

IN THE MATTER OF

WILLIAM E. SHELL, M.D.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3749. Complaint, June 16, 1997--Decision, June 16, 1997*

This consent order prohibits, among other things, the former officer of Interactive Medical Technologies, which market cellulose-bile products, from assisting entities that he knows or should know are making false, misleading or unsubstantiated claims for any weight loss, fat reduction or cholesterol reduction product or program, requires the monitoring of the business practices of certain parties to whom assistance is provided, and requires Shell to pay \$20,000 in redress over a period of one year; to post a \$1 million performance bond before he markets Lipitrol or any similar product, or holds any ownership interest or official position in any business that markets Lipitrol or any similar product; and a \$250,000 bond before he markets any weight loss, fat reduction or cholesterol reduction product or program or holds an ownership interest or official position in a business that markets any weight loss or fat or cholesterol reduction product or program.

*Appearances*For the Commission: *Nadine Samter and Patricia Hensley.*For the respondent: *Pro se.*

COMPLAINT

The Federal Trade Commission ("Commission"), having reason to believe that Interactive Medical Technologies, Ltd., and Effective Health, Inc., corporations, and William Pelzer, Jr., individually and as a former officer of Interactive Medical Technologies, Ltd., and Effective Health, Inc., and William E. Shell, M.D., individually and as a former officer of Interactive Medical Technologies, Ltd. ("respondents"), have violated provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Interactive Medical Technologies, Ltd. ("IMT"), is a Delaware corporation with its principal office or place of business at 2139 Pontius Avenue, Los Angeles, California.

2. Respondent Effective Health, Inc. ("EHI"), is a California corporation with its principal office or place of business at 2139 Pontius Avenue, Los Angeles, California. EHI is a wholly-owned subsidiary of IMT.

3. Respondent William Pelzer, Jr. ("Pelzer"), was chief executive officer and president of IMT and EHI from February 1993 to April 1995. Individually or in concert with others, he formulated, directed, controlled or participated in the acts and practices of IMT and EHI, including the acts and practices alleged in this complaint. His principal office or place of business is P.O. Box 269006, San Diego, California.

4. Respondent William E. Shell, M.D. ("Shell") was chairman of the board of IMT from January 1990 through February 1996, and served as that company's chief financial officer from May 1993 through June 1994. Individually or in concert with others, he formulated, directed, controlled or participated in the acts and practices of IMT and EHI, including the acts and practices alleged in this complaint. His principal office or place of business is 2934 1/2 Beverly Glen Circle, Suite 209, Los Angeles, California.

5. Respondents IMT, EHI and Shell have advertised, labeled, offered for sale, sold and distributed products to the public, including Lipitrol, an over-the-counter fat reduction and weight-loss tablet. Lipitrol is a "food" and/or "drug," within the meaning of Sections 12 and 15 of the Federal Trade Commission Act. Respondents have advertised, distributed and sold Lipitrol, a combination of fiber and ox bile extract, to the public through direct mail.

6. Respondents also have assisted others who have advertised, labeled, offered for sale, sold and distributed products to the public, including SeQuester, an over-the-counter fat reduction and weight-loss tablet. SeQuester is a "food" and/or "drug," within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

7. 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.

Lipitrol Fat Reduction and Weight-Loss Tablets

8. Respondents IMT, EHI and Shell have disseminated or have caused to be disseminated advertisements for Lipitrol, including but not necessarily limited to the attached Exhibits A through E. These advertisements contain the following statements:

A. INTRODUCING LIPITROL a patented dietary supplement that aids in your FIGHT against FAT by assisting in weight and cholesterol reduction.
NO ANCIENT FORMULA NO MAGIC NO MECHANICAL GADGETS NO SHOTS NO DRUGS
NO WILD PROMISES NO PATCHES NO SPECIAL FOOD TO PURCHASE NO SECRET

INGREDIENTS NO WRAPS NO SPECIAL TESTING MATERIALS O POWDERS O SURGERY
NO VERY LOW CALORIE DIETS NO GIMMICKS NO CURE-ALLS NO MOOD ELEVATORS
NO SUPER-SPEEDY WEIGHT LOSS NO HYPE DOESN'T EVEN DISSOLVE CELLULITE BUT
IT DOES WORK WHICH MAY SEEM LIKE A MIRACLE TO SOME PEOPLE

Effective Health knows of no other diet or weight loss program that is backed
by scientific data and a recognized patent for "Dietary Fat Reduction."

Lipitrol contains natural ingredients consisting of Activated Fiber Complex
(AFC). AFC forms an indigestible cellulose mesh containing molecules of bile.
Bile is the part of the digestive system which enables the body to use and/or store
fat. Fat droplets in stomach and intestines are naturally attracted to the AFC and
when they adhere to the enmeshed bile molecules, they can then be carried through
the intestinal tract and excreted rather than being absorbed for use or storage (sic).
If stools are lighter in color, or yellowish, and if they frequently tend to float
instead of sink in water, then the bile-bonded fat is now being excreted rather than
absorbed. The only adverse effect from using LIPITROL is occasional diarrhea
related to the excessive fat in the stools.

A major benefit of LIPITROL is that it imparts a feeling of satiety of fullness to
the user (sic). A second, highly significant benefit is the fact that LIPITROL has been
proven to lower blood cholesterol levels. Cholesterol is lowered as a result of the
weight loss.

.... Effective Health believes LIPITROL meets an urgent need in society, and does
so in a healthy and genuine manner. LIPITROL is not an overnight solution to excess
weight, but it offers sincere and dedicated users an option whereby they can lose
weight and maintain the loss without doing violence to their lifestyles or drugging
their systems.

You have nothing to LOSE but FAT itself!
(Exhibit A -- direct mail solicitation)

B. NOW THERE'S AN EFFECTIVE WAY TO HELP REDUCE FAT -- NOW THERE'S
LIPITROL! -- DIETARY SUPPLEMENT

LIPITROL IS AN EFFECTIVE WEIGHT
CONTROL PRODUCT

LIPITROL can help you control
your weight by reducing FAT intake.
No kidding! LIPITROL actually helps
decrease the amount of FAT absorbed
by your body.

IT HELPS FAT PASS THROUGH THE
BODY

LIPITROL'S fiber formula forms an
indigestible cellulose mesh
containing molecules of bile. Bile is
part of the digestive system which
enables the body to use and/or store
FAT. FAT droplets in the stomach and
intestines are naturally attracted to
the "Fiber Complex." When the FAT
adheres to the enmeshed bile

molecules, the FAT can then be
passed through the intestinal tract
and is excreted rather than absorbed
- Naturally and Comfortably. NO
DRUGS, NO CAFFEINE, NO DIURETICS -
EVER!

....

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CONTROL FAT WITH LIPITROL:

Keeping FAT under control is important to good health.

FAT makes you FAT. There are 9 calories in 1 gram of FAT - plus your body stores FAT directly. Get FAT out of your diet. FAT laden diets may contribute to a variety of health problems including high blood pressure, diabetes, breast cancer, and heart disease.

Our clinical studies have shown LIPITROL to absorb approximately 5.9 grams of FAT per tablet from the foods you eat. Take hold of the FAT before the FAT takes hold of you. Use LIPITROL - Dietary Supplement DAILY!

....

A NATURAL FOOD PRODUCT

....

Remember, LIPITROL is not an overnight solution to excess weight, but offers you, the sincere and dedicated individual the option to reduce FAT absorption, lose weight, and maintain that loss, without doing harm to your body.

MORE ABOUT LIPITROL:

LIPITROL has been studied for over 7 years. One of the recent 4 week studies has indicated that diet and exercise will result in an average weight loss of about 2.1 lbs per month. With sensible eating, exercise and LIPITROL the average weight loss was 6.2 lbs per month -- with little or no FAT retention.

THE REAL ENEMY

Remember while excess "weight" is certainly a big concern, your real enemy is FAT. LIPITROL Fights FAT, and losing FAT takes time. Use LIPITROL for 60 days or more to see measurable results. LIPITROL helps remove a large portion of the FAT from the food you eat before it ends up on your body, or clogging your arteries.

You Have Nothing to LOSE, But Fat Itself!

(Exhibit B -- direct mail solicitation)

C. Effective Health Inc. is pleased to announce the development of LIPITROL through fat sequestrant technology. Our specially formulated product, marketed as a dietary food supplement, assists in weight and cholesterol reduction.

....

When taken as directed, our tablet attracts fat from the food you eat and helps eliminate it from your body. Cholesterol reduction occurs subsequent to weight loss. Overdoses result in nothing more serious than self/limiting diarrhea (sic).

....

LIPITROL has undergone independent open label trials. A technical brochure that substantiates the efficacy of LIPITROL is available upon request.

(Exhibit C -- direct mail solicitation)

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D.

Q: Should I Increase My Dosage?

A: After two or three days, increase your dosage to 2 tablets prior to your largest and Fattiest meal of the day. If no diarrhea results from 2 tablets at your largest meal, you may choose to use 2 tablets prior to every meal. Some people will even use 3 LIPITROL or more prior to their Fattiest meal. If diarrhea occurs, this is a form of controllable diarrhea and not the same as diarrhea caused by food poisoning. It does not require medication or any treatment. It just means that there is too much FAT in your stool to allow a normal bowel movement. This actually is a condition we regard as Desirable as it means the FAT is leaving your body. Whether the normal dosage or the Maxi FAT strategy described below is appropriate for you depends upon how your body responds to lesser dosages, and upon the advice of your physician.

Q: How Can I Get Maximum FAT Removal?

A: Each LIPITROL tablet has the capability to remove approximately 6 grams of FAT (the actual figure is 5.9 grams) from the food you eat. By determining as accurately as

possible, the number of grams of FAT you are consuming in your next meal, you can use that figure, divided by 6, and take the appropriate number of tablets to absorb that FAT -- this is what we call the Maxi-FAT strategy.

...

Q: When Should I Begin To See Weight Loss and/or Size Loss?

A: One of our four week studies indicates that diet and exercise alone will result in an average weight loss of about 2.1 pounds per month. With diet and exercise plus LIPITROL the average weight loss in our study was 6.2 pounds per month.

....

Q: NOTE: Please do not view your LIPITROL as an antidote for poor nutritional habits. Don't think that it is now o.k. to over indulge yourself and eat all the FAT-soaked food you want. NOT SO. You must realize that while some foods may be 40% or 50% FAT, the remaining 50% or 60% is not and still contains calories that won't be dealt with by taking LIPITROL.

....

(Exhibit D -- product package insert)

E.

Each LIPITROL tablet has been shown to absorb approximately 5.9 grams of FAT, from the foods you eat.

....

(Exhibit E -- product package label)

9. Through the means described in paragraph eight, respondents IMT, EHI and Shell have represented, expressly or by implication, that:

A. Lipitrol prevents or significantly reduces the body's absorption of fat from consumed food.

B. Lipitrol absorbs approximately 5.9 grams of fat per tablet from consumed food.

C. Scientific research demonstrates that Lipitrol prevents or significantly reduces the body's absorption of fat from consumed food.

D. Scientific research demonstrates that Lipitrol absorbs approximately 5.9 grams of fat per tablet from consumed food.

E. Scientific research demonstrates that Lipitrol causes significant weight loss.

F. Scientific research demonstrates that Lipitrol lowers blood cholesterol levels.

10. In truth and in fact:

A. Lipitrol does not prevent or significantly reduce the body's absorption of fat from consumed food.

B. Lipitrol does not absorb approximately 5.9 grams of dietary fat per tablet from consumed food.

C. Scientific research does not demonstrate that Lipitrol prevents or significantly reduces the body's absorption of fat from consumed food.

D. Scientific research does not demonstrate that Lipitrol absorbs approximately 5.9 grams of fat per tablet from consumed food.

E. Scientific research does not demonstrate that Lipitrol causes significant weight loss.

F. Scientific research does not demonstrate that Lipitrol lowers blood cholesterol levels.

Therefore, the representations set forth in paragraph nine were, and are, false or misleading.

11. Through the means described in paragraph eight, respondents IMT, EHI and Shell have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in paragraph nine(A) and (B), at the time the representations were made.

12. In truth and in fact, respondents IMT, EHI and Shell did not possess and rely upon a reasonable basis that substantiated the representations set forth in paragraph nine(A) and (B), at the time the representations were made. Therefore, the representation set forth in paragraph eleven was, and is, false or misleading.

13. Through the means described in paragraph eight, respondents IMT, EHI and Shell have represented, expressly or by implication, that Lipitrol:

- A. Causes significant weight loss.
- B. Lowers blood cholesterol levels.
- C. Reduces, or reduces the risks associated with, high cholesterol, including clogged arteries, high blood pressure, diabetes, breast cancer and heart disease.
- D. Causes significantly greater weight loss than diet and exercise alone.
- E. Is beneficial and safe when taken in amounts sufficient to cause diarrhea.

14. Through the means described in paragraph eight, respondents IMT, EHI and Shell have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in paragraph thirteen, at the time the representations were made.

15. In truth and in fact, respondents IMT, EHI and Shell did not possess and rely upon a reasonable basis that substantiated the representations set forth in paragraph thirteen, at the time the representations were made. Therefore, the representation set forth in paragraph fourteen was, and is, false or misleading.

SeQuester Fat Reduction and Weight-Loss Tablets

16. Since at least May 1994, KCD, Incorporated, its holding corporation, KCD Holdings, Inc., their former principal, Clark M. Holcomb, and current principal, Bonnie L. Richards (collectively, "KCD"), have advertised, distributed and sold an over-the-counter fat reduction and weight-loss product to the public through, among other means, newspaper and radio advertisements disseminated nationally. KCD has wholesaled this product to retail drug stores and other retailers for resale to the general public. The product, sold under the name "SeQuester," is a combination of fiber and ox bile extract, and is the same or substantially the same as Lipitrol.

17. IMT, through its subsidiary EHI, Pelzer and Shell (hereinafter "IMT respondents") have provided KCD with, among other things, exclusive rights to sell SeQuester, technical assistance and "know how," clinical studies purporting to show that SeQuester is an effective fat reduction and weight-loss product, and certain

18. KCD has disseminated or has caused to be disseminated advertisements for SeQuester, including but not necessarily limited to the attached Exhibits F through J. These advertisements contain the following statements and depictions:

So get control of fat, before fat controls you. Take advantage of our introductory savings on SeQuester, and experience for yourself this patently superior approach to fat reduction. Look for SeQuester in the diet section, today. (Exhibit G - newspaper advertisement)

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H. For the holidays, don't cut it all out. Just take SeQuester.

SEQUESTER REDUCES FAT FROM THE FOOD YOU EAT.

Don't look now, weight watchers, but the holidays are gaining on us. So many parties, so much good food, so hard to say, "no." So consider your choices:

Either you can cut out all those rich, delicious foods that make life worthwhile.

Or you can cut out this coupon and introduce yourself to SeQuester - a revolutionary discovery that helps your body minimize fat retention from the food you eat.

With SeQuester, you can plan on enjoying reasonable portions of all those great holiday foods, confident that their entire fat content won't be showing up on your scale - or in your arteries - come January 1st.

SeQuester is a safe, natural dietary supplement. Its unique, patented formula helps bind fat molecules to natural vegetable fiber, so they pass gently and effortlessly through the digestive tract. Just take one or more tablets 30 minutes before meals.

This season, make SeQuester the centerpiece of all your holiday meals. You'll find it in better drugstores and supermarkets, everywhere.

NOTE: SeQuester is intended for use as part of a complete program of sensible nutrition and moderate exercise. By following this program, studies suggest that SeQuester contributes to a safe, gradual loss of body fat and weight significantly more successful than dieting and exercise alone.

(Exhibit H - newspaper advertisement)

I.

Q. SHOULD I INCREASE MY DOSAGE?

A: After two or three days, increase your dosage to 2 tablets prior to your largest and fattiest meal of the day. If no diarrhea results from 2 tablets at your largest meal, you may choose to use 2 tablets before every meal. Some people will even use 3 or more SeQuester tablets prior to their fattiest meal. If diarrhea occurs, it is controllable. It does not require medication or any treatment. It just means that there is too much fat in your stool to allow a normal bowel movement. This actually is a condition we regard as desirable as it means the fat is leaving your body. Whatever is appropriate for you depends upon how your body responds to lesser dosages, and upon the advice of your physician.

(Exhibit I - product package insert)

J.

SeQuester

Natural Nutritional Fat Sequestrant*

*SeQuester is a specially formulated patented product which, when used as directed, reduces fat and sugar from the foods you eat.

Tests have shown SeQuester effects metabolizable energy, thus increasing fecal energy (calorie) excretion and reduces hunger feelings without increasing total calorie intake.

(Exhibit J - product package)

19. Through the means described in paragraph eighteen, KCD has represented, expressly or by implication, that:

A. SeQuester prevents or significantly reduces the body's absorption of fat from consumed food.

B. SeQuester significantly reduces the body's absorption of sugar from consumed food.

C. Scientific research demonstrates that SeQuester prevents or significantly reduces the body's absorption of fat from consumed food.

D. Scientific research demonstrates that SeQuester causes significant weight loss.

20. In truth and in fact:

A. SeQuester does not prevent or significantly reduce the body's absorption of fat from consumed food.

B. SeQuester does not significantly reduce the body's absorption of sugar from consumed food.

C. Scientific research does not demonstrate that SeQuester prevents or significantly reduces the body's absorption of fat from consumed food.

D. Scientific research does not demonstrate that SeQuester causes significant weight loss.

Therefore, the representations set forth in paragraph nineteen were and are, false or misleading.

21. Through the means described in paragraph eighteen, KCD has represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in paragraph nineteen(A) and (B), at the time the representations were made.

22. In truth and in fact, KCD did not possess and rely upon a reasonable basis that substantiated the representations set forth in paragraph nineteen(A) and (B), at the time the representations were made. Therefore, the representation set forth in paragraph twenty-one was, and is, false or misleading.

23. Through the means described in paragraph eighteen, KCD has represented, expressly or by implication, that:

A. SeQuester causes significant weight loss.

B. Use of SeQuester allows consumers to eat high-fat foods without gaining weight.

C. SeQuester causes significantly greater loss of weight and body fat than diet and exercise alone.

D. Use of SeQuester allows consumers to eat high-fat foods without increasing their risk of high cholesterol, clogged arteries, heart disease and other health problems associated with a high-fat diet.

E. SeQuester reduces the risk of high cholesterol, clogged arteries, heart disease, and other health problems associated with a high-fat diet.

F. Use of SeQuester in amounts sufficient to cause diarrhea is beneficial and safe.

24. Through the means described in paragraph eighteen, KCD has represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in paragraph twenty-three, at the time the representations were made.

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

26. The IMT respondents knew or should have known that the advertisements referred to in paragraph eighteen, including but not limited to the advertisements attached as Exhibits F through J, contained the false and misleading representations set forth in paragraphs nineteen through twenty-five above; but the IMT respondents nevertheless have provided services and promotional materials to assist KCD's marketing and sale of SeQuester, including but not limited to:

A. Studies purporting to show that SeQuester effectively reduces the body's absorption of fat from consumed food and causes significant weight loss;

B. The licensing rights to market and sell SeQuester to consumers;

C. Technical information regarding SeQuester; and

D. Various promotional materials and information.

27. Through the means described in paragraph twenty-six, the IMT respondents have provided means and instrumentalities and/or

have provided substantial assistance to KCD in furtherance of the unfair or deceptive acts or practices alleged in paragraphs nineteen through twenty-five, which the IMT respondents knew or should have known were unfair or deceptive.

28. 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

INTRODUCING

LIPITROL

a patented dietary supplement
that aids in your FIGHT against FAT
by assisting in weight and cholesterol reduction.

NO ANCIENT FORMULA NO MAGIC NO MECHANICAL GADGETS
NO SHOTS NO DRUGS NO WILD PROMISES NO PATCHES
NO SPECIAL FOOD TO PURCHASE NO SECRET INGREDIENTS NO WRAPS
NO SPECIAL TESTING MATERIALS NO POWDERS NO SURGERY
NO VERY LOW CALORIE DIETS NO GIMMICKS NO CURE-ALLS
NO MOOD ELEVATORS NO SUPER-SPEEDY WEIGHT LOSS NO HYPE
DOESN'T EVEN DISSOLVE CELLULITE

BUT IT DOES WORK,

WHICH MAY SEEM LIKE A MIRACLE TO SOME PEOPLE

Effective Health knows of no other diet or weight loss program that is backed by scientific data and a recognized patent for "Dietary Fat Reduction".

LIPITROL contains natural ingredients consisting of Activated Fiber Complex (AFC). AFC forms an indigestible cellulose mesh containing molecules of bile. Bile is the part of the digestive system which enables the body to use and/or store fat. Fat droplets in stomach and intestines are naturally attracted to the AFC and when they adhere to the enmeshed bile molecules, they can then be carried through the intestinal tract and excreted rather than being absorbed for use or storage. If stools are lighter in color, or yellowish, and if they frequently tend to float instead of sink in water, then the bile-bonded fat is now being excreted rather than absorbed. The only adverse effect from using LIPITROL is occasional diarrhea related to the excessive fat in the stools.

A major benefit of LIPITROL is that it imparts a feeling of satiety of fullness to the user. A second, highly significant benefit is the fact that LIPITROL has been proven to lower blood cholesterol levels. Cholesterol is lowered as a result of the weight loss.

Recommended dosage is 1 or 2 tablets with a full glass of water one-half hour prior to meals. A diet plan is included with each bottle and mild exercise is also suggested. Of course it is always necessary to consult with your physician before starting any weight loss program.

Effective Health believes LIPITROL meets an urgent need in society, and does so in a healthy and genuine manner. LIPITROL is not an overnight solution to excess weight, but it offers sincere and dedicated users an option whereby they can lose weight and maintain the loss without doing violence to their lifestyles or drugging their systems.

Our Special Price to you is **\$29.95** -- 90 tablet bottle - shipping/handling included
-- Calif. residents please add state tax

Send check or money order to: **EFFECTIVE HEALTH, INC.**
2139 Pontius Avenue
Los Angeles, CA 90025

You have nothing to LOSE but FAT itself!

COMPLAINT EXHIBIT A

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EXHIBIT B

THE ANSWER TO YOUR QUESTIONS: THE FIBER IN FOODS NOW THERE'S AN EFFECTIVE WAY TO HELP REDUCE FAT —NOW THERE'S LIPITROL! — DIETARY SUPPLEMENT

LIPITROL IS AN EFFECTIVE WEIGHT CONTROL PRODUCT

LIPITROL can help you control your weight by reducing FAT intake. No kidding! LIPITROL actually helps decrease the amount of FAT absorbed by your body. LIPITROL is produced under the U.S. Patent for "Dietary FAT Reduction," U.S. Patent #4,865,860.

IT HELPS FAT PASS THROUGH THE BODY

LIPITROL'S fiber formula forms an indigestible cellulose mesh containing molecules of bile. Bile is part of the digestive system which enables the body to use and/or store FAT. FAT droplets in the stomach and intestines are naturally attracted to the "Fiber Complex". When the FAT adheres to the enmeshed bile molecules, the FAT can then be passed through the intestinal tract and is excreted rather than absorbed - Naturally and Comfortably.

NO DRUGS, NO CAFFEINE, NO DIURETICS — EVER!

Adults: Take one (1) or (2) tablets with a full glass of water 1/2 hour before each meal.

SKEPTICAL?

TAKE THIS
TO YOUR
DOCTOR:

Doctor:

The claims made in this folder are based on known scientific evidence concerning the attributes of vegetable fiber and their effect on absorption of FAT and resulting weight loss.

We claim no miracles. We are offering help for individuals who wish to reduce FAT retention and lose weight.

Technical material is available.

CONTROL FAT WITH LIPITROL:

Keeping FAT under control is also important to good health.

FAT makes you FAT. There are 9 calories in 1 gram of FAT - plus your body stores FAT directly. Get FAT out of your diet. FAT laden diets may contribute to a variety of health problems including high blood pressure, diabetes, breast cancer, and heart disease.

Our clinical studies have shown LIPITROL to absorb approximately 5.9 grams of FAT per tablet from the foods you eat. Take hold of the FAT before the FAT takes hold of you. Use LIPITROL - Dietary Supplement DAILY!

A NATURAL FOOD PRODUCT

LIPITROL is composed of microcellulose particles (fiber), purified bile and all natural vegetable fibers from barley/rice, lemon pectin, carrot and acerola. Remember LIPITROL is not an overnight solution to excess weight, but offers you, the sincere and dedicated individual the option to reduce FAT absorption, lose weight, and maintain that loss, without doing harm to your body.

ALWAYS CONSULT WITH A PHYSICIAN BEFORE STARTING
ANY DIET OR EXERCISE PROGRAM.

HOW CAN I ORDER LIPITROL?

I understand that if for any reason I am not satisfied with LIPITROL, I may return the unused portion, within 30 DAYS for a 100% REFUND of the purchase price. No ifs ands or buts!

☐ 90 tab supply - \$29.95

Please include \$3.00 for
postage and handling.

☐ 180 tab supply - \$43.95

California residents please add sales tax

I am enclosing ☐ CHECK ☐ MONEY ORDER FOR \$ _____

NAME _____

STREET ADDRESS _____

APT. BOX NO. _____

CITY _____

STATE _____

ZIP _____

MAIL THIS ORDER FORM ALONG WITH YOUR PAYMENT TO

EFFECTIVE HEALTH INC.
2139 Portue Ave. • L.A., CA 90025
Please send technical material ☐

COMPLAINT EXHIBIT B

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EXHIBIT B

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**Which of
these five
questions on
health will
you miss?**

- 1: What is a direct cause of chronic constipation?
☐ Low acid in foods ☐ Low fiber in foods ☐ Low protein in foods
- 2: What is one of the contributors to diarrhea?
☐ Low acid in foods ☐ Low fiber in foods ☐ Low protein in foods
- 3: What allows more fat into your body to produce cholesterol?
☐ Low acid in foods ☐ Low fiber in foods ☐ Low protein in foods
- 4: What is one of the many contributors to weight gain?
☐ Low acid in foods ☐ Low fiber in foods ☐ Low protein in foods
- 5: What can help with #1, 2 & 3 - plus help you lower your weight?
☐ High acid in foods ☐ High fiber in foods ☐ High protein in foods

**AFTER YOU'VE CHECKED YOUR ANSWERS IN THE APPROPRIATE BOXES, OPEN
UP TO WHAT COULD BE YOUR GREATEST WEIGHT LOSS DISCOVERY EVER...**

MORE ABOUT LIPITROL:

LIPITROL has been studied and tested for over 7 years. One of the recent 4 week studies has indicated that diet and exercise alone will result in an average weight loss of about 2.1 lbs per month. With sensible eating, exercise and LIPITROL the average weight loss was 6.2 lbs per month - with little or no FAT retention.

THE REAL ENEMY

Remember while excess "weight" is certainly a big concern, your real enemy is FAT. LIPITROL Fights FAT, and losing FAT takes time. Use LIPITROL for 60 days or more to see measurable results. LIPITROL helps remove a large portion of the FAT from the food you eat, before it ends up on your body, or clogging your arteries

You Have Nothing to LOSE, But FAT itself!

Complaint

123 F.T.C.

EXHIBIT C

EHI Effective Health Inc.

2139 Poston Avenue, Los Angeles, California 90025 310-477-1173 Fax 310-473-5442

Effective Health Inc. is pleased to announce the development of LIPITROL through fat sequestrant technology. Our specially formulated product, marketed as a dietary food supplement, assists in weight and cholesterol reduction.

LIPITROL is the creation of noted California Cardiologist and Director of the Beverly Hills Cardiology Research Group, Dr. William E. Shell. Dr. Shell has published more than 100 scientific articles and holds multiple patents.

LIPITROL's activated fiber preparation is produced by means of an exclusive process, U.S. Patent # 4,865,850. In addition, each tablet contains natural vegetable fibers from barley/rice, lemon pectin, carrot and acerola. LIPITROL contains no chemicals or additives, nor anything artificial.

When taken as directed, our tablet attracts fat from the food you eat and helps eliminate it from your body. Cholesterol reduction occurs subsequent to weight loss. Overdoses result in nothing more serious than self-limiting diarrhea. We ALWAYS recommend to first consult with your physician before use, follow a properly balanced diet (plan included) and exercise.

LIPITROL has undergone independent open label trials. A technical brochure that substantiates the efficacy of LIPITROL is available upon request.

Howard Greenberg
Marketing Director

EXHIBIT D

1-1111

Thank you for purchasing LIPITROL...
this natural patented product helps reduce FAT absorption
and let's you lose weight naturally and comfortably.
"Take hold of the FAT, before the FAT takes hold of you!"

Please study the important information contained in this pamphlet. It is designed to help you get the maximum benefit from LIPITROL. You can take this pamphlet with you! It contains many tips on food selection, food preparation, exercise and how to use LIPITROL most effectively.

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THE REAL ENEMY... YOUR real enemy is not "weight."
YOUR real enemy is FAT! LIPITROL helps fight FAT.

HEALTHY HEART OBJECTIVES...

- Number 1: To feed my body less FAT.
- Number 2: To train my body to burn FAT more efficiently.

PROBABLE BENEFITS...

- Improved health • Reduced FAT intake • Reduced body weight • Increased energy level and productivity

THE EFFECTIVE HEALTH WAY TO TAKE YOUR LIPITROL

LIPITROL is a tested product which will help you lose FAT. Many of us are used to weight loss programs which "take the weight off" nearly overnight. Many of these programs cause us to lose water weight, and even muscle weight. But, weight is not our number one enemy...FAT is! LIPITROL fights FAT, and losing FAT takes time. Read and follow these instructions carefully. Make LIPITROL a consistent part of your weight loss program. Give yourself 60 or more days to see measurable results. Follow our GoodFood dietary guidelines and get into the GoodExercise habit. Good Luck!

Q: How Shall I Begin?

A: Begin by taking one or two tablets with a full glass (8 ounces) of water or juice. Take your tablet(s) 1/2 hour prior to every meal. Taking LIPITROL during or after a meal will not produce satisfactory results. Just be sure that "before you take your first bite, take your LIPITROL!"

Complaint

EXHIBIT D

- Q: How Many Tablets Should I Take Per Day?
- A: If you eat three meals per day, you will use a minimum of 3 tablets per day. For most people, the maximum daily dosage is 6 tablets, i.e., 2 before every meal. Most people vary their dosage between 3, 4, 5 and 6 tablets per day to see which is most effective for them.
- Q: How Will I Know My Dosage Is Satisfactory?
- A: You're on the right track when one or more of the following occur: 1) Stools appear lighter in color; 2) Stools appear bulkier; 3) Stools may float in water. These indications result from FATS being passed through your digestive tract and eliminated in the stool.
- Q: Should I Increase My Dosage?
- A: After two or three days, increase your dosage to 2 tablets prior to your largest and fattiest meal of the day. If no diarrhea results from 2 tablets at your largest meal, you may choose to use 2 tablets prior to every meal. Some people will even use 2 LIPITROL or more prior to their fattiest meal. If diarrhea occurs, this is a form of controllable diarrhea and not the same as diarrhea caused by food poisoning. It does not require medication or any treatment. It just means that there is too much FAT in your stool to allow a normal bowel movement. This actually is a condition we regard as Desirable as it means the FAT is leaving your body. Whether the normal dosage or the Maxi FAT strategy described below is appropriate for you depends upon how your body responds to each dosage and upon the advice of your physician.
- Q: How Can I Get Maximum FAT Removal?
- A: Each LIPITROL tablet has the capability to remove approximately 6 grams of FAT (the actual figure is 5.6 grams) from the food you eat. By determining as accurately as possible, the number of grams of FAT you are consuming in your next meal, you can use that figure, divided by 6, and take the appropriate number of tablets to absorb that FAT—this is what we call the Maxi-FAT strategy.
- Q: Won't It Be Using More LIPITROL With the Maxi-FAT strategy?
- A: Yes, you will. If economics is a serious concern, then stay with the 2 tablets with each meal approach. If you want optimum results, then Maxi-FAT is for you. Just remember each gram of FAT contains 9 calories. Each tablet can absorb approximately 6 grams of FAT or 54 calories. It takes about 3,500 unused calories to add a pound of weight to your body. In other words, the Maxi-FAT strategy is designed to absorb more FAT or calories than you take more tablets.
- Q: If I Eat A 100% FAT Free Meal, Should I Still Take My LIPITROL?
- A: If one of your meals contains absolutely no FAT, it is not necessary to take LIPITROL for that particular meal.
- Q: Should I Take vitamin supplements while taking LIPITROL?
- A: If you wish to take vitamin supplements, we advise doing so 1 hour prior to taking your LIPITROL—or 2 hours after taking LIPITROL. While we have observed no evidence of FAT-soluble vitamin deficiency during our human testing, however over an extended period of time, it is possible that levels of vitamins A, D, E, and K may drop, particularly if you follow the Maxi-FAT strategy.
- Q: What about additional side effects?
- A: 3 out of 10 people in our test group experienced excess gas when taking LIPITROL. If this is a concern we strongly recommend that you go to a health food store and get a jar of activated charcoal tablets. They are very inexpensive. Activated charcoal is a fine aid to digestion, does not enter your blood stream and has the ability to absorb excess gas.
- Q: Why Is Exercise So Important?
- A: Reducing one's FAT intake (through a balanced diet and LIPITROL) are only part of the strategy for burning the "stored" FAT in our bodies. Consistent Regular Exercise actually increases our body's metabolism so that we burn FAT at a higher rate than when our lifestyles are sedentary. Most Important: Check with your physician before beginning any weight loss or exercise program.
- Q: When Should I Begin To See Weight Loss and/or Size Loss?
- A: One of our four week studies indicates that diet and exercise alone will result in an average weight loss of about 21 pounds per month. With diet and exercise plus LIPITROL.

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EXHIBIT D

the average weight loss in our study was 6.2 pounds per month. Everyone is unique, and we encourage our customers to make LIFTROL a consistent part of their weight loss program for at least 60 or more days in order to experience the best measure to how well LIFTROL is going to work for them.

Q: Any hints to help me be consistent with LIFTROL?

A: Yes. Lots of people tend to forget their LIFTROL when they get to work, or out to eat, etc. An easy solution is to purchase an extra bottle, or split your current bottle into two or more containers.

Q: How Long Will I Need To Take LIFTROL?

A: The answer depends upon where you are today and where you want to be tomorrow. Many people can testify from experience that a "quick" weight loss program often backfires into a quick weight gain after the program is over. One of the reasons this happens is because metabolism changes when you eat, does not necessarily change your metabolism when you eat, or metabolize the FAT. Being LIFTROL, plus a nutritional habits and Good Exercise can result in having FAT while also stepping up body metabolism so that after you reach your goal, you keep the weight and FAT off!

NOTE: Please do not view your LIFTROL as an excuse for your nutritional habits. Don't think that it is now O.K. to over indulge yourself and eat all the FAT-loaded food you want. NOT SO! You must realize that while some foods may be 40% or 50% FAT, the remaining 50% or 60% is not and still

contains calories that won't be dealt with by taking LIFTROL. In fact, you may be your own worst enemy by trying to beat the system.

Do You Have Other Questions? Please feel free to drop us a note at the address listed on page 14.

WHY DO DIETS OFTEN BACKFIRE?

Think of your body as a calorie burning machine. It runs on fuel (i.e. calories), which are obtained from food. The rate at which you burn fuel is your metabolism. Here are two ways you can instruct your calorie machine to burn slower (i.e. slow your metabolism). 1. Deplete it of fuel. When you fast or severely restrict your calorie intake, your body's natural protective mechanism is to "slow down" in an effort to conserve its fuel resources. Unfortunately, when prolonged exposure to this conservation mechanism (file in a very low calorie diet), your metabolism tends to stay slow even after the diet is concluded. When normal calorie intake is resumed, your body is likely to burn fewer calories per day than when you started the diet! The calorie machine has been told to "burn slow" - "conserve fuel". And unless the body is given new orders to "burn more fuel", it will continue in its slow burn mode. This is why so many people have lost significant amounts of weight, only to gain it back again soon afterward! 2. Become Less Active. It should be obvious that the more sedentary we become, the less fuel we will need to meet our body's decreasing activity levels. This body requires accordingly, and our metabolism slows down.

GOOD EXERCISE HABITS (Training your body to burn FAT)

Your body runs 24 hours a day, always burning fuel. In your normal routine you may be very tired at the end of the day, however you have not burned any stored FAT because you did not change your body's metabolism. Unfortunately, many people believe that grinding, pushing, and shoving with perspiration are required for FAT burning and good health. This is unfounded. During such high demand (anaerobic) activity your body will call upon its ultra high power fuel source—glucose (sugar), and no FAT burning activity will take place—even though you have worked very hard. You must exercise just hard enough and long enough to turn up your body's need for fuel—gradually—then you will be giving instructions that will last long after the 12 to 45 minutes of exercise has passed. In practical terms, if you are huffing and puffing, you need to slow down (i.e. walk, slow jog, slow, pedal slower, etc.). Why? Because to you (at this point in time), this is a high demand activity which tells your body to burn glucose not FAT. Also, if your heart rate becomes too high during exercise, it is dangerous, and you will likely not be able to sustain the exercise activity long enough to persuade your body that you really do want to make those metabolism changes! On the other hand, when you give sensible exercise instructions to your body several days per week, come into or slow, your body really believes that you want to burn FAT. And do you know what? It does!

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EXHIBIT D

FOUR ESSENTIALS OF GOOD EXERCISE

(Caution: Unless you are presently participating in a consistent exercise program, do not attempt any exercise program without first consulting your physician.)

Exercise comes in many forms. Beginner to competitive. Indoor and outdoor. Expensive and inexpensive. Standing up and sitting down.

No matter what form of exercise you choose, be certain it satisfies these four essentials:

1. **Talkable**—While exercise should cause you to breathe faster than when you are not exercising, you should not get out of breath. During the exercise, you should be able to carry on a light conversation or sing a simple song...but maybe not an opera.
2. **Uninterrupted**—at least 12 minutes for beginning joggers, and at least 30 minutes for most walkers. Remember, regardless of your choice of exercise, if you really want to "get in shape" don't make a 20 minute workout "harder". Instead make it longer...a 25, then 30, then 35 minute workout, and so on.
3. **Frequent**—Reasonable exercise has some benefit, however it takes frequency to convince your body that you really want it to eliminate FAT while increasing muscle and metabolism. Make it your goal to exercise daily. Begin with at least three days per week. Count how many minutes you exercise each week—not how far you run, walk, bicycle etc.
4. **Involves at least the major groups of my lower body...**the legs and buttocks. (Other muscle groups can be added).

GOOD EXERCISES (i.e. they fit the four essentials) include:

Walking, hiking, jogging, cross-country skiing, aerobic dancing, stair climbing, jumping rope, bench stepping, roller skating, treading, rowing, and mini-trampoline.

EXERCISES (that are either too slow, too fast, too steep and/or do not satisfy the four essentials) include: Tennis, racquetball, squash, softball, golf, weight lifting, downhill skiing.

WHY YOU SHOULD NOT "GO ON A DIET"

Millions of Americans have gritted their teeth, lost the weight, and then regained it faster than they lost it! This is not fair...to work so hard and only end up right back where we started! Instead, let us go on a "quest"—a "mission" if you prefer. Our objective is not calorie deprivation! Our objective is good health through the choosing and using of gradual, maintainable lifestyle changes...and using LIPITROL everyday.

Instead of going on a diet, just reduce the FATS in your meals.

Benefits: You will automatically have a reduction in calories, plus cholesterol loss as a result of the lost weight. FATS have more than twice the calories of carbohydrates and protein. It is more important to count the FATS in your foods than to count the calories.

FAT FIGHTING TIPS:

In addition to taking LIPITROL before every meal, you should 1. Trim all FAT and remove all skin from meats and

poultry. Red meats are high in FAT. Most preparations include bake, broil, boil, steam or open grill only. 2. Keep away from eggs. Use egg whites or egg substitutes as an alternative. 3. Eliminate butter and cheeses, palm and coconut oils, butter and lard which is high in cholesterol. Poly and mono unsaturated FATS help lower cholesterol. 4. Keep away from gravies, creams and sauces. 5. Greens are great—watch the dressing. Order all dressings on the side and use sparingly. Use reduced or low calorie dressing only. 6. Do not be a member of the clean plate club, take home what you cannot finish. Many restaurants serve more than one person can eat. Get two meals out of one.

Additional Tips: Drink eight, 8 oz. glasses of water daily. Chew food slowly and completely. Put your fork or spoon down between bites. Never take less than 20 minutes to finish a meal. Try a smaller plate. Do not skip meals, you will only overeat later. Eat dinner as early as possible.

At The Market: Make a list before you go shopping. Do not shop on an empty stomach. Read all labels carefully. Some products that claim to have "low" or "no" cholesterol may be high in FAT. Look for variety and choose good foods.

Reality Check: It's a tough assignment to tackle all of these FAT reducing tips at the same time. Consider trying one or two per month until they become your Food habits. Always look for new ways to reduce FATS in your diet.

HOW YOU CAN HAVE GOOD FOOD HABITS—Through the "Pyramid"
The Healthy, Balanced Diet includes daily quantities of foods

Complaint

EXHIBIT D

HOW YOU CAN HAVE GOOD FOOD HABITS—Through the "Pyramid"
The Healthy, Balanced Diet includes daily quantities of foods

1. poultry. Red meats are high in FAT. Meat preparations include pork, beef, lamb, chicken or open grill only.
2. Keep away from eggs. Use egg whites or egg substitutes as an alternative.
3. Eliminate butter and cheese, palm and coconut oils, lard and lard which is high in cholesterol.
4. Keep away from unsaturated FATS help lower cholesterol.
5. Keep away from gravies, creams and sauces.
6. Greens are great—watch the dressing. Order all dressings on the side and use sparingly. Use reduced or low calorie dressing only.
7. Do not be a member of the clean plate club, take home what you cannot finish. Many restaurants serve more than one person served. Eat two meals out of one.
8. Additional tips: Drink eight, 8-oz. glasses of water daily. Eat food slowly and completely. Put your fork or spoon down between bites. Never take less than 20 minutes to finish a meal. Try a smaller plate. Do not skip meals, you will only overeat later. Eat dinner as early as possible.
9. At The Market: Make a list before you go shopping. Do not shop on a empty stomach. Read all labels carefully. Some products that claim to have "low" or "no" cholesterol may be high in FAT. Look for variety and choose good foods.
10. Healthy Check: It's a tough assignment to tackle all of these. 1) All reducing tips at the same time. Consider trying one or two per month until they become your fixed habits. Always 1) eat new ways to reduce FATS in your diet.

from each of the 5 Basic Food Groups. These are:

1. All Fruits & Vegetables: With the exception of avocado and olives (which have a very high FAT content), nearly all fruits and vegetables are low in FAT and calories, while high in fiber. Average serving size: 1 cup. Average daily servings: 5-6.
2. Vegetables have high nutrition, lowest calories.
3. Grains & Cereals: "Whole" grains in wheat, rye, rice, corn, and oat products will tend to have less sugar, less calories, and a higher fiber content than processed, bleached, ground, and refined bread and cereal products. Average serving size: 1/2 cup cereal, pasta, and rice; 1 slice bread. Average daily servings: 5-6.
4. Milk Products: include yogurt, cheese and milk, having a wide range of FAT content. Cheese ranges from 50% FAT (as a percentage of calories) to 0% or higher FAT content in Cheddar, Boursin, American and Cream cheeses. Use these high FAT cheeses as a flavorful garnish—and as a main ingredient. Average serving size: 1 cup milk, (skim or low FAT), yogurt (low FAT), or cottage cheese (low FAT); 1 ounce cheese. Average daily servings: 3-4. Skim, low FAT milk are best. No ice cream. Substitute non-fat frozen yogurt or ice milk products.
5. Meats: include beef, pork, poultry, fish, eggs, seafood and legumes (e.g., beans, split peas, lentils), with a wide variance of FAT content. The safest choices are high in fiber and protein while low in FAT. The worst choices are high in fat and protein content include eggs, bacon, ham, sausage, bologna, liverwurst, sardines and pepperoni. Do not eat ribs and "steaks". A 100g of ground beef contains about 500 calories and 75% FAT. Safe choices also include skinless chicken and turkey (white meat) and meat white fish. Average serving size: 3 ounces. Average daily servings: 2.

Study the "Food Pyramid" conceived by the U.S. Department of Agriculture. The Pyramid displays a well balanced diet in graphic form, and recommends limited use of FATS and sugars in our diet.

MEAT SUBSTITUTIONS: APPROX. 1500 CALORIES

Facilitate weight loss by selecting the appropriate quantities of food from the proper food groups.

	Milk	Meat	Fruit	Vegetable	Cereal/Bread
Day 1	3	2	4	2	4
Day 2	2	3	2	3	4
Day 3	2	2	3	3	3
Day 4	3	2	4	4	2
Day 5	2	3	4	2	3
Day 6	3	3	2	2	2
Day 7	3	2	2	2	4

NOTE: 3 extra exchanges of foods per day are allowed.

EXHIBIT D



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In previous dialogue, we've looked for ways to "sequester" the active site of the FAD from the metals of his patients. The *sequestration* of the active site would pass out of the body. In the dialogue that I was seeking, absorption into the body of the site. He knows that if the patients absorbed less of the FAD than the host, then they would be healthy.

Los Angeles, CA 90012

1997, 1998, 1999, 2000, 2001, 2002, 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016, 2017, 2018, 2019, 2020, 2021, 2022, 2023, 2024, 2025, 2026, 2027, 2028, 2029, 2030, 2031, 2032, 2033, 2034, 2035, 2036, 2037, 2038, 2039, 2040, 2041, 2042, 2043, 2044, 2045, 2046, 2047, 2048, 2049, 2050, 2051, 2052, 2053, 2054, 2055, 2056, 2057, 2058, 2059, 2060, 2061, 2062, 2063, 2064, 2065, 2066, 2067, 2068, 2069, 2070, 2071, 2072, 2073, 2074, 2075, 2076, 2077, 2078, 2079, 2080, 2081, 2082, 2083, 2084, 2085, 2086, 2087, 2088, 2089, 2090, 2091, 2092, 2093, 2094, 2095, 2096, 2097, 2098, 2099, 2100, 2101, 2102, 2103, 2104, 2105, 2106, 2107, 2108, 2109, 2110, 2111, 2112, 2113, 2114, 2115, 2116, 2117, 2118, 2119, 2120, 2121, 2122, 2123, 2124, 2125, 2126, 2127, 2128, 2129, 2130, 2131, 2132, 2133, 2134, 2135, 2136, 2137, 2138, 2139, 2140, 2141, 2142, 2143, 2144, 2145, 2146, 2147, 2148, 2149, 2150, 2151, 2152, 2153, 2154, 2155, 2156, 2157, 2158, 2159, 2160, 2161, 2162, 2163, 2164, 2165, 2166, 2167, 2168, 2169, 2170, 2171, 2172, 2173, 2174, 2175, 2176, 2177, 2178, 2179, 2180, 2181, 2182, 2183, 2184, 2185, 2186, 2187, 2188, 2189, 2190, 2191, 2192, 2193, 2194, 2195, 2196, 2197, 2198, 2199, 2200, 2201, 2202, 2203, 2204, 2205, 2206, 2207, 2208, 2209, 2210, 2211, 2212, 2213, 2214, 2215, 2216, 2217, 2218, 2219, 2220, 2221, 2222, 2223, 2224, 2225, 2226, 2227, 2228, 2229, 2230, 2231, 2232, 2233, 2234, 2235, 2236, 2237, 2238, 2239, 2240, 2241, 2242, 2243, 2244, 2245, 2246, 2247, 2248, 2249, 2250, 2251, 2252, 2253, 2254, 2255, 2256, 2257, 2258, 2259, 2260, 2261, 2262, 2263, 2264, 2265, 2266, 2267, 2268, 2269, 2270, 2271, 2272, 2273, 2274, 2275, 2276, 2277, 2278, 2279, 2280, 2281, 2282, 2283, 2284, 2285, 2286, 2287, 2288, 2289, 2290, 2291, 2292, 2293, 2294, 2295, 2296, 2297, 2298, 2299, 2300, 2301, 2302, 2303, 2304, 2305, 2306, 2307, 2308, 2309, 2310, 2311, 2312, 2313, 2314, 2315, 2316, 2317, 2318, 2319, 2320, 2321, 2322, 2323, 2324, 2325, 2326, 2327, 2328, 2329, 2330, 2331, 2332, 2333, 2334, 2335, 2336, 2337, 2338, 2339, 2340, 2341, 2342, 2343, 2344, 2345, 2346, 2347, 2348, 2349, 2350, 2351, 2352, 2353, 2354, 2355, 2356, 2357, 2358, 2359, 2360, 2361, 2362, 2363, 2364, 2365, 2366, 2367, 2368, 2369, 2370, 2371, 2372, 2373, 2374, 2375, 2376, 2377, 2378, 2379, 2380, 2381, 2382, 2383, 2384, 2385, 2386, 2387, 2388, 2389, 2390, 2391, 2392, 2393, 2394, 2395, 2396, 2397, 2398, 2399, 2400, 2401, 2402, 2403, 2404, 2405, 2406, 2407, 2408, 2409, 2410, 2411, 2412, 2413, 2414, 2415, 2416, 2417, 2418, 2419, 2420, 2421, 2422, 2423, 2424, 2425, 2426, 2427, 2428, 2429, 2430, 2431, 2432, 2433, 2434, 2435, 2436, 2437, 2438, 2439, 2440, 2441, 2442, 2443, 2444, 2445, 2446, 2447, 2448, 2449, 2450, 2451, 2452, 2453, 2454, 2455, 2456, 2457, 2458, 2459, 2460, 2461, 2462, 2463, 2464, 2465, 2466, 2467, 2468, 2469, 2470, 2471, 2472, 2473, 2474, 2475, 2476, 2477, 2478, 2479, 2480, 2481, 2482, 2483, 2484, 2485, 2486, 2487, 2488, 2489, 2490, 2491, 2492, 2493, 2494, 2495, 2496, 2497, 2498, 2499, 2500, 2501, 2502, 2503, 2504, 2505, 2506, 2507, 2508, 2509, 2510, 2511, 2512, 2513, 2514, 2515, 2516, 2517, 2518, 2519, 2520, 2521, 2522, 2523, 2524, 2525, 2526, 2527, 2528, 2529, 2530, 2531, 2532, 2533, 2534, 2535, 2536, 2537, 2538, 2539, 2540, 2541, 2542, 2543, 2544, 2545, 2546, 2547, 2548, 2549, 2550, 2551, 2552, 2553, 2554, 2555, 2556, 2557, 2558, 2559, 2560, 2561, 2562, 2563, 2564, 2565, 2566, 2567, 2568, 2569, 2570, 2571, 2572, 2573, 2574, 2575, 2576, 2577, 2578, 2579, 2580, 2581, 2582, 2583, 2584, 2585, 2586, 2587, 2588, 2589, 2590, 2591, 2592, 2593, 2594, 2595, 2596, 2597, 2598, 2599, 2600, 2601, 2602, 2603, 2604, 2605, 2606, 2607, 2608, 2609, 2610, 2611, 2612, 2613, 2614, 2615, 2616, 2617, 2618, 2619, 2620, 2621, 2622, 2623, 2624, 2625, 2626, 2627, 2628, 2629, 2630, 2631, 2632, 2633, 2634, 2635, 2636, 2637, 2638, 2639, 2640, 2641, 2642, 2643, 2644, 2645, 2646, 2647, 2648, 2649, 2650, 2651, 2652, 2653, 2654, 2655, 2656, 2657, 2658, 2659, 2660, 2661, 2662, 2663, 2664, 2665, 2666, 2667, 2668, 2669, 2670, 2671, 2672, 2673, 2674, 2675, 2676, 2677, 2678, 26

distributed exclusively by Effective Health Inc.

Effective Health's

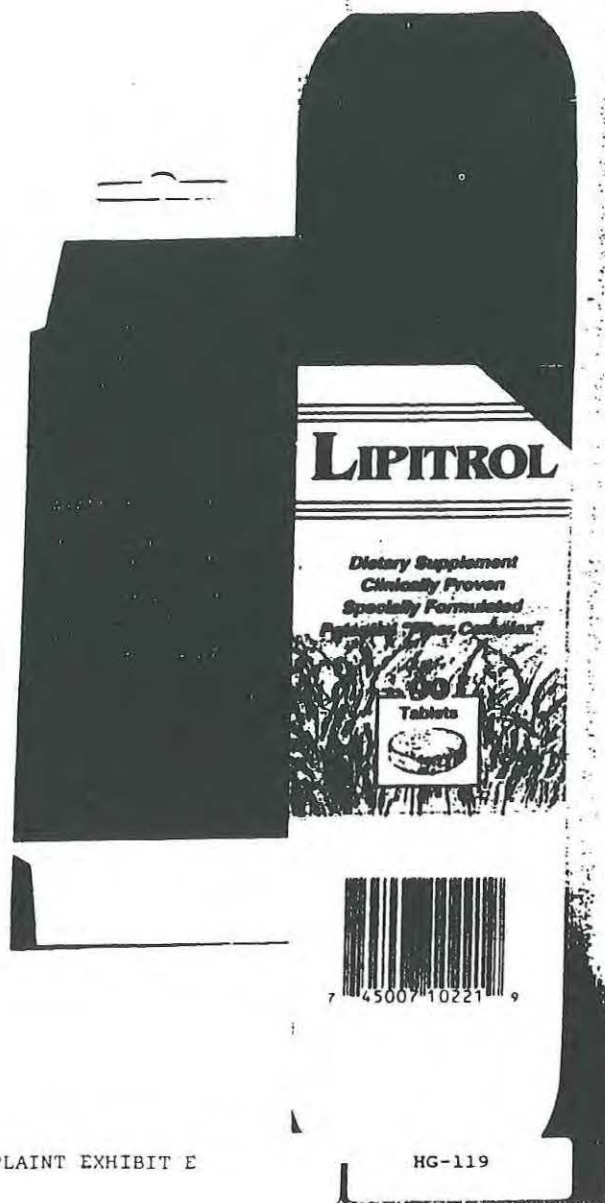
Healthy Lifestyle



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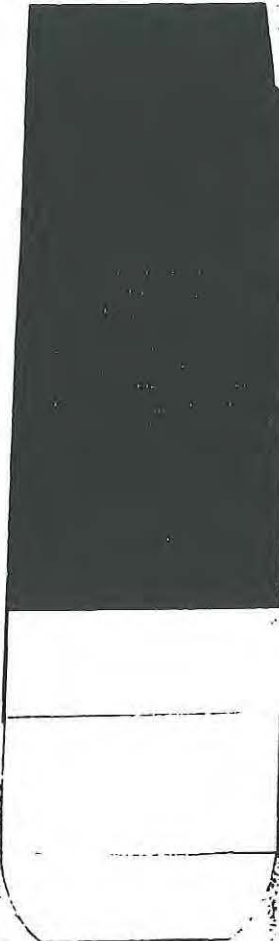
EXHIBIT E



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EXHIBIT E



LIPITROL

RECOMMENDED USE:
For Adults Only. Take 1 or 2 tablets, 3 times per day with full glass of water, 1/2 hour before meals. Each LIPITROL tablet has been shown to absorb approximately 5.9 grams of FAT, from the foods you eat.

NOTICE:
Before considering any weight control program it is advisable to consult with your physician. Do not use in the presence of diarrhea or abdominal pain. Store in a cool dry place.

INGREDIENTS:
Barley/Fiber Fiber, Sodium Cholesteryl Complex, Cellulose, Acacia, Croscarmellose Sodium, Lemon Pectin, Stearic Acid, Carrot, Silicon Dioxide, Magnesium Stearate & Acacia Powders.

COATING:
Hydroxypropylmethylcellulose, Propylene Glycol and Carnauba

Nutritional Information per Tablet
Only 2 Calories Each

Protein	35.0 mg
Fiber	180.0 mg
Ash	44.0 mg
Fat	60.0 mg
Carbohydrates	340.0 mg
Moisture	38.0 mg
Total Weight	= 700 Milligrams
Vitamins & Minerals	= Less than 2% RDA

By: Effective Health, Inc. L.A., CA 90025
Phone # 4 255 888 Made in U.S.A.

HG-120

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Complaint

EXHIBIT F

THIS IS WHAT SEQUESTER DOES TO

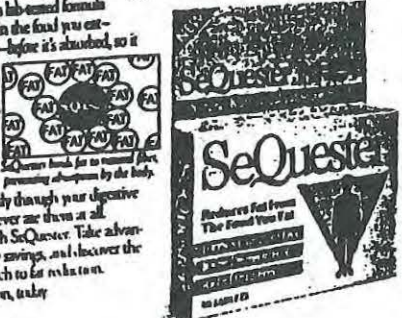
Introducing
SeQuester—the revolutionary
tablet that "shrinks" the amount
of dietary fat your body absorbs.

SeQuester is a fat-sequestering formula
that neutralizes fat in the food you eat—
safely and naturally—before it's absorbed, so it
won't wind up on
your body.

SeQuester's unique,
patented ingredi-
ents bind fat mole-
cules to vegetable
fiber, passing them
gently and harmlessly through your digestive
tract. It's like you never ate them at all.

Shrink fat with SeQuester. Take advan-
tage of instant fat savings, and discover the
safe, natural approach to fat reduction.
It's in the diet section, today.

**THE FAT
IN FOOD
YOU
EAT.**



(STORE IMPRINT)

DO #2

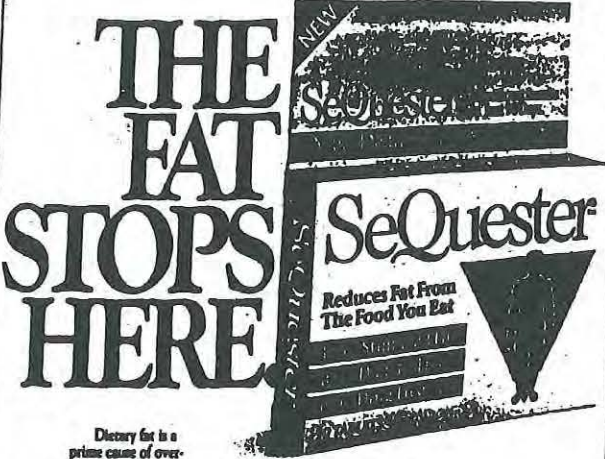
SQ-141

COMPLAINT EXHIBIT F

Complaint

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EXHIBIT G



THE FAT STOPS HERE

SeQuester
Reduces Fat From The Food You Eat

Dietary fat is a prime cause of overweight, heart disease, high cholesterol, and other major health problems. So imagine a tablet that can "block" the amount of fat your body absorbs.

Imagine SeQuester. A revolutionary discovery that lets you "rescue" fat from the food you eat before it's absorbed, so it won't wind up on your body. Or in your arteries.

SeQuester is a safe, natural, lab-created formula, shown to be effective in lowering fat absorption. It's easy. Just take one or more SeQuester tablets 30 minutes before meals. Its unique, patented formula binds fat molecules to natural vegetable fiber (as illustrated), passing it gently and harmlessly through your digestive tract.

SeQuester is intended for use as part of a program of sensible nutrition and exercise. Unlike fat diets that are ineffective at best, unhealthy at worst, SeQuester contributes to a safe, gradual loss of body fat and weight significantly better than what you're likely to accomplish through dieting and exercise alone.

So get control of fat, before fat controls you. Take advantage of our introductory savings on SeQuester, and experience for yourself this patently superior approach to fat reduction. Look for SeQuester in the diet section, today.



SeQuester binds fat to natural fiber, preventing absorption by the body.

\$2.00 OFF

SeQuester
Reduces Fat From The Food You Eat

0001-74

MANUFACTURER'S COUPON

(STORE IMPRINT GOES HERE.)

SQ-142

AD #3

COMPLAINT EXHIBIT G

Complaint

EXHIBIT H



**For the holidays, don't cut it all out.
Just take SeQuester.**

SEQUESTER REDUCES FAT FROM THE FOOD YOU EAT.

Don't look any weight watches, but the holidays are gaining on us. So many parties, so much good food, so hard to say "no." So consider your choices. Either you can cut out all those rich, delicious foods that make life wonderful.

Or you can cut out this unpleasant and sometimes painful to SeQuester - a revolutionary discovery that helps your body eliminate fat absorption from the food you eat.

With SeQuester, you can plan on enjoying incredible portions of all those great holiday foods, and know that their calories for comfort won't be showing up on your scale - or in your mirror - when January let.

SeQuester is a safe, natural dietary supplement. No weight, personal friends help him to maintain a normal very scale that, as they pass gently and often, help through the digestive tract. Just take one or more tablets 30 minutes before meals.

SeQuester
Alderson, a fine, white, crystalline powder.

NOTE: SeQuester should be used as a dietary supplement of meals, and not as a meal replacement. It should be used as a dietary supplement, not as a meal replacement. It should be used as a dietary supplement, not as a meal replacement.

SeQuester
Alderson, a fine, white, crystalline powder.

\$2.00 OFF **RITE AID**

SeQuester is now available at Rite Aid.

RA-43

Complaint

123 F.T.C.

EXHIBIT I



SeQuester.

A guide to a healthy lifestyle

INSIDE:

Valuable tips on SeQuester use.
Plus: sensible eating & exercise habits.

NOTE: The following is the copy for the SeQuester insert

COMPLAINT EXHIBIT I

SQ-22

SEQUESTER CORPORATION • 2837 TOWNSEND DRIVE • SUITE 100 • WESTLAKE, MINNESOTA, CA 90069
805-294-0087 • FAX 805-294-4120

1477

Complaint

EXHIBIT I

Page 2
SeQuester

Thank you for purchasing SeQuester™. This natural patented product helps reduce fat absorption and let's you lose weight naturally and comfortably.

Take hold of the fat, before the fat takes hold of you!

Please study the important information contained in this pamphlet. It is designed to help you get the maximum benefit from SeQuester. It contains many tips on food selection, food preparation, exercise and how to use SeQuester most effectively.

THE REAL ENEMY: Your real enemy is not *weight*. Your real enemy is *fat*. SeQuester helps fight fat.

HEALTHY HEART OBJECTIVE:

Number 1: To feed my body less fat.

Number 2: To train my body to burn fat more efficiently.

PROBABLE BENEFITS:

- Improved Health • Reduced fat intake • Reduced body weight
- Increased energy level and productivity

THE EFFECTIVE, HEALTHY WAY TO TAKE YOUR SEQUESTER:

SeQuester is a tested product that will help you lose fat. Many of us are used to weight loss programs which "take the weight off" nearly overnight. Many of those programs cause us to lose water weight, and even muscle weight. But, weight is not our number one enemy – fat is. SeQuester fights fat, and *losing fat takes time*. Read and follow these instructions carefully. Make SeQuester a consistent part of your weight loss program. Give yourself 90 or more days to see measurable results. (The initial few days of your SeQuester program may even show some weight increase. Don't panic. This is normal.) Follow our GoodFood dietary guidelines and get into the good exercise habit. Good luck!

Q: HOW SHALL I BEGIN?

A: Begin by taking one or two tablets with a full glass (8 ounces) of water or juice. Take your tablet(s) 1/2 hour prior to every meal. Taking SeQuester during or after a meal will not produce satisfactory results. Just be sure that before you take your first bite, take your SeQuester.

Complaint

123 F.T.C.

EXHIBIT I

Page 3
SeQuester

Q: HOW MANY TABLETS SHOULD I TAKE PER DAY?

A: If you eat three meals per day, you will use a minimum of 3 tablets per day. For most people the maximum daily dosage is 6 tablets, i.e., 2 before every meal. Most people vary their dosage between 3 to 6 tablets per day to see which is most effective for them.

Q: HOW WILL I KNOW MY DOSAGE IS SATISFACTORY?

A: You're on the right track when one or more of the following occur: (1) Stools appear lighter in color; (2) Stools appear bulkier; (3) Stools may float in water. These indications result from fats being passed through your digestive tract and eliminated in the stool.

Q: SHOULD I INCREASE MY DOSAGE?

A: After two or three days, increase your dosage to 2 tablets prior to your largest and fattest meal of the day. If no diarrhea results from 2 tablets at your largest meal, you may choose to use 2 tablets before every meal. Some people will even use 3 or more SeQuester tablets prior to their fattest meal. If diarrhea occurs, it is controllable. It does not require medication or any treatment. It just means that there is too much fat in your stool to allow a normal bowel movement. This actually is a condition we regard as desirable as it means the fat is leaving your body. Whatever is appropriate for you depends upon how your body responds to lesser dosages, and upon the advice of your physician.

Q: IF I EAT A 100% FAT-FREE MEAL, SHOULD I STILL TAKE MY SEQUESTER?

A: If one of your meals contains absolutely no fat, it is not necessary to take SeQuester for that particular meal.

Q: SHOULD I TAKE VITAMINS SUPPLEMENTS WHILE TAKING SEQUESTER?

A: If you wish to take vitamin supplements, we advise doing so 1 hour prior to taking your SeQuester or 2 hours after taking SeQuester. We have observed no evidence of fat-soluble vitamin deficiency during our human testing, however taking a multiple vitamin/mineral supplement is always a good idea.

Q: WHAT ABOUT ADDITIONAL SIDE EFFECTS?

A: Three out of 10 people in our test group experienced excess gas when taking SeQuester. If this is a concern we strongly recommend that you get some activated charcoal tablets. They are very inexpensive and can be found

EXHIBIT J

SeQuester™

Natural Nutritional Fat Sequestrant*

*SeQuester is a specially formulated patented product which, when used as directed, reduces fat and sugar from the foods you eat.

Tests have shown SeQuester effects metabolizable energy, thus increasing fecal energy (calorie) excretion and reduces hunger feelings without increasing total calorie intake.

The combination of special ingredients, through our patented manufacturing process, negatively affects the availability of fat and sugar. The mechanism that produces this action remains unclear.

100% money back guarantee.

Sequester should be used with a properly balanced diet and exercise program.

NUTRITIONAL INFORMATION PER TABLET (ONLY 2 CALORIES EACH)

Protein	35.0 mg	Fiber	180.0 mg
Fat	0.06 grams	Carbohydrates	340.0 mg

Vitamins & Minerals = less than 25% RDA

Total Tablet Weight = 700 milligrams

RECOMMENDED USE: For adults only. Take 1 or 2 tablets 3 times per day 1/2 hour before meals with a FULL glass of water.

NOTICE: Before considering any weight loss program, it is advisable to consult with your physician. This product, when used in excess, may cause diarrhea, abdominal cramping, or gas. If this occurs, product dosage should be temporarily reduced or discontinued. Store in a cool dry place.

INGREDIENTS: Activated-Fiber Complex (Barley/Rice Fiber, Sodium Choleate Complex), Cellulose, Acacia, Croscarmellose Sodium, Lemon Pectin, Stearic Acid, Carrot, Silicone Dioxide, Methylcellulose, Magnesium Stearate, Acerola and Propylene Glycol.

Manufactured Exclusively For:
KCD, Inc. Westlake Village, CA 91361

Made in the USA
U.S. Patent #4,865,850

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 respondent William E. Shell, M.D., having been furnished thereafter with a copy of a draft of complaint which the Seattle 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 respondent, his attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 the respondent 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 respondent has 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 William E. Shell, M.D. was an officer of Interactive Medical Technologies, Ltd., and Effective Health, Inc. He formulated, directed and controlled the policies, acts and practices of said corporations. His home address is at 3048 Nicada Drive, in the City of Los Angeles, State of California.

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

ORDER

It is ordered, That for purposes of this order, the following definitions shall apply:

1. "*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.

2. Unless otherwise specified, "*respondent*" shall mean William E. Shell, M.D., individually and as a former officer of IMT.

3. "*In or affecting commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

I.

It is ordered, That respondent, directly or through any corporation, subsidiary, division or other device, in connection with the labeling, advertising, promotion, offering for sale, sale or distribution of Lipitrol or any product or program marketed or sold under any name, in or affecting commerce, shall not represent, in any manner, expressly or by implication, that such product prevents or reduces the body's absorption of fat from consumed food or absorbs any amount of fat from consumed food unless the representation is true and, at the time it is made, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation.

II.

It is further ordered, That respondent, directly or through any corporation, subsidiary, division or other device, in connection with the labeling, advertising, promotion, offering for sale, sale or distribution of Lipitrol or any product or program, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that any such product:

- A. Provides any weight loss benefit;
- B. Lowers blood cholesterol levels;
- C. Reduces, or reduces the risks associated with, high cholesterol, including clogged arteries, high blood pressure, diabetes, breast cancer and heart disease; or
- D. Can be used, beneficially and safely, in amounts or with frequency sufficient to cause diarrhea,

unless, at the time the representation is made, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation.

III.

It is further ordered, That respondent, directly or through any corporation, subsidiary, division or other device, in connection with the labeling, advertising, promotion, offering for sale, sale or distribution of Lipitrol or any product or program, in or affecting commerce, shall not misrepresent, in any manner, expressly or by implication, the existence, contents, validity, results, conclusions or interpretations of any test, study or research.

IV.

It is further ordered, That respondent, directly or through any corporation, subsidiary, division or other device, in connection with the labeling, advertising, promotion, offering for sale, sale or distribution of Lipitrol or any product or program, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, about the benefits, performance, efficacy or safety of any such product or program, unless, at the time the representation is made, respondent possesses and relies upon competent and reliable scientific evidence that substantiates the representation.

V.

It is further ordered, That respondent shall not provide means and instrumentalities or substantial assistance or support to any person or entity who respondent knows or should know is making any false or misleading benefits, performance, efficacy or safety claim, or any benefits, performance, efficacy or safety claim that is not substantiated by competent and reliable scientific evidence, in connection with the labeling, advertising, promotion, offering for sale, sale or distribution of any weight loss, fat reduction or cholesterol reduction product or program. "Assistance" includes, but is not limited to, providing:

A. Any tests, analyses, studies or research to determine the benefits, performance, efficacy or safety of any such product or program;

- B. The licensing or other contractual rights to market any such product or program;
- C. Any technical assistance; or
- D. Any advertising, labeling or promotional materials.

VI.

It is further ordered, That respondent, directly or through any corporation, subsidiary, division or other device, when providing assistance, as "assistance" is defined in Part V of this order, to any person or entity that is engaged in the labeling, advertising, promotion, offering for sale, sale or distribution of any weight loss, fat reduction or cholesterol reduction product or program, shall:

A. Take reasonable steps sufficient to determine, commencing with the beginning of any business relationship, or with entry of this order if a relationship already exists, and continuing on a regular basis throughout the relationship, whether any labeling, advertising, promotion, offering for sale, sale or distribution of any such product or program by any person to whom respondent is or will be providing assistance involves any false or misleading benefits, performance, efficacy or safety claim or any benefits, performance, efficacy or safety claim that is not substantiated by competent and reliable scientific evidence. Such steps shall include evaluating, on a basis independent of such person, the truthfulness of and substantiation for, representations made to consumers. For purposes of this order, evaluating includes, but is not limited to, reviewing all advertisements and promotional materials and all tests, reports, studies, surveys, demonstrations or other evidence that any such person relies upon in making any benefits, performance, efficacy or safety claims to consumers.

