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1	DAVID C. SHONKA		
2	Acting General Counsel		
3	JANET AMMERMAN		
	CA Bar No. 113996; jammerman1@ftc.g CHRISTINE M. TODARO	ζΟV	
4	OH Bar No. 0084976; ctodaro@ftc.gov		
5	DANIEL O. HANKS		
6	DC Bar No. 495823; dhanks@ftc.gov		
7	600 Pennsylvania Ave. NW, CC-8528		
8	Washington, D.C. 20580 Tel: (202) 326-2222 / Fax: (202) 326-33	205	
	LAURA SOLIS	195	
9	WA Bar No. 36005; lsolis@ftc.gov		
10	915 Second Ave., Suite 2896, Seattle, W		
11	Tel: (206) 220-4544 / Fax: (206) 220-63	866	
12	Local Counsel		
13	BARBARA CHUN		
14	CA Bar No. 186907; bchun@ftc.gov		
	Federal Trade Commission		
15	10877 Wilshire Blvd., Suite 700		
16	Los Angeles, CA 90024 Tel: (310) 824-4343 / Fax: (310) 824-438	80	
17			
18	Attorneys for Plaintiff		
19	Federal Trade Commission		
	UNITED STATES	DISTRICT COU	IRT I
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25	V.		EQUITABLE
26	HERBALIFE INTERNATIONAL OF	RELIEF	
27	AMERICA, INC., a corporation,		
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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

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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		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!

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

37. The "Presentation Book" is another of Defendants' publications that is 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."



38. 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	Today," which is available in both English and Spanish and is provided
27	online to D	istributors through myherbalife.com. The March 2013 issue of
28	"Herbalife	Today," for example, includes the following testimonials:
		13

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."

In 2013, Defendants created and made available to Distributors a 44. 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."

Similarly, the "Getting Started" video mentioned above at Paragraph 45. 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."

The "Mini-HOM (Herbalife Opportunity Meeting)" promotional 46. 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

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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.
с.	[I]n my first month, I made an extra 500 bucks around a
	· • 1

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!

- b. 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.

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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 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:

a. It's wonderful that we have everybody consuming and we have 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]

c. The key to royalty growth[:] New distributors qualifying as
 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

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 ofDistributors. 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

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>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:

- a. 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 over one to three months obtains the status of "Qualified Producer" and is entitled to a 42% discount through the following year.

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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

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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% receivednothing. [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 minimum total of 200,000 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":

OIZU			<b>X</b> 7 1	<b>X7</b> 1
SKU	Description	Qty	Volume	Volume
			Points Each	Point
				Total
3106	Formula 1 shake mix canister	16	32.75	524.0
5100	(30 servings)	10		
0265	Protein bar deluxe (14 bars)	32	13.22	122 0
0365		boxes		423.0
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
1413	(37 oz.)	0		
	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.

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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.

# VIOLATIONS OF THE FTC ACT

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).

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# **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.

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1	Respectfully submitted,	
2	DAVID C. SHONKA	
3	Acting General Counsel	
4		
5	Dated: July 15, 2016 /s/	
6	JANET AMMERMAN	
7	CHRISTINE M. TODARO DANIEL O. HANKS	
8	LAURA SOLIS	
9	Attorneys for Plaintiff	
10	FEDERAL TRADE COMMISSION	
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DAVID C. SHONKA	
Acting General Counsel	
JANET AMMERMAN	
CA Bar No. 113996; jammerman1@ftc.go CHRISTINE M. TODARO	V
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) 326-339	5
LAURA SOLIS	
WA Bar No. 36005; lsolis@ftc.gov 915 Second Ave., Suite 2896, Seattle, WA	98174
Tel: (206) 220-4544 / Fax: (206) 220-636	
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 D	DISTRICT COURT
FOR THE CENTRAL DIST	
FEDERAL TRADE COMMISSION,	
Plaintiff,	
V.	Case No. 2:16-cv-05217
HERBALIFE INTERNATIONAL OF	
AMERICA, INC., a corporation;	STIPULATION TO ENTRY OF ORDER FOR PERMANENT
	INJUNCTION AND
HERBALIFE INTERNATIONAL, INC., a corporation; and	MONETARY JUDGMENT

Case 2028sev297620-051211/R106cDAREHING NF1120 0F1/29/18/27e 20192 0626e 12019/12/27

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.

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

contest the validity of this Order.

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# 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.

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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.

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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

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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

1 Participant or a Preferred Customer into the Program. 2 B. Preferred Customer Category. The program shall differentiate between 3 Preferred Customers and Business Opportunity Participants, including 4 through the following requirements: 5 1. A Preferred Customer's classification cannot change to Business Opportunity Participant except upon the Preferred Customer's written 6 7 request or application or other written expression of intent made directly to and approved by Defendants. 8 9 2. A Business Opportunity Participant's classification cannot change to Preferred Customer except upon the Participant's written request or 10 application or other written expression of intent made directly to and 11 12 approved by Defendants. 3. A Preferred Customer who becomes a Business Opportunity 13 14 Participant may not receive any benefit or status that depends in any 15 way on that individual's activity as a Preferred Customer, except that any discount that the individual obtained as a Preferred Customer may 16 17 continue to be used to purchase Product that is designated, at the time 18 of purchase, as being for the individual's own or household use. 19 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 20 elected to be classified as Preferred Customers pursuant to Subsection 21 22 I.B.2, above, shall be classified as Business Opportunity Participants. C. Collection of Retail Sales Information. Defendants shall collect from 23 Business Opportunity Participants and maintain in a standardized format the 24 25 following information for any claimed Profitable Retail Sale: 1. the method of payment; 26 27 2. the Products and quantities sold; 28 3. the date;

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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:

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- 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).
- 2. 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

(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:

 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

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1	Sales and Sales to Preferred Customers.
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2	3. Business Opportunity Participants are prohibited from participating in
4	any auto-shipment program or any similar program involving standing orders of product.
5	G. <b>Refund Policies.</b> The program shall include, and Defendants shall enforce,
6	the following policies related to product refunds or buybacks:
7	1. For at least the first twelve (12) months after becoming a Business
8	Opportunity Participant, Participants are entitled to a full refund from
9	Defendants of the cost of any start-up package or its equivalent. If
10	Defendants require, as part of their refund procedure, that any part of
11	the start-up package or its equivalent be returned, Defendants will pay
12	for any shipping costs associated with such return.
13	2. Business Opportunity Participants are entitled to a full refund from
14	Defendants of the cost, including tax and any fees, of any unopened
15	products purchased from Defendants within the previous twelve (12)
16	months. If Defendants require, as part of their refund procedure, that
17	refundable products be returned, Defendants will pay for any shipping
18	costs associated with such return.
19	3. Defendants shall take effective steps to notify Participants of both
20	(i) the right to return unopened product for a full refund and (ii)
21	contact information, including a telephone number, that may be used
22	to promptly initiate a product return for refund. Such steps shall
23	include, at a minimum, providing clear and conspicuous notice of the
24	same on the following:
25	a. Every product purchase invoice or receipt sent from Defendants
26	to a Participant;
27	b. Any websites maintained by Defendants that promote or
28	otherwise provide information about the Program;

Case 2028sev 201620-05 10 Rbbc DAGMOS INFIELD OF 199 12/12/20 Page 33 0622 Pages D #: 138 1 c. Any application to join the Program as a Business Opportunity 2 Participant; and 3 d. Any of Defendants' booklets, brochures, or similar printed 4 materials promoting the Program. 5 4. Preferred Customers are entitled to product refunds on terms and 6 through procedures that are at least as generous as those for Retail 7 Customers. 8 H. Required Training for Business Opportunity Participants. Defendants 9 shall not pay Multi-Level Compensation to any Participant, and shall 10 prohibit and prevent such Participant from recruiting or sponsoring other 11 Participants, until such Participant has successfully completed a training 12 course conducted by Defendants that is focused on the following topics: 13 (a) the importance of purchasing only the amount of product that the 14 Participant expects to sell in the near future; (b) how to document retail 15 sales; (c) prohibitions on and consequences for falsifying retail sales 16 documentation; (d) how to identify and account for business-related 17 expenses and calculate profit or loss; (e) how to create a business budget and 18 manage income and expenses; (f) prohibited and permissible representations 19 to Participants and potential Participants; (g) how to receive a refund or 20 buyback for unwanted product; and (h) how to submit a complaint about the 21 business opportunity to Defendants and to law enforcement. 22 I. Policies Relating to Leased or Purchased Business Locations. The 23 program shall include, and Defendants shall enforce, the following policies 24 relating to leased or purchased business locations: 25 1. Participants are prohibited from entering into any lease, sublease, or 26 purchase of a physical location or a portion of a physical location 27 (other than their homes or dwellings) for their Program-related

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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

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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:

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- 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;
- 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

same.

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- H. The ICA shall serve for seven (7) years after the Effective Date applicable to Section I of this Order.
- I. 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

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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

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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.

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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.

# **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.

Case 2:28 sev 29.76 & 20.76 &

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

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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

Cas	e 2:388;6v29:16:80-05:14 RD6cD99;6410;801;F11;60;67:18/18/18/18/18/26; 29:06:32 06:34e 17:09;4	‡: <b>154</b>
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.	
16	<b>RETENTION OF JURISDICTION</b>	
17	IT IS FURTHER ORDERED that this Court retains jurisdiction of this	
18	matter for purposes of construction, modification, and enforcement of this Order.	
19		
20	SO STIPULATED AND AGREED:	
21	FOR PLAINTIFF FEDERAL TRADE COMMISSION	
22	A . (.	
23	JANET AMMERMAN, California Bar No. 113996 Date: 7/15/16	
24	Email: jammerman1@ftc.gov	
25	CHRISTINE M. TODARO, OH Bar No. 0084976	
26	Email: ctodaro@ftc.gov DANIEL O. HANKS, DC Bar No. 495823; VA Bar No. 65523	
27	Email: dhanks@ftc.gov	
28	600 Pennsylvania Ave. NW, Mailstop: CC 8528, Washington, D.C. 20580 Tel: 202-326-3145 (Ammerman)	
	29	

