

IN THE MATTER OF

ROGER J. CALLAHAN

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3797. Complaint, April 6, 1998--Decision, April 6, 1998*

This consent order prohibits, among other things, the California-based respondent from making claims, in radio and television infomercials, about Dr. Callahan's Addiction Breaking System and its ability to reduce an individual's compulsive desire to eat and any claims that the product cures addictions and compulsions, such as smoking, eating, and using alcohol or heroin. In addition, the consent order requires the respondent to pay \$50,000 in consumer redress.

Appearances

For the Commission: *Russell Damtoft, Mary Tortorice, Charluta Pagar, Theresa McGrew and C. Steven Baker.*

For the respondent: *Curtis W. Morris, Lamb, Morris and Lobello, San Dimas, CA.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Roger J. Callahan, individually ("respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Roger J. Callahan has manufactured, advertised, offered for sale, sold, and distributed products to the public, including Dr. Callahan's Addiction Breaking System. Individually or in concert with others, he participated in the acts or practices alleged in this complaint. His principal office or place of business is 45350 Vista Santa Rosa, Indian Wells, California.

2. Respondent entered into an agreement with Mega Systems, Inc., a corporation which creates and distributes program-length radio and television commercials which run for 30 minutes or less and fit within normal radio and television broadcasting time slots. The television commercials were and are broadcast on network, independent and cable television stations throughout the United States. The radio commercials were and are broadcast on network and independent radio stations throughout the United States. In at least one of Mega Systems, Inc.'s program-length television commercials,

respondent acted as the guest and promoted Dr. Callahan's Addiction Breaking System.

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

4. Respondent has created and disseminated advertisements for Dr. Callahan's Addiction Breaking System, including but not necessarily limited to the attached Exhibit A. This advertisement contains the following statements:

A. Trudeau: "He [Dr. Callahan] has been a best-selling author whose revolutionary treatment for losing weight and quitting smoking takes less than three minutes with 95 percent success. If you smoke and want to quit, or if you want to lose weight once and for all, today's show could be an answer to your prayers."

"[T]he treatments that you discovered, that you invented get rid of addictions like food addictions so people can lose weight easily without trying to diet. They can just lose the weight because they reduce the urge to overeat. You can reduce smoking, alcoholism, any type of compulsion, depression, jealousy."

Callahan: "It's revolutionary because it works with a high success rate that's never before been possible."

Trudeau: "[I]f you have any addiction, whether it be for food, if you're overweight, if you have a smoking addiction, if your children are addicted to drugs -- any compulsion, anything whatsoever, we recommend you call the 800 number..."

Callahan: "What we mean is that their addictive urge, that uncontrollable urge is gone, completely gone, and they feel fine."

"And when we eliminate the anxiety, they don't need the heroin; they don't need the alcohol. The withdrawal is gone." (Television Infomercial Script.)

5. Through the means described in paragraph four, respondent has represented, expressly or by implication, that for all or virtually all users:

A. Dr. Callahan's Addiction Breaking System reduces an individual's compulsive desire to eat, leading to significant weight loss.

B. Dr. Callahan's Addiction Breaking System reduces an individual's compulsive desire to eat, leading to significant weight loss without the need to diet or exercise.

C. Dr. Callahan's Addiction Breaking System cures addictions and compulsions, including but not limited to, smoking, eating, and using alcohol or heroin.

6. In truth and in fact:

A. Dr. Callahan's Addiction Breaking System does not reduce an individual's compulsive desire to eat, and as such, Dr. Callahan's Addiction Breaking System does not lead to significant weight loss.

B. Dr. Callahan's Addiction Breaking System does not reduce an individual's compulsive desire to eat, and as such, Dr. Callahan's Addiction Breaking System does not lead to significant weight loss without the need to diet or exercise.

C. Dr. Callahan's Addiction Breaking System does not cure addictions and compulsions, including but not limited to, smoking, eating, and using alcohol or heroin. Indeed, Dr. Callahan's Addiction Breaking System simply consists of a video tape in which Dr. Callahan demonstrates a series of tapping one's face, chest, and hand, rolling one's eyes, and humming.

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

7. Through the means described in paragraph four, respondent has represented, expressly or by implication, that he possessed and relied upon a reasonable basis that substantiated the representations set forth in paragraph five, at the time the representations were made.

8. In truth and in fact, respondent did not possess and rely upon a reasonable basis that substantiated the representations set forth in paragraph five, at the time the representations were made. Therefore, the representation set forth in paragraph seven was, and is, false or misleading.

9. The acts and practices of respondent 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.

Commissioner Thompson and Commissioner Swindle not participating.

Complaint

125 F.T.C.

EXHIBIT A

B231504

FEDERAL TRADE COMMISSION

FTC MATTER NO.: 942-3278

TITLE: DR. CALLAHAN'S ADDICTION BREAKING
TECHNIQUE TELEVISION INFOMERCIAL

PAGES: 1 THROUGH 28

MSI/SALBERG COMPLAINT EXHIBIT G
TRADEAU COMPLAINT EXHIBIT F
CALLAHAN COMPLAINT EXHIBIT A

EXHIBIT A

P R O C E E D I N G S

ANNOUNCER: The following is a paid commercial program brought to you by Mega Systems.

MR. TRUDEAU: Thanks again for joining me. I'm Kevin Trudeau, and this is another edition of "A Closer Look."

Millions of people are addicted to food and are overweight, constantly struggling with diet after diet, exercise program after exercise program, yet more people are fat today than ever before. Millions, too, are addicted to cigarettes and can't quit, and probably millions more suffer from some kind of addiction, compulsion, or phobia.

My guest today is Dr. Roger Callahan, an expert in the field of addictions, phobias, stress, and traumas. He has been featured on virtually every major TV and radio talk show, including "Donahue" and CNN. He has been a best-selling author whose revolutionary treatment for losing weight and quitting smoking takes less than three minutes with 95 percent success. If you smoke and want to quit, or if you want to lose weight once and for all, today's show could be an answer to your prayers.

