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Attorneys for Plaintiff

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF UTAH, CENTRAL DIVISION**

WAKAYA PERFECTION, LLC, a Utah
limited liability company; TODD SMITH, an
individual; BLAKE GRAHAM, an individual;
DAVE PITCOCK, an individual; BARB
PITCOCK, an individual; ANDRE VAUGHN,
an individual; TOTAL NUTRITION, INC.
dba TNT, a Utah Corporation,

Plaintiffs,

vs.

YOUNGEVITY INTERNATIONAL, INC., a
California corporation; DR. JOEL
WALLACH, an individual; STEVE
WALLACH, an individual; MICHELLE
WALLACH, an individual; DAVE BRISKIE,
an individual,

Defendants.

**MOTION FOR LEAVE TO AMEND
AND SUPPORTING MEMORANDUM**

Case No. 2:16-cv-00315-DS

Judge David Sam

Pursuant to Rule 15(a) of the *Federal Rules of Civil Procedure* and Local Rules DUCivR 7-1 and 15-1, Plaintiffs Wakaya Perfection, LLC, Todd Smith, Blake Graham, Andre Vaughn, Dave Pitcock, Barb Pitcock, and Total Nutrition, Inc. (collectively, “Plaintiffs”) respectfully submit this Motion for Leave to Amend (“Motion”) their first Amended Complaint against Defendants Youngevity International, Inc., Dr. Joel Wallach, Michelle Wallach, Steve Wallach, and Dave Briskie (collectively, “Defendants”).

RELIEF SOUGHT AND GROUNDS FOR MOTION

Plaintiffs seeks leave of this Court to amend their first Amended Complaint by filing the following proposed Second Amended Complaint (“Amendment”), attached hereto as Exhibit A. As grounds for this Motion, Plaintiffs submit that the Amendment generally seeks to add a new Defendant, add several causes of action, and include facts discovered since the filing of the prior complaints. Because the Amendment is timely, made in good faith, not prejudicial to any party, and not futile, the Court should grant the Motion.

ARGUMENT

According to Rule 15(a) of the *Federal Rules of Civil Procedure*, a party may amend its pleading other than as a matter of course “only with the opposing party’s written consent or the court’s leave.” Fed. R. Civ. P. 15(a). By rule, courts “should freely grant [such] leave when justice so requires.” Fed. R. Civ. P. 15(a)(2). District courts generally may withhold leave to amend only “upon a showing of undue delay, undue prejudice to the opposing party, bad faith or dilatory motive, failure to cure deficiencies by amendments previously allowed, or futility of amendment.” [Bylin v. Billings, 568 F.3d 1224, 1229 \(10th Cir. 2009\)](#) (quotations omitted). The second factor, undue prejudice, is the “most important[] factor in deciding a motion to amend the pleadings.” [Minter v. Prime Equip. Co., 451 F.3d 1196, 1207 \(10th Cir. 2006\)](#). District courts

have “wide discretion to recognize a motion for leave to amend in the interest of a just, fair or early resolution of litigation.” [Bylin, 568 F.3d at 1229](#) (quotations omitted). Under these standards, Plaintiffs’ proposed Amendment should be granted.

I. PLAINTIFFS’ AMENDMENT IS NOT THE PRODUCT OF UNDUE DELAY, BAD FAITH, OR DILATORY MOTIVE.

Plaintiffs’ proposed Amendment generally seeks to add a new Defendant, add new causes of action, and include facts discovered since the filing of the prior complaints. As a result, Plaintiffs’ Amendment is not the product of undue delay, bad faith, or a dilatory motive. Further, Plaintiffs’ proposed Amendment is timely because no scheduling order has been entered and Defendants have not yet answered Plaintiffs’ prior complaints.

II. PLAINTIFFS’ AMENDMENT WILL NOT PREJUDICE ANY PARTY.

“Rule 15 . . . was designed to facilitate the amendment of pleadings except where prejudice to the opposing party would result.” [United States v. Hougham, 364 U.S. 310, 316 \(1960\)](#). “Typically, courts will find prejudice only when an amendment unfairly affects non-movants in terms of preparing their response to the amendment.” [Bylin, 568 F.3d 1229](#) (quotation and alteration marks omitted). This generally occurs “when the amended claims arise out of a subject matter different from what was set forth in the complaint and raise significant new factual issues.” [Minter, 451 F.3d at 1208](#).

No party will be prejudiced here because the subject matter of the lawsuit is not altered by Plaintiffs’ Amendment. While the Amendment contains new causes of action and a new Defendant, the general subject matter of the case remains the same, focusing on Youngevity’s conduct and termination of distributors as a result of those distributors associating with Wakaya. Moreover, none of the Defendants have answered, and no discovery has taken place.

III. PLAINTIFFS' AMENDMENT IS NOT SEEKING TO CURE ANY DEFICIENCY IN A PREVIOUSLY ALLOWED AMENDMENT.

Plaintiffs' proposed Amendment does not relate to any prior deficiency. The Amendment therefore is not an attempt to cure deficiencies previously recognized or allowed by the Court.

IV. PLAINTIFFS' AMENDMENT IS NOT FUTILE.

"A proposed amendment is futile if the complaint, as amended, would be subject to dismissal." [*Bradley v. Val-Mejias*, 379 F.3d 892, 901 \(10th Cir. 2004\)](#) (quotations omitted). But even a futility objection would neither justify nor necessitate microscopic scrutiny of the proposed claims. Utah's federal courts have warned that the "futility objection should not turn into a mini-trial or summary judgment proceeding, without the safeguards normally present for maturation and merits-based resolution of claims." [*Clearone Commc'ns, Inc. v. Chiang*, No. 2:07cv00037TC, 2007 WL 2572380, at *1 \(D. Utah Sept. 5, 2007\)](#). Instead, the Court must still accept the well-pleaded allegations of the proposed amended complaint as true. [*Anderson v. Suiters*, 499 F.3d 1228, 1232 & 1238 \(10th Cir. 2007\)](#); [*Paper, Allied-Indus., Chem. & Energy Workers Int'l Union v. Cont'l Carbon Co.*, 428 F.3d 1285, 1292 \(10th Cir. 2005\)](#).

Plaintiffs' proposed Amendment does not alter the causes of actions previously set forth in Plaintiffs' complaints. Therefore, because Plaintiffs' proposed Amendment will not be subject to dismissal, the Amendment cannot be considered futile.

CONCLUSION

For these reasons, Plaintiffs respectfully requests that the Court grant this Motion.

DATED this 26th day of May 2016.

PARR BROWN GEE & LOVELESS, P.C.

/s/ Jonathan R. Schofield

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CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 26th day of May 2016, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which sent notification of such filing to the following:

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EXHIBIT A

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DAVE PITCOCK, an individual; BARB
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NUTRITION, INC. dba TNT, a Utah
Corporation,

Plaintiffs,

vs.

YOUNGEVITY INTERNATIONAL, INC., a
California corporation; DR. JOEL
WALLACH, an individual; STEVE
WALLACH, an individual; MICHELLE
WALLACH, an individual; DAVE BRISKIE,
an individual,

Defendants.

[PROPOSED]

SECOND AMENDED COMPLAINT

Case No. 2:16-cv-00315-DS

Judge David Sam

Plaintiffs, Wakaya Perfection, LLC; Todd Smith; Blake Graham; Andre Vaughn; Dave Pitcock; Barb Pitcock; and Total Nutrition, Inc. (collectively, “Plaintiffs”) and allege, aver, and complain of Defendants Youngevity International, Inc. (“Youngevity”); Dr. Joel Wallach; Michelle Wallach; Steve Wallach; and Dave Briskie (collectively, “Defendants”) as follows:

INTRODUCTION

1. Plaintiffs have commenced this lawsuit to address Youngevity’s breaches of contract, as well as the individual defendants’ independently tortious behavior. Several Plaintiffs are former Youngevity distributors who have dedicated years, even decades, to building successful businesses selling Youngevity products.

2. In response to several instances of serious misconduct by the individual defendants, Todd Smith (“Smith”) left Youngevity, where he had worked to build successful Youngevity distributorships for nearly two decades, to pursue other opportunities. He founded Wakaya Perfection, LLC (“Wakaya”) in late 2015.

3. Rather than accepting responsibility for their own misdeeds, the individual defendants—who are all either officers and board members at Youngevity or the founder of the company—through Youngevity, engaged in a concerted campaign to destroy Wakaya in its infancy.

4. Acting out of personal spite and without any legal justification, the individual defendants threatened any Youngevity distributor who expressed an interest in working with Wakaya, either in addition to or instead of working for Youngevity.

5. On information and belief, the individual defendants' goal was to prevent Smith from successfully launching Wakaya and to punish Smith for his perceived disloyalty to Youngevity—a disloyalty that existed solely in the minds of the individual defendants.

6. At the same time, the individual defendants continued to engage in counterproductive and damaging ways, driving away high-ranking Youngevity distributors, as well as members of Youngevity's corporate staff.

7. Not content to allow these distributors to associate with Wakaya—as was their legal right—the individual defendants, acting through Youngevity and without legal justification, summarily terminated the distributorships of any distributor they believed was associating with Smith or Wakaya, including the distributorships of Andre Vaughn (“Vaughn”), Dave and Barb Pitcock (the “Pitcocks”), and Total Nutrition, Inc. dba TNT, which is owned and operated by Blake Graham, (“TNT”) (collectively, “Distributor Plaintiffs”).

8. The Distributor Plaintiffs, despite dedicating years, even decades, to building successful businesses selling Youngevity Products, found themselves caught up in the individual defendants' vendetta against Smith and Wakaya. The individual defendants, acting through Youngevity and without legal justification, arbitrarily and vindictively destroyed the Distributor Plaintiffs' Youngevity businesses and threatened their livelihoods.

9. On information and belief, the individual defendants have threatened to do the same to *any* Youngevity distributor they perceive as “disloyal.”

10. Thus, this case is about a small group of individuals using their positions within Youngevity to carry out personal vendettas against anyone they perceive as disloyal, even if that perception is totally unfounded.

PARTIES, JURISDICTION, AND VENUE

11. Wakaya was at all relevant times herein a limited liability company duly formed under the laws of the State of Utah. Wakaya was formed by Smith and has its headquarters in Lindon, Utah. It focuses on marketing 100% organic and kosher healing products grown and cultivated on a unique 2,200-acre island in the Fiji archipelago called the Wakaya Island (“Wakaya Products”).

12. TNT is a corporation incorporated in the State of Utah and a former distributor for Youngevity.

13. Smith is a resident of Utah and the founder of Wakaya.

14. Blake Graham (“Graham”) is a resident of Utah and owner of TNT, through which he managed Youngevity distributorships.

15. Andre Vaughn (“Vaughn”) is a resident of Maryland and a former distributor for Youngevity.

16. Dave Pitcock (“Dave”) is a resident of Kansas and a former distributor for Youngevity.

17. Barb Pitcock (“Barb”) is a resident of Kansas and a former distributor for Youngevity.

18. Plaintiffs are informed, believe, and thereon allege that Youngevity was at all relevant times herein, and still is, a Delaware corporation with its headquarters in Chula Vista, California, that is and has been registered to do business and doing business in the State of Utah during all relevant times hereto. Youngevity touts itself as a nutritional and coffee company offering more than 1,000 products, including nutritional supplements, sports and energy drinks, health and wellness products (e.g., spa, bath, garden, and pet-related products), digital products (including

scrapbooks), gourmet coffee, skincare and cosmetics, weight management products, packaged foods, pharmacy discount cards, and apparel/accessories (“Youngevity Products”).

19. Plaintiffs are informed, believe, and thereon allege that Dr. Joel Wallach is a resident of California. Dr. Wallach is founder of Youngevity and remains the driving force behind the company’s philosophy. Dr. Wallach frequently visits Utah for business-related activities.

20. Plaintiffs are informed, believe, and thereon allege that Michelle Wallach is a resident of California. Michelle Wallach is married to Steve Wallach and is currently Chief Operating Officer of Youngevity, as well as a member of its board of directors. Michelle Wallach frequently visits Utah for business-related activities.

21. Plaintiffs are informed, believe, and thereon allege that Steve Wallach is a resident of California. Steve Wallach is Dr. Wallach’s son and Chief Executive Officer of Youngevity, as well as a member of its board of directors. Steve Wallach frequently visits Utah for business-related activities.

22. Plaintiffs are informed, believe, and thereon allege that Dave Briskie is a resident of California. Briskie is currently President of Youngevity, as well as a member of its board of directors. Briskie frequently visits Utah for business-related activities.

23. This Court has jurisdiction over this matter pursuant to 28 U.S.C. 1332 because the parties are completely diverse and the amount in controversy exceeds \$75,000.

24. Defendants have sufficient minimum contacts with the State of Utah in conducting their business operations with the Plaintiffs herein so as to make the exercise of jurisdiction over Defendants in this state foreseeable and reasonable under the facts and circumstances alleged herein.

GENERAL ALLEGATIONS

Youngevity Distributor Agreements

25. Youngevity and Wakaya are both multi-level marketing companies. Under this model, products are sold through a distribution chain of independent distributors. Each distributor recruits other distributors to join his or her organization, building their own dedicated network of down-line distributors, with each distributor purchasing products supplied by the company with which they are affiliated and selling those products to others.

26. It is a common practice within the multi-level marketing industry for distributors to have multiple distributorships within different companies.

27. Plaintiffs challenge the interpretation and enforceability of certain purported restrictive covenants entered into between Youngevity and its distributors that the individual defendants, through Youngevity, are attempting to use as a tool to prevent current Youngevity distributors from becoming Wakaya distributors. Youngevity is attempting to enforce the policies and procedures manual for Youngevity, purported to be the source of such restrictions (“Policies and Procedures”). A copy of the Policies and Procedures is attached as Exhibit A hereto.

28. The standard distributor agreement used by Youngevity is a one-page document combined with an application document. A copy of what is believed to be the distributor agreement used by Youngevity with all of its distributors is attached as Exhibit B hereto (“Distributor Agreement”). As potentially relevant to this lawsuit, the Policies and Procedures contain the following clause relating to the Youngevity distributors’ right and ability to associate with another direct sales company:

All Distributors are Independent Contractors; the Company [Youngevity] imposes no restrictions on any Distributor’s participation or sales activities in other

businesses or programs other than Youngevity except as said activities or programs would cause or create a violation of Distributor's agreement with Company or any of these policies and procedures.

[Policies and Procedures at 9, ¶ E6 ("Non-Compete Provision").]

29. The Non-Compete Provision on its face expressly allows Youngevity distributors to affiliate with other companies and other sales programs. Further, nothing in the Distributor Agreement precludes Youngevity distributors from choosing to become Wakaya distributors.

30. As potentially relevant to this lawsuit, the Policies and Procedures contains the following clause relating to the Youngevity distributors' right and ability to recruit other Youngevity distributors to work for another direct sales company:

Distributors are strictly forbidden from Cross-Recruiting, and shall not sell, recruit, propose, or in any way induce or attempt to induce any other Distributor to purchase any product or service, or to participate in any other income opportunity, investment, venture, or commit any other activity deemed, at the full discretion of [Youngevity], as cross-recruiting. This includes any such activities across any divisions of [Youngevity], should any separate divisions with different compensation plans and or hierarchy exist, unless, and as specifically stated otherwise. The integrity of the hierarchy and the relationships therein is of paramount importance to every Distributor as well as to [Youngevity]. Any Distributor violating this provision may be subject to immediate termination for cause, forfeiting any and all commission due him or her.

[Policies and Procedures at 10-11, ¶ E12 ("Non-Solicitation Provision").]

31. As potentially relevant to this lawsuit, the Policies and Procedures contains the following clause relating to the confidentiality of Youngevity's distributor lists:

Distributor lists, including downline sales organization information, is proprietary and confidential to [Youngevity], with the exception of first level, personally enrolled Distributors. [Youngevity] may forward genealogical information at a nominal cost to Distributors, in strict and complete confidence, to help them manage their downline sales organization and for no other purpose.

Every Distributor who is provided with such information shall treat it as confidential and take care to maintain its secrecy as well as refrain from making any use thereof for any purpose other than the management of his/her downline sales organization. Without limiting the generality of the foregoing, no such

information may be used in cross-recruiting or with the intent to entice Company Distributors into other network marketing organizations.

Any violation of this policy by a Distributor will result in the immediate suspension and/or termination of the offending Distributor. Furthermore, the offending Distributor could be subject to legal action for injunctive relief and/or damages.

[Policies and Procedures at 9-10, ¶ E7 (“Confidential Information Provision”).]

32. Youngevity asserts the Non-Solicitation and Confidential Information Provisions as its basis for terminating the Distributor Plaintiffs’ distributorships.

33. To the extent that the Non-Compete, Non-Solicitation, and Confidential Information Provisions restrict Plaintiffs’ ability to engage in any lawful business, they are void under California law.

34. Youngevity’s attempt to enforce invalid contractual provisions is a violation of California’s Unfair Practices Act, Cal. Bus. & Prof. Code § 17000 *et seq.*

The Distributor Plaintiffs

35. Not long after Youngevity was founded, Smith and Graham began working as independent distributors for Youngevity in 1997, building their distributorship downline and contributing to the company.

36. Smith and Graham formed TNT in 1997, through which they operated several Youngevity distributorships.

37. Over the years, Smith and Graham, through TNT, became some of Youngevity’s most successful distributors, achieving the highest levels and awards offered by Youngevity.

38. Through TNT, Smith and Graham created a variety of tools they both used within TNT’s distributorships and sold to other Youngevity distributors. These tools include CDs, DVDs, and literature promoting Youngevity and Dr. Wallach’s message, which were marketed

through TNT's registered website domains, wallachonline.com and yteamtools.com, and 1-800-WALLACH. All of these tools and avenues were used with Youngevity's and Dr. Wallach's knowledge, and without objection, for the entirety of their relationship with Youngevity, which has spanned two decades.

39. Vaughn began his relationship with Youngevity when the multi-level marketing company he was working for, FDI, was acquired by Youngevity in 2011.

40. Vaughn spent tremendous efforts working to develop his Youngevity downline distributorships, promoting Youngevity's products and message, becoming one of Youngevity's most successful distributors, and achieving the highest levels and awards offered by Youngevity.

41. In July 2012, Youngevity acquired Livinity Inc., a nutritional and essential oils multi-level marketing company, which was owned and operated by the Pitcocks. As a result of the acquisition, the Pitcocks and most of Livinity's distributors became Youngevity distributors.

42. The Pitcocks spent tremendous efforts working to develop their Youngevity downline distributorships, promoting Youngevity's products and message, becoming some of Youngevity's most successful distributors, and achieving the highest levels and awards offered by Youngevity.

43. Smith, Graham, and Distributor Plaintiffs worked closely together at Youngevity and, over the years, became personal friends.

Youngevity Misconduct and Its Effect

44. Youngevity is controlled by Steve Wallach, CEO; Michelle Wallach, COO; and Dave Briskie, President, (collectively, "Wallach Group"). Each member of the Wallach Group is on Youngevity's Board of Directors, and on information and belief they collectively own a controlling majority of Youngevity's publicly traded stock.

45. Together with Youngevity's founder, Dr. Wallach, the Wallach Group engaged in counterproductive behavior, including undermining promising acquisitions, promoting ill-conceived and unprofitable business decisions, concealing certain acts from management, and engaging in inappropriate and dishonest behavior. The following examples, as set forth in Paragraphs 46-58, are illustrative of such behavior:

46. On information and belief, Youngevity's Founder, Dr. Wallach, frequently engaged in a pattern of traveling with and sharing hotel rooms at Youngevity events with a variety of female companions other than his wife, some of whom are Youngevity distributors. This behavior was widely known within the Youngevity community.

47. Taking advantage of the influence he held as founder of Youngevity, Dr. Wallach routinely attempted to coerce distributors, including Vaughn and the Pitcocks, into inserting Dr. Wallach's female companions into favored positions in their distributors' organization. The Wallach Group tolerated, and thereby condoned, this behavior, despite its highly inappropriate nature.

48. When the Distributor Plaintiffs protested about Dr. Wallach's manipulation of their organizational structures, the Wallach Group reacted in vindictive and defensive ways. For example, when any distributor refused to insert Dr. Wallach's companions into his or her organization, Dr. Wallach threatened to never participate in events or otherwise help them promote their business. Often this threat from the founder of the company was enough to compel compliance.

49. When the Pitcocks objected to Dr. Wallach's attempts to force distributors to insert his companions into their organizations—which the Pitcocks viewed as an abuse of power and

highly damaging to the morale of Youngevity's distributors—consistent with their usual practice, the Wallach Group reacted defensively and vindictively.

50. For example, on information and belief, Michelle Wallach fabricated emails accusing Barb of cross-recruiting, which emails were intended to discredit Barb and damage her reputation both within Youngevity and in the larger direct marketing community.

51. Finally losing patience with Youngevity management's unproductive behavior, Dave left Youngevity in the Fall of 2014, citing the fabricated emails and Dr. Wallach's practice of coercing distributors to include his female companions into their organizations as his reasons for leaving. Barb remained with Youngevity and managed her distributorships until Youngevity terminated them in March of 2016.

52. Vaughn observed Dr. Wallach and Michelle Wallach yelling at company employees in public, intimidating and bullying distributors, and generally undermining morale. More damning, the Wallach Group engaged in and tolerated cross-line recruiting within Youngevity. Cross-line recruiting involves one party recruiting members of another party's downline, and is prohibited by the Policies and Procedures. The Wallach Group used their personal standing within the company to engage in this prohibited practice to the benefit of themselves and their favored distributors.

53. Although Vaughn was initially content to work for Youngevity, he became increasingly disillusioned with the company because of inappropriate and unprofessional behavior on the part of senior management, including Dr. Wallach, Michelle Wallach, and Briskie. Fed up with the Wallachs' self-dealing, favoritism, and unprofessional behavior, Vaughn began looking for other opportunities outside of Youngevity.

54. At a Youngevity event in September 2014, Briskie, then Chief Financial Officer and director of international development for Youngevity, and Steve Wallach, then Chief Executive Officer of Youngevity, announced that Youngevity had completed all of the requirements for allowing Youngevity businesses to operate in Mexico. Briskie and Steve Wallach also announced that Youngevity's office in Guadalajara, Mexico was open and that Youngevity's warehouse in Mexico was stocked with product to sell.

55. Based on this announcement, Smith began preparations to set up Youngevity distributorships in Mexico. He booked meeting spaces and organized several large events, which cost a substantial amount of money.

56. However, in January 2015, the day before Smith was due to fly to Mexico to begin operations, Briskie informed him that Youngevity had not, in fact, completed the requirements to enter the Mexican market.

57. Upon investigating, Smith discovered Youngevity was nowhere near ready to conduct lawful operations in the country and was, in fact, shipping Youngevity products into Mexico in furniture crates. On information and belief, Youngevity took these measures to avoid customs inspections.

58. The Wallach Group's conduct not only had an adverse effect on Youngevity distributors, but also affected Youngevity management and their desire to work for Youngevity. For example, Youngevity's former president, William Andreioli, resigned on or about November 2015, citing the following issues with the Wallach Group:

- a. The Wallach Group consistently undermined efforts to promote Youngevity by cancelling distributor incentives;

b. The Wallach Group, without consulting the rest of Youngevity management, pursued ill-conceived business ventures, such as a fashion line, with no plan in place for their long-term viability and no clear connection to Youngevity's other product lines;

c. The Wallach Group announced expansions into international markets—engendering costs associated with “grand openings”—without first obtaining the required regulatory clearances for Youngevity products;

d. The Wallach Group approved of, or at least did nothing to stop, the smuggling of Youngevity products into Mexico. On information and belief, the Wallach Group authorized the smuggling operation because Youngevity had yet to obtain the necessary regulatory approvals to import its products into Mexico;

e. The Wallach Group authorized exorbitant expenditures of Youngevity funds, such as spending \$800,000 on a K cup coffee machine.

The Founding of Wakaya & Wakaya's Lawful Interaction with Youngevity Distributors & Employees

59. Following the Mexico debacle, Smith decided to leave Youngevity to pursue other opportunities, including founding a line of healthy, Asian-inspired restaurants.

60. In or about the fall of 2015, Smith was presented with the opportunity to purchase Wakaya's assets. Seeing the potential to turn Wakaya into a successful multi-level marketing company, Smith organized Wakaya and purchased its assets in October 2015. Smith specifically chose Wakaya because it did not market products that competed with Youngevity's.

61. Graham was not involved with the purchase of Wakaya, or its conversion to a multi-level marketing company. At no time prior to March 21, 2016, was Graham a distributor for or otherwise involved in Wakaya.

62. On or about December 31, 2015, Smith sold his interest in TNT and all its assets to Graham, leaving Graham to operate the TNT Youngevity distributorships.

63. Graham remained with Youngevity and continued to operate TNT, wallachonline.com, yteamtools.com, and 1-800-WALLACH.

64. After hearing through the grapevine that Smith was starting another company, Vaughn approached Smith about becoming a Wakaya distributor. At all times, Vaughn wanted to and intended to retain his Youngevity business while also pursuing other opportunities, as was his legal right.

65. Upon learning of Wakaya, Dave approached Smith about becoming a distributor for Wakaya. It was always the Pitcocks' intention that Barb would remain a Youngevity distributor, devoting her time and energy into the building of her Youngevity distributorship.

