

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION
OFFICE OF ADMINISTRATIVE LAW JUDGES**

In the Matter of)	
)	
DYNAMIC HEALTH OF FLORIDA, LLC,)	
CHHABRA GROUP, LLC,)	DOCKET NO. 9317
DBS LABORATORIES, LLC,)	
VINEET K. CHHABRA, a/k/a VINCENT K. CHHABRA, and)	PUBLIC DOCUMENT
JONATHAN BARASH,)	
Respondents.)	
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To: The Honorable Stephen J. McGuire
Chief Administrative Law Judge

FIRST JOINT STATUS REPORT

On January 12, 2005, this court issued an order granting in part and denying in part Respondents' motion to stay these proceedings. The court's order provided that this proceeding be stayed through entry of formal sentence of Vincent Chhabra in his federal court proceeding in Virginia. The court's order also required that the parties, within fourteen days of the date of the order, file a written joint status report on the anticipated sentencing date of Mr. Chhabra, and the status of settlement negotiations in the current case. Pursuant to the court's order, the parties hereby file their joint status report.

Complaint Counsel's Statement

Complaint Counsel has spoken with one of the United States Attorneys involved in Mr. Chhabra's federal court proceeding. The attorney has informed us that, pursuant to the disclosure obligations of Mr. Chhabra's plea agreement, they are still awaiting certain asset disclosures that were due on Friday January 21, 2005. A new sentencing date will be set once Mr. Chhabra has

complied with those obligations.

Since the issuance of the court's January 12, 2005 order in the instant case, Complaint Counsel and Counsel for Respondents have exchanged preliminary communications that are expected to serve as the basis for further discussions on the possibility of achieving a settlement in this matter. During this exchange of communications, Respondents' counsel has maintained that Respondent Vincent Chhabra is not "culpable" in this matter. In the hope of furthering the negotiations, Complaint Counsel has provided Respondents' counsel with a brief synopsis of the legal standard as well as a small sample of some of the evidence that we have uncovered and which, we believe, would establish Mr. Chhabra's liability in this matter. In addition, we have advised opposing counsel that since the Commission voted to send this matter into litigation, a settlement of this case would need to be along the lines of the Commission's notice order, which would then have to be approved by the Commission.

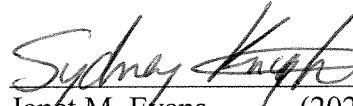
Statement of Counsel for Respondents

It is Respondents counsel's understanding that the parties in Virginia are in the process of resolving post-plea, pre-sentencing issues although a sentencing date has not been set at this time. Further, Respondents Dynamic Health, Chhabra Group, LLC and Vincent Chhabra are extremely interested in resolving this case without extended litigation and look forward to a settlement proposal that provides finality. The products have not been offered for sale in over a year and gross sales totaled approximately \$19,000 to \$20,000. Moreover, Respondents relied in good faith on the representations of Jonathan Barash and Arent Fox that both the products and labeling complied with all government regulations. The FTC remains committed to a settlement "along the lines of the notice order" that was provided to Respondents prior to the commencement of this litigation and has not moved from this position.

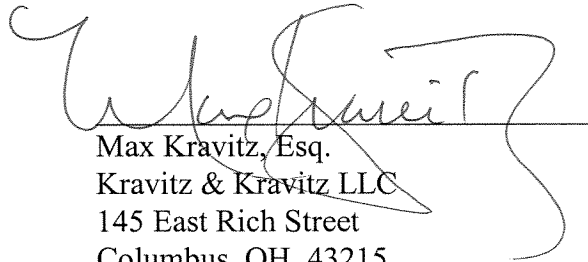
Conclusion

The parties will submit their next status report on or before February 16, 2005.

Respectfully submitted,



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Dated: 1/25/2005

CERTIFICATE OF SERVICE

I hereby certify that I have this 26th day of January, 2005 filed and served the attached **FIRST JOINT STATUS REPORT** upon the following as set forth below:


- (1) the original and one (1) paper copy filed by hand delivery and one (1) electronic copy via email to:

Donald S. Clark, Secretary
Federal Trade Commission
600 Pennsylvania Ave., N.W., Room H-159
Washington, D.C. 20580
E-mail: secretary@ftc.gov

- (2) two (2) paper copies served by hand delivery to:

The Honorable Stephen J. McGuire
Chief Administrative Law Judge
600 Pennsylvania Ave., N.W. Room H-112
Washington, D.C. 20580

I further certify that the electronic copy sent to the Secretary of the Commission is a true and correct copy of the paper original, and that a paper copy with an original signature is being filed with the Secretary of the Commission on the same day by other means.



Sydney Knight