UNITED STATES OF AMERICA FEDERAL TRADE COMMISSION

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In the Matter of)	
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UNIVERSAL MERCHANTS, INC.,	,	
a corporation, and)	DOCKET NO. C-3707
)	
STEVEN OSCHEROWITZ,)	
individually and as an officer)	
of the corporation.)	
)	
)	

COMPLAINT

The Federal Trade Commission, having reason to believe that Universal Merchants, Inc., a corporation, and Steven Oscherowitz, individually and as an officer of the corporation ("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 Universal Merchants, Inc. is a Delaware corporation with its principal office or place of business at 4727 Wilshire Blvd., Suite 510, Los Angles, CA 90010.
- 2. Respondent Steven Oscherowitz is an officer of the corporate respondent. Individually or in concert with others, he formulates, directs, or controls the policies, acts, or practices of the corporation, including the acts or practices alleged in this complaint. His principal office or place of business is the same as that of Universal Merchants, Inc.
- 3. Respondents have manufactured, advertised, labeled, offered for sale, sold, and distributed products to the public, including ChromaTrim and ChromaTrim-100C(hromaTrim'), chewing gums containing chromium picolinate. ChromaTrim is drug, and/or food, within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.
- 4. 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.
- 5. Respondents have disseminated or have caused to be disseminated advertisements for

ChromaTrim, including but not necessarily limited to the attached Exhibits A and B. These advertisements contain the following statements and depictions:

A. "100% natural, ChromaTrimTM is the sugar-free, fat-reducing chewing gum that is proven to reduce body fat and decrease your appetite (especially sugar cravings). ChromaTrim works fast and is extremely safe. ChromaTrimactive ingredient Chromium Picolinate is so unique, 'it patented by the U.S.D.A."

"No special diets, no tiring exercise, and no harmful chemicals, ChromaTrim is simply the secret to successful fat loss. Guaranteed. The fact is, thousands of formerly over-weight men and women have successfully changed their lives.

"I lost 40 pounds with ChromaTrim-100". [The advertisement depicts a slender woman with the caption Belinda Woodruff.]

"I lost 35 pounds using ChromaTrim". [The advertisement depicts a woman in a two-piece bathing suit with the caption Nicky Peters.]

(Exhibit A)

B. Susan Ruttan: "This is not another fad diet or crash program. ChromaTrim is a chewing gum that contains chromium picolinate, a very special form of chromium. Now chromium is an essential mineral like iron and zinc. Your body needs it every day. Its important. And scientific research has shown that chromium works with your body's insulin, helping it to burn fat, preserve and build muscle, and control cravings and hunger. And when your body gets the chromium it needs by chewing ChromaTrim, listen to what can happe'h(Exhibit B, p. 2)

Veronica Hall: "I lost 80 pounds. And I went down from a size 28, to a size 18. (Exhibit B, p. 2)

Donna Allison: "I've lost 36 pounds and I still have 20 or so more to losë. (Exhibit B, p. 2)

Susan Ruttan: "So how do you know it can work for you? Well, according to the U.S. Department of Agriculture, nine out of ten of us doinget enough chromium in our diet. . . . And if you doit get enough chromium in your diet, your body natural system for burning fat, building muscle, and controlling cravings to work as well as it should." (Exhibit B, p. 3)

Susan Ruttan: "And with this system you don't have to starve yourself, or sweat buckets to see a real change". (Exhibit B, p. 3)

Susan Ruttan: "The real goal is to keep and even build muscle, and burn off that

fat. And that's where ChromaTrim comes in because it helps your bodynatural fat burning and muscle building system work better. So, how do we know? Well, there have been studies, many of them testing what chromium doe (Exhibit B, p. 4)

Susan Ruttan: "ChromaTrim helps your body by helping it work better to burn fat, preserve and build muscle and to help control hunger and cravings. And ito easy." (Exhibit B, p. 4)

Rick Gordon: "In the afternoon when I get this craving for a candy bar or sweets, I just grab the gum, throw it in my mouth. Cuts the craving just like th'a (Exhibit B, pp. 4-5)

Wendy Wilburn."I did notice that my cravings for chocolate and things like that changed. But I didn't go out of my way to make this a diet plan whatsoever.

by implication, that:

- A. ChromaTrim significantly reduces body fat.
- B. ChromaTrim causes significant weight loss.
- C. ChromaTrim significantly reduces body fat and causes weight loss without dieting or exercise.
- D. ChromaTrim increases lean body mass and builds muscle.
- E. ChromaTrim controls appetite and craving for sugar.
- F. Testimonials from consumers appearing in the advertisements for ChromaTrim reflect the typical or ordinary experience of members of the public who use the product.
- G. Nine out of ten people do not consume enough chromium to support normal insulin function, resulting in decreased ability to burn fat, preserve muscle, and control hunger and cravings.
- 7. Through the means described in Paragraph 5, respondents have represented, expressly or by implication, that they possessed and relied upon a reasonable basis that substantiated the representations set forth in Paragraph 6, at the time the representations were made.
- 8. In truth and in fact, respondents did not possess and rely upon a reasonable basis that substantiated the representations set forth in Paragraph 6, at the time the representations were made. Therefore, the representation set forth in Paragraph 7 was, and is, false or misleading.
- 9. Through the means described in Paragraph 5, respondents have represented, expressly or by implication, that scientific studies demonstrate that:
 - A. ChromaTrim significantly reduces body fat.
 - B. ChromaTrim causes significant wight loss.
 - C. ChromaTrim significantly reduces body fat and causes weight loss without dieting or exercise.
 - D. ChromaTrim increases lean body mass and builds muscle.
 - E. ChromaTrim controls appetite and craving for sugar.

- 10. In truth and in fact, scientific studies do not demonstrate that
 - A. ChromaTrim significantly reduces body fat.
 - B. ChromaTrim causes significant weight loss.
 - C. ChromaTrim significantly reduces body fat and causes weight loss without dieting or exercise.
 - D. ChromaTrim increases lean body mass and builds muscle.
 - E. ChromaTrim controls appetite and craving for sugar.

Therefore, the representations set forth in Paragraph 9 were, and are, false or misleading.

11. 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 twenty-third day of January, 1997, has issued this complaint against respondents.

By the Commission.

Donald S. Clark Secretary

SEAL:

[Exhibits A-B attached to paper copies of complaint, but not available in electronic form.]