Minerco Resources, Inc.
Form 10-K
November 07, 2014

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D. C. 20549

FORM 10-K

þ ANNUAL REPORT UNDER TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE FISCAL YEAR ENDED JULY 31, 2014

Commission File Number: 333-156059

MINERCO RESOURCES, INC.
(Exact name of registrant as specified in its charter)

NEVADA
(State or other jurisdiction of incorporation or organization)

800 Bering Drive
Suite 201
Houston, TX 77057
(Address of principal executive offices, including zip code.)

(888) 473-5150
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:	Securities registered pursuant to section 12(g) of the Act:
NONE	Common Stock $0.001 par value

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. YES o NO þ

Indicate by check mark if the registrant is required to file reports pursuant to Section 13 or Section 15(d) of the Act: YES þ NO o

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. YES þ NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). YES þ NO o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	o	Accelerated Filer	o
Non-accelerated Filer	o	Smaller Reporting Company	þ
(Do not check if a smaller reporting company)			

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). YES o NO þ

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was sold, or the average bid and asked price of such common equity, as of January 31, 2014: $3,050,053.

At October 31, 2014, 2,828,775,598 shares of the registrant's common stock were outstanding.

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PART I

ITEM 1. BUSINESS.

Forward-Looking Statements

This annual report contains forward-looking statements. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “could”, "may", "will", "should", "expects", "plans”, "anticipates", "believes", "estimates", "predicts", "potential" or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties and other factors that may cause our or our industry's actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements.

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. Except as required by applicable laws, including the securities laws of the United States, we do not intend to update any of the forward-looking statements so as to conform these statements to actual results.

As used in this annual report, the terms "we," "us," "our," “company” and "Minerco" mean Minerco Resources, Inc., unless otherwise indicated.

All dollar amounts in this annual report refer to U.S. dollars unless otherwise indicated.

Company Overview

Our principal offices are located at 800 Bering Drive, Suite 201, Houston, TX 77057. Our telephone number is 888-473-5150. Information about our businesses can be obtained from our website www.minercoresources.com. Information on website is not incorporated by reference into this report.

Company History

Minerco Resources, Inc. was incorporated as a Nevada company on June 21, 2007 and our only two subsidiaries are Level 5 Beverage Company, Inc. (“Level 5”) and Minerco Honduras S.A. From our inception in June 2007 through May 27, 2010, we were engaged in the acquisition of interests and leases in oil and natural gas properties. In May, 2010, we changed the focus of our business to the development, production and provision of clean, renewable energy solutions in Central America. On October 16, 2012, we added a functional specialty beverage retailer that is developed and sold by Level 5 as an additional line of business, which has become our primary focus. As of September 20, 2013, we have completely discontinued operations of our renewable energy line of business. We continue to own royalty interests in two (2) renewable energy project(s) and an earned net revenue interest in one (1) renewable energy project; however, all operational control for all three (3) projects has been returned to the originating companies.

Specialty Beverage Business

In September, 2012, we started Level 5 Beverage Company, Inc. (“Level 5”), a specialty beverage company which develops, produces, markets and distributes a diversified portfolio of forward-thinking, good-for-you consumer brands. Level 5 has developed or acquired exclusive rights to four separate and distinct brands: VitaminFIZZ®, Vitamin Creamer®, COFFEE BOOST™ and the LEVEL 5® Brand. We have established a fifth brand, The Herbal

Collection™, with a private partner to add to our portfolio, and The Herbal Collection has been transferred out of Level 5 and assigned to Minerco. At July 31, 2014, our only beverage sales have come from the sale of our COFFEE BOOST™ of which we have sold $12,381.

We organically developed the LEVEL 5® and COFFEE BOOST™ Brands, and we acquired the exclusive, worldwide rights to the VitaminFIZZ® Brand from VITAMINFIZZ, L.P. in November, 2013. In 2014, we acquired 100% of the right, title and intellectual property to the Vitamin Creamer® Brand. The current focus of our business is on the VitaminFIZZ® brand. We are currently completing the research and development of the VitaminCreamer® brand to include a Boost and Relax, and Minerco is pilot testing The Herbal Collection™ brand with target consumers in specialized markets.

More information about Level 5 Beverage Company, Inc. is available from our website at: www.level5beverage.com. Information from our website is not incorporated into this Annual Report on Form 10-K.

Our Brands

VitaminFIZZ® Brand

VitaminFIZZ®, developed by Power Brands Consulting, LLC in 2010, was launched in 2014 and is a zero calorie, vitamin enhanced lightly sparkling water, similar in concept to the popular VitaminWater®, only in carbonated format. VitaminFIZZ® contains 100% of daily vitamin C, 100% of daily vitamin B6 and B12 and is zero calories. VitaminFIZZ® is also non-GMO (no genetically modified organism) and is certified Kosher. Level 5 acquired the exclusive, worldwide rights to VitaminFIZZ in November, 2013. The suggested retail price is between $1.29 and $1.49 per 17 oz. bottle and is based on geographic region and strength of sales.

We launched VitaminFizz® in June of 2014 in select New York and Southern California locations. The 17 oz. slim plastic bottle packaging was hard launched in August, 2014 in New York City and Southern California and has been very well received. VitaminFIZZ® is currently available in six (6) flavors: Lemon-Lime, Orange-Mango, Strawberry-Watermelon, Black Raspberry, Strawberry Lemonade and Coconut-Pineapple. Additional flavors, and possibly smaller sizes, are expected in 2015.

As of October 31, 2014, VitaminFIZZ® is available in over 500 retail locations in New York City and Southern California and is also available in our online store at Amazon.com. Locations include a mix of major chain and independent placements. A complete list of retail locations is available on www.vitamin-fizz.com.

As of October 31, 2014, VitaminFIZZ® had sold or placed for sale (including direct sales, promotions and Purchase Orders) approximately 20,000 cases of five flavors (Coconut-Pineapple was delayed).

More details about the VitaminFIZZ® Brand are available from our brand website at: www.vitamin-fizz.com. Information from our website is not incorporated into this Annual Report on Form 10-K.

COFFEE BOOST™ Brand

COFFEE BOOST™ is the 2nd Generation of the LEVEL 5™ - RISE™ product and is dual designed to be taken "straight up or added to coffee for an all-natural, healthy alternative to synthetic flavored creamers and powders and was developed to provide all the benefits of the LEVEL 5™ Brand (great taste, functionality, low calories, and all-natural ingredients in a 2.5 oz. bottle). Currently, the sku's include:

1. COFFEE BOOST™ – Coffee
2. COFFEE BOOST™ – French Vanilla
3. COFFEE BOOST™ – Hazelnut
4. COFFEE BOOST™ – Mocha

COFFEE BOOST™ is packaged in slender 2.5 oz. PET (plastic) bottles, which are sophisticated in design and offer on-the-go convenience. The logo, graphics, and copy are designed to communicate the key branding elements: dual designed energy supplement in multiple coffee based flavors. The brand is premium priced, with a retail price of $2.99 for one 2.5 oz. container; however, the product will be sold in multiple formats including blister packs and sample packs of all four current flavors at a discount.

On July 23, 2014, we produced all four (4) flavors of COFFEE BOOST™ and began selling the Brand in select New York City and Southern California locations and also on our online store at Amazon.com.

With the acquisition of VitaminCreamer® in 2014, we plan to incorporate Coffee Boost™ (name and functionality) into the VitaminCreamer® product line.

More details about the COFFEE BOOST™ Brand are available from our brand website at: www.drinkcoffeeboost.com. Information from our website is not incorporated into this Annual Report on Form 10-K.

VitaminCreamer® Brand

In June, 2014, we acquired 100% of the right, title and intellectual property to the VitaminCreamer® Brand.

Vitamin Creamer® with Coffee Boost™ (or Boost): Merging these two cutting edge concepts into one powerful range of products seems inevitable. We believe that The VitaminCreamer® with Boost range of coffee creamer and enhancement products will solidify Level 5's position in the very strong and very lucrative coffee and creamer markets. Level 5 intends to merge the brands to include a range of cutting edge products with 2 main drivers: (1) increasing consumers' nutritional and vitamin intake; and (2) increasing function and flavor to the coffee drinkers' experience.

The VitaminCreamer® product line will include three functions: (1) Vitamin Creamer - Original; (2) Vitamin Creamer Boost; and (3) Vitamin Creamer Relax. The Original version is being designed not to interfere with the daily coffee but is expected to enhance the nutritional value; the Boost version is expected to provide all the benefits of the Original version and will also add an enhanced energy boost; and the Relax version is expected to provide all the benefits of the Original version and will also take the edge off for caffeine sensitive consumers.

The VitaminCreamer® product line will include at least two packaging sizes: (1) Trial / Single-serve size (2 oz.) for on-the-go consumers; and (2) Take home size (12 oz.) for daily home and/or office consumers. The available flavors and exact volume specifications per container should be released at a later date.

Level 5 with PowerBrands, the leading beverage development company in the US, are diligently working with US supplement and ingredient suppliers to create this cutting-edge breakthrough in the coffee and creamer market. PowerBrands with their award winning food scientists and highly decorated package design team, who also created the stand alone brands of VitaminCreamer® and CoffeeBoost™, are fully dedicated to and actively creating the world's leading coffee and creamer products for Level 5.

Exact specifications and dates are to be determined; however, we expect VitaminCreamer® to be finalized in early calendar year 2015.

LEVEL 5® Brand

The LEVEL 5® product line features four (4) distinct varieties, each with a unique flavor profile aimed at addressing a specific targeted result. LEVEL 5® is positioned as a lifestyle brand, with a delicious and convenient easy-to-drink shot format.

RISETM (Energy Supplement)

CURVES (Women's Supplement)

ARMOR (Wellness Supplement)

FLEX (Workout Supplement)

All LEVEL 5® products are formulated with proprietary blends of amino acids, essential vitamins and minerals, and natural adaptogens. Each ingredient has been carefully selected for its taste profile and health benefit. LEVEL 5™ is packaged in slender 2.5 oz. PET (plastic) bottles, which are sophisticated in design and offer on-the-go convenience. The logo, graphics, and copy are designed to communicate the key branding elements: energy, wellness, protection, and stamina. The brand is premium priced, with a retail price of $2.99 for one 2.5 oz. container.

We intend to continue to seek partners to develop specialty products for the Level 5® Brand: RISE™ with rapidly deployed personnel, FLEX with a gym/fitness chains, CURVES with a women's health specialist and ARMOR with wellness / health care groups.

The Herbal Collection™ Brand

The Herbal Collection trademark was applied for by Level 5 in March, 2014. While we wait for the trademark to be approved, we have transferred the rights for the mark and the Brand to Minerco. The Herbal Collection™ will partner with a private company to execute the business plan. During the lengthy trademark process, we continue to complete Research and Development and expect to have The Herbal Collection in the pilot testing phase in early 2015.

Target Market

We have positioned our brands to appeal to the growing category of consumers who choose products based on their nutritional and functional benefits. More specifically, we are targeting the on-the-go health and wellness oriented consumers who lead active professional and social lifestyles. This consumer segment spans the entire demographic spectrum of consumers that share an awareness of the health benefits associated with functional beverages and are willing to explore new items offering superior taste and efficacy.

Retail Activation

We provide health and wellness oriented individuals a beverage solution for “On-the-Go” (OTG) demand. We are targeting conventional retail distribution for the brands, including natural and organic chain grocery stores (such as Whole Foods) for our functional brands, conventional chain and independent grocery accounts, drug stores, club stores, and mass merchandisers. We have contracted with third party Direct-Store-Delivery (DSD) distributors, such as Avanzar, to transport and merchandise the product line. Additionally, our products will be available for sale directly to consumers through our website and Amazon.com.

Through our distributors on both the east and west coasts, we have launched VitaminFizz® in California and New York and are actively and aggressively supporting the bi-coastal launch. We intent to follow distribution of these products with our VitaminCreamer® (with COFFEE BOOST™ integrated) and The Herbal Collection™ Brands in the coming year.

Through our distributor in California (Avanzar), we previously soft launched VitaminFizz®, RISETM and COFFEE BOOSTTM in Southern California, our targeted region for pilot testing before expanding into multiple markets and ultimately national distribution. We have also made our products available through our websites and on Amazon.com. We intend to do the same with our other products.

Distribution Systems

The beverage industry largely operates via a three tier distribution system: manufacturer distributor retailer. Third party distributors provide a vital service to beverage manufacturers who do not wish to bear the supply chain burden of moving product from bottling facilities to retail shelves. This operation requires supply chain management resources, significant labor, transportation resources, warehouse resources, as well as sales and merchandising expertise. Third party distributors allow beverage manufacturers to focus on core competencies: brand building, innovation, consumer marketing, research, and key account management. For this service, distributors command margin percentages of 20% to 30% based on wholesale price.

All of our products are distributed by regional third party direct-store-delivery (DSD) distributors focusing primarily on natural retail channels, conventional grocery, drug, mass and club channels, and secondarily focused on gas and convenience channels, as well as specialty retail (fitness clubs and gyms). The Company’s management team, specifically our Brand Manager, will train all participating distributors’ sales and merchandising personnel.

We have entered into an agreement with Avanzar, in Southern California, to distribute our entire line of products in California. The Distribution Agreement provides that Avanzar has the exclusive right to sell and distribute our current products in the following California counties: Los Angeles, Riverside, San Bernardino, Orange County, San Diego County, and Imperial. The Distribution Agreement also provides that Avanzar shall have a right of first refusal for the distribution of any similar products developed in the future.

We have entered into an agreement with Drink King, in New York, to distribute our entire line of products, starting with VitaminFIZZ®. The Distribution Agreement provides that Drink King has the exclusive right to sell and distribute our current products in the following New York locations or counties: Brooklyn (Kings County), Staten Island (Richmond County), Queens (Queens County), Bronx (Bronx County), Manhattan (New York County), Long Island (Suffolk and Nassau Counties), Westchester County, Rockland County. The Distribution Agreement also provides that Drink King shall have a right of first refusal for the distribution of any similar products developed in the future.

On October 24, 2014 (Effective September 15, 2014), we entered into an Membership Interest Purchase Agreement with Avanzar Sales and Distribution, LLC to acquire the controlling interest in Avanzar. Level 5 acquired an initial thirty percent (30%) equity position and fifty-one percent (51%) voting interest for the Purchase Price of $500,000 with a twenty-one percent (21%) Option and Second Option to acquire up to seventy-five percent (75%) of Avanzar. The Agreement is Effective as of September 15, 2014.

Production Facilities

We outsource the manufacturing and warehousing of our products to third party bottlers and independent contract manufacturers ("co-packers"). We purchase our raw materials from North American suppliers which deliver to our third party co-packers.

Raw Materials

Substantially, all of the raw materials used in the preparation, bottling and packaging of our products are purchased by us or by our contract manufacturers in accordance with our specifications. The raw materials used in the preparation and packaging of our products consist primarily of readily available, non-specialty products. We believe that we have adequate sources of raw materials, which are available from multiple suppliers.

Quality Control

We are committed to building products that meet or exceed the quality standards set by the U.S. government. Our products are made from high quality, all natural ingredients. We ensure that all of our products satisfy our quality standards. Contract manufacturers are selected and monitored by our own quality control representatives in an effort to assure adherence to our production procedures and quality standards. Samples of our products from each production run undertaken by our contract manufacturers are analyzed and categorized in a reference library. The manufacturing process steps include source selection, receipt and storage, filtration, disinfection, bottling, packaging, in-place sanitation, plant quality control and corporate policies affecting quality assurance. In addition, in the future, we will attempt to ensure that each bottle is stamped with a production date, time, and plant code to quickly isolate problems should they arise.

For every run of product, our contract manufacturer undertakes extensive testing of product quality and packaging. This includes testing levels of sweetness, taste, product integrity, packaging and various regulatory cross checks. For each product, the contract manufacturer must transmit all quality control test results to us for reference following each production run. Water quality is ensured through activated carbon and particulate filtration as well as alkalinity adjustment when required. We are committed to ongoing product improvement with a view toward ensuring the high quality of our product through a stringent contract packer selection and training program.

Growth Strategy

Our growth strategy includes:

- Securing additional distributors within the United States and globally;
- Increasing brand awareness of all of our products;
- Securing additional chain, convenience and key account store listings for our products across United States and globally;
- Providing online sales through various online channels;
- Rolling out the additional products in our brand umbrella (including VitaminCreamer® and The Herbal Collection™);
- Continuing to vertically and strategically integrate our beverage business; and
- Expanding our brand portfolio to other segments (through development and/or acquisition).

U.S. Beverage Market

The U.S. liquid refreshment beverage market stayed essentially unchanged in size in 2013, according to newly released preliminary data from the Beverage Marketing Corporation. Its flatness followed three years of growth. Total liquid refreshment beverage volume stood at 30.2 billion gallons in 2013. 1

Niche categories continued to outperform traditional mass-market categories. Premium beverages such as energy drinks and, especially, ready-to-drink (RTD) coffee advanced particularly forcefully during 2013. Aggressive pricing contributed to the sizeable increase in bottled water volume. Larger, more established segments such as carbonated soft drinks and fruit beverages failed to grow once again.

RTD coffee moved forward faster than all other segments with a 6.2 percent volume increase in 2013. Nonetheless, the segment accounted for a relatively small share of total liquid refreshment beverage volume. Indeed, it was the smallest, trailing even value-added water, which registered the largest decline of any liquid refreshment beverage type (despite a strong showing by Glaceau Smartwater). Energy drinks advanced by 5.5 percent, but also remained fairly modest in size and didn't match the double-digit volume gains of the prior two years. Not surprisingly, no energy drink, RTD coffee or value-added water brand ranked among the leading trademarks by volume. 1

Carbonated soft drinks remained by far the biggest liquid refreshment beverage category, but they continued to lose both volume and market share. Volume slipped by 3.2 percent from 13.3 billion gallons in 2012 to 12.9 billion gallons in 2013, which lowered their market share from 44 percent to less than 43 percent. Even so, certain soda trademarks, such as Canada Dry and certain varieties of Mountain Dew, did achieve growth. Moreover, carbonated soft drinks accounted for five of the 10 biggest beverage trademarks during 2013, with Coca-Cola and Pepsi-Cola retaining their usual first and second positions. 1

“Beverages endured a transitional year in 2013,” says Michael C. Bellas, chairman and CEO, Beverage Marketing Corporation. “Even in the face of economic challenges, healthier products thrived and even formerly floundering segments like RTD coffee demonstrated their potential. Certainly the state of the economy is crucial for overall beverage category success, but so are products that connect with the evolving American consumer.”

Carbonated Soda Drinks (CSDs)

The consumption of CSDs has been declining in developed markets over the past few years. The situation in the U.S. is a key example of this trend – per capita consumption of CSDs peaked around 1998 at about 54 gallons a year. Today, the figure stands at around 44 gallons a year. A major reason behind this has been growing consumer awareness about negative health impacts of CSDs. A research paper recently published in the American Journal of Public Health concluded: “Soft drink consumption is significantly linked to overweight, obesity, and diabetes prevalent worldwide.” This certainly is bad news for major cola companies whom have been hit hard by this trend. 2

Unlike the mature CSD market which is dominated by two or three big companies, small individual brands have a stronghold in the carbonated water segment. Sparkling ICE, owned by Talking Rain, is the largest individual brand in carbonated water with 21%-plus of the overall sales in FY2013. Its market share increased by nearly 10% year on year during this period. LaCroix, Topo Chico and Cascade Ice water are other brands which together constitute ~11% of this market. 3

This carbonated water category also faces stiff competition from private labels, which account for over one-fourth of this category. Private labels offer relatively cheaper prices and thus appeal to price sensitive consumers. Going forward, the beverage giants will look to leverage its wide distribution channels and compete with private labels on the pricing front in order to advance in the sparkling bottled water market. 3

Functional Beverages

The general trend toward a consumer preference for functional beverages is evident in nearly every beverage segment. The accelerated pace of innovation has increased the pressure on beverage companies to stay ahead of the pack by delivering new and interesting flavors, healthier ingredients and enhanced functionality to consumers who are bombarded with choices. U.S. retail sales of natural and organic foods and beverages rose to nearly $29B in 2011, an increase of 9% over the previous year, and 63% higher than sales five years earlier, according to the Organic Trade Association’s Organic Industry Survey (2011). 1

Perhaps the best illustration of the growing consumer demand for functional benefits from their beverages is the relatively recent emergence of the $8.9 billion energy drink category. This category didn’t exist until the introduction of Red Bull in 1997. It continues to be the fastest growing segment in the beverage industry, up 14.3% in retail dollar volume versus one year ago. This category is dominated by three top brands with national distribution: Red Bull, Monster and RockStar, however, there are many smaller and regional brands throughout the U.S. While core energy drink consumers are 18-24 year old males, trends indicate that females and older blue and white collar workers 25-40 are increasingly choosing energy drinks over coffee as an afternoon pick-me-up. 1

This recent innovation in the beverage industry has also impacted the major Super-natural retail chains (Whole Foods, Wild Oats, Trader Joes) where there is an increasingly wide range of healthy options, including flash-pasteurized juice and smoothie products from national leaders Odwalla and Naked Juice, and beverages such as Sambazon, based on super-fruits such as pomegranate, blueberry and the acai berry from Brazil. Beverages sold in this channel are primarily differentiated on features such as freshness (e.g., use of flash pasteurization), and perceived health benefits (e.g., use of super-fruits that have unusually high concentrations of antioxidants). 1

(1) Source: Beverage Marketing Corporation

(2) Source: Beverage World

(3) Beverage Industry Magazine

Beverage Industry Regulations

The processing, formulation, manufacturing, packaging, labeling, advertising, and distribution of our products are subject to federal laws and regulation by one or more federal agencies, including the FDA, the FTC, the Consumer Product Safety Commission, the United States Department of Agriculture, and the Environmental Protection Agency. These activities are also regulated by various state, local, and international laws and agencies of the states and localities in which our products are sold. Government regulations may prevent or delay the introduction, or require the reformulation, of our products, which could result in lost revenues and increased costs to us. For instance, the FDA regulates, among other things, the composition, safety, labeling, and marketing of dietary supplements (including vitamins, minerals, herbs, and other dietary ingredients for human use). The FDA may not accept the evidence of safety for any new dietary ingredient that we may wish to market, may determine that a particular dietary supplement or ingredient presents an unacceptable health risk, and may determine that a particular claim or statement of nutritional value that we use to support the marketing of a dietary supplement is an impermissible drug claim, is not substantiated, or is an unauthorized version of a “health claim.” Any of these actions could prevent us from marketing particular dietary supplement products or making certain claims or statements of nutritional support for them. The FDA could also require us to remove a particular product from the market. Any future recall or removal would result in additional costs to us, including lost revenues from any additional products that we are required to remove from the market, any of which could be material. Any product recalls or removals could also lead to liability, substantial costs, and reduced growth prospects. With respect to FTC matters, if the FTC has reason to believe the law is being violated (e.g., failure to possess adequate substantiation for product claims), it can initiate an enforcement action. The FTC has a variety of processes and remedies available to it for enforcement, both administratively and judicially, including compulsory process authority, cease and desist orders, and injunctions. FTC enforcement could result in orders requiring, among other things,