olympic swimmer  
6 was sent to me by a psychologist who he was working with because  
7 he knew I had developed a phenomenon. It's a very interesting  
8 thing I call "psychological reversal." It's sort of a  
9 self-sabotaging thing that can happen to any of us.

10 MR. TRUDEAU: I think a lot of us can relate to that.

11 DR. CALLAHAN: That's right. And he's an excellent  
12 athlete. He's just superb, and he was on the -- one of the major  
13 teams. And -- but he had trouble just getting over the edge:  
14 every time that he was observed and so forth, he couldn't perform  
15 up to his maximum ability. We fixed his reversal. Boom, he  
16 suddenly did well and played in the Olympics.

17 MR. TRUDEAU: So this can reduce stress if people are  
18 in real-life situations, maybe businessmen are going into  
19 meetings and their stress is going up?

20 DR. CALLAHAN: We help a lot of golfers. You know, in  
21 the Palm Springs area there's more golf courses per capita than  
22 anywhere in the world, so we get a lot of golfers who are  
23 interested, and they have the yips. You know, they do well when  
24 nobody is looking, but putting, you know, the short game really  
25 suffers from anxiety, and it's a phobia. I treated. I treated a

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1 hall-of-fame athlete and two golf champions who had some of that  
2 problem, and as soon as we treated them, wham, they took off.

3 MR. TRUDEAU: Yeah. We call it "choking under  
4 pressure." Right?

5 DR. CALLAHAN: That's right. Yeah. I just was talking  
6 to a person I know who owns archery -- manufactures archery  
7 equipment, and he was telling me that it's a big problem there,  
8 too, that a lot of people drop out because they get the yips when  
9 they are shooting at a target. They get nervous, apprehensive,  
10 phobic.

11 MR. TRUDEAU: Sure. Dr. Callahan, time is running out  
12 and I really appreciate you being my guest. It's a fascinating  
13 subject. Hopefully, we'll have time to have you on again to talk  
14 more about it.

15 DR. CALLAHAN: Good.

16 MR. TRUDEAU: If you are overweight, if you've been  
17 trying to quit smoking and you can't, please call the 800 number.  
18 This is something that I personally can endorse and recommend.  
19 I've used it myself. I've seen my friends use it. We both have.  
20 And the results have been nothing but spectacular. Call the 800  
21 number.

22 Thanks again for being with me and watching. I'm Kevin  
23 Trudeau, and this has been another edition of "A Closer Look."

24 ANNOUNCER: The preceding has been a paid commercial  
25 program brought to you by Mega Systems.

## DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and no comments having been filed thereafter by interested parties pursuant to Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Roger J. Callahan's principal office or place of business is 45350 Vista Santa Rosa, Indian Wells, California.
2. The acts and practices of the respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.
3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

## ORDER

## DEFINITIONS

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

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. Unless otherwise specified, "*respondent*" shall mean Roger J. Callahan, individually and his agents, representatives and employees.

3. "*Commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

#### I.

*It is ordered*, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of Dr. Callahan's Addiction Breaking System or any substantially similar product in or affecting commerce, shall not represent, in any manner, expressly or by implication, that:

A. Such product reduces an individual's compulsive desire to eat, leading to significant weight loss;

B. Such product reduces an individual's compulsive desire to eat, leading to significant weight loss without the need to diet or exercise;  
or

C. Such product cures addictions and compulsions, including but not limited to, smoking, eating, and using alcohol or heroin.

For purposes of this Part, "substantially similar product" shall mean any product or program purported to treat addictions or compulsions that is substantially similar in components, techniques, composition and properties.

#### II.

*It is further ordered*, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the labeling, advertising, promotion, offering for sale, sale, or distribution of any weight loss product or program or any product or program purported to treat addictions or compulsions in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, about the benefits, performance, or efficacy of such product, unless, at the time the representation is made, respondent possesses and relies upon competent and reliable evidence, which when appropriate must be competent and reliable scientific evidence, that substantiates the representation.

## III.

*It is further ordered, That:*

A. Respondent Roger J. Callahan shall pay to the Federal Trade Commission by electronic funds transfer the sum of fifty thousand dollars (\$50,000) no later than fifteen (15) days after the date of service of this order. In the event of any default on any obligation to make payment under this Part, interest, computed pursuant to 28 U.S.C. 1961(a) shall accrue from the date of default to the date of payment.

B. The funds paid by respondent Roger J. Callahan, pursuant to subpart A above, shall be paid into a redress fund administered by the FTC and shall be used to provide direct redress to purchasers of Dr. Callahan's Addiction Breaking System. Payment to such persons represents redress and is intended to be compensatory in nature, and no portion of such payment shall be deemed a payment of any fine, penalty, or punitive assessment. If the FTC determines, in its sole discretion, that redress to purchasers is wholly or partially impracticable, any funds not so used shall be paid to the United States Treasury. Respondent shall be notified as to how the funds are disbursed, but shall have no right to contest the manner of distribution chosen by the Commission.

## IV.

*It is further ordered, That* respondent Roger J. Callahan shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

A. All advertisements and promotional materials containing the representation;

B. All materials that were relied upon in disseminating the representation; and

C. All tests, reports, studies, surveys, demonstrations, or other evidence in his possession or control that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

## V.

*It is further ordered, That* respondent Roger J. Callahan, for a period of ten (10) years after the date of issuance of this order, shall

notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

VI.

*It is further ordered,* That respondent Roger J. Callahan shall, within sixty (60) days after the date of 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 he has complied with this order.

VII.

This order will terminate on April 6, 2018, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (20) years;
- B. This order's application to any respondent that is not named as a defendant in such complaint; and
- C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Commissioner Thompson and Commissioner Swindle not participating.

## IN THE MATTER OF

## TRU-VANTAGE INTERNATIONAL, L.L.C.

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

*Docket C-3798. Complaint, April 6, 1998--Decision, April 6, 1998*

This consent order prohibits, among other things, the Illinois-based respondent from making claims, in radio and television infomercials, about Howard Berg's Mega Reading System and its ability to successfully increase an individual's reading speed to above 800 words per minute while substantially comprehending and retaining the material.

*Appearances*

For the Commission: *Russell Damtoft, Mary Tortorice, Charluta Pagar, Theresa McGrew and C. Steven Baker.*

For the respondent: *David Bradford, Jenner & Block, Chicago, IL.*

## COMPLAINT

The Federal Trade Commission, having reason to believe that Tru-Vantage International, L.L.C., a limited liability company ("respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Tru-Vantage International, L.L.C., is an Illinois limited liability company, with its principal office or place of business at 7300 North Lehigh Avenue, Niles, Illinois.

2. Respondent has advertised, offered for sale, sold, and distributed products to the public, including but not limited to, Howard Berg's Mega Reading.

3. Respondent's advertisements include, but are not limited to, program-length television commercials which run for 30 minutes or less and fit within normal television broadcasting time slots. Respondent's television commercials were and are broadcast on network, independent and cable television stations throughout the United States. Several of the respondent's television commercials are identified as "Vantage Point with host Kevin Trudeau."

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

5. Respondent has created, disseminated or has caused to be disseminated advertisements for Howard Berg's Mega Reading, including but not necessarily limited to the attached Exhibit A. These advertisements contain the following statements:

Berg: I teach children not just how to read faster but to comprehend, retain and stay focused. . . . So, Mega Reading is a complete accelerated learning system that doesn't just teach you to read quickly.

Trudeau: Right.

Berg: On a skimming level.

Trudeau: Right.

Berg: But to comprehend, apply and use it. Even under test situations.

\*\*\*\*\*

Berg: I'm working with companies like Pfizer, Mobil Oil, that have high tech reading. And they used it because it was easy to retain complicated information.

Trudeau: So, even the detailed complicated material, people can read quickly and grasp it and comprehend it and recall it.

Berg: Over long periods of time.

\*\*\*\*\*

Berg: They hired me to train their editors not only in how to speed read but how to make books easier to comprehend, because my program teaches people how to understand text.

Trudeau: Right.

Berg: Not just blur through it.

\*\*\*\*\*

Trudeau: Folks, if you want more information on Howard's program, Mega Reading program, it's a home study course that you can go through at your leisure and it will virtually release your own super reading speed, mega reading. You'll be able to read almost as fast as Howard. Virtually quadruple, five, ten times your reading speed right now.

\*\*\*\*\*

Berg: I have a letter here from a girl who has brain damage.

Trudeau: Right.

Berg: Brain damage. She was in a car accident and half her brain stopped functioning. It was electrically dead.

Trudeau: Right.

Berg: And she writes. It says that on a coffee break in my word shop, she went three to 600 words per minute. This is someone with severe brain damage. So yes, it works for anyone. And you can't get worse than that.

\*\*\*\*\*

Berg: At the end of the workshop, every child and parent had at least doubled except for one.

Trudeau: Uh-huh.

Berg: That child was reading at five seconds a page and I quizzed her.

Trudeau: Five seconds.

Berg: Five seconds a page. And the vice principal was there.

Trudeau: And they're reading it?

635

Complaint

Berg: Comprehending it and retaining it.

\*\*\*\*\*

Berg: Anybody. In fact, I had a blind student in Huntsville, Alabama.

Trudeau: Yeah.

Berg: I swear to you it's true.

Trudeau: Wait a minute. You can't read if you can't see.

Berg: She was reading in Braille.

Trudeau: Oh, okay.

Berg: And she took the program to learn the memory skills. Because a lot of people when they hear speed reading, they think fast reading. With Mega Reading it's not just fast reading, it's fast learning. Remember what Tommy said, it's a complete accelerated learning program. And what I teach them is storing, retrieving, recalling, focusing.

6. Through the means described in paragraph five, respondent has represented, expressly or by implication, that Howard Berg's Mega Reading is successful in teaching anyone, including adults, children and disabled individuals, to significantly increase their reading speed while substantially comprehending and retaining the material.

7. In truth and in fact Howard Berg's Mega Reading is not successful in teaching anyone, including adults, children and disabled individuals, to significantly increase their reading speed while substantially comprehending and retaining the material. Therefore, the representation set forth in paragraph six was, and is, false or misleading.

8. Through the means described in paragraph five, respondent has represented, expressly or by implication, that it possessed and relied upon a reasonable basis that substantiated the representation set forth in paragraph six, at the time the representation was made.

9. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representation set forth in paragraph six, at the time the representation was made. Therefore, the representation set forth in paragraph eight was, and is, false or misleading.

10. The acts and practices of respondent 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.

Commissioner Thompson and Commissioner Swindle not participating.

EXHIBIT A

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FEDERAL TRADE COMMISSION

FTC MATTER NO.: 942-3278

TITLE: HOWARD BERG'S MEGA READING  
TELEVISION INFOMERCIAL

PAGES: 1 THROUGH 31

TRUDEAU COMPLAINT EXHIBIT L  
TRU-VANTAGE COMPLAINT EXHIBIT A  
BERG COMPLAINT EXHIBIT A

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Complaint

## EXHIBIT A

1 MR. TRUDEAU: Thanks for watching. I'm Kevin Trudeau,  
2 and this is another edition of Vantage Point. How would you like  
3 to read 25,000 words a minute? How about reading an entire book  
4 just like this in about twenty minutes instead of ten hours?  
5 Imagine reading a newspaper or magazine in a fraction of the time  
6 it would normally take. Well, my guest today can do just that as  
7 well as comprehend and remember everything. Howard Berg is the  
8 world's fastest reader. He's in the Guinness Book of World  
9 Records. He's the founder of the Berg Reading Institute and  
10 author of Mega Reading. He's been featured on virtually  
11 thousands of radio and television shows as well as written about  
12 in literally hundreds of newspapers and magazines all around the  
13 world. Howard, thanks for being my guest today.

14 MR. BERG: Well, it's great to be here, Kevin.

15 MR. TRUDEAU: OK, you take a book like this, and how  
16 long would it take you to read it?

17 MR. BERG: Well, top speed, five or six minutes.

18 MR. TRUDEAU: Five or six minutes.

19 MR. BERG: I've been tested. I was on "Regis and  
20 Kathie Lee," and they gave me a book about that size.

21 MR. TRUDEAU: This would be a great book to read, by the  
22 way, for somebody, obviously Warren Buffet is the world's  
23 greatest investor.

24 MR. BERG: Yes, and they had me read a book, and they  
25 told me I was going to talk about the book, but they changed the

Complaint

125 F.T.C.

## EXHIBIT A

4<sub>2</sub>

1 game when I got there. Instead, they had the author come on as a  
2 surprise to test me and see me if I had really learned the book.  
3 And I got every question right, by not just reading it, but  
4 retaining and comprehending and focusing.

5 MR. TRUDEAU: Now this was on "Regis and Kathie Lee,"  
6 and the book was about, how long a book was it?

7 MR. BERG: Between 240 and 300 pages.

8 MR. TRUDEAU: And how long did it take you to read that  
9 book?

10 MR. BERG: I read it like four times, so it took twenty  
11 minutes. I was memorizing, I wasn't reading, I was memorizing it  
12 for a test.

13 MR. TRUDEAU: Wait a minute, let me make sure I got  
14 this straight. You took a book, it took you twenty minutes to  
15 read it four times, to memorize it. Now, here's the question.  
16 Obviously, you're the world's fastest reader. You're in the  
17 Guinness Book of World Records. Is this something that everybody  
18 can do, or is it just a gift that you have?

19 MR. BERG: Let me tell you, someone else asked me that  
20 question. I was in Canada, and Dini Petty who's a national talk  
21 show host in Canada said the same thing. She said, "Howard, it  
22 sounds too good to be true that anyone could do it." I said,  
23 "Dini, how about you pick a few audience members, and you and  
24 them come to my workshop in Toronto, and we'll see what happens."  
25 So Dini and her audience showed up. One of them was a student,

## EXHIBIT A

20

3

1 one of them was a professional. Dini forgot her glasses, so  
2 someone had to run back and get them. It's good to have your own  
3 talk show. And at the end of the workshop, Dini had slightly  
4 doubled, and the two other people were close to quadrupling their  
5 reading speed.

6 MR. TRUDEAU: That workshop is just a couple hours.

7 MR. BERG: Less than four hours. And they went on  
8 national television in Canada. And Dini went on the air and  
9 says, "Howard's really onto something. I think everyone in  
10 Canada should be using this." And then off the air, she came up  
11 to me, and she said, "I have a son, and I wanted to know if the  
12 next time you're in Toronto, could my son please come to your  
13 workshop, because I think every child should be getting these  
14 skills. Because I know how much they helped me."

