

IN THE MATTER OF
ROXIE THORSON, TRADING AS THORSON'S SOAP LAKE
PRODUCTS COMPANY

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

Docket 2832. Complaint, June 3, 1936—Decision, Jan. 16, 1939

Where an individual engaged in preparing certain packaged mineral salts, (1) salt ingredients of which were obtained from Soap Lake in State of Washington, and (2) which included such products as salts, effervescent salts, "Liniment," "Skin-Aid Soap Lake Ointment," "Shampoo," and "Skin-Aid Soap Lake Soap," and designations of which (3) included words "Soap Lake," and in selling and distributing, under trade name including words "Soap Lake Products," her said preparations to purchasers in other States and in the District of Columbia, in competition with others likewise engaged in preparing, distributing, and selling mineral salt or other products prepared, intended and sold for same purposes for which her said preparations were sold in commerce as aforesaid; in advertising her said products through letters, pamphlets, and other material circulated through the various States, and through broadcasts from stations of extrastate audience—

Featured her trade name, as aforesaid, and, through such statements as "A Short Cut to Health through Nature," "Health Through the Skin," "The World's Greatest Healing Spot," and "* * * contain all the qualities of the lake itself," and "Bringing a great Health Resort to your Home," in connection with references to said Soap Lake and Soap Lake salts, etc., represented that her products aforesaid would prevent and cure, or be beneficial in the treatment of, a large number of diseases, ailments, and afflictions, including stomach, liver, bowel, and kidney troubles, rheumatism, diabetes, skin diseases, diseases of the blood, high blood pressure, arthritis, neuritis, and numbers of others;

Facts being use thereof would not cure any or all of such diseases, ailments, and afflictions and did not constitute treatment for all or any thereof, and none of said products were beneficial in treatment of all or any of said conditions set forth as above indicated, and benefits, if any, obtained from use of any or all of said products were limited to those resulting from the laxative and diuretic properties and action thereof, and their use as either external or internal cleansing agents, and representations above set forth as descriptive of products in question were grossly exaggerated, misleading, and untrue;

With tendency and capacity to mislead and deceive substantial portion of purchasing public into erroneous belief that all of said representations were true, and with result, as direct consequence of such mistaken and erroneous beliefs induced by said acts and misrepresentations, that number of consuming public bought substantial volume of her said products, and trade was unfairly diverted to her from those likewise engaged in preparing, distributing, and selling similar products or others designed, intended, and sold for use in the cure, relief, or treatment of the various

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diseases, ailments, afflictions, and conditions concerned, and who truthfully represent the effectiveness of their respective products; to the substantial injury of competition in commerce:

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

Before *Mr. Henry M. White*, trial examiner.

Mr. J. T. Welch and *Mr. R. A. McOuat* for the Commission.

Mr. William M. Clapp, of Ephrata, Wash., for respondent.

Honorable Clarence D. Martin, Governor of the State of Washington, and *Honorable G. W. Hamilton*, attorney general for the State of Washington, of Olympia, Wash., for said State as *amicus curiae*.

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 Roxie Thorson, trading as Thorson's Soap Lake Products Co., hereinafter referred to 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, Roxie Thorson, trading as Thorson's Soap Lake Products Co., has her place of business at Soap Lake, in the State of Washington. Respondent is now, and has been for some years, engaged in the business of preparing, distributing, and selling, in commerce as herein set out, certain packaged mineral salts designated as "Thorson's Soap Lake Salts," "Thorson's Effervescent Soap Lake Salts," and packaged kindred products designated as "Thorson's Soap Lake Liniment," "Thorson's Skin-Aid Soap Lake Ointment," "Thorson's Soap Lake Shampoo," and "Thorson's Skin-Aid Soap Lake Soap," obtained from Soap Lake, located in the State of Washington.

PAR. 2. Said respondent, being engaged in business as aforesaid, causes said salts and kindred products, when sold, to be transported from her place of business in the State of Washington to purchasers thereof located at various points in other States of the United States and in the District of Columbia. There is now, and has been for several years, a constant current of trade and commerce in said products so prepared, distributed, and sold by the respondent, between and among the various States of the United States and in the District of Columbia.

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PAR. 3. In the course and conduct of her business, respondent is now, and has been, in substantial competition with other individuals and with firms and corporations likewise engaged in the business of manufacturing, distributing, and selling mineral salts or other products designed, intended, and sold for the same purposes for which respondent's products are sold, in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 4. In the course of the operation of said business, and for the purpose of inducing the purchase of said salts and kindred products, respondent has printed and circulated throughout the several States to customers and prospective customers, through the United States mails and otherwise, advertising folders, pamphlets, circulars, letters, and other literature, and has made use of radio broadcasts over stations of sufficient power to convey the programs emanating therefrom into the various States of the United States to advertise the products sold by her; in all of which advertisements, respondent has caused her trade name, Thorson's Soap Lake Products Co., to be prominently and conspicuously displayed, together with the following statements:

A Short Cut to Health through Nature.

Learn to Get Well Quick and Be Well Always.

Relieve your Ailments—While at Home.

Thorson's Soap Lake Salts Give Health Through the Skin.

Most persons who come to Soap Lake do so on the advice of friends who have been benefited by the Health Giving Water of Soap Lake which shows that the water, as well as the Sun Evaporated Minerals produced from it, is all it is claimed to be.

Soap Lake—Unequaled Health Giving Water.

The World's Greatest Healing Spot.

Thorson's Soap Lake Salts contain all of the qualities of the lake itself.

Bringing a Great Health Resort to your Home.

You can now take this Soap Lake Mineral Water treatment right in your home, without loss of time—of the vast expense of travel—the Soap Lake Mineral Water Treatment has been used successfully in the treatment of the following Disorders and Ailments:

- High Blood Pressure
- Stomach Disorders
- Liver and Bladder Troubles
- Auto-Intoxication
- Nervous Ailments
- Skin Afflictions
- Kidney Trouble
- Excess Acidity
- Constipation
- Rheumatism
- Arthritis
- Diabetes
- Neuritis

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Thorson's Soap Lake Shampoo—It is a marvelous combination of all the ingredients essential to Hair Health.

Thorson's Skin-Aid Soap Lake Soap—Used in connection with Skin-Aid Ointment is without equal in the treatment of Skin Diseases and Eruptions.

Thorson's Effervescent Soap Lake Salts—Relief for all Stomach Trouble.

By a special process of crystallization you can now make this wonderful product in your own home without losing any of the curative power of the water.

All of said statements, together with many similar statements appearing in respondent's advertising literature, purport to be descriptive of respondent's products and their effectiveness in treating or curing many of the diseases, ailments, afflictions, and conditions of the human body. In all of her advertising literature, respondent represents, through the statements and representations herein set out and other statements of similar import and effect, that her various packaged products to wit: Thorson's Soap Lake Salts, Thorson's Effervescent Soap Lake Salts, Thorson's Soap Lake Liniment, Thorson's Skin-Aid Soap Lake Ointment, Thorson's Soap Lake Shampoo, and Thorson's Skin-Aid Soap Lake Soap, will prevent and cure, or are beneficial in the treatment of, many of the diseases, ailments, afflictions, and conditions which may be present or exist in the human body.

Among the diseases, ailments, afflictions, and conditions named by the respondent in said radio broadcasts and advertising literature as diseases, ailments, afflictions, and conditions which the use of said above-named packaged products will prevent and cure, or is beneficial in the treatment of, are the following:

Stomach, liver, bowel and kidney troubles, rheumatism, diabetes, catarrh, skin diseases, female trouble, diseases of the blood, psoriasis, pyorrhea and sore gums, gangrene, foot trouble, eye trouble, eczema, lumbago, dropsy, pleurisy, dyspepsia, ivy oak poison, sunburn, insect bites, chilblains, frostbite, cramps of muscles, scalds, wounds and sores, high blood pressure, auto-intoxication, nervous ailments, excess acidity, constipation, arthritis, neuritis, and Buerger's disease.

PAR. 5. The representations made by the respondent with respect to the nature and effect of her products when used are grossly exaggerated, false, misleading, and untrue. In truth and in fact, the use of respondent's packaged products will not prevent and cure, nor are any of said products beneficial in the treatment of all, or any of, the diseases, ailments, afflictions, and conditions hereinabove named. The benefits, if any, generally obtained from a use of any or all of said products are limited to those resulting from the laxative and diuretic properties and action of said products and the use of said products as either an external or an internal cleansing agent. Said packaged prod-

ucts have no therapeutic value in the treatment of the diseases, ailments, afflictions, and conditions above named.

PAR. 6. There are among respondent's competitors many who manufacture, distribute, and sell various products designed, intended, and sold for the purpose of curing, relieving, or treating some, or all, of the various diseases, ailments, afflictions, and conditions of the human body hereinabove named and who do not, in any way, misrepresent the quality or character of their respective products or their effectiveness when used.

PAR. 7. Each and all of the false and misleading statements and representations made by the respondent in designating or describing her products and the effectiveness of said products for curing, treating, or relieving the diseases, ailments, afflictions, and conditions of the human body herein named, in offering for sale and selling her said products were, and are, calculated to, and had, and now have, a tendency and capacity to mislead a substantial portion of the purchasing public into the erroneous belief that all of said representations are true and that said products will, in truth, accomplish the results claimed. Further, as a direct consequence of the mistaken and erroneous beliefs, induced by the acts and representations of the respondent, as hereinabove detailed, a number of the consuming public have purchased a substantial volume of respondent's products with the result that trade has been unfairly diverted to the respondent from competitors likewise engaged in the business of distributing and selling similar products or other products designed, intended, and sold for use in the cure, relief, or treatment of the various diseases, ailments, afflictions, and conditions named herein, and who truthfully represent the effectiveness of their respective products. As a result thereof, injury has been, and is now being, done by respondent to competition in commerce among and between the various States of the United States and in the District of Columbia.

PAR. 8. The above and foregoing acts, practices, and representations of the respondent have been, and are, all to the prejudice of the public and respondent's competitors as aforesaid, and have been, and are, unfair methods of competition within the meaning and intent 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."

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on June 3, 1936, issued, and on June 8, 1936, served its complaint in this proceeding upon respondent, Roxie

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Thorson, trading as Thorson's Soap Lake Products Co. charging her 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, the Commission, by order entered herein, granted respondent's motion for permission to withdraw said answer and to substitute therefor an answer admitting all the material allegations of fact set forth in said complaint and waiving all intervening procedure and further hearing as to said facts, which substitute answer was duly filed in the office of the Commission. Thereafter, this proceeding regularly came on for final hearing before the Commission on the said complaint and substitute answer, and the Commission having duly considered the matter 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, Roxie Thorson, is an individual trading as Thorson's Soap Lake Products Co., with her principal office and place of business located at Soap Lake, in the State of Washington. Respondent is now and for some years last past has been engaged in the business of preparing, distributing, and selling in commerce, certain packaged mineral salts designated as "Thorson's Soap Lake Salts," "Thorson's Effervescent Soap Lake Salts" and kindred products designated as "Thorson's Soap Lake Liniment," "Thorson's Skin-Aid Soap Lake Ointment," "Thorson's Soap Lake Shampoo," and "Thorson's Skin-Aid Soap Lake Soap."

The salt ingredients that go to make up these products are obtained by respondent from a body of water called Soap Lake, which is a lake located in the State of Washington.

PAR. 2. Respondent causes her products when sold to be transported from her place of business at Soap Lake in the State of Washington to purchasers thereof located at various points in other States of the United States and in the District of Columbia.

There is now and has been for some time last past a course of trade and commerce by respondent in said products between and among the various States of the United States and in the District of Columbia.

PAR. 3. The respondent, in the course of the operation of her business as described in paragraphs 1 and 2 hereof, is in competition with other individuals and with firms and corporations likewise engaged in the business of preparing, distributing, and selling mineral salt

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products or other products prepared, intended, and sold for the same purposes for which respondent's products are sold in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 4. In order to induce customers and prospective customers to purchase her products, respondent causes to be printed and circulated throughout the various States of the United States certain advertising matter which consists for the most part of letters, pamphlets, and circulars. Respondent has also made use of the radio for the purpose of creating a demand for her products by broadcasting advertising statements concerning her products over radio stations which have sufficient power to reach audiences in other States.

In all of her advertising matter respondent has featured her trade name, Thorson's Soap Lake Products Co., together with the following statements and representations which purport to be descriptive of respondent's products, the names of which are set forth in full in paragraph 1 hereof, and the effectiveness of said products in treating and curing many of the diseases, ailments, afflictions, and conditions of the human body:

A Short Cut to Health through Nature.

Learn to Get Well Quick and Be Well Always.

Relieve your Ailments—While at Home.

Thorson's Soap Lake Salts Give Health Through the Skin.

Most persons who come to Soap Lake do so on the advice of friends who have been benefited by the Health Giving Water of Soap Lake which shows that the water, as well as the Sun Evaporated Minerals produced from it, is all it is claimed to be.

Soap Lake—Unequaled Health Giving Water.

The World's Greatest Healing Spot.

Thorson's Soap Lake Salts contain all of the qualities of the lake itself.

Bringing a great Health Resort to your Home.

You can now take this Soap Lake Mineral Water treatment right in your home, without loss of time—of the vast expense of travel—the Soap Lake Mineral Water Treatment has been used successfully in the treatment of the following Disorders and Ailments:

High Blood Pressure

Stomach Disorders

Liver and Bladder Troubles

Auto-Intoxication

Nervous Ailments

Skin Afflictions

Kidney Trouble

Excess Acidity

Constipation

Rheumatism

Arthritis

Diabetes

Neuritis

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Thorson's Soap Lake Shampoo—It is a marvelous combination of all the ingredients essential to Hair Health.

Thorson's Skin-Aid Soap Lake Soap—Used in connection with Skin-Aid Ointment is without equal in the treatment of Skin Diseases and Eruptions.

Thorson's Effervescent Soap Lake Salts—Relief for all Stomach Trouble.

By a special process of crystallization you can now make this wonderful product in your own home without losing any of the curative power of the water.

In all of her advertising literature respondent represents through statements and representations herein set out and through statements of similar import and effect that her products will prevent or cure, or are beneficial in the treatment of the following diseases, ailments and afflictions:

Stomach, liver, bowel and kidney troubles, rheumatism, diabetes, catarrh, skin diseases, female trouble, diseases of the blood, psoriasis, pyorrhea and sore gums, gangrene, foot trouble, eye trouble, eczema, lumbago, dropsy, pleurisy, dyspepsia, ivy oak poison, sunburn, insect bites, chilblains, frostbite, cramps of muscles, scalds, wounds and sores, high blood pressure, auto-intoxication, nervous ailments, excess acidity, constipation, arthritis, neuritis, and Buerger's disease.

PAR. 5. The Commission finds that the representations set forth in paragraph 4 hereof, which respondent makes with respect to the therapeutic value of her products when used, are grossly exaggerated, misleading, and untrue. In truth and in fact the use of respondent's products will not prevent or cure all or any of the diseases, ailments, or afflictions set forth in paragraph 4 hereof. The use of said products in the manner prescribed by respondent or in any other manner does not constitute a treatment for all or any of the aforesaid diseases, ailments, and afflictions, nor are any of said products beneficial in the treatment of all, or any of, the diseases, ailments, afflictions, and conditions set forth in paragraph 4 hereof. The benefits, if any, generally obtained from a use of any or all of said products are limited to those resulting from the laxative and diuretic properties and action of said products and the use of said products as either an external or an internal cleansing agent.

PAR. 6. Each and all of the false and misleading statements and representations made by respondent, as hereinabove set forth, in her advertising, letters, circulars, pamphlets, and over the radio and by other advertising media in offering for sale and selling her products had and now have the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous belief that all of said representations are true.

As a direct result of these mistaken and erroneous beliefs induced by the acts and misrepresentations of respondent as hereinabove

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enumerated, a number of the consuming public purchased a substantial volume of respondent's products with the result that trade has been unfairly diverted to respondent from individuals, firms, and corporations likewise engaged in the business of preparing, distributing, and selling similar products or other products designed, intended, and sold for use in the cure, relief, or treatment of the various diseases, ailments, afflictions, and conditions named herein and who truthfully represent the effectiveness of their respective products.

As a result thereof substantial injury has been done and is now being done by respondent to competition in commerce among and between the various States of the United States and in the District of Columbia.

CONCLUSION

The aforesaid acts and practices of the respondent as herein found are all 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 the Federal Trade Commission Act.

ORDER TO CEASE AND DESIST

This proceeding having been heard by the Federal Trade Commission upon the complaint of the Commission and the answer of respondent, in which answer respondent admits all the material allegations of fact set forth in said complaint, and states that she waives all intervening procedure and further hearing as to said facts, and the Commission having made its findings as to the facts and conclusion that said respondent has violated the provisions of the Federal Trade Commission Act,

It is ordered, That respondent, Roxie Thorson, individually and trading as Thorson's Soap Lake Products Co., or under any other name, her representatives, agents, and employees, in connection with the offering for sale, sale, and distribution in interstate commerce and in the District of Columbia of packaged mineral salts obtained from Soap Lake, Washington, now designated as "Thorson's Soap Lake Salts," "Thorson's Effervescent Soap Lake Salts," "Thorson's Soap Lake Liniment," "Thorson's Skin-Aid Soap Lake Ointment," "Thorson's Soap Lake Shampoo," and "Thorson's Skin-Aid Soap Lake Soap," whether sold under those names or under any other names, do forthwith cease and desist from representing, directly or by inference:

That said mineral salts obtained from the waters of Soap Lake, Washington, will prevent or cure, or are beneficial in the treatment of stomach, liver, bowel, and kidney conditions; rheumatism, diabetes,

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catarrh, skin diseases, female trouble, diseases of the blood, diseases of the hair, psoriasis, pyorrhea and sore gums, gangrene, foot trouble, eye trouble, eczema, lumbago, dropsy, pleurisy, dyspepsia, ivy and oak poisoning, sunburn, insect bites, chilblains, frost-bite, cramps of muscles, scalds, wounds and sores, high blood pressure, autointoxication, nervous ailments, excess acidity, constipation, arthritis, neuritis, and Buerger's disease, or any similar ailments, afflictions, or conditions which may be present or exist in the human body other than conditions which may be benefited by the laxative, diuretic, or cleansing properties of said mineral salts.

It is further ordered, That the respondent shall, within 60 days after service upon her 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 this order.

IN THE MATTER OF

J. A. SCHWARTZ TRADING AS NATIONAL SALES &
NOVELTY COMPANY

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

Docket 3253. Complaint, Oct. 25, 1937—Decision, Jan. 17, 1939

Where an individual engaged in sale and distribution of radio receiving sets and other articles of merchandise to purchasers in the various States, in substantial competition with others likewise engaged in sale and distribution of similar articles in commerce as aforesaid; in soliciting sale of and in selling and distributing his said products—

Furnished various devices and merchandising plans which involved operation of games of chance, gift enterprises, or lottery schemes for distribution thereof to consumer wholly by lot or chance, and consisted of literature, instructions, and push cards for use in such offer and sale by operators of said cards, under scheme in accordance with which person paid for chance secured varying amount, dependent upon number revealed under disk, and received article being disposed of in accordance with such plan or nothing other than chance, dependent upon success or failure in selecting that one of feminine names disclosed on card corresponding with name concealed under card's master seal after sale of all chances, and thereby supplied to and placed in the hands of others means of conducting lotteries in sale of his merchandise in accordance with sales plan above set forth, contrary to public policy long recognized by the common law and criminal statutes and to an established public policy of the United States Government, and in competition with others engaged in sale and distribution in similar commerce of like and similar articles of merchandise who do not sell the same through use of lotteries or games of chance;

With result that many purchasers of his said products were attracted by element of chance involved in his sales method aforesaid, and thereby induced to purchase his merchandise in preference to same or similar goods of competitors who did not, and do not, use such or equivalent methods, and public, by reason of preference aforesaid, bought substantial volume of said goods and trade was unfairly diverted to him from competitors aforesaid:

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

Before *Mr. William C. Reeves*, trial examiner.

Mr. Henry C. Lank and *Mr. D. C. Daniel* for the Commission.

Nash & Donnelly, of Chicago, Ill., for respondent.

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