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CLERK U.S. DISTRICT COURT
CENTRAL DISTRICT OF CALIF.
LOS ANGELES

BY _____

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8 UNITED STATES DISTRICT COURT
9 CENTRAL DISTRICT OF CALIFORNIA

GHK

10 FEDERAL TRADE COMMISSION,
11 Plaintiff,
12 v.
13 GROUP C MARKETING, INC., a
California Corporation doing
14 business as HBG Publications,
and
15 SATINDERJIT SINGH CHADHA,
individually and as an officer
16 of Group C Marketing, Inc.,
17 Defendants.

CV
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CV 06-06019

COMPLAINT FOR INJUNCTIVE
AND OTHER EQUITABLE RELIEF

18
19 Plaintiff, the Federal Trade Commission ("FTC" or
20 "Commission"), for its complaint alleges:

21 1. The FTC brings this action under Sections 5(a) and
22 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C.
23 §§ 45(a) and 53(b), to obtain preliminary and permanent
24 injunctive relief, rescission or reformation of contracts,
25 restitution, disgorgement, and other equitable relief for
26 defendants' deceptive acts or practices in violation of Section
27 5(a) of the FTC Act, 15 U.S.C. §45(a).
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1 others, he has formulated, directed, controlled, or participated
2 in the acts and practices set forth in this complaint. Chadha
3 resides in and transacts or has transacted business in the
4 Central District of California.

5 **COMMERCE**

6 7. At all times relevant to this complaint, Defendants
7 have maintained a substantial course of business in the offering
8 for sale and sale of envelope stuffing opportunities, in or
9 affecting commerce, as "commerce" is defined in Section 4 of the
10 FTC Act, 15 U.S.C. § 44.

11 **DEFENDANT'S BUSINESS PRACTICES**

12 8. Since at least July 2004, and continuing thereafter,
13 Defendants, doing business as HBG Publications, have advertised,
14 offered for sale and sold purported work-at-home envelope
15 stuffing opportunities to consumers residing throughout the
16 United States, including consumers residing within the Central
17 District of California. Defendants have promoted their work-at-
18 home opportunities to prospective purchasers in print classified
19 ads and on postings and classified ads on the Internet.

20 9. In their advertisements, Defendants typically offer
21 consumers the chance to make over a thousand dollars or more per
22 week, while working from home. A typical ad reads:

23 Make Up To \$1,750 Weekly Income

24 Nationwide Company Has Immediate Openings for Home Mailers

25 Easy Work From Home

26 Exciting Weekly Paychecks

1 \$50 Cash Hiring Bonus

2 Written Guarantee

3 The advertisements refer consumers to a toll-free telephone
4 number for further information.

5 10. Upon calling the toll-free telephone number, a recorded
6 message advises consumers that if they want to make hundreds or
7 thousands of dollars each week simply by "securing," stuffing,
8 and mailing envelopes from home, they should leave their names
9 and addresses so that Defendants can send them information.

10 11. Consumers who leave their names and addresses receive a
11 double-sided information sheet from Defendants. In the
12 information sheet, Defendants represent that participants in
13 Defendants' program will receive from Defendants \$7 for each
14 envelope they "secure" and stuff. According to Defendants, if a
15 consumer "secures" and stuffs "200 envelopes each week you will
16 earn \$1,400.00 . . . [for] 400 envelopes you will receive
17 \$2,800.00 . . . GUARANTEED!"

18 12. Defendants further represent that this is the
19 consumer's opportunity to join "THE HIGHEST PAID TEAM OF ENVELOPE
20 STUFFERS TODAY!!" Moreover, Defendants state that "We mail our
21 checks out every Monday so you should receive them by Friday."

22 13. To participate in the business opportunity, Defendants
23 request that consumers pay a registration fee of \$40. Defendants
24 claim that they must charge a registration fee, because it
25 assures them that the consumer is "serious about wanting to earn
26 money by stuffing envelopes."

1 17. Defendants advise consumers to charge \$7 for
2 information about the consumer's purported work-at-home
3 opportunity.

4 18. If anyone responds to the consumer's ad and sends the
5 consumer \$7, in many cases, Defendants instruct the consumer to
6 send that person a flyer that advertises Defendants' "Home
7 Business Guide." This "Guide" contains lists of companies which
8 allegedly have work-at-home opportunities and costs an additional
9 \$30.

10 **VIOLATIONS OF SECTION 5 OF THE FTC ACT**

11 19. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a),
12 prohibits unfair or deceptive acts and practices in or affecting
13 commerce.

14 **COUNT I**

15 20. In numerous instances, in the course of advertising,
16 offering for sale and selling their work-at-home envelope
17 stuffing business opportunities, Defendants have represented,
18 expressly or by implication, that consumers are likely to make a
19 substantial amount of money by participating in Defendants'
20 envelope stuffing business opportunity.

21 21. In truth and in fact, consumers are not likely to earn
22 a substantial amount of money by participating in Defendants'
23 envelope stuffing business opportunity.

24 22. Therefore, Defendants' representation as set forth in
25 Paragraph 20 is false and misleading and constitutes a deceptive
26 act or practice in violation of Section 5(a) of the FTC Act, 15
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1 U.S.C. § 45(a).

2 **COUNT II**

3 23. In numerous instances, in the course of advertising,
4 offering for sale and selling their work-at-home envelope
5 stuffing business opportunities, Defendants have represented,
6 expressly or by implication, that Defendants will pay consumers
7 who participate in Defendants' envelope stuffing business
8 opportunity \$7 for every envelope stuffed.

9 24. In truth and in fact, Defendants do not pay consumers
10 who participate in Defendants' envelope stuffing business
11 opportunity \$7 for every envelope stuffed.

12 25. Therefore, Defendants' representation as set forth in
13 Paragraph 23 is false and misleading and constitutes a deceptive
14 act or practice in violation of Section 5(a) of the FTC Act, 15
15 U.S.C. § 45(a).

16 **CONSUMER INJURY**

17 26. Consumers in the United States have suffered or are
18 likely to suffer substantial monetary loss as a result of
19 Defendants' unlawful acts or practices. In addition, Defendants
20 have been unjustly enriched as a result of their unlawful
21 practices. Absent injunctive relief by this Court, Defendants
22 are likely to continue to injure consumers and harm the public
23 interest.

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

25 27. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b),
26 empowers this Court to issue a permanent injunction to prevent
27

1 future violations of the FTC Act by Defendants and, in the
2 exercise of its equitable jurisdiction, to order ancillary relief
3 such as temporary and preliminary injunctions, rescission,
4 restitution, disgorgement of profits resulting from Defendants'
5 unlawful acts or practices, and other remedial measures.

6 28. This Court, in the exercise of its equitable
7 jurisdiction, may award other ancillary relief to remedy injury
8 caused by Defendants' law violations.

9 **PRAYER FOR RELIEF**

10 WHEREFORE, Plaintiff Federal Trade Commission, pursuant to
11 Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's
12 own equitable powers, requests that the Court:

13 1. Award Plaintiff such preliminary injunctive and
14 ancillary relief as may be necessary to avert the likelihood of
15 consumer injury during the pendency of this action and to
16 preserve the possibility of effective final relief, including,
17 but not limited to, temporary and preliminary injunctions and an
18 order freezing assets;

19 2. Enter a permanent injunction to prevent future
20 violations of the FTC Act by Defendants;

21 3. Award such relief as the Court finds necessary to
22 redress injury to consumers resulting from Defendants' violations
23 of the FTC Act, including but not limited to, rescission or
24 reformation of contracts, restitution, the refund of monies paid,
25 and the disgorgement of ill-gotten monies; and

26 4. Award Plaintiff the costs of bringing this action, as
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1 well as such other and additional relief as the Court may
2 determine to be just and proper.

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4 Respectfully Submitted,

5 WILLIAM BLUMENTHAL
6 General Counsel

7 DATED: September 19, 2006

8 Barbara Y. K. Chun
9 BARBARA Y.K. CHUN
10 Attorney for Plaintiff
11 Federal Trade Commission
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