

IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION

RECEIVED

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MICHAEL W. DOBBINS
CLERK, U.S. DISTRICT COURT

Civ. No.

03000880

JUDGE COAR

MAGISTRATE JUDGE BOBRICK

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

CSCT, INC., a Canadian corporation;

CSCT, LTD., a British corporation;

JOHN LESLIE ARMSTRONG, individually and
as an officer of CSCT, Ltd.; and

MICHAEL JOHN REYNOLDS, individually and
as an officer of CSCT, Inc., and CSCT, Ltd.

Defendants.

COMPLAINT FOR PERMANENT INJUNCTION AND OTHER EQUITABLE RELIEF

Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), for its Complaint
alleges:

1. The FTC brings this action under Sections 5(a) and 13(b) of the Federal Trade
Commission Act ("FTC Act"), 15 U.S.C. §§ 45(a) and 53(b), to obtain permanent injunctive
relief, rescission or reformation of contracts, restitution, disgorgement, and other equitable relief
for the Defendants' deceptive acts or practices in violation of Sections 5(a) and 12 of the FTC
Act, 15 U.S.C. §§ 45(a) and 52.

JURISDICTION AND VENUE

2. Subject matter jurisdiction is conferred upon this Court by 15 U.S.C. §§ 45(a), 53(b), and 28 U.S.C. §§ 1331, 1337(a), and 1345.

3. Venue in the United States District Court for the Northern District of Illinois is proper under 15 U.S.C. § 53(b) and 28 U.S.C. §§ 1391(b) and (c).

PLAINTIFF

4. Plaintiff Federal Trade Commission is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58, as amended. The Commission enforces Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§ 45(a) and 52, which prohibit, respectively, deceptive acts or practices, and the false advertisement of food, drugs, devices, services, or cosmetics, in or affecting commerce. The Commission may initiate federal district court proceedings by its own attorneys to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including restitution for injured consumers. 15 U.S.C. § 53(b).

DEFENDANTS

5. Defendant CSCT, Inc. is a Canadian corporation with its former principal place of business in Kitchener, Ontario and, on information and belief, with its current principal place of business in Penticton, British Columbia. CSCT, Inc. transacts or has transacted business in the Northern District of Illinois.

6. Defendant CSCT, Ltd. is a British corporation with its address at Victoria House, 64 Paul Street, London, England EC2A 4NA.

7. Defendant John Leslie Armstrong is, or has held himself out to be, an officer of CSCT, Ltd. At all times material to this Complaint, acting alone or in concert with others, Armstrong has formulated, directed, controlled, or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. Armstrong transacts or has transacted business in the Northern District of Illinois.

8. Defendant Michael John Reynolds is, or has held himself out to be, an officer of CSCT, Inc., and CSCT, Ltd. At all times material to this Complaint, acting alone or in concert with others, Reynolds has formulated, directed, controlled, or participated in the acts and practices of the corporate defendants, including the acts and practices set forth in this Complaint. Reynolds transacts or has transacted business in the Northern District of Illinois.

9. Defendants CSCT, Inc., CSCT, Ltd., John Leslie Armstrong, and Michael John Reynolds (collectively, "CSCT" or "Defendants") have functioned as a common business enterprise in the promotion and sale of a purported electromagnetic cancer therapy and have derived mutual benefit from their relationship.

COMMERCE

10. At all times relevant to this Complaint, CSCT has maintained a substantial course of business in the promotion and sale of its purported electromagnetic cancer therapy, in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

CSCT'S BUSINESS PRACTICES

CSCT's Deceptive Representations

11. Through its internet website, www.csct.com, inbound telemarketing, and its brochures, CSCT has promoted and sold a purported electromagnetic cancer therapy to consumers throughout the United States since at least 1998.