Case 2 clase 2016 80-05 10 R 10 6 C DARMINE NETHER OF 19 4 20 Page 30 of 20 Page 10 #:155 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
Case 2 (18/56/2016/80-05/21/1R) 0 c DAGENTO 07/96/08/18/20 67/96/28/18/20 67/96/28/18/20 67/96/28/18/20 67/96/20 #:156

FE. Dep. 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

## **NAM STS Results**



	61634**		
2013 YTD Totals	**Nov and Dec still to be calculated and added to total!		
2012 YTD Totals	64931		
2011 YTD Totals	40124		
2010 YTD Totals	26840		
YTD % Growth 2012 to 2013	Not yet complete, on track for continued growth!		
YTD % Growth 2011 to 2012	61.83%		
YTD % Growth 2010 to 2011	49.49%		



## 2010 to 2013 **Second Second Se**

## **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)



#### Review 2010- 2013 Growth



		<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	LDW (70%)	<u>2014</u>
•	<b>January Spect</b>	366	554	1008	1300	(28.9%)	2210
٠	February	257	386	572	1341		
•	March	383	380	764	1406		
•	April LDW	357	<b>662</b>	984	1800	(82.9%)	3060
•	Мау	268	384	924	1484		
•	June	300	387	866	1196		
•	July LDW	414	704	1042	2100	(101%)	3570
•	August	342	440	936	1692		
•	September	314	479	980	1586		
•	November	355	700	1220	1850	(LB, OC)	
•	December	<u>320</u>	705	1080	( 18003	?)	
	Totals	<b>2539</b>	3866	7343	(12355	) (60%)	

## **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

#### <u>Philosophy</u>

- -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



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## SoCalSTS.com

## Southern California STS Expansion

BOCA RATON, F

HERBALIF

## SoCal STS Goals

- 1. Goal Expand into multiple location, Create new ones
- 2. 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)
- 8. Resource support- (training materials, guest speaker requests , leadership support, )
- 9. Regional Recognition
- **10. Regional Promotions : New Guests, New front line.**

## 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

- 1. Make a Decision (Does it make sense)
- 2. Engage Local leadership
- 3. Establish a Philosophy, common goals
- 4. Start small (Quickstart.)(2.5 hr)
- 5. Develop budget
- 6. Locate resources, communities centers, meeting rm restaurants, churches, be flexible !
- 7. Engage your team as volunteers, develops ownership, develops leaders
- 8. Focus on inviting guests
- 9. 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?

- 1. Leaders in in an area stepping up and taking responsibility
- 2. Commitment, to do it "until"
- 3. Team effort
- 4. Leave "EGO"S at the door (it's not about me)
- 5. Understanding that we all have different personalities
- 6. Everyone committed to a common "Philosophy"
- 7. Give back first !!! Attitude, Not whats in it for me
- 8. Make the focus about the new guest or member
- 9. Everyone working to protect Herbalife!



## **STS History**

- 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
- •Distributor Run /Corporate support (Marginal Growth) "Distributors took ownership"
- •2009 FPTR Dan Waldron "Leadership Took Ownership"









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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

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?

TERBALIFE

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.

#### 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 the Wave
 Dates:

 Momentum Calls
 05/09/2011

 (6:30 p.m. PST)
 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

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RIDE

HE WAVE

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)

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#### 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
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NAMANA CONTRACTOR AND A C

INTERNATIONAL PRESIDENT'S TEAM MEMBER

UUG @@

Advanced Ticket \$30 or \$40 at the door

Get your

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



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



January 16th

www.ststampabay.weebly.com



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.

AGENDA Saturday MARCH 26TH 7:00am Production Team 7:45 - 8:30 Tab Team & AWT 9:00am - 3:00PM Herbalife Opportunity Meeting & Training (Guests Free) 3:00-4:00pm Supervisor School (Supervisor level and up) NUTRIT Independent Member Event 🚺 This is a business event, please dress accordingly. No kids allowed. Like us on PALM BEACH STS Website: www.palmbeachsts.com HERBALIFEEVENTS Palm Beach County Convention Center 650 Okeechobee Blvd. West Palm Beach, FL 33401 PARKING \$5.00



# **Denver STS** Nov 10, 2012

Fit Hour Training with Launa Rasch Friday Nov 9th 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

8:30 - 9am

9am to 9:45am

10am to 11am

11am to 4pm

4:30pm

STS REGISTRATION FEE

# 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



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

#### Also parties, and rear solver and

Send VIP Proof to Provide Academic Send VIP Proof to Provide Academic Send VIP 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





Please Note: This is an Herbalife business event. We encourage all Independent Herbalife Members to dress appropriately at all times. Case 2:18-cv-07480-JAK-MRW Document 1-10 Filed 09/18/17 Page 1 of 1 Page ID #:200



# 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."







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!!



This was posted by new presidents team member, Bill Garvey & reposted by Pres Team Lori Baker.

🖕 Like 👘 Comment

# Case 2:18-cv-07480-JAK-MRW Document 1-13 Filed 09/18/17 Page 1 of 7 Page ID #:203 2-4-1 Plan EVENTS CALENDAR

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

12 Month Pla
--------------



## Month 1-\_\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

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-\_\_\_\_\*Your 2 Distributors fromEVENT DATE & LOCATION\*Your 2 Distributors fromlast 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-	<b>EVENT DATE &amp; LOCATION</b>

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= 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: Customer 2: Customer 3: Customer 4:	VP=	Total PV	you are following up with your team to gage their 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-	<b>EVENT DATE &amp; LOCATION</b>

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=	1 V	Start focusing on Get 20, Keep 20 customers by providing great follow-up!
Customer 1: Customer 2: Customer 3:		Cu Cu Cu	istomer 2:		

 Month 6-\_\_\_\_\_
 EVENT DATE & LOCATION\_\_\_\_\_

FULLY QUALIFIED GET and 1 <sup>st</sup> cut of MILL TEAM!	Customer 1: Customer 2: Customer 3: Customer 4:	VP=	Total PV	
Customer 1: Customer 2: Customer 3:		Customer 2:		

## Case 2:18-cv-07480-JAK-MRW Document 1-13 Filed 09/18/17 Page 5 of 7 Page ID #:207 Month 7-\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

2 <sup>nd</sup> cut of MILL TEAM and 1 <sup>st</sup> cut PRESIDENT'S TEAM!	Customer 2: _ Customer 3: _	 		Total PV	Check the box next to the distributor's name once they have purchased their event ticket.
Distributor 1: Customer 1: Customer 2: Customer 3: Customer 4:			Distributor 2: Customer 1: Customer 2: Customer 3: Customer 4:		

## Month 8-\_\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

Customer 2: Customer 3:	ME	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:		

Month 9-\_\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_\_

Note: Don't slow down nowYOU ARE ON A ROLL AND IT'S YOUR FINAL CUT TO	Customer 2: _ Customer 3: _	 	VP= VP= VP= VP= VP=	Total PV	Check the box next to the distributor's name once they have purchased their event ticket.
PRESIDENT'S TEAM					1
Distributor 1:			Distributor 2:		
Customer 1:			Customer 1:		
Customer 2:			Customer 2:		
Customer 3:			Customer 3:		
Customer 4:			Customer 4:		
procession and the second seco					

\_\_\_\_\_

# 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:	J	Distributor 2:
Customer 4:	On average, active President's Team members earn \$300,000 or more annually, comparable to many senior corporate executives.*	Customer 4:

## 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.
Customer 1: Customer 2: Customer 3:		 Distributor 2: Customer 1: Customer 2: Customer 3: Customer 4:		

# Month 12-\_\_\_\_ EVENT DATE & LOCATION\_\_\_\_\_

\_\_\_\_\_

Г

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: Customer 4:		Distributor 2:
day. I am committe ability. I know I am	d to working this 2-4-1 plan as a team a capable and I believe in myself. I am	pummitted to working on myself to become better every player and I will do my part to the absolute best of my a person of INTEGRITY and a person of my word. Date

## 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
- Leadership Development Weekends, Extravaganzas, Spectaculars and Kickoffs.
- 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

## 2/3/2017Case 2:18-cv-07480-JAK-MRW Document 1m/145/balffiled 09/18/17 Page 2 of 2 Page ID #:212

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• Sf C	onfidence Presentation tatement of Average Gross ompensation
• D	istributor Action Plan (PDF)
	: MOJ Welcome Message : Herbalife's Gold Standard
Cente Asset	ers for Disease Control Posters and s
	enefits of Weight Loss Poster DC/NIH v.1
• B	enefits of Weight Loss Poster DC/NIH v.2
	enefits of Weight Loss Poster DC/NIH v.3
	inal Guidelines for Using Weight Loss osters CDC/NIH
Janua	ary Kickoff 2017 Presentations
	llian Addy "Testimonial Lead-Ins for ve Meetings" (PDF)
	mber Wick "Who's Who In Your usiness" (PDF)
	lary Holloway "Qualify To Earn" (PDF) art 1 Get And Keep (PDF)
	art 2 POS and Documented olume (PDF)
	art 3 New Programs And Tools PDF)
• F	low (PDF)
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Herb	palife Opportunity Meeting
<b></b>	Approved Trainings for Meetings
	Global Nutrition Philosophy

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Global N	lutrition Philosophy
Herbalif	e 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™, Herbalife SKIN®, Targeted Nutrition</li> <li>Use most-updated Product slide deck from www.myherbalife.com</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.

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## 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.

# 

# **STS Report**

# City:

## **POST MEETING INFORMATION:**

EVENT DATE			
Coordinador Name	Distributor ID	Phone	Email
TOTAL ATTENDANCE O	F MEMBERS		
TOTAL OF FIRST-TIME ATTENDEES			
SNACK PACKS REMAINING			
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.





### 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 Advance: \$50.00 (Available until January 14, 2011)

At the door: \$60.00 (Available if space permits)

## **AGENDA**

Saturday	a hi h
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-Grass Compensation for U.S. Supervisors at www herballie com and www.myherballie.com. An extensive questionnaire generated responses from more than 200 U.S. Herballie 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 Herballie<sup>®</sup> poolucits 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.





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!



🕒 Lupita Zapata, David DeSaegher and 109 others





Herbalife Denver STS Like This Page · December 4, 2015 · @

Join us Saturday morning!!!

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## **Chairman's Club Tour**

City by City, we're building it better. Join us on the road to success!



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#### Chairman's

10

2 shares

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!\*



comes applicable to the incluiduals (or examples) depicted and not average raverage financial performance data, see the Statement of Average Gross impensation paid by Herballfe at Herballfe.com and Myterballfe.com.

### EVENT DETAILS

Open to All Distributors/ Free Admission to Guests during HOM Advance Tickets: \$10 te event) At the Door: \$30 Presented in English. Spanish translation available.

#### LAS CRUCES, NM December 16, 2013

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 #D367 At the Door SKU #D366 At the Door SKU #D366

#### AGENDA FOR EACH LOCATION TAB Team Meeting 5:00 p.m.-6:30 p.m. Herbalife Opportunity Closing 9:00 p.m.-10:00 p.m.

Purchase your advance tickets today at HerbalifeEvents.com or by calling 866-866-4744!

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### HERBALIFE





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.

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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

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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 10am Coordinacion 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

Almuerzo 11pm 12-3pm Seminario COCTAIL DE BIENVENIDA\* 4-6pm "Abierto a todo distribuidor con ticket. 7-10pm CENA DE CALIFICACION\*

\*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 líneas ascendentes. .....

Domingo 20: Mega Escuela de Supervisores 9am Coordinacion

10am-2pm Mega Escuela de Supervisores

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 ha 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 líderes 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!

CALIFICACION: Abierto a todo TAB con 5000pv en Nov 2012 Y 5000pv en Dic 2012; que alcanze 2500 Regalias o mas, en CUALQUIERA de los dos meses.Valor pago en 2 líneas ascendentes.

#### 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



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## **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 her one year old son. It was then, when her sponser introduced her to the Herbalife<sup>e</sup> products and the business opportunity. "I started using the products and was very excited with the results, I lost 30 pounds and I was able to improve my wellbeing. I started recommending the products to my family members and started building my business", says Paulina. "Currently, Hive in Florida with my husband and kids, enjoying an amazing lifestyle 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 their wellbeing and situation?

"Incomes applicable to the individuals (or examples) depicted and not as For average financial performance data, use fire Statement of Average Compensation paid by Periodite at Periodite corn and MyPeriodite corn

### **EVENT DETAILS**

Open to All Distributions/ Free Admission to Guesta during HCM Advance Tickets: S10 Geliate unit 5 business days of or to the event aja prio At the Door: \$30 00 trihukenhip tiskets per Di Presented in Spanish. English translation available.

BOSTON, MA December 17, 2013 Boston Marriott Quincy 1000 Marriott 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 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!

ge al lierhalde M © 2010 list to international of America, inc./V rights received, USA, EVT2: 420-3825-00, 121:0



Boston STS > CHAIRMAN'S CLUB **TOUR with PAULINA RIVEROS** Like This Page · December 17, 2013 · 🚱



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🕽 HERBALIFE.





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

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SEG Eventos INC and 4 others



### St. George, UT Success Training Seminar December 13<sup>th</sup>, 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 WWW.stgeorgests.com



#### 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.

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6 🖸

### Case 2:18-cv-07480-JAK-MRW Document 1-27 Filed 09/18/17 Page 1 of 1 Page ID #:227

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 \*FREE Entrance for First Time Attendees to the Event\*





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.





May 21st Denver Success Training Seminar Saturday Agenda Friday Agenda **Denver Marriott Park Meadows** May 20th 10345 Park Meadows Dr. 6pm-8:30pm 8am-9:30am Lone Tree, CO 80124 Mentor Session for **Bronze Workshop** www.denversts.com all Silver Qualifiers, (2,500vp in March **Active World Team** or April or any new Members (2015 & Supervisors) 2016) and TAB 10am **Team Members** HOM (Herbalife Opportunity **Event Qualifications** Meeting Bronze- 2500vp in the 12pm-4pm month of March or April **Herbalife Training** Silver-5K VP in the months 5pm-7pm of March and April or 7.5K VP in one month **VIP Qualifier Dinner** Gold-7.5K VP in the (7.5k VP in March months of March and April or 10K in or 10k VP in one m **Guest Speaker** one month) 4 Diamond 30K Chief Executive Presidents Team Member Dennis Dowdell

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.

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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







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

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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.



- Ka	<b>Enrique Carrillo</b>			
2 con	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

Abanmsts@amail.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.

14 shares	19 Comment



**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







#### Garrain Jones August 20 · 🕅

### 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







### 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 Pian – 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
- 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...

# Case 2:18-cv-07480-JAK-MRW Document 1-32 Filed 09/18/17 Page 1 of 1 Page ID #:232





Success Training Seminar

Ron & Carol Rosenau 30k International Executive 3 Diamond Presidents Team

May 21st 2016

lilton Houston SouthWest 6780 Southwest Freeway Houston 77074

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
🖞 💟 Enrique Carrillo and 162	others
11 shares	13 Comme

# Case 2:18-cv-07480-JAK-MRW Document 1-34 Filed 09/18/17 Page 1 of 1 Page ID #:234







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 APRIL 27

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





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  $\bigcirc$ Www.daytonasts.com #herbalife #success #vision #goals #action #missionofnutrition #love #powerful #community

83 likes

# Case 2:18-cv-07480-JAK-MRW Document 1-38 Filed 09/18/17 Page 1 of 1 Page ID #:238



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.



DAYTONA BEACH SUCCESS TRAINING SEMINAR

SEPTEMBER 9TH, 2017

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 .....

Day Like

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 **f f** 

🖬 Like 📕 Comment 🏓 Share

Daytona STS and 1 other





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

### Case 2:18-cv-07480-JAK-MRW Document 1-40 Filed 09/18/17 Page 1 of 1 Page ID #:240





with Kris' Tim's college roommate introduced him to the uraged Kris Herbalife business opportunity. Tim used the It better and Nutrition Club model to move up the Marketing poducts, and ependent t the 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, go to every Herbalife training event and coach others to do the same," he advises.

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.

> HOTEL: Sheraton Dallas Hotel 400 North Olive Street; Dallas, Texas 75201 Get your tickets online at www.DallasSTS.com!



# 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 Horbalfe Members. For additional financial performance data, see the Statement of Average Gross Compensation paid by Herbalife at Herbalife.com and MyHerbalife.com."



Following

471 likes

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

# Case 2:18-cv-07480-JAK-MRW Document 1-42 Filed 09/18/17 Page 1 of 1 Page ID #:242



PROXIMO STS! EQUIPO DE PRESIDENTES Z-DIAMANTES ZOK ARQUIMEDES VALENCIA

24 A~OS EN HERBALIFE SEPTIEMBRE 13, 2014



🖬 Like 📕 Comment 🌧 Share

12





www.ta	mpaherbal.co	m	
👍 Like	Comment	A Share	
11 shares	5		

Page Liked · September 22, 2014 · 🚱

STS Tampa Bay

STS



### GUEST SPEAKER:





# AGENDA

8:00am - 3:30pm World Team School 8:00 - 8:45am

Supervisor School 9:00 - 9:45am STS Training

10:00am - 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 .....



#### 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 🗣 Hampton Inn Daytona Speedway/Airport.

### 👍 Like 🔳 Comment 🍌 Share

CO Ryan Baker, Zachary Tartol and 90 others







### LUGAR Long Beach Convention Center

300 E Ocean Blvd • Long Beach, CA 90802

562-436-3636

Para boletos, precio o preguntas p Independiente organizando el ever untas por favor contactar el Asociado de Herbalife > 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

Gliow me on **@sachealthcoach** 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 Case 2:18-cv-07480-JAK-MRW Document 1-46 Filed 09/18/17 Page 1 of 1 Page ID #:246



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



esident'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 me!
- 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



Page Liked · June 1, 2016 · 🏵

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	A Share	
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 🌧 Share

Mark Davis, Zachary Tartol and 50 others

# Lase 2:18-cv-07480-JAK-MRW Document 1.47 Eiled 09/18/17 Page 1 of 2 Page ID #:247

The JS 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.) NOTICE: Attorneys MUST Indicate All Re-filed Cases Below.

