

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

In the Matter of)	
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)	
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.)	

To: The Honorable Stephen J. McGuire
Chief Administrative Law Judge

FIFTH JOINT STATUS REPORT

The parties hereby file their fifth joint status report relating to the status of Mr. Chhabra's sentencing date in his criminal matter and of settlement negotiations in this case.

Complaint Counsel's Statement

Since the filing of the last Joint Status Report, Complaint Counsel has taken additional steps to try and reach a settlement in this matter. Most importantly, on May 17, 2005, Complaint Counsel sent a revised consent agreement to Respondents' Counsel. The revised agreement contains a number of concessions that were requested by Respondents during our face-to-face settlement negotiations in Florida on April 27, 2005. Respondents' Counsel has advised Complaint Counsel that he will seek to review the revised agreement shortly, but that his client, Mr. Chhabra, is "distracted" by recent proceedings in his criminal case.

On May 10, 2005, the government filed a motion to declare Mr. Chhabra in breach of his plea agreement on the grounds that (1) he has not been cooperative about disclosing his assets, (2) he has not been truthful about his assets, (3) he has not obtained assets from third parties, (4) he has hidden assets, (5) he did not complete a required disclosure form, and (6) he has failed to repatriate assets. Among other things, the motion requests that the government be released from its obligations under the plea agreement, including the provisions concerning sentencing. We understand that a hearing on the motion has been scheduled for June 3, 2005.

Complaint Counsel will continue to press Respondents to focus on this matter and reach a settlement as quickly as possible.

Statement of Counsel for Respondents

Respondents advise this Honorable Court that an informative and productive meeting took place in Florida on April 27, 2005. The “revised” agreement that Complaint Counsel has referred to is an improvement but in no way should be considered as incorporating all of the issues of concern to Respondents. Instead, some minor concessions were made to a proposal that was extremely onerous at the outset. The proposal and its terms do not reflect the relatively minor role of Mr. Chhabra and his good faith in relying on the advice of third parties. Discussions continue concerning a resolution of this matter.

Although I do not represent Mr. Chhabra in the criminal proceeding before the Eastern District of Virginia, I have been advised of the status of the proceedings and have reviewed the government’s motion to vacate. My initial impression is that the motion is not meritorious and not well-grounded. It is my understanding that since Mr. Chhabra’s plea of guilty, he has met with the government several times concerning assets and other matters of concern to the

government and has turned over literally millions of dollars of jewelry to the government. It is my understanding that he has not completed a disclosure form of assets but I assume this will be completed in the near future. Further, the undersigned attorney has facilitated the repatriation of at least \$175,000 in assets from foreign countries.

Respondents once again appreciate the stay of proceedings entered by the Court and good faith discussions with Complaint Counsel will continue. Counsel for Respondents will be out of the country teaching at the University of Passau in Germany from June 8, 2005 until June 24, 2005. If the proceedings in Virginia are actually terminated on June 3, 2005 (which is unlikely), counsel requests that the stay remain in effect until the Court can consider whether to lift the stay or continue the stay.

Conclusion

The next status report in this matter is due on or before June 10, 2005.

Respectfully submitted,



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Dated: 5/20/05

CERTIFICATE OF SERVICE

I hereby certify that I have this 20th day of May, 2005 filed and served the attached **FIFTH 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