

Syllabus

IN THE MATTER OF
GRAVITONIC LIFE RAY CORPORATION, INC., AND
FRED W. REED

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

Docket 3451. Complaint, June 7, 1938—Decision, Dec. 22, 1939

Where a corporation and an individual, its president and in charge of its affairs, engaged, in cooperation with each other, in manufacture, sale and distribution of an electric appliance or table to purchasers in various other States and in the District of Columbia, in competition with others likewise engaged in sale and distribution in commerce among the various States of products and preparations intended, designed, and used for purposes for which they recommended their product; in describing same in advertisements in pamphlets, leaflets, newspapers, and magazines distributed among public in various States—

- (a) Represented that their said device was a scientific discovery which was based upon scientific foundations and forces and which located causes or troubles of disease and purified blood stream by mechanical action thereof; and
- (b) Represented that said device cured and relieved various ailments and conditions, including sinus infections in a few applications, sleeping sickness, blindness caused by tédouloureux, tuberculosis, stomach and gall bladder troubles, kidney trouble and arthritis, cancer, high blood pressure, and a number of others;

Facts being device in question was not a discovery, would not accomplish any such results or locate causes of any troubles or diseases and was not a competent or effective treatment therefor, but was worthless and of no use in diagnosis, cure or treatment of disease, and had no scientific foundation and no beneficial effect on the system, and statements in question were false, misleading and untrue;

With tendency and capacity to mislead and deceive substantial portion of purchasing public into erroneous and mistaken belief that all of their said representations were true, and with result that number of consuming public purchased substantial volume of their said electric tables and trade was thereby diverted unfairly to them from their competitors engaged in sale and distribution in commerce of products and preparations intended, designed, and used for purposes for which their device was recommended, and who truthfully represented effectiveness of their respective products:

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

Before *Mr. Arthur F. Thomas* and *Mr. Randolph Preston*, trial examiners.

Mr. William L. Taggart for the Commission.

Mr. Frederic I. Barrows, of Indianapolis, Ind., and *Mr. J. Carl Lambdin*, of St. Petersburg, Fla., for Fred W. Reed.

Complaint

30 F. T. C.

COMPLAINT

Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said act, the Federal Trade Commission, having reason to believe that Gravitonic Life Ray Corporation, Inc., a corporation, and Fred W. Reed, individually, and as president of Gravitonic Life Ray Corporation, Inc., hereinafter referred to as respondents, have violated the provisions of the 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 Gravitonic Life Ray Corporation, Inc., is organized under the laws of the State of Florida. Its officers are Fred W. Reed, president, and Mrs. Helen Stowers, secretary. Its main office is located at 687 Central Avenue, St. Petersburg, Fla.

Respondent Fred W. Reed of 1330 North Meridian Street, Indianapolis, Ind., is the president of respondent Gravitonic Life Ray Corporation, Inc., a corporation, and controls and directs the activities, practices and policies of said corporate respondent in the course and conduct of the business and in doing the acts and things hereinafter described. Respondent Fred W. Reed uses the respondent Gravitonic Life Ray Corporation Inc., and other corporations as instrumentalities and means through which he conducts the business and does the acts and things hereinafter described. Respondents Fred W. Reed and Gravitonic Life Ray Corporation, Inc., separately and collectively, also use various trade names in conducting the business and in doing the acts and things hereinafter described. Among the corporations used by the respondent Fred W. Reed as instrumentalities and means of conducting the business, and doing the acts and things hereinafter described, are the following: Gravitonic Life Ray Estate, Ltd., and Gravitonic Life Ray Estate, Inc. Among the trade names used by the respondents Gravitonic Life Ray Corporation, Inc. and Fred W. Reed are the following: Gravitonic Life Ray Estate, Ltd., and Gravitonic Life Ray Estate, Inc.

In doing the acts and things hereinafter alleged, and during all of the time herein mentioned, respondents Gravitonic Life Ray Corporation, Inc. and Fred W. Reed have acted together and in cooperation with each other.

PAR. 2. Respondents, trading in their own names and through said corporations and under said trade names as aforesaid, have been for some time past, and are now, engaged in the business of manufacturing and in selling and distributing an electrical appliance. The last known place of business of the respondents was 1330 North Me-

ridian Street, Indianapolis, Ind. The product advertised and sold is a table to which is attached an electrical appliance and other accessories. Respondents have conducted their said business at and from various points in the United States.

