# IN THE UNITED STATES DISTRICT COURT SOUTHERN DISTRICT OF FLORIDA

Civil Action No.

JEFF RODGERS, PATRICIA RODGERS, MICHAEL LAVIGNE, JENNIFER LAVIGNE, CODY PYLE, JENNIFER RIBALTA, IZAAR VALDEZ, FELIX VALDEZ, individually and on behalf of all others similarly situated

Plaintiffs,

v.

HERBALIFE, LTD.; HERBALIFE INTERNATIONAL, INC.; HERBALIFE INTERNATIONAL OF AMERICA, INC., MARK ADDY, JILLIAN ADDY, DENNIS DOWDELL, GARRAIN S. JONES, CODY MORROW, REESE, GABRIEL SANDOVAL, CHRISTOPHER EMMA SANDOVAL, JOHN TARTOL, LESLIE R. STANFORD, FERNANDO RANCEL, LORI BAKER, MANUEL COSTA, MARK DAVIS, JENNY DAVIS, DANIELLE EDWARDS. GRAEME EDWARDS. THOMAS P. GIOIOSA. SANDRA GIOIOSA. ALCIDES MEJIA, MIRIAM MEJIA, PAULINA RIVEROS, RON ROSENAU, CAROL ROSENAU, AMBER WICK, JASON WICK, JORGE DE LA CONCEPCION, DISNEY DE LA CONCEPCION, JENNIFER MICHELI, GUILLERMO RASCH, CLAUDIA RASCH, SAMUEL HENDRICKS, AMY HENDRICKS, BRADLEY HARRIS, PAYMI ROMERO, ARQUIMEDES G. VALENCIA, RYAN BAKER. **KRISTOPHER** BICKERSTAFF. MARK MATIKA, ENRIQUE CARILLO, DANIEL J. WALDRON, SUSAN PETERSON, MICHAEL KATZ, and DEBI KATZ

Defendants.

# **CLASS ACTION COMPLAINT**

JURY DEMANDED

#### **CLASS ACTION COMPLAINT**

Plaintiffs JEFF RODGERS, PATRICIA RODGERS, MICHAEL LAVIGNE, JENNIFER LAVIGNE, CODY PYLE, JENNIFER RIBALTA, IZAAR VALDEZ, FELIX VALDEZ, individually and on behalf of all others similarly situated, by and through their undersigned attorneys, bring this action against HERBALIFE, LTD., HERBALIFE INTERNATIONAL, INC., HERBALIFE INTERNATIONAL OF AMERICA, INC. (collectively, "Herbalife" or the "Company"), individual defendants MARK ADDY, JILLIAN ADDY, DENNIS DOWDELL, GARRAIN S. JONES, CODY MORROW, CHRISTOPHER REESE, GABRIEL SANDOVAL, EMMA SANDOVAL, JOHN TARTOL, LESLIE R. STANFORD, FERNANDO RANCEL, LORI BAKER, MANUEL COSTA, MARK DAVIS, JENNY DAVIS, DANIELLE EDWARDS, GRAEME EDWARDS, THOMAS P. GIOIOSA, SANDRA GIOIOSA, ALCIDES MEJIA, MIRIAM MEJIA, IVONNE RAMIREZ, PAULINA RIVEROS, RON ROSENAU, CAROL ROSENAU, AMBER WICK, JASON WICK, JORGE DE LA CONCEPCION, DISNEY DE LA CONCEPCION, JENNIFER MICHELI, GUILLERMO RASCH, CLAUDIA RASCH, SAMUEL HENDRICKS, AMY HENDRICKS, BRADLEY HARRIS, PAYMI ROMERO, ARQUIMEDES G. VALENCIA, RYAN BAKER, KRISTOPHER BICKERSTAFF, MARK MATIKA, ENRIQUE CARILLO, DANIEL J. WALDRON, SUSAN PETERSON, MICHAEL KATZ, and DEBI KATZ (collectively, the "Individual Defendants" and with Herbalife, the "Defendants") and allege as follows:

#### **INTRODUCTION**

1. This action seeks recovery from a corrupt organization of individuals and entities who act together, using misrepresentation and deceit, to sell access to a series of emotionally manipulative live events. 2. The events are pitched as the guaranteed pathway to attaining life changing financial success with the multi-level marketing business opportunity sold by Defendant Herbalife. Events are held each month in dozens of locations across the country, and range in size from 200 to 20,000 attendees.

3. Herbalife business opportunity participants are told that they must "attend every event" if they want to be successful; and that they must "qualify" for special treatment at these events by making large monthly purchases of Herbalife's products.

4. Defendant Herbalife and its highest-ranking members (including the Individual Defendants), jointly produce and sell these events in close association. Defendants market their event system as some variation of the "Wheel of Success," the "Cycle of Success," or the "Circle of Success" (referred to herein as the "Circle of Success").

5. The Circle of Success is graphically represented to participants in dozens of different forms, but all are intended to express the same core theme: attendance at events equals financial success.



6. On or about October 26, 2011, from the stage of the year's largest event, Defendant Mark Addy concisely stated the mantra that is used to deceive thousands of Herbalife distributors and potential recruits in the U.S. every year: "If you go to all the events, you qualify for everything – you will get rich."<sup>1</sup> This mantra has been repeated thousands of times over the past four years by the Individual Defendants in close collaboration with Herbalife.

7. The Plaintiffs here, each of whom has spent thousands of dollars attending these events, have received no benefit from doing so, despite Defendants' continuous barrage of guarantees to the contrary.

8. Herbalife has long been the object of allegations, litigation, and regulation. Most recently the Federal Trade Commission (the "FTC") acted against the company, asserting that Herbalife's structure and deceptive business practices were harming consumers.

9. But untouched by the FTC's action (and ultimate resolution of that action as discussed below) is the single most effective fraud in the arsenal of Herbalife and its top distributors – the Circle of Success event system. The event system lures and ensnares people such as Plaintiffs with the guarantee of significant income, a better lifestyle, and even happiness – all to be easily attained through event attendance.

10. If Defendants told the truth – that there is no correlation between financial success and event attendance – Plaintiffs would not have attended Circle of Success events, would not have paid for tickets to Circle of Success events, and would not have paid for incidental expenses (such as hotel and airfare) to attend Circle of Success events.

11. The Circle of Success is valueless.

<sup>&</sup>lt;sup>1</sup> Available at https://youtu.be/Rb0hGAZl7w8.

12. Plaintiffs seek damages and injunctive relief against the corrupt organization of individuals and entities who sell, operate, and compel participation in the Circle of Success.

## JURISDICTION AND VENUE

13. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1331, as Plaintiffs assert claims under 18 U.S.C. § 1962(c) and 18 U.S.C. § 1962(d).

14. This Court may exercise supplemental jurisdiction over Plaintiffs' state law claims pursuant to 28 U.S.C. § 1367.

15. This Court has personal jurisdiction over Herbalife by virtue of Herbalife's extensive business operations in Florida.

16. This Court has personal jurisdiction over the Individual Defendants. Defendants Lori Baker, Costa, Davis, Edwards, Gioiosa, Mejia, Ramirez, Riveros, Rosenau, Valencia, Wick, de la Concepcion, Micheli and Rasch are all residents of Florida. Each of the Individual Defendants has committed tortious acts in Florida, including making misrepresentations at Circle of Success events in Florida, disseminating false information over the wires in Florida, and each Defendant has engaged in substantial and not isolated activity in Florida.

17. Venue is proper in the United States District Court for the Southern District of Florida pursuant to 28 U.S.C. § 1391, because substantial events giving rise to this Complaint took place in this District.

## SUBSTANTIVE ALLEGATIONS

## I. <u>THE FTC COMPLAINT</u>

18. In July 2016, the FTC sued Herbalife and certain of its subsidiaries, Case No. 16cv-05217, in the United States District Court for the Central District of California (the "FTC Action"). In the FTC Action, the FTC accused Herbalife of operating an enterprise premised on the fiction that participants in the Herbalife scheme are likely to earn substantial income. Attached

-4-

hereto as <u>Exhibit 1</u> is a copy of the Complaint the FTC filed against Herbalife (the "FTC Complaint").

19. The FTC Complaint alleged that "Defendants represent, expressly or by implication, that Herbalife Distributors are likely to earn substantial income, including significant full-time or part-time income, from pursuing a retail-based business opportunity." FTC Complaint at ¶ 16.

20. The FTC Complaint continues: "In reality, however, Defendants' program does not offer participants a viable retail-based business opportunity. Defendants' compensation program incentivizes not retail sales, but the recruiting of additional participants who will fuel the enterprise by making wholesale purchases of product." *Id.* at ¶ 17. The Complaint further alleges that "[t]he overwhelming majority of Herbalife Distributors who pursue the business opportunity make little or no money, and a substantial percentage lose money." *Id.* at ¶ 20.

21. The FTC Complaint focused on the promotional videos and marketing materials Herbalife uses, which "include representations that Distributors are likely to earn substantial income through Defendants' business opportunity; images of expensive houses, luxury automobiles, and exotic vacations; and income testimonials." *Id.* at 25.

22. The FTC Complaint recognized that "Defendants strongly encourage" people to attend events, that "[s]peakers are usually chosen from the very small percentage of Herbalife participants who have reached the highest status levels of the Herbalife organization" and that the presenters at the events "repeatedly emphasize that Distributors are likely to earn substantial income through Herbalife, and that Distributors' income potential is limited only by their own efforts." *Id.* at ¶ 31. The FTC Complaint then provides several examples of the absurd income claims being made at the events. *See id.* at ¶¶ 32-36.

-5-

23. The FTC Complaint alleges that Herbalife does not offer a viable retail-based opportunity; that is, there is little legitimate market for the Herbalife product outside the network and most Herbalife Distributors who pursue the business opportunity make little or no money from retail sales. *Id.* at  $\P$  55. Instead, "when Distributors are left with product they are unable to sell they may give it to friends, throw it away, or gradually consume it themselves." *Id.* at  $\P$  74. As a result, "the overwhelming majority of Distributors who attempt to retail the product make little or no no net income, or even lose money, from retailing the product." *Id.* at  $\P$  75.

24. The FTC Complaint alleges that because "Herbalife participants earn little or no profit, or even lose money, from retailing Herbalife products . . . recruiting, rather than retail sales, is the natural focus of successful participants in Defendants' business opportunity." *Id.* at ¶¶ 147-148.

25. Herbalife ultimately paid the FTC \$200 million and agreed to entry of an order prohibiting it from certain business practices. These included limitations on multi-level compensation, prohibited misrepresentations relating to income and lifestyle, and compliance monitoring. Attached hereto as **Exhibit 2** is a true and correct copy of the Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment.

# II. MAKING MONEY WITH HERBALIFE

26. None of Herbalife's top distributors, past or present, including the Individual Defendants, has built a significant income by retailing Herbalife's products according to Herbalife's rules. Defendants have actual knowledge that – despite their incessant misleading claims to the contrary – there is no viable retailing opportunity.

27. The chain recruiting aspect of the business opportunity also produces dismal results for participants. According to the analysis in the FTC Complaint:

• 80% of distributors failed to entice a single new recruit into the scheme.

-6-

- 43% of those who had succeeded in recruiting a new participant, had nevertheless received no compensation from the company.
- More than half of the top 13% of distributors grossed less than \$300 per year in payments from the company.

28. Although Herbalife's compensation plan includes eleven levels of distributors, there are effectively two classes of Herbalife participants: the infinitesimally small percentage of "haves," insiders who will trumpet alleged successes and "you can do it too" encouragement; and the "have-nots," outsiders comprising over 99 percent of all Herbalife participants.

29. Of the millions of people around the globe who have been duped over the last three decades into investing substantial sums to pursue Herbalife's business opportunity, fewer than 200 have achieved anything resembling the kind of lifestyles that are the steady refrain of Herbalife's marketing messaging. These 200, the top rungs of the President's Team, receive most of the recruiting rewards paid out by Herbalife. The President's Team members conspire to keep themselves on the top of the pyramid and to prevent their share of the take from being diluted.

30. Herbalife promotes the fetishized narrative surrounding the income claims of these President's Team members. President's Team members are cast as former dropouts, vagrants, bartenders, flight attendants, nurses, teachers, single mothers, used car salesmen, bus drivers, and college volleyball players – each of whom has achieved astounding success through Herbalife and through religious attendance of Circle of Success events.

31. In fact, to the extent the Individual Defendants have attained financial success, it is largely attributable to some combination of illegal or impermissible activity, such as banned recruitment methodologies and other unfair practices, which are not disclosed to Circle of Success attendees.

-7-

#### **Reliance on Banned Methods**

32. For example, many North American President's Team members built large portions of their downlines relying on highly aggressive lead generation techniques that were banned by Herbalife four years ago as scrutiny of the company's business practices increased. These systems relied on mass marketing the Herbalife opportunity as a "work from home" internet system, and on charging distributors thousands of dollars a month to obtain leads generated through this deceptive advertising.

33. Herbalife's stipulated settlement with the FTC fundamentally changes the way Herbalife operates by requiring distributors to prove retail sales and by forbidding standard practices such as using images containing, "opulent mansions, private helicopters, private jets, yachts, exotic automobiles." Yet the Individual Defendants who are still recognizing the residual benefits from these banned methods do not disclose that their downline was created in the first instance using these methods. Instead they continually defraud unsuspecting participants into believing that the key to their success was event participation and the Circle of Success.

#### <u>Roll-up</u>

34. Another undisclosed way in which the Individual Defendants became wealthy was by relying on the hundreds of thousands of people who drop out of the Herbalife business opportunity each year. The downlines of those drop-outs, often consisting of their own friends and family, are "rolled up" the pyramid; greatly advantaging those at the top.

35. Many top earning President's Team downlines have had the advantage of absorbing decades worth of Herbalife's 50% plus churn rate. Prospects and new recruits will not have that same opportunity when pursuing their own Herbalife businesses. Yet when promoting their allegedly lavish lifestyles, these President's Team members fail to disclose that a significant source

-8-

of their income was generated by downline recruits quitting, not by any affirmative act or conduct by the member.

# **Stacking**

36. Some of the biggest Herbalife downlines are grown and maintained by "stacking" the line with distributors, at key positions, who are essentially empty proxies of the upline. Controlling multiple points of an Herbalife downline organization facilitates the naked manipulation of the compensation scheme. The FTC alleged one telling example of this endemic practice among Herbalife's most successful distributors:

Savvy Distributors have figured out ways to use the recruiting reward structure to reap rewards, even without profitable retail sales. For example, during the years 2009–14, one top Distributor paid over \$8 million for product (with a total Suggested Retail Price of over \$16 million) which the Distributor purchased in the names of various downline members, thereby generating additional rewards and qualifying for higher payments from Defendants. This Distributor then donated all of this product to charity, rather than attempting to sell it. The Distributor generated enough rewards through these purchases to make a net profit, without even selling the products.

See Ex. 1 at  $\P$  86. Stacked downlines are the norm for Herbalife President's Team members, but this is never disclosed to potential recruits.

# <u>Nepotism</u>

37. The children and family of Herbalife's President's Team members are artificially placed in high-ranking positions throughout the scheme. In promotional materials and at Circle of Success events, family members hold themselves out as having achieved high incomes by adhering to the Circle of Success and by religiously attending and qualifying for special treatment at all events.

38. For example, Defendant John Tartol, a top earning distributor and member of Herbalife's board of directors, has at least twelve members of his family highly placed within his

downline; all boast about their achievements at Circle of Success events across the country, telling others that they can do the same.

39. But the children of President's Team members who become President's Team members themselves do not work the plan as explained to new recruits. They are stacked into preexisting downlines. Their Herbalife recruiting compensation checks are completely detached from their own efforts. This experience cannot be replicated by new recruits, who lack connections to Herbalife insiders, yet income claims by these members are a significant part of Herbalife's business opportunity sales pitch.

40. Herbalife's "Gen H" initiative – which aims to recruit and retain college age participants – is particularly dependent on the income claims of children of long-time President's Team members.

#### **Preopening International Markets**

41. Herbalife affords certain members of its President's Team the opportunity to "preopen markets" outside of the United States. Herbalife's products and business opportunity are currently available in more than ninety countries. In many of those countries, members of the President's Team were permitted (through the conspicuous non-enforcement of Herbalife's rules) to enter the market and start building downline sales organizations before the market was officially open. This selective lack of enforcement allows preferred distributors to claim a place at the top of the compensation structure in a given country, assuring that virtually all recruiting and sales within that country will generate commissions for these distributors.

## **Money Laundering**

42. Large "stacked" downlines present unique opportunities for the Defendants to generate illegal profits impossible for new recruits. Receiving compensation for *purchasing* products creates an obvious opportunity and incentive to launder illicit monies through the scheme.

-10-

43. Money comes into a downline organization as product purchases and goes out as legitimized dollar-denominated commission checks from a global company with a New York Stock Exchange listing.<sup>2</sup>

## **Currency Arbitrage**

44. President's Team members like Defendant Fernando Rancel, and others working the Miami market, have profited greatly from a currency arbitrage scheme.

45. The complex arrangement involved a very favorable exchange rate that Herbalife utilized to convert Venezuelan bolivar purchases into U.S. dollar commission checks, effectively turning the purchase of Herbalife products into a profitable method of transferring money out of Venezuela despite their strict capital controls.

46. The existence of this method of operation was never disclosed to new recruits as an income tool, though the income and lifestyle claims of distributors utilizing the method made up a substantial part of the income testimonials presented at Miami area events.

## The Tools Business

47. A large percentage of the wealth amassed by President's Team members came from selling leads, systems, trainings, websites, marketing materials, mentoring group access, private events, etc. directly to recruits. These side businesses, collectively known as the "tools business," are fully detached from Herbalife's compensation plan.

48. President's Team distributors do not disclose when the mansions, exotic automobiles, yachts, and helicopters used in their Circle of Success marketing efforts were in fact funded by these supplementary sources of income.

<sup>&</sup>lt;sup>2</sup> Plaintiffs expect to discern in discovery which Defendants have used the Herbalife opportunity to launder funds.

#### **Broke and Bankrupt**

49. Many of the income claims made by presenters at Circle of Success events, organized and overseen by the Defendants, are altogether false. It is not unusual for top distributors to be struggling to survive financially, while boasting from the Circle of Success stage about the life changing financial security of their large Herbalife incomes.

50. For example, President's Team member Michael Burton was a frequently featured guest speaker at Herbalife events across the country. On June 22, 2013 Mr. Burton was the guest speaker at the Miami Success Training Seminar, speaking to members and recruits about the "financial freedom" he had attained via his Herbalife business.

51. The next month Michael Burton filed for bankruptcy protection in the United States Bankruptcy Court for the Eastern District of Texas, Case No. 13-41669.

52. Defendants sporadically pair their claims of enormous incomes with ineffective "results not typical" style disclaimers, but frequently the claimed results are not just atypical – they are fictional.

53. The Herbalife success story is a fraud; a predatory scheme intentionally rigged against newcomers playing by the rules. The success claimed – and promised – by Defendants at Circle of Success events across the country is impossible to attain under its own terms.

## III. <u>THE HERBALIFE EVENT CYCLE</u>

54. As discussed herein, through lies, omissions and misrepresentations, Defendants aggressively encouraged Plaintiffs and Class Members to attend a Circle of Success event every month.

55. Herbalife produces its own large-scale events four times a year: a regional \$50 "January Spectacular," two regional \$100 "Leadership Development Weekends" in April and October, and a national \$120 "Extravaganza" each July.

-12-

56. The other eight months of the year are left to the semi-local 30 - 50 Success Training Seminars ("STS"). The STS is produced in conjunction with Herbalife, and tickets to these events are sold by an amorphous group of President's Team distributors that are most commonly referred to simply as "the leadership."

57. Since its founding in the 1980s, Herbalife has relied on live events for both recruitment and retention. Live events are built around the persuasive power of the personal success testimonial. Herbalife founder Mark Hughes consistently emphasized the importance of this tool.

58. According to Mr. Hughes, only 25% of an event should be devoted to information about Herbalife's products and marketing plan, while the remaining 75% should be reserved for success testimonials. The informational part of the meeting was intended only as a setup for the emotionally manipulative testimonials.

59. At an Herbalife training event posted to YouTube, Mr. Hughes explained his theory on the subject:

The more people that you can hear from, and the more different backgrounds you hear; and the more different circumstances, and where they were, and where they came from; and what their first month's income was, and what it is now; the more eyes that you can see; the more somebody, and there's going to be somebody today that you're going to see and you're going to say, 'If that person can do it, I can do it.' And that's the most important thing that can happen to you in Herbalife.<sup>3</sup>

60. For more than thirty years Herbalife has built its revenues by relying almost exclusively on the "and you can too" personal success testimonial. At live events, the density and

<sup>&</sup>lt;sup>3</sup> Available at <u>https://youtu.be/ZXbHTaKxuwQ.</u>

seeming sincerity of the income testimonials can overwhelm the resistance of even the most

skeptical prospect.

61. Individual Defendants constantly reiterate the central importance of attending

Circle of Success events and of getting guests and prospects to do the same.

"Our ultimate goal with everything we do in our precess[*sic*] is getting people plugged into the Herbalife Event Calendar," President's Team member Jorge de la Concepción Jr.

Events are the, "FASTEST way to build the BIGGEST checks in the SHORTEST period of time," President's Team member Andrea Villegas-Shanahan.

"There is a **DIRECT CORRELATION** between the amount of people you bring to an event and your position in the Herbalife Marketing Plan! It is impossible to explain (or re-create) the excitement and impact of 300, 400, 500+ people in a room, all excited and talking about their results and how Herbalife has changed their lives."

See Composite Exhibit 3.

62. The FTC provided some detail on Herbalife's Circle of Success event culture in

their Complaint against the company:

Defendants also sponsor numerous events for Distributors in both English and Spanish. Many of these events include live presentations at which speakers boast about the high incomes they earn as Herbalife Distributors. These events have names such as "Extravaganzas," "Leadership Development Weekends," and "Success Training Seminars.

Defendants strongly encourage Distributors to attend these events, which often require Distributors to pay an attendance fee and/or purchase a minimum amount of product from Herbalife. Defendants craft the agendas and select the speakers who present at these events. Speakers are usually chosen from among the very small percentage of Herbalife participants who have reached the highest status levels of the Herbalife organization. The presentations made by the selected top Distributors repeatedly emphasize that Distributors are likely to earn substantial income through Herbalife, and that Distributors' income potential is limited only by their own efforts.

*See* Ex. 1 at ¶30-31.

#### The STS

63. The STS has a long history at Herbalife. During the tenure of Mr. Hughes, the STS (and events like it) were held up to three times a week at no cost to the distributor. In the years following Mr. Hughes' death – as the company first stagnated, and then turned all its efforts towards "work from home" lead generation systems – the STS was a slow growing, once a month, corporate sponsored event.

64. One of Herbalife's original Distributors, Defendant Cody Morrow, gave an extensive presentation on the history and future of the STS at the 2013 "Future President's Team Retreat" in Boca Raton. According to that presentation, the growth arc of the STS substantially changed in 2009 when top members of the President's Team, spearheaded by Defendant Dan Waldron, "took ownership" of the STS event structure. Attached as <u>Exhibit 4</u> is a copy of that presentation.

65. At the beginning of this decade, as the Company transitioned away from its reliance on "work from home" systems, the STS became increasingly important as a driver of recruitment. Herbalife's push for \$1 billion in North American revenues, dubbed "Mission 1 Billion" by the company, was to be achieved by "riding the wave" of exponential STS growth.

66. Edition No. 150 of *Herbalife Today*, a promotional magazine distributed by Herbalife, contained a cover article entitled, *STS 100K in 2011: Catch the Wave*. Attached as **Exhibit 5** is a copy of that Herbalife Today article.

If you're wondering how to boost your Herbalife business, but you've yet to attend a Success Training Seminar (STS), now's the time! These crucial events provide you with the skills you need to take it to the next level. After all, with the right training, anything is possible, especially when it comes to setting new records, like being the first region ever to reach a billion dollars in sales! 67. The STS had become the foundation of Herbalife's intricately coordinated Circle of Success event cycle. Local meetings, nutrition clubs, fitness and weight loss challenges, social media posts – all of Herbalife's so-called "Daily Methods of Operation" – were now aimed at finding prospects to feed into the STS. From the same Herbalife Today article:

That's why the STS's are the key to help make your business grow, and to helping others achieve success. "STS's are enough to make a new person say, 'I want to be part of this. I can do this!'" says Mark Matika, Executive President's Team 15K member, who has been an Herbalife Independent Distributor for more than 29 years.

See id.

68. Long scripted days of income claims accompanied by loud music, shouting, clapping, hugging, and crying, move the prospect toward "I can do this!" Just as importantly, the STS is critical to convincing people to keep pouring money into the scheme – a monthly reaffirmation of the life changing power of Herbalife's business opportunity.

69. Throughout 2011, Defendant Herbalife ran a "Catch the Wave" promotion which included monthly training calls with President's Team members who espoused the primacy of the STS as a business building strategy. Herbalife ran a similar promotion in 2012 – "Ride the Wave" – which also included monthly President's Team conference calls.<sup>4</sup>

70. Herbalife did reach \$1 billion in North American sales by catching and riding the wave of STS growth. The 2013 Morrow Presentation suggested that for North America to reach \$2 billion in revenues, STS attendance would need to be doubled.

71. Herbalife's STS system is owned and controlled by a web of Defendant connected entities. There are currently more than sixty ever-changing U.S. based STS websites registered to various distributors. Some of the site registrations are private or registered to mid-level proxies,

<sup>&</sup>lt;sup>4</sup> "Level Ten Herbalife Leaders sharing STS success secrets to take your business to Level Ten! Ride the momentum of the Herbalife STS Wave!" *See* **Exhibit 6**.

but many are registered to one of the President's Team members controlling a local area for Herbalife:

- <u>STSMiami.com</u> is registered to Defendant Jorge de la Concepcion
- <u>STSOrlando.com</u> is registered to Defendant Sandy Gioiosa
- <u>BostonSTS.com</u> is registered to Herbalife board member Defendant Jim Tartol
- <u>DallasSTS.com</u> is registered to Defendant Dan Waldron
- <u>OrangeCountySTS.com</u> is registered to Defendant Cody Morrow
- <u>SanDiegoSTS.com</u> is registered to Cody Morrow's son Nick Morrow

72. STS tickets are purchased online over these sites or can be purchased onsite with cash or credit. For example, attendees of the Central Florida STS previously submitted payment to Defendant Tommy and Sandy Gioiosa's "Gioiosa Marketing" for event tickets. Currently the tickets are being sold through an entity called "OrlandoSTS."

73. Miami STS tickets are purchased from Telos LLC, a Florida limited liability company managed by President's Team member Alcides Mejia Jr., son of Defendant Alcides Mejia. Event advertisements instruct prospective attendees to purchase tickets by making a deposit directly into "Telos LLC account# 898030257080." Meanwhile, Defendant Jorge de la Concepcion registered a "Miami STS, LLC" in Florida, listing himself as "manager."

74. While STS events are effectively owned by top distributors, they are staffed by a large "Production Team" of business opportunity participants. These individuals are cajoled into volunteering their time to setup audio equipment and chairs, hang banners, assemble welcome kits, and make shakes for the VIP tables.

# leaders are the 1st ones to arrive and the last to leave



(Posted to the Miami STS Facebook page March 8, 2016)

75. At Circle of Success events, attendees are encouraged to buy tickets for future STS events in bulk packages of between five and twenty tickets. STS tickets and STS ticket packs are non-refundable.

# Leadership Development Weekend

76. Leadership Development Weekends ("LDW"), currently held in April and October, are large regional events sponsored and sold by Defendant Herbalife in some ten cities across the country. The weekend long events cost 575 - 110 to attend and require most participants to travel and stay two nights in a hotel.

77. The LDW offers the same basic content as the STS, but larger venues and bigger crowds add to the emotional impact of the event. LDW featured speakers are chosen from a small subset of the STS speakers, a list that includes all of the Individual Defendants.

78. Upon information and belief, Defendant Herbalife compensates Individual Defendants to act as featured speakers at these events.

79. But like the STS, the LDW is staffed by a Production Team of business opportunity participants working uncompensated behind the scenes to produce the very events they are paying to attend.

80. LDW event tickets are non-refundable.

## January Spectacular

81. The January Circle of Success event is a hybrid of the STS and LDW. The events tend to be larger, more expensive, and are often held over two days.

82. Prior to 2015, the event was called "January Spectacular" and it was sponsored and sold directly by Defendant Herbalife. But recently "the leadership" has absorbed the event into the STS system and renamed it "January Kickoff." Tickets are now purchased from the same shifting list of top distributor-related entities and individuals who sell STS tickets to Circle of Success participants.

83. Both January Spectacular and January Kickoff tickets are non-refundable.

#### <u>Extravaganza</u>

84. Extravaganza is billed as "the BIGGEST and MOST IMPORTANT event to attend" on the Circle of Success calendar. *See* <u>Exhibit 7</u>. The \$120 annual event is attended by some 20,000 business opportunity participants, and is produced and sold directly by Defendant Herbalife.

85. The event features similar content to the STS and LDW. Presentations and panel discussions are hosted by the same small subset of speakers utilized at the LDWs, but Extravaganzas also feature Defendant Herbalife's corporate executives.

86. The excitement generated by so many Circle of Success participants concentrated in one location is often cited favorably by Herbalife's executives when speaking to analysts and

-19-

stock market investors. On Herbalife's second quarter 2017 earnings conference call for example, CEO Rich Goudis deflected an analyst's question about a decrease in North American sales by referencing the national event.

> "But listen, we came out of July Extravaganza with 21,000 people. And we were all extremely moved by the enthusiasm and excitement in the business. It was apparent. It was visible. You could hear it."

87. Extravaganza attendance is pushed aggressively by speakers at Circle of Success events throughout the year. Extravaganza tickets are available for purchase at STS and LDW registration tables as much as six months prior to the event.

88. Extravaganza attendance requires air travel and a multi-night hotel stay for the vast majority of attendees.

89. Extravaganza tickets are non-refundable.

## Making the Sale

90. There are hundreds of Circle of Success events held across the country each year, conducted in both English and Spanish. Each delivers substantially similar content, carefully orchestrated by Herbalife, in a substantially similar format; and each centers around the allegedly spectacular financial success of the "special guest" speakers. Speakers tell the audience that they can achieve the same level of success themselves simply by continuing to attend events.

91. Advertising and promotion of the upcoming Circle of Success event begins with a one page flier that is distributed at the current month's STS. The flier is then posted to the leadership controlled STS website for the area and on social media pages managed and controlled by that same leadership.

92. Most fliers tell the brief story of a person who was once lost in the normal struggle of human existence; that has since been set free from the bondage of work and uncertainty via the "anyone can do this" power of the Herbalife business opportunity:

-20-

- Just by recommending the nutrition to my circle of influence and my local community, I was generating over \$4000 extra. In January 2013, after another amazing event, I was so blown away by the testimonies that I decided to quit my job and take this business to the next level. [Karim Ali, 2016 Miami STS]
- I quit my internship @ the states attorneys office and decided to ditch law school to pursue the Herbalife business opportunity full time! My first check was \$61 and two years later I earn over \$7,000 + every single month! [Maigan Graham, 2014 Phoenix STS]
- Now the lifestyle is truly incredible, enjoying financial freedom traveling the world. [Michael Burton, 2013 Miami STS]
- Lisa Arnold was able to go from a zero dollar income to a 6 figure income in 12 months and she will be sharing in detail exactly how she did so! [Lisa Arnold, 2015 Boston STS]
- They both had great results using the products and when their parttime income reached \$5000 a month, Laura quit her job as a banker and Mike left his job in non-profit fundraising... "We are truly living our dreams!" [Mike and Laura Curtis, 2013 Denver STS]
- After doing Herbalife for just 21 months they were able to reach President's Team, along with Jorge's parents!!!!! The most important part is that they are able to stay at home with their kids and spend every moment with them because of the lifestyle they have earned! [Disney & Jorge de la Concepcion, 2015 Tampa Bay STS]
- Four months after I signed up I decided to take a leap of faith, so I fired my bosses and put Nursing school on hold for life and it's been the best decision I've ever made. [Ximena Betancourt-Mejia, 2016 Palm Beach STS]
- Within 3 weeks she attended her first STS and that help launch her business to making over \$8000 a month within 90 days. [Launa Rasch, 2012 Denver STS]
- In the first 10 weeks Tim made more part-time than he did full time... "I hit a six-figure income in 3 years, and now I earn more per month working the hours I choose around my family than I used to make in one year as a Marine! [Tim Hendricks, 2015 Chicago STS]
- I attended a training just like the success training seminar I will be at with all of you, and loved the positive energy. That day was life changing. I copied what they taught me and put it into action right away, and within a few months was able to go full time with Herbalife. [Karen Feiger-Kolehmainen, 2014 Palm Beach STS]

Attached hereto as **Composite Exhibit 8** is a sampling of these STS fliers.

93. Very few of the preceding examples have any sort of associated income disclaimer;

and those that do are mostly unreadable, or are half superimposed over the image of a luxury car.

Plaintiffs have collected more than a hundred examples of this type of blatantly deceptive marketing.

94. Publication of intentionally misleading STS fliers to leadership-controlled STS websites is only step one of the promotional process. Defendants conspire to promote the STS across all channels of modern communication, including but not limited to Facebook, Snapchat, Instagram, YouTube, Twitter, Zoom, and WhatsApp.

95. In a training video distributed by Defendant Herbalife, Defendant Amy Hendricks tells distributors that event promotions should focus on the uniqueness of the featured speaker. "It's all about the story, and promoting the trainer themselves," says Hendricks.

96. Each month Defendants distribute, or cause to be distributed, hundreds of thousands of fraudulent messages about Circle of Success events across the wires. These messages persuade participants to attend these events – and to pump yet more money into the Herbalife scheme – in the vain hope of achieving the rapid success being advertised.

97. Defendants expect and encourage their Circle of Success promotional messages to be remixed and echoed across the wires via the social media accounts of event participants. Each event flier published by Defendants generates thousands of clone publications in the months leading up to the event.

98. For example, the flier for the October 3 – 5, 2014, LDW in Jacksonville was originally published to Defendant Herbalife's various websites. Regional leadership then republished the flier over their event websites and social media feeds. *See* Exhibit 9.

99. In the final step, hopeful distributors repackaged the flier and passed it along through the wires to their own social networks.

-22-



"If you are serious about growing your business and making an impact in your community YOU WILL BE THERE!!!!"

100. Although tickets for LDWs and Extravaganzas are purchased directly from Defendant Herbalife, it is the Individual Defendants that are primarily responsible for the marketing and promotion of the events. These regional and national events are promoted from the STS stage and over the same online and social media channels that "the leadership" use to promote the STS.

## **Attend Every Event**

101. Circle of Success events present the same basic content month after month, year after year, yet Herbalife's business opportunity participants are nevertheless exhorted to "attend every event." Attending *every* event is presented as the path to success walked by all of the company's leading lights; a duplicable pattern that anyone can use to achieve the same results.

102. A June 25, 2016, post by the area leadership to the "Miami STS" Facebook page conveyed the standard message: "ALWAYS attend the events, the one you miss us[*sic*] the one you need the most!"

103. Events are time consuming, expensive, and highly repetitive – but Herbalife business opportunity participants are expected to attend them all.

104. Defendant Lori Baker frequently uses her social media feeds to remind her downline that attending all Circle of Success events is the key to attaining life changing success in the Herbalife business opportunity. In a January 12, 2017 post Defendant Baker converted the "attend every event" mantra *ad nauseam* into something like a mathematical formula:

Super-EZ Success Formula: Work on Yourself + Attend Every Event + Qualify for Everything + Bring People with You = Living the Life YOU Want ...

#ItWouldBeSuperSadToGetLeftBehindWhenItsThisSuperEZ

105. In an April 30, 2015 Facebook post, Defendant Baker made the proposition even simpler for the members of her downline. The post, a popular Herbalife meme featuring Defendants Mark Addy and Enrique Carrillo, was shared more than sixty times after it was posted by Defendant Baker:



106. According to their biography in a 2009 issue of *Herbalife Today*, President's Team members Amber and Jason Wick replaced their incomes as engineers by working the Herbalife business opportunity. Their alleged keys to success:

Attend every event possible. Bring as many people as you can. Qualify for everything you can at events.

# See <u>Exhibit 10</u>.

107. May 25, 2017 Defendants Jorge and Disney de la Concepcion posted a promotion for the upcoming Miami STS to their popular Instagram feed. The post reminded members of their downline that event attendance was mandatory:

> "For those of you serious Herbalife Distributors in Miami, I'll tell you like we tell our team; Events/Trainings are non negotiable!"

# See <u>Exhibit 11</u>.

108. A May 29, 2017, post by President's Team member Heather Gregg, posted to the private Facebook group for members of Defendant Mark Matika's downline (which includes Plaintiffs Jeff and Patti Rodgers), declares event attendance to be the "FASTEST WAY TO GROW."

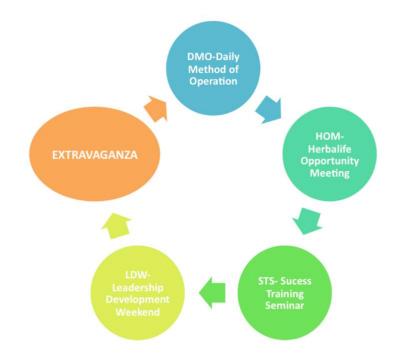
"THE pathway to advancing in the business can ONLY be done by attending the events and bringing people with you.

Be SURE you have your calendar filled with the dates of all events first... then plan everything else around those dates."

# See Exhibit 12.

109. A private website (ready2gonow.com) for members of Defendants Carol and Ron Rosenau's downline organization makes available documents and instructions for executing a success plan referred to as the "2 - 4 - 1 Plan." The "2 - 4 - 1 Plan" is pitched as a one year path from new Herbalife member to the President's Team, and it centers around attending all Circle of Success events.

110. Plan participants are expected to sign a contract that states within the first paragraph: "Attending these events is ESSENTIAL TO SUCCESS in working the 2-4-1 Plan." The plan also contains this graphic to remind participants that attendance breeds success:



## See Exhibit 13.

111. Many Defendants require distributors to sign similar monthly contracts as a condition of working as a "Nutrition Coach" out of area Nutrition Clubs controlled by that member. These agreements usually have monthly event "attendance requirements," as discussed in a YouTube video published by Defendant Amber Wick's organization.<sup>5</sup>

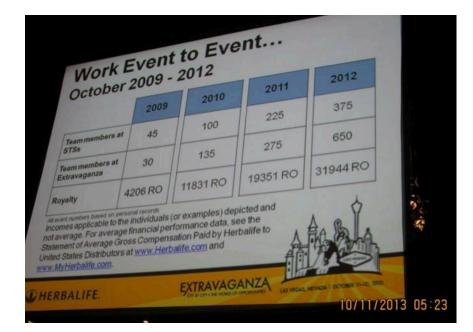
112. A video recording from the October 26 - 29, 2011, Extravaganza was later distributed as a "training DVD" to attendees of the 2012 January Spectacular, including Plaintiffs.

<sup>&</sup>lt;sup>5</sup> Available at https://youtu.be/B91mlvRmL5U

113. The DVD shows Defendant Wick hosting a panel discussion about succeeding with Herbalife Nutrition Clubs in front of thousands of Herbalife business opportunity participants. Wick introduces Defendants Sam and Amy Hendricks, telling the audience that Sam and Amy built their fast-growing Herbalife paycheck by relying on the Circle of Success and by working their business "event, to event, to event." Wick says that, "for every person you get to an event, you can expect your check to go up by a certain amount."

114. Defendants Sam and Amy Hendricks tell the audience that there is a direct correlation between the number of people you bring to the events and your position in Herbalife's compensation plan. Bring ten new distributors with you to Circle of Success events and that, "equals President's Team," according to Defendant Sam Hendricks. Hendricks says that distributors should be careful to "language" their event invitations such that the prospect will think they have no choice but to attend if they want to pursue the Herbalife business opportunity.

115. On October 11, 2013, during Herbalife's Extravaganza weekend, Defendant Jillian Addy gave a presentation to thousands of Herbalife distributors detailing the staggering growth of her and her husband's organization since their 2009 switch to focusing on working "event to event:"



116. Ms. Addy charts out a "Systematic Flow from Fitcamps Into HLF Events," for which she credits an 800% increase in compensation over four years. A similar story is told company-wide, month after month, at event after event; Herbalife's top North American distributors credit their entire operations on the Circle of Success event cycle.

117. Defendant Herbalife also consistently emphasizes the essential nature of event attendance. For example, the "Herbalife Lead" program allocates prospects generated by Herbalife's website and direct marketing efforts to qualifying distributors. Attendance at four Circle of Success events, at least two of them corporate-sponsored events, is required to be eligible for the program. *See* **Exhibit 14**.

118. While Herbalife ceded the financing and operation of the STS system to top distributors, the company retains significant control. The full curriculum for the STS event is provided to Individual Defendants by Defendant Herbalife via myherbalife.com. Under a section titled, "Building Your Business -- Approved Trainings for Meetings" the company describes the STS as the "mother of all group meetings" and prescribes the materials to be used when presenting it. *See* Exhibit 15.

119. The suggested agenda provided with the event materials lays out the whole STS day with great specificity. Events all across the country follow this agenda to the minute. *See* **Exhibit 16**.

120. The Herbalife provided agenda calls for featured presenters to close the day with a fifteen-minute discussion of the "Action Steps" participants should take upon leaving:

"Key piece: next steps, next meeting (STS, LDW) Strive to qualify for everything, consistency, plugging into the Cycle of Success and bringing people with you to the next events!"

Id.

