

Complaint

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IN THE MATTER OF

H. JOSEPHINE PETERSON DOING BUSINESS AS
PETERSON INSTITUTE OF DIETCOMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 1671. Complaint, May 20, 1929—Decision, Apr. 14, 1931*

Where an individual engaged in treating patients at her "Institute of Diet", carried on by her with no other assistance than that of a part-time employee, and without drugs, blood tests, employment or consultations with doctors (other than for death certificates) or ever having taken any prescribed course in medicine, or nursing, or having received any diploma or certificate therein, and in conducting similar treatments, through diet, by mail, made such false and misleading representations in printed circulars and pamphlets sent to inquirers responding to her advertisements in the papers and magazines, as that "Cancer is the result of imperfect nutrition", "Food taken one way brings on a cancer but used another way it cures a cancer", "Deafness is entirely due to nutrition", and "To make a strong statement, no matter what your disease, it can be cured through proper nourishment of the body", and that her treatment, based on principles set forth, would cure the patient; with capacity and tendency to induce sufferers from various diseases to undergo and pay for such treatment and with effect of so doing and thereby depriving physicians and dietitians of business:

Held, That such practices, under the conditions and circumstances set forth were to the prejudice of the public and competitors and constituted unfair methods of competition.

Mr. James T. Clark for the Commission.

Mr. Aubrey B. Fennell and *Mr. Lucius Q. C. Lamar*, of Washington, D. C., for respondent.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission charged respondent individual, engaged at Washington, D. C., in conducting a business purporting to afford cures for various human diseases through dietary treatment, with advertising falsely or misleadingly, in violation of the provisions of section 5 of such act, prohibiting the use of unfair methods of competition in interstate commerce.

Respondent, as charged, engaged as above set forth, in advertising her aforesaid business in printed circulars, pamphlets, and magazines, made such false statements and representations as that "The cause and cure of cancer are absolutely matters of nourishment", "Deafness is entirely due to nutrition", and "To make a strong

statement, no matter what your disease it can be cured through proper nourishment of the body,"¹ and represented that her treatment, based on the principles described in the aforesaid statement, had and would cure the diseases named therein and others, with the result that various persons in reliance upon the aforesaid representations and promises became inmates of respondent's residence in Washington and paid for treatment therein, or subscribed for a course of treatment by mail, and with the capacity and tendency to induce sufferers from various diseases so to do, and thereby deprive medical practitioners, respondent's competitors, who do not make such representations, of business.

"Circulation by respondent" as alleged "of said false statements and representations is fraudulent and an injury to the public, as tending to establish unscientific ideas and induce reliance thereon in place of scientific medical advice and treatment.

"Wherefore, said acts and practices of respondent are all to the prejudice of the public and constitute unfair methods of competition in commerce within the intent and meaning of section 5."

Upon the foregoing complaint, the Commission made the following

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes", the Federal Trade Commission issued and served a complaint upon the respondent, H. Josephine Peterson, charging her with the use of unfair methods of competition in interstate commerce, in violation of the provisions of said act.

Respondent having entered her appearance and filed her written return in answer to the complaint herein, hearings were heard before a trial examiner theretofore duly appointed, and testimony was heard and evidence received in support of the charges stated in the complaint; the respondent having waived the opportunity given her to offer evidence. Thereafter this matter came on regularly for final hearing on the briefs of counsel and oral argument, and the Commission, having duly considered the record and being now fully advised in the premises, makes this its findings as to the facts and conclusion drawn therefrom:

¹ Other statements as set forth in the complaint, were as follows:

"Cancer is the result of imperfect nutrition."

"Food taken one way brings on a cancer but used another way it cures a cancer."

"The whole secret of cancer lies in the food problem."

"We grow deaf simply and solely because we are not receiving the food that we need. There is no other cause for deafness."

FINDINGS AS TO THE FACTS

PARAGRAPH 1. Respondent, H. Josephine Peterson, is and has been since August, 1925, a resident of the city of Washington, in the District of Columbia, and during said period has maintained and conducted at her residence in said city the so-called "Peterson Institute of Diet", where, in consideration of money by them paid her therefor, she is, and during said period has been, engaged in treating, advising, instructing and prescribing in the matter of diet for boarders, inmates or patients coming to her with various diseases for treatment and cures advertised by her as hereinafter described. From this "Institute" she also conducts, for consideration, as aforesaid, treatments of diseases by mail. She uses no drugs, makes no blood tests and employs no doctors of medicine, and consults none except for the purpose of getting death certificates signed. She conducts the "Institute" alone, with the aid of a part-time assistant. She has never taken any prescribed course in medicine or in nursing, nor received any diploma or certificate in either line. She advertised treatment by said Peterson Institute of Diet in the District of Columbia and in the several States of the United States in the Washington Star and in magazines, from 1925 to the early part of 1929, and to those who answered these advertisements she sent by mail, or otherwise, printed circulars and pamphlets prepared by her describing and advertising said "Institute" for the purpose of soliciting and procuring persons to pay for treatment therein, or to subscribe for treatment by mail, consisting of advice and directions as to diet, based on the theories and representations and cure of diseases stated in said circulars and pamphlets.

PAR. 2. Respondent has, in said circulars and pamphlets and in correspondence, represented and held out to the public the following statements as true:

"Cancer is the result of imperfect nutrition."

"The cause and cure of cancer are absolutely matters of nourishment."

"Food taken one way brings on a cancer but used another way it cures a cancer."

"The whole secret of cancer lies in the food problem."

"Deafness is entirely due to nutrition."

"We grow deaf simply and solely because we are not receiving the food we need. There is no other cause for deafness."

"To make a strong statement, no matter what your disease, it can be cured through proper nourishment of the body."

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PAR. 3. Respondent represents and holds out to the public in said advertisements, circulars, pamphlets and correspondence, that treatment by her, based on the principles described in said statements quoted in paragraph 2, has cured and will cure the diseases named therein, and others.

PAR. 4. Various persons, relying on the statements, representations and promises contained in said circulars, pamphlets and correspondence, and other advertising matter, have become boarders, inmates or patients at respondent's residence in the City of Washington and have paid for treatment by respondent therein, or have subscribed for a course of treatment by respondent by mail and paid respondent therefor.

PAR. 5. Respondent has been and is now in competition with physicians and dietitians who do not make the representations stated in paragraph 2 hereof, or the claims for cure described in paragraph 3 hereof.

PAR. 6. Said statements and representations are false and misleading and have the capacity and tendency to induce persons suffering from various diseases to undergo treatment by respondent at her said "Institute" or by mail, and to pay her therefor; thereby taking away business from physicians and dietitians.

CONCLUSION

The practices of the said respondent, under the conditions and circumstances described in the foregoing findings, are to the prejudice of the public and of respondent's competitors, and are unfair methods of competition in commerce and constitute a violation of Section 5 of an Act of Congress approved September 26, 1914, entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes."

ORDER TO CEASE AND DESIST

This proceeding having been heard and considered by the Federal Trade Commission upon the complaint of the Commission and the record, and the Commission having made its findings as to the facts and its conclusion that the respondent has violated the provisions of an act of Congress approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes",

It is now ordered, That the respondent, H. Josephine Peterson forthwith cease and desist in the District of Columbia or in interstate commerce from:

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(1) Publishing or causing to be published in advertisements, circulars, pamphlets, or business correspondence any statements to the effect that:

“Cancer is the result of imperfect nutrition.”

“The cause and cure of cancer are absolutely matters of nourishment.”

“Food taken one way brings on a cancer but used another way it cures a cancer.”

“The whole secret of cancer lies in the food problem.”

“Deafness is entirely due to nutrition.”

“We grow deaf simply and solely because we are not receiving the food that we need. There is no other cause for deafness.”

“To make a strong statement, no matter what your disease it can be cured through proper nourishment of the body.”

(2) Representing and holding out to the public in advertisements, circulars, pamphlets or business correspondence that treatment by her, based upon the principles described in the statements quoted above, has cured and will cure the diseases named therein and others.

(3) Soliciting through advertisements, circulars, pamphlets or business correspondence, or personally, persons to be treated by her on the basis of the principles described in the statements hereinabove quoted, either personally or at her home or so-called “Institute of Diet”, or by advice given in written communications; and receiving from persons compensation or remuneration for such treatment; also, giving board and lodging at her home known as the “Peterson Institute of Diet”, in the City of Washington, D. C., or elsewhere, to any person secured through soliciting or advertising as above described.

It is further ordered, That the respondent shall, within 60 days after the service upon her of a copy of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which she has complied with the order to cease and desist hereinbefore set forth.

Complaint

IN THE MATTER OF
FAYRO LABORATORIES, INCORPORATEDCOMPLAINT (SYNOPSIS), FINDINGS, AND ORDER IN REGARD TO THE ALLEGED
VIOLATION OF SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 1564. Complaint, Feb. 19, 1929—Decision, April 16, 1931*

Where a corporation engaged in manufacture of a bath salts composed principally of Epsom salt, together with common salt, glauber salt, and oil of pine needles for scent, and in the sale of said preparation as a useful and effective means for removing excess fat, to wholesalers and retail drug stores and direct to consumers,

- (a) Used its trade name containing word "Laboratories" in advertisements in numerous newspapers, magazines and periodicals and printed matter upon the wrappers of the product, booklets enclosed therewith, and on the packages, and on letters, circulars and stationery, together with a picture of a chemist with test tube and other common chemical apparatus; and
- (b) Stated that formula involved was scientific and based on the labors of its chemists and study of analyses of various hot springs, including 22 of the most world famous, and that scientific tests of its laboratory, in which it made its said product, proved the value of the preparation as a solvent of fat;

Notwithstanding facts it employed no chemists or physicians and had no laboratory, formula was not obtained from or through chemists or scientific persons, but an actress, no chemists had ever been involved in connection therewith nor scientific tests, experiments or research, nor any laboratory or analyses;

With capacity and tendency to mislead and deceive purchasing public and ultimate consumers into purchasing said product in belief same was result of many years of scientific research in the United States and foreign countries, and that it maintained laboratories where same was scientifically mixed by chemists, and to divert trade to it from competitors:

Held, That such practices, under the conditions and circumstances set forth, were to the prejudice of the public and competitors and constituted unfair methods of competition.

Mr. Edward J. Hornibrook, for the Commission.

Mr. Cornelius D. Scully and *Mr. H. K. Brooks*, of Pittsburgh, Pa., for respondent.

SYNOPSIS OF COMPLAINT

Reciting its action in the public interest, pursuant to the provisions of the Federal Trade Commission Act, the Commission charged respondent, a Delaware corporation engaged in the manufacture of a preparation of bath salts, alleged to be effective for the removal of excess flesh, and in the sale thereof to wholesale and retail drug stores, and, chiefly, direct to the users through the mails, and with