66. Barb initially refused to have anything to do with Wakaya, preferring to avoid even the appearance of impropriety. At all times, Barb wanted to and intended to retain her Youngevity business and continue to operate her Youngevity distributorship and work to promote Youngevity.

67. At no point prior to March of 2016 was Barb involved with Wakaya.

68. At no point did Smith or anyone else at Wakaya approach the Distributor Plaintiffs or any other Youngevity distributor about joining Wakaya.

69. None of the Distributor Plaintiffs engaged in any cross-recruiting or made use of any Youngevity proprietary information to contact anyone concerning Wakaya. To the extent any Youngevity distributors have become Wakaya distributors, it is as a result of those distributors approaching the Distributor Plaintiffs and inquiring about Wakaya.

70. Given the toxic environment within Youngevity as a result of the Wallach Group's influence, several Youngevity employees, upon learning about Wakaya, approached Smith about employment opportunities. Neither Wakaya nor Smith initiated any contact to hire Youngevity employees.

Youngevity's Wrongful Termination and Retaliatory Conduct against Plaintiffs

71. Because other Youngevity distributors have expressed interest in Wakaya, Youngevity has threatened litigation against both the Distributor Plaintiffs (or current distributors with the intent of trying to intimidate them and thereby prevent distributors from leaving to join Wakaya) and against Wakaya, claiming the Youngevity Policies and Procedures prevent Youngevity distributors from distributing the Wakaya Products instead of, or in addition to, the Youngevity Products.

72. In or about February of 2016, Youngevity summarily suspended the TNT distributorships and began to withhold TNT's commission payments. Youngevity subsequently terminated the TNT distributorships in March 2016. On information and belief, Youngevity's decision to terminate the TNT distributorships was driven by Smith's founding of Wakaya, which Youngevity viewed as a threat.

73. In or about February of 2016, Youngevity summarily suspended Barb's distributorships and began to withhold her commission payments. Youngevity terminated Barb's distributorships in March 2016. On information and belief, Youngevity's decision to terminate the Barb Pitcock's distributorships was driven by the fact that Dave Pitcock had become a Wakaya distributor.

74. In or about February of 2016, Youngevity suspended Vaughn's distributorship and withheld his commission payments when it learned of his interest in Wakaya. Youngevity

terminated Vaughn's distributorships in March 2016. On information and belief, Youngevity's decision to terminate Vaughn's distributorships was driven by his interest in becoming a distributor for Wakaya.

75. Notwithstanding the fact that Youngevity's Policies and Procedures allow Youngevity distributors to work for multiple companies, and have distributorships within competing MLM companies, Youngevity claims that the Distributor Plaintiffs are in violation.

76. Youngevity's Policies and Procedures also allow for multiple members of the same household to work for different companies and even have distributorships within competing MLM companies.

77. In terminating the Distributor Plaintiffs, Youngevity is attempting to selectively enforce certain provisions that are neither legally enforceable nor have they been enforced in the past. For example, Youngevity has allowed and continues to allow distributors to work for multiple companies or operate multiple distributorships with multiple companies within the same household, including but not limited to the following current Youngevity distributors: Kurt and Theresa Venekamp, Scott and Juliette Fardulis, Iggy and Victoria Baran, Dr. Luis and Evelia Arriaza, Tom and Denice Chenault, and many others.

78. Following the termination of the TNT distributorships and Youngevity's decision to withhold the commission checks, Graham was approached by another Youngevity distributor with an offer to purchase wallachonline.com, 1-800-WALLACH, and the media items Graham and Smith had created.

79. On information and belief, Youngevity, through Steve Wallach and Briskie, told the buyer it would not approve of the sale if any of the profits would flow to Graham or Smith. Fearful of reprisal from Youngevity, the buyer backed out. On information and belief, Briskie

and Steve Wallach interfered with the sale of TNT's assets in an effort to punish and intimidate Graham and any other distributor perceived to be associated with Wakaya and/or Smith.

80. In another situation involving the potential sale of TNT assets, partners in Heirloom Enterprises, which has multiple Youngevity distributor positions and is owned by TNT, Sam Steele, and Michael Weeks, wanted to buy TNT's interest in Heirloom. Youngevity, again through Briskie and Steve Wallach, interfered with the transaction, claiming that they would not approve of the sale or pay commissions to Heirloom Enterprises if one penny went to Graham. On information and belief, Briskie and Steve Wallach threatened the Heirloom Enterprises partners as part of a scheme to punish and intimidate Graham and any other distributors perceived to be associated with Wakaya and/or Smith.

81. Among other things, Youngevity, through the Wallach Group and Dr. Wallach, have informed Youngevity distributors wishing to join Wakaya that they would be "pursued and crushed," or words to that effect.

82. On information and belief, Youngevity has, without any legal justification, terminated and/or threatened to terminate the distributorships of and/or withhold Youngevity commission checks from distributors who expressed an interest in working with Wakaya.

83. After terminating the Distributor Plaintiffs, Youngevity, through Dr. Wallach and the Wallach Group, have made a series of false and defamatory statements concerning the Distributor Plaintiffs.

84. For example, Dr. Wallach has stated that Smith and Graham stole Youngevity distributors; they stole money; they stole our staff; they stole thumb drives with people's names, numbers and emails, stating that he knew for a fact that they were contacting and took people

who are certain ranks within Youngevity. Dr. Wallach stated that Smith and Graham have perpetrated crime and compared them to rapists.

85. Dr. Wallach further stated that Smith stole business opportunities from Youngevity and that he did it because he was desperate for money making disparaging remarks about Smith's family and his finances and business stating that Smith was going bankrupt and was going to lose his house because his restaurants weren't doing well.

86. These statements are false, personally hurtful, and threaten to harm Smith's and Graham's reputations in the network marketing community.

87. On information and belief, Dr. Wallach made these statements in order to discredit Smith and Graham and deter Youngevity distributors from working with Wakaya.

88. Dr. Wallach further asserted that Barb and Dave had raided and destroyed four prior multi-level marketing companies. He stated that Youngevity was the fourth company in ten years that the Pitcocks destroyed.

89. These statements are false.

90. Such false statements, which suggest the Pitcocks intentionally raided the multi-level marketing companies they worked with in the past, are extremely harmful to Barb's business as a consultant within the larger direct-sales community.

91. On March 21, 2016, Steve Wallach sent an email to the Youngevity network of distributors ("Wallach Email"). A copy of the Wallach Email is attached hereto as Exhibit C.

92. The Wallach Email accuses Smith, Wakaya, and, on information and belief, the Distributor Plaintiffs, of engaging in theft, misappropriation of confidential information, and breaching various provisions of the Youngevity Policies and Procedures.

93. These accusations are entirely false and harmful to Plaintiffs' reputations in the network-marketing community, in which personal reputation and relationships are extremely important, and/or have the tendency to injure Plaintiffs' businesses.

94. On March 23, 2016, Youngevity filed suit in the U.S. District Court for the Southern District of California against Plaintiffs and others, alleging a variety of contract and tort claims ("Youngevity Complaint"). A copy of the Youngevity Complaint is attached hereto as Exhibit D.

95. In the Youngevity Complaint, Defendants repeat many of the same false allegations contained in the Wallach Email.

96. In addition to the false and defamatory statements echoing those in the Wallach Email, the Youngevity Complaint contains numerous additional allegations that are false and defamatory.

97. By way of example, among the most serious of the defamatory statements, the Youngevity Complaint alleges that Smith unlawfully engaged in the sale of Youngevity products in Mexico without authorization from Youngevity and without required approvals from Mexican authorities. [Youngevity Complaint ¶ 32.]

98. These allegations, which accuse Smith of committing a crime across international borders, are entirely false.

99. As described in paragraphs 54 through 57 above, *Youngevity* was smuggling product into Mexico.

100. On information and belief, Youngevity has deliberately publicized the Youngevity Complaint to Youngevity distributors and the boarder network-marketing community.

101. Specifically, on information and belief, counsel for Youngevity has issued press releases summarizing and providing copies of the Youngevity Complaint, which have been

republished by various blogs associated with the network-marketing community (“Emord Press Release and Blog Posts”). A copy of the Emord Press Release and Blog Posts is attached hereto as Exhibit E.

102. Defendants’ actions have harmed Plaintiffs in numerous ways.

103. When Defendants summarily terminated the Distributor Plaintiffs’ distributorships without legal justification, the Distributor Plaintiffs’ current and future livelihoods were jeopardized. Despite committing years, even decades, to building their Youngevity businesses—which benefitted Youngevity—the Distributor Plaintiffs were terminated without warning to, on information and belief, retaliate against Smith, Wakaya, and anyone perceived to have associated with them.