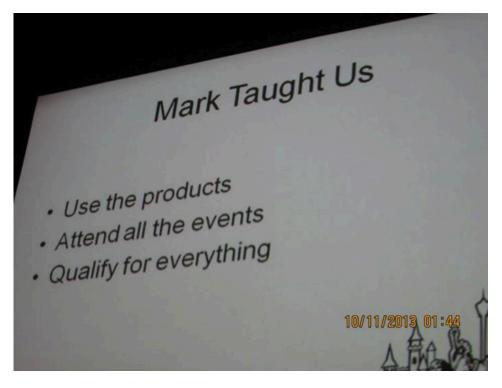
-28-

121. According to Defendant Herbalife's agenda, the key takeaway message of these events is to keep qualifying for, and attending, these events.

122. It costs more than \$600 per year in ticket prices alone to "attend every event."

# **Qualify for Everything**

123. "Qualification" is an idea deeply embedded within the synthetic subculture that Defendants cultivate to keep Herbalife business opportunity participants ensnared in unnecessary spending. "Qualification" is Herbalife parlance for meeting the bulk purchasing and recruiting requirements arbitrarily established by both Herbalife and the Individual Defendants.



(photo taken by Herbalife distributor at the October 2013 Extravaganza in Las Vegas)

124. Herbalife's compensation and commission structure encourages participants to progress up a ladder of clearly delineated ranks. According to Herbalife, "qualifying" for a new rank, an achievement recognized with great fanfare at Circle of Success events, correlates with an

increased earning potential. The more you recruit, the more you are compensated for those you have already recruited.

125. There are eight compensation levels between a new Herbalife recruit and the vaunted President's Team. In recent years, Herbalife has added four additional "recognition levels" to the stairway. Recognition levels are qualifications celebrated with pins and certificates at Circle of Success events, but which do not actually have an effect on a distributor's compensation.

126. But "qualification" also refers to bulk purchases made in order to satisfy requirements which are tied directly, and exclusively, to the Circle of Success. These qualifications are completely detached from the compensation scheme. When Herbalife's business opportunity participants are daily entreated to "qualify for everything," it is this ceremonial event qualification which is usually being referenced.



127. A photo posted to Facebook by an Herbalife distributor shows Defendant Tommy Gioiosa, appearing at a January 29, 2017 Circle of Success event in Philadelphia, standing beneath a sign reading, "CHANGING PEOPLE'S LIVES."

128. "I always qualify for everything ... no matter what," reads the PowerPoint presentation displayed on the monitor in front of Gioiosa. "Get as many people to qualify for all the events with you."

129. At Circle of Success events participants can qualify for "advanced" trainings, mentoring sessions, dinner with guest speakers, special photo opportunities, and "VIP seating and treatment" while at the event.



(January 24, 2017 Instagram post by Erika Martin, ranking agent of Defendants Jorge and Disney de la Concepcion)

130. VIP qualifiers are positioned at the front of the venue, usually seated at tables where they are served – and conspicuously consume – Herbalife products throughout the event. During the hours-long seminars frequent reference is made to the accomplishment and import of being seated at the VIP tables. VIP qualifiers are said to be signaling the seriousness of their commitment to their downline members, and to "the leadership." 131. VIP and other qualification requirements vary by event and location. For example,

# in 2016:

- Miami STS VIP qualification required "10,000 Personal Volume Points" (roughly \$5000 worth of purchases) in the preceding month
- Spanish language Miami STS VIP qualification required 2500 Personal Volume Points in the preceding month
- Tampa Bay STS VIP qualification required 7500 Personal Volume Points the preceding month
- Silver VIP qualification for the Orlando LDW required an accumulation of 25,000 Total Volume Points during the four months preceding the event
- Silver VIP qualification for the Atlanta Extravaganza also required an accumulation of 25,000 Total Volume Points during the four months preceding the event



Keep an eye on your progress

Check your progress toward exciting events and promotions with our trackers. You're only a click away!

(July 10, 2017 screen capture inside myherblife.com)

132. Herbalife's members only website, myherbalife.com, has a "Qualification Status" tracking system to allow distributors to see the progress they have made toward Circle of Success event qualifications.





#### PLATINUM QUALIFIER

Photo Opportunity, Reception, Autographed Herbalife framed portrait of Michael O. Johnson, CEO and Rich Goudis, COO, VIP Seating and Journal.

Open to all Fully Qualified Supervisors who achieve the following during the qualification period: • A total of 25,000 accumulated Total Volume Points in three consecutive months

# (July 10, 2017 screen capture inside myherblife.com)

133. Qualification for "advanced trainings," like the "Supervisor School" portion of the STS training or the "Supervisor Workshop" portion of the LDW event, require a participant to hold the rank of Supervisor in Herbalife's marketing plan. Supervisor is the rank at which Herbalife business opportunity participants can start earning commissions on their recruiting. This level can be attained by achieving 2500 personal volume points in each of two consecutive months. Once achieved, the rank can be held for up to a year without further action.

134. But at most Circle of Success events, access to the "advanced" Supervisor trainings is only available to participants who have satisfied their buying quotas in the immediately preceding months.

135. Qualification and recognition at monthly events works in conjunction with the marketing plan levels to continually convince Plaintiffs that there is reason to invest in one more months' worth of qualifying volume. But as the rewards offered for attaining these "recognition levels" and "qualifications" are non-pecuniary, Defendants are able incentivize onerous monthly purchase requirements at no additional cost to themselves.

136. A search for the hashtag #qualifyforeverything on the social media site Instagram returns more than 4000 posts; mostly posted by hopeful Herbalife distributors repeating the lessons taught by company leadership.



"Our Secret? Use the products. Wear the brand. Talk to people. Qualify for EVERYTHING. Never miss an event. Take people with you.

(September 5, 2015 Instagram post by Miami President's Team member Fabiola Barinas)

137. When Herbalife's North American business opportunity participants place orders with the company, many are purchasing Circle of Success qualifications as much as they are wholesale products to resell. They have been fraudulently induced into the belief that "qualify for everything" is a strategy for earning limitless income in Herbalife, when the reality is that it is only a strategy for rapidly losing income.

## **Mutual Control and Benefit**

138. Herbalife's Circle of Success is the product of a close association between Herbalife and its highest-ranking Distributors. While none of the Defendants will claim ownership over the enterprise that produces and profits from these events, both Herbalife and its top Distributors rely on the Circle of Success to perform core functions of their individual operations. 139. The Individual Defendants profit directly from the sale of Circle of Success event tickets, and from speaking fees received for appearing at Circle of Success events. The reputations of the Individual Defendants are significantly strengthened by being routinely held out as Herbalife's most successful distributors. These Defendants rely on the Circle of Success to recruit new distributors, to retain current distributors, and to keep all distributors making bulk purchases that will translate into increased commission checks.

140. Defendant Herbalife profits directly from the sale of the regional and national Circle of Success event tickets. The stunning stories of rapid financial success peddled at these events are at the heart of the pitch for the Herbalife business opportunity. Circle of Success events use deceit and misrepresentation to recruit new participants into Herbalife's fraudulent proposition, and to keep those participants (like Plaintiffs) locked in a cycle of mandatory monthly purchases.

141. Over the past decade, individual events grew larger under "leadership ownership" and expanded to new locations like Jacksonville, Lakeland, and Fort Lauderdale – areas that would have been too small to merit attention under the corporate control regime. The Morrow Presentation, discussed above, outlines the steps for starting an STS in a new area, with an emphasis on working together toward "common goals."

142. The "Herbalife Distributors' Code of Honor," available for download on Herbalife's member only website myherbalife.com, provides some additional guidance on cooperation:

> "In order to establish a successful Herbalife business in a city, country or region, Distributors should seek to unite their efforts, regardless of the upline or downline they belong to. This includes business and joint event planning, speaker exchange and support as required. Productive cooperation will elevate your business and help it flourish. You should take every opportunity to demonstrate that we are united in our goals as one Herbalife family."

143. The "Herbalife family" puts on its joint Circle of Success events utilizing standardized presentations decks, scripts, and agendas. Local leaders are instructed to work together and stick with the approved materials because, "everything works."

144. Another document published to the member only site myherbalife.com titled "SPEAKER GUIDELINES: For use at all Herbalife Events," mandates that featured speakers present their PowerPoint presentations to Herbalife for inspection three weeks prior to the event. This "allows time for sales representatives, branding specialists and legal to review" the presentation's content. Speakers who miss the deadline, "risk not being permitted to present." *See* 

# Exhibit 17.

145. After STS events, local leadership report back to Herbalife with a record of event attendees, registration lists, and the amount of company provided product remaining. *See Exhibit* <u>18</u>.

146. Circle of Success events require the close collaboration of Herbalife and the Individual Defendants. All Defendants are currently reliant on the ongoing scheme for their U.S. revenues.

#### **PLAINTIFFS**

147. Representative Plaintiffs have collectively attended more than 150 Circle of Success events, each spending more than a year trapped in a cycle of manipulation calculated to produce financial loss.

148. Plaintiffs are hardworking, diligent, conscientious citizens who were ensnared into an aggressively fraudulent scheme by Defendants' exploitation of their trust, their hope, and their vulnerability.

-36-

#### **Jeff and Patricia Rodgers**

149. Patti attended her first large Herbalife recruiting event on January 22 – 23, 2011; traveling 140 miles to Herbalife's "January Spectacular" in Orlando. The event featured one of Herbalife's top distributors, Defendant Susan Peterson, as its keynote speaker.

150. Defendant Peterson convincingly claimed that the Herbalife business opportunity offered a certain path to financial freedom for anyone willing to invest the time, money, and energy. Patti committed herself to vigorously pursuing the Herbalife business opportunity.

151. Patti's husband Jeff Rodgers had a successful career as a construction estimator.

152. In March 2011, Patti brought Jeff to a Circle of Success event in Daytona Beach.

153. Shortly thereafter, Jeff suffered a serious stroke which cost him his job – and his sense of stability. While Jeff was still recovering from this health crisis, the Rodgers attended a Circle of Success event from July 8 - 10, 2011 in Jacksonville.

154. That weekend, Defendant Amber Wick gave a version of her standard Herbalife testimonial. She and her husband, Defendant Jason Wick, claimed that they spent many long years with a stagnant Herbalife business. Amber Wick explained that once the couple started working their business by funneling prospects into the "Circle of Success," everything changed. Jason and Amber claimed they were now living a life of total financial freedom and empowerment, and that anyone willing to "duplicate" their model was sure to achieve the same liberation.

155. Over the next few years Jeff and Patti Rodgers – like thousands of other class members similarly situated – were convinced by an onslaught of guarantees that if they modeled the methods of leaders like Defendants Wick, Addy, Bickerstaff, Baker, Carrillo, Jones, and De la Concepcion, and worked the Herbalife business "event to event," lasting success was the certain outcome.

-37-

156. The Rodgers rarely missed another event for the duration of their four-year involvement with Herbalife; attending more than fifty events, sometimes at a rate of two a week, and doing everything President's Team members told them was necessary to achieve financial independence. Even though they were losing money every month, Jeff and Patti continued to attend monthly Herbalife events where they were exhorted to double down their efforts with the guarantee that the pot of gold at the end of the rainbow was just within reach.

157. The Rodgers were so convinced that their formulaic participation in the Herbalife Circle of Success would eventually pay dividends that they moved to Miami from Jacksonville at the urging of Defendant Ron Rosenau.

158. In their pursuit of the Herbalife business, they cashed out a retirement account and a settlement annuity, sold jewelry, moved into shared housing, and borrowed money from family members on more than one occasion.

159. The Rodgers followed the instructions of company "mentors" and "planned their lives around the Herbalife calendar." As a result, Patti was attending an Herbalife event on the day her mother died. Trips to visit grandchildren were postponed while the couple's dwindling resources were used to attend expensive Herbalife events.

160. The constant promotion of the next big event, each promising to be the key to success; and their constant attendance of those highly charged emotional events, kept their false hopes at a steady boil.

161. The Rodgers attended almost every event from 2011 – 2015. During these events, they heard each of Defendants Wick, Addy, Carrillo, Jones, and De la Concepcion make the same misrepresentations as Peterson, Wick, Gioiosa, and Rosenau before them: remain dedicated to the Circle of Success, and you will become rich like us.

-38-

162. Yet religious adherence to the Circle of Success did not lead to financial success for Jeff and Patti Rodgers. They didn't quit Herbalife; after years of fruitless toil, they simply ran out of money to lose.

163. Not accounting for their time, the Rodgers lost more than \$100,000 pursuing Herbalife's fraudulent and illusory business opportunity. At least \$20,000 of those loses stem directly from their participation in the Circle of Success event cycle.

# Michael and Jennifer LaVigne

164. Mike and Jen LaVigne started using Herbalife products to lose some weight and improve their health. Jen works in emergency services. Mike is a veteran of the U.S. Army and is the IT director for Coshcoctan County, Ohio.

165. At the January 17, 2015 "January Kickoff" in Columbus, they paid \$50 each to hear Defendant Christopher Reese. Advertising for the event, distributed over the OhioSTS.com website, as fliers and posters in Nutrition Clubs, and across all forms of social media, tied event attendance to a half-million-dollar yearly income.



"Within 60 days we had attended 4 separate Herbalife Training events. Looking back this was THE KEY, that gave us a huge vision of what was possible through Herbalife, which inspired us to make the decision to NEVER GIVE UP... [T]he couple's income averages over \$45K per month. They live in a beautiful custom home with a brand new 2015 Corvette Stingray in the driveway."

166. At the event, Mike and Jen were told that they could build a large income around

their own already busy schedules. To succeed they need only "attend every event," and "NEVER

# GIVE UP."

167. In a January 30, 2015, YouTube video posted by Defendant Amber Wick, her

husband Jason Wick promotes his appearance at the following month's Ohio STS. "And then we

started plugging in to the event. And the key was, we started bringing people with us to events,

and that's what we've done for twelve-and-a-half years guys."6

<sup>&</sup>lt;sup>6</sup> Available at https://youtu.be/QM1VzMEGfwQ.

168. At the event, Defendant Wick delivered the message that the Wick's huge organization was built around working "event to event."

169. For the next year and a half, Mike and Jen endeavored to attend every event; attending every local, regional and national event. Below is a list of the events the LaVignes attended over the course of their time pursuing the Herbalife business opportunity.

Event	Date	Location	Speaker
January Kickoff	January 17, 2015	Columbus, Ohio	Christopher Reese
STS	February 21, 2015	Columbus, Ohio	Jason Wick
STS	March 21, 2015	Columbus, Ohio	Larry Hulsey
LDW	April 10 – 12, 2015	Lansing, Michigan	Garrain Jones
			Laura Curtis
STS	May 16, 2015	Columbus, Ohio	Donte & Trina Andry
STS	June 20, 2015	Columbus, Ohio	Local leadership / BTC
Extravaganza	July 10 – 12, 2015	St. Louis, Missouri	Various
STS	August 15, 2015	Columbus, Ohio	Kelli Davis
STS	September 12, 2015	Columbus, Ohio	Dan Hayes
LDW	October 23 – 25, 2015	Detroit, Michigan	Graeme Edwards
STS	November 14, 2015	Columbus, Ohio	Lisa Arnold
STS	December 12, 2015	Columbus, Ohio	Local leadership / BTC
January Kickoff	January 15 – 17, 2016	Detroit, Michigan	Nick Matika
STS	February 20, 2016	Columbus, Ohio	Brook Kirwin
STS	March 19, 2016	Columbus, Ohio	Carlos Prieskorn
LDW	April 15 – 17, 2016	Detroit, Michigan	Enrique Carrillo
STS	May 13, 2016	Columbus, Ohio	Keyon Owens
STS	June 25, 2016	Columbus, Ohio	Ryan Baker
Extravaganza	July 22 – 24, 2016	Atlanta, Georgia	Various

170. At every event, Mike and Jen were told that they must attend every event. Business opportunity participants who wanted to be successful were instructed to plan their lives around the Circle of Success event schedule.

171. Tickets for the next event, and for the regional and national events, were aggressively sold throughout the day at all the local and regional events.

172. Participants were subjected to what was dubbed "punishment" for missing events. "Punishment" included: pestering, public shaming, not being able to work out of local Nutrition Clubs, and being forced to perform cleaning services for other clubs.

173. On top of their significant Herbalife losses, the LaVignes lost more than \$5000 attending Circle of Success events.

# Cody Pyle

174. Cody Pyle attended his first Circle of Success event November 15, 2014 in Norman, Oklahoma.

175. The November 2014 STS in Norman featured guest speaker Samantha Clayton, a former Olympic athlete and employee of Defendant Herbalife. The event also featured dozens of testimonials and distributors were continually reminded that attending events was the key to achieving success.

176. By November 2016, after two years under continuous pressure to "attend every event," Cody Pyle had attended twenty-six Circle of Success events, as detailed below.

Event	Date	Location	Speakers
STS	November 15, 2014	Norman, OK	Samantha Clayton
Kickoff	January 24 – 25, 2015	Dallas	Various
STS	February 21, 2015	Oklahoma City	Hermes Jones-Parra
STS	March 21, 2015	Oklahoma City	Brad Harris
LDW	April 10 – 11, 2015	Dallas	Dennis Dowdell
			Laura Holloway
STS	May 16, 2015	Oklahoma City	Maurice & Sandra Smith
STS	June 20, 2015	Oklahoma City	Dan Waldron
STS	August 15, 2015	Oklahoma City	John Heiss
Success University	September 26 – 27,	Dallas	
Summit	2015		
LDW	October 10, 2015	Dallas	Juan Mendoza
STS	November 14, 2015	Oklahoma City	Caley Carroll
STS	December 12, 2015	Oklahoma City	Matt Rushbrook
Kickoff	January 16, 2016	Oklahoma City	Sheriff Taiwo

Success University Summit	January 31, 2016	Las Vegas	Dan Waldron Joseph McClendon III David Bevan
STS	February 20, 2016	Oklahoma City	JJ Makowski
STS	March 26, 2016	Oklahoma City	Keyon Owens
LDW	April 10, 2016	Dallas	Garrain Jones,
			Enrique Carrillo
			Amber Wick
STS	May 15, 2016	Oklahoma City	Geri & Diego Gutierrez
Nutrition Club	June 4, 2016	Oklahoma City	Amber Wick, Brad
Training			Harris, Kris Bickerstaff,
			Tim Files
STS	June 25, 2016	Oklahoma City	Nicole Lakin
Extravaganza	July 8 – 10, 2016	Long Beach	Various
STS	August 13, 2016	Oklahoma City	Khalil Blakey
STS	September 10, 2016	Oklahoma City	Larry & Heather Hulsey
LDW	October 22 – 23, 2016	Dallas	Alexis Pelfrey, Zac
			Tartol
STS	November 12, 2016	Oklahoma City	Celeste Richmond
Nutrition Club	November 19, 2016	Dallas	Amber Wick, Brad
Training			Harris, Kris Bickerstaff,
			Tim Files

177. Defendant Dan Waldron, like many other Defendants, added his own expensive regional and national events to the Circle of Success. Events dubbed "Herbalife Success University," and "Nutrition Club Training," offered a more aggressive version of the standard pitch. Profits from these large-scale events flowed directly into the coffers of Defendant Waldron.

178. Diligent attendance at every event was not delivering any success for Cody Pyle. And at each of these events, speaker after speaker touted the necessity of qualifying VIP for events if one truly wanted to have life changing success with the Herbalife business opportunity. Attendees were told that there would be a direct correlation between VIP qualifications and the size of their Herbalife paychecks.

179. Over Cody's two-year involvement with Herbalife he averaged 2451 in personally purchased volume points per month. But for three consecutive months beginning February 2016,

Mr. Pyle purchased almost triple that amount of volume in a conscious effort to "qualify for everything" at events as per instructed.



Month	Personally Purchased Volume
2016/12	418.75
2016/11	1,791.90
2016/10	3,107.11
2016/09	1,787.82
2016/08	2,367.05
2016/07	1,930.27
2016/06	3,879.52
2016/05	3,787.24
2016/04	6,021.71
2016/03	6,552.56
2016/02	6,456.76
2016/01	2,828.17
2015/12	878.40
2015/11	1,422.46
2015/10	2,728.55
2015/09	1,548.92
2015/08	2,924.62
2015/07	1,296.85
2015/06	1,230.75
2015/05	615.77
2015/04	1,228.05
2015/03	1,478.95
2015/02	1,078
2015/01	1,465.57
2014/12	592.05

180. But VIP qualification, like event attendance, did *nothing* to help Cody succeed at the Herbalife business opportunity.

181. Cody lost approximately \$30,000 pursuing Herbalife's fraudulent and illusory business opportunity. \$11,600 of those losses can be directly attributed to his travel to, and attendance of, Circle of Success of events.

# **Izaar and Felix Valdez**

182. Izaar Valdez and her father, Felix Valdez, have spent almost a decade trying to achieve the success promised by Herbalife's President's Team members from Circle of Success stages across the country.

183. From the stage of a 2008 Herbalife STS in Miami, Izaar and Felix were told that they would be making \$500,000 per year in Herbalife, that they would be able to purchase homes using all cash, and that their family's future would be secure for generations.

184. Izaar and Felix are U.S. citizens who immigrated to Miami from the Dominican Republic. Felix lives in Miami and has been operating his own construction company here since 1993. Tens of thousands of hard-earned dollars were drained from Mr. Valdez's real business, and sunk into Herbalife's illusory business.

185. Izaar Valdez is an administrative assistant who has worked the Herbalife business opportunity in both Miami, Florida and Elizabeth, New Jersey.

186. Izaar and Felix were in the downline organization of Defendant President's Team members Guillermo and Claudia Rasch. Like many others in Herbalife's Latino market, Felix and Izaar were instructed by their upline to participate in continuous "training systems." The systems associated with Defendant Guillermo Rasch had the Valdezes attending tri-weekly events costing up to \$200 per month.

187. At the tri-weekly events and the monthly Circle of Success events, distributors were continually reminded that event attendance was crucial to achieving success in Herbalife.

188. Izaar and Felix attended dozens of Circle of Success events. They paid cash to President's Team members for those events, including for some of Defendant Herbalife's corporate sponsored events.

189. Twelve thousand people, including Izaar, attended Herbalife's Extravaganza Latina in Atlantic City, New Jersey between October 16 - 19, 2014. Defendants collectively produce Spanish language Circle of Success events that run in parallel to English events in cities with dense populations of new immigrants.

-45-

190. Izaar lost more than \$3,500 attending Circle of Success events in 2014. That same year, while working her business from dawn to dusk, she spent more than \$10,000 purchasing Herbalife products in order to "qualify for events" and move up in the Herbalife marketing plan.

191. Izaar's husband left her and her three children in desperation over her continuous Herbalife losses. When she sought advice from her "mentors" about the collapse of her family, Defendants Guillermo and Claudia Rasch told her to stay the course, to continue to make the necessary purchases, and to attend all the necessary events – this was no time to give up.

192. Circle of Success organizers categorize skeptical family members as stumbling blocks to be avoided and forgotten on the path to infinite success. This January 18, 2015 Facebook event post by Omar Lorenzo, one of Defendant Guillermo Rasch's ranking agents, sadly illustrates this pervasive message.



January 18th 2015 View All

THE NO. 1 REASON PEOPLE FAIL IN LIFE IS BECAUSE THEY LISTEN TO THEIR FRIENDS, FAMILY, AND NEIGHBORS.

Herbafun Miami Like This Page · January 18, 2016 · @	
🖆 Like 📮 Comment 🍌 Share	
🕚 Herbafun Miami	
1 share	

#### Jennifer Ribalta

193. Jen was recruited into Herbalife's "opportunity" directly by Defendant Tommy Gioiosa. She was convinced by Defendant Gioiosa to attend her first Circle of Success event in February of 2011.

194. At that event, like every other Circle of Success event, presenters preached about the importance of attending Circle of Success events in order to guarantee success as an Herbalife distributor.

195. Jen was drafted into the event "Production Team" by Defendant Sandy Gioiosa. Production Team duties require an average of eight hours unpaid labor per event and often mean an extra night away from home. But working long hours on the event does not free you from your obligation to pay for the event. Jen usually paid for Circle of Success events by giving cash directly to Defendant Tommy Gioiosa.

196. In her first year, Jen attended events in Daytona Beach, Jacksonville, Orlando, and Las Vegas. She was also expected to attend smaller weekly recruiting meetings held at Defendant Gioiosa's Nutrition Club, where she was paying \$100 per month for the right to work behind the counter uncompensated.

197. On September 26, 2012 Defendant Sandy Gioiosa hosted a call to promote the upcoming Extravaganza to members of her, mostly Florida-based, downline. Defendants Amber Wick and Dani Edwards were presented as "special guests" and were introduced as two of the company's fastest growing, top earning, distributors.

198. On that call, Defendant Dani Edwards states that Extravaganza attendance "completely transformed" her life, allowing her to build up what she called "legacy" wealth in just five years. She says she knows many people are "putting together every single penny that they have," to be able to attend the event. She claims it will be worth overcoming any "excuse" not to

-47-

attend, including; insufficient funds, an unsupportive spouse, a job, or the need to take care of children. Whatever a person's financial or emotional position, Defendant Dani Edwards claims that, "it is vital that you do whatever you have to do to get to this event."

199. Defendant Amber Wick claims on that call that attending Extravaganza, "absolutely changed the course of our entire lives," and insists that people "find a way" to attend even if it means putting the year's most expensive event on a credit card like she and Defendant Jason Wick had done at the beginning of their Herbalife careers – a time during which they were already so deeply indebted that the thought of putting another \$1000 on a credit card made Wick "want to throw up."

200. Both Wick and Edwards describe finding a way to attend Extravaganza at a time when they certainly could not afford to attend, and the massive life changing success that resulted from that reckless decision. If you want the health, the wealth, the lifestyle, even the ability to help those in need, then you must attend the Circle of Success events. "You can't help the poor if you are one of them," say both Edwards and Wick during the hour-long pitch.

201. Jen attended the 2012 Extravaganza in Long Beach the following month as instructed, and she attended the 2013 Extravaganza in Las Vegas. In between, she attended local and regional events across Florida. In fact, Jen Ribalta attended a Circle of Success event every month for 38 consecutive months, "volunteering" to work Production Team at some 30 of those events.

202. Over the course of her involvement with Herbalife, Jen spent more than \$15,000 attending Circle of Success events.

-48-

#### **DEFENDANTS**

203. **Defendant Herbalife, Ltd**. is a Cayman Island corporation with its principal place of business in Los Angeles, California. Herbalife, Ltd. is a publicly held corporation traded on the New York Stock Exchange as "HLF."

204. **Defendant Herbalife International, Inc**. is a Nevada corporation with its principal place of business in Los Angeles, California. At all relevant times, Defendant Herbalife International, Inc. was an indirect, wholly-owned subsidiary of Herbalife, Ltd.

205. **Defendant Herbalife International of America, Inc**. is a Nevada corporation with its principal place of business in Los Angeles, California. At all relevant times, Defendant Herbalife International of America, Inc., was a wholly-owned subsidiary of Herbalife International, Inc. and an indirect, wholly-owned subsidiary of Herbalife, Ltd.

206. **Defendant Susan Peterson** is a resident of Houston, Texas, and has long been one of Herbalife's top earning distributors. Peterson controls a downline organization which includes thousands of Class members, and several of this action's Class representatives. Defendant Peterson has stacked members of her family into her downline. Her son John Peterson, a resident of Miami Beach, is an agent and proxy of his mother's organization.

207. Defendant Susan Peterson is a featured guest speaker at Circle of Success events across the country, including many appearances in this District at events attended by Plaintiffs in the past four years. At these appearances, Peterson repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

208. Examples of Defendant Peterson's direct involvement in the scheme are attached hereto as **Exhibit 19**.

-49-

209. Through her membership and participation in secretive Strategy and Planning Committees, Defendant Peterson exerts control over the Circle of Success enterprise.

210. **Defendant Leslie Stanford** is a resident of Englewood, Colorado, and is a former member of Defendant Herbalife's Board of Directors. Stanford is one of Herbalife's top earning distributors and has reached the highest level of the company's marketing and compensation plan.

211. Defendant Leslie Stanford is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances, Stanford repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

212. Defendant Stanford organizes and controls Circle of Success events held in the Rocky Mountain region. Examples of Defendant Stanford's direct involvement in the scheme are attached hereto as **Exhibit 20**.

213. Through her membership and participation in Defendant Herbalife's secretive Strategy and Planning Committees, Defendant Stanford exerts control over the Circle of Success enterprise.

214. **Defendant John Tartol** is a resident of Malibu, California, and is a current member of Defendant Herbalife's Board of Directors. Defendant Tartol is one of Herbalife's top earning distributors and has stacked at least twelve members of his family into high ranking positions in his downline organization. All of these members, who dub themselves the "Tartol Dynasty," are agents and proxies of Defendant John Tartol's organization.

215. Defendant John Tartol is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances Tartol repeatedly

-50-

claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

216. Defendant Tartol organizes and controls the Circle of Success events held in the New England region. Examples of Defendant Tartol's direct involvement in the scheme are attached hereto as **Exhibit 21**.

217. Through his membership and participation in Defendant Herbalife's secretive Strategy and Planning Committees, and through his position on the Board of Directors, Defendant Tartol exerts control over the Circle of Success enterprise.

218. **Defendant Dan Waldron** is a resident of Plano, Texas, and is one of Defendant Herbalife's top earning distributors. Waldron is upline of class representative Cody Pyle, and of thousands of other Class members across the country. Defendant Waldron has stacked members of his family into his Herbalife downline. Those family members, such as President's Team member Keegan Cervin, are agents and proxies of Defendant Waldron's organization.

219. Defendant Dan Waldron is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances, Waldron repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

220. Defendant Waldron organizes and controls the Circle of Success events held in the Texas/Oklahoma region and has added his own expensive events to the schedule for members of his nationwide organization. Examples of Defendant Waldron's direct involvement in the scheme are attached hereto as **Exhibit 22**.

-51-

221. Through his membership and participation in Defendant Herbalife's secretive Strategy and Planning Committees, Defendant Waldron exerts control over the Circle of Success enterprise.

222. Top distributors credit Waldron with loosening Defendant Herbalife's exclusive control over the event system and for the ultimate formation of the distributor cartel-controlled Circle of Success system as it exists today.

223. **Defendant Fernando "Nani" Rancel** maintains a residence in Stamford, Connecticut, and is one of Defendant Herbalife's top earning distributors.

224. Though most of his appearances are outside the country, Defendant Rancel is a featured guest speaker at Circle of Success events within the United States, most frequently in this District. At these appearances Rancel repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. An example of Defendant Rancel's direct involvement in the scheme is attached hereto as **Exhibit 23**.

225. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Rancel exerts control over the Circle of Success enterprise.

226. Upon information and belief, Defendant Fernando Rancel was a primary participant in a scheme to use stacked Herbalife accounts to move massive amounts of money out of Venezuela's collapsing currency. Some proceeds of that scheme have been invested into Florida real estate.

227. **Defendant Paulina Riveros** is a resident of Miami, Florida, and is one of Defendant Herbalife's top earning distributors. Upon information and belief, Defendant Riveros is associated with large amounts of money flowing out of Venezuela through stacked Herbalife accounts.

-52-

228. Defendant Riveros is a featured guest speaker at Spanish language Circle of Success events across the country, including appearances in this District. At these appearances Riveros repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. Examples of Defendant Riveros' direct involvement in the scheme are attached hereto as **Exhibit 24**.

229. Through her membership and participation in secretive Strategy and Planning Committees, Defendant Paulina Riveros exerts control over the Circle of Success enterprise.

230. **Defendants Gabriel and Emma Sandoval** are residents of Nipomo, California, and are two of Defendant Herbalife's top earning distributors. The Sandovals have stacked members of their family into their Herbalife downline. Those family members, like President's Team member Karla Sandoval, are agents and proxies of Gabriel and Emma Sandoval's organization.

231. Defendant Sandovals are featured guest speakers at both English and Spanish language Circle of Success events across the country, including many appearances in this District. At these appearances, the Sandovals repeatedly claim that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

232. Defendants Gabriel and Emma Sandoval organize and control the Circle of Success events held in the central California area. Examples of the Defendant Gabriel and Emma Sandoval's direct involvement in the scheme are attached hereto as **Exhibit 25**.

233. Through their membership and participation in secretive Strategy and Planning Committees, the Sandovals exert control over the Circle of Success enterprise.

234. **Defendants Michael and Debi Katz** are residents of Leeds, Utah, and are two of Herbalife's top earning distributors.

-53-

235. Defendants Michael and Debi Katz are featured guest speakers at Circle of Success events across the country, including many appearances in this District. At these appearances, Defendants repeatedly claim that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

236. Defendants Michael and Debi Katz organize and control the Circle of Success events held in Southwest region. Examples of Defendants Michael and Debi Katz's direct involvement in the scheme are attached hereto as **Exhibit 26**.

237. Through their membership and participation in secretive Strategy and Planning Committees, Defendants Michael and Debi Katz exert control over the Circle of Success enterprise.

238. **Defendant Dennis Dowdell** is a resident of Aliso Viejo, California, and is one of Defendant Herbalife's original, and highest earning, distributors. Dowdell played a key role in convincing other top distributors to focus their efforts on building their organizations around the Circle of Success event system.

239. Defendant Dowdell is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances Dowdell repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

240. Defendant Dennis Dowdell organizes and controls the Circle of Success events held in the Southern California area. Examples of Defendant Dowdell's direct involvement in the scheme are attached hereto as <u>Exhibit 27</u>.

241. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Dowdell exerts control over the Circle of Success enterprise.

-54-

242. **Defendant Cody Morrow** is a resident of Grass Valley, California, and is one of Defendant Herbalife's original, and highest earning distributors. Defendant Cody Morrow has stacked members of his family into his Herbalife downline. Those family members, like President's Team member Nick Morrow, are agents and proxies of Defendant Cody Morrow's organization.

243. Defendant Cody Morrow is a featured guest speaker at Circle of Success events across the country, including some appearances in this District. At these appearances, Morrow repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

244. Defendant Morrow organizes and controls the Circle of Success events held in the Southern California area.

245. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Morrow exerts control over the Circle of Success enterprise.

246. **Defendant Mark Matika** is a resident of Drexel Hill, Pennsylvania, and is one of Defendant Herbalife's top earning distributors. Defendant Matika has stacked members of his family into his Herbalife downline. Those family members, like President's Team member Nick Matika, are agents and proxies of Defendant Mark Matika's organization.

247. Defendant Matika is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances Matika repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

-55-

248. Defendant Matika organizes and controls the Circle of Success events held in Pennsylvania, Delaware, and parts of New Jersey. Examples of Defendant Matika's direct involvement in the scheme are attached hereto as <u>Exhibit 28</u>.

249. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Matika exerts control over the Circle of Success enterprise.

250. **Defendant Enrique Carrillo** is a resident of Houston, Texas, but built much of his Herbalife organization working out of Las Cruces, New Mexico. Carrillo is an in-demand Circle of Success speaker, having featured at an event nearly every month during the relevant period. Defendant Carrillo's success story casts him as a college dropout with a record of drunk driving who suddenly made good and became one of Herbalife's all-time highest earning distributors. Carrillo's story is oft repeated by Herbalife distributors at events around the world.

251. Defendant Carrillo is a featured guest speaker at Circle of Success events across the country, including appearances in this District at events attended by Plaintiffs. At these appearances, Carrillo repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. Examples of Defendant Carrillo's direct involvement in the scheme are attached hereto as **Exhibit 29**.

252. Defendant Carrillo has stacked members of his family into his Herbalife downline. Those family members, like President's Team member Bernadette Carrillo, are agents and proxies of Defendant Enrique Carrillo's organization.

253. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Carrillo exerts control over the Circle of Success enterprise.

254. **Defendants Mark and Jill Addy** are residents of Playa Vista, California, and are two of Defendant Herbalife's top earning distributors.

-56-

255. Defendants Mark and Jill Addy are featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances, they repeatedly claim that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

256. Defendants Mark and Jill Addy help to organize and control the Circle of Success events held in the Southern California region.

257. Through their membership and participation in secretive Strategy and Planning Committees, Defendants Mark and Jill Addy exert control over the Circle of Success enterprise.

258. **Defendant Garrain Jones** is a resident of Studio City, California, and is one of Defendant Herbalife's top earning distributors. Defendant Jones claims that over a few short years, the Herbalife business opportunity took him from homelessness to incredible wealth.

259. Defendant Garrain Jones is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances Jones repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

260. Defendant Jones helps organize and control the Circle of Success events held in the Southern California area. Examples of Defendant Jones' direct involvement in the scheme are attached hereto as **Exhibit 30**.

261. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Jones exerts control over the Circle of Success enterprise.

262. **Defendants Jorge and Disney de la Concepcion** are residents of Miami, Florida, and are two of Defendant Herbalife's top earning distributors – who ascended to the highest rungs of Herbalife's compensation plan faster than any other distributors in the company's history. The

-57-

couple claims to have reached Herbalife's top pay rungs so rapidly by using social media to attract people into the Circle of Success.

263. Defendants Jorge and Disney are part of a large stacked downline that contains many of their friends and family members. Those family members, like Jorge de la Concepcion Sr., are agents and proxies of Defendant Jorge and Disney's organization.

264. Defendants Jorge and Disney are frequently featured guest speakers at Circle of Success events across the country, including many appearances in this District. At these appearances, Jorge and Disney repeatedly claim that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. Examples of the De la Concepcion's direct involvement in the scheme are attached hereto as

### Exhibit 31.

265. Defendants Jorge and Disney organize and control the Circle of Success events held in Miami. Through their membership and participation in secretive Strategy and Planning Committees, Defendants Jorge and Disney de la Concepcion exert control over the Circle of Success enterprise.

266. **Defendants Alcides and Miriam Mejia** are residents of Miami, Florida, and are two of Defendant Herbalife's top earning distributors. Alcides and Miriam have stacked members of their family into their Herbalife downline. Those family members, like President's Team member Andres Mejia, are agents and proxies of Alcides and Miriam Mejia's organization.

267. Defendants Alcides and Miriam Mejia are featured guest speakers at Circle of Success events across the country, including many appearances in this District. At these appearances Defendants repeatedly claim that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

-58-

268. The Mejias organize and control the Circle of Success events held in South Florida.Examples of Defendants' direct involvement in the scheme are attached hereto as <u>Exhibit 32</u>.

269. Through their membership and participation in secretive Strategy and Planning Committees, the Mejias exert control over the Circle of Success enterprise.

270. **Defendants Carol and Ron Rosenau** are residents of Miami, Florida, and are two of Defendant Herbalife's top earning distributors.

271. The Rosenaus are frequently featured guest speakers at Circle of Success events across the country, including many appearances in this District. At these appearances Carol and Ron Rosenau repeatedly claim that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. Examples of Defendants Carol and Ron Rosenau's direct involvement in the scheme are attached hereto as **Exhibit 33**.

272. Through their membership and participation in secretive Strategy and Planning Committees, Defendants Carol and Ron Rosenau exert control over the Circle of Success enterprise.

273. **Defendants Amber and Jason Wick** are residents of Destin, Florida, and are two of Defendant Herbalife's highest paid, fastest growing distributors.

274. Defendants Amber and Jason Wick are featured guest speakers at Circle of Success events across the country, including many appearances in this District. At these appearances, the Wicks repeatedly claim that attending Circle of Success events is the key to having success in Herbalife's illusory business opportunity. All Class representatives, and most Class members, have attended a Circle of Success event featuring Amber Wick promoting the vital importance of event attendance for aspiring business opportunity seekers.

-59-

275. Defendants Amber and Jason Wick organize and control Circle of Success events held in the Minnesota area.

276. Through their membership and participation in secretive Strategy and Planning Committees, Defendants Amber and Jason Wick exert control over the Circle of Success enterprise.

277. **Defendants Graeme and Danielle Edwards** are residents of Miami, Florida, and are two of Defendant Herbalife's top earning distributors.

278. Defendants Graeme and Danielle Edwards are featured guest speakers at Circle of Success events across the country, including many appearances in this District. At these appearances, the Edwards repeatedly claim that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. Examples of Defendants Graeme and Danielle Edward's direct involvement in the scheme are attached hereto

as **Exhibit 34**.

279. Through their membership and participation in secretive Strategy and Planning Committees, Defendants Graeme and Danielle Edwards exert control over the Circle of Success enterprise.

280. **Defendants Sam and Amy Hendricks** are residents of Mankato, Minnesota, and are two of Defendant Herbalife's top earning distributors.

281. Defendants Sam and Amy Hendricks are frequently featured guest speakers at Circle of Success events across the country, including many appearances in this District. At these appearances, Sam and Amy Hendricks repeatedly claim that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

-60-

282. Defendants Sam and Amy Hendricks organize and control the Circle of Success events held in the Minnesota area. Examples of Defendants Sam and Amy Hendricks' direct involvement in the scheme are attached hereto as <u>Exhibit 35</u>.

283. Through their membership and participation in secretive Strategy and Planning Committees, Defendants Sam and Amy Hendricks exert control over the Circle of Success enterprise.

284. **Defendants Tommy and Sandy Gioiosa** are residents of Ormond Beach, Florida, and are two of Defendant Herbalife's top earning distributors. Defendant Tommy Gioiosa recruited Plaintiff Jen Ribalta into the Herbalife business and played a key role in recruiting Plaintiff Jeff Rodgers.

285. Defendants Tommy and Sandy Gioiosa are featured guest speakers at Circle of Success events across the country, including many appearances in this District. At these appearances, the Gioiosa Defendants repeatedly claim that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

286. Defendants Tommy and Sandy Gioiosa organize and control the Circle of Success events held in the Central Florida area. Examples of Defendants Tommy and Sandy Gioiosa's direct involvement in the scheme are attached hereto as **Exhibit 36**.

287. Through their membership and participation in secretive Strategy and Planning Committees, Defendants Tommy and Sandy Gioiosa exert control over the Circle of Success enterprise.

288. **Defendant Jennifer Micheli** is a resident of Orlando, Florida, and is one of Defendant Herbalife's top earning distributors. Defendant Micheli has stacked various members

-61-

of her family into her Herbalife downline. Those family members, like sons Dominic and Matt Micheli, are agents and proxies of Defendant Jennifer Micheli's organization.

289. Defendant Jennifer Micheli is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances Micheli repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. Examples of Defendant Micheli's direct involvement in the scheme are attached hereto as **Exhibit 37**.

290. Defendant Jennifer Micheli organizes and controls the Circle of Success events held in Daytona Beach. Through her membership and participation in secretive Strategy and Planning Committees, Defendant Micheli exerts control over the Circle of Success enterprise.

291. **Defendant's Guillermo and Claudia Rasch** are residents of Miami, Florida, and are two of Defendant Herbalife's top earning distributors. Defendants Guillermo and Claudia Rasch recruited and were upline of Plaintiffs Izaar and Felix Valdez.

292. Defendant Guillermo Rasch is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances Rasch repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. Examples of Defendant Guillermo and Claudia Rasch's direct involvement in the scheme are attached hereto as **Exhibit 38**.

293. Defendants Guillermo and Claudia Rasch help organize and control the Spanish language Circle of Success events held in the South Florida area.

294. Through their membership and participation in secretive Strategy and Planning Committees, Defendants Guillermo and Claudia Rasch exert control over the Circle of Success enterprise.

-62-

295. **Defendant Ryan Baker** is a resident of Zanesville, Ohio, and is one of Defendant Herbalife's top earning distributors. Defendant Ryan Baker is part of a stacked downline that includes multiple members of his family. Those family members, like brother Austin Baker and sister Corrinne Baker, are agents and proxies of Defendant Ryan Baker's organization.

296. Plaintiffs Mike and Jen LaVigne were part of Defendant Ryan Bakers downline organization.

297. Defendant Ryan Baker is a featured guest speaker at Circle of Success events across the country. At these appearances Defendant Baker repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. Examples of Defendant Baker's direct involvement in the scheme are attached hereto as **Exhibit 39**.

298. Defendant Ryan Baker organizes and controls the Circle of Success events held in the Central Ohio area. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Baker exerts control over the Circle of Success enterprise.

299. **Defendant Kris Bickerstaff** is a resident of Oklahoma City, Oklahoma, and is one of Defendant Herbalife's top earning distributors. Defendant Bickerstaff is part of the large organization run by Defendant Dan Waldron. Plaintiff Cody Pyle was recruited into Bickerstaff's Herbalife downline based on claims made by Bickerstaff.

300. Defendant Kris Bickerstaff is a featured guest speaker at Circle of Success events across the country, including several appearances in this District. At these appearances Bickerstaff repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

-63-

301. Defendant Bickerstaff organizes and controls the Circle of Success events held in Oklahoma. Examples of Defendant Bickerstaff's direct involvement in the scheme are attached hereto as **Exhibit 40**.

302. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Bickerstaff exerts control over the Circle of Success enterprise.

303. **Defendant Bradley Harris** is a resident of Kansas City, Kansas, and is one of Defendant Herbalife's top earning distributors.

304. Defendant Brad Harris is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances Harris repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

305. Defendant Brad Harris organizes and controls the Circle of Success events held in several different states. Examples of Defendant Harris' direct involvement in the scheme are attached hereto as **Exhibit 9**.

306. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Harris exerts control over the Circle of Success enterprise.

307. **Defendant Paymi Romero** is a resident of Elmsford, New York, and is one of Defendant Herbalife's top earning distributors. Defendant Romero, like the De la Concepcion Defendants, claims that she reached Herbalife's top pay rungs so rapidly by using social media to attract people into the Circle of Success.

308. Defendant Romero is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances Paymi Romero

-64-

repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

309. Defendant Romero helps organize and control the Circle of Success events held in the New York / New Jersey area. Examples of Defendant Romero's direct involvement in the scheme are attached hereto as **Exhibit 41**.

310. Through her membership and participation in secretive Strategy and Planning Committees, Defendant Romero exerts control over the Circle of Success enterprise.

311. **Defendant Arquimedes Valencia** is a resident of Staten Island, New York, and is one of Defendant Herbalife's top earning distributors. Defendant Valencia is part of a large stacked downline which includes many members of his family. Those family members, like President's Team member Roger Valencia, are agents and proxies of the larger Valencia organization.

312. Defendant Arquimedes Valencia is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances, Valencia repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. Examples of Defendant Valencia's direct involvement in the scheme are attached hereto as **Exhibit 42**.

313. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Valencia exerts control over the Circle of Success enterprise.

314. **Defendant Lori Baker** is a resident of Spring Hill, Florida, and is one of Defendant Herbalife's top earning distributors.

315. Defendant Baker is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances, Baker repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting

-65-

success in Herbalife's business opportunity. Examples of Defendant Lori Baker's direct involvement in the scheme are attached hereto as **Exhibit 43**.

316. Through her membership and participation in secretive Strategy and Planning Committees, Defendant Baker exerts control over the Circle of Success enterprise.

317. **Defendant Manuel Costa** is a resident of Miami, Florida, and is one of Defendant Herbalife's top earning distributors.

318. Defendant Costa is a featured guest speaker at Circle of Success events across the country, including many appearances in this District. At these appearances, Costa repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

319. Defendant Costa helps organize and control the Spanish language Circle of Success events held in various areas. Examples of Defendant Costa's direct involvement in the scheme are attached hereto as **Exhibit 44**.

320. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Costa exerts control over the Circle of Success enterprise.

321. **Defendant Christopher Reese** is a resident of Rocklin, California, and is one of Defendant Herbalife's top earning distributors.

322. Defendant Reese is a featured guest speaker at Circle of Success events across the country, including some appearances in this District. At these appearances, Reese repeatedly claims that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity.

-66-

323. Defendant Reese organizes and controls the Circle of Success events held in Sacramento, California. An example of Defendant Reese's direct involvement in the scheme is attached hereto as **Exhibit 45**.

324. Through his membership and participation in secretive Strategy and Planning Committees, Defendant Reese exerts control over the Circle of Success enterprise.

325. **Defendants Mark and Jenny Davis** are residents of Jacksonville, Florida and are two of Defendant Herbalife's top earning distributors.

326. Defendants Mark and Jenny Davis are featured guest speakers at Circle of Success events across the country, including many appearances in this District. At these appearances, Defendants Mark and Jenny Davis repeatedly claim that attending all Circle of Success events is necessary and that it will lead directly to lasting success in Herbalife's business opportunity. Examples of Defendants Mark and Jenny Davis' direct involvement in the scheme are attached hereto as **Exhibit 46**.

327. Through their membership and participation in secretive Strategy and Planning Committees, Defendants Mark and Jenny Davis exert control over the Circle of Success enterprise.

328. All conditions precedent to this action have been met, waived or are otherwise excused.

### **CLASS ALLEGATIONS**

329. This action is brought by Plaintiffs as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3).

330. Plaintiffs seek relief under 18 U.S.C. §1962, the Florida Deceptive and Unfair Trade Practices Act ("FDUTPA"), and for unjust enrichment and negligent misrepresentation on behalf of themselves and a nationwide class (the "Class") defined as:

-67-

All persons who purchased tickets to and attended at least two Circle of Success events from 2009 until the present, in pursuit of Herbalife's business opportunity.

331. Excluded from the Class are the Defendants, past or present members of Herbalife's President's Team, their employees, proxies, and family members.

332. The members of the Class are so numerous that joinder of the Class members in a single action is impracticable. The members of the Class number in the hundreds of thousands and can be readily identified through Defendants' records.

333. There are numerous, substantial questions of law and fact common to all Class members relating to Defendants' Circle of Success scheme, which was directed and implemented in the same or similar manner toward the members of the Class. The common questions include but are not limited to:

- Whether Herbalife committed wire fraud by implementing, facilitating, and participating in the Circle of Success enterprise using the common methods described herein;
- Whether wire fraud committed by Herbalife constitutes a pattern of racketeering activity;
- The extent to which Herbalife exerted mutual control over the alleged racketeering enterprise;
- The extent to which Herbalife's revenues, and Individual Defendants' income, are reliant on the activities of the racketeering enterprise;
- 5) Whether Defendants engaged in a conspiracy to commit wire fraud through the Circle of Success enterprise using the common methods described herein;

- Whether Defendants' conduct constitutes an unlawful, unfair and fraudulent business practice under Florida law;
- 7) Whether Defendants intentionally withheld material information about the likelihood and ability of Plaintiffs' obtaining the promised results and monetary returns from pursuing the Herbalife business opportunity;
- Whether Defendants failed to disclose that President's Team members built their downlines by using now banned methods;
- Whether Defendants failed to disclose the high cost of attracting new recruits to the Herbalife business opportunity;
- 10) The extent to which Defendants intentionally misrepresented that the Herbalife business opportunity could be successfully pursued at little cost;
- Whether a substantial portion of the income claimed by President's Team members is derived from laundering the proceeds of other criminal operations through the scheme;
- 12) Whether Distributor Defendants stacked their downlines with empty proxies to facilitate their top-down manipulation of the compensation scheme;
- Whether Defendants failed to disclose that Distributor Defendants stacked their downlines with empty proxies to facilitate their top-down manipulation of the compensation scheme;
- 14) Whether Defendants fraudulently represented that qualifying for, and attending, events was the key to success in the Herbalife business opportunity;
- 15) Whether Defendants repeatedly misrepresented that the only way to fail at Herbalife is to quit;

- 16) Whether Defendants used the Circle of Success to misrepresent that the children and family members of the President's Team had achieved success through the Circle of Success;
- 17) Whether Defendants knowingly presented financial success testimonials from people who were not having financial success;
- 18) Whether Defendants' disclaimers were legally insufficient given the net impression created by Defendants' activities, and the explicit, intentional disavowal by Defendants and/or proxies of the substance of those disclaimers;
- Whether Defendants' Circle of Success events were inherently fraudulent and/or exploitative;
- 20) Whether Defendants' coordinated sales and marketing tactics as they relate to Circle of Success events were inherently fraudulent and/or exploitative;
- 21) Whether Defendants took affirmative actions to fraudulently conceal the harm from the Class;
- 22) Whether Plaintiffs and Class members conferred a benefit on the Herbalife Defendants through their Circle of Success purchases, participation, and unpaid labor relating to the Circle of Success events;
- 23) Whether the benefits conferred by the Plaintiffs and Class members on the Herbalife Defendants were made at Plaintiffs' and Class members' expense, such that Herbalife Defendants' retention of the benefits is unjust;
- 24) Whether Herbalife Defendants misrepresented material facts by presenting false information and omitting material information concerning the Circle of Success event cycle to the Plaintiffs, including but not limited to misrepresenting that

attendance at all Circle of Success events would guarantee success, omitting the material fact that Plaintiffs could not succeed simply by doing what the Defendants told Plaintiffs, and omitting the material fact that Defendants achieved "success" by means other than those represented to the Plaintiffs;

- 25) Whether Herbalife Defendants knew or should have known that these representations were false;
- 26) Whether Herbalife Defendants intended to induce Plaintiffs to act on the misrepresentations, including by attending Circle of Success events;
- 27) Whether Plaintiffs relied upon Herbalife Defendants' misrepresentations by expending substantial money, time, and effort to attend Circle of Success events;
- 28) Whether Herbalife Defendants' misrepresentations caused injury to the Plaintiffs;
- 29) Whether Plaintiffs' reliance on Herbalife Defendants' misrepresentations was reasonable;
- 30) Whether Plaintiffs and Class members are entitled to damages, which damages are ascertainable by common proof and methods of proof;
- 31) The proper measure of damages for Defendants' violations of law.

334. These and other questions of law and fact are common to the Class, and predominate over any questions affecting only individual class members. These questions are susceptible to common proof and methods of proof because Defendants' pattern of activity with respect to the centrally orchestrated Circle of Success scheme was consistent among Plaintiffs and Class members. Defendants used standardized, coordinated methods and sales materials to deceive the Plaintiffs. Plaintiffs' allegations, if proven, will necessarily prove harm to the Class. Accordingly, the Class is sufficiently cohesive to warrant adjudication by representation.

335. Plaintiffs' claims are typical of the Class in that Plaintiffs suffered monetary damages attending Circle of Success events after Defendants represented that such purchases were required to have success with the Herbalife opportunity. Defendants withheld the same essential information detailed above from the Plaintiffs and the Class. Defendants used the same and/or substantially similar, false marketing materials and implemented the same and/or substantially similar manipulative tactics to exploit the Plaintiffs' and the Class members' inferior informational position, impressing upon them the Herbalife fiction that they could achieve success with the Herbalife opportunity by attending the Circle of Success events, when in fact this was demonstrably false.

336. Plaintiffs will fairly and adequately represent the interests of the Class, in that Plaintiffs' interests are fully aligned with those of the Class. Plaintiffs were all damaged in the same or similar manner, by the same or similar methods, used by Defendants to injure the Class. Plaintiffs have retained counsel who is experienced and skilled in complex class-action litigation.

337. A class action is superior to other methods for the fair and efficient adjudication of the controversy given that the size of the Class, which is in the hundreds of thousands, makes joinder of all Class members a practical impossibility.

338. Class action treatment will permit a large number of similarly-situated individuals to prosecute their common claims in a single forum simultaneously, efficiently, and without the unnecessary duplication of effort, evidence, and expense that a multitude of individual actions would engender. The potential for nearly identical claims makes certification desirable, as many individuals might otherwise be left without a viable means to pursue their claims for injuries arising from the Circle of Success scheme. All, or substantially all, of the issues in this case are amenable to class resolution. Conversely, failure to certify the Class could result in a multitude of

-72-

individual lawsuits involving the same core issues, concerning the same or similar types of standardized documentation, with the potential for disparate results in cases that are substantially the same and both factually and legally intertwined. Such separate actions would result in the expenditure of unnecessary time and resources by the courts and by all parties, including Defendants. Furthermore, many of the Plaintiffs and Class members could not afford to bring individual actions against the Defendants. Denial of class treatment in this case would likely deny numerous Class members a remedy and the opportunity to be heard.

339. The class action would be manageable because it centers around the coordinated Circle of Success enterprise, with common key issues, documents, witnesses and experts, all, or a majority of which are susceptible to treatment on a class basis in a single forum. On the other hand, denial of class treatment would create a series of unmanageable, protracted lawsuits.

340. The centrality of Florida in the Circle of Success enterprise and the fact that a substantial amount of the relevant conduct has taken place in Florida warrants application of Florida substantive law to all of Plaintiffs' and Class members' claims. Alternatively, however, Plaintiffs' state law claims are readily susceptible to Class treatment by categorization into cohesive subclasses based on similarities in state laws that would otherwise apply.

#### CAUSES OF ACTION

#### <u>COUNT I</u>: CONDUCTING THE AFFAIRS OF A RACKETEERING ENTERPRISE – RICO 18 U.S.C. § 1962(C)

341. Plaintiffs incorporate by reference and reallege all allegations in the above paragraphs.

342. This cause is asserted against the all Defendants, and all Defendants are "persons" for purposes of 18 U.S.C. § 1962.

343. The Defendants violated RICO and Plaintiffs were injured as a result.

-73-

344. Each Defendant is a "person" capable of holding a legal or beneficial interest in property within the meaning of 18 U.S.C. Section 1961(3).

345. Each Defendant violated 18 U.S.C. § 1962(c) by the acts described in the preceding paragraphs and as further described below.

346. The Circle of Success is a continuous and continuing association-in-fact enterprise consisting of Herbalife and approximately 100 leadership level members of its President's Team. The modern formulation of the Circle of Success began in 2009 when Herbalife relinquished "ownership" of the STS level event to members of "the leadership."

347. The Circle of Success produces and sells expensive monthly events whose primary purpose is to:

- disseminate misleading and fraudulent income claims
- recruit new members into the fraudulent business opportunity scheme
- increase the investment and engagement of those already ensnared in the scheme

348. The Circle of Success has a presence in most states, and it plays a central role in the business model of a multi-billion dollar publicly traded company. Herbalife and Individual Defendants actively participate in, and promote, this fraudulent enterprise across the several states. The enterprise is engaging in, and affecting, interstate commerce.

349. Defendants jointly conduct, manage, and control the affairs of the Circle of Success enterprise.

350. The Individual Defendants are organized into regional hierarchies and closely control who appears on the Circle of Success stage in their own regions. These Defendants decide when and where to expand the enterprise into new markets. They set the "qualification" price for the events. And they control some event content directly by presenting themselves as the "special guest" speakers.

-74-

351. Defendant Herbalife controls the event calendar, slotting the local STS events in around its own schedule of larger corporate sponsored events. Herbalife dictates a standardized curriculum for Circle of Success events, and controls the many trademarks used in those "approved" presentations. Herbalife lays out a to-the-minute STS agenda which is followed rigidly in most areas.

352. All Defendants jointly affect the strategic direction of the Circle of Success enterprise through meetings of the various Strategy & Planning Committees; which consist of top level President's Team members and Herbalife corporate executives.

353. Defendant Herbalife and Individual Defendants together decided that Herbalife would relinquish ownership of the STS in order to reinvigorate recruiting in the North American market.

354. The Circle of Success is a vehicle used by Defendants to carry out a pattern of racketeering activity. All Defendants engaged in a pattern of racketeering activity by continuously, repeatedly, and over a protracted period; participating in a scheme and artifice to defraud in violation of 18 U.S.C. § 1343.

355. By transmitting and causing others to transmit, by means of wire in interstate commerce, writings, signs, signals, pictures and sounds, all in furtherance of, and for the purposes of, executing a scheme or artifice to defraud.

356. With these acts, Defendants have collectively persuaded hundreds of thousands of victims to invest substantial sums into attending events which are held out as the secret to becoming financially successful in a fraudulent scheme to which Defendants know financial success is not possible.

-75-

357. Herbalife and each of the Individual Defendants had a duty to disclose that there was no correlation between event attendance and success.

358. The predicate acts of wire fraud are related because they have the same or similar purpose, they target the same victims, and they have the same result: hundreds of millions of dollars flowing from the Plaintiff class into the coffers of Herbalife and its top few President's Team distributors.

359. The conduct complained of herein has been repeated thousands of times between January 2009 and the date of filing. Further, the acts complained of herein project into the future with a threat of repetition as the event cycle continues every month in dozens of locations around the country.

360. As a direct and proximate result of the Defendants' pattern of racketeering activity, Plaintiff Class was injured in their business and property. Each Plaintiff was induced by reason of Defendants' misrepresentations, omissions, and blatant untruths – to surrender valuable consideration in order to participate in the inherently fraudulent scheme promoted by the Defendants' racketeering enterprise.

WHEREFORE, Plaintiffs demand that judgment be entered against the Defendants, jointly and severally, in favor of Plaintiffs and the Class members as follows:

- 1. Determining that this action is a proper class action and certifying an appropriate plaintiff Class pursuant to Fed. R. Civ. P. 23;
- Awarding Plaintiffs and the Class recoverable damages in an amount to be determined at trial, including an award of trebled damages as consistent with 18 U.S.C. § 1964(c), compensatory and actual damages, reasonable attorneys' fees, prejudgment interest, post-judgment interest, and costs;

3. Granting such further relief as this Court deems just and proper.

## <u>COUNT II</u>: CONSPIRACY TO CONDUCT THE AFFAIRS OF A RACKETEERING ENTERPRISE – 18 U.S.C. § 1962(D)

361. Plaintiffs incorporate by reference and reallege all allegations in the above paragraphs.

362. This cause is asserted against all Defendants.

363. Defendants have agreed and conspired to violate 18 U.S.C. § 1962(c) as set forth above in violation of 18 U.S.C. § 1962(d). Defendants have intentionally conspired and agreed to directly, and indirectly, conduct and participate in the conduct of the affairs of the Circle of Success enterprise through a pattern of racketeering activity.

364. Defendants knew that their predicate acts of wire fraud were part of a pattern of racketeering activity and agreed to the commission of those acts to further their scheme to defraud hopeful business opportunity participants.

365. As a direct and proximate result of Defendants' conspiracy, and the multiple overt acts taken by all Defendants in furtherance of that conspiracy, Plaintiffs have been injured in their business and property. Plaintiffs invested substantial sums of time and money qualifying for, and attending, fraudulent Circle of Success events.

WHEREFORE, Plaintiffs demand that judgment be entered against Defendants, jointly and severally, in favor of Plaintiffs and the Class members as follows:

- a. Determining that this action is a proper class action and certifying an appropriate plaintiff Class pursuant to Fed. R. Civ. P. 23;
- b. Awarding Plaintiffs and the Class recoverable damages in an amount to be determined at trial, including an award of trebled damages as consistent

with 18 U.S.C. § 1964(c), compensatory and actual damages, reasonable attorneys' fees, prejudgment interest, post-judgment interest, and costs;

c. Granting such further relief as this Court deems just and proper.

# <u>COUNT III</u>: DECEPTIVE AND UNFAIR TRADE PRACTICES – FLA. STAT. §§ 501.201 – 501.213

366. Plaintiffs incorporate by reference and reallege all allegations in the above paragraphs.

367. This cause is asserted against the Herbalife Defendants.

368. Plaintiffs are consumers within the meaning of Fla. Stat. § 501.203(7).

369. The Herbalife Defendants engaged in trade or commerce within the meaning of Fla. Stat. § 501.203(8).

370. A substantial amount of the activities relevant to this Complaint took place in Florida, which is a nerve center of activity for the Circle of Success enterprise.

371. Florida Statutes Section 501.204(1) declares unfair methods of competition, and unfair or deceptive acts or practices in the conduct of any trade or commerce, to be unlawful.

372. The Herbalife Defendants' promotion of an inherently fraudulent business opportunity, in which the Herbalife Defendants know participants have no reasonable chance of success, is unfair, immoral, unethical, oppressive, unscrupulous and substantially injurious to consumers in breach of public policy.

373. At Circle of Success events, Herbalife materially misrepresents: i) the cost associated with pursuing the Herbalife business opportunity scheme, ii) the likelihood of achieving substantial success, iii) the manner in which those who have been successful in the scheme have achieved that success, iv) the value to the participant of "attending every event" and "qualifying for everything."

-78-

374. These and other material misrepresentations alleged herein are likely to mislead a consumer acting reasonably; and to cause persons to pay consideration, or to make investments, into an illusory business opportunity.

375. The Herbalife Defendants have willfully engaged in the acts and practices alleged above when they knew or should have known that said acts and practices were deceptive and unfair.

376. The Herbalife Defendants' misrepresentations have caused Plaintiffs actual damages.

377. Unless the Herbalife Defendants are permanently enjoined from engaging further in the acts and practices alleged, the continued activities of Herbalife Defendants will result in irreparable injury to the public for which there is no adequate remedy at law.

378. Pursuant to Fla. Stat. §§ 501.211(1) and 501.2105, Plaintiff is entitled to recover from the Herbalife Defendants the reasonable amount of attorneys' fees Plaintiffs have incurred in representing their interests in this matter.

WHEREFORE, Plaintiffs demand that judgment be entered against the Herbalife Defendants, jointly and severally, in favor of Plaintiffs and the Class members as follows:

- a. Determining that this action is a proper class action and certifying an appropriate plaintiff Class pursuant to Fed. R. Civ. P. 23;
- b. Awarding Plaintiffs and the Class recoverable damages in an amount to be determined at trial, including an award of trebled damages, compensatory and actual damages, and reasonable attorneys' fees, prejudgment interest, post-judgment interest, and costs pursuant to Fla. Stat. § 772.11;

c. Granting such further relief as this Court deems just and proper

#### **COUNT IV: UNJUST ENRICHMENT**

379. Plaintiffs incorporate by reference and realleged all allegations in the above paragraphs.

380. Plaintiffs conferred a benefit on the Herbalife Defendants by engaging in tens to hundreds of hours in unpaid labor to Plaintiffs' detriment and to the sole benefit of the Herbalife Defendants. Plaintiffs further conferred a benefit on the Herbalife Defendants by purchasing tickets to Circle of Success events as detailed in this Complaint, and by recruiting other Herbalife members through Circle of Success events, for Herbalife Defendants' financial benefit.

381. The Herbalife Defendants voluntarily accepted, retained and had knowledge of the benefits conferred on them by the Plaintiffs. In fact, the Herbalife Defendants encouraged the Plaintiffs to confer those benefits on the Herbalife Defendants based on patently false representations that Plaintiffs' labor and monetary contributions would benefit Plaintiffs.

382. The circumstances are therefore such that it would be inequitable for the Herbalife Defendants to retain the benefits conferred upon them by the Plaintiffs without paying the value thereof to the Plaintiffs. Specifically, the Herbalife Defendants conned Plaintiffs into benefitting the Defendants by using the same or materially similar representations and methods, and by exploiting the same informational advantage, giving Plaintiffs the false expectation that Plaintiffs would benefit from their participation in the Circle of Success events. Instead, the Herbalife Defendants knowingly benefited at Plaintiffs' expense.

WHEREFORE, Plaintiffs demand that judgment be entered against the Herbalife Defendants, jointly and severally, in favor of Plaintiffs and the Class members as follows:

a. Determining that this action is a proper class action and certifying an appropriate plaintiff Class pursuant to Fed. R. Civ. P. 23;

-80-

- Awarding Plaintiffs and the Class recoverable damages in an amount to be determined at trial, including compensatory and actual damages, reasonable attorneys' fees, prejudgment interest, post-judgment interest, and costs;
- c. Granting such further relief as this Court deems just and proper.

#### **<u>COUNT V</u>: NEGLIGENT MISREPRESENTATION**

383. Plaintiffs incorporate by reference and reallege all allegations in the above paragraphs.

384. The Herbalife Defendants misrepresented material facts by presenting false information and omitting material information concerning the Circle of Success event cycle to the Plaintiffs, including but not limited to misrepresenting that attendance at all Circle of Success events would guarantee success, omitting the material fact that Plaintiffs could not succeed simply by doing what the Herbalife Defendants told Plaintiffs, and omitting the material fact that they achieved "success" by means other than those represented to the Plaintiffs.

385. The Herbalife Defendants knew or should have known that these representations were false, or alternatively made the misrepresentations to Plaintiffs without knowledge of truth or falsity.

386. The Herbalife Defendants intended to induce Plaintiffs to act on the misrepresentations, including by attending Circle of Success events.

387. Plaintiffs each reasonably and justifiably relied upon the Herbalife Defendants' misrepresentations by expending substantial money, time, and effort to attend Circle of Success events.

388. The Herbalife Defendants' misrepresentations caused injury to the Plaintiffs acting in justifiable reliance on the misrepresentations.

-81-

WHEREFORE, Plaintiffs demand that judgment be entered against the Herbalife Defendants, jointly and severally, in favor of Plaintiffs and the Class members as follows:

- d. Determining that this action is a proper class action and certifying an appropriate plaintiff Class pursuant to Fed. R. Civ. P. 23;
- e. Awarding Plaintiffs and the Class recoverable damages in an amount to be determined at trial, including compensatory and actual damages, reasonable attorneys' fees, prejudgment interest, post-judgment interest, and costs;
- f. Granting such further relief as this Court deems just and proper

## **DEMAND FOR JURY TRIAL**

Plaintiffs demand a trial by jury as to all issues so triable.

DATED: September 18, 2017

Respectfully submitted,

MARK MIGDAL & HAYDEN 80 S.W. 8<sup>th</sup> Street Suite 1999 Miami, Florida 33130 Telephone: (305) 374-0440

By: <u>s/ Etan Mark</u>

Etan Mark, Esq. Florida Bar No. 720852 etan@markmigdal.com Donald J. Hayden, Esq. Florida Bar No. 097136 don@markmigdal.com Lara O'Donnell Grillo, Esq. Florida Bar No. 37735 lara@markmigdal.com eservice@markmigdal.com

#### AND

Jason Jones, Esq. Ohio State Bar No. 0095384 jason@jonesatlaw.com

Case 2:16-cv-05217 Document 1 Filed	07/15/16 F	Page 1 of 42	Page ID #
DAVID C. SHONKA Acting General Counsel JANET AMMERMAN CA Bar No. 113996; jammerman1@ftc.gov CHRISTINE M. TODARO OH Bar No. 0084976; ctodaro@ftc.gov DANIEL O. HANKS DC Bar No. 495823; dhanks@ftc.gov 600 Pennsylvania Ave. NW, CC-8528 Washington, D.C. 20580 Tel: (202) 326-2222 / Fax: (202) 326-3395 LAURA SOLIS WA Bar No. 36005; lsolis@ftc.gov 915 Second Ave., Suite 2896, Seattle, WA S Tel: (206) 220-4544 / Fax: (206) 220-6366	; 98174		
Local Counsel BARBARA CHUN CA Bar No. 186907; bchun@ftc.gov Federal Trade Commission 10877 Wilshire Blvd., Suite 700 Los Angeles, CA 90024 Tel: (310) 824-4343 / Fax: (310) 824-4380 Attorneys for Plaintiff Federal Trade Commission UNITED STATES DI CENTRAL DISTRICT			
Plaintiff, v.	COMPLA PERMAN	:16-cv-05217 INT FOR ENT INJUN IER EQUIT	ICTION

HERBALIFE INTERNATIONAL, INC., a corporation, and

HERBALIFE LTD., a corporation,

Defendants.

Plaintiff, the Federal Trade Commission ("FTC" or "the Commission"), for its Complaint alleges:

1. The FTC brings this action under Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b), to obtain permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, disgorgement of ill-gotten monies, and other equitable relief for Defendants' acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), in connection with the advertising, marketing, promotion, and sale of a multi-level marketing business opportunity.

## JURISDICTION AND VENUE

2. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345, and 15 U.S.C. §§ 45(a) and 53(b).

3. Venue is proper in this district under 28 U.S.C. §§ 1391(b)(2) and (c)(2) and 15 U.S.C. § 53(b).

## PLAINTIFF

4. The FTC is an independent agency of the United States Government created by statute. 15 U.S.C. §§ 41–58.

5. The FTC enforces 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.

6. The FTC is authorized to initiate federal district court proceedings, by its own designated attorneys, to enjoin violations of the FTC Act and to secure such equitable relief as may be appropriate in each case, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies. 15 U.S.C. § 53(b).

## DEFENDANTS

7. Defendant Herbalife International of America, Inc. is a Nevada corporation with its principal place of business at 800 W. Olympic Boulevard, Los Angeles, California. Defendant Herbalife International of America, Inc. is a wholly-owned subsidiary of Herbalife International, Inc. and an indirectly wholly-owned subsidiary of Herbalife Ltd., and is employed by those entities to conduct their U.S. operations. Herbalife International of America, Inc. transacts or has transacted business in this district and throughout the United States.

8. Defendant Herbalife International, Inc. is a Nevada corporation with its principal place of business at 800 W. Olympic Boulevard, Los Angeles, California. Herbalife International, Inc. is an indirect wholly-owned subsidiary of Herbalife Ltd. Herbalife Ltd. employs Herbalife International, Inc. to manage its global marketing company. Herbalife International, Inc. transacts or has transacted business in this district and throughout the United States.

9. Defendant Herbalife Ltd. is a corporation organized under the laws of the Cayman Islands with its principal place of business at P.O. Box 309GT, Ugland House, South Church Street, Grand Cayman, Cayman Islands. Herbalife Ltd. transacts or has transacted business in this district and throughout the United States.

10. This Complaint refers to Herbalife International of America, Inc., Herbalife International, Inc., and Herbalife Ltd. collectively as "Herbalife" or "Defendants."

11. At all times material to this Complaint, acting alone or in concert with others, Defendants have advertised, marketed, distributed, or sold the business opportunity at issue in this Complaint to consumers throughout the United States.

# **COMMON ENTERPRISE**

12. Defendants have operated as a common enterprise while engaging in the deceptive and unlawful acts and practices alleged herein. Defendants have conducted the business practices described below through interrelated companies that have common ownership, officers, directors, and office locations. Because Defendants have operated as a common enterprise, each entity is jointly and severally liable for the acts and practices alleged below.

# COMMERCE

13. At all times material to this Complaint, Defendants have maintained a substantial course of trade in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

# **DEFENDANTS' BUSINESS PRACTICES**

14. Defendants promote Herbalife as a multi-level marketing business opportunity through which participants may earn compensation by selling weight management, nutritional supplement, and personal care products and by recruiting new participants into the organization.

15. Individuals who participate in Defendants' business opportunity are called "Distributors" (also referred to herein as "participants"). In 2013, Defendants began calling participants "Members" rather than "Distributors." The change in terminology, however, was not accompanied by any substantive change to the nature of the business opportunity available to Herbalife participants.

16. Defendants represent, expressly or by implication, that Herbalife Distributors are likely to earn substantial income, including significant full-time or part-time income, from pursuing a retail-based business opportunity.

17. In reality, however, Defendants' program does not offer participants a viable retail-based business opportunity. Defendants' compensation program incentivizes not retail sales, but the recruiting of additional participants who will fuel the enterprise by making wholesale purchases of product.

18. The retail sale of Herbalife product is not profitable or is so insufficiently profitable that any retail sales tend only to mitigate the costs to participate in the Herbalife business opportunity.

19. As a consequence, the small minority of Distributors who receive substantial income through Herbalife are primarily compensated for successfully recruiting large numbers of business opportunity participants who purchase Herbalife product.

20. The overwhelming majority of Herbalife Distributors who pursue the business opportunity make little or no money, and a substantial percentage lose money.

## Defendants' Promotional and Marketing Activities Are Misleading

21. Defendants promote their business opportunity in both English and Spanish through a variety of channels, including videos, live presentations, and print materials. Through each of these channels, Defendants represent, expressly or by implication, that consumers who become Herbalife Distributors are likely to earn substantial income, including significant full-time or part-time income by purchasing and re-selling Herbalife products.

22. In some but not all instances, Defendants accompany their misleading income representations with purported "disclaimers." These purported disclaimers, which often appear in small print, do not alter the net impression created by Defendants' misleading representations, namely, that Distributors are likely to earn substantial income. (See, for example, the graphic illustration at Paragraph 37, which contains the following disclaimer: "Incomes applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation of U.S. Supervisors at Herbalife.com and MyHerbalife.com.")

23. As in the example at Paragraph 37, Defendants' purported disclaimers typically reference a separate document, the "Statement of Average Gross

Compensation," that supposedly presents "realistic expectations of the possible income you can earn." The Statement of Average Gross Compensation does not provide clarity or realistic expectations, but instead obfuscates through a dense maze of verbiage and numbers. Neither the reference to nor the Statement of Average Gross Compensation itself alters the net impression created by Defendants' misleading representations.

# Misleading Income Representations

24. Defendants use videos to promote their business, making them available to Distributors through Herbalife's websites, including myherbalife.com and video.herbalife.com. Defendants have at times also included videos in the starter packs that all new Distributors must purchase. Many of the videos are disseminated in both English and Spanish.

25. Defendants' videos include representations that Distributors are likely to earn substantial income through Defendants' business opportunity; images of expensive houses, luxury automobiles, and exotic vacations; and income testimonials.

26. For example, a promotional video available through February 2016 on myherbalife.com portrays a "Mini-HOM (Herbalife Opportunity Meeting)" at which various Herbalife Distributors take turns giving income testimonials. The video includes the following income representations:

a. I made \$4,100 my second month. . . . And I retired from corporate America. . . . Last month it was \$7,300.

I average an extra \$1,500 a month part-time, around a 60-hour workweek [working in corporate finance], so you can really build this around whatever you're doing.

c. I've been a coach on the team for a year and a half.... Fast forward maybe a year and five months later, that's when I hit six figures in the company.... Couple of months later, I make over \$13,000 a month now.

d. My income ended up getting to \$4,000 a month, part time, at Herbalife.... It's been five years, my income got up to \$10,000 a month a couple years ago. It's more than double that now.

27. Another video, "Design Your Life," was included in every new Distributor's starter pack until January 2013 and was available on video.herbalife.com until October 2014. Because Defendants intended the "Design Your Life" video to be given to potential recruits, ten copies of the DVD were included in the starter pack. In addition to images of expensive cars and opulent mansions the video includes the following testimonials:

- a. About a year and a half into the business, still part-time, I was making \$2,500 a month.
- b. First month in the business, without having a clue . . . first month it was unbelievable, actually, our income was \$1,500.
- c. A year exactly after I started the business, my checks that month were \$5,468.28. Two months later my check went up to \$7,080—and that was the month I went on vacation, and came back, and got that \$7,000 check! So, it's been amazing.
- d. You know, the royalties grew five times in five months, and last month, we hit about \$16,000.
- e. When I got to ten thousand, I thought, well that wasn't so hard after all, maybe I can get to fifteen, and I went from fifteen, to twenty, and then to thirty, and then even up to forty thousand dollars a month.
- f. The first nine months of really getting going, I had made a quarter of a million dollars.
- 28. The "Design Your Life" video also includes the following:

There are basically three types of people Herbalife is looking for. What you need to do next is get back to the person who gave you this video and let them know what you are. Just tell them A, B, or C . . . Category A is someone who might be saying . . . I don't need any extra income but the products sound great . . . I want to get started on the products right away.

Category B is someone who might be saying, you know, the products sound great, and I'd like to start a small business to earn an extra \$500 to \$1,500 a month part-time . . . .

Category C, you might be saying, wow, everything sounds great. I like the products and would like to start a big business that could generate a career level income or more. \$2,500 to \$10,000 a month....

You make the choice. Are you A, B or C?

29. In addition, from at least January 2009 through August 2013, a DVD called "Getting Started" was included in the starter packs that all Distributors must purchase. The most recent version of "Getting Started" included the testimonials of Distributors "Glenn" and "Jennifer":

a. Glenn explains that he was a bartender, "broke" and "struggling to pay [his] bills," before becoming an Herbalife Distributor. Although he "didn't have any formal education" or "any business background," he quickly succeeded with Herbalife and was able to make enough money to quit his job and work full-time as an Herbalife Distributor. Now "I'm able to live in a beautiful home, drive whatever I want, and there's nothing else I'd rather do than work from home, be able to set my own schedule, and be my own boss."

b. Before Herbalife, Jennifer wanted to be a stay-at-home mom for

her son. However, she had to put her son in daycare and work long hours while her husband worked eighty-hour weeks. After just four months as an Herbalife Distributor, she "went fulltime, took [her] son out of daycare, and [] became that stay-athome mom." Today, she and her husband are both stay-athome parents, "we travel the world, we have a six-figure income, and this company and the products have totally changed my life."

30. Defendants also sponsor numerous events for Distributors in both English and Spanish. Many of these events include live presentations at which speakers boast about the high incomes they earn as Herbalife Distributors. These events have names such as "Extravaganzas," "Leadership Development Weekends," and "Success Training Seminars."

31. Defendants strongly encourage Distributors to attend these events, which often require Distributors to pay an attendance fee and/or purchase a minimum amount of product from Herbalife. Defendants craft the agendas and select the speakers who present at these events. Speakers are usually chosen from among the very small percentage of Herbalife participants who have reached the highest status levels of the Herbalife organization. The presentations made by the selected top Distributors repeatedly emphasize that Distributors are likely to earn substantial income through Herbalife, and that Distributors' income potential is limited only by their own efforts.

32. For example, speakers giving live presentations at Defendants' events have made the following statements:

a. [H]ow many of you would like to make at least a million dollars a year in income? I gotta tell ya, every extra million dollars, I find, comes in handy. OK? You know? Then you get 2 million, 5 million, you know, and with the increases of

1		
1		20%, 25%—
2		Even now, you can put into your mind—like, if you made a
3		hundred thousand dollars last year, and your income went up
4		proportionately, an extra twenty thousand dollars? That's
5		pretty cool, huh? Couple thousand a month? You make five
6		hundred thousand dollars, would an extra hundred thousand
7		dollars come in handy? And we're gonna go through how to
8		make it happen.
9		[Herbalife Chairman's Club member John Tartol, 2012
10		President's Summit, Los Angeles]
11	b.	I can remember when I was new, and I didn't know
12		anything, I didn't know anybody, didn't have any sales or
13		marketing experience, I didn't know, how was I ever gonna get
14		successful?
15		And make no mistake about it, 'cause it happened for me, I'm
16		living proof that it can happen, and all the people down here in
17		this floor here, and the people behind you, all of us are, you
18		know—I'm a multi-millionaire, but, you know, all of us are
19		getting groomed to become multi-millionaires. That is an
20		awesome opportunity.
21		Now, you can take advantage of it, or you may only want to
22		make sixty thousand, a hundred thousand, a couple hundred
23		thousand.
24		[Herbalife Founder's Circle member Geri Cvitanovich, 2010
25		Herbalife Extravaganza, Los Angeles]
26	с.	[translated from Spanish] It has been 15 years since we arrived
27		here in the United States searching for the American
28		Dream In '95, we came from Mexico to the United

States . . . . I lasted 7 years in a cleaning company, 7 years earning \$2,000 a month. We started the business doing it part time, the income started coming, it was something incredible, our lifestyle started to change spectacularly. . . . In the last three months the company has paid us more than \$45,000. Welcome to Herbalife!

[Raul Sánchez, Herbalife President's Team member, 2009 Herbalife Extravaganza Latina, Atlanta]

33. In addition to the spoken content, the live presentations at Defendants' events often involve images of expensive houses, luxury automobiles, and exotic vacations.

34. Defendants have recorded many of the live presentations given at Defendants' sponsored events and have formally integrated the presentations into their own resources, making the recordings available to Distributors through Herbalife's websites, including myherbalife.com and video.herbalife.com.

35. Like Defendants' videos and sponsored-events, Defendants' print publications include representations that Distributors are likely to earn substantial income through Defendants' business opportunity.

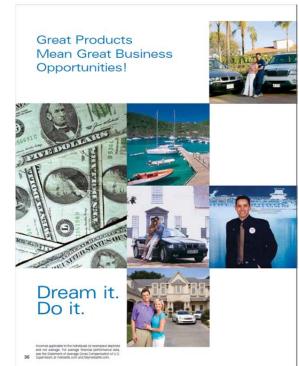
36. Defendants' print publications include, for example, "Your Business Basics," which is available in both English and Spanish and is provided to all new Distributors. From 2014 through at least December 2015, "Your Business Basics" included the following representations:

- a. Earn extra money each month. \ Be your own boss. \ Have the time and money to enjoy the finer things in life.
- Regardless of your background and job experience, you can succeed because we have people just like you who started where you are and are now earning substantial incomes.
- c. Your income and lifestyle potential with Herbalife are yours to

determine. Thousands of others like you have achieved success with Herbalife. You can do it!

From nutrition to the business opportunity, you'll see there's no d. limit to your personal or financial potential, and others just like you have tapped into this incredible opportunity.

The "Presentation Book" is another of Defendants' publications that is 37. available in both English and Spanish and that is provided to all new Distributors. It is designed to be shown to potential recruits. The English-language version of the Presentation Book that was included in the starter pack from 2012 through 2014 stated that Herbalife offers "[t]he opportunity to earn more than you ever thought possible and make your dreams come true!" That publication, a page of which is shown below, included pictures of big houses, fancy cars, cash, and boats alongside the text "Great Products Mean Great Business Opportunities! Dream it. Do it."



Other versions of the Presentation Book have also included Distributor income testimonials:

1	a.	I started my Herbalife business with the goal of quitting my		
2		job as a collection specialist within a year. Just 13 months		
3		later, I realized that dream! And with my \$6,500-a-month		
4		income, we've been able to move into a new house and		
5		renovate.		
6	b.	Now, while earning \$25,000 a month with Herbalife, I get to do		
7		all the things I love: play music and ride my motorcycle!		
8	с.	We went from bankruptcy to being set for life!		
9	39.	From 2012 through 2013, the Spanish-language version of		
10	Presentation	n Book offered similar income testimonials (translated here into		
11	English):			
12	a.	The days when I would earn a living cleaning houses are behind		
13		me because now we are fully dedicated to our prosperous		
14		Herbalife business.		
15	b.	When we worked in factories our earnings could only pay for		
16		basic needs, but now we can take our 12 grandkids on		
17		vacations. These are the best years of our lives.		
18	с.	Before Herbalife I worked on a ranch tending cattle, but when		
19		my sister showed me her royalty check she convinced me then		
20		and there. Today, at 22 years old, I'm economically		
21		independent.		
22	d.	We figured out that if we worked hard with our independent		
23		Herbalife business, we could achieve anything: health, wealth,		
24		and financial liberty. And that's exactly what we've done!		
25	40.	Similar representations regularly appear in the Defendants' magazine,		
26	"Herbalife"	"Herbalife Today," which is available in both English and Spanish and is provided		
27	online to Distributors through myherbalife.com. The March 2013 issue of			
28	"Herbalife Today," for example, includes the following testimonials:			
		13		
	11			

a. Now I have the freedom to do what I like. I can travel the world and help others change their lives wherever I go.

b. Today, as Independent Distributors, they're able to work from home, take vacations and have a flexible schedule.

c. Now, Dan and Orlyn feel they have found financial stability and take pride in helping others find better nutrition and financial success.

41. To help Distributors recruit new participants, Defendants have provided Distributors with several tools and training materials, including the videos and print materials discussed above. Defendants encourage Distributors to use these materials in attempting to recruit new participants.

## Misleading Representations Regarding Income from Retail Sales

42. Many of Defendants' representations that Herbalife participants are likely to earn substantial income expressly or impliedly represent that Herbalife participants earn significant full-time or part-time income from selling Herbalife products at retail.

43. Defendants' promotional materials often focus on the growth of the weight-loss industry as a result of the worldwide "obesity epidemic," and claim or imply that this industry growth translates into the potential for making large amounts of money from the retail sale of Herbalife weight management products. For example, the "Ready To Go" video, available through February 2016 on video.herbalife.com, begins by portraying a bleak picture of the current state of the economy ("rising unemployment," "layoffs," "salary reductions," "reduced benefits") and urges the viewer to "take control of your . . . situation / financial future / life" and "join the emerging megatrend of wellness." The video cites estimates that the global weight loss market will reach \$672 billion by 2015 and explains, "[t]hat spells growth / opportunity / the answer you've been looking for." The video makes the following invitation: "Get in on the opportunity / the health

and wellness megatrend / the premier nutrition and wellness company in the world. Get in on Herbalife."

44. In 2013, Defendants created and made available to Distributors a PowerPoint presentation to show prospective and newly-recruited Distributors. The presentation, which was still in use in 2015, claims that "total revenue in the fitness industry reached \$21.8 billion in 2012," and that "statistics show a rise in consumer spending for body image concerns." The presentation goes on to portray Herbalife as "the brand leader" in the meal replacement category, noting that in 2012 the company had "over \$6.4 billion [in] suggested retail sales." The presentation claims that through offering "great products" and a "great business," Herbalife "allows you to earn Member discounts and profits instantly by retailing products."

45. Similarly, the "Getting Started" video mentioned above at Paragraph 29, which was included in the starter pack for new Distributors from at least January 2009 through August 2013, claims that the 3 trillion dollar weight-loss industry "has surpassed the GNP of all major European countries." The video goes on to claim that Herbalife, "with more than 2.5 billion dollars in sales generated by a team of over one million distributors throughout the world," is a leader in this industry, which "has become the newest financial powerhouse in the world." Herbalife is described as a "great business opportunity": "You have the opportunity for financial independence and freedom; you can do it with helping people change their lives, by getting them in a better nutritional mode, by getting them healthier."

46. The "Mini-HOM (Herbalife Opportunity Meeting)" promotional video available through February 2016 on myherbalife.com presents testimonials that expressly or impliedly represent the full-time or part-time income that participants earn from selling Herbalife products at retail, by emphasizing how much money participants can make immediately (presumably before they have

had a chance to build an organization that would generate recruiting-reward payments):

a.	In my first three weeks, I made an extra \$1,200 around my full-
	time nursing schedule. So this is really part-time, doing this
	super part-time, and I just saw the potential with this
b.	I started as a client, I was actually the CFO of an entertainment
	finance company So, you know, had the career down
	Went to a volleyball tournament that I was already gonna play
	in. Everyone on the beach, you guys, was like, what are you
	doing, you look better than you did when you were at UCLA,
	like, hook me up, like, help me, basically!
	You know, my three days on the beach at a beach
	volleyball tournament, I made \$2,100. And I wasn't actively
	looking for extra money, but I wasn't gonna give it back.
c.	[I]n my first month, I made an extra 500 bucks around a

crazy corporate job.

47. In the "Design Your Life" video, available on video.herbalife.com until October 2014, one of the speakers states that Herbalife's "great consumable products that people want and need [are] why we have an incredible financial opportunity." A speaker later states that as an "Herbalife Distributor you can develop a successful retail base to help put money in your pocket every day and every month." A voiceover additionally states that "[w]ith just ten customers, each spending a hundred dollars a month, you can take in a thousand dollars in retail sales, and make up to \$420 in profit."

48. The "Design Your Life" video also presents numerous testimonials that expressly or impliedly represent the full-time or part-time income that participants earn from selling Herbalife products at retail:

a.

My first week in the business, part-time, just learning what to

do, I earned \$1,000! ... [M]y first month, part-time, I earned over \$5,000!

- I earned \$420 in my first ten days... working this business part-time. I was able to fire my boss, and I've never had a real boss since.
- c. When I got started on these products, I got such great results that I made a thousand extra dollars my first month.... And so I kept working my business part-time ... while I was still [working as a nurse] full-time ...

d. When I got started, my first day I actually earned \$420 . . . .

e. [I]n the month of August I had retail sales of \$3,700.

49. Print materials included in the starter packs that all new Distributors must purchase also portray an opportunity to earn significant income through retail sales of Herbalife products. For example, from 2014 through at least December 2015, the "Sales & Marketing Plan and Business Rules" book, which is included in the starter pack for new Distributors, discussed the opportunity for Distributors to make "Immediate Retail Profit" from direct sales to customers and states that retailing is an important "key to success" as an Herbalife Distributor.

50. From 2014 through at least December 2015, the book "Building Your Business," which is also included in the starter pack for new Distributors, represented that "a satisfied customer base can provide you with regular, long-term income."

51. Similarly, through at least December 2015, a pamphlet that is also included in the starter pack for new Distributors, "Your First 72 Hours: Making Your First Sale," provides instruction on "making your first sale in 5 easy steps."

# Defendants Do Not Offer a Viable Retail-Based Business Opportunity

52. Although Defendants represent, expressly or impliedly, that Distributors will be able to sell Herbalife products at a profit, Defendants do not

track either the existence or profitability of Distributor attempts to retail Herbalife products.

53. The overwhelming majority of Herbalife Distributors who pursue the business opportunity do not make anything approaching full-time or even part-time minimum wage because the promised retail sales to customers simply are not there.

54. Even according to Defendants' own survey, sales to customers outside the Herbalife network account for only 39% of Herbalife's product sales each year; the remaining approximately 60% is simply Herbalife selling to its own Distributors. [Herbalife Press Release, July 22, 2014]

55. Analysis of Defendants' own Distributor purchase data shows that, even under favorable assumptions about Distributors' market reach and sales price, the overwhelming majority of Herbalife Distributors who pursue the business opportunity make little or no money from retail sales. Under these assumptions, and assuming no costs other than an individual's total payments to Herbalife, half of Distributors whom the Defendants designate as "Sales Leaders"<sup>1</sup> average less than \$5 per month in net profit from retail alone, and half of these Distributors lose money.<sup>2</sup>

56. As a direct-selling company, Defendants encourage Distributors to sell product face-to-face to family and friends, and to customers with whom they are supposed to develop personal relationships. Distributors are taught to follow three key steps in retailing the product: use the product themselves, wear a button

<sup>&</sup>lt;sup>1</sup> "Sales Leaders" are defined by Defendants as Distributors who have reached status levels of "Supervisor" and above. Approximately \$3,000 in product purchases are required to reach the lowest level of "Sales Leader." "Sales Leaders" may purchase products from the Defendants at a 50% discount, which is the largest discount available to Distributors. *See* ¶¶ 111–18.

<sup>&</sup>lt;sup>2</sup> This figure is based on analysis of Distributors who joined in 2009–11 and were designated as "Sales Leaders." It assumes that they sold 75% of the product they purchased, at the full suggested retail price, and incurred no expenses other than the monies they paid to Herbalife.

advertising Herbalife, and talk to people ("use, wear, talk").

57. In order to restrict sales to the direct-selling channel, Defendants have adopted rules that effectively prevent Distributors from being able to sell to a larger customer base. Defendants' rules prohibit the sale of product in retail stores and impose many restrictions on online selling. Nonetheless, Defendants foster an illusion that Distributors can make significant full-time or part-time income from retail sales. One way in which Defendants accomplish this is by promoting the concept of the "Nutrition Club." The Nutrition Club model was developed from an idea that started in Mexico and, according to Defendants, has particular appeal for members of the U.S. Latino community.

58. According to Defendants, the Nutrition Club is supposed to be a neighborhood gathering place to promote health and wellness, and to provide income for the Nutrition Club owner. In practice, Nutrition Clubs operate primarily as a tool for recruiting new members rather than as a method for profitably retailing Herbalife products.

59. Defendants encourage Distributors to lease a commercial space (or use space in their homes) to operate a business similar to a juice bar, in which the Distributor will work on a daily basis as the owner and sole employee. [Herbalife Rule of Conduct 8.1.3]

60. Customers who come to the club pay a daily "membership fee" of a few dollars that entitles them to consume certain Herbalife products that are prepared on the premises. Visitors typically receive one serving of soy protein powder mixed with water and ice (referred to as a "shake"), herbal tea, and aloe. This method of operating an Herbalife business is often referred to as "daily consumption."

61. To find customers, Nutrition Club operators are encouraged to pass out flyers to potential customers on the street, at their children's school, or other locations, inviting them to visit the "club." 62. While only a small percentage of the roughly half-million U.S. Herbalife Distributors report operating Nutrition Clubs, Defendants claim that club owners purchase a disproportionate amount of volume of Herbalife product. In 2012, Defendants estimated that there were 3,700 commercial Nutrition Clubs in the North America region (consisting primarily of the United States); Defendants also claimed that Nutrition Clubs were driving 30–35% of the overall volume of product purchased in the United States. [Herbalife Second Quarter 2012 Earnings Conference Call]

63. Although Nutrition Clubs would appear to be retail establishments, Defendants' rules provide that Nutrition Clubs are not retail stores or outlets, nor are they restaurants or carry-out establishments. Nutrition Clubs are not intended to attract "walk-in" traffic; Defendants' rules prohibit signs that state or suggest that Herbalife products are available for retail purchase on the premises. Club owners are not permitted to post signs indicating whether the club is open or closed, and the interior of the club must not be visible to persons outside. [Herbalife Rules of Conduct 8.3.3, 8.4.3, 8.4.4]

64. Club operators may not post, list, or charge prices for servings of prepared products such as shakes, teas, or aloe. The only permissible charge in connection with the provision of these products is the "membership fee."
[Herbalife Rules of Conduct 8.2.1, 8.2.8] Provision of the shake, tea, and aloe generally costs a Distributor a few dollars, leaving little of the "membership fee" to cover the various operational expenses associated with the club.

65. Although Defendants create the impression that Nutrition Club owners will make significant full-time or part-time income from retailing Herbalife products to customers at their clubs, many Distributors find it all but impossible to make enough money from retail sales of product to cover the overhead of the club and also generate income for the owner.

66. Many club owners incur thousands of dollars in expenses—including

but not limited to product purchases, rent, utilities, supplies, and licensing fees that they are unable to recover through the operation of their clubs, and end up losing money.

67. In fact, Defendants' own telephone survey of 433 current and 69 former Nutrition Club owners in February 2013 paints a discouraging picture of the experience of many Nutrition Club owners. Fifty-seven percent of Nutrition Club owners reported that their clubs made no profit or lost money. Club owners reported spending an average of about \$8,500 to open their club.

68. Some Nutrition Club owners continue to operate their clubs for little or no profit—or at a loss—for years, in the hope that things will turn around and their investment will eventually pay off. However, the promised retail-based business opportunity is simply not there.

69. Because Nutrition Clubs are expressly not retail establishments and are often unprofitable, they are principally of value to a small minority of financially successful Herbalife Distributors as a location from which they can recruit new participants.

70. As one top Distributor explained in a PowerPoint presentation: [Nutrition Club] Operators need to realize that the end goal is not how many \$4.00 services they sell each day as that is not the way for them to achieve their financial goals. Rather, it's upgrading a Consumer to become a Customer and eventually a Distributor and ultimately having Distributors become Operators who will duplicate the Nutrition Club method.

["Financial Success System" presentation dated March 24, 2010]

71. "Successful" Nutrition Club owners make money not from retailing product, but from recruiting other participants who are encouraged to open their own clubs, buy more product, and recruit more participants. When recruited participants purchase product to sell at their clubs, these purchases generate recruiting rewards for the sponsor, even if the clubs themselves lose money. These recruiting rewards are the only pathway to achieve the high incomes touted in Defendants' promotional materials.

72. Regardless of whether Distributors operate a Nutrition Club,
Distributors experience difficulty in selling product to customers outside the network. Nevertheless, Defendants' compensation structure puts pressure on
Distributors to purchase large quantities of product in order to qualify for greater wholesale discounts and recruiting-based rewards (*see* discussion below at ¶¶ 135–44).

73. As a result, many Distributors buy product that they find difficult to sell. Although Defendants have a buy-back policy, in order to take advantage of the policy, a Distributor must resign his distributorship. Many Distributors have been unaware of the policy or, for various reasons, have been reluctant to attempt to use it.

74. Distributors dispose of excess product purchases in numerous ways. At the simplest level, when Distributors are left with product they are unable to sell they may give it to friends, throw it away, or gradually consume it themselves. Such self-consumption is not driven by genuine demand for the product, but is the easiest and most convenient way for a Distributor to get some benefit from product that the Distributor would not have bought absent his or her participation in the business opportunity. In other instances Distributors attempt to sell their excess inventory at a discount on auction websites or at flea markets, although such efforts to mitigate their losses are prohibited by Defendants' rules. [Herbalife Rules of Conduct 4.1.1, 7.3]

75. The overwhelming majority of Distributors who attempt to retail the product make little or no net income, or even lose money, from retailing the product.

# Distributors Abandon the Business Opportunity in Large Numbers

76. In light of their poor financial results, many Distributors either stop buying product or leave the organization altogether, resulting in a high turnover rate.

77. Despite Defendants' efforts to promote retention of Distributors
whom it characterizes as "Sales Leaders," in 2014 nearly 60% of first-time Sales
Leaders did not purchase sufficient product to requalify as Sales Leaders.
[Statement of Average Gross Compensation Paid by Herbalife to U.S. Members in 2014]

78. Retention for non-Sales Leaders, many of whom are pursuing the business opportunity, is even worse. An analysis of Defendants' data shows that the majority of Distributors stop ordering Herbalife products within their first year, and nearly 50% of the entire Herbalife U.S. Distributor base quits in any given year. Roughly half of all Herbalife Distributors at any given time are in their first 12 months of membership, and roughly 40% of the volume of Herbalife products sold by Defendants each year is sold to participants in their first year.

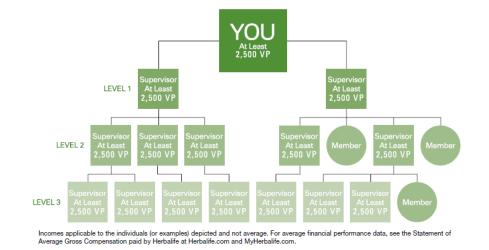
79. During 2009–13, an annual average of approximately 242,000 new Distributors signed up in the United States. On average, 89% of those newly-recruited Distributors, however, simply replaced U.S. Distributors who left that same year, with an annual average of approximately 216,000 Distributors leaving during this time period.

80. For example, while approximately 277,000 new Distributors joined Herbalife in the U.S. in 2013 (from a base of approximately 520,000 Distributors at the end of 2012), approximately 256,000 existing Distributors left that year.

# Defendants' Business Opportunity is Based on Recruitment

81. Notwithstanding Defendants' express and implied representations that Herbalife offers a retail-based business opportunity, in truth the only way to achieve wealth from the Herbalife business opportunity is to recruit other Distributors. Purchases by these recruited Distributors, referred to as a "downline," generate rewards for the sponsoring Distributor. (*See* ¶ 119.) Through a variety of channels, Defendants admit, expressly or by implication, that recruiting is the key to financial success.

82. Defendants' print materials emphasize the importance of recruiting new Herbalife participants. For example, through at least December 2015 the book "Building Your Business," which is included in the starter kit that every Distributor must purchase, discussed "the power of duplication" and illustrated "what you can achieve" if "you recruit and retain two active Supervisors." In the illustration, the Distributor purchases a certain quantity of product (costing over \$1,000) each month and recruits two new participants who also purchase that quantity each month. Those two participants then recruit a total of twelve additional participants in two additional levels below them. For each month that the Distributor and the fourteen recruits purchase the specified quantity of product, the Distributor will earn \$1,750.



83. The English-language version of the 2012-2014 Presentation Book also includes examples of how recruiting two or three new participants can translate into \$2,450 to \$8,775 per month for the recruiter, assuming that the new participants make substantial wholesale product purchases and themselves recruit new participants who also make substantial wholesale product purchases.

84. The Spanish-language version of the 2012-2013 Presentation Book similarly discusses "the power of duplication" that can result when "you bring in 3 people to the business, who each bring 3 people, who in turn bring 3 people . . . ." (translated from Spanish).

85. Speakers giving live presentations at Defendants' events also make representations concerning the importance of recruiting in Herbalife's compensation program:

It's wonderful that we have everybody consuming and we have a. everybody doing the different methods of retail . . . but you got to think about it, guys, the name of the game here is royalty . . . and you don't get paid royalty off of customers. You get paid royalties off of distributors that you help to become successful to become supervisors. [Herbalife Founder's Circle member Susan Peterson, 2009 Herbalife Extravaganza, Atlanta] b. [translated from Spanish] The only way to scale the ladder of success is through sponsorship. [Herbalife President's Team member Dalia González, 2009 Herbalife Extravaganza Latina, Atlanta] The key to royalty growth[:] New distributors qualifying as c. Supervisor every month. [Herbalife Chairman's Club member Kurt O'Connell, "Building Your Royalties" Presentation, 2011 Herbalife Extravaganza, Las Vegas]

86. Savvy Distributors have figured out ways to use the recruiting reward structure to reap rewards, even without profitable retail sales. For example, during the years 2009–14, one top Distributor paid over \$8 million for product (with a total Suggested Retail Price of over \$16 million) which the Distributor purchased in the names of various downline members, thereby generating additional rewards

Case 2:16-cv-05217 Document 1 Filed 07/15/16 Page 26 of 42 Page ID #:26

and qualifying for higher payments from Defendants. This Distributor then

donated all of this product to charity, rather than attempting to sell it. The

Distributor generated enough rewards through these purchases to make a net profit, without even selling the products.

87. Similarly, other Distributors have used unprofitable retail sales of product to generate large reward payments. These Distributors have created specialized websites offering products at discounts of up to 50% with no tax and free shipping. Although the net profit earned from these online retail sales has been *de minimis*, by manipulating Herbalife's compensation system, these Distributors have generated significant "recruiting" reward payments from the large volume of product purchases made by their purported downlines.

Few Business Opportunity Participants Earn Recruiting Rewards
88. Although recruiting is the only path to a high income, very few
Herbalife participants earn income from recruiting.

89. Most Distributors (80%) do not successfully recruit any new participants, and therefore receive no recruiting rewards.

90. Even among those who do recruit, a substantial percentage receive no reward payments. For example, as of December 31, 2014, more than 111,000 U.S. Distributors had recruited a downline, but approximately 43% of them (47,714) received no reward payments from Defendants.
[Statement of Average Gross Compensation Paid by Herbalife to U.S. Members in 2014]

91. Income from recruiting is low even for many in the top 13% of all Distributors—those who reached the status of "Sales Leaders with a downline." In 2014, more than half (57.6%) of the Distributors in this elite group received average gross reward payments from Defendants of under \$300 *for the year*. [*Id*.]

92. Rewards are highly concentrated among a small number of Distributors. In contrast to the experience of the vast majority of Distributors who

make little or no money from recruitment-based rewards, the top 0.03% of U.S. Distributors (205 individuals) received average gross reward payments of over \$600,000 per year. [Statement of Average Gross Compensation Paid by Herbalife to U.S. Members in 2014]

93. For the fewer than 1% of Distributors who receive substantial income through Defendants' business opportunity, their compensation for recruiting large numbers of new business opportunity participants dwarfs whatever they might make from retail sales of the product.

94. The overwhelming majority of Herbalife Distributors who pursue the business opportunity earn little or lose money, while those few Distributors who do make a living from their Herbalife business do so by recruiting other business opportunity participants who purchase product, not by retailing the product.

# To Confuse Participants and the Public About Distributors' Poor Financial Outcomes, Defendants Understate the Percentage of

# Distributors Who Are Pursuing the Business Opportunity

95. Although Defendants heavily promote their business opportunity, in recent years Defendants have begun to claim that most consumers who sign up to be Distributors are merely customers who purchase the product only for their own consumption and are not interested in pursuing the Herbalife business opportunity.

96. Defendants do not offer a separate "customer" or "discount buyer" status for consumers who are uninterested in pursuing a business opportunity and thus do not systematically track or distinguish Distributors who might be "discount buyers" from Distributors who are pursuing a business opportunity.

97. Defendants' rules provide that all consumers who sign up with Herbalife must enter into an agreement that includes the business opportunity. The 2015 version of that agreement consists of seven pages of small print and includes a number of provisions that would be inapplicable to a "discount buyer," such as a requirement that the participant indemnify, defend, and hold harmless Herbalife from any cost or liability arising from the participant's breach of the agreement or the conduct of his or her Herbalife business.

98. Since 2013 Defendants have publicly claimed or implied that a mere 27% of their Distributors are pursuing the business opportunity either full-time or part-time, and that a "substantial majority" (73%) are simply interested in buying Herbalife products for their own personal consumption.

99. Defendants' express or implied claim that a "substantial majority" of their Distributors are not pursuing the business opportunity is based not on Distributor behavior, but on surveys commissioned by Defendants beginning in July 2012 that are flawed and unreliable. For example, many survey participants who were included in the category of Distributors who purportedly "joined Herbalife primarily as discount customers" themselves reported that they quit Herbalife because "finding new customers was too difficult and/or time consuming," or the "business was harder than [they] originally believed."

100. Based on such survey results, even some Distributors who reach "President's Team" (the highest status level in Herbalife) and earn over \$100,000 in recruiting rewards annually from the business opportunity have been categorized in Defendants' representations as merely "discount buyers."

101. When observable Distributor behavior from Defendants' data is analyzed, the percentage of Distributors who are attempting to earn income from the Herbalife business opportunity readily exceeds the 27% in Defendants' claims. Such behaviors include, for example, purchasing promotional literature and sales and recruiting aids from Defendants.

102. Furthermore, many Distributors interested in the business opportunity may make some effort to earn income and fail, without engaging in the type of measureable and overt behaviors that would make their pursuit of the business opportunity readily apparent.

103. In short, many of the Distributors whom Defendants would expressly

28

1

or impliedly characterize as solely "discount buyers" are, in fact, pursuing the business opportunity.

104. Regardless of the number of so-called "discount buyers," it is clear that collectively they could account for only a small percentage of the volume of Defendants' products sold in the United States. Even using a grossly overstated measure of "discount buyers"—that is, counting as "discount buyers" the roughly 80% of participants who are not "Sales Leaders"—such Distributors collectively account for less than 25% of the volume of Defendants' products sold in the United States. The remainder, over 75%, is purchased by Distributors at the "Sales

Leader" level, who are clearly pursuing a business opportunity.

**Overview of Defendants' Compensation Plan** 

105. The amount of compensation a Distributor receives from Defendants is not based on retail sales of Herbalife products, but rather is based on the volume of product purchased by the Distributor's recruits, and by their recruits, and so on.

106. Thus, the compensation plan contains incentives for Distributors to recruit participants and to persuade them to buy as much product as they can.

107. To become a Distributor, an individual must pay either \$59.50 or \$92.25, plus tax and shipping, to purchase a starter pack called an "International Business Pack,"<sup>3</sup> the contents of which have varied over time but which have included an Herbalife tote bag; samples of various Herbalife products; literature about Herbalife's products; sales aids (such as a "Presentation Book" and buttons the distributor is supposed to wear to advertise Herbalife); DVDs about the business opportunity such as "Design Your Life"; multiple publications concerning the Herbalife business opportunity, including the pamphlet "Your First 72 Hours: Making Your First Sale" and the books "Your Business Basics," "Using &

<sup>&</sup>lt;sup>3</sup> In 2013, Defendants began calling the pack required for all new participants the "Herbalife Member Pack" rather than the "International Business Pack."

Retailing Your Products," "Building Your Business," and "Sales & Marketing Plan and Business Rules"; and a single receipt form that can be given to a customer in the event of a single sale of product.

108. Defendants' rules provide that participants must enter into an "Agreement of Distributorship" either online or, if the pack is not purchased online, in hardcopy form. (In 2013, Defendants began calling the agreement an "Herbalife Membership Application and Agreement" rather than an "Agreement of Distributorship." The change in terminology, however, was not accompanied by any substantive change to the nature of the business opportunity available to Herbalife participants.) Upon purchasing the International Business Pack and submitting the Agreement to Defendants, a participant is assigned an Herbalife ID number and becomes an official Distributor.

109. The details of Defendants' compensation program are complex and convoluted, and involve specialized terminology and concepts. These details, terminology, and concepts are laid out in a book included in the International Business Pack entitled "Sales & Marketing Plan and Business Rules." The 2014 version of the "Sales & Marketing Plan and Business Rules" has 114 pages and consists of more than 58,000 words. The book is difficult to read and understand and many participants rely upon their sponsors to explain the program.

110. The core concepts of Defendants' compensation program are as follows:

- Participants advance to higher status levels in the organization and qualify for reward payments based on product purchases (not product sales); and
  - b. The only way to reach the highest levels of compensation is to recruit more participants.

A simplified version of the compensation plan is set forth below.

111. New recruits start at the lowest level, called "Distributor" (or, since

2013, "Member"). A Distributor can purchase product from Defendants at a discount of 25% off the "earn base" (a dollar value that Defendants assign to each product that is generally slightly less than the value that Defendants assign as the Suggested Retail Price for that product). The only way a participant at this level can make money is to buy product from Herbalife and sell it to a customer for more than his total cost, with the difference representing the participant's "Retail Profit." "Retail Profit" is also the only form of compensation available to those Distributors who have not recruited other Distributors.

112. The vast majority of Herbalife participants never progress higher than the Distributor level, and most stop purchasing product within a year and do not renew their memberships.

113. Higher status levels are obtained by meeting threshold requirements of "Volume Points," which are accumulated by purchasing greater quantities of products. (The "Volume Point" is a unit created by Defendants to measure the value of product purchases across currencies. A product with a Suggested Retail Price of \$100 generates roughly 100 Volume Points.) The Sales and Marketing Plan contains complicated rules regarding how much of the threshold Volume Point requirement must be volume that is personally purchased by the Distributor, and how much may be volume purchased by other Distributors whom he recruits.

114. A Distributor can advance to the status level of "Senior Consultant," which allows him to purchase product at a 35% discount, by accumulating at least 500 Volume Points in one month.

115. A Distributor who purchases 1,000 Volume Points in a single order obtains the status of "Success Builder" and is entitled to a 42% discount for that month.

116. A Distributor who accumulates a total of 2,500 Volume Points overone to three months obtains the status of "Qualified Producer" and is entitled to a42% discount through the following year.

117. The maximum discount, for those at the "Supervisor" status level and above, is 50% off the "earn base." A Distributor who accumulates a total of 4,000 Volume Points obtains "Supervisor" status and is entitled to a 50% discount through the following year.

118. If a Distributor makes it to the Supervisor level, there are numerous higher levels that offer additional rewards that are based on recruiting. Herbalife refers to Distributors who reach the Supervisor level or above as "Sales Leaders."

119. The essential requirement for moving up to the highest status levels is recruiting a large "downline." A given participant's "downline" is comprised of all those whom the participant has personally recruited (Level One), all those recruited by his Level One participants (Level Two), and so forth, down to as many levels as have been created by recruitment.

### Defendants' Compensation Plan Incentivizes Recruiting

120. Defendants' compensation plan gives participants a powerful incentive to recruit more participants, because recruiting a downline entitles a participant to receive multiple different types of payments directly from Defendants.

121. One such type of payment is called "Wholesale Profit" (or "Commissions"). An Herbalife participant may receive "Wholesale Profit" based on purchases made by participants he has recruited who are at a lower discount rate. For example, if a participant at the "Supervisor" status level (50% discount rate) recruited a participant at the "Senior Consultant" status level (35% discount rate) who then ordered product with a Suggested Retail Price of \$100, the participant at the "Supervisor" level would receive a commission check from Defendants of approximately \$15, representing the 15 percentage point difference between the two participants' discount rates.

122. An additional type of payment based on downline purchases, available to participants who are at or above the status level of "Supervisor" and who have

recruited a downline, is called "Royalty Overrides." To understand how Royalty
Overrides work, it is necessary to understand two "volume" concepts in
Defendants' Sales & Marketing Plan: "Total Volume" and "Organizational
Volume."

123. "Total Volume" is a total of the Volume Points associated with a participant's own product purchases, plus the Volume Points associated with the product purchases made by certain members of the participant's downline. Specifically, the "Total Volume" of Participant A would include the product purchases of Participant A's downline members who (i) have a status level lower than "Supervisor," and (ii) do not have any participants who have a status level of "Supervisor" or higher in the chain of participants between them and Participant A.

124. In simplified form, "Organizational Volume" refers to the Total Volume of a participant's first three levels of "Supervisors" who are active in a given month.

125. "Royalty Overrides" are payments ranging from 1% to 5% of a participant's "Organizational Volume." The amount of the "Royalty Override" percentage that a given participant earns each month depends on the participant's "Total Volume" for that month. Thus, 500 Total Volume points entitles the participant to a 1% Royalty Override; 1,000 Total Volume points earns a 2% Royalty Override; and so on, up to 2,500 Total Volume points which earns a maximum 5% Royalty Override.

126. Participants are eligible to earn Royalty Overrides only if they have
(i) obtained a status level of "Supervisor" or above (*i.e.*, "Sales Leaders") and
(ii) recruited a downline.

127. As of December 31, 2014, only about 13% of all U.S. Distributors fell into the category of "Sales Leaders" who had recruited a downline. Even among this group, most receive little or nothing in compensation from Defendants. In 2014, approximately 57.6% of this group received an average gross annual payment from Herbalife of about \$299, and approximately 14.3% received nothing. [Statement of Average Gross Compensation Paid by Herbalife to U.S. Members in 2014]

128. The participants who receive the highest gross compensation from Defendants are at the top three status levels of the compensation system: "Global Expansion Team," "Millionaire Team," and "President's Team," called collectively "TAB Team" ("Top Achievers Business Team").

129. At the "TAB Team" status levels, participants may be eligible to receive three different types of income based on their downlines' purchases: Wholesale Profits, Royalty Overrides, and a third category of income called "Production Bonuses." A Production Bonus is a monthly payment of 2% to 7% of the product purchases of the participant's entire downline, on all levels infinitely deep.

130. Participants at the "TAB Team" status levels may also qualify to receive the "Mark Hughes Bonus Award," which is a payment based on a percentage of Herbalife's worldwide sales.

131. It is only at the "TAB Team" status levels that a small number of participants begin to see the rewards promised by Defendants, although even at this level, the majority of participants are hardly receiving lavish income from Defendants. For example, in 2011—the last year in which Defendants publicly released income data by participant level—the median annual compensation that participants at the "Global Expansion Team" status level received from Defendants was \$19,417. In comparison, the U.S. Census Bureau's 2011 poverty threshold for a family of two with no children was \$14,657.

132. Rewards are concentrated at the very highest levels. Participants at the top level, "President's Team," accounted for only about 0.05% of all Distributors in 2011 but their median annual gross income from Defendants was \$336,901.

133. In 2011, the top U.S. Distributor received over \$7 million from Defendants, broken down as follows:

Wholesale Profits	\$2,847
Royalty Overrides	\$944,058
Production Bonuses	\$4,256,817
Mark Hughes Bonus	\$2,000,000
Total	\$7,203,722

These reward payments were not based on retail sales to consumers, but on wholesale purchases made by downline Distributors in his worldwide organization.

134. The only way to reach the "TAB Team" status levels is to recruit a large organization of participants at the "Supervisor" status level who purchase thousands of "Volume Points" worth of product. Thus, for example, to reach the top level, "President's Team," a participant must recruit an organization of Supervisors who generate at least 10,000 Royalty Override points each month for three consecutive months. Because the maximum Royalty Override percentage is 5%, this means that the first three levels of Supervisors must collectively generate a ninimum total of 200,000 Volume Points of product purchases each month, for a total of 600,000 Volume Points of product purchases over the three months.

Defendants' Compensation Plan Incentivizes Wholesale Product Purchases

135. Defendants' compensation plan requires large wholesale purchases of products in order for a participant to advance to a higher status level and to make money from rewards. As explained below, participants must purchase product from Defendants, or convince others to join and purchase product from Defendants, in order to (i) qualify to move up to a higher status level; (ii) requalify for those status levels and prevent being demoted; and (iii) qualify to receive "Royalty Override" and "Production Bonus" payments from Defendants. These product purchases are made as payments to participate in the Herbalife operation rather than in response to actual retail demand for Herbalife products.

# Product Purchases Are Required to Advance to Higher Levels

136. To advance from the lowest status level, "Distributor," to any of the status levels providing a higher discount, an Herbalife participant must make substantial wholesale product purchases from Defendants and/or recruit downline participants who will make substantial wholesale product purchases from Defendants.

137. For example, reaching the status of "Supervisor" requires wholesale product purchases totaling a minimum of 4,000 Volume Points. An order totaling 4,000 Volume Points costs roughly \$3,000 and would entail a large amount of Herbalife product. As an example, the following would represent a 4,000 Volume Point order sufficient to qualify a participant as a "Supervisor":

SKU	Description	Qty	Volume	Volume
			Points Each	Point
				Total
3106	Formula 1 shake mix canister	16	32.75	524.0
5100	(30 servings)	10	52.15	524.00
0365	Protein bar deluxe (14 bars)	32	13.22	423.04
		boxes		
1188	Herbal aloe concentrate (half gallon)	8	92.55	740.4
0106	Herbal tea concentrate (3.5 oz.)	16	34.95	559.2
3115	Formula 2 multivitamin (90 tablets)	16	19.95	319.2
3123	Formula 3 Cell Activator (60 tablets)	16	21.95	351.2
3277	Lift-Off (30 tablets)	16	47.70	763.2
1415	Herbalife 24 – Prolong canister	8	41.60	332.8
	(37 oz.)	0	+1.00	552.00
	TOTAL			4,013.0

138. It is impossible to reach the highest status levels of Defendants' compensation program—"Global Expansion Team," "Millionaire Team," and "President's Team"—without recruiting new participants who collectively purchase large quantities of product. Under Defendants' compensation plan, recruitment is required to reach these status levels.

## Product Purchases Are Required to Requalify for Status Levels

139. Participants who obtain a particular status level must annually
"requalify" to retain that level or be demoted. Requalification is based on the volume of wholesale product purchases by the participant and/or his organization. To requalify as a Supervisor and retain his or her downline, for example, a participant must accumulate another 4,000 or 10,000 Volume Points, depending on the method of requalification.

## Monthly Product Purchases Are Required to Qualify for Reward Checks

140. Participants who are eligible to receive "Royalty Overrides" or "Production Bonuses" must also accumulate, on a monthly basis, specific volumes of product purchases to "qualify" to receive those reward payments. An eligible participant "qualifies" to receive "Royalty Override" and "Production Bonus" reward payments for a given month by accumulating in that month a threshold amount of "Total Volume" ranging from 2,500 Volume Points to 5,000 Volume Points.

141. All of these volume requirements are based on wholesale *purchases* of product from Defendants. Defendants do not track what happens to the product after a participant purchases it.

142. Higher-level Distributors who are eligible to receive reward payments frequently buy Herbalife products in order to meet the thresholds for obtaining these rewards, rather than to satisfy consumer demand. For example, analysis of Defendants' purchasing data reflects that, in the months in which participants at the "TAB Team" levels—the highest levels in the Herbalife marketing plan—received "Royalty Override" payments, they frequently purchased almost precisely the amount of product necessary to qualify for the payment.

143. These participants at the highest status levels who must make monthly product purchases in order to earn recruiting rewards are the most robust wholesale purchasers of Herbalife products. In the time period from January 2009 through March 2014, such high-level participants purchased on average almost eight times as much product per person as participants at the lowest level of "Sales Leaders" (Supervisors), who by and large were ineligible for such recruiting rewards.

144. This purchasing behavior reflects an excessive emphasis on purchasing product for the purpose of qualifying for recruitment rewards.

## CONCLUSION

145. In sum, Defendants' compensation structure incentivizes Distributors to purchase thousands of dollars of product to receive recruiting-based rewards and to recruit new participants who will do the same.

146. This results in the over-recruitment of participants and the oversupply of Defendants' products and exacerbates participants' difficulty in selling Herbalife products for a profit.

147. Participants in a business opportunity should have some reasonable prospect of earning profits from reselling products to customers. However, most Herbalife participants earn little or no profit, or even lose money, from retailing Herbalife products.

148. In the absence of a viable retail-based business opportunity, recruiting, rather than retail sales, is the natural focus of successful participants in Defendants' business opportunity.

149. Thus, participants' wholesale purchases from Herbalife are primarily a payment to participate in a business opportunity that rewards recruiting at the expense of retail sales.

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

151. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

152. Acts or practices are unfair under Section 5 of the FTC Act if they cause or are likely to cause substantial injury to consumers that consumers cannot reasonably avoid themselves and that is not outweighed by countervailing benefits to consumers or competition. 15 U.S.C. § 45(n).

## COUNT I

## **Unfair Practices**

153. As alleged above, Defendants promote participation in Herbalife, a multi-level marketing program, which has a compensation structure that incentivizes business opportunity participants to purchase product, and to recruit new business opportunity participants to purchase product, in order to advance in the marketing program rather than in response to actual retail demand.

154. Defendants' actions cause or are likely to cause substantial injury to consumers that consumers cannot reasonably avoid themselves and that is not outweighed by countervailing benefits to consumers or competition.

155. Therefore, Defendants' practices as described in Paragraph 153 above constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. §§ 45(a) and 45(n).

# **COUNT II**

# **Income Misrepresentations**

156. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of the right to participate in the Herbalife program, Defendants have represented, directly or indirectly, expressly or by implication, that consumers who become Herbalife Distributors are likely to earn

substantial income.

157. In truth and in fact, in numerous instances in which Defendants have made the representations set forth in Paragraph 156 of this Complaint, consumers who become Herbalife Distributors are not likely to earn substantial income.

158. Therefore, Defendants' representations are false or misleading and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

### **COUNT III**

#### False or Unsubstantiated Claims of Income from Retail Sales

159. In numerous instances, in connection with the advertising, marketing, promotion, or offering for sale of the Herbalife business opportunity, Defendants have represented, expressly or by implication, that consumers who become Herbalife Distributors are likely to earn significant full-time or part-time income from selling Herbalife products at retail.

