

Complaint

IN THE MATTER OF

**EPICHOUSE, LLC
D/B/A
FIRST CLASS HERBALIST CBD,
COBALT SERUM,
COBALT ENHANCE,
AND
COBALT CREAM,
AND
JOHN LE**

CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF SECTIONS 5 AND 12 OF THE
FEDERAL TRADE COMMISSION ACT

Docket No. C-4736; File No. 202 3094

Complaint, February 2, 2021 – Decision, February 2, 2021

This consent order addresses Epichouse, LLC’s advertising for products containing cannabidiol, including First Class Herbalist CBD oil. The complaint alleges that Respondents violated Sections 5(a) and 12 of the Federal Trade Commission Act by disseminating false and unsubstantiated advertisements claiming that their CBD Products, among other things: are safe for all users; treat pain better than prescription medicine like OxyContin; prevent and treat numerous serious health conditions, including age-related cognitive decline, cancer, chronic pain, diabetes, heart disease, hypertension, and migraines; and are scientifically proven to improve many serious health conditions. The consent order prohibits Respondents from making any representation about the efficacy of any covered product, unless the representation is non-misleading, including that, at the time such representation is made, they possess and rely upon competent and reliable scientific evidence that substantiates that the representation is true.

Participants

For the *Commission*: Keith Fentonmiller and Brady Williams.

For the *Respondents*: Karl Kronenberger, Kronenberger Rosenfeld, LLP.

COMPLAINT

The Federal Trade Commission, having reason to believe that Epichouse, LLC, a corporation, also doing business as First Class Herbalist CBD, Cobalt Serum, Cobalt Enhance, and Cobalt Cream, and John Le, individually and as an owner and officer of Epichouse, LLC (collectively, “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:

1. Respondent Epichouse, LLC (“Epichouse”), also doing business as First Class Herbalist CBD, Cobalt Serum, Cobalt Enhance, and Cobalt Cream, is a Utah corporation with its principal place of business at 3370 Brock St., West Valley City, Utah 84119-2902.

Complaint

2. Respondent John Le is the sole owner and officer of Epichouse. Individually or in concert with others, he controlled or had the authority to control, or participated in the acts and practices alleged in this complaint. He resides in Midvale, Utah.

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

Respondents’ Marketing of CBD Products

4. Cannabidiol (“CBD”) is a substance naturally occurring in, and that can be extracted from, the hemp plant, *cannabis sativa*. Respondents advertised, promoted, offered for sale, sold, and distributed products containing CBD (“CBD Products”) that are intended for human use. These CBD Products are “food” and/or “drugs,” within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

5. Through the website firstclassherbalistcbd.com, Respondents sold CBD Products in the form of oils, coffee, and edible “gummies,” and as a topical cream. Respondents sold their CBD Products to consumers throughout the United States under some or all of the following names: “CBD Oil;” “CBD Hemp Oil Drops;” “Herbalist Oils CBD Hemp Oil Drops;” “Pure Herbal CBD Hemp Oil Drops;” “CBD Coffee;” “CBD Gummies;” “Pure Herbal CBD Gummies;” “Full Spectrum CBD;” “CBD Pain Rub;” “Herbalist Oils CBD Pain Rub;” “CBD + Turmeric Drops;” “Pure Isolate CBD;” and “100% Pure CBD Oil.” Respondents charged consumers \$39.99 to \$79.95 for their CBD Products.

6. From approximately September 2019 through April 2020, Respondents disseminated or caused to be disseminated advertisements for CBD Products, including but not necessarily limited to the attached Exhibits A through E. Respondents promoted CBD Products through a variety of means, including through their website firstclassherbalistcbd.com. These advertisements contained the following statements and depictions:

a. CBD Oil:

Warning: Due to extremely high media demand, there is limited supply of Herbalist Oils CBD in stock as of June 3, 2020

The screenshot displays a website for Epichouse CBD. At the top, a black banner features the CBD logo, the text "Get My Free Bottle! Voted #1 CBD Product In USA", and a yellow "RUSH MY ORDER" button. Below the banner, the main content area is divided into two sections. On the left, a large green and white advertisement for "100% PURE CBD POWERFUL NATURAL PAIN RELIEF" is shown. It includes a list of benefits: "For Pain & Chronic Aches", "Non-Addictive, Natural & Legal", "May help Anxiety & Mood", and "May Help Focus & Memory". A small image of a CBD oil bottle is also present. On the right, a registration form titled "STEP 1 - TELL US WHERE TO SEND YOUR BOTTLE" is displayed. The form includes fields for First Name, Last Name, Address, City/Territory, Country, State/Province, Zip/Post Code, Phone Number, and Email Address. A yellow "RUSH MY ORDER" button is located at the bottom of the form. To the right of the form, a woman in a white lab coat is standing next to a cannabis plant.

Complaint

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NATURAL, FAST RELIEF

Your results with CBD Hemp Oil Drops will improve with continued use. CBD is 100% non-habit forming and is completely safe. It can be taken daily, has NO psychoactive properties, and will not harm you in any way. Plus, your satisfaction is 100% guaranteed.

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THE SCIENCE OF
CBD (CANNABIDOIL) [sic]

...CBD Oil has been medically proven to positively regulate your ECS [endocannabinoid system] affecting issues such as anxiety, insomnia, chronic pain, hypertension and even cardiovascular issues.

...

Psychological Benefits: CBD is commonly used to address anxiety, and for patients who suffer through the misery of insomnia, studies suggest that CBD may help with both falling asleep and staying asleep....

[Exhibit A (www.firstclassherbalistcbd.com, identified by Respondents as EPIC00674)].

b. CBD + Turmeric Oil:

The screenshot displays a website for 'CBD + TURMERIC' with a black header. The header includes the brand logo, a 'Get My Free Bottle!' offer, and a 'RUSH MY ORDER' button. The main content area is divided into two sections. The left section, titled 'START YOUR DAY RIGHT & FEEL GREAT', features the product name 'CBD + TURMERIC' in large orange letters, followed by 'ADVANCED NATURAL PAIN RELIEF' and 'The Most Powerful & Potent CBD With Anti Inflammatory'. A list of benefits includes: 'Reduces Pain & Chronic Aches', 'Natural Anti Inflammatory', 'Enhances Focus & Clarity', 'Promotes Better Energy', and '100% Pure CBD Oil'. A small image of a CBD bottle is shown. The right section, titled 'STEP 1 - TELL US WHERE TO SEND YOUR BOTTLE', contains a registration form with fields for First Name, Last Name, Address, City/Territory, Country, State/Province, Zip/Post Code, Mobile Phone, and E-mail Address. A 'RUSH MY ORDER' button is at the bottom. On the far right, there is an image of a smiling female doctor in a white coat with a stethoscope, holding a cannabis leaf.

Complaint

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NATURAL, FAST RELIEF

Your results with CBD + Turmeric Drops will improve with continued use. CBD is 100% non-habit forming. It can be taken daily, has NO psychoactive properties. Plus, your satisfaction is 100% guaranteed.

#

THE SCIENCE OF CBD (CANNABIDOIL) [sic]

CBD Oil has been shown to positively regulate your ECS addressing issues such as anxiety, insomnia, chronic pain, and inflammation. Here is what the ECS system is known to do:

- **Body:** Stimulates an anti-inflammatory response which helps reduce all forms of chronic aches and pains. . . .
- **Brain:** Helps positively regulate mood patterns which help reduce anxiety and stress. It also promotes better sleep cycles and in some cases may offer a safe remedy for depression and bipolar disorders.
- **Age:** Inflammation is a natural killer responsible for all sorts of disease such as diabetes, heart disease, cancer, and more. . . .

[Exhibit B (www.firstclassherbalistcbd.com, identified by Respondents as EPIC00682)].

c. CBD Coffee Products:

Warning: Due to extremely high media demand, there is limited supply of CBD Coffee in stock as of June 3, 2020. HURRY!!!



Get My Free Bag!
Value \$19.99 CBD Coffee in USA

RUSH MY ORDER

CBD Coffee!

POWERFUL NATURAL PAIN RELIEF

"The Safest, Non-Addictive and Most Effective CBD Coffee is NOW Available to the Public!"

- Powerful Pain Relief
- Relieve Anxiety & Depression
- Improve Focus & Memory
- Natural Energy Boost!
- Does not Show on Drug Test



STEP 1 - TELL US WHERE TO SEND YOUR BAG

First Name*	Last Name*
Address*	
City/Town*	
Country*	State/Province*
Select Country	Select State
Zip/Post Code*	
Phone Number*	E-mail Address*

RUSH MY ORDER



SECURE   

Complaint

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CBD Oil Coffee works WITH your body to ELIMINATE YOUR PAIN FROM WITHIN. And it goes to work quickly. After over 20,000 clinical studies, it has been proven over and over again... arthritis pain... eliminated....

THAT'S WHY CBD CAN REVERSE THOUSANDS OF AILMENTS, INCLUDING:

- Joint Pain
- Arthritis
- Autoimmune Disorder
- Diabetes
- Multiple Forms Of Cancer¹
- High Blood Pressure
- Prostate
- Alzheimer's
- Depression And Bipolar Disorder
- Age Related Cognitive Decline
- Migraines And Headaches
- Cardiovascular Issues²
- Crohn's And Colitis
- Endocrine Disorders
- Inflammation
- Nausea
- Multiple Sclerosis
- Neuropathic Pain
- Neurodegeneration
- Parkinson's
- Rheumatism
- Chronic Stress And Fatigue
- Spinal Cord Injury
- Stroke
- Obesity
- Skin Conditions Like Psoriasis & Adult Acne
- Schizophrenia³
- And much, much more...

1. The National Cancer Institute Believes CBD May "reduce the spread of some cancer cells."

2. The American Journal of Physiology says "CBD induces a substantial in vivo cardioprotective effect from ischemia" (coronary heart disease)

3. Journal of Translational Psychiatry calls CBD a "completely new mechanism in the treatment of schizophrenia."

#

NATURAL, FAST RELIEF

Your results with CBD Coffee will improve with continued use. CBD is 100% non-habit forming and is completely safe. It can be taken daily, has NO psychoactive properties, and will not harm you in any way. Plus, your satisfaction is 100% guaranteed.

#

THE SCIENCE OF CBD (CANNABIDOIL) [sic]

... CBD Oil has been medically proven to positively regulate your ECS addressing issues such as anxiety, insomnia, chronic pain, hypertension, and even cardiovascular issues.

Complaint

- **Physical Benefits:** Stimulates an anti-inflammatory response which helps reduce all forms of chronic aches and pains. . . .
- **Psychological Benefits:** Helps positively regulate mood patterns which help reduce anxiety and stress. It also promotes better sleep cycles and in some cases may offer a safe remedy for depression and bipolar disorders.
- **Neurological Benefits:** Our CBD Oil's positive impact on the neural system helps reduce age-related cognitive decline. It also helps support focus, alertness & memory recall while reducing the frequency of migraines and headaches.

#



★★★★★ Pam C.

I have 2 herniated discs in my lower back, and was on oxycontin for 7 years. CBD Coffee has completely replaced my need for prescription painkillers. Why aren't more people talking about this??

[Exhibit C (www.firstclassherbalistcbd.com, identified by Respondents as EPIC00662)].

d. CBD Pain Rub Products:

The screenshot displays the website for 'CBD PAIN RUB'. At the top, there is a navigation bar with the logo, a link to 'Get My Free Bottle!', and a 'RUSH MY ORDER' button. The main content area features a large heading 'CBD PAIN RUB! ADVANCED NATURAL PAIN RELIEF' followed by the tagline 'The Most Powerful and Potent Hemp Pain Rub You Can Get!'. Below this, a list of benefits is provided: 'Reduces Pain & Chronic Aches', 'Relieve Anxiety & Stress', 'Enhances Your Mood', 'Promotes Better Sleep', and '100% Pure CBD Oil'. A product image of the CBD Pain Rub jar is shown. To the right, a 'STEP 1 - TELL US WHERE TO SEND YOUR BOTTLE' form is visible, containing fields for First Name, Last Name, Address, City/Territory, Country, State/Province, Zip/Post Code, Mobile Phone, and Email Address. A 'RUSH MY ORDER' button is at the bottom of the form. On the far right, there is an image of a female doctor with a stethoscope and a cannabis plant.

...Another study also indicated that when used topically, CBD could lower pain and inflammation due to arthritis. . . .

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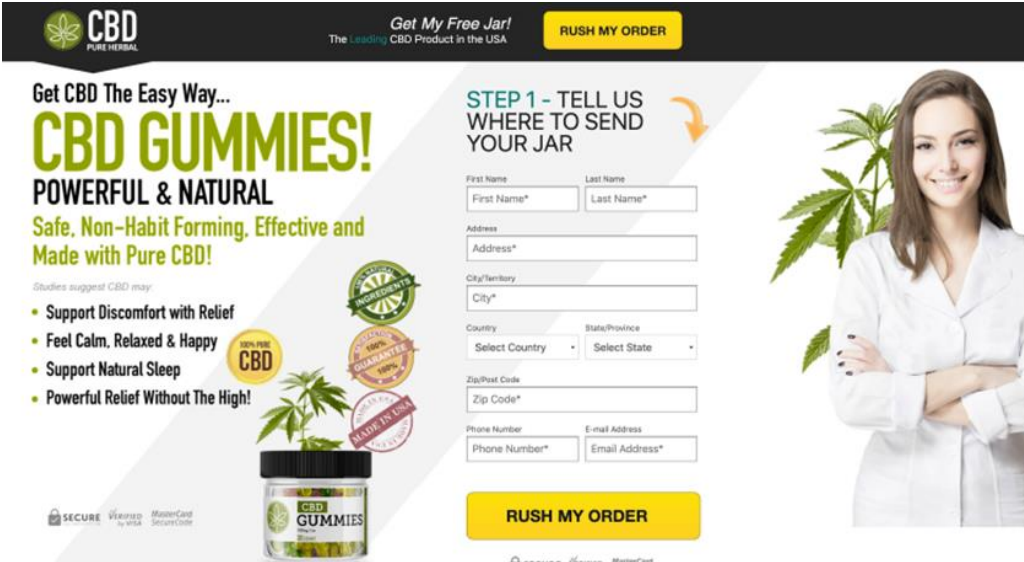
THE SCIENCE OF
CBD (CANNABIDOIL) [sic]

Complaint

... CBD Rub has been shown to positively regulate your ECS addressing issues such as anxiety, insomnia, chronic pain, and inflammation. Here is what the ECS system is known to do:

- **Body:** Stimulates an anti-inflammatory response which helps reduce all forms of chronic aches and pains. . . .
- **Brain:** Helps positively regulate mood patters which help reduce anxiety and stress. It also promotes better sleep cycles and in some cases may offer a safe remedy for depression and bipolar disorders.
- **Age:** Inflammation is a natural killer responsible for all sorts of disease such as diabetes, heart disease, cancer, and more....

[Exhibit D (www.firstclassherbalistcbd.com, identified by Respondents as EPIC00680)].

e. CBD Gummy Products:


The screenshot shows a website for 'CBD PURE HERBAL'. At the top, there is a navigation bar with the text 'Get My Free Jar! The Leading CBD Product in the USA' and a yellow 'RUSH MY ORDER' button. Below this, the main content area is divided into two sections. On the left, there is a promotional banner for 'CBD GUMMIES!' with the text 'POWERFUL & NATURAL' and 'Safe, Non-Habit Forming, Effective and Made with Pure CBD!'. It also lists benefits: 'Support Discomfort with Relief', 'Feel Calm, Relaxed & Happy', 'Support Natural Sleep', and 'Powerful Relief Without The High!'. A small image of a CBD gummy jar is shown. On the right, there is a 'STEP 1 - TELL US WHERE TO SEND YOUR JAR' form. The form includes fields for 'First Name', 'Last Name', 'Address', 'City/Territory', 'Country', 'State/Province', 'Zip/Post Code', 'Phone Number', and 'Email Address'. A yellow 'RUSH MY ORDER' button is at the bottom of the form. To the right of the form is a photo of a smiling woman in a white lab coat standing next to a cannabis plant.

###

THE SCIENCE OF CBD (CANNABIDOIL) [sic]

CBD Oil has been shown to positively regulate your ECS addressing issues such as anxiety, insomnia, chronic pain and inflammation. Here is what the ECS system is known to do:

- **Body:** Stimulates an anti-inflammatory response which helps reduce all forms of chronic aches and pains. . . .

Complaint

- **Brain:** Helps positively regulate mood patterns which help reduce anxiety and stress. It also promotes better sleep cycles and in some cases may offer a safe remedy for depression and bipolar disorders.
- **Age:** Inflammation is a natural killer responsible for all sorts of disease such as diabetes, heart disease, cancer, and more....

[Exhibit E (www.firstclassherbalistcbd.com, identified by Respondents as EPIC00667)].

7. Respondents have not conducted any studies demonstrating that their CBD Products cure, treat, alleviate, or prevent diseases or health conditions. There are no competent and reliable human clinical studies in the scientific literature to substantiate that these products or their ingredients cure, treat, alleviate, or prevent the diseases or health conditions mentioned in the advertising excerpts set forth in Paragraph 6.

Count I
False or Unsubstantiated Efficacy Claims

8. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBD Products, including through the means described in Paragraph 6 of this Complaint, Respondents have represented, directly or indirectly, expressly or by implication, that CBD Products:

- a. treat, alleviate, or cure age-related cognitive decline; chronic pain, including neuropathic pain, pain from spinal cord injuries, and pain from diseases like arthritis; adult acne; Alzheimer's disease; arthritis; autoimmune disorder; bipolar disorder; cancer; colitis; Crohn's disease; depression; diabetes; endocrine disorders; heart disease; high blood pressure; migraines; multiple sclerosis; neurodegeneration; obesity; Parkinson's disease; prostate problems; psoriasis; rheumatism; schizophrenia; and stroke;
- b. prevent age-related cognitive decline, cancer, chronic pain, diabetes, heart disease, hypertension, and migraines;
- c. can replace the need for prescription painkillers like oxycontin; and
- d. are safe for all consumers.

9. The representations set forth in Paragraph 8 are false or misleading, or were not substantiated at the time the representations were made.

Complaint

Count II
False Establishment Claims

10. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBD Products, including through the means described in Paragraph 6 of this Complaint, Respondents have represented, directly or indirectly, expressly or by implication, that studies or scientific research prove that CBD Products:

- a. improve alertness, focus, and memory recall;
- b. treat, alleviate, or cure age-related cognitive decline; anxiety; bipolar disorder; cancer; chronic pain, including arthritis pain; depression; diabetes; heart disease; high blood pressure; inflammation; insomnia; and migraines; and
- c. prevent age-related cognitive decline; anxiety; chronic pain, including arthritis pain; cancer; diabetes; heart disease; hypertension; inflammation; insomnia; and migraines.

11. In fact, studies or scientific research do not prove that their CBD Products:

- a. improve alertness, focus, and memory recall;
- b. treat, alleviate, or cure age-related cognitive decline; anxiety; bipolar disorder; cancer; chronic pain, including arthritis pain; depression; diabetes; heart disease; high blood pressure; inflammation; insomnia; and migraines; and
- c. prevent age-related cognitive decline; anxiety; chronic pain, including arthritis pain; cancer; diabetes; heart disease; hypertension; inflammation; insomnia; and migraines.

Therefore, the representations set forth in Paragraph 10 are false or misleading.

Violations of Section 5 and 12

12. 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.

THEREFORE, the Federal Trade Commission this second day of February, 2021, has issued this Complaint against Respondents.

By the Commission.

Complaint

Exhibit A

Warning: Due to extremely high media demand, there is limited supply of Herbalist Oil CBD in stock as of June 3, 2019

100% PURE CBD
POWERFUL NATURAL PAIN RELIEF

Safe, Non-Addictive, Effective and 100% Legal!

- For Pain & Chronic Aches
- Non-Addictive, Natural & Legal
- May help Anxiety & Mood
- May Help Focus & Memory

STEP 1 - TELL US WHERE TO SEND YOUR BOTTLE

First Name* Last Name*
 Address*
 City/Town*
 Country*
 State/Province*
 Zip/Post Code*
 Phone Number*
 Email Address*

RUSH MY ORDER

THC FREE

HARVARD MEDICAL SCHOOL
 Cannabinoids (CBD)
 Cannabinoids (CBD)

WHY IS FULL SPECTRUM CBD SO POPULAR NOW?

CBD Oil works WITH your body to ADDRESS PAIN FROM WITHIN. And it goes to work quickly. After over 30,000 clinical studies, it has been proven over and over again... The cannabinoids found in CBD Hemp Oil Drops are the SAME compounds that regulate mood and pain in the brain and body. In just days, the cannabinoids in CBD Hemp Oil Drops interact with your entire endocannabinoid system (the network of receptors found throughout your body, including your brain, organs, glands...)... some have reported being pain free and feeling years younger.

Order your CBD Package today and experience full spectrum cbd hemp oil at it's finest!

Complaint

**THAT'S WHY PEOPLE HAVE TRIED CBD FOR
MULTIPLE AILMENTS, INCLUDING:**

- Joint Pain
- Arthritis
- Autoimmune Disorder
- Diabetes
- Multiple Forms Of Cancer
- High Blood Pressure
- Prostate
- Alzheimer's
- Depression And Bipolar Disorder
- Age Related Cognitive Decline
- Migraines And Headaches
- Cardiovascular Issues
- Crohn's And Colitis
- Endocrine Disorders
- Inflammation
- Nausea
- Multiple Sclerosis
- Neuropathic Pain
- Neurodegeneration
- Parkinson's
- Rheumatism
- Chronic Stress And Fatigue
- Spinal Cord Injury
- Stroke
- Obesity
- Skin Conditions Like Psoriasis & Adult Acne
- Schizophrenia
- And much, much more...

1. The National Cancer Institute Believes CBD May "inhibit the spread of some cancer cells."
2. The American Journal of Physiology says "CBD induces a substantial in vivo cardioprotective effect from ischemia" (previously heart disease).
3. Journal of Translational Psychiatry says CBD is "potentially new molecules in the treatment of schizophrenia."

**HOW TO USE CBD OIL
TO GET RESULTS****Step 1**
DAILY DOSE OF CBD

From the minute you take your first drop of Herbalist Oils CBD Hemp Oil Drops - cannabinoids will flood your system - acting as natural neuro-transmitters to stop pain, and anxiety, ensure a good night's sleep, and promote complete body balance.

**Step 2**
NATURAL, FAST RELIEF

Your results with CBD Hemp Oil Drops will improve with continued use. CBD is 100% non-habit forming and is completely safe. It can be taken daily, has no psychoactive properties, and will not harm you in any way. Plus, your satisfaction is 100% guaranteed.

**Step 3**
TRANSFORM YOUR HEALTH

With Herbalist Oils™ Full Spectrum CBD, you always get the proper dose in your body, so you feel good all day long. And it gives you superior absorption compared to all other CBD capsules or gummies on the market.

Complaint

THE SCIENCE OF CBD (CANNABIDIOL)

The endocannabinoid system (ECS) regulates everything from sensation to eating, sleeping, inflammation and even cognitive function. In a nutshell, the ECS is responsible for making sure the entire body is working optimally. CBD Oil has been medically proven to positively regulate your ECS, allowing you to feel quick relief from anxiety, insomnia, chronic pain, hypertension and even cardiovascular issues.

- Physical Benefits:** CBD may offer an option for treating different types of chronic pain. A study from the European Journal of Pain showed, using an animal model, CBD applied on the skin could help lower pain and inflammation due to arthritis. Another study demonstrated the mechanism by which CBD works: inflammatory and neuropathic pain, two of the most difficult types of chronic pain to treat. More study in humans is needed in this area to substantiate the claims of CBD proponents about pain control. [Reference: https://www.ncbi.nlm.nih.gov/pubmed/25767171](#)
- Psychological Benefits:** CBD is commonly used to address anxiety, and for patients who suffer through the misery of insomnia, studies suggest that CBD may help with both being asleep and staying asleep. [Reference: https://www.ncbi.nlm.nih.gov/pubmed/25767171](#)

We're so confident that CBD Oil will work for you, that we are going to take on 100% of the risk and protect your purchase by giving you a full 2 months to try CBD Oil out without risking a dime.



WEBSITE SECURE
Secure 256-bit SSL Encryption



UNITED STATES
POSTAL SERVICE

☒ By providing my phone number and submitting my information to continue, I verify this is my number and consent to text messages via automated systems, regarding order status, marketing or promotional offers and related transactions. Message and Data rates may apply. Msg 1 to 400.

*The statements made on our websites have not been evaluated by the FDA (U.S. Food & Drug Administration). Our products are not intended to diagnose, cure or prevent any disease. The information provided by this website or this company is not a substitute for a face-to-face consultation with your physician, and should not be construed as individual medical advice. The testimonials on this website are individual cases and do not guarantee that you will get the same results. Due to the nature of this product and to protect the privacy of the individuals, actual names and photographs of the individuals depicted in the testimonials have been changed. Individuals are remunerated.

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Complaint

Exhibit B



CBD + TURMERIC
ADVANCED NATURAL PAIN RELIEF

The Most Powerful & Potent
CBD With Anti Inflammatory

- Reduces Pain & Chronic Aches
- Natural Anti Inflammatory
- Enhances Focus & Clarity
- Promotes Better Energy
- 100% Pure CBD Oil

STEP 1 - TELL US WHERE TO SEND YOUR BOTTLE

First Name* Last Name*

Address*

City/Territory*

Country* State/Province*

Zip/Post Code*

Mobile Phone* Email Address*

RUSH MY ORDER

WHY IS CBD + TURMERIC SO POPULAR NOW?

CBD + Turmeric Oil works WITH your body to ADDRESS YOUR PAIN FROM WITH-IN. With the federal ban on CBD lifted, more and more clinical studies are being conducted every day on cannabinoids (CBD). The cannabinoids found in CBD + Turmeric Drops are the SAME compounds that regulate mood and pain in the brain and body.

Harvard Medical released an article on CBD and reported that exact same compound that is currently being used in treating for epilepsy, is also widely available to be used as a supplement for anxiety, insomnia, and used as an option for chronic pain. Another study also indicated that when used topically, CBD could lower pain and inflammation due to arthritis. In just days, the cannabinoids in CBD + Turmeric Drops will tune your entire endocannabinoid system (the network of receptors found throughout your body, including your brain, organs, glands).

Complaint

HOW TO USE CBD OIL TO GET RESULTS



Step 1 DAILY DOSE OF CBD

From the minute you take your first drop of CBD + Turmeric + cannabinoids will flood your system - acting as natural neuro transmitters to help relieve pain, relieve anxiety, promote good sleep, and promote complete body balance.



Step 2 NATURAL, FAST RELIEF

Your results with CBD + Turmeric Drops will improve with continued use. CBD is 100% non-habit forming. It can be taken daily, has NO psychoactive properties. Plus, your satisfaction is 100% guaranteed.



Step 3 TRANSFORM YOUR HEALTH

With CBD + TURMERIC, you always get the proper dose in your body, so you feel good all day long. Enjoy the powerful relief and additional benefits of CBD with superior absorption!

THE SCIENCE OF CBD (CANNABIDIOL)

The endocannabinoid system (ECS) regulates everything from relaxation to eating, sleeping, inflammation and even cognitive function. In a nutshell, the ECS is responsible for making sure the entire body is working optimally. CBD oil has been shown to positively regulate your ECS addressing issues such as anxiety, insomnia, chronic pain, and inflammation. Here is what the ECS system is known to do:

- **Relax:** Stimulates an anti-inflammatory response which helps reduce all forms of chronic aches and pains. Regular use also helps support joint health, mobility, and flexibility.
- **Balance:** Helps positively regulate mood patterns which help reduce anxiety and stress. It also synchronizes better sleep cycles and in some cases may offer a safe remedy for depression and bipolar disorders.
- **Repair:** Inflammation is a natural killer responsible for all sorts of disease such as diabetes, heart disease, cancer, and more. Inflammation is also a positive mechanism used to heal damaged tissue. The ECS is a critical part of managing the parts of the body that when finely tuned can help you feel you.



RELIEVE
PAIN NATURALLY
WITH CBD

Complaint

TRANSFORMING THOUSANDS OF LIVES
1 DROP AT A TIME...

★★★★★ Dal H.

Great product! I wish they sold it by the gallon. It is the only thing that relieves the sciatic pain I have, as well as the pain in my lower back. Delivered on time as expected.



★★★★★ Angela C.

I have reordered. I think this is probably the best pain relief I have tried in awhile.



★★★★★ Barbara U.

It's the best cream for my knees, I never found anything better. I love everything about it. I will be getting this for the rest of my life. I hope its a long one :)



★★★★★ Dan A.

My brother raves about this & I have to say its a good discovery. I have residual knee pain after knee replacement & it actually does help relieve the pain!



★★★★☆ J. Collins

As good as it gets. It could get a little warmer, but the relief is still there. My back, knees and hands are moving much more fluidly now.



★★★★★ B. Wilkerson

Eases the pain. I literally fell in love. Works Great!!



★★★★★ Angie D.

I love this for pain! Takes away the pain immediately. It goes to work right away and you don't need very much!

*The testimonials above are from verified customers.

We're so confident that **CBD + TURMERIC** will work for you, that we are going to take on 100% of the risk and protect your purchase by giving you a full 2 months to try **CBD + TURMERIC** out without risking a dime.

Hurry: ONLY 431 Bottles Left In Stock**FEEL GREAT
WITH NATURE'S
BEST!****CBD + TURMERIC
IS CHANGING LIVES...****RUSH MY ORDER**

SECURE

WEBSITE SECURE
Secure 256-bit SSL Encryption

*The statements made on our websites have not been evaluated by the FDA (U.S. Food & Drug Administration). Our products are not intended to diagnose, cure or prevent any disease. The information provided by this website or this company is not a substitute for a face-to-face consultation with your physician, and should not be construed as individual medical advice. The testimonials on this website are individual cases and do not guarantee that you will get the same results. In order to protect the privacy of our customers, testimonial names and/or images may be changed or modified, however all testimonials are from verified buyers of our product(s). THC Content less than .33%.

Terms and Conditions / Privacy Policy / Contact Us**FTC Cmplt. Exh. B-3**

Complaint

Exhibit C

Warning: Due to extremely high media demand, there is limited supply of CBD Coffee in stock as of June 3, 2020. **HURRY!** 09:52:05

CBD
Hemp Oil

Get My Free Bag!
Winest #1 CBD Coffee in USA

RUSH MY ORDER

CBD Coffee!

POWERFUL NATURAL PAIN RELIEF

"The Safest, Non-Addictive and Most Effective CBD Coffee is NOW Available to the Public!"

- Powerful Pain Relief
- Relieve Anxiety & Depression
- Improve Focus & Memory
- Natural Energy Boost!
- Does not Show on Drug Test

STEP 1 - TELL US WHERE TO SEND YOUR BAG

First Name* Last Name*

Address*

City/Territory*

Country* State/Province*

Zip/Post Code*

Phone Number* Email Address*

RUSH MY ORDER

WHY IS FULL SPECTRUM CBD SO POPULAR NOW?

CBD Oil Coffee works WITH your body to ELIMINATE YOUR PAIN FROM WITHIN. And it goes to work quickly. After over 20,000 clinical studies, it has been proven over and over again... The cannabinoids found in our CBD Hemp Oil Coffee are the SAME compounds that regulate mood and pain in the brain and body. In just days, the cannabinoids in Hemp Oil CBD Hemp Oil Coffee will tune your entire endocannabinoid system (the network of receptors found throughout your body, including your brain, organs, glands)... leaving you pain free and feeling years younger. Muscle pain, joint pain, arthritis pain, headaches, body aches... all eliminated. PLUS the added benefits of Antioxidant Rich Full Flavored Coffee!

It is important to note that the Hemp Oil CBD 100% Pure Hemp Oil used in this study was the real deal and exceeds the studies product potency using proprietary methods.

Complaint

**THAT'S WHY CBD CAN REVERSE
THOUSANDS OF AILMENTS, INCLUDING:**

- Joint Pain
- Arthritis
- Autoimmune Disorder
- Diabetes
- Multiple Forms Of Cancer
- High Blood Pressure
- Prostate
- Alzheimer's
- Depression And Bipolar Disorder
- Age Related Cognitive Decline
- Migraines And Headaches
- Cardiovascular Issues
- Crohn's And Colitis
- Endocrine Disorders
- Inflammation
- Nausea
- Multiple Sclerosis
- Neuropathic Pain
- Neurodegeneration
- Parkinson's
- Rheumatism
- Chronic Stress And Fatigue
- Spinal Cord Injury
- Stroke
- Obesity
- Skin Conditions Like Psoriasis & Adult Acne
- Schizophrenia
- And much, much more....

1. The National Cancer Institute believes CBD may "reduce the spread of some cancer cells."¹
 2. The American Journal of Physiology says "CBD induces a substantial in-vivo cardioprotective effect from ischemia" (chronic heart disease).
 3. Journal of Translational Psychiatry calls CBD a "promising new mechanism in the treatment of schizophrenia."

**HOW TO USE CBD COFFEE
TO GET RESULTS****Step 1**
DAILY DOSE OF CBD

From the minute you take your first sip of our CBD Coffee - cannabinoids will flood your system - acting as natural neuro-transmitters to stop pain, end anxiety, ensure a good night's sleep, and promote complete body balance.

**Step 2**
NATURAL, FAST RELIEF

Your results with CBD Coffee will improve with continued use. CBD is 100% non-habit forming and is completely safe. It can be taken daily, has NO psychoactive properties, and will not harm you in any way. Plus, your satisfaction is 100% guaranteed.

**Step 3**
TRANSFORM YOUR HEALTH

With our Full Spectrum CBD Coffee, you always get the proper dose in your body, so you feel good all day long. And it gives you superior absorption compared to all other CBD oil on the market.

