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MEDIA ALERT

"Consumers getting burned by Electronic Cigarette Companies says Division of Consumer Protection, Utah takes action against 3 marketers, issues Citations totaling \$1.1M in state fines for violating consumer laws"

"Companies engaged in deceptive advertising, falsely stated terms of sale, and used negative option selling to charge consumer accounts nationwide via email, phone and online offers"

(For immediate release...)

SALT LAKE CITY, Utah - Francine A. Giani, Executive Director of the Utah Department of Commerce, announced today that the Utah Division of Consumer Protection has cited three "E-Cigarette" companies: OZN Web LLC, located in Phoenix, AZ, Sinless Vapor LLC, located in Heber City, UT and Vapex LLC located in Bountiful, UT for multiple violations of the *Utah Consumer Sales Practices Act* and the *Utah Telephone Fraud Prevention Act*. State investigators received hundreds of consumer complaints from across the country claiming these electronic cigarette companies advertised false health claims, posted false customer testimonials, marketed "free" trial offers that were not in fact free of charge, and up charged customer accounts without consent.

"Hundreds of consumers got burned by these electronic cigarette companies who made false claims and offered free product trials which in reality were not free as the online marketers racked up pricey automatic shipments to credit cards without consumers' knowledge or their consent," stated Francine A. Giani.

Division investigations allege the following;

Vapex LLC from Bountiful, UT operated e-commerce websites tryvapex.com and vapexstore.com where products were advertised as being able to be "smoked anywhere" and listed examples of locations which were in violation of Utah's Indoor Clean Air Act, including airplanes. The company claimed its product was a "healthy alternative" to traditional cigarette smoking and that it could "reduce serious health risks". In addition, the websites advertised "Risk free starter kits" with minimal shipping fees, lifetime warranty and 100% Satisfaction Guarantee. Terms and conditions were not displayed on the website in a format easily accessed by

consumers, and neither the retail price of the product nor the shipping and handling fees were clearly disclosed to consumers. Additionally, the "Free Starter Kit" was in fact not "free" of charge. Over 89 consumers' nationwide submitted complaints with CP regarding this company; the complaints showed a pattern of similar conduct through email, radio, internet, and telephone advertising for the company's products. Vapex was cited by the Division for 329 counts for violating the *Utah Consumer Sales Practices Act* and the *Utah Telephone Fraud Prevention Act* and faces a potential maximum state fine of \$822,500.

Sinless Vapor LLC from Heber City, UT operated an e-commerce website sinlessvapor.com where they were offered "e-cigarettes" that could be "smoked anywhere" and promoted "New Starter Kit for \$4.95 Shipping and Handling" and "Risk Free Starter Kit" with a "100% Satisfaction Guarantee". The company's terms and conditions were listed on an additional link and were unclear to consumers. The company advertised products through its website and email offers. The Division alleged that company's practices violated the *Utah Consumer Sales Practices Act* for deceptive acts, including the use of negative options. Over 20 consumers nationwide complained to the Division of Consumer Protection. The Division cited Sinless Vapor LLC for 94 counts of violating *Utah Consumer Sales Practices Act* and faces a maximum potential state fine of \$235,000.

Ozn Web LLC from Phoenix, AZ operated an e-commerce website vaperxs.com where consumers were offered "e-cigarettes". The Division issued a Citation on May 9, 2014 for 18 counts for violating the *Utah Consumer Sales Practices Act* with a potential maximum fine \$45,000. In June, Ozn Web LLC agreed to a Settlement Agreement with the Division in which the company admitted to the violations and agreed to remove all misleading advertising claims, refrain from misusing "free" in any sales or promotions, provide cancellations and refunds for consumers, change their website language to reflect clear terms of sale and pay a \$10,000 state fine before December 2014.

For more information or to file a complaint, contact the Utah Division of Consumer Protection at (801) 530-6601 or log on to; www.consumerprotection.utah.gov

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