

**UNITED STATES OF AMERICA
FEDERAL TRADE COMMISSION**

In the Matter of)	
)	
TELEBRANDS CORP.,)	
a corporation,)	
)	
TV SAVINGS, LLC,)	
a limited liability company, and)	
)	DOCKET NO. 9313
AJIT KHUBANI,)	
individually and as president of)	PUBLIC DOCUMENT
Telebrands Corp. and sole member)	
of TV Savings, LLC.)	
)	

JOINT STIPULATIONS OF LAW, FACTS, AND AUTHENTICITY

Pursuant to the Court’s First Revised Scheduling Order, the parties stipulate to the following:

1. The parties stipulate that each of the exhibits identified on Complaint Counsel’s and Respondents’ Exhibit Lists are, in fact, true and accurate copies of the originals, and free from forgery or counterfeiting. The parties agree that by making this stipulation, they do not waive their rights to object on other grounds such as relevance, materiality and reliability.

2. Respondent Telebrands Corporation (“Telebrands”) is a New Jersey corporation with its principal place of business at 79 Two Bridges Road, Fairfield, New Jersey 07004. Telebrands sells a variety of consumers products directly to consumers through telephone number and addresses contained in the advertising for the product.

3. From January 22, 2002 to the present, TV Savings has had offices at 81 Two Bridges Road, Fairfield New Jersey 07004.
4. Respondent TV Savings, LLC (“TV Savings”) was organized on January 22, 2002.
5. TV Savings is a Connecticut limited liability company.
6. Respondents have worked together concerning the marketing and distribution of the Ab Force product.
7. Respondent Ajit Khubani (“Mr. Khubani or Khubani”) is the president, chief executive officer, chairman of the board, and sole owner of Respondent Telebrands Corporation (“Telebrands”).
8. Mr. Khubani is the sole member of Respondent TV Savings.
9. Individually or in concert with his officers and employees, Khubani formulates, directs or controls the policies, acts or practices of Telebrands and TV Savings.
10. Telebrands advertises through television, print advertising, radio advertising, and internet and e-mail advertising.
11. Mr. Khubani was ultimately responsible for overseeing the marketing and creative design of the Ab Force advertising and promotional campaign. He was primarily responsible for the creation and development of the scripts for the Ab Force television and radio advertising and the text for the Internet, and email advertisements.
12. Mr. Khubani set the pricing strategy for the Ab Force and decided when the Ab Force would no longer be marketed or sold.
13. Mr. Khubani was appointed by Telebrands as the “Program Manager” pursuant to the Services Agreement between Telebrands and TV Savings dated January 22, 2002. He

was also TV Savings' representative under the Service Agreement. As the Program Manager appointed by Telebrands and as TV Savings' representative under the Services Agreement, Mr. Khubani represented both entities with regard to the responsibilities and duties of each under the Service Agreement.

14. Telebrands provided the financing necessary to perform media management services, credit care processing, customer response services, customs clearance, accounting and bookkeeping services and to act as importer of record for TV Savings with respect to the Ab Force, as required under the Services Agreement between Telebrands and TV Savings.
15. The Ab Force ab belt is an electronic muscle stimulation device ("EMS") which uses electronic stimulation intended to cause stimulation of the muscles.
16. In late 2000, Mr. Khubani began to consider marketing an electronic ab belt for sale to consumers. Mr. Khubani began to consider marketing an ab belt product after noticing that an ab belt product, the AbTronic, was listed in the *JW Greensheet*.
17. By late 2000, Mr. Khubani was aware that ab belt products sold by other direct response companies were selling successfully.
18. Telebrands subscribed to the *JW Greensheet*, which is published by Jordan Whitney Monitoring, a monitoring service for the infomercial and direct response TV business.
19. Mr. Khubani contacted an overseas manufacturer, and with that manufacturer began to develop the ab belt product to be sold by Telebrands.

20. The manufacturer of the Telebrands ab belt product informed Mr. Khubani that it was also the manufacturer of the AbTronic. The manufacturer informed Mr. Khubani that the Telebrands ab belt product would have the same power output as two other ab belt products, the AbTronic and the Fast Abs belts. Mr. Khubani was aware that he could sell products with the same technology and same or similar power output to consumers for a significantly lower cost than that offered by other ab belt advertisers.
21. In December 2001, Respondents began to disseminate radio and print ads for the Ab Force.
22. Respondents advertised the Ab Force on television from January 2002 until April 7, 2002. Telebrands aired four television commercials for the Ab Force product: (1) a 60-second ad that was shot on December 22, 2001 and given the production code AB-B-60 (corresponds to Exhibit A of the Complaint, Transcript of which is Exhibit B of the Complaint); (2) a 120-second ad that was shot on December 22, 2001 and given production code AB-B-120 (corresponds to Exhibit C of the Complaint, Transcript of which is Exhibit D of the Complaint); (3) a 60-second ad that was shot in Mid-January 2002 and given the production code AB-E-60 (corresponds to Exhibit E of the Complaint, Transcript of which is Exhibit F of the Complaint); and (4) a 120-second ad that was shot in Mid-January 2002 and given the production code AB-E-120. The 60-second and 120-second Ab Force commercials (AB-B-60 and AB-B-120) were broadcast beginning January 5, 2002.
23. Concepts TV Productions, Inc. produced a videotape of Ab Force television commercials in response to a Civil Investigative Demand of the Federal Trade Commission. This

videotape included: (1) a 60-second ad that was shot on December 22, 2001 and given the production code AB-B-60 (corresponds to Exhibit A of the Complaint, Transcript of which is Exhibit B of the Complaint); (2) a 120-second ad that was shot on December 22, 2001 and given production code AB-B-120 (corresponds to Exhibit C of the Complaint, Transcript of which is Exhibit D of the Complaint); (3) a 60-second ad that was shot in Mid-January 2002 and given the production code AB-E-60 (corresponds to Exhibit E of the Complaint, Transcript of which is Exhibit F of the Complaint); and (4) a 120-second ad that was shot in Mid-January 2002 and given the production code AB-E-120. These four television commercials match the four television commercials produced by Respondents.

24. The 60-second and 120-second Ab Force commercials (AB-B-60 and AB-B-120), which were broadcast beginning January 5, 2002, were cleared for broadcast 96 times.
25. Respondents sold approximately 747,000 units of the Ab Force.
26. Consumers placed a total of 330,510 orders for the Ab Force.
27. Customers placed 2,392 orders were using the number listed in the 60-second Ab Force commercial (AB-B-60).
28. Customers places 2,238 orders using the number listed in the 120-second Ab Force commercial (AB-B-120).
29. The second versions of the Ab Force 60-second and 120-second television commercials (AB-E-60 and AB-E-120) were broadcast beginning on January 19, 2002, and ran until approximately April 7, 2002.
30. The AB-E-60 and AB-E-120 versions of the Ab Force commercials ran on cable,

- satellite, and local affiliate stations, and were cleared for broadcast 11,508 times.
31. Customers placed 74,566 orders using the telephone number listed in the AB-E-120 ad and 240,440 orders using the telephone number listed in the AB-E-60 ad.
 32. Telebrands also created and broadcast two versions of a 60-second radio advertisement. Customers placed 1,340 Ab Force orders using the telephone number listed in the radio ads.
 33. Telebrands also disseminated internet advertising and e-mail advertising. Customers placed 2,663 orders in response to the Internet and email advertisements
 34. Telebrands disseminated a single, quarter-page print advertisement that ran from February 14, 2002 to February 22, 2002 in 13 newspapers, and in a newspaper insert from March 10, 2002 to March 17, 2002. Consumers ordered 6,871 Ab Force units using the telephone number listed in the print advertisement.
 35. The ads promoted the Ab Force for \$10 each or two for \$20, but the actual price paid was sometimes more because of the number of units offered, the product package offered (e.g., a package with applicator gel or additional batteries), or because consumers paid shipping and handling charges.
 36. Gross sales of the Ab Force, including accessories such as batteries and gels, exceeded \$19 million.
 37. The “AbTronic,” “AB Energizer,” and “Fast Abs” were EMS ab belts that were advertised by television infomercials in the United States prior to and during the time period when the Ab Force commercials appeared.
 38. Colette Liantonio is president of Concepts TV Productions, Inc., and she participated in

