



1 restitution, disgorgement of ill-gotten gains, and other equitable  
2 relief against Defendants for engaging in deceptive acts or  
3 practices in connection with the advertising, marketing,  
4 promoting, offering for sale, and sale of computer systems in  
5 violation of Section 5(a) of the FTC Act, 15 U.S.C. §§ 45(a) and  
6 52.

7 **JURISDICTION AND VENUE**

8 2. This Court has subject matter jurisdiction over the  
9 FTC's claims pursuant to 15 U.S.C. §§ 45(a) and 53(b) and 28  
10 U.S.C. §§ 1331, 1337(a) and 1345.

11 3. Venue in the Central District of California is proper  
12 under 15 U.S.C. § 53(b) and 28 U.S.C. § 1391(b) and (c).

13 **PLAINTIFF**

14 4. Plaintiff, Federal Trade Commission ("FTC" or  
15 "Commission"), is an independent agency of the United States  
16 government created by statute. 15 U.S.C. §§ 41 et seq. The  
17 Commission enforces Section 5(a) of the FTC Act, 15 U.S.C. §  
18 45(a), which prohibits unfair or deceptive acts or practices in or  
19 affecting commerce. The Commission may initiate federal district  
20 court proceedings by its own attorneys to enjoin violations of the  
21 FTC Act and to secure such equitable relief as is appropriate in  
22 each case. 15 U.S.C. § 53(b).

23 **DEFENDANTS**

24 5. Defendant Unicyber Technology, Inc. ("Unicyber") is a  
25 California corporation incorporated in 1999. As of August 1,  
26 2003, the California Secretary of State lists Unicyber's business  
27 address as 14426 Valley Blvd., City of Industry, California 91746,  
28 and lists its corporate status as "suspended." Unicyber has used

1 14321 Bonelli St., City of Industry, California 91746, as its  
2 principal place of business since at least 2003. At all times  
3 material to this Complaint, Unicyber has conducted business in the  
4 Central District of California and throughout the United States.

5 6. Defendant Unicyber Gilboard, Inc. ("Gilboard") is a  
6 California corporation incorporated in 2001. As of June 2, 2003,  
7 the California Secretary of State lists Gilboard's business  
8 address as 14321 Bonelli St., City of Industry, California 91746.  
9 At all times material to this Complaint, Gilboard has conducted  
10 business in the Central District of California and throughout the  
11 United States.

12 7. Defendant URI Technology, Inc. ("URI Tech") is a  
13 California corporation incorporated in 2003. URI Tech's principal  
14 place of business is 14321 Bonelli St., City of Industry,  
15 California 91746.

16 8. Defendant URI Communications, Inc. ("URI Comm") is a  
17 California corporation incorporated in 2003. URI Tech's principal  
18 place of business is 14321 Bonelli St., City of Industry,  
19 California 91746.

20 9. Defendant Chul K. Han ("Han") is an individual who  
21 resides in Arcadia, California. Han is the President of and sole  
22 Officer, Director, and Registered Agent for corporate Defendants  
23 Unicyber and Gilboard. At all times material to this complaint,  
24 acting alone or in concert with others, he has formulated,  
25 directed, controlled, or participated in the acts and practices of  
26 Unicyber, Gilboard, URI Tech, and URI Comm, including the acts and  
27 practices set forth in this complaint. At all times material to  
28

1 this Complaint, he has transacted business in the Central District  
2 of California and throughout the United States.

3 COMMERCE

4 10. At all times material to this Complaint, Defendants  
5 maintained a substantial course of business in the advertising,  
6 marketing, promoting, offering for sale and sale of computer  
7 systems, in or affecting commerce, as "commerce" is defined in  
8 Section 4 of the FTC Act, 15 U.S.C. § 44.

9 DEFENDANTS' BUSINESS PRACTICES

10 11. Since at least 1999, Defendants have conducted business  
11 throughout the United States from business premises in City of  
12 Industry, California. Since that time, Defendants have marketed  
13 computer systems principally to Spanish-speaking consumers.

14 12. Defendants advertise their computer systems via Spanish-  
15 language television advertisements that air in various markets  
16 across the United States. Defendants' television advertisements  
17 offer consumers the opportunity to purchase a complete computer  
18 system for three payments of \$199 without a credit check.

19 13. Defendants' advertisements offer a complete computer  
20 system, including a central processing unit ("CPU"), monitor, and  
21 various peripherals, including a keyboard, speakers, microphone, a  
22 mouse, and software. The advertisements contain a toll-free  
23 telephone number that consumers can call to order the computer  
24 system.

25 14. Defendants' advertisements offer a payment plan for the  
26 advertised computer system, regardless of consumers' credit  
27 status: three regular payments of \$199. The advertisements state  
28

1 that consumers can enroll in this payment plan without a contract  
2 or credit check requiring a social security number.

3 15. When consumers call to order the system, Defendants'  
4 sales representatives repeat the representations in the  
5 advertisements: upon enrolling in the payment plan, consumers  
6 will receive a full-featured computer system, including a CPU,  
7 monitor, peripherals, and software. The price, however, typically  
8 escalates during the call to \$245 for each of the three plan  
9 payments, to include "shipping and handling costs."

10 16. In some cases, Defendants' sales representatives attempt  
11 to "upsell" consumers. For example, they encourage consumers to  
12 "upgrade" to a larger monitor or add a printer or CD burner for an  
13 extra charge. In other cases, consumers are told that they will  
14 receive a printer or other additional peripherals at no extra  
15 charge.

16 17. Defendants' sales representatives inform consumers that  
17 they will receive all of the components of the computer system in  
18 one shipment. Consumers are assured, however, that they may  
19 spread out their payments over two to four months pursuant to the  
20 installment payment plan.

21 18. Defendants' sales representatives tell consumers that  
22 they do not accept personal checks or credit cards. They explain  
23 that the computer system shipment will arrive Cash on Delivery  
24 ("C.O.D."), and advise consumers to obtain a money order to give  
25 to the delivery person as their first payment in the plan.  
26 Defendants' sales representatives inform consumers that the amount  
27 of the money order should be \$245, or some other amount dependent  
28 upon whether the consumer chose to add on additional equipment.

1 19. Defendants' sales representatives typically give  
2 consumers a date certain, approximately one week later, on which  
3 they can expect delivery of their computer system, and tell  
4 consumers to have the money order ready for their first payment on  
5 that day.

6 20. When consumers receive their shipment, they are often  
7 surprised to find that the single box they receive appears to be  
8 too light to contain the promised CPU, monitor and peripherals.  
9 Some of the boxes consumers receive are nonetheless labeled  
10 "Computer" and "Fragile" on the outside. Defendants typically  
11 send the first shipment via a common carrier whose C.O.D. policies  
12 prohibit the opening and inspection of packages before payment.

13 21. Consumers who provide a money order to the common  
14 carrier and accept the package soon realize that they have been  
15 misled. The package contains only the most basic computer  
16 peripherals, typically including little more than a keyboard,  
17 mouse, and speakers. Some consumers report that these peripherals  
18 appear to be of poor quality.

19 22. Only when consumers call to complain about the  
20 apparently incomplete shipment do Defendants' representatives  
21 inform consumers that they will receive each remaining computer  
22 component after sending in a corresponding payment. Defendants'  
23 sales representatives then inform consumers that, instead of  
24 paying C.O.D., consumers must mail in their next money order  
25 payment before Defendants will ship the next installment.  
26 Defendants' representatives explain that consumers must send in  
27 the second money order payment, after which Defendants will ship a  
28

1 monitor; after consumers send the third money order payment,  
2 Defendants will ship the CPU.

3 23. Most consumers, upon learning of these previously  
4 undisclosed terms, lose all confidence in Defendants, cancel their  
5 orders, and demand a refund of the money paid for the first  
6 shipment. Defendants' representatives at this point tell some  
7 consumers that Defendants do not provide refunds. Other consumers  
8 are told that a refund will be provided if the merchandise is  
9 returned. Some consumers who follow defendants' refund  
10 instructions and return their merchandise never receive refunds at  
11 all.

12 24. Consumers who decide to stay the course and receive  
13 their computer systems via Defendants' previously undisclosed  
14 installment plan are in for more unpleasant surprises. The  
15 computer monitors and CPUs consumers receive are not functional  
16 equipment but are useless components that are damaged, too old to  
17 run currently available applications, or are salvaged or  
18 refurbished components that do not function properly.

19 25. Consumers who telephone Defendants to complain about the  
20 products and service they have received or request refunds are  
21 often put on hold interminably, disconnected, or otherwise abused  
22 by Defendants' representatives. In several instances, Defendants'  
23 representatives have threatened complaining callers with reporting  
24 the consumers to immigration authorities to have them deported.  
25 Those consumers who do ultimately obtain refunds from Defendants  
26 are usually those consumers who filed complaints with a consumer  
27 protection organization such as the Better Business Bureau.  
28 Before providing refunds, Defendants require consumers to return

1 the products. Consumers must pay the return shipping fees  
2 themselves; Defendants do not reimburse these costs.

3 VIOLATIONS OF SECTION 5 OF THE FTC ACT

4 COUNT I

5 26. In numerous instances since at least 1999, in connection  
6 with the marketing of computer systems, Defendants have  
7 represented, expressly or by implication, that consumers will  
8 receive in one shipment a complete computer system by paying a  
9 deposit of \$199 or \$245, and agreeing to make two additional  
10 payments of \$199 or \$245 over two to four months.

11 27. In truth and in fact, consumers who pay Defendants a  
12 deposit of \$199 or \$245 do not receive a complete computer system  
13 in one shipment, but receive only a keyboard, mouse and speakers.  
14 Only after making their first payments do consumers discover that  
15 they are required to make additional payments to obtain the  
16 remaining components of the computer system.

17 28. Therefore, the representation set forth in paragraph 26  
18 is false and misleading and constitutes a deceptive act or  
19 practice in or affecting commerce in violation of Section 5(a) of  
20 the FTC Act, 15 U.S.C. § 45(a).

21 COUNT II

22 29. In numerous instances since at least 1999, in connection  
23 with the marketing of computer systems, Defendants have  
24 represented, expressly or by implication, that consumers will  
25 receive a complete, functioning computer system by paying a  
26 deposit of \$199 or \$245, and agreeing to make two additional  
27 payments of \$199 or \$245 over two to four months.





1 the FTC Act. The Court, in the exercise of its equitable  
2 jurisdiction, may award other ancillary relief, including but not  
3 limited to, rescission of contracts and restitution, and the  
4 disgorgement of ill-gotten gains, to prevent and remedy injury  
5 caused by Defendants' law violations.

6 **PRAYER FOR RELIEF**

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

10 1. Award plaintiff such preliminary injunctive and  
11 ancillary relief as may be necessary to avert the likelihood of  
12 consumer injury during the pendency of this action and to preserve  
13 the possibility of effective final relief;

14 2. Permanently enjoin Defendants from violating the FTC  
15 Act;

16 3. Award such equitable relief as the Court finds necessary  
17 to redress injury to consumers resulting from Defendants'  
18 violations of Sections 5(a) and 12 of the FTC Act, including but  
19 not limited to, rescission of contracts and restitution, and the  
20 disgorgement of ill-gotten gains by the Defendants;

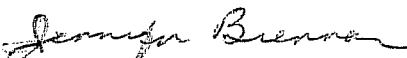
21 4. Award Plaintiff the costs of bringing this action, as  
22 well as such other and additional relief as the Court may  
23 determine to be just and proper; and

1           5. Order any further relief that the Court deems  
2 appropriate.

3  
4 Dated: March 29 ,2004

Respectfully submitted,

5  
6 WILLIAM E. KOVACIC  
General Counsel

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