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"To Enrich Lives Through Effective and Caring Service"

PRESS ADVISORY

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National corporation will pay \$1.35 million and drastically reform the way it does business to resolve State charges that it used fraudulent and discriminatory practices.

LOS ANGELES –**Hy Cite Corporation**, which sells cookware and water filters under the name of **Royal Prestige**, will pay \$1.35 million for victim restitution and penalties and will drastically reform how it does business to resolve State charges that it lied to consumers to scare them into paying several thousands of dollars each for cookware or water filters. Hy Cite also [settled charges](#) that it discriminated against “Hispanic” customers by setting up harsher cancellation and financing policies for them than for “Anglo” customers.

Pastor Herrera, Jr., Director of the County of Los Angeles Department of Consumer Affairs (DCA), announced today that a lengthy investigation DCA conducted prompted the California Attorney General’s Office to sue Hy Cite. This is the second time the Attorney General charges the Madison, Wisconsin-based Corporation for similar complaints. “Hy Cite systematically lied to consumers that their cookware was dangerous,” said Mr. Herrera. “Hy Cite also established stricter cancellation and financing policies for ‘Hispanic’ customers than for ‘Anglo’ customers, as Hy Cite called them. This caused consumers great financial harm.”

Josefina Mendez, an 81-year-old senior, had an experience with Royal Prestige she wishes never happened. Ms. Mendez, who speaks only Spanish, cares for her mentally disabled daughter who has suffered with rheumatoid arthritis for 30 years. Ms. Mendez says that late one evening Mr. Ramon Bazan from Royal Prestige came to her door selling water filters. Even though it was past 9 p.m., Ms. Mendez says she let Mr. Bazan in because he told her that his water filter would improve her daughter’s health. After a 3-hour sales presentation, Mr. Bazan sold Ms. Mendez a water filter for \$2,956.36, financed at 21%. Ms. Mendez admits she signed the contract. Her problem, she says, is she can’t read or write, and Mr. Bazan did not explain the contract. She remembers Mr. Bazan reminding her over and over that she could not put a price on her daughter’s health. Next day, when her son-in-law explained what she signed, Ms. Mendez called Mr. Bazan and begged him to cancel the deal because she could not afford it on her Social Security disability check, her only income. She says he told her that it was “too late” and there was nothing she could do.

DCA investigators say that Ms. Mendez’s complaint is not uncommon. The lawsuit charges that Hy Cite salespeople lied their way into the homes of consumers, and once inside used deception and high pressure to scare consumers into buying their cookware.

These are the top problems the investigation found, and the corrective action ordered:

- Hy Cite salespeople systematically lied to consumers that non-stick and aluminum cookware causes serious health problems. Undercover DCA investigators made several “buys,” and Hy Cite salespeople routinely told them that aluminum and non-stick cookware causes cancer, heart attacks, and diabetes. Salespeople would then assure investigators that Royal Prestige’s cookware prevents and cures these diseases. The judgment prohibits Hy Cite from lying to consumers that their cookware is dangerous, and from telling consumers that Royal Prestige cookware prevents or cures serious health problems.
- Hy Cite violated the civil rights of Hispanic consumers by establishing company policies that gave “Anglo” consumers better financing terms and more time to cancel their orders. The judgment orders Hy Cite not to discriminate against any consumer.
- Hy Cite salespeople routinely used bogus tests to convince consumers that their cookware was dangerous. During the undercover buys, salespeople would heat a mixture of baking soda and water in non-stick or aluminum cookware. A harmless chemical reaction created a bad-tasting paste the salespeople used to show investigators that their cookware was unsafe. The judgment prohibits Hy Cite from conducting tests such tests to scare consumers.
- Hy Cite lied to customers that they would pay a 2 percent annual interest rate, when in fact they paid 21 percent. The deception led consumers to finance their purchases with Hy Cite because they believed they would pay the low interest rate promised. The judgment orders Hy Cite salespeople to give customers, before they sign any document, a recap sheet that clearly shows the annual interest rate.
- Hy Cite failed to inform consumers that they could cancel their contracts within three days, a right consumers have whenever a sale is done at their homes. Salespeople routinely failed to inform undercover investigators of this right. When investigators tried to cancel their contracts, Hy Cite gave them wrong information to prevent them from cancelling. The judgment orders Hy Cite salespeople to give customers, before they sign any document, a recap sheet that shows the last day they can cancel the contract and how to do it. The judgment also requires Hy Cite to cancel the contracts of any consumers who tried to cancel, but were denied their right to do so.
- The judgment orders Hy Cite to pay \$1.35 million in restitution to consumer victims, penalties and costs. Hy Cite has to also delete negative information it reported to the consumers’ credit reports.
- The judgment orders Hy Cite to pay for an independent monitor – hired and supervised by the Attorney General – to interview each new Hy Cite customer for the next three years to ensure Hy Cite complies with the judgment.

“We will make sure that the rights of Ms. Mendez and consumers like her are not violated,” said Rigoberto Reyes, Chief DCA Investigator. “We urge consumers who have complaints against Royal Prestige and other similar companies to contact DCA for help.” Consumers can contact DCA at **800-593-8222**, 500 W. Temple St., Room B-6, Los Angeles, CA 90012, Website: dca.lacounty.gov.