the creation or development of promotional materials for the Ab Force by having principal responsibility for producing visual and other elements for television advertisements and for editing television advertisements.

39. Colette Liantonio consulted with Ajit Khubani regarding some creative elements for the production of television advertising.
40. Shail Prasad is an independent consultant who was employed by Telebrands to oversee the placement and dissemination of television, radio, email, and print ads for the Ab Force campaign and who helped coordinate and obtain telemarketing services related to the sale of the Ab Force.
41. Respondents admit that they possess no evidence that the Ab Force will cause users to develop well-defined abdominal muscles, but aver that there is accepted evidence that EMS products substantially similar to Ab Force can provide cosmetic and other benefits and may improve abdominal muscle tone, and strengthen and firm abdominal muscles.
42. Respondents admit that they possess no evidence that the Ab Force product specifically will cause users to lose weight, but aver that there is accepted evidence that EMS products substantially similar to Ab Force can provide cosmetic and other benefits and may improve abdominal muscle tone, and strengthen and firm abdominal muscles.
43. Respondents admit that they possess no evidence that the Ab Force product specifically will cause users to lose inches of girth, but aver that there is accepted evidence that EMS products substantially similar to Ab Force can provide cosmetic and other benefits and may improve abdominal muscle tone, and strengthen and firm abdominal muscles.

44. Respondents admit that they possess no evidence that the Ab Force product specifically will cause or reduce body fat, but aver that there is accepted evidence that EMS products substantially similar to Ab Force can provide cosmetic and other benefits and may improve abdominal muscle tone, and strengthen and firm abdominal muscles.
45. Respondents admit that they possess no evidence that use of the Ab Force product specifically is an effective alternative to regular exercise, but aver that there is accepted evidence that EMS products substantially similar to Ab Force can provide cosmetic and other benefits and may improve abdominal muscle tone, and strengthen and firm abdominal muscles.
46. The Federal Trade Commission issued Complaints against the advertisers of the AB Energizer, Fast Abs and AbTronic on May 7, 2002.
47. The television commercials were re-edited and parts re-shot in Mid-January 2002.
48. Prior to filing the present action, the Commission began an investigation into the matters underlying the Complaint. In September 2002, the Commission issued the first Civil Investigative Demand to Respondents.
49. Complaint Counsel provided Jack Kloc, the head of U.S. Research, the company that

conducted the actual survey, with a Solicitation/Contract/Order for Commercial Items, a government contract for his services in September 2003.

Dated: April 28, 2004

Respectfully submitted,

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Attorneys for Respondents
Telebrands Corp., TV Savings,
LLC, and Ajit Khubani

CERTIFICATE OF SERVICE

I hereby certify that on this 28th day of April, 2004, I caused (1) *Joint Motion for Extension of Time to File Joint Stipulation of Law, Fact, and Authenticity*, (2) *Order Extending Time to File Joint Motion of Law, Fact and Authenticity* and (3) *Joint Stipulation of Law, Fact, and Authenticity* to be filed and served as follows:

(1) the original and one (1) paper copy of each document filed by hand delivery and electronic mail to:

Donald S. Clark, Secretary
Federal Trade Commission
600 Penn. Ave., N.W., Room H-159
Washington, D.C. 20580

(2) two (2) paper copies served by hand delivery to:

The Honorable Stephen J. McGuire
Chief Administrative Law Judge
600 Penn. Ave., N.W. Room H-112
Washington, D.C. 20580

Amy M. Lloyd
Complaint Counsel