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At FTC's Request, Court Stops False Advertising and Unauthorized Billing Scheme

Redwood Scientific allegedly made false health claims for dissolvable oral strips, enrolled consumers in a continuity plan without their authorization

At the Federal Trade Commission's request, a federal district court in California has temporarily halted a company's advertising of three dissolvable oral film strips that the Commission alleges were deceptively marketed as effective smoking cessation, weight-loss, and sexual-performance aids. The court has also temporarily halted the company from enrolling consumers in any auto-ship continuity plan without the consumer's express informed consent.

According to the Commission's complaint, three individuals, Jason Cardiff, Eunjung Cardiff, and Danielle Cadiz, and seven closely related corporate entities orchestrated a scheme under the name Redwood Scientific Technologies, through which they deceptively marketed the three products.

The FTC contends that the products did not live up to the claims Redwood Scientific made, that consumers who bought Redwood Scientific's oral film strips often were enrolled in auto-ship continuity plans without their consent, and that consumers were stymied in returning them for the "guaranteed" refund promised. The complaint also alleges that the Redwood Scientific defendants engaged in illegal telemarketing and misstated earnings claims for a multi-level marketing program.

The Defendants' Products and Advertising

The defendants advertised TBX-FREE as a highly effective smoking-cessation product through a national infomercial campaign and on the Internet, using websites and Facebook Live videos. The complaint alleges that they deceptively claimed, among other things, that TBX-FREE has "an 88% Success Rate," is "More effective than the Patch or Gum," and has been "Clinically Proven" to be effective in studies published in several well-known scientific journals, including the New England Journal of Medicine.

The complaint also alleges that the defendants touted Eupesia Thin as causing substantial weight loss without dieting or exercising, including through claims that users can "lose up to 15 pounds your first month... without diets or changing your food or lifestyle choices," and "lose 10, 20, even 100 pounds without giving up your favorite foods or adding any exercise." In addition, the FTC alleges, the defendants' infomercial used actors posing as satisfied users of the product.

The defendants advertised that Prolongz strips are a “first of a kind sexual performance product” that will “increase overall performance” and are “proven to effectively increase [intimate encounters] for 97% of the Thousands of Men” who have tried them. The ads allegedly also made unsupported claims regarding preventing or treating premature ejaculation.

Deceptive and Unfair Billing Practices and Other Illegal Conduct

The FTC also alleges that the defendants enrolled consumers in a negative option continuity plan without their knowledge or consent. Defendants allegedly charged consumers monthly for more product and continued to do so unless consumers took affirmative steps to cancel, and often put up roadblocks to cancelling. The complaint also alleges that the defendants did not honor their “money-back” guarantee, made illegal robocalls to pitch their products, and launched a multi-level marketing scheme for which they have made deceptive earnings claims.

The complaint alleges that the defendants violated the FTC Act, the Restore Online Shopper’s Confidence Act (ROSCA), the Electronic Fund Transfer Act, and the Commission’s Telemarketing Sales Rule. In filing the complaint announced today, the FTC is seeking a court order permanently barring the defendants from their allegedly illegal conduct, as well as money to provide refunds to defrauded consumers.

The Commission vote authorizing the staff to file the complaint and seek an ex parte temporary restraining order was 4-0, with Commissioner Christine Wilson not participating. The complaint was filed under seal in the U.S. District Court for the Central District of California, and the seal has now been lifted. A complete list of the three individual and seven corporate defendants named in this case can be found in the complaint on the FTC’s website.

NOTE: The Commission files a complaint when it has “reason to believe” that the law has been or is being violated and it appears to the Commission that a proceeding is in the public interest. The case will be decided by the court.

The Federal Trade Commission works to promote competition, and protect and educate consumers. You can learn more about consumer topics and file a consumer complaint online or by calling 1-877-FTC-HELP (382-4357). Like the FTC on Facebook, follow us on Twitter, read our blogs, and subscribe to press releases for the latest FTC news and resources.

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