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Complaint

IN THE MATTER OF

SHAKLEE CORPORATION

CONSENT ORDER, ETC., IN REGARD TO ALLEGED VIOLATION OF
THE FEDERAL TRADE COMMISSION ACT*Docket C-2613. Complaint, Dec. 5, 1974 - Decision, Dec. 5, 1974*

Consent order requiring an Emeryville, Calif., distributor of food supplements, cosmetic and bath, and household products, among other things to cease misrepresenting the nutritional value of its concentrated protein supplement; failing to include a disclosure notice in advertisements which warns against the use of the product by infants under 1 year of age without prior consultation with a physician; misrepresenting the nutritional content of its product; and furnishing means or instrumentalities of misrepresentation or deception to its distributors.

Appearances

For the Commission: *Harrison J. Sheppard, Robert B. Galler and Barry I. Miller.*

For the respondent: *L. G. Farren, Emeryville, Calif.*

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Pursuant to the provisions of the Federal Trade Commission Act, and by virtue of the authority vested in it by said Act, the Federal Trade Commission, having reason to believe that Shaklee Corporation, a corporation, hereinafter referred to as respondent, has violated the provisions of said Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, hereby issues its complaint stating its charges in that respect as follows:

PARAGRAPH 1. Respondent Shaklee Corporation is a corporation organized, existing and doing business under and by virtue of the laws of the State of California, with its principal office and place of business located at 1900 Powell Street, Emeryville, Calif.

PAR. 2. Respondent is engaged in the advertising, offering for sale, and sale of food supplements, cosmetic and bath products, and household products. The products are manufactured by respondent or by others according to respondent's specifications, and are marketed through over 100,000 sales persons, who operate businesses designated "Distributorships," "Assistant Supervisorships" and "Supervisorships," located in all fifty states, and who sell to consumers at their homes and offices. In the course and conduct of the aforesaid business, respondent is now and for sometime past has been engaged in the publishing,

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dissemination and distribution of advertisements, promotional materials and labels concerning the uses, purposes, utility, characteristics and effects of protein supplements, which come within the classification of food, as "food" is defined in the Federal Trade Commission Act.

PAR. 3. In the course and conduct of its business, respondent has disseminated, and caused the dissemination of, certain advertisements, promotional literature and labels concerning its protein supplement called "Instant Protein," by the United States mails, and has distributed its protein supplements for the purpose of purchase and consumption by consumers in other States of the United States, and maintains and at all times mentioned herein has maintained a substantial course of trade in commerce, as "commerce" is defined in the Federal Trade Commission Act, and causes, and at all times mentioned herein has caused, the dissemination of advertisements by the United States mails, and for the purpose meaning of Sec. 12(a)(1) of the Federal Trade Commission Act.

PAR. 4. In the course and conduct of its business, and for the purpose of inducing others to purchase said protein supplements, respondent has made, and is now making, directly or by implication, in advertisements statements and representations concerning said protein supplements. Typical and illustrative of such statements and representations are the following:

In addition - and mothers tell us this is one of the finest features - add SHAKLEE INSTANT PROTEIN to baby's food from the very first day solids are given. It is exceptionally digestible, and you can then be sure your baby's diet contains ALL of the essential amino acids necessary for sturdy growth and good health.

"PROTEIN POVERTY", according to eminent clinicians, may lead to a serious amino acid deficiency which often appears in those of teenage and those of advanced years. SHAKLEE INSTANT PROTEIN, due to its pleasant taste and conveniently drinkable form, is an ideal way to help eliminate such deficiency.

There are various reasons why one might be deficient in protein of high biological value. In older people, "PROTEIN POVERTY" may arise because of poor appetite, inability to properly digest heavy protein foods, loss of teeth or ill-fitting dentures that prevent proper mastication. Youngsters may be encouraging deficiency through careless eating habits. Regardless of the cause, a dietary evaluation of protein intake is in order.

An exclusive research formula, INSTANT PROTEIN was designed especially for those who have encountered "PROTEIN POVERTY." It is a scientific approach to the problem of helping to retard amino acid deficiency, so often a cause of "last wasting years".

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Not all who are old in years are old in spirit and appearance. Some are full of life—full of energy and desire to accomplish their purpose. On the other hand, certain ones of advanced years are marked by symptoms which typify old age. Why is this? What is the underlying cause? It may lie in living habits, lack of interest in hobbies, etc.—but it may also be aggravated by prolonged and complex deficiencies of protein, vitamins and minerals.

* * * * *

For optimum nutrition during childhood—during the prime of life—in the twilight years—your body needs ALL of the essential amino acids for repair and maintenance. It will get them from only one source: the food you eat. Your present and your future are up to you.

ONE OUNCE PER DAY
(approx. three tablespoonfuls)
as a dietary supplement supplies

| | | | | |
|---|-----------|-------|-------|-------|
| Protein (96.6% Dry Basis) | 15 grams | | | |
| LECITHIN | 1.3 grams | | MDR* | |
| | | Adult | 6-12 | 1-6 |
| | | Years | Years | Years |
| Vitamin B-1, primary grown yeast | 2.0 mg. | 200% | 266% | 400% |
| Vitamin B-2, primary grown yeast | 2.0 mg. | 166% | 222% | 222% |
| Vitamin B-6, primary grown yeast | 0.5 mg. | ** | ** | ** |
| Niacin, primary grown yeast | 10.0 mg. | 100% | 133% | 200% |
| Pantothenic Acid, primary grown yeast | 2.0 mg. | ** | ** | ** |
| Calcium | 500.0 mg. | 67% | 67% | 67% |
| Phosphorus | 250.0 mg. | 33% | 33% | 33% |
| Iron | 12.0 mg. | 120% | 120% | 160% |

*Minimum Daily Requirement

**Minimum Daily Requirement (MDR) has not been established

The protein ingredient of one ounce of Instant Protein w/ Cocoa Bean provides approximately the following amounts of the essential amino acids:

| | |
|-------------------------|----------|
| Methionine | 135 mg. |
| Isoleucine | 690 mg. |
| Leucine | 1170 mg. |
| Phenylalanine | 780 mg. |
| Lysine | 855 mg. |
| Threonine | 540 mg. |
| Tryptophan | 165 mg. |
| Valine | 675 mg. |

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Ingredients: Soy protein isolate, washed raw sugar, cocoa bean powder, lecithin, calcium carbonate, tricalcium phosphate, calcium carrageenan, primary grown yeast, ferrous fumarate natural flavors.

Calories per tablespoon 37

SHAKLEE INSTANT PROTEIN w/ Cocoa Bean is a biologically complete protein drink that is especially compounded from soy-bean lecithin minerals and vitamins.

DIRECTIONS: to a glass of milk, add Instant Protein w/ Cocoa Bean to taste. Stir and serve. Use a blender to create a wide variety of beverages. Whirled with ice cream or yogurt, Instant Protein w/ Cocoa Bean creates a delicious variety of nutritious beverages.

Dist. by Shaklee Marketing Corp. Hayward, CA 94540 Made in U.S.A.

Exhibit 2

SHAKLEE

THE NAME THAT IS THE STAMP OF QUALITY

INSTANT PROTEIN

with powdered
COCOA BEAN
Lecithin, Vitamins and
Minerals

A flavorful drink for young and old!

NET WT. 36 OZ.
(2lb.4 oz.)
1.02 kg

