

IN THE MATTER OF
BELMONT LABORATORIES, INC.

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF
SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914

Docket 2869. Complaint, June 30, 1936—Decision, Jan. 6, 1938

Where a corporation engaged in the manufacture of its "Mazon" proprietary preparation or unction for various skin ailments and disorders, and in sale and distribution thereof, and of its "Mazon Soap" as auxiliary product and adjunct thereto, to and through wholesale druggists in the various other States, for resale through drug stores, indiscriminately, to purchasers who attempt self-medication without proper and necessary advice as to their condition and proper treatment therefor, and with no clinic maintained by it wherein purchasers of its products were afforded opportunity for medical examination and with no physician connected with its said business, and, as thus engaged, in substantial competition with others engaged in sale and distribution, or in manufacture, sale, and distribution, in commerce among the several States and in the District of Columbia, of preparations designed and sold as cures and remedies, or as treatments for various similar ailments and disorders of the skin—

- (a) Represented, in advertisements of its said products in medical and nursing journals, through circulars mailed to physicians throughout the country, and through leaflets included in each package of aforesaid product and depicting photographs purportedly showing cures of aggravated cases of eczema and psoriasis, and through copies of purported medical indorsements, and other advertising matter relating to efficacy of product in question, that such product was a competent remedy or cure for eczema, acne, dandruff, alopecia, and other disorders and ailments manifested by diseased conditions of the skin, and had been clinically proved to eliminate permanently such various disorders and ailments;
- (b) Represented, as aforesaid, that said "Mazon" was a competent remedy or cure for all forms of athlete's foot and other skin disorders of similar nature, irrespective of type of disorder or cause or condition thereof, and had been clinically proved to eliminate permanently all types of such aforesaid disorders; and
- (c) Represented that aforesaid product was used exclusively by well-known specialists in the treatment of various skin disorders, and that physicians throughout the country had successfully prescribed said product permanently to eliminate or cure ailments, disorders and diseased conditions of the skin, irrespective of type of particular disorder or cause or condition thereof;

Facts being that some diseased conditions of skin, especially those caused by systemic or metabolic disorder, are often of serious nature and, in such disease as syphilis, usually manifested by skin disorder, sometimes prove fatal if neglected or improperly treated, such skin diseases as eczema,

alopecia, and acne are usually associated with or caused by metabolic or systemic disorders, while psoriasis, dandruff, and ringworm are, according to respectable medical opinion, sometimes caused by internal disorders, no one medicine or type of treatment is employed by physicians in treatment of all diseased conditions of skin, and particular treatment, following medical diagnosis, including detailed history of particular condition for determining cause and condition thereof if possible, may include correction of diet, administration of internal and external medicines, X-ray treatments, and treatments of nerves, depending on particular circumstances; and

Product in question, while effective in treatment of some types of athlete's foot and other skin disorders of other nature, was not effective and competent remedy and cure for eczema, alopecia, acne, dandruff, and other disorders and ailments manifested by diseased conditions of skin due to or associated with systemic or metabolic disorder, or due to syphilis, nor for all forms of athlete's foot and other skin disorders of similar nature, irrespective of form of disorder or cause or condition thereof, said product had not been clinically proved by thousands of physicians to be effective as above represented, had not been successfully prescribed by physicians throughout the country for permanent elimination of such conditions, etc., and was not used exclusively by well-known specialists in treatment of various skin disorders; and

(d) Represented that aforesaid "Mazon" was the original or only treatment of its character for skin disorders, and that it contained "Dichloramine-T," facts being it was not the original or only treatment of its character for ailments and disorders of the skin, but ingredients thereof had been known to and used by the medical profession for many years, there were a number of proprietary preparations for skin diseases on the market which were similar to it, and said product did not contain aforesaid substance or ingredient;

With effect of misleading and deceiving substantial portion of purchasing public into erroneous belief that said representations were true, and that said preparation was an effective remedy or cure for eczema, acne, alopecia, dandruff, athlete's foot, and other diseased conditions of skin, irrespective of form of disorder or cause or condition thereof, and with result that public, acting under mistaken and erroneous beliefs induced by such false and misleading statements and representations, purchased substantial volume of its said products, and trade was unfairly diverted to it from its competitors likewise engaged, in manufacture, sale, and distribution, or in sale and distribution, of cures and remedies or treatments for ailments and disorders of the skin, and who truthfully represent the efficacy and therapeutic value of their respective products:

Held, That such acts and practices were to the prejudice of the public and competitors and constituted unfair methods of competition.

