

UNITED STATES OF AMERICA
BEFORE THE FEDERAL TRADE COMMISSION

COMMISSIONERS: Joseph J. Simons, Chairman
Noah Joshua Phillips
Rohit Chopra
Rebecca Kelly Slaughter
Christine S. Wilson

In the Matter of

REEF INDUSTRIES, INC., a corporation,
d/b/a REEFCBD.COM and REEF WELLNESS,

CANNATERA, INC., a corporation,

ANDHEMP, LTD., a limited company,

ANDREW M. BOUCHIE, individually and as an
officer of REEF INDUSTRIES, INC.,
CANNATERA, INC., and ANDHEMP, LTD.,

JOHN R. CAVANAUGH, individually and as an
officer of REEF INDUSTRIES, INC., and

SHAUN PAQUETTE, individually and as an
officer of REEF INDUSTRIES, INC.,
CANNATERA INC., and ANDHEMP, LTD.

DOCKET NO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Reef Industries, Inc., a corporation, Cannatera, Inc., a corporation, And Hemp, a limited company, and Andrew M. Bouchie, John R. Cavanaugh, and Shaun Paquette, individually and as officers and/or owners of Reef Industries, Inc., Cannatera, Inc., and/or And Hemp, (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 Reef Industries, Inc. ("Reef"), also doing business as Reefcbd.com and Reef Wellness is a California corporation with its principal office or place of business at 3033 Bristol Street #G, Costa Mesa, California 92626.

2. Respondent Camatera, Inc. ("Camatera") is a California corporation with its principal office or place of business at 1235 E. Francis Street

approximately January 2020, consumers could purchase these CBD Products from Respondents by ordering online at reefcbd.com, or at a brick and mortar store called Reef Wellness located at 3033 Bristol St #G, Costa Mesa, California 92626.

- B. Cannatera has sold a variety of CBD Products containing different amounts of CBD. Cannatera's Refresh (Cleanser), for example, contained 80.520 mg of CBD per unit. Cannatera's Revive (Serum) contained 94.91 mg of CBD per unit. Cannatera's Renew (Moisturizer) contained 187.920 mg of CBD per unit. Until approximately January 2020, consumers could purchase Cannatera CBDs from Respondents by ordering online at reefcbd.com.
- C. AndHemp has sold a variety of CBD Products containing different amounts of CBD. For example, AndHemp lavender lotion contained 183.372 mg CBD per unit. AndHemp's muscle gel contained 138.600 mg of CBD unit. AndHemp's pain oil spray contained 359.100 mg CBD per unit. Until approximately January 2020, consumers could purchase AndHemp CBD Products from Respondents by ordering online at andhemp.com or reefcbd.com.

10. Respondents have disseminated or have caused to be disseminated advertisements for CBD Products, including but not necessarily limited to the attached Exhibits A through Q. Respondents promoted CBD Products through a variety of means, including through their websites reefcbd.com and cannatera.com and through social media platforms such as Twitter Facebook, YouTube, and Instagram. These advertisements contained the following statements:

- A. What Are Some Potential CBD Benefits?

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CBD hemp oil has a huge range of potential health benefits and uses, including . . . fighting cancer. . . eliminating depression [and] preventing inflammatory arthritis. . . .

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R du Anxiety and Depression

According to the Anxiety and Depression Association of America, depression affects 6% and anxiety affects 18% the U.S. population each year. Research shows that CBD oil can help with both.

CBD has been shown to reduce levels of stress and anxiety in those suffering from conditions such as PTSD, social anxiety disorder, and obsessive-compulsive disorder. . . .

Though a B12 deficiency may also be to blame, CBD has been shown to reduce depression by enhancing both serotonergic and glutamate cortical signaling (both are lacking in those with depression).

C Im Childhood Epilepsy

CBD has antiseizure properties that have been shown to successfully treat drug-resistant children who have neurological disorders like epilepsy (with no side effects!). In one study published in the New England Journal of Medicine, CBD decreased frequency of seizures by 23 percentage points more than those taking a placebo.

Relief f r Chronic P in

Those suffering from chronic pain from diseases like fibromyalgia are finding relief with CBD. Taking CBD can offer pain relief and can even prevent nervous system degeneration. In fact, it has been approved in Canada for multiple sclerosis and cancer r[isic].

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Reduces Inflammation

Chronic inflammation is a huge problem in our society that contributes to many non-infectious diseases including heart disease, cancer, Alzheimer's, autoimmune disease, and more, according to the National Center for Biotechnology Information.

Diet and lifestyle play a huge part in chronic inflammation but when folks are already eating a healthy, nutrient-rich diet and optimizing their lifestyle (getting enough sleep and exercise for example), CBD oil can help. Research also shows

As mentioned earlier, CBD oil is helpful in preventing oxidative stress and inflammation. Both of these are oftentimes precursors to heart disease.

(Exhibit A, blog post by Reef *What Are Some Potential CBD Benefits?* (January 1, 2019), www.reefcbd.com)

B. Nature's Medicine: Top 5 Health Benefits of CBD Oil

If you suffer from chronic pain, anxiety, seizures, or any number of other maladies, finding relief can feel impossible. But did you know there's a natural treatment that can help?

It's true! CBD oil is an effective treatment or supplemental treatment for tons of issues, from everyday aches and pains to complex diseases like cancer.

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Cancer-Fighting

Although the research about hemp oil as a treatment for cancer is still new, it's very promising. Preliminary studies have shown that CBD slows the growth of certain kinds of cancer cells, or kills them entirely (<https://www.cancer.org/treatment/treatments-and-side-effects/complementary-and-alternative-medicine/marijuana-and-cancer.html>). Although CBD should not be used as a cancer treatment on its own, it's a great addition to professionally supervised medical care.

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Anti-Seizure

When the electrical activity of the brain fluctuates, seizures occur. Thankfully, CBD oil can help control seizures. One study showed a 38.9 percent drop (<https://www.nejm.org/doi/full/10.1056/NEJMoa1611618#t=article>) in seizure activity in people who regularly took CBD.

Fights Diabetes

If you or someone you love suffers from diabetes, try using CBD oil to treat it. Not only is it safer than the most common diabetes medications, but it's also more effective. CBD oil can prevent diabetes and obesity, treat insulin resistance, and help with the chronic skin sensitivity that often accompanies diabetes.

Be Well!

As you can see, CBD is a safe and effective treatment for many ailments and diseases. It works with our bodies' natural processes and rhythms to restore balance and health.

If you suffer from anxiety, pain, diabetes, seizures, or even cancer, try adding CBD oil into your treatment regimen. It could change your life!

(Exhibit B, blog post by ReefNature's Medicine: *Top 5 Health Benefits of CBD Oil* (Jan 22, 2019), www.reefcbd.com)

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D. 7 CBD Benefits Strongly Backed by Science

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Protect Nerves

Studies have shown that CBD may protect the nerve endings and dampen overactive messages traveling through the nervous system. A seizure is an overwhelming of the brain with too many messages at once. But this protection may go beyond seizures.

A 2018 professional review of existing studies found that nerve protection may help those with Parkinson's and Multiple Sclerosis

A 2018 study found that for those with Parkinson's, early, [sic] intervention is vital because the damage that Parkinson's does to the nerves happens quickly and is irreversible, making CBD effects limited.

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last call, it becomes that belligerent drunk who's flipping the tables and making those unwanted advances.

A 2013 study on those with IBS found that CBD is a “very promising compound since it shares the typical cannabinoid beneficial effects on gut lacking any psychotropic effects[.]”

A 2011 study showed a reduction in TNF-

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In 2016, researchers used CBD to reduce gum inflammation in those with gingivitis.

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A 2018 study on HIV patients showed the CBD reduced nerve pain by 30%. This can likely be attributed to the anti-inflammation and neuroprotective properties.

(Exhibit E, blog post by Reef CB)

In fact, one study of 21 patients found that, after three weeks of applying CBD lotion twice

I. ACNE, INFLAMMATION AND CBD

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Scientific Research

Science supports its efficacy in this capacity: research shows that CBD may treat all kinds of skin problems, including chronic conditions. A study finding that CBD slows overproduction of skin cells signals promise for psoriasis; According [sic] to the National Center for Biotechnology Information, chronic inflammation is a consistent problem in the United States, contributing to numerous non-infectious diseases like heart disease and autoimmune diseases. A diet and lifestyle play a significant role in chronic inflammation, CBD oil can encourage improvement.

(Exhibit I, blog post by Cannatera, *Acne, Inflammation and CBD* (July 19, 2019), <https://cannatera.com/blogs/news/acne-inflammation-and-cbd>).

J. UV RAYS: WHY ARE THEY HARMFUL?

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Exposure to UVA rays contributes to premature aging factors such as wrinkles and fine lines. On the other hand, UVB exposure is linked to sunburns and skin cancers. Although UVC rays do not penetrate the Earth, they can come from tanning beds and lights fixtures which can ultimately lead to skin cancer. People that are overexposed to UV radiation have a higher risk of developing skin cancer.

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L. REASONS WHY CBD SHOULD BE IN YOUR SKINCARE REGIMEN

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Hence, CBD may help deal with a wide range of skin conditions such as eczema, psoriasis, and pesky breakouts.

(Exhibit L, blog post by Cannatera, *Reasons Why CBD Should be in Your Skincare Regimen* (May 26, 2019), <https://cannatera.com/blogs/news/reasons-why-cbd-should-be-in-your-skincare-regimen>).

M. CAN CBD REALLY HELP ACNE?

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Other research shows that CBD can be effective in reducing stress levels, which, in turn, can alleviate skin conditions like acne. CBD might be particularly effective for people who suffer from social anxiety.

“A small 2010 study found that cannabidiol could reduce symptoms of social anxiety in people with a social anxiety disorder (SAD). Brain scans of participants revealed changes in blood flow to the regions of the brain linked to feelings of anxiety,” says Medical News Today

(Exhibit M, blog post by Cannatera, *Can CBD Really Help Acne?* (May 22, 2019), <https://cannatera.com/blogs/news/can-cbd-really-help-acne>).

N. HEMP OIL SKIN CARE: HOW HEMP OIL BENEFITS YOUR SKIN

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With sales of CBD products projected to hit \$22 billion by 2022, it's important to know why people are using it so much.

From helping diabetics, to preventing heart disease and anxiety, the benefits seem to be endless.

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LOWERS BLOOD SUGAR

Hyperglycemia, high blood sugar, is believed to be a common cause of acne. CBD, even when absorbed through the skin, can help regulate that, lowering your risk of pesky pimples.

(Exhibit N, blog post by Cannatera,

CBD for Insomnia

Nearly 40 million people in America suffer from chronic insomnia.

Source: National Center for Biotechnology Information

(Exhibit P, Facebook post by

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Even though there is no definitive dosing guidelines or proof that CBD is a cure-

disease, irritable bowel syndrome ("IBS"), multiple sclerosis, neurological and age-related disorders (including cerebral ischemia), obsessive compulsive disorder ("OCD"), panic disorder, Parkinson's disease, posttraumatic stress disorder ("PTSD"), psoriasis, seizures, seizure disorders, skin cancer, skin infections, social anxiety disorder, and strokes. Therefore, the representations set forth in Paragraph 13 are false or misleading.

Violations of Sections 5 and 12

15. 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 _____ day of _____, 20____, has issued this Complaint against Respondents.

By the Commission.

April J. Tabor
Acting Secretary

SEAL: