

Complaint

120 F.T.C.

IN THE MATTER OF

QUANTUM ELECTRONICS CORPORATION, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3615. Complaint, Sept. 22, 1995--Decision, Sept. 22, 1995*

This consent order prohibits, among other things, the Rhode Island-based company and its principal officers from making unsubstantiated claim about the ability of any air cleaning product to eliminate, remove, clear or clean any indoor air pollutant -- or any quantity of indoor air pollutants -- from a user's environment.

Appearances

For the Commission: *Kerry O'Brien, Linda Badger, Jeffrey Klurfeld and Joan Bernstein.*

For the respondents: *Kevin Brill, Corrente, Brill & Kusinitz, Ltd., Providence, R.I.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Quantum Electronics Corporation, a corporation, and Albert O. Coates, Maurice Lepenven, and Jacqueline J. Maynard, individually and as officers of said corporation ("respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent Quantum Electronics Corporation is a Rhode Island corporation, with its principal office or place of business at 110 Jefferson Blvd., Warwick, Rhode Island.

Respondent Albert O. Coates is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of the corporate respondent.

Respondent Maurice Lepenven is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of the corporate respondent.

Respondent Jacqueline J. Maynard is an officer of the corporate respondent. Individually or in concert with others, she formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices alleged in this complaint. Her principal office or place of business is the same as that of the corporate respondent.

PAR. 2. Respondents have advertised, labelled, offered for sale, sold, and distributed ozone generators, including the "Panda 200," as air cleaning products for use in homes, offices, other commercial establishments, and boats.

PAR. 3. The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

PAR. 4. Respondents have disseminated or have caused to be disseminated advertisements for their Panda 200 ozone generator, including but not necessarily limited to the attached Exhibits A-F. These advertisements contain the following statements:

A. Odors, Bacteria [sic] and gasses are all molecular in size. Because of this, no filtration device can remove them from your home. However, they are effectively eliminated when in contact with an ozone molecule, such as those generated by the Panda unit....The cleansing action of ozone is the result of oxidation, i.e., the breaking down of the molecular structure of noxious and toxic gases as well as bacterial and organic matter, the source of mold, mildew and most odors. The process is one of elimination, NOT filtration or scenting. While the effects are permanent, when fostering conditions persist, periodic treatment will prevent future growth.

Why Use the QUANTUM AIR PURIFIER?: ... No Harmful By-Products....

Your home can have a cleaner, healthier environment, free of pollutants. The following is a list of specific contaminants generally found in the home. [formaldehyde, nitrogen dioxide, sulfur dioxide, carbon dioxide, ammonia, volatile organic compounds, dust, molds, mildew, hydrogen sulfide, methane, trichlorethylene, chlorine]....

"It has really helped to relieve Kristie's (daughter) allergic reaction to dust mites." We run it 24 hours a day." Linda A. Brown/Huntington, MD....

"I have recommended it to my patients with allergy and breathing problems and they have used it with great alleviation of their symptoms. I think this is a

wonderful product and I feel everyone should own one." Dr. William F. Welles/San Diego, CA

"The effectiveness of ozone as a bactericide is well documented and it is a comforting aid in maintaining sterile conditions in my surgeries." Nomate T. Kpea, D.O., M.P.H./Medical Director

The LaserDermatology Centers of Rhode Island

"After using a Quantum ozone generator for three months, PRACTICAL SAILOR is convinced that the machine completely eliminates odors, and kills mildew." PRACTICAL SAILOR MAGAZINE, December 1990.

(Exhibit A: promotional material)

B. Quantum ozone generators are self-contained portable air purification devices for the purpose of neutralizing a variety of annoying odors and pollutants from room atmosphere and contents. These devices clean and purify by oxidizing, (breaking down) the molecular structure of noxious or toxic gases. Quantum ozone generators are proven effective against mold and mildew, viruses, fungi and bacteria, both airborne and settled....

