

022 3278

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

COMMISSIONERS: **Deborah Platt Majoras, Chairman**
Orson Swindle
Thomas B. Leary
Pamela Jones Harbour
Jon Leibowitz

In the Matter of

**PRITI SHARMA and
RAJEEV SHARMA,
individually and as officers
of Q.P.S., Inc.**

DOCKET NO. C-4138

COMPLAINT

The Federal Trade Commission, having reason to believe that Priti Sharma and Rajeev Sharma, individually and as officers of Q.P.S., Inc. (“respondents”), have violated the provisions of the Federal Trade Commission Act, and it appearing to the Commission that this proceeding is in the public interest, alleges:

1. Respondent Priti Sharma is an officer of Q.P.S., Inc. (“QPS”). Individually or in concert with others, she has formulated, directed, or controlled the policies, acts, or practices of QPS, including the acts or practices alleged in this complaint. Her principal office or place of business is at 8015 E. Crystal Drive, Anaheim, CA 92807.
2. Respondent Rajeev Sharma is an officer of QPS. Individually or in concert with others, he has formulated, directed, or controlled the policies, acts, or practices of QPS, including the acts or practices alleged in this complaint. His principal office or place of business is at 8015 E. Crystal Drive, Anaheim, CA 92807.
3. QPS is a California corporation with its principal office or place of business at 8015 E. Crystal Drive, Anaheim, CA 92807. QPS advertised, labeled, offered for sale, sold, and distributed computer peripheral products to the public, including CD-R, CD-RW, and DVD storage products, under the brand name *Que!* On August 12, 2002, QPS filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code, 11 U.S.C. §§ 101 et seq., in the United States Bankruptcy Court for the Central District of California, Case No. SA 02-16187JB.

4. 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.

FALSE SHIPMENT REPRESENTATIONS

5. Respondents have disseminated or have caused to be disseminated advertisements and rebate forms for QPS-funded mail-in rebates, including but not necessarily limited to the attached Exhibits A and B. This advertisement and rebate form contain the following statements:

- A. "SAVE! \$50
32x10x40 FireWire
CD-RW Drive
....
\$129⁹⁹ After Savings & Rebate
179.99 - 20 Instant Savings
-30 Mfr. Mail-In Rebate"

(Exhibit A, an excerpt from a typical freestanding newspaper insert that advertised a QPS-funded mail-in rebate (Offer # 8372). Respondents disseminated or caused to be disseminated similar advertisements from September 2001 to July 2002).

- B. "\$30 Mail-in Rebate
QPS
32x10x40 FireWire CD-RW Drive
....
Rebate checks will be mailed in 6-8 weeks. If you have not received your check within 10 weeks, visit www.wheresmyrebate.com or call 800-390-2344."

[The "COMPUSA" logo is printed on the rebate form.]

(Exhibit B, a typical QPS rebate form (Offer # 8372). Respondents disseminated or caused to be disseminated similar forms to consumers from September 2001 to July 2002).

6. Through the means described in Paragraph 5, respondents have represented, expressly or by implication, that:

- A. Rebate checks will be mailed to purchasers of advertised QPS products within six to eight weeks of receipt of their valid requests; and
- B. Rebate checks will be mailed to purchasers of advertised QPS products within a reasonable period of time of receipt of their valid requests.

7. In truth and in fact, in numerous instances, purchasers of advertised QPS products were not mailed rebate checks within either six to eight weeks or within a reasonable period of time of receipt of their valid requests. From September 2001 until December 2001, many consumers experienced delays ranging from one to six months in receiving their promised rebates, which ranged from \$15 to \$100 in value. From January 2002 through July 2002, many consumers experienced similar delays, and thousands of consumers never received their promised rebates from QPS. Therefore, the representations set forth in Paragraph 6 were, and are, false or misleading.

UNILATERAL MODIFICATION OF TERMS OR CONDITIONS OF REBATE OFFER: UNFAIR BUSINESS PRACTICE

8. In the advertising and sale of computer peripheral products, respondents have offered, expressly or by implication, that consumers would receive rebate checks within six to eight weeks if they purchased the advertised computer peripheral product and submitted a valid rebate request.

9. After receiving rebate requests in conformance with the offer described in Paragraph 8, respondents extended the time period in which they would deliver the rebates to consumers without consumers agreeing to this extension of time. Consumers often learned about this unilateral extension of time when they inquired about the status of a rebate request. Respondents then failed to deliver the rebates to consumers within the originally-promised time period.

10. Respondents' practice set forth in Paragraphs 8 and 9 was not reasonably avoidable, and caused substantial injury to consumers that was not outweighed by countervailing benefits to consumers or competition. This practice was, and is, an unfair act or practice.

11. 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 first day of June, 2005, has issued this complaint against respondents.

By the Commission.

Donald S. Clark
Secretary

SEAL: