

Complaint

IN THE MATTER OF

DAN M. THOMPSON, DOING BUSINESS AS DANSON
LABORATORIES AND THOMPSON LABORATORIES

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

Docket 3752. Complaint, Mar. 31, 1939—Decision, June 29, 1940

Where an individual engaged in sale and distribution of his Danson Formula medicinal preparation, advertised and sold as cure for alcoholism or drunkenness, to purchasers in 10 or 12 States other than State of Illinois, or place of business, and including Minnesota, Missouri, and Ohio, in which he circulated his advertising and labels as below set forth—

(a) Represented through advertisements in various newspapers and other publications, and through circulars sent through the mails and circular letters, that his said Danson Formula constituted a remedy or cure for alcoholism and that it was a competent and effective treatment for said condition or drunkenness, and counteracted desire for alcoholic stimulation and relieved craving therefor;

Facts being his said product, active drug ingredient of which was a sedative, was not a remedy or cure for either acute or chronic alcoholism, requiring separate treatments and also, in some cases, different treatments in cases of same type, and it would not relieve craving for such stimulation or counteract desire therefor, or have any value as a competent or effective treatment for alcoholism in excess of its value as a sedative for quieting nerves; and

(b) Represented through use of word "Laboratories," as included by him in his trade names and displayed on labels attached to his product, that he conducted a laboratory in connection with his said business;

Facts being he did not own or operate a laboratory or use any laboratory equipment in connection with the business in question;

With effect of misleading and deceiving substantial portion of purchasing public into erroneous and mistaken belief that such representations were true, and into purchase of substantial quantity of said product;

Held, That such acts and practices, under the circumstances set forth, were all to the prejudice and injury of the public and constituted unfair and deceptive acts and practices in commerce.

Before *Mr. John J. Keenan* and *Mr. Lewis C. Russell*, trial examiners.
Mr. DeWitt T. Puckett for the Commission.

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 Dan M. Thompson, an individual doing business as Danson Laboratories and Thompson Laboratories, hereinafter referred to as respondent, has violated the provisions of the said act, and it appearing to the Commission that a

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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, Dan M. Thompson, is an individual doing business as Danson Laboratories and Thompson Laboratories at 32 North State Street, Chicago, Ill. He is engaged in the sale and distribution of a medicinal preparation called "Danson Formula," an alleged cure for alcoholism or drunkenness, said medicinal preparation constituting a drug within the intent and meaning of the Federal Trade Commission Act.

Respondent now causes, and for more than 1 year last past has caused, his said medicinal preparation, when sold by him, to be shipped from his said place of business in Chicago, Ill., to the purchasers thereof located in the various States of the United States, other than the State of Illinois, and in the District of Columbia. There is now, and has been at all times mentioned herein, a course of trade in said medicinal preparation so sold and distributed by respondent in commerce between and among the various States of the United States and in the District of Columbia.

PAR. 2. In the course and conduct of his aforesaid business, the respondent has disseminated and is now disseminating, and has caused and is now causing the dissemination of false advertisements concerning his said product, by United States mails, by insertion in newspapers and periodicals having a general circulation and also in circulars and other printed or written matter, all of which are distributed in commerce among and between the various States of the United States, and by other means in commerce, as commerce is defined in the Federal Trade Commission Act, for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of his said product; and has disseminated and is now disseminating, and has caused and is now causing, the dissemination of false advertisements concerning his said product, by various means, for the purpose of inducing, and which are likely to induce, directly or indirectly, the purchase of his said product in commerce, as commerce is defined in the Federal Trade Commission Act. Among and typical of the false statements and representations contained in said advertisements, disseminated and caused to be disseminated, as aforesaid, are the following:

LIQUOR HABIT.—A new home treatment; harmless, tasteless; given secretly in coffee, tea, etc.; send for FREE BOOKLET. DANSON LAB., 32 N. State St., Chicago.

DANSON
FORMULA
THE
TRIED
TREATMENT
FOR ALCOHOLISM

DANSON FORMULA relieves the craving by counteracting the desire for alcoholic stimulation and the principle (sic) idea is to get the system thoroughly inoculated with this preparation. * * *

DANSON
FORMULA
THOMPSON LABORATORIES
CHICAGO, ILL.
* * *

Through the use of the statements hereinabove set forth and others similar thereto not specifically set out herein, respondent has represented and does now represent that his said medicinal preparation is an adequate remedy or cure for alcoholism or drunkenness; that it is a competent and effective treatment for alcoholism or drunkenness; that said medicinal preparation relieves the craving for alcoholic stimulation by counteracting the desire therefor; and that respondent conducts a laboratory.

PAR. 3. In truth and in fact, respondent's said preparation, Danson Formula, is not an adequate remedy or cure for alcoholism or drunkenness, nor is it a competent and effective treatment therefor. It does not relieve the craving for alcoholic stimulation by counteracting the desire therefor. The respondent does not own, operate, or control a laboratory.

PAR. 4. The use by respondent of the foregoing false, deceptive, and misleading statements, representations, and advertisements disseminated as aforesaid has had, and now has, the capacity and tendency to mislead and deceive, and has misled and deceived, a substantial portion of the purchasing public into the erroneous belief that such representations are true and into the purchase of substantial quantities of respondent's said Danson Formula as a result of such an erroneous belief.

PAR. 5. The aforesaid acts and practices of respondent, as herein alleged, are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices 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 March 31, 1939, issued and subsequently served its complaint in this proceeding upon respondent, Dan M. Thompson, an individual doing business as Danson Laboratories and as Thompson Laboratories, charging him with the use of unfair and deceptive acts and practices in commerce in violation of the provisions of said act. After the issuance of said complaint and the

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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, and in opposition thereto by the respondent, who appeared in his own behalf, before John J. Keenan and Lewis C. Russell, trial examiners of the Commission theretofore duly designated by it, 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 said complaint, the answer thereto, testimony, and other evidence and brief in support of the complaint (no brief having been filed by respondent 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. The respondent, Dan M. Thompson, an individual was for several years immediately preceding the month of August 1939, engaged in the sale and distribution of a medicinal preparation designated and sold under the trade name "Danson Formula." He advertised and sold said product as a cure for alcoholism or drunkenness. Respondent's place of business was at 32 North State Street, Chicago, Ill.

In the course and conduct of the aforesaid business, respondent sold and shipped his said product from his aforesaid place of business, in Chicago, Ill., to purchasers thereof in 10 or 12 States other than the State of origin, including the States of Minnesota, Missouri, and Ohio, in all of which States respondent circulated his advertising and labels hereinafter mentioned.

PAR. 2. During the time mentioned above and in the course of his aforesaid business, respondent caused to be published and disseminated through the Minneapolis Tribune, the St. Louis Neighborhood News, a Grand Rapids, Mich., paper, and other publications, certain advertisements of which the following are typical.

LIQUOR HABIT—A new home treatment; harmless, tasteless; given secretly in coffee, tea, etc.; send for **FREE BOOKLET DANSON LAB., 32 N. State St., Chicago.**

Respondent also sent through the United States mails to prospective purchasers, circulars and circular letters containing representations of which the following are typical:

**DANSON FORMULA
THE TRIED TREATMENT
FOR ALCOHOLISM**

DANSON FORMULA relieves the craving by counteracting the desire for alcoholic stimulation and the principle (sic) idea is to get the system thoroughly inoculated with this preparation * * *.

Respondent also represented on his labels attached to the product the following:

DANSON FORMULA
THOMPSON LABORATORIES
CHICAGO, ILL.
* * *

By the use of the above representations, respondent represented that "Danson Formula" is a remedy or cure for alcoholism; that said preparation is a competent and effective treatment for alcoholism or drunkenness; that said preparation counteracts the desire for alcoholic stimulation; that said product relieves the craving for alcoholic stimulation; and that respondent conducts a laboratory in connection with his aforesaid business.

PAR. 3. The quantitative formula for respondent's product is:

	Oz.
Ammonium bromide (U. S. P.)-----	8
Ammonium carbonate (U. S. P.)-----	$\frac{1}{4}$
Glycerine-----	2
Distilled water-----	10

The recommended dosage is 20 drops three times a day, or 30 drops twice a day.

PAR. 4. Alcoholism may be defined as a condition resulting from excessive use of alcohol. If taken in moderation, alcohol is burned by the body and acts as a fuel for energy. If the use of alcohol exceeds the body's need for fuel, alcoholism results.

There are two types of alcoholism, viz, acute and chronic. Acute alcoholism results from excessive use of alcohol for a comparatively short period of time and may be described as a temporary condition, whereas chronic alcoholism results from an excessive and regular use of alcohol for a considerable period of time and may be described as a more or less permanent condition. The treatment for acute alcoholism is not the same as the treatment for chronic alcoholism nor should all cases of either type be treated the same way. Acute alcoholism is usually treated by giving the patient a blood sugar intravenously and by administration of a sedative drug, if necessary, to quiet the patient's nerves. Chronic alcoholism is usually treated by psychiatric methods, such as an attempt to solve the problem which causes the patient to desire drink or the effects produced thereby. Sedative drugs are also used in some cases of chronic alcoholism to quiet the patient's nerves.

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PAR. 5. The active ingredient contained in respondent's product is ammonium bromide, which is a sedative drug. Sedative drugs containing bromides are sometimes used in the treatment of alcoholism as an adjunct for the purpose of quieting the patient's nerves. The Commission finds that respondent's product is not a remedy or cure for either type of alcoholism nor will it relieve the craving for alcoholic stimulation or counteract the desire therefor, or have any value as a competent and effective treatment for alcoholism in excess of its value as a sedative for quieting the nerves. The respondent does not own or operate a laboratory nor does he use any laboratory equipment in connection with his business.

PAR. 6. The use by the respondent of the foregoing deceptive and misleading statements, representations, and advertisements, disseminated as aforesaid, has the capacity and tendency to mislead and deceive, and has misled and deceived, a substantial portion of the purchasing public into the erroneous and mistaken belief that such representations are true and into the purchase of substantial quantities of respondent's product as a result of such erroneous and mistaken belief.

CONCLUSION

The aforesaid acts and practices of the respondent as herein found are all to the prejudice and injury of the public and constitute unfair and deceptive acts and practices 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 respondent, testimony, and other evidence taken before John J. Keenan and Lewis C. Russell, trial examiners of the Commission theretofore duly designated by it, in support of the allegations of said complaint and in opposition thereto, and brief filed herein in support of the complaint (no brief having been filed by respondent and oral argument not having been requested), and the Commission having made its findings as to the facts and its conclusion that said respondent has violated the provisions of the Federal Trade Commission Act.

It is ordered, That the respondent, Dan M. Thompson, trading as Danson Laboratories and as Thompson Laboratories, or trading under any other name or names, his representatives, agents, and employees, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of his medicinal

preparation designated "Danson Formula," or any other medicinal preparation composed of substantially similar ingredients or possessing substantially similar properties, whether sold under the same name or under any other name, do forthwith cease and desist from directly or indirectly:

1. Disseminating or causing to be disseminated any advertisement (a) by means of the United States mails or (b) by any means in commerce, as "commerce" is defined in the Federal Trade Commission Act, which advertisements represent, directly or through inference, that said preparation is a cure or remedy for alcoholism or the liquor habit, that said preparation has any value as a competent and effective treatment for alcoholism in excess of its value as a nerve sedative, or that said preparation will counteract the desire for liquor, or relieve the craving for alcoholic stimulation.

2. Disseminating or causing to be disseminated any advertisement by any means for the purpose of inducing or which is likely to induce, directly or indirectly, the purchase in commerce, as "commerce" is defined in the Federal Trade Commission Act, of said preparation, which advertisements contain any of the representations prohibited in paragraph 1 hereof.

It is further ordered, That the respondent, Dan M. Thompson, his representatives, agents, and employees, as aforesaid, directly or through any corporate or other device, in connection with the offering for sale, sale or distribution of said preparation, or any other similar preparation, as hereinabove referred to, in commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from:

1. Using the word "Laboratories" or any other word of similar import or meaning in any trade or corporate name or in any other manner to describe or refer to respondent's business.

2. Representing in any manner that respondent owns or operates a laboratory.

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

IN THE MATTER OF
IRVING NAPP, TRADING AS NAPP'S LONGLIFE HOSIERY

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

Docket 3375. Complaint, Aug. 25, 1939—Decision, June 29, 1940

Where an individual engaged in sale and distribution of women's hosiery through personal demonstration and solicitation to purchasers in various other States and in the District of Columbia—

- (a) Represented that his said hosiery was run-proof and snag-proof, directly and through purported demonstrations, and that it would outwear all other hosiery on the market;

Facts being hosiery sold by him was neither run-proof nor snag-proof, and did not outwear other hosiery as aforesaid, but was of inferior quality as compared thereto, and demonstration made by him was not proper test, but trick or demonstration to confuse customer and cause him to believe that such hosiery would not be subject to runs or snags, through procedure employed by him of using nail file or other sharp, pointed instrument to scratch threads and punch holes in hosiery and separate threads, so as to appear snagged, or to have run, and manipulating same thereafter so as to bring hosiery back to its original condition; and

- (b) Represented that said hosiery was guaranteed to be satisfactory to purchasers, and guaranteed for 6 months against runs or holes, that he would deliver to purchaser free of charge new pairs if runs or holes appeared therein within said period from date of purchase, and that prompt adjustment would be made by him in any case where hosiery was not satisfactory or as represented;

Facts being there were instances in which after acceptance of partial and even full payment, he converted money to his own use, failed and neglected and refused to ship hosiery sold, and made no refund to customers, so that they received nothing whatsoever from him, and other instances in which he shipped and delivered to customers hosiery inferior in quality or different in color or size from that ordered, and he did not fill his guarantee to purchasers, when advised that product had been found unsatisfactory and notified that runs or holes had developed within period aforesaid, with request for new hosiery free of charge, but neglected and refused to deliver to purchasers, in accordance with guarantee, such new product and, in many cases, he did not make prompt adjustment when notified that product was not satisfactory and did not wear as represented and guaranteed, and in cases in which adjustment was made, he replaced initial hosiery with other product of inferior quality or differing in color or size;

With effect of misleading and deceiving substantial number of members of purchasing public into erroneous and mistaken belief that such false and misleading demonstrations, statements and representations, including those with respect to purported snag-proof, run-proof character of hosiery, constituting, by reason of serious item of expense involved in such defects, special attraction to women, were true, and into purchase of substantial quantities of his hosiery because of such erroneous and mistaken belief: