

**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

STEVES DISTRIBUTING, LLC, a limited liability company, d/b/a STEVE’S GOODS, and

STEVEN TAYLOR SCHULTHEIS, individually and as an officer of STEVES DISTRIBUTING, LLC.

DOCKET NO.

COMPLAINT

The Federal Trade Commission, having reason to believe that Steves Distributing, LLC, a limited liability company, and Steven Taylor Schultheis, individually and as an officer and owner of Steves Distributing, LLC (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 Steves Distributing, LLC (“Steves”), also doing business as “Steve’s Goods,” is a limited liability company registered in Colorado, with its principal office or place of business at 1500 Kansas Avenue, Suite 2C, Longmont, Colorado 80501.
2. Respondent Steven Taylor Schultheis (“Schultheis”) is the Chief Executive Officer, President, and principal shareholder of Steves. Schultheis currently holds a 95% equity interest in the Company. As founder and CEO, Schultheis has control over the operations and decisions of the Company. Individually or in concert with others, he controlled or had the authority to control, or participated in the acts and practices of Steves, including the acts and practices alleged in this complaint. His principal office or place of business is the same as that of Steves.
3. 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.

Respondents' Marketing of CBD and CBG Products

4. Cannabidiol ("CBD") and cannabigerol ("CBG") are non-psychoactive cannabinoids, naturally occurring in, and that can be extracted from, the hemp plant, *cannabis sativa*. CBG is a minor cannabinoid and precursor molecule of CBD and THC. Respondents have manufactured, labeled, advertised, promoted, offered for sale, sold, and distributed products containing CBD ("CBD Products") and products containing CBG ("CBG Products") that are intended for human use. These CBD Products and CBG Products are "food" and/or "drugs," within the meaning of Sections 12 and 15 of the Federal Trade Commission Act.

5. Steves sells a variety of CBD Products and CBG Products, including but not limited to tinctures, gummies, capsules, topical balms, suppositories, and coffee. Consumers can purchase Steves' CBD Products and CBG Products from Respondents by ordering them through Respondents' website at stevesgoods.com, by telephone, or at a brick and mortar retail store located at 1264 S. Hover Street, Longmont, Colorado 80501.

6. According to the product labels and Steves' website, dosages vary. For example, Steves' website advertises edible CBD gummies containing 10 mg of CBD. One dosage could range from 10 mg to 50 mg, depending on a variety of factors, including the user's weight.

7. Respondents promoted CBD Products and CBG Products through a variety of means, including through their website, stevesgoods.com, and through social media platforms such as Twitter.

8. Schultheis has been directly involved in the promotion and advertising of the Company's CBD and CBG Products. Schultheis appears in the Company's promotional and social media content relating to CBD and/or CBG, and is frequently quoted in press articles about the Company and the CBD and/or CBG industries.

Claims about CBD Products

9. Respondents have disseminated or have caused to be disseminated advertisements for CBD Products, including but not necessarily limited to the attached Exhibits A through F. These advertisements have or had the following statements:

A. Steve's Goods (@stevesgoods)

Endocannabinoid System

The human endocannabinoid system (ECS) is a network of receptors spread through-out our entire body that control some of our most vital life functions, including our immune system, memory, appetite, sleep pattern, mood, and pain sensation.

Disorders CBD assists with:

CTE
Alzheimer's
Glioblastoma
Parkinson's
Amyotrophic Lateral Sclerosis (ALS)
PTSD
Asthma
Hypertension
Crohn's Disease
Irritable Bowel Syndrome
Testicular Cancer
Prostate Cancer
Osteoporosis
Migraines
Multiple Sclerosis
Fibromyalgia
Depression
Epilepsy
Breast Cancer
Diabetes
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Rheumatoid Arthritis

CBD (Hemp Extract) – Key benefits

Anti-bacterial
Inhibits cancer cell growth
Neuro-protective
Promotes bone growth
Reduces seizures and convulsions
Reduces blood sugar levels
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Reduces risk of artery blockage
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Slows bacterial growth
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Treats psoriasis
Vasorelaxant

[Exhibit A, @stevesgoods, *Twitter*, posted on Aug. 16, 2018, retrieved on July 7, 2020.]

