

UNITED STATES DISTRICT COURT  
DISTRICT OF NEW JERSEY

<p>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.</p>	<p>CIVIL ACTION NUMBER 07-3525 (JAG/MCA)  <b>STIPULATION OF SETTLEMENT AND FINAL ORDER</b></p>
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Plaintiff, the Federal Trade Commission ("FTC" or "Commission"), filed its Complaint in this action for consumer redress and other relief pursuant to Section 19 of the Federal Trade Commission Act, 15 U.S.C. § 57b, against Defendants Ajit Khubani, Telebrands Corp., and TV Savings, LLC (collectively, "Telebrands Defendants"). Pursuant to the Federal Debt Collection Procedures Act, 28 U.S.C. §§ 3001, *et seq.*, the Court's ancillary enforcement jurisdiction, and the New Jersey Uniform Fraudulent Transfer Act, N.J. Stat. §§ 25:2-20, *et seq.*, the FTC also sought in its Complaint to avoid certain transfers between the Telebrands Defendants and Relief Defendant Poonam Khubani ("Relief Defendant"), which the FTC alleged were fraudulent. All of the above, collectively, are referred to as

the "Parties."

WHEREAS, during a five-month period in early 2002, the Telebrands Defendants marketed and sold the "Ab Force," which is an electronic muscle stimulation belt;

WHEREAS, the Commission found on September 19, 2005 that the Telebrands Defendants violated Sections 5 and 12 of the FTC Act by making false and unsubstantiated health and fitness claims regarding the Ab Force, and on August 7, 2006 the United States Court of Appeals for the Fourth Circuit affirmed the Commission's order;

WHEREAS, the Commission, the Telebrands Defendants, and the Relief Defendant, by and through their respective counsel, have agreed to the entry of this Stipulated Final Order ("Order") to amicably resolve all matters of dispute between the parties with respect to the conduct alleged in the Complaint, without trial or adjudication of any issue of fact or of law;

WHEREAS, except as provided in Section I.B below, this Order does not constitute an admission by the Telebrands Defendants or the Relief Defendant that the facts alleged in this action (including, without limitation, the factual allegations that the defendants acted with fraudulent intent) are true or that any defendant is liable under any Count of the Complaint.



NOW THEREFORE, the FTC, the Telebrands Defendants, and the Relief Defendant, having requested the Court to enter this Order,

It is hereby ORDERED, ADJUDGED, and DECREED as follows:

### FINDINGS

1. This Court has jurisdiction over the subject matter of this action and all parties hereto. Venue in this District is proper.
2. The activities of the Telebrands Defendants are in or affecting commerce, as defined in Section 4 of the FTC Act, 15 U.S.C. § 44.
3. For the purposes of this settlement, Defendants do not dispute that the Complaint states a claim upon which relief may be granted against the Telebrands Defendants under Section 19 of the FTC Act, 15 U.S.C. § 57b, and the Commission has the authority to seek the relief it has requested.
4. The Telebrands Defendants and Relief Defendant waive: (a) all rights to seek review or otherwise challenge or contest the validity of this Order; (b) any claim they may have against the Commission, its employees, representatives, or agents; (c) all claims under the Equal Access to Justice Act, 28 U.S.C. § 2412, as amended by Pub. L. 104-121, 110 Stat. 847, 863-64; and (d) any rights to attorneys' fees that may arise under said provision of law.
5. The FTC, the Telebrands Defendants, and the Relief Defendant stipulate and



agree to this Order, without trial or adjudication of any issue of fact or law, to settle and resolve all matters in dispute arising from the Complaint to the date of entry of this Order.

6. Each party shall bear its own costs and attorneys' fees incurred in connection with this action.
7. This Court shall retain jurisdiction over this matter for purposes of construction, modification, and enforcement of this Order.
8. Entry of this Order is in the public interest.

#### I. MONETARY RELIEF

**IT IS ORDERED** that:

A. The Telebrands Defendants shall pay the FTC seven million dollars (\$7,000,000), to be deposited into the trust account of the New Jersey Office of Boies, Schiller and Flexner LLP upon the Telebrands Defendants' execution of this Order and to be held in escrow, and to be paid to the FTC within five (5) calendar days of the receipt of written notice of the entry of this Order. The payment shall be made by certified cashier's check made payable to the Federal Trade Commission, or by wire transfer in accord with directions provided by the FTC. Upon written confirmation that FTC has received the above payment, the parties shall file a stipulation of dismissal with prejudice in a form identical to exhibit "B"

hereto dismissing all claims in this action against the Relief Defendant and the Telebrands Defendants..

B. The Telebrands Defendants agree that, in the event that a petition for relief under the Bankruptcy Code is filed by or against any of the Telebrands Defendants, the facts as alleged in the Complaint filed in this action shall be taken as true without further proof in any subsequent civil litigation pursued by the Commission to enforce its rights pursuant to the Order, including but not limited to a nondischargeability complaint in any such bankruptcy case. The Telebrands Defendants further stipulate and agree that the facts alleged in the Complaint establish all elements necessary to sustain an action pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S. C. § 523(a)(2)(A). Except as provided in this Section I.B, the Telebrands Defendants and the Relief Defendant do not admit any liability or the truth of any allegation in this action.

C. Any funds received by the FTC pursuant to this Order shall be deposited into a fund administered by the FTC or its agent to be used for monetary relief, including but not limited to providing consumer redress and any attendant expenses for locating purchasers of the Ab Force, advertising to them the availability of redress, and administering any redress funds. In the event that direct redress to consumers is wholly or partially impracticable or funds remain after



redress is completed, the FTC may apply any remaining funds for such other relief, including but not limited to consumer information remedies, as the FTC determines to be reasonably related to the practices alleged in the Complaint. Any funds not used for such relief shall be deposited to the U.S. Treasury as disgorgement. The Telebrands Defendants and the Relief Defendant waive any rights they may have to oppose and challenge the FTC's choice of remedies or the manner of distribution.

D. The judgment entered pursuant to this Order is monetary relief pursuant to Section 19 of the FTC Act, 15 U.S.C. § 57b, solely remedial in nature, and not a fine, penalty, punitive assessment, or forfeiture.

E. The Telebrands Defendants acknowledge and agree that any money paid pursuant to this Order is irrevocably paid to the FTC for purposes of settlement between the FTC, the Telebrands Defendants, and the Relief Defendant. The Telebrands Defendants relinquish all rights, title, and interest to such money.

F. Upon request, the Telebrands Defendants are hereby required, in accordance with 31 U.S.C. § 7701, to furnish to the FTC their tax identification numbers, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.



G. Pursuant to Section 604(1) of the Fair Credit Reporting Act, 15 U.S.C. § 1681b(1), any consumer reporting agency may furnish a consumer report concerning any of the Telebrands Defendants to the FTC, which shall be used for purposes of collecting and reporting on any delinquent amount arising out of this Order.

H. The Telebrands Defendants shall provide the Commission, or its agent, within thirty (30) days of such a request, the name, last known address, telephone number, e-mail address, date of purchase, total amount paid to Defendants, amount of any full or partial refund, credit card, debit card, or bank account information, and the complete file record, including computer records and correspondence for each consumer who paid Defendants or any entity owned or controlled, in full or in part, by Defendants, for the Ab Force or related products, through the date of the entry of this Order, and any further information the Commission deems necessary to effectuate any redress program for consumers.

I. This Order is effective on the date of signature of the last signatory to this Order. Facsimiles of signatures shall constitute acceptable binding signatures for purposes of this Order.

J. The United States District Court for the District of New Jersey retains jurisdiction of this matter for purposes of construction, modification, and



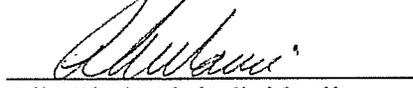
enforcement of this Order. This Order is governed by the laws of the United States. The Parties agree that the exclusive jurisdiction and venue for any dispute arising between and among the Parties under this Order shall be the United States District Court for the District of New Jersey.

Date: 12/19/08



Constance M. Vecellio  
Mark Morelli  
Attorneys for Plaintiff  
FEDERAL TRADE COMMISSION

Date: 12/10/2008



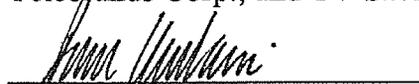
Ajit Khubani, individually, and as an officer of  
Defendants Telebrands Corp. and TV Savings,  
LLC.

Date: 12/10/2008



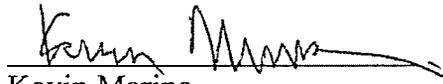
David S. Stone  
Attorney for Defendants Ajit Khubani,  
Telebrands Corp., and TV Savings, LLC

Date: 12/10/2008



Poonam Khubani, Relief Defendant

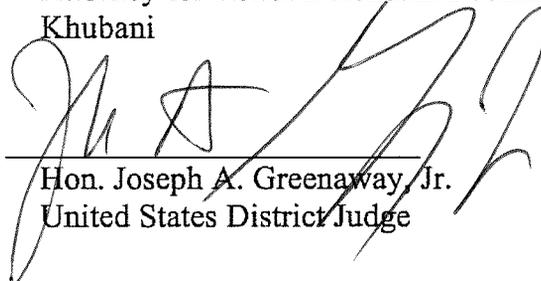
Date: 12/10/2008



Kevin Marino  
Attorney for Relief Defendant Poonam  
Khubani

**IT IS SO ORDERED**

Date:



Hon. Joseph A. Greenaway, Jr.  
United States District Judge