Dr. Callahan, thanks for being my guest today.

DR. CALLAHAN: Kevin, a pleasure to be with you.

MR. TRUDEAU: You know, I have to tell the viewing audience how I met you because it was a fascinating story. As you know, we do a series of infomercials like this where we market different products, and I saw your ad in an airline

EXHIBIT A

2

1 magazine for the five-minute phobia cure. And I thought, you
2 know, that would be a great product for us to market if it works,
3 and I called you on the phone to discuss it with you, find out
4 your background; and I learned all about your, you know,
5 expertise and the books you've authored with the major book
6 publishers and your experience on CNN and "Donahue" and so forth.

7 And you said, Kevin, not only will we get rid of
8 phobias, but the treatments that you discovered, that you
9 invented get rid of addictions like food addictions so people can
10 lose weight easily without trying to diet. They can just lose
11 the weight because they reduce the urge to overeat.

12 You can reduce smoking, alcoholism, any type of
13 compulsion, depression, jealousy. And I was fascinated. I said
14 really, can you get rid of smoking? He said, Oh, yeah. I said
15 well, doctor, I smoke cigars, about six cigars a day, if you
16 remember this conversation -- I was calling you on the phone.

17 DR. CALLAHAN: Yes, I do, yeah.

18 MR. TRUDEAU: And I said I had gone to, for the last
19 six years, the top people in various fields trying to get rid of
20 --

21 DR. CALLAHAN: You mentioned some names to me, and they
22 were, indeed, the top people.

23 MR. TRUDEAU: The top people in hypnotists. I bought
24 subliminal tapes. I bought other types of tapes. I'd been to,
25 you know, different types of therapies -- biofeedback. I got

EXHIBIT A

3

1 accupressure, acupuncture. I, I got the patch. I got an ear
2 clip that uses some type of Chinese thing. I got magnets --
3 everything to try to quit. I bought little devices to try to cut
4 down, and nothing worked. And worse, I was just more stressful
5 trying to quit.

6 And you said, "Well, Kevin, the next time you have an
7 urge to smoke a cigar, you call me." So I called you on the
8 phone a few days later because for the first two days I didn't
9 want to call you. I was afraid you were going to take the cigar
10 away from me.

11 So I called you on the phone and said, "Doctor, I really
12 have to smoke a cigar right now. And I remember this because it
13 wasn't that I wanted to; I had to."

14 DR. CALLAHAN: Yes.

15 MR. TRUDEAU: And a lot of people that are watching, if
16 you have an addiction to cigarettes or food, you know it's true
17 If you want Haagen Daz Ice Cream, if you want pizza, if you want
18 hamburgers or French fries, or if you want a cigarette, you get
19 to that point, as you know, it's a have to: you have to smoke.

20 DR. CALLAHAN: Yeah. That's the keynote of addiction.

21 MR. TRUDEAU: Right.

22 DR. CALLAHAN: It's an irresistible, uncontrollable
23 urge --

24 MR. TRUDEAU: -- to do it.

25 DR. CALLAHAN: -- which is destructive in some way.

Complaint

125 F.T.C.

EXHIBIT A

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4

1 MR. TRUDEAU: Oh, sure.

2 DR. CALLAHAN: And hurtful.

3 MR. TRUDEAU: And I said-- you said on a scale of one

4 to ten, where is it? And I says it's about a nine and a half.

5 You said fine. You gave me and walked me through the treatments

6 --

7 DR. CALLAHAN: Right.

8 MR. TRUDEAU: -- on the phone. It took less than five

9 minutes. It's a simple treatment you just do. Very simple, very

10 easy. And the urge reduced from a nine and a half to a one or

11 zero. It was gone.

12 DR. CALLAHAN: Yeah. That's right.

13 MR. TRUDEAU: I said, Doctor, I swear to you, I'm not

14 going to smoke this cigar, but I'm convinced it will come back,

15 the urge, if not tonight, tomorrow. And you said fine, if it

16 comes back, call me.

17 DR. CALLAHAN: Yeah.

18 MR. TRUDEAU: I said that's a deal. Six months passed,

19 and I never had the urge to smoke a cigar. I never smoked a

20 cigar.

21 DR. CALLAHAN: Right.

22 MR. TRUDEAU: It was incredible. Now, this is not

23 uncommon. You see this all the time in your practice.

24 DR. CALLAHAN: Yeah. We see that all the time. More

25 frequently, a person will have to repeat the simple treatment.

EXHIBIT A

5

1 Once they learn how to do the treatment, --

2 MR. TRUDEAU: Right.

3 DR. CALLAHAN: -- it only takes a minute or less.

4 MR. TRUDEAU: Yeah. It seems, it seems --

5 DR. CALLAHAN: Because once you know it and once the
6 person learns how to do it, they can do it without thinking about
7 it, and it takes less than a minute.

8 MR. TRUDEAU: Now, this is a revolutionary approach to
9 addictions.

10 DR. CALLAHAN: Oh, yes, yes. It's revolutionary in the
11 sense that nothing in psychology could have explained or
12 predicted this. It's revolutionary because it works with a high
13 success rate that's never before been possible.

14 And what we're doing, Kevin, is we're actually --when
15 we do the treatment, we're actually getting to the fundamental
16 causal level of the problem. It's not like just distraction or
17 reducing the symptom. We're actually getting at the core base of
18 the problem. I had to study quantum physics to really understand
19 that in more detail.

20 MR. TRUDEAU: Now, I remember you were on CNN --

21 DR. CALLAHAN: Yes.

22 MR. TRUDEAU: -- because with people who are
23 overweight, they have this uncontrollable urge to eat, whether it
24 be chocolate or candy bars or, you know, hamburgers, french
25 fries. People watching know they have addictions to Waagen Dae

Complaint

125 F.T.C.

EXHIBIT A

4
6

1 ice cream. You know, we eat too much food.