B. Immediately terminate any business relationship with any person who respondent knows or should know is making any false or misleading benefits, performance, efficacy or safety claim or any benefits, performance, efficacy or safety claim that is not substantiated by competent and reliable scientific evidence.

VII.

It is further ordered, That:

A. Respondent, directly or through any corporation, subsidiary, division or other device, shall not:

1. Advertise, promote, offer for sale, sell or distribute Lipitrol or any weight loss, fat reduction or cholesterol reduction product composed of any combination of fiber and bile extract, unless he first obtains a performance bond in the principal amount of one million dollars (\$1,000,000);

2. Hold any ownership interest, share or stock in, other than a passive investment, or serve as an officer, director or trustee of, any business entity engaged, in whole or in part, in the advertising, promotion, offering for sale, sale or distribution of Lipitrol or any weight loss, fat reduction or cholesterol reduction product composed of any combination of fiber and bile extract, unless he first obtains a performance bond for each such business entity or activity in the principal sum of one million dollars (\$1,000,000);

3. Advertise, promote, offer for sale, sell or distribute any weight loss, fat reduction or cholesterol reduction product or program, not including the treatment of patients in connection with his private medical practice, unless he first obtains a performance bond in the principal amount of two hundred and fifty thousand dollars (\$250,000); or

4. Hold any ownership interest, share or stock in, other than a passive investment, or serve as an officer, director or trustee of, any business entity engaged, in whole or in part, in the advertising, promotion, offering for sale, sale or distribution of any weight loss, fat reduction or cholesterol reduction product or program, not including the treatment of patients in connection with his private medical practice, unless he first obtains a performance bond for each such business entity or activity in the principal sum of two hundred and fifty thousand dollars (\$250,000).

B. Each such bond shall be deemed continuous and remain in full force and effect as long as respondent engages in or holds any ownership interest, share or stock in, or serves as an officer, director or trustee of, any business entity engaged, in whole or in part, in the advertising, promotion, offering for sale, sale or distribution of any product or program that is related to weight loss, fat reduction or cholesterol reduction and for at least three (3) years after respondent has ceased to engage in any such activity.

C. Each such bond shall cite this order as the subject matter of the bond, and shall provide surety thereunder against financial loss due, in whole or in part, to any violation of Sections 5 and 12 of the FTC Act, to any violation of the provisions of this order, or to any other cause attributable to respondent's engaging or participating in the advertising, promotion, offering for sale, sale or distribution of any product or program that is related to weight loss, fat reduction or cholesterol reduction.

D. Each such bond shall be an insurance agreement providing surety for financial loss issued by a surety company that holds a Federal Certificate of Authority As Acceptable Surety On Federal Bond and Reinsuring and that is admitted to conduct surety business in each state where the entity to be insured does business. Each such bond shall be in favor of both: (1) the Commission for the benefit of consumers injured due, in whole or in part, to any violation of Sections 5 and 12 of the Federal Trade Commission Act, to any violation of the provisions of this order, or to any other cause attributable to respondent's engaging or participating in the advertising, promotion, offering for sale, sale or distribution of any product or program that is related to weight loss, fat reduction or cholesterol reduction; and (2) any consumer so injured. Each such bond shall be executed in favor of the Commission or in favor of any injured consumer if the Commission or the consumer demonstrates, by a preponderance of the evidence, that respondent has violated any condition of the bond.

E. Respondent shall provide a copy of each such bond required by this Part to the Regional Director, Federal Trade Commission, 915 Second Avenue, Suite 2896, Seattle, Washington, at least ten (10) days before commencing any activity or business for which the bond is required.

F. Respondent may not disclose the existence of the performance bond to any consumer, or other purchaser or prospective purchaser, to whom a covered weight loss, fat reduction or cholesterol reduction product or program is advertised, promoted, offered for sale, sold, or distributed, without also disclosing at the same time and in a like manner that the performance bond is required by order of the Commission in settlement of charges that respondent engaged in false and misleading representations.

G. The bond required by this Part shall be in addition to, and not in lieu of, any other bond required by law.

H. Proceedings instituted under this Part are in addition to, and not in lieu of, any other civil or criminal remedies as may be provided by law, including any other proceedings the Commission may initiate to enforce this order.

VIII.

It is further ordered, That respondent, his successors and assigns, shall deposit into an escrow account, to be established by the Commission for the purpose of receiving payment due under this order ("escrow account"), the sum of twenty thousand dollars (\$20,000). This payment shall be made in the following manner:

A. By certified or cashier's check made payable to the Federal Trade Commission, in four installments, the first payment of five thousand dollars (\$5,000) to be made within 60 days after the date that this order becomes final; the second payment of five thousand dollars (\$5,000) to be made no later than the first day of the fourth month thereafter; the third payment of five thousand dollars (\$5,000) to be made no later than the first day of the eighth month thereafter; and the final payment of five thousand dollars (\$5,000) to be made within one year from the date that this order becomes final. The checks shall be deliverable to Regional Director, Federal Trade Commission, 915 Second Avenue, Suite 2896, Seattle, Washington.

B. In the event of any default in payment, which default continues for ten (10) days beyond the due date of payment, the entire amount due, together with interest, as computed pursuant to 28 U.S.C. 1961 from the date of default to the date of payment, shall immediately become due and payable.

C. In order to secure payment of respondent's indebtedness to the Commission, within seven (7) days of the date that this order becomes final, respondent shall cause to be transferred to the Commission a security interest in the property described in Appendix A, which property has been determined by an independent appraisal to have a value of twenty thousand dollars (\$20,000) or more in excess of all other perfected security interests, as security for the payments required to be made by respondent in Part VIII(A) of this order. The respondent shall, within seven (7) days of the date that this order becomes final, file all documents necessary to perfect and record the Commission's security interest in the property described in Appendix A, in conformity with appropriate state law. The

respondent shall, within ten (10) days of the date that this order becomes final, furnish to counsel for the Commission complete documentation evidencing that the Commission's security interest in the property described in Appendix A has been correctly perfected and recorded. The Commission will release this security interest upon receipt of all payments required by Part VIII(A) of this order.

D. The funds paid by respondent, together with accrued interest, shall, in the discretion of the Commission, be used by the Commission to provide direct redress to purchasers of Lipitrol in connection with the acts or practices alleged in the complaint, and to pay any attendant costs of administration. If the Commission determines, in its sole discretion, that redress to purchasers of this product is wholly or partially impracticable or is otherwise unwarranted, any funds not so used shall be paid to the United States Treasury. 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. No portion of the payment as herein provided shall be deemed a payment of any fine, penalty or punitive assessment.

E. At any time after this order becomes final, the Commission may direct the escrow agent to transfer funds from the escrow account, including accrued interest, to the Commission to be distributed as herein provided. The Commission, or its representative, shall, in its sole discretion, select the escrow agent.

F. Respondent relinquishes all dominion, control and title to the funds paid into the escrow account, and all legal and equitable title to the funds vests in the Treasurer of the United States and in the designated consumers. Respondent shall make no claim to or demand for return of the funds, directly or indirectly, through counsel or otherwise; and in the event of bankruptcy of respondent, respondent acknowledges that the funds are not part of the debtor's estate, nor does the estate have any claim or interest therein.

IX.

Nothing in this order shall prohibit respondent from making any representation for any drug that is permitted in labeling for such drug under any tentative final or final standard promulgated by the Food and Drug Administration ("FDA"), or under any new drug application approved by the FDA.

X.

Nothing in this order shall prohibit respondent from making any representation for any product that is specifically permitted in labeling for such product by regulations promulgated by the FDA pursuant to the Nutrition Labeling and Education Act of 1990.

XI.

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

A. All advertisements or promotional materials containing the representation;

B. All materials that were relied upon in disseminating the representation; and

C. All tests, reports, studies, surveys, demonstrations or other evidence in his possession or control that contradict, qualify or call into question the representation, or the basis relied upon for the representation, including complaints and other communications with consumers or with governmental or consumer protection organizations.

XII.

It is further ordered, That respondent shall deliver a copy of this order to all current and future principals, officers, directors and managers, and to all current and future employees, agents and representatives having responsibilities with respect to the subject matter of this order, and shall secure from each such person a signed and dated statement acknowledging receipt of the order. Respondent shall deliver this order to current personnel within thirty (30) days after the date of service of this order, and to future personnel within thirty (30) days after the person assumes such position or responsibilities.

XIII.

It is further ordered, That respondent shall, for a period of five (5) years after the date of issuance of this order, notify the Commission within thirty (30) days of his affiliation with any business or

employment involving any activities related to the advertising, offering for sale, sale or distribution of any weight loss, fat reduction or cholesterol reduction product or program. The notice shall include respondent's new business address and telephone number, current home address, and a description of the nature of the business or employment, respondent's interest in the new business or employment and his duties and responsibilities. All notices required by this Part shall be sent by certified mail to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C.

XIV.

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

XV.

This order will terminate on June 16, 2017, or twenty (20) years from the most recent date that the United States or the 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 Part in this order that terminates in less than twenty (20) 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 Part.

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 Part as though the complaint had never been 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.

Decision and Order

123 F.T.C.

APPENDIX A

(CONFIDENTIAL APPENDIX A REDACTED FROM
PUBLIC RECORD VERSION)

IN THE MATTER OF

WILLIAM PELZER, JR.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3750. Complaint,* June 16, 1997--Decision, June 16, 1997*

This consent order prohibits, among other things, the former officer of Interactive Medical Technologies, Ltd. and Effective Health, Inc., which market cellulose-bile products, from assisting entities that he knows or should know are making false, misleading or unsubstantiated claims for any weight loss, fat reduction or cholesterol reduction product or program, and requires the monitoring of the business practices of certain parties to whom assistance is provided.

Appearances

For the Commission: *Nadine Samter and Patricia Hensley.*

For the respondent: *William Baker, Baker & Baker, Santa Ana, CA.*

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 respondent William Pelzer, Jr., having been furnished thereafter with a copy of a draft of complaint which the Seattle 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 respondent, his attorney, and counsel for the Commission having thereafter executed an agreement containing a consent order, an admission by the respondent 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 the respondent 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

* Complaint previously published at 123 FTC 1477 (1997).