

IN THE MATTER OF:

ZYGON INTERNATIONAL, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3686. Complaint, Sept. 24, 1996--Decision, Sept. 24, 1996*

This consent order prohibits, among other things, a Washington-based company and its owner, that manufacture and advertise learning accelerating, memory enhancing, weight loss, and vision improving products and devices, from making any claims concerning the performance, benefits, efficacy, or safety of any product or service they market, unless they possess competent and reliable evidence to substantiate such claims, and requires the respondents to pay \$195,000 into escrow accounts for consumer redress programs.

Appearances

For the Commission: *Dean C. Forbes* and *Lesley Anne Fair*.

For the respondents: *Margaret Feinstein* and *Peter Kadzik, Dickstein, Shapirro & Morin*, Washington, D.C.

COMPLAINT

The Federal Trade Commission, having reason to believe that Zygon International, Inc., a corporation, and Dane Spotts, individually and as an officer 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 Zygon International, Inc. is a Washington corporation, with its principal office or place of business at 18368 Redmond Way, Redmond, WA.

Respondent Dane Spotts 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.

PAR. 2. Respondents have manufactured, advertised, labeled, offered for sale, sold, and distributed consumer products through radio and print advertisements, the Zygon International "SuperLife"

mail-order catalog, and the Internet's World Wide Web. These products include, but are not limited to the "Learning Machine" and the "SuperMind," devices that purportedly accelerate learning; the "SuperBrain Nutrient Program," pills that purportedly enhance memory, intelligence, attention, and concentration levels; "Fat Burner" pills, which purportedly induce weight loss; and "Day and Night Eyes," purported vision improvement pills.

The Learning Machine, SuperMind, SuperBrain Nutrient Program, Fat Burner pills, and Day and Night Eyes pills are "foods," "drugs," or "devices" within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

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.

LEARNING MACHINE

PAR. 4. Respondents have disseminated or have caused to be disseminated advertisements for the Learning Machine, including, but not necessarily limited to, the attached Exhibits A through E. These advertisements contain the following statements:

A. "Amazing Digital Headset Teaches You Foreign Languages Overnight" [Exhibit A: Zygon's SuperLife catalog]

B. "Knowledge really is power. But learning using traditional study methods is slow and boring. Imagine putting on a digital headset hooked up to an ordinary CD player. When you push play it fires a programmed sequence of light and sound, opening a window into your mind. Then like magic it downloads new information directly onto your brain cells. No, it's not science fiction. High-tech learning is now science fact. It's called the Learning Machine™. A profound breakthrough that will revolutionize how you learn and acquire new skills." [Exhibit A: Zygon's SuperLife catalog]

C. "Plus you can try the Learning Machine risk free for 30 days. During your risk free trial, you'll be able to learn 4 languages, triple your reading speed, boost your vocabulary, improve your memory, and reprogram one or two bad habits." [Exhibit A: Zygon's SuperLife catalog]

D. "Let's say . . . you'd like to quit smoking or lose weight. Pop in an Inner-Mind™ Programming Disc. The sensory stimulation matrix opens a window into your unconscious mind. Then by infusing your 'inner mind' with positive programming, you can rescript negative, self-defeating attitudes." [Exhibit B: USA Today, January 23, 1995]

E. "Let's say you want to learn a foreign language, quadruple your reading speed, or increase your math skills. Or give your children a powerful edge in school, learning 300%-500% faster than their peers. You select a specially programmed Learning Disc™ in the area you want to study. Plug it into any

ordinary CD player. Then attach your Learning Machine digital headset into the headphone jack. Push play and a few moments later your mind is launched into a pre-programmed learning session. In a fun, almost effortless way, the Learning Disc lesson plan unfolds its program and transfers the knowledge into your mind." [Exhibit A: Zygon's SuperLife catalog; Exhibit C: US AIR magazine, July 1994; and Exhibit D: Longevity magazine, August 1994]

F. "The Learning Machine goes beyond virtual reality. It's the most advanced accelerated learning tool in the world! Absolutely mind blowing! What if you could flip a switch inside your mind to instantly activate your imagination? Speak foreign languages. Expand your mental skills . . . And pour into your mind the genius of an Einstein or a Socrates. Find out how the Learning Machine boosts mental powers . . . Get a Photographic Mind, Instant Motivation, Speak Foreign Languages, and More!" [Exhibit E: The Learning Machine Home Page, World Wide Web, January 18, 1996]

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 through E, respondents have represented, directly or by implication, that the Learning Machine:

- A. Enables users to learn foreign languages overnight.
- B. Enables users to quadruple their reading speed.
- C. Enables users to improve their math skills.
- D. Enables children to learn at a rate of 300% to 500% faster than their peers.
- E. Enables users to lose weight.
- F. Enables users to quit smoking.
- G. Substantially improves users' ability to learn and retain information.
- H. Enables users to learn four languages, triple their reading speed, improve their vocabulary, and improve their memory in thirty days.

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 through E, 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.

SUPERMIND

PAR. 8. Respondents have disseminated or have caused to be disseminated advertisements for the SuperMind, including, but not necessarily limited to, the attached Exhibits F and G. These advertisements contains the following statements:

A. "Based on hard scientific evidence which associates states of consciousness with dominant brainwave activity, this machine coaxes your brain into an Alpha/Theta pattern (brainwaves in the 4-10 Hz range), which is associated with deep meditation and mental imagery. . . . Developed by the Mind Research Laboratory, now anyone can enter profound mental states at the push of a button. . . . I take it with me on business trips to beat stress and jet lag. A 20-minute session gives me the equivalent of 8-hours sleep and helps reset my biological clock.

Boost Brainpower

Listen: Training your brain to generate Theta activity for even a few minutes each day has enormous benefits, including boosting the immune system, enhancing creativity, I.Q., and psychic abilities, along with increasing feelings of psychological well-being.

For a little black box to do all that to your brain in 20 minutes is amazing enough, but it's only part of the story. Because this machine can also be used to accelerate learning and modify negative self-defeating behavior.

Automatic Hypnosis

Let's say you wanted to quit smoking, enhance your self-esteem, lose weight, or play a better game of golf. . . . [B]y plugging into the SuperMind™, you could induce a hypnotic trance in a matter of seconds. Then, while your subconscious is primed for psychological programming, you play prerecorded behavioral mindscripts, and these new success patterns become transferred onto your brain." [Exhibit F: Longevity magazine, July 1993]

B. "Instant Speed Learning

Plus, you can use this machine for speed learning. Tests at the University of California have revealed the effects of Theta frequencies on learning. During their study a group of 20 students learned 1,800 words of Bulgarian in 120 hours while using Theta stimulation programs. In about 1/3 the normal time they spoke and wrote the new language." [Exhibit F: Longevity magazine, July 1993]

C. "Speak French, Spanish, German, & Italian Overnight

Using the amazing accelerated language learning system, these four Instant Language courses are also bundled with your SuperMind™ computer. Each course

works with software built into your SuperMind™ to imprint a super-fast working knowledge of these languages into your memory. Edited to accelerate learning time, words and phrases for speaking in each country are imprinted directly onto your brain cells. No verbs to conjugate or grammar to learn." [Exhibit F: Longevity magazine, July 1993]

E. "Speak four languages almost overnight. Instant French. Instant Spanish. Instant German & Instant Italian use the SuperMind computer to stimulate the optimum brain-state for learning. Each language soundtrack imprints new words and phrases directly onto your brain cells. A second tape included with each course uses a special reinforcement system to lock the language session into permanent memory. There are no verbs to conjugate or grammar to learn." [Exhibit G: Omni magazine, January 1994]

PAR. 9. Through the use of the statements contained in the advertisements referred to in paragraph eight, including but not necessarily limited to the advertisements attached as Exhibits F and G, respondents have represented, directly or by implication, that the SuperMind:

- A. Effectively treats users' stress.
- B. Effectively treats users' jet lag.
- C. Gives users the equivalent of eight hours of sleep after twenty minutes of use.
- D. Enables users to lose weight.
- E. Enables users to quit smoking.
- F. Enabled 20 students to learn 1800 words of Bulgarian in 120 hours in tests at the University of California.
- G. Improves the functioning of users' immune system.
- H. Increases users' I.Q.
- I. When used in conjunction with the Instant Language courses, enables users to learn foreign languages overnight.
- J. Substantially improves users' ability to learn and retain information.

PAR. 10. Through the use of the statements contained in the advertisements referred to in paragraph eight, including but not necessarily limited to the advertisements attached as Exhibits F and G, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph nine, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 11. In truth and in fact, at the time they made the representations set forth in paragraph nine, respondents did not

possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph ten was, and is, false and misleading.