CO	ICHAEL LAVIGNE, DDY PYLE, JENNIFE	ER RIBALTA, JEFF	<sub>E,</sub> DEFENDANTS ₽	HERBALIFE, LTD.; H INTERNATIONAL, IN	
(b) County of Residence of <i>(EX</i> )	First Listed Plaintiff CEPT IN U.S. PLAINTIFF CAS	ES)	County of Residence NOTE:	of First Listed Defendant (IN U.S. PLAINTIFF CASES C IN LAND CONDEMNATION C THE TRACT OF LAND INVOL	ASES, USE THE LOCATION OF
(c) Attorneys (Firm Name, Ad MARK, MIGDAL & HA Etan Mark, Esq. 80 SW 8th Street Suite (d) Check County Where Action	AYDEN	□ MONROE □ BROWARD □	Attorneys (If Known)	UCIE 🔲 INDIAN RIVER 🔲 OKEECH	
II. BASIS OF JURISDI	CTION (Place an "X" in	One Box Only)	. CITIZENSHIP OF PI	RINCIPAL PARTIES	Place an "X" in One Box for Plaintiff)
☐ 1 U.S. Government Plaintiff	✓ 3 Fede (U.S. Government N	ral Question Not a Party)		TF DEF ] 1 □ 1 Incorporated <i>or</i> Pri of Business In This	
2 U.S. Government Defendant		ersity p of Parties in Item III)	Citizen of Another State	2 2 Incorporated and P of Business In A	· • •
			Citizen or Subject of a Foreign Country	3 3 Foreign Nation	
IV. NATURE OF SUIT		ly) RTS	FORFEITURE/PENALTY	BANKRUPTCY	OTHER STATUTES
	PERSONAL INJURY	PERSONAL INJURY	625 Drug Related Seizure	422 Appeal 28 USC 158	☐ 375 False Claims Act
<ul> <li>120 Marine</li> <li>130 Miller Act</li> <li>140 Negotiable Instrument</li> <li>150 Recovery of Overpayment</li> </ul>	☐ 310 Airplane ☐ 315 Airplane Product Liability ☐ 320 Assault, Libel &	<ul> <li>365 Personal Injury - Product Liability</li> <li>367 Health Care/ Pharmaceutical</li> </ul>	of Property 21 USC 881	423 Withdrawal 28 USC 157 PROPERTY RIGHTS	<ul> <li>400 State Reapportionment</li> <li>410 Antitrust</li> <li>430 Banks and Banking</li> <li>450 Commerce</li> </ul>
& Enforcement of Judgment 151 Medicare Act 152 Recovery of Defaulted Student Loans	Slander □ 330 Federal Employers' Liability □ 340 Marine	Personal Injury Product Liability 368 Asbestos Personal Injury Product		☐ 820 Copyrights ☐ 830 Patent ☐ 840 Trademark	<ul> <li>460 Deportation</li> <li>470 Racketeer Influenced and Corrupt Organizations</li> <li>480 Consumer Credit</li> </ul>
(Excl. Veterans) ☐ 153 Recovery of Overpayment of Veteran's Benefits	☐ 345 Marine Product Liability ☐ 350 Motor Vehicle	Liability <b>PERSONAL PROPERTY</b> 370 Other Fraud	LABOR 710 Fair Labor Standards Act	SOCIAL SECURITY           861 HIA (1395ff)           862 Black Lung (923)	<ul> <li>↓ 490 Cable/Sat TV</li> <li>↓ 850 Securities/Commodities/ Exchange</li> </ul>
<ul> <li>160 Stockholders' Suits</li> <li>190 Other Contract</li> <li>195 Contract Product Liability</li> <li>196 Franchise</li> </ul>	☐ 355 Motor Vehicle Product Liability ☐ 360 Other Personal Injury	<ul> <li>371 Truth in Lending</li> <li>380 Other Personal Property Damage</li> <li>385 Property Damage</li> </ul>	<ul> <li>720 Labor/Mgmt. Relations</li> <li>740 Railway Labor Act</li> <li>751 Family and Medical Leave Act</li> </ul>	☐ 863 DIWC/DIWW (405(g)) ☐ 864 SSID Title XVI ☐ 865 RSI (405(g))	<ul> <li>890 Other Statutory Actions</li> <li>891 Agricultural Acts</li> <li>893 Environmental Matters</li> <li>895 Freedom of Information</li> </ul>
	362 Personal Injury - Med. Malpractice	Product Liability	<ul> <li>☐ 790 Other Labor Litigation</li> <li>☐ 791 Empl. Ret. Inc.</li> </ul>		Act 896 Arbitration
REAL PROPERTY	CIVIL RIGHTS	PRISONER PETITIONS	Security Act	FEDERAL TAX SUITS	899 Administrative Procedure
<ul> <li>210 Land Condemnation</li> <li>220 Foreclosure</li> <li>230 Rent Lease &amp; Ejectment</li> </ul>	<ul> <li>440 Other Civil Rights</li> <li>441 Voting</li> <li>442 Employment</li> <li>443 Housing/</li> </ul>	Habeas Corpus: 463 Alien Detainee 510 Motions to Vacate Sentence		□ 870 Taxes (U.S. Plaintiff or Defendant) □ 871 IRS—Third Party 26 USC 7609	Act/Review or Appeal of Agency Decision 950 Constitutionality of State Statutes
<ul> <li>240 Torts to Land</li> <li>245 Tort Product Liability</li> <li>290 All Other Real Property</li> </ul>	☐ 445 Amer. w/Disabilities - Employment ☐ 446 Amer. w/Disabilities -	Other:       530 General       535 Death Penalty       540 Mandamus & Other	IMMIGRATION 462 Naturalization Application 465 Other Immigration	1	
	Other 448 Education	<ul> <li>□ 540 Waldathis &amp; Other</li> <li>□ 550 Civil Rights</li> <li>□ 555 Prison Condition</li> <li>□ 560 Civil Detainee –</li> <li>□ Conditions of Confinement</li> </ul>	Actions		
$\square$ 1 Original $\square$ 2 Rem	n "X" in One Box Only) oved from 3 Re-file Court VI bele	d (See	or 5 Transferred from another district (specify)	6 Multidistrict Litigation 7	Appeal to District Judge from 8 Remanded from Aggistrate Judgment
VI. RELATED/ RE-FILED CASE(S)	a) Re-fit (See instructions): JUDGE	led Case □YES 🗹 N	0 b) Related Cases	□YES 🖬 NO DOCKET NUMBER	
		tute under which you are fil	ling and Write a Brief Stateme	nt of Cause (Do not cite jurisdice	tional statutes unless diversity):
VII. CAUSE OF ACTIO	DN LENGTH OF TRIAL	-	for both sides to try entire case	)	
VIII. REQUESTED IN COMPLAINT:	UNDER F.R.C.P.		DEMAND \$	CHECK YES only JURY DEMAND:	if demanded in complaint: ↓Yes □No
ABOVE INFORMATION IS T DATE September 18, 2017	ikue & correct to 1		WLEDGE TORNEY OF RECORD	FUL	
FOR OFFICE USE ONLY RECEIPT #	AMOUNT	IFP	JUDGE	MAG JUDGE	

