

IN THE MATTER OF

BODY SYSTEMS TECHNOLOGY, INC. ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3895. Complaint, Sept. 7, 1999--Decision, Sept. 7, 1999*

This consent order, among other things, prohibits the Florida-based corporation and its officers from representing that their dietary capsules or liquid are effective in the prevention of cancer or the treatment of cancer, HIV/AIDS, or arthritis unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation. In addition, the consent order prohibits any unsubstantiated claims regarding the health benefits, performance, efficacy, or safety of any such product or program.

Participants

For the Commission: *Donald D'Amato and Michael Bloom.*

For the respondents: *Robert Gatton, Broad & Cassel, Orlando, FL.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Body Systems Technology, Inc., a corporation, William E. Chace and James D. Davis, individually and as officers of the corporation ("respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

PARAGRAPH 1. Respondent Body Systems Technology, Inc. ("Body Systems") is a Florida corporation with its principal office or place of business at 408 Live Oaks Blvd., Casselberry, Florida.

Respondent William E. Chace is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs or controls the policies, acts, or practices of the corporation, including the acts and practices alleged in this complaint. His business address is 408 Live Oaks Blvd., Casselberry, Florida.

Respondent James D. Davis is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs or controls the policies, acts, or practices of the corporation,

including the acts and practices alleged in this complaint. His business address is 408 Live Oaks Blvd., Casselberry, Florida.

PAR. 2. Respondents have advertised, offered for sale, sold, and distributed, among other products, Body Systems' shark cartilage capsules, a dietary supplement that purports to effectively treat or prevent cancer, and Body Systems' uña de gato (also known as "Cat's Claw" or "*Uncaria Tomentosa*"), a dietary supplement made from the derivative of a Peruvian vine that purports to be effective in the treatment of cancer, HIV and AIDS, and arthritis. Body Systems' shark cartilage and uña de gato products are "foods" and/or "drugs" within the meaning of Sections 12 and 15 of the Federal Trade Commission Act, 15 U.S.C. 52 and 55.

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

BODY SYSTEMS' SHARK CARTILAGE CAPSULES

PAR. 4. Respondents Body Systems, William E. Chace, and James D. Davis have disseminated or have caused to be disseminated advertisements for Body Systems' shark cartilage capsules, including, but not limited to, the attached Exhibits A and B. Advertisements for Body Systems' shark cartilage capsules have been disseminated through, among other media, numerous websites on the Internet. These advertisements contain the following statements:

Shark Cartilage is a natural nontoxic substance that has been shown to inhibit tumor growth, as evidenced by published laboratory studies conducted by eminent scientists over a thirty year period. And, if studies proving that shark cartilage is an effective cancer treatment and preventative were not sufficient cause for rejoicing . . .

PAR. 5. Through the means described in paragraph four, respondents Body Systems, William E. Chace, and James D. Davis have represented, expressly or by implication, that Body Systems' shark cartilage capsules:

- A. Are effective in the treatment of cancer.
- B. Are effective in the prevention of cancer.

PAR. 6. Through the means described in paragraph four, respondents Body Systems, William E. Chace, and James D. Davis have represented, expressly or by implication, that they possessed and

relied upon a reasonable basis that substantiated the representations set forth in paragraph five at the time the representations were made.

PAR. 7. In truth and in fact, respondents Body Systems, William E. Chace, and James D. Davis 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. Among other reasons, the purported support that respondents relied upon for the above claims--a book intended for lay readers that discusses the benefits of shark cartilage--did not adequately relate to their advertising claims. Although the book includes overviews of various studies in animals and humans that purportedly support respondents' cancer claims, respondents lacked appropriately controlled peer reviewed clinical studies or other credible scientific evidence indicating that the ingestion of shark cartilage in capsule form is an effective cancer treatment or effective cancer preventative. Therefore, the representation set forth in paragraph six was, and is, false or misleading.

PAR. 8. Through the means described in paragraph four, respondents Body Systems, William E. Chace, and James D. Davis have represented, expressly or by implication, that published laboratory studies prove that Body Systems' shark cartilage capsules are effective in the treatment of cancer and in the prevention of cancer.

PAR. 9. In truth and in fact, published laboratory studies do not prove that Body Systems' shark cartilage capsules are effective in the treatment of cancer and in the prevention of cancer. Therefore, the representation set forth in paragraph eight was, and is, false or misleading.

BODY SYSTEMS' UÑA DE GATO

PAR. 10. Respondents Body Systems, William E. Chace, and James D. Davis have disseminated or have caused to be disseminated advertisements for Body Systems' uña de gato products, including, but not limited to, the attached Exhibits C and D. Advertisements for Body Systems' uña de gato capsules and uña de gato liquid have been disseminated through, among other media, numerous websites on the Internet. These advertisements contain the following statements:

Beginning in the 1970's [sic] and continuing through today, research has been conducted on this remarkable plant in many countries throughout the world

including: several research facilities in Peru; University of Innsbruck, Austria; University of Munich, Germany; The Huntington Research Center, England; The Central Research Institute of Chemistry, Hungary; the Universities of Milan and Naples, Italy. As a result of this ongoing research, there is evidence to suggest that *Uncaria tomentosa* may be beneficial in the treatment of cancer, arthritis, . . . and those infected with HIV virus.

PAR. 11. Through the means described in paragraph ten, respondents Body Systems, William E. Chace, and James D. Davis have represented, expressly or by implication, that Body Systems' *uña de gato* capsules and Body Systems' *uña de gato* liquid:

- A. Are or are likely to be an effective treatment of cancer.
- B. Are or are likely to be an effective treatment of HIV and AIDS.
- C. Are or are likely to be an effective treatment of arthritis.

PAR. 12. Through the means described in paragraph ten, respondents Body Systems, William E. Chace, and James D. Davis have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in paragraph eleven at the time the representations were made.

PAR. 13. In truth and in fact, respondents Body Systems, William E. Chace, and James D. Davis did not possess and rely upon a reasonable basis that substantiated the representations set forth in paragraph eleven at the time the representations were made. Among other reasons, the purported support that respondents relied upon for the above claims--articles, a booklet, and newsletters that discuss generally the purported efficacy of *uña de gato* for a variety of human disease conditions and that, with one exception, were intended for lay readers--did not adequately relate to their advertising claims. Although respondents' submissions contain references to various studies and anecdotal stories that purportedly support respondents' claims, respondents lacked appropriately controlled peer reviewed clinical studies or other credible scientific evidence indicating that the ingestion of *uña de gato* in capsule or liquid form is effective in the treatment of cancer, HIV and AIDS, and arthritis. Therefore, the representation set forth in paragraph twelve was, and is, false or misleading.

PAR. 14. Through the means described in paragraph ten, respondents Body Systems, William E. Chace, and James D. Davis have represented, expressly or by implication, that research shows

that Body Systems' uña de gato capsules and Body Systems' uña de gato liquid are or are likely to be an effective treatment of cancer, AIDS and HIV, and arthritis.

PAR. 15. In truth and in fact, research does not show that Body Systems' uña de gato capsules and Body Systems' uña de gato liquid are or are likely to be an effective treatment of cancer, AIDS and HIV, and arthritis. Therefore, the representation set forth in paragraph fourteen was, and is, false or misleading.

PAR. 16. 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.

Complaint

128 F.T.C.

EXHIBIT A

SHARK[™]*"Tumor Inhibitor"*

Shark Cartilage is a natural nontoxic substance that has been shown to inhibit tumor growth, as evidenced by published laboratory studies conducted by eminent scientists over a thirty year period. And, if the studies proving that shark cartilage is an effective cancer treatment and preventative were not sufficient cause for rejoicing, these studies also indicate that a substance in shark cartilage has the potential to control arthritis, psoriasis, macular degeneration, and other diseases of aging.

In further studies results were released in May 1992 from preliminary clinical studies conducted by Roscoe L. Van Zandt, M.D. a gynecologist in Arlington, Texas. Dr. Van Zandt reported that eight women with advanced breast tumors had received 30 to 60 grams of orally administered shark cartilage daily. In all eight patients after six to eight weeks, the tumors had significantly reduced in size. In three cases, the tumors had become encapsulated, and in two cases in which the tumors had become attached to the chest wall, they had become detached and free floating. In addition to these eight breast cancer cases, two women with uterine fibroid tumors had experienced a disappearance of their tumors.

One of the major imports of clinical trials is that they move theory to the real world. Trials on people have not only tested and proven the theory that shark cartilage can reverse cancer but also have given us concrete data on the method of achieving a cure.

Researchers also have found that shark cartilage is successful in reducing pain in approximately 70 percent of osteoarthritis cases and 60 percent of rheumatoid arthritis cases.