104. Beyond the retaliatory termination of the Distributor Plaintiffs, Defendants threatened to, and did, terminate the distributorships of any Youngevity distributor who expressed interest in or support for Smith, Wakaya, or anyone perceived to have associated with them. This had the effect of deterring qualified distributors from associating with Wakaya.

105. Defendants have defamed Plaintiffs with the intent of harming Plaintiffs’ standing in the network marketing community and thereby deterring members of that community from associating with Wakaya.

106. Acting out of personal spite, Defendants have unlawfully interfered with the sale of TNT’s valuable intellectual property.

107. Although Plaintiffs do not yet know the full extent of the damages they have suffered because of Defendants’ unlawful actions, their initial calculations estimate damages of not less than tens of millions of dollars.

FIRST CLAIM FOR RELIEF
(Declaratory Judgment –Youngevity)

108. Plaintiffs hereby incorporate paragraphs 1 through 107 of this Complaint by reference, as if fully set forth herein.

109. A dispute has arisen concerning the rights, status, and legal relations between Distributor Plaintiffs and Youngevity.

110. Specifically, Youngevity has interpreted its Policies and Procedures to prevent its distributors, including Distributor Plaintiffs, from exercising their freedom to work as distributors for Wakaya or to join Wakaya and continue to work as Youngevity distributors.

111. The Distributor Plaintiffs believe and assert that there is no valid contractual or legal basis to support Youngevity's conduct in attempting to intimidate and coerce its distributors from leaving to become Wakaya distributors or to join Wakaya and continue to work as Youngevity distributors.

112. Pursuant to U.C.A. § 78B-6-401, the Distributor Plaintiffs are entitled to a declaratory judgment, determining and declaring the rights, status, and legal relations of the parties hereto, at least as follows: (1) determining that California law applies to the instant dispute between the parties; (2) declaring that the Policies and Procedures does not preclude any of Youngevity's distributors, including Distributor Plaintiffs, from becoming distributors of Wakaya; (3) alternatively, determining the Policies and Procedures, and/or Distributor Agreement, if interpreted to restrict or prevent Youngevity distributors from becoming Wakaya Distributors (as Youngevity seeks) is unenforceable pursuant to applicable California law, particularly California Business and Professions Code section 16600, which states that "every contract by which anyone is restrained from engaging in a lawful profession, trade or business of any kind is to that extent void"; and (4) for any additional relief consistent with the above declarations.

113. Plaintiffs are entitled to recover their attorney fees and court costs incurred herein.

SECOND CLAIM FOR RELIEF
(Breach of Contract – Youngevity)

114. Plaintiffs hereby incorporate paragraphs 1 through 113 of this Complaint by reference, as if fully set forth herein.

115. Distributor Plaintiffs entered into valid contracts with Youngevity. Specifically, the Distributor Plaintiffs' relationships with Youngevity are governed by the Policies and Procedures and/or the Distributor Agreement.

116. Distributor Plaintiffs have performed all obligations required under the Policies and Procedures and the Distributor Agreement.

117. Youngevity has breached the Policies and Procedures and/or the Distributor Agreement by summarily terminating the Distributor Plaintiffs' distributorships without legal justification and unlawfully withholding Distributor Plaintiffs' commission payments as set forth in paragraphs 71 through 82 above.

118. Youngevity's breach has harmed the Distributor Plaintiffs. Youngevity's actions have damaged the Distributor Plaintiffs' businesses, which were built over years and decades with Youngevity. As a result, the Distributor Plaintiffs have suffered financial hardship because Youngevity has wrongfully withheld payments to which the Distributor Plaintiffs are entitled, leading to direct and consequential damages in an amount to be proven at trial. Moreover, Youngevity's breach has deprived the Distributor Plaintiffs of future income streams from their Youngevity businesses in an amount to be proven at trial.

THIRD CLAIM FOR RELIEF
(Breach of the Covenant of Good Faith and Fair Dealing - Youngevity)

119. Plaintiffs hereby incorporate paragraphs 1 through 118 of this Complaint by reference, as if fully set forth herein.

120. The Distributor Plaintiffs entered into valid contracts with Youngevity.

121. The Distributor Plaintiffs performed all of their obligations arising from their contracts with Youngevity.

122. All conditions required for Youngevity's performance had already occurred.

123. Youngevity unfairly interfered with the Distributor Plaintiffs' rights to receive the benefits of their contracts when it summarily terminated their distributorships without legal justification and withheld their commission payments.

124. As a result, the Distributor Plaintiffs have been damaged in an amount to be proven at trial.

FOURTH CLAIM FOR RELIEF
(Conversion – Youngevity)

125. Plaintiffs hereby incorporate paragraphs 1 through 124 of this Complaint by reference, as if fully set forth herein.

126. The Distributor Plaintiffs had a property interest in their Youngevity businesses and the income derived therefrom. Specifically, the Distributor Plaintiffs spent years, even decades, building their Youngevity businesses and have successfully built substantial downlines.

127. Youngevity wrongfully terminated the Distributor Plaintiffs' distributorships and has withheld the Distributor Plaintiffs' commission checks, thereby converting the Distributor Plaintiffs' property for Youngevity's use. Moreover, the Distributor Plaintiffs' downlines continue to produce substantial commissions, which rightfully belong to the Distributor

Plaintiffs. Instead of making payments to the Distributor Plaintiffs, Youngevity has converted all of the continuing profits for its own use and/or has diverted these commissions to other favored Youngevity distributors.

128. The Distributor Plaintiffs have been damaged in an amount to be proven at trial through Youngevity's conversion of the past, current, and future commission payments derived from the Distributor Plaintiffs' downlines.

FIFTH CLAIM FOR RELIEF

(Tortious Interference with Existing Contractual Relations – Youngevity)

129. Plaintiffs hereby incorporate paragraphs 1 through 128 of this Complaint by reference, as if fully set forth herein.

130. The Distributor Plaintiffs have valid contractual relationship with the distributors in their downlines.

131. Youngevity knew of the contractual relationship between the Distributor Plaintiffs and the distributors in their downlines.

132. Youngevity intentionally interfered with that contractual relationship when it wrongfully terminated the Distributor Plaintiffs' distributorships.

133. The wrongful termination of the Distributor Plaintiffs did, in fact, disrupt their contractual relationship with the distributors in their downline.

134. As a result, the Distributor Plaintiffs have been damaged in an amount to be proven at trial.

SIXTH CLAIM FOR RELIEF

(Tortious Interference with Prospective Economic Advantage – Youngevity)

135. Plaintiffs hereby incorporate paragraphs 1 through 134 of this Complaint by reference, as if fully set forth herein.

136. As detailed in paragraphs 71 through 82 above, Youngevity distributors, including some Distributor Plaintiffs, expressed interest in joining Wakaya as distributors, in addition to maintaining their Youngevity businesses as allowed for by the Policies and Procedures.

137. Youngevity knew its distributors, including some Distributor Plaintiffs, were interested in joining Wakaya.

138. In an effort to intimidate and coerce Youngevity distributors from joining Wakaya, Youngevity terminated the Distributor Plaintiffs' distributorships and withheld their commission checks. Youngevity also threatened its other distributors, implying that their distributorships—and thus the distributors' livelihoods—would be terminated if they contemplated joining Wakaya.

139. Youngevity distributors who had expressed interest in joining Wakaya have been intimidated and deterred from becoming Wakaya distributors.

140. Wakaya has been damaged in an amount to be proven at trial because Youngevity has prevented qualified distributors from joining Wakaya's sales force.

SEVENTH CLAIM FOR RELIEF
(Tortious Interference with Prospective Economic Advantage – Youngevity, Briskie, Steve Wallach)

141. Plaintiffs hereby incorporate paragraphs 1 through 140 of this Complaint by reference, as if fully set forth herein.

142. As detailed in paragraphs 38 and 78-80 above, Graham, through TNT, is owner of a website, phone number, and other intellectual property that he and Smith developed while distributors at Youngevity. Following the termination of his distributorship by Youngevity, Graham received an offer to purchase these valuable assets from a Youngevity distributor in good standing.

143. Youngevity knew of the possible sale.

144. Briskie and Steve Wallach vindictively informed the buyer that they would not approve of the sale if any proceeds from the sale would flow to either Graham or Smith.

145. As a result, the buyer withdrew his offer, and Graham has been unable to sell his interest in the website, phone number, and other copyrighted materials owned by Graham and TNT.

146. Graham and TNT have been harmed by Youngevity's actions because they were unable to complete the sale of their assets and because Briskie and Steve Wallach have indicated they will not approve ANY sale of the assets.

EIGHTH CLAIM FOR RELIEF

(Defamation – Youngevity, Dr. Wallach, Michelle Wallach, Steve Wallach)

147. Plaintiffs hereby incorporate paragraphs 1 through 146 of this Complaint by reference, as if fully set forth herein.

148. In a public conversation with several Youngevity distributors, Dr. Wallach falsely accused Smith and Graham of crimes, including theft and industrial espionage. Dr. Wallach also falsely accused Dave and Barb of destroying several multi-level marketing companies with which they had previously worked.

149. Michelle Wallach fabricated emails accusing Barb of cross-recruiting with the intent of harming Barb's reputation within the direct-sales community.

150. In an email widely disseminated to Youngevity distributors, Steve Wallach accused Smith, Wakaya, and the Distributor Plaintiffs of engaging in theft, misappropriation of confidential information, and other acts incompatible with the operation of Plaintiffs' lawful businesses.

151. Defendants alleged numerous false and defamatory statements in the Youngevity Complaint, as described in paragraphs 94 through 99 above, which Defendants subsequently disseminated widely within the network-marketing community.

152. Defendants knew their statements were false, or in the alternative, recklessly disregarded the falsity of their statements.

153. These statements were not privileged and/or Defendants have waived any privilege through excessive publication.

154. Plaintiffs have been harmed in an amount to be proven at trial.

NINTH CLAIM FOR RELIEF
(False Light – Youngevity, Dr. Wallach, Michelle Wallach)

155. Plaintiffs hereby incorporate paragraphs 1 through 154 of this Complaint by reference, as if fully set forth herein.

156. Dr. Wallach publicly and falsely accused Smith and Graham of engaging in criminal activity and falsely accused Dave and Barb of raiding and destroying four businesses with which they had previously worked.

157. Michelle Wallach fabricated emails purporting to show that Barb cross-recruited.

158. In a widely publicized email, Steve Wallach falsely accused Smith, Wakaya, and the Distributor Plaintiffs of engaging in theft, misappropriation of confidential information, and other acts of dishonesty.

159. In the Youngevity Complaint, Youngevity falsely accused Smith of committing international crimes.

160. These statements would be highly offensive to a reasonable person.

161. Defendants knew their statements were false, or in the alternative, recklessly disregarded the falsity of their statements.

162. Plaintiffs have been harmed by Defendants statements in an amount to be proven at trial.

TENTH CLAIM FOR RELIEF
(Business Disparagement – Youngevity)

163. Plaintiffs hereby incorporate paragraphs 1 through 162 of this Complaint by reference, as if fully set forth herein.

164. Defendants have published numerous statements relating to Wakaya's products and business activities.

165. These statements are false.

166. As a result of Defendants' false statements, Wakaya has suffered economic losses due to decreased sales and distributors who were deterred from associating with Wakaya.

167. Defendants intended to harm Wakaya's business when they made these false statements.

168. Wakaya has suffered damages in an amount to be proven at trial.

ELEVENTH CLAIM FOR RELIEF
(Civil Conspiracy – All Defendants)

169. Plaintiffs hereby incorporate paragraphs 1 through 168 of this Complaint by reference, as if fully set forth herein.

170. Defendants Dr. Wallach, Michelle Wallach, Steve Wallach, and Briskie, out of personal spite, formed and operated a conspiracy to convert the Distributor Plaintiffs' downlines and to tortuously interfere with Plaintiffs' existing and prospective economic relations.

171. Specifically, Dr. Wallach, Michelle Wallach, Steve Wallach, and Briskie agreed to act and did act through their positions as officers at Youngevity to carry out a personal vendetta and harm the Plaintiffs by (1) terminating the Distributor Plaintiffs' distributorships, converting

the downline profits stemming from those distributorships, and threatening members of the Distributor Plaintiffs' downlines; (2) threatening and punishing any Youngevity distributors, including the Distributor Plaintiffs, if those distributors wanted to work for Wakaya; (3) interfering in the sale of Graham and TNT's assets to another Youngevity distributor as described in paragraphs 78-80 above; (4) defaming Plaintiffs; (5) portraying Plaintiffs in a false light; and (6) disparaging Wakaya.

172. The Distributor Plaintiffs' businesses were destroyed and their livelihoods threatened by the conspirator's actions. As a result, the Distributor Plaintiffs suffered damages in an amount to be proven at trial. Moreover, Wakaya was injured in an amount to be proven at trial when the conspirators' conduct unlawfully dissuaded qualified distributors from coming to work for Wakaya and resulted in lost sales revenue.

TWELFTH CLAIM FOR RELIEF
(Unfair Business Practices – all Defendants)
(Cal. Bus. & Prof. Code § 17000 *et seq.*)

173. Plaintiffs hereby incorporate paragraphs 1 through 172 of this Complaint by reference, as if fully set forth herein.

174. California's Unfair Practices Act borrows violations from other laws by making them independently actionable as unfair competitive practices.

175. Virtually any violation of federal, state, or local law can form the predicate offense under California's Unfair Practices Act.

176. Defendants' actions in summarily terminating the Distributor Plaintiffs' distributorships without cause constitutes unfair practices under California law.

177. Defendants' attempts to enforce unlawful noncompete and nonsolicitation provisions constitutes unfair business practices under California law.

178. Defendants' actions in threatening and intimidating its distributors, including the Distributor Plaintiffs, in an attempt to prevent distributors from working for Wakaya constitutes unfair business practices under California law.

179. Defendants' conversion of the Distributor Plaintiffs' businesses, and the profits derived therefrom, constitutes an unfair business practice under California law.

180. Defendants' interference in the sale of Graham's interest in the wallachonline.com, 1-800-WALLACH, and assorted media items constitutes unfair business practices under California law.

181. Defendants' actions in conspiring to interfere with Wakaya's and the Distributor Plaintiffs existing and prospective economic relations constitutes unfair business practices under California law.

182. Defendants' defamatory statements constitute unfair business practices under California law.

183. As a result of Defendants' unlawful and unfair practices, Plaintiffs have suffered and continue to suffer damages in an amount to be proved at trial.

THIRTEENTH CLAIM FOR RELIEF
(Fraud/Negligent Misrepresentation – Youngevity and Briskie)

184. Plaintiffs hereby incorporate paragraphs 1 through 183 of this Complaint by reference, as if fully set forth herein.

185. As detailed in paragraphs 54-57 above, in his capacity as Chief Financial Officer of Youngevity, Briskie represented to Smith and other Youngevity distributors at a public Youngevity event that Youngevity had complied with all of the necessary legal requirements to open Youngevity businesses in Mexico.

186. At the time he made these statements, Briskie knew they were false. Alternatively, Briskie made the statements without a reasonable basis for believing them to be true.

187. Nevertheless, Briskie intended Smith and the other Youngevity representatives present at the meeting to rely on his statements.

188. Based on Briskie's position as Chief Financial Officer of Youngevity, and the officer in charge of international expansion, Smith's reliance on Briskie's statement that Mexico was "open for business" was reasonable.

189. In reliance on Briskie's statements, Smith expended spent significant time and money on preparations for opening Youngevity businesses in Mexico.

190. Accordingly, Smith was damaged in an amount to be proved at trial.

PRAYER FOR RELIEF

WHEREFORE, Plaintiffs pray for judgment against Defendants as follows:

1. UNDER THE FIRST CLAIM FOR RELIEF, for declaratory relief as set forth in such claim plus reasonable attorney fees and costs incurred in this manner;

2. UNDER THE SECOND CLAIM FOR RELIEF, for judgment against Youngevity for all damages suffered by the Distributor Plaintiffs related to Youngevity's breach of contract plus reasonable attorney fees and costs incurred in this matter;

3. UNDER THE THIRD CLAIM FOR RELIEF, for judgment against Youngevity for all damages suffered by the Distributor Plaintiffs related to Youngevity's breach of the implied covenant of good faith and fair dealing plus reasonable attorney fees and costs incurred in this matter;

4. UNDER THE FOURTH CLAIM FOR RELIEF, for judgment against Youngevity for all damages suffered by the Distributor Plaintiffs related to Youngevity's conversion of the

Distributor Plaintiffs' property, including their Youngevity businesses and all associated profits, plus reasonable attorney fees and costs incurred in this matter;

5. UNDER THE FIFTH CLAIM FOR RELIEF, for judgment against Youngevity for all damages suffered by the Distributor Plaintiffs related to Youngevity's tortious interference with the Distributor Plaintiffs' contractual relationships with their distributor networks plus reasonable attorney fees and costs incurred in this matter;

6. UNDER THE SIXTH CLAIM FOR RELIEF, for judgment against Youngevity for all damages suffered by Wakaya related to Youngevity's tortious interference with Wakaya's prospective economic relationships with qualified distributors plus reasonable attorney fees and costs incurred in this matter;