15 MR. TRUDEAU: So now your course actually releases a  
16 person's natural ability to speed read.

17 MR. BERG: And it's easy, it's fun, and it's  
18 systematic.

19 MR. TRUDEAU: We're going to test you right now. I  
20 have over here, by the way, stacks of books, and we're going to  
21 test Howard. The first book I have is by Jerry Spence, How To  
22 Argue And Win Every Time, Jerry Spence. I love this guy, by the  
23 way, he's fantastic. And I'm going to give you a little portion  
24 of this book, Howard, and I want you to read it. We're going to  
25 time Howard and see how fast it's going to take him. Then I'm

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## EXHIBIT A

1 going to quiz him. This is an easy one, we'll start off as an  
2 easy one. It's just about the author. A great book, it's about  
3 the author. OK, now hold on, here's the page, put your finger in  
4 there, don't open it yet. OK, now hold on because I'm going to  
5 time you with my stopwatch. OK, ready?

6 MR. BERG: Yes

7 MR. TRUDEAU: Go.

8 MR. BERG: Good

9 MR. TRUDEAU: About --- little over four seconds.

10 MR. BERG: I haven't warmed up yet.

11 MR. TRUDEAU: Four seconds?. OK, now give me the book.

12 MR. BERG: OK

13 MR. TRUDEAU: Now you've read that?

14 MR. BERG: Yes, I have.

15 MR. TRUDEAU: OK. Well, I'm going to test you on a  
16 couple questions on this thing.

17 MR. BERG: No problem.

18 MR. TRUDEAU: All right. First thing -- now, by the  
19 way, I went through these books that I'm going to be giving  
20 Howard and it took me eight hours yesterday. Because I went to  
21 the book store, bought a whole bunch of books, and I said I'm  
22 just going to buy random books and we're going to test you.  
23 Okay.

24 Now, it talks about in here the different people that  
25 he was the defense attorney for.

EXHIBIT A

y

5

1 MR. BERG: Yes, it did.

2 MR. TRUDEAU: Give me a couple of the people.

3 MR. BERG: There were two. There was Randy Weaver

4 MR. TRUDEAU: Right.

5 MR. BERG: And Imelda Marcos.

6 MR. TRUDEAU: Correct. Where does he live?

7 MR. BERG: Jackson Hole, Wyoming.

8 MR. TRUDEAU: Correct. And he has a wife. What's his

9 wife's name?

10 MR. BERG: Emma Jean.

11 MR. TRUDEAU: Correct. Emma Jean.

12 MR. BERG: Yes.

13 MR. TRUDEAU: All right. Hold on, we're going to --

14 MR. BERG: A little slow.

15 MR. TRUDEAU: Well, a little slow. Okay. We're going

16 to make it a little bit tougher now. Here's an other book.

17 Here's another book. Math Magic by Scott Flansburg. Scott is a

18 good friend of mine. We're going to have Scott on the show.

19 He's the human calculator.

20 Now, this book teaches you how to do math calculations

21 in your head. Now, this is going to be a good test, folks. Now

22 -- because imagine this. What -- the techniques -- the

23 technology that Howard has -- Howard has that he teaches people

24 is how to read books and obviously knowledge is power but only if

25 you can remember it and use it.

## EXHIBIT A

6

1 MR. BERG: And apply it.

2 MR. TRUDEAU: And apply it. Okay. So, I'm going to  
3 give you a chapter. This is the entire chapter seven.

4 MR. BERG: Okay.

5 MR. TRUDEAU: I'm going to time you.

6 MR. BERG: Okay.

7 MR. TRUDEAU: Let's get this cleared out here. And  
8 this is on multiplication tricks.

9 MR. BERG: Okay.

10 MR. TRUDEAU: You're going to read this. And then I'm  
11 going to test your multiplication skills because this is going to  
12 teach you how to do multiplication in your head.

13 MR. BERG: Do I get to use a calculator?

14 MR. TRUDEAU: No calculator.

15 MR. BERG: Okay.

16 MR. TRUDEAU: Okay. All right, hold on. Hold on, I'm  
17 going to time you. I'll say go. Ready, set, go.

18 (Whereupon, there was a brief pause while Mr. Berg was  
19 reading the book.)

20 MR. BERG: Okay.

21 MR. TRUDEAU: Twenty four seconds. Twenty four and a  
22 half seconds.

23 MR. BERG: There was a lot of pages.

24 MR. TRUDEAU: A lot of pages. Now, you're telling me  
25 you read that?

## EXHIBIT A

7

1 MR. BERG: I learned it.

2 MR. TRUDEAU: You learned it?

3 MR. BERG: Yes, and so could you. That's the whole  
4 point.

5 MR. TRUDEAU: All right. Well, let me test you on  
6 this. This is on multiplication -- it's on multiplication  
7 skills. Okay?

8 MR. BERG: Okay.

9 MR. TRUDEAU: Let me give you a couple of  
10 multiplication tables here. Okay. 45 times 45?

11 MR. BERG: That would be 2,025.

12 MR. TRUDEAU: You just did that in your head?

13 MR. BERG: That's right. It teaches you how to do it.  
14 That's the whole point.

15 MR. TRUDEAU: You don't have a calculator here by the  
16 way? Can we -- Paul, make sure we get that -- I want to make  
17 sure someone gives me a thumbs up if that's the right answer.  
18 Let me give you another one here.

19 MR. BERG: It's right. Okay.

20 MR. TRUDEAU: 75 times 75?

21 MR. BERG: 5,625.

22 MR. TRUDEAU: I want Paul to make sure -- give me like  
23 some -- we got a thumbs up there? He's right.

24 MR. BERG: Of course I'm right.

25 MR. TRUDEAU: And you learned that just now?

## EXHIBIT A

8

1 MR. BERG: That's the whole point, Kevin. It's  
2 something everyone should be doing. You know, the United States  
3 has been rated in 49th position in literacy by the United  
4 Nations. I think all our viewers should be concerned. They just  
5 had a front page story in USA Today about how our education  
6 system is failing to teach the students.

7 MR. TRUDEAU: Uh-huh.

8 MR. BERG: Time Magazine talked about the educational  
9 crisis. Even the teachers unions are becoming concerned.  
10 Governor Bush has just made the most highest priority in his  
11 second term of office is teaching reading skills, because 25  
12 percent of the children in Texas don't know how to read. This is  
13 what it's about.

14 I teach children not just how to read faster but to  
15 comprehend, retain and stay focused. Because face it, how many  
16 times have you or the people at home take a test or gone to an  
17 important meeting and got tense. You got frightened. You got  
18 worried. And all that information that you stored and worked so  
19 hard at learning was forgotten.

20 \* So, Mega Reading is a complete accelerated learning  
21 system that doesn't just teach you to read quickly.

22 MR. TRUDEAU: Right.

23 MR. BERG: On a skimming level.

24 MR. TRUDEAU: Right.

25 MR. BERG: But to comprehend, apply and use it. Even

## EXHIBIT A

1 under test situations.

2 MR. TRUDEAU: And it just takes a few short hours to  
3 learn. Correct?

4 MR. BERG: Couple of hours. That's it.

5 MR. TRUDEAU: Now, let me ask you a question. There's  
6 been speed reading courses been around for years.

7 MR. BERG: That's true.

8 MR. TRUDEAU: Evelyn Wood is probably the most common  
9 and I'm sure there's dozens of other speed reading courses.

10 MR. BERG: Yes, and some of them are quite good.

11 MR. TRUDEAU: But the biggest challenge most people  
12 found is, number one, it took days, weeks, months of practice and  
13 training.

14 MR. BERG: Absolutely. Hours a day.

15 MR. TRUDEAU: Right.

16 MR. BERG: With days, weeks and months. It's not just  
17 days, weeks, and months, but hours a days each of those days.

18 MR. TRUDEAU: So, how is yours different than those in  
19 that respect?

20 MR. BERG: First of all, the program takes less than  
21 four hours to learn.

22 MR. TRUDEAU: That's it?

23 MR. BERG: That's it.

24 MR. TRUDEAU: One time?

25 MR. BERG: One time.

## EXHIBIT A

10

1 MR. TRUDEAU: Like learning how to ride a bike.

2 MR. BERG: And you never forget how once you know how.  
3 Once you release it, it's there.

4 MR. TRUDEAU: You're releasing someone's ability. So,  
5 it's radically different than these other courses.

6 MR. BERG: Can you cross the street and look at the  
7 traffic and know where you're going? Look at all the information  
8 that your brain has to process in an instant. That same brain  
9 should be reading a book just as effortlessly and that's what I  
10 teach.

11 MR. TRUDEAU: Well, now -- so, these other courses that  
12 have been out there, your program is a revolutionary -- it's  
13 totally different.

14 MR. BERG: Let me tell you a story, Kevin.

15 MR. TRUDEAU: Yeah.

16 MR. BERG: The former president of Evelyn Wood, the  
17 chairman of Evelyn Wood is Maurice Thompson, Jr. I have a letter  
18 from him.

19 MR. TRUDEAU: Right.

20 MR. BERG: Tommy asked me to train him and his family  
21 last September. The former president of Evelyn Wood asked me to  
22 train his family. Now, this is the man who knows speed reading.

23 MR. TRUDEAU: Right.

24 MR. BERG: His son quadrupled -- I think he went from  
25 two to 800 words a minute in less than four hours. And he

## EXHIBIT A

11

1 mentioned how his grades immediately shot up from the previous  
2 term. And would you like to read the comment he has on the  
3 bottom. I'm really proud of this. This is the former president  
4 of Evelyn Wood.

5 MR. TRUDEAU: It says, I feel you have moved one step  
6 beyond speed reading --

7 MR. BERG: That's right.

8 MR. TRUDEAU: -- to speed learning. Bringing the  
9 discipline to the 21st first century.

10 MR. BERG: Exactly. Now, I'm proud of that.

11 MR. TRUDEAU: So, what you're actually have is really a  
12 revolutionary break through in what you've developed.

13 MR. BERG: Totally different. Now, other programs were  
14 mechanical. That's why they took so long. They required  
15 repetition. Like learning to type or playing an instrument, to  
16 work.

17 MR. TRUDEAU: Right.

18 MR. BERG: And a lot of people found they loss their  
19 speeds almost as quickly as they gained them.

20 MR. TRUDEAU: Right.

21 MR. BERG: I read 80 to 90 pages a minute at my top  
22 speed. But I don't read 80 to 90 pages a minute every time I  
23 open a book. Sometimes I want to relax. Sometimes I'm a little  
24 tired, I want to read in bed.

25 MR. TRUDEAU: Right.

## EXHIBIT A

12

1 MR. BERG: So, I have that option. With the other  
2 programs because it was conditioned, it was all or nothing. If  
3 you slowed down, that was the end of your speed. And most people  
4 told me they only got a very superficial understanding, like a  
5 skim.

6 I'm working with companies like Pfizer (Phonetic),  
7 Mobil Oil, that have high tech reading. And they used it because  
8 it was easy to retain complicated information.

9 MR. TRUDEAU: So, even the detailed complicated  
10 material, people can read quickly and grasp it and comprehend it  
11 and recall it.

12 MR. BERG: Over long periods of time.

13 MR. TRUDEAU: Now, how about students? Means straight  
14 As with less study time?

15 MR. BERG: Not only do they get straight As with less  
16 study time, but think about this, Kevin, they get better self  
17 esteem. They begin to feel confident. Now, you spend over  
18 15,000 hours when you go to school.

19 MR. TRUDEAU: Right.

20 MR. BERG: Think about that. And out of all of those  
21 hours and the people at home think about it, too, how many of  
22 those hours did they spend teaching you how to learn?

23 MR. TRUDEAU: Right.

24 MR. BERG: They call it an education system and they  
25 never even teach you how to learn.

## EXHIBIT A

13

1 MR. TRUDEAU: And people obviously in business because  
2 you work with virtually dozens of major corporations and Fortune  
3 500 companies.

4 MR. BERG: All over the country.

5 MR. TRUDEAU: So, people can make more money because  
6 there's so much material to learn today, so much reading that  
7 people have to grasp.

8 MR. BERG: I have an interesting letter here from  
9 Pfeiffer. Pfeiffer is the leading publisher in the world on  
10 human resource training materials.

11 MR. TRUDEAU: Okay.

12 MR. BERG: Every corporate trainer has heard of these  
13 people.

14 MR. TRUDEAU: Right.

15 MR. BERG: They hired me to train their editors not  
16 only in how to speed read but how to make books easier to  
17 comprehend, because my program teaches people how to understand  
18 text.

19 MR. TRUDEAU: Right.

20 MR. BERG: Not just blur through it.

21 MR. TRUDEAU: Right.

22 MR. BERG: And the head editor -- the managing editor  
23 says here that this program that I gave him gave him a distinct  
24 advantage to their publishing program.

25 MR. TRUDEAU: Hmm.

## EXHIBIT A

14

1 MR. BERG: That's the managing editor of the world's  
2 largest human resource publisher. Here's a letter from the York  
3 Prep School. The head master is Ronnie Stewart. He's an Oxford  
4 graduate. This man knows education.

5 MR. TRUDEAU: Right.

6 MR. BERG: You don't get better than Oxford. And  
7 here's what it says. "Howard, just a note to let you know how  
8 positive the feedback was of your lectures to the 11th and 12th  
9 grades. So positive in fact, that whenever it's convenient for  
10 you, I would love -- I like that word -- I would love for you to  
11 come and do the ninth and tenth grades on a similar basis." And  
12 we've already booked them.

13 ON SCREEN: For more info call: 1-800-233-9666. This  
14 is a paid commercial program for Tru-Vantage International.

15 MR. TRUDEAU: That's great. Folks, if you want more  
16 information on Howard's program, Mega Reading program, it's a  
17 home study course that you can go through at your leisure and it  
18 will virtually release your own super reading speed, mega  
19 reading. You'll be able to read almost as fast as Howard.  
20 Virtually quadruple, five, ten times your reading speed right  
21 now. Call the number on your screen. And I've worked out a  
22 special arrangement with Howard. He'll give you an over 50  
23 percent discount off the regular price of the program. So, call  
24 right now to get some more information on it.

