

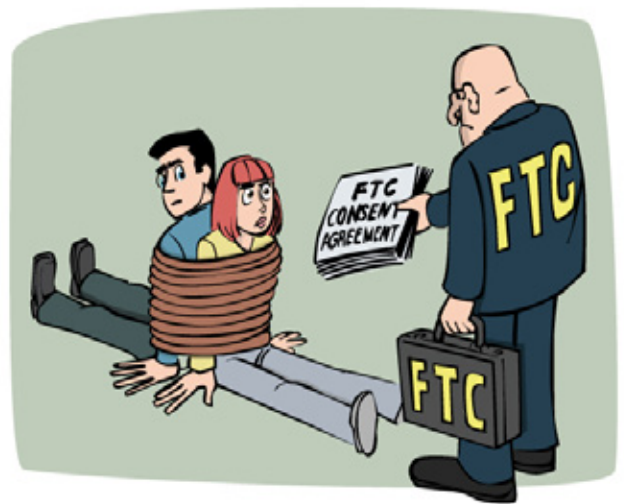


Experience with the *Federal Trade Commission* in the USA

When the Federal Trade Commission (FTC) in the US wrote to SOTA accusing us of misleading the public, they sent a lengthy list of requirements. We again had to take steps in order to stay in business. Here are the steps that led to a successful resolution for SOTA with the FTC:

FTC Targets SOTA

The initial letter from the Federal Trade Commission in the US was a standard letter demanding SOTA supply information on 11 different points. The package detailing their requirements was about 3 inches thick. It included a consent agreement asking us to reveal everything there was to know about SOTA and our customers. It further stated that we had made claims related to 10 diseases and ailments.



After Russ called the FTC, on July 27, 2000, SOTA responded with a 6-page letter. We addressed the FTC concern about testimonials that were posted on another website. The SOTA site linked to this site. SOTA informed the FTC that the testimonials had been removed from the site and SOTA had removed the link. The letter further stated, "We believe in the individual's right to freedom with responsibility ... Here is our company policy as it appears in all our promotional material: *We encourage you to educate yourself before purchasing any of our units. It's easy to make a decision in desperation rather than based on information. We are a company that believes in self-responsibility for our customers and ourselves.*"

The letter from Russ concluded, "It disturbs me greatly that the first contact the FTC made with SOTA Instruments Inc. is by a letter that is accusational, demeaning, and fueled by power and authority. Why is that? Why did the FTC not make any attempt to educate SOTA Instruments Inc. on the FTC's guidelines or assist us to meet your requirements before making such horrible accusations?"

"We know of no complaints against SOTA Instruments Inc. that have been filed with the FTC from dissatisfied customers."

SOTA did not intend to supply the information demanded.

The FTC Responds

On February 6, 2001, the FTC responded to Russ' calls and the letters from SOTA: "The Federal Trade Commission staff (FTC) has concluded that SOTA Instruments Inc. has engaged in deceptive acts and practices in violation of Sections 5 and 12 of the FTC Act." SOTA was told to sign a consent form or litigation would be initiated.

Many phone calls later, Russ had established a relationship with James Rohrer, a lawyer with the FTC. Russ tried to get him to understand that SOTA was about service and that the company was not misleading customers. In addition to Russ' telephone conversations, SOTA followed up with a 7-page letter stating:

"The FTC is charging SOTA Instruments Inc. with acting in a deceptive and misleading manner towards our customers, and in so doing the FTC is treating SOTA Instruments Inc. like a criminal. The irony is that we have always maintained to our customers that what works for one person doesn't work for all people. In other words, results may vary. In fact, it is a foundational belief of Natural Healing. So the very thing we believe in and do our best to educate our customers about, is what the FTC is trying to say we don't do. ..."



When talking with the FTC lawyer, he would attempt to intimidate Russ by threatening further action. At one point he threatened to contact the Office of the Minister of Justice in Canada to solicit their assistance in dealing with SOTA. After this conversation, Russ called the Justice department and was directed to an official within the Office of the Canadian Commissioner of Free Trade. Russ was assured by the official that they would not cooperate with the FTC and would, instead, fight on our behalf.

During another call, the FTC lawyer threatened to get the Royal Canadian Mounted Police (RCMP) involved. When Russ called an officer at the RCMP headquarters in Canada, he was told they sometimes get involved if the issue is a lottery scam or large-scale credit card fraud. He assured Russ they would not get involved in an individual business dispute with the FTC.

SOTA Takes Initiative and Customer Support is Strong

SOTA then took the initiative. On March 6, 2001, a letter was sent to all customers who had heard about us through our website during the time when the testimonials were posted. The letter asked customers two questions:

- 1) Did you purchase the SOTA instruments solely based on the testimonials posted at the website SOTA had a link to?
- 2) If yes, do you feel SOTA Instruments Inc. deceived you into purchasing because of the link to the testimonials?

Our caring and valued customers saved the day! On April 2, 2001 SOTA reported to the FTC that we had a 56% response rate to our letters with all but one supporting our position. Adding, "In fact, even the FTC buyer (whose identity is unknown to us) also received the letter."

We then requested the charges against us be dropped: "Because of the actions we have taken to ensure that we are in compliance, and that no injury was done to customers, we respectfully request that the charges against SOTA Instruments Inc. be dismissed."



Russ Continues His Phone Calls to the FTC Lawyer

After a series of phone calls and letters, Russ wrote: "In my telephone conversation with you, you stated that the Commission would indeed bring closure (i.e. dismissal) to our case. You also stated that this 'letter of dismissal' had gone to Washington DC for final review and editing and would most likely be returned to you in June of this year. Of course, we still have not received any notification from the Commission and it is now July 16, 2001."

Russ eventually called the FTC lawyer to ask how to lay a complaint against the FTC. He was told to contact the Bureau of Consumer Protection in Washington DC. On November 26, 2001, Russ wrote a formal letter of complaint to the Bureau with a copy to the FTC.

FTC Closes the Case Against SOTA

The letter to the Bureau of Consumer Protection brought results within weeks. The long-awaited FTC letter arrived. On January 4, 2002, SOTA received a letter from the FTC that included the following:

"After careful review of this matter, however, it does not appear that further action by the Commission is necessary at this time. Among other reasons, you have indicated that SOTA has ceased making the claims in question and will not make any such claims in the future, or link to Internet sites that do, unless, at the time the claim is made, SOTA possesses competent and reliable scientific evidence to substantiate the claim. Based on these and other considerations, the investigation has been closed.



"This action is not to be construed as a determination that a violation has not occurred, just as the pendency of an investigation should not be construed as a determination that a violation has occurred. The Commission reserves the right to take further action as the public interest may require."