

Complaint

IN THE MATTER OF

STEVES DISTRIBUTING, LLC
D/B/A
STEVE’S GOODS,
AND
STEVEN TAYLOR SCHULTHEIS

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

Docket No. C-4739; File No. 202 3065
Complaint, March 2, 2021 – Decision, March 2, 2021

This consent order addresses Steves Distributing, LLC’s advertising of cannabidiol (“CBD”) and cannabigerol (“CBG”), cannabinoid compounds found in hemp and cannabis. The complaint alleges that Respondents violated Sections 5(a) and 12 of the FTC Act by disseminating false and unsubstantiated advertisements claiming that: (1) CBD and CBG products can effectively prevent, treat, or mitigate multiple diseases and other health conditions; and (2) studies or scientific research prove that CBD and CBG products effectively prevent, treat, or mitigate multiple diseases and other health conditions. The consent order requires randomized, double-blind, placebo-controlled clinical testing for the challenged claims or any disease treatment, mitigation, or cure claim for any dietary supplement, food, or drug including but not limited to CBD products or CBG products. The consent order also 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*: *Laura Fremont and Ronnie Solomon.*

For the *Respondents*: *David Bush, Donni Emmie, and Larry Mishkin, Hoban Law Group.*

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The Federal Trade Commission, having reason to believe that Steves Distributing, LLC, a limited liability company, and Steven Taylor Schultheis, individually and as an officer and owner of Steves Distributing, 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 Steves Distributing, LLC (“Steves”), also doing business as “Steve’s Goods,” is a limited liability company registered in Colorado, with its principal office or place of business at 1500 Kansas Avenue, Suite 2C, Longmont, Colorado 80501.
2. Respondent Steven Taylor Schultheis (“Schultheis”) is the Chief Executive Officer, President, and principal shareholder of Steves. Schultheis currently holds a 95% equity interest in the Company. As founder and CEO, Schultheis has control over the operations and decisions of the Company. Individually or in concert with others, he controlled or had the

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authority to control, or participated in the acts and practices of Steves, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of Steves.

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

Respondents’ Marketing of CBD and CBG Products

4. Cannabidiol (“CBD”) and cannabigerol (“CBG”) are non-psychoactive cannabinoids, naturally occurring in, and that can be extracted from, the hemp plant, *cannabis sativa*. CBG is a minor cannabinoid and precursor molecule of CBD and THC. Respondents have manufactured, labeled, advertised, promoted, offered for sale, sold, and distributed products containing CBD (“CBD Products”) and products containing CBG (“CBG Products”) that are intended for human use. These CBD Products and CBG Products are “food” and/or “drugs,” within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

5. Steves sells a variety of CBD Products and CBG Products, including but not limited to tinctures, gummies, capsules, topical balms, suppositories, and coffee. Consumers can purchase Steves’ CBD Products and CBG Products from Respondents by ordering them through Respondents’ website at stevesgoods.com, by telephone, or at a brick and mortar retail store located at 1264 S. Hover Street, Longmont, Colorado 80501.

6. According to the product labels and Steves’ website, dosages vary. For example, Steves’ website advertises edible CBD gummies containing 10 mg of CBD. One dosage could range from 10 mg to 50 mg, depending on a variety of factors, including the user’s weight.

7. Respondents promoted CBD Products and CBG Products through a variety of means, including through their website, stevesgoods.com, and through social media platforms such as Twitter.

8. Schultheis has been directly involved in the promotion and advertising of the Company’s CBD and CBG Products. Schultheis appears in the Company’s promotional and social media content relating to CBD and/or CBG, and is frequently quoted in press articles about the Company and the CBD and/or CBG industries.

Claims about CBD Products

9. Respondents have disseminated or have caused to be disseminated advertisements for CBD Products, including but not necessarily limited to the attached Exhibits A through F. These advertisements have or had the following statements:

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- a. Steve's Goods (@stevesgoods)

Endocannabinoid System

The human endocannabinoid system (ECS) is a network of receptors spread through-out our entire body that control some of our most vital life functions, including our immune system, memory, appetite, sleep pattern, mood, and pain sensation.

Disorders CBD assists with:

CTE
 Alzheimer's
 Glioblastoma
 Parkinson's
 Amyotrophic Lateral Sclerosis (ALS)
 PTSD
 Asthma
 Hypertension
 Crohn's Disease
 Irritable Bowel Syndrome
 Testicular Cancer
 Prostate Cancer
 Osteoporosis
 Migraines
 Multiple Sclerosis
 Fibromyalgia
 Depression
 Epilepsy
 Breast Cancer
 Diabetes
 . . .
 Rheumatoid Arthritis

. . .

CBD (Hemp Extract) – Key benefits

Anti-bacterial

Inhibits cancer cell growth

Neuro-protective

Promotes bone growth

Reduces seizures and convulsions

Reduces blood sugar levels

. . .

Reduces risk of artery blockage

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. . .
Slows bacterial growth

. . .
Treats psoriasis
Vasorelaxant

[Exhibit A, @stevesgoods, *Twitter*, posted on Aug. 16, 2018, retrieved on July 7, 2020.]

- b. Steve's Goods (@stevesgoods)

CBD

Reduces blood sugar levels
Helps control seizures
Reduces risk of nerve damage
Decreases pressure in blood vessels
#StevesGoodies

. . .

[Exhibit B, @stevesgoods, *Twitter*, posted Apr. 17, 2018, retrieved on July 7, 2020.]

- c. Steve's Goods (@stevesgoods)

The Endocannabinoid System is where our cannabinoid receptors reside in our body! Project CBD provides a great introductory insight into what the Endocannabinoid System is with references to support their findings.

. . .
Endocannabinoid System

DISORDERS CBD ASSISTS WITH:

PTSD
Alzheimers [sic]
Glioblastoma
Parkinson's
Amyotrophic Lateral Sclerosis (ALS)
Asthma
Hypertension
Crohn's Disease
Irritable Bowel Syndrome
Testicular Cancer
Prostate Cancer
Osteoporosis

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Migraines
Multiple Sclerosis
Fibromyalgia
Depression
Epilepsy
Breast Cancer
Diabetes
Rheumatoid Arthritis
. . .

#StevesGoodies
StevesGoods.com

[Exhibit C, @stevesgoods, *Twitter*, posted Aug. 23, 2018, retrieved on July 7, 2020.]

d. **Why CBD Edibles Are A Hot Commodity in 2019 | Steve's Goods**

. . .

Explaining Commonly Misunderstood Facts About CBD Products and Edibles

. . .

Essentially, store-bought CBD has roughly similar effects to most over-the-counter medications with a far more holistic approach to personal care. Plus, this hemp-derived cannabinoid is available in many different forms including CBD oil, wax, dietary supplement, in addition to edibles.

As such, the familiarity combined with finding the method for delivering effective CBD a [sic] the form that most users are comfortable with makes it easy for everyone to try as an alternative to prescription medications.

[Exhibit D, <https://stevesgoods.com/why-cbd-edibles-are-a-hot-commodity>, retrieved on Feb. 6, 2020.]

e. **CBD Edibles vs CBD Suppositories: Exploring CBD From Both Ends**

. . .

Plumbing the Depths of CBD Suppository Benefits

. . .

CBD suppositories have been purported to be invaluable for sufferers of digestive-related maladies including Crohn's disease, anal fissures,

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irritable bowel syndrome and recurring hemorrhoids due to their specific application to the regions of the body most affected by those ailments.

. . .

CBD is ideal for users with digestive, nausea, or dietary issues

. . .

In addition, suppository CBD is ideal for users with digestive issues, nausea, or dietary issues including diabetes.

[Exhibit E, <https://stevesgoods.com/cbd-edibles-vs-cbd-suppositories>, retrieved on Feb. 6, 2020.]

f. CBD HEMP OIL TINCTURES

. . .

CBD Oil by Steve's Goods

. . .

As far as benefits, studies have shown that CBD may be useful in helping with pain, inflammation, anxiety, cancer, neuro-disorders, and other health issues all with few if any side effects. It's an exciting time in cannabinoid research.

. . .

CBD Oil Dosage for Anti-Inflammation

When you suffer from day-to-day inflammation, you know it can sneak up on you. . . . If you have inflammation on a regular basis, you may want to supplement with CBD daily.

. . .

There is nothing sweeter than relief from pain, chronic or acute.

. . .

If you have pain on a regular basis, you may want to supplement with CBD daily.

[Exhibit F, <https://stevesgoods.com/cbd-oil/>, retrieved on Aug. 5, 2020.]

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Claims about CBG Products

10. Respondents have disseminated or have caused to be disseminated advertisements for CBG Products, including but not necessarily limited to the attached Exhibits G through I. These advertisements contain the following statements:

- a. What is CBG, How Does it Work, & What Are the Potential Benefits?

. . .

Benefits of CBG Oil

. . .

It's been found in research [hyperlink], by the US National Institute [sic] of Health, to inhibit the growth of colon cancer, and has positive effects on glaucoma and irritable bowel syndrome known as IBS.

. . .

[Exhibit G, <https://stevesgoods.com/blog/what-is-cbg-oil/>, retrieved on Feb. 6, 2020.]

- b. Stevesgoods.com:

Studies on CBG have revealed a wide range of possible benefits:

Stimulates bone formation and healing
 Slows tumor growth
 Antifungal and antibacterial treatment
 Relieves pain
 Reduces Inflammation
 Overactive bladder treatment
 Psoriasis and skin treatment
 Glaucoma treatment
 Depression and anxiety treatment
 Neuroprotective effects

[Exhibit H, excerpt from live chat on stevesgoods.com recorded on Jan. 21, 2020.]

- c. **The ABCs of CBG - Steves Goods**

. . .

How is cannabigerol used?

. . .

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Various scientific studies have revealed use cases for ailments ranging from ocular diseases to inflammatory bowel conditions. Other studies have shown CBG to carry antibacterial and anti-inflammatory effects on the body.

[Exhibit I, <https://stevesgoods.com/abcs-of-cbg/>, retrieved on Feb. 6, 2020.]

Count I**False or Unsubstantiated Efficacy Claims Regarding CBD Products**

11. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBD Products, Respondents have represented, directly or indirectly, expressly or by implication, that CBD Products:

- a. have antibacterial properties;
- b. prevent or reduce the risk of artery blockage, heart attacks, heart disease, and stroke;
- c. reduce blood sugar levels;
- d. promote bone growth;
- e. prevent or reduce the risk of nerve damage;
- f. prevent or reduce the risk of seizures and convulsions;
- g. effectively treat or mitigate Alzheimer's disease, amyotrophic lateral sclerosis, anal fissures, asthma, cancer, chronic inflammation, chronic pain, chronic traumatic encephalopathy, Crohn's disease, depression, diabetes, epilepsy, fibromyalgia, glioblastoma, hemorrhoids, hypertension, irritable bowel syndrome ("IBS"), migraines, multiple sclerosis, neurological disorders, osteoporosis, Parkinson's disease, post-traumatic stress disorder ("PTSD"), psoriasis, rheumatoid arthritis, and seizures; and
- h. treat or mitigate diseases and health conditions as effectively as most over-the-counter medications and are effective alternatives to prescription medications.

12. The representations set forth in Paragraph 11 are false or misleading, or were not substantiated at the time the representations were made.

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Count II**False or Unsubstantiated Efficacy Claims Regarding CBG Products**

13. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBG Products, Respondents have represented, directly or indirectly, expressly or by implication, that CBG Products:

- a. have antibacterial properties;
- b. stimulate bone formation and healing;
- c. have neuroprotective effects; and
- d. effectively treat or mitigate cancer, depression, glaucoma, inflammatory bowel conditions, IBS, ocular diseases, overactive bladder, and psoriasis.

14. The representations set forth in Paragraph 13 are false or misleading, or were not substantiated at the time the representations were made.

Count III**False Establishment Claims Regarding CBD Products**

15. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBD Products, Respondents have represented, directly or indirectly, expressly or by implication, that studies or scientific research prove that CBD Products effectively treat or mitigate anxiety, cancer, inflammation, neurological disorders, and pain.

16. In fact, studies or scientific research do not prove that CBD Products effectively treat or mitigate anxiety, cancer, inflammation, neurological disorders, and pain. Therefore, the representations set forth in Paragraph 15 are false or misleading.

Count IV**False Establishment Claims Regarding CBG Products**

17. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBG Products, Respondents have represented, directly or indirectly, expressly or by implication, that studies or scientific research prove that CBG Products:

- a. have antibacterial properties;
- b. stimulate bone formation and healing;
- c. have neuroprotective effects; and
- d. effectively treat or mitigate anxiety, cancer, depression, glaucoma, inflammation, inflammatory bowel conditions, IBS, ocular diseases, overactive bladder, pain, and psoriasis.

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18. In fact, studies or scientific research do not prove that CBG Products:
- a. have antibacterial properties;
 - b. stimulate bone formation and healing;
 - c. have neuroprotective effects; and
 - d. effectively treat or mitigate anxiety, cancer, depression, glaucoma, inflammation, inflammatory bowel conditions, IBS, ocular diseases, overactive bladder, pain, and psoriasis.

Therefore, the representations set forth in Paragraph 17 are false or misleading.

Violations of Sections 5 and 12

19. 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.

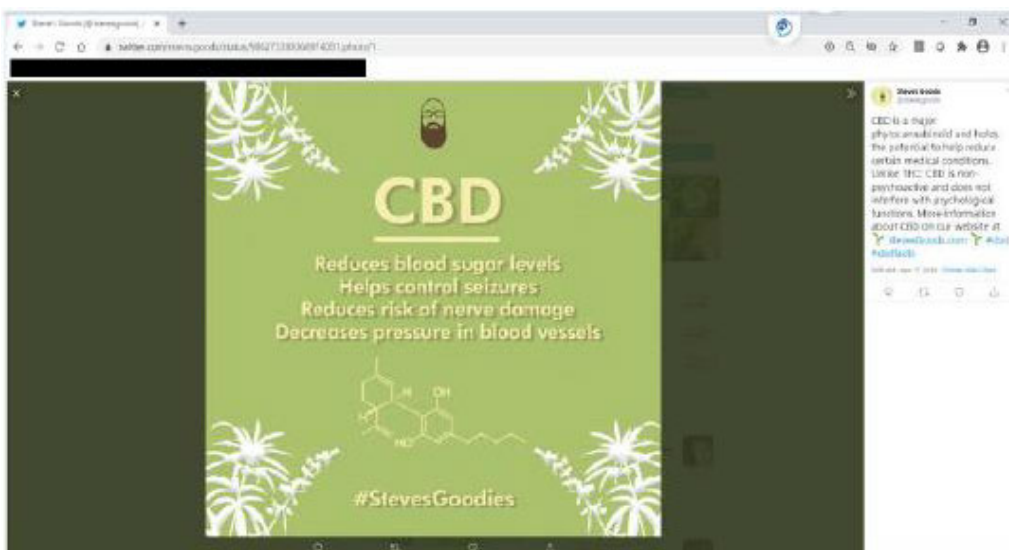
THEREFORE, the Federal Trade Commission this second day of March, 2021, has issued this Complaint against Respondents.

By the Commission.

Exhibit A

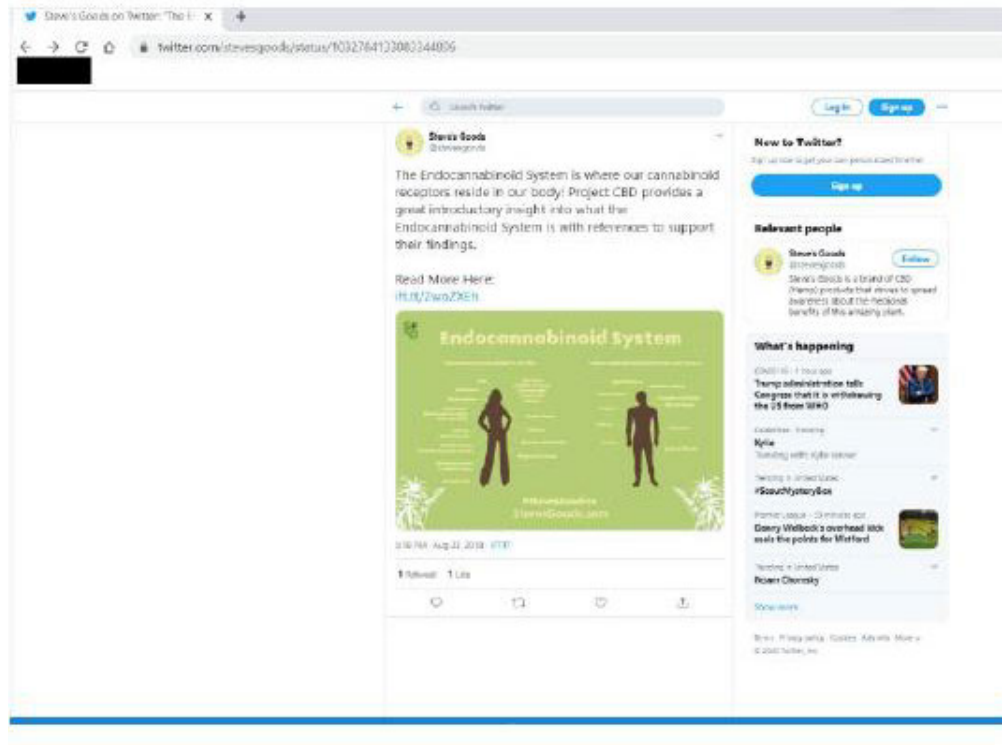


Complaint

Exhibit B

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Exhibit C



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(Blow up of graphic in Tweet, which expands when clicked)



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Exhibit D

Why CBD Edibles Are A Hot Commodity in 2019 | Steve's Goods

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Why CBD Edibles Are A Hot Commodity in 2019 | Steve's Goods

Eli Mann

Get the Supplements Without the Stigma: Why CBD Edibles are Having A Moment

As scientific developments discover new ways to help people live fuller, happier lives, [CBD edibles](#) have become a popular item found in pockets, purses, and bags all over the world. Offering an unexplored wealth of benefits that may help society address everything from pain relief to anxiety without a doctor's prescription, 2019 seems to be a milestone year in popularity for people taking CBD edibles and supplements for a broad range of purposes – *without the stigma of smoking cannabis*.

One of the most popular methods for ingesting the daily supplements required for the desired results is by taking CBD edibles. However, with all the purported claims regarding how full spectrum CBD products may improve your quality of life, it was important to discover why exactly 2019 seemed to be a renaissance for the popularity of edible CBD. Initially, the boost in visibility came from the quantifiable [conclusion of government studies](#) proving that CBD could be used to treat chronic seizures caused by a range of genetic conditions.

Tracing the Popularity of CBD Edibles Through Policy Change

After years of openly advocating the use of hemp-derived supplements, activists were presented with a measure of legitimacy following governmental approval of CBD based product Epidiolex. Though the FDA only approved a single laboratory engineered, synthetic CBD medication, the measurable results of the studies were proof that quality CBD products could possibly be used as a supplement to address other chronic health issues.

Since CBD has no psychotropic effects, it is more easily attainable and sold everywhere from the local health food store to Amazon, an online retailer famously restrictive for the products they allow to be sold through their website. In fact, because it can not be used as a recreational drug and has a low probability for abuse, the DEA reclassified a range of hemp-derived CBD products from Schedule I to Schedule V, clearly separating it from the rest of the cannabis family.

With trusted backing from the medical, scientific and governmental communities, people from every corner of society were empowered to sample potable products like [CBD gummies](#), [CBD Capsules](#), and [full spectrum CBD coffee](#). These tasty edibles with CBD incorporated in their creation have been celebrated for their use against chronic pain and social anxiety. Essentially, anyone can have direct access to effective, potent supplements that may help them achieve a level of comfort and normalcy they hadn't imagined possible from over-the-counter medications previously.

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Why CBD Edibles Are A Hot Commodity in 2019 | Steve's Goods

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Why Users Are Choosing Edible CBD Over Other Methods

Since every form has its compromises, it's crucial to explore edible CBD products specifically to fully understand their recent rise in popularity. In the last ten years, vaping cannabis has enjoyed a renaissance, with a massive number of devices and pre-filled wax cartridges becoming more readily available with the sweeping legalization of medical and recreational marijuana becoming more prevalent. However, it helps to understand that the majority of CBD consumables have minuscule amounts, if any THC, and produce no mind-altering effects.

It is this knowledge that allowed CBD to become a universally accepted way to redefine its context as something completely separate from recreational cannabis. Vaping CBD is a prevalent way to administer it, due largely to the active absorption rate and how quickly it is taken into the bloodstream before being broken down. With that in mind, the intensity of CBD dosage using edibles is milder than inhalation, but still potent enough to deliver an effective amount. **This is especially true when sourcing CBD products purchased from trusted retailers that provide honest and transparent methods of production and potency.**

Although the traditionally tainted context of products with CBD are breaking down leading to wider usage and greater benefit, there is still the desire amongst many users for discretion. As such, items such as [edible CBD gummies and lollipops](#) are making it easier than ever to administer the dosages for everyone's needs without shouting it from the rooftops. They travel well, don't require any equipment, and can be taken in any social setting – which makes taking CBD edibles in public even more commonplace than popping a multivitamin.

Explaining Commonly Misunderstood Facts About CBD Products and Edibles

The knowledge that edibles with CBD won't produce any undesired effects or impairments created a growing confidence in this popular hemp-based supplement to not only offer users relief, but allows them to retain normal motor skills, cognitive abilities and self-control as well. Essentially, store-bought CBD has roughly similar effects to most over-the-counter medications with a far more holistic approach to personal care. Plus, this hemp-derived cannabinoid is available in many different forms including CBD oil, wax, dietary supplement, in addition to edibles.

As such, the familiarity combined with finding the method for delivering effective CBD a the form that most users are comfortable with makes it easy for everyone to try as an alternative to prescription medications. Edibles with CBD are among the easiest for new users to accept as a supplemental regimen, due to their incorporation within some of the best tasting snack foods and their pre-measured doses. While it can be confusing to deduce how to most effectively implement precise amounts of forms such as oil and CBD concentrates, edibles are typically pre-formed and made to exact measurements by volume to ensure users get the exact amount labeled on the package every time.

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Why CBD Edibles Are A Hot Commodity in 2019 | Steve's Goods

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Are CBD Edibles A Passing Fad? Consistency Is the Key to Results

Over the last decade, fad diets, exercise regimens, and other health crazes have become common fixtures in our daily lives. In fact, considering the naturally occurring terpenes in CBD, it helps to interpret how they can complement the natural compounds and attributes of foods we eat every day. Creating a healthy meal plan can require discipline and dedication to fully experience the rewards of feeling healthier in addition to paying for expensive meal prep. Adding CBD edibles products to your daily routine can be unbelievably easy to adhere to and readily accessible to everyone – without prior knowledge or experience to try out.

This is truly valuable when you explore the benefits of [CBD gummies for anxiety](#) and the way in which they put users at ease or allow them to interact more freely can help them live fuller more robust social lives. Beyond the most common benefits of taking CBD as an edible, the unstudied riches yet to be uncovered for making full use of the human body's endocannabinoid system may be delivering unexpected enrichment that will be revealed by future scientific discoveries.

Since the approval of a CBD-based treatment by the FDA and the reclassification of hemp-derived products, there has never been a more advantageous moment in time to get the relief you need to live a healthy, normal life. Experience CBD for all its benefits in the present and find out why CBD edibles may be the best tool to start living your best life today.



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Exhibit E

CBD Edibles vs CBD Suppositories: Exploring CBD From Both Ends

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CBD Edibles vs CBD Suppositories: Exploring CBD From Both Ends*Eli Mann***Exploring CBD From Both Ends: Comparing CBD Edibles and CBD Suppositories**

It's widely accepted that people can get their regular doses of CBD by eating delicious snacks packed with its beneficial properties. Comparing **CBD edibles** vs **CBD suppositories**, few users know there are other ways to get their daily supplement of cannabinal without swallowing pills, gummies or oils. This primer may help to provide users with the information they need to see the potential from either side of the discussion.

Although **CBD edibles** have become a convenient and popular way to experience the benefits of therapeutic cannabinoids, the increasing availability of other application methods including directly applying it inside of the body is becoming more prevalent. To fully understand what sets them apart, it's important to break down how they function and what specific uses each serves to choose the most effective method for every user. We look into the comparison of CBD edibles and **CBD suppositories** to learn more about the benefits offered by each.

**Looking Inside for Relief: How CBD Suppositories Differ From CBD Edibles**

It's clear that taking **CBD gummies** orally can provide full body effects and relief to a wide range of areas in the human body, but what if users want to target specific locations within the human body? There aren't products developed yet that can target specific bodily systems or purposes, but suppositories with CBD for pain seem to most commonly localize their effects to the pelvic region. To explain, this is mostly due to how the cannabinoid is absorbed directly into receptive capillaries inside of body cavities as well as how it can radiate spectrally from the point of introduction as opposed to the full-body effect created by CBD edibles.

Essentially, the conduits which the CBD travels through are concentrated to the vaginal or rectal cavity, the digestive system, spinal cord and other systems in the surrounding areas. While users may still experience similar relief to eating edibles, it is unlikely the intensity of its allocation will manifest itself as similarly than comparing smoking cannabis vs taking CBD. Understand, each administration method carries its own properties and introducing a CBD infused suppository carries specific benefits to the region in which the initial full intensity is introduced.

Generally, the effects of CBD edibles seem to create an all-over sense of euphoria that isn't singularly concentrated in a single area of the body. This has to do with the need for digestion of compounds taken

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CBD Edibles vs CBD Suppositories: Exploring CBD From Both Ends

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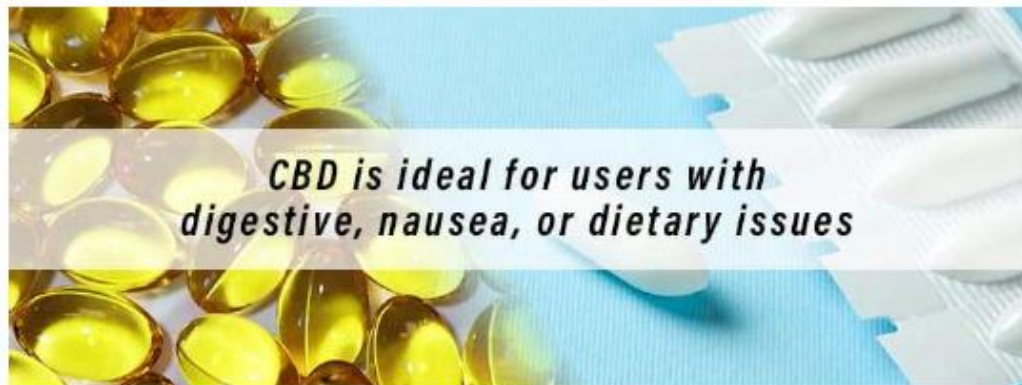
orally. Even CBD oils, which is a simple form to process CBD, but still requires processing in the gut to break down, and allocate to the bloodstream before being circulated throughout the body. Reflexively, CBD suppositories for hemorrhoids, menstrual pain or lower back pain and other ailments closely affecting that region of the body are applied directly to a point of dispersal where it can be directly absorbed and allocated.

Plumbing the Depths of CBD Suppository Benefits

There has been a great deal of publicized theory relating the relationship of the hip region to the storing of emotional pain, but what if that baggage could be unloaded through physical action or therapeutic application of certain cannabinoids? Even without scientific study, it at least helps to understand the tangible uses for CBD as it relates to physical pain and relief created using the interactivity and connections of the human body.

CBD can be applied to desensitize pain receptors; research has shown that it helps to decrease active nerve pain by plugging into the [CB1 endocannabinoid receptors](#). In addition, methods which introduce cannabinoids directly into the bloodstream which aren't broken down or diffused by digestion and processing have a more focused intensity. In other words, the CBD suppository retains more of its original intensity and has more intrinsic value regardless of dosage compared to edible CBD of the same amount. Where a user may not experience the effects of CBD edibles quickly, suppositories can become active and valuable almost immediately, not unlike tinctures but without the detrimental addition of alcohol which many CBD tinctures contain due to the distillation process.

One of the most popular uses for [CBD suppositories relates to menstrual health](#) and the typical symptoms associated with the onset of a period. Essentially, administering CBD directly to the region most affected by menstrual cramps can help to alleviate the inflammation and intensity. Likewise, CBD suppositories have been purported to be invaluable for sufferers of digestive-related maladies including Crohn's disease, anal fissures, irritable bowel syndrome and recurring hemorrhoids due to their specific application to the regions of the body most affected by those ailments.



An Unobstructed View of CBD Suppositories vs CBD Edibles

Suppositories have helped users experience incredible results by directing the flow of cannabinoids to their pelvic region, while [edible CBD methods](#) provide them with cumulative relief in a full-body effect that disseminates the intensity where it is needed. That said, there are other peripheral effects produced by using CBD suppositories vs CBD edibles because the rectal cavity is so close to the spinal column and may have positive effects on sexual arousal and stimulation as well. In addition, suppository CBD is ideal for users with digestive issues, nausea, or dietary issues including diabetes.

Administering CBD this way allows users to control their diet with the knowledge that they are still getting an effective dosage of cannabinoids. Plus, it is possibly the most discreet way of taking CBD without anyone knowing that continues to take effect long after it is initially used. In all, there are endless benefits to taking CBD suppositories for intensity localized to the pelvic region. Bear in mind, the drawbacks are relatively intense, the most obvious being the invasive nature of inserting a foreign object into your body cavity. Another is the inconvenience of finding a private place to insert them, though any restroom will do.

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CBD Edibles vs CBD Suppositories: Exploring CBD From Both Ends

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Reflexively, you can ingest edibles anywhere that allows food or drink (and if you're sneaky, places that don't). As soon as you feel the intensity of the previous CBD waning, you can simply take another. With suppositories, users have to hunt down a quiet place to insert them. For some users, this is a reasonable compromise to assuage their symptoms, but for others uncomfortable with the application, it can be a dealbreaker.

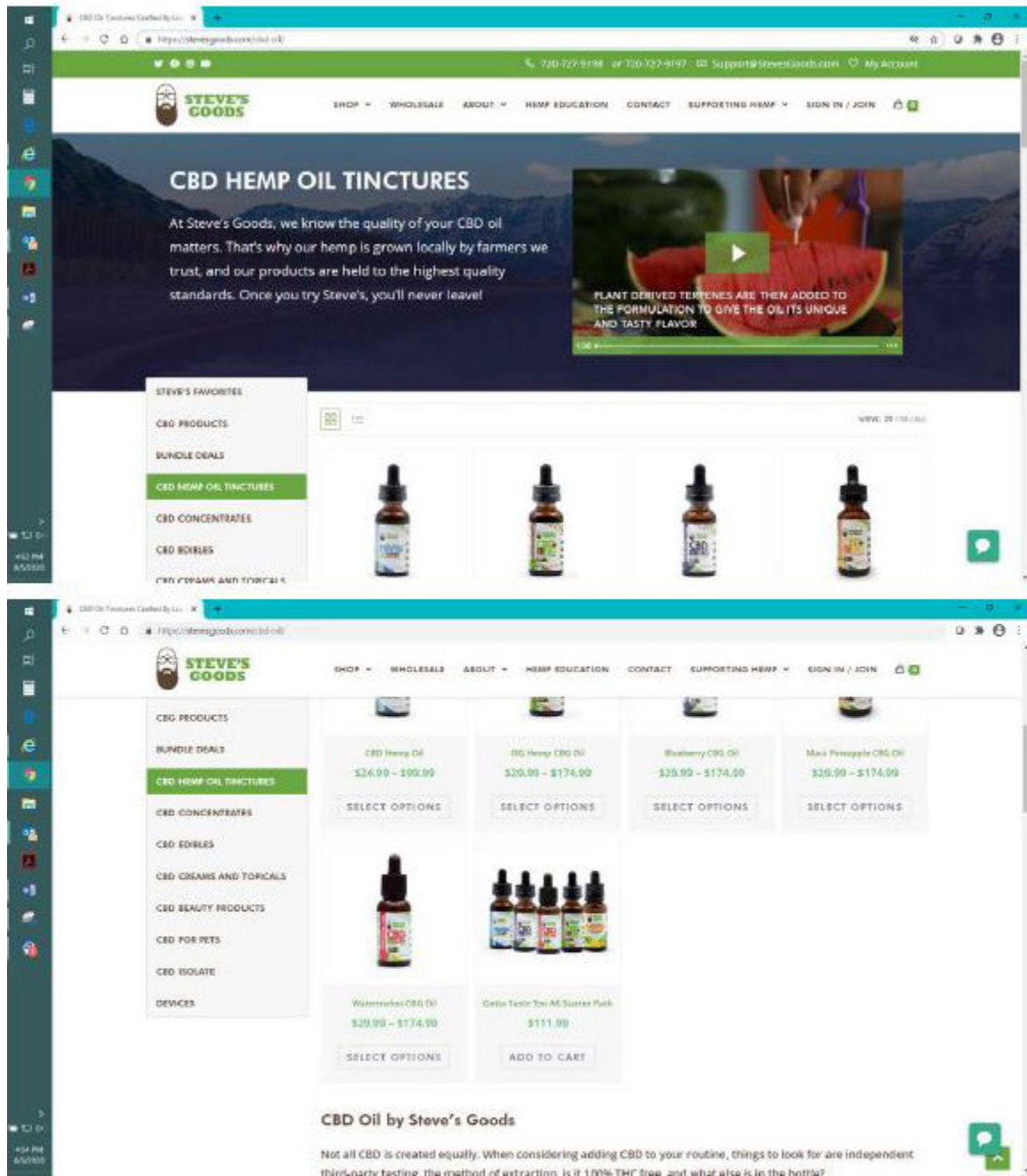
Getting Out What You Put In With CBD Edibles and Suppositories

With all aspects of choosing the best way to get [effective doses of CBD](#), there are always compromises to compare to the benefits and the division of edible CBD goods from their suppository counterparts are no exception. However, discovering the right method for every user simply requires personal research, experience, and an open mind to internalize which is best for everyone. The full benefits resulting from each change with every user, but the fringe benefits of less inflammation and more comfort throughout your daily life are aspects everyone can appreciate.