25 Now, let's -- let's continue with the testing here. I

## EXHIBIT A

15

1 got another book. How to Win Friends and Influence People by  
2 Dale Carnegie. Great book. Everybody should read this book.  
3 Now, let's see. I went through this last night and I got chapter  
4 six. I want you to read the entire chapter six and give us a  
5 quick synopsis of the chapter.

6 Okay. Now, I'm going to time you again. And folks,  
7 the important thing is what Howard is saying is every single  
8 person -- now, you've taught how many -- what thousands and  
9 thousands of people?

10 MR. BERG: Thousands. Can I say something?

11 MR. TRUDEAU: Yeah.

12 MR. BERG: I have a letter here from a girl who has  
13 brain damage.

14 MR. TRUDEAU: Right.

15 MR. BERG: Brain damage. She was in a car accident and  
16 half her brain stopped functioning. It was electrically dead.

17 MR. TRUDEAU: Right.

18 MR. BERG: And she writes. It says that on a coffee  
19 break in my word shop, she went three to 600 words per minute.  
20 This is someone with severe brain damage. So yes, it works for  
21 anyone. And you can't get worse than that.

22 MR. TRUDEAU: At what age, by the way? How old?

23 MR. BERG: The youngest student I ever had was eight.

24 I was in Toronto. I was doing a live workshop and the vice  
25 principle of a school was there with his wife. His name was Ted.

Complaint

125 F.T.C.

## EXHIBIT A

16

1 Ted said, "Howard, we would really love for you to come to our  
2 elementary school. My wife and I just quadrupled."

3 MR. TRUDEAU: Right.

4 MR. BERG: And we think you can do this for our kids.  
5 I said, how old are they? He said third, fourth grade. I said,  
6 it's kind of young. Normally, in that age group I teach the  
7 memory and learning skills. And I've done that all over the  
8 country because a lot of kids aren't reading yet at that age.

9 MR. TRUDEAU: Right.

10 MR. BERG: He said, our students are reading and  
11 reading well. Let's try it. I said, fine. And the parents  
12 came. How many things did parents do today with their families?

13 MR. TRUDEAU: Right, right, right.

14 MR. BERG: Okay. At the end of the workshop, every  
15 child and parent had at least doubled except for one.

16 MR. TRUDEAU: Uh-huh.

17 MR. BERG: That child was reading at five seconds a  
18 page and I quizzed her.

19 MR. TRUDEAU: Five seconds.

20 MR. BERG: Five seconds a page. And the vice principal  
21 was there.

22 MR. TRUDEAU: And they're reading it?

23 MR. BERG: Comprehending it and retaining it.

24 MR. TRUDEAU: All right. Well, we're going to test you  
25 right now. Okay, this is chapter six.

## EXHIBIT A

17

1 MR. BERG: Okay.

2 MR. TRUDEAU: Dale Carnegie's How to Win Friends.

3 Ready?

4 MR. BERG: Yes.

5 MR. TRUDEAU: Go.

6 (Whereupon, there was a brief pause while Mr. Berg was  
7 reading the book.)

8 MR. TRUDEAU: This is amazing. You're reading it?

9 Okay, give it back. That was about 16 seconds.

10 MR. BERG: Right.

11 MR. TRUDEAU: Okay. Now, tell us -- just give me a  
12 quick synopsis of that chapter.

13 MR. BERG: Well, the concept was make people feel  
14 important and do it sincerely. And by the way, Kevin, you're  
15 doing an excellent job with this show and I really mean that.

16 MR. TRUDEAU: Thank you very much. Okay, wait --  
17 you're -- the name of that chapter by the way was, How To Get  
18 People To Like You.

19 MR. BERG: By the way, one of my favorite uses of speed  
20 reading is learning new skills such as I just showed you.

21 MR. TRUDEAU: Right.

22 MR. BERG: Learning how to use a computer or do better  
23 with relationships. So, this -- (inaudible) -- anything

24 MR. TRUDEAU: To learning anything. Tell us a little  
25 about that chapter.

Complaint

125 F.T.C.

## EXHIBIT A

f8

1 MR. BERG: Okay, it starts off he's in a post office  
2 and he see's a postal employee that he's familiar with and the  
3 guy looks very very depressed and down. And he starts talking to  
4 the guy and finds out the guy feels that nobody really  
5 appreciates what he's doing.

6 MR. TRUDEAU: Uh-huh.

7 MR. BERG: And so, he starts telling the guy how  
8 important he is and how much he appreciates him. And the guy  
9 just perks up and he says that's what it's all about. You want  
10 people to like you. Let them know how important they are and it  
11 improves their self esteem. And they relate that to you as the  
12 cause.

13 MR. TRUDEAU: Uh-huh. Now, what -- there was a  
14 principle discussed in this.

15 MR. BERG: Yes, the principle was make people feel  
16 important and be sincere.

17 MR. TRUDEAU: Make people feel important and -- now,  
18 you just said almost verbatim. It says make people feel  
19 important and do it sincerely.

20 MR. BERG: Well, you may not get every word. You know,  
21 when you're going a page and a half a second, you might miss an L  
22 Y. Okay.

23 MR. TRUDEAU: And actually -- wait a minute. Wait, we  
24 got to do another book now.

25 MR. BERG: Okay.

## EXHIBIT A

1 MR. TRUDEAU: This book by the way, this is my book.  
2 This is my book, Kevin Trudeau's, Mega Memory. Everybody should  
3 read this book. Everybody go out and get this book. It's my  
4 book Mega Memory. Now, it's the first -- you know we sold three  
5 and a half million copies of my Mega Memory program.

6 MR. BERG: That's a lot.

7 MR. TRUDEAU: Yeah, and this is a great book. Just  
8 says published by William Morrow. It's in all the book stores.  
9 Call, you can get it.

10 MR. BERG: Now, make the call.

11 MR. TRUDEAU: Now, make the call now. Now, I want you  
12 to read just chapter one.

13 MR. BERG: Okay.

14 MR. TRUDEAU: On how to use this book, and then give us  
15 a quick synopsis on this. Not that we don't trust you. Go.

16 (Whereupon, there was a brief pause while Mr. Berg was  
17 reading the book.)

18 MR. BERG: Okay, that's 11 pages.

19 MR. TRUDEAU: About 16 seconds.

20 MR. BERG: Okay. And I'm getting closer to my speed.

21 MR. TRUDEAU: And you read this? You read this?

22 MR. BERG: Yes. It's first -- it sets the ground  
23 rules.

24 MR. TRUDEAU: And anybody who gets this course from us  
25 can do what you just did?

## EXHIBIT A

20

1 MR. BERG: Thousands of people are doing what I just  
2 did.

3 MR. TRUDEAU: All right, tell me about the book. I  
4 know all about it because I just wrote it.

5 MR. BERG: Okay. I guess you would know. This is like  
6 Regis and Kathy Lee all over.

7 MR. TRUDEAU: Yeah, the author. Exactly. Okay.

8 MR. BERG: Well, it starts off talking about what you  
9 should do to develop your mega memory, about setting up a  
10 specific time and place to do it, avoiding certain foods, how  
11 much time you should be doing, how to prepare yourself. And  
12 that's essentially what the first chapter is about. Getting set.

13 MR. TRUDEAU: Now, there was four things I mentioned.  
14 The four steps you go through.

15 MR. BERG: Yes, there were. Let me think. First there  
16 was unconscious incompetence, where you don't know what you're  
17 doing.

18 MR. TRUDEAU: Right.

19 MR. BERG: You don't even know you don't know what  
20 you're doing.

21 MR. TRUDEAU: Right.

22 MR. BERG: The second one was conscious incompetence,  
23 where you know you don't know what you're doing.

24 MR. TRUDEAU: Right, right.

25 MR. BERG: Okay. And the third one -- the third one

## EXHIBIT A

21

1 was conscious competence, where you know what you're doing  
2 but you have to think about it. Sort of like when you're riding  
3 a bike and you know you have to think how to stay on the bike.

4 MR. TRUDEAU: Right.

5 MR. BERG: And the fourth step was unconscious  
6 competence, where it's at released skill and you're doing  
7 instinctively. You don't have to think about it.

8 MR. TRUDEAU: That's the point I want to talk about.  
9 Because your course gets people very quickly to that unconscious  
10 competence level where it happens automatically.

11 MR. BERG: In hours. In hours.

12 MR. TRUDEAU: So, it's like learning how to ride a bike  
13 or learning how to swim. You don't have to practice and practice  
14 and practice. You're just releasing the skill.

15 MR. BERG: No. I have a story about that.

16 MR. TRUDEAU: Hold on for one second because I want to  
17 tell people how to get this program.

18 MR. BERG: Okay. Okay.

19 MR. TRUDEAU: If people do want more information on  
20 Howard's program The Mega Reading Home Study Course -- folks,  
21 this works for everybody. Thousands of people have gone through  
22 it. I highly endorse and recommend this program. Howard is the  
23 world's fastest reader. There is nothing out there like it  
24 anywhere in the world. It'll work for anyone about eight to ten  
25 years and up. If you have a student in your life, you need to

## EXHIBIT A

22

1 get it for them. If you're in business, if you read papers, if  
2 you like to read novels --

3 MR. BERG: The Sunday paper.

4 MR. TRUDEAU: You'll learn this information, you'll  
5 read it quickly and you'll be able to recall it. Call the number  
6 on your screen. And again, we worked out a special arrangement  
7 with Howard. You will get a 50 percent discount while we're on  
8 the show. You can call right now and get more information on  
9 this program. So, call the number.

10 MR. BERG: You mentioned how you don't have to  
11 practice.

12 MR. TRUDEAU: Right.

13 MR. BERG: I have an interesting story. One of my  
14 students called me and was really excited. A grandmother and she  
15 learned how to do this at my live program and then she didn't use  
16 for like six weeks.

17 MR. TRUDEAU: Right.

18 MR. BERG: And with any speed reading program if you  
19 don't use it for six weeks, you can kiss it goodbye. It's over.

20 MR. TRUDEAU: Right.

21 MR. BERG: Her grandson came to her. He had a book  
22 report and he needed her to help him. She read the book in 15  
23 minutes. He got an A. She said, Howard, I don't know he did it.  
24 I haven't use the program in six weeks. I opened the book and  
25 like that it came right back to me. I said that's what it's

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Complaint

## EXHIBIT A

23

1 about. You already have the ability. I'm just showing you how  
2 to release it.

3 MR. TRUDEAU: Well, we're going -- we're going to test  
4 you again. I keep testing you because this is really impressive  
5 to me. All right, I got another book here. And I went to the  
6 book store and picked these up. Rush Limbaugh, See I Told You  
7 So. I like Rush by the way. We advertise a lot on his show.  
8 Rush is a great guy.

9 MR. BERG: Um-hum.

10 MR. TRUDEAU: I have a personally autographed copy of  
11 this book by the way.

12 MR. BERG: Do you?

13 MR. TRUDEAU: Yes, Rush sent to me. Okay. I want you  
14 to read a chapter here. Let me see if I can find the chapter  
15 about Rush. We went to Rush. Okay.

16 MR. BERG: Don't rush.

17 MR. TRUDEAU: Don't rush, don't rush. Now, by the way,  
18 when I'm finding this chapter -- because I read things last  
19 night. Okay?

20 MR. BERG: Yeah.

21 MR. TRUDEAU: Anybody can do this I mentioned?

22 MR. BERG: Anybody.

23 MR. TRUDEAU: And the age -- how old was the oldest  
24 person that went through this?

25 MR. BERG: I had a woman at 83 years old and she's in

## EXHIBIT A

24

1 Pasadena. And she took the program and I told them where I was  
2 staying. The next day in my hotel I get a phone call and I say  
3 oh, what's wrong. I said nobody calls me. Everybody learns it.

4 MR. TRUDEAU: Right.

5 MR. BERG: I say what's the problem. She says no  
6 problem. I just called to tell you -- her name was Ruth. She  
7 says, Howard, I went home after taking your program. I'm 83  
8 years old and I read two 300 page books in under three hours.  
9 I'm 83 years old.

10 MR. TRUDEAU: Wow.

11 MR. BERG: Do you know how happy I am? She says, I  
12 don't know how much more time I have left, but there's so many  
13 things I want to do and learn and you've just given me the tools  
14 for doing it.

15 MR. TRUDEAU: You know, there are so many books out  
16 there with so much material that -- newspapers, publications for  
17 business people, you know, magazines, publications they have to  
18 read, books and all these manuals. Learning computers. Thick  
19 manuals.

20 MR. BERG: Thick manuals.

21 MR. TRUDEAU: You know, you were telling me that you  
22 learned computers in one night.

23 MR. BERG: That's absolutely true. I bought at K-Pro  
24 II (phonetic). Never saw or used a computer before. The first  
25 night I hooked up everything.

## EXHIBIT A

25

1 MR. TRUDEAU: Right.

2 MR. BERG: I learned Wordstar, DataStar, and Formstar  
3 and published an article the next day. And that's the truth.  
4 And I'll tell you a little funny story.

5 MR. TRUDEAU: And anybody can do this, right?

6 MR. BERG: Anybody can do it. And what happened was  
7 the margins weren't perfect and I thought something was wrong.  
8 And then someone said, do you know it takes 80 hours normally to  
9 do what you did in three. And I said I guess I should feel a  
10 little bit better then.

11 MR. TRUDEAU: Now, by the way, before -- well, I want  
12 to do this test. I am going to have one more test. Okay. We  
13 got one more. This is the chapter. Put your finger in there.  
14 I'm going to get my little trusty -- this is for amazing on the  
15 time. Ready?

16 MR. BERG: Yep.

17 MR. TRUDEAU: Go.

18 (Whereupon, there was a brief pause while Mr. Berg was  
19 reading the book.)

20 MR. BERG: The pages are sticking. Okay. Well, that  
21 slowed me down a bit.

22 MR. TRUDEAU: Okay, yeah. Still about 17 seconds.

23 MR. BERG: Okay, I apologize for that.

24 MR. TRUDEAU: Okay. All right. It's Rush's book.

25 Now, what was the gist of that book?

## EXHIBIT A

26

1 MR. BERG: The gist was that government's too big.  
2 We've got to make it smaller and vote conservative republican.  
3 Okay. But he really has a lot of points. He talks about welfare  
4 and how about 27 or 28 cents out of every dollar gets to the  
5 reciprocate because the rest of that is being spent on  
6 administration. And that's an example how government waste is  
7 not helping us.

8 MR. TRUDEAU: And that's -- when you were on Regis and  
9 Kathy Lee, you had the author come in. You read the book.

10 MR. BERG: (Inaudible).

11 MR. TRUDEAU: And he gave you very tough questions.

12 MR. BERG: I still remember one of them. He asked me  
13 what did he say about -- let's see. He asked me several  
14 questions. He asked me what did he say about the Pirates of  
15 Penzance. It was a trick question. The book was called Going to  
16 Movies and it was a vignette. Every two pages was another movie.  
17 So, it wasn't a story. It was hundreds of little movie  
18 vignettes.

19 MR. TRUDEAU: Right.

20 MR. BERG: And I said, Craig, that's a trick question.  
21 Because it wasn't -- there was chapter in there about a different  
22 movie and the Pirates of Penzance was used as an example of how  
23 if the director had used the techniques of Pirates of Penzance  
24 intent instead of the techniques he had chosen, his movie would  
25 have been a better picture. I said, so you're actually trying to

## EXHIBIT A

27

1 trick me because that wasn't even what the chapter was about.

2 MR. TRUDEAU: So, anybody can do this?

3 MR. BERG: Anybody. In fact, I had a blind student in  
4 Huntsville, Alabama.

5 MR. TRUDEAU: Yeah.

6 MR. BERG: I swear to you it's true.

7 MR. TRUDEAU: Wait a minute. You can't read if you  
8 can't see.

9 MR. BERG: She was reading in Braille.

10 MR. TRUDEAU: Oh, okay.

11 MR. BERG: And she took the program to learn the memcry  
12 skills. Because a lot of people when they hear speed reading,  
13 they think fast reading. With Mega Reading it's not just fast  
14 reading, it's fast learning. Remember what Tommy said, it's a  
15 complete accelerated learning program. And what I teach them is  
16 storing, retrieving, recalling, focusing.

17 Here's an important skill. Knowing what to look for.

18 How many times have you studied for a test -- people at home.

19 You study for a test, you take the test and none of the questions  
20 you studied are asked. Everything else they ask. You go to an  
21 important meeting and everything you thought was important was  
22 not asked.

23 Well, if you don't know what to look for, you're going  
24 to miss it. And I teach how to figure out what to look for.

25 MR. TRUDEAU: Now, you're not -- I was just --

## EXHIBIT A

28

1 interesting to note because obviously there are so many books out  
2 there, like Wealth Without Risk by Charles Givens (phonetic)  
3 which is a phenomenal book, How to Attract Anyone Anytime by  
4 Susan Raven (phonetic), Les Brown (phonetic), Live Your Dreams.  
5 There are so many phenomenals out -- Mary K. Ash (phonetic) and  
6 we can't do all of these.

7 MR. BERG: No.

8 MR. TRUDEAU: (Inaudible).

9 MR. BERG: I could..

10 MR. TRUDEAU: Yeah.

11 Well that's -- this is the amazing thing. How about  
12 learning David Letterman's top ten list.

13 MR. BERG: I did a show America's Talking about a year  
14 ago. They had me read 18 700 page books in an hour and a half  
15 and they quizzed me on them and I got every question right.

16 MR. TRUDEAU: Well, like -- I got Larry King's book. I  
17 got Bill Gates' book. I got Colin Powell. I got -- now, the  
18 Internet for Dummies, if people want to learn how to run the  
19 Internet. I got -- here's magazines..

20 MR. BERG: By the way, Forbes Magazine just did an  
21 article on this.

22 MR. TRUDEAU: No kidding.

23 MR. BERG: Forbes said this is a wonderful program for  
24 business people.

25 MR. TRUDEAU: I got the New York Times. I got all this

## EXHIBIT A

29

1 -- now, how about biology. I mean look at -- folks, look at  
2 these books. And I'm putting these all in front me just to show  
3 you the point here. Calculus. Now, you're telling me -- this is  
4 what kids have to go through in school.

5 MR. BERG: Right.

6 MR. TRUDEAU: Look at this book. They have read this.  
7 You're telling me -- I know this is a mess here. But if a person  
8 calls and gets your program, they'll be able to go through these  
9 books. Now, let's be honest here. I got all these books here.  
10 See if you can get a wide shot of this. I got Howard Stern's  
11 book. I was invited to Howard Stern's birthday party.

12 MR. BERG: I read his book Private Parts in six minutes  
13 on Comedy Central and then he tested me on the book and I got it  
14 right.

15 MR. TRUDEAU: Howard did?

16 MR. BERG: Right.

17 MR. TRUDEAU: Howard did?

18 MR. BERG: I was on John Stewart's (phonetic) show and  
19 Howard was the guest. He had just written Private Parts. It's  
20 as thick as this book.

21 MR. TRUDEAU: Right.

22 MR. BERG: It took me I think six and a half minutes to  
23 read and then he quizzed me and I got all the questions right.

24 MR. TRUDEAU: Okay. If somebody buys your program, and  
25 goes through like everything that's on the desk right here, the

## EXHIBIT A

30

1 New York Times, all these books, how long would it take them to  
2 do that? First it takes them a few hours to learn the technique.  
3 Right?

4 MR. BERG: I would -- it just takes about three --  
5 three, four hours to learn the technique.

6 MR. TRUDEAU: Normally it would take, what, a week?  
7 Two, three weeks? A hundred hours to learn all this stuff -- to  
8 go through all this stuff?

9 MR. BERG: I would say for the average person that  
10 would be being kind.

11 MR. TRUDEAU: So, maybe 150 to 200 hours?

12 MR. BERG: I'd say several months for some of the  
13 science books for certain people.

14 MR. TRUDEAU: That's right because that's all  
15 scientific.

16 MR. BERG: It's not just light reading there.

17 MR. TRUDEAU: A person calls and gets your program, how  
18 long?

19 MR. BERG: I'd say you could do that easily in at least  
20 a month tops. Two weeks to a month depending upon your  
21 background.

22 MR. TRUDEAU: Folks, you heard this. You can call  
23 right now, get Howard's program. It takes just a few short  
24 hours. It's easy. It's fun. Anybody can do it. You'll be the  
25 greatest conversationalist. Kids get straight As with less study

EXHIBIT A

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1 time. You'll make more money in business because you'll be able  
2 to remember all the information. Call the number on your screen.  
3 You'll get a 50 percent discount to boot. This is Kevin Trudeau,  
4 thanks for watching. This has been another edition of Vantage  
5 Point.

6 ON SCREEN: For more information or to order Howard  
7 Berg's Mega Reading call: 1-800-283-9666.  
8 Tru-Vantage International, 7300 Lehigh Avenue, Niles, IL 60714  
9 (847) 647-0300.

10 The proceeding has been a paid advertisement for Tru-  
11 Vantage International.

12 (Whereupon, the taping was concluded.)

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## DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and no comments having been filed thereafter by interested parties pursuant to Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Tru-Vantage International, L.L.C., is an Illinois limited liability company with its principal office or place of business at 7300 North Lehigh Avenue, Niles, Illinois.

2. The acts and practices of the respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.

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

## ORDER

## DEFINITIONS

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

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. Unless otherwise specified, "*respondents*" shall mean, Tru-Vantage International, L.L.C., its successors, assigns, managers, and each of its agents, representatives and employees.

3. "*Commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

I.

*It is ordered*, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the labeling, advertising, promotion, offering for sale, sale, or distribution of Howard Berg's Mega Reading or any substantially similar product in or affecting commerce, shall not represent, in any manner, expressly or by implication, that such product is successful in teaching anyone, including adults, children and disabled individuals, to increase their reading speed above 800 words per minute while substantially comprehending and retaining the material. For purposes of this Part, "substantially similar product" shall mean any product that is substantially similar in components, techniques, composition and properties.

II.

*It is further ordered*, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the labeling, advertising, promotion, offering for sale, sale, or distribution of any product or program purported to significantly increase one's reading speed in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, about the benefits, performance, or efficacy of such product, unless, at the time the representation is made, respondent possesses and relies upon competent and reliable evidence, which when appropriate must be competent and reliable scientific evidence, that substantiates the representation.

III.

*It is further ordered*, That respondent Tru-Vantage International, L.L.C., and its successors and assigns, shall, for five (5) years after the last date of dissemination of any representation covered by this order, maintain and upon request make available to the Federal Trade Commission for inspection and copying:

A. All advertisements and promotional materials containing the representation;

B. All materials that were relied upon in disseminating the representation; and

C. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

#### IV.

*It is further ordered*, That respondent Tru-Vantage International, L.L.C., and its successors and assigns, shall deliver a copy of this order to all current and future members and managers, and to all current and future employees, agents, and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

#### V.

*It is further ordered*, That respondent Tru-Vantage International, L.L.C., and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondent shall notify the Commission as soon as is practicable after obtaining such knowledge. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

## VI.

*It is further ordered,* That respondent Tru-Vantage International, L.L.C., and its successors and assigns, shall, within sixty (60) days after the date of 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 it has complied with this order.

## VII.

This order will terminate on April 6, 2018, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (20) years;
- B. This order's application to any respondent that is not named as a defendant in such complaint; and
- C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Commissioner Thompson and Commissioner Swindle not participating.

Complaint

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IN THE MATTER OF

JEANIE ELLER

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF  
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3799. Complaint, April 6, 1998--Decision, April 6, 1998*

This consent order prohibits, among other things, the Arizona-based respondent from making unsubstantiated claims, in radio and television infomercials, about the extent of success of Jeanie Eller Action Reading in teaching individuals to read.

*Appearances*

For the Commission: *Russell Damtoft, Mary Tortorice, Charluta Pagar, Theresa McGrew and C. Steven Baker.*

For the respondent: *Lewis Ross, Arent, Fox, Kintner, Plotkin & Kahn, Washington, D.C.*

## COMPLAINT

The Federal Trade Commission, having reason to believe that Jeanie Eller, individually ("respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Jeanie Eller has manufactured, advertised, offered for sale, sold, and distributed products to the public, including Jeanie Eller's Action Reading. Individually or in concert with others, she participated in the acts or practices alleged in this complaint. Her residence is 42828 North 7th Avenue, Phoenix, Arizona.

2. Respondent entered into an agreement with Mega Systems, Inc., a corporation which creates and distributes program-length radio and television commercials which run for 30 minutes or less and fit within normal radio and television broadcasting time slots. The television commercials were and are broadcast on network, independent and cable television stations throughout the United States. The radio commercials were and are broadcast on network and independent radio stations throughout the United States. In at least one of Mega Systems, Inc.'s program-length television and radio commercials, respondent acts as the guest and promotes Jeanie Eller's Action Reading.

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

4. Respondent has created and disseminated advertisements for Jeanie Eller's Action Reading, including but not necessarily limited to the attached Exhibits A and B. These advertisements contain the following statements:

A. Trudeau: "According to my guest, Jennie Eller, every single person -- if they can see, hear and talk -- can learn to read, guaranteed. She also claims that her revolutionary approach to teaching reading is easy, quick and works 100 percent of the time."

\*\*\*\*\*

Eller: "That is the program I took back. We started using it in the Anchorage School District. Every child that went through it learned to read."

\*\*\*\*\*

"And when you go through this program, you start at the beginning and you take every logical step right through it. And when you come out, you are a fluent, independent reader. And I've put my 30 years of teaching credibility on the line. It absolutely is guaranteed to work."

\*\*\*\*\*

"[B]ut any child that you show them how that code works, you can't stop them from reading. They crack that code. And that code is the key."

\*\*\*\*\*

Trudeau: "But you're talking about this secret code. The government says -- you were mentioning to me -- that teaches (sic) certain kids just can't read, and you're saying that's hogwash."

Eller: "It is. It's absolute hogwash. I've been teaching for 30 years and I've never had anyone not learn to read."

Trudeau: "Because I just (sic) watching a show the other day on -- on -- on TV and they were saying, this guy's trying to read. He's tried -- he tried a phonics program himself. He -- he still can't read. He's frustrated. He thinks he's dumb. And they said -- they made the statement, the only way he can read is by hard, hard work, and he still may never learn how to read."

Eller: "No, that is absolutely not true, and I hope he's watching this show, because if he'll get this program, I guarantee you he'll learn to read."

\*\*\*\*\*

"[I]f you tell them what the words are, they know those words. They speak those words. The people that I taught to read on the Oprah Show, as soon as they could decode, decipher the newspaper, they knew those words. They were articulate people. They spoke the language. They understood the language. They just could not decipher the language."

\*\*\*\*\*

"Absolutely, because it not only teaches the decoding, the phonics part, it teaches comprehension."

\*\*\*\*\*

#### B. For Adults

\*\*\*\*\*

Easier and quicker for adults to learn, because most already know the vocabulary - they just need to learn how to "decode" written words and sentences.

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\*\*\*\*\*

Most people can complete the entire program and learn to read within 4-6 weeks.

\*\*\*\*\*

1. How can it improve comprehension?

Even though we've heard a lot of words before in conversation, a person who can't read wouldn't recognize them. Action Reading teaches you how to read words for their meaning. (It's like putting a persons (sic) face to their name, when you have only spoken to them on the telephone.)

\*\*\*\*\*

6. Does Jeanie guarantee that she can teach anyone to read?

Action Reading can teach anyone who can see, hear, think and talk to read...

\*\*\*\*\*

14. How does it work?

Jeanie's proven, phonics based method incorporates all of the learning senses through art, games, body movements, and music to create an active and entertaining experience that doesn't seem like work.

Learning to read has been compared to cracking a code. Once you know the secret it's easy to decode a sentence. Action Reading teaches the sounds and patterns of our language and how to use them for decoding. (Exhibit B; Telephone Sales Script.)

5. Through the means described in paragraph four, respondent has represented, expressly or by implication, that Jeanie Eller's Action Reading is successful in teaching reading 100% of the time.

6. Through the means described in paragraph four, respondent has represented, expressly or by implication, that she possessed and relied upon a reasonable basis that substantiated the representation set forth in paragraph five, at the time the representation was made.

7. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representation set forth in paragraph five, at the time the representation was made. Therefore, the representation set forth in paragraph six was, and is, false or misleading.

8. The acts and practices of respondent as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Sections 5(a) of the Federal Trade Commission Act.

Commissioner Thompson and Commissioner Swindle not participating.

JEANIE ELLER

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674

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EXHIBIT A

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FEDERAL TRADE COMMISSION

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FTC MATTER NO.: 942-3278

12

13

TITLE: JEANIE ELLER'S ACTION READING  
TELEVISION INFOMERCIAL

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PAGES: 1 THROUGH 34

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MIS/SALBERG COMPLAINT EXHIBIT J  
TRUDEAU COMPLAINT EXHIBIT D  
ELLER COMPLAINT EXHIBIT A

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## EXHIBIT A

1

## P R O C E E D I N G S

2 ANNOUNCER: The following is a paid commercial program  
3 brought to you by Mega Systems.

4 MR. TRUDEAU: Thanks again for watching. I'm Kevin  
5 Trudeau and this another edition of "A Closer Look". Over one  
6 million children graduate from high school each year functionally  
7 illiterate. That's what the U.S. Government says. They simply  
8 can't read. Millions of adults, many of whom are watching  
9 this show right now, can't read.

10 According to my guest, Jeanie Eller, every single  
11 person -- if they can see, hear and talk -- can learn to read,  
12 guaranteed. She also claims that her revolutionary approach to  
13 teaching reading is easy, quick, and works 100 percent of the  
14 time.

15 Jeanie, thanks for being my guest today.

16 MS. ELLER: Thank you, Kevin. It's a real honor.

17 MR. TRUDEAU: Yes, we were having some fun before this  
18 show and I said, they can't read in a matter of hours, right?

19 MS. ELLER: That's right. You sound like my father.  
20 One time he said, if you're so smart, why don't you just teach  
21 them to read in 24 hours.

22 MR. TRUDEAU: That's right.

23 MS. ELLER: I said, well, if I could do it straight  
24 through, I could. But most people wouldn't be able to go through  
25 for 24 hours. But they can do it in as little as a month to six

## EXHIBIT A

2

1 weeks.

2 MR. TRUDEAU: But, now, I have to ask you a question.  
3 Before we talk about your program, I know that you're the, ah,  
4 the spokesperson or the founder of this home study course, called  
5 "Action Reading", which teaches kids and adults how to read at  
6 their home. But is there a real problem today with illiteracy,  
7 with kids and adults?

8 MS. ELLER: Oh, absolutely. In fact, a year ago, in  
9 1993, they came out with research that showed that 90 million  
10 adults are functionally illiterate.

11 MR. TRUDEAU: Ninety million.

12 MS. ELLER: That is half our population.

13 MR. TRUDEAU: I was going to say, how many people are  
14 there in America?

15 MS. ELLER: Yeah, that's half of our adult population.  
16 And what they define as functionally illiterate --

17 MR. TRUDEAU: Right.

18 MS. ELLER: -- is, they cannot read a newspaper.

19 MR. TRUDEAU: Uh-huh (yes).

20 MS. ELLER: They cannot go to the grocery store and  
21 shop by the names of products. They have to look at the picture  
22 to see what's in the container. They can't read a bus schedule  
23 or figure out a job application or, you know, fill out a form.

24 They certainly cannot read the Constitution, the Bill  
25 of Rights, or the issues in an election. They really cannot

## EXHIBIT A

3

1 function in this society.

2 MR. TRUDEAU: Wait a minute. Who says half of our  
3 people -- ah, half of the people in America can't read?

4 MS. ELLER: This was a study that was -- that came out.  
5 It was on all the major television news. It was in "USA Today"

6 MR. TRUDEAU: Uh-huh (yes).

7 MS. ELLER: It was actually September of '93.

8 MR. TRUDEAU: Uh-huh (yes).

9 MS. ELLER: And it was published by the United States  
10 Department of Education.

11 And, for example, you know, we don't realize that  
12 people are out there who can't read and what -- what a handicap  
13 that is.

14 I was doing a radio show and a man called in. And he  
15 said, I want to tell you what it's like. I went to the grocery  
16 store and I bought this container that had a picture of fried  
17 chicken. Took it home, you know, the mouth was watering, all  
18 ready to pop it in the microwave and eat the fried chicken. And  
19 I opened it up and it was this white stuff that you cook the  
20 chicken in, called shortening.

21 MR. TRUDEAU: Ahhh.

22 MS. ELLER: You see, that's how they have to live.  
23 They have to rely on picture cues. They may be in a restaurant.  
24 You know, you're sitting right there with someone --

25 MR. TRUDEAU: Right.

## EXHIBIT A

4

1 MS. ELLER: -- and they say, well, what are you going  
2 to have? What looks good to you? That's the way people have to  
3 function, they hide it. They --

4 MR. TRUDEAU: It's like a secret.

5 MS. ELLER: -- they are embarrassed. Absolutely. And  
6 they think it's their fault. They're embarrassed. They think  
7 they've done something wrong or they think they have a learning  
8 disability. It's really a tragic situation. Half of our adult  
9 population.

10 MR. TRUDEAU: Well -- well, how do they go through  
11 school and graduate and get a diplo- -- now, half of these people  
12 have diplomas, right? I mean, a lot of these people --

13 MS. ELLER: Oh, yes --

14 MR. TRUDEAU: -- have diplomas.

15 MS. ELLER: -- many of them. And they've all --

16 MR. TRUDEAU: How do they --

17 MS. ELLER: -- attended school.

18 MR. TRUDEAU: -- how -- how -- how do they graduate  
19 high school without learning how to read? I don't understand.

20 MS. ELLER: Well, see --

21 MR. TRUDEAU: How do they do homework? How do they --?

22 MS. ELLER: -- okay, here's what happened, Kevin.

23 We've changed the way we teach reading in the schools.

24 MR. TRUDEAU: Okay.

25 MS. ELLER: So, now, the methodology that we use is --

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## EXHIBIT A

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1 that we use in the schools does not teach the children to read in  
2 first grade, as it did when I was a child.

3 MR. TRUDEAU: Oh, 'cause I went to -- to school, I  
4 remember in the first grade, we had the phonics, ah --

5 MS. ELLER: Okay.

6 MR. TRUDEAU: -- book.

7 MS. ELLER: Exactly. That's what you have to have to  
8 learn an alphabetic language. And English is an alphabetic  
9 language.

10 MR. TRUDEAU: Right.

11 MS. ELLER: You cannot memorize it, by sight, as if it  
12 were Chinese.

13 MR. TRUDEAU: Well, aren't we learning -- aren't --  
14 aren't they being taught phonics now?

15 MS. ELLER: Nooo. No, no, no.

16 MR. TRUDEAU: They're not being taught --

17 MS. ELLER: No.

18 MR. TRUDEAU: -- phonics in school?

19 MS. ELLER: No. Fifteen percent of the schools in  
20 America are using intensive, systematic direct instruction of  
21 phonics in first grade, as the research from the United States  
22 Department of Education tells them they should. Eight-five  
23 percent of the schools in America are not doing that. They are  
24 having the children memorize words by sight, what we would know,  
25 recognize as the "Dick and Jane" type readers.

## EXHIBIT A

6

1 MR. TRUDEAU: Right, the look -- isn't that the "look-  
2 see" method?

3 MS. ELLER: "Look-say," yes.

4 MR. TRUDEAU: Okay, "look-say."

5 MS. ELLER: I call it "look and guess."

6 MR. TRUDEAU: Right. (Laughs.)

7 MS. ELLER: They call it "look and say." Well, the  
8 reason I call -- do that is because --

9 MR. TRUDEAU: Yeah.

10 MS. ELLER: -- after teaching school for 30 years and  
11 watching these children look at the picture and then just guess  
12 at the words, I call it "look and guess."

13 MR. TRUDEAU: Sure.

14 MS. ELLER: Okay. Then, there's also something in the  
15 schools now called "whole language."

16 MR. TRUDEAU: Uh-huh (yes).

17 MS. ELLER: And in that method, the teachers are told  
18 to surround the children with written information and read  
19 stories to the children that are repetitious and predictable.  
20 The children will memorize them. That's -- that's up your alley.

21 MR. TRUDEAU: Right, right.

22 MS. ELLER: And they will figure the system out on  
23 their own. And if they don't figure it out in first grade, don't  
24 worry about it. Pass them on to second grade. If they don't  
25 figure it out by fourth grade, pass them on to high school.

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## EXHIBIT A

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1           You see, what happens is, the children don't figure it  
2 out. I train teachers all over the country. I get calls to come  
3 into high schools where 90 percent of the kids in the high school  
4 cannot read their textbooks. They have not figured the system  
5 out on their own. And it's very simple to show them how the  
6 system works.

7           So, what will happen is, I will train the teachers. I  
8 will show the teachers how to teach reading. They will stop  
9 teaching subjects for six weeks, teach all the kids to read, then  
10 go back to their subjects, to their textbooks. It's that easy to  
11 correct.

12           But the problem is, the teachers are not being given  
13 the right information in their training. They don't have the  
14 right tools. It wouldn't matter how hard they worked; with the  
15 wrong information, they are not going to be able to teach the  
16 children to read.

17           So, to answer your question, how do they get all the  
18 way through, graduate --

19           MR. TRUDEAU: Yeah, right.

20           MS. ELLER: -- they get socially promoted right out the  
21 door.

22           MR. TRUDEAU: And they never learn how to read.

23           MS. ELLER: Last year, we graduated two-and-a-half  
24 million kids from high school; nationwide. One million of them,  
25 according to the United States Department of Education, cannot

## EXHIBIT A

1 even read their own diplomas.

2 MR. TRUDEAU: I -- that -- that -- it's incredible to  
3 me, because this must, obviously, dramatically, adversely impact  
4 these kids' self-esteem, self-confidence and income-earning  
5 ability, right?

6 MS. ELLER: It's also impacting all the rest of us.  
7 Because, you see, here's what happens. They're predicting -- the  
8 United States Department of Education -- they're predicting that,  
9 if we don't correct this problem --

10 MR. TRUDEAU: Uh-huh (yes).

11 MS. ELLER: -- by the Year 2000, we will have  
12 two-thirds of our nation that will be functionally illiterate.  
13 Now, how can the one-third of us who work and support all these,  
14 ah, subsidized programs --

15 MR. TRUDEAU: Right.

16 MS. ELLER: -- support the two-thirds who don't? We're  
17 heading for a big collapse.

18 Also, what you've got to realize is that illiteracy is  
19 the best form of censorship there is. You don't have to ban the  
20 books, you don't have to burn the books, if nobody can read the  
21 books.

22 You cannot be a participating member of this society  
23 unless you are literate.

24 MR. TRUDEAU: Now, that -- that -- that's a very  
25 interesting, ah, way to look at it from a political standpoint.

## EXHIBIT A

9

1 MS. ELLER: Absolutely.

2 MR. TRUDEAU: Now, let me ask you a question. You --  
3 you actually put together or -- or you have the teacher, on these  
4 audio tapes, called "Action Reading".

5 MS. ELLER: That's me.

6 MR. TRUDEAU: Okay, that's you. And tell me a little  
7 bit about that. How did you get involved? How did you start  
8 this?

9 MS. ELLER: Well, I actually have --

10 MR. TRUDEAU: I mean, you -- you seem very passionate  
11 about this whole program of reading.

12 MS. ELLER: Well, I absolutely am, because I have two  
13 little baby granddaughters that I do not want to grow up in the  
14 kind of society that I'm seeing today.

15 And what we're discovering is that a lot of the  
16 problems in society are caused by illiteracy. Eighty-five  
17 percent of the kids who go through juvenile court are illiterate.  
18 So, if you can't read, what are you going to do?

19 MR. TRUDEAU: Right.

20 MS. ELLER: What kind of a job are you going to get?

21 MR. TRUDEAU: Right.

22 MS. ELLER: You see -- and especially in this  
23 technological world. So, we have a real serious problem. And  
24 that's why I'm very passionate about it.

25 But I actually have two stories.

## EXHIBIT A

10

1 MR. TRUDEAU: Right.

2 MS. ELLER: My first story is a personal story.

3 MR. TRUDEAU: Uh-huh (yes).

4 MS. ELLER: Um, my first son, when he was five years  
5 old, started first grade. He was one of those December babies.

6 MR. TRUDEAU: Right.

7 MS. ELLER: Okay, he did not learn to read in school.

8 This was my firstborn. My most precious thing in the world. I  
9 trusted him to the public school.

10 MR. TRUDEAU: The public school system, okay.

11 MS. ELLER: And I was actually doing my student  
12 teaching that year. So, my little Patrick didn't learn to read.  
13 But they passed him to second grade. Couldn't read a word. So,  
14 I said --

15 MR. TRUDEAU: What -- what were they teaching?

16 MS. ELLER: They were teaching "Dick and Jane."

17 MR. TRUDEAU: "Dick and Jane."

18 MS. ELLER: Sight reading.

19 MR. TRUDEAU: Sight reading, okay.

20 MS. ELLER: Trying to get him to memorize --

21 MR. TRUDEAU: "Look-guess-say," right, okay.

22 MS. ELLER: -- memorize half a million words in English  
23 by sight.

24 MR. TRUDEAU: Right.

25 MS. ELLER: Absolutely impossible task.

## EXHIBIT A

11

1 MR. TRUDEAU: Right.

2 MS. ELLER: Okay, he cried, he was very upset, he  
3 didn't like school. Of course; he couldn't do anything.

4 MR. TRUDEAU: Right.

5 MS. ELLER: So, I said to him, as mothers do, you know,  
6 well, Patrick, we can work really hard all summer and Mommy will  
7 teach you to read. Or, next year, you can go back and start  
8 again in first grade.

9 So, he chose, of course, as Mommy intended, to start  
10 again. And that year, I put him in a classroom with a teacher  
11 that I knew was using intensive, systematic phonics. At the end  
12 of that year in first grade, he tested twelfth grade in reading  
13 level. There was nothing --

14 MR. TRUDEAU: Twelfth grade?

15 MS. ELLER: -- wrong my child. It was the method that  
16 the first teacher had used. She didn't have the right  
17 information.

18 But that's not the end of the story.

19 MR. TRUDEAU: Okay.

20 MS. ELLER: Okay. I have another son who's 15 months  
21 younger.

22 MR. TRUDEAU: Uh-huh (yes).

23 MS. ELLER: Okay. The next year, that son started  
24 first grade. And Patrick was now in second grade. So, first  
25 week of school, I get a call to come in to the school for a

## EXHIBIT A

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1 conference. And I'm thinking, what in the devil could he have  
2 done the first week of school? I mean, you know --

3 MR. TRUDEAU: He's already in trouble, right?

4 MS. ELLER: -- you know, what can this kid have done?

5 So, I go in and the teacher says to me, "Has Mitch been  
6 retained?" And I said, "No, why?" And she said --

7 MR. TRUDEAU: You mean, held back?

8 MS. ELLER: Yeah.

9 MR. TRUDEAU: Okay.

10 MS. ELLER: Why? And she said, "Well, he's so big and  
11 he reads so well." I said, "Oh, really?" She said, "Didn't you  
12 know he could read?" I said, "No." And I thought, yeah, right.  
13 You probably handed him "Peter Pan" or "Peter Rabbit" --

14 MR. TRUDEAU: Sure.

15 MS. ELLER: -- or one of the stories that he has  
16 memorized, which is what little children do. They'll memorize  
17 those stories. And if you miss a word, boy, they catch you.

18 So I went home thinking, you know, this is what had  
19 happened. And I said to him, "Mitch, can you read?" And he  
20 goes, "Yup." And I said, "Well, read to Mommy."

21 MR. TRUDEAU: Yeah.

22 MS. ELLER: And I expected him to go in his bedroom,  
23 get one of the stories I read to them at night. No. He --

24 MR. TRUDEAU: "Winnie the Pooh" or something, right?

25 MS. ELLER: Yeah. He reaches in the bookcase, he pulls

## EXHIBIT A

13

1 out this book -- book by Pearl S. Buck, he opens it up and he  
2 starts to read to me. And I said, "I didn't know you could read.  
3 How did you learn to read?" And he goes, "Pat taught me." And I  
4 said, "Whoa, whoa, wait a minute. Pat" -- and Pat was six --

5 MR. TRUDEAU: Right.

6 MS. ELLER: -- taught Mitch, who was five, to read.

7 MR. TRUDEAU: A six-year-old is teaching the  
8 five-year-old.

9 MS. ELLER: And I said, "When did Pat teach you to  
10 read?" And he said, "You know, Mom, every day he brings his  
11 papers home. He erases them. We play school. And he "be's" the  
12 teacher."

13 So, the six-year-old was erasing his materials and  
14 teaching it over again to the five-year-old.

15 So, at that point, I said, Wait a minute. All the  
16 stuff they've been telling me in the college of education --  
17 about how half the kids can't learn to read, or a fourth of the  
18 kids can't learn to read, or you have to do this, that, and the  
19 other -- is baloney. If a six-year-old, with the right  
20 information, can teach a five-year-old to read, then there's  
21 something that they're not telling us in the college of  
22 education.

23 MR. TRUDEAU: Well, is it because your children are  
24 gifted? I mean, aren't there some kids just smarter --

25 MS. ELLER: They'd like to think they are. (Both

## EXHIBIT A

14

1 laugh.)

2 MR. TRUDEAU: Okay.

3 MS. ELLER: In fact, I have four, and they'd all like  
4 to think that they're smarter than Mother. Actually -- actually,  
5 they are. My children are smarter than I am. So, that's --  
6 brings up a really good point, Kevin.

7 The children today are not dumb. That's not why half  
8 of them can't read. That's not why half the American public is  
9 illiterate. It is because we have changed the method we use in  
10 the schools.

11 Now, to get to the other part of yours -- of your, ah,  
12 question, why am I so passionate about this? Well, in 1974, I  
13 was teaching school in Alaska. And every one of my first graders  
14 could read the newspaper. They were writing letters to Congress.  
15 They were writing letters to the soldiers in Vietnam, getting  
16 back answers, writing again.

17 MR. TRUDEAU: Yeah.

18 MS. ELLER: Um, the superintendent came in and he said,  
19 "Okay, there's no other teacher in all the 54 schools that are --  
20 that's doing this. You're going to train all the teachers." And  
21 I went, "Ah! Do you see those 47 boxes? I mean, every night I  
22 dig in there to decide what I'm going to do. Come on, surely  
23 there's a program that's already published that does what I do,  
24 because it's not that unique. It's what good teachers have  
25 always done. It's just teaching them the phonics, teaching them

Complaint

125 F.T.C.

## EXHIBIT A

15

1 the comprehension and making it fun."

2 So, he finally said, "Okay. I'm going to send you  
3 outside" -- that's what they call the rest of the United States -

4 -

5 MR. TRUDEAU: Right.

6 MS. ELLER: -- "outside of Alaska. And I want you to  
7 look at every published program in America."

8 So, I looked. For three months, I visited schools all  
9 over and I looked at every reading program that was being used in  
10 the schools. And I found a program that was better than what I  
11 did. It was called "Action Reading." It was developed by a high  
12 school teacher in Newark, New Jersey, who was frustrated that  
13 high school kids couldn't read.

14 MR. TRUDEAU: Right.

15 MS. ELLER: Moved down, grade by grade, developed this  
16 program in first grade, and it was all reusable and it all fit in  
17 one box. My husband loved it. Didn't have to move 47 boxes  
18 anymore.

19 That is the program I took back. We started using it  
20 in the Anchorage School District. Every child that went through  
21 it learned to read. It was phenomenal.

22 And then what happened in my -- in my particular case  
23 is, the principal came in at the end of the year and he said,  
24 "Guess what, Jeanie, we have all these fifth and sixth graders  
25 who didn't get "Action Reading" and they can't read.

## EXHIBIT A

1 Next year, you have to teach those fifth and sixth graders."  
2 Well, I found that I could do that in a semester,  
3 instead of a whole year.  
4 MR. TRUDEAU: Uh-huh (yes).  
5 MS. ELLER: Then, the high school principal said,  
6 "Guess what?"  
7 MR. TRUDEAU: Guess what?  
8 MS. ELLER: "We need to borrow her, because we have  
9 kids in the high school who can't read."  
10 MR. TRUDEAU: Yeah.  
11 MS. ELLER: I found out you could do that in six weeks,  
12 because the older the person --  
13 MR. TRUDEAU: The quicker they can learn it.  
14 MS. ELLER: Right.  
15 MR. TRUDEAU: That's right.  
16 MS. ELLER: The more they can absorb, plus they have  
17 all the small motor skills. They've already got the -- the, ah,  
18 auditory/visual connection. There's a lot of things that -- that  
19 you develop --  
20 MR. TRUDEAU: Right.  
21 MS. ELLER: -- as you go along. And then I started  
22 doing summer school and then summer camps, where I taught kids to  
23 read in two weeks. And, eventually, I worked with Dr. Curatan,  
24 the author of the "Action Reading," and we decided, because we  
25 got so many calls from people saying, "I can't come to you. I

## EXHIBIT A

17

1 can't afford your camp. I can't send my child."

2 MR. TRUDEAU: Right.

3 MS. ELLER: "What can you send me?"

4 MR. TRUDEAU: Right.

5 MS. ELLER: And they couldn't afford the school  
6 program, even though it's very inexpensive and reusable, they  
7 wanted something they could afford, something they knew would  
8 work.

9 So, I racked my brain, I prayed. Finally, we decided  
10 we'd do the home program, so we did it. With audio tapes, I do  
11 the teaching on the tape.

12 MR. TRUDEAU: Right, right.

13 MS. ELLER: We have a video that helps people, gives  
14 them an overview, shows them where we got our system of reading  
15 and writing, our alphabet, the whole thing. Explains how the  
16 whole thing works. And also shows them preschoolers and -- and  
17 elementary children and high school kids and college kids and  
18 senior citizens --

19 MR. TRUDEAU: Right.

20 MS. ELLER: -- who've learned to read with this  
21 program.

22 And when you go through this program, you start at the  
23 beginning and you take every logical step right through it. And  
24 when you come out, you are a fluent, independent reader. And  
25 I've put my 30 years of teaching credibility on the line. It

## EXHIBIT A

18

1 absolutely is guaranteed to work.

2 MR. TRUDEAU: Well, if you're watching right now and  
3 you do want information on the program, "Action Reading" -- it's  
4 a home study course. It's fun and easy to go through. It just  
5 takes a few short hours.

6 And what age level can go through it?

7 MS. ELLER: Well, parents can use it with preschoolers.

8 MR. TRUDEAU: Right.

9 MS. ELLER: Anyone eight and above can do it all on  
10 their own.

11 MR. TRUDEAU: Eight and above can go through it, and  
12 preschoolers with their parents.

13 Call the number on the screen if you want more  
14 information on Jeanie's program. And we did work out a special  
15 arrangement. You will receive a substantial discount if, you do  
16 call today, on the program.

17 Now, let's talk about, you said, age levels. You  
18 mentioned, as, ah, eight and above can go through it on their  
19 own. There are other phonics programs on the market -- some of  
20 them are really expensive -- and I thought some of them were  
21 pretty good.

22 What's the difference between your phonics program and  
23 some of the other ones that people may be familiar with?

24 MS. ELLER: Okay, there are -- there are some good  
25 phonics programs out there that work, and some of them are being

## EXHIBIT A

19

1 used in schools. And those programs are comprehensive.

2           Unfortunately, there have been a -- a number of  
3 programs that have been made available to the public that are not  
4 very comprehensive. They start out by teaching the -- the person  
5 the names of the letters and the sounds, and then they go right  
6 to -- well, open the workbook and read the sentences.

7           And that's, like, wait, wait, wait. How do I get from  
8 just saying letter names and sounds to reading sentences?

9           So, they -- they have a big gap --

10          MR. TRUDEAU: Right.

11          MS. ELLER: -- missing.

12          MR. TRUDEAU: Okay.

13          MS. ELLER: So, they're not teaching the comprehension.  
14 They're not act- -- actually teaching how the system of English  
15 works. They're not teaching the whole systematic thing.

16          The program that I use, first of all, it's very  
17 inexpensive. It's reusable. You -- you might need to get  
18 another workbook, but everything else -- the tapes you can use  
19 over with -- if you have other children in your family. You  
20 know, if you want to share it with your church or --

21          MR. TRUDEAU: Right, uh-huh (yes).

22          MS. ELLER: -- something. Ah, the video, of course,  
23 you can share with your friends and neighbors.

24          And the games are phenomenal, because they're actually  
25 just drill. But the people playing them get so engrossed in just

## EXHIBIT A

20

1 the game idea that they don't realize they're doing drill.

2 So, what -- what the difference is, is that we take  
3 every step. First of all, we explain where we got our system of  
4 reading and writing. And most teachers don't know this.

5 MR. TRUDEAU: Right.

6 MS. ELLER: They don't realize that those letters,  
7 those symbols, come from pictographs. They actually represented  
8 something. Like the "A" represented a bull, the head of a bull.  
9 And then it became just the lines of that. And then, eventually,  
10 the Phoenicians developed the alphabet. So, it changed from  
11 being a meaning-bearing symbol to a sound-bearing symbol.

12 MR. TRUDEAU: Uh-huh (yes).

13 MS. ELLER: And that was the invention of the alphabet.

14 MR. TRUDEAU: Right.

15 MS. ELLER: And that's the concept that teachers are  
16 not given. They don't realize that you can't memorize half a  
17 million words by sight. You've got to learn that code.

18 And so, we explain all that and then we show them how  
19 to put those sounds together. And we do not start by teaching  
20 them the names of the letters. Everybody I've ever worked with,  
21 whether they were little children or adults, already knows the  
22 ABCs.

23 MR. TRUDEAU: Sure.

24 MS. ELLER: But A-B-C doesn't make a word. C-A-T does  
25 not make a word. If I go C-A-T, C-A-T, C-A-T, you don't hear a

Complaint

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## EXHIBIT A

21

1 word.

2 MR. TRUDEAU: Right.

3 MS. ELLER: But if I show you the sounds and go "Kuh-  
4 aah-tuh" and you go left to right, because in English you can  
5 only read left to right; you can't go right to left, like you do  
6 in Hebrew.

7 MR. TRUDEAU: Right.

8 MS. ELLER: Then you go, "Kuh-aah-tuh" and the word  
9 "cat" comes right out of your mouth. As it does with my little  
10 granddaughter, who's only two-and-a-half.

11 MR. TRUDEAU: Two-and-a-half.

12 MS. ELLER: Two-and-a-half. She's already sounding out  
13 words. But, see, what happened is, her mother and father did not  
14 teach her the ABCs. When she looks at an "M", they don't call it  
15 an "M". They call it the "Mommy" letter, "mah-mah-mah". And  
16 there's the "Daddy", the "dah-dah-dah". And her letter is the  
17 same as yours, the "kah-kah-kah" letter.

18 MR. TRUDEAU: Right, right.

19 MS. ELLER: So, she'll look at something and she'll go,  
20 "dah-o-g". Grandma, that's dog. She doesn't go D-O-G, D-O-G, D-  
21 O-G, because that doesn't make a word.

22 MR. TRUDEAU: Interesting.

23 MS. ELLER: So -- and -- and it isn't that she's the,  
24 you know, the most brilliant child in the world. She's the most  
25 beautiful, but she's not the most brilliant.

## EXHIBIT A

22

1           But -- but, really, any child that you show them how  
2 that code works, you can't stop them from reading. They crack  
3 that code. And that code is the key.

4           When I taught the four illiterate adults to read in two  
5 weeks for the Oprah Winfrey Show --

6           MR. TRUDEAU: Uh-huh (yes).

7           MS. ELLER: -- one of the ladies, the third day -- this  
8 was a lady who was 30 years old. She had never learned to read.  
9 She dropped out of school in eighth grade, when she was pregnant  
10 with the first of six children. Just a tragic, tragic story.  
11 Been on drugs. Been on welfare. Had her children removed.  
12 Everything. Wanted desperately to learn to read, get her  
13 children back, and had -- you know, had taken care of her drug  
14 problem.

15           MR. TRUDEAU: Right.

16           MS. ELLER: The third day, she said, "Jeanie, I always  
17 knew there was a secret code that nobody showed me."

18           You see, if you don't know that there's an alphabetic  
19 system, if nobody shows you that, it is a secret.

20           MR. TRUDEAU: So --

21           MS. ELLER: If you don't know there's a simple way to  
22 do it.

23           MR. TRUDEAU: So, now, you were on Oprah.

24           MS. ELLER: Yes.

25           MR. TRUDEAU: You were on a lot of other -- I know you

## EXHIBIT A

23

1 do, what, 400 radio appearances a year, or something?

2 MS. ELLER: Oh, I've done about 1,500.

3 MR. TRUDEAU: Okay, radio shows and you've been on  
4 television and written up in newspapers, the program.

5 But you're talking about this secret code. The  
6 government says -- you were mentioning to me -- that teaches  
7 certain kids just can't read, and you're saying that's hogwash.

8 MS. ELLER: It is. It's absolute hogwash. I've been  
9 teaching for 30 years and I've never had anyone not learn to  
10 read.

11 MR. TRUDEAU: Because I just watching a show the other  
12 day on -- on -- on TV and they were saying, this guy's trying to  
13 read. He's tried -- he tried a phonics program himself. He --  
14 he still can't read. He's frustrated. He thinks he's dumb.

15 And they said -- they made the statement, the only way  
16 he can read is by hard, hard work, and he still may never learn  
17 how to read.

18 MS. ELLER: No, that is absolutely not true, and I hope  
19 he's watching this show, because if he'll get this program, I  
20 guarantee you he'll learn to read. I -- I know what you're  
21 talking about.

22 What they do is, they start by teaching the person the  
23 ABCs.

24 MR. TRUDEAU: Uh-huh (yes).

25 MS. ELLER: And then, they have them start memorizing

## EXHIBIT A

1 sight words. Now, that's exactly what the "Dick and Jane"  
2 methodology was based on, that you memorize four hundred of the  
3 most frequently used words in first grade. That's called first  
4 grade level of reading.

5 MR. TRUDEAU: Right.

6 MS. ELLER: By the time you get to sixth grade, you're  
7 supposed to have memorized six -- ah, three thousand of the most  
8 common words in English. That's called sixth grade-level of  
9 reading.

10 Newspapers are now written at sixth grade level. They  
11 use the same three thousand --

12 MR. TRUDEAU: Three thousand.

13 MS. ELLER: -- words over and over --

14 MR. TRUDEAU: Over and over, okay.

15 MS. ELLER: -- ad nauseam. Um, and half the American  
16 people cannot read it. The problem is, adults start out and they  
17 memorize maybe 15 words, maybe 100 words, maybe 200 words. But  
18 they cannot pick up a newspaper and read anything --

19 MR. TRUDEAU: Right.

20 MS. ELLER: -- because there's always three or four  
21 words in the sentence that they don't know what it means. And  
22 what adults say to me is, it looks like the blank in his blank  
23 are going to the blank --

24 MR. TRUDEAU: Well, isn't it --

25 MS. ELLER: -- because they don't know what those other

## EXHIBIT A

25

1 words are.

2 MR. TRUDEAU: -- but isn't that vocabulary? Or is it -

3 -

4 MS. ELLER: No, no --

5 MR. TRUDEAU: -- different than from --

6 MS. ELLER: -- because if you -- if you tell them what

7 the words are, they know those words. They speak those words.

8 The people that I taught to read on the Oprah Show, as soon as

9 they could decode, decipher the newspaper, they knew those words.

10 They were articulate people. They spoke the language. They

11 understood the language. They just could not decipher the

12 language.

13 MR. TRUDEAU: So, they -- if you told them what the

14 word was, they knew the meaning.

15 MS. ELLER: Oh, yes. Many of them --

16 MR. TRUDEAU: But they just couldn't -- they didn't

17 know what the words said.

18 MS. ELLER: They couldn't decode it for themselves.

19 MR. TRUDEAU: Now --

20 MS. ELLER: So, that's the problem.

21 MR. TRUDEAU: -- now, is your program self-tutorial?

22 Because this is a big issue. A lot of people out there --

23 because I bought this program for my brother's son --

24 MS. ELLER: Uh-huh (yes).

25 MR. TRUDEAU: -- okay, because, you know, he's seven

## EXHIBIT A

26

1 years old. I thought, he -- I want him to go, because he's going  
2 to be eight. Well, if he can't go through it himself, at least I  
3 know my brother will walk him through the program.

4 For an eight-year-old and above, can they go through  
5 this program themselves?

6 MS. ELLER: Absolutely.

7 MR. TRUDEAU: Will they have fun doing it?

8 MS. ELLER: Absolutely. Because (both laugh) --

9 MR. TRUDEAU: Okay.

10 MS. ELLER: -- this program is multi-sensory. That's  
11 why it's called "Action Reading". Because when Dr. Curatan first  
12 started developing this, at first grade, first, he found out that  
13 the children were all TV babies. That means, if you didn't show  
14 them a picture, they didn't hear you.

15 MR. TRUDEAU: Right.

16 MS. ELLER: So, he had to work on their auditory  
17 skills. So, the -- what we do with this program is, we get  
18 people to understand that words are just sounds that you can put  
19 together and take apart.

20 So, in English, we have 26 letters. We have 44 sounds  
21 we use when we talk. And we have 70 ways to write down those 44  
22 sounds. That's called the code. That's the alphabetic code. We  
23 call them phonograms. Written forms of the sounds.

24 MR. TRUDEAU: Okay.

25 MS. ELLER: Okay. With those 70 phonograms, you can

Complaint

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## EXHIBIT A

27

1 read anything in English. Now, when I first started this battle,  
2 I call it now --

3 MR. TRUDEAU: Well, hold -- hold on one second before  
4 you go on, because I want people to know, if you do want to call  
5 and get information on Jeanie's program, which I highly  
6 recommend, pick up your phone and call the 800 number that's on  
7 the screen.

8 If -- if you want to read yourself. If you know  
9 somebody -- ah, as I mentioned, I gave this to my -- my  
10 brother's, ah, son, to learn how to read. And it's really the  
11 most comprehensive, easiest, fastest way that anyone can learn  
12 how to read.

13 MS. ELLER: Absolutely.

14 MR. TRUDEAU: Is this correct?

15 MS. ELLER: Absolutely, because it not only teaches the  
16 decoding, the phonics part, it teaches comprehension. It teaches  
17 the spelling patterns of English. And it teaches you penmanship  
18 -- good, old handwriting.

19 MR. TRUDEAU: You know, I was just -- I was -- I get  
20 notes in from, ah, people. They write things to me. And I look  
21 and say, where do these kids learn how to write? They can't even  
22 write.

23 MS. ELLER: We're not teaching handwriting in schools  
24 anymore.

25 MR. TRUDEAU: Well, that -- there -- there's your

## EXHIBIT A

1 answer.

2 MS. ELLER: And we also aren't teaching spelling in the  
3 schools anymore, because they have a new philosophy that, if you  
4 correct their spelling, you'll stifle their creativity; they  
5 won't want to write.

6 MR. TRUDEAU: Um --

7 MS. ELLER: Sounds crazy to normal people, but that's  
8 what teachers are being told.

9 MR. TRUDEAU: Is it -- does it -- now, if you learn how  
10 to read. Let's take a child. Basically, if he becomes an  
11 affluent -- how did you pronounce that? Af--?

12 MS. ELLER: Fluent, not affluent.

13 MR. TRUDEAU: Fluent, fluent.

14 MS. ELLER: Affluent is rich. (Both laugh.)

15 MR. TRUDEAU: Well, if they become fluent, will they  
16 become affluent?

17 MS. ELLER: Well they have the ability then.

18 MR. TRUDEAU: But will -- but now -- now you know this,  
19 because you've been in the teaching setting. If a child can read  
20 -- and if a parent is watching right now, I guess you -- you told  
21 me earlier, hey, ask yourself the question -- hand your child  
22 something and see if they can read it.

23 MS. ELLER: Oh, absolutely. That is the most crucial  
24 thing we -- we need to address. Because parents assume that,  
25 because their children are in school -- they're trusting them to

## EXHIBIT A

29

1 the schools like I trusted my little boys -- that they're  
2 learning to read. That is not an assumption you can make.

3           What you must do is, today, as soon as this show is  
4 over, sit down with your child, hand them something they have not  
5 memorized, like today's newspaper, pick out a story in today's  
6 newspaper that's suitable for the age of your child, if you can  
7 find one --

8           MR. TRUDEAU: Right, right.

9           MS. ELLER: -- that isn't all blood and gore. And if  
10 your child is in second grade or above, your child should be able  
11 to fluently and independently read a story in the newspaper.  
12 When they come to a word they've never seen --

13           MR. TRUDEAU: They should read it out loud to you.

14           MS. ELLER: Yes, absolutely, read it out loud.

15           MR. TRUDEAU: Out loud.

16           MS. ELLER: How else are you going to know they're  
17 reading?

18           MR. TRUDEAU: Right, okay.

19           MS. ELLER: Okay.

20           MR. TRUDEAU: Honesty?

21           MS. ELLER: Okay. And accurately. See, when they come  
22 to a word they've never seen, they should be able to sound it  
23 out, then pick up their speed and go right on.

24           And then, the second most important thing is, if they  
25 can do that --

## EXHIBIT A

1 MR. TRUDEAU: Uh-huh (yes).

2 MS. ELLER: -- then ask them comprehension questions  
3 about what they just read. Who did it? Where did it happen?  
4 When did it happen? Tell me in your own words what this story  
5 was about.

6 According to the United States Department of Education,  
7 in a document called, "What Works," the teaching of reading  
8 should be taught in first grade with intensive, systematic direct  
9 instruction of the phonetic system. It should be completed by  
10 the end of first grade, second grade at the very latest.

11 And so, therefore, if your child is in second grade or  
12 above, they should be able to fluently and independently read a  
13 story in the newspaper.

14 Now, there's going to be a lot of people, Kevin, who  
15 are going to find out their children can't do that. So, they've  
16 got several choices. They can go to the school and say, what  
17 method are you using?

18 MR. TRUDEAU: Right.

19 MS. ELLER: Are you having reading class after second  
20 grade? Why are you doing that? Show me the research. Ah,  
21 that's going to be a long, slow battle, because, I know, I've  
22 been fighting it now for 20 years.

23 MR. TRUDEAU: Sure.

24 MS. ELLER: The best thing to do, the best way to solve  
25 illiteracy in America, get yourself literate. Get yourself

## EXHIBIT A

31

1 literate. Get your children literate. And then, start trying to  
2 make changes in the bureaucracy.

3 MR. TRUDEAU: Now, if your child becomes this fluent  
4 reader, be able to -- if it's first grade, second grade -- picks  
5 up the newspaper, "Mommy, let me show you this," and reads this  
6 thing fluently, out loud. If they can't do that -- and if they  
7 could, they'll do better in school.

8 MS. ELLER: Oh, let me tell you what'll happen to them.

9 MR. TRUDEAU: They -- they -- go ahead.

10 MS. ELLER: They'll be in the top five percent in the  
11 nation. Accord- --

12 MR. TRUDEAU: That easy?

13 MS. ELLER: -- according to --

14 MR. TRUDEAU: You're saying that -- that easy?

15 MS. ELLER: It's -- well, you figure it out, okay?

16 You're a bright man. According to the United States Department  
17 of Education, just five percent of our 17-year-olds can read at  
18 an advanced level. This is also from "What Works." Okay, that's  
19 one out of 20, right?

20 MR. TRUDEAU: Right.

21 MS. ELLER: All right. So, what we're saying is, 20 --  
22 for every 20 kids who start first grade --

23 MR. TRUDEAU: So, the grades are going to go up?

24 MS. ELLER: -- one out of those 20 is going to learn to  
25 read in school; 19 are not.

## EXHIBIT A

1 MR. TRUDEAU: So, the grades will go up.

2 MS. ELLER: You'll be in the top five percent in the  
3 nation.

4 MR. TRUDEAU: I bet you their self-esteem --

5 MS. ELLER: Oh --

6 MR. TRUDEAU: -- their self-confidence --

7 MS. ELLER: -- incredible what'll happen.

8 MR. TRUDEAU: They'll feel better about themselves.

9 Ah, SAT scores?

10 MS. ELLER: Oh, Alaska had -- I don't know what the  
11 scores are for this year, but the last time I looked, Alaska had  
12 the highest SAT scores in the nation.

13 MR. TRUDEAU: So, the SAT scores go up, they get --  
14 they get into the college of their choice? If they get a good  
15 education, if they come out, ah, the top five percent, they're  
16 making more money. They get into the job of their choice.

17 MS. ELLER: Then they can be affluent.

18 MR. TRUDEAU: If some -- exactly. If they're fluent at  
19 first, then affluent later.

20 MS. ELLER: You got it.

21 MR. TRUDEAU: If an adult is watching us right now and  
22 they're at a certain income level, if -- you're telling me, if  
23 they can learn to read and read fluently, they have a better  
24 chance of in- -- making more money, of, ah, improving their own  
25 rate of success in their own career.

## EXHIBIT A

33

1 MS. ELLER: Absolutely. I had a man call me -- you  
2 just made me think of this -- he had been a Vietnam Vet, stayed  
3 in, went into the National Guard, couldn't read. Only his wife  
4 knew he couldn't read. And anything he had to read, he would go,  
5 "Oh, I forgot my reading glasses. What does it say?"

6 MR. TRUDEAU: Ah.

7 MS. ELLER: Or, he would take it home, have his wife  
8 read to him -- because his wife knew he couldn't read -- he'd  
9 come back.

10 He called me up. He was absolutely desperate. He was  
11 getting a promotion and he had to read. It was a desk job. And  
12 he said he'd gone to several places. They told him it was going  
13 to take him two years, three years, six years to learn to read.  
14 He said, "I don't have that kind of time."

15 MR. TRUDEAU: Right.

16 MS. ELLER: "What can you do?" I said, "Take this  
17 program. I guarantee you, if you'll go through it, if you'll  
18 start back at square one and go through this program, when you  
19 finish, you'll be able to read anything".

20 He called me back in a month. He got his promotion.  
21 He could now read anything. And that man was a new person. I  
22 mean, you could hear it. You could hear it --

23 MR. TRUDEAU: You can hear it.

24 MS. ELLER: -- in his voice.

25 MR. TRUDEAU: Folks, if you're watching right now and

EXHIBIT A

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1 you want more information on Jeanie's program, please call the  
2 800 number. We highly recommend and endorse this program. I  
3 bought it myself for my -- my brother's son. I think you'll see  
4 some fantastic results for you and the children and the people  
5 that you love.