160. In numerous of these instances, the representations set forth in Paragraph 159 are false or were not substantiated at the time the representations were made. Therefore, the making of the representations set forth in Paragraph 159, above, constitutes a deceptive act or practice, in or affecting commerce, in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### **COUNT IV**

#### Means and Instrumentalities

161. By furnishing Herbalife Distributors with promotional materials to be used in recruiting new participants that contain false and misleading representations, Defendants have provided the means and instrumentalities for the commission of deceptive acts and practices.

162. Therefore, Defendants' practices, as described in Paragraph 161 of this Complaint, constitute a deceptive act and practice in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

#### **CONSUMER INJURY**

163. Consumers have suffered and will continue to suffer substantial monetary loss as a result of Defendants' violations of Section 5(a) of the FTC Act. In addition, Defendants have been unjustly enriched as a result of their unlawful acts and practices. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers, reap unjust enrichment, and harm the public interest.

## THIS COURT'S POWER TO GRANT RELIEF

164. Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), empowers this Court to grant injunctive and such other relief as the Court may deem appropriate to halt and redress violations of any provision of law enforced by the FTC. The Court, in the exercise of its equitable jurisdiction, may award ancillary relief, including rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies, to prevent and remedy any violation of any provision of law enforced by the FTC.

### PRAYER FOR RELIEF

Wherefore, Plaintiff FTC, pursuant to Section 13(b) of the FTC Act, 15 U.S.C. § 53(b), and the Court's own equitable powers, requests that the Court:

- A. Enter a permanent injunction to prevent future violations of the FTC Act by Defendants;
- B. Award such relief as the Court finds necessary to redress injury to consumers resulting from Defendants' violations of the FTC Act, including but not limited to, rescission or reformation of contracts, restitution, the refund of monies paid, and the disgorgement of ill-gotten monies; and
- C. Award Plaintiff the costs of bringing this action, as well as such other and additional relief as the Court may determine to be just and proper.

	Case 2:16-cv-05217	Document 1	Filed 07/15/16	Page 42 of 42	Page ID #:42
1			Respectfully	submitted	
2			respectivity	Suomitica,	
3			DAVID C. SI		
4			Acting Gener	ai Coulisei	
5	Dated: July 15, 2016		/s/		
6	Dated. July 15, 2010		JANET AMN		
7				M. TODARO	
8			DANIEL O. I LAURA SOI		
9			A 44 a mar a - Carr	$\mathbf{D}_{1}$	
10			Attorneys for FEDERAL T	RADE COMM	ISSION
11					
12					
13					
14					
15					
16					
17					
18					
19					
20					
21					
22					
23					
24					
25					
26					
27					
28					

	Case 2:16-cv-05217 Document 3 Filed 0	7/15/16	Page 1 of 31	Page ID #:46
1 2 3 4 5 6 7 8 9 10	DAVID C. SHONKA Acting General Counsel JANET AMMERMAN CA Bar No. 113996; jammerman1@ftc.gov CHRISTINE M. TODARO OH Bar No. 0084976; ctodaro@ftc.gov DANIEL O. HANKS DC Bar No. 495823; dhanks@ftc.gov 600 Pennsylvania Ave. NW, CC-8528 Washington, D.C. 20580 Tel: (202) 326-2222 / Fax: (202) 326-3395 LAURA SOLIS WA Bar No. 36005; lsolis@ftc.gov 915 Second Ave., Suite 2896, Seattle, WA 9 Tel: (206) 220-4544 / Fax: (206) 220-6366	8174		
<ol> <li>11</li> <li>12</li> <li>13</li> <li>14</li> <li>15</li> <li>16</li> <li>17</li> <li>18</li> <li>19</li> </ol>	Local Counsel BARBARA CHUN CA Bar No. 186907; bchun@ftc.gov Federal Trade Commission 10877 Wilshire Blvd., Suite 700 Los Angeles, CA 90024 Tel: (310) 824-4343 / Fax: (310) 824-4380 Attorneys for Plaintiff Federal Trade Commission UNITED STATES DIS FOR THE CENTRAL DISTR			ΙΑ
<ol> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> <li>26</li> <li>27</li> <li>28</li> </ol>	FEDERAL TRADE COMMISSION, Plaintiff, v. HERBALIFE INTERNATIONAL OF AMERICA, INC., a corporation; HERBALIFE INTERNATIONAL, INC., a corporation; and	Case STIP ORD INJU	No. 2:16-cv-0	5217 O ENTRY OF RMANENT ID

HERBALIFE, LTD., a corporation, Defendants.

Plaintiff, the Federal Trade Commission ("Commission"), filed its Complaint for Permanent Injunction and Other Equitable Relief ("Complaint") in this matter, pursuant to Section 13(b) of the Federal Trade Commission Act ("FTC Act"), 15 U.S.C. § 53(b). The Commission and Defendants stipulate to entry of a Stipulated Order for Permanent Injunction and Monetary Judgment ("Order"), lodged concurrently with this Stipulation, with the following terms and provisions:

# THEREFORE, IT IS ORDERED as follows:

# FINDINGS

Plaintiff and Defendants stipulate to the following findings:

1. This Court has jurisdiction over this matter.

2. The Complaint charges that Defendants participated in unfair and deceptive acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. § 45, by: promoting participation in a multi-level marketing program with a compensation structure that causes or is likely to cause harm to participants; making false or misleading income representations; making unsubstantiated claims regarding the retail sales income earned by participants in Defendants' program; and providing participants in Defendants' program with the means and instrumentalities to engage in deceptive acts and practices.

3. Defendants neither admit nor deny any of the allegations in the Complaint, except as specifically stated in this Order. Only for purposes of this action, Defendants admit the facts necessary to establish jurisdiction.

4. Defendants waive any claim that they may have under the Equal Access to Justice Act, 28 U.S.C. § 2412, concerning the prosecution of this action through the date of this Order, and agree to bear their own costs and attorney fees.

28

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

5. Defendants waive all rights to appeal or otherwise challenge or

contest the validity of this Order.

### DEFINITIONS

For the purpose of this Order, the following definitions apply:

A. "Business Opportunity Participant" or "Participant" means any individual who is participating in a Multi-Level Marketing Program.
"Business Opportunity Participant" or "Participant" does not include Preferred Customers.

B. "Business Venture" means any written or oral business arrangement, however denominated, whether or not covered by 16 C.F.R. Part 437, that consists of the payment of any consideration for the right or means to offer, sell, or distribute goods or services (whether or not identified by a trademark, service mark, trade name, advertising or other commercial symbol). The definition of "Business Venture" includes Multi-Level Marketing Programs.

C. "**Defendants**" means all of the Defendants and their successors and assigns, individually, collectively, or in any combination.

D. "**Downline**" refers to the collection of all Business Opportunity Participants whom a Business Opportunity Participant has personally recruited or sponsored (first level), all Participants and Preferred Customers recruited or sponsored by first level Participants (second level), all Participants and Preferred Customers recruited or sponsored by second level Participants (third level), and so forth, however denominated (including, but not limited to, "downline," "tree," "cooperative," or "income center"), whose activities are the basis, in whole or part, for any payment or compensation from Defendants to the Business Opportunity Participant.

E. "Multi-Level Compensation" means any payment or compensation (including, but not limited to, "wholesale profit," "commissions," "royalties," "overrides," and "bonuses") in a Multi-Level Marketing Program from Defendants to a Business Opportunity Participant that is based, in whole or in part, on the activities of the Participant's Preferred Customers and the Participant's Downline.

F. "**Multi-Level Marketing Program**" or "**Program**" means any marketing program in which Business Opportunity Participants have the right to (1) sell goods or services; (2) recruit others into the Program; and (3) receive payment or other compensation that is based, in whole or in part, upon the Product purchases, sales, or other activities of the Participant's Downline.

G. "Net Rewardable Sales" for Defendants means the annual total of

- 1. Net Sales generated by Preferred Customer Sales and Product sales that result in Profitable Retail Sales; and
- 2. Net Sales generated by Rewardable Personal Consumption, determined pursuant to Subsection I.E.

*Provided, however*, that if the total of G.2 would exceed one-third of the combined total of G.1 and G.2, then Net Rewardable Sales shall equal one-and-a-half times the total of G.1.

 H. "Net Sales" means gross Product sales in the United States by Defendants, including packaging and handling, freight recovery, and surcharges, and net of any returns, refunds, Product Discounts, and allowances, including Wholesale Commissions.

I. "Preferred Customer" means an individual who joins or registers with a Multi-Level Marketing Program as a customer only, and who does not have the right to (1) sell goods or services; (2) recruit others into the Program; or (3) receive Multi-Level Compensation.

J. "**Preferred Customer Sales**" or "**Sales to Preferred Customers**" means sales of Products made directly from Defendants to Preferred Customers.

K. "**Product**" means any good sold by Defendants that can potentially generate Multi-Level Compensation pursuant to Defendants' compensation plan.

L. "**Product Discount**" refers to the difference between Defendants' suggested retail price for a Product and the Product price charged by Defendants to the purchaser in a purchase made directly from Defendants.

M. "**Profitable Retail Sale**" means a sale of Product by a Business Opportunity Participant to a Retail Customer or a Preferred Customer that is a genuine sale made at a price above the Business Opportunity Participant's average wholesale cost over the preceding twelve (12) months for the items sold (including tax and the actual or approximate cost of shipping, handling, and any similar fees) and for which retail sale information is collected and maintained by Defendants.

N. "**Retail Customer**" means a purchaser of Products sold through a Multi-Level Marketing Program who is not a Business Opportunity Participant or a Preferred Customer, is not registered with the Program, and is not otherwise participating in the Program.

O. "**Rewardable Personal Consumption**" means sales of Product by Defendants to a Business Opportunity Participant, for his own or his household's use, that can potentially be used to generate Multi-Level Compensation as set forth in Subsection I.E.

P. "**Total Net Sales**" for Defendants means the total of Net Sales in a fiscal year.

Q. "Wholesale Commissions" means Multi-Level Compensation generated by a Product purchase from Defendants that, in total for the transaction, equals the difference between the purchaser's Product Discount and the lesser of either the maximum Product Discount for the Product under Defendants' compensation plan or 50% of the suggested retail price of the Product, and is paid by Defendants to Participants whose Product Discount is greater than that of the purchaser and who have such purchaser either in their Downline or as a Preferred Customer whom they recruited or sponsored.

#### ORDER

# I.

# **PROHIBITED BUSINESS PRACTICES**

**IT IS ORDERED** that Defendants, Defendants' officers, agents, employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, are permanently restrained and enjoined from advertising, marketing, promoting, or offering any Multi-Level Marketing Program unless such program has the following characteristics:

A. Limitations on Multi-Level Compensation. The program shall include, and Defendants shall enforce, the following provisions:

 Any Multi-Level Compensation paid to a Participant for a given period shall be generated solely by the following categories of transactions ("Rewardable Transactions") occurring in the same period or, during such Participant's first six months as a Business Opportunity Participant, the three months prior to that period:

- a. Sales to Preferred Customers whom the Participant has personally recruited or sponsored;
- b. Sales to Preferred Customers in the Participant's Downline;
- c. Profitable Retail Sales of the Participant's Downline, as calculated by Defendants using the information collected pursuant to Subsection I.C; and

d. All or a portion of Rewardable Personal Consumption transactions, determined pursuant to Subsection I.E., of the Participant's Downline; *provided that* the Rewardable Personal Consumption transactions included in a Participant's Rewardable Transactions shall be limited such that no more than one-third of the total value of the Participant's Multi-Level 1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

Compensation may be attributable to or generated by such transactions.

- 2. If a Participant has transactions that are not Rewardable Transactions ("Non-Rewardable Transactions") in his or her Downline, the amount of any Multi-Level Compensation that the Participant may receive shall not vary from the amount of Multi-Level Compensation that the Participant would be entitled to receive if such Non-Rewardable Transactions were not in his or her Downline; *i.e.*, the total amount of a Participant's Multi-Level Compensation shall not be increased because the Non-Rewardable Transactions were in the Participant's Downline rather than in any other Participant's Downline.
- 3. Any point system or other method used to measure Rewardable Transactions shall assign the same value to a given Product regardless of whether the Product was sold to a Preferred Customer, to a Retail Customer, or to a Business Opportunity Participant. Any system that calculates Multi-Level Compensation shall not vary the compensation for a Rewardable Transaction based on whether the Product was sold to a Preferred Customer, to a Retail Customer, or to a Business Opportunity Participant for personal consumption.
- 4. For any fiscal year, if the total of Net Rewardable Sales is less than 80% of Total Net Sales, the sum of Multi-Level Compensation payments excluding Wholesale Commissions by Defendants to Participants may not exceed forty-one point seven five percent (41.75%) of the amount of Net Rewardable Sales, which reflects a ten-percent (10%) increase over the percentage of Multi-Level Compensation excluding Wholesale Commissions paid by Defendants in fiscal year 2015.
- 5. No compensation shall be paid solely for enrolling or recruiting a

Participant or a Preferred Customer into the Program.

# B. **Preferred Customer Category.** The program shall differentiate between Preferred Customers and Business Opportunity Participants, including through the following requirements:

- A Preferred Customer's classification cannot change to Business
   Opportunity Participant except upon the Preferred Customer's written
   request or application or other written expression of intent made
   directly to and approved by Defendants.
- 2. A Business Opportunity Participant's classification cannot change to Preferred Customer except upon the Participant's written request or application or other written expression of intent made directly to and approved by Defendants.
- 3. A Preferred Customer who becomes a Business Opportunity Participant may not receive any benefit or status that depends in any way on that individual's activity as a Preferred Customer, except that any discount that the individual obtained as a Preferred Customer may continue to be used to purchase Product that is designated, at the time of purchase, as being for the individual's own or household use.
- 4. All individuals who are registered with or participating in the Program as of the Effective Date of this Section and who have not affirmatively elected to be classified as Preferred Customers pursuant to Subsection I.B.2, above, shall be classified as Business Opportunity Participants.

# C. Collection of Retail Sales Information. Defendants shall collect from Business Opportunity Participants and maintain in a standardized format the following information for any claimed Profitable Retail Sale:

- 1. the method of payment;
- 2. the Products and quantities sold;
- 3. the date;

8

27

1	4. the price paid by the purchaser;
2	5. the first and last name of the purchaser;
3	6. contact information for the purchaser, including at least two of the
4	following: telephone number, address or e-mail address; and
5	7. for any paper receipt submitted to Defendants, the signature of the
6	Retail Customer or Preferred Customer.
7	D. Verification of Retail Sales and Preferred Customer Sales. The
8	following requirements shall apply regarding Profitable Retail Sales and
9	Preferred Customer Sales:
10	1. Defendants shall take all reasonable steps, including both random and
11	targeted audits, to monitor Profitable Retail Sales and Preferred
12	Customer Sales in order to ensure that they are genuine sales of
13	Products, rather than an attempt to manipulate the Program's
14	compensation plan.
15	2. Defendants shall take all reasonable steps, including both random and
16	targeted audits, to monitor Profitable Retail Sales in order to ensure
17	that they in fact occurred as reported in the information collected and
18	maintained pursuant to Subsection I.C.
19	3. If the total amount of Product claimed by any Business Opportunity
20	Participant as Profitable Retail Sales exceeds the total amount of
21	Product purchased by the Participant subsequent to the Effective Date
22	of this Section, less any amount designated at the time of purchase as
23	being for the Participant's own or household use, Defendants shall not
24	pay any Multi-Level Compensation on the excess amount of claimed
25	Profitable Retail Sales.
26	E. Limitations on Rewardable Personal Consumption. The Rewardable
27	Personal Consumption of a Business Opportunity Participant in a given
28	period shall be limited to purchases in that period that are designated by the

Business Opportunity Participant at the time of purchase as being for the Business Opportunity Participant's own or household use. Rewardable Personal Consumption shall also be subject to the following additional limitations:

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

 For the first twelve (12) months following the date this Subsection becomes effective, an individual Business Opportunity Participant's own purchases in a given month may be Rewardable Personal Consumption in an amount not to exceed \$200 of wholesale Product expenditures (including tax and actual or approximate shipping, handling, and similar fees).

Beginning twelve (12) months after the date this Subsection becomes effective, an individual Business Opportunity Participant's own purchases (including tax and actual or approximate shipping, handling, and similar fees) in a given month may be Rewardable Personal Consumption in an amount not to exceed the greater of:

a. \$125 in wholesale Product expenditures; or

b. the 75th percentile of average monthly wholesale Product expenditures among Preferred Customers over the prior twelve (12) months (the "measurement window"). The population of Preferred Customers from which the 75th percentile shall be computed shall consist exclusively of all Preferred Customers who had the status of Preferred Customer for at least six (6) months of the measurement window and who purchased product directly from Defendants at least once during each of the calendar quarters in which they had the status of Preferred Customer during the measurement window. Each Preferred Customer's "average monthly wholesale Product expenditure" shall be calculated by summing up all Product expenditures

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

(including tax and shipping, handling, and similar fees) made by the Preferred Customer directly from Defendants during the measurement window and made while he or she had the status of Preferred Customer, and dividing that sum by the total number of months in the measurement window for which he or she had the status of Preferred Customer, regardless of whether he or she made purchases in any of those months. This latter limit option shall be available only if the population of Preferred Customers being ranked consists of not less than 20,000 individuals. 3. The limitation of Subsection I.E.2 shall be re-set annually, based on the prior twelve (12) months of activity, through the procedure set forth in that Subsection. F. Limitations on Thresholds, Targets, and Requirements. The Program shall include, and Defendants shall enforce, the following policies: 1. Business Opportunity Participants shall not be required to purchase a minimum quantity of products, except that Defendants may require Business Opportunity Participants to purchase an initial start-up package or its equivalent, provided that no Multi-Level Compensation is generated or paid on the purchase. 2. To the extent the Program requires that a Participant meet a threshold or target in order to (a) obtain or maintain a level or designation necessary to receive any particular type or amount of Multi-Level Compensation; (b) qualify or become eligible to receive Multi-Level Compensation; (c) otherwise increase the Participant's amount of

Multi-Level Compensation; or (d) obtain, maintain, increase, or qualify for a discount or rebate on Product purchased for resale; such threshold or target shall be met exclusively through Profitable Retail

Sales and Sales to Preferred Customers.

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

3. Business Opportunity Participants are prohibited from participating in any auto-shipment program or any similar program involving standing orders of product.

G. **Refund Policies.** The program shall include, and Defendants shall enforce, the following policies related to product refunds or buybacks:

For at least the first twelve (12) months after becoming a Business
 Opportunity Participant, Participants are entitled to a full refund from
 Defendants of the cost of any start-up package or its equivalent. If
 Defendants require, as part of their refund procedure, that any part of
 the start-up package or its equivalent be returned, Defendants will pay
 for any shipping costs associated with such return.

2. Business Opportunity Participants are entitled to a full refund from Defendants of the cost, including tax and any fees, of any unopened products purchased from Defendants within the previous twelve (12) months. If Defendants require, as part of their refund procedure, that refundable products be returned, Defendants will pay for any shipping costs associated with such return.

3. Defendants shall take effective steps to notify Participants of both (i) the right to return unopened product for a full refund and (ii) contact information, including a telephone number, that may be used to promptly initiate a product return for refund. Such steps shall include, at a minimum, providing clear and conspicuous notice of the same on the following:

- Every product purchase invoice or receipt sent from Defendants to a Participant;
- b. Any websites maintained by Defendants that promote or otherwise provide information about the Program;

- c. Any application to join the Program as a Business Opportunity Participant; and
- d. Any of Defendants' booklets, brochures, or similar printed materials promoting the Program.
- 4. Preferred Customers are entitled to product refunds on terms and through procedures that are at least as generous as those for Retail Customers.

H. Required Training for Business Opportunity Participants. Defendants shall not pay Multi-Level Compensation to any Participant, and shall prohibit and prevent such Participant from recruiting or sponsoring other Participants, until such Participant has successfully completed a training course conducted by Defendants that is focused on the following topics:
(a) the importance of purchasing only the amount of product that the Participant expects to sell in the near future; (b) how to document retail sales; (c) prohibitions on and consequences for falsifying retail sales documentation; (d) how to identify and account for business-related expenses and calculate profit or loss; (e) how to create a business budget and manage income and expenses; (f) prohibited and permissible representations to Participants and potential Participants; (g) how to receive a refund or buyback for unwanted product; and (h) how to submit a complaint about the business opportunity to Defendants and to law enforcement.

I. **Policies Relating to Leased or Purchased Business Locations.** The program shall include, and Defendants shall enforce, the following policies relating to leased or purchased business locations:

 Participants are prohibited from entering into any lease, sublease, or purchase of a physical location or a portion of a physical location (other than their homes or dwellings) for their Program-related businesses until they have:

- a. been Business Opportunity Participants for at least twelve (12) consecutive months;
- b. successfully completed a training course conducted by
  Defendants that focuses on the following topics as related to the operation of a leased or purchased business location: (i) how to identify and account for all business-related expenses and calculate profit or loss; (ii) how to create a budget and manage income and expenses; (iii) how to learn about and comply with local laws that may affect the Participant's business; and (iv) how to create a business plan meeting the requirements set forth in Subsection I.I.c, below; and
- c. prepared a written business plan that such Participant must retain and make available to Defendants or to the Independent Compliance Auditor upon request, and that (i) identifies the facilities and equipment that will be used for business operations and the costs of acquiring such facilities and equipment; (ii) identifies applicable city, county, and state regulations and the steps and costs necessary for the Participant to operate in compliance therewith; (iii) estimates start-up costs and identifies the source of funding for such costs; (iv) presents a promotional plan for attracting customers to the location; (v) estimates the monthly and annual volume of customers and sales necessary for the Participant's retail business to operate profitably; and (vi) forecasts income, overhead, and operating expenses by month for the first two years of operation.

#### II.

### **PROHIBITED MISREPRESENTATIONS**

IT IS FURTHER ORDERED that Defendants, Defendants' officers,

agents, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, or offering of any Business Venture, are permanently restrained and enjoined from misrepresenting or assisting others in misrepresenting, including by providing others with the means and instrumentalities with which to misrepresent, expressly or by implication:

A. That participants will or are likely to earn substantial income;

- B. The amount of revenue, income, or profit a participant actually earned or can likely earn;
- C. The reasons participants do not earn significant income, including but not limited to representations that participants fail to devote substantial or sufficient effort; and
- D. Any other fact material to participants concerning the Business Venture, such as: the total costs to participate, including trainings, brochures, and sales aids; any material restrictions, limitations, or conditions on operating the Business Venture; or any material aspect of its performance, efficacy, nature, or central characteristics.

#### III.

### **PROHIBITED LIFESTYLE REPRESENTATIONS**

IT IS FURTHER ORDERED that Defendants, Defendants' officers, agents, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with the advertising, marketing, promoting, or offering of any Business Venture, are permanently restrained and enjoined from representing that participation in the Business Venture is likely to result in a lavish lifestyle, and from using images or descriptions to represent or imply that participation in the Business Venture is likely to result in a lavish lifestyle. For the purposes of this

Section, the following are examples of prohibited claims when made to a general audience of prospective or current participants:

A. Statements that participants can "quit your job," "be set for life," "earn millions of dollars," "make more money than they ever have imagined or thought possible," "realize unlimited income," or any substantially similar representations; and

B. Descriptions or images of opulent mansions, private helicopters, private jets, yachts, exotic automobiles, or any substantially similar representations.

#### IV.

# PROHIBITION AGAINST MATERIAL OMISSIONS AND UNSUBSTANTIATED INCOME REPRESENTATIONS

**IT IS FURTHER ORDERED** that Defendants, Defendants' officers, agents, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with advertising, marketing, promoting, or offering any Business Venture, are permanently restrained and enjoined from:

A. Failing to disclose, clearly and conspicuously, before any potential participant pays any money to Defendants, all information material to the decision of whether to participate in the Business Venture, including, but not limited to whether Defendants have a refund or buyback policy and if so, all material terms and conditions of the refund or buyback policy, including the specific steps consumers must follow to obtain a refund or buyback; and

B. Making any representation, expressly or by implication, regarding the amount or level of income, including full-time or part-time income, that a participant can reasonably expect to earn unless the representation is non-misleading and, at the time such representation is made, Defendants possess and rely upon competent and reliable evidence sufficient to substantiate that the representation is true. Implied representations regarding the amount or

level of income that a participant reasonably can expect to earn include but are not limited to representations involving and images used to show an improved lifestyle.

#### V.

#### **COMPLIANCE MONITORING BY DEFENDANTS**

**IT IS FURTHER ORDERED** that Defendants, Defendants' officers, agents, employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, whether acting directly or indirectly, in connection with advertising, marketing, promoting, or offering any Multi-Level Marketing Program, are hereby permanently restrained and enjoined from:

- A. Failing to take all reasonable steps necessary to monitor and ensure that Defendants' agents, representatives, employees, and independent contractors act in compliance with the requirements of Sections I–IV of this Order. For purposes of this Subsection, an individual's status as a Business Opportunity Participant alone does not render him or her an agent, representative, employee, or independent contractor of Defendants.
- B. Failing to take all reasonable steps necessary to monitor and ensure that Business Opportunity Participants and Preferred Customers act in compliance with the requirements of Sections II–IV of this Order.
- C. Providing any monetary compensation to any Business Opportunity Participant when Defendants know or should know that such monetary compensation is or would be based on claimed transactions that are not in accordance with the requirements of Section I.
- D. Failing to claw back any monetary compensation to any Business
   Opportunity Participant when Defendants learn or should have learned that such monetary compensation was based on claimed transactions that were not in accordance with the requirements of Section I.

E. Failing to implement and maintain a corrective action program that deters and corrects behaviors of Business Opportunity Participants and Preferred Customers that are not in compliance with the requirements of this Order.
F. Failing to promptly and thoroughly investigate any complaint received by Defendants relating to compliance with this Order and to notify the

complainant of the resolution of the complaint and the reason therefor, unless legitimate business reasons exist not to notify the complainant.

#### VI.

#### **INDEPENDENT COMPLIANCE AUDITOR**

**IT IS FURTHER ORDERED** that an Independent Compliance Auditor ("ICA") shall be appointed to further ensure compliance with Section I.A–F and I.I of this Order, as set forth below. The ICA shall be an independent third party, not an employee or agent of the Commission or of Defendants, and no attorney-client or other professional relationship shall be formed between the ICA and Defendants. No later than sixty (60) days after the entry of this Order, Commission staff and Defendants shall select the ICA by mutual agreement. If the parties are unable to agree on an ICA who is willing and able to perform the ICA's duties under this Order, they shall submit the matter to the Court for determination. Defendants shall consent to the following terms and conditions regarding the ICA:

A. The ICA shall serve, without bond or other security, at the expense of Defendants. Defendants shall execute an agreement that, subject to the prior approval of Commission staff, confers upon the ICA all the rights and powers necessary to permit the ICA to perform its duties and responsibilities pursuant to and in accordance with the provisions of this Order. Any individual who serves as ICA or performs duties at the ICA's direction shall agree not to be retained by the Commission or Defendants for a period of two years after the conclusion of the engagement.

B. Beginning at the Effective Date applicable to Section I of this Order, the

ICA shall have the duty and responsibility to diligently and competently review, assess, and evaluate Defendants' compliance with the following requirements of Section I of this Order, namely the requirements that:

1

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

- Defendants are paying Multi-Level Compensation only in accordance with Subsection I.A, and subject to the limitations set forth in Subsections I.D., I.E, I.F, and I.H;
- 2. Defendants are differentiating between Preferred Customers and Business Opportunity Participants as required by Subsection I.B;
- 3. Defendants are collecting and maintaining retail sales information as required by Subsection I.C;
- 4. Defendants are taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales and Preferred Customer Purchases are genuine sales of Products, rather than an attempt to manipulate the program's compensation plan, as required by Subsection I.D.1;
- 5. Defendants are taking all reasonable steps necessary to monitor and ensure that Profitable Retail Sales in fact occurred as reported in the information collected and maintained pursuant to Subsection I.D.2;
- Defendants are complying with the requirements and limitations relating to claimed Profitable Retail Sales set forth in Subsection I.D.3;
- 7. Defendants are complying with the requirements and limitations relating to Rewardable Personal Consumption set forth in Subsection I.E;
- 8. Defendants are complying with the limitations on thresholds, targets, and requirements set forth in Subsection I.F;
- Defendants are complying with and enforcing the requirements and limitations on leased or purchased business locations set forth in Subsection I.I.

- C. Subject to the terms of this Order, the ICA shall have authority to engage professional staff, at the expense of Defendants, to assist the ICA in carrying out the ICA's duties and responsibilities.
- D. Except for information protected by any demonstrated legally-recognized privilege, the ICA shall have full and complete access to all reasonably available information in the possession, custody, or control of Defendants that is relevant to accomplishing the ICA's duties and responsibilities described in Section VI. Defendants may consult with the ICA concerning the ICA's work, including but not limited to the ICA's findings and recommendations, as appropriate.
- E. The ICA, and any staff engaged to assist the ICA in carrying out the ICA's duties and responsibilities, shall maintain the confidentiality of any of Defendants' information obtained in accordance with this Order, and shall not disclose such information to any other person except in accordance with this Order; *except that*, upon request, the ICA shall share records and information with Commission staff. Nothing in this Section shall affect or impair the Commission's ability to obtain records and information pursuant to Section XII.
- F. Defendants may require the ICA, and any staff engaged to assist the ICA in carrying out the ICA's duties and responsibilities, to sign a customary confidentiality agreement; *provided, however,* that such agreement shall not restrict the ICA (and its representatives) from providing any information to Commission staff.
- G. Commission staff may require the ICA, and any staff engaged to assist the ICA in carrying out the ICA's duties and responsibilities, to sign an appropriate confidentiality agreement related to Commission materials and information received in connection with the performance of the ICA's duties, and to take other appropriate steps to protect the confidentiality of the

n 1 to

same.

- H. The ICA shall serve for seven (7) years after the Effective Date applicable to Section I of this Order.
- The ICA shall periodically report in writing to Commission staff and to Defendants on Defendants' compliance with each of the subsections of Section I. For the first three (3) years, the ICA shall make such reports every six (6) months, beginning six months following the Effective Date applicable to Section I. After the first three (3) years, the frequency of such reports shall be decreased to annually.
- J. If, at any time, the ICA determines that Defendants are not in substantial compliance with Section I.A–F or I.I of this Order, the ICA shall so notify Commission staff and consult with Defendants. Defendants may at any time submit to Commission staff and to the ICA a written response to the ICA's notification.

K. The ICA shall prepare a budget and work plan as follows:

- No later than ninety (90) days prior to the Effective Date applicable to Section I of this Order, the ICA shall, in consultation with Commission staff and Defendants, prepare and present to Commission staff and Defendants an annual budget and work plan (the "ICA Budget") describing the scope of work to be performed and the fees and expenses of the ICA and any professional staff to be incurred during the first year following the Effective Date of Section I of this Order.
  - 2. The scope of work, fees, and expenses to be incurred by the ICA and any professional staff shall be reasonable and not excessive, in light of the ICA's defined duties, responsibilities, and powers prescribed in this Order.
  - 3. The ICA shall prepare and submit to Defendants and to Commission

2

3

4

5

6

7

8

9

10

11

12

13

14

15

16

17

18

19

20

21

22

23

24

25

26

27

28

staff an annual ICA Budget no later than ninety (90) days prior to the beginning of each subsequent year of the ICA's term. If Defendants and Commission staff both approve the ICA Budget, the ICA shall adhere to and shall not exceed the approved ICA Budget, unless such deviations are authorized by agreement of the parties or order of the Court.

- 4. Within 21 days of receipt of any ICA Budget, either Commission staff or Defendants may serve an objection to the ICA, who, within 21 days of such objection, shall provide to Commission staff and Defendants a revised ICA Budget or a notice that no such revision will be made.
- Following the ICA's response to an objection provided in accordance with Subsection VI.K.3, either Commission staff or Defendants may apply to the Court to modify the ICA Budget.
- Pending the Court's decision concerning any application pursuant to Subsection VI.K.4, the ICA shall continue to perform its duties and implement the ICA Budget as prepared by the ICA.
- L. Defendants shall indemnify the ICA and hold the ICA harmless against all losses, claims, damages, liabilities, or expenses arising out of, or in connection with, the performance of the ICA's duties, including all reasonable fees of counsel and other reasonable expenses incurred in connection with the preparations for, or defense of, any claim, whether or not resulting in any liability, except to the extent that such losses, claims, damages, liabilities, or expenses result from gross negligence, willful or wanton acts, or bad faith by the ICA.
- M. In the event Commission staff determines that the ICA has ceased to act or failed to act consistently with the terms of this Subsection, Commission staff may relieve the ICA of its duties.
- N. If the ICA has been relieved of its duties, or if the ICA is no longer willing

or able to continue to serve, Commission staff and Defendants shall mutually agree on a replacement ICA. If the parties are unable to agree on a replacement ICA within thirty (30) days, they shall submit the matter to the Court for determination. If more than three (3) months elapse without an ICA in place, the overall term of the ICA set forth in Subsection VI.H shall be extended for a commensurate period.

O. Not later than ten (10) days after the appointment of the replacement ICA, Defendants shall execute an agreement that, subject to the prior approval of Commission staff, confers upon the replacement ICA all the rights and powers necessary to permit the replacement ICA to perform its duties and responsibilities pursuant to this Order.

### VII.

### **MONETARY JUDGMENT**

- IT IS FURTHER ORDERED that:
- A. Judgment in the amount of Two Hundred Million Dollars (\$200,000,000) is entered in favor of the Commission against Defendants, jointly and severally, as equitable monetary relief.
- B. Defendant Herbalife International of America, Inc. is ordered to pay to the Commission Two Hundred Million Dollars (\$200,000,000), within 7 days of entry of this Order by electronic fund transfer in accordance with instructions previously provided by a representative of the Commission.
- C. Defendants relinquish dominion and all legal and equitable right, title, and interest in all assets transferred pursuant to this Order and may not seek the return of any assets.
- D. The facts alleged in the Complaint will be taken as true, without further proof, in any subsequent civil litigation by or on behalf of the Commission in a proceeding to enforce its rights to any payment or monetary judgment pursuant to this Order, such as a nondischargeability complaint in any

bankruptcy case.

- E. The facts alleged in the Complaint establish all elements necessary to sustain an action by the Commission pursuant to Section 523(a)(2)(A) of the Bankruptcy Code, 11 U.S.C. § 523(a)(2)(A), and this Order will have collateral estoppel effect for such purposes.
- F. Defendants acknowledge that their Taxpayer Identification Numbers or Employer Identification Numbers, which Defendants must submit to the Commission, may be used for collecting and reporting on any delinquent amount arising out of this Order, in accordance with 31 U.S.C. § 7701.
- G. All money paid to the Commission pursuant to this Order may be deposited into a fund administered by the Commission or its designee to be used for equitable relief, including consumer redress and any attendant expenses for the administration of any redress fund. If a representative of the Commission decides that direct redress to consumers is wholly or partially impracticable or money remains after redress is completed, the Commission may apply any remaining money for such other equitable relief (including consumer information remedies) as it determines to be reasonably related to Defendants' practices alleged in the Complaint. Any money not used for such equitable relief is to be deposited to the U.S. Treasury as disgorgement. Defendants have no right to challenge any actions the Commission or its representatives may take pursuant to this Subsection.

### VIII.

### **CUSTOMER INFORMATION**

**IT IS FURTHER ORDERED** that Defendants, Defendants' officers, agents, and employees, and all other persons in active concert or participation with any of them, who receive actual notice of this Order, are permanently restrained and enjoined from directly or indirectly failing to provide sufficient customer information to enable the Commission to efficiently administer consumer redress.

Defendants represent that they have provided this redress information to the Commission. If a representative of the Commission requests in writing any information related to redress, Defendants must provide it, in the form prescribed by the Commission, within 14 days.

### IX.

### **ORDER ACKNOWLEDGMENTS**

**IT IS FURTHER ORDERED** that Defendants obtain acknowledgments of receipt of this Order:

A. Each Defendant, within 7 days of entry of this Order, must submit to the Commission an acknowledgment of receipt of this Order sworn under penalty of perjury.

B. For ten (10) years after entry of this Order, Defendants must deliver a copy of this Order to: (1) all principals, officers, directors, and LLC managers and members, including Participants who serve as principals, officers, directors, and LLC managers and members; (2) all employees, agents, and representatives having managerial responsibilities concerning conduct covered by Sections I–IV of this Order; (3) Business Opportunity Participants who are members of the Founder's Circle or Chairman's Club or any group with similar stature under the marketing plan; (4) any business entity resulting from any change in structure as set forth in the Section titled Compliance Reporting. Delivery must occur within 7 days of entry of this Order for current personnel. For all others, delivery must occur before they assume their responsibilities.

C. From each individual or entity to which a Defendant delivered a copy of this Order, that Defendant must obtain, within 30 days, a signed and dated acknowledgment of receipt of this Order.

### X.

### **COMPLIANCE REPORTING**

**IT IS FURTHER ORDERED** that Defendants make timely submissions to the Commission:

A. One year after entry of this Order, each Defendant must submit a compliance report, sworn under penalty of perjury. Each Defendant must:

- Identify the primary physical, postal, and email address and telephone number, as designated points of contact, which representatives of the Commission may use to communicate with Defendant;
- Identify all of that Defendant's businesses by all of their names, telephone numbers, and physical, postal, email, and Internet addresses;
  - 3. Describe the activities of each business, including the goods and services offered, the means of advertising, marketing, and sales, and the involvement of any other Defendant;
  - 4. Describe in detail whether and how that Defendant is in compliance with each Section of this Order; and
  - 5. Provide a copy of each Order Acknowledgment obtained pursuant to this Order, unless previously submitted to the Commission.

B. For nine (9) years after entry of this Order, each Defendant must submit a compliance notice, sworn under penalty of perjury, within 14 days of any change in the following:

- 1. Any designated point of contact; or
- 2. The structure of Defendant or any entity that Defendant has any ownership interest in or controls directly or indirectly that may affect compliance obligations arising under this Order, including: creation, merger, sale, or dissolution of the entity or any subsidiary, parent, or affiliate that engages in any acts or practices subject to this Order.

C. Each Defendant must submit to the Commission notice of the filing of any bankruptcy petition, insolvency proceeding, or similar proceeding by or against such Defendant within 14 days of its filing.

D. Any submission to the Commission required by this Order to be sworn under penalty of perjury must be true and accurate and comply with 28 U.S.C. § 1746, such as by concluding: "I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct. Executed on: \_\_\_\_\_" and supplying the date, signatory's full name, title (if applicable), and signature.

E. Unless otherwise directed by a Commission representative in writing, all submissions to the Commission pursuant to this Order must be emailed to DEbrief@ftc.gov or sent by overnight courier (not the U.S. Postal Service) to: Associate Director for Enforcement, Bureau of Consumer Protection, Federal Trade Commission, 600 Pennsylvania Avenue NW, Washington, DC 20580. The subject line must begin: FTC v. Herbalife, Ltd., *et al.*

### XI.

### RECORDKEEPING

**IT IS FURTHER ORDERED** that Defendants must create certain records for nine (9) years after entry of the Order, and retain each such record for five (5) years. Specifically, Defendants must create and retain the following records:

A. Accounting records showing the revenues from all goods or services sold to participants in a Business Venture;

B. Personnel records showing, for each person providing services, whether as an employee or otherwise, that person's name; addresses; telephone numbers; job title or position; dates of service; and (if applicable) the reason for termination;

C. Records accurately reflecting current Preferred Customers' and Participants' name, address, telephone number, and e-mail address, and former Preferred

Customers' and Participants' name and last known address, telephone number, and e-mail address;

- D. Records of all consumer complaints and refund requests, whether received directly or indirectly, such as through a third party, and any response;
- E. All records necessary to demonstrate full compliance with each provision of this Order, including all submissions to the Commission;
- F. A copy of each unique advertisement or other marketing material used or disseminated by Defendants to consumers, Preferred Customers, or Participants;
- G. A copy of each unique training material used or disseminated by Defendants to Preferred Customers or Participants; and
- H. Copies of all contracts or agreements entered into between Defendants and any participant in Defendants' Business Venture.

### XII.

### **COMPLIANCE MONITORING**

**IT IS FURTHER ORDERED** that for the purpose of monitoring Defendants' compliance with this Order and any failure to transfer any assets as required by this Order:

A. Within 14 days of receipt of a written request from a representative of the Commission each Defendant must: submit additional compliance reports or other requested information, which must be sworn under penalty of perjury; appear for depositions; and produce documents for inspection and copying. The Commission is also authorized to obtain discovery, without further leave of court, using any of the procedures prescribed by Federal Rules of Civil Procedure 29, 30 (including telephonic depositions), 31, 33, 34, 36, 45, and 69.

B. For matters concerning this Order, the Commission is authorized to communicate with each Defendant through its counsel. Defendant must

1	permit representatives of the Commission to interview any employee or
2	other person affiliated with any Defendant who has agreed to such an
3	interview. The person interviewed may have counsel present.
4	C. The Commission may use all other lawful means, including posing through
5	its representatives as consumers, suppliers, or other individuals or entities, to
6	Defendants or any individual or entity affiliated with Defendants, without
7	the necessity of identification or prior notice. Nothing in this Order limits
8	the Commission's lawful use of compulsory process, pursuant to Sections 9
9	and 20 of the FTC Act, 15 U.S.C. §§ 49, 57b-1.
10	XIII.
11	EFFECTIVE DATE
12	IT IS FURTHER ORDERED that this Order shall become effective upon
13	entry, except that Section I shall become effective ten (10) months after entry of
14	the Order.
15	XIV.
15 16	XIV. RETENTION OF JURISDICTION
16	<b>RETENTION OF JURISDICTION</b>
16 17	<b>RETENTION OF JURISDICTION</b> <b>IT IS FURTHER ORDERED</b> that this Court retains jurisdiction of this
16 17 18	<b>RETENTION OF JURISDICTION</b> <b>IT IS FURTHER ORDERED</b> that this Court retains jurisdiction of this
16 17 18 19	<b>RETENTION OF JURISDICTION</b> <b>IT IS FURTHER ORDERED</b> that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order.
16 17 18 19 20	RETENTION OF JURISDICTION IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order. SO STIPULATED AND AGREED: FOR PLAINTIFF FEDERAL TRADE COMMISSION
16 17 18 19 20 21	RETENTION OF JURISDICTION IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order. SO STIPULATED AND AGREED: FOR PLAINTIFF FEDERAL TRADE COMMISSION Date: <u>7/15/16</u>
16 17 18 19 20 21 22	RETENTION OF JURISDICTION IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order. SO STIPULATED AND AGREED: FOR PLAINTIFF FEDERAL TRADE COMMISSION Mand Mamman TANET AMMERMAN, California Bar No. 113996 Email: jammerman1@ftc.gov
<ol> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> </ol>	RETENTION OF JURISDICTIONIT IS FURTHER ORDERED that this Court retains jurisdiction of thismatter for purposes of construction, modification, and enforcement of this Order.SO STIPULATED AND AGREED:FOR PLAINTIFF FEDERAL TRADE COMMISSIONDate: $\frac{7/15/16}{15}$ TANET AMMERMAN, California Bar No. 113996Email: jammerman1@ftc.govCHRISTINE M. TODARO, OH Bar No. 0084976
<ol> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> </ol>	RETENTION OF JURISDICTION IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order. SO STIPULATED AND AGREED: FOR PLAINTIFF FEDERAL TRADE COMMISSION Manda Management FANET AMMERMAN, California Bar No. 113996 Email: jammerman1@ftc.gov CHRISTINE M. TODARO, OH Bar No. 0084976 Email: ctodaro@ftc.gov DANIEL O. HANKS, DC Bar No. 495823; VA Bar No. 65523
<ol> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> </ol>	RETENTION OF JURISDICTION IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order. SO STIPULATED AND AGREED: FOR PLAINTIFF FEDERAL TRADE COMMISSION Date: <u>1/15/16</u> TANET AMMERMAN, California Bar No. 113996 Email: jammerman1@ftc.gov CHRISTINE M. TODARO, OH Bar No. 0084976 Email: ctodaro@ftc.gov DANIEL O. HANKS, DC Bar No. 495823; VA Bar No. 65523 Email: dhanks@ftc.gov
<ol> <li>16</li> <li>17</li> <li>18</li> <li>19</li> <li>20</li> <li>21</li> <li>22</li> <li>23</li> <li>24</li> <li>25</li> <li>26</li> </ol>	RETENTION OF JURISDICTION IT IS FURTHER ORDERED that this Court retains jurisdiction of this matter for purposes of construction, modification, and enforcement of this Order. SO STIPULATED AND AGREED: FOR PLAINTIFF FEDERAL TRADE COMMISSION Manda Management FANET AMMERMAN, California Bar No. 113996 Email: jammerman1@ftc.gov CHRISTINE M. TODARO, OH Bar No. 0084976 Email: ctodaro@ftc.gov DANIEL O. HANKS, DC Bar No. 495823; VA Bar No. 65523

Case 2:16-cv-05217 Document 3 Filed 07/15/16 Page 30 of 31 Page ID #:75 Tel: 202-326-3711 (Todaro) 1 Tel: 202-326-2472 (Hanks) 2 Fax: (202) 326-3395 LAURA SOLIS, WA Bar No. 36005 3 Email: lsolis@ftc.gov 4 915 Second Ave., Suite 2896, Seattle, WA 98174 Tel: (206) 220-4544 5 Fax: (206) 220-6366 6 Local Counsel 7 BARBARA CHUN, California Bar No. 186907 8 Email: bchun@ftc.gov Federal Trade Commission 9 10877 Wilshire Blvd., Suite 700 10 Los Angeles, California 90024 Tel: (310) 824-4312 11 Fax: (310) 824-4380 12 FOR DEFENDANTS HERBALIFE INTERNATIONAL OF AMERICA, 13 INC., HERBALIFE INTERNATIONAL, INC., AND HERBALIFE, LTD. 14 Date: 7/14/16 15 DOUGLAS A. AXEL 16 Email: daxel@sidley.com 17 NITIN REDDY Email: nreddy@sidley.com 18 Sidley Austin LLP 19 555 West Fifth Street Los Angeles, CA 90013 20 Tel: (213) 896-6035 (Axel) 21 Tel: (213) 896-6929 (Reddy) Fax: (213) 896-6600 22 23 ANDREW J. STRENIO, JR. 24 Email: astrenio@sidley.com Sidley Austin LLP 25 1501 K Street NW 26 Washington, DC 20005 Tel: (202) 736-8614 27 Fax: (202) 736-8711 28

FE. ( Jet. 1 Date: 7.14.16 JOHN E. VILLAFRANCO 3 Email: jvillafranco@kelleydrye.com 4 Kelley Drye & Warren LLP 3050 K Street NW 5 Washington, DC 20007 6 Tel: (202) 342-8400 Fax: (202) 342-8451 7 8 7-14-16 9 JB KELLY 10 Email: jbkelly@cozen.com Cozen O'Connor 11 1200 19th Street NW, 3rd Floor 12 Washington, DC 20036 Tel: (202) 471-3418 13 Fax: (202) 861-1905 14 FOR DEFENDANTS HERBALIFE INTERNATIONAL OF AMERICA, 15 INC., HERBALIFE/INTERNATIONAL, INC., AND HERBALIFE, LTD. 16 17 Date:  $\frac{1}{14} \frac{1}{206}$ Date:  $\frac{1}{14} \frac{1}{206}$ Date:  $\frac{7}{14} \frac{1}{206}$ 18 MARK J, FRIEDMAN, as an officer of 19 Herbalife International of America, Inc. 20 21 MARK J. FRIEDMAN, as an officer of 22 Herbalife International, Inc. 23 24 MARK J. FRIEDMAN, as an officer of 25 Herbalife, Ltd. 26 27 28





### Importance of PLUGGING IN

- There is a DIRECT CORRELATION between the amount of people you bring to an event and your position in the Herbalife Marketing Plan! Invest time, money, and energy in to learning your products and your business and it will pay you back a thousand times over (literally).
- Your people (downline) need the training and information that you cannot give them. It is impossible to explain (or re-create) the excitement and impact of 300, 400, 500+ people in a room, all excited and talking about their results and how Herbalife has changed their lives.
- Credibility. Exposure to others (other than their inner circle) in the business, expecially the \$\$ earners makes more of an impact on a new person. It broadens the vision and allows people to see the 'big picture.'
- Belief. Seeing people and attending trainings monthly, qualifying for promotions and events cements belief. Not just in the company or the business, but in ourselves and our own abilities to do the business.
- The "AHA MOMENT." When people attend big events, especially corporate events, this is usually where the "AHA" moment happens. Someone says just the right thing, in just the right way and it clicks....and changes everything for a distributor. Part timers turn in to full timers, dreams are validated and cemented, understanding is deepened, and commitments are made. Talk to any successful Herbalifer and they will all tell you this. Don't reinvent the wheel...get the training!!!
- Surround yourself with positive people on the same path as you- it DOES make a difference!

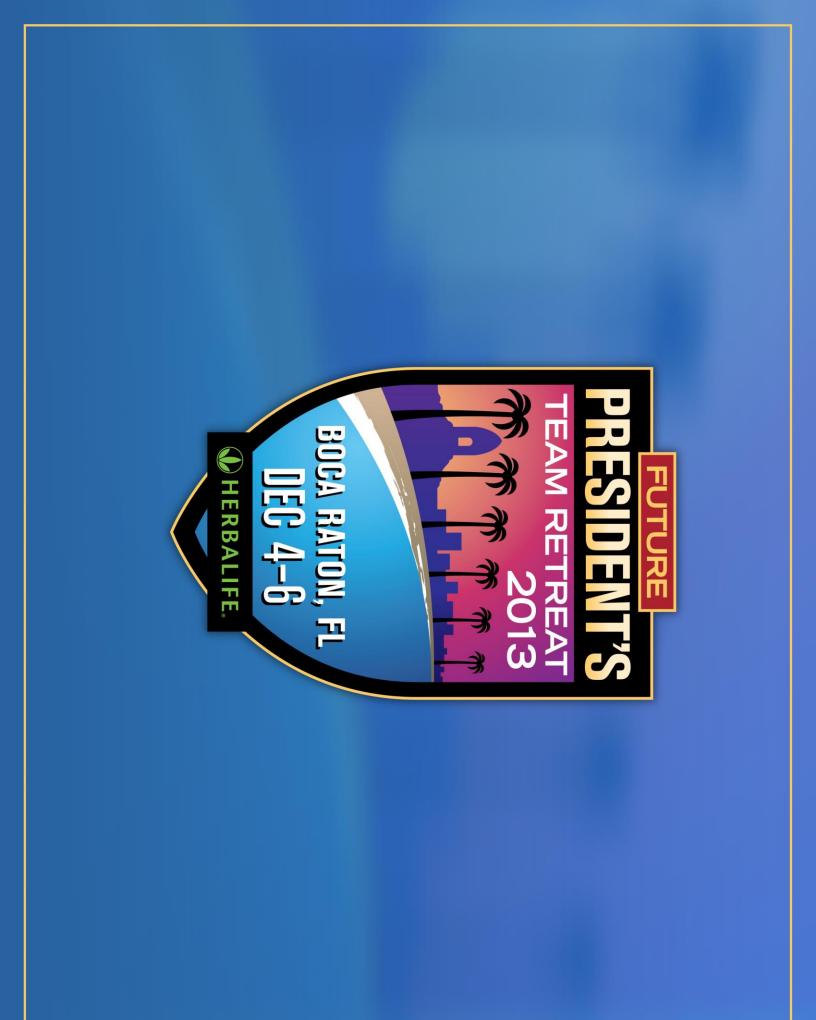
### MOST IMPORTANT: If YOU do not plug in, your people will not plug in!

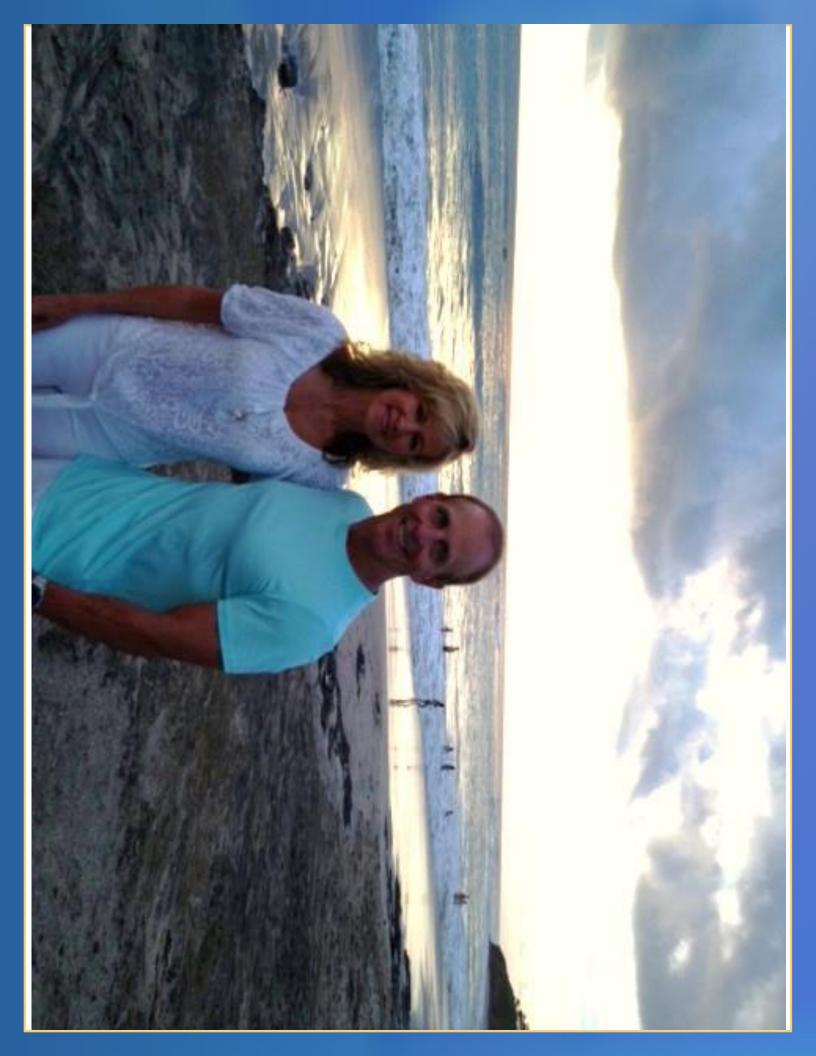
(You will learn how important attendance at events are as soon as you start growing an organization!)









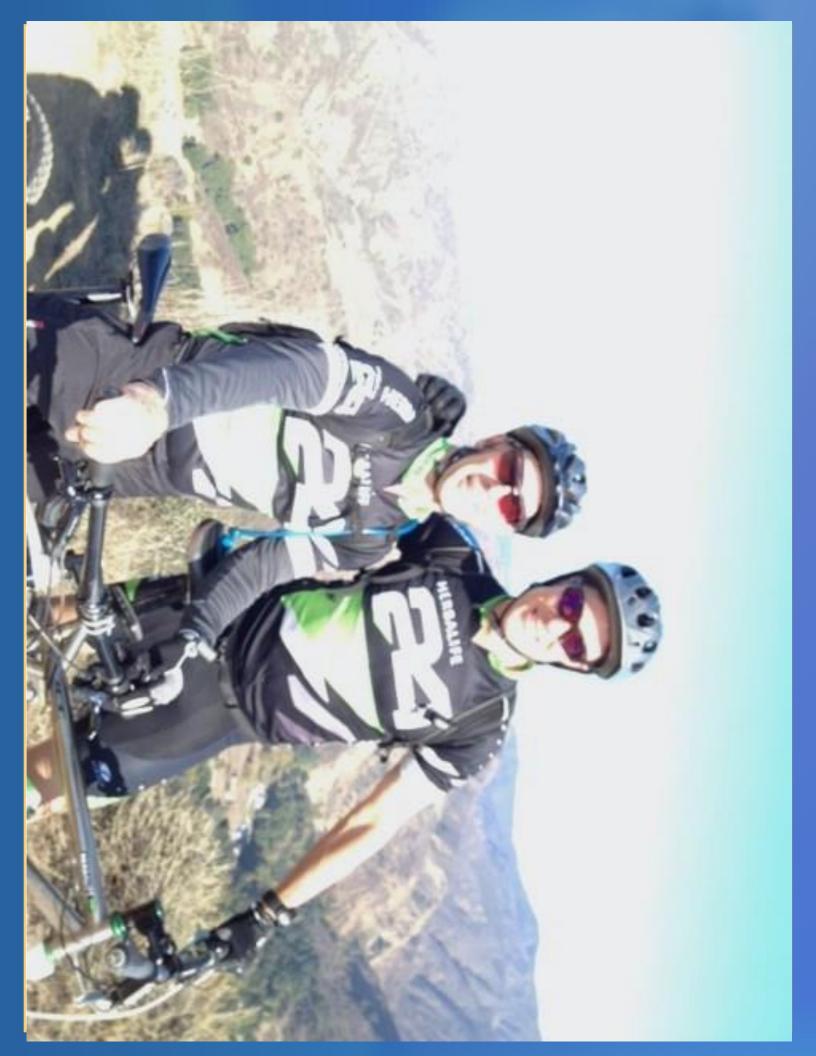




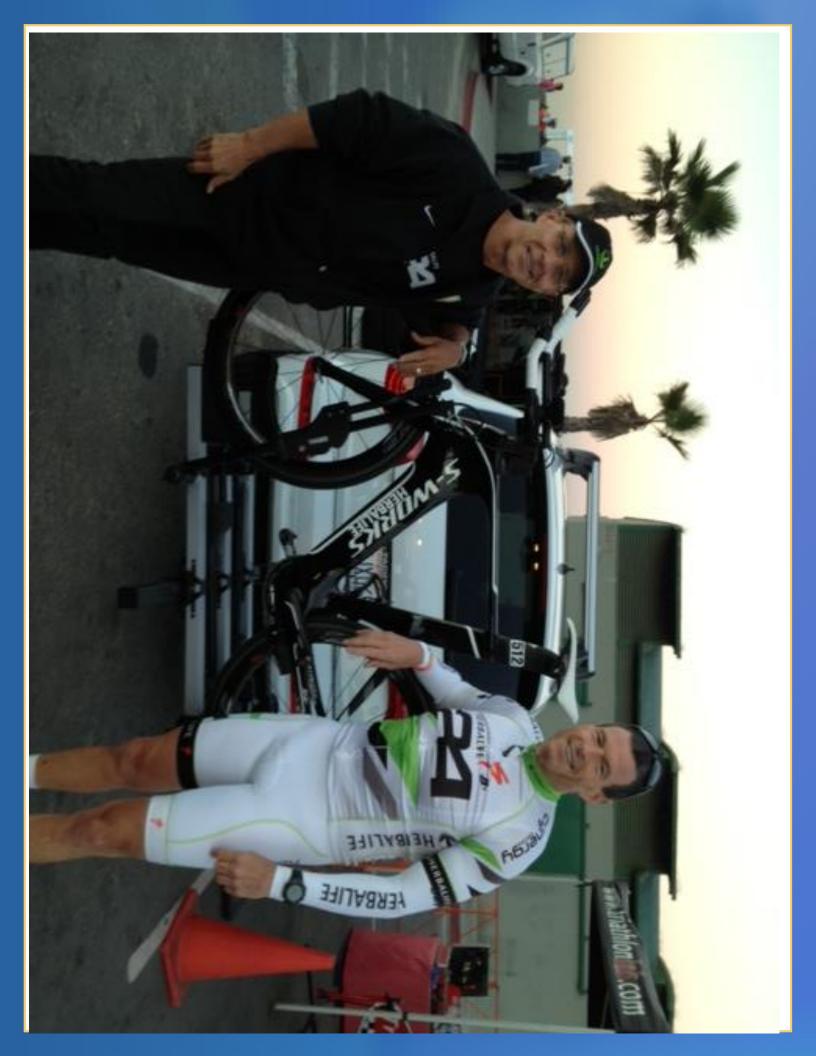












# **Meeting Management- STS**



- Importance of STS
- •Stats- NAM
- Philosophy
- How to Start
- How to Grow an Event

YTD % Growth 2010 to 2011	YTD % Growth 2011 to 2012	YTD % Growth 2012 to 2013	2010 YTD Totals	2011 YTD Totals	2012 YTD Totals	2013 YTD Totals	NAM STS Results
49.49%	61.83%	Not yet complete, on track for continued growth!	26840	40124	64931	61634 **	L
							PRESIDENTS TEAM RETREAT 2013 2013 2014 100A HATON, FL 100A HATON, FL



### Approximately New Tab team members 2010 to 2013

# 18 New Presidents Team (6 a year)

# 35 New Millionaire Team (10 a year)

# 86 new GET Team (28 a year)

(Information supplied by Local Leadership)

To	• De	· No	• Se	· Au	۰ ال	• June	• May	· Ap	• Ma	• Fe	· Ja		Revieu	
Totals	December	November	September	August	July LDW	ne	Y	April LDW	March	February	<b>January Spect</b>		Review 2010- 2013 Growth	
2539	320	355	314	342	414	300	268	357	383	257	366	2010	arowth	
3866	705	700	479	440	704	387	384	662	380	386	554	2011		SIH
7343	1080	1220	980	936	1042	866	924	984	764	572	1008	2012		History
(12355)	( 1800?	1850	1586	1692	2100	1196	1484	1800	1406	1341	1300	2013		
i) (60%)		(LB, OC)			(101%)			(82_9%)			(28.9%)	LDW (70%) <u>2014</u>		
					3570			3060			2210	) <u>2014</u>	DEC 4-6	

## Personal Philosophy



- -We Love Herbalife !
- -We have been given so much !
- "When much has been given much is expected!"
- -We feel its our obligation to give back!
- -Everything that we get we have a grateful heart!
- -Grateful that we have so many amazing organizations to work with‼
- -We try to never have the attitude "What's in it for me?"
- -Mark's promise, Herbalife's responibilities
- -Provide the best PRODUCTS'
- -Provide the best Opportunity
- -Always pay us our checks on time!
- -Everything else is a BONUS!!

### STS Philosophy



### **Mark Hughes**

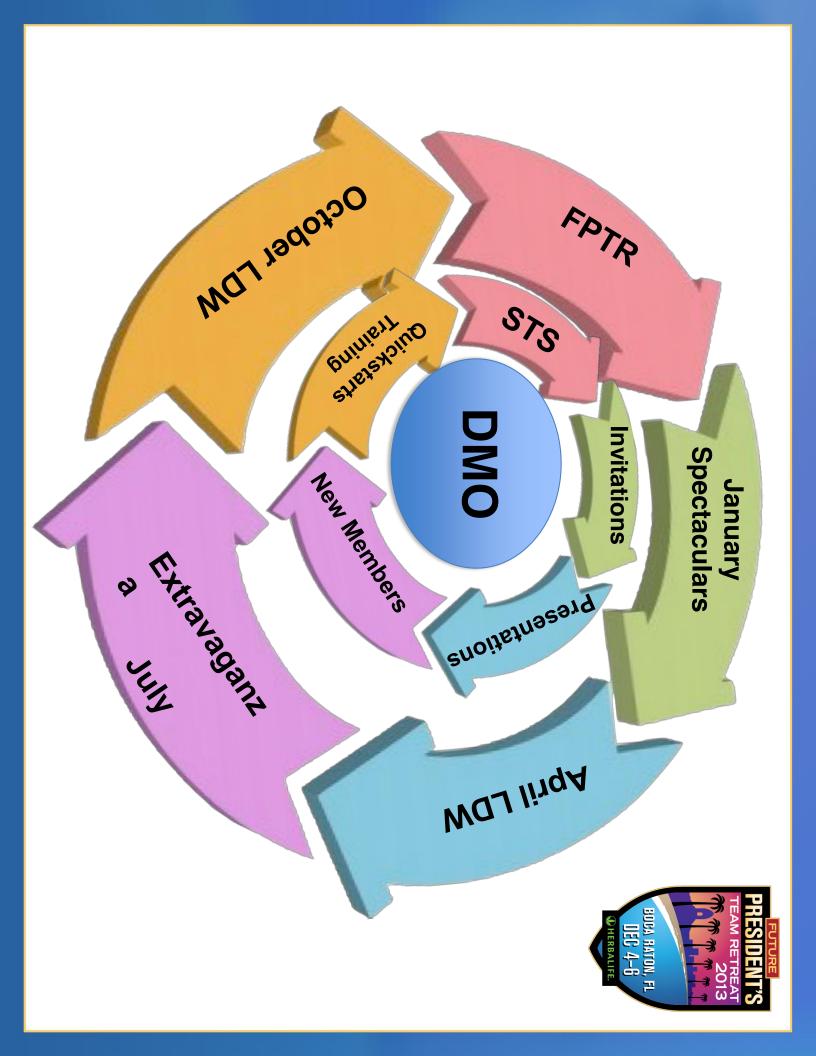


## STS Philosophy



### Philosophy

- -Imagination Inspiration Information
- -80% inspiration-20% information ("if they can do it")
- -It's not about me!
- -We are only the messenger, not the message
- -We focus on the best messages (stories) to build the business (DMO)
- -We all work together as "one" team HERBLIFE
- -It's a place to grow Leadership
- -New people are the most important.
- -( Free, 2 "fer" deal)
- Engage team leaders, volunteers (Take ownership)
- -Make people feel good about themselves, you and Herbalife



### **Southern California STS** Expansion

## SoCalSTS.com

## SoCal STS Goals



- **\_** Goal – Expand into multiple location, Create new ones
- Ņ Supported by a Regional Leadership Team
- 3. Common Goals / Philosophy
- 4. Create room for new leaders
- 5 Standardized Message (Everything works)
- **6 Standardized Training Decks, builds confidence**
- 7 **Better Leadership Communication (Region)**
- Resource support- (training materials, guest speaker requests , leadership support, )
- 9. Regional Recognition
- **10. Regional Promotions : New Guests, New front line.**

### **1. Resources**

# a. Standard Training Decks (approved)

### **b. HOM's (approved)**

### c. STS Agendas

1.HOM

- 2. Product-Core/24 targeted products
- 3. Retail-Rec-Retention (Package, Use, wear, talk)
- 4. Marketing / Recognition
- **5. Team Building / Leadership**
- 6. Ethics
- 7. Personal Development ( Responsibilities)
- 8. Next Steps Promotions Action Steps



## Starting a new STS



- Make a Decision (Does it make sense)
- 2. Engage Local leadership
- ω Establish a Philosophy, common goals
- 4. Start small ( Quickstart. )(2.5 hr)
- 5. Develop budget
- 0 churches, be flexible Locate resources , communities centers, meeting rm restaurants,
- Engage your team as volunteers, develops ownership, develops leaders
- 8. Focus on inviting guests
- ဖ Establish agenda (Quickstart, or STS).
- 10. Your focus should be "Give Back First"

### Panel



Nick Morrow – Millionaire Team

Kristi Roberts – Millionaire Team

Grant Shelly – Presidents Team

Jake Dwyer – 20K Executive Presidents Team

- Goals?
- NAM did over 1 Billon Sales 2013
- STS approx. 90,000 attendees
- NAM Goal 2 Billon
- STS need to increase to 180,000



# What's it going to take to make this happen?

- Leaders in in an area stepping up and taking responsibility
- 2. Commitment, to do it "until"
- 3. Team effort
- Leave "EGO"S at the door (it's not about me)
- Ś Understanding that we all have different personalities
- ດ Everyone committed to a common "Philosophy"
- Give back first !!! Attitude, Not whats in it for me
- $\underline{\infty}$ Make the focus about the new guest or member
- 9 Everyone working to protect Herbalife!



S
TS
H
sto
ry

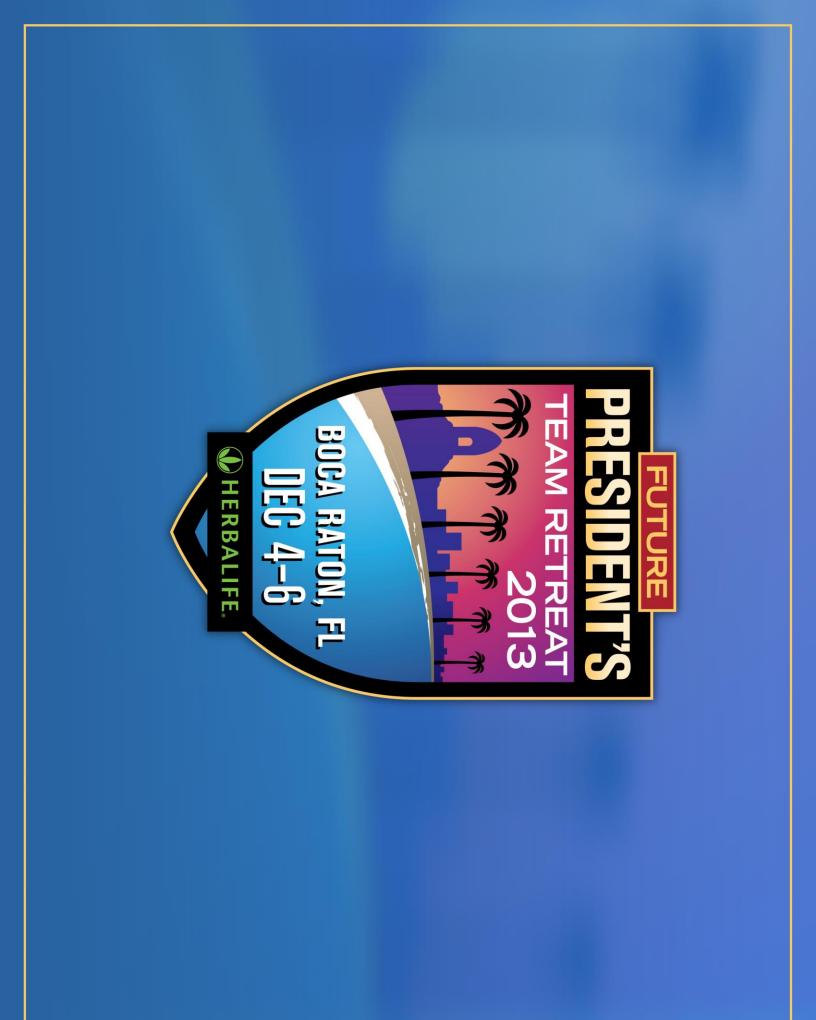
- Tuesday- Thursday-Saturday-Training (Big Growth)
- Invitation Presentation- Decision (Big Growth)

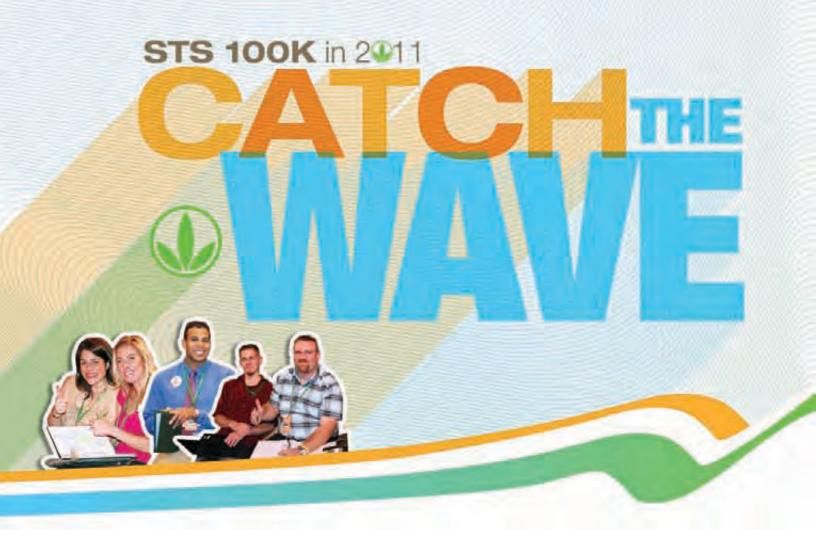


- Mark's Organization most meetings were "FREE" (Big Growth)
- His team organized meetings- He supported (Big growth)
- Corporate Run Distributor Support (Marginal Growth)
- Systems / Internet (Flat Growth) Fewer Meetings
- took ownership" Distributor Run /Corporate support (Marginal Growth) "Distributors
- •2009 FPTR Dan Waldron "Leadership Took Ownership"









If you're wondering how to boost your Herbalife business, but you've yet to attend a Success Training Seminar (STS), now's the time! These crucial events provide you with the skills you need to take it to the next level. After all, with the right training, anything is possible, especially when it comes to setting new records, like being the first region ever to reach a billion dollars in sales!

That's why the STS's are the key to help make your business grow, and to helping others achieve success. "STS's are enough to make a new person say, 'I want to be part of this. I can do this!'" says Mark Matika, Executive President's Team 15K member, who has been an Herbalife Independent Distributor for more than 29 years.

"In 1982 we had the Supervisor's Schools; they were monthly trainings like the STS's," he says. "That's when the first wave [of growth] happened. Then the second wave came in the '90s, and my income almost tripled. It was phenomenal. And now, we are in the beginning of the third wave of Herbalife, so all of you out there: You are in the right place at the right time!"

According to Mark, timing is everything. "This third wave has started in 2010, and I want to give you some statistics just to validate what's happening in North America right now," says Mark. "In 2009, we only had 15 STS's and about 7,500 attendees. And what we did, we built up to about 45 STS's, and had 28,588 people in attendance."

"The new goal for this year is 100,000 people attending the STS's, and we're going to pull that off!" affirms Mark. This is an exponential growth that will make North America the first region to achieve its goal and establish a new world record!

#### Why do the STS's work so well?

"In an STS, people can feel the soul of Herbalife," says Sergio de la Cruz, Millionaire Team member, and one of Tampa's STS coordinators. "In these events, Distributors and prospects alike learn and reinforce the basic concepts to grow their business."

Since its first collective STS, in which local leaders joined forces to create one big event, Tampa's Volume has grown 54 percent. "Keep in mind that an STS is a team effort, so get

# How can you build an STS?

- Get connected to your local Herbalife support system by asking your upline or reviewing the monthly training schedule at MyHerbalife.com. You will find all the information you need to contact other Distributors and attend to their meetings.
  - If you don't have an STS locally, go to the one nearest you. Visit the Herbalife Event Calendar at HerbalifeEvents.com to find the most convenient dates and locations for you.
  - Talk to the STS's coordinators and get involved with the event organization. Take some ownership and learn the logistics until you can bring the knowledge back to your area to start your own.
  - Once you've coordinated and set up the next STS in your city, establish a goal of attendance, and split the tasks among your team.
  - Finally, promote your event and invite as many people as you can!

#### Also listen to these informative calls:

STS Catch th	e Wave	Dates:
Momentum C	alls	05/09/2011
(6:30 p.m. PS	Т)	06/06/2011
Participants:	866-903-5314	07/11/2011
International:	706-634-5671	08/08/2011
		09/06/2011
		11/07/2011
		12/12/2011

involved with your local support system. If you work to make your support system grow, your support system will work to make you grow," Sergio adds.

#### But what if there's no STS in your city?

HERBALIFE

Then you have a tremendous opportunity. "The way this works is you've got to start somewhere," says Mark. "A lot of people start in their home, they get a little group together, and before you know it, they have an Herbalife Opportunity Meeting, which works up to a QuickStart, until they finally get an STS."

If you don't have an STS locally, Mark recommends going to the one nearest you and learning from it, so you can start your own. "Don't panic and worry that 'there's not enough people in my town; I want to be in a big city'. You can be in a town of 10,000 people and get a few President's Team members right in that town, so you are perfect, exactly where you are, as long as you work with integrity."

For more helpful resources, visit MyHerbalife.com.



RIDE THE WAVE – Promotion Call Monday, September 24 at 6:30 p.m. PDT Toll-free: 866-394-0693 International: 706-634-5671

> Featuring... Dani & Graeme Edwards Executive President's Team 30K

> > Enrique Carrillo President's Team 20K

And... Brian McCartney Millionaire Team

Danielle Bernal Active World Team

Ride the Wave to Extravaganza 2012! Level Ten Herbalife leaders sharing STS success secrets to take your business to Level Ten! Ride the momentum of the Herbalife STS Wave!



Heather Gregg added a photo in Herbalife 2-4-1.



Heather Gregg May 29 at 9:16am

This was posted by new presidents team member, Bill Garvey & reposted by Pres Team Lori Baker.

THE pathway to advancing in the business can ONLY be done by attending the events and bringing people with you.

Be SURE you have your calendar filled with the dates of all events first... then plan in everything else around those dates.

Extravaganza is the BIGGEST and MOST IMPORTANT event to attend. Be sure you've made your arrangements and have your ticket!!

THE ...



This was posted by new presidents team member, Bill Garvey & reposted by Pres Team Lori Baker.

🖕 Like 👘 Comment



#### MIAMI, FL Success Training Seminar

August 6th 2016

#### AGENDA

6:00am Production Team & Premeeting. 7:30am Speakers Meeting 8:30-9:45am Leadership Section (Supervisor and up) Doors Close at 8:45am

10:00am HOM Free For Guest Only

12:00pm Lunch

12:15-3:00pm Seminar (members with entry fee only)

#### Special VIP Seating and Treatment

 To qualify for VIP for this STS it is 10,000 Personal Volume Points in the month of July 2016

 To SEAT VIP: MUST EMAIL PROOF (take a picture of your name and July's TVP) to miamivipsts@gmail.com NO LATER THAN August 3<sup>th</sup>





# Karim Ali

Millionaire Team Member

Before Herbalife I was an over worked Sports Director with very poor eating habits. I was a personal trainer by day and a struggling Hip Hop Artist by night. Working consistently thirteen to fifteen hours per days, it was still difficult to meet all expenses. In October 2012 I decided to start taking Herbalife Nutrition. The tea gave me an amazing burst of energy and the cookies and cream shake was so delicious. After attending Extravaganza, I jumped on the Herbalife 24 line, and started seeing drastic changes in my body almost instantly. Along with my amazing transformation, managing to drop my body fat by 10% and a total gain of 39lbs of lean muscle mass, my family started getting outstanding results as well. All of it led to match my income in only two months without really understanding the business fully. Just by recommending the nutrition to my circle of influence and my local community, I was generating over \$4000 extra. In January 2013, after another amazing event, I was so blown away by the testimonies that I decided to quit my job and take this business to the next level.

#### Venue:

Double Tree by Hilton Hotel Miami Airport & Convention Center Room: MAAC



711 N.W. 72<sup>nd</sup> Avenue, Miami, Florida, 33126

STS Entry Fee:

Pre Sale: 4X\$100 or 1x\$30 or \$40 at the door (cash only)

# HERBALIFE. Phoenix, AZ STS February 22<sup>nd</sup>, 2014

#### **Guest Speaker**



Global Expansion Team Future President's Team Qualifier Maigan Graham

Before Herbalife I was on the college eating& drinking plan with no energy & daily migraines. In 6 weeks I lost 21lbs with NO exercise! Inspired by my results, my friends & family began the products too. Once We realized how life changing these products and business opportunity were I quit my internship @ the states attorneys office and decided ditch law school to pursue the Herbalife business opportunity full time! My first check was \$61 and two years later I earn over \$7,000 + every single month! I've traveled with the company and trained all over the US and in Puerto Rico--- I love the Herbalife healthy- Active FREEDOM lifestyle. I work harder on myself and care more about others results than money. I pause in gratitude and pinch myself everyday.. I can hardly believe what can be created with the simplicity of Herbalife in two short years! I am becoming a better version of myself & enjoying every step of the journey to Founder's Circle! I'm in for life!

HERBALIFE.

#### Location

LOCATION CHANGE DoubleTree by Hilton Phoenix-Tempe 2100 S Priest Drive, Tempe AZ 85282

#### Agenda

8:15am - 9:15 am	TAB & WT Meeting
10:00am - 11:50am	HOM & Product Training* *FREE to your Guests
12:00pm – 4:00pm	Success Training

#### Price

\$30.00 - Online Advance Tickets (www.ThePhoenixSTS.com)

\$40.00 - @ Door

Visit ThePhoenixSTS.com to pre-register.

#### www.ThePhoenixSTS.com

Making the world healthier.

# HERBALIFE.

## Success Training Seminar Miami, Florida

# June 22, 2013



#### President's Team Member 2 diamonds 15k

For almost eight years, Michael Burton and his wife, Michaele, owned a small chain of used-car lots. It was a tough business, and 70 to 80 hours a week was typical for Michael. "I felt like I was married to the car lot," he remembers, "Dealing with employees and salesmen felt like running an adult day-care center, We ended up going bankrupt, but that turned out to be the best thing that could have happened to us." "We were making about \$7,000 a month at the car lots."

"My wife's parents, James and Carole Wood, introduced us to Herbalife, and James encouraged me to sign up with him. I was totally against the idea and didn't want to have anything to do with it," Michael admits, "but he and Carole invited me to a Success Training Seminar anyway. After I got back home, I fold Michelle that I'd just found what we were going to be doing for the rest of our lives!"

The next day they became Distributors and the day after, Supervisors.

"The only way to be successful is by having a specific goal," reminds Michael, "and by using the products. Host 44 pounds in the first two months and went from a size 40 waist back to a 32. Can you believe I thought I was only 15 pounds overweight? Now the lifestyle is truly incredible, enjoying financial freedom traveling the world.

#### HOTEL MARRIOTT AIRPORT Miami 1201 NW LEJEUNE ROAD, MIAMI, FL 33126

Saturday 23 : 7:30am - Production Team & Pre-meeting

9:00am - HOM (Herbalife Opportunity Meeting) FREE 11:00am - Lunch

12:00-3:00pm - Seminar (Distributors with ticket only)

STS TICKETS ONLY VIA PAYPAL ACCOUNT: animejia3@gmail.com DEPOSIT AND SEND TEXT ONLY TO CONFIRM NAME + # NUMBER OF TICKETS TO: Adriana Mejia & Rod Disanto (786)218-2843 For all updates and Information about STS Facebook Group: STS English South Florida

Pre-sale until Wednesday June 19 1X\$30 or 4X\$100 US. Ticket at door \$40 CASH ONLY



INTERNATIONAL PRESIDENT'S TEAM MEMBER

NAMANA CONTRACTOR AND A C

LING @

Advanced Ticket \$30 or \$40 at the door

Get your tickets

By the time they were out of college and working in the real world, Mike and Laura Curtis had about \$40,000 in credit-card and student-loan debt. Every month, they made the minimum payments. Mike remembers, "We had decent paying jobs, but we were living paycheck-to-paycheck."

After Mike's brother told him about Herbalife's fantastic products and business opportunity, Mike decided to see what the Herbalife Business Opportunity had to offer. "I was very negative and skeptical about it," Laura admits. "Thank goodness Mike didn't listen to me."

They both had great results using the products and when their parttime Herbalife income reached \$5,000 a month, Laura quit her job as a banker and Mike left his job in non-profit fundraising. They work consistently to recruit new customers and Distributors, lead focus groups, attend Success Training Seminars and work with Distributors to make sure they're plugged into the Herbalife system. Following their plan, the couple have made it all the way to the President's Team. Laura exclaims, "We're are truly living our dreams!"

Denver Marriott South 10345 Park Meadows Dr. Denver, CO 80124 (303) 925-0004



Qualifications: (in March) VIP Seating= 7,500VP Top Achiever's Dinner=10,000VP

Agenda:

7:15 to 8:30am: Production setup

8:30 - 9am: Leadership/Speaker

meeting

9am to 9:45am: World/TAB Team

leadership meeting

10am to 12pm: HOM-Herbalife

Opportunity Meeting and Product

training

\*FREE to all invited!!

12pm to 4:30pm: STS= Success

Training Seminar



#### December 19, 2015

7am - Production Team Mtg 8am - World Team Workshop 9am - Supervisor School 10am - HOM (free for guests) 12pm - Lunch Break 1pm - General Session

#### \*\*\*NEW VENUE\*\*\*

Hilton Tampa Westshore 2225 N. Lois Ave Tampa FL 33607

Purchase Tickets ststampabay.weebly.com Single Online Ticket: \$25 Ticket at the Door: \$30 Last Day Online Dec 17

#### **VIP Experience**

\*New Supervisors that qualified in November

\*Fully Qualified Supervisors that had over 7,500 VP in November

VIP QUALIFIERS BY DEC 17 --SUBMIT ONLINE--www.ststampabay.weebly.com

# Disney & Jorge de la Conception, Jr

20K Executive President's Team



\_fitcouple\_ Before Herbalife they were working as Bartenders and models. Although they weren't doing bad, they always dreamed of a better future and financial freedom. They found Herbalife through Jorge' parents and because of their results started to take the products. They always worked out and had an active lifestyle and even though they had potential to do the business but that never interested them. Jorge especially didn't believe in Herbalife as a business and thought it was a scam. They kept taking the products and became members with the purpose of getting a discount and wanted to some how help Jorge's parents who had a very bad economic situation. Little by little, people were getting interested in the products without them even promoting it and that's what opened their eyes to the business. Since the moment they decided to work the business they went full force and gave 100%. As a result, In 6 months made their first cut to GET team and in just 9 months fist cut to Millionaire team. After doing Herbalife for just 21 months they were able to reach Presidents Team. along with Jorge's parents!!!!! The most important part is that they are able to stay at home with their kids and spend every moment with them because of the lifestyle they have earned! " For us Herbalife has been the best thing that could have happened and we will be forever grateful for this company!"

#### www.ststampabay.weebly.com



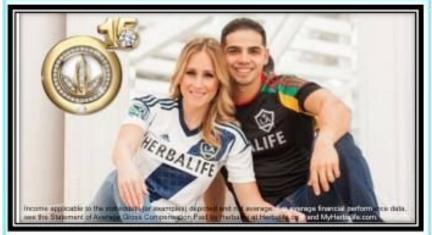
# January Kick Off

The Weston Lake Mary 2974 international Pkwy Lake Mary, FL January 16th





# PALM BEACH, FL. Success Training School March 26, 2016.



# Ximena Betancourt-Mejia

Before Herbalife I was an electroencephalogram tech. I worked long hours and my schedule was unpredictable due to being on call 24/7. At age 26, I found myself 30 pounds overweight, fatigued, and lacked passion in the area of profession. Luckily Herbalife was introduced to me on Dec 2011. Although extremely skeptical I decided to give it a try. I began taking the products and felt an increase in energy and lost 36 pounds in 2 1/2 months. My coworkers, friends and family were all floored by my results and they decided to jump on board. Four months after I signed up I decided to take a leap of faith, so I fired my bosses and put Nursing school on hold for life and it's been the best decision I've ever made. Thanks to Herbalife my husband and I live a life of purpose. We are extremely grateful to be part of something that creates joy and impacts the lives of so many.

Antes de Herbalife yo era técnico en electroencefalograma. Trabajaba largas horas y el horario era impredecible, siempre estaba "on call 24/7". A la edad de 26, me encontraba con 30 lbs de más, cansada y cero apasionada en mi área profesional. Con suerte me presentaron Herbalife en Dic 2011. Con mucho escepticismo decidi intentarlo, empecé con los productos, senti más energía y perdi 36 lbs en 2 meses y medio. Mis compañeros, amigos y familiares estaban impresionados con mis resultados y decidieron unirse. 4 meses después de registrarme, decidi dar un paso de fe, al despedir a mi jefe y parar mis estudios, y ha sido la mejor decisión de mi vida. Gracias a Herbalife, junto con mi esposo vívimos una vida con propósito. Estamos muy agradecidos de ser parte de algo que da felicidad e impacta las vidas de tanta gente.



FIN DE SEMANA DE LIDERAZGO

# **Denver STS** Nov 10, 2012

Fit Hour Training with Launa Rasch Friday Nov 9<sup>th</sup> 6pm – 7pm Fit Hour Workout 7pm – 8:30pm Fit Hour Training Located at Health Q 7901 E. Belleview, Suite 105 Englewood, Co, 80111

#### STS Agenda:

7:15 to 8:30 am Production set up

8:30 – 9am Leadership/Speake pre meeting

9am to 9:45am World/TAB Team Leadership Training

**10am to 11am** HOM-Herbalife Opportunity Meeting

**11am to 4pm** STS-Success Training Seminar

**4:30pm** 10,000 pt qualifiers dinner with Launa Rasch

STS RE GISTRATION FEE \$30 Pre Registered at www.denversts.com.or \$40 at the door

# Featuring Launa Rasch



Launa remembers starting her first diet at age 10 and dieting her way up to 245 lbs after college. After attending a local opportunity meeting, she decided to give the products a try. She immediately fell in love with the products and got incredible health results.

Within 3 weeks she attended her first STS and that help launch her business to making over \$8,000 a month within 90 days. Launa says, "We keep things FUN, SIMPLE & MAGICALI and are proud to WEAR THE BUTTON! We tied in our passion for fitness and our current DMO's includes 24FIT Bootcamp Challenges, Warrior Camp, shake parties and social media. Herbalife has been our vehicle of hope and we are so grateful everyday for this incredible opportunity!"

STS Location Denver Marriott South 10345 Park Meadows Dr Denver, CO 80124 (303) 925-0004 ~ www.denversts.com



Presenting Special Guest Speaker EXECUTIVE PRESIDENTS TEAM MEMBER

**Tim Hendricks** 

#### SATURDAY NOVEMBER 21, 2015 MIDWEST CONFERENCE CENTER 401 West Lake Street, Northlake, IL 60164

Even though Tim Hendricks was serving his country as an activeduty member of the United States Marine Corps, he was barely earning enough to make ends meet. "I was fed up, frustrated & found myself working hard, giving 110% and still just getting by," he says.

This frustration led Tim to look into Herbalife. "When I heard the results people were getting and the possible income I could earn, I got very excited," he says.

But what really convinced Tim were his own product results. "I started feeling better than I had in years and I was blown away," he says.

In the first 10 weeks Tim made more part-time than he did full time. "As a Marine I was only making about \$1,300 a month fulltime, so making more than that part-time was huge for me." he declares. "I hit a six-figure income in 3 years, and now I earn more per month working the hours I choose around my family than I used to make in one year as a Marine! More important than the money is the fact that I am able to truly help people with the products and this incredible opportunity. There is no amount of money that Herbalife could pay me that could replace how that makes me feel."



#### AGENDA 9:00 - 10:00 AM Supervisor school 10:00 - 12:00 PM HOM 12:00 - 12:30 PM Break 12:30 - 4:00 PM Training

#### VP MOST register by New D

Send VIP Proof to Provide Agent 11 and 3 Ways to Qualify: 1) 20 Web + 2500 VP 2) Newly qualified supervisor in October 3) Have a newly qualified supervisor + 2500 VP

Tickets: \$25 until Nov 17th - \$30 at the door - Buy tickets at - www.ChicagoSTS.net All members must purchase a ticket to attend. Guests are free until HOM is over. No children under the age of 14. Thank you for your understanding.

© 2015, Chicago STS LLC. All trademarks and registered trademarks appearing on this site are the property of their



dependent Distributo

mision de cambiar los habitos nutricionales del mundo.



Atlanta Success Training Seminar Like This Page · June 22 · 🚱

ITS COMING! This weekend!!

HERBALIFE ATLANTA, do you have JUNE 24th, our next STS added to your Calendars?!

Have you purchased you event ticket?

You will want to reserve your seats for this upcoming EVENT!!!

www.atlantasts.com

Make sure you have LIKED us for updates Instagram:atlantasts FB: Atlanta Success Training Seminar

CHECK OUT THE FLYER

#### ┢ Like 🔳 Comment 🍌 Share

STS Tampa Bay STS Page Liked · July 22, 2014 · 🚱

LDW - Jacksonville

🖬 Like 📕 Comment 🌧 Share 16 2 shares Write a comment... 😳 🙆 🕼 🞲

#### **Event Location**

Hyatt Regency Jacksonville Riverfront 225 E. Coastline Drive Jacksonville, FL 32202

#### Hotel

Hyatt Regency Jacksonville Riverfront 225 E. Coastline Drive Jacksonville, FL 32202 904-588-1234 ble until September 18, 2014) \$109/night (A

#### Speakers



#### Agenda

#### Friday, October 3

11:00 a.m.-5:00 p.m. Registration 1:00 p.m.-4:00 p.m. TAB & Active World Team Meeting 5:00 p.m.-9:00 p.m. President's Team Experience Saturday, October 4 7:00 a.m.-5:00 p.m. Registration 8:45 a.m.-9:45 a.m. TAB & Active World Team Meeting

10:00 a.m.-12:00 p.m. Herbalife Opportunity Meeting: Be a Product of the Products 1:00 p.m.-5:00 p.m. Leadership Development Training

7:00 p.m.-12:00 a.m. Party

#### Sunday, October 5

8:30 a.m.-10:00 a.m. Supervisor Workshop 9:00 a.m.-4:00 p.m. Registration 10:00 a.m.-4:00 p.m. Leadership Development Training

TICKETS	PURCHASE TICKETS	PRICE	SKU
Early Bird (Until August 1	8, 2014):	\$75	#F246
Advance (Until Septembe	er 29, 2014):	\$90	#F248
At the Door (Available if	space permits):	\$110	

Please Note: This is an Herbalife business event. We encourage all Independent Herbalife Members to dress appropriately at all times.

# QUALIFIED SEPTEMBER 2009

# Amber & Jason Wick

Walking out of their favorite Vietnamese restaurant, Amber and Jason Wick ran into Craig, an acquaintance from their old job, whom they hadn't seen in years. They greeted one another, happy to meet again. Jason asked, "How are things at work?" Craig looked down at the ground, as his smile faded. Quietly he told them about the last round of layoffs. Then his face brightened as he noticed something different about them. "You guys look great, he said. "What are you doing now?" "Herbalife!" the couple answered.

The look on Craig's face said everything, but he wanted to know more: "I thought you two just went to another company. You're no longer engineers?" "Nope," said Jason. Amber made it clear: "Exhausting work weeks; we had no time to be with each other." "We were tired, stressed out and overworked," explained Jason.

"So, how did you get into it?" Craig asked. Amber told him, "A friend introduced us to Herbalife and we fell in love with the products." Craig nodded, and Jason continued, "But we couldn't help notice the opportunity in front of us. We quit our old jobs, and it was the best decision we ever made." Craig waved through the glass at his family sitting inside the restaurant and said, "Well, my wife and kids are waiting." "Well, good seeing you, Craig," they replied. Craig said goodbye and walked into the restaurant. A warm wind blew as Amber smiled up at Jason. He put his arm around her and they went for a short walk before getting back in their car to drive home.

Today, Amber and Jason Wick run an extremely successful business full time. They replaced their high-paying engineering incomes with something even better, and enjoy the time they now share.

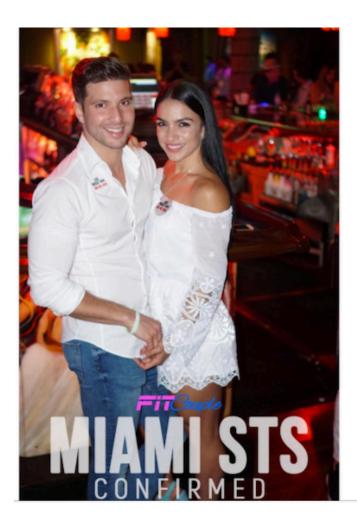
When asked what the couple would like other Distributors to know about how they achieved their success, they responded with: "Our team's spirit is very important. We do things like rent buses to bring them to events. We also make t-shirts and hats for our team. But beyond that, we help them with their own business whenever we can. They know we're looking out for them."\*

- Attend every event possible.
- Bring as many people as you can.
- Qualify for everything you can at events.

"Our thriving Herbalife business replaced our two corporate America incomes."



\*Incomes applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation for U.S. Supervisors at www.herbalife.com and www.myherbalife.com.





Following

3,009 likes

1d

fitcouple A friend recently told us that a warrior always keeps his sword sharp! That means no matter the level or the success we must continue to learn in order to grow as a person and in business.

Super excited for this Saturday's event! For those of you serious Herbalife Distributors in Miami, I'll tell you like we tell our team; Events/Trainings are non negotiable! We hope to see you there! To buy tickets (link) Www.StSmiami.com

mynewgreenlifestyle Muy cierto 🙌

mimialvarado1 So one has to pay to go the events? @fitcouple

fnky\_highenergy 🙂





Heather Gregg added a photo in Herbalife 2-4-1.



Heather Gregg May 29 at 9:16am

This was posted by new presidents team member, Bill Garvey & reposted by Pres Team Lori Baker.

THE pathway to advancing in the business can ONLY be done by attending the events and bringing people with you.

Be SURE you have your calendar filled with the dates of all events first... then plan in everything else around those dates.

Extravaganza is the BIGGEST and MOST IMPORTANT event to attend. Be sure you've made your arrangements and have your ticket!!

THE ...



This was posted by new presidents team member, Bill Garvey & reposted by Pres Team Lori Baker.

🖕 Like 👘 Comment

12 Month Plan

President's Team



The following is a list of the monthly and yearly Herbalife events. Contact your local STS Production Coordinator or Upline to get the dates for your local events. Attending these events is ESSENTIAL TO SUCCESS in working the 2-4-1 Plan





Get out your 12-month planner and fill in the dates NOW! Plan ahead for success!

# 2-4-1 Tracking Chart

Calletter Con

	12 Month Plan 🗖			ent's T	eam
Month 1	EVENT DAT	E & L(	OCATION		
Note: Each distributor & each customer should represent a min of 100vp so you end up with 1500vp and all 3 are new VIP 35% Senior Consultants.	Customer 1: Customer 2: Customer 3: Customer 4:		VP= VP=	Total PV	Check the box next to the distributor's name once they have purchased their event ticket.
Customer 1: Customer 2: Customer 3:	•		Distributor 2: Customer 1: Customer 2: Customer 3: Customer 4:		

# Month 2-\_\_\_\_EVENT DATE & LOCATION\*Your 2 Distributors from last month now start on *Month 1* and do the same thing.

SUPERVISOR S	Customer 1: Customer 2: Customer 3: Customer 4:	 VP= VP=	Total PV	Remember- Each month you find 4 NEW customers and 2 NEW Distributors. Your NEW Distributors can come from last month customers.
Distributor 1: _		Distributor 2:		
Customer 1:		Customer 1:		
Customer 2:		Customer 2:		
Customer 3:		 Customer 3:		
Customer 4:		 Customer 4:		

# Month 3-\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

Note: Each distributor & each customer still represent a 100vp but your Total PV will be higher than 1500 because of reorders and upgrades	Customer 1: Customer 2: Customer 3: Customer 4:		VP=	- Total PV	Check the box next to the distributor's name once they have purchased their event ticket.
Customer 1: Customer 2: Customer 3:		_	Distributor 2: Customer 1: Customer 2: Customer 3: Customer 4:		

# Month 4-\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

1 <sup>st</sup> cut GET TEAM!		ME	VP=		Tip: Make sure
	Customer 1:		VP=	Total	you are following up
	Customer 2:		 VP=	PV	with your team
	Customer 3:		VP=		to gage their
C.E.T.	Customer 4:		 VP=		flow chart and see that they
					are following
					the plan ☺
Distributor 1:			Distributor 2:		
Customer 1:			Customer 1:		
Customer 2:			Customer 2:		
Customer 3:			Customer 3:		
Customer 4:			Customer 4:		

# Month 5-\_\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

Note: 2 <sup>nd</sup> cut of GET TEAM and Qualify for Future Pres Team Retreat	Customer 1: Customer 2: Customer 3: Customer 4:		VP= VP=	Total PV	Start focusing on Get 20, Keep 20 customers by providing great follow-up!
Customer 1: Customer 2: Customer 3:		Custo Custo Custo	mer 2: mer 3:		

Month 6-\_\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

\_\_\_\_\_

FULLY QUALIFIED GET	٦ ١	ИE	VP=		
QUALIFIED GET and 1 <sup>st</sup> cut of MILL TEAM!	Customer 1: Customer 2: Customer 3: Customer 4:		VP= VP=	Total PV	
Distributor 1:			Distributor 2:		
			Customer 1:		
Customer 2:			Customer 2:		
Customer 3:			Customer 3:		
Customer 4:			Customer 4:		

# Month 7-\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

2 <sup>nd</sup> cut of MILL TEAM and 1 <sup>st</sup> cut PRESIDENT'S TEAM!	Customer 1: Customer 2: Customer 3: Customer 4:	VP= VP=	<b>m</b> 1	Check the box next to the distributor's name once they have purchased their event ticket.
Customer 1: Customer 2: Customer 3:		Distributor 2: Customer 1: Customer 2: Customer 3: Customer 4:		

# Month 8-\_\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

Customer 1: Customer 2: Customer 3: Customer 4:		VP= VP=	PV	Fully Qualified MILLIONAIRE TEAM and 2 <sup>nd</sup> cut of the PRESIDENT'S TEAM!
Distributor 1:	_	Distributor 2: _		
Customer 1:				
Customer 2:		Customer 2:		
Customer 3:		Customer 3:		
Customer 4:		Customer 4:		
particular and an end of the second				

# Month 9-\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

Note: Don't slow down nowYOU ARE ON A ROLL AND IT'S YOUR FINAL CUT TO	Customer 1: Customer 2: Customer 3: Customer 4:	 VP= VP=	Total PV	Check the box next to the distributor's name once they have purchased their event ticket.
PRESIDENT'S TEAM	]			
Distributor 1:		Distributor 2:		
Customer 1:		 Customer 1:		
Customer 2:		 Customer 2:		
Customer 3:		 Customer 3:		
Customer 4:		 Customer 4:		

\_\_\_\_\_\_

# Month 10-\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

You continue working this plan and teaching all of your team to do the same and you can truly live a life of your DREAMS!!!	ME Customer 1: Customer 2: Customer 3: Customer 4:	VP=
Customer 1: Customer 2: Customer 3:		Distributor 2:         Customer 1:         Customer 2:         Customer 3:         Customer 4:
	On average, active President's Team members earn \$300,000 or more annually, comparable to many senior corporate executives. <sup>1</sup>	

Г

# Month 11-\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

My current position on the marketing plan is:	Customer 2: Customer 3:		VP= VP=	Total PV	Check the box next to the distributor's name once they have purchased their event ticket.
		1			
Distributor 1: _			Distributor 2:		
Customer 1:			Customer 1:		
Customer 2:			Customer 2:		
Customer 3:			Customer 3:		
Customer 4:			Customer 4:		

# Month 12-\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_ \_\_\_\_\_

In 1 year of working this plan, my income went from a month to currently	ME Customer 1: Customer 2: Customer 3: Customer 4:	VP= VP= VP= VP= VP=	
a month			
Customer 1: Customer 2: Customer 3:		Distributor 2:	
I am responsible for all my successes and failures. I am committed to working on myself to become better every day. I am committed to working this 2-4-1 plan as a team player and I will do my part to the absolute best of my ability. I know I am capable and I believe in myself. I am a person of INTEGRITY and a person of my word. Print Name			

#### Lead Management Options

Unfortunately, you are NOT qualified to participate in the Herbalife Lead program at this time. To become eligible, you must meet the following requirements:

- Tab Team level and above
- Earned Production Bonus in at least three consecutive months within the last six months
- Attended four Herbalife events, two of which were corporate-sponsored events, in the past twelve months. Corporate events include
- $\label{eq:leadership} \ensuremath{\mathsf{Leadership}}\xspace \ensuremath{\mathsf{Development}}\xspace \ensuremath{\mathsf{Weekends}}\xspace, \ensuremath{\mathsf{Spectaculars}}\xspace \ensuremath{$
- Current annual processing fee.
- No outstanding ethical violations.
- Valid email address registered.
- Online acceptance of the Terms and Conditions.
- Ability to assist Referrals in English and/or Spanish.
- Have United States or Puerto Rico as Country of Processing.

#### Qualification Events

You do not have the required Events to be part of the Lead Program, please review "help" to better understand the rule, click here to add noncorporate Events

(July 10, 2017 screen capture inside Herbalife's member only website)

# Building Your Business



#### **STS Resource Center**

Teach Members all they need to know about the business opportunity with the mother of all group meetings. The Success Training Seminar (STS) is designed to teach expert techniques for achieving business success.

Target Audience: All Members

#### Estimated Length of Meeting: 1 Day

#### WHAT IS IT?

The Success Training Seminar (STS) covers key components of the Supervisor Workshop, HOM, QuickStart, and Organizational Meetings, all during a oneday training seminar.

#### GETTING STARTED

Priming Members for success will help their business, and your downline, thrive. Go the extra mile in preparing potential Members by following the Success Training Seminar Agenda.

Bring your Herbalife Career Books to help with training and to use as reference. The books offer an easy-to-follow blueprint for success as an independent Herbalife Associate.

#### • Herbalife Career Books

#### RESOURCES

Use the following resources as support materials when conducting the seminar.

- HOM (PDF)
- HOM (PowerPoint)
- STS Product Training (PDF)
- STS Product Training (PowerPoint)
- Suggested STS Agenda
- Sales and Marketing Plan (PDF)
- Sales and Marketing Plan (PPT)
- Gold Standard

#### myHerbalife.com |

<ul> <li>Confidence Presentation</li> <li>Statement of Average Gross Compensation</li> <li>Distributor Action Plan (PDF)</li> </ul>
Video: MOJ Welcome Message Video: Herbalife's Gold Standard
Centers for Disease Control Posters and Assets
<ul> <li>Benefits of Weight Loss Poster CDC/NIH v.1</li> <li>Benefits of Weight Loss Poster CDC/NIH v.2</li> <li>Benefits of Weight Loss Poster CDC/NIH v.3</li> <li>Final Guidelines for Using Weight Loss Posters CDC/NIH</li> </ul>
<ul> <li>January Kickoff 2017 Presentations</li> <li>Jillian Addy "Testimonial Lead-Ins for Live Meetings" (PDF)</li> <li>Amber Wick "Who's Who In Your Business" (PDF)</li> <li>Mary Holloway "Qualify To Earn" (PDF)</li> <li>Part 1 Get And Keep (PDF)</li> <li>Part 2 POS and Documented Volume (PDF)</li> <li>Part 3 New Programs And Tools (PDF)</li> <li>Flow (PDF)</li> </ul>
Kerbalife Opportunity Meeting
Approved Trainings for Meetings
Global Nutrition Philosophy

Herbalife Opportunity Meeting

en-US | 2/3/2017 9:17:26 AM | USSLCPRODWEB19 | MyHL | 2/3/2017 9:17:26 AM | 1.1.0.85

тіме	MIN.	SPEAKER / MC	TOPICS
7:30am - 8:30am	0:60		<ul> <li>Speaker/MC Meeting, Set-up</li> <li>Engage all production team members</li> <li>Re-iterate key points from set-up calls</li> <li>Set intentions for the day; philosophy</li> <li>Any additional set-up thoughts</li> </ul>
9:00am - 9:45am	0:45		<ul> <li>TAB/World Team Meeting</li> <li>Focus on leaders to engage in the event, to be present, help with leadership skills, to understand the "Cycle of Success"</li> <li>Connect with leaders from the region to determine which topics to cover throughout the day</li> </ul>
9:45am - 10:00am	0:15		<ul> <li>Open Doors, Welcome</li> <li>Open day, engage the room, welcome</li> <li>What to expect from today</li> </ul>
10:00am - 10:05am	0:05		MOJ Welcome Video
10:05am - 11:05am	0:60		<ul> <li>HOM</li> <li>Confidence in the Company</li> <li>Share success stories</li> <li>Use most-updated HOM slide deck and videos from <u>www.myherbalife.com</u></li> <li>Product and Income stories are a key piece- ensure we are teaching story guidelines for compliant and appropriate shares</li> <li>End with Guest Speaker Story (10 minutes)</li> </ul>
11:05am - 12:05pm	0:60		<ul> <li>Product Training</li> <li>Cellular Nutrition, Weight Management Programs, Herbalife24<sup>™</sup>, Herbalife SKIN®, Targeted Nutrition</li> <li>Use most-updated Product slide deck from <u>www.myherbalife.com</u></li> </ul>
12:05pm - 12:20pm	0:15		<ul> <li>Next Event Ticket Sales &amp; Promotion</li> <li>Promote the 90 day plan, next event</li> <li>Who do you know? Who will you bring?</li> <li>Teaching everyone to think about new clients and new team members over next 30 days and who they will invite and bring to the next event</li> </ul>
12:20pm - 12:50pm	0:30		Shake Break
12:50pm - 1:50pm	0:60		<ul> <li>Marketing Plan &amp; Recognition</li> <li>Marketing Plan levels</li> <li>Recognition and Marketing plan advancement since last event</li> </ul>

HERBALIFE.

# SUGGESTED SUCCESS TRAINING SEMINAR AGENDA

тіме	MIN.	SPEAKER / MC	TOPICS
1:50pm - 2:35pm	0:45		<ul> <li>Retail, Recruiting, Follow-up, Retention</li> <li>Show different ways of retailing, recruiting and retaining</li> <li>Potential use of panel to demonstrate invitation –presentation – decision; show different DMO's</li> <li>Keep messages broad so everyone can relate, understand and duplicate</li> </ul>
2:35pm - 3:35pm	0:60		<ul> <li>Leadership, Team Building, Ethics, Personal Development</li> <li>Demonstrate how Leaders mentor, build their business, use personal development</li> <li>How to create leaders in your organization</li> <li>Why Herbalife! Why NOW!</li> <li>Why it is important to do it ethically</li> <li>Leaders in each region can decide whether to focus on personal development and/or any topics that featured speaker(s) wants to focus on</li> </ul>
3:35pm - 3:50pm	0:15		<ul> <li>Events/Promotions, Action Steps, Close the Day</li> <li>Key piece: next steps, next meeting (STS, LDW)</li> <li>Strive to qualify for everything, consistency, plugging into the Cycle of Success and bringing people with you to the next events!</li> </ul>
3:50pm - 4:00pm	0:10		<ul> <li>Recognition of Speakers &amp; Production Team</li> <li>It takes a team!</li> </ul>





#### SPEAKER GUIDELINES For use at all Herbalife<sup>®</sup> Events

Deadline for Speaker Selection of Topics: 6 weeks prior to scheduled event

Deadline for Submission of Speaker PowerPoint Presentations (PPT): **3 weeks** prior to event

- This allows time for sales representatives, branding specialists and legal to review and provide comments and feedback
- Please note that speakers who do not meet the deadline risk not being permitted to use their Presentation at the event

<u>Deadline for Submission of Talking Points (Presentations that take place without the use of PPTs)</u>: **3 weeks** prior to the event

• Please note that Speakers who do not meet the deadline risk not being permitted to present

Guidelines for Submission of PPTs

- Presentations must be built using approved template(s), current logos and trademarks, and approved nomenclature, such as those words used to discuss Herbalife Independent Distributors and income opportunity<sup>1</sup>
- Presentations must include income and weight loss disclaimers as required<sup>2</sup>
- Please note that use of the images, quotes and video clips of others typically requires the permission of the owner of those items based on their copyright ownership. When in doubt, use images and video clips you have created.
- When using screenshots of social media pages that are either not your own and/or feature the name, likeness or post of someone else, you must provide permission to use and share their name, likeness and/or their post

<sup>&</sup>lt;sup>1</sup>If you do not have access to current or approved templates, logos and trademarks, or have questions concerning nomenclature, please contact your regional sales team. They will be happy to send you these items.

<sup>&</sup>lt;sup>2</sup>If you need assistance to determine proper usage of disclaimers, please contact your regional sales team.

- Please note that when including Mark Hughes or Jim Rohn quotes and images in your presentation, they must be properly attributed. For Mark Hughes, always include the following: Mark Hughes, Herbalife Founder and First Distributor (1956– 2000). For Jim Rohn, always include the following: Jim Rohn, Business Philosopher and Motivational Speaker (1930–2009).
- Please note that any presentation of Herbalife<sup>®</sup> products should be based on the current STS presentation in your region/territory<sup>3</sup>
- Please note you must submit substantiation for any earnings claims that cannot easily be obtained from BizWorks. For example, this would include substantiation for the following types of claims:
  - A claim about your earnings, such as "I make more money now than I did as a mechanic" or "I make enough money now to pay my rent"
  - A claim about how a certain DMO has grown your business for example, if you want to talk about your earnings from your Nutrition Club, you must provide written proof of your earnings, such as receipts for Attendee Fees
- Please remember to keep PPTs short; this will help you maintain an engaged audience. A good number of slides to shoot for would be 10–20.
- Please keep lifestyle photos to a minimum. Instead, focus on the healthy and active life you lead by providing images of you, your family and your friends. If you do include a lifestyle image, such as a luxury car, your home, or a vacation, you must include the income disclaimer.
- Please note your presentation must be complete when submitted. Please include all video clips, quotes, and images you intend to use. Unfortunately, presentations that are not complete will be returned to the Speaker and will not be approved until it is reviewed as a whole, complete presentation.

#### Questions?

• Should you have any questions regarding these guidelines, presenting at the event, or timing for review, please contact your regional sales team

<sup>&</sup>lt;sup>3</sup>Obtain a copy of the current STS Presentation on MyHerbalife.com.

# 

# City:

### **POST MEETING INFORMATION:**

EVENT DATE				
Coordinador Name	Distributor ID	Phone	Email	
TOTAL ATTENDANCE O	F MEMBERS			
TOTAL OF FIRST-TIME A	TTENDEES			
SNACK PACKS REMAIN	ING			
COMMENTS AND SUGGI	ESTIONS:			

### **UPCOMING MEETING INFORMATION:**

EVENIDATE			
Coordinador Name	Distributor ID	Phone	Email
ESTIMATED ATTENDEES	3		
LOCATION Name, Street, City, State, Zip			
CONTACT FOR TICKET I WEBSITE	NFORMATION OR		
GUEST SPEAKER Name, Level, Phone Number			
SNACK PACK SHIPPING	ADDRESS		

### AGENDA:

Example: HOM	10:00am – 11:30am

Please send this form along with registration lists no later than the Monday following your meeting to <u>NAMSTS@Herbalife.com</u> or to fax (310)216-6047.



### **SPEAKERS:**



#### Susan Peterson Founder's Circle Member

Susan Peterson was inspired by Mark Hughes, the founder of Herbalife, to achieve the highest level in Herbalife and to become all that she could be, both professionally and personally. Now, years later, Susan has become one of the first members of the prestigious Founder's Circle. She reached this esteemed level by following in the footsteps of Mark Hughes and the first Founder's Circle member Geri Cvitanovich. "Mark was inspired by the stories and testimonials, and by helping people," says Susan. "I feel that same inspiration. I am still filled with excitement for this business every day.



#### **Clem Herron** 20K International Executive President's Team Member

After retiring from a major airline, Clem Herron was concerned about her future. Then her husband Bill, a pharmaceutical sales manager, was introduced to the Herbalife business opportunity. After losing weight loss and increasing their well-being with the products, the couple became Independent Distributors. "We used the products, wore the buttons and talked to everyone we met," Clem says. "Today, I'm no longer stressed and I feel great. Now I don't have to worry about my finances – my Herbalife business is taking good care of me."\*1

### TICKETS • SKU# D131

Advance: \$50.00 (Available until January 14, 2011)

At the door: \$60.00 (Available if space permits)

### **AGENDA**

Saturday	
8:45 a.m	Tab Team - Locking Arms in 2011
10:00 a.m	Be a Product of the Products!
11:00 a.m 4:00 p.m	Proven Opportunity, Powerful Training
4:00 p.m 5:00 p.m	"Person by Person, City by City" - HOM
6:00 p.m 12:00 a.m	
	Party like Kings & Queens!
	Dress Attire: Kings/Queens

Sunday

9:00 a.m. - 4:00 p.m. . . . . . Changing Your Pin – Supervisors in Action

"Incomes applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average-Gross Compensation for U.S. Supervisors at www.herbailfe.com and www.myherbailfe.com. 'An extensive questionnaire generated responses from more than 200 U.S. Herbailfe Independent Distributors about their weight-loss programs and results. They reported weight loss ranging from 4 pounds to 167 pounds and a reduced body mass index (BMI) of 1.5 points to 24.1 points, suggesting that consumption of Herbailfe<sup>®</sup> products is associated with weight loss and improvement in BMI in those ranges.

### Purchase your advance tickets by calling 866-866-4744. Visit HerbalifeEvents.com today!

Two tickets maximum per Distributorship. Ticket sales are final – they are nontransferable and nonrefundable. Video cameras are not allowed. Children not permitted. All qualifications must be completed prior to the day of the event. Herbalife reserves the right to revalidate Distributor qualifications up to and including the days of the event. ©2010 Herbalife International of America, Inc. All rights reserved. USA. EVT12400-USEN 11/10



Nutrition for a better life.





John Peterson April 11, 2015 near Dallas, TX · Edited · 🎎

Herbalife is an amazing opportunity to be your own boss and earn an amazing income. I have grown up around Herbalife my entire life and lived an amazing lifestyle thanks to my mom and dad's hard work. We opened up an amazing wellness center and fitness studio where you and your team can work if you join my organization. My mom is the number 1 distributor in the world for the company will help you to build the business first hand. If you are looking for a career change this might me the right opportunity for you. If you are interested send me a Facebook message and I can go into details. If you don't live in Houston this might be the reason to move to Houston!

#### 🖬 Like 📕 Comment

Lupita Zapata, David DeSaegher and 109 others

~





Herbalife Denver STS Like This Page · December 4, 2015 · @

Join us Saturday morning!!!

┢ Like 🔳 Comment 🍌 Share



# **Chairman's Club Tour**

City by City, we're building it better. Join us on the road to success!



#### **Orange County STS** Like This Page · December 17, 2013 · 🚱

Chairman's

club training by the man himself... John Tartol. He was fortunate enough to be mentored by and become great friends with our Founder Mark Hughes. Tomorrow night.. See flyer for all the details.

#### John Tartol Chairman's Club Member

John Tartol was a struggling musician, ex-law student, bartender and waiter who was looking for a change. His girlfriend, Lori, got him started on the products as a customer. His results were fantastic and made him see there was an opportunity with the business. "We had the incredible chance to work and become friends with our Founder, Mark Hughes." Consistency is the key! By using the products, wearing the brand and talking with lots of people, his Independent Distributorship has grown to over 75 countries around the world, helping people change their lives with our products and business plan. Herbalife is an adventure helping people's dreams come true!\*



"Incomes applicable to the individuals for examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation paid by Herbalte at Herbalte.com and MyHerbalte.com.

#### EVENT DETAILS

Open to All Distributora/ Free Admission to Guests during HOM Advance Tickets: \$10 At the Door: \$30 Presented in English. Spanish translation available.

#### LAS CRUCES, NM December 16, 2013

At the Door SKU #D368

ORANGE COUNTY, CA December 17, 2013 Las Cruces Convention Center 680 E. University Avenue Las Cruces, NM 88001 Anaheim Convention Center 800 West Katella Avenue Anaheim, CA 92802 Advance Ticket SKU #D367 Advance Ticket SKU #D365 At the Door SKU #D366

#### AGENDA FOR EACH LOCATION TAB Team Meeting 5:00 p.m.-6:30 p.m. Herbalife Opportunity Meeting (HOM) 7:00 p.m.-8:30 p.m. Closing 9:00 p.m.-10:00 p.m.

Purchase your advance tickets today at HerbalifeEvents.com or by calling 866-866-4744!

nal of America, Inc. All cloths reserved. USA: PVT21285-USBN-00, 11/13.

**D**HERBALIFE



10

🖬 Like 📕 Comment 🌧 Share

2 shares



Like This Page · March 19, 2015 · Edited · @

Zac Tartol 20K Exec PresidentsTeam, Friday night March 20 World Team Training and Sat. STS March 21st!

Zac started on Herbalife as a baby and grew up with the Tartol Dynasty. He is full of knowlege on building a strong and sustainable business. You don't want to miss it.

👍 Like 🔳 Comment 🍌 Share

Jacksonville STS and 5 others







We cannot wait to see you at this weekends incredible event held @ Loews Royal Pacific Resort Don't delay..get your ticket today! herbalifeevents.com

┢ Like 🔲 Comment 🍌 Share

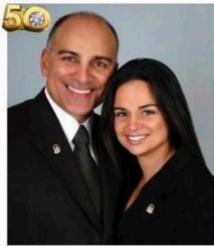
18

3 shares

HERBALIFE.

### MEGA STS - SEMINARIO DE ENTRENAMIENTO AL EXITO MIAMI, FLORIDA | ENERO 18-20, 2013

Con la presencia del Miembro del Club del Chairman 50K FERNANDO "NANI" RANCEL



**HOTEL DOUBLETREE** by Hilton 711 NW 72nd Ave, Miami, FL 33126

Viernes 18 : Entrenamiento Liderazgo & Retiro Coordinacion 10am Almuerzo Presidentes 12pm Entranamiento TAB y EMA 2012 2-4pm 5pm **RETIRO ESTILO DE VIDA\*** Sabado 19 : Seminario de Entranamiento STS 7:30am Coordinacion 9am HOM 11pm Almuerzo

**COCTAIL DE BIENVENIDA\*** 

\*Abierto a todo SUPV NUEVO+SUPV Existente con 5000pv en el mes de Diciembre 2012. Valor \$50 pago a Supv Nuevo

por patrocinador; y al Supv Existente pago en 2 lineas

.....

Domingo 20: Mega Escuela de Supervisores

Coordinacion 10am-2pm Mega Escuela de Supervisores

12-3pm

4-6pm

ascendentes.

9am

Seminario

"Abierto a todo distribuidor con ticket. 7-10pm CENA DE CALIFICACION\*

FERNANDO "NANI" RANCEL está convencido de que ser el primero significa preparar el camino para otros. Nani, proveniente de Venezuela, ha establecido un negocio a lo largo de las Américas, tan exitoso, que fue el primer Distribuidor Independiente de Sudamérica en alcanzar el nivel de Club del Chairman.

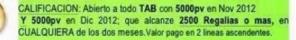
Su arduo trabajo y compromiso han contribuido al crecimiento del mercado latino en Estados Unidos, en donde Nani tiene una organización que constituye una porción importante de su negocio. Por otra parte, Nani ha logrado ubicar a Venezuela entre los cinco principales países en términos de ventas para Herbalife y su sueño es hacer de este país, el número 1 en el mundo.

La clave del éxito para Nani es el amor de su esposa, Judith. Ella cuida de sus cinco hijos y maneja sus vidas al estilo Herbalife. No importa cuantos sacrificios personales Na hecho por su negocio, Nani a tomado el tiempo de poder ser parte de los momentos especiales en la vida de sus cinco hijos.

Para Nani y Judith, Herbalife es su estilo de vida. Nani y Judith le dan mucho crédito al trabajo en equipo de su organización para el crecimiento de su negocio. "Vemos que mucha gente está desarrollándose como lideres y eso es lo que acelera el crecimiento de nuestra organización," dice Nani. "Y es sólo el comienzo".

#### Garantiza tu participacion en nuestro increible **RETIRO DE ESTILO DE VIDA!**

UNA EXPERIENCIA QUE LLEVARA TU NEGOCIO AL PROXIMO NIVEL! Imagina una tarde con un grupo exclusivo de lideres, brindando por tu futuro con nuestro Equipo del Chairman invitado, con todo el liderazgo de la plaza! No te pierdas la oportunidad de compartir con una de las leyendas de Herbalife!



#### BOLETOS

Boletos SOLO en STS Diciembre: \$40 x 1 Boleto PREVENTA hasta Viernes Enero 11: \$50 x 1 Boleto En Puerta: \$60 x 1 Boleto INFORMACION

TICKETS y REGISTRO: E. Get Marta Perez (786)704.2709

Evento Patrocinado por Representates Independientes Herbalife. Abierto A Todo Representate Independiente Herbalife e Invitados. NO SE ADMITEN NIÑOS por requisito del hotel





### Chairman's Club Tour City by City, we're building it better.

Join us on the road to success!

#### Paulina Riveros Chairman's Club

Paulina was a nutrition student and needed to work to support here one year old son. It was then, when her sporser infraduced her to the Herbalife® products and the business opportunity. "Estarted using the products and was very excited with the results, List 30 pounds and I was able to improve my wellbeing. Istarted recommending the products to my family members and started building my business", says Paulina. "Currently, live in Florida with my busband and kids, enjoying an amazing fiftshelp which allows me to spend time with them because I work from home. I love to be able to help people feel and look good while they improve herin velbeing and situation"."

"Incomes applicable to the incluiduals (or exampled) depicted and not average. For average financial performance data, one the Statement of Average Store Compensation paid by Herballe at Herballe com and Mytherballe com.

#### **EVENT DETAILS**

Open to All Distributions/ Free Admission to Gaseta during HCM Advance: Trickets: S10 evaluation and Subtress days plot to the evant At the Door: S30 Initi two takens per Similihatentyp Presented in Spanieh. English translation available. BOSTON, MA December 17, 2013 Boston Marriett Quincy 1000 Marriett Drive Quincy, MA 02169 Advance Ticket SKU #D457 At the Door SKU #D459 AGENDA FOR EACH LOCATION TAB Team Meeting 5:00 p.m.-6:30 p.m. Herballfe Opportunity Meeting (HOM) 7:00 p.m.-8:30 p.m. Closing 9:00 p.m.-10:00 p.m.

Purchase your advance tickets today at HerbalifeEvents.com or by calling 866-866-4744!

Pisaan Nete: This is an Hechalle business event. We encourage all Hechallis Members to dress appropriately at all times © 2013 Extra is international of America, its. // rights reserved, USA, UVI2-429-503-601-127-3



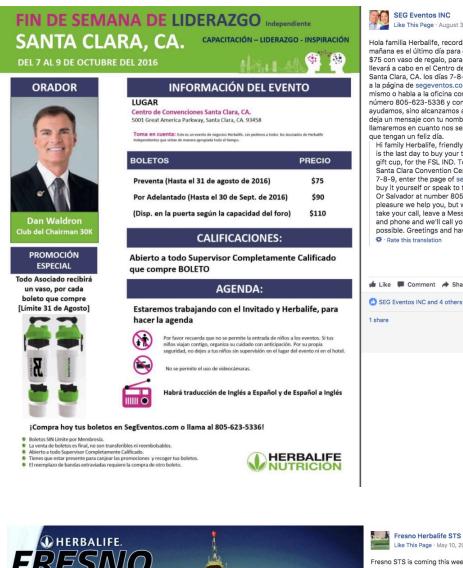
Boston STS CHAIRMAN'S CLUB TOUR with PAULINA RIVEROS Like This Page · December 17, 2013 · 😚



1 share



Nutrition for a better life





SEG Eventos INC Like This Page · August 30, 2016 · 🏵 Hola familia Herbalife, recordatorio amigable,

mañana es el último día para comprar su boleto a \$75 con vaso de regalo, para el FSL Ind. que se llevará a cabo en el Centro de Convenciones de Santa Clara, CA. los días 7-8-9 de Octubre, entra a la página de segeventos.com y cómpralo tú mismo o habla a la oficina con Karina o Salvador al número 805-623-5336 y con todo gusto te avudamos, sino alcanzamos a tomar tu llamada. deja un mensaje con tu nombre y teléfono y te llamaremos en cuanto nos sea posible. Saludos y

que tengan un feliz día. Hi family Herbalife, friendly reminder, tomorrow is the last day to buy your ticket to \$ 75 with a gift cup, for the FSL IND. To be held at the Santa Clara Convention Center, CA, On October 7-8-9, enter the page of segeventos.com and buy it yourself or speak to the office with Karina Or Salvador at number 805-623-5336 and with pleasure we help you, but we will reach you to take your call, leave a Message with your name and phone and we'll call you as soon as possible. Greetings and have a happy day. Rate this translation

Top Comments

1 Comment

🖬 Like 📕 Comment 🌧 Share

SEG Eventos INC and 4 others



#### LEADERSHIP DEVELOPMENT WEEKEND APRIL 2015

Agenda Pre-registration

Saturday, April 25 7:00 a.m. – 5:00 p.m. 7:30 a.m. – 8:30 a.m. 8:45 a.m. – 9:30 a.m. 10:00 a.m. – 12:00 p.m. 1:00 p.m. – 5:00 p.m.

. lay, April 26 7:30 a.m. – 4:00 p.m. 7:15 a.m. – 8:15 a.m. 8:30 a.m. – 10:00 a.m. 10:00 a.m. – 4:00 p.m.

TICKETS

Wednesday, April 22 10:00 a.m.- 6:00 p.m. Miami Quick Response Center 14350 NW 56<sup>th</sup> Court Ste 109 Ope-locka FL 33054

 
 Thursday, April 23
 Mami Quick Response Center 14350 NW 56<sup>th</sup> Court Ste 100 Opa-locks FL 33054

 Friday, April 24
 Registration

 900 a.m. – 500 p.m.
 Registration

 1:00 p.m. – 9:00 p.m.
 TAB Team and Adae Work Team (2014 & 2015) Meetrg

 0:00 p.m. – 9:00 p.m.
 Teal Sequence

 1:00 p.m. – 9:00 p.m.
 Teal Sequence
 Registration TAB Team and Adive World Team (2014 & 2015) Meeting President's Team Experience (Gold Level Qualifiers) Location: Floridan Princess Yacht Charter Theme: Electric White Dress Code: All White Attire (Please meet In the lobby 30 minutes prior)

 7:00 a.m.
 -5:00 p.m.
 Registration

 7:00 a.m.
 -5:00 p.m.
 President's Team & Gold VIP Shake Breakfast

 8:45 a.m.
 -7:80 ram end Adew Word Team (2014 & 2015) Meeting

 100 0.a.m.
 -1:20 popt-nulry Meeting'

 100 0.a.m.
 -1:20 popt-nulry Meeting'

 0.00 a.m.
 -1:00 primer, Silver Plus & Gold Level Qualifiers)

 7:00 0.m.
 Qualifiers Dimer (Silver Plus & Gold Level Qualifiers)

 7:00 p.m.
 +1:20 primer, Silver Plus & Gold Level Qualifiers)

Spanish translation available. Bring your own radio.

At the Door (Available if space permits): \$110

†Tickets are only available for non-Supervisors who purchase in advance. Tickets are nonrefundable/nontransferable and limited based on space availability

Purchase your tickets at HerbalifeEvents.com

Please Note: This is a Herbalife business event. We encourage all Independent Herbalife Members to dress appropriately at all times. Two locks maximum per Membership. Tolet asias are final – they are nontransferable and nonrefundable Video cameras are not allowed. Children are not permitted. All qualifications must be completed prior to the day of the event. Herabiler reserves the right to revalidate Member qualifications up to and nucluing the day of the event. Bust be present at the event to redeem all promotions and pick up credentials. Replacement lot credentiar exclusion and the right of the revalidate Member qualifications up to and nucluing the day of the event. Must be present at the event to redeem all promotions and pick up credentials. Replacement lot credentiar exclusion provides of another toket.

nal of America, Inc. All rights reserved. USA. EVT24505-USEN-05 04/15

Early Bird (Until February 02, 2015):

Advance (Until April 20, 2015) (Available at the door if space permits)

or by calling 866-866-4744 today!

\*Open to all Members who purchase a ticket.

© 2015 H

Advance (Until April 20, 2015):

Registration President's Team & Gold VIP Shake Breakfa Supervisor Workshop General Training\*

PURCHASE

SATURDAY & SUNDAY TRAINING AND PARTY FOR ALL MEMBERS<sup>†</sup>

\*Agenda subject to change.

SKU

#C950

#C953

#C955

PRICE

\$75

\$90

\$75

#### Miami, FL • April 24-26, 2015





Event Location Deauville Beach Resort 6701 Collins Avenue, Miami, FL 33141

#### Hotel

Deauville Beach Resort Convention 6701 Collins Avenue, Miami, FL 33141 305-865-8511 \$155 until 3/24/15 This rate is available until 3/24/15, based on hotel





**WHERBALIFE**.



St. George STS (Herbalife Success Training Seminar)

Like This Page · December 11, 2014 · 🛞

This Saturday STS - Debi Katz - 24 years in Herbalife. Get ticket online by tonight and save \$10 at the door.

┢ Like 🔳 Comment 🍌 Share

6 5

#### St. George, UT **Success Training Seminar** December 13th, 2014

#### **30K Sen. Executive President's Team** Member, Debi Katz



Mom of 2

- · 23 years in Herbalife & a Product of the Product
- 3 Million Lifetime Achievement Award

9am - Leadership Meeting - Supervisors who achieved 2,500vp in November or New Supervisors

10am - 12pm -Herbalife Opportunity Meeting & Product **Training - FREE** 

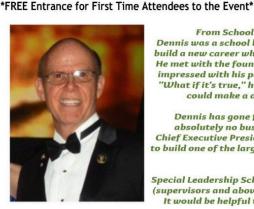
12:30 - 5pm - Paid Training

THE FALLS EVENT CENTER 170 S Mall Dr., St George, Ut 84790



May Success Training Seminar on Saturday and Leadership Training on Friday May 17th (see details below) Guest Speaker: DENNIS DOWDELL When: May 18th, 2013 Where: Holiday Inn 2 Montgomery Village Ave, Gaithersburg MD 20879 Time: 10:00 am - 4:00 pm Presentation & Training Purchase Your Tickets NOW at: www.dcmetrosts.com





From School Bus Driver to President's Team Dennis was a school bus driver looking for an opportunity to build a new career when he answered an ad in the newspaper. He met with the founder of Herbalife, Mark Hughes, and was impressed with his passion, conviction and dream. Thinking "What if it's true," he decided to take a chance and see if he could make a difference as Mark had promised.

Dennis has gone from being a School Bus Driver with absolutely no business or nutritional background, to Chief Executive President's Team. He has gone on from there to build one of the largest Distributorship organizations in our company.

Special Leadership School on Friday May 17th from 7:00 - 9:00 (supervisors and above) only \$5.00 a person (pay at the door) It would be helpful to get an R.S.U.P. if you are attending.







Herbalife Denver STS Like This Page · April 29, 2016 near Denver, CO ·

Get your \$35 Mega STS tickets today www.Denversts.com 800 people excepted!!! Catch the movement! — with Thallfitsall O. Hall.

🖬 Like 📕 Comment 🏓 Share

Herbalife Denver STS



#### NEW YORK STS June 14, 2015

Guest Speaker 15K Executive President Team Mark Matika

EVENT LOCATION Sheraton LaGuardia East Hotel 135-20 39th Ave Flushing, NY 11354

REGISTRATION 8:30am Supervisors & Above 9am General

TRAINING 9am Supervisor Workshop 10am HOM (Open to guest) 11am Training

TICKETS \$30 Online \$100 for 4 Tickets Online UNTIL JUNE 8TH \$40 at the door

DINNER AFTER THE STS \$35 for 1 \$150 for 5 Online UNTIL JUNE 10TH

PURCHASE YOUR TICKETS AT www.newyorksts.com

Chinese

Translation

Available



Mark found Herbalife at a low point in his life. He had mounting debts, gone through bankruptcy, and lost his house. Herbalife was an answer to his prayers. Mark attended a Herbalife meeting, and started sharing the products. He also traveled to all the trainings and big events, and focused on personal development. As a result of consistency and using the local meetings, Mark built one of the strongest and most successful distributorships in Herbalife!



New York STS Like This Page · May 31, 2015 · 🚱

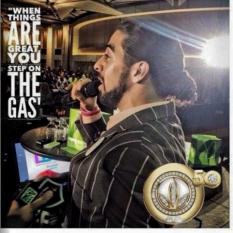
In 2 Weeks, 15K Executive President Team Member Mark Matika will ROCK NYC!!! Get your tickets TODAY!! www.newyorksts.com

#### ┢ Like 💭 Comment 🄶 Share

14

Top Comments \*





International Senior Executive Presidents Team Member 50k **Enrique Carrillo** 

## Friday

TAB Team- 5pm. - 6pm. 2,500 VP Mentoring Session 6:15pm. - 7:15pm.

# Saturday

\*Registration 8-10am \*Supervisor School 8:45 - 9:45 \*Herbalife Opportunity Meeting 10 A.M - 12 P.M. (Free For Guests) \*General Training 12pm - 4pm

### Special Recognition Bring 2 or 5 Guests

Spanish translation available. Bring your own radio. Sign Language available.



The.	Enrique	C	arrill
1 c	February	6,	2015

WOOOO HOOOO!! Im so excited to be going back and speaking in our home town where we first started our STSs. This will be our 4th year anniversary to bring STSs to ABQ New Mexico and the 2nd that I will be teaming at. Very humbling. I remember the first one we did with Michael Katz, we had just over 80 people in the room and that was the month we hit our first cut to Presidents TEAM. There are over 400 pre sold tickets for this event in ABQ our goals is 1,000....WHY NOT? I'm ready to move touch, inspire, share my gifts, experiences, and journey to presidents team and beyond. But most importantly the person I had to become and things I had to let go to do so. Albuquerque NEW MEXICO are you ready? LETS DO THIS!!! FOR THINGS TO CHANGE YOU HAVE TO CHANGE .... FOR THINGS TO GET BETTER YOU HAVE TO GET BETTER!! ILL SEE YOU THERE

And on the 21nd of February we will be having another STS in El Paso Texas. With Michael Katz with over 500 pre sold tickets. WOOO Hooo GOAL IS over 1,000 \*\*\*\*\*No excuses not to succeed

Abgnmsts@gmail.com--just email with name and how many tickets and I send an invoice to customer;) — with Renee Garcia-Ramirez, Marqus Jim Parks, Dennis S Bryon and 34 others.

Christopher Olivas, Michaeler Olivas, Michael	aer burton and 250 others
14 shares	19 Comments



**Enrique Carrillo** 

#### North America Area Leadership Call Wed Sept 9th 11:00am Pacific

855-698-3042

Open to all TAB Team Members, all STS Support Team Members, and all Members interested in learning how to use the STS to help grow their business!



Llamada de Liderazgo de Zonas Norteamérica

Miércoles, 9 de septiembre 11:00am Tiempo Pacifico 855-698-3042

Esta llamada es para todo equipo Tabulador, todo equipo de apoyo de STS, y para todos los que les gustaría aprender como crecer su negocio utilizando su STS!

ida será traducida en españo



🖆 Like 🔳 Comment 🍌 Share

Christopher Olivas, Heather Charron and 594 others

34 shares

44 Comments





### Garrain Jones

#### THANK YOU MIAMI STS

I want to take this opportunity to say thank you to all of those that attended the Miami success training seminar yesterday. Thank you for having me as your keynote speaker. As promised I left my heart out there on the stage in the form of a message and I know in my heart of hearts that my intention of having everyone leaving out of that event with a whole new perspective of their life and business was met. We all collectively grew There is a lot to be said that went on at the largest STS Miami has ever had and I am more than grateful. The ripple of fact of messages I have been reading from those lives that have been touched of people who applied what they learned right away is beyond priceless. Thank you in advance for the Full of fact of impact you are creating by starting with yourself. This is only the beginning to so much more. I love love love love love you guys. Thank you thank you thank you thank you thank you thank you. ITS GROW TIME 6 6 6 6 6

And for those of you that were impacted please share below which part of the training really stuck out for you so that others can benefit from your breakthrough

#PurposeOverEverything



AGENDA

Sábado 25 de Octubre

#### MIAMI, FL. Seminario de Entrenamiento al Exito Octubre 25 de 2014.

Trabajaban como

Disney y Jorge de la Concepcion Sr.

Miembro Internacional del Equipo del Pre



**Manuel Costa** October 20, 2014 · 🚱

MIAMI STS este sabado Lleva mucha gente

A Share

1 22

inte 15K

5 shares







#### WHAT IS HERBALIFE EXTRAVAGANZA?

Each year, Herbalife Extravaganza is where thousands of Herbalife Independent Distributors from all over North America – and at every level of the Sales & Marketing Plan – gather to receive the training to help their business plans come alive. At the 2017 Herbalife Extravaganza, over three exciting days, you can:

- Receive valuable training by Herbalife top leaders
  Learn priceless strategies, and brilliant retail and sponsoring techniques that can help you expand your business
- · Hear firsthand the biggest announcements of the year, including exciting product launches
- · Network, mingle with your peers and make priceless business contacts · Experience an awe-inspiring recognition ceremony and memorable celebrations



Following

fitcouple The event that changed our lives!! If you are doing this business and you are not going here you are wasting time. .

#Extravaganza2017

View all 23 comments



Add a comment...



### HERBALIFE.

Success Training Seminar Miami, Florida

November 9, 2013



International Excecutive President's Team Member 30k

Ron Rosenau was a stockbroker and financial advisor carrying a lot of tension and stress. His dissatisfaction with his job prompted him to answer an ad about the Herbalife business opportunity. "I had great results with the products and decided to work the business full time," Ron says. Then, at an Herbalife Opportunity Meeting, he met his future wife Carol, a landscape architect. She and Ron joined forces to take Herbalife around the world. "Now we can do what we want, when we want," says the couple.

#### DOUBLETREE BY HIITON MIAMI AIRPORT & CONVENTION CENTER 711 NW 72 AVE, MIAMI, FL 33126

AGENDA	
7:00AM -	Production Team & Pre-meeting
7:50-8:45AM	Supervisor Special Leadership Section (Levels Supervisor and up)
9:00AM -	HOM (Herbalife Opportunity Meeting) FREE
11:00AM -	Lunch
12:00-3:00PM	<ul> <li>Seminar (Distributors with ticket only)</li> </ul>

STS PRESALE TICKETS ONLY VIA PAYPAL ACCOUNT: animejia3@gmail.com DEPOSIT AND SEND TEXT ONLY TO CONFIRM NAME + # NUMBER OF TICKETS TO: Adriana & Rod Disanto (786)218-2843 For all updates and Information about STS like our Facebook Page: STS English South Florida

Pre-sale until Wednesday November 6. 1X\$30 or 4X\$100 US. DEPOSITS AFTER WEDNESDAY WIL NOT BE ACCEPETED Ticket at door \$40 CASH ONLY. No children allowed. Indepent Event. Open to all Distributors.



Alcides Mejia Gaya November 4, 2013 near Modello, FL · @

Who is ready for November STS? Tag and share it with your down line! — with John Negrete, Andres Mejia, Glenroy Huggins and 33 others.

┢ Like 📕 Comment 🍌 Share

🕛 Sylvia Pera, Ivonne Ramirez Mejia and 34 others

15 shares

2 Comments

# **SOUTH HOUSTON** Success Training Seminar

Ron & Carol Rosenau 30k International Executive 3 Diamond Presidents Team

May 21st 2016

Hilton Houston SouthWest 6780 Southwest Freeway Houston 77074

Enrique Carrillo May 16, 2016 · 🕅

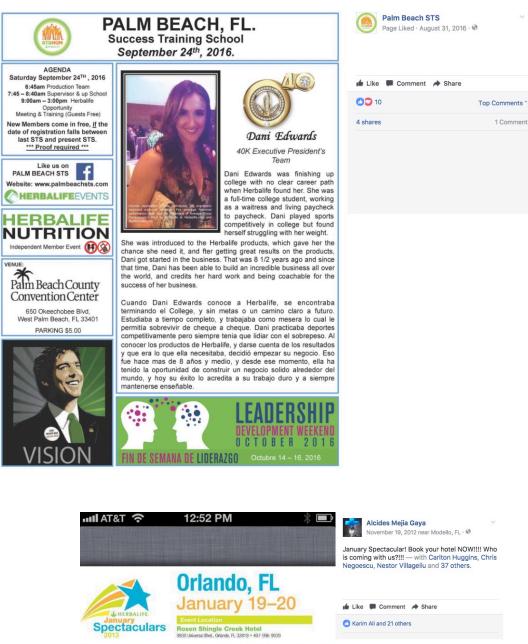
AHHHHHH!!! I'm so excited for this weekends Success Training Seminar with my mentors Ron Rosenau and Carol Rosenau.

HOUSTON and surrounding areas if your interested in how i went from being over weight, 3 jobs, and going to school full time to being in the best shape of my life and becoming the best person I can be to adding value to this world and now making six figures a month in 8 years? It takes WORK but it's possible and worth it!!! COME LEARN FROM THE BEST!!!!

The incomes presented are those of persons within the top 1% of Herbalife Independent Distributors. For average financial performance data, see the Statement of Average Gross Compensation at Herbalife.com and MyHerbalife.com

🖆 Like 📕 Comment 🏓	Share
C Enrique Carrillo and 16	2 others
11 shares	13 Comm

 $\sim$ 









Purchase your advance tickets by calling 866-866-4744. Visit HerbalifeEvents.com today! The foots reasons professional and the second and th

© 2011 inded integrational of Source, Nr. Altripts manual: USA (S/1507)23020-001042





Following

daytonasts Join us Monday, May 1st for the Daytona STS promo call with special guest Executive Presidents Team member Amy Hendricks !! .

You don't want to miss this or the STS!! Saturday, May 6th will be life changing and you NEED to be there! . Comment below to reserve your free spot. Don't wait - the fill up fast!! .

\*\*\*\*Current Herbalife members need to

maigy24fit, putrguy, christian\_24fit, fit24muahsz and \_lisadee\_ like this

Add a comment...

•••





Sam Hendricks Follow · August 19 via Instagram · 🚱

490 entrepreneurs learning and growing as people. Consider joining us, we're going to double the size of this group!

#entrepreneur #entrepreneurlife
#entrepreneurship #changinglives #growth #grow
— at ♥ JW Marriott Minneapolis Mall of America.

┢ Like 📕 Comment 🏼 🏓 Share

Tracy Barnes and 35 others



12:00pm Lunch

November)

Treatment

NEXT EVENT

KICKOFF

AGENDA: 6:00am Production Team & Pre

7:30am Speakers Meeting 8:30-9:45am Leadership Section (Supervisor and up)

10:00am HOM Free For Guest Only

12:15-4:00pm Seminar (Members with entry fee only) 7:00-8:00pm Gala Dinner (Supervisors with 5.000 PVP in Nov.

8:00-12:00am Gala Party (Open to all

Special VIP Seating and

•To qualify for VIP for this STS it is 10,000 Personal Volume Points in the month of November 2016 • To SEAT VIP:

MUST SUBMIT PROOF (complete VIP qualification section on STS webpage www.stsmiami.com)

NO LATER THAN November 30<sup>th</sup>

ó

and New Supervisor October.

mbers with ticket)

#### MIAMI STS **End of Year Gala**

#### December 3rd 2016



### Tommy Gioiosa Executive President's Team Member 20K

In 1992, Tommy Gioiosa found himself in Orlando Florida in a low paying job that offered no future. His dreams of a sports career were long gone, and he was desperate to find an opportunity that would change his life! One day, while working out at a local gym, he met a Herbalife Distributor wearing a Lose Weight Now Button and shared how he could get started. Because of his results, he was able to earn an extra \$1000 his first month. Through hard work and consistency, they have been able to create a full-time income. Today, Tommy and his wife Sandy are enjoying the benefits of running a successful home business. They have reached their income goals for financial freedom, reaching the top 1% of income earners in the company.



Event coordinated by HERBALIFE Herbalife Independent Distributors NUTRITION

Miami STS -

Page Liked · November 30, 2016 · 🚱

It's here..... and it is going to be the MOST **INCREDIBLE EVENT of 2016** Our December STS and GALA Spectacular end of the Year Celebration this SATURDAY December 3rd READ IMPORTANT DETAILS BELOW \*\*Order your tickets ASAP on www.STSMIAMI.com through FRIDAY DECEMBER 2nd to get your special price tickets or pay more at the door \*\*ROOM LOCATED in the front hotel 1st floor in the ROYAL PONCIANA BALLROOM \*\*REGISTRATION opens at 7am \*\*If you would like to contribute your talents and energy to making this the BEST STS EVER by participating in our AWESOME Production Team show up 5:50am (doors will close for Production Team 6:05am no exceptions}

\*\*If you qualified for the Incredible GALA DINNER you must submit proof with your name and id# and verification photo of your November Volume on www.STSMIAMI.com scroll towards the bottom of the page or click the link in the email reminder that was sent out

\*\*VIP DINNER QUALIFIERS

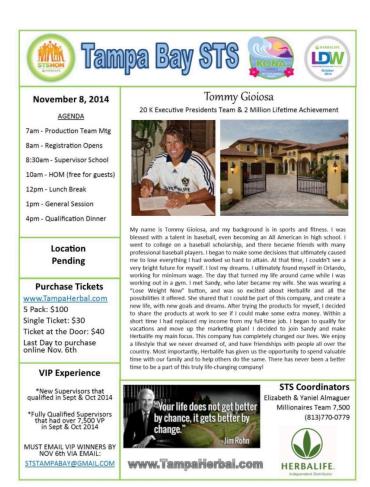
You must submit your November volume photo verification Click VIP TAB on www.STSMIAMI.COM \*\*GALA PARTY

Open to ALL who purchased a ticket \*\*AGENDA AGENDA

6:00AM Production Team & Pre Meeting

7:30 AM Speakers Meeting

8:30 AM - 9:45 AM Leadership Section (Supervisors and above)

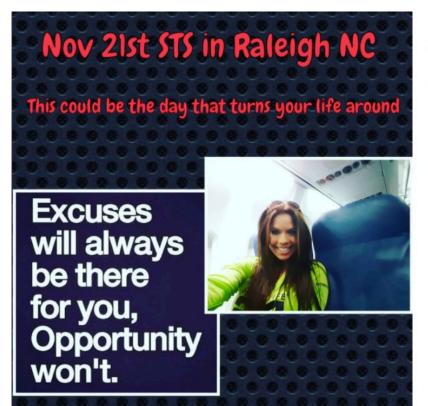


STS Tampa Bay Page Liked · October 6, 2014 · 🕅

November 8th STS!!

🖆 Like 💭 Comment 🏓 Share

34







fitgirl4 On my way to Raleigh. Grateful for the invite. Fitcamp tonight - Success Training Seminar Sat. If you are ready to learn..be inspired..transform this could be the event for you. If it can happen for me, I know it can for you. #sts #mindbodyspirit #grateful #healthy #fitness #fitcamp #fullcircle #livealifeilove #3daytrial #girlswithmuscle #adventure #shakes #everyonewins

#21dayshakechallenge #impact #herbalife #success #extraordinharry #vision

64 likes

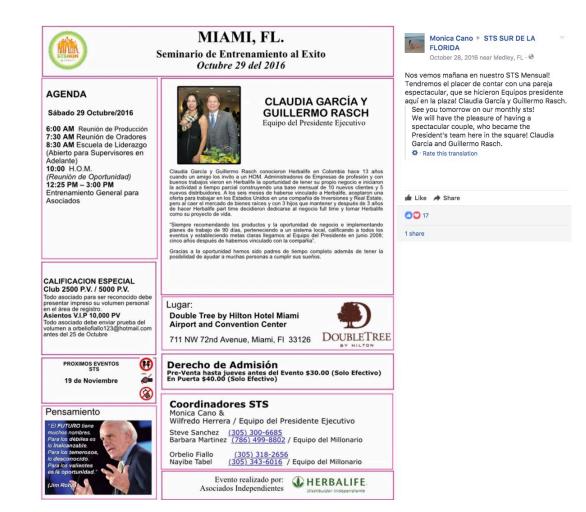






fitgirl4 Daytona STS just announced at Jacksonville STS! !! Thank you for your support. Growth for us all ♡ Www.daytonasts.com #herbalife #success #vision #goals #action #missionofnutrition #love #powerful #community

83 likes



Herbalife Florida Seminars Like This Page ·August 22, 2015 · @

Top Comments

1 Comment

🖆 Like 🔳 Comment 🦽 Share

13

1 share



Income applicable to the individuals (or examples) depicted and not average. For average financial performance data, see the Statement of Average Gross Compensation paid by Herbalife at Herbalife.com and MyHerbalife.com.





GUEST SPEAKER:

15k Executive President's Team Member, Ryan Baker



AGENDA:

8:45-9:45AM 2500 Documented Volume Point School

10:00AM-3:45PM

STS Training

#### QUALIFICATIONS:

5000 VIP 7500 VIP 10,000 VIP (Documented Volume)

Daytona Beach Resort Conference Center 2700 N. Atlantic Ave, Daytona Beach, FI 32118 PURCHASE TICKETS AT: WWW.DAYTONASTS.COM

Continuing Mark's Dream .....

Daytona STS Like This Page · August 19 · 🚱

NEXT EVENT IS 3 WEEKS AWAY: Our special guest speaker Ryan baker is flying in from Ohio to share his knowledge with the Nutrition Club System! He is a 2nd Generation Herbalifer.

Get your tickets & invite your prospective team members, clients and family members to share what you are up to!! Guests are FREE 10-12pm Distributors pay \$25 in advance, \$30 @ the door.

tickets are CURRENTLY \$25 www.daytonasts.com

Please SAVE this flyer & share on your private team pages  $\P$   $\P$ 

🖬 Like 📕 Comment 🏓 Share

Daytona STS and 1 other



Ryan Baker February 25, 2016 - #

Get your ticket now! ! Prices about to go up!! Save money, commit, Lead from the front! Www.HerbalifeEvents.com — at • Detroit Marriott at the Renaissance Center.

🖬 Like 📕 Comment

00 31

2 shares



### **MIAMI, FL Success Training Seminar**

May 27th 2017

#### AGENDA

6:00am Production Team & Premeeting. 7:30am Speakers Meeting

8:30-9:30am Leadership Section Supervisor and Above Doors Close at 8:20am

10:00am HOM (free For Guest Only)

12:00pm Lunch 12:15-4:00pm Seminar (members with entry fee only)

#### Special VIP Seating and Treatment

•To qualify for VIP for this STS it is 10 000 Personal Volume Points in the month of April 2017 . To SEAT VIP: MUST SUBMIT PROOF (complete VIP qualification section on STS webpage www.stsmiami.com) NO LATER THAN MAY 24th





### Kris and Tori Bickerstaff

Executive President's Team 20K

Before Herbalife, Kris Bickerstaff was a personal trainer who found himself constantly struggling to consistently grow his business. Fortunately he stumbled across an Herbalife ad. He decided to try the products, and attended his first event where he captured the vision. Over the next eight years they had created and major impact. His wife, Tori, was bullied and full of insecurities throughout her entire life due to being overweight. After trying every diet possible out there, she started with Herbalife achieving amazing results becoming a role model for many. Today they have built an incredible business and lifestyle together. Kris and Tori both love the opportunity Herbalife has given them. They travel the world, are able to give back like they always dreamed of, and they get to raise their 4 kids being present parents!



🖬 Like 📕 Comment 🌧 Share



had to take on additional part-time jobs and their son was in day care up to 70 hours a week.

A nutrition coach wanted to partner with Kris' personal training business and encouraged Kris to try the Herbalife® products. Kris felt better and had higher energy after using the products, and decided to become an Herbalife Independent Distributor after learning more about the business opportunity. The couple's primary method of growing their Independent Distributorship was leading Weight Loss Challenges. They attended every Herbalife training event and each time brought more of their downline and prospects to the events.

Now, their lives have changed dramatically. Kris loves spending time with his family and qualifying for vacations to take them on.

during the down economy, and his dream to work for himself seemed impossible.

Tim's college roommate introduced him to the Herbalife business opportunity. Tim used the Nutrition Club model to move up the Marketing Plan.

Now. Tim has the business he's always dreamed of. "The most satisfying part about being an Herbalife Independent Distributor is watching people change their lives through health and wealth," he says. Tim encourages other Herbalife Independent Distributors to use Herbalife® products in order to grow their business." Talk to everybody about your results, co to every Herbalife training event and coach others to do the same," he advises.

HOTEL: **Sheraton Dallas Hotel** 400 North Olive Street; Dallas, Texas 75201 Get your tickets online at www.DallasSTS.com!

Im	n Bea	с	h STS			
je	Liked	•	March	26	0	



### NEW YORK STS JUNE 5, 2016

### Guest Speaker 15K President Team Paymi Romero

EVENT LOCATION Sheraton NY Times Square Hotel 811 7th Avenue, 53rd Street New York, NY 10019 REGISTRATION 8:00am TAB 8:30am Supervisors & Above 9:00am General TRAINING 8:30am TAB Team Meeting 9:00am Supervisor Workshop 10:00am HOM (free for guest) 11:00am Training (all members with a ticket) TICKETS \$30 for 1 or \$100 for 4 \$10 for New Members within 30 days (Available ONLINE until May 30<sup>th</sup> if space permits) \$40 at the door (available if space permits) PURCHASE YOUR TICKETS AT www.newyorksts.com

#### SATURDAY JUNE 4, 2016 4:00-6:00pm

Active Supervisor School Guest Speaker 15K President Team, Paymi Romero Open to ALL Members that complete 2500vp in the month of May Tickets \$10.00 (Register ONLINE) Location TBA





Paymi Romero was a hostess who worked long hours. She lived paycheck to paycheck and had to miss important moments with her two daughters. After her cousin introduced her to Herbalife products, Paymi decided to become a Herbalife Independent Member and worked hard to build her business.

" I'm another person - body, mind, and spirit". What satisfies me the most are the relationships I've created with my Team Members" Herbalife is a blessing from above.

"The incomes presented are those of persons within the top 1% of Herbalfe Members. For additional financial performance data, see the Statement of Average Gross Compensation paid by Herbalfe at Herbalfle.com and MyHerbalfle.com."



471 likes

Following

13w

paymi\_fitlife I'm super excited for this Hosting the #NYCSts the event that witnessed my grow and Taught me everything. #ForeverGrateful for the opportunity to share my story be a messenger that ITS POSSIBLE! #herbapreneur



PROXIMO STS! EQUIPO DE PRESIDENTES Z-DIAMANTES ZOK ARQUIMEDES VALENCIA

24 A~OS EN HERBALIFE SEPTIEMBRE 13, 2014





PREPARESEN PARA ESTE GRAN EVENTO!!! ESTE SABADO EN EL CROWNE PLAZA HOTEL 901 SPRING ST, ELIZABETH NJ..... Preparesen for this great event!!! This Saturday at Crowne Plaza hotel 901 SPRING ST, ELIZABETH NJ.....

· Rate this t

🖬 Like 📕 Comment 🌧 Share

12



#### September 27, 2014

AGENDA

7am - Production Team Mtg 8am - Registration Opens 8:45am - Supervisor School 10am - HOM (free for guests) 12pm - Lunch Break

1pm - General Session

3pm - Qualification Dinner

**Holiday Inn** 700 N. Westshore Blvd Tampa, FL 33607

**Purchase Tickets** www.TampaHerbal.com 5 Pack: \$100 Single Ticket: \$30 Ticket at the Door: \$40 Last Day to purchase online Sept. 25th

#### **VIP Experience**

\*New Supervisors that qualified in Aug 2014

\*Fully Qualified Supervisors that had over 7,500 VP in Aug 2014

MUST EMAIL VIP WINNERS BY SEPT 25th VIA EMAIL: STSTAMPABAY@GMAIL.COM

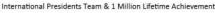
**GUEST SPEAKER:** 

Lori Baker & Mike Cozad

International Presidents

Team Members







ori was a product lover for 3 years enjoying the nutritional benefits of the Formula 1 healthy meal. Herbalife provided a great solution for managing her weight and energy levels with the demands of working a FT job, being a mother of 3 boys and managing a household. When her personal life took an unexpected turn, Lori looked to the Herbalife business opportunity to help supplement her income. As a newly divorced mother of 3 young boys, things were looking hopeless as Lori was maxed out on the pay scale of her 17 year career as a systems analyst. Lori attended every monthly HERBALIFE meeting, every leadership training and qualified for everything the company offered. Lori attributes her success in creating a stable business and income that far exceeds her earning capacity as a systems analyst to the Herbalife training structure, the amazing products and the very simple business model.

#### Jamie Aguiar, Global Expansion Team 2,500



Jamie has been in the business for 4 years and was introduced to Herbalife when she was a a full time elementary school teacher looking to lose a little weight and gain energy. Her incredible product results ignited her passion for helping others reach their health goals and within 3 months she was making more money with her part time Herbalife business than she was making as a full time elementary school teacher. She attended her first STS in March 2010 and made the decision to quit her career as a teacher and work her business full time after realizing the opportunity Herbalife had to offer. Jamie is now a 2.5 Global Expansion Team member on her way to the Millionaire Team and has a growing organization in RI, CA other various states.





DAYTONA BEACH SUCCESS TRAINING SEMINAR

MARCH 4, 2017



#### Lori Baker Follow · February 15 · 🚱

We want everyone to come !!!

Daytona 1st weekend in March 🍀

Wear green & black, white or grey!

Message me to get on our guest list!! - 😁 feeling excited at **9** Hampton Inn Daytona Speedway/Airport.

#### 👍 Like 🛢 Comment 🌧 Share

COO Ryan Baker, Zachary Tartol and 90 others

World Team School 8:00 - 8:45am Supervisor School 9:00 - 9:45am

**STS Training** 10:00am - 3:30pm

AGENDA

8:00am - 3:30pm

QUALIFICATIONS: 5000 VIP 7500 VIP 10.000 VIP

Hampton Inn (Next to Airport) 1715 W International Speedway Blvd Daytona Beach, FL

PURCHASE TICKETS AT: WWW.DAYTONASTS.COM

Continuing Mark's Dream .....

STS Page Liked · September 22, 2014 · 🚱 www.tampaherbal.com

STS Tampa Bay

🖬 Like 📕 Comment 🌧 Share

15

11 shares





Hola quien conoces en Los Angelos ?? Algun amigos?? Familia ?? Invitalo al ultimo evento del 2014

Intentalo ver la oportunidade una vez mas !!

Juan Carlos Jimenez and 46 others





#### LUGAR

Long Beach Convention Center 300 E Ocean Blvd • Long Beach, CA 90802

562-436-3636

Para boletos, precio o preguntas por favor contactar el Asociado de Herbalife Independiente organizando el evento. > Liderazoo de STS Local

Toma en cuenta: Este es un evento de negocios. Les pedimos a todos los Asociados de Herbalife Independientes que vistan de manera apropiada todo el tiempo.

#### CALIFICACIONES

#### CALIFICACIONES PARA EL EVENTO Disponible para todos los Asociados

Taller del Supervisor: Disponible para todos los Supervisores nuevos durante el periodo de calificación o todos los Supervisores Completamente Calificados que logren lo siguiente:

imular 2,500 Puntos de Volumen Total durante un mes o 4,000 Puntos de Volumen Total en los mismos tres meses consecutivos. Para las calificaciones VIP, por favor revisa el folieto de Promoción de Fin de Año.



Recuerda por favor que no se permite la entrada de niñes menos de 14 anos a los eventos. Si tus miños viajan contigo, organiza su cuidado con anticipación. Por su propia seguridad, no dejes a tus niños sin supervisión en el lugar del evento ni en el hotel. No se permite el uso de video cámaras.

No se permite el uso de video cámaras. No se permite la entrada de niños. Todas las calificaciones deben completarse antes del día del evento

Manuel Costa

January 1, 2016 · 🚱

A Share

32

# OUR EXTRAVAGANZA IS THE SUPER BOWL OF HERBALIFE!



**HERBALIFE** NUTRITION

July 14-16, 2017 • ST. LOUIS, MISSOURI

follow me on facebook Let me know how I can help you



It is well-known that each rank at our company is associated with a different level of belief in both our products, opportunity, and most importantly, ourselves.

If you are looking for a breakthrough on a personal and business level, then there is no where you should be other than at our Extravaganza in July of 2017.

A fellow wellness coach says...

"The extravaganza is the Super Bowl of Herbalife it is the World Series combination I will tell you this not everybody who goes to the extravaganza becomes a President's Team member so many variables in that equation, however every president team member always goes to the extravaganza, remember success leaves clues."

You can purchase your tickets here: http:// www.herbalifeextravaganza.c om/northamerica/2017/en/

Check out the agenda here: http:// www.herbalifeextravaganza.c



Jacksonville Marriott 4670 Salisbury Rd. Jacksonville, FL 32256 Ph. (904) 296-2222 To purchase your tickets www.Jacksonvillests.com

Agenda: 8:00am - 9:00am Supervisor Training

10:00am - 12:30pm -HOM/Product training

12:30pm - 3:30pm -Special training with the local President's Team.

#### Jacksonville, FL STS Saturday June 18th. Featuring local President's Team members



15K President's Team Member Jennifer Micheli



Executive President's Team Member's Jenny & Mark Davis



President's Team Member Maribel Cruz



Executive President's Team Members Gilda & Luis Burmudez

# 4 Diamond 20K **Chief Executive Presidents Team** Nancy Tartol

### Jacksonville, FL. **Success Training Seminar**

(STS) Nov 12th



Jacksonville Marriott, 4670 Salisbury Rd Tickets! www.Jacksonvillests.com Spanish translation provided Agenda: 8am Supervisor workshop

#### 10am Herbalife Opportunity Meeting 1:00 to 3:30 Business Building Training

After having our first baby the thought of going back to Boston to work weighed heavily on my heart as I was visiting day care centers. None of them gave me comfort when I really just wanted to stay home and be with

- this beautiful little baby. When Zac was 5 weeks old we visited my sister in law Mary Holloway who happened to be an Herbalife distributor who got great results. Knowing I had weight to loss she introduced the Herbalife products to me and then she said, "as you lose weight, you can help others do the same and put some extra money in your pocket!"
- Right away I saw an answer to my dilemma. I needed to lose the weight, so if I could bring in an extra \$200 a month that would be the crunch money I needed and I would not have to go back to work for the phone company.
- I signed up, got home, started the products, weight started coming off. I felt a fantastic! And what a surprise, I surpassed my \$200 a month\* 'wish' every month from then on.
- Six months later my husband excited by the growth of my business, and the shirking of my pant size, left his job as a commodity exporter and joined
- We have been doing Herbalife together over 34 years and our son, who was 5 weeks old when I signed up, has created and supported a fantastic business in Herbalife that reaches helping people around the world.
- We are truly a family affair! Can't wait to see you all in Nov and share how to build your business!
- \*The incomes presented are those of persons within the top 1% of Herbalife Members. For additional financial performance data, see the Statement of Average Gross Compensation Paid by Herbalife at Herbalife.com and MvHerbalife.com



Don't miss the next Jacksonville STS on Saturday June 18th. featuring local President's Team Members! To purchase your ticket go to: www.iacksonvillests.com

🖆 Like 📕 Comment 🌧 S	hare
3	Top Comments *
2 shares	1 Comment



November 8, 2016 · 🏵

This is going to be an amazing training, make sure you get your tickets today @ www.jacksonvillests.com - with Nancy Tartol.

Like Comment A Share

Control and 50 others