The greatest divergence is with the reach and dissemination of active cannabinoids, where suppositories are predominantly localized to a central area of the body in their intensity, the act of digesting edibles with CBD seems to spread their active impact through the human body. We as yet do not entirely understand the full functionality of the endocannabinoid system and its receptors. Understanding how concentrations on specific regions of the body may retain the greatest benefits of [CBD suppositories](#) and edibles will require personalized research and study. As such, many of us will stick with edibles and enjoy the expected benefits and convenience they offer ahead of further scientific exploration into the bowels of therapeutic applications of cannabinoids.

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Exhibit F



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The image displays two screenshots of the Steve's Goods website, specifically the 'CBD OIL TINCTURES' page. The website has a green and white color scheme with a navigation bar at the top including links for SHOP, WHOLESALE, ABOUT, HEMP EDUCATION, CONTACT, SUPPORTING HEMP, and SIGN IN / JOIN. A sidebar on the left lists various product categories: CBG PRODUCTS, BUNDLE DEALS, CBD HEMP OIL TINCTURES (highlighted), CBD CONCENTRATES, CBD EDIBLES, CBD CREAMS AND TOPICALS, CBD BEAUTY PRODUCTS, CBD FOR PETS, CBD ISOLATE, and DEVICES.

Screenshot 1 (Top): This view shows the introductory text and the 'What is CBD Oil?' section. The text explains that CBD is one of 104 cannabinoids found in the cannabis sativa plant, made by extracting oil from the plant and mixing it with a carrier oil. It also mentions that CBD feeds the endocannabinoid system, a receptor system discovered in the early 90s that extends throughout the body. The 'What is CBD Oil?' section defines Cannabidiol (CBD) and its benefits for pain, inflammation, anxiety, cancer, neuro-disorders, and other health issues.

Screenshot 2 (Bottom): This view shows the 'Can CBD Oil Make You Fail a Drug Test?' and 'Does CBD Oil Get You High?' sections. The 'Can CBD Oil Make You Fail a Drug Test?' section states that CBD oil legally has less than 0.3% THC, which is not enough to show in urine, but lower quality oils may have a higher percentage of THC. The 'Does CBD Oil Get You High?' section explains that CBD extracted from industrial hemp cannot get you high because it has less than .03% THC and is non-psychoactive.

Table: CBD Oil Dosage for Anti-Inflammation

Severity	Body weight
1 low - 10 high	up to 50
	51 - 100
	101 - 150
	151 - 200
	201 - 250
	251 - 300

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STEVE'S GOODS

SHOP ▾ WHOLESALE ABOUT ▾ HEMP EDUCATION CONTACT SUPPORTING HEMP ▾ SIGN IN / JOIN

CBD PRODUCTS

RUMBLE DRINKS

CBD HEMP OIL TINCTURES

CBD CONCENTRATES

CBD EDIBLES

CBD CREAMS AND TOPICALS

CBD BEAUTY PRODUCTS

CBD FOR PETS

CBD ISOLATE

DEVICES

1 low - 10 high Up to 50 51 - 100 101 - 150 151 - 200 201 - 250 251 - 300

1 - 3 1 - 5 mg 6 - 10 mg 11 - 20 mg 31 - 40 mg 41 - 50 mg 61 - 70 mg

3 - 6 1 - 5 mg 8 - 12 mg 15 - 25 mg 35 - 45 mg 45 - 55 mg 65 - 75 mg

6 - 10 3 - 7 mg 10 - 15 mg 20 - 30 mg 40 - 50 mg 50 - 60 mg 70 - 80 mg

There is nothing sweeter than relief from pain, chronic or acute. Taking CBD tincture under your tongue and holding it there for 60 seconds sends the molecule directly into your bloodstream. With the correct dose, you'll feel relief within 45 minutes to an hour, maybe sooner.

If you have pain on a regular basis, you may want to supplement with CBD daily. Using titration as mentioned above and the chart below, start at the lowest amount, add .05 - 5 mg every fourth day and stop increasing when the pain subsides. Your body will build up a tolerance over time so you may have to add more later. You can learn more about our general tincture dosing guidelines [here](#).

CBD Tincture Dosage For Pain

Severity Body weight

1 low - 10 high Up to 50 51 - 100 101 - 150 151 - 200 201 - 250 251 - 300

CBD FOR PETS

CBD ISOLATE

DEVICES

1 low - 10 high Up to 50 51 - 100 101 - 150 151 - 200 201 - 250 251 - 300

1 - 3 5 - 10 mg 11 - 20 mg 31 - 40 mg 41 - 50 mg 61 - 70 mg 81 - 100 mg

3 - 6 8 - 12 mg 15 - 25 mg 35 - 45 mg 45 - 55 mg 65 - 75 mg 101 - 150 mg

6 - 10 10 - 15 mg 20 - 30 mg 40 - 50 mg 50 - 60 mg 70 - 80 mg 151 - 200 mg

SHOP NOW

Are you looking for high quality CBD Company that uses locally sourced hemp and all organic ingredients.

WHOLESALE

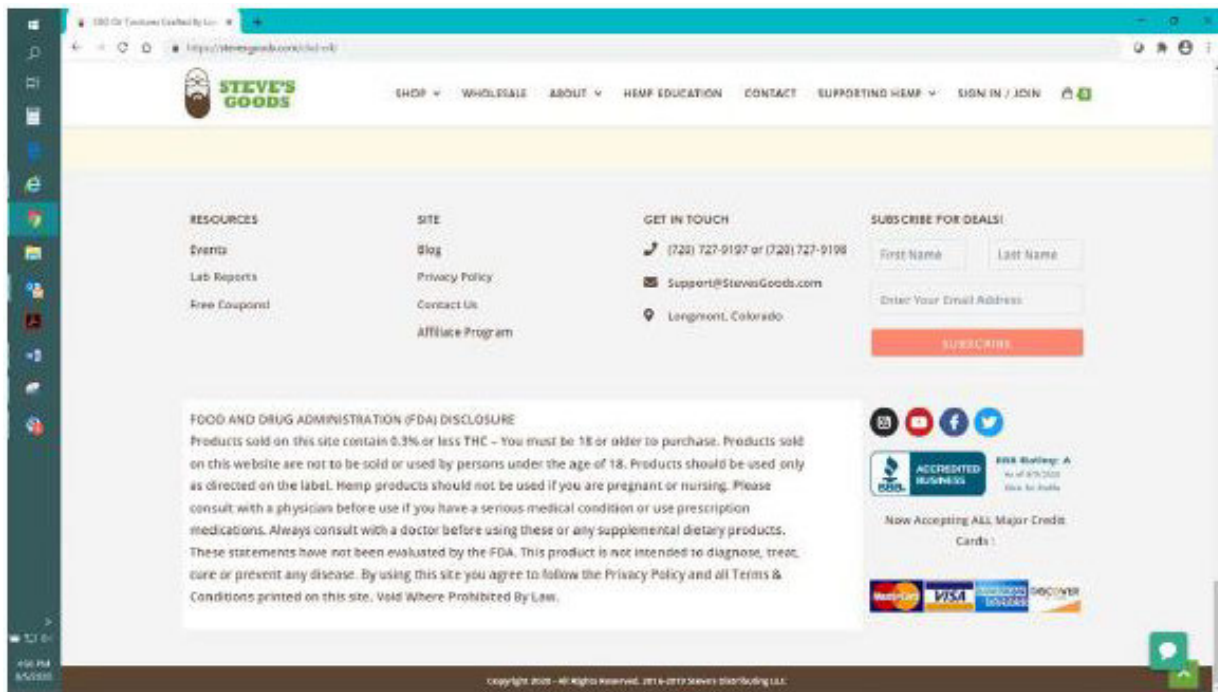
Looking for high quality CBD at a reasonable price? CBD needs. We have you covered handling your small to large orders.