PANDA SERIES 200: ... This is the smallest unit, designed for home use. Can be regulated downward for totally safe and quiet use in small bedrooms or upward for whole-house purification.... Eliminates all odors, mold and mildew problems and generally enhances indoor air quality. (Exhibit B: promotional material)

C. As we move further into the 90's, there will no doubt be more and more companys [sic] entering the air filtration business, taking advantage of the growing health consciousness of the American population, making health claims in an effort to solicit interest in their products. In February, 1989, Consumer Reports conducted a test of 27 air filtration devices then on the market.... "No clear evidence exists to establish the usefulness of purifiers in preventing or treating allergic respiratory disease." Why did all 27 of the models tested fail? Because all they did was filter airborne particles.... Because it did nothing about filtering the harmful gasses in the air. The noxious and toxic gasses -- the molecules -- passed right on through. There was nothing in those units to stop the mold and mildew, the viruses and fungi and the bacteria in the air There are about 600,000,000 molecules in .1 microns and the air filtration devices missed every one of them. For a moment, think of a micron as being the size of a barn. Now think of .1 microns as being the size of that barn door. A Quantum ozone generator will eliminate the fly that wants to go through that barn door! ...

Let's say the family pet makes a bad mistake on the living room carpet.... Now, place a little 7 1/2 pound Panda ozone generator in the same room for about 4 hours.... You will have neutralized it all safely, inexpensively and, most importantly, permanently.

(Exhibit C: promotional material)

D. Another group of three patients noted marked improvement in extrinsic asthma/reactive airway disease triggered by mold incitants.... Dramatic improvement was noted after several weeks of diligent use of the Quantum Panda to the point where they had minimal symptoms and required almost no bronchodilator medication. (Exhibit D: promotional material)

E. We wanted to let you know that we absolutely love our Quantum air machine.... best of all, my asthma has improved 100%. (Exhibit E: promotional material)

F. Before you provided me with an Air Purification Unit for my home, my three children: ... had major problems with asthma on a recurring basis I am so happy to tell you that not one of my children have required the first bit of medical attention for respiratory problems since your Unit arrived. (Exhibit F: promotional material)

PAR. 5. Through the use of the statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits A-F, respondents have represented, directly or by implication, that:

A. When used as directed, the Panda 200 eliminates, removes, clears, or cleans formaldehyde, sulfur dioxide, ammonia, trichlorethylene, carbon dioxide, hydrogen sulfide, methane, odors, nitrogen dioxide, mold, mildew, bacteria, dust, chlorine, fungi, volatile organic compounds, viruses, and noxious or toxic gases from a user's environment.

B. The use of ozone is more effective in cleaning or purifying indoor air than air cleaning products that use filters.

C. The Panda 200 does not create harmful by-products.

D. When used as directed, the Panda 200 prevents or provides relief from allergies, asthma, and viruses.

PAR. 6. Through the use of the statements contained in the advertisements referred to in paragraph four, including but not necessarily limited to the advertisements attached as Exhibits A-F, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph five, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 7. In truth and in fact, at the time they made the representations set forth in paragraph five, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph six was, and is, false and misleading.

PAR. 8. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

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EXHIBIT A

7/92 - Present



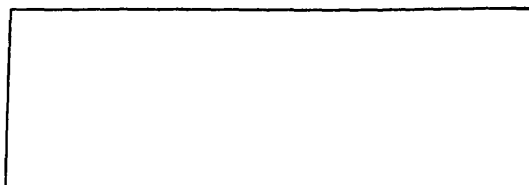
Panda
AIR PURIFIER

EXHIBIT A



QUANTUM ELECTRONICS CORPORATION

31 GRAYSTONE ST. WARWICK RI 02886 401-732-6770 • FAX 401-732-6772



For each "PANDA" purchased a donation is made to:



Quotes and Comments

"It has really helped to relieve Krisie's (daughter) allergic reaction to dust mites." We run it 24 hours a day."
Linda A. Brown / Huntington, MD

"Since I purchased the Quantum unit I can breathe easily all year round. The unit is wonderful."
Dina Difore / R. I. Teen Institute

"I have recommended it to my patients with allergy and breathing problems and they have used it with great alleviation of their symptoms. I think this is a wonderful product and I feel everyone should own one."
Dr. William F. Welles / San Diego, CA

"The effectiveness of ozone as a bactericide is well documented and it is a comforting aid in maintaining sterile conditions in my surgeries."
Norman I. Kopa, D.O., M.P.H. / Medical Director
The Laser Dermatology Centers of Rhode Island

"After using a Quantum ozone generator for three months, PRACTICAL SAILOR is convinced that the machine completely eliminates odors, and kills mildew."
PRACTICAL SAILOR MAGAZINE, December 1990

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EXHIBIT A

Your home can have a cleaner, healthier environment, free of pollutants.

The following is a list of specific contaminants generally found in the home.

- Formaldehyde 0.1ppm
(some materials are acceptable below 0.01)
Sources: Wood cabinets, carpeting, drapes, insulation, pressed board
- Nitrogen dioxide 0.05ppm
Sources: Gas stoves, space heaters, other combustion sources
- Sulfur dioxide 0.05ppm
Sources: (same as nitrogen dioxide)
- Carbon dioxide 700ppm
Sources: Occupant exhalation, combustion sources
- Ammonia 10ppm
Sources: Cleaning materials, bathroom, toilet drains
- Volatile organic compounds (variable)
Sources: Plastics, water, dry cleaned clothes
- Dust (variable)
Sources: Nonspecific
- Mold, Mildew (variable)
Sources: Inadequate ventilation, humidity, water seepage
- Hydrogen Sulfide (no acceptable level)
Sources: Septic gases
- Methane (no acceptable level)
Sources: Septic gases
- Trichloroethylene 20ppm
Sources: Cleaning solvents, wireware
- Chlorine 10ppm
Sources: Bleaches, cleaning materials

*Compiled by the state of Rhode Island Department of Health

EXHIBIT A-1

Why Use the QUANTUM AIR PURIFIER?

- Energy Efficient
- User Friendly
- Portable
- Lightweight
- Self Cleaning
- Totally Maintenance Free
- No Harmful By-Products



All QUANTUM AIR PURIFIERS come with a 30-day, money-back guarantee as well as a one-year warranty against defects and malfunction.

What is a QUANTUM AIR PURIFIER?

IT IS AN OZONE GENERATOR

Odors, Bacteria and gasses are all molecular in size. Because of this, no filtration device can remove them from your home. However, they are effectively eliminated when in contact with an ozone molecule, such as those generated by the Panda unit.

How Does Ozone Work?

Ozone, sometimes called triatomic oxygen, is a normal trace element in the earth's atmosphere. It is nature's second most powerful sterilant (fluorine is the most powerful) and the fastest oxidizing agent. The cleansing action of ozone is the result of oxidation, i.e., the breaking down of the molecular structure of noxious and toxic gases as well as bacterial and organic matter, the source of mold, mildew and most odors. The process is one of elimination, NOT filtration or scenting. While the effects are permanent, when fostering conditions persist, periodic treatment will prevent future growth.

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EXHIBIT B

7/92 - 7226.

SPECIFICATIONS

QUANTUM LINE OF OZONE GENERATORS		
Quantum ozone generators are self-contained portable air purification devices for the purpose of neutralizing a variety of annoying odors and pollutants from room atmosphere and contents. These devices clean and purify by oxidizing, (breaking down) the molecular structure of noxious or toxic gases. Quantum ozone generators are proven effective against mold and mildew, viruses, fungi and bacteria, both airborne and settled.		
ALL QUANTUM DEVICES CONFORM TO UL STANDARD 867		
PANDA SERIES	EFFECTIVE RANGE*	DESCRIPTION
200	7,200 Cubic Feet	This is the smallest unit, designed for home use. Can be regulated downward for totally safe and quiet use in small bedrooms or upward for whole-house purification. Good for small offices, conference rooms and employee lounges. Eliminates all odors, mold and mildew problems and generally enhances indoor air quality.
300	12,000 Cubic Feet	This is designed for slightly larger and or more contaminated areas, severe mold and mildew problems, larger office areas with some smokers or stuffy conditions.
400	16,800 Cubic Feet	The smallest commercial strength generator for pet shops, beauty shops, garages, restaurants and some chemically saturated areas.
600	26,000 Cubic Feet	Most powerful commercial production model. Good in bars and lounges, highly saturated chemical areas, fish markets, meat, fish and produce sections of supermarkets, or large areas such as dining halls. Excellent for smoke damage restoration and rapid purification when time is a factor.
DIMENSIONS: 11 3/16" x 5 3/4" x 9 1/2"		FAN: Adjustable fan output, low of 30 CFM @ 23 dB to high of 112 CFM @ 41 dB.
WEIGHT: 9 - 12 lbs.		
CABINET: High impact-resistant ABS cover. UL rated 94 MB, designer "haircell" finish. Black. Carrying handle. Aluminum base.		ELECTRICAL: 120 Volts - 60 Hz Maximum consumption: 30 watts Minimum Consumption: 16 watts
FACE PANEL: Separate fan speed and ozone output controls. Directional air-flow grid. Operational mode indicator lights.		
* The ideal operating range for ozone is between .03 to .05 parts per million which is the world-wide outdoor ambient average. A minimum of .03 ppm can be achieved in the effective range as indicated. Consult the owner's manual for a complete breakdown of ozone in ppm/Area in cubic feet ratio.		

EXHIBIT B

EXHIBIT C

AS WE MOVE FURTHER INTO THE 90'S, THERE WILL BE MUST BE MORE AND MORE COMPANIES ENTERING THE AIR FILTRATION BUSINESS, TAKING ADVANTAGE OF THE GROWING HEALTH CONSCIOUSNESS OF THE AMERICAN POPULATION, MAKING HEALTH CLAIMS IN AN EFFORT TO SOLICIT INTEREST IN THEIR PRODUCTS.

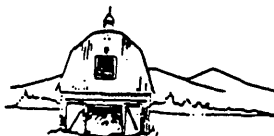
IN FEBRUARY, 1989, CONSUMER REPORTS CONDUCTED A TEST OF 27 AIR FILTRATION DEVICES THEN ON THE MARKET. SOME OF THE UNITS TESTED HAD HEPA FILTERS (HIGH EFFICIENCY PARTICULATE ARRESTING). SOME WERE OF THE ELECTROSTATIC PRECIPITATOR VARIETY. SOME ION GENERATORS, AND OTHERS EVEN LESS SOPHISTICATED THAN THESE.

THE MODELS TESTED EACH REMOVED PARTICULATE MATTER (AIRBORNE PARTICLES) TO VARYING DEGREES BUT, AS TO THE OVERALL HEALTH BENEFITS OF ALL 27 UNITS TESTED:

"NO CLEAR EVIDENCE EXISTS TO ESTABLISH THE USEFULNESS OF PURIFIERS IN PREVENTING OR TREATING ALLERGIC RESPIRATORY DISEASE."

WHY DID ALL 27 OF THE MODELS TESTED FAIL?

BECAUSE ALL THEY DID WAS FILTER AIRBORNE PARTICLES.



THE BEST OF THE UNITS TESTED FILTERED PARTICLES IN THE AIR AS SMALL AS .1 MICRONS, BUT WHAT DOES THAT MEAN? HOW SMALL IS A MICRON?

A MICRON IS ABOUT 39 MILLIONTHS OF AN INCH. THE PERIOD AT THE END OF THIS SENTENCE IS APPROXIMATELY 1000 MICRONS WIDE. A HUMAN HAIR IS 100 MICRONS WIDE. THE BEST TESTED MODEL MENTIONED ABOVE FILTERED .1 MICRONS WHICH IS 1/1000 THE THICKNESS OF A HUMAN HAIR.

SO WHY DID IT FAIL?

BECAUSE IT DID NOTHING ABOUT FILTERING THE HARMFUL GASSES IN THE AIR. THE NOXIOUS AND TOXIC GASSES -- THE MOLECULES -- PASSED RIGHT ON THROUGH. THERE WAS NOTHING IN THOSE UNITS TO STOP THE MOLD AND MILDREW, THE VIRUSES AND FUNGI, AND THE BACTERIA IN THE AIR. TO SAY NOTHING ABOUT THE BACTERIA THAT WAS NOT IN THE AIR, THAT HAD ALREADY SETTLED ON THE FURNITURE, AND ON THE CARPET, AND ON YOU.

QUANTUM ELECTRONICS CORPORATION MAKES ABSOLUTELY NO HEALTH CLAIMS IN REGARD TO OUR OZONE GENERATORS BUT, AS FOR CLEANING THE AIR, WE ASK YOU TO CONSIDER THIS...

THERE ARE ABOUT 600,000,000 MOLECULES IN .1 MICRONS AND THE AIR FILTRATION DEVICES MISSED EVERY ONE OF THEM.