12. In its website and brochure, CSCT states that:

- “Zoetron Therapy is designed to kill cancerous cells without harming normal cells in any way.”
- “The objective of Zoetron Therapy is to kill cancerous cells and in that way reduce the burden of such cells on the immune system.”
- “Zoetron has been used against many forms of cancer including in general: sarcomas, carcinomas, lymphomas and myelomas; and including in particular cancer of the pancreas, lung, breast, prostate, skin, colon, stomach, ovary, cervix, larynx, gum, throat, brain (glioblastoma and astrocytoma), liver, kidney, penis, bladder, uterus and others as well before as after metastasis.”
- “It is possible that the Zoetron Therapy may be able to reduce the level of cancerous tissue in the patient’s body to a point at which the immune system - even though compromised - can take over the job of controlling the remaining level of cancer.”
- “Zoetron, as explained in the brochure, has the aim of reducing the level of the cancerous burden on the body to a point at which the natural defenses may then be able to control or eliminate the cancer.”
- “The Zoetron device uses pulsed magnetic fields to heat only cancerous cells to their temperature threshold from the inside - so that non-cancerous cells are not involved and the consequence is that there is no collateral damage, pain or suffering.”
- “In many cases it will be found that there are significant changes in obvious symptoms such as the size of the tumor, changes in blood chemistry or tumor markers, changes in mobility, awareness, weight and others.”
- “Treatment offered at a Zoetron Therapy Center is not a cure for cancer. But when successful will serve to reduce the level of active cancerous cells in [the] body. The objective of the Therapy is to so reduce the level of cancerous cells in [the] body that

[the] immune system will once again be able to deal with the remaining level of cancerous cells.”

- “[T]here is no doubt that surgery, chemotherapy and radiation therapy all have a huge negative impact on the patient’s immune system. This means that when these treatments are applied the immune system is also being attacked – just when the patient needs that immune system the most. The Zoetron Therapy does absolutely nothing to harm the immune system. This means that the Zoetron Therapy is fighting the cancer and allowing the immune system to do its job too at the same time.”

13. In telemarketing calls, Defendant John Armstrong has stated:

“When you end up looking sort of in the alternative kind of therapies, for the most part you think of those as being therapies that enhance your immune system or – or that in various ways are your lifestyle changing therapies . . . In our case, we are a therapy that actually kills cancer cells . . . But the best thing about it is, unlike all the presently approved methods, this has no side effect. Any cells that aren’t malignant . . . do not accumulate iron. And so – so, they won’t respond to the magnetic field, only malignant cells do. And all healthy tissue in the body is uninvolved in the process . . . So, you don’t get all those side effects . . .”

The Procedure for Obtaining CSCT Therapy

14. After receiving CSCT’s deceptive sales pitch in writing and on the phone, consumers complete an “application” for the Zoetron Therapy. These applications are purportedly reviewed by CSCT’s doctors to determine if the patient is a good candidate for the CSCT therapy. Once accepted, the consumer wire transfers \$15,000 to CSCT in Canada. The consumer then arranges to travel to CSCT’s clinic in Tijuana, Mexico for a series of electromagnetic treatments, spanning up to eight weeks. The cost of lodging and meals during the course of treatment is borne by the consumer.

15. The actual treatment consists of a number of sessions per week where patients lie under Defendants’ “Zoetron” machine, while one of the clinic staff members purportedly targets the cancerous cells and destroys them. During the patient’s stay at the clinic, clinic staffers claim to

assess the patient's condition by analyzing factors such as tumor size, blood chemistry, and tumor markers. As time goes by, Defendants tell consumers that their condition is improving. For example, the clinic may tell a patient that his or her tumor has reduced in size or that their tumor marker tests are decreasing. If a consumer expresses some doubt, possibly because the consumer's observation of the tumor indicates that there is no change, the clinic will assure the consumer that the cancerous cells are in fact dead and explain to the consumer that the body simply takes time to eliminate the dead cancerous cells.

16. Once the Defendants allegedly determine that the consumer has improved as much as the therapy will allow, he or she is discharged and sent home. When consumers arrive back home, they often consult with their doctors and learn that their condition has not improved at all, and frequently, has actually deteriorated. The test results obtained from the U.S. doctors directly contradict what the clinic staffers told the consumers in Tijuana. Sometimes, the patient's condition has deteriorated so much that conventional cancer treatments are no longer available, and the patient dies a short time after receiving the Zoetron Therapy.

How the Zoetron Machine Purportedly Works

17. In its brochures and internet advertisements, CSCT states that its Zoetron machine has the ability to kill cancerous cells by using "pulsed magnetic fields to heat only the cancerous cells" to 42 - 43 degrees Celsius, the temperature at which cancerous cell death occurs. CSCT claims that the Zoetron machine creates a hyperthermic effect within the cancer cells by internally raising their temperature, without affecting the surrounding healthy cells.

18. Defendants state that the Zoetron machine is able to selectively heat only the cancerous cells because those cells purportedly have a high iron content. The Defendants contend

that the pulsed magnetic field allegedly produced by the Zoetron machine causes the additional iron stored in the cancer cells to oscillate, thereby producing heat, which in turn kills the cancer cells.

19. CSCT also claims that its therapy avoids the unpleasant side effects associated with conventional treatments, such as radiation and chemotherapy, because it does not harm the healthy cells. Defendants state that the healthy cells remain unaffected by the Zoetron machine because healthy cells purportedly accumulate much less iron than cancerous cells and are thus not affected by the Zoetron machine's magnetic field.

20. Defendants claim that their Zoetron machine kills cancerous cells by using less than 6 watts of energy. Additionally, the Zoetron machine purportedly creates a magnetic field within the zone of treatment of 20-40 gauss.

21. In comparison, an alarm clock radio uses approximately the same amount of energy. Also, a Magnetic Resonance Imaging machine typically creates a magnetic field of approximately 15,000 gauss.

The Defendants' Zoetron Machine Does Not and Cannot Kill Cancerous Cells

22. CSCT's therapy cannot possibly work the way that Defendants claim it does and thus cannot kill cancer cells. Defendants' claims are not supported by any recognized scientific evidence, and to the contrary, are actually refuted by the existing scientific evidence. There is no evidence which shows that a pulsed magnetic field is capable of selectively destroying cancerous cells.

23. For example, hyperthermia (the heating of cells, by various means, to the temperature at which cell death occurs) theoretically appears to be a viable form of cancer treatment. In practice, however, hyperthermia does not work. The constant circulation of blood in the body, combined with the aqueous environment in which cells exist, prevent the necessary temperature from being

sustained long enough to kill the cancerous cells. Further, there is no evidence that cancer cells accumulate substantially more iron or ferritin than that contained in other areas of the body, such as the bone marrow, red blood cells, and liver. Thus, if the Zoetron machine worked as Defendants claim it does, the healthy cells in these areas would also be destroyed by the therapy.

VIOLATIONS OF THE FTC ACT

24. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or deceptive acts or practices in or affecting commerce. Section 12(a) of the FTC Act, 15 U.S.C. § 52(a), prohibits the dissemination of any false advertisement in or affecting commerce for the purpose of inducing, or which is likely to induce, the purchase of food, drugs, devices, services, or cosmetics. For the purposes of Section 12 of the FTC Act, 15 U.S.C. § 52, Defendants' purported electromagnetic cancer therapy constitutes a service. As set forth below, Defendants have engaged and are continuing to engage in such unlawful practices in connection with the marketing and sale of their purported electromagnetic cancer therapy.

COUNT I

25. In numerous instances, in the course of offering for sale and selling their purported electromagnetic cancer therapy, the Defendants or their employees or agents have represented, expressly or by implication, that their cancer therapy is capable of killing cancerous cells.

26. In truth and in fact, in numerous instances, the Defendants' electromagnetic cancer therapy is not capable of killing cancerous cells.

27. Therefore, the making of the representations set forth in Paragraph 25 above constitutes a deceptive practice, and the making of false advertisements, in or affecting commerce, in violation of Sections 5(a) and 12 of the FTC Act, 15 U.S.C. §§ 45(a) and 52.

CONSUMER INJURY

28. Consumers in many areas of the United States have suffered substantial monetary loss as a result of the Defendants' unlawful acts or practices. Numerous consumers have also been encouraged to forgo proven cancer treatments and may have died as a consequence. Absent injunctive relief by this Court, the Defendants are likely to continue to injure consumers and harm the public interest.

THIS COURT'S POWER TO GRANT RELIEF

29. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and other ancillary relief, including consumer redress, disgorgement and restitution, to prevent and remedy any violations of any provision of law enforced by the Commission.

30. This Court, in the exercise of its equitable jurisdiction, may award other ancillary relief to remedy injury caused by the Defendants' law violations.

PRAYER FOR RELIEF

WHEREFORE, Plaintiff Federal Trade Commission, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests that the Court:

1. Award the Plaintiff such preliminary injunctive and ancillary relief as may be necessary to avert the likelihood of consumer injury during the pendency of this action and to preserve the possibility of effective final relief;
2. Permanently enjoin the Defendants from violating the FTC Act as alleged herein;
3. Award such relief as the Court finds necessary to redress injury to consumers resulting from the Defendants' violations of the FTC Act, including but not limited to, rescission or

reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and

4. Award the Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully Submitted,

WILLIAM E. KOVACIC
General Counsel

Dated: February 6, 2003

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