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UNITED STATES DISTRICT COURT  
EASTERN DISTRICT OF NEW YORK

FEDERAL TRADE COMMISSION and  
THE PEOPLE OF THE STATE OF NEW YORK,

Plaintiffs,

v.

UrbanQ, a limited liability company, and Daniel  
Greenberg, Michael Konig, and Steven Krausman,  
individually and as members of URBANQ LLC.,

Defendants.

Civil Number

**COMPLAINT FOR PERMANENT INJUNCTION  
AND OTHER EQUITABLE RELIEF**

Plaintiffs, the Federal Trade Commission (“Commission” or “FTC”), and the People of the State of New York by the Attorney General of New York (collectively “Plaintiffs”), by their undersigned attorneys, allege as follows:

1. The FTC brings this is an action under Section 13(b) of the Federal Trade Commission Act (“FTC Act”), 15 U.S.C. § 53(b), to secure a permanent injunction and other equitable relief against Defendants for their deceptive acts or practices and false advertisements in connection with rebates offered for consumer products in violation of Section 5(a) of the FTC Act, 15 U.S.C. §§ 45(a).

2. The People of the State of New York bring this action by their chief legal officer, the Attorney General of the State of New York, Eliot Spitzer. The Attorney General of the State of New York brings this action pursuant to his *parens patriae* and common law authority and pursuant to New York’s Executive Law (NY Executive Law) § 63(12) and General Business Law (NY GBL) Article 22-A, to secure injunctive relief, restitution, penalties, and costs for Defendants’ repeated and persistent fraudulent and illegal conduct.

### **JURISDICTION AND VENUE**

3. This Court has subject matter jurisdiction over Plaintiffs’ claims pursuant to 28 U.S.C. §§ 1331 and 1345 and 15 U.S.C. §§ 45(a) and 53(b). This Court has supplemental jurisdiction over the New York state law claims pursuant to 28 U.S.C. § 1367.

4. Venue in this District is proper under 28 U.S.C. §§ 1391(b) and (c) and 15 U.S.C. § 53(b).

## PLAINTIFFS

5. Plaintiff FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41-58. The FTC enforces Sections 5(a) of the FTC Act, 15 U.S.C. §§ 45(a), which prohibits deceptive acts or practices. The FTC is charged, *inter alia*, with enforcement of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce. The FTC is authorized to initiate federal district court proceedings, by its own attorneys, to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including restitution for injured consumers. 15 U.S.C. §§ 53(b).

6. Plaintiff, the People of the State of New York, bring this action by their chief legal officer, the Attorney General of the State of New York, Eliot Spitzer. The Attorney General of the State of New York has *parens patriae* and common law authority to bring this action to protect the citizens of New York State from harm resulting from the fraudulent and illegal business practices of the Defendants and to safeguard the honesty and integrity of New York's marketplace. Additionally, the Attorney General of the State of New York has authority under: (a) NY Executive Law §63(12), which authorizes the Attorney General of the State of New York to seek injunctive relief, restitution, damages, and costs against any person or business entity which has engaged in repeated fraudulent or illegal acts or otherwise engaged in persistent fraud or illegality in the conduct of business; and (b) NY GBL Article 22-A which authorizes the Attorney General of the State of New York to seek injunctive relief, restitution, and penalties when any person or business has engaged in deceptive business practices.

## **DEFENDANTS**

7. Defendant UrbanQ, LLC (“UrbanQ”) is a Nevada limited liability company located and doing business in Cedarhurst, New York.

8. Defendant Daniel Greenberg is UrbanQ’s managing member and CEO. In connection with the matters alleged herein, Greenberg transacts business in the Eastern District of New York. At all times material to this complaint, Greenberg, individually or in concert with others, formulated, directed, controlled, or participated in the policies, acts, or practices of UrbanQ, including the acts or practices alleged in this complaint.

9. Defendant Michael Konig is a member and owner of UrbanQ. In connection with the matters alleged herein, Konig transacts business in the Eastern District of New York. At all times material to this complaint, Konig, individually or in concert with others, formulated, directed, controlled, or participated in the policies, acts, or practices of UrbanQ, including the acts or practices alleged in this complaint.

10. Defendant Steven Krausman is a member and owner of UrbanQ. In connection with the matters alleged herein, Krausman transacts business in the Eastern District of New York. At all times material to this complaint, Krausman, individually or in concert with others, formulated, directed, controlled, or participated in the policies, acts, or practices of UrbanQ, including the acts or practices alleged in this complaint.

