

Complaint

87 F.T.C.

IN THE MATTER OF

SIMEON MANAGEMENT CORPORATION, ET AL.

ORDER, OPINION, ETC., IN REGARD TO ALLEGED VIOLATION OF
SECS. 5 AND 12 OF THE FEDERAL TRADE COMMISSION ACT*Docket 8996. Complaint, Oct. 15, 1974—Final Order,* April 29, 1976*

Order requiring five independent California weight reduction clinic operators, among other things to cease failing to make conspicuous disclosure statements in advertising, and to potential purchasers that drugs used in weight reducing programs have not been approved by the Food and Drug Administration as safe and effective for weight control; drugs do not cause more attractive redistribution of weight; and treatment required adherence to a 500 calorie daily diet.

Appearances

For the Commission: *Alfred Lindeman, Harvey M. Freed and Paul D. Hodge.*

For the respondents: *Grayson & Gross, Los Angeles, Calif., for Simeon Management Corporation, John D. Howell, Simeons Weight Clinics Foundation, Robert Van Dine, J. William Byrd and Medical Weight Loss, Inc. Robert M. Aran, Beverly Hills, Calif., for Darrel P. Simpson. David L. Cunningham, Sausalito, Calif., for Bariatric Medical Clinics Management Corporation and David L. Cunningham. Lee Shaw, San Diego, Calif., for Harvey J. Lobelson and Weight Reduction Medical Clinic. Cooper & Scarpulla, San Francisco, Calif., for C.M. Norcal, Inc., HCG Weight Clinics Foundation, Peter J. Marengo, III and Joseph Costa.*

Complaint

COMPLAINT

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 Simeon Management Corporation, a corporation, and John D. Howell, individually and as principal investor in Simeon Management Corporation; Simeons Weight Clinics Foundation, a corporation, and Robert Van Dine and J. William Byrd, individually and as officers of Simeons Weight Clinics Foundation; Medical Weight Loss, Inc., a corporation, and Darrel P. Simpson, individually and as an officer of Medical Weight Loss, Inc.; Bariatric Medical Clinics Management Corporation, a corporation, and David L. Cunningham, individually and as an officer of Bariatric

* Reported as corrected by Commission order dated July 7, 1976.

Medical Clinics Management Corporation; Harvey J. Lobelson, an individual doing business as Weight Reduction Medical Clinic; C. M. Norcal, Inc., a corporation, HCG Weight Clinics Foundation, a corporation, and Peter J. Marengo, III and Joseph Costa, individually and as officers of C. M. Norcal, Inc. and HCG Weight Clinics Foundation, hereinafter referred to as respondents, have 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. (A) Respondent Simeon Management 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 7712 Densmore Ave., Van Nuys, California.

Respondent John D. Howell is the principal investor in said corporate respondent Simeon Management Corporation, which has not yet named officers and directors or issued stock. He formulates, directs and controls the acts and practices of said corporate respondent, including the acts and practices hereinafter set forth. His business address is the same as that of said corporate respondent.

Respondent Simeons Weight Clinics Foundation 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 7712 Densmore Ave., Van Nuys, California.

Respondents Robert Van Dine and J. William Byrd are officers of said corporate respondent Simeons Weight Clinics Foundation. Their business address is the same as that of said corporate respondent. Said individual respondents and respondents Howell and Simeon Management Corporation cooperate and act together to bring about the acts and practices hereinafter set forth, including the operation of numerous clinics known by the name Simeons Weight Clinics Foundation located in the State of California, and by other names located elsewhere in other States in the United States.

(B) Respondent Medical Weight Loss, Inc. 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 1901 Avenue of the Stars, Suite 470, Los Angeles, California.

Respondent Darrel P. Simpson is an officer of Medical Weight Loss, Inc. Said individual respondent formulates, directs and controls the acts and practices of said corporate respondent, including the acts and practices hereinafter set forth. His business address is the same as that of said corporate respondent. He and respondent Medical Weight Loss, Inc. cooperate and act together to bring about the acts and practices

hereinafter set forth, including the operation of numerous clinics known by the name Medical Weight Loss located in the State of California and by the same name or other names located elsewhere in other States in the United States.

(C) Respondent Bariatric Medical Clinics Management 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 560 Battery St., San Francisco, California.

Respondent David L. Cunningham is an officer of Bariatric Medical Clinics Management Corporation. Said individual respondent formulates, directs and controls the acts and practices of said corporate respondent, including the acts and practices hereinafter set forth. His business address is 680 Beach St., San Francisco, California. He and respondent Bariatric Medical Clinics Management Corporation cooperate and act together to bring about the acts and practices hereinafter set forth, including the operation of numerous clinics known by the name Bariatric Medical Clinics located in the State of California.

(D) Respondent Harvey J. Lobelson is an individual trading and doing business under the name of Weight Reduction Medical Clinic, with his principal office and place of business located at 6505 Alvarado Rd., San Diego, California, and with numerous other clinics known by the same name located elsewhere in the State of California.

(E) Respondent C. M. Norcal, Inc. 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 6 West Swain Rd., Stockton, California.

Respondent HCG Weight Clinics Foundation 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 6 West Swain Rd., Stockton, California.

Respondents Peter J. Marengo, III, and Joseph Costa are officers of C. M. Norcal, Inc. and HCG Weight Clinics Foundation. Their business address is the same as that of said corporate respondents. Said individual respondents formulate, direct and control the acts and practices of said corporate respondents, including the acts and practices hereinafter set forth. They and said corporate respondents cooperate and act together to bring about the acts and practices hereinafter set forth, including the operation of numerous clinics known by the name HCG Weight Clinics Foundation located in the State of California.

PAR. 2. Each of the respondents is engaged in the business of operating weight reduction clinics, and the advertising, offering for

sale and sale of weight reduction treatments by said clinics, which treatments are purported to produce significant loss of weight by persons who desire to lose weight. Said treatments are sometimes referred to as the "Simeon" method or "Simeons" method, and consist of five or six daily injections per week of a prescription drug, human chorionic gonadotropin (hereinafter referred to as HCG), which is a hormone derived from the urine of pregnant women, and adherence to a 500 calorie diet daily, both for a period of about four to six weeks. Said drug falls within the classification of "drug" as said term is defined in the Federal Trade Commission Act.

PAR. 3. In the course and conduct of their businesses as aforesaid, each of the respondents has disseminated and caused the dissemination of certain advertisements concerning the said reducing clinics and treatments in newspapers which are distributed by United States mails and by various means in commerce, as "commerce" is defined in the Federal Trade Commission Act, for the purpose of inducing and which are likely to induce, directly or indirectly, the purchase of said treatments including the drug HCG.

PAR. 4. Typical of such advertisements disseminated as aforesaid, but not all inclusive thereof, are the following:

SIMEON WEIGHT CLINICS FOUNDATION DECLAIMS WAR ON WEIGHT

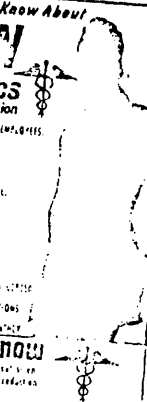
MEDICALLY SUPERVISED WEIGHT LOSS

Lose weight safely, quickly and effortlessly through our proven weight reduction program developed by Medical Doctors and supervised by our Physicians and Nurses. Simeon Weight Clinics, its Doctors, Nurses and professionally trained staff, bring you a quick and safe way to melt away unwanted pounds. Start today by calling for your free consultation.

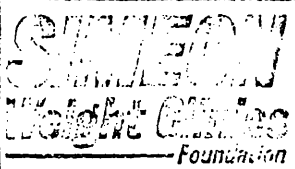
Important Facts to Know About
SIMEON
Weight Clinics
Foundation

- OVER 265 PROFESSIONALLY TRAINED EMPLOYEES
- OVER 77 MEDICAL DOCTORS
- OVER 75 LICENSED NURSES
- OVER 45 CLINICS IN CALIFORNIA ALONE
- TOTAL MEDICAL SUPERVISION
- APPROVED AS A HEALTHY WEIGHT LOSS PLAN
- NO DANGERS OF STARVATION OR COLLAPSE
- MASTER CHANGE THE BASKETWEIGHT A PERSON
- RESULT: 100% CHARGE FOR CONSULTATIONS
- SUPERBLY TRAINED TO ASSIST WEIGHT LOSS

SEE OUR DOCTORS NOW
Start today with a free consultation and receive an appointment with a Simeon Weight Clinics program.



LOSE WEIGHT UNDER STRICT MEDICAL SUPERVISION.



Weekdays 8 to 7 • Saturdays 9 to 1

CALL THE CLINIC NEAR YOU TODAY!

BAY AREA CLINICS


S.F. 2266 GEARY BLVD. 667-2543	REDWOOD CITY 365-4264
S.F. 656 SUTTER STREET 828-5908	SAN JOSE 267-8000
S.F. 2065 MISSION STREET ... 620-8461	GARLAND 465-8845
S.F. VINEY PORTAL 668-7164	EL CERRILLO 525-2342
DUBLIN CITY 788-8288	HAYWARD 537-6822
SAN MATEO 547-8220	SAN RAFAEL 450-5930

CALL A CLINIC IN YOUR AREA

S. F. Sunday Examiner & Chronicle Datebook, Sunday, June 23 1974

LOSING WEIGHT IS A DOCTOR'S BUSINESS

HOW YOU CAN LOSE WEIGHT... THROUGH A PROVEN METHOD—FAST ...




... using the safe and practical Dr. A. T. W. Simeons method of weight reduction. Expect dramatic results in just weeks. Call your nearest clinic today for a consultation at no charge. You'll also receive a copy of Dr. Simeons book, "POUNDS AND INCHES," at no charge. Enroll in the world's largest group of Doctor owned, Doctor operated medical weight loss clinics.

Summer's here ... Special rates for groups of 6 or more

NO CONTRACTS TO SIGN... 42 CLINICS OPEN IN THIS AREA

SO. SAN FRANCISCO 586-7117	REDWOOD CITY 369-2935	FREMONT 786-9232
DALY CITY 994-6446	MOUNTAIN VIEW 965-4308	SAN LORENZO/ HAYWARD 278-4144
SAN CARLOS 591-9681	MILPITAS 263-8181	PETALUMA 763-4178
SAN MATEO 347-3051	CASTRO VALLEY/ SAN LEANDRO 581-5070	LOS GATOS/ SARATOGA 356-1118
MILL VALLEY 332-6560	DUBLIN 829-2424	EAST SAN JOSE 926-2737



Look for the World Globe ... you'll know your at Medical Weight Loss.

BankAmericard or Master Charge Welcome

FOR INFORMATION CALL (415) 697-0600

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87 F.T.C.

**medical
weight[®]
reduction**

**NEW CLINIC
NOW OPEN
DUBLIN
829-2626**



Bariatric's individual program is a safe and practical method for the entire family to lose weight and learn how to maintain proper weight ... under the strict supervision of Medical Doctors. Call for information Mon. thru Friday 8 a.m. to 6 p.m.

Bariatric Medical Clinics

OAKLAND 1419 Broadway 485-7800	SAN FRANCISCO Post & Powell 433-2333	PLEASANT HILL 1222 Contra Costa 798-7050	HAYWARD 21561 Foothill 888-8623
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14 San Francisco Chronicle Mon., June 24, 1974