Complaint

THE SCIENCE OF CBD

(CANNABIDIOL)

The endocannabinoid system (ECS) regulates everything from metabolism to stress, sleep, and immune response. It's the body's way of maintaining balance. CBD is a natural compound found in cannabis plants. It interacts with the ECS to help regulate these functions. CBD is non-psychoactive, meaning it won't get you high. It's also safe and easy to use. CBD has many benefits, including reducing inflammation, relieving pain, and improving sleep. It's a natural way to feel better and live healthier.

- Pain Relief:** CBD has been shown to reduce inflammation and relieve pain. It's a natural way to feel better and live healthier.
- Stress Relief:** CBD has been shown to reduce stress and anxiety. It's a natural way to feel better and live healthier.
- Sleep Aid:** CBD has been shown to improve sleep. It's a natural way to feel better and live healthier.
- Immune Support:** CBD has been shown to support the immune system. It's a natural way to feel better and live healthier.

TRANSFORMING THOUSANDS OF LIVES 1 CUP AT A TIME...

★★★★★ Gary M.
I don't like that night, CBD Coffee helps me sleep like a baby. I know I should've tried sooner, but nothing changes your habits overnight!

★★★★★ Pam R.
I have 2 herniated discs in my lower back, and was on painkillers for 7 years. CBD Coffee has completely reduced my need for prescription painkillers. Why aren't more people talking about this?

★★★★★ Rose
I don't drink coffee, but I've been a bit of a coffee addict. But I'm pleased to report that CBD Coffee is absolutely wonderful - it's smooth like you're using the finest of coffee beans. It's really refreshing to meet a company who cares as much about quality.

★★★★★ John S.
After a weekend of getting the made to my back. They're both in good luck, and going through them. Your CBD Coffee has only helped significantly improve their mood, but I know this is going to sound a bit strange - they both seem to have found and improved, and they're really growing up!

★★★★★ Ted E.
This is hands down the best coffee I've ever had. Plus no side-effects, and the best in my opinion is about 80% pure.

★★★★★ Peter S.
I love your CBD Coffee. I really do, and would love you to 5 stars, but I've had a few times I prefer your website, you were out of stock. Please get more in stock, this is the only thing that's helped with my issues. I've had 7 surgeries on my back.

★★★★★ Nancy K.
The chocolate is my all-time fave, and it's my fave. And if I ever start to feel up before the night, it's like a little boost in the morning, and the best way to start my day.

★★★★★ Ruthie L.
I bought CBD Coffee thinking that it would get me high, but it didn't. That's why I'm giving it a 5 star. Please let other people know that this product doesn't get you high before they buy.

★★★★★ Susan W.
Not only am I almost totally pain free, but CBD Coffee has helped me lose weight when actually losing was impossible. I don't feel any fatigue, and I don't feel any stress. My metabolism is working perfectly. And now, when I do feel like giving up, I just take a few more drops and I feel better.

We're so confident that CBD Coffee will work for you, that we are going to take on 100% of the risk, and protect your purchase by giving you a full 2 months to try CBD Coffee out without risking a dime.

Hurry: ONLY 499 Bags Left In Stock

THE MOST POWERFUL CBD

CBD COFFEE IS CHANGING LIVES...

RUSH MY ORDER

WEBSITE SECURE
256-bit SSL Encryption

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Complaint

Exhibit D



CBD PAIN RUB!
ADVANCED NATURAL PAIN RELIEF
The Most Powerful and Potent Hemp Pain Rub You Can Get!

- Reduces Pain & Chronic Aches
- Relieve Anxiety & Stress
- Enhances Your Mood
- Promotes Better Sleep
- 100% Pure CBD Oil

STEP 1 - TELL US WHERE TO SEND YOUR BOTTLE

First Name* Last Name*
Address*
City/Town*
State*
Country*
Zip Code*
Mobile Phone*
Email Address*

RUSH MY ORDER

WHY IS FULL SPECTRUM CBD SO POPULAR NOW?

CBD Rub works WITH your body to ADDRESS YOUR PAIN FROM WITHIN. With the latest scan on CBD Rub, more and more clinical studies are being conducted every day on cannabidiol (CBD). The cannabidiol found in Herbalife CBD Pain Rubs are the SAME compounds that regulate mood and pain in the brain and body.

Harvard Medical released an article on CBD and reported that exact same compound that is currently being used in coming for epilepsy, is also widely available to be used as a supplement for anxiety, insomnia, and used as an option for chronic pain.

Another study also indicated that when used topically, CBD could lower pain and inflammation due to arthritis. In just days, the cannabidiol in Herbalife CBD Pain Rub will tune your entire endocannabinoid system (the network of receptors found throughout your body, including your brain, organs, glands).

This CBD Pain Rub has the best natural ingredients: Purified water, organic coconut oil, organic shea butter, glycerol stearate, glycerin, organic sunflower seed oil, apricot kernel oil, beeswax, hemp extract, organic rose water leaf juice, citric acid, tocopherol, benzoic acid, DMSO & E010.

Complaint

HOW TO USE CBD OIL TO GET RESULTS



Step 1
Easy Apply Cream

From the minute you apply CBD Pain Rub - cannabinoids will flood your system - acting as natural neuro transmitters to help relieve pain, relieve anxiety, promote good sleep, and promote complete body balance.



Step 2
NATURAL, FAST RELIEF

Your results with CBD Pain Rub will improve with continued use. CBD is 100% non-habit forming. It can be taken daily, has NO psychoactive properties. Plus, your satisfaction is 100% guaranteed.



Step 3
TRANSFORM YOUR HEALTH

With Herbalist Oil's™ Full Spectrum CBD Pain Rub, you always get the proper dose in your body, so you feel good all day long. Enjoy the powerful relief and additional benefits of CBD with superior absorption!

THE SCIENCE OF CBD (CANNABIDIOL)

The endocannabinoid system (ECS) regulates everything from sensation to sleep, stress, inflammation and even cognitive function. It's a natural, the ECS is responsible for making sure the entire body is working optimally. CBD Rub has been shown to positively regulate your ECS addressing issues such as anxiety, insomnia, chronic pain, and inflammation. Here is what the ECS system is known to do:

- **Reduces** Stimulates an anti-inflammatory response which helps reduce all sorts of chronic aches and pains. Regular use also helps support joint health, mobility, and flexibility.
- **Relaxes** Helps positively regulate mood patterns which help reduce anxiety and stress. It also promotes better sleep cycles and in some cases may offer a safe remedy for depression and bipolar disorders.
- **Helps** Inflammation is a natural killer responsible for all sorts of disease such as diabetes, heart disease, cancer, and more. Inflammation is also a positive mechanism used to heal damaged tissue. The ECS is a critical part of managing the path of the body that when fully tuned can help you feel you.



SCIENTIFICALLY PROVEN TO STOP PAIN IMMEDIATELY

Complaint

REAL SUCCESS STORIES



"I was looking for an alternative to the harsh pharmaceutical drugs that were giving me many unwanted side effects. I still use CBD to this day for its potent anti-inflammatory properties, and recommend it to all of my clients as a natural alternative medicine."

- Isabella

THE MOST POWERFUL PAIN RUB!
CBD OIL IS CHANGING LIVES...



RUSH MY ORDER

NEW! FREE CBD

100% PURE
100% NATURAL
100% EFFECTIVE

SECURE
256-bit SSL
100% GUARANTEE

WEBSITE SECURE
256-bit SSL is cryptex

FACEBOOK
TWITTER
INSTAGRAM

UNITED STATES POSTAL SERVICE

*By providing my phone number and submitting my information to continue, I verify this is my number and consent to text messages via automated systems, regarding order status, marketing or promotional offers and related transactions. Message and Data rates may apply. Msg 1 msg/day. Reply 1 to stop.

*The statements made on our websites have not been evaluated by the FDA (U.S. Food & Drug Administration). Our products are not intended to diagnose, cure or prevent any disease. The information provided by this website or this company is not a substitute for a face-to-face consultation with your physician, and should not be construed as individual medical advice. The testimonials on this website are individual cases and do not guarantee that you will get the same results. In order to protect the privacy of our customers, testimonial names and/or images may be changed or modified, however all testimonials are from verified buyers of our product(s). TBC Content less than .03%.

Terms and Conditions | Privacy Policy | Contact Us | Return Policy

Complaint

Exhibit E



Get My Free Jar!
The Leading CBD Product in the USA

RUSH MY ORDER

Get CBD The Easy Way...

CBD GUMMIES!

POWERFUL & NATURAL
Safe, Non-Habit Forming, Effective and Made with Pure CBD!

Studies suggest CBD may:

- Support Discomfort with Relief
- Feel Calm, Relaxed & Happy
- Support Natural Sleep
- Powerful Relief Without The High!












STEP 1 - TELL US WHERE TO SEND YOUR JAR

First Name* Last Name*

Address*

City/Territory*

Country* State/Province*

Zip/Post Code*

Phone Number* E-mail Address*

RUSH MY ORDER










WHY IS CBD SO POPULAR NOW?

CBD OF WORKS WITH your body to ADDRESS YOUR SYSTEMS FROM WITHIN. With the federal ban on CBD lifted, more and more clinical studies are being conducted among people who consume CBD. The cannabinoids found in Pure Herbal CBD Gummies are the SAME compounds that regulate mood and pain in the brain and body.

Harvard Medical released an article on CBD and reported that the exact same compound is currently being studied for its use in caring for epilepsy, is also widely being observed for its effect on anxiety, insomnia, and being tested as an option for chronic pain. Another study also indicated that can be used topically. In just days, the cannabinoids in Pure Herbal CBD Gummies may benefit your entire endocannabinoid system (the network of receptors found throughout your body, including your brain, organs, glands).

Complaint

HOW TO USE CBD GUMMIES TO GET RESULTS



Step 1
DAILY DOSE OF CBD

From the minute you take your first bite of CBD Gummies - cannabinoids will flood your system - helping to balance your endocannabinoid system which regulates pain, anxiety, sleep, and overall body balance.



Step 2
NATURAL, FAST IMPROVEMENT

Your results with CBD will improve with continued use. CBD is 100% non-habit forming. It can be taken daily, has NO psychoactive properties. Plus, your satisfaction is 100% guaranteed.



Step 3
TRANSFORM YOUR LIFE

With Pure Herbal CBD Gummies, you always get the proper dose in your body, so you feel good all day long. Enjoy the benefits of CBD with superior delivery and absorption.

THE SCIENCE OF CBD(CANNABIDIOL)

The endocannabinoid system (ECS) regulates everything from relaxation to eating, sleeping, inflammation and even cognitive function. In a nutshell, the ECS is responsible for making sure the entire body is working optimally. CBD Oil has been shown to positively regulate your ECS addressing issues such as anxiety, insomnia, chronic pain, and inflammation. Here is what the ECS system is known to do:

- **Body:** Stimulates an anti-inflammatory response which helps restore all forms of chronic aches and pains. Regular use also helps support joint health, mobility, and flexibility.
- **Brain:** Helps positively regulate mood systems which help reduce anxiety and stress. It also promotes better sleep cycles and in some cases may offer a safe remedy for depression and bipolar disorders.
- **Age:** Inflammation is a natural killer responsible for all sorts of disease such as diabetes, heart disease, Cancer, and more. Inflammation is also a positive mechanism used to heal damaged tissue. The ECS is a critical part of managing the parts of the body that when finely tuned can help you feel you.



