

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA

FEDERAL TRADE COMMISSION,
and OFFICE OF THE ATTORNEY
GENERAL, STATE OF FLORIDA,
DEPARTMENT OF LEGAL AFFAIRS

CASE NO.: 6:20-cv-1192-ORL-78DCI

Plaintiff,

v.

GDP NETWORK, LLC, G&G SUCCESS,
LLC, DOING BUSINESS AS YF
SOLUTION, LLC, G&N SQUARED, DOING
BUSINESS AS DYNAMIC SOLUTION GROUP,
LLC, GINO DE PAZ, GRACE DE PAZ and
SHABANA KHUBLAL

Defendants.

**DEFENDANT SHABANA KHUBLAL'S SHOWING
OF GOOD CAUSE AS TO WHY A PRELIMINARY INJUNCTION
SHOULD NOT BE ENTERED AGAINST SHABANA
KHUBLAL AND MOTION TO RELEASE ASSET FREEZE**

COMES NOW, The Defendant, SHABANA KHUBLAL, and files her Showing of Good Cause as to Why a Preliminary Injunction and Asset Freeze Should Not Eneer Against Shabana Khublal, pursuant to this Court's Order entered July 10, 2020 and states in support thereof:

Plaintiffs, The Federal Trade Commission ("FTC") and the Florida Attorney General ("FAG") have filed a Complaint against six defendants alleging violations of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. §§ 53(b) and 57(b), the Consumer Fraud and Abuse Prevention Act ("Telemarketing Act"), 15 USC §§ 6101-6108 and the Florida Deceptive and Unfair Trade Practices Act Chapter 501. Part II, Florida Statutes ("FDUTPA").

The six named defendants are three corporate defendants, GDP Network, LLC, G&G

Success, LLC, doing business as YF Solutions, LLC, and G&N Squared, LLC, doing business as Dynamic Solution Group, and three individual defendants, Gino De Paz, Grace De Paz and Shabana Khublal. Gino De Paz owns one hundred percent of GDP Network, LLC. Grace De Paz owns one hundred percent of G&G Success, LLC, doing business as YF Solutions, LLC and fifty percent of G&N Squared, LLC. Shabana Khublal owns fifty percent of G&N Squared, LLC.

Plaintiffs presented their Complaint to the court with three volumes of exhibits with a request for a Temporary Restraining Order with Asset Freeze, Appointment of Receiver, and an Order to Show Cause Why A Preliminary Injunction Should Not Issue against the six defendants. However, the three volumes of exhibits contain consumer complaints, transcripts and affidavits as to only one company, G&G Success, doing business as YF Solutions, LLC. There are no consumer complaints, transcripts, affidavits or other evidence alleging any wrongdoing against G&N Squared and/or Shabana Khublal.

Plaintiffs attempt to implicate wrongdoing to G&N Squared, LLC in Paragraph 15 of their Complaint which alleges a common enterprise among the three corporate defendants. However, aside from Grace De Paz owning all of G&G Success, LLC, doing business as YF Solutions, LLC and fifty percent of G&N Squared, LLC, not a single exhibit, consumer complaint, transcript, affidavit or other piece of evidence attached to the Complaint alleges that G&G Success, LLC, doing business as YF Solutions, LLC and G&N Squared, LLC, either shared office space, shared common managers, shared common employees, shared common business functions, comingled funds, or engaged in a common scheme. In other words, the attachments to Plaintiffs' Complaint contain no supporting evidence that a common enterprise existed either among the three corporate defendants or between G&G Success, LLC, doing business as YF Solutions, LLC and G&N Squared, LLC.

Entities constitute a common enterprise when they exhibit either vertical or horizontal commonality. *F.T.C. v. Network Servs. Depot, Inc.*, 617 F.3d 1127 (9th Cir. 2010). “A common enterprise operates if, for example, businesses (1) maintain officers and employees in common, (2) operate under common control, (3) share offices, (4) comingle funds, and (5) share advertising and marketing.” *Delaware Watch Co. v. FTC*, 322 F.2d 745, 746 (2d Cir. 1964) and cited by *FTC v. Washington Data Resources*, 856 F. Supp. 1247 (M.D. Fla. 2012). Although Plaintiffs need not show every factor to prove a common enterprise, they do need to show that two companies “maintained an unholy alliance.” *FTC v. Kennedy*, 574 F. Supp.2d 714, 722 (S.D. Tex. 2008) and cited by *FTC v. Pointbreak Media, LLC*, 376 F. Supp.3d 1257, 1270 (S.D. Fla. 2019).

In the present case, Plaintiffs have only shown by evidence that G&N Squared, LLC was half owned by Grace De Paz and nothing more. It is significant that Plaintiffs have not attached to their Complaint one single consumer complaint and/or infraction levied against G&N Squared, LLC. Additionally, Plaintiffs have shown no evidence of an unholy alliance and/or common enterprise between G&G Success, LLC, doing business as YF Solutions, LLC and G&N Squared. Therefore, no wrongdoing and/or common enterprise has been shown against G&N Squared, LLC.

Even the statement of Plaintiff’s expert witness, Lisa T. Wilhelm, in PX-11, only discusses the business practices of Defendant, YF Solutions (G&G Success doing business as YF Solutions, LLC). There are no statements or allegations in PX-11 by Lisa T. Wilhelm as to the business practices of G&N Squared, LLC.

For a court to impose personal liability on an individual defendant, Plaintiffs must first show the corporation committed violations of those acts for which it is liable. *FTC v. Primary Grp., Inc.*, 713 F. Appx. 805 (11th Cir. 2017) and *FTC v. Pointbreak Media, LLC*, 376 F. Supp.3d 1257, 1270 (S.D. Fla. 2019). In the present case, Plaintiffs have not attempted to prove that the

corporation, G&N Squared, LLC, has done any wrongdoing. They have merely alleged in their Complaint that there is a common enterprise between G&G Success, LLC, doing business as YF Solutions, LLC and G&N Squared, LLC. As Plaintiffs have presented no evidence as to either theory of liability, there can be no injunction and/or asset freeze as to G&N Squared's half owner, Shabana Khublal. Not only is Plaintiffs prosecution of the lawsuit against Shabana Khublal legally unsound, it is also morally and ethically unsound as her company has had no known consumer complaints and/or infractions registered against it.

Additionally, there is no evidence linking Defendant, Shabana Khublal, to any company that has done anything wrong. "Once corporate liability is established, Plaintiff must then show that the individual knew of the deceptive practices and either participated directly in those practices or had the authority to control them." *FTC v. IAB Marketing Associates, LP*, 746 F. 3d. 1228, 1233 (11th Cir. 2014). Plaintiffs have attached no affidavits, transcripts, consumer complaints, personal statements or other evidence showing that G&N Squared, LLC's half owner, Shabana Khublal, knew of any wrongdoing as to Grace De Paz's other company, G&G Success, LLC, doing business as YF Solutions, LLC. According to the attached Declaration Under Oath of employee Ushana Khublal, Defendant, Grace De Paz, ran the day to day operations of G&N Squared, LLC while Defendant, Shabana Khublal, resided in St. Croix, U.S. Virgin Islands. Additionally, most of G&N Squared, LLC's employees never met or spoke to Defendant, Shabana Khublal.

Plaintiffs cannot logically make the argument that Defendant, Shabana Khublal, knew or should have known of corporate wrongdoing when no wrongdoing has been shown against G&N Squared, LLC.

For Plaintiffs to obtain injunctive relief against Defendant, Shabana Khublal, they must show that (1) they are likely to succeed on the merits, and (2) injunctive relief is in the public

interest. *FTC v. IAB Marketing Associates, LP*, 746 F. 3d. 1228, 1232 (11th Cir. 2014).

As Plaintiffs have attached no evidence to their Complaint as to a) wrongdoing on the part of G&N Squared, LLC, b) a common enterprise with G&G Success, LLC, doing business as YF Solutions, LLC, or c) any knowledge of corporate wrongdoing against individual Defendant, Shabana Khublal, the argument cannot be made that Plaintiffs will likely succeed on the merits against individual Defendant, Shaban Khublal. If the case were to proceed to trial, Plaintiffs may or may not produce evidence against G&N Squared, LLC and/or Shabana Khublal. But at this time, as to a preliminary injunction, no such evidence exists to show that Plaintiffs are likely succeed on the merits.

As to whether an injunction against Defendant, Shabana Khublal, is in the public interest, because no consumer complaints have been shown against G&N Squared, LLC, the public gains no benefit as to an injunction being entered against its half owner, Shabana Khublal.

If a preliminary injunction was to enter against the corporate Defendant G&N Squared, LLC, there is still no showing of evidence as to the knowledge of the individual half owner who resides in St. Croix, U.S. Virgin Islands. The only implication against G&N Squared, LLC shown by Plaintiffs is that Grace De Paz had complaints registered against her other company, G&G Success, LLC, doing business as YF Solutions, LLC, and that her half ownership in G&N Squared, LLC implicates that company also. But this implication does not extend to Shabana Khublal because Grace De Paz ran the day to day operations of G&N Squared, LLC. Therefore, an injunction and asset freeze against Shabana Khublal would not be justified.

In conclusion, Plaintiffs have not met their burden of showing that either an injunction or an asset freeze should be entered against individual Defendant, Shabana Khublal.

WHEREFORE, Defendant, Shabana Khublal, requests that this court not enter a

preliminary injunction against Shabana Khublal and remove the asset freeze entered against her on July 10, 2020.

Respectfully submitted,

s/ Matthew A. Leibert
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CERTIFICATE OF COMPLIANCE WITH LOCAL RULE 3.01(g)

Pursuant to Local Rule 3.01(g), the undersigned certifies that he has conferred with counsel for Plaintiffs, Samantha Gordon, Esquire for the FTC, and Donna Valin Esquire, regarding the above Response and neither counsel agree with the relief sought by the Defendant.

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing Motion was furnished via Electronic Mail on July 30, 2020 to:

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s/ Matthew Leibert