PAR. 12. Through the use of the statements contained in the advertisements referred to in paragraph eight, including but not necessarily limited to the advertisement attached as Exhibit F, respondents have represented, directly or by implication, that the SuperMind has been proven in tests conducted at the University of California to teach users to speak and write foreign languages in about one-third the time of traditional methods of study.

PAR. 13. In truth and in fact, tests conducted at the University of California have not proven that the SuperMind teaches users to speak and write foreign languages in about one-third the time of traditional methods of study. Therefore, the representation set forth in paragraph twelve was, and is, false and misleading.

SUPERBRAIN NUTRIENT PROGRAM

PAR. 14. Respondents have disseminated or have caused to be disseminated advertisements for the SuperBrain Nutrient Program, including, but not necessarily limited to, the attached Exhibit H. This advertisement contains the following statements:

A. "Recently I received a news clipping about a Florida medical doctor who takes a daily dose of 'smart pills' to increase memory, improve intelligence, and energize his brain. The article went on to tell of his incredible claim that these super pills not only made him smarter, but his 4-year-old son was turned into a genius because his wife took the pills when she was pregnant." [Exhibit H: Zygon's SuperLife catalog]

B. "I...started taking them myself. Instantly I was zooming....In other words, my brain was thinking at warp speed.

Smart Pill Breakthrough

So how can a 'pill' enhance cognition? Several ways. By increasing blood supply and oxygen to the brain. Enhancing brain cell metabolism. Inhibiting free radical damage to brain cells. And stimulating neuro-transmitter hormones. My goal was to design a powerful brain formula made entirely of natural substances.

Waking Up Your Brain

We hired the hottest pharmaceutical research lab in the country. The result is the Brain Cognition Formula. Twenty-six ingredients each tested for maximum purity and potency are loaded into a gelatin capsule.

Look: Popping a few pills won't make you an Einstein, but if your experiences are like mine, you'll notice an improvement in attention, focus, concentration, and mental energy. Because subtle or even major improvements in cognitive functioning often go unnoticed, it's important to have some way of measuring your progress.

So included in your package will be a special report called The Mental Boost that shows you how to measure your mental progress. You'll be instructed how to look for changes in alertness, mental energy, concentration, memorization, productivity, organization and planning, verbal skills, problem solving ability, mood, sexual desire, and overall health." [Exhibit H: Zygion's SuperLife catalog]

PAR. 15. Through the use of the statements contained in the advertisements referred to in paragraph fourteen, including but not necessarily limited to the advertisement attached as Exhibit H, respondents have represented, directly or by implication, that the SuperBrain Nutrient Program:

- A. Enables users to improve their memory.
- B. Enables users to improve their intelligence.
- C. When taken by pregnant women, will cause their children to have enhanced intelligence.
- D. Enhances cognition, increases blood supply and oxygen to the brain, enhances brain cell metabolism, inhibits free radical damage to brain cells, and stimulates neuro-transmitter hormones of users.
- E. Enables users to improve their cognitive and mental functions, including attention and concentration levels, problem solving abilities, and verbal skills.

PAR. 16. Through the use of the statements contained in the advertisements referred to in paragraph fourteen, including but not necessarily limited to the advertisement attached as Exhibit H, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph fifteen, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 17. In truth and in fact, at the time they made the representations set forth in paragraph fifteen, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph sixteen was, and is, false and misleading.

FAT BURNER PILLS

PAR. 18. Respondents have disseminated or have caused to be disseminated advertisements for Fat Burner pills, including, but not necessarily limited to, the attached Exhibit I. This advertisement contains the following statements:

A. "Fat Burner Pills

Not only is *Fat Burner* the fastest selling product in its class, but it contains an incredible 500 mg of pure L-Carnitine (a special amino acid used in metabolism) per serving. . . . [Y]ou'll be on your way to a trimmer, firmer, leaner body. Try this supplement with any of the other weight control products in this catalog for a super combined effect that will enhance your weight control program. A special blend of Lipotropics plus 500 mg of L-Carnitine enhances the body's ability to burn fat." [Exhibit I: Zygon's SuperLife catalog]

PAR. 19. Through the use of the statements contained in the advertisements referred to in paragraph eighteen, including but not necessarily limited to the advertisement attached as Exhibit I, respondents have represented, directly or by implication, that Fat Burner pills:

- A. Enhance the body's ability to burn fat.
- B. Enable users to have a trimmer, firmer, and leaner body.
- C. Enable users to lose weight.

PAR. 20. Through the use of the statements contained in the advertisements referred to in paragraph eighteen, including but not necessarily limited to the advertisement attached as Exhibit I, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph nineteen, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 21. In truth and in fact, at the time they made the representations set forth in paragraph nineteen, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph twenty was, and is, false and misleading.

DAY AND NIGHT EYES PILLS

PAR. 22. Respondents have disseminated or have caused to be disseminated advertisements for Day and Night Eyes pills, including,

but not necessarily limited to, the attached Exhibit J. This advertisement contains the following statements:

A. "Focus on Healthy Eyes

Eye Improvement Supplement

If you suffer from night blindness (or want clearer vision during the day), *Day and Night Eyes* may be the remedy for you. This all-natural supplement gives your eyes the essential nutrients that must be present in your diet for proper eyesight function. Ingredients include Beta Carotene, Calcium, Vitamin D, Riboflavin (B-2), Zinc, Eyebright, and Anthocyanocide-rich Blueberry Leaf. Recommended dosage is one tablet every morning and evening." [Exhibit J: Zygon's SuperLife catalog]

PAR. 23. Through the use of the statements contained in the advertisements referred to in paragraph twenty-two, including but not necessarily limited to the advertisement attached as Exhibit J, respondents have represented, directly or by implication, that Day and Night Eyes pills:

A. Improve the night blindness of users.

B. Give users clearer vision during the day.

PAR. 24. Through the use of the statements contained in the advertisements referred to in paragraph twenty-two, including but not necessarily limited to the advertisement attached as Exhibit J, respondents have represented, directly or by implication, that at the time they made the representations set forth in paragraph twenty-three, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PAR. 25. In truth and in fact, at the time they made the representations set forth in paragraph twenty-three, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in paragraph twenty-four was, and is, false and misleading.

THIRTY-DAY MONEY-BACK GUARANTEE

PAR. 26. Respondents have disseminated or have caused to be disseminated advertisements for products, including, but not necessarily limited to, the attached Exhibits B, E, and K. These advertisements contains the following statements:

A. "Try the Learning Machine for 30 days risk free. Take your mind on an incredible journey. If for any reason you're not totally blown away by the experience, send your kit back to me for a full refund." [Exhibit B: USA Today, January 23, 1995]

B. "Try the Learning Machine for 30 days RISK FREE." [Exhibit E: The Learning Machine Home Page, World Wide Web, January 16, 1996]

C. "Our Return Policy We are committed to providing you with products that will improve your life. But if within 30 days you are not completely satisfied with your order, simply call a Customer Service Representative at 1-800-526-2177 to receive return instructions." [Exhibit K: Zygon's SuperLife catalog]

PAR. 27. Through the use of the statements contained in the advertisements referred to in paragraph twenty-six, including but not limited to the advertisements attached as Exhibit B, E, and K, respondents have represented, directly or by implication, that products ordered from respondents carry a thirty-day money-back guarantee, and that consumers who returned the product to respondents within thirty days after receipt would receive a full refund within a reasonable period of time.

PAR. 28. In truth and in fact, in numerous instances, consumers returned products to respondents within thirty days after receipt and did not receive a full refund within a reasonable period of time, or at all. Therefore, the representation set forth in paragraph twenty-seven was, and is, false and misleading.

PAR. 29. The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices and the making of false advertisements in or affecting commerce in violation of Sections 5(a) and 12 of the Federal Trade Commission Act.

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Complaint

EXHIBIT A

MIND DEVELOPMENT

Learning Machine Breakthrough!

Amazing Digital Headset Teaches You Foreign Languages Overnight, Reprograms Your Mind For Success & Launches You Into Virtual Dream-State Experiences.

Knowledge really is power. But learning using traditional study methods is slow and boring. Imagine putting on a digital headset hooked up to an ordinary CD player. When you push play a fire is programmed sequence of light and sound, opening a window into your mind. Then like magic it downloads new information directly onto your brain cells. No, it's not science fiction. High-tech learning is now a science fact.

It's called the Learning Machine™. A profound breakthrough that will revolutionize how you learn and acquire new skills.



Learning Discs use enough light and sound to send a message into your Learning Machine, which downloads and transfers the information into your mind.

Plug Your Mind Into Super-Sonic Learning Power

Let's say you want to learn a foreign language, quadruple your reading speed, or increase your math skills. Or give your children a powerful edge in school, earning 100%-200% faster than their peers.

You select a specially programmed Learning Disc™ in the area you want to study. Plug it into any ordinary CD player. Then attach your Learning Machine digital headset and the headphones well. Push play and a few moments later your mind is launched into a pre-programmed learning session. In a fun, almost effortless way, the Learning Disc lesson plan unfolds its program and transfers the knowledge into your mind. It's incredible.

Amazing Light-Sound Matrix Stimulates Your Mind

How does it work? A digital program embedded in the CD, called a Learning Matrix™, sends a combination of light and sound instructions through the Learning Machine digital headset to stimulate the optimum mind-state for learning.

During your learning session you'll be asked to listen to audio instructions while you review written materials. Then while this information is still fresh in your mind, the Learning Matrix™ sends a message into your mind, and your Learning Disc fires an amazing light-sound matrix that instantly relaxes your mind. This highly relaxed mind-state helps lock the new information into your memory.

Learning Discs™

Teach Foreign Languages, Speed Reading, And More

Learning foreign languages, or anything for that matter, at rocket speed can be very empowering. And I'm going to include a ton of valuable Learning Disc Software with your Learning Machine so you can get immediate results from this new technology. You'll receive 4 language courses - French, German, Spanish, and Italian. A Super Vocabulary course, a Super Memory course, and a Speed Reading course. And for your kids, a SuperPhonics™ reading program. Over \$400 worth of Learning Discs make this



the deal of the century. But I want to show off its other amazing powers. And give you 10 more reasons for ordering it now.

3-D Mind-Sync Library

Launches Virtual Dream-States

So I'll include an amazing 3-D Mind-Sync Library™, with 10 amazing whole-brain synchronization programs on 3 CDs, to turn your Learning Machine into a powerful meditation, self-hypnosis, and dream-induction computer.

The 3-D Mind-Sync Library I'm bundling includes the following titles: Creativity Booster, Goal Eruptor, Stress Zapper, Brain Tune-up, Alpha Visualization, Inspiration Stimulator, Learning Accelerator, Super Intuition, Lucid Dreaming, and Ultra Zen States.

A \$150 value, this extensive collection of mind expansion experiences is a super bonus. But what's even more exciting is how this same machine can be used for habit control, success conditioning, and eliminating self-defeating attitudes.

Reprogram Bad Habits & Zap Your Mind With Success

Let's say you want to transform a "loser" mind-set into a winning one. Or you'd like to quit smoking or lose weight. Pop in an Inner Mind Programming Disc™. The light-sound matrix opens a window into your unconscious mind - the source of your inner programming.

Then by infusing your "inner mind" with new positive programs, you can reprogram negative self-defeating behavior. I'm including with your Learning Machine kit 18 exquisitely produced Inner Mind programs. From success conditioning to weight control, this is another \$150 value. And here's something else too.

\$200 Instant Rebate

In addition to the Accelerated Language Learning Library, the SuperPhonics Program, Super Speed Reading, Super Memory, & Super Vocabulary, the Mind-Sync Library, and

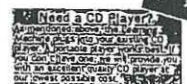
the Inner Mind Programming Library (a \$750 combined value), I'm going to offer you a one-time \$200 instant rebate off the list price of the Learning Machine. I figure you'll be so impressed with this incredible technology you'll use that extra \$200 to buy additional Learning Discs. That's good for business.

The list price for the Learning Machine is \$499.95. But as I said I'm letting you have it (limited to the first 5,000 units) for \$299.95 plus shipping. And remember, in addition to the \$200 rebate, I'm including hundreds of dollars worth of free Learning Discs, making this an incredible opportunity.

30-Day Risk Free Trial

Plus you can try the Learning Machine risk free for 30 days. During your risk free trial you'll be able to learn 4 languages, triple your reading speed, boost your vocabulary, improve your memory, and reprogram one or two bad habits. Now imagine what you can do during the second month. But please hurry. This is a limited introductory offer, so please reserve your order now.

Note: The Learning Machine will be available after January 1. Please reserve your order now. You will not be billed until your order is ready to ship. The unit you receive may vary slightly in appearance to that shown above.



Need a CD Player?
The Learning Machine Special Offer includes a CD player. If you don't have one, we'll provide you with an excellent quality CD player at a special price of \$49.95. Just add \$49.95 to your order.

Learning Machine Special Offer

Item # L501 \$299.95 (11/01)

Portable CD Player

Item # P1021 \$49.95 (11/01)

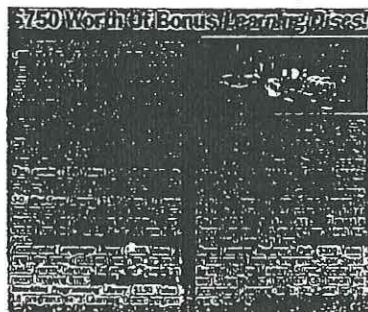


EXHIBIT A

Exhibit A, Item # L501

EXHIBIT B

EXHIBIT B

Mind Power Breakthrough!

Plug Your Mind into the Learning Machine™ To Boost Mental Powers, Program Your Mind for Success & Launch Virtual Reality-Like Fantasies!

BY DANE SPOTTS

ABSOLUTELY MIND BLOWING! I popped a French Learning CD into the Learning Machine™. Immediately my mind went into a deep, dreamlike trance. Words came and pictures were created on the inside of my closed eyelids. While in this super-induced but hyper-aware state, the special Learning CD began unleashing its magic programming.

A Vacation in 22 Minutes
I was as if I were really vacationing when I used my Learning Machine. I could see myself in France having lunch in the Eiffel Tower. The music, the sounds, even the fragrance of summer air came. A beautiful woman spoke to me. "Bonjour, mon ami," she said. "In an instant, you are in France. I began following the dialogue. The mental imagery was so vivid I was actually seeing the Eiffel Tower in my mind's eye. I was in France!

Learning at Light Speed
The Learning Machine is more than virtual reality. More than just a tool to help you learn a new language, it's a virtual reality simulator. It's a virtual reality simulator that can help you learn a new language in a matter of minutes.

There's more. When you use the Learning Machine, you can see yourself in a virtual reality simulator. You can see yourself in a virtual reality simulator that can help you learn a new language in a matter of minutes.

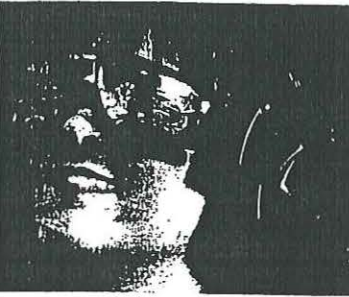
There's more. When you use the Learning Machine, you can see yourself in a virtual reality simulator. You can see yourself in a virtual reality simulator that can help you learn a new language in a matter of minutes.

Learn the mental images that lie inside of your consciousness. It feels like the two dream you're seeing. Then while in this highly euphoric mental space, the Learning CD opens your learning centers to peak receptivity and gives you new knowledge and skills. It's the ultimate mind trip. But it's not just for fun.

Let's say you want to learn a foreign language, improve your reading and comprehension, or increase your math skills. Or just give your mind a powerful edge in school, learning more easily than ever before. It's simple. You select a special programed Learning

CD. In the next 22 minutes, you'll see the Learning Machine digital headset and the Learning Machine. Plug your mind into the Learning Machine. The Learning Machine is a virtual reality simulator that can help you learn a new language in a matter of minutes.

There's more. When you use the Learning Machine, you can see yourself in a virtual reality simulator. You can see yourself in a virtual reality simulator that can help you learn a new language in a matter of minutes.



Beyond virtual reality, the Light Sound Matrix stimulates your mind and opens your learning centers. Like magic it puts in new information, skills, mental programming, and launches your breakthrough.

Speak French, Spanish, German & Italian
Learning foreign languages is something that most people find difficult. But with the Learning Machine, you can learn a new language in a matter of minutes. The Learning Machine is a virtual reality simulator that can help you learn a new language in a matter of minutes.

There's more. When you use the Learning Machine, you can see yourself in a virtual reality simulator. You can see yourself in a virtual reality simulator that can help you learn a new language in a matter of minutes.

There's more. When you use the Learning Machine, you can see yourself in a virtual reality simulator. You can see yourself in a virtual reality simulator that can help you learn a new language in a matter of minutes.

Over \$800 Worth of Learning Discs
Included FREE!

10 Fantastic Mind Journeys
See 10 inside the 3-D Mind Special Library, with 10 mind launching programs on 3 CDs. Turn your Learning Machine into a multi-media, multi-sensory, and virtual reality computer. You'll get the following mind journeys:
- Super Memory
- Super Reading
- Super Math
- Super Writing
- Super Listening
- Super Speaking
- Super Thinking
- Super Feeling
- Super Acting
- Super Being

Plus \$1,000 in Coupons for More Learning CDs

10 Fantastic Mind Journeys
See 10 inside the 3-D Mind Special Library, with 10 mind launching programs on 3 CDs. Turn your Learning Machine into a multi-media, multi-sensory, and virtual reality computer. You'll get the following mind journeys:
- Super Memory
- Super Reading
- Super Math
- Super Writing
- Super Listening
- Super Speaking
- Super Thinking
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- Super Acting
- Super Being

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- Super Thinking
- Super Feeling
- Super Acting
- Super Being

FOR FASTEST SERVICE CALL 1-800-925-3263

1-800-925-3263

ZYGON

2000 N. 1st St., Suite 100, Phoenix, AZ 85004

EXHIBIT C

BEYOND VIRTUAL REALITY

Learning Machine Breakthrough!

Amazing new technology teaches you foreign languages, reprograms your mind for success & launches you into virtual fantasy experiences

BY DANE SPOTTS

THE FIRST TIME I plugged my mind into the Learning Machine™ I was reminded of the 1957 sci-fi classic *Forbidden Planet*. If you've never seen the movie, an astronaut on the planet Krell discovers an incredible learning technology—a brain hooked up to a super sophisticated computer that downloads knowledge directly into your brain cells. Impossible? Maybe not.

A revolutionary breakthrough, the Learning Machine stimulates your mind and speeds your learning process. Like magic it pours in new information and skills. And it's super entertaining.

Plug Your Mind Into SuperSonic Learning Power

Let's say you want to learn a foreign language, quadruple your reading speed, or increase your math skills. Or give your children a powerful edge in school, learning 200%-500% faster than their peers.

You select a specially programmed Learning Disc in the area you want to study. Plug it into any standard CD player. Then attach your Learning Machine digital headset into the headphone jack. Push play and a few moments later your mind is launched into a pre-programmed "learning" session. In a fun, almost effortless way, the Learning Machine plain awakens its program and transfers the knowledge into your mind.

Learn foreign languages at a glowing speed. Play our most "hot" discs: French, German, Spanish, and Italian. (CDs—\$200 Total Price)

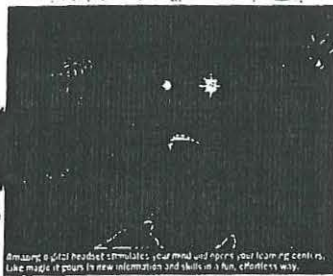
Amazing Light-Sound Matrix Stimulates Your Mind

How does it work? A digital program embedded in the CD, called a Learning Matrix™, sends a combination of light and sound instructions through the Learning Machine digital headset to stimulate the optimum mind-state for learning.

During your learning session you'll be asked to listen to audio instructions while you review written materials. While this information is still fresh in your mind, the narrator instructs you to focus your eyes, your ears, and your mind.

During your learning session you'll be asked to listen to audio instructions while you review written materials. While this information is still fresh in your mind, the narrator instructs you to focus your eyes, your ears, and your mind.

Learn Foreign Languages, Speed Reading, and More. Learning foreign languages, or anything for that matter, at rocket speed can be very empowering. And it's going to achieve a ton of valuable Learning Disc software with your Learning Machine so you can get immediate results from this "technology." You'll receive a basic language course—French, German, Spanish, Italian, or Super Vocabulary course, a Super Memory course, and a Speed Reading course. And for your kids, a SuperPhonics™ reading



Amazing digital headset stimulates your mind and speeds your learning process. Like magic it pours in new information and skills at a high efficiency rate.

program. Over 500 worth of Learning Discs make this the deal of the century. But I also want to show off all other amazing powers.

3-D Mind Sync Induces Virtual Fantasy Experiences

So I'll include the 3-D Mind Sync Library, with 4 whole brain synchronization programs on 1 CD, to turn your Learning Machine into a meditation, self-hypnosis, and virtual reality computer. You'll receive the following titles: *Consciousness Expansion*, *Quantum Leap*, *Brain Tunneling*, *Virtual Reality*, *Imagination Simulator*, *Learning Accelerator*, *Super Intuition*, *Lucid Dreaming*, and *Super Low Blood Pressure*.

A \$150 value, this interactive collection is a super added bonus. But what's even more exciting is how the same program can be used for self-exploration, self-discovery, and stimulating self-empowering emotions.

Zap Your Mind with Success

Let's say you want to transform a dull mind-set into a winning one. Or you'd like to get everything in and worth. Plug in an InnerMind™ Programming Disc. The light-sound matrix opens a new doorway into your subconscious mind.

Then reprogram your "inner mind" with success programming. You can reprogram negative, self-defeating behavior. I'm including 15 awesome InnerMind programs. From success programming to energy control this is another \$150 value.

\$200 Instant Rebate

Plus in addition to the Language Library, the SuperPhonics, Super Speed Reading, Super Memory, and Super Vocabulary programs, the Value Pack includes:

and the Incredible Programming Library (a 5000 combined value). I'm offering you a \$200 instant rebate off the list price. I figure you'll be so impressed, you'll use the extra \$200 to buy more Learning Discs.

The list price for the Learning Machine is \$499.95. But you can have it for \$299.95 plus shipping. Remember, an additional \$200 rebate, I'm including hundreds of dollars worth of free Learning Discs, making this an incredible deal.

30 Day Risk Free Trial

Try the Learning Machine risk free for 30 days. Sample 1 language. Sample your reading speed. Sample your decision-making. Sample your memory. And reprogram one of two bad habits. Now imagine what you can do during the second month! But hurry. This is a limited introduction offer, so reserve your Learning Machine now.

To order, call toll free or send your check or money order for \$299.95 plus \$12 shipping a handling to the address below. Allow 4-6 weeks for delivery.

Learning Machine Special Offer

Item #4501 \$299.95 \$12.00

Need a CD Player? We have an excellent portable—at a great price! Portable Removable CD Player. Item #91021 \$129.95 \$12.00

FOR FASTEST SERVICE ORDER YOUR FREE 1-800-925-3263 ZYGMON

Over \$600 Worth of Learning Discs Included...FREE!

French Language Course (CDs)	10	\$200.00
German Language Course (CDs)	10	\$200.00
Spanish Language Course (CDs)	10	\$200.00
Italian Language Course (CDs)	10	\$200.00
Super Vocabulary Course (CDs)	10	\$200.00
Super Memory Course (CDs)	10	\$200.00
Speed Reading Course (CDs)	10	\$200.00
SuperPhonics Reading Course (CDs)	10	\$200.00
3-D Mind Sync Library (CDs)	1	\$150.00
InnerMind Programming Discs	15	\$150.00
Total Value		\$2000.00

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EXHIBIT C

3241-1000-10-1-1001-1001

EXHIBIT D

BEYOND VIRTUAL REALITY

Advertisement

Learning Machine Breakthrough!

Amazing new technology teaches you foreign languages, reprograms your mind for success & launches you into virtual fantasy experiences

BY DANE SPOTTS



THE FIRST TIME I plugged my mind into the Learning Machine™ I was reminded of the 50-year-old classic *Forbidden Planet*. If you've never seen the movie, an astronaut on the planet Krell discovers an incredible learning technology — a helmet hooked up to a super-advanced computer that downloads knowledge directly onto your brain cells. Impossible? Maybe not.

A revolutionary breakthrough, the Learning Machine stimulates your mind and opens your learning centers. Like magic it pours in new information and skills. And it's super-easy to use.

Plug Your Mind into Supersonic Learning Power

Let's say you want to learn a foreign language, quadruple your reading speed, or increase your math skills. Or give your children a powerful edge in school. Learning 200%-300% faster than their peers.

You select a specially programmed Learning Disc in the area you want to study. Plug it into any ordinary CD player. Then attach your Learning Machine digital headset over the headphones. Push play and a few seconds later your mind is launched into a pre-programmed learning session. In a fun, almost effortless way, the Learning Discerson plan transfers its programs and transfers the knowledge into your mind.

Learn foreign languages at lightning speed. Plug your mind into Super Memory, Super Reading, and Super Math. \$229—\$299 (plus FREE)

Amazing Light-Sound Matrix Stimulates Your Mind

How does it work? A digital program embedded in the CD, called a Learning Machine, sends a combination of light and sound instructions through the Learning Machine digital headset to stimulate the optimum mind-state for learning.

During your learning session you'll be asked to listen to audio instructions while you review written materials. While this information is still fresh in your mind, the narrator instructs you to listen to your Light Pulse Shield, and the Learning Disc fires an amazing light-sound matrix that instantly "clones" you. This highly relaxed mind-state helps lock the new information into your memory.

Learn Foreign Languages, Speed Reading, and More Learning foreign languages, or anything for that matter, at rocket speed can be very overwhelming. And I'm going to include a ton of valuable Learning Disc software with your Learning Machine so you can get immediate results from this new technology. You'll receive a basic language course in French, German, Spanish, and Italian. A Super Vocabulary course, a Super Memory course, and a Speed Reading course. And, of course, a Super Success Reading course.



Amazing digital headset stimulates your mind and opens your learning centers. Like magic it pours in new information and skills in a fun, effortless way.

program. Over 500 worth of Learning Discs make this the deal of the century. But I also want to show off its other amazing powers.

3-D Mind Sync Induces Virtual Fantasy Experiences

So I'll include the 3-D Mind Sync Library, with 10 whole brain synchronization programs on 3 CDs, to turn your Learning Machine into a meditation, self-hypnosis, and virtual fantasy computer. You'll receive the following discs: *Creative Dreamer*, *Quick Escape*, *Stress Zapper*, *Brain Tunnel*, *Virtual Visualization*, *Imagination Stimulator*, *Learning Accelerator*, *Super Imagination*, *Lucid Dreaming*, and *Super Zen State*.

A \$150 value, this extensive collection is a super added bonus. But what's even more exciting is how this same machine can be used for brain control, memory conditioning, and stimulating self-learning impulses.

Zap Your Mind with Success

Let's say you want to transform a loser mindset into a winning one. Or you'd like to quit smoking or lose weight. You're in an InnerMind™ Programming Disc. The light-sound matrix opens a window into your subconscious mind.

Then by adjusting your "inner mind" with positive programming, you can rewire negative, self-defeating behavior. I'm including 14 awesome InnerMind programs. From success conditioning to weight control, this is another \$150 value.

\$200 Instant Rebate

Plus in addition to the Language Library, the SuperPhonics, Super Speed Reading, Super Memory, and Super

Vocabulary program, the 3-D Mind Sync Library, and the InnerMind Program Library (a \$600 combined value), I'm offering you a \$200 instant rebate off the list price. I figure you'll be so impressed, you'll use the extra \$200 to buy more Learning Discs.

The list price for the Learning Machine is \$499.95. But you can have it for \$299.95 plus shipping. Remember, in addition to the \$200 rebate, I'm including hundreds of dollars worth of free Learning Discs, making this an incredible offer.

30-Day Risk Free Trial

Try the Learning Machine now for 30 days. Sample 4 languages, triple your reading speed, boost your vocabulary, improve your memory, and reprogram your mind. Now imagine what you can do after the second month! But hurry. This is a limited introductory offer, so reserve your Learning Machine now.

To order, call toll free or send your check or money order for \$299.95 plus \$12 shipping & handling to the address: Learning Machine Special Offer, P.O. Box 44301, \$299.95 (11-10-01)

Send a CD Player! We have an excellent portable CD player, the Portable Commode CD Player, for \$199.95 (11-10-01) \$199.95 (11-10-01)

FOR FASTEST SERVICE ORDER TOLL FREE 1-800-925-3263
ZYGON
1524 General Way, Redwood, VA 20151
For international orders call 204-461-1141
In VA call 204-461-1141

Over \$600 Worth of Learning Discs Included... FREE!

1. French Language Course 2. German Language Course 3. Spanish Language Course 4. Italian Language Course 5. Super Vocabulary Course 6. Super Memory Course 7. Speed Reading Course 8. Super Success Reading Course 9. 3-D Mind Sync Library (10 CDs) 10. InnerMind Programming Discs (14 CDs)	11. SuperPhonics Course 12. Super Speed Reading Course 13. Super Memory Course 14. Super Vocabulary Course 15. Super Reading Course 16. Super Math Course 17. Super Writing Course 18. Super Drawing Course 19. Super Singing Course 20. Super Dancing Course
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EXHIBIT D

Learning Machine August 1994

195

Complaint

EXHIBIT E

The Learning Machine Home Page

http://www.zygon.com

Learning Machine Goes Beyond Virtual Reality...

It's the most advanced accelerated
learning tool in the world!

Absolutely mind blowing!

What if you could flip a switch inside your mind to instantly activate your imagination? Speak foreign languages. Expand your mental skills. Program your subconscious to make you a sure-fire success. And pour into your mind the genius of an Einstein or a Socrates. Find out how the Learning Machine boosts mental powers, and launches virtual fantasy adventures... plus how to get \$450 of Learning CDs FREE!



Try the Learning Machine for 30 days RISK FREE...Plus get \$450 of FREE LEARNING CDs!



Get a Photographic Mind, Instant Motivation, Speak Foreign Languages, and More!

01/18/96 16:16:10

EXHIBIT E

The Learning Machine Home Page, World Wide Web, January 18, 1996

EXHIBIT F

Advertisement

Mind Power Breakthrough!

Plug Your Brain Into This Powerful Mind Machine To Zap Stress, Improve Mental Powers, And Free Yourself Of Self-Sabotaging Behavior. Plus Get \$500 Worth Of Bonus MindWare™!

By Gene Scotts

After a stressful day at work, I put on my space age shades, plug in the "Dreaming" tape, and program my SuperMind™ computer for a "heavy-duty" Theta session. As I punch the start button, I'm reminded of NASA's virtual reality tract, nes. Those billion dollar video games that transport your consciousness into an artificial computer world you manipulate with voice commands and gestures.

Of course, the SuperMind™ isn't virtual reality. No, it's more like electronic Zen.

A Vacation In 20 Minutes

After only a few moments of being plugged into this machine, I was tucked into a deep trance. Neural colors and patterns were created on the surface of my closed eyelids. I felt super relaxed and experienced the most profound sensation of peace and joy. It felt as if my soul was transported into the garden of eden. Was this the blissful ecstasy of enlightenment mystics who shout? "Let an orgasmic oneness rush stream into my brain. Let it wash away my stress-land. Big time. Using pulses of sequenced light emitted from the glasses and computer generated sound frequencies, the SuperMind™ synchronizes your brainwave patterns, driving your brain into an altered state of consciousness similar to dreaming.

Based on hard scientific evidence which associates states of consciousness

with dominant brainwave activity, this machine coaxes your brain into an Alpha/Theta pattern (brainwaves in the 4-10Hz range), which is associated with deep meditation and mental imagery. Zen monks and yogis train for decades to achieve this same level of mental control.

Developed by the Mind Research Laboratory, now anyone can enter profound mental states at the push of a button. And because it's computer controlled you can experiment with thousands of different frequency combinations. Or you can choose from 10 "preset programs" designed to produce specific states of consciousness - ranging from dream-like sleep and meditation to extreme alertness - all at the push of a button.

The size of a pocket calculator, it's so portable I take it with me on business trips to beat stress and jet lag. A 10-minute session gives me the equivalent of 8-hours sleep and helps reset my biological clock.

Boost Brainpower

Listen. Training your brain to generate Theta activity for even a few minutes each day has enormous benefits, including boosting the immune system, enhancing creativity, I.Q., and psychic abilities, along with increasing feelings of psychological well-being.

For a little black box to do all that to your brain in 10 minutes is amazing enough, but it's only part of the story. Because this machine can also



The SuperMind computer uses a preprogrammed circuit to synthesize your brainwaves into desired mind states. You can custom program thousands of different frequency combinations or use the built-in preset programs with amazing 3D sound effects.

be used to accelerate learning and modify negative self-defeating behavior.

Automatic Hypnosis

Let's say you wanted to quit smoking, enhance your self-esteem, lose weight, or just play a better game of golf. You could pay a hypnotist \$100 an hour or more to reprogram these new self-image and behavior patterns into your subconscious. Or, by plugging into the SuperMind™ you could induce a hypnotic trance in a matter of seconds. Then, while your subconscious is primed for psychological programming, you play pre-recorded behavioral manuscripts, and these new success patterns become transferred onto your brain.

I'll include a special report that teaches you exactly how to create your own behavioral manuscript on everything from success conditioning and weight control to enhancing sexual performance. Or if you wish, use Zylon's pre-recorded library of MindWare™ tapes. Whichever method you choose, you'll possess an extremely flexible and powerful tool for reprogramming your subconscious and improving your life.

Instant Speed Learning

Thus, you can use this machine for speed learning. Tests at the University of California have revealed the speed of Theta frequencies on learning. During their study a

group of 20 students learned 1,300 words of Bulgarian in 120 hours while using these stimulation programs. In about 1/3 the normal time they spoke and wrote the new language.