FOR A MOMENT, THINK OF A MICRON AS BEING THE SIZE OF A BARN. NOW THINK OF .1 MICRONS AS BEING THE SIZE OF THAT BARN DOOR.

A QUANTUM OZONE GENERATOR WILL ELIMINATE THE FLY THAT WANTS TO GO THROUGH THAT BARN DOOR:

WE INVITE YOU TO PUT ONE OF OUR UNITS TO THE TEST.

LET'S SAY THE FAMILY PET MAKES A BAD MISTAKE ON THE LIVING ROOM CARPET. TAKE ANY ONE OF THE 100 OR MORE AIR FILTRATION DEVICES PRESENTLY ON THE MARKET. PUT IT IN THE LIVING ROOM AND LET IT RUN FOR 24 HOURS BEFORE REMOVING IT. THEN, WHEN YOU RETURN TO THE ROOM, WHAT DO YOU THINK YOU WILL SMELL?



NOW, PLACE A LITTLE 74 POUND PARMA OZONE GENERATOR IN THE SAME ROOM FOR ABOUT 4 HOURS. WHEN YOU RETURN, THE ODOR WILL BE GONE. THE BACTERIA CAUSING THE ODOR WILL BE DESTROYED AND TIDY WILL BE ONCE AGAIN OUT OF THE DOGHOUSE.

YOU WILL NOT HAVE FILTERED OUT THE ODORS AND THE BACTERIA. NOR WILL YOU HAVE COVERED THEM OVER WITH A SKELLY PERFUME WHICH IN ITSELF MAY BE HARMFUL TO YOUR HEALTH.

YOU WILL HAVE NEUTRALIZED IT ALL SAFELY, INEXPENSIVELY AND, MOST IMPORTANTLY, PERMANENTLY.

WE GUARANTEE IT.

EXHIBIT C

Complaint

120 F.T.C.

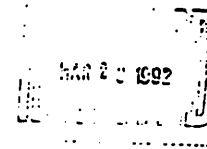
EXHIBIT D

JEFFRY L. ANDERSON, M.D.
45 San Clemente Dr., Suite B-100, B-110
Corona, CA 94925
(415) 927-7140

5/92 - Pres.

March 4, 1992

Moe Lepenven
Quantum Electronics Corp.
31 Graystone Street
Warwick, RI 02886



Dear Moe:

I am writing concerning the Quantum Panda ozone generator. I have been using Quantum Panda in my clinical work for the last year and have found it be extremely valuable in treating specific clinical conditions related to indoor air contamination. It has been particularly valuable in addressing mold allergy-hypersensitivity problems, especially in the category of patients that exhibit a very toxic type of hypersensitivity responses to mold inhalants. There is an increasingly recognized neurotoxic aspect to mold hypersensitivity and I have a number of patients who exhibit major neurological dysfunction varying between vascular type headaches and vestibular labyrinthine disorders to frank partial complex seizures as well as multiple other neuropsychological syndromes.

Inflammatory immune complex connective tissue disease is also a very common feature of this type of mold hypersensitivity and what is often misdiagnosed as a fibromyalgia syndrome by other physicians is really immune complex connective tissue disease triggered by chronic mold exposure. I have at least four patients with this condition who live in the Bay Area in residential structures which were structurally contaminated with molds to the point where the patient either continued to experience disabling and progressive dysfunction if they remained there, or would have to relocate. In these four cases, the proper and ongoing use of the Quantum Panda ozone generator produced dramatic improvements in their clinical conditions allowing them to remain in their current residence and avoid the stress and expense of relocating. Two of the patients clearly rated the Quantum Panda as having "changed their lives."

Another group of three patients noted marked improvement in extrinsic asthma/reactive airway disease triggered by mold incitants. Their pattern was classic nocturnal and early morning bronchospasm related to indoor mold. Dramatic improvement was noted after several weeks of diligent use of the Quantum Panda to the point where they had minimal symptoms and required almost no bronchodilator medication.