6           This is Kevin Trudeau. Thanks again for watching me.

7 And watch me on another edition of "A Closer Look."

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## EXHIBIT B

**ACTION READING  
SUMMARY**

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About Jeanie Eller

- Her program is endorsed by The National Right to Read Foundation and The National Reading Reform Foundation!
- Nationally renowned teaching and reading expert.
- 30 years of teaching experience
- Trains or Retrains teachers in "In Service Meetings"
- Has appeared on Oprah Winfrey's show

Side notes from Program

- 85% of all schools teach kids to read by sight
- 15% use phonics
- By the year 2000, two-thirds of our country will be illiterate (functionally disabled)!
- More than 1 million children each year graduate without the ability to read.

For Children

- Excellent home study program for preschoolers
- Children 8 and older can do the program on their own
- The audio cassettes are filled with songs and rhymes that hold their attention
- The video tape is fun for kids because Jeanie has FUN pictures on the flash cards that they like and they get to make lots of funny sounds that later translates into reading!
- Helps boost self esteem and confidence
- Gives kids an edge in school that makes it easier for them to excel
- Helps improve comprehension of materials read
- Helps enhance penmanship abilities
- Incorporates all of the learning senses through art, games, body movements, and music to create an active and entertaining experience that kids won't think is "work".
- Excellent for kids raised in homes where English is NOT spoken

Complaint

EXHIBIT B

**ACTION READING  
SUMMARY**  
continued

For Adults

- Relieves embarrassment of not being able to read (newspaper, food labels, bus schedules, menus, job applications, etc.)
- Boost confidence and self esteem
- Can make a person more employable
- Easier and quicker for adults to learn, because most already know the vocabulary - they just need to learn how to "decode" written words and sentences.
- Other:
- Uses intensive systematic phonics (based on word sounds, not spellings)
- Most people can complete the entire program and learn to read within 4-6 weeks.

Complaint

125 F.T.C.

## EXHIBIT B

**ACTION READING SCRIPT**

Thank you for calling Action Reading my name is \_\_\_\_\_, and who and I speaking with?

Hi \_\_\_\_\_, are you calling about Fast Track Action Reading program?

[Caller] Yes I am.

Great! I can help you with that.

Is this for a child or an adult? (If a child) how old is he/she?

OK good! Jeanie's program can definitely help!

As a matter of fact it's endorsed by The National Right to Read Foundation and The National Reading Reform Foundation. Plus, it's backed by a 100% money back guarantee!

The key to Jeanie's proven approach is the use of all learning senses, through art, games, body movements and music to create an active, entertaining experience. And Jeanie not only teaches you how to read, but also comprehension and writing skills. The program includes over 9 hours of audio cassette tapes, a 100 page guide book, flash cards, 7 game boards and playing pieces, along with a bonus video tape. And the best part is the value. Normally, Jeanie charges schools \$1500 per day to learn about her proven methods. But you can take advantage the same information and receive the complete Action Reading program for just \$139.97, plus S&H. And Jeanie is so sure her program works, she offers you a full, three month, money back guarantee in writing. If for any reason you're not satisfied, simply return it for a full refund of the product purchase price - no questions asked! And all I need to get the program out to you is your address and credit card number - would you prefer to use Visa, Mastercard or Discover?

[Capture all information]

\_\_\_\_\_ your total including shipping and handling is \$152.47 and you'll receive your program in 2 - 4 weeks. If you have any questions you may call our customer service number at 1-800-634-2990. Thank you for calling and have a great day!

## EXHIBIT B

**ACTION READING  
TOP QUESTIONS AND ANSWERS**

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1. **How can it improve comprehension?**  
Even though we've heard a lot of words before in conversation, a person who can't read wouldn't recognize them. Action Reading teaches you how to read words for their meaning. (It's like putting a person's face to their name, when you have only spoken to them on the telephone.)
2. **What age group can use this program?**  
From pre-school to adults. Pre Schoolers may take 2 years to complete, while adults as little as 4 weeks.
3. **Does it work for adults as well as children?**  
Absolutely! Age has little to do with learning to read.
4. **How does it compare to other programs? (i.e., Hooked on Phonics)**  
Action Reading is less expensive and much more comprehensive. It actually teaches the skill of reading while incorporating all of the learning senses.
5. **Can children use the course on their own?**  
Children 8 years and up can complete the course on their own. We recommend that parents still monitor and assist.
6. **Does Jeanie guarantee that she can teach anyone to read?**  
Action Reading can teach anyone who can see, hear, think and talk to read...guaranteed or your money back!
7. **Can a child with ADD learn to read with Action Reading?**  
Action Reading is a multi-sensory, active program that can help keep a person's attention. It's unique, proven method incorporates all of the learning senses through art, games, body movements and music to create an active, entertaining experience that does not seem like work.
8. **Is the course too child-like for an adult?**  
Absolutely not! Even adults need to start from the beginning.

Complaint

125 F.T.C.

## EXHIBIT B

**9. Is Jeanie still teaching seminars? How much are they?**

Jeanie's in-school training seminars are \$1500 per day. However, you can benefit from the same information, in the comfort of your own home, for only a fraction of the cost.

**10. Can someone with Dyslexia learn to read with Action Reading?**  
Action Reading teaches left to right tracking and it explains how the skill of reading works.**11. Is there a lot of memorization?**

No. Unlike the way most schools teach kids by memorizing thousands of words by sight. A person only needs to learn the 70 unique sounds of the English language. This unique, proven method is based on word sounds, not spellings.

**12. Will an adult complete the course the same way as a child?**

An adult will complete the course exactly as a child would, however, they will likely complete it much easier and quicker.

**13. How can this course help the mentally disabled?**

It all depends on the degree of the disability. However, Action Reading is logically and systematically designed so that the student masters one step before moving on to the next. The parent or teacher can set the pace to match the student's learning abilities, and it can be completed over and over until the student masters the course. The program is structured yet fun, while praise and pride of accomplishment are built in.

**14. How does it work?**

Jeanie's proven, phonics based method incorporates all of the learning senses through art, games, body movements, and music to create an active and entertaining experience that doesn't seem like work.

Learning to read has been compared to cracking a code. Once you know the secret it's easy to decode a sentence. Action Reading teaches the sounds and patterns of our language and how to use them for decoding.

**15. How long does it take to complete?**

You can complete the course at your own pace and most students can complete the entire program with-in just 4-6 weeks.

EXHIBIT B

16. Delivery time?
- 2 - 4 weeks for credit card orders
  - 2 - 4 weeks for phone/mail checks
  - 4 - 5 business days for Federal Express (CC orders only)
17. Shipping charges?
- Regular forth class mail - \$12.50
  - Federal Express - \$9.50 extra
18. Caller wants to speak with Jeanie Eller or other Mega personalities.
- They may write to Mega Systems at
- Mega Systems Inc.  
Action Reading  
PO Box 11031  
Merrillville, IN 46410
19. What does the program contain?
- 6 audio cassettes
  - Visual aid flash cards
  - 7 game boards with playing pieces
  - 100 page workbook
  - Bonus video tape

Complaint

125 F.T.C.

## EXHIBIT B

**QUESTIONS, OBJECTIONS AND  
REBUTTALS**

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**Remember...**

People are not calling to figure out why they should buy, they are calling to figure out why not to buy!

**1. I want to think about it.**

- Don't make your decision now, decide in a month or two after you/ your child have seen the results from the program. Jeanie is so confident that her program works she gives you a full three months to decide!
- What could be a better gift than the gift of reading? Once a child knows how to read, the sky's the limit!
- Why? What's your hesitation?
- Exactly, I wouldn't want you to base your decision on a 5 minute phone call. It wouldn't be fair to you or your \_\_\_\_\_ problem. Let's get this out to you so that you can base your decision on results - that way you can make an educated decision.
- Exactly! that's why Jeanie Eller gives you an entire three months. So that you can not only think about it, but you can experience the results that he guarantees you will receive.
- What question do you still have \_\_\_\_\_ that's causing you to hesitate?

**2. How much is the book?**

- Let me tell you Mr./Mrs./Ms. \_\_\_\_\_ exactly what you will be receiving, your discount, and how it will benefit you. O.K.?

## EXHIBIT B

## 3. Can you send me written information?

- Let me tell you Mr./Mrs./Ms. \_\_\_\_\_ exactly what you will be receiving, your discount for ordering today and how the Jeanie's program will benefit you. O.K.?
- I can give you all the information you need. What specifically would you like to know?
- I wish the literature told the whole story. In fact, it will probably raise key questions that I would be able to answer for you now. (NO PAUSE ..ask probing question).

## 4. I need to speak with my wife or husband.

- That's exactly what Jeanie Eller wants you to do. She allows us to send the entire program to you, on a no risk basis - so that you and your wife can go through it together and really determine the value of the information and see how it can really benefit your family.
- Let's get this out to you so that you and your wife can review it together. Don't ask her to make a decision on the price, but on the information and the results. Remember you have a full three month money back guarantee.
- Why don't you talk with them right now. I can wait.

## 5 It's too expensive/ I'm on a fixed income/ I can't afford it.

- Three-pay- What if I could get the entire program out to you for just \$46.65 a month for three months; would that be better for you?
- If this can help you \_\_\_\_\_, wouldn't it be worth reviewing?
- Would you be using a credit card to place your order today? Great then what I'll be able to do is to put you on our 3 pay plan, and your last name is ?
- \_\_\_\_\_ I'm sure you would agree that a product is worth what it does for you. Let's explore what benefits Action reading offers you.

Complaint

125 F.T.C.

## EXHIBIT B

- If I could demonstrate how Action Reading would be worth every penny we're asking, you would be willing to take advantage of what we're offering today, right?
  - \_\_\_\_\_ The value of Action reading is what it will do for you, not what you have to pay for it, right?
  - Price is an important consideration, isn't it? Would you consider value equally important? Let me tell you about the value of our products.
  - ,I can appreciate your situation and that's why Jeanie Eller offers you an easy 3 payment plan so you can still take advantage of the discount today. By using the 3 pay plan Jeanie Eller's program becomes more affordable and best of all, there are no financing fees or added costs. Let me give you a breakdown of the payments so we can get this right out to you?
6. I'm not interested.
- May I ask why?
  - \_\_\_\_\_ What result would make the price worth it in your opinion?

## EXHIBIT B

## HOW TO EXPLAIN THE 3 PAY PLAN

I can appreciate your situation, and that's why Jeanie offers an easy 3 pay plan, so you can still take advantage of her proven program. By using the 3 pay plan her program now becomes easier to own, and best of all, there are no financing fees or added costs. Let me give you a breakdown of the payments so we can get this out to you OK?

Your payments will be split up with the first payment consisting of 1/3 of the product price plus applicable shipping charges. The second and third payments consist of two equal payments of the remaining 2/3 of the product price. That breaks out to:

<u>1st Payment</u>	<u>2nd Payment</u>	<u>3rd Payment</u>
\$59.15	\$46.65	\$46.65

## DOESN'T NOT HAVE A CREDIT CARD

Do you have a checking account?

## YES

Great! A lot of people like yourself are not using credit cards, that's why Jeanie offers you check by phone, so that you can still take advantage of the discount today. Go ahead and get your checkbook and I'll walk you through the process.

- (Name) may I have your address?
- And your daytime telephone number with area code first?
- May I have the name of your bank?
- And the city and state that your bank is located in?
- May I have the check number located in the upper right hand corner of the next check in your checkbook?
- There is a long series of numbers on the bottom of that check. Will you please read all of them to me starting from left to right? Please read just the numbers and not the symbols. Make sure you do not leave any numbers out.

Great! (Name) your total including shipping and handling is \$152.47 and you will receive your program in 2-4 weeks. If you have any questions you may call our customer service number at 1-800-634-2990. Thank You for calling and have a great day!

Complaint

125 F.T.C.

## EXHIBIT B

**WANTS MORE INFORMATION ON CHECK BY PHONE**

(Name) when you send a check to a company they use the information off the front of the check to process it, well that same information is what we are now able to process by phone. With the bank name, the check number and the numbers off the bottom of the check we'll be able to secure your order today, and expedite it right away.

Also, (Name) what you can do is contact your bank and let them know that you have given Mega Systems the authority to put check # \_\_\_\_\_ through for a one time charge of \$ \_\_\_\_\_ not a penny more or less. This way you can be assured that you still have control of your account O.K.?

**WILL NOT USE CHECK BY PHONE  
DOES NOT HAVE CHECKING ACCOUNT**

Let me send you an invoice with a postage paid return envelope for your convenience.

If you have any questions you may call our customer service number at 1-800-634-2990.

## DECISION AND ORDER

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

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

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondent has violated the said Act, and that complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and no comments having been filed thereafter by interested parties pursuant to Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Jeanie Eller resides at 42828 North 7th Avenue, Phoenix, Arizona.
2. The acts and practices of the respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.
3. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondent, and the proceeding is in the public interest.

## ORDER

## DEFINITIONS

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

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. Unless otherwise specified, "*respondent*" shall mean Jeanie Eller, individually and her agents, representatives and employees.

3. "*Commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

I.

*It is ordered*, That respondent, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of Jeanie Eller Action Reading or any other product or program that provides instruction in any aspect of reading in or affecting commerce, shall not make any representation, in any manner, expressly or by implication:

- A. The extent to which individuals who use such product will learn to read, or
- B. The success rate of individuals who use such product,

unless, at the time the representation is made, respondent possesses and relies upon competent and reliable evidence, which when appropriate must be competent and reliable scientific evidence, that substantiates the representation.

II.

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

- A. All advertisements and promotional materials containing the representation;
- B. All materials that were relied upon in disseminating the representation; and
- C. All tests, reports, studies, surveys, demonstrations, or other evidence in her possession or control that contradict, qualify, or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

## III.

*It is further ordered,* That respondent Jeanie Eller, for a period of five (5) years after the date of issuance of this order, shall notify the Commission of the discontinuance of her current business or employment, or of her affiliation with any new business or employment. The notice shall include respondent's new business address and telephone number and a description of the nature of the business or employment and her duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

## IV.

*It is further ordered,* That respondent Jeanie Eller shall, within sixty (60) days after the date of 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 she has complied with this order.

## V.

This order will terminate on April 6, 2018, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any Part in this order that terminates in less than twenty (20) years;
- B. This order's application to any respondent that is not named as a defendant in such complaint; and
- C. This order if such complaint is filed after the order has terminated pursuant to this Part.

Provided, further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this Part as though the complaint had never been filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

Commissioner Thompson and Commissioner Swindle not participating.