As an additional bonus I'll be sending you a special report on how to set up your own speed learning system to learn foreign languages and new material at lightning fast speed.

Free Mood-Lifting Library

And if you order your SuperMind™ now during this special introductory period, you'll receive a third special bonus - FREE. Four very unique MindWare™ soundtracks, called Moodscapes™, enhance your SuperMind™ experience. You simply connect a stereo player to the SuperMind™ unit using the patch cord provided. While the frequency matrix of your SuperMind™ alters your mind-state, the Moodscapes™ soundtrack transports your consciousness into a beautiful and unique aural landscape. Because your brain is so "tuned in" by the light/sound frequencies, your mind creates an intricate array of mental images. The combination is truly extraordinary.

And that's only the beginning. Because as part of this special promotion, I'm including \$500 worth of additional MindWare™ bonuses with your SuperMind™ computer. For a

SuperMind™
Brainwave Computer

A powerful new form of self-help device that can help you achieve your goals and dreams. It's the only device that can help you achieve your goals and dreams. It's the only device that can help you achieve your goals and dreams.

\$100 Worth of Mind-Blowing Moodscapes™ Free!

Receive 4 very unique MindWare™ soundtracks, called Moodscapes™, enhance your SuperMind™ experience. You simply connect a stereo player to the SuperMind™ unit using the patch cord provided. While the frequency matrix of your SuperMind™ alters your mind-state, the Moodscapes™ soundtrack transports your consciousness into a beautiful and unique aural landscape. Because your brain is so "tuned in" by the light/sound frequencies, your mind creates an intricate array of mental images. The combination is truly extraordinary.

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EXHIBIT F

Exhibit F, page 2 of 2

Complaint

122 F.T.C.

EXHIBIT G

Mind Power Breakthrough!

Plug Your Brain Into This Powerful Mind Machine To Zap Stress, Boost Mental Powers, And Launch Your Mind Into Virtual Reality-Like Fantasies. Plus Get \$600 Worth Of Free MindWare™!



By Dave Spotts

After a stressful day at work, I put on my space age shades, plug in the "Dreamtime" tape, and program my SuperMind™ computer for a "heavy-lift." This session, as I punch the start button I'm reminded of NASA's virtual reality machines. Those billion dollar video games that transport your consciousness into an artificial computer world you manipulate with voice commands and gestures.

Of course, the SuperMind™ isn't a virtual reality. No, it's more like electronic Zen.

A Vacation In 20 Minutes

After only a few moments of being plugged into this machine, I was sucked into a deep trance. Weird colors and patterns were created on the inside of my closed eyelids. I felt super relaxed and experienced a profound sensation of peace and awe. It's as if my soul were transported into the Garden of Eden. Was this the blissful ecstasy the enlightened mystics write about? I felt an organic euphoric rush stream into my brain. Yes! I was watching into Alpha-Theta. Big time.

Using pulses of sequenced light emitted from the glasses and computer generated sound frequencies, the SuperMind™ automatically synchronizes your brainwave patterns, driving you into an altered state of consciousness similar to dreaming.

Based on scientific evidence which

proven states of consciousness with dominant brainwave activity, this machine plugs your brain into an Alpha-Theta pattern (brainwaves in the 4-10Hz range) which is associated with deep meditation and mental imagery. Zen monks and yogis train for decades to achieve the same level of mental control you experience in seconds.

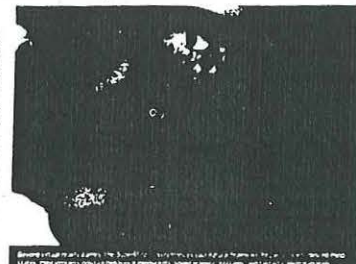
Developed by Zygon's Mind Research Laboratory, now anyone can enter these profound mental states at the push of a button. And because it's computer controlled, you can experiment with thousands of different frequency combinations. Or you can choose from 11 "preset programs" designed to produce specific states of consciousness - ranging from dream-like sleep and meditation to extreme alertness - all at the push of a button.

Boost Brainpower

Listen! Studies reveal that training your brain to generate Theta activity for even a few minutes each day has enormous benefits, including boosting the immune system, enhancing creativity, IQ, and psychic abilities, along with increasing feelings of psychological well-being. The size of a pocket calculator, it's so portable I take it with me on business trips to beat stress and let lag.

For a little black box to do all that to your brain in 20 minutes is amazing enough, but it's only part of the story. Because this machine can also be used to accelerate learning and modify negative self-defeating beliefs. How?

Super Motivation Library
Let's say you wanted to quit smoking, enhance your self-esteem, lose weight, or just play a better game of golf. You could pay a hypnotherapist \$100 an hour or more to reprogram these new



Based on scientific evidence which proven states of consciousness with dominant brainwave activity, this machine plugs your brain into an Alpha-Theta pattern (brainwaves in the 4-10Hz range) which is associated with deep meditation and mental imagery. Zen monks and yogis train for decades to achieve the same level of mental control you experience in seconds.

self-image and behavior patterns into your subconscious. Or, by plugging into the SuperMind™ you could induce a hypnosis trance in seconds.

Then, while your subconscious is primed for psychological programming, you play prerecorded behavioral monodiscs, and these new success patterns become transferred onto your brain cells. I'm bundling a 22-title Behavioral Monodisc Library with your SuperMind™ that will turn stress into success, and a laser mind-set into a winning one at the touch of a button. A \$220 value. And that's not all...

Speak French, Spanish, German, & Italian Overnight

Using the amazing accelerated language learning system, four Instant Language courses are also bundled with your SuperMind™ computer. Each course works with software built into your SuperMind™ to imprint a super-fast working knowledge of each lan-

guage into your memory. Edited to speed learning time, words and phrases for speaking in each country are imprinted directly into your memory. No verbs to conjugate or grammar to learn. A \$200 value, all four language courses won't cost you a penny. And here's something else...

3 Fantastic Mind Journeys

Transport your consciousness on a journey to other times and places with three mind-blowing experiences. "Aboriginal Dreamtime" takes you to a mythical time when the world was new and magic ruled. "Cetacean Mind Link" puts your consciousness inside a whale and dolphin to experience an incredible ocean world. And finally the ultimate mind-trip, "Near Death Experience" simulates the 3 astral stages of an out-of-body journey. A \$75 bonus added to your package, free.

30-Day Free Trial

And you can try it entirely at my risk over the next 30 days. Take your brain on a mind machine journey into incredible mind-altering experiences, learn foreign languages at the push of a button, and reprogram a laser mind-set into a winning one. If for any reason you're not blown away by the technology, send your computer back to me for a full refund. But no matter what, I want you to keep \$100 worth of Mindscapes™ (see details at left) as my free gift just for giving it a shot.

To order, simply call my toll free number and ask for the SuperMind™ computer with bonus bundle pack (Item #4025). Or send your check or money order for \$299.95 plus \$15 shipping & handling to the address below. Please

\$500 MindWare Bonus Pak



Plus \$100 Of Mind Lifting Moodscape™ - FREE!



For Fastest Service Order Toll Free 1-800-925-3263

ZYGO

1234 Business Park, Irvine, CA 92614

For Information Please Call (949) 852-7200

For Orders Call (949) 852-1434

EXHIBIT G

magazine, January, 1994

EXHIBIT H

"Smart Pill" Discovery!

Can This Amazing New Brain Formula Actually Help Your Mind Work Better & Faster? Test It Yourself And Get This Powerful Vitamin Protection Formula *Each And Every Month Free!*

Recently I received a news clipping about a Florida medical doctor who takes a daily dose of "smart pills" to increase memory, improve intelligence, and energize his brain. The article went on to tell of his incredible claim that these super pills not only made him smarter, but his 4-year-old son was turned into a genius because his wife took the pills while she was pregnant.

Being a self-improvement warrior, I was intrigued by the concept, and started taking them myself. Instantly I was zooming. I felt like Captain Kirk on the "Star Trek" episode where time becomes super

accelerated. In other words, my brain was thinking at warp speed.

Smart Pill Breakthrough

So how can a "pill" enhance cognition? Several ways. By increasing blood supply and oxygen to the brain. Enhancing brain cell metabolism. Inhibiting free radical damage to brain cells. And stimulating neuro-transmitter hormones.

My goal was to design a powerful brain formula, made entirely of natural substances.

Waking Up Your Brain

We hired the hottest pharmaceutical research lab in the country. The result is

the Brain Cognition Formula. Twenty-six ingredients each tested for maximum purity and potency are loaded into a gelatin capsule.

Look: Popping a few pills won't make you an Einstein, but if your experiences are like mine, you'll notice an improvement in attention, focus, concentration, and mental energy. Because subtle or even major improvements in cognitive functioning often go unnoticed, it's important to have some way of measuring your progress.

So included in your package will be a special report called *The Mental Boost* that shows you how to measure your mental progress. You'll be instructed how to look for changes in alertness, mental energy, concentration, memorization, productivity, organization and planning, verbal skills, problem solving ability, mood, sexual desire, and overall health.

Super Vitamin Bonus

When you call and order your Brain Cognition Formula, you'll automatically be sent a fresh month's supply every four weeks. Plus as a special bonus you'll also receive our Vitamin Protection Formula FREE. Yes, you get two bottles for one



low price! The Brain Cognition Formula and the Vitamin Protection Formula. This super bonus vitamin program is automatically sent to you each and every month along with your brain pills, for as long as you wish to continue the program.

30-Day Free Trial

(Empty-The-Bottle Guarantee)

And to be sure this stuff really works, you can try it out entirely at my risk for 30 days. Order your first month's supply of both formulas. And if at any time during the 30-day trial you wish to discontinue the program, simply return the unused portion (even if it's an empty bottle), and still receive a 100% refund. Then after the first 30 days, you may cancel any subsequent shipments with a simple telephone call.

SuperBrain Nutrient Program
Item # 50214... \$24.95/30

Super Vitamin Bonus

Decide For Yourself If The Brain Cognition Formula Really Works. And Get This Vitamin Protection Formula Every Month Free!

The SuperBrain Nutrient Program includes a monthly supply of the Brain Cognition Formula and the Vitamin Protection Formula. Each of these programs works synergistically to promote overall health and optimum mental functioning. Both bottles are sent to you automatically each month for one low monthly price. You may cancel at any time by simply calling and telling us not to send it anymore. No medical claims are being made. All reported effects are based solely on the author's personal experiences and those of other consumers.



EXHIBIT H

Zygon & Associates Inc.

Complaint

122 F.T.C.

EXHIBIT I

Fat Burner Pills

Not only is *Fat Burner* the fastest selling product in its class, but it contains an incredible 500 mg of pure L-Carnitine (a special amino acid used in metabolism) per serving. Combined with a special blend of Lipotropics and Chromium, you'll be on your way to a trimmer, firmer, leaner body.

Try this supplement with any of the other weight control products in this catalog for a super combined effect that will enhance your weight control program.
(60 Capsules)



A special blend of Lipotropics plus 500 mg of L-Carnitine enhances the body's ability to burn fat.

Fat Burner Pills

Item # 84011.\$14.95(3.00)

EXHIBIT I

Zygon's SuperLife catalog

195

Complaint

EXHIBIT J

Focus On Healthy Eyes

Eye Improvement Supplement



If you suffer from night blindness (or want clearer vision during the day), *Day and Night Eyes* may be the remedy for you. This all-natural supplement gives your eyes the essential nutrients that must be present in your diet for proper eyesight function. Ingredients include Beta-Carotene, Calcium, Vitamin D, Riboflavin (B-2), Zinc, Eyebright, and Anthocyanocide-rich Blueberry Leaf. Recommended dosage is one tablet every morning and evening. (90 Capsules)

Day and Night Eyes
Item # 34011\$9.95[3.00]

EXHIBIT J

Zygon's SuperLife catalog

Complaint

122 F.T.C.

EXHIBIT K



"My mission is to create and deliver tools that empower you to achieve your full potential in life. These are some of the best ideas in the world. Check them out!"

Dane Spotts, President
Zygon International

Ordering Information

Fast and Easy Ordering

For fastest delivery, call us toll free 1-800-865-7575, 24 hours a day, 7 days a week. Please have your credit card and ordering information ready when you call. If you prefer to pay by check or money order, please use this order form and pre-addressed envelope. Be sure to include shipping charges listed in the brackets [] directly after item price. Product prices are subject to change without notice. Your Sales Consultant will always inform you of any changes.

Fax Us Your Order Anytime

Completely fill out this order form and fax it 24 hours a day, 7 days a week to 1-206-885-9200.

International Orders

Canadian customers call us toll free 1-800-865-7575, 24 hours a day, 7 days a week. If you order by mail, please add \$9.00 to your delivery charge. NOTE: Canadian orders that include 7% GST will be delivered directly to shipping address with no additional duties. Your check or money order must be in U.S. funds. Other International customers call 1-206-885-9200 for specific delivery requirements.

All About Shipping

Shipping charges for each item are listed in brackets [] directly after item price. Most orders are shipped within 72 hours via express delivery, at no extra charge. Some items due to weight must be shipped via UPS ground or common carrier. Orders paid by personal check require additional time. U.S. Post Box deliveries will be shipped Post. Canadian orders will be shipped Bulk Post unless otherwise specified. U.S. Post Box deliveries may require an additional shipping charge. Items ordered together are not necessarily shipped the same day. International customers call 1-206-885-9200 for exact shipping and handling charges.

Customer Service Assistance

If you need additional assistance after you have placed or received your order, our specially trained Customer Service Representatives are ready to answer your questions and will promptly handle any adjustments or corrections. Please call 1-800-526-2177, weekdays 7:30 a.m. to 4:00 p.m., Pacific Standard Time.

Our Return Policy

We are committed to providing you with products that will improve your life. But if within 30 days you are not completely satisfied with your order, simply call a Customer Service Representative at 1-800-526-2177 to receive return instructions.

EXHIBIT K

Zygon's SuperLife catalog

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 Bureau of Consumer Protection 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 Federal Trade 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 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, and having duly considered the comments received, 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 Zygon International, Inc., is a corporation organized, existing, and doing business under and by virtue of the laws of the State of Washington, with its office or principal place of business located at 18368 Redmond Way, Redmond, WA.

Respondent Dane Spotts is an officer of said corporation. He formulates, directs and controls the policies, acts and practices of said corporation, and his office or principal 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 proceeding is in the public interest.

ORDER

I.

It is ordered, That respondents Zygon International, Inc., a corporation, its successors and assigns, and its officers, and Dane Spotts, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product or program 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 the use of such product or program can or will have any effect on the user's:

A. Health or bodily structure or function, including but not limited to sleep; weight, bodyfat content, or body shape or tone; immune system; eyesight or night vision; stress; or jet lag; or

B. Smoking behavior,

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

II.

It is further ordered, That respondents Zygon International, Inc., a corporation, its successors and assigns, and its officers, and Dane Spotts, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product or program 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 the use of such product or program can or will have any effect on the user's cognitive or mental functions or skills, including but not limited to reading, vocabulary, learning, foreign language, verbal or math skills; intelligence or I.Q. or that of the user's children; attention or concentration levels; or memory, 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 such representation.

III.

It is further ordered, That respondents Zygon International, Inc., a corporation, its successors and assigns, and its officers, and Dane Spotts, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product or program in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from making any representation, in any manner, directly or by implication:

A. Regarding the performance, benefits, efficacy, or safety of any food, drug, or device, as those terms are defined in Section 15 of the Federal Trade Commission Act, 15 U.S.C. 55, or dietary supplement, unless, at the time of making such representation, respondents possess and rely upon competent and reliable scientific evidence that substantiates such representation.

B. Regarding the performance, benefits, efficacy or safety of any product or service (other than a product or service covered under Part III.A herein), 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 such representation.

IV.

It is further ordered, That respondents Zygon International, Inc., a corporation, its successors and assigns, and its officers, and Dane

Spotts, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product or program in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, do forthwith cease and desist from misrepresenting, directly or by implication, the existence, contents, validity, results, conclusions, or interpretations of any test or study.

V.

It is further ordered, That respondents Zygon International, Inc., a corporation, its successors and assigns, and its officers, and Dane Spotts, individually and as an officer of said corporation, and respondents' agents, representatives, and employees, directly or through any corporation, subsidiary, division or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product or program in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act, shall forthwith cease and desist from:

A. Representing, directly or by implication, that consumers can receive a refund, through such terms as "money-back guarantee" or similar terms, unless respondents refund the full purchase price at the consumer's request in accordance with the provisions of Part V.B herein;

B. Failing to refund the full purchase price in accordance with the terms of a guarantee, warranty or refund policy within a reasonable period of time after the consumer complies with the conditions for receiving a refund that are stated clearly and prominently in the advertisement or solicitation. For purposes of this Part, a "reasonable period of time" shall be:

1. That period of time specified in respondents' advertisement or solicitation if such period is clearly and prominently disclosed in the advertisement or solicitation; or

2. If no period of time is clearly and prominently disclosed in the advertisement or solicitation, a period of thirty (30) days following the date that the consumer complies with the conditions for receiving

a refund that are stated clearly and prominently in the advertisement or solicitation.

VI.

It is further ordered, That respondents Zygon International, Inc., a corporation, its successors and assigns, and its officers, and Dane Spotts, individually and as an officer of said corporation, are jointly and severally liable for consumer redress as provided herein:

A. Not later than the date this order becomes final, respondents shall deposit into an escrow account to be established by the Commission for the purpose of receiving payments due under the provisions of this order ("first escrow account"), the sum of \$150,000. These funds, together with accrued interest, less any amount necessary to pay the costs of administering the first escrow account and redress program herein, shall be used by the Commission or its representative to provide refunds to any consumers:

1. Who, between the dates of October 15, 1995, and the date this order becomes final, have returned or return any product(s) purchased from respondents to respondents for a refund within thirty days of their receipt of the product(s); and

2. Who have not previously received either a full refund or a full credit from a credit card issuer for the purchase of the product(s).

B. Any funds remaining in the first escrow account after refunds have been paid to consumers under Part VI.A herein, in the discretion of the Commission:

1. Shall be used to provide redress to purchasers of the Learning Machine who request a refund not later than sixty (60) days after the date this order becomes final and have not previously received either a refund pursuant to Part VI.A herein, a full refund from respondents, or a full credit from a credit card issuer for the purchase of the product(s);

2. Shall be used to provide redress to purchasers who, prior to October 15, 1995, returned, or contacted respondents for authorization to return, any product(s) purchased from respondents to respondents for a refund within thirty (30) days of their receipt of the product(s); have not previously received either a full refund or a full

credit from a credit card issuer for the purchase of the product(s); and whose identities become known to respondents or the Commission within sixty (60) days after the date this order becomes final;

3. Shall be used to pay any attendant costs of administration; and/or

4. Shall be paid to the United States Treasury.

C. At any time after this order becomes final, the Commission may direct the escrow agent to transfer funds from the first escrow account, including accrued interest, to the Commission to be distributed as herein provided. Respondents shall be notified as to how the funds are distributed, but shall have no right to contest the manner of distribution chosen by the Commission, provided that the manner of distribution chosen by the Commission comports with the terms of this Agreement. The Commission, or its representative, shall in its sole discretion select the escrow agent. Costs associated with the administration of the first escrow account and refund program provided herein, if any, shall be paid from funds in the first escrow account.

D. Respondents relinquish all dominion, control and title to the funds paid into the first escrow account, and all legal and equitable title to the funds shall vest in the Treasurer of the United States and in the designated purchasers. Respondents shall make no claim to or demand for the return of the funds, directly or indirectly, through counsel or otherwise; and in the event of bankruptcy of respondents, respondents acknowledge that the funds are not part of the debtor's estate, nor does the estate have any claim or interest therein.

E. Not later than the date this order becomes final, respondents shall deposit into a second escrow account to be established by the Commission for the purpose of receiving payments due under the provisions of this order ("second escrow account"), the sum of \$45,000. These funds, together with accrued interest, less any amount necessary to pay the costs of administering the escrow account and redress program herein, shall be used by the Commission or its representative to provide refunds to consumers if refunds owed to consumers pursuant to Parts VI.A and VI.B herein exceed the amount of money in the first escrow account.

F. At any time after this order becomes final, the Commission may direct the escrow agent to transfer funds from the second escrow account, including accrued interest, to the Commission to be distributed as herein provided. Respondents shall be notified as to

how the funds are distributed, but shall have no right to contest the manner of distribution chosen by the Commission, provided that the manner of distribution chosen by the Commission comports with the terms of this Agreement. The Commission, or its representative, shall in its sole discretion select the escrow agent. Costs associated with the administration of the second escrow account and refund program provided herein, if any, shall be paid from funds in the second escrow account. Any funds remaining in the second escrow account after all consumers have received refunds pursuant to Part VI.A, VI.B.1, VI.B.2, and VI.E herein shall be returned to respondents. If no funds from the second escrow account are needed to provide redress to consumers as provided herein, the funds in the second escrow account, together with accrued interest, shall be returned to respondents within seventy-five (75) days after the date this order becomes final. If funds from the second escrow account are needed to provide refunds to consumers as provided herein, the funds remaining in the second escrow account, together with accrued interest, less any amount necessary to pay the costs of administering the escrow account and redress program herein, shall be returned to respondents within one hundred twenty (120) days after the date this order becomes final.

VII.

It is further ordered, That within three (3) days after the date this order becomes final, respondents shall, to the extent available, provide to the Commission, in computer readable form (standard MS-DOS diskettes or IBM-mainframe compatible tape) and in computer print-out form, a list of:

A. The name and address of all consumers in the United States who purchased the Learning Machine;

B. The name, address, and date of refund of all consumers in the United States who purchased the Learning Machine and received a full refund from respondents;

C. The name, address, and date of credit of all consumers in the United States who purchased the Learning Machine and received a full credit from a credit card issuer for the purchase of the product(s); and

D. The name, address, and date of refund of all consumers in the United States who purchased any product(s) from respondents and

received a full refund between October 15, 1993 and October 15, 1995.

VIII.

It is further ordered, That for three (3) years after this order becomes final, respondents, and their successors and assigns, shall maintain and upon request make available to the Commission within three (3) business days:

A. Documents and records demonstrating the manner and form of respondents' compliance with Part VI of this order; and

B. Copies of all correspondence and memorializations of other communications to or from any consumer regarding refunds or requests for refunds for any product(s) purchased from respondents.

IX.

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 or its staff 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 upon which respondents relied for such representation, including but not limited to, including complaints from consumers, and complaints or inquiries from governmental organizations.

X.

It is further ordered, That respondent Zygon International, Inc., its successors and assigns, shall:

A. Within thirty (30) days after service of this order, provide a copy of this order to each of its current principals, officers, directors, and managers, and to all personnel, agents, and representatives having

sales, advertising, or policy responsibility with respect to the subject matter of this order; and

B. For a period of five (5) years from the date of entry of this order, provide a copy of this order to each of its future principals, officers, directors, and managers, and to all personnel, agents, and representatives having sales, advertising, or policy responsibility with respect to the subject matter of this order within three (3) days after the person commences his or her responsibilities.

XI.

It is further ordered, That respondent Zygon International, Inc., its successors and assigns, shall notify the Federal Trade Commission at least thirty (30) days prior to any proposed change in its corporate structure, including but not limited to dissolution, assignment, or sale resulting in the emergence of a successor corporation, the creation or dissolution of subsidiaries or affiliates, the planned filing of a bankruptcy petition, or any other change in the corporation that may affect compliance obligations arising out of this order.

XII.

It is further ordered, That respondent Dane Spotts shall, for a period of seven (7) years from the date of entry of this order, notify the Commission within thirty (30) days of the discontinuance of his present business or employment and of his affiliation with any new business or employment involving the advertising, offering for sale, sale, or distribution of any consumer product or service. Each notice of affiliation with any new business or employment shall include the respondent's new business address and telephone number, current home address, and a statement describing the nature of the business or employment and his duties and responsibilities.

XIII.

This order will terminate on September 24, 2016, or twenty (20) 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.

XIV.

It is further ordered, That respondents shall, within sixty (60) days after service of this order, and at such other times as the Federal Trade 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.

IN THE MATTER OF

HOME SHOPPING NETWORK, INC., ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket 9272. Complaint, March 2, 1995--Decision, Sept. 26, 1996*

This consent order requires, among other things, the Florida-based corporation and two of its subsidiaries to possess scientific evidence to support any claims: that a food, food or dietary supplement, or drug cures, treats or prevents any disease or has any effect on the structure or function of the human body; and about the performance or benefits of efficacy of any smoking-cessation program, product or service.

Appearances

For the Commission: *Lisa Kopchik.*

For the respondents: *Basil Mezines, Glenn A. Mitchell and David U. Fierst, Stein, Mitchell & Mezines, Washington D.C.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Home Shopping Network, Inc., Home Shopping Club, Inc., and HSN Lifeway Health Products, Inc., corporations, hereinafter sometimes referred to as 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 Home Shopping Network, Inc. ("HSN") is a Delaware corporation, with its offices and principal place of business at 11831 30th Court North, St. Petersburg, Florida. HSN is a holding company for numerous subsidiaries, including Home Shopping Club, Inc. and HSN Lifeway Health Products, Inc. HSN, through its subsidiaries, is principally engaged in the marketing of a variety of consumer products by means of live, customer-interactive, televised sales programs and through mail-order brochures and other literature.

Respondent Home Shopping Club, Inc. ("HSC") is a Delaware corporation, with its offices and principal place of business at 11831