Suggested Use:

Take 2 - 5 capsules daily as required.

Ingredients:

500 mg Shark Cartilage. 52.9% Protein, no sugar or starch, no artificial colors or flavors and no preservatives. Sodium free, no corn, wheat, soy or dairy. Yeast free.

ORDERING INFORMATION

PRODUCT	ITEM #	QUANTITY	YOUR PRICE
Shark	5094	90 capsules	\$14.30

To Order Call 1-800-771-6977

Exhibit A

299

Complaint

EXHIBIT B



Shark cartilage is a natural nontoxic substance that has been shown to inhibit tumor growth, as evidenced by published laboratory studies conducted by eminent scientists over a thirty year period. And, if the studies proving that shark cartilage is an effective cancer treatment and preventative were not sufficient cause for rejoicing, these studies also indicate that a substance in shark cartilage has the potential to control arthritis, psoriasis, macular degeneration, and other diseases of aging.

In further studies: Results were released in May 1992 from preliminary clinical studies conducted by Roscoe L. Van Zandt, M.D. a gynecologist in Arlington, Texas. Dr. Van Zandt reported that eight women with advanced breast tumors had received

30 to 60 grams of orally administered shark cartilage daily. In all eight patients after six to eight weeks, the tumors had significantly reduced in size. In three cases, the tumors had become encapsulated, and in two cases in which the tumors had become attached to the chest wall, they had become detached and free-floating. In addition to these eight breast cancer cases, two women with uterine fibroid tumors had experienced a disappearance of their tumors.

One of the major imports of clinical trials is that they move theory into the real world. Trials on people have not only tested and proven the theory that shark cartilage can reverse cancer but also have given us concrete data on the method of achieving a cure.

Researchers also have found that shark cartilage is successful in reducing pain in approximately 70 percent of osteoarthritis cases and 60 percent of rheumatoid arthritis cases.

Contains: 500 mg. Shark Cartilage. 52.9% Protein, no sugar or starch, no artificial colors or flavors and no preservatives. Sodium free, no corn, wheat, soy or dairy. Yeast free.

For more information please contact:



Exhibit B

Complaint

128 F.T.C.

EXHIBIT C

UNA DE GATO®

"Uncaria Tomentosa"

Cat's Claw has been used for hundreds, perhaps thousands of years by the native Ashaninka Indians for treatment of a wide range of health problems associated with the immune and digestive systems. *Cat's Claw* or *Uncaria tomentosa* is a herb that grows wild in the highlands of the Peruvian Amazon.

Beginning in the 1970's and continuing through today, research has been conducted on this remarkable plant in many countries throughout the world including: several research facilities in Peru; University of Innsbruck, Austria; University of Munich, Germany; The Huntington Research Center, England; The Central Research Institute of Chemistry, Hungary; The Universities of Milan and Naples, Italy. As a result of this ongoing research, there is evidence to suggest that *Uncaria tomentosa* may be beneficial in the treatment of cancer, arthritis, bursitis, rheumatism, genital herpes and herpes zoster, allergies, ulcers, systemic candidiasis, PMS and irregularities of the female cycle, environmental toxin poisoning, numerous bowel and intestinal disorders, organic depression, and those infected with HIV virus.

Dr. Brent W. Davis, DC., who has been working with *Uncaria tomentosa* for a number of years in the United States, has referred to this herb as The Opener of the Way because of its remarkable ability to cleanse the entire intestinal tract and help patients suffering from many different stomach and bowel disorders including: Crohn's Disease, Diverticulitis, leaky bowel syndrome, colitis, hemorrhoids, fistulas, gastritis, ulcers, parasites and intestinal flora imbalance. In its healing ability and benefit to the immune system, *Uncaria tomentosa* appears to have so many therapeutic applications that it far surpasses such well known herbs as Pau de Arco, Echinacea, Golden Seal, Astragalus and Siberian Ginseng, as well as Reishi and Shiitake mushrooms, and other natural products such as Citrus Seed Extract, Caprylic Acid and Shark Cartilage.

There is evidence to suggest that *Uncaria Tomentosa* may also be beneficial in the treatment of:

- Cancer
- Genital Herpes
- Bursitis
- Arthritis
- Rheumatism
- Allergies
- PMS
- Organic Depression
- HIV

ORDERING INFORMATION

Exhibit C

299

Complaint

EXHIBIT C

ONLINE ORDER FORM

To Order by Phone, Call 1-800-771-6977

[Return to Product Index](#)

[Go To Off-line Product Order Form](#)

[Return to Body Systems Technology Home Page](#)

Web Site design: 1997 Better Health Products Product names mentioned are registered trademarks or trademarks of Body Systems Technology, Inc. or their respective owners.

Complaint

128 F.T.C.

EXHIBIT D



Uña de Gato
Uncaria Tomentosa

Cat's Claw

A wondrous herb
from the Peruvian Rainforest

Uncaria tomentosa is an herb that grows wild in the highlands of the Peruvian Amazon. It has been used for hundreds, perhaps thousands of years by the native Ashaninka Indians for treatment of a wide range of health problems associated with the immune and digestive systems.

Beginning in the 1970's and continuing through today, research has been conducted on this remarkable plant in many countries throughout the world including: several research facilities in Peru; University of Innsbruck, Austria; University of Munich, Germany; The Huntington Research Center, England; The Central Research Institute of Chemistry, Hungary; The Universities of Milan and Naples, Italy. As a result of this ongoing research, there is evidence to suggest that Uncaria tomentosa may be beneficial in the treatment of cancer, arthritis, bursitis, rheumatism, genital

herpes and herpes zoster, allergies, ulcers, systemic candidiasis, PMS and irregularities of the female cycle, environmental toxin poisoning, numerous bowel and intestinal disorders, organic depression, and those infected with the HIV virus.

Dr. Brent W. Davis, D.C., who has been working with Uncaria tomentosa for a number of years in the United States, has referred to this herb as The Opener of the Way because of its remarkable ability to cleanse the entire intestinal tract and help patients suffering from many different stomach and bowel disorders including: Crohn's disease, diverticulitis, leaky bowel syndrome, colitis, hemorrhoids, fistulas, gastritis, ulcers, parasites and intestinal flora imbalance. In its healing ability and benefit to the immune system, Uncaria tomentosa appears to have so many therapeutic applications that it far surpasses such well known herbs as Pau de Arco, Echinacea, Golden Seal, Astragalus and Siberian Ginseng, as well as Reishi and Shiitake mushrooms, and other natural products such as Citrus Seed Extract, Caprylic Acid and Shark Cartilage.

For more information please contact:

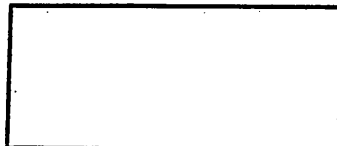


Exhibit D

DECISION AND ORDER

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

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

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

1. Respondent Body Systems Technology, Inc. is a Florida corporation with its principal office or place of business at 408 Live Oaks Blvd., Casselberry, Florida.

Respondent William E. Chace is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs or controls the policies, acts, or practices of the corporation, including the acts and practices alleged in this complaint. His business address is 408 Live Oaks Blvd., Casselberry, Florida.

Respondent James D. Davis is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs or controls the policies, acts, or practices of the corporation,

including the acts and practices alleged in this complaint. His business address is 408 Live Oaks Blvd., Casselberry, Florida.

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

ORDER

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, "*respondents*" shall mean Body Systems Technology, Inc., a corporation, its successors and assigns and its officers; William E. Chace and James D. Davis, individually and as officers of the corporation; and each of the above's agents, representatives, and employees.

3. "*Distributor*" shall mean any purchaser or other transferee of any product or program covered by this order who acquires such product or program from respondents.

4. "*Commerce*" shall mean as defined in Section 4 of the Federal Trade Commission Act, 15 U.S.C. 44.

I.

It is ordered, That respondents, 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 Body System Technology, Inc.'s shark cartilage capsules or any other product or program in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that such product or program:

- A. Is effective in the treatment of cancer; or
- B. Is effective in preventing cancer,

unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

II.

It is further ordered, That respondents, 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 Body System Technology, Inc.'s uña de gato capsules, uña de gato liquid, or any other product or program in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, that such product or program:

- A. Is or is likely to be an effective treatment of cancer;
- B. Is or is likely to be an effective treatment of HIV and AIDS; or
- C. Is or is likely to be an effective treatment of arthritis,

unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

III.

It is further ordered, That respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any food, dietary supplement, or drug as "food" and "drug" are defined in Section 15 of the Federal Trade Commission Act, or any program, in or affecting commerce, shall not make any representation, in any manner, expressly or by implication, about the health benefits, performance, efficacy, or safety of such product or program, unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation.

IV.

It is further ordered, That respondents, directly or through any corporation, subsidiary, division, or other device, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product or program, in or affecting commerce, shall not misrepresent, in any manner, expressly or by

implication, the existence, contents, validity, results, conclusions, or interpretations of any test, study, or research.

V.

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

VI.

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

VII.

It is further ordered, That:

A. Respondents shall not disseminate to any distributor any material containing any representations prohibited by this order.

B. Respondents shall not, directly or indirectly, authorize any distributor to make any representations prohibited by this order.

C. Within thirty (30) days after service of this order, respondents shall send by first class mail an exact copy of the notice attached hereto as Attachment A to each distributor with whom respondents have done business between February 1, 1997 and the date respondents executed this order, to the extent that such distributor is known to respondents through a diligent search of their records, including but not limited to computer files, sales records, and inventory lists. The mailing shall not include any other documents. Respondents shall require each distributor to execute and return the original of the letter as a condition of remaining or once again becoming a distributor of Body Systems Technology, Inc.

D. For a period of three (3) years following service of this order, respondents shall provide an exact copy of the notice attached hereto as Attachment C to each new distributor with whom respondents do business after the date respondents executed this order. Such notice shall be sent with the first shipment of respondents' products or

programs to said distributor. Respondents shall require each new distributor to execute and return the original of the letter as a condition of being a distributor of Body Systems Technology, Inc.

E. Respondents shall use reasonable efforts to monitor distributors' advertising and promotional activities. In the event that respondents receive any information that subsequent to receipt of Attachment A pursuant to Subpart C of this Part or subsequent to receipt of Attachment C pursuant to Subpart D of this Part, any distributor is using or disseminating any advertisement or promotional material or making any oral statement that contains any representation prohibited by this order, respondents shall immediately terminate said distributor's right to market respondents' products or programs and immediately provide, by certified mail, all relevant information, including name, address, and telephone number of the company at issue, the nature of the violation, and any relevant materials used or disseminated, to the Associate Director, Division of Enforcement, Federal Trade Commission, Washington, D.C. 20580.

F. Respondents shall require distributors to submit to respondents all advertising and promotional materials and claims for any products or programs covered by this order for review prior to their dissemination and publication. Respondents shall not authorize distributors to disseminate these materials and claims unless they are in compliance with this order.

Respondents may also comply with the obligations set forth above in this Subpart by:

1. Disseminating to distributors marketing materials that comply with this order; and
2. Requiring these distributors to submit for review all advertising and promotional materials for a particular product or program covered by this order that contain representations that are not substantially similar to the representations for the same product or program contained in the advertising and promotional materials most recently forwarded to the distributors by respondents.

VIII.

It is further ordered, That respondents Body Systems Technology, Inc. and its successors and assigns, and respondents William E. Chace and James D. Davis shall, for a period of five (5) years after the last notice is sent pursuant to Part VII of this order, maintain and upon

request make available to the Federal Trade Commission for inspection and copying: all notification letters sent to distributors, communications between respondents and distributors, and any other materials that refer or relate to the requirements of Part VII.

IX.

It is further ordered, That respondents shall refund the full purchase price of its shark cartilage capsules, uña de gato capsules, and uña de gato liquid, including shipping and handling and applicable taxes, to each purchaser whose initial request for a refund is received by respondents within one hundred and twenty (120) days after the date of service of this order under the following terms and conditions:

A. If respondents' diligent inquiry and examination of the corporate respondent's books and records reasonably substantiates the purchaser's claim of purchase or the purchaser provides proof of purchase, including but not limited to any of the following: return of goods or packaging, canceled check[s], credit card invoice[s], or receipt[s], the refund shall be paid within fifteen (15) business days of respondents' receipt of the refund request.

B. If the purchaser makes a timely request for a refund but neither of the conditions of Subpart A is satisfied, the respondents shall advise the purchaser, within fifteen (15) business days of receipt of the request for refund, that respondents will provide a prompt refund if the purchaser completes and returns to any respondent, within fifteen (15) days of receipt of the notice, a declaration of purchase, which the respondents shall provide together with a stamped and addressed return envelope. The declaration shall be substantially in the form of the declaration attached hereto as Attachment B. The refund shall be paid within fifteen (15) business days of respondents' receipt of the purchaser's completed declaration.

Provided, however, that if any request[s] for a refund from a single purchaser is for greater than three bottles of a product covered by this Part, respondents may, within fifteen (15) business days of receipt of the request[s] for refund, notify the purchaser that it will provide a prompt refund for all unopened packages of Body Systems Technology, Inc. shark cartilage capsules, uña de gato capsules, and uña de gato liquid returned within fifteen (15) business days of receipt

of the notice, and shall advise the purchaser that such returns may be made at the respondents' expense. The respondents shall provide each such purchaser with a prepaid means of return. The refund shall be paid within fifteen (15) business days of the return of unopened merchandise. Refund requests shall be sent to Body Systems Technology, Inc., 408 Live Oaks Blvd., Casselberry, FL 32707.

X.

It is further ordered, That respondent Body Systems Technology, Inc. and its successors and assigns, and respondents William E. Chace and James D. Davis shall, no later than one hundred and eighty (180) days after the date of service of this order, send by certified mail a monitoring report, in the form of a sworn affidavit executed on behalf of respondents to the Associate Director, Division of Enforcement, Bureau of Consumer Protection, Federal Trade Commission, Washington, D.C. 20580. This report shall specify the steps respondents have taken to comply with the terms of Part IX of this order and shall state, without limitation:

- A. The name and address of each purchaser from whom respondents received a refund request;
- B. The date on which each request was received and the amount of the refund provided by respondents to each such purchaser;
- C. That each refund was for the full amount of payment from each purchaser to whom any refund was paid;
- D. The status of any disputed refund request and the identification of each purchaser whose refund request is disputed; by name, address, and amount of the claim; and
- E. The total amount of refunds paid by respondents.

XI.

It is further ordered, That respondent Body Systems Technology, Inc., and its successors and assigns, respondents William E. Chace and James D. Davis 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 their 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 Body Systems Technology, Inc., and its successors and assigns, and respondents William E. Chace and James D. Davis, 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. Respondents 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 Body Systems Technology, Inc., and its successors and assigns shall notify the Commission at least thirty (30) days prior to any change in the corporation that may affect compliance obligations arising under this order, including but not limited to a dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor corporation; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this order; the proposed filing of a bankruptcy petition; or a change in the corporate name or address. Provided, however, that, with respect to any proposed change in the corporation about which respondent learns less than thirty (30) days prior to the date such action is to take place, respondents shall notify the Commission as soon as is practicable after obtaining such knowledge. 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. 20580.

XIV.

It is further ordered, That respondents William E. Chace and James D. Davis, for a period of five (5) 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 her/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. 20580.

XV.

It is further ordered, That respondent Body Systems Technology, Inc., and its successors and assigns, and respondents William E. Chace and James D. Davis 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 they have complied with this order.

XVI.

This order will terminate on September 7, 2019, 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.

ATTACHMENT A

LETTER SENT TO DISTRIBUTORS WITH WHOM RESPONDENTS
HAVE DONE BUSINESS BETWEEN FEBRUARY 1, 1997
AND THE DATE RESPONDENTS EXECUTED THIS ORDER

[To Be Printed on Body Systems Technology, Inc. letterhead]

[NAME AND ADDRESS OF RECIPIENT]

[DATE]

Dear **[DISTRIBUTOR'S NAME]**:

It is against the law to make false claims about any product or program or to make any health-related claims about any product or program of Body Systems Technology, Inc., which are not substantiated by competent and reliable scientific evidence. Competent and reliable scientific evidence is defined as 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. Anecdotal evidence and consumer testimonials are not considered competent and reliable scientific evidence.

The Federal Trade Commission has determined that it has reason to believe that claims that Body Systems Technology, Inc.'s shark cartilage capsules are effective in the treatment or prevention of cancer are not substantiated by competent and reliable scientific evidence. Moreover, the Federal Trade Commission has determined that it has reason to believe that claims that Body Systems Technology, Inc.'s uña de gato capsules and uña de gato liquid are or are likely to be effective treatments for cancer, HIV, AIDS, and arthritis also are not substantiated by competent and reliable scientific evidence. As a result of these determinations, Body Systems Technology, Inc. has agreed with the Federal Trade Commission that it will offer distributors who purchased any of these products refunds in accordance with the procedures and conditions set forth in the appendix to this letter.

Body Systems Technology, Inc. intends to abide by the law and demands that its distributors do the same. Therefore, as a condition of your remaining and or becoming once again a distributor of Body Systems Technology, Inc.'s products and programs, you must agree not to use, rely on, or distribute any advertising or promotional materials containing false or unsubstantiated claims. You must further agree not to make false or unsubstantiated oral representations with regard to any product or program of Body Systems Technology, Inc. You must also agree to notify your retail or wholesale customers to do the same. If you or your retail or wholesale customers use such materials or make such representations, we will stop doing business with you.

In order that Body Systems Technology, Inc. may assure itself that you are in compliance with the aforesaid requirements, you must, as a condition of remaining or becoming a distributor of Body Systems Technology, Inc. agree to submit to Body Systems Technology, Inc. in advance and prior to use, dissemination, or publication, all advertisements or promotional materials that you intend to use, publish, or disseminate with regard to any Body Systems Technology, Inc. product

or program. You must further agree not to use, disseminate or publish any such advertisement or promotional materials without obtaining our prior approval.

If you should fail or refuse to comply with the terms of this letter, your distributorship with Body Systems Technology, Inc. will be terminated immediately. Furthermore, if Body Systems Technology, Inc. believes that you have misrepresented or have made claims with respect to any product or program of Body Systems Technology, Inc. which are unsubstantiated by reliable scientific evidence, Body Systems Technology, Inc. will report your violation to the Federal Trade Commission.

Please sign, date, and return this letter to Body Systems Technology, Inc. at the above address acknowledging your agreement to the terms set forth herein. A copy of this letter has been provided for your files.

Thank you very much for your cooperation.

William E. Chace
President
Body Systems Technology, Inc.

ACKNOWLEDGMENT AND AGREEMENT

The undersigned acknowledges receipt of this letter and hereby agrees to its terms and conditions.

Date

Signature

REFUND CONDITIONS AND PROCEDURES

Body Systems Technology, Inc. will refund the full purchase price of its shark cartilage capsules, uña de gato capsules, and uña de gato liquid including shipping and handling and applicable taxes, to each purchaser whose initial request for a refund is received by Body Systems Technology, Inc. within ninety (90) days after the date of this letter under the following terms and conditions:

- A. Our books and records reasonably substantiate your claim of purchase or you provide Body Systems Technology, Inc. with proof of purchase, including but not limited to any of the following: return of goods or packaging, canceled check[s], credit card invoice[s], or receipt[s].
- B. If you make a timely request for a refund but neither of the conditions of Subpart A is satisfied, Body Systems Technology, Inc. will provide you with a Declaration of Purchase. Upon completion and return of this Declaration of Purchase to Body Systems Technology, Inc., we will then provide you with a refund.

Please Note: If any request[s] for a refund from a single purchaser is for more than three bottles of Body Systems Technology, Inc. shark cartilage capsules, uña de gato capsules, or uña de gato liquid, we reserve the right to only provide a refund upon receipt of all unopened packages of the Body Systems Technology, Inc. shark cartilage capsules, uña de gato capsules, and uña de gato liquid. Such returns,

Decision and Order

128 F.T.C.

however, will be made at Body Systems Technology, Inc.'s expense as we will provide you with a prepaid means of return.

Refund requests may be sent to Body Systems Technology, Inc., 408 Live Oaks Blvd., Casselberry, FL 32707.

ATTACHMENT B

**[ADDRESS AND TELEPHONE NUMBER
OF THE DECLARANT]**

[DATE]

William E. Chace, President
Body Systems Technology, Inc.
408 Live Oaks Boulevard
Casselberry, Florida 32707

Dear Mr. Chace:

I make the following Declaration of Purchase.

On or about **[DATE]**, I purchased **[NUMBER OF BOTTLES]** of **[PRODUCT]** at **[PRICE PER UNIT]**. Moreover, I incurred **[DOLLAR AMOUNT]** in shipping and handling charges and taxes as a result of this purchase(s). I request a refund for **[TOTAL DOLLAR AMOUNT FOR PRODUCT(S), SHIPPING AND HANDLING, AND TAXES]**.

I declare under penalty of perjury that the foregoing is true and correct.

[DECLARANT'S SIGNATURE]

ATTACHMENT C

LETTER SENT TO DISTRIBUTORS WITH WHOM RESPONDENTS
HAVE DONE BUSINESS SINCE RESPONDENTS EXECUTED THIS ORDER

[To Be Printed on Body Systems Technology, Inc. letterhead]

[NAME AND ADDRESS OF RECIPIENT]

[DATE]

Dear **[DISTRIBUTOR'S NAME]**:

It is against the law to make false claims about any product or program or to make any health-related claims about any product or program of Body Systems Technology, Inc., which are not substantiated by competent and reliable scientific evidence. Competent and reliable scientific evidence is defined as 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. Anecdotal evidence and consumer testimonials are not considered competent and reliable scientific evidence.

The Federal Trade Commission has determined that it has reason to believe that claims that Body Systems Technology, Inc.'s shark cartilage capsules are effective in the treatment or prevention of cancer are not substantiated by competent and reliable scientific evidence. Moreover, the Federal Trade Commission has determined that it has reason to believe that claims that Body Systems Technology, Inc.'s uña de gato capsules and uña de gato liquid are or are likely to be effective treatments for cancer, HIV, AIDS, and arthritis also are not substantiated by competent and reliable scientific evidence. Body Systems Technology, Inc. intends to abide by the law and demands that its distributors do the same. Therefore, as a condition of your becoming and remaining a distributor of Body Systems Technology, Inc.'s products and programs, you must agree not to use, rely on, or distribute any advertising or promotional materials containing false or unsubstantiated claims. You must further agree not to make false or unsubstantiated oral representations with regard to any product or program of Body Systems Technology, Inc. You must also agree to notify your retail or wholesale customers to do the same. If you or your retail or wholesale customers use such materials or make such representations, we will stop doing business with you.

In order that Body Systems Technology, Inc. may assure itself that you are in compliance with the aforesaid requirements, you must, as a condition of your becoming and remaining a distributor of Body Systems Technology, Inc. agree to submit to Body Systems Technology, Inc. in advance and prior to use, dissemination, or publication, all advertisements or promotional materials that you intend to use, publish, or disseminate with regard to any Body Systems Technology, Inc. product or program. You must further agree not to use, disseminate or publish any such advertisement or promotional materials without obtaining our prior approval.

If you should fail or refuse to comply with the terms of this letter, your distributorship with Body Systems Technology, Inc. will be terminated immediately. Furthermore, if Body Systems Technology, Inc. believes that you have misrepresented or made claims with respect to any product or program of Body Systems Technology, Inc. which are false or not substantiated by competent and reliable scientific evidence, Body Systems Technology, Inc. will report your violation to the Federal Trade Commission.

Please sign, date, and return this letter to Body Systems Technology, Inc. at the above address acknowledging your agreement to the terms set forth herein. A copy of this letter has been provided for your files.

Thank you very much for your cooperation.

William E. Chace
President
Body Systems Technology, Inc.

ACKNOWLEDGMENT AND AGREEMENT

The undersigned acknowledges receipt of this letter and hereby agrees to its terms and conditions.

Date

Signature

Complaint

128 F.T.C.

IN THE MATTER OF

MELINDA R. SNEED, ET AL.

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket C-3896. Complaint, Sept. 7, 1999--Decision, Sept. 7, 1999*

This consent order, among other things, prohibits the Texas-based sole proprietorship, doing business as Arthritis Pain Care Center, from representing that their products containing CMO or any substantially similar product is effective in the treatment, prevention, or cure of arthritis, provides permanent relief from the symptoms of arthritis, and is effective in the treatment of multiple sclerosis, lupus, and other diseases unless, at the time the representation is made, respondents possess and rely upon competent and reliable scientific evidence that substantiates the representation. In addition, the consent order prohibits any unsubstantiated claims regarding the health benefits, performance, efficacy, or safety of any such product or program.

Participants

For the Commission: *Judith Shepherd, Thomas Carter and Louis Silversin.*

For the respondents: *Pro se.*

COMPLAINT

The Federal Trade Commission, having reason to believe that Melinda R. Sneed and John L. Sneed, d/b/a Arthritis Pain Care Center, have 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 Melinda R. Sneed does business under the assumed name, Arthritis Pain Care Center. Respondent John L. Sneed participates with Melinda R. Sneed in formulating, directing, or controlling the policies, acts, or practices of Arthritis Pain Care Center, including the acts or practices alleged in this complaint. Respondents' principal office or place of business is 3615-F Pioneer Parkway, Arlington, Texas.

2. Respondents have promoted, offered for sale, sold, and distributed to the public products containing a substance described as cetylmyristoleate, cetyl myristoleate, cerasomal-cis-9-cetylmyristoleate, or CMO, including products identified with the