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UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

FEDERAL TRADE COMMISSION,
Plaintiff,

v.

TELEBRANDS CORP., a corporation,
TV SAVINGS, LLC, a limited liability
company, and AJIT KHUBANI, individually
and as president of Telebrands Corp. and sole
member of TV Savings, LLC.,

Defendants, and

Poonam Khubani,

Relief Defendant.

CIVIL ACTION NUMBER

**COMPLAINT FOR CONSUMER
REDRESS AND OTHER RELIEF**

PLAINTIFF

3. Plaintiff FTC is an independent agency of the United States Government created by statute. 15 U.S.C. § 41 *et seq.* The Commission is charged, *inter alia*, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The Commission is authorized to commence civil actions to redress injury to consumers or other persons, partnerships, and corporations resulting from unfair or deceptive acts or practices pursuant to Sections 16(a)(2) and 19(a)(2) and (b) of the FTC Act, 15 U.S.C. §§ 56(a)(2) and 57b(a)(2) and (b).

DEFENDANTS

4. Defendant Telebrands Corporation (“Telebrands”) is a New Jersey corporation with its principal office or place of business located within the District of New Jersey at 79 Two Bridges Road, Fairfield, NJ 07004. Defendant Telebrands transacts or has transacted business in this District.

5. Defendant TV Savings, LLC (“TV Savings”) is a Connecticut limited liability company with its principal office or place of business located within the District of New Jersey at 79 Two Bridges Road, Fairfield, NJ 07004. Defendant TV Savings transacts or has transacted business in this District.

6. Defendant Ajit Khubani is president of Telebrands and sole member of TV

16. In the proceeding under Section 45(b) against Defendants, the Commission found that Defendants intended to make the claims set forth in Paragraph 14.

17. In the proceeding under Section 45(b) against Defendants, the Commission found that Defendants knew, at the time they were making the claims set forth in Paragraph 14, that they had no substantiation for those claims.

18. In the proceeding under Section 45(b) against Defendants, the Commission found that Defendants knew, at the time they were making the claims set forth in Paragraph 14, that they were required by law to have substantiation for those claims.

19. In the proceeding under Section 45(b) against Defendants, the Commission found that Defendants sold more than 700,000 Ab Force units and accessories, grossing more than \$19 million. Defendants made refunds to consumers of approximately \$3 million.

COUNT I

REDRESS UNDER SECTION 19 OF THE FTC ACT

20. A reasonable man would have known, under the circumstances, that the acts or practices set forth in Paragraphs 14 through 18 of this complaint were dishonest or fraudulent.

21. Therefore, Section 19 of the FTC Act, 15 U.S.C. § 57(b), authorizes this

sufficient financial resources to redress the injury to consumers described in Paragraph 19 above.

30. The FTC's claim for consumer restitution arose when Defendants began selling the Ab Force in January 2002.

31. Beginning in January 2002 and continuing to the present, Defendant Ajit Khubani has made transfers to Poonam Khubani of approximately \$4 million in assets.

COUNT III

AVOIDANCE OF FRAUDULENT TRANSFERS TO RELIEF DEFENDANT POONAM KHUBANI UNDER SECTION 3304(b)(1)(A) OF THE FDCPA

32. Section 3304(b)(1)(A) of the FDCPA provides in pertinent part that "a transfer or obligation incurred by a debtor is fraudulent as to a debt to the United States, whether such debt arises before or after the transfer is made or the obligation is incurred, if the debtor makes the transfer or incurs the obligation -
(A)

34. The Commission is therefore entitled to an order avoiding the fraudulent transfers described in Paragraph 31.

COUNT IV

AVOIDANCE OF FRAUDULENT TRANSFERS TO RELIEF DEFENDANT POONAM KHUBANI UNDER SECTION 3304(b)(1)(B) OF THE FDCPA

35. Section 3304(b)(1)(B) of the FDCPA provides in pertinent part that a transfer made by a debtor is fraudulent as to a debt to the United States, whether such debt arises before or after the transfer is made, if the debtor makes the transfer “(B) without receiving a reasonably equivalent value in exchange for the transfer or obligation if the debtor - (i) was engaged or was about to engage in a business or a transaction for which the remaining assets of the debtor were unreasonably small in relation to the business or transaction; or (ii) intended to incur, or believed or reasonably should have believed that he would incur, debts beyond his ability to pay as they became due.”

36. Defendant Ajit Khubani did not receive “a reasonably equivalent value in exchange for” the transfers described in Paragraph 31.

37. At the time of the transfers described in Paragraph 31, Defendant Ajit Khubani either was engaged or was about to engage in the marketing and sale of the Ab Force, a transaction for which his remaining assets were unreasonably

small in relation to the transaction.

38. At the time of the transfers described in Paragraph 31, Defendant Ajit

Khubani reasonably should have believed that he would incur debts beyond hdtac27-0..346 Tc -

4038.

43. The transfers described in Paragraph 31 were fraudulent within the meaning of the Uniform Fraudulent Transfer Act, N.J. Stat. § 25:2-25a. The Commission is therefore entitled to an order avoiding the fraudulent transfers described in Paragraph 31.

COUNT VI

AVOIDANCE OF FRAUDULENT TRANSFERS TO RELIEF DEFENDANT UNDER NEW JERSEY UNIFORM FRAUDULENT TRANSFER ACT: TRANSFER WITHOUT RECEIVING A REASONABLY EQUIVALENT VALUE

44. N.J. Stat. § 25:2-25b. provides that a transfer by a debtor “is fraudulent as to a creditor, whether the creditor’s claim arose before or after the transfer was made” if the debtor made the transfer “without receiving a reasonably equivalent value in exchange for the transfer or obligation, and the debtor: (1) was engaged or was about to engage in a business or a transaction for which the remaining assets of the debtor were unreasonably small in relation to the business or transaction; or (2) intended to incur, or believed or reasonably should have believed that the debtor would incur, debts beyond the debtor’s ability to pay as they became due.”

45. Defendant Ajit Khubani made the transfers described in Paragraph 31 without receiving a reasonably equivalent value in exchange and he (1) was engaged or was about to engage in a transaction for which his assets were

unreasonably small or (2) believed or reasonably should have believed that he would incur debts beyond his ability to pay as they became due.

46.

Court may determine to be just and proper;

3. For such relief against Relief Defendant Poonam Khubani as the Court finds necessary to protect and return funds and other property that were derived from the acts and practices complained of herein, including an order to disgorge all ill-gotten gains or proceeds that she has received as a result of the acts and practices complained of herein, and an order imposing a constructive trust upon such gains or proceeds;

4. For any and all appropriate remedies pursuant to 28 U.S.C. § 3306, including, but not limited to:

- a. A Declaration that the transfers described in Paragraph 31 of the Complaint are fraudulent, and that the same be set aside and declared void as against Plaintiff;
- b. An Order compelling Relief Defendant Poonam Khubani to account for and to convey and transfer to Plaintiff the assets described in Paragraph 31 of this Complaint or the value of such assets;

5. For an Order providing any and all appropriate remedies pursuant to N.J. Stat. Section 25:2-25 and Section 25:2-27(a), including, but not limited to, the following:

- a. A Declaration that the transfers described in Paragraphs 31 and 49 of

this Complaint are fraudulent, and that the same be set aside and declared void as against Plaintiff;

b. An Order compelling Relief Defendant Poonam Khubani to account for and to convey and transfer to Plaintiff the assets described in Paragraphs 31 and 49 of this Complaint or the value of such assets;

6. For such other relief as may be just and proper.

Dated: _____, 2007

WILLIAM BLUMENTHAL
General Counsel

/s/

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