JS 44 Reverse (Rev. 12/12)

### INSTRUCTIONS FOR ATTORNEYS COMPLETING CIVIL COVER SHEET FORM JS 44

### Authority For Civil Cover Sheet

The JS 44 civil cover sheet and the information contained herein neither replaces nor supplements the filings and service of pleading or other papers as required by law, except as provided by local rules of court. This form, approved by the Judicial Conference of the United States in September 1974, is required for the use of the Clerk of Court for the purpose of initiating the civil docket sheet. Consequently, a civil cover sheet is submitted to the Clerk of Court for each civil complaint filed. The attorney filing a case should complete the form as follows:

**I.** (a) **Plaintiffs-Defendants.** Enter names (last, first, middle initial) of plaintiff and defendant. If the plaintiff or defendant is a government agency, use only the full name or standard abbreviations. If the plaintiff or defendant is an official within a government agency, identify first the agency and then the official, giving both name and title.

(b) County of Residence. For each civil case filed, except U.S. plaintiff cases, enter the name of the county where the first listed plaintiff resides at the time of filing. In U.S. plaintiff cases, enter the name of the county in which the first listed defendant resides at the time of filing. (NOTE: In land condemnation cases, the county of residence of the "defendant" is the location of the tract of land involved.)

(c) Attorneys. Enter the firm name, address, telephone number, and attorney of record. If there are several attorneys, list them on an attachment, noting in this section "(see attachment)".

**II.** Jurisdiction. The basis of jurisdiction is set forth under Rule 8(a), F.R.C.P., which requires that jurisdictions be shown in pleadings. Place an "X" in one of the boxes. If there is more than one basis of jurisdiction, precedence is given in the order shown below.

United States plaintiff. (1) Jurisdiction based on 28 U.S.C. 1345 and 1348. Suits by agencies and officers of the United States are included here.

United States defendant. (2) When the plaintiff is suing the United States, its officers or agencies, place an "X" in this box.

Federal question. (3) This refers to suits under 28 U.S.C. 1331, where jurisdiction arises under the Constitution of the United States, an amendment to the Constitution, an act of Congress or a treaty of the United States. In cases where the U.S. is a party, the U.S. plaintiff or defendant code takes precedence, and box 1 or 2 should be marked.

Diversity of citizenship. (4) This refers to suits under 28 U.S.C. 1332, where parties are citizens of different states. When Box 4 is checked, the citizenship of the different parties must be checked. (See Section III below; federal question actions take precedence over diversity cases.)

**III.** Residence (citizenship) of Principal Parties. This section of the JS 44 is to be completed if diversity of citizenship was indicated above. Mark this section for each principal party.

**IV.** Nature of Suit. Place an "X" in the appropriate box. If the nature of suit cannot be determined, be sure the cause of action, in Section VI below, is sufficient to enable the deputy clerk or the statistical clerks in the Administrative Office to determine the nature of suit. If the cause fits more than one nature of suit, select the most definitive.

V. Origin. Place an "X" in one of the seven boxes.

Original Proceedings. (1) Cases which originate in the United States district courts.

Removed from State Court. (2) Proceedings initiated in state courts may be removed to the district courts under Title 28 U.S.C., Section 1441. When the petition for removal is granted, check this box.

Refiled (3) Attach copy of Order for Dismissal of Previous case. Also complete VI.

Reinstated or Reopened. (4) Check this box for cases reinstated or reopened in the district court. Use the reopening date as the filing date.

Transferred from Another District. (5) For cases transferred under Title 28 U.S.C. Section 1404(a). Do not use this for within district transfers or multidistrict litigation transfers.

Multidistrict Litigation. (6) Check this box when a multidistrict case is transferred into the district under authority of Title 28 U.S.C. Section 1407. When this box is checked, do not check (5) above.

Appeal to District Judge from Magistrate Judgment. (7) Check this box for an appeal from a magistrate judge's decision.

Remanded from Appellate Court. (8) Check this box if remanded from Appellate Court.

VI. Related/Refiled Cases. This section of the JS 44 is used to reference related pending cases or re-filed cases. Insert the docket numbers and the corresponding judges name for such cases.

 VII.
 Cause of Action. Report the civil statute directly related to the cause of action and give a brief description of the cause. Do not cite jurisdictional Example: U.S. Civil Statute: 47 USC 553

 Brief Description: Unauthorized reception of cable service

VIII. Requested in Complaint. Class Action. Place an "X" in this box if you are filing a class action under Rule 23, F.R.Cv.P.

Demand. In this space enter the dollar amount (in thousands of dollars) being demanded or indicate other demand such as a preliminary injunction.

Jury Demand. Check the appropriate box to indicate whether or not a jury is being demanded.

Date and Attorney Signature. Date and sign the civil cover sheet.