## **COMMERCE**

11. The acts and practices of Defendants as alleged herein are in or affecting commerce, as “commerce” is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

### **DEFENDANTS’ COURSE OF CONDUCT**

12. Since at least 2000, Defendants UrbanQ, Daniel Greenberg, Michael Konig, and Steven Krausman (“collectively “Defendants” or “UrbanQ”) sold consumer products through their website UrbanQ.com. In numerous instances, Defendants offered a mail-in rebate program—called “Q-bates”—by which they would pay rebates to consumers for items purchased from its website.

13. To induce consumers to purchase the products sold by UrbanQ, in numerous instances, Defendants offered substantial rebates for products, including products that were represented to be “free” after receipt from Defendants of a rebate equal to the purchase price. For example, the Defendants offered for sale on its website, among many other items, a Nautica brand raincoat for \$149.99 with a \$149.99 Q-bate and a Ralph Lauren Polo brand lambs wool sweater for \$149.99 with a Q-bate of \$140.

14. UrbanQ indicated that purchasers could “expect . . . [their] Q-bate check to be processed within approximately 12 weeks from the date that . . . [it receives their] submission.”

15. The Defendants’ sales strategy was to draw customers to their website by offering rebates and then, after building its name brand, switch to a non-rebate business model. Defendants, however, did not have the funds to pay all the rebates owed and, in numerous instances, falsely told UrbanQ customers that technical difficulties had resulted in delays in sending out rebate checks.

### **DEFENDANTS’ VIOLATIONS OF THE FTC ACT**

16. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits deceptive acts or practices in or affecting commerce.

### **COUNT ONE**

17. Through the means described in Paragraphs 12-15, in numerous instances, Defendants have represented, expressly or by implication, that purchasers of UrbanQ's products would receive from UrbanQ cash rebates within approximately twelve weeks of its receipt of valid rebate requests.

18. In truth and in fact, in numerous instances, Defendants did not deliver cash rebates to purchasers of UrbanQ's products within approximately twelve weeks of Defendants' receipt of valid rebate requests or did not deliver them at all. Therefore, the representations set forth in Paragraph 17 was, and is, false and misleading in violation of Sections 5(a) of the FTC Act, 15 U.S.C. § § 45(a).

### **VIOLATIONS OF NEW YORK STATE LAW COUNT TWO – DECEPTIVE ACTS OR PRACTICES**

19. Section 349 of NY GBL Article 22-A prohibits deceptive acts or practices in the conduct of any business, trade, or commerce or in the furnishing of any services in New York. By engaging in the acts and practices alleged above, Defendants repeatedly and persistently engaged in deceptive business practices in violation of NY GBL § 349.

20. Defendants' violations of NY GBL § 349 constitute repeated and persistent illegal conduct in violation of NY Executive Law § 63(12).

### **COUNT THREE – FALSE ADVERTISING**

21. Defendants' violations of NY GBL § 350 constitute repeated and persistent illegal conduct in violation of NY Executive Law § 63(12).

### **CONSUMER INJURY**

22. Defendants' violations of Section 5(a) of the FTC Act, NY GBL Article 22-A, and NY Executive Law §63(12) have injured, and will continue to injure consumers. As a result of Defendants' unfair or deceptive acts or practices, consumers throughout the United States have suffered substantial monetary loss. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm public interest.

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

23. Section 13(b) of the FTC Act, 15 U.S.C. §§ 53(b), and 28 U.S.C. § 1367, empower this Court to grant injunctive and other relief to prevent and remedy any violations of the FTC Act, NY GBL Article 22-A and NY Executive Law §63(12); and in the exercise of its equitable jurisdiction this Court may award redress to remedy the injury to consumers, order disgorgement of monies resulting from Defendants' unlawful acts or practices, and order other ancillary equitable relief.

### **PRAYER FOR RELIEF**

24. WHEREFORE, Plaintiffs request that this Court, as authorized by Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and 28 U.S.C. § 1367, and pursuant to its own equitable powers:

1. Enjoin defendants permanently from violating Section 5(a) of the FTC Act, NY GBL Article 22-A, and NY Executive Law § 63(12) in connection with the offering of rebates to consumers;

2. Award such relief as the Court finds necessary to redress injury to consumers resulting from defendants' violations of the FTC Act, NY GBL Article 22-A, and NY Executive Law § 63(12), including, but not limited to, the refund of monies paid, the disgorgement of ill-gotten gains, the posting of a performance bond, a full accounting to determine the harm to consumers and information revealing the identities of consumers owed rebates; and

3. Award Plaintiffs the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

Respectfully submitted,

Dated:

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General Counsel

BARBARA ANTHONY  
Regional Director

ELIOT SPITZER  
Attorney General of the State of New York

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