2 DR. CALLAHAN: Right.

3 MR. TRUDEAU: And, again, they eat when they are not
4 hungry.

5 DR. CALLAHAN: Yes.

6 MR. TRUDEAU: I mean, you authored the book, "Why Do I
7 Eat When I'm Not Hungry?" Right?

8 DR. CALLAHAN: That's right.

9 MR. TRUDEAU: But you were on CNN, and you had a very
10 interesting experience you were sharing with me.

11 DR. CALLAHAN: Yes. It was my third time on CNN. The
12 previous two times I helped some people with anxiety problems,
13 very quickly, who called in for help. This time the anchor said,
14 I hear you've been developing something with addiction. Well,
15 see if you can help me right now. I'm dying for some chocolate.

16 And the anchor who was with her joked and says, Yes.
17 She's going to eat her pencil. And she really looked desperate,
18 and it was serious. At first, I didn't know if she was joking
19 because they were laughing. And she says, no, it's very serious.
20 So I took her through the treatment. She was in Georgia, and I
21 was in a studio in L.A. And in about two minutes, because she
22 didn't know what they were all about -- two or three minutes --
23 her urge was not only gone, but you've seen a clip of that, you
24 know --

25 MR. TRUDEAU: Yes.

EXHIBIT A

7

1 DR. CALLAHAN: She does something like this, which is
2 very interesting. She says -- and we're telling her all the
3 while to think how good the chocolate would be. We're not trying
4 to turn her off.

5 MR. TRUDEAU: That's right.

6 DR. CALLAHAN: She said at the end of the treatment,
7 "Ooh, I don't even want any." Remember that?

8 MR. TRUDEAU: That's right.

9 DR. CALLAHAN: Isn't that interesting? We get that
10 every once in a while. Also, she became very relaxed. Her whole
11 being changed. Her manner changed because that, that power that
12 was driving that urge coming from a very deep level of being, was
13 simply dissipated. It was gone, not there anymore.

14 MR. TRUDEAU: And now you also find that when people
15 give themselves the treatment, because it just takes less than
16 five minutes, that their face sometimes changes, the stress
17 reduction goes down so much.

18 DR. CALLAHAN: That's right. Their face changes. I
19 had one patient who was addicted to pain pills, and it was very
20 serious because she was getting pain pills from a number of
21 different doctors, -- you know, one doctor would never give her
22 that many -- and she found that it made her relax, the only thing
23 that made her relax, but it was a terribly dangerous thing she
24 was doing. And I treated her. After the second meeting, by
25 telephone -- we treated her by telephone -- after second session.

Complaint

125 F.T.C.

EXHIBIT A

8

1 she didn't want, she didn't want any anymore, and about a week
2 later she called up and she said, you know, this is really
3 interesting. My friends are coming up to me and asking if I had
4 plastic surgery, I look so much better. She looked younger. All
5 the strain and stress and everything was gone out of her face.

6 We have people, too, who are very pale and they are low
7 on energy. After treatment, color comes into their face. They
8 feel so much better. So we know that a lot of physiologic and
9 chemical changes result as a function of this simple treatment.
10 It's a very deep, basic thing.

11 MR. TRUDEAU: Now, we were talking about smoking, and I
12 had a friend of mine, Jack Freeman, who is -- he's from
13 Charlotte, North Carolina. We had went to Las Vegas, and he, for
14 15 years, this guy smoked two and a half packs of cigarettes a
15 day.

16 Now, imagine, he's on the plane from Charlotte to
17 Chicago for about two hours without a cigarette. He gets off the
18 plane, and the plane was a little delayed because we were running
19 late. He says, Kevin, I have to smoke a cigarette. I said,
20 well, you can't. We have to just get right on this plane.
21 They're going to leave.

22 We hop on. Now we get another three hours to Las
23 Vegas. This guy is in the plane climbing the walls. Now, when
24 someone doesn't have a cigarette, what's going on there? Let's
25 talk about that phenomenon just for a moment.

EXHIBIT A

9

1 DR. CALLAHAN: I wrote a book called -- it's published
2 in Germany -- called "The Anxiety Addiction Connection" because I
3 found there is an addiction between anxiety and addictions. And
4 all addictions, Kevin, whether it's to nail biting, hair pulling,
5 heroine, cocaine, pain pills, cigarettes, chocolate, -- you name
6 it -- all addictions are a result of anxiety, and they are an
7 attempt to -- a wrong attempt, a tragic attempt to mask or
8 tranquilize the anxiety. And it just doesn't work. It doesn't
9 take care of the problem.

10 MR. TRUDEAU: So that's what people go on diets for?
11 If they try to stop cold smoking they are climbing the walls and
12 they are irritable?

13 DR. CALLAHAN: Yes, that's right. That's what it is.
14 They are having an anxiety attack. Even heroin withdrawal, I
15 found, is actually an anxiety attack.

16 MR. TRUDEAU: Really? Not physiological?

17 DR. CALLAHAN: No. Well, there are physiological
18 elements, but they are very minor, very minor. What I was
19 trained, and most professionals still believe, that in the heroin
20 addiction the problem is mainly physiologic. It's not at all.
21 There is a lot of evidence now to show that. It's not at all.

22 MR. TRUDEAU: Well, this fellow, Jack, when he was, you
23 know, climbing the walls on the plane, I walked him through the
24 treatments. We're sitting right next to him on the plane.

25 DR. CALLAHAN: Yeah.

Complaint

125 F.T.C.

EXHIBIT A

10

1 MR. TRUDEAU: And within two to three minutes, the urge
2 went from a ten -- actually, he said it was an 11 -- went from an
3 11 down to a zero, and he said I don't want the cigarette. I
4 have no urge. Then he goes, I can't believe it.

5 DR. CALLAHAN: Yeah.

6 MR. TRUDEAU: The meal came, and we started talking,
7 and he was eating. They were cleaning up all the plates, and he
8 had not finished his meal yet; he was still eating. He noticed
9 he was the last guy done eating, and he didn't even eat his
10 entire meal. And he grabbed me, and he says, Kevin that's the
11 slowest I've ever eaten in my life.

12 DR. CALLAHAN: Oh, yeah.

13 MR. TRUDEAU: Now, isn't that interesting? It seemed
14 to change everything.

15 DR. CALLAHAN: Yes. What happened is -- and they all
16 report this after the addiction treatment. They unanimously
17 almost will say, you know, I feel very relaxed.

18 MR. TRUDEAU: Right.

19 DR. CALLAHAN: I feel very calm inside. And that's
20 what it was. He didn't have that frantic kind of a need to push
21 and shove the meal down. So it's better for his digestion also.

22 MR. TRUDEAU: Oh, sure.

23 DR. CALLAHAN: But, you know, there is something very
24 important for people -- you said at the opening, if they want to
25 quit smoking.

EXHIBIT A

11

1 MR. TRUDEAU: Right.

2 DR. CALLAHAN: Let me tell you something: Some of them
3 don't want to quit smoking. I recommend those who don't want to
4 quit smoking but have to fly across country or attend meetings
5 where they are not allowed to smoke, do this treatment and watch
6 what it can do for them. And they find that it's not going to
7 drive them crazy to be without their cigarettes, they may change
8 their mind about it.

9 MR. TRUDEAU: They may want to.

10 DR. CALLAHAN: But even if they never want to, at least
11 they are going to have more control over it. It's not going to
12 be running them, not controlling them. They can regain control.

13 MR. TRUDEAU: That's funny, because we both know a
14 major celebrity, who will be nameless, who just yesterday just
15 did the treatment because "I don't want to quit; I like smoking."
16 I said, well, do this treatment anyways, and then smoke the
17 cigarette. We did the treatment. He didn't want to smoke it.
18 He says you know something? Maybe I do want to really quit.

19 DR. CALLAHAN: Sure.

20 MR. TRUDEAU: Because he was afraid, as you mentioned,
21 to try to quit because he thought it was going to be very
22 difficult and stressful and so forth.

23 DR. CALLAHAN: Oh, yeah. I know how difficult it is
24 when I quit 30-some years ago. It was terrible. I went through
25 hell. And there are people who -- most smokers have tried it.

Complaint

125 F.T.C.

EXHIBIT A

12

1 and they find that, Jesus, I'd rather die of lung cancer or heart
2 disease than end up in a mental hospital. That's the way it
3 stands for them.

4 MR. TRUDEAU: Right, right. For those of you watching
5 who do want information on Dr. Callahan's techniques, it's a
6 videotape where you, in just about 15 minutes, explain and show
7 the treatment, how to apply it.

8 I highly recommend it. I've seen this in-action. It's
9 probably the most revolutionary thing you can do, if you have any
10 addiction, whether it be for food, if you're overweight, if you,
11 have a smoking addiction, if your children are addicted to drugs
12 -- any compulsion, anything whatsoever, we recommend you call the
13 800 number and get information on the video because it really
14 could change your life. And it's something that I feel very
15 passionate about because I've seen the results for myself and in
16 my own life.

17 Now, let's talk about weight loss. We've talked about
18 smoking, but people out there -- and I'm one of them -- we like
19 to eat food. You know, I --

20 DR. CALLAHAN: Almost all of us are.

21 MR. TRUDEAU: It's a very pleasurable experience.

22 DR. CALLAHAN: Yeah. And it really is, yeah.

23 MR. TRUDEAU: And sometimes you eat to the point -- and
24 I think people can relate to this -- you eat when you're not
25 hungry. You just go past that point.

EXHIBIT A

13

1 DR. CALLAHAN: Or it's so good, and you can't resist
2 it. See, that's the key element. If you could resist it, then
3 you don't have any problem.

4 MR. TRUDEAU: Right.

5 DR. CALLAHAN: And there are very few people like that,
6 they can just resist it. "Oh, I'll lose a few pounds. I'll just
7 leave this out and leave that out," and they don't have any
8 trouble, but most of us have trouble; and that's what we mean by
9 addiction.

10 MR. TRUDEAU: It seems that a lot of these diets that
11 people try would work if you followed through on them, --

12 DR. CALLAHAN: Yeah.

13 MR. TRUDEAU: -- but people, quote, cheat, or they
14 can't -- because they are just being driven -- at ten o'clock at
15 night they open up the refrigerator and out comes the Haagen Daz.

16 DR. CALLAHAN: The editor who bought my book, "Why Do I
17 Eat When I'm Not Hungry?" -- she was at Doubleday at the time --
18 she and her husband are very nice people, and they love good
19 food. In fact, they go over to Italy -- they go to Bologna and
20 study the special gourmet cooking that they have there and so
21 forth, and she always has been over 30-some pounds, and she'd
22 always go crazy when she was there because it was so good and she
23 could not resist it.

24 Well, she read the book, of course, that she bought.
25 She later left Doubleday, so that's relevant for the rest of this

EXHIBIT A

14

1 story because at the International Book Fair, my agent was there,
2 -- I think it was at Brussels -- and he said that she was telling
3 everybody that for the first time she could go to Bologna and
4 only eat smaller amounts. She didn't have to eat so much. The
5 drive was gone, that extra urge. That addictive urge was gone,
6 so she was raving about it to everybody.

7 MR. TRUDEAU: She could really enjoy the food --

8 DR. CALLAHAN: But she could still enjoy good food --

9 MR. TRUDEAU: -- without feeling guilty --

10 DR. CALLAHAN: -- without feeling guilty.

11 MR. TRUDEAU: -- and actually reduce weight because she
12 could eat normally without having that urge.

13 DR. CALLAHAN: Exactly. Isn't that wonderful?

14 MR. TRUDEAU: It's fascinating. Now, you had mentioned
15 about some of the talk shows you've been on radio, because you've
16 been on many --

17 DR. CALLAHAN: Yeah.

18 MR. TRUDEAU: -- and you treat people right over the
19 phone in a few minutes.

20 DR. CALLAHAN: They call -- we tell them to call -- you
21 know, I'll tell you why I do this. It's very simple. When I
22 wrote my first book, it was a Book-of-the-Month Club selection on
23 romantic love, and like every other author, I just went on show
24 after show and just discussed the concepts in the book.

25 But when I wrote the "Five-minute Phobia Cure," I knew

EXHIBIT A

15

1 nobody in their right mind would believe me or even should
2 believe me because it's so outrageous, it's so revolutionary. So
3 I told all the producers, get people who have these problems, and
4 let me show you.

5 So when I was appearing on the radio shows and I had
6 just discovered the addiction treatment, I told the listening
7 audience because I wanted to show people what we could do, so
8 they didn't just have to take my word for it. You know, in the
9 privacy of your office, you can make any claim you want. Nobody
10 knows the difference.

11 MR. TRUDEAU: Sure, you can. Right, right, right.

12 DR. CALLAHAN: So I wanted to show the world that we
13 really had something quite real and powerful. And so we had -- I
14 urged anyone calling in who had any addictive urge for anything
15 -- we've had people call in for -- who needed to shoot up with
16 heroin, they needed to take the extra alcoholic drank, they were
17 -- the first one who called was on the way to the refrigerator,
18 she said, and she heard me say that. She stopped, picked up the
19 phone, and called.

20 She says, I'm on my way to the refrigerator right now.
21 I'm in there to get my favorite desert, that ice cream with
22 chocolate on it. She said, I can't resist that stuff. Is there
23 anything you can do for me?

24 In a matter of about a minute and a half, in her case,
25 she didn't want it, didn't need it. Now, listen to this: 104

Complaint

125 F.T.C.

EXHIBIT A

16

1 people in a row -- I kept the records on this -- called before we
2 ran into the first person that we couldn't help within the time
3 constraints of the show.

4 MR. TRUDEAU: Now --

5 DR. CALLAHAN: That was over a lot of shows. That
6 wasn't one show. That was about 30 or 40 shows.

7 MR. TRUDEAU: Right. Well, that brings me to the next
8 question: Does this treatment work for everyone 100 percent of
9 the time?

10 DR. CALLAHAN: No, no; of course, not. There are some
11 people that it won't work for at all: their problems are too
12 complicated. Also, let's make it clear --

13 MR. TRUDEAU: But that's a very small percentage.

14 DR. CALLAHAN: It's a small percentage, and they can
15 usually be helped with individual treatment --

16 MR. TRUDEAU: Right.

17 DR. CALLAHAN: -- which we do by telephone.

18 MR. TRUDEAU: Which you still do over the phone, right?

19 DR. CALLAHAN: Yeah. We and our staff can check them
20 through their voice, and we can treat them by phone.

21 MR. TRUDEAU: But it helps most of them, and what we
22 mean by "help" is we don't mean we cure their addiction in a
23 couple of minutes.

24 MR. TRUDEAU: Right.

25 DR. CALLAHAN: What we mean is that their addictive

EXHIBIT A

17

1 urge, that uncontrollable urge is gone, completely gone, and they
2 feel fine.

3 MR. TRUDEAU: Right.

4 DR. CALLAHAN: And there is no resistance. They don't
5 have to fight it. Now, they may have to repeat that treatment
6 over and over until -- the beautiful thing is for the first time
7 in their life, the cause, the deep cause of the problem is being
8 addressed during this treatment, believe it or not.

9 MR. TRUDEAU: Right.

10 DR. CALLAHAN: The real cause.

11 MR. TRUDEAU: Which brings me to the next point: What
12 is the root cause that we're dealing with? I mean, you talked
13 about energy patterns running through the body, you know, with
14 meridians from the ancient arts.

15 DR. CALLAHAN: It's very, very difficult to explain
16 this, Kevin, because it does relate to quantum physics. There is
17 information -- God, how do I, how do I briefly tell you this?

18 The quickest thing I can tell you is that they are
19 anxious. When we do the treatment, they are not anxious. And
20 when we eliminate the anxiety, they don't need the heroin, they
21 don't need the alcohol. The withdrawal is gone.

22 MR. TRUDEAU: Is that why when someone tries to quit
23 one addiction, another one replaces it?

24 DR. CALLAHAN: Sure. Without treating the addiction --
25 Alcoholics Anonymous, which has been up until recently the best

EXHIBIT A

18

1 form of treatment for alcoholism, what do they do? They go there
2 and they get addicted to sugar, coffee, all kind of things, which
3 are better addictions, by the way, because the alcohol was
4 probably ruining their life, --

5 MR. TRUDEAU: Right.

6 DR. CALLAHAN: -- but, nevertheless, they still remain
7 highly addicted to these other things.

8 MR. TRUDEAU: Well, let's talk about the alcohol. You
9 had mentioned a story where you live in Palm Springs, someone
10 came into the grocery store that recognized you from TV.

11 DR. CALLAHAN: Yeah. I live in Indian Wells, which is
12 right near Palm Springs, and I was going to the supermarket one
13 day, and somebody slapped me on the shoulder. I looked around,
14 and I see this smiling face.

15 And he says, Dr. Callahan. I says, yeah. Hi, how are
16 you? He says, I saw you on television. He says, I saw you a
17 year and a half ago, and you were doing something about
18 addictions on there. I says, yeah, yeah, I remember that. And
19 he says, you know, I've tried that. I've been an alcoholic for,
20 like, 20 years, tried a lot of different programs. Nothing
21 helped me.

22 He says, I just followed the directions that you did on
23 that program, and I feel so great, I want you to know I haven't
24 had a drink in a year and a half. He said, I'm so grateful to
25 you. Now, that's the kind of thing that makes somebody feel

EXHIBIT A

19

1 good.

2 MR. TRUDEAU: It's amazing because I read some books
3 for different addictions and overweight.

4 DR. CALLAHAN: Yeah.

5 MR. TRUDEAU: And it seems that it's always about some
6 type of psychological problem, some type of stress, something
7 they are trying to cover up or hide.

8 DR. CALLAHAN: Yeah.

9 MR. TRUDEAU: And I know the feeling. I mean, I've
10 been there like a lot of people where you just want to eat, and
11 you're not hungry; and you say, you know, I just have to eat this
12 food.

