

## Cold-Eeze CEO speaks about firm's new male sex drive pill

February 12 2016, by Jane M. Von Bergen, The Philadelphia Inquirer

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Don't bother trying to tease Theodore Karkus, the chief executive of ProPhase Labs Inc., about his Philadelphia-area company's new product, a male enhancement dietary supplement, Legendz XL.

"The first thing I said in our product strategy meetings is, 'Anybody that is squeamish about talking about this product can leave the room,'" he said. "But if you're going to stay, you're going to have to get used to the idea that we're talking about a subject matter for which there are going to be many jokes."

ProPhase Labs, formerly Quigley Corp., is best known for its line of over-the-counter cold products, Cold-Eeze.

Q: Why did you expand into male enhancement products?

A: First, Cold-Eeze is a seasonal business. There are two big quarters for us for shipping product. The other two quarters we're shipping minimal product, but we still have overhead. I was looking to expand outside of the cough/cold category to smooth out revenues.

Q: Sex is popular year-round.

A: Listen, at the end of the day, sex sells.

Q: Back to Cold-Eeze, we're seeing a real winter now, but it was a mild December.

A: Our sales are highly correlated to the incidence of upper respiratory illness. We track the incidence of upper respiratory illness around the country, and it has been down double digits.

Q: ProPhase Labs and its prior company, Quigley Corp., have often lost money. Yet you invested heavily in it.

A: Millions, and not just me. In my years on Wall Street, I had developed a network of friends and investors. Collectively, we had invested tens of millions. At the time (1996), the Cleveland Clinic conducted a study on Cold-Eeze (and found) it shortened the duration of the common cold by 40 percent compared to placebo. That put Cold-Eeze on the map.

Q: Then you went on to wrest control of the company from the founder. Why?

A: When I won control of the company in 2009, our sales were declining rapidly, and our losses were increasing rapidly.

Q: What's the problem?

A: Cold-Eeze is a high-profit-margin product. However, as a one-brand, one-product company, it's very hard for one brand or one product to support the infrastructure necessary to be in the business of selling consumer products to 40,000 stores nationally. What we need to do is find ways to develop other products that can leverage our infrastructure.

Q: So what's in Legendz XL?

A: It has a proprietary blend of 10 premium natural extracts in each capsule as well as L-arginine nitrate, B-12 and zinc.

Q: Any independent studies of the product's effects?

A: We would never risk making unfounded claims. We are just in the process of finishing three clinical studies on Legendz XL, which demonstrates, among other things, that it promotes blood flow within 60 minutes.

Q: Since supplements are weakly regulated, how do we know it contains what you say it does?

A: Unlike fly-by-night companies, all of our ingredients are tested for identification and potency.

Q: I've got to ask. Have you tried out Legendz?

A: I haven't acknowledged whether I've used the product personally. However, I can tell you anecdotally that I handed it out to friends, and their responses were all positive.

Q: Your customers' satisfaction guarantee - is it for the user or the user's partner?

A: Any consumer that purchases our products, male or female, Cold-Eeze or Legendz, I want them to be satisfied. And if they are not satisfied, for any reason, we, without hesitation, give them their money back.

Q: Last year, ProPhase settled a class-action lawsuit that turned partly on whether you guaranteed the efficacy of Cold-Eeze.

A: That really wasn't what the guarantee was supposed to imply, and we disagreed with the lawsuit. To be clearer, it's the customer's satisfaction that I'm guaranteeing.

Q: What does "satisfied" mean?

A: I'll leave it up to the consumer.

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TED KARKUS

Title: Chief executive

Home: Hewlett Neck, N.Y.

Home away from home: A bed and breakfast, Doylestown, Pa.

Family: Wife, Lynn; sons, Jason, 18, Brett, 13.

Diplomas: Tufts University, psychology; Columbia University, master's in business administration.

Obsession: Movies, at least two a week.

Oscar picks:

"The Revenant" for best movie, Leonardo DiCaprio for best actor.

Cold prevention: Besides Cold-Eeze, uses a hair dryer to dry nostrils, ears after a shower.

In his mug: Green tea or hot chocolate.

Exercises: 60-90 minutes daily.

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PROPHASE LABS INC.

Business: Maker of cold remedies and men's health products.

Where: Doylestown, Pa.

Employees: 16

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