At least one patient has had improvements in symptomatology related to chemical hypersensitivity. This is a woman who had major neurological, particularly cognitive dysfunction, respiratory distress and other problems due to reactivity to particle board cabinets with sealers and lacquer newly installed

EXHIBIT D

EXHIBIT D

March 4, 1992

Page Two

in her kitchen. She got to the point where she had to basically isolate herself to her bedroom as any other rooms close to the kitchen let alone the kitchen itself would produce disabling symptoms. After the use of the Quantum Panda ozone generator for about a week she began experiencing diminishing symptomatology, increased intolerance to the ambient air in rooms adjacent to the kitchen and eventually could tolerate brief periods in the kitchen itself. It is clear that the ozone did activate enough of the outgassing VOCs and formaldehyde from the cabinets to markedly alleviate her reactivity.

In summary, I have found the Quantum Panda to be very valuable tool in treating environmental-related illnesses, particularly mold allergy-hypersensitivity and to some degree chemical hypersensitivity. Combining the Quantum Panda with a state-of-the-art air filtration/purification system with either HEPA or other mechanical as well as carbon block filter has added even more benefit. I have found that at the lowest setting most patients can tolerate the ambient ozone levels on a 24-hour per day basis. However, I am recommending that people avoid exposure to ambient air in rooms where the ozone generator runs above 3; above this setting some respiratory irritation can occur with relatively brief exposures to higher levels. I simply require them to close up and isolate the specific room being treated for six to eight hours while the generator is running on high, then to open doors and windows and let the room outgas for 30 to 45 minutes before returning to the room for any significant length of time. This has avoided any irritant effects as far as I can see.

I intend to use the Quantum Panda increasingly in my medical practice and anticipate ongoing benefits to my patients. I appreciate your time and effort in providing clinical data and literature concerning the use of ozone in environmental control.

Sincerely yours,

Jeffrey L. Anderson, M.D.

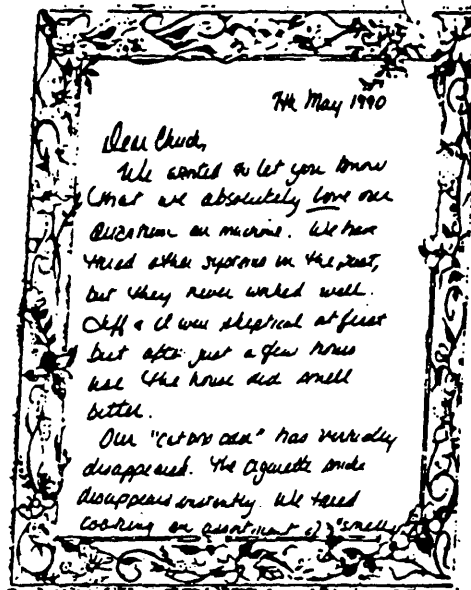
JLA:MJ

EXHIBIT D-1

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EXHIBIT E



5/10/1990.

foods - broccoli, cauliflower, corn, you name it. You could smell the food cooking but after dinner, the odor was gone!!

Best, best of all, my asthma has improved 80%. I've been off bronchodilators and steroids for one whole month. I don't wake up in the middle of the night feeling as if I'm suffocating. Never take night trips to the E.R. Before the Cura-Care machine, I had to take 150 mg of prednisone twice a day and use my inhaler every 2 hours. That's a lot of medication just to be able to breathe with a wheeze + chest pain.

I'd saved \$500 on medications, doctor visits and emergency room fees in 1 month.

I finally feel like a human being rather than a walking drystone. Jeff's getting me sleep now that I'm not waking him up because I'm turning blue.

T.C. The Yabby cat thinks it's his personal breeze machine. After he spends an hour running around the house, he sits in front of the machine for a few minutes & purrs. It takes a lot to make T.C. purr, he does so many things, but he loves his olone!

This is a much better than for anyone with pets, asthma or wood fires in the house!

Thanks again!!

Debbie Jeff Okland

EXHIBIT E

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Complaint

EXHIBIT F

June 20, 1991

d41 - Pens.

Mrs. Judy Carter
3430 Malvern Drive
Norfolk, VA 23518

Mr. Paul Smoot
Descal-A-Matic Corporation
4855 Brookside Court, Suite A
Norfolk, VA 23502

Dear Mr. Smoot:

Before you provided me with an Air Purification Unit for my home, my three children: Christian-16, Ryan-8 and Kendall-5, had major problems with asthma on a recurring basis and had to be taken to the hospital emergency room for emergency treatment and also on office visits to the doctor. Medical costs for aspirators, inhalers and other therapy was a hardship on a working, single parent. When the attacks came in the middle of the night, it meant loss of proper rest for all of us.

In past years, during the months of February, March, April and May, the medical costs for the children were very high and that does not count the time involved to and from

I put your Air Purifier in my house in February of this year and have had it on ever since. As you know, this year the pollen count reached and maintained record levels for weeks on end, still no problems!!

I am so happy to tell you that not one of my children have required the first bit of medical attention for respiratory problems since your Unit arrived.

I recently reviewed the medical records of the kids and was reminded of the agony we all went through before your Air Purifier.

Please let me know if this will be of any help.

Thank you very much.

Judy Carter



EXHIBIT F

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondents named in the caption hereof, and the respondents having been furnished thereafter with a copy of a draft of complaint which the San Francisco Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondents with violation of the Federal Trade Commission Act; and

The respondents, their attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondents of all the jurisdictional facts set forth in the aforesaid draft of complaint, a statement that the signing of said agreement is for settlement purposes only and does not constitute an admission by respondents that the law has been violated as alleged in such complaint, or that the facts as alleged in such complaint, other than jurisdictional facts, are true and waivers and other provisions as required by the Commission's Rules; and

The Commission having thereafter considered the matter and having determined that it had reason to believe that the respondents have violated the said Act, and that a complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, now in further conformity with the procedure prescribed in Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Quantum Electronics Corporation is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Rhode Island, with its office and principal place of business located in the City of Warwick, State of Rhode Island.

Respondents Albert O. Coates, Maurice Lepenven, and Jacqueline J. Maynard are officers of said corporation. They formulate, direct, and control the policies, acts, and practices of said corporation, and their principal office and place of business is located at the above stated address.

2. The Federal Trade Commission has jurisdiction of the subject matter of this proceeding and of the respondents, and the proceeding is in the public interest.

ORDER

For the purposes of this order, the following definitions shall apply:

A. The term "*air cleaning product*" shall mean any product, equipment, or appliance designed or advertised to remove, treat, or reduce the level of any pollutant(s) in the air.

B. The terms "*indoor air pollutant(s)*" or "*pollutant(s)*" shall mean one or more of the following: odors, nitrogen dioxide, formaldehyde, sulfur dioxide, ammonia, trichlorethylene, carbon dioxide, hydrogen sulfide, methane, mold, mildew, bacteria, dust, chlorine, fungi, volatile organic compounds, viruses, or any other gaseous or particulate matter found in indoor air.

C. The term "*competent and reliable scientific evidence*" shall mean tests, analyses, research, studies or other evidence based on the expertise of professionals in the relevant area, that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results.

I.

It is ordered, That respondents Quantum Electronics Corporation, a corporation, its successors and assigns, and its officers, and Albert O. Coates, Maurice Lepenven, and Jacqueline J. Maynard, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labelling, advertising, promotion, offering for sale, sale, or distribution of any air cleaning product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, in any manner, directly or by implication,

A. Such product's ability to eliminate, remove, clear, or clean any indoor air pollutant from a user's environment; or

B. Such product's ability to eliminate, remove, clear, or clean any quantity of indoor air pollutants from a user's environment;

unless, at the time of making such representation, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

II.

It is further ordered, That respondents, Quantum Electronics Corporation, a corporation, its successors and assigns, and its officers, and Albert O. Coates, Maurice Lepenven, and Jacqueline J. Maynard, individually and as officers of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labelling, advertising, promotion, offering for sale, sale, or distribution of any air cleaning product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from representing, in any manner, directly or by implication, that:

- A. The use of ozone is more effective in cleaning or purifying indoor air than other air cleaning methods;
- B. The product does not create harmful by-products; or
- C. When used as directed, the product prevents or provides relief from allergies, asthma, and viruses;

unless, at the time of making such representation, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

III.

It is further ordered, That respondents, Quantum Electronics Corporation, a corporation, its successors and assigns, and its officers, and Albert O. Coates, Maurice Lepenven, and Jacqueline J. Maynard, individually and as officers of said corporation, and respondents' agents, representatives and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labelling, advertising, promotion, offering for sale, sale, or distribution of any air cleaning product in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from

representing, in any manner, directly or by implication, the efficacy, performance, or health-related benefit of any such product, unless, at the time of making such representation, respondents possess and rely upon competent and reliable evidence, which when appropriate must be competent and reliable scientific evidence, that substantiates the representation.

IV.

It is further ordered, That for five (5) years after the last date of dissemination of any representation covered by this order, respondents, or their successors and assigns, shall maintain and upon request make available to the Federal Trade Commission for inspection and copying:

A. All materials that were relied upon in disseminating such representation; and

B. All tests, reports, studies, surveys, demonstrations, or other evidence in their possession or control that contradict, qualify, or call into question such representation, or the basis relied upon for such representation, including complaints from consumers.

V.

It is further ordered, That respondents shall notify the Commission at least thirty (30) days prior to any proposed change in the corporate respondent such as dissolution, assignment or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries, or any other change in the corporation which may affect compliance obligations arising out of this order.

VI.

It is further ordered, That each individual respondent shall, for a period of five (5) years after the date of service of this order upon him/her, promptly notify the Commission, in writing, of his/her discontinuance of his/her present business or employment and of his/her affiliation with a new business or employment. For each such new affiliation, the notice shall include the name and address of the

new business or employment, a statement of the nature of the new business or employment, and a description of respondent's duties and responsibilities in connection with the new business or employment.

VII.

It is further ordered, That the corporate respondent shall, within ten (10) days from the date of service of this order upon it, distribute a copy of this order to each of its officers, agents, representatives, independent contractors, and employees involved in the preparation and placement of advertisements or promotional materials, or who is in communication with customers or prospective customers, or who has any responsibilities with respect to the subject matter of this order; and for a period of three (3) years, from the date of issuance of this order, distribute a copy of this order to all of respondent's future such officers, agents, representatives, independent contractors, and employees.

VIII.

It is further ordered, That the corporate respondent shall, within ten (10) days from the date of service of this order upon it, deliver by first class mail or in person a copy of this order to each of its present distributors or retailers of its ozone generators.

IX.

This order will terminate on September 22, 2015, or twenty years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

A. Any paragraph in this order that terminates in less than twenty years;

B. This order's application to any respondent that is not named as a defendant in such complaint; and

C. This order if such complaint is filed after the order has terminated pursuant to this paragraph.

Provided further, that if such complaint is dismissed or a federal court rules that the respondent did not violate any provision of the order, and the dismissal or ruling is either not appealed or upheld on appeal, then the order will terminate according to this paragraph as though the complaint was never filed, except that the order will not terminate between the date such complaint is filed and the later of the deadline for appealing such dismissal or ruling and the date such dismissal or ruling is upheld on appeal.

X.

It is further ordered, That respondents shall, within sixty (60) days from the date of service of this order upon them, and at such other times as the Commission may require, file with the Commission a report, in writing, setting forth in detail the manner and form in which they have complied with this order.

Complaint

120 F.T.C.

IN THE MATTER OF

ARIZONA INSTITUTE OF REPRODUCTIVE MEDICINE, LTD.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3616. Complaint, Sept. 25, 1995--Decision, Sept. 25, 1995*

This consent order prohibits, among other things, an Arizona institute and its president from misrepresenting the success rate of their in vitro fertilization program or any other infertility treatment services. In addition, the consent order stipulates that any comparison with other success rates be based upon the same calculating methodology. Finally, the order requires the respondents to possess competent and reliable scientific evidence for any future comparative success-rate claims for fertility services.

Appearances

For the Commission: *Matthew Daynard, Michael Katz, Richard Kelly and Joan Bernstein.*

For the respondents: *Thomas R. Lofy, Scottsdale, AZ.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Arizona Institute of Reproductive Medicine, Ltd., a limited corporation, and Robert H. Tamis, individually and as president of Arizona Institute of Reproductive Medicine, Ltd., ("respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH 1. Respondent Arizona Institute of Reproductive Medicine, Ltd. is a limited corporation formed under the laws of the state of Arizona, with its principal place of business located at 2850 North 24th Street, Phoenix, Arizona.

Respondent Robert H. Tamis, M.D. is president of the corporate respondent. Individually, or in concert with others, he formulates, directs and controls the acts and practices of the corporate respondent, including the acts and practices alleged in this complaint.