13 DR. CALLAHAN: In November, the American Psychological
14 Association -- that's my professional organization -- came out
15 with a newspaper article reporting that the science director --
16 that's the group -- the head of the research and so forth
17 representing the organization -- found that really the people
18 trying to help other people with problems aren't doing very well.

19 They are not really helping much. So the problems
20 usually always come back, and so you see, but that's not applying
21 to this work. They are not aware of this yet. This gets to the
22 heart of their problem, eliminates in most cases, very quickly.

23 MR. TRUDEAU: For those of you watching, again, who do
24 want information on Dr. Callahan's technique, it's a video which
25 can eliminate or help reduce the urge of any addiction that you

Complaint

125 F.T.C.

EXHIBIT A

6
20

1 may have. If you are overweight and you've been trying to lose
2 weight, this could be -- and I believe it may be the answer that
3 you've been looking for. If you've been trying to quit smoking
4 and really want to, try this.

5 You have nothing to lose by trying it. I've used the
6 techniques myself. I've tried them on my friends. The results
7 have been nothing more than miraculous or spectacular. You have
8 the video, "Hope without Reason."

9 DR. CALLAHAN: "Hope with Reason," yeah.

10 MR. TRUDEAU: "Hope with Reason."

11 DR. CALLAHAN: And, you know, how about the story about
12 the makeup lady?

13 MR. TRUDEAU: Oh, yeah. Every time that we would run
14 into someone we would use the technique --

15 DR. CALLAHAN: She was curious about what we did, and
16 so I said, do you want to experience it? She said, Yeah. This
17 happened about 20 minutes ago.

18 MR. TRUDEAU: Right.

19 DR. CALLAHAN: And she said -- I asked her, Is there
20 anything in your past that -- you know, most of us have things in
21 our past, some kind of pain or trauma.

22 MR. TRUDEAU: Everyone does. Sure. Yeah.

23 DR. CALLAHAN: Right. And I said I don't want to know
24 what it is, but think about it, and how high do you go? She went
25 all the way to the top of the scale for ten. How long have you

EXHIBIT A

21

1 had this? Seven years.

2 Well, she's only 29 years old, so she's had this almost
3 a third of her life. Every time she would think of this during
4 the last seven-year period, she'd be in great pain and misery.
5 In a matter of maybe a minute and a half, we got her to a one,
6 which I use as the lowest end of the scale, no trace of it.

7 MR. TRUDEAU: Right.

8 DR. CALLAHAN: And she walked around later, saying, I
9 feel so good. I feel like a load or burden. But, you see, until
10 my discoveries, nothing like that was possible.

11 MR. TRUDEAU: Right.

12 DR. CALLAHAN: And so, check back with her and see how
13 long it endures. We expect that to last forever.

14 MR. TRUDEAU: What other doctors right now -- I know a
15 lot of doctors, therapists from -- whether they be psychiatrists,
16 psychologists --

17 DR. CALLAHAN: Yeah.

18 MR. TRUDEAU: -- are coming to you to learn these so
19 they can treat their own patients.

20 DR. CALLAHAN: Oh, yes.

21 MR. TRUDEAU: What are other people, therapists saying?

22 DR. CALLAHAN: Oh, gosh. We have all kinds of -- for
23 example, at our last training session in June, this last June,
24 Dr. -- what's his name? -- from Massachusetts -- well, put his
25 quote up and let them see it because he said something really

Complaint

125 F.T.C.

EXHIBIT A

22

1 spectacular, and I want his name on there.

2 MR. TRUDEAU: Yeah.

3 DR. CALLAHAN: He said he's been a psychiatrist for 30
4 years, but since he's been doing my procedure, -- this is really
5 terrific -- he said for the first time in 30 years, he has the
6 satisfaction of actually helping his patients. Now, we get
7 things like that from all over.

8 We had people from Europe, from Canada, and doctors all
9 over the country who -- Dr. Fred Gallo, for example, from
10 Pennsylvania, is very, very excited because he's been able to
11 eliminate depression with these techniques which we developed
12 some time ago. And he's just thrilled about it because he had
13 always thought that depression was a chemical problem.

14 MR. TRUDEAU: Right.

15 DR. CALLAHAN: You have to do something with the
16 chemistry. When we do the treatments, Kevin, the chemistry
17 changes.

18 MR. TRUDEAU: The actual ---

19 DR. CALLAHAN: 'Sure, because we're working on a more
20 fundamental level than the chemistry. We're working at the
21 input-of-information level into the body. The chemistry and the
22 thoughts come later. I used to work just with thoughts.

23 MR. TRUDEAU: Right.

24 DR. CALLAHAN: They are almost irrelevant.

25 MR. TRUDEAU: It's amazing. Now, people can learn the

EXHIBIT A

23

1 treatments within less than ten or fifteen minutes.

2 DR. CALLAHAN: Well, on the video we take them through
3 the step-by-step recipes that we've developed that will help most
4 people.

5 MR. TRUDEAU: Now, when you see these physiological
6 changes, -- we talked about the stress reduction, we talked about
7 the urges going away - is there any other physiological or health
8 benefits that you know are associated with the treatments?

9 DR. CALLAHAN: Oh, yeah, because there is a lot of --

10 MR. TRUDEAU: Does energy levels increase, for example?

11 DR. CALLAHAN: Oh, yes. Well, there is a lot of
12 physiologic health benefits simply from eliminating psychological
13 problems. It's been known for many, many years that most
14 patients that go to their general practitioners or doctors
15 actually -- at least half of them mainly have something
16 psychological behind their problem.

17 MR. TRUDEAU: You know, I was reading in a trade
18 journal that the 900 lines, the psychic lines, --

19 DR. CALLAHAN: Yeah.

20 MR. TRUDEAU: -- the number-one reason people call is
21 because they are feeling bad, some type of depression --

22 DR. CALLAHAN: Yeah.

23 MR. TRUDEAU: -- which usually leads them to overeat,
24 and they are looking for relationships, they are looking for
25 love, and they have some type of love pain. And they continue to

Complaint

125 F.T.C.

EXHIBIT A

24

1 call over and over again to try to get some type of relief from
2 this bad feeling. And these treatments that you give that you
3 teach people how to administer to themselves in just a matter of
4 minutes can alleviate that problem --

5 DR. CALLAHAN: Yes, in most people.

6 MR. TRUDEAU: -- and not just -- maybe they have to
7 apply it a few more times, --

8 DR. CALLAHAN: Yeah.

9 MR. TRUDEAU: -- but how long does it last?

10 DR. CALLAHAN: Well, it will vary from one person to
11 the next. It's really shocking that in a small number of them,
12 one treatment is all they need. My first case, you know, was
13 with a Snicker bar addiction. This patient came to me because
14 her doctor told she was developing a heart problem. She needed
15 to lose about 40 pounds.

16 She went back six months later. She hadn't lost a
17 pound. And she explained to her doctor it's because of the
18 Snicker bar. I got to have Snicker bars all the time. She
19 carried a bunch of them in her purse for emergencies. And so she
20 came to me and said -- I had already helped her with a serious
21 anxiety problem -- and she said, do you think you could help me
22 with this? I said, let's find out. So we had her think about
23 Snicker bars, treated her. It took about two or three minutes,
24 at most. That was 14 years ago, and I keep checking with her.
25 She hasn't wanted another Snicker bar since.

EXHIBIT A

25

1 MR. TRUDEAU: It's amazing --

2 DR. CALLAHAN: That's what happens.

3 MR. TRUDEAU: -- because when you do the treatment,
4 like when you mentioned about the CNN, you don't try to hide what
5 the person -- you say, here, look at it, --

6 DR. CALLAHAN: Yeah.

7 MR. TRUDEAU: -- smell it.

8 DR. CALLAHAN: Think about how good it is:

9 MR. TRUDEAU: Think how wonderful it is. And I've seen
10 people like with Haagen Daz Ice Cream who are about to just jump
11 right in -- and the ice cream is great, as we know, but say, I
12 don't want it. Now, the other thing that you had mentioned which
13 was fascinating is that people can still eat chocolate, they can
14 still eat Haagen Daz, but now they are in control. They can eat
15 it, or they can still smoke the cigarette, --

16 DR. CALLAHAN: Yeah.

17 MR. TRUDEAU: -- but they are now in control.

18 DR. CALLAHAN: Yeah. People can eat and smoke and do
19 all kinds of things without being addicted. What we are after is
20 eliminating the addiction.

21 MR. TRUDEAU: Do you find that when people use the
22 treatments for being overweight that there is -- that they lose
23 weight very quickly without any stress whatsoever?

24 DR. CALLAHAN: Well, it's much easier for them,
25 obviously. For example, this first patient I was telling you

Complaint

125 F.T.C.

EXHIBIT A

26

1 with the Snicker bars, all she had to do was leave out the
2 Snicker bars, and she started keeping everything else the same
3 and started dropping a pound, two pounds a week.

4 MR. TRUDEAU: So now people don't have -- for the first
5 time don't have to, quote, go on a diet.

6 DR. CALLAHAN: Yeah.

7 MR. TRUDEAU: They can just eliminate the addiction to
8 food that they know they shouldn't be eating?

9 DR. CALLAHAN: That's right, yes.

10 MR. TRUDEAU: And they can eat normally, be
11 happy --

12 DR. CALLAHAN: Exactly.

13 MR. TRUDEAU: -- and have no deprivation.

14 DR. CALLAHAN: Right.

15 MR. TRUDEAU: Which is a key. When people try to go on
16 diets, I know, they always feel like they are being deprived of
17 something that they really want.

18 DR. CALLAHAN: Oh, yeah.

19 MR. TRUDEAU: But you're saying --

20 DR. CALLAHAN: And they can't wait to get off the diet.

21 MR. TRUDEAU: You're saying you eliminate the want.

22 DR. CALLAHAN: We eliminate that excessive addictive
23 urge, yes. That's right.

24 MR. TRUDEAU: And if you are overweight -- I think
25 every person who has had this type of addiction to food feels

EXHIBIT A

27

1 that -- they know that they've been overweight. Let's talk about
2 sports. You mentioned an Olympic swimmer.

3 DR. CALLAHAN: Uh-huh.

4 MR. TRUDEAU: What type of result --

5 DR. CALLAHAN: Oh, yeah. We had -- an Olympic swimmer
6 was sent to me by a psychologist who he was working with because
7 he knew I had developed a phenomenon. It's a very interesting
8 thing I call "psychological reversal." It's sort of a
9 self-sabotaging thing that can happen to any of us.

10 MR. TRUDEAU: I think a lot of us can relate to that.

11 DR. CALLAHAN: That's right. And he's an excellent
12 athlete. He's just superb, and he was on the -- one of the major
13 teams. And -- but he had trouble just getting over the edge:
14 every time that he was observed and so forth, he couldn't perform
15 up to his maximum ability. We fixed his reversal. Boom, he
16 suddenly did well and played in the Olympics.

17 MR. TRUDEAU: So this can reduce stress if people are
18 in real-life situations, maybe businessmen are going into
19 meetings and their stress is going up?

20 DR. CALLAHAN: We help a lot of golfers. You know, in
21 the Palm Springs area there's more golf courses per capita than
22 anywhere in the world, so we get a lot of golfers who are
23 interested, and they have the yips. You know, they do well when
24 nobody is looking, but putting, you know, the short game really
25 suffers from anxiety, and it's a phobia. I treated, I treated a

Complaint

125 F.T.C.

EXHIBIT A

28

1 hall-of-fame athlete and two golf champions who had some of that
2 problem, and as soon as we treated them, wham, they took off.

3 MR. TRUDEAU: Yeah. We call it "choking under
4 pressure." Right?

5 DR. CALLAHAN: That's right. Yeah. I just was talking
6 to a person I know who owns archery -- manufactures archery
7 equipment, and he was telling me that it's a big problem there,
8 too, that a lot of people drop out because they get the yips when
9 they are shooting at a target. They get nervous, apprehensive,
10 phobic.

11 MR. TRUDEAU: Sure. Dr. Callahan, time is running out
12 and I really appreciate you being my guest. It's a fascinating
13 subject. Hopefully, we'll have time to have you on again to talk
14 more about it.

15 DR. CALLAHAN: Good.

16 MR. TRUDEAU: If you are overweight, if you've been
17 trying to quit smoking and you can't, please call the 800 number.
18 This is something that I personally can endorse and recommend.
19 I've used it myself. I've seen my friends use it. We both have.
20 And the results have been nothing but spectacular. Call the 800
21 number.

22 Thanks again for being with me and watching. I'm Kevin
23 Trudeau, and this has been another edition of "A Closer Look."

24 ANNOUNCER: The preceding has been a paid commercial
25 program brought to you by Mega Systems.

DECISION AND ORDER

The Federal Trade Commission having initiated an investigation of certain acts and practices of the respondent named in the caption hereof, and the respondent having been furnished thereafter with a copy of a draft of complaint which the Chicago Regional Office proposed to present to the Commission for its consideration and which, if issued by the Commission, would charge respondent with violations 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 respondent that the law has been violated as alleged in such complaint, 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 complaint should issue stating its charges in that respect, and having thereupon accepted the executed consent agreement and placed such agreement on the public record for a period of sixty (60) days, and no comments having been filed thereafter by interested parties pursuant to Section 2.34 of its Rules, the Commission hereby issues its complaint, makes the following jurisdictional findings and enters the following order:

1. Respondent Roger J. Callahan's principal office or place of business is 45350 Vista Santa Rosa, Indian Wells, California.
2. The acts and practices of the respondent alleged in this complaint have been in or affecting commerce, as "commerce" is defined in the Federal Trade Commission Act.
3. 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

DEFINITIONS

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 Roger J. Callahan, individually and his agents, representatives and employees.

3. "*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 manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of Dr. Callahan's Addiction Breaking System or any substantially similar product in or affecting commerce, shall not represent, in any manner, expressly or by implication, that:

A. Such product reduces an individual's compulsive desire to eat, leading to significant weight loss;

B. Such product reduces an individual's compulsive desire to eat, leading to significant weight loss without the need to diet or exercise; or

C. Such product cures addictions and compulsions, including but not limited to, smoking, eating, and using alcohol or heroin.

For purposes of this Part, "substantially similar product" shall mean any product or program purported to treat addictions or compulsions that is substantially similar in components, techniques, composition and properties.

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 any weight loss product or program or any product or program purported to treat addictions or compulsions in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, about the benefits, performance, or efficacy of such product, unless, at the time the representation is made, respondent possesses and relies upon competent and reliable evidence, which when appropriate must be competent and reliable scientific evidence, that substantiates the representation.

III.

It is further ordered, That:

A. Respondent Roger J. Callahan shall pay to the Federal Trade Commission by electronic funds transfer the sum of fifty thousand dollars (\$50,000) no later than fifteen (15) days after the date of service of this order. In the event of any default on any obligation to make payment under this Part, interest, computed pursuant to 28 U.S.C. 1961(a) shall accrue from the date of default to the date of payment.

B. The funds paid by respondent Roger J. Callahan, pursuant to subpart A above, shall be paid into a redress fund administered by the FTC and shall be used to provide direct redress to purchasers of Dr. Callahan's Addiction Breaking System. Payment to such persons represents redress and is intended to be compensatory in nature, and no portion of such payment shall be deemed a payment of any fine, penalty, or punitive assessment. If the FTC determines, in its sole discretion, that redress to purchasers is wholly or partially impracticable, any funds not so used shall be paid to the United States Treasury. Respondent shall be notified as to how the funds are disbursed, but shall have no right to contest the manner of distribution chosen by the Commission.

IV.

It is further ordered, That respondent Roger J. Callahan 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 Federal Trade Commission for inspection and copying:

A. All advertisements and 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.

V.

It is further ordered, That respondent Roger J. Callahan, for a period of ten (10) years after the date of issuance of this order, shall

notify the Commission of the discontinuance of his current business or employment, or of his affiliation with any new business or employment. The notice shall include respondent's new business address and telephone number and a description of the nature of the 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.

VI.

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

VII.

This order will terminate on April 6, 2018, or twenty (20) years from the most recent date that the United States or the Federal Trade Commission files a complaint (with or without an accompanying consent decree) in federal court alleging any violation of the order, whichever comes later; provided, however, that the filing of such a complaint will not affect the duration of:

- A. Any 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.

Commissioner Thompson and Commissioner Swindle not participating.

IN THE MATTER OF

TRU-VANTAGE INTERNATIONAL, L.L.C.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SEC. 5 OF THE FEDERAL TRADE COMMISSION ACT

Docket C-3798. Complaint, April 6, 1998--Decision, April 6, 1998

This consent order prohibits, among other things, the Illinois-based respondent from making claims, in radio and television infomercials, about Howard Berg's Mega Reading System and its ability to successfully increase an individual's reading speed to above 800 words per minute while substantially comprehending and retaining the material.

Appearances

For the Commission: *Russell Damtoft, Mary Tortorice, Charluta Pagar, Theresa McGrew and C. Steven Baker.*

For the respondent: *David Bradford, Jenner & Block, Chicago, IL.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Tru-Vantage International, L.L.C., a limited liability company ("respondent"), has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Tru-Vantage International, L.L.C., is an Illinois limited liability company, with its principal office or place of business at 7300 North Lehigh Avenue, Niles, Illinois.

2. Respondent has advertised, offered for sale, sold, and distributed products to the public, including but not limited to, Howard Berg's Mega Reading.

3. Respondent's advertisements include, but are not limited to, program-length television commercials which run for 30 minutes or less and fit within normal television broadcasting time slots. Respondent's television commercials were and are broadcast on network, independent and cable television stations throughout the United States. Several of the respondent's television commercials are identified as "Vantage Point with host Kevin Trudeau."

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