Before *Mr. Edward M. Averill*, trial examiner.

Mr. DeWitt T. Puckett for the Commission.

Mr. Laurence H. Eldredge and *Mr. Charles A. Wolfe* of Montgomery & McCracken, of Philadelphia, Pa., for respondent.

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COMPLAINT

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, having reason to believe that the Belmont Laboratories, Inc., a corporation, hereinafter designated as respondent, has been and now is using unfair methods of competition in commerce as "commerce" is defined in said act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint, stating its charges in that respect as follows:

PARAGRAPH 1. Respondent, Belmont Laboratories, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Delaware, with its principal place of business at 4430 Chestnut Street, Philadelphia, Pa. It is now, and for several years last past has been, engaged in selling Mazon and Mazon soap, proprietary preparations advertised and sold as a treatment for skin disorders, between and among the various States of the United States and in the District of Columbia, and now causes and for several years last past has caused such products when sold by it to be shipped from its place of business in Philadelphia, Pa., to the purchasers thereof located in the various States of the United States and in the District of Columbia, and there is now, and has been for several years last past, a constant current of trade and commerce by the respondent in Mazon and Mazon soap between and among the various States of the United States and in the District of Columbia.

Respondent is, and for several years last past has been, in substantial competition with other corporations and with individuals, firms, and partnerships engaged in the sale of remedies for diseases of the skin between and among the various States of the United States and in the District of Columbia.

PAR. 2. In the course and conduct of its business, as described in paragraph 1 hereof, respondent, in soliciting the sale of and selling its products to purchasers and prospective purchasers thereof, located in various States of the United States, represents, and for several years last past has represented through circulars, magazines, medical journals, pictorial representations showing alleged cures effected by the use of Mazon and Mazon soap, and other forms of advertising media circulated in many States of the United States and in the Dominion of Canada as follows:

COMPLETE RAPID ABSORPTION * * *

Thousands of physicians have clinically proved the effectiveness of Mazon treatment, and are prescribing it daily to permanently eliminate:

ECZEMA	TINEA SYCOSIS
PSORIASIS	ACNE
ALOPECIA	DANDRUFF
RINGWORM	ATHLETE'S FOOT
AND OTHER SKIN DISORDERS.	

The Colloidal nature of the base of Mazon and its strong penetrating characteristics, together with its healing and soothing ingredients, afford quick and permanent elimination of eczema and other skin disorders.

MAZON * * * is the original treatment of its character for

Eczema	Ring Worm
Psoriasis	Athletic Foot
Head Colds	Barber's Itch
Ivy Polson and Other Skin Disorders	

MAZON and MAZON SOAP have been successfully prescribed for nine years by prominent physicians throughout the country for the permanent elimination of these conditions;

It contains a medicinal ingredient known as Dichloramine-T;

No other treatment for permanent cure has ever been discovered;

Some of the best-known skin specialists in the City (of Philadelphia), are using it exclusively and praising it highly;

Well known skin specialists are using Mazon exclusively for the treatment of skin diseases; there is no substitute for Mazon.

PAR. 3. In truth and in fact Mazon is not completely and rapidly absorbed; thousands of physicians have not clinically proved the effectiveness of Mazon and are not prescribing it daily to permanently eliminate eczema, psoriasis, alopecia, ringworm, tinea sycois, acne, dandruff, athlete's foot, and other skin disorders; Mazon and Mazon soap will not afford quick and permanent elimination of eczema and other skin disorders; Mazon is not the original treatment of its character for the various skin diseases mentioned but its ingredients have been known and used by the medical profession for many years; Mazon and Mazon soap have not been successfully prescribed for nine years, or for any other period of time, by prominent physicians throughout the country for the permanent elimination of skin disorders; it is not used exclusively in the treatment of skin disorders by the best known skin specialists in the city of Philadelphia; there are a number of proprietary preparations for skin diseases on the market similar to Mazon and the statement that there is no substitute for Mazon is untrue; and analysis fails to disclose the presence of Dichloramine-T.

PAR. 4. The use by respondent of the representations set forth herein, has had and now has the capacity and tendency to lead pur-

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chasers and prospective purchasers into the belief that they themselves can diagnose the ailments or diseases of the skin from which they are suffering and thereby determine the cause or causes of said ailments or diseases and to purchase respondent's products in such erroneous belief. Only by a thorough diagnosis, made by a competent physician, can the causes of the various ailments and diseases of the skin be ascertained and successfully treated. Respondent is not a physician and there is no medical doctor connected with respondent's business in any capacity. Purchasers or prospective purchasers of Mazon or Mazon soap are not given a medical examination for the purpose of determining the particular disease or diseases from which they are suffering and the cure, if any, for same.

PAR. 5. The use by respondent of the representations set forth herein has had, and now has, the capacity and tendency to mislead and deceive and does mislead and deceive a substantial portion of the purchasing public into the belief that such representations are true and to purchase substantial quantities of said Mazon and Mazon soap from respondent in such erroneous belief. There are, among the competitors of respondent, as mentioned in paragraph 1 hereof, manufacturers and distributors of remedies for diseases of the skin who do not misrepresent in any way the therapeutic values of their products, who likewise advertise, sell, and distribute remedies for diseases of the skin among the various States of the United States and in the District of Columbia. By the representations aforesaid, trade is diverted to respondent from such competitors, thereby substantial injury is being, and has been, done by respondent to substantial competition in commerce as herein set out.

PAR. 6. The above alleged acts and practices of respondent are all to the injury and prejudice of the public and respondent's competitors and constitute unfair methods of competition in commerce within the intent and meaning of Section 5 of an Act of Congress entitled "An Act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," approved September 26, 1914.

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, on June 30, 1936, issued, and on July 3, 1936, served, its complaint in this proceeding upon respondent, Belmont Laboratories, Inc., a corporation, charging it with the use of unfair methods of competition in commerce in violation of the provisions of said act. After the issuance of said complaint and the

filing of respondent's answer thereto, testimony and other evidence in support of the allegations of said complaint were introduced by DeWitt T. Puckett, attorney for the Commission, before Edward M. Averill, an examiner of the Commission theretofore duly designated by it, and in opposition to the allegations of the complaint by Laurence H. Eldredge and Charles A. Wolfe, attorneys for the respondent; and said testimony and other evidence were duly recorded and filed in the office of the Commission. Thereafter, the proceeding regularly came on for final hearing before the Commission on the said complaint, the answer thereto, testimony and other evidence, briefs in support of the complaint and in opposition thereto, and the oral arguments of counsel aforesaid; and the Commission having duly considered the same and being now fully advised in the premises, finds that this proceeding is in the interest of the public and makes this its findings as to the facts and its conclusion drawn therefrom:

FINDINGS AS TO THE FACTS

PARAGRAPH 1. The respondent, Belmont Laboratories, Inc., is a Delaware corporation organized in 1926. Its principal office and place of business are at 4430 Chestnut Street, Philadelphia, Pa. It is engaged in the manufacture, sale and distribution of a product called Mazon, a proprietary preparation or unction advertised and sold as a treatment or remedy for various ailments, disorders and diseased conditions of the skin. Respondent also sells and distributes Mazon Soap, an auxiliary product, as an adjunct to Mazon.

Respondent's said products are packaged at its place of business in Philadelphia, Pa., and distributed through wholesale druggists. When orders are received for respondent's said products, it causes them to be shipped from its place of business at Philadelphia, Pa., to the purchasers thereof located at various points in the various States of the United States other than the State of Pennsylvania. Since the date of incorporation, the respondent has maintained a course of trade in said products, in commerce among and between the various States of the United States and in the District of Columbia.

At all times since respondent entered into said business, it has been in substantial competition with other corporations and with partnerships and individuals engaged in the sale and distribution, or in the manufacture, sale, and distribution, of preparations designed and sold as cures and remedies or as treatments for various similar ailments and disorders of the skin, in commerce among and between the several States of the United States and in the District of Columbia.

PAR. 2. The respondent advertised its said products in medical journals and in the American Journal of Nursing until June, 1935.

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Respondent has advertised and now advertises its said products by means of circulars mailed to physicians throughout the country. It also advertises its products by means of a leaflet inserted in each package of Mazon. Under the legend "ONE PICTURE IS WORTH A THOUSAND WORDS", said leaflet bears several photographs purporting to show cures of aggravated cases of eczema and psoriasis. Said leaflet also carries copies of purported medical indorsements of Mazon and other advertising matter as to the efficacy of the product.

Respondent caused the following advertisement to appear in the American Journal of Nursing in June of 1935:

COMPLETE RAPID ABSORPTION * * *

Thousands of physicians have clinically proved the effectiveness of Mazon treatment, and are prescribing it daily to permanently eliminate:

ECZEMA	TINEA SYCOSIS
PSORIASIS	ACNE
ALOPECIA	DANDRUFF
RINGWORM	ATHLETE'S FOOT

AND OTHER SKIN DISORDERS

Speaking of Mazon, respondent caused the following to appear in a Canadian medical journal:

It contains a medicinal ingredient known as Dichloramine-T.

The following representations appeared in a current circular or broadside which respondent mailed to doctors and physicians throughout the country:

The colloidal nature of the base of Mazon and its strong penetrating characteristics, together with its healing and soothing ingredients, afford quick and permanent elimination of eczema and other skin disorders.

MAZON * * * is the original treatment of its character for

Eczema	Ring Worm
Psoriasis	Athletic Foot
Head Colds	Barber's Itch
Ivy Poison and Other Skin Disorders	

MAZON and **MAZON SOAP** have been successfully prescribed for nine years by prominent physicians throughout the country for the permanent elimination of these conditions.

No other treatment or permanent cure has ever been discovered.

Some of the best-known skin specialists in the city (of Philadelphia) are using it exclusively and praising it highly.

By means of the foregoing statements, the respondent represents to purchasers, prospective purchasers and the public generally that Mazon is an effective remedy or cure for all cases of eczema, alopecia, acne, psoriasis, dandruff, athlete's foot and other disorders of the

skin irrespective of the form of the particular disorder or the cause or condition thereof.

PAR. 3. Quantitative and qualitative analyses of Mazon were made by a government agency. The quantitative analysis showed it to contain:

Net weight-----	20.75 gms. or 0.73 oz. av.
Total solids (at 100° C.)-----	18.41%
Ash-----	0.54% (Mainly sodium oxide)
Water (Xylene Distillation)-----	About 80%
Salicylates as sodium salicylate----	1.12%

The qualitative tests showed the following:

Resorcinol-----	Indicated
Salicylates-----	Present
Water-----	Present
Fatty acids-----	Present (stearic acid indicated)
Tar oils-----	Identified by odor
Phenol-----	Trace indicated
Glycerin-----	Present
Sulphur-----	Absent
Heavy metals-----	Absent
Borax-----	Absent
Tannic acid-----	Absent

Ailments and disorders of the skin, commonly referred to as "skin diseases," are, in many instances, merely surface indications of an internal disorder. Some diseased conditions of the skin, especially those caused by a systemic or metabolic disorder, are often of a serious nature and, in such a disease as syphilis, which is usually manifested by a skin disorder, sometimes prove fatal if neglected or improperly treated.

Among the so-called "skin diseases" which are usually associated with or caused by metabolic or systemic disorders are eczema, alopecia, and acne. Psoriasis, dandruff, and ringworm are, according to respectable medical opinion, sometimes caused by internal disorders.

The evidence establishes that the method of treating ailments and disorders of the skin, which method is followed by the medical profession generally, is, in all cases, to conduct an exhaustive diagnosis including a detailed history of the diseased condition for the purpose of determining the cause and condition thereof, if possible. The diseased condition is then treated in accordance with generally accepted methods of treatment employed by the medical profession for the particular disorder or ailment. Such treatment may include correction of the diet, administration of internal and external medicines, X-ray treatments and treatments of the nerves if the disorder is caused by a nervous condition of the patient. No one medicine or

type of treatment alone, however, is employed by physicians in the treatment of all diseased conditions of the skin. Mazon is not an effective and competent remedy or cure for eczema, alopecia, acne, dandruff, and other disorders and ailments manifested by diseased conditions of the skin if caused by or associated with a systemic or metabolic disorder, or if caused by syphilis. Mazon is not an effective and competent remedy or cure for all forms of athlete's foot and other skin disorders of a similar nature irrespective of the form of the disorder or the cause or condition thereof. Mazon has proved effective, however, in the treatment of some types of athlete's foot and other skin disorders of a similar nature.

PAR. 4. Based upon the testimony and other evidence in this record, it is found that the representation that the effectiveness of Mazon has been clinically proved by thousands of physicians is untrue; that physicians throughout the country have not successfully prescribed Mazon to permanently eliminate eczema, acne, athlete's foot, alopecia, dandruff, and other skin disorders and ailments, irrespective of the form of the particular disorder or the cause or condition thereof; that Mazon is not the original or only treatment of its character for ailments and disorders of the skin, but its ingredients have been known to and used by the medical profession for many years; that Mazon does not contain an ingredient known as Dichloramine-T; that specialists do not use Mazon exclusively in the treatment of ailments and disorders of the skin; and that the statement "There is no substitute for Mazon" is untrue in that there are a number of proprietary preparations for skin disorders on the market similar to Mazon.

PAR. 5. Respondent maintains no clinic or consultation room wherein purchasers of its products are afforded an opportunity for a medical examination and there is no medical doctor connected with respondent's business. Respondent's products are sold through drug stores indiscriminately to purchasers who can and do attempt self-medication without the proper and necessary advice as to their condition and the proper treatment therefor.

PAR. 6. The use by respondent of the representations set forth above in its advertising literature has had, and now has, the capacity and tendency to, and does mislead and deceive a substantial portion of the purchasing public into the erroneous beliefs that said representations are true and that said preparation is an effective remedy or cure for eczema, acne, alopecia, dandruff, athlete's foot, and other diseased conditions of the skin, irrespective of the form of the disorder or the cause or condition thereof. Acting under the mistaken and erroneous beliefs induced by the false and misleading statements and representations above referred to, the public has purchased a

substantial volume of the respondent's said products with the result that trade has been unfairly diverted to the respondent from its competitors likewise engaged in the manufacture, sale, and distribution, or in the sale and distribution, of cures and remedies or treatments for ailments and disorders of the skin, who truthfully represent the efficacy and therapeutic value of their respective products.

CONCLUSION

The aforesaid acts and practices of the respondent, Belmont Laboratories, Inc., are to the prejudice of the public and of respondent's competitors, and constitute unfair methods of competition in commerce, within the intent and meaning 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 by the Federal Trade Commission upon the complaint of the Commission, the answer of respondent, testimony and other evidence taken before Edward M. Averill, an examiner of the Commission theretofore duly designated by it, in support of the allegations of said complaint and in opposition thereto, briefs filed herein, and oral arguments by DeWitt T. Puckett, counsel for the Commission, and by Laurence H. Eldredge, counsel for the respondent, and the Commission having made its findings as to the facts and its conclusion that said 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 ordered, That the respondent, Belmont Laboratories, Inc., a corporation, its officers, representatives, agents and employees, in connection with the offering for sale, sale and distribution of a medicinal product now designated as Mazon, or of any other medicinal product containing substantially the same ingredients, or possessing the same properties, sold under that name or any other name, in interstate commerce or in the District of Columbia, do forthwith cease and desist from representing:

1. Directly or through the use of testimonials or indorsements, or in any other manner:

(a) That Mazon is a competent remedy or cure for eczema, acne, dandruff, alopecia and other disorders and ailments manifested by diseased conditions of the skin unless such representations are lim-

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ited to those types of said diseases and disorders which are not caused by, or associated with, a systemic or metabolic disorder, or are not caused by syphilis;

(b) That Mazon is a competent remedy or cure for all forms of athlete's foot and other skin disorders of a similar nature irrespective of the type of the disorder or cause or condition thereof;

(c) That Mazon has been clinically proved to permanently eliminate eczema, acne, dandruff, alopecia, and other disorders and ailments manifested by diseased conditions of the skin unless such representations are limited to those types of said diseases and disorders which are not caused by, or associated with, a systemic or metabolic disorder, or are not caused by syphilis;

(d) That Mazon has been clinically proved to permanently eliminate all types of athlete's foot and other skin disorders of similar nature irrespective of the type of the disorder or cause or condition thereof;

(e) That the product is used exclusively by well-known specialists in the treatment of various skin disorders;

(f) That physicians, throughout the country, have successfully prescribed Mazon to permanently eliminate or cure ailments, disorders and diseased conditions of the skin, irrespective of the type of the particular disorder or the cause or condition thereof;

2. That the product is the original or only treatment of its character for skin disorders;

3. That the product contains Dichloramine-T unless such is a fact.

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

Syllabus

IN THE MATTER OF
M. H. SOBEL, INC.COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION OF
SEC. 5 OF AN ACT OF CONGRESS APPROVED SEPT. 26, 1914*Docket 2686. Complaint, Jan. 15, 1936—Decision, Jan. 12, 1938*

Where a corporation engaged in manufacture and sale of candy, including certain assortments which were so packed and assembled as to involve the use of a lottery scheme when sold and distributed to the consumers thereof, and which were composed of a number of penny caramels of uniform size, shape, and quality, together with a number of larger pieces of candy and a number of still larger pieces of candy and another article of merchandise, to be given as prizes, respectively, to those purchasers respectively selecting, by chance, one of a relatively small number of said caramels, centers of which were pink, and to those securing, by chance, one of a still smaller number of such caramels, centers of which were white—

Sold, to wholesalers and to retailers, for display and resale to purchasing public in accordance with aforesaid sales plan, said assortments, together with explanatory display cards for retailers' use, and thereby supplied to and placed in the hands of others the means of conducting lotteries in the sale of its products, in accordance with aforesaid sales plan, contrary to public policy long recognized by the common law and criminal statutes and contrary to an established public policy of the United States Government, and in competition with many who, unwilling to offer and sell candy so packed and assembled as above described, or otherwise arranged and packed for sale to purchasing public as to involve a game of chance, refrain therefrom;

With result that many dealers in and ultimate purchasers of candy were attracted by said method and manner of packing same and by element of chance involved in sale thereof as aforesaid, and thereby induced to purchase said candy thus packed and sold by it, in preference to that offered and sold by said competitors, and with tendency and capacity, because of said game of chance, to divert to it trade and custom from its said competitors as aforesaid, exclude from said trade all competitors who are unwilling to and do not use same or equivalent method as unlawful, lessen competition therein and tend to create a monopoly thereof in it and such other distributors as use same or equivalent method, deprive purchasing public of benefit of free competition in trade in question, and eliminate from said trade all actual, and exclude therefrom all potential, competitors who do not adopt and use such or equivalent method:

Held, That such acts and practices were to the prejudice of the public and competitors and constituted unfair methods of competition.

Before *Mr. Miles J. Furnas*, trial examiner.

Mr. Henry C. Lank for the Commission.

Beach, Fathchild & Scofield, of Chicago, Ill., for respondent.