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CENTRAL DIST. OF CALIF.
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Attorneys for Plaintiff
FEDERAL TRADE COMMISSION

UNITED STATES DISTRICT COURT
CENTRAL DISTRICT OF CALIFORNIA

FEDERAL TRADE COMMISSION,

Plaintiff,

v.

LIGHTS OF AMERICA, INC.,
a California Corporation;

USMAN VAKIL,
an individual; and

FAROOQ VAKIL,
an individual,

Defendants.

CV- SACV10-01333 JVS

**COMPLAINT FOR PERMANENT
INJUNCTIVE AND OTHER
RELIEF**

MLGx

1 Plaintiff, the Federal Trade Commission (“FTC”), for its Complaint
2 alleges:

3 1. The FTC brings this action under Sections 5(a)(1) and 13(b) of the Federal
4 Trade Commission Act (“FTC Act”), 15 U.S.C. §§ 45(a)(1) and 53(b), to
5 obtain a permanent injunction, rescission or reformation of contracts,
6 restitution, the refund of monies paid, disgorgement of ill-gotten monies,
7 and other equitable relief, against Defendants Lights of America, Inc.,
8 Usman Vakil, and Farooq Vakil (collectively “Defendants”) for engaging
9 in deceptive acts or practices in connection with the advertising and sale of
10 lighting products, in or affecting commerce, in violation of Section 5(a) of
11 the FTC Act, 15 U.S.C. § 45(a).

12 **JURISDICTION AND VENUE**

13 2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331,
14 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).
15 3. Venue is proper in this district under 28 U.S.C. § 1391(b)-(c), and 15
16 U.S.C. § 53(b).

17 **PLAINTIFF**

18 4. The FTC is an independent agency of the United States Government
19 created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of
20 the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or
21 practices in or affecting commerce.
22 5. The FTC is authorized to initiate federal district court proceedings, by its
23 own attorneys, to enjoin violations of the FTC Act and to secure such
24 equitable relief as may be appropriate in each case, including rescission or
25 reformation of contracts, restitution, the refund of monies paid, and the
26 disgorgement of ill-gotten monies. 15 U.S.C. § 53(b).

DEFENDANTS

- 1
- 2 6. Defendant Lights of America, Inc. (“LOA”) is a California corporation
- 3 with its principal place of business at 611 Reyes Drive, Walnut, CA 91789.
- 4 LOA transacts or has transacted business in this district and throughout the
- 5 United States. At all times relevant to this Complaint, acting alone or in
- 6 concert with others, LOA has advertised, marketed, distributed, or sold
- 7 lighting products to consumers throughout the United States.
- 8 7. Defendant Usman Vakil is the President of, and has a fifty-one percent
- 9 ownership interest in, LOA. At all times relevant to this Complaint, acting
- 10 individually or in concert with others, he has formulated, directed,
- 11 controlled, had authority to control, or participated in the acts or practices
- 12 set forth in this Complaint and knew or should have known that the acts or
- 13 practices described herein were unfair or deceptive. Defendant Usman
- 14 Vakil transacts or has transacted business in this district and throughout the
- 15 United States.
- 16 8. Defendant Farooq Vakil is the Vice President of, and has a forty-nine
- 17 percent ownership interest in, LOA. At all times relevant to this
- 18 Complaint, acting individually or in concert with others, he has formulated,
- 19 directed, controlled, had authority to control, or participated in the acts or
- 20 practices set forth in this Complaint and knew or should have known that
- 21 the acts or practices described herein were unfair or deceptive. Defendant
- 22 Farooq Vakil transacts or has transacted business in this district and
- 23 throughout the United States.
- 24 9. At all times relevant to this Complaint, the alleged acts and practices of
- 25 Defendants have been in or affecting commerce, as “commerce” is defined
- 26 in Section 4 of the FTC Act, 15 U.S.C. § 44.
- 27
- 28

1 ***Statement based on the minimum # of times the led [sic] bulb
2 needs to be changed.

3 b. Lights of America Packaging (Exhibit 2)

4 Light Output: 201 lumens
5 Rated Life: 20,000 hours
6 Energy Used: 3.5 Watts
7 Color of Light: 5600K(Daylight)

8 *[Graphic: picture of a large LED light bulb equal to ten small
9 incandescent light bulbs arranged in a pyramid.]*

10 **LASTS 10 TIMES LONGER**

11 *[graphic described above]*
12 than 2,000 hour incandescent bulbs

13 c. Lights of America Brochure (Exhibit 3)

14 Accent SPECIFICATIONS
15 Bulb

16 WATTAGE: 4W
17 INCANDESCENT CAMPARISON [sic]: 45W
18 COLOR TEMP: 3500K
19 BULB LIFE HOURS: 30,000
20 HEAT FREE TECHNOLOGY

21 12. In numerous instances, Defendants' LED lamps produced significantly less
22 light output than a typical incandescent light bulb at the wattage
23 represented in Defendants' promotional materials. For example, although
24 Defendants represented that one of their LED lantern lamps replaces a 40-
25 watt incandescent light bulb, this particular LED lamp produced only 74
26 lumens of light, while a typical 40-watt incandescent bulb produces 405
27 lumens.

28 13. In numerous instances, Defendants' LED lamps produced significantly less
lumens of light than Defendants represented in their promotional materials.
For example, Defendants represented that one of their LED recessed lamps
produces 90 lumens of light, but their own tests demonstrated that this
LED lamp produces only 43 lumens.

1 14. In numerous instances, Defendants' LED lamps would not last the
2 specified number of hours that Defendants represented in their promotional
3 materials. If the lumen output decreases by more than 10% in the first
4 1,000 hours, it will not last 30,000 hours. Defendants represented that one
5 of their LED recessed lamps will last 30,000 hours, but, in independent
6 testing, this particular LED lamp lost 80% of its light output after only
7 1,000 hours.

8 **VIOLATIONS OF THE FTC ACT**

9 15. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits unfair or
10 deceptive acts or practices in or affecting commerce. As set forth below,
11 Defendants have engaged in unlawful practices in connection with the
12 marketing and sale of LED lamps.

13 **FALSE OR UNSUBSTANTIATED CLAIMS**
14 **IN VIOLATION OF SECTION 5 OF THE FTC ACT**

15 **Count I**

16 16. In numerous instances, in connection with the advertising, marketing,
17 promotion, offering for sale, sale, or distribution of LED lamps,
18 Defendants have represented, expressly or by implication, that the LED
19 lamps will provide light output equivalent to particular watt incandescent
20 light bulbs.

21 17. In numerous of these instances, the representations set forth in Paragraph
22 16 are false or were not substantiated at the time the representations were
23 made. Therefore, the making of the representations set forth in Paragraph
24 16, above, constitutes a deceptive act or practice, in or affecting commerce,
25 in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

1 enrichment, and harm the public interest.

2 **THIS COURT'S POWER TO GRANT RELIEF**

3 23. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to
4 grant injunctive and such other relief as the Court may deem appropriate to
5 halt and redress violations of any provision of law enforced by the FTC.
6 The Court, in the exercise of equitable jurisdiction, may award ancillary
7 relief, including rescission or reformation of contracts, restitution, the
8 refund of monies paid, and the disgorgement of ill-gotten monies, to
9 prevent and remedy any violation of any provision of law enforced by the
10 FTC.


1 **PRAYER FOR RELIEF**

2 24. Wherefore, the FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C.
3 § 53(b), and the Court's equitable powers, requests that the Court:

- 4 a. Enter a permanent injunction to prevent future violations of the FTC
5 Act by Defendants;
- 6 b. Award such relief as the Court finds necessary to redress injury to
7 consumers resulting from Defendants' violations of the FTC Act,
8 including but not limited to, rescission or reformation of contracts,
9 restitution, the refund of monies paid, and the disgorgement of ill-
10 gotten monies; and
- 11 c. Award Plaintiff the costs of bringing this action, as well as such
12 other and additional relief as the Court may determine to be just and
13 proper.

14 Respectfully submitted,

15 WILLARD K. TOM
16 General Counsel

17 
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EXHIBIT 1

Lights of America

OUTDOOR LANTERNS • APPLIANCE • PENDANTS

MERCURY
FREE

Décor

LED
Accent

New Cool Technology!

REPLACES	USES ONLY
40	1.5
WATTS	WATTS



**BRIGHT
WHITE
LIGHT**

Save \$112[†]
in Energy Cost Per Bulb

90%
More Efficient
(Compared to incandescent
and halogen bulbs)

30,000 Hour Life
(Life rating of LED's)

MODEL No.: 2026LED-65K

Heat Free Technology • Lights Up Faster.
"You'll never change your bulbs again." ***

E26 BASE

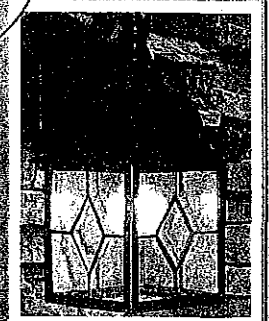


EXHIBIT 2

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Lights of America

RECESSED • TRACK



- Mercury Free -

Lights of America

RECESSED • TRACK



- Mercury Free -

LED Accent

Use Indoors
Recessed Lighting



Light Output: 204 Lumens
Rated Life: 20,000 hours
Energy Used: 3.5 Watts
Color of Light: 5600K (Daylight)

LASTS 10 TIMES LONGER

LED
than 2,000 hour incandescent bulbs



Assembled
in USA



Assembled
in USA

MODEL No. 2004LEDDL



LED Lamp

6 x 2.5



ANNUAL OPERATING COST CHART:

KILOWATT HOUR RATE	8¢	10¢	12¢	16¢
Annual Operating Cost	\$0.31	\$0.38	\$0.46	\$0.61

Based on operating a 3.5W LED bulb 8 hours per day, 300 days per year at \$0.10 kWh.

