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FTC Pressures Beverage Companies to Disclose and Re-label

The maker of a sweet alcoholic drink that appeals to teenagers will start disclosing on its labels that its super-size cans contain as much alcohol as four to five cans of beer, federal regulators announced Monday.

According to *The Washington Post*, Phusion Projects agreed to re-label its **Four Loko** beverages under pressure from the Federal Trade Commission, which has confronted the company more than once about its advertising practices. The Chicago-based company did not admit any wrongdoing. But in a statement, it said it will re-label its malt drinks to better inform consumers.

Federal regulators started cracking down on the company and others that sell similar fruity-tasting, high-alcohol malt beverages after claims that the drinks were linked to the deaths of teenagers in several states in recent years.

Last year, the FTC and the Food and Drug Administration warned Phusion and three other alcoholic malt beverage makers that the caffeine and other stimulants added to their drinks were dangerous because “caffeine can mask the sense of intoxication.” Soon thereafter, all four companies removed the stimulants from the products at issue.

The FTC is focused on the alcohol content of the 23.5-ounce Four Loko malt beverages. The FTC alleges that Phusion misrepresented the amount of alcohol in those cans as being the equivalent of one to two regular cans of 12-ounce beers – instead of four to five cans.

Phusion also has marketed these cans as a single serving, safe to drink all at once, while the FTC considers consuming an entire can on a single occasion equivalent to “binge drinking.” The cans are not re-sealable, which encourages immediate consumption.

In a statement, Phusion denied the violating FTC disclosure requirements. “Even though we reached an agreement, we don’t share the FTC’s perspective and we disagree with their allegations,” said Jaisen Freeman, one of the co-founders of Phusion, in an interview with *The Washington Post*. “We don’t believe there were any violations. However, we take legal compliance very seriously and we share the FTC’s interest in making sure consumers get all the information and tools they need to make smart, informed decisions.”

The company has agreed to disclose on its containers how the alcohol content of its beverages compares with the alcohol content of a 12-ounce can of beer. The disclosures would be required only on Four Loko drinks or other Phusion malt beverages that contain more alcohol than 2 1 / 2 beers.

The settlement is subject to a 30-day public comment period before it can be finalized by the commission. Six months after approval, Phusion would start selling its super-size drinks in re-sealable containers, in order to give consumers “more flexibility in the way they choose to enjoy our Four Loko products,” said Freeman, who is named in the FTC’s complaint. Last month, the company launched a new line called Poco Loco that comes in smaller cans and contains less alcohol.