WHITELABEL

Launching your own line? Our high-quality CBD products come white-labeled and are ready to be called your own.

RESOURCES **SITE** **GET IN TOUCH** **SUBSCRIBE FOR DEALS!**

Complaint



Complaint

Exhibit G

What is CBG, How Does it Work, & What Are the Potential Benefits?

1 of 4

What is CBG, How Does it Work, & What Are the Potential Benefits?

Amy Glin

What is Steve's Goods CBG Oil?

CBG, short for cannabigerol, is at the forefront of cannabinoid research. It's an important cannabinoid to learn about and add to your daily routine.

Here's why...

It's been known since the early 1990's that humans and animals have an endocannabinoid system regulating all body functions including digestion, sleep, and nerves. It's the body's largest receptor system and maintains homeostasis. There are two main types; CB1 and CB2.

CB1 receptors are mostly in the brain and organs. CB2 receptors live on cells.

This system needs Omega Fatty acids, in the proper ratio, to produce and uptake its own cannabinoids. Unfortunately, today's diet is severely lacking in Omega-3's, and that can lead to an endocannabinoid deficiency, causing unrest, imbalance, and disease. Once that happens it's easy to feel helpless and seek traditional pharmaceutical medicine paths with all the nasty effects besides the one you're looking for.

But it doesn't have to go that way. Fortunately, the hemp plant's important medicinal properties and multipurpose uses are becoming more known and accepted. And the technology is well-developed for extracting both isolates and full-spectrum cannabinoids for human and animal use. You can feed your endocannabinoid system with phytocannabinoids from the hemp plant and return your body to balance. Hallelujah!

How it Works

CBGa is considered the stem cell molecule of cannabinoids, where it all began! It's the precursor to three different cannabinoids, THCa, CBDa, CBNa, acid forms of the compounds found when in raw states. Ingenious as nature is, the cannabis/hemp plant has a natural enzyme, called synthase, that uses heat or UV light to break the CBGa down into one of the three paths, making it bioavailable.

Complaint

What is CBG, How Does it Work, & What Are the Potential Benefits?

2 of 4



You could call CBG the mother of all cannabinoids. And as a mother, CBG works with its offspring to enhance performance. When CBG is present, then combined with CBD, it increases the effectiveness. But it also has its own beneficial properties.

Benefits of CBG Oil

CBG helps your body in so many ways. It's good for stress, anxiety, sleep relief, and pain reduction. It helps regulate mood and behavior and keeps your body in balance, running like the fine machine it is. It's been found in [research](#), by the US National Institute of Health, to inhibit the growth of colon cancer, and has positive effects on glaucoma and irritable bowel syndrome known as IBS.

CBG is non-psychoactive, meaning it will not get you high. Truthfully, it's an antagonist to the high produced by THC, and we've experimented!

CBG Ceremonies

The best way to understand the benefits of the product is to use them, so here at Steve's Goods we host CBG ceremonies. We invite members of the industry to join us, ingest CBG in different ways, and compare notes. We help each other get further in tune with our bodies, and it's usually followed by a yoga session.

We wanted to experience the effect CBG has on THC so at one of the ceremonies we smoked uber amounts of THC then each took a dab of CBG isolate. Within moments, clarity and focus. It was as if the CBG literally kicked the THC off of the receptor. The shift is epic. You can try this at home!

This Saturday, July 28, we're celebrating Steve's Goods new Watermelon CBG, with a ceremony and big bash! Reach out if you're interested in joining, we'd love to meet you!

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Complaint

What is CBG, How Does it Work, & What Are the Potential Benefits?

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What Sets us Apart?

Steve's Goods formulates award winning full spectrum CBG oil, the strongest and best-tasting on the market. In addition to the purest ingredients available, it's made with intention, love, and passion. Purity and soul in one sweet package.

CBG oil is currently available in two terpene profiles, our name for flavor. Terpenes are unique compounds found in a large variety of plants and even in some insects. Botanists refer to them as a plant's essential oils, the building blocks of plant resin. They're responsible for the color, scents, and flavors of plants and each has distinguishing values.

The terms terpene and terpenoids are often used interchangeably but there is a slight difference between the two. Raw terpenes are hydrocarbons and terpenoids have been denatured by drying and curing the flowers.

Blueberry Blast is made with our Blueberry OG Flavor profile/CBG Distillate Wax. This terpene profile features limonene, known for being anti-fungal, antibacterial and anti-carcinogenic. It relieves pain and is known for its mood elevating and stress-reducing qualities. It also helps ease insomnia, fatigue, and lack of appetite.

NEW! Watermelon Kush is made with Watermelon OG Flavor profile/CBG Distillate Wax. It offers the active terpene compounds Alpha and Beta-Pinene, known for their antibacterial and anti-inflammatory qualities. These terpenes also aid in memory and work as a bronchodilator. This compound has been used in traditional medicine for centuries.

Steve's Goods CBG oil comes in 30 ml. bottles. We offer three strengths, 500 mg. 1000 mg. or 2500 mg. We're happy to discuss the best strength for your personal needs.

Coming Soon!!! Keep on the lookout for our soon-to-be-released new terpene profiles Pineapple Express, Terpene Gorilla, and Girl Scout Cookies. We pride ourselves on having something for everyone!

The Entourage Effect

When you begin using CBG, CBD and hemp-based products, and as you become more in balance and begin to exude joy and glow, people gather around you and follow you everywhere. This is known as The Entourage Effect. Okay, not really. But it could happen!

Silliness aside, when you combine CBD with CBG it enhances the CBD's performance. When you add terpenes to that combo, benefits are amplified. The interactive synergy between compounds is known as The Entourage Effect and explains why some compounds work better for individuals than others, and why adding CBG to your CBD intake increases its efficacy.

The facts:

Our distillate oil is 4% – 8% CBG, we have the lab reports. Others weigh in at much less. Our ingredients are simple, in addition to the oil we add monk fruit and agave for sweetness, and the terpene profile based its name, giving each tincture its unique

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Complaint

What is CBG, How Does it Work, & What Are the Potential Benefits?

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quality and targeted wellness.

**Remember! Every time you take it, you gotta shake it!!! Shake it, take it!
Might as well shake your booty at the same time. Why the hell not?**

Exhibit H



Complaint

Exhibit I

The ABCs of CBG - Steves Goods

1 of 3

The ABCs of CBG - Steves Goods

Jordan Turner

It's 2019, and [CBG oil](#) is the new buzz word. Cannabis has become near commonplace in American pop culture. Advancements in legalization have blanketed participating states with new wealth. In the same ways, technology and science have kept pace: [concentrates](#), [tinctures](#), [inhalers](#), [battery atomizers](#), [e-nails](#)... the list goes on. As innovation continues, more is being revealed about the other 112 cannabinoids that comprise the full-spectrum. Though we are still gathering data on THC and [CBD](#), Cannabigerol (CBG) is growing in both awareness and popularity, and Steve's Goods is leading the charge.

What is cannabigerol?

Cannabigerol is the chemical mother of all other cannabinoids. Hemp & marijuana plants produce it naturally in the form of cannabigerolic acid, but it is considered to be a minor cannabinoid in lieu of the fact that it appears in low readings on lab tests of mature cannabis plants. The major cause of this? Most CBG is immediately converted into one of the other major cannabinoids during photosynthesis. That means it is not plentiful, and that it takes a lot of cannabis to isolate or distill a considerable amount of CBG, making it expensive to come by. In bulk, it can be obtained in the form of isolate powder, and in the form of distillate liquid (more to come on those later).



Steve's Goods Blueberry flavored CBG Oil (30mL, 2500mg bottle)

How is cannabigerol used?

Our bodies have a built-in endocannabinoid system which aids in the balance of our mental and physical equilibrium. Every cannabinoid has varying effects on the body and on the endocannabinoid system, and CBG has been found to be one of the more universally beneficial. Various scientific studies have revealed use cases for ailments ranging from ocular diseases to inflammatory bowel conditions. Other studies have shown CBG to carry antibacterial and anti-inflammatory effects on the body. There are dozens of other ailments and conditions that CBG has been rumored to treat, and simply not enough data to render an opinion as to its effectiveness. One way or another, Steve's Goods is excited to be at the forefront of the CBG movement.

Will CBG get a user high?

Perhaps one of the most interesting observations from studies on CBG noted that in larger doses, CBG actually interferes with the psychoactive feelings THC causes the body, overpowering the neuro-inhibiting effects that THC produces when consumed in high-doses. Since the amount of CBG needed for a human overdose would be all but impossible to consume, the answer to the question, "will CBG get a user high," is not only a firm no, but quite the opposite; it stops the high and the feelings associated

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Complaint

The ABCs of CBG - Steve's Goods

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with it.

What are the best ways to buy CBG?

Though we anticipate a wave of high-CBG flower strains emerging to satisfy demand from the market, there are few to no such strands in circulation presently. Again, cannabigerol is almost always biosynthesized into another cannabinoid while plants grow and flower, meaning someone would have to interrupt such biosynthesis to retain the maximum levels of CBG produced by a particular strain or plant. That is not to say CBG cannot be attained in bulk volume. Steve's Goods deals in three major bulk forms of CBG: [CBG isolate powder](#), [CBG distillate](#), and [CBG oils](#) and tinctures.



Steve's Goods CBG Isolate Slab

CBG Isolate Explained

[CBG isolate](#) powder is utilized in the manufacturing of other concentrate products, including including [CBG isolate slab](#). It looks and feels similar to powdered sugar, and comes in a concentration of 99% purity. CBG isolate powder could theoretically be utilized to make gummies, capsules, topicals, and other forms of concentrates, including shatter, and any other product for which [CBD isolate](#) powder is a base product. This powder is commonly isolated from the other cannabinoids among the full spectrum through refinement from hemp or marijuana.

CBG Super Distillate

CBG super distillate is utilized in the formulation of oils and tinctures. This distillate is the key ingredient in Steve's Goods [CBG oils](#), and could theoretically be used in the formation of several other products, including wax concentrates, similar to the products Steve's Goods offers among their [CBD wax concentrates](#). [CBG super distillate](#) is made via chromatography. This process passes evaporated hemp distillate into a medium in which all the different cannabinoids (CBG, THC, etc.) are isolated to be separated manually with no error. This is one of the most advanced methods for generating pure cannabinoid [concentrates](#) and is certainly one of the cleanest methods.

CBG Oils & Tinctures

If you enjoy a tasty, smoke-free means of getting your controlled dose of CBG daily, Steve's Goods [CBG oils](#) are a fantastic option. They are available in [Watermelon](#), [Blueberry](#), and [OG Hemp](#) flavors, achieved by blending our CBG super distillate with the appropriate terpene profile to offer the ideal formula to satisfy just about any taste pallet. Every flavor is sold in [15mL bottles](#) with 250mg, 500mg, and 1250mg concentrations, and in [30mL bottles](#) with 500mg, 1000mg, and 2,500mg concentrations, ensuring Steve's Goods is also ready with every size and strength refill one could possibly need for home use. These [tinctures](#) are also available for [private labeling](#).

CBG Slab?!

If you enjoy Steve's Goods [CBD concentrates](#), you will love their state-of-the-art [CBG isolate slab](#). Made from [CBG isolate powder](#), and via Steve's proprietary process, Steve's is offering a terpene-free, 99%-

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Complaint

The ABCs of CBG - Steve's Goods

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pure [CBG concentrate](#) that tastes like unexplainable citrus flavor, and a feeling of total renewal that rushes over you as quickly as you [inhale it](#). We don't know of another company offering anything similar, and it is our true pleasure to be among the first to take the step and create something this rare and incredibly healthy.

Our hope is that this post resources you with enough background knowledge on what CBG is, why it is important for the human body, the different benefits of using it, and the types of CBG on the market. We sincerely hope you will consider CBG for your diet and health (if you have not already done so), and that you will strongly consider Steve's Goods [CBG products](#) to fill that need.



Steve from Steve's Goods using Dipper to enjoy CBG Isolate Slab.

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 Steves Distributing, LLC, also doing business as Steve’s Goods, is a Colorado corporation, with its principal office or place of business at 1500 Kansas Avenue, Suite 2C, Longmont, CO 80501.
 - b. Respondent Steven Taylor Schultheis is Chief Executive Officer, President, and principal shareholder of Steves Distributing, LLC. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of Steves Distributing, LLC. His principal office or place of business is the same as that of Steves Distributing, LLC.
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 purposes of this Order, the following definitions apply:

- A. “CBD Product” means any Dietary Supplement, Food, or Drug containing cannabidiol.
- B. “CBG Product” means any Dietary Supplement, Food, or Drug containing cannabigerol.
- C. “Covered Product” means any Dietary Supplement, Food, or Drug, including but not limited to CBD Products or CBG Products.
- D. “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.
- E. “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; (3) articles (other than Food) intended to affect the structure or any function of the body of humans; 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.
- F. “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 are unlikely to impede or inhibit the effectiveness of the ingredients in the Essentially Equivalent Product.
- G. “Food” means: (1) any article used for food or drink for humans; (2) chewing gum; and (3) any article used for components of any such article.

Decision and Order

- H. “Respondents” means the Corporate Respondent and the Individual Respondent, individually, collectively, or in any combination.
1. “Corporate Respondent” means Steves Distributing, LLC, a limited liability company, also doing business as Steve’s Goods, and its successors and assigns.
 2. “Individual Respondent” means Steven Taylor Schultheis.

Provisions

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

IT IS ORDERED that Respondents, Respondents’ officers, agents, and employees, 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 overactive bladder;
- B. reduces blood sugar levels;
- C. stimulates bone formation and healing;
- D. treats, alleviates, or cures any disease, including but not limited to Alzheimer’s disease, amyotrophic lateral sclerosis, anal fissures, asthma, cancer, chronic inflammation, chronic traumatic encephalopathy, Crohn’s disease, depression, diabetes, epilepsy, fibromyalgia, glaucoma, glioblastoma, heart disease, hemorrhoids, hypertension, inflammatory bowel conditions, inflammatory bowel syndrome (“IBS”), migraines, multiple sclerosis, neurological disorders, ocular diseases, osteoporosis, pain, Parkinson’s disease, post-traumatic stress disorder, psoriasis, rheumatoid arthritis, or seizures; or
- E. treats, alleviates, or cures diseases and other health conditions as effectively as most over-the-counter medications, or is an effective alternative to prescription medications,

unless the representation is non-misleading, and, at the time of making such representation, they possess and rely upon competent and reliable scientific evidence substantiating that the representation is true. For purposes of this Provision, 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

Decision and Order

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 testing as described in the Provision 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.

II. PROHIBITED REPRESENTATIONS: OTHER HEALTH-RELATED CLAIMS

IT IS FURTHER ORDERED that Respondents, Respondents' officers, agents, and employees, 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: Regarding 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 Provision 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.

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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:

- 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

Decision and Order

scope of Respondents' activities, and the sensitivity of the personal information collected from or about the participants.

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

IT IS FURTHER ORDERED that Respondents, Respondents' officers, agents, and employees, 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 product must not misrepresent, in any manner, expressly or by implication:

- A. That any Covered Product is scientifically proven to have antibacterial properties, stimulate bone formation or healing, have neuroprotective effects, or cure, mitigate, or treat anxiety, cancer, depression, glaucoma, inflammation, inflammatory bowel conditions, IBS, neurological disorders, ocular diseases, overactive bladder, pain, or psoriasis;
- B. That the performance or benefits of any 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, and employees, and 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.

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VI. MONETARY RELIEF**IT IS FURTHER ORDERED** that:

- A. Respondents must pay to the Commission \$75,000, which Respondents stipulate their undersigned counsel holds in escrow for no purpose other than payment to the Commission.
- 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 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 relief (including consumer information remedies) as it determines to be reasonably related to Respondents' practices alleged in the Complaint. Any money not used is to be deposited to the U.S. Treasury. Respondents have no right to challenge any activities pursuant to this Provision.
- E. In the event of default on any obligation to make payment under this Order, interest, computed as if pursuant to 28 U.S.C. § 1961(a), shall accrue from the date of default to the date of payment. In the event such default continues for 10 days beyond the date that payment is due, the entire amount will immediately become due and payable.

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- F. Each day of nonpayment is a violation through continuing failure to obey or neglect to obey a final order of the Commission and thus will be deemed a separate offense and violation for which a civil penalty shall accrue.
- G. Respondents acknowledge that their Taxpayer Identification Numbers (Social Security or Employer Identification Numbers), which Respondents have previously submitted to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.

VIII. CUSTOMER INFORMATION

IT IS FURTHER ORDERED that Respondents must directly or indirectly provide sufficient customer information, including sufficient identification of all resellers, to enable the Commission to efficiently administer consumer redress to all purchasers of Respondents' CBD Products and CBG Products. If a representative of the Commission requests in writing any information related to redress, Respondents must provide it, in the form prescribed by the Commission representative, within 14 days.

IX. NOTICES TO CUSTOMERS

IT IS FURTHER ORDERED that Respondents must notify customers as follows:

- A. Respondents must identify all consumers who purchased CBD Products or CBG Products on or after January 1, 2018 ("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;
 - 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.
- B. 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 must state: "About Your Purchase of Steve's Goods' CBD or CBG Products."
 - 3. The email of the notice must not include any other enclosures.
- C. Respondents must notify all eligible customers within 180 days after the issuance date of this Order and any eligible customers identified thereafter within 30 days of their identification.

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- D. Respondents must provide a notice on all of their social media accounts (including any Facebook, Twitter, Instagram, or YouTube accounts) and on the first page of their websites. Such notice must link to a copy of the Order, along with a toll-free telephone number and an email address for the redress administrator. The notice must be posted not later than 3 days after the effective date of the Order and for at least 1 year after the redress period ends.
- E. Respondents must report on their notification program under penalty of perjury:
 - 1. Respondents must submit a report annually and at the conclusion of the program 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.

X. NOTICE TO AFFILIATES AND OTHER RESELLERS

IT IS FURTHER ORDERED that within 30 days of the effective date of this Order, Respondents must notify all affiliates and other resellers by sending each via electronic mail the notification letter attached as Attachment A. Respondents must include a copy of this Order, but no other document or enclosure.

XI. 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 5 years after the issuance date of this Order, the Individual Respondent for any business that such Respondent, individually or collectively with any other Respondents, 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, promotion, distribution, offering for sale, or sale of CBD or CBG Products; 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

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days after the effective date of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

- C. From each 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.

XII. 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 the Individual Respondent must describe if they know or should know due to their 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.
- B. 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 submit notice of 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

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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 Steves Distributing, LLC, FTC File No. 202-3065.

XIII. RECORDKEEPING

IT IS FURTHER ORDERED that Respondents must create certain records for 7 years after the issuance date of the Order, and retain each such record for 5 years, unless otherwise specified below. Specifically, the Corporate Respondent and the Individual Respondent for any 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;

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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;
- 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.

XIV. COMPLIANCE MONITORING

IT IS FURTHER ORDERED that, for the purpose of monitoring Respondents' compliance with this Order:

- 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.

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- D. Upon written request from a representative of the Commission, any consumer reporting agency must furnish consumer reports concerning the Individual Respondent, pursuant to Section 604(2) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(a)(2).

XV. 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 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.

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ATTACHMENT A TO THE ORDER

CLAIMS ABOUT PRODUCTS CONTAINING CBD/CBG

In the Matter of Steves Distributing, LLC et alDear <Name of customer>:

We are writing to you because our records show that you bought CBD and/or CBG products from our company, Steve's Goods. The Federal Trade Commission (FTC) has settled claims against us relating to certain advertising practices. While we deny that we violated the law, we have agreed to stop making certain claims about our products as follows:

- Unless we have scientific proof, we will not say that our CBD and CBG products can effectively treat or ease serious diseases and health conditions, such as Alzheimer's disease, cancer, Crohn's disease, diabetes, and irritable bowel syndrome (IBS);
- Unless we have scientific proof, we will not say that we have studies or scientific research that prove that our CBD or CBG products have antibacterial properties, stimulate bone formation or healing, have neuroprotective effects, or cure, mitigate, or treat anxiety, cancer, depression, glaucoma, inflammation, inflammatory bowel conditions, IBS, neurological disorders, ocular diseases, overactive bladder, pain, or psoriasis.

For a full list of the health claims covered by the settlement, and to learn more about the settlement, please visit [add URL].

Talk to your doctor before you stop any prescriptions or take CBD, CBG, or any other treatments to treat health conditions. For more information about health product claims, visit ftc.gov/health.

Sincerely,

[signature]

[identify Respondent or other person responsible for signing the notification letter]

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.

Concurring Statement

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-cbdinfused>; 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-companiesadvertising>.

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).

Concurring Statement

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 Steves Distributing, LLC, a limited liability company doing business as “Steves Goods,” and Steven Taylor Schultheis, individually and as an officer and owner of Steves Distributing, LLC (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 the Respondents’ advertising of cannabidiol (“CBD”) and cannabigerol (“CBG”), cannabinoid compounds found in hemp and cannabis. The complaint alleges that Respondents violated Sections 5(a) and 12 of the FTC Act by disseminating false and unsubstantiated advertisements claiming that: (1) CBD and CBG products can effectively prevent, treat, or mitigate multiple diseases and other health conditions; and (2) studies or scientific research prove that CBD and CBG products effectively prevent, treat, or mitigate multiple diseases and other 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 the respondent sells, markets, promotes, or advertises.

Provision I requires randomized, double-blind, placebo-controlled clinical testing for the challenged claims or any disease treatment, mitigation, or cure claim for a Covered Product. The Order defines “Covered Product” as any dietary supplement, food, or drug including but not limited to CBD products or CBG products.

Provision II prohibits other misleading or unsubstantiated representations about the health benefits, performance, efficacy, safety, or side effects of any Covered Product or essentially equivalent product. It also covers prevention claims not specifically included in Provision I.

Provision III requires the preservation of certain records for any testing Respondents rely upon as competent and reliable scientific evidence.

Provision IV addresses Respondents’ false establishment claims and generally prohibits misrepresentations regarding the scientifically or clinically proven benefits of any product.

Provision V provides a safe harbor for FDA-approved claims.

Provisions VI and VII contain monetary payment provisions.

Analysis to Aid Public Comment

Provisions VIII, IX, and X require Respondents to provide customer information to the Commission and to provide notice of the Order to customers, affiliates and other resellers.

Provision XI requires an acknowledgement of receipt of the Order. It also requires the individual Respondents to deliver a copy of the Order to certain individuals in any business for which they are the majority owner or which they control directly or indirectly.

Provisions XII, XIII, and XIV provide the required reporting, recordkeeping, and compliance monitoring programs that must be put in place.

Provision XV explains when the Order is final and effective.

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

TAPJOY, INC.CONSENT ORDER, ETC. IN REGARD TO ALLEGED VIOLATIONS OF SECTION 5 OF THE FEDERAL
TRADE COMMISSION ACT*Docket No. C-4740; File No. 172 3092*
Complaint, March 9, 2021 – Decision, March 9, 2021

This consent order addresses Tapjoy, Inc.’s operation of an advertising platform within mobile gaming applications. The complaint alleges that Tapjoy has violated Section 5 of the Federal Trade Commission Act by representing that consumers will receive a reward of virtual currency upon completion of a specific action when, in many instances, that representation was false, misleading, or not substantiated at the time the representation was made. The consent order requires Tapjoy to disclose that its advertisers determine whether rewards are likely to issue, and when consumers are likely to receive rewards; and prohibits Tapjoy from making the misrepresentations alleged in the complaint.

Participants

For the *Commission*: Matthew G. Schiltz and Matthew H. Wernz.

For the *Respondents*: Travis LeBlanc and David Mills, Cooley LLP; Christopher N. Olsen and Lydia B. Parnes, Wilson Sonsini Goodrich & Rosati.

COMPLAINT

The Federal Trade Commission (“FTC” or “Commission”), having reason to believe that Tapjoy, Inc., a corporation, has violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Tapjoy, Inc. (“Tapjoy” or “Respondent”) is a Delaware corporation with its principal place of business at 353 Sacramento Street, 6th Floor, San Francisco, CA 94111.
2. Tapjoy has advertised, marketed, or distributed virtual currency to consumers throughout the United States.
3. The acts and practices of Tapjoy alleged in this complaint have been in or affecting commerce, as “commerce” is defined in Section 4 of the Federal Trade Commission Act.

Tapjoy’s Business Practices

4. Tapjoy operates an advertising platform within mobile gaming applications (“apps”). On the platform, Tapjoy promotes offers of in-app rewards (e.g., virtual currency) to consumers who complete an action, such as taking a survey or otherwise engaging with third-party advertising. Often, these consumers must divulge personal information or spend money.