ENJOY THE BENEFITS OF CBD

Prevents Chronic Issues

Contributes to better sleep

Reduces Inflammation

Complaint

TRANSFORMING THOUSANDS OF LIVES
1 BITE AT A TIME...

 ★★★★★ Del H.
Great product! I wish they sold it by the bucket. It is the only thing that relieves the sciatic pain I have, as well as the pain in my lower back. Delivered on time as expected.

 ★★★★★ Angela C.
I have reordered. I think this is probably the best pain relief I have tried in awhile.

 ★★★★★ Barbara U.
It's the best for my knees, I never found anything better. I love everything about it. I will be getting this for the rest of my life. I hope it's a long one :)

 ★★★★★ Dan A.
My brother raves about this & I have to say it's a good discovery. I have residual knee pain after knee replacement & it actually does help relieve the pain!

 ★★★★★ J. Collins
As good as it gets. The relief is there. My back, knees and hands are moving much more fluidly now.

 ★★★★★ S. Wilkerson
Eases the pain. I literally feel in love. Works Great !!!

 ★★★★★ Angie D.
I love this for pain! Takes away the pain immediately. It goes to work right away and you don't need very much!

*The testimonials above are from verified customers.

  We're so confident that Pure Herbal CBD Gummies will work for you, that we are going to take on 100% of the risk and protect your purchase by giving you a full 2 months to try it out without risking a dime.

Hurry: ONLY 404 Jars Left In Stock

 **WEBSITE SECURE**
Secure 256-bit SSL Encryption

By providing my phone number and submitting my information to continue, I verify this is my number and consent to text messages via automated systems, regarding order status, marketing or promotional offers and related transactions. Message and Data rates may apply. Allow 1 week delay. Reply 1 to stop.

*The statements made on our websites have not been evaluated by the FDA (U.S. Food & Drug Administration). Our products are not intended to diagnose, cure, or prevent any disease. This information is not intended to be used for medical advice or to replace the advice from your doctor. Do not use this information while pregnant or nursing.

Gabriela J. - NY
Purchased 3 Jars of CBD Gummies
11 minutes ago

Decision and Order

DECISION

The Federal Trade Commission (“Commission”) initiated an investigation of certain acts and practices of the Respondents named in the caption. The Commission’s Bureau of Consumer Protection (“BCP”) prepared and furnished to Respondents a draft Complaint. BCP proposed to present the draft Complaint to the Commission for its consideration. If issued by the Commission, the draft Complaint would charge the Respondents with violations of the Federal Trade Commission Act.

Respondents and BCP thereafter executed an Agreement Containing Consent Order (“Consent Agreement”). The Consent Agreement includes: 1) statements by Respondents that they neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Decision and Order, and that only for purposes of this action, they admit the facts necessary to establish jurisdiction; and 2) waivers and other provisions as required by the Commission’s Rules.

The Commission considered the matter and determined that it had reason to believe that Respondents have violated the Federal Trade Commission Act, and that a Complaint should issue stating its charges in that respect. The Commission accepted the executed Consent Agreement and placed it on the public record for a period of 30 days for the receipt and consideration of public comments. The Commission duly considered any comments received from interested persons pursuant to Section 2.34 of its Rules, 16 C.F.R. § 2.34. Now, in further conformity with the procedure prescribed in Rule 2.34, the Commission issues its Complaint, makes the following Findings, and issues the following Order:

Findings

1. The Respondents are:
 - a. Respondent Epichouse, LLC (“Epichouse”), also doing business as First Class Herbalist CBD, Cobalt Serum, Cobalt Enhance, and Cobalt Cream, a Utah corporation with its principal office or place of business at 3370 Brock St., West Valley City, Utah 84119-2902.
 - b. Respondent John Le, the sole owner and officer of Epichouse. Individually or in concert with others, he controlled or had the authority to control, or participated in the acts and practices alleged in this complaint. He resides in Midvale, Utah.
2. The Commission has jurisdiction over the subject matter of this proceeding and over the Respondents, and the proceeding is in the public interest.

Decision and Order

ORDER**DEFINITIONS**

For the purpose of this Order, the following definitions apply:

- A. **“CBD Product”** means any Dietary Supplement, Food, or Drug containing cannabidiol.
- B. **“Covered Product(s)”** means any Dietary Supplement, Food, or Drug, including but not limited to CBD Products sold or marketed by Respondents.
- C. **“Dietary Supplement”** means (1) any product labeled as a dietary supplement or otherwise represented as a dietary supplement; or (2) any pill, tablet, capsule, powder, softgel, gelcap, liquid, or other similar form containing one or more ingredients that are a vitamin, mineral, herb or other botanical, amino acid, probiotic, or other dietary substance for use by humans to supplement the diet by increasing the total dietary intake, or a concentrate, metabolite, constituent, extract, or combination of any ingredient described above, that is intended to be ingested, and is not represented to be used as a conventional Food or as a sole item of a meal or the diet.
- D. **“Drug”** means (1) articles recognized in the official United States Pharmacopoeia, official Homoeopathic Pharmacopoeia of the United States, or official National Formulary, or any supplement to any of them; (2) articles intended for use in the diagnosis, cure, mitigation, treatment, or prevention of disease in humans or other animals; (3) articles (other than Food) intended to affect the structure or any function of the body of humans or other animals; and (4) articles intended for use as a component of any article specified in (1), (2), or (3); but does not include devices or their components, parts, or accessories.
- E. **“Essentially Equivalent Product”** means a product that contains the identical ingredients, except for inactive ingredients (e.g., binders, colors, fillers, excipients) in the same form and dosage, and with the same route of administration (e.g., orally, sublingually), as the Covered Product; *provided that* the Covered Product may contain additional ingredients if reliable scientific evidence generally accepted by experts in the field indicates that the amount and combination of additional ingredients is unlikely to impede or inhibit the effectiveness of the ingredients in the Essentially Equivalent Product.
- F. **“Food”** means (1) any article used for food or drink for humans or other animals; (2) chewing gum; and (3) any article used for components of any such article.
- G. **“Respondent”** means the Individual Respondent and the Corporate Respondent, individually, collectively, or in any combination.

Decision and Order

1. **“Corporate Respondent”** means Epichouse, LLC, a limited liability company, also doing business as First Class Herbalist CBD, Cobalt Serum, Cobalt Enhance, and Cobalt Cream, and its successors and assigns.
2. **“Individual Respondent”** means John Le.

PROVISIONS**I. PROHIBITED REPRESENTATIONS: HEALTH-RELATED CLAIMS REQUIRING HUMAN CLINICAL TESTING FOR SUBSTANTIATION**

IT IS ORDERED that Respondents, Respondents’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Covered Product, must not make, or assist others in making, expressly or by implication, any representation that such product:

- A. treats, alleviates, or cures age-related cognitive decline, neurodegeneration, or prostate problems;
- B. prevents age-related cognitive decline, pain, hypertension, or migraines;
- C. treats, alleviates, or cures any disease, including but not limited to adult acne; Alzheimer’s disease; arthritis, autoimmune disorder; bipolar disorder; cancer; pain, including neuropathic pain, pain from spinal cord injuries, and pain from diseases like arthritis; colitis; Crohn’s disease; depression; diabetes; endocrine disorders; heart disease; high blood pressure; migraines; multiple sclerosis; obesity; Parkinson’s disease; psoriasis; rheumatism; strokes; or schizophrenia;
- D. replaces the need for prescription painkillers like oxycontin; or
- E. is safe for all consumers;

unless the representation is non-misleading, and, at the time of making such representation, Respondents, Respondents’ officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, possess and rely upon competent and reliable scientific evidence substantiating that the representation is true. For purposes of this Section, competent and reliable scientific evidence must consist of human clinical testing of the Covered Product or of an Essentially Equivalent Product, that is sufficient in quality and quantity based on standards generally accepted by experts in the relevant disease, condition, or function to which the representation relates, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true. Such testing must be: (1) randomized, double-blind, and placebo-controlled; and (2) conducted by researchers qualified by training and experience to conduct such testing. In addition, all underlying or supporting data and documents generally accepted by experts in the field as relevant to an assessment of such

Decision and Order

testing as described in the Section entitled Preservation of Records Relating to Competent and Reliable Human Clinical Tests or Studies must be available for inspection and production to the Commission. Persons covered by this Section have the burden of proving that a product satisfies the definition of Essentially Equivalent Product.

II. PROHIBITED REPRESENTATIONS: OTHER HEALTH-RELATED CLAIMS

IT IS FURTHER ORDERED that Respondents, Respondents' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any Covered Product must not make, or assist others in making, expressly or by implication, any representation, other than representations covered under the Provision of this Order entitled Prohibited Representations: Health-Related Claims Requiring Human Clinical Testing For Substantiation, about the health benefits, performance, efficacy, safety, or side effects of any Covered Product, unless the representation is non-misleading, and, at the time of making such representation, they possess and rely upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted by experts in the relevant disease, condition, or function to which the representation relates, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true.

For purposes of this Provision, "competent and reliable scientific evidence" means tests, analyses, research, or studies (1) that have been conducted and evaluated in an objective manner by experts in the relevant disease, condition, or function to which the representation relates; (2) that are generally accepted by such experts to yield accurate and reliable results; and (3) that are randomized, double-blind, and placebo-controlled human clinical testing of the Covered Product, or of an Essentially Equivalent Product, when such experts would generally require such human clinical testing to substantiate that the representation is true. In addition, when such tests or studies are human clinical tests or studies, all underlying or supporting data and documents generally accepted by experts in the field as relevant to an assessment of such testing as set forth in the Section entitled Preservation of Records Relating to Competent and Reliable Human Clinical Tests or Studies must be available for inspection and production to the Commission. Persons covered by this Provision have the burden of proving that a product satisfies the definition of Essentially Equivalent Product.

III. PRESERVATION OF RECORDS RELATING TO COMPETENT AND RELIABLE HUMAN CLINICAL TESTS OR STUDIES

IT IS FURTHER ORDERED that, with regard to any human clinical test or study ("test") upon which Respondents rely to substantiate any claim covered by this Order, Respondents must secure and preserve all underlying or supporting data and documents generally accepted by experts in the field as relevant to an assessment of the test, including:

Decision and Order

- A. all protocols and protocol amendments, reports, articles, write-ups, or other accounts of the results of the test, and drafts of such documents reviewed by the test sponsor or any other person not employed by the research entity;
- B. all documents referring or relating to recruitment; randomization; instructions, including oral instructions, to participants; and participant compliance;
- C. documents sufficient to identify all test participants, including any participants who did not complete the test, and all communications with any participants relating to the test; all raw data collected from participants enrolled in the test, including any participants who did not complete the test; source documents for such data; any data dictionaries; and any case report forms;
- D. all documents referring or relating to any statistical analysis of any test data, including any pretest analysis, intent-to-treat analysis, or between-group analysis performed on any test data; and
- E. all documents referring or relating to the sponsorship of the test, including all communications and contracts between any sponsor and the test's researchers.

Provided, however, the preceding preservation requirement does not apply to a reliably reported test, unless the test was conducted, controlled, or sponsored, in whole or in part by: (1) any Respondent; (2) any Respondent's officers, agents, representatives, or employees; (3) any other person or entity in active concert or participation with any Respondent; (4) any person or entity affiliated with or acting on behalf of any Respondent; (5) any supplier of any ingredient contained in the product at issue to any of the foregoing or to the product's manufacturer; or (6) the supplier or manufacturer of such product.

For purposes of this Provision, "reliably reported test" means a report of the test has been published in a peer-reviewed journal, and such published report provides sufficient information about the test for experts in the relevant field to assess the reliability of the results.

For any test conducted, controlled, or sponsored, in whole or in part, by Respondents, Respondents must establish and maintain reasonable procedures to protect the confidentiality, security, and integrity of any personal information collected from or about participants. These procedures must be documented in writing and must contain administrative, technical, and physical safeguards appropriate to Corporate Respondents' size and complexity, the nature and scope of Respondents' activities, and the sensitivity of the personal information collected from or about the participants.

IV. PROHIBITED REPRESENTATIONS REGARDING TESTS, STUDIES, OR OTHER RESEARCH

IT IS FURTHER ORDERED that Respondents, Respondents' officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection

Decision and Order

with the manufacturing, labeling, advertising, promotion, offering for sale, sale, or distribution of any product must not misrepresent, in any manner, expressly or by implication:

- A. that any Covered Product is clinically proven to:
 - 1. improve alertness, focus, or memory recall;
 - 2. treat, alleviate, or cure age-related cognitive decline; anxiety; bipolar disorder; cancer; pain, including arthritis pain; depression; diabetes; heart disease; high blood pressure; inflammation; insomnia; and migraines; or
 - 3. prevent age-related cognitive decline; anxiety; pain, including arthritis pain; cancer; diabetes; heart disease; hypertension; inflammation; insomnia; or migraines;
- B. that the performance or benefits of a Covered Product are scientifically or clinically proven or otherwise established; or
- C. the existence, contents, validity, results, conclusions, or interpretations of any test, study, or other research.

V. FDA-APPROVED CLAIMS

IT IS FURTHER ORDERED that nothing in this Order prohibits Respondents, Respondents' officers, agents, employees, and attorneys, or all other persons in active concert or participation with any of them from:

- A. for any Drug, making a representation that is approved in labeling for such Drug under any tentative final or final monograph promulgated by the Food and Drug Administration, or under any new drug application approved by the Food and Drug Administration; and
- B. for any product, making a representation that is specifically authorized for use in labeling for such product by regulations promulgated by the Food and Drug Administration pursuant to the Nutrition Labeling and Education Act of 1990 or permitted under Sections 303-304 of the Food and Drug Administration Modernization Act of 1997.

VI. MONETARY RELIEF

IT IS FURTHER ORDERED that:

- A. Respondents must pay to the Commission \$30,000.00, which Respondents stipulate their undersigned counsel holds in escrow for no purpose other than payment to the Commission.

Decision and Order

- B. Such payment must be made within 8 days of the effective date of this Order by electronic fund transfer in accordance with instructions provided by a representative of the Commission.

VII. ADDITIONAL MONETARY PROVISIONS**IT IS FURTHER ORDERED** that:

- A. Respondents relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.
- B. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission to enforce its rights to any payment pursuant to this Order, such as a nondischargeability complaint in any bankruptcy case.
- C. The facts alleged in the Complaint establish all elements necessary to sustain an action by or on behalf of the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.
- D. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for equitable relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Respondents' practices alleged in the Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. Respondents have no right to challenge any actions pursuant to this Provision.

VIII. NOTICES TO CUSTOMERS**IT IS FURTHER ORDERED** that Respondents must notify customers as follows:

- E. Respondents must identify all consumers who purchased CBD Products on or after September 1, 2019 ("eligible customers").
1. Such eligible customers, and their contact information, must be identified to the extent such information is in Respondents' possession, custody or control, including from third parties such as resellers;

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2. Eligible customers include those identified at any time, including after Respondents' execution of the Agreement through the eligibility period, which runs for 1 year after the issuance date of the Order.
- F. Respondents must send a notice via electronic mail to all identified eligible customers:
1. The notice must be in the form shown in Attachment A.
 2. The subject line of the email notice must state, "About Your Purchase from First Class Herbalist CBD."
 3. The email of the notice must not include any other attachments.
- G. Respondents must notify all eligible customers within 45 days after the issuance date of this Order and any eligible customers identified thereafter within 30 days of their identification.
- H. Respondents must report on their notification program under penalty of perjury:
1. Respondents must submit a report within 90 days after the issuance date of this Order summarizing their compliance to date, including the total number of eligible customers identified and notified.
 2. If a representative of the Commission requests any information regarding the program, including any of the underlying customer data, Respondents must submit it within 10 days of the request.
 3. Failure to provide required notices or any requested information will be treated as a continuing failure to obey this Order.

IX. ACKNOWLEDGMENTS OF THE ORDER

IT IS FURTHER ORDERED that Respondents obtain acknowledgments of receipt of this Order:

- A. Each Respondent, within 10 days after the effective date of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.
- B. For 10 years after the issuance date of this Order, the Individual Respondent for any business that such Respondent, individually or collectively with any other Respondent, is the majority owner or controls directly or indirectly, and each Corporate Respondent, must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members; (2) all employees having managerial responsibilities for labeling, manufacturing, advertising, marketing,

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promotion, distribution, offering for sale, or sale of any Covered Product and all agents and representatives who participate in labeling, manufacturing, advertising, marketing, promotion, distribution, offering for sale, or sale of any Covered Product; and (3) any business entity resulting from any change in structure as set forth in the Provision titled Compliance Reports and Notices. Delivery must occur within 10 days after the effective date of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

- C. From the individual or entity to which a Respondent delivered a copy of this Order, that Respondent must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

X. COMPLIANCE REPORTS AND NOTICES

IT IS FURTHER ORDERED that Respondents make timely submissions to the Commission:

- A. Sixty days after the issuance date of this Order, each Respondent must submit a compliance report, sworn under penalty of perjury, in which:
1. Each Respondent must: (a) identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission, may use to communicate with Respondent; (b) identify all of that Respondent's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses; (c) describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Respondent (which Individual Respondent must describe if he knows or should know due to his own involvement); (d) describe in detail whether and how that Respondent is in compliance with each Provision of this Order, including a discussion of all of the changes the Respondent made to comply with the Order; and (e) provide a copy of each Acknowledgment of the Order obtained pursuant to this Order, unless previously submitted to the Commission.
 2. Additionally, the Individual Respondent must: (a) identify all his telephone numbers and all his physical, postal, email and Internet addresses, including all residences; (b) identify all his business activities, including any business for which such Respondent performs services whether as an employee or otherwise and any entity in which such Respondent has any ownership interest; and (c) describe in detail such Respondent's involvement in each such business activity, including title, role, responsibilities, participation, authority, control, and any ownership.

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- B. For 10 years after the issuance date of this Order, each Respondent must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:
1. Each Respondent must report any change in: (a) any designated point of contact; or (b) the structure of any Corporate Respondent or any entity that Respondent has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.
 2. Additionally, the Individual Respondent must submit notice of any change in: (a) name, including alias or fictitious name, or residence address; or (b) title or role in any business activity, including (i) any business for which such Respondent performs services whether as an employee or otherwise and (ii) any entity in which such Respondent has any ownership interest and over which Respondents have direct or indirect control. For each such business activity, also identify its name, physical address, and any Internet address.
- C. Each Respondent must submit notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Respondent within 14 days of its filing.
- D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: “I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: ____” and supplying the date, signatory’s full name, title (if applicable), and signature.
- E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: In re Epichouse, LLC.

XI. RECORDKEEPING

IT IS FURTHER ORDERED that Respondents must create certain records for 10 years after the issuance date of the Order, and retain each such record for 5 years, unless otherwise specified below. Specifically, Corporate Respondents and the Individual Respondent for any

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business that such Respondent, individually or collectively with any other Respondents, is a majority owner or controls directly or indirectly, must create and retain the following records:

- A. accounting records showing the revenues from all goods or services sold, the costs incurred in generating those revenues, and resulting net profit or loss;
- B. personnel records showing, for each person providing services in relation to any aspect of the Order, whether as an employee or otherwise, that person's: name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;
- C. copies or records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- D. all records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission;
- E. a copy of each unique advertisement or other marketing material making a representation subject to this Order; and
- F. for 5 years from the date of the last dissemination of any representation covered by this Order:
 - 1. all materials that were relied upon in making the representation; and
 - 2. all tests, studies, analysis, other research, or other such evidence in Respondents' possession, custody, or control that contradicts, qualifies, or otherwise calls 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;
- I. for 5 years from the date received, copies of all subpoenas and other communications with law enforcement, if such communications relate to Respondents' compliance with this Order; and
- J. for 5 years from the date created or received, all records, whether prepared by or on behalf of Respondents, that tend to show any lack of compliance by Respondents with this Order.

XII. COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Respondents' compliance with this Order: suspended and any failure to transfer any assets as required by this Order:

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- A. Within 10 days of receipt of a written request from a representative of the Commission, each Respondent must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury, and produce records for inspection and copying.
- B. For matters concerning this Order, representatives of the Commission are authorized to communicate directly with each Respondent. Respondents must permit representatives of the Commission to interview anyone affiliated with any Respondent who has agreed to such an interview. The interviewee may have counsel present.
- C. The Commission may use all other lawful means, including posing through its representatives as consumers, suppliers, or other individuals or entities, to Respondents or any individual or entity affiliated with Respondents, without the necessity of identification or prior notice. Nothing in this Order limits the Commission's lawful use of compulsory process, pursuant to Sections 9 and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.
- D. Upon written request from a representative of the Commission, any consumer reporting agency must furnish consumer reports concerning Individual Respondents, pursuant to Section 604(2) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(2).

XIII. ORDER EFFECTIVE DATES

IT IS FURTHER ORDERED that this Order is final and effective upon the date of its publication on the Commission's website (ftc.gov) as a final order. This Order will terminate 20 years from the date of its issuance (which date may be stated at the end of this Order, near the Commission's seal), or 20 years from the most recent date that the United States or the Commission files a complaint (with or without an accompanying settlement) in federal court alleging any violation of this Order, whichever comes later; *provided, however*, that the filing of such a complaint will not affect the duration of:

- A. any Provision in this Order that terminates in less than 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 Provision.

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 Provision as though the complaint had never been filed, except that the Order will not terminate between the date such

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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.

By the Commission.

ATTACHMENT A TO THE ORDER**CLAIMS ABOUT PRODUCTS CONTAINING CBD*****In re Epichouse, LLC – First Class Herbalist CBD***

Dear <Name of customer>:

Our records show that you bought CBD Oil, CBD + Turmeric Oil, CBD Coffee, CBD Pain Rub, or CBD Gummies from www.firstclassherbalistcbd.com. We are writing to tell you that the Federal Trade Commission (FTC), the nation's consumer protection agency, has sued us for making misleading claims that our CBD oil can effectively prevent, cure, treat, or ease serious diseases and health conditions, including the following:

age-related cognitive decline, Alzheimer's disease, arthritis, autoimmune disorder, bipolar disorder, cancer, colitis, Crohn's disease, depression, diabetes, endocrine disorders, heart disease, high blood pressure, migraines, multiple sclerosis, neurodegeneration, obesity, Parkinson's disease, prostate problems, psoriasis, rheumatism, schizophrenia, spinal cord injury, and stroke.

To settle the FTC's lawsuit, we're contacting our customers to tell them that we don't have proof that our CBD products will effectively prevent, cure, treat, or improve the serious diseases and health conditions listed above. If you have other questions about this lawsuit, visit [add URL].

CBD oil and other alternative treatments might be harmful to your medical care and could interfere with your prescriptions. CBD products could also be dangerous if you take them with other medicines or at a high dose. Talk to your doctor before you take any treatments or stop any prescriptions. For more information about protecting yourself from bogus health product claims visit ftc.gov/health.

Sincerely,

[Signature]

John Le

Owner

Epichouse, LLC

Concurring Statement

STATEMENT OF COMMISSIONER ROHIT CHOPRA**Summary**

- When companies lie about the effectiveness of their treatments for serious conditions, this harms patients and diverts sales away from firms that tell the truth.
- Congress gave the FTC a new authority to crack down on abuses in the opioid treatment industry, but the agency has not prioritized this issue. This should change.
- The FTC can increase its effectiveness when it comes to health claims by shifting resources away from small businesses and by deploying the unused Penalty Offense Authority.

Today, the Federal Trade Commission is taking action against several outfits regarding their outlandish – and unlawful – claims about cannabidiol (CBD). While CBD is currently the subject of considerable scientific research, there is no evidence yet that CBD can treat or cure cancer, Alzheimer’s, or other serious diseases. Baseless claims give patients false hope, improperly increase or divert their medical spending, and undermine “a competitor’s ability to compete” on honest attributes.¹

I support these actions and congratulate those who made them a reality. Going forward, however, the FTC will need to refocus its efforts on health claims by targeting abuses in the substance use disorder treatment industry, shifting attention toward large businesses, and making more effective use of the FTC’s Penalty Offense Authority.

First, COVID-19 and the resulting economic and social distress are fueling new concerns about substance use disorders. In particular, there are signs that the pandemic is leading to greater dependence on opioids.² It is critical that the FTC take steps to prevent exploitation of patients seeking treatment for substance use disorders.

I am particularly concerned about abusive practices in the for-profit opioid treatment industry, and believe this should be a high priority. This industry has grown exponentially by profiting off those suffering from addiction. Many of these outfits use lead generators to steer

¹ *In re Pfizer, Inc.*, 81 F.T.C. 23, 62 (1972).

² See, e.g., Jon Kamp & Arian Campo-Flores, *The Opioid Crisis, Already Serious, Has Intensified During Coronavirus Pandemic*, WALL STREET J. (Sept. 8, 2020), <https://www.wsj.com/articles/the-opioid-crisis-already-serious-has-intensified-during-coronavirus-pandemic-11599557401>; *Issue brief: Reports of increases in opioid- and other drug-related overdose and other concerns during COVID pandemic*, AMERICAN MEDICAL ASSOCIATION (last updated on Oct. 31, 2020), <https://www.ama-assn.org/delivering-care/opioids/covid-19-may-be-worsening-opioid-crisis-states-can-take-action>.

Concurring Statement

Americans into high-cost, subpar treatment centers, and some even hire intermediaries – so-called “body brokers” – who collect kickbacks from this harmful practice.³

More than two years ago, Congress passed the SUPPORT for Patients and Communities Act. Among other provisions, the Act authorized the Commission to seek civil penalties, restitution, damages, and other relief against outfits that engage in misconduct related to substance use disorder treatment.⁴ The Commission is well positioned to help shut down these abuses, ensure they are not profitable, and hold predatory actors and their enablers to account.⁵

Unfortunately, the Commission has brought zero cases under this new authority. While I have supported actions like this one that challenge baseless CBD claims, as well as previous actions charging that pain relief devices and similar products were sold deceptively,⁶ I am concerned that we have largely ignored Congressional concerns about unlawful opioid treatment practices. I urge my fellow Commissioners to change course on our enforcement priorities, especially given our limited resources.

Second, the FTC should focus more of its enforcement efforts on larger firms rather than small businesses. Today’s actions focus on very small players, some of which are defunct. While I appreciate that small businesses can also harm honest competitors and families, they are often judgment-proof, making it unlikely victims will see any relief.⁷ I am confident that FTC staff can successfully challenge powerful, well-financed defendants that break the law.

Finally, the Commission should reduce the prevalence of unlawful health claims by triggering civil penalties under the FTC’s Penalty Offense Authority.⁸ Under the Penalty Offense

3 For example, recent reporting describes the “Florida Shuffle,” where treatment facilities pay brokers to recruit patients through 12-step meetings, conferences, hotlines, and online groups, leading to serious harm. See German Lopez, *She wanted addiction treatment. She ended up in the relapse capital of America*, VOX (Mar. 2, 2020), <https://www.vox.com/policy-and-politics/2020/3/2/21156327/florida-shuffle-drug-rehab-addiction-treatment-bri-jayne>. See also Letter from Commissioner Chopra to Congress on Deceptive Marketing Practices in the Opioid Addiction Treatment Industry (July 28, 2018), <https://www.ftc.gov/public-statements/2018/07/letter-commissioner-chopra-congress-deceptive-marketing-practices-opioid> (calling on the FTC to do more to tackle this problem).

4 Pub. L. No. 115-271 §§ 8021-8023 (codified in 15 U.S.C. § 45d). The Act also allows the Commission to prosecute deceptive marketing of opioid treatment products. Notably, a number of respondents in this sweep are alleged to have made claims that CBD could replace OxyContin.

5 Given public reports regarding private equity rollups of smaller opioid treatment facilities, the Commission can also examine whether anticompetitive M&A strategies are leading to further patient harm. See Statement of Commissioner Rohit Chopra Regarding Private Equity Roll-ups and the Hart-Scott-Rodino Annual Report to Congress, Comm’n File No. P110014 (July 8, 2020), <https://www.ftc.gov/public-statements/2020/07/statement-commissioner-rohit-chopra-regarding-private-equity-roll-ups-hart>.

6 Press Release, Fed. Trade Comm’n, Marketers of Pain Relief Device Settle FTC False Advertising Complaint (Mar. 4, 2020), <https://www.ftc.gov/news-events/press-releases/2020/03/marketers-pain-relief-device-settle-ftc-false-advertising>.

7 In one of these matters, the respondents are paying nothing.

8 15 U.S.C. § 45(m)(1)(b).

Concurring Statement

Authority, firms that engage in conduct they know has been previously condemned by the Commission can face civil penalties, in addition to the relief that we typically seek.⁹ For example, the Commission routinely issues warning letters to businesses regarding unsubstantiated health claims. Future warning letters can be more effective if they include penalty offense notifications.

The Commission has repeatedly found that objective claims require a reasonable basis,¹⁰ and apprising firms of these findings – along with a warning that noncompliance can result in penalties – makes it significantly more likely they will come into compliance voluntarily. In fact, when the Commission employed this strategy four decades ago, it reportedly resulted in a “high level of voluntary compliance achieved quickly and at a low cost.”¹¹ Going forward, we should pursue this strategy.¹²

I thank everyone who made today’s actions possible, and look forward to future efforts that address emerging harms using the full range of our tools and authorities.

9 See Rohit Chopra & Samuel A.A. Levine, The Case for Resurrecting the FTC Act’s Penalty Offense Authority (Oct. 29, 2020), https://papers.ssrn.com/sol3/papers.cfm?abstract_id=3721256. Particularly given challenges to the FTC’s 13(b) authority, incorporating a penalty offense strategy can safeguard the Commission’s ability to seek strong remedies against lawbreakers.

10 This requirement was first established in the Commission’s 1972 *Pfizer* decision, and it has been affirmed repeatedly. *Pfizer, Inc.*, *supra* note 2 (finding that “[f]airness to the consumer, as well as fairness to competitors” compels the conclusion that affirmative claims require a reasonable basis); *In re Thompson Medical Co.*, 104 F.T.C. 648, 813 (1984) (collecting cases), *aff’d*, 791 F.2d 189 (D.C. Cir. 1986). Appended to *Thompson Medical* was the Commission’s Policy Statement Regarding Advertising Substantiation, which states that “a firm’s failure to possess and rely upon a reasonable basis for objective claims constitutes an unfair and deceptive act or practice in violation of Section 5 of the Federal Trade Commission Act.” *Id.* at 839. This standard continues to govern the Commission’s approach to substantiation, as recently reaffirmed in the Commission’s final order against POM Wonderful. *In re POM Wonderful LLC et al.*, 155 F.T.C. 1, 6 (2013).

11 Commissioner Bailey made this observation in the context of opposing industry efforts to repeal this authority, an authority she described as an “extremely effective and efficient way to enforce the law.” Testimony of Commissioner Patricia P. Bailey Before the Subcomm. on Com., Tourism and Transp. of the Comm. on Energy and Com. of the H.R. Concerning the 1982 Reauthorization of the Fed. Trade Comm’n, at 11 (Apr. 1, 1982), https://www.ftc.gov/system/files/documents/public_statements/693551/19820401_bailey_testimony_before_the_subcommittee_on_commerce_subcommittee_on_commerce_touri.pdf.

12 My colleague, Commissioner Christine S. Wilson, has issued a statement in this matter. I agree that the Commission should not prioritize close-call substantiation cases, especially those involving small businesses.

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CONCURRING STATEMENT OF COMMISSIONER CHRISTINE S. WILSON

Today the Commission announces six settlements with marketers of cannabidiol (CBD) products resolving allegations that they made false, misleading, and/or unsubstantiated express disease claims for their products. I support these cases because accurate and complete information about products contributes to the efficient functioning of the market and facilitates informed consumer decision-making. In contrast, deceptive or false claims inhibit informed decision-making and may cause economic injury to consumers.

The Commission's complaints in these matters allege that the marketers claimed their products could treat, prevent, or cure diseases or serious medical conditions, including cancer, heart disease, Alzheimer's, diabetes, and Parkinson's disease, and that scientific research or clinical studies supported these claims. In fact, according to the Commission's complaints, the proposed respondents did not conduct scientific research on the efficacy of their products to treat these diseases or conditions. In addition, the complaints allege that some of the proposed respondents claimed that their products could be taken in lieu of prescription medication.

The Commission has been working with the FDA, and on its own, to combat false and unsubstantiated claims for CBD products, including through warning letters¹ and a law enforcement action.² Here, where consumers may have foregone proven measures to address serious diseases and the marketers have made virtually no effort to possess and rely on scientific evidence to support their strong, express disease claims, as we allege in our complaint, I agree that law enforcement is appropriate.

The Commission's proposed consent orders in these matters require respondents to possess and rely on competent and reliable evidence, defined as randomized, double-blind, placebo- controlled human clinical trials to support disease and other serious health claims for these types of products in the future.³ Although I support this requirement in these cases, for these types of claims, I caution that the Commission should impose this stringent substantiation requirement sparingly. Credible science supports the use of CBD products to treat certain conditions – specifically, the FDA has approved a drug containing CBD as an active ingredient

1 Press Release, *FTC and FDA Warn Florida Company Marketing CBD Products about Claims Related to Treating Autism, ADHD, Parkinson's, Alzheimer's, and Other Medical Conditions*, Oct. 22, 2019, available at <https://www.ftc.gov/news-events/press-releases/2019/10/ftc-fda-warn-florida-company-marketing-cbd-products-about-claims>; Press Release, *FTC Sends Warning Letters to Companies Advertising Their CBD-Infused Products as Treatments for Serious Diseases, Including Cancer, Alzheimer's, and Multiple Sclerosis*, Sept. 10, 2019, available at <https://www.ftc.gov/news-events/press-releases/2019/09/ftc-sends-warning-letters-companies-advertising-their-cbd-infused>; Press Release, *FTC Joins FDA in Sending Warning Letters to Companies Advertising and Selling Products Containing Cannabidiol (CBD) Claiming to Treat Alzheimer's, Cancer, and Other Diseases*, Apr. 2, 2019, available at <https://www.ftc.gov/news-events/press-releases/2019/04/ftc-joins-fda-sending-warning-letters-companies-advertising>.

2 Press Release, *FTC Order Stops the Marketer of "Thrive" Supplement from Making Baseless Claims It Can Treat, Prevent, or Reduce the Risks from COVID-19*, July 10, 2020, available at <https://www.ftc.gov/newsevents/press-releases/2020/07/ftc-order-stops-marketer-thrive-supplement-making-baseless-claims>.

3 See, e.g., Part I of Proposed Order, In the Matter of Bionatrol Health, LLC, et. al. (Dec. 2020).

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to treat rare, severe forms of epilepsy.⁴ And I understand that many research studies are currently seeking to determine whether there are other scientifically valid and safe uses of this ingredient.

I agree with my predecessors who have stated that the Commission should be careful to avoid imposing an unduly high standard of substantiation that risks denying consumers truthful, useful information, may diminish incentives to conduct research, and could chill manufacturer incentives to introduce new products to the market.⁵ And I agree with the observation of my colleague Commissioner Chopra in his statement that “[b]aseless claims give patients false hope, improperly increase or divert their medical spending, and undermine ‘a competitor’s ability to compete’ on honest attributes.”⁶ Although I support these cases, I hope that the Commission’s actions here, which challenge wholly unsubstantiated disease claims, do not discourage research into the potential legitimate benefits of CBD and a wide array of other products. In addition, going forward, I urge the Commission to focus our scarce resources on marketers that make strong, express claims about diseases and serious health issues with little to no scientific support and engage in deceptive practices that cause substantial consumer injury.

4 See FDA Press Release, *FDA approves first drug comprised of an active ingredient derived from marijuana to treat rare, severe forms of epilepsy* (June 25, 2018), available at: <https://www.fda.gov/news-events/press-announcements/fda-approves-first-drug-comprised-active-ingredient-derived-marijuana-treat-rare-severe-forms>.

5 See, e.g., Statement of Commissioner Maureen K. Ohlhausen, *In the Matter of Health Discovery Corporation and FTC v. Avrom Boris Lasarow, et al.* (Feb. 2015), <https://www.ftc.gov/public-statements/2015/02/dissenting-statement-commissioner-maureen-k-ohlhausen-matter-health>; Statement of Commissioner Joshua D. Wright, *FTC v. Kevin Wright; HCG Platinum, LLC; and Right Way Nutrition, LLC* (Dec. 2014), <https://www.ftc.gov/public-statements/2014/12/statement-commissioner-joshua-d-wright-federal-trade-commission-v-kevin>; Statement of Commissioner Joshua D. Wright, *In the Matter of GeneLink, Inc., and foru International Corporation* (January 2014), <https://www.ftc.gov/public-statements/2014/01/statement-commissioner-joshua-d-wright-matter-genelink-inc-foru>; Statement of Commissioner Maureen K. Ohlhausen Dissenting in Part and Concurring in Part, *In the Matter of GeneLink, Inc. and foru International Corporation* (January 2014), <https://www.ftc.gov/public-statements/2014/01/statement-commissioner-maureen-k-ohlhausen-dissenting-part-concurring-part>; Dissenting Statement of Commissioner Maureen K. Ohlhausen, *FTC v. Springtech 77376, et al.* (July 2013), <https://www.ftc.gov/public-statements/2013/07/dissenting-statement-commissioner-maureen-k-ohlhausen>; see also J. Howard Beales, III and Timothy J. Muris, *In Defense of the Pfizer Factors*, George Mason Law & Economics Research Paper No. 12-49 (May 2012), available at: https://papers.ssrn.com/sol3/papers.cfm?abstract_id=2087776.

6 See Statement of Commissioner Rohit Chopra Regarding the Cannabidiol (CBD) Enforcement Actions (Dec. 17, 2020).

Analysis to Aid Public Comment

ANALYSIS OF CONSENT ORDER TO AID PUBLIC COMMENT

The Federal Trade Commission (“FTC” or “Commission”) has accepted, subject to final approval, an agreement containing a consent order with Epichouse, LLC (“Epichouse”), also doing business as First Class Herbalist CBD, Cobalt Serum, Cobalt Enhance, and Cobalt Cream, and John Le, individually and as an officer of Epichouse (collectively, “Respondents”).

The proposed consent order (“order”) has been placed on the public record for 30 days for receipt of comments by interested persons. Comments received during this period will become part of the public record. After 30 days, the Commission will again review the order and the comments received, and will decide whether it should withdraw the order or make it final.

This matter involves Respondents’ advertising for products containing cannabidiol (“CBD Products”), including First Class Herbalist CBD oil. The complaint alleges that Respondents violated Sections 5(a) and 12 of the FTC Act by disseminating false and unsubstantiated advertisements claiming that their CBD Products, among other things: are safe for all users; treat pain better than prescription medicine like OxyContin; prevent and treat numerous serious health conditions, including age-related cognitive decline, cancer, chronic pain, diabetes, heart disease, hypertension, and migraines; and are scientifically proven to improve many serious health conditions.

The order includes injunctive relief that prohibits these alleged violations and fences in similar and related conduct. The product coverage would apply to any dietary supplement, drug, or food that Respondents sell or market, including CBD Products.

Part I prohibits Respondents from making any representation about the efficacy of any covered product, including that such product:

- A. treats, alleviates, or cures age-related cognitive decline, neurodegeneration, or prostate problems;
- B. prevents age-related cognitive decline, pain, hypertension, or migraines;
- C. treats, alleviates, or cures any disease, including but not limited to adult acne; Alzheimer’s disease; arthritis, autoimmune disorder; bipolar disorder; cancer; pain, including neuropathic pain, pain from spinal cord injuries, and pain from diseases like arthritis; colitis; Crohn’s disease; depression; diabetes; endocrine disorders; heart disease; high blood pressure; migraines; multiple sclerosis; obesity; Parkinson’s disease; psoriasis; rheumatism; strokes; or schizophrenia;
- D. replaces the need for prescription painkillers like oxycontin; or
- E. is safe for all consumers,

Analysis to Aid Public Comment

unless the representation is non-misleading, including that, at the time such representation is made, they possess and rely upon competent and reliable scientific evidence that substantiates that the representation is true.

For purposes of Part I, competent and reliable scientific evidence must consist of human clinical testing of the covered product, or of an essentially equivalent product, that is sufficient in quality and quantity based on standards generally accepted by experts in the relevant disease, condition, or function to which the representation relates, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true. Such testing must be: (1) randomized, double-blind, and placebo-controlled; and (2) conducted by researchers qualified by training and experience to conduct such testing.

Part II prohibits Respondents from making any representation, other than representations covered under Part I, about the health benefits, performance, efficacy, safety, or side effects of any covered product, unless the representation is non-misleading, and, at the time of making such representation, they possess and rely upon competent and reliable scientific evidence that is sufficient in quality and quantity based on standards generally accepted by experts in the relevant disease, condition, or function to which the representation relates, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true.

For purposes of Part II, “competent and reliable scientific evidence” means tests, analyses, research, or studies that (1) have been conducted and evaluated in an objective manner by experts in the relevant disease, condition, or function to which the representation relates; (2) that are generally accepted by such experts to yield accurate and reliable results; and (3) that are randomized, double-blind, and placebo-controlled human clinical testing of the covered product, or of an essentially equivalent product, when such experts would generally require such human clinical testing to substantiate that the representation is true.

Part III requires that, with regard to any human clinical test or study (“test”) upon which Respondents rely to substantiate any claim covered by the order, Respondents must secure and preserve all underlying or supporting data and documents generally accepted by experts in the field as relevant to an assessment of a test.

Part IV prohibits Respondents from misrepresenting the existence, contents, validity, results, conclusions, or interpretations of any test, study, or other research or that any benefit of any covered product is scientifically or clinically proven.

Part V provides Respondents a safe harbor for making claims approved by the Food and Drug Administration (“FDA”).

Parts VI and VII require Respondents to pay the Commission \$30,000.00 and describes the procedures and legal rights related that payment.

Part VIII requires Respondents to send email notices to consumers who purchased First Class Herbalist Relief CBD oil informing them about the settlement.

Analysis to Aid Public Comment

Parts IX requires Respondents to submit an acknowledgement of receipt of the order, to serve the order on certain individuals, including all officers or directors of any business Respondents control and employees having managerial responsibilities for conduct related to the subject matter of the order, and to obtain acknowledgements from each individual or entity to which Respondents have delivered a copy of the order.

Part X requires Respondents to file compliance reports with the Commission and to notify the Commission of bankruptcy filings or changes in corporate structure that might affect compliance obligations. **Part XI** contains recordkeeping requirements for accounting records, personnel records, consumer correspondence, advertising and marketing materials, and claim substantiation, as well as all records necessary to demonstrate compliance or non-compliance with the order. **Part XII** contains other requirements related to the Commission's monitoring of Respondents' order compliance. **Part XIII** provides the effective dates of the order, including that, with exceptions, the order will terminate in 20 years.

The purpose of this analysis is to facilitate public comment on the order, and it is not intended to constitute an official interpretation of the complaint or order, or to modify the order's terms in any way.

Complaint

IN THE MATTER OF

REEF INDUSTRIES, INC.**D/B/A****REEFCBD.COM AND REEF WELLNESS,****CANNATERA, INC.,****ANDHEMP, LTD.,****ANDREW M. BOUCHIE,****JOHN R. CAVANAUGH,****AND****SHAUN PAQUETTE**CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF SECTIONS 5 AND 12 OF THE
FEDERAL TRADE COMMISSION ACT*Docket No. C-4737; File No. 202 3064**Complaint, February 4, 2021 – Decision, February 4, 2021*

This consent order addresses Reef Industries, Inc.’s advertising of cannabidiol (CBD), a cannabinoid compound found in hemp and cannabis. The complaint alleges that respondent violated Sections 5(a) and 12 of the FTC Act by disseminating false and unsubstantiated advertisements claiming that: (1) CBD products can effectively prevent, cure, treat, or mitigate multiple diseases and other health conditions; and (2) studies or scientific research prove that CBD products effectively prevent, cure, treat, or mitigate multiple diseases and other health conditions. The consent order requires requires randomized, double-blind, placebo-controlled clinical testing for the challenged claims or any disease treatment, mitigation, or cure claim for a Covered Product, and prohibits other misleading or unsubstantiated representations about the health benefits, performance, efficacy, safety, or side effects of any Covered Product or essentially equivalent product.

*Participants**For the Commission: Nick Coates and Laura Fremont.**For the Respondents: Robert Hindin, Robert Hindin & Associates.***COMPLAINT**

The Federal Trade Commission, having reason to believe that Reef Industries, Inc., a corporation, Cannatera, Inc., a corporation, AndHemp, Ltd., a limited company, and Andrew M. Bouchie, John R. Cavanaugh, and Shaun Paquette, individually and as officers and/or owners of Reef Industries, Inc., Cannatera, Inc., and/or AndHemp, Ltd. (collectively, “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:

1. Respondent Reef Industries, Inc. (“Reef”), also doing business as Reefcbd.com and Reef Wellness, is a California corporation with its principal office or place of business at 3033 Bristol Street #G, Costa Mesa, California 92626.