

STATE OF VERMONT

**SUPERIOR COURT
WASHINGTON UNIT**

**CIVIL DIVISION
DOCKET NO.**

STATE OF VERMONT,)
)
 Plaintiff,)
)
 v.)
)
 KARABELL INDUSTRIES, LLC, and)
 ELI B. KARABELL,)
)
 Defendants.)

COMPLAINT

The Vermont Attorney General brings this suit against Defendants for violations of the Vermont Consumer Protection Act, 9 V.S.A. § 2453, prohibiting unfair and deceptive acts and practices, as well as the Vermont Telephone Solicitation Act, 9 V.S.A. § 2464a, regulating telemarketing calls. Defendants have repeatedly called Vermont state legislators, including those on the Do Not Call Registry; at late hours from 11:00pm-3:00am; pressuring them to sign contracts for bizarre “consulting” services for thousands or millions of dollars; speaking in erratic, rude and yelling tones; and threatening to continue contacting them if they do not pay the rates demanded. For such violations of the Consumer Protection Act and Telephone Solicitation Act, the Attorney General seeks immediate injunctive relief, civil penalties, fees and costs, and other appropriate relief.

I. PARTIES, JURISDICTION, AND VENUE

A. Plaintiff

1. The Vermont Attorney General is authorized under the Vermont Consumer Protection Act, 9 V.S.A. § 2458, to sue to enforce the Act's prohibitions on unfair and deceptive acts and practices in commerce.

2. The Vermont Attorney General also has the right to appear in any civil action in which the State has an interest. 3 V.S.A. § 157. The Attorney General has an interest in ensuring that entities that do business in Vermont do so in a lawful manner.

B. Defendants

3. Defendant Karabell Industries is a Missouri limited liability company located at 4145 W. Pine Blvd., #3, St. Louis, Missouri. Karabell Industries is not registered with the Vermont Secretary of State's Office, but operates and advertises in Vermont as a political consulting firm. It also sells toilet paper, sanitary masks, disinfectant, and hand sanitizer through its website at www.karabellindustries.com.

4. Eli B. Karabell is an individual who identifies himself as President of Karabell Industries, and resides at 4147 W. Pine Blvd, #3 St. Louis, Missouri, 63108.

C. Jurisdiction and Venue

5. The Court has personal jurisdiction over Defendants because they engaged in business conduct in Vermont, including in Washington County.

6. Venue in this Court is proper because Defendants have engaged in business conduct in Vermont, including in Washington County.

7. This action is in the public interest.

II. STATUTORY BACKGROUND

8. The Vermont Consumer Protection Act (“CPA”) prohibits “unfair or deceptive acts or practices in commerce.” 9 V.S.A. § 2453(a).

9. In interpreting the Act, Vermont courts are “guided by the construction of similar terms contained in . . . the Federal Trade Commission (“FTC”) Act and the courts of the United States.” 9 V.S.A. § 2453(b).

10. The FTC has enacted a Telemarketing Sales Rule (“TSR”) including a federal “Do Not Call Registry,” prohibiting solicitation calls absent consent and other limited exceptions. 16 C.F.R. § 310.

11. In pertinent part, the TSR prohibits “repeated or continuous” solicitation calls with the intent “to annoy or harass.” 16 C.F.R. § 310.4(b)(1)(i).

12. The TSR prohibits calls to persons who are on the Do Not Call Registry. 16 C.F.R. § 310.4(b)(1)(iii)(3)(B).

13. The TSR prohibits calls to persons who previously stated that they do not wish to be called by that caller. 16 C.F.R. § 310.4(b)(1)(iii)(3)(A).

14. The TSR prohibits telephone solicitations to a residential phone line outside the hours of 8am-9pm. 16 C.F.R. § 310.4(c).

15. The Federal Communications Commission (“FCC”) also has a Do Not Call Rule that has similar restrictions as the TSR. *See* 47 C.F.R. § 64.1200.

16. The Vermont Telephone Solicitation Act regulates telephone solicitations in Vermont. It prohibits telephone solicitations unless the caller is registered with the State of Vermont, 9 V.S.A. § 2464a(b)(1); it requires compliance with the FTC's Do Not Call Registry and FCC's Do Not Call Rule, 9 V.S.A. § 2464a(b)(2); and it requires disclosure of the caller's name and number when soliciting for money or anything of value, 9 V.S.A. § 2464a(b)(3).

III. FACTUAL BACKGROUND

17. Defendants are not registered telemarketers with the State of Vermont, nor are they registered with the Vermont Secretary of State to conduct business in Vermont.

18. Defendants claim that they provide government consulting services at \$80,500 per hour, or monthly rates from \$850,000 to \$18 million.

19. Defendants engage in a pattern of repeated and harassing phone calls to solicit exorbitant sums from state legislators.

20. For example, in Idaho on February 2, 2022, a state court issued a judgment against Defendants, ordering \$10,000 in civil penalties, \$780 in costs, and an injunction for Defendants' conduct that included sending invoices to state legislators for \$480 million dollars and attempting debt collection on that invoice.

21. In Vermont, Defendants have been engaging in similar conduct for weeks.

22. In February, numerous state legislators complained to the Montpelier Capitol Police and the Vermont Attorney General's Office about unsolicited and

harassing telemarketing phone calls from Defendants attempting to collect exorbitant sums from them.

23. According to the Montpelier Capitol Police, Defendants called several state legislators between the hours of 11pm and 3am on February 1, 2022.

24. The calls were back-to-back, sometimes up to fifteen in a row.

25. When answered, several legislators described “rude and yelling” behavior from Mr. Karabell and threats to keep calling if they did not purchase a “political marketing product” from him.

26. After the phone calls, Defendants sent follow-up emails to these legislators for “Political Consulting Packages” and attaching documents of “Price Sheets” asking for monthly fees up to \$18,850,000.00.

27. By way of one example, Rep. Vicki Strong from the Orleans-Caledonia District experienced numerous harassing and unwanted solicitation phone calls and emails.

28. Defendants’ first phone call to Rep. Strong was after 11pm at her home in early February.

29. Over the next few weeks, Defendants continued to call and email Rep. Strong, speaking incessantly and pressuring her to sign a contract for their services at exorbitant rates (such as \$80,500 per hour or “demand[ing]” \$48 billion). Rep. Strong declined Defendants’ offers and asked not to be contacted but Defendants ignored her requests.

30. Over these past few weeks, Rep. Strong has experienced oppression, fear and anxiety; particularly as a state legislator whose duty includes engaging with the public and answering phone calls, but not from unwanted telemarketers who are peddling scams.

31. On February 9, 2022, the Attorney General's Office sent a cease-and-desist letter to Defendants, outlining Defendants' illegal conduct and requesting immediate cessation.

32. Defendants have ignored the letter, as they continue to contact Rep. Strong since February 9th, as recently as sending another email to schedule a phone call on Saturday March 26, 2022.

VIOLATIONS OF THE LAW

COUNT ONE

Unfair Acts and Practices in Violation of 9 V.S.A. § 2453

33. The State realleges and incorporates by reference each of the allegations contained in all paragraphs of this Complaint as though fully alleged herein.

34. Defendants have engaged and are continuing to engage in unfair acts and practices in commerce, in violation of the Vermont Consumer Protection Act, 9 V.S.A. § 2453(a), which offend the public policy and laws as expressed in state and federal laws governing telemarketing calls such as the FTC Telemarketing Sales Rule; are immoral, unethical, oppressive and unscrupulous; and cause substantial injury to consumers which is not reasonably avoidable by consumers themselves and not outweighed by countervailing benefits to consumers or to competition.

35. Specifically, Defendants have repeatedly called state legislators, including those on the Do Not Call Registry; at late hours from 11pm-3am; pressuring them to sign contracts for bizarre “consulting” services for thousands and millions of dollars; speaking in erratic, rude and yelling tones; and threatening to continue contacting them if they do not pay the rates demanded.

36. Defendants’ conduct also violates the federal TSR by: (i) contacting persons on the Do Not Call Registry; (ii) outside the hours of 8am-9pm; (iii) calling after a request to stop; and (iv) with the intent to “annoy or harass.” 16 C.F.R. § 310.4(b) and (c).

COUNT TWO

Violation of Vermont Telephone Solicitation Act 9 V.S.A. § 2464a

37. The State realleges and incorporates by reference each of the allegations contained in all paragraphs of this Complaint as though fully alleged herein.

38. Defendants have violated the Vermont Telephone Solicitation Act, 9 V.S.A. § 2464a(b), by: (i) making telephone solicitations to a Vermont number without having registered as a telephone solicitor; (ii) making phone calls to Vermont numbers that are listed on the FTC’s Do Not Call Registry, 16 C.F.R. § 310.4(b); and (iii) placing calls to induce Vermont consumers to pay money or other thing of value without disclosing the caller’s name and telephone number.

WHEREFORE, Plaintiff State of Vermont respectfully requests that the Court enter judgment in its favor and the following relief:

1. A judgment determining that Defendants have violated the Vermont Consumer Protection Act and Vermont Telephone Solicitation Act;
2. A temporary and permanent injunction prohibiting Defendants from engaging in the unfair and illegal acts and practices identified herein;
3. Civil penalties of \$10,000 for each violation of the Vermont Consumer Protection Act;
4. The award of investigative and litigation costs and fees to the State of Vermont; and
5. Such other and further relief as the Court may deem appropriate.

Dated: March 25, 2022

STATE OF VERMONT

THOMAS J. DONOVAN JR.
ATTORNEY GENERAL



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