B. Steve's Goods (@stevesgoods)

CBD

Reduces blood sugar levels
Helps control seizures
Reduces risk of nerve damage
Decreases pressure in blood vessels
#StevesGoodies

. . .
[Exhibit B, @stevesgoods, *Twitter*, posted Apr. 17, 2018, retrieved on July 7, 2020.]

C. Steve's Goods (@stevesgoods)

The Endocannabinoid System is where our cannabinoid receptors reside in our body! Project CBD provides a great introductory insight into what the Endocannabinoid System is with references to support their findings.

. . .
Endocannabinoid System

DISORDERS CBD ASSISTS WITH:

PTSD
Alzheimers [sic]
Glioblastoma
Parkinson's
Amyotrophic Lateral Sclerosis (ALS)
Asthma
Hypertension
Crohn's Disease
Irritable Bowel Syndrome
Testicular Cancer
Prostate Cancer
Osteoporosis
Migraines
Multiple Sclerosis
Fibromyalgia
Depression
Epilepsy
Breast Cancer
Diabetes
Rheumatoid Arthritis

. . .

#StevesGoodies
StevesGoods.com

[Exhibit C, @stevesgoods, *Twitter*, posted Aug. 23, 2018, retrieved on July 7, 2020.]

D. **Why CBD Edibles Are A Hot Commodity in 2019 | Steve’s Goods**

. . .

Explaining Commonly Misunderstood Facts About CBD Products and Edibles

. . .

Essentially, store-bought CBD has roughly similar effects to most over-the-counter medications with a far more holistic approach to personal care. Plus, this hemp-derived cannabinoid is available in many different forms including CBD oil, wax, dietary supplement, in addition to edibles.

As such, the familiarity combined with finding the method for delivering effective CBD a [sic] the form that most users are comfortable with makes it easy for everyone to try as an alternative to prescription medications.

[Exhibit D, <https://stevesgoods.com/why-cbd-edibles-are-a-hot-commodity>, retrieved on Feb. 6, 2020.]

E. **CBD Edibles vs CBD Suppositories: Exploring CBD From Both Ends**

. . .

Plumbing the Depths of CBD Suppository Benefits

. . .

CBD suppositories have been purported to be invaluable for sufferers of digestive-related maladies including Crohn’s disease, anal fissures, irritable bowel syndrome and recurring hemorrhoids due to their specific application to the regions of the body most affected by those ailments.

. . .

CBD is ideal for users with digestive, nausea, or dietary issues

. . .

In addition, suppository CBD is ideal for users with digestive issues, nausea, or dietary issues including diabetes.

[Exhibit E, <https://stevesgoods.com/cbd-edibles-vs-cbd-suppositories>, retrieved on Feb. 6, 2020.]

F. CBD HEMP OIL TINCTURES

. . .

CBD Oil by Steve's Goods

. . .

As far as benefits, studies have shown that CBD may be useful in helping with pain, inflammation, anxiety, cancer, neuro-disorders, and other health issues all with few if any side effects. It's an exciting time in cannabinoid research.

. . .

CBD Oil Dosage for Anti-Inflammation

When you suffer from day-to-day inflammation, you know it can sneak up on you. . . . If you have inflammation on a regular basis, you may want to supplement with CBD daily.

. . .

There is nothing sweeter than relief from pain, chronic or acute.

. . .

If you have pain on a regular basis, you may want to supplement with CBD daily.

[Exhibit F, <https://stevesgoods.com/cbd-oil/>, retrieved on Aug. 5, 2020.]

Claims about CBG Products

10. Respondents have disseminated or have caused to be disseminated advertisements for CBG Products, including but not necessarily limited to the attached Exhibits G through I. These advertisements contain the following statements:

A. What is CBG, How Does it Work, & What Are the Potential Benefits?

. . .

Benefits of CBG Oil

. . .

It's been found in research [hyperlink], by the US National Institute [sic] of Health, to inhibit the growth of colon cancer, and has positive effects on glaucoma and irritable bowel syndrome known as IBS.

. . . .

[Exhibit G, <https://stevesgoods.com/blog/what-is-cbg-oil/>, retrieved on Feb. 6, 2020.]

B. Stevesgoods.com:

Studies on CBG have revealed a wide range of possible benefits:

Stimulates bone formation and healing
Slows tumor growth
Antifungal and antibacterial treatment
Relieves pain
Reduces Inflammation
Overactive bladder treatment
Psoriasis and skin treatment
Glaucoma treatment
Depression and anxiety treatment
Neuroprotective effects

[Exhibit H, excerpt from live chat on stevesgoods.com recorded on Jan. 21, 2020.]

C. **The ABCs of CBG - Steves Goods**

. . . .

How is cannabigerol used?

. . . .

Various scientific studies have revealed use cases for ailments ranging from ocular diseases to inflammatory bowel conditions. Other studies have shown CBG to carry antibacterial and anti-inflammatory effects on the body.

[Exhibit I, <https://stevesgoods.com/abcs-of-cbg/>, retrieved on Feb. 6, 2020.]

Count I
False or Unsubstantiated Efficacy Claims Regarding CBD Products

11. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBD Products, Respondents have represented, directly or indirectly, expressly or by implication, that CBD Products:

- a. have antibacterial properties;
- b. prevent or reduce the risk of artery blockage, heart attacks, heart disease, and stroke;
- c. reduce blood sugar levels;
- d. promote bone growth;
- e. prevent or reduce the risk of nerve damage;
- f. prevent or reduce the risk of seizures and convulsions;
- g. effectively treat or mitigate Alzheimer’s disease, amyotrophic lateral sclerosis, anal fissures, asthma, cancer, chronic inflammation, chronic pain, chronic traumatic encephalopathy, Crohn’s disease, depression, diabetes, epilepsy, fibromyalgia, glioblastoma, hemorrhoids, hypertension, irritable bowel syndrome (“IBS”), migraines, multiple sclerosis, neurological disorders, osteoporosis, Parkinson’s disease, post-traumatic stress disorder (“PTSD”), psoriasis, rheumatoid arthritis, and seizures; and
- h. treat or mitigate diseases and health conditions as effectively as most over-the-counter medications and are effective alternatives to prescription medications.

12. The representations set forth in Paragraph 11 are false or misleading, or were not substantiated at the time the representations were made.

Count II
False or Unsubstantiated Efficacy Claims Regarding CBG Products

13. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBG Products, Respondents have represented, directly or indirectly, expressly or by implication, that CBG Products:

- a. have antibacterial properties;
- b. stimulate bone formation and healing;
- c. have neuroprotective effects; and
- d. effectively treat or mitigate cancer, depression, glaucoma, inflammatory bowel conditions, IBS, ocular diseases, overactive bladder, and psoriasis.

14. The representations set forth in Paragraph 13 are false or misleading, or were not substantiated at the time the representations were made.

Count III
False Establishment Claims Regarding CBD Products

15. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBD Products, Respondents have represented, directly or indirectly, expressly or by implication, that studies or scientific research prove that CBD Products effectively treat or mitigate anxiety, cancer, inflammation, neurological disorders, and pain.

16. In fact, studies or scientific research do not prove that CBD Products effectively treat or mitigate anxiety, cancer, inflammation, neurological disorders, and pain. Therefore, the representations set forth in Paragraph 15 are false or misleading.

**Count IV
False Establishment Claims Regarding CBG Products**

17. In connection with the advertising, promotion, offering for sale, sale, or distribution of CBG Products, Respondents have represented, directly or indirectly, expressly or by implication, that studies or scientific research prove that CBG Products:

- a. have antibacterial properties;
- b. stimulate bone formation and healing;
- c. have neuroprotective effects; and
- d. effectively treat or mitigate anxiety, cancer, depression, glaucoma, inflammation, inflammatory bowel conditions, IBS, ocular diseases, overactive bladder, pain, and psoriasis.

18. In fact, studies or scientific research do not prove that CBG Products:

- a. have antibacterial properties;
- b. stimulate bone formation and healing;
- c. have neuroprotective effects; and
- d. effectively treat or mitigate anxiety, cancer, depression, glaucoma, inflammation, inflammatory bowel conditions, IBS, ocular diseases, overactive bladder, pain, and psoriasis.

Therefore, the representations set forth in Paragraph 17 are false or misleading.

Violations of Sections 5 and 12

19. 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: