

UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

In the Matter of)
TELEBRANDS CORP.,)
a corporation; and)
AJIT KHUBANI,)
individually and as an officer)
and director of said corporation.)

DOCKET NO. C-3699

COMPLAINT

The Federal Trade Commission, having reason to believe that Telebrands Corp., a corporation; and Ajit Khubani, individually and as an officer and director of said corporation ("respondents"), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that a proceeding by it in respect thereof would be in the public interest, alleges:

PARAGRAPH ONE: Respondent Telebrands Corp., also doing business as Uncle Bernie's and U.S. Buyers Network, and previously having been known as Telebrands Direct Response Corp. and Telebrands Wholesale Corp., is a Virginia corporation with its office and principal place of business located at 2428 Patterson Avenue, Roanoke, Virginia 24016.

Respondent Ajit Khubani is an officer and director of the corporate respondent. Individually or in concert with others, he has formulated, directed, or controlled the acts and practices of the corporate respondent, including the various acts and practices alleged in this complaint. His business address is the same as that of the corporate respondent.

PARAGRAPH TWO: Respondents have advertised, labelled, offered for sale, sold, and distributed to consumers the Sweda Power Antenna, a device intended to capture television and radio

signals; the WhisperXL, a sound amplification device intended to be worn by the user; and other products.

PARAGRAPH THREE: The acts and practices of respondents alleged in this complaint have been in or affecting commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act.

Sweda Power Antenna

PARAGRAPH FOUR: Respondents have disseminated or have caused to be disseminated advertisements for the Sweda Power Antenna, including but not necessarily limited to the attached Exhibit A. These advertisements contain the following statements:

A. "Amazing New Product Gives Crisp, Clear TV Reception WITHOUT Cable!";

B. "Until recently, the only convenient way to guarantee great TV reception was to get cable installed. But who wants to pay those irritating monthly cable fees just to get clear reception? Now . . . a new device has been developed . . . [i]t's called the SWEDA Power Antenna and is without a doubt 'the single most important thing you should own if you have a TV!';

C. "Just imagine watching TV and seeing a picture so brilliantly clear that you'd almost swear you were there live! Just plug this tiny 2" x 4" Power Antenna into any ordinary AC outlet, connect your TV and get ready for the best reception you've ever had without cable.";

D. "You'll watch in amazement as YOUR TV set suddenly displays a sharp, focused picture. You literally 'won't believe your eyes!' Even older TV sets suddenly come to life.";

E. ". . . Power Antenna takes that signal and electronically boosts it before it gets to your TV set. The results are amazing!";

F. "WHAT ABOUT MY TV 'DISH' ANTENNA? Return it! . . . The truth is that they're no more effective than rabbit-ears, a loop, or rod antenna . . . The incredible SWEDA Power Antenna makes everything else seem obsolete. Just plug it in and watch it work."; and

G. "[Sweda Power Antenna] Works just as good for radio reception too!".

PARAGRAPH FIVE: Through the use of the statements contained in the advertisements referred to in PARAGRAPH FOUR, including but not necessarily limited to the attached Exhibit A, respondents have represented, directly or by implication, that:

A. The Sweda Power Antenna provides the best, crispest, clearest, or most focused television reception achievable without cable installation;

B. The Sweda Power Antenna takes a television or radio signal and electronically boosts it before it gets to a television or radio; and

C. The installation of a Sweda Power Antenna will more effectively improve a television's or radio's reception, sound, or image than the installation of a television or radio dish antenna.

PARAGRAPH SIX: In truth and in fact:

A. The Sweda Power Antenna does not provide the best, crispest, clearest, or most focused television reception achievable without cable installation;

B. The Sweda Power Antenna does not take a television or radio signal and electronically boost it before it gets to a television or radio; and

C. The installation of a Sweda Power Antenna will not more effectively improve a television's or radio's reception, sound, or image than the installation of a television or radio dish antenna.

Therefore, the representations set forth in PARAGRAPH FIVE were, and are, false and misleading.

PARAGRAPH SEVEN: Through the use of the statements contained in the advertisements referred to in PARAGRAPH FOUR, including but not necessarily limited to the attached Exhibit A, respondents have represented, directly or by implication, that at the time they made the representations set forth in PARAGRAPH FIVE, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PARAGRAPH EIGHT: In truth and in fact, at the time they made the representations set forth in PARAGRAPH FIVE, respondents did not possess and rely upon a reasonable basis that

substantiated such representations. Therefore, the representation set forth in PARAGRAPH SEVEN was, and is, false and misleading.

PARAGRAPH NINE: Respondents have disseminated or have caused to be disseminated advertisements for the Sweda Power Antenna, including but not necessarily limited to the attached Exhibit A, that make satisfaction or money-back guarantees for the Sweda Power Antenna. These advertisements make the following statement: "Experience the best reception you've ever had or simply return it [Sweda Power Antenna] within 30 days for a prompt and courteous refund."

PARAGRAPH TEN: Through the use of the statement contained in the advertisements referred to in PARAGRAPH NINE, including but not necessarily limited to the attached Exhibit A, respondents have represented, directly or by implication, that the purchaser of a Sweda Power Antenna would readily obtain a prompt refund of the full purchase price upon timely demand and return of the Sweda Power Antenna.

PARAGRAPH ELEVEN: In truth and in fact, in numerous instances, purchasers could not readily obtain a prompt refund of the full purchase price of the Sweda Power Antenna upon timely demand and return of the Sweda Power Antenna. Respondents provided refunds only after delays of several months or only after requiring the purchaser to satisfy other conditions not previously disclosed. Therefore, the representation set forth in PARAGRAPH TEN was, and is, false and misleading.

WhisperXL

PARAGRAPH TWELVE: Respondents have disseminated or have caused to be disseminated advertisements for the WhisperXL, including but not necessarily limited to the attached Exhibits B and C. These advertisements contain the following statements:

- A. "HEAR A WHISPER UP TO 100 FEET AWAY! Incredible WhisperXL Gives You Super Hearing" (Exhibits B and C);
- B. "The WhisperXL may look like a simple device designed to hide right behind your ear, but is actually a major breakthrough in sound enhancement technology." (Exhibit B);
- C. "The WhisperXL . . . is actually a major breakthrough in sound interception and amplification technology." (Exhibit C);
- D. "State-of-the-art electronic engineering actually

allows you to hear a whisper up to 100 feet away."
(Exhibits B and C);

E. "Incredibly, you'll be able to hear people talking in the next room loudly and clearly, or a pin drop from 50 feet away!" (Exhibit C);

F. "Take a walk outdoors and you'll hear . . . deer coming before they hear you!" (Exhibit C); and

G. "**Don't Miss A Word!** WhisperXL has dozens of practical uses! Take it to the movies, theater, or lecture hall and you'll never miss a word." (Exhibits B).

PARAGRAPH THIRTEEN: Through the use of the statements contained in the advertisements referred to in PARAGRAPH TWELVE, including but not necessarily limited to the attached Exhibits B and C, respondents have represented, directly or by implication, that:

A. the WhisperXL is a major breakthrough in sound enhancement technology;

B. the WhisperXL is an effective hearing aid;

C. the WhisperXL is designed to produce and produces clear amplification of whispered or normal speech, television, radio, and other mid- to high-frequency sounds at a distance of more than a few feet;

D. the WhisperXL allows the user to hear a whisper from as far as 100 feet away; and

E. the WhisperXL allows the user to hear a pin drop from 50 feet away.

PARAGRAPH FOURTEEN: In truth and in fact:

A. the WhisperXL is not a major breakthrough in sound enhancement technology;

B. the WhisperXL is not an effective hearing aid;

C. the WhisperXL is not designed to produce and does not produce clear amplification of whispered or normal speech, television, radio, and other mid- to high-frequency sounds at a distance of more than a few feet;

D. the WhisperXL does not allow the user to hear a whisper from as far as 100 feet away; and

E. the WhisperXL does not allow the user to hear a pin drop from 50 feet away.

Therefore, the representations set forth in PARAGRAPH THIRTEEN were, and are, false and misleading.

PARAGRAPH FIFTEEN: Through the use of the statements contained in the advertisements referred to in PARAGRAPH TWELVE, including but not necessarily limited to the attached Exhibits B and C, respondents have represented, directly or by implication, that at the time they made the representations set forth in PARAGRAPH THIRTEEN, respondents possessed and relied upon a reasonable basis that substantiated such representations.

PARAGRAPH SIXTEEN: In truth and in fact, at the time they made the representations set forth in PARAGRAPH THIRTEEN, respondents did not possess and rely upon a reasonable basis that substantiated such representations. Therefore, the representation set forth in PARAGRAPH FIFTEEN was, and is, false and misleading.

PARAGRAPH SEVENTEEN: The acts and practices of respondents as alleged in this complaint constitute unfair or deceptive acts or practices in or affecting commerce in violation of Section 5(a) of the Federal Trade Commission Act.

THEREFORE, the Federal Trade Commission this thirteenth day of December, 1996, has issued its complaint against respondents.

By the Commission.

SEAL:

Donald S. Clark
Secretary

[Exhibits A-C attached to paper copies, but not available in electronic format]