Efficiency (Lumens Per Watt) / CRI (Color Rendering Index)

NOTE: This product may cause interference with radios, televisions, or antenna controllers. Interference voids any warranty provided by this device or into another product.

CAUTION: Risk of electric shock. Use in dry locations only. This device is not intended for use as a battery emergency exit light. Do not use in wet or damp areas. Do not use with dimmers, photocells, and Motion Control devices. Minimum operating temperature is 20°F.

THREE YEAR LIMITED WARRANTY

Lights of America (LOA) warrants that this product will be free from defect in material and workmanship for a period of three (3) years from the date of purchase and agrees to replace or reimburse your purchase from the LOA authorized retailer or seller. The limited warranty is continuous upon normal intended and proper use, installation, transportation and storage of the product under reasonable conditions without alteration or modification. Defective products under warranty should be returned with the original proof of purchase and prepaid postage to: Lights of America, Inc., Consumer Affairs Dept., 6118 Reyes Drive, Walnut, CA 91789. Original proof of purchase required. THIS LIMITED WARRANTY IS IN LIEU OF ANY OTHER EXPRESS OR IMPLIED WARRANTIES, INCLUDING IMPLIED WARRANTIES OF FITNESS FOR A PARTICULAR PURPOSE, MERCHANTABILITY, OR OTHER SIMILAR STANDARD TO THE EXTENT ALLOWED BY LAW. LOA IS NOT RESPONSIBLE FOR ANY INCIDENTAL, CONSEQUENTIAL OR SPECIAL DAMAGES ASSOCIATED WITH A WARRANTY CLAIM. For complete terms and conditions of LOA's Limited Warranty, please visit www.lightsofamerica.com.

© 2009 LIGHTS OF AMERICA, Inc
Walnut, CA 91789
www.lightsofamerica.com

P/N: 2004LEDDL-35K-8



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2004: 9/16/09

EXHIBIT 3

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MERCURY FREE

LED LIGHT BULBS

Accent Bulb

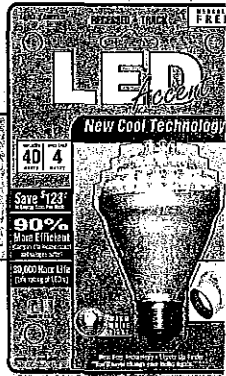
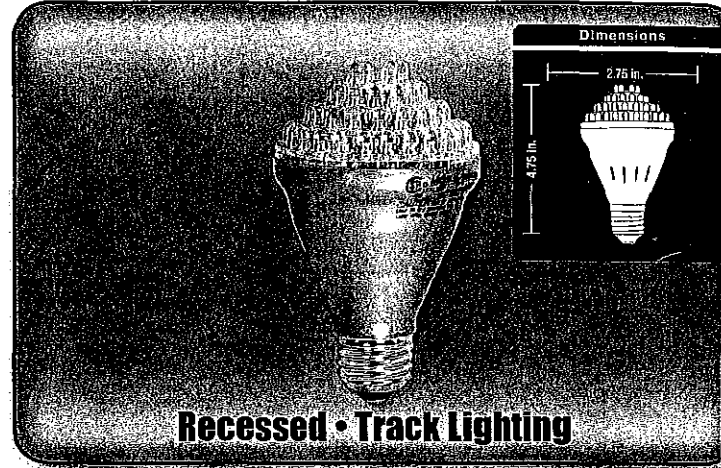
SPECIFICATIONS

- WATTAGE: 4W
- INCANDESCENT COMPARISON: 45W
- COLOR TEMP: 3500K
- BULB LIFE HOURS: 30,000
- HEAT FREE TECHNOLOGY

ITEM DESCRIPTION

LED ACCENT DOWNLIGHT BULB

<u>MODEL#</u>	<u>PCS/INNER</u>
2004LEDDL-35K-8	3
<u>UPC</u>	<u># OF INNERS</u>
755277-200409	8
<u>12 OF 5</u>	<u>PCS/MASTER</u>
10755277200406	24



Check Register Bulb

SPECIFICATIONS

- WATTAGE: 4W
- INCANDESCENT COMPARISON: 40W
- COLOR TEMP: 6500K
- BULB LIFE HOURS: 30,000
- HEAT FREE TECHNOLOGY

ITEM DESCRIPTION

LED CHECK REGISTER BULB

- MODEL# 2004LEDCR-65K-12