The respondents cause their said product, when sold, to be transported from the point in the State where they happen to be located at the time of a particular sale into and through the several States of the United States to the purchasers thereof, located at various points in States of the United States other than the State of origin of such shipments and in the District of Columbia.

PAR. 3. In the course and conduct of their business in commerce among and between the various States of the United States and in the District of Columbia respondents have been and are in substantial competition with individuals, partnerships, and corporations engaged in said commerce in the sale and distribution of similar products and in the sale and distribution of products and preparations intended, designed, and used for the purposes for which the respondents recommend their said product.

PAR. 4. In the course and conduct of their business in said commerce, and for the purpose of inducing members of the public to purchase said product, respondents advertise said product in booklets, pamphlets, circulars, by personal contact, and by other means, all purporting to be descriptive of said product and its effectiveness and value for the uses and purposes for which it is advertised. In the aforesaid advertisements distributed among prospective purchasers, and in newspapers and magazines and other types of advertisements circulated among said prospective purchasers and the public, as aforesaid, statements to the following effect are made:

THE GRAVITONIC LIFE RAY now being presented to the public, is a wonderful discovery which promises to revolutionize the present methods of making examinations and the treatment of practically all human ills. As the name implies, this discovery is based on the forces of gravity, the tonic of the air, and the vibrational impulses in the ether surrounding the earth. All life is, or is affected by vibration and these vibrations in the ether both build and destroy life. THE GRAVITONIC LIFE RAY is the summation of all the rays which produce and support life. The gamma rays and all other rays which tend to destroy life, have been screened out. These life rays show practically no tendency to heat, and in no way resemble electricity. Nothing seems to stop them for they will pass through all known substances. Furthermore, the supply is inexhaustible.

The ray seems to be unfailing in its powers to locate the *cause* of the trouble. The blood stream is purified by the mechanical action of the GRAVITONIC LIFE RAY which destroys disease germs, reduces poisons and stimulates the muscles that absorb the poisons and draws them to the surface.

Complaint

30 F. T. C.

In a large percentage of all bodily ills, sinus trouble is found to be the basic cause. It is the relief of this same sinus trouble which has, oddly enough, given the medical profession so much real trouble; yet the ray will relieve sinus infections in a few applications. Sleeping sickness victims have been aroused, patients blinded by tiedouloureux have had sight restored, tuberculosis, stomach and gall bladder troubles have been relieved and cured, diseases of the kidneys overcome, arthritis victims relieved and cured, gland disorders corrected, likewise diabetes, tumor, prostate trouble, colds, dizziness, anemia, cancer, chronic indigestion, acute appendicitis, goiter, colitis, dyspepsia, nervousness, spinal trouble, high blood pressure, tonsilitis, catarrh, and mastoid and ear trouble have been relieved and cured.

* * * * *

Asserting he has captured, caged and finally tamed a real "life ray" from the wilds of space, Frederick Williams Reed of Hollywood has just concluded a series of demonstrations admittedly somewhat mystifying to the scientists who have seen it. So long as this ray sojourns in matter that matter is alive, he says; as soon as it goes out the thing is armiated [sic] dies. He describes it as a "force" diffused throughout the universe, variously described as "nervous ether," "life fluid," "vital principle," and so on.

"Every diseased part of the body," Reed declared, "has a vibration peculiar to itself. Trained fingers can, therefore, identify a disease, whether it is cancer, tuberculosis or something else, by the feel of the vibrations," and it is asserted that certain malignant diseases have been cured by passing this ray through a patient's body.

GRAVITONIC LIFE RAY—WHAT IS IT?

Hear the voices and music vibrate from vegetables, flowers and the human body, transmitted through the human hand * * *.

Feel vitality surge through your body * * *

See demonstration and be Convinced!

All of said statements, together with many similar statements appearing in respondents' advertising literature purport to be descriptive of their product and its affectiveness in treating or curing many of the diseases, ailments, afflictions and conditions of the human body. In all of their advertising literature, respondents represent, through the statements and representations herein set out and other statements of similar import and effect, that their product, Gravitonic Life Ray, will prevent and cure, or is beneficial in the treatment of, many of the diseases, ailments, afflictions, and conditions which may be present or exist in the human body.

PAR. 5. In truth and in fact said product is not a wonderful discovery which promises to revolutionize methods of making examinations, and a treatment of practically all human ills. The product is not a scientific discovery based on forces of gravity, the tonic of the air, and the vibrational impulses of the ether surrounding the earth. The said product will not locate the causes of any troubles or diseases. The said product will not relieve the symptoms of, and

is not a remedy or cure for, sinus trouble and infections, sleeping sickness, blindness caused by ticcouloureux, or for tuberculosis, stomach and gall bladder troubles, diseases of the kidneys, arthritis, gland disorders, diabetes, tumor, prostate trouble, colds, dizziness, anemia, cancer, chronic indigestion, acute appendicitis, goiter, colitis, dyspepsia, nervousness, spinal trouble, high blood pressure, tonsillitis, catarrh, or mastoid and ear trouble.

Said product named herein when manufactured, advertised, and distributed is then and there misrepresented in that the aforesaid statements regarding the therapeutic, curative, and other benefits and effects thereof shown on the different circulars, and other advertisements, and by personal orations to the public, as aforesaid, are false and fraudulent, and the same are applied knowingly and in reckless and wanton disregard of their truth or falsity.

PAR. 6. There are among respondents' competitors in commerce as herein set out, those who do not in any way misrepresent the character and nature of their products, and who do not make use of any of the misleading representations herein set out or similar ones with respect to the therapeutic value of their respective products.

PAR. 7. Each and all of the false and misleading statements and representations made by the respondents in designating or describing their product and the effectiveness of said product for curing, treating, or relieving the diseases, ailments, afflictions, and conditions of the human body herein named, in offering for sale and selling their said product, were, and are, calculated to, and have 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 product 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 respondents, as hereinabove detailed, a number of the consuming public have purchased a substantial volume of respondents' product with the result that trade has been unfairly diverted to the respondents 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 aforesaid acts and deceptive practices of the respondents as herein alleged are all to the prejudice of the public and of respondents' competitors and constitute unfair methods of competition in commerce within the intent and meaning of the Federal Trade Commission Act.

REPORT, FINDINGS AS TO THE FACTS, AND ORDER

Pursuant to the provisions of the Federal Trade Commission Act, the Federal Trade Commission on June 7, 1938, issued its complaint in the above-entitled proceeding, and caused same to be served upon respondents, Gravitonic Life Ray Corporation, Inc., and Fred W. Reed, individually, charging them with violation of Section 5 of the provisions of said act. Respondent entered an appearance and filed an answer to the complaint, and thereafter, beginning on August 8, 1938, testimony and other evidence in support of the allegations of said complaint were introduced by William L. Taggart, attorney for the Commission, before Arthur F. Thomas, and Randolph Preston, trial examiners of the Commission, which 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 said complaint, the answer thereto, testimony and other evidence, and brief in support of the complaint. Respondent not having filed a brief, and oral argument not having been requested, 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. Respondent, Gravitonic Life Ray Corporation, Inc., is a corporation organized and existing under and by virtue of the laws of the State of Florida. It maintains its principal office and place of business in St. Petersburg, Fla. Respondent Fred W. Reed is an individual, and is president of respondent corporation, and in charge of its affairs. Also he carries on business under the trade names of the respondent corporation, and similar ones, such as Gravitonic Life Ray Estate, Ltd., Reed's Gravitonic Health Institute, etc. The corporate respondent, and the individual respondent Fred W. Reed, acting in cooperation with each other, are engaged in the manufacture, sale and distribution of an electrical appliance or table. The respondents cause said product when sold to be transported from their place of business in St. Petersburg, Fla., to purchasers thereof located in

various other States of the United States, and in the District of Columbia. Respondents maintain and at all times mentioned herein have maintained a course of trade in said product in commerce between and among various States of the United States, and in the District of Columbia. In the course and conduct of their business respondents are in competition with other corporations, firms, and individuals who are likewise engaged in the sale and distribution in commerce among and between the various States of the United States, of products and preparations intended, designed, and used for the purposes for which respondents recommend their product.

PAR. 2. In the course and conduct of the business, respondent Reed, in cooperation with the corporate respondent, and in the sale and distribution of the product, caused to be published in advertisements, pamphlets, leaflets, newspapers, and magazines, distributed among the public in the various States, certain advertisements in order to induce said public to take treatments by use of, and to purchase said electrical table. In these advertisements respondents have published and distributed among many others, the following statements:

The GRAVITONIC LIFE RAY now presented to the public is a wonderful discovery which promises to revolutionize the present methods of making examinations, and the treatment of practically all human ills. As the name implies this discovery is based upon the forces of gravity, the tonic of the air, and the vibrational impulses thereof in the ether surrounding the earth. All life is, or is affected by vibrations and these vibrations in the ether both build and destroy life. The GRAVITONIC LIFE RAY is the summation of all the rays which produce and support life. The GAMMA RAYS and all other rays which tend to destroy life, have been screened out.

The RAY seems to be unfailing in its power to locate the cause of the trouble. The blood stream is purified by the mechanical action of the GRAVITONIC LIFE RAY which destroys disease germs, reduces poisons, and stimulates the muscles that absorb the poisons and draws them to the surface.

In a large percentage of all bodily ills, sinus trouble is found to be the basic cause. It is the relief of this same sinus trouble which has, oddly enough, given the medical profession so much real trouble; yet the RAY will relieve sinus infections in a few applications. Sleeping sickness victims have been aroused, patients blinded by tictouloureux have had sight restored, tuberculosis, stomach and gall bladder troubles have been relieved and cured; diseases of the kidneys overcome, arthritis victims relieved and cured, gland disorders corrected, likewise diabetes, tumors, prostate trouble, colds, dizziness, anemia, cancer, chronic indigestion, acute appendicitis, catarrh, colitis, dyspepsia, nervousness, spinal trouble, high blood pressure, tonsillitis, and mastoid and ear trouble have been relieved and cured.

PAR. 3. The foregoing statements, all of which purport to be descriptive of respondents' product and its effectiveness in treating or curing many diseases and conditions of the human body, are false,

Order

30 F. T. C.

misleading and untrue. Respondents' device is worthless and is of no use in the diagnosis, cure or treatment of disease. It is not a discovery and will not revolutionize methods of making examinations or the treatment of practically all human ills. This device will not locate the causes of any troubles or diseases. The use of respondents' device is not a cure or remedy for sinus trouble and infections, sleeping sickness, blindness caused by ticcouloureux, tuberculosis, stomach and gall bladder troubles, diseases of the kidneys, arthritis, gland disorders, diabetes, tumor, prostate trouble, colds, dizziness, anemia, cancer, chronic indigestion, acute appendicitis, colitis, dyspepsia, nervousness, spinal trouble, high blood pressure, tonsilitis, catarrh, mastoid and ear trouble, and the use of such device is not a competent or effective treatment for any of said diseases and disorders. Respondents' device has no scientific foundation and will have no beneficial effect on the human system.

PAR. 4. Each and all of the false and misleading statements and representations made by the respondents in describing the said product as hereinabove set out, were and are calculated to, and have had the tendency and capacity to mislead and deceive a substantial portion of the purchasing public into the erroneous and mistaken belief that all of said representations are true. As a result of this erroneous belief, a number of the consuming public have purchased a substantial volume of respondents' electrical tables with the result that trade has been diverted unfairly to respondents from their competitors engaged in the business of selling and distributing in commerce among and between the various States of the United States, products and preparations intended, designed and used for the purposes for which respondents recommend their said products, and who truthfully represent the effectiveness of their respective products.

CONCLUSION .

The aforesaid acts and practices of the respondents as herein found, are all to the prejudice and injury of the public and of respondents' 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, the answer of the respondents, testimony and other evidence taken before Arthur F. Thomas and Randolph Preston, Esqs., examiners of the Commission theretofore duly designated by it, in support of the allegations of

said complaint, brief of the Commission filed herein, and the Commission having made its findings as to the facts and its conclusion that the respondents have violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondents, Gravitonic Life Ray Corporation, Inc., a corporation and its officers and Fred W. Reed, individually and as President of Gravitonic Life Ray Corporation, Inc., whether trading under the trade names of Gravitonic Life Ray Estate, Ltd., Gravitonic Life Ray Estate, Inc., or any other trade name, their respective agents, representatives and employees directly or through any corporate or other device, in connection with the offering for sale, sale and distribution of an electrical appliance or device now designated as Gravitonic Life Ray Table, or any other appliance, or device of similar design or having substantially the same uses and purposes whether sold under this name or any other name in commerce, as commerce is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Representing that respondents' device is a scientific discovery or based upon any scientific foundation.

2. Representing that respondents' device will locate the causes or troubles of any disease.

3. Representing that the use of respondents' device is a cure or remedy for sinus trouble and infections, sleeping sickness, blindness caused by ticdouloureux, tuberculosis, stomach and gall bladder troubles, diseases of the kidneys, arthritis, gland disorders, diabetes, tumor, prostate trouble, colds, dizziness, anemia, cancer, chronic indigestion, acute appendicitis, colitis, dyspepsia, nervousness, spinal trouble, high blood pressure, tonsilitis, catarrh, mastoid and ear trouble, or that its use constitutes a competent and effective treatment therefor.

4. Representing that the use of respondents' device will have any beneficial effect upon the human system or any beneficial value in the treatment of any disease or condition of the human body.

It is further ordered, That respondents shall, within 30 days after service upon them of this order, file with the Commission a report in writing, setting forth in detail the manner and form in which they have complied with this order.

IN THE MATTER OF

JAKE FELT, TRADING AS THE FRUIT AND PRODUCE EX-
CHANGE, M. E. CARTER AND COMPANY, MILTON K.
ALTSCHUL, INC., SAN PAT VEGETABLE COMPANY, A. O.
KOLBERG, ALBERT MILLER AND COMPANY, AND
CHASE AND COMPANY

COMPLAINT, FINDINGS, AND ORDER IN REGARD TO THE ALLEGED VIOLATION
OF SEC. 2 (c) OF AN ACT OF CONGRESS APPROVED OCT. 15, 1914, AS AMENDED
BY SEC. 1 OF AN ACT OF CONGRESS APPROVED JUNE 19, 1936

Docket 3765. Complaint, Apr. 17, 1939—Decision, Dec. 22, 1939

Where (a) five corporations which (1) were engaged in producing and distributing produce, foodstuffs, and allied products and in selling and shipping same in interstate commerce to the below-described individual, jobber thereof, and to other purchasers, and which (2) were fairly representative of a large group of other sellers likewise thus engaged in producing, distributing, and selling such products as aforesaid to such individual and others, and which, as thus engaged, were in active competition with other producers and distributors of similar commodities in endeavoring to sell and ship the same in interstate commerce to said jobber or broker and competitors thereof; and (b) other sellers—

Transmitted, paid, and delivered to said individual jobber or broker so-called brokerage fees or commissions consisting of certain percentage of the quoted sales prices agreed upon between each of such sellers and said individual, or flat commission thus agreed upon, upon purchases made of them by said individual for the business operated by him as jobber of produce, foodstuffs, and allied products, and for corporate wholesale dealer in such products, of which he owned 84 percent of the outstanding stock and of which he was president and member of its board of directors, and the affairs of which he actively managed and conducted; and

Where said individual engaged as above set forth, in the course and conduct of his individual business and of corporate business controlled and operated by him as above described; in purchasing the stock requirements of each of said businesses from sellers residing in other States, including sellers above set forth, for shipment to him and storage in warehouse used jointly by the two businesses and sale therefrom by his said jobbing or brokerage business to divers wholesalers of such commodities and by said corporate business, controlled and operated by him as above, to divers retailers thereof—

Received and accepted so-called brokerage fees or commissions upon commodities resold by him as jobber as aforesaid to wholesale dealers therein, and upon commodities resold by said corporate wholesaler to divers retailers therein, while in fact sole party at interest in and active manager of said jobber or brokerage business and while president and member of board of directors of said corporate wholesaler and manager of its affairs, and in connection with which various purchasing transactions upon which such so-called brokerage fees or commissions were respectively paid and transmitted, and accepted and received, no services whatsoever had been or were being ren-