7. UNDER THE SEVENTH CLAIM FOR RELIEF, for judgment against Youngevity, Steve Wallach, and Briskie for all damages suffered by Graham and TNT related to Youngevity's tortious interference in the sale of the plaintiffs' valuable assets plus reasonable attorney fees and costs incurred in this matter;

8. UNDER THE EIGHTH CLAIM FOR RELIEF, for judgment against Youngevity, Dr. Wallach, Michelle Wallach, and Steve Wallach for all damages suffered by Plaintiffs related to Defendants' defamatory statements plus reasonable attorney fees and costs incurred in this matter;

9. UNDER THE NINTH CLAIM FOR RELIEF, for judgment against Youngevity, Dr. Wallach, Michelle Wallach, and Steve Wallach for all damages suffered by Plaintiffs related to Defendants' false statements plus reasonable attorney fees and costs incurred in this matter;

10. UNDER THE TENTH CLAIM FOR RELIEF, for judgment against Youngevity for all damages suffered by Wakaya as a result of Defendants' false statements plus reasonable attorney fees and costs incurred in this matter;

11. UNDER THE ELEVENTH CLAIM FOR RELIEF, for judgment against Defendants for all damages suffered by the Plaintiffs related to Defendants' conspiracy to harm Plaintiffs plus reasonable attorney fees incurred in this matter;

12. UNDER THE TWELFTH CLAIM FOR RELIEF, judgment against all Defendants for all damages suffered by Plaintiffs related to Defendants' violation of California's Unfair Practices Act plus reasonable attorney fees and costs incurred in this matter;

13. UNDER THE THIRTEENTH CLAIM FOR RELIEF, judgment against Youngevity and Briskie for all damages suffered by Smith as a result of Briskie's fraudulent announcement that Youngevity distributors could operate in Mexico plus reasonable attorney fees and costs incurred in this matter;

14. UNDER ALL CLAIMS, for any additional relief deemed proper by the Court.

JURY DEMAND

Plaintiffs respectfully request a jury as to all claims so triable.

DATED this 26th day of May, 2016.

PARR BROWN GEE & LOVELESS, P.C.

By: /s/ Jonathan R. Schofield
Jeffrey J. Hunt
Jonathan O. Hafen
Jonathan R. Schofield
Michael S. Anderson
Cynthia D. Love

REESE POYFAIR & RICHARDS, PLLC
Darwin Poyfair
Attorneys for Plaintiff

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on the 26th day of May 2016, I electronically filed the foregoing with the Clerk of the Court using the CM/ECF system which sent notification of such filing to the following:

Martin R. Denney
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/s/ Jonathan R. Schofield

EXHIBIT A



Policies and Procedures

AMENDED SEPTEMBER 2014

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A | INTRODUCTION

The success of your independent network marketing business is directly related to relationships—relationships with customers, other Distributors, and the Company.

Tied closely to your success is the method by which the Company will compensate you for your participation in the Company's program as you conduct your business.

Experience has shown that a clear set of policies and procedures promotes harmony in vital relationships. By understanding well-defined compensation provisions, you can plan your efforts for maximum return and effectiveness. In addition, establishing proper policies ensures that equality of opportunity and fairness are available to all Distributor participants.

As you understand the Company's Policies and Procedures, you will want to follow "the spirit as well as the letter" of those policies. Your success is directly related to the service provided to others. You will find that following these policies will lead to greater success and rewards.

It is with great anticipation of your success that we present to you these policies and urge you to follow them closely and completely.

B | DISTRIBUTOR COMPENSATION AND DEFINITIONS

All Distributors will better understand the policies of the Company by understanding the Distributor Compensation Plan and Definitions of a number of basic terms. These terms are commonly used to explain policies and programs in Company literature and in discussions between Distributors.

- B 1** Company: The term "Company" as it is used throughout these policies and procedures, along with other literature, is to be considered synonymous, and can be used interchangeably with, Youngevity, or any of its subordinate and or contemporaneous companies or product lines; These companies and product lines include, but are not limited to any and all product brands, divisions, and or strategic alliances affiliated with or a part of Youngevity and or its parent company, AL International. This list is dynamic and will change from time to time. The current and complete list can be found by visiting www.youngevity.com.
- B 2** Product: Any commissionable item, program, or service that the Company makes available for Distributors to market.
- B 3** Distributor: A person or legal entity currently authorized to purchase products from the Company and to participate in the Distributor Compensation Plan. Distributor is a general term referring to all authorized Distributors as individuals and as a group regardless of the level or position attained in the program, including, but not limited to analogous terms such as associates, representatives, consultants, marketing directors, and entrepreneurs, among others.
- B 4** Enroller or Enrolling Distributor: A distributor who officially enrolls another Distributor in the Company's income opportunity. The Enrolling Distributor has the option to place the new Distributor into any position within his/her downline organization, or to retain the new Distributor on his/her front line and maintain the role of Placement Distributor. The Enrolling Distributor retains a vested interest in bonus commissions, as bonus commissions primarily follow the lines of enrollment, irrespective of placement within a given organization.
- B 5** Placement Distributor: A Distributor under which a new Distributor is placed, either by him/herself or by another Distributor in the Placement Distributor's direct Upline organization. The Placement Distributor is generally responsible for supervision and training of the placed Distributor. The Placement Distributor retains a vested

interest in residual commissions, GBV, and GQV, as these primarily follow the lines of placement, irrespective of enrollment within a given organization.

- B 6** Upline: All Placement Distributor's above a particular Distributor in lines of placement up to the Company. The entire Upline consists of all Placement Distributor's and Enrolling Distributor's that link or are between any particular Distributor and the Company.
- B 7** Downline: All Distributors via lines of enrollment or placement by any other Distributor below or emanating from a particular Distributor.
- B 8** Suggested Retail Price (SRP): The Company's recommended price for selling a particular product to retail customers. It is the intent that the Suggested Retail Price is the price that is charged for any and all product(s) that are sold to anyone that is not either an active Distributor or Preferred Customer of the Company. Prices are subject to change without notice. Please see current Price List for details.
- B 9** Wholesale Price (W/S): The maximum discounted price paid to the Company by Distributors for product. Also, the minimum price to be charged for selling product(s) to anyone that is not either an active Distributor or Preferred Customer of the Company. Prices are subject to change without notice. Please see current Price List for details.
- B 10** Bonus Volume (BV): A value amount assigned to individual products. This is the amount, singly and cumulatively, from which a distributor's Bonus and Residual Commissions are calculated. Please see the Youngevity Distributor Training Manual and the Youngevity Compensation Plan Guide for details on the Youngevity Compensation Plan.
- B 11** Personal Bonus Volume (PBV): Is the BV value of a Distributor's personal purchases/retail sales (all sales running through the Distributors personal I.D. Number) during a calendar month. Please see the Youngevity Distributor Training Manual and the Youngevity Compensation Plan Guide for details on the Youngevity Compensation Plan.
- B 12** Group Bonus Volume (GBV): The Bonus Volume (BV) purchased/sold by a Distributor's downline organization. The number of levels that are added cumulatively are dependent upon the specific parameters of the bonus in question. Please see the Youngevity Distributor Training Manual and the Youngevity Compensation Plan Guide for details on the Youngevity Compensation Plan.
- B 13** Qualifying Volume (QV): A value amount assigned to individual products. This is the amount, singly and or cumulatively, from which rank qualifications are calculated. Please see the Youngevity Distributor Training Manual and the Youngevity Compensation Plan Guide for details on the Youngevity Compensation Plan.
- B 14** Personal Qualifying Volume (PQV): The QV value of a Distributor's personal purchases/retail sales (all sales running through the Distributors personal I.D. Number) during a calendar month. Please see the Youngevity Distributor Training Manual and the Youngevity Compensation Plan Guide for details on the Youngevity Compensation Plan.
- B 15** Group Qualifying Volume (GQV): The total QV purchased/sold by a Distributor's downline organization. Different qualifying criteria may recognize different calculations – such as a certain number of downline levels, or cut-off's or percentages based upon downline rank complexion. Please see the Youngevity Distributor Training Manual and the Youngevity Compensation Plan Guide for details on the Youngevity Compensation Plan.
- B 16** Consumer: Any purchaser of a Company Product or Service that in turn consumes or utilizes said product or service. Consumers may be Retail Customers, Preferred Customers, Distributors, or unaffiliated with the Company in any way.
- B 17** Preferred Customer (PC): A product purchaser that enrolls with the Company as a Preferred Customer through a

Distributor and purchases product at the wholesale price through their own I.D. Number. Preferred Customers do not participate in, or benefit from the Company's Compensation System.

- B 18** Retail Customer: A product purchaser that is not enrolled as an active Distributor or Preferred Customer with the Company, and that purchases product, either directly from a Distributor, or through the Distributor's online shopping cart. Retail Customers do not participate in the Company's Compensation System.
- B 19** Retail Sale: A retail sale is a sale to an ultimate consumer of Company product. Included are:
- ① Sales to Retail customers by the Distributor.
 - ② Purchases by a Distributor who is purchasing for personal or family use in reasonable quantities and is not purchasing for the mere purpose of qualifying for bonuses, overrides, or advancement in the marketing program.
- B 20** Retail Profit: The amount a Distributor makes (gross) by purchasing an item at wholesale price and selling it at retail to a customer, or the difference between the wholesale price and retail price for items purchased directly through the Distributor's retail shopping cart. Retail sales for items purchased directly through the Distributor's retail shopping cart are subject to a surcharge of 5% of the retail profit amount, which is automatically levied in the net retail commission. Please see the Youngevity Distributor Training Manual for details on the Youngevity Compensation Plan.
- B 21** Compensation: Compensation refers to commissions paid to Distributors for product sales to consumers. See the Youngevity Distributor Training Manual for details and definitions relating to Distributor Compensation System.
- B 22** Titles or Ranks: Represents certain milestones of growth and production for a Distributor and his/her downline organization. Details of ranks, titles, and qualifications are detailed in the Youngevity Distributor Training Manual and the Youngevity Compensation Plan Guide. Ranks and the corresponding titles are shown two ways: Lifetime Rank – which is the highest rank achieved within the Compensation system, and Paid as Rank – represents the current qualification within a given calendar month. Some aspects of the Compensation Plan pay in concert with either a Representative's Lifetime Rank or Paid as Rank. See the Youngevity Distributor Training Manual and the Youngevity Compensation Plan Guide for details and definitions relating to Distributor Compensation System.
- B 23** Commissions: Commissions are a percentage (%) of the Bonus Volume of the products purchased/sold from the Company by Distributors. Commissions on downline activity are calculated and paid on both weekly and monthly cycles. Please see the Youngevity Distributor Training Manual and the Youngevity Compensation Plan Guide for details on the Youngevity Compensation Plan.
- B 24** 70% Rule: A rule which provides that Distributors may only purchase Company products for resale to consumers, for personal consumption, or to provide prompt product delivery to downline Distributors in their own personal group. Distributors may not stockpile or acquire excessive inventories. Prior to reordering any product, Distributors must certify that they have sold a minimum of 70% of all previous orders.

C | DISTRIBUTOR AUTHORIZATION

The following are rules related to initiating and maintaining Distributor authorization in the Company's program. In addition to the warehouse policies, all aspects of these Policies and Procedures apply to Youngevity warehouses.

- C 1** New Distributors enroll in the program by purchasing the Company's current Business Kit and submitting an Application/Agreement Form to become a Distributor, which, upon acceptance by the Company, is part of the contract between the

Distributor and the Company. This can be done using the paper application or electronically on-line through a replicated Distributor website. The Distributor Agreement is to be completed and endorsed by the person or entity applying to become a Distributor. This document contains important information which a prospective Distributor should read and understand before endorsing or otherwise applying for a Distributor Position. The Company reserves the right to reject, at its sole discretion, any application deemed unacceptable. Purchase of a Business Kit may be optional in some geographic areas. No purchase of Company products is required to become a Distributor.

- C 2** When an application for Distributor authorization is other than an individual or a husband and wife, the application must be signed by one or more legal representatives who have the power to bind the applying entity. A list of all principals, directors, officers, shareholders, or others with any beneficial interest must be submitted to the Company, complete with current names, addresses, phone numbers, and a detailed accounting of percentages and conditions of interest. While partnerships, corporations, and trusts may be accepted as Company Distributors, an individual may not have a beneficial interest or be listed in more than one Distributor Position without the prior written authorization of the Company. Every Distributor must have a numerical identification number ("ID number"). If the Distributor Position includes more than one person, the Social Security Number of the first applicant on the Distributor Agreement becomes the official Federal Tax ID Number. Any bonus check paid to a Distributor will be issued in the name of the first two applicants listed on the Distributor Agreement, if applicable.

Applicants and Distributors shall not submit any inaccurate or false information on a Distributor Agreement. Furthermore, a Distributor is responsible for informing the Company of any changes affecting the accuracy of the Distributor Agreement/Application. The Company reserves the right to immediately terminate a Distributor if the Company determines that false or inaccurate information has been provided. All proposed changes to a Distributor Position must be submitted to the Company in writing, along with a new Distributor Application/Agreement form with the word "Amendment" written across the top, or electronically with proper login and password by editing information through the Representative's replicated website and back office system.

- C 3** Authorization as a Distributor includes the right to sell products of the Company and to participate in the Company's Distributor Compensation Plan. No geographic territory in which the Company is operational shall be exclusive to any one or group of Distributors.
- C 4** Distributor applicants must be of the age of majority in the state or province in which they reside.
- C 5** Upon the death of the Distributor, his/her rights to bonuses and marketing position, together with Distributor responsibilities, shall pass to his/her successors in interest upon written application and approval by the Company. Written application must be received by the Company within ninety (90) days of the date of death. If the Company does not receive appropriate instruction within ninety (90) days of the death of a Distributor, the Distributor Position will be terminated or reassigned. The successor Distributor must fulfill all responsibilities of the Distributor.
- C 6** When a decision is made to terminate a Distributor, the Company will inform the Distributor in writing. The termination notice will be sent by certified mail, or other verifiable means requiring a recipient signature, to the Distributor's address on file with the Company. If deemed necessary by the Company, Distributors may be terminated by the Company for cause. The Company has the right to take quick and decisive action in limiting or terminating a Distributor who is found in violation of these Policies and Procedures, the Distributor Agreement, rules governing the Compensation Plan, or any state, provincial, or federal laws, statutes, and/or regulations deemed as pertinent by and at the sole discretion of the Company. Such disciplinary action may include oral and written warnings, suspension, forfeiture of bonus checks, or termination. In extreme cases of violations by a Distributor, the Company also reserves the right to pursue reasonable legal recourse, as well as reimbursement by a Distributor for any expenses, including attorney's fees and legal fees, generated from a violation. The issuance

of bad checks, attempts to persuade Distributors to change Placement Distributors, cross recruiting, fraudulent misrepresentation of the Company, and the commission of illegal or deceptive acts all constitute reasonable cause for termination, together with any other material breach or violation as noted above.

- C 7** An individual may terminate their Distributor Position at any time by providing written notice to the Company. Notice must be sent via certified mail, or other verifiable means, which may include FedEx, UPS, and or Electronic Mail with return receipt and delivery verification.
- C 8** Whether a Distributor is terminated through voluntary resignation or through termination by the Company, that Distributor is no longer entitled to sell Company products or to enroll other Distributors. In addition, said Distributor shall lose all rights to their existing downline and shall no longer be entitled to receive sales commissions, overrides, bonuses, awards, or any compensation whatsoever from the Company, nor shall they be entitled to any rights to their former downline genealogies or Distributor lists.
- C 9** Buy-back: Any Distributor who wishes to terminate through the Buy-Back policy must notify the Company of their intention in writing to the Company. The termination letter must list all the items to be returned, the quantities of each item, and the sales order number(s) under which each of the items was most recently purchased. The letter must be signed by all parties listed on the Distributor Agreement and must acknowledge the fact that the individual(s) listed on the Agreement may never again become a Distributor.

If the Distributor has purchased products for inventory purposes or unopened sales aids while the Distributor Agreement was in effect, all unopened products in a resalable condition then in possession of the Distributor, which have been purchased within one year of cancellation, shall be repurchased by the Company at a price ninety percent (90%) of the original net cost to the Distributor returning such goods, taking into account any sales made by or through Distributor prior to notification to the Company of the election to terminate. For Montana Distributors only: A Montana Distributor who cancels within 15 days, is entitled to a 100% refund of any consideration given to participate.

The Company will not issue any refunds on products previously certified as sold under the 70% rule.

- 1** For purpose of this policy, products shall not be considered “resalable condition” if returned for repurchase after the products’ commercially reasonable, usable, or shelf-life period has passed; nor shall products be considered if the Company clearly discloses to Distributors, prior to purchase, that the products are seasonal, discontinued, or special promotional products.
- 2** If bonuses were paid to a terminating Distributor’s Upline on volume represented by returned products, commissions related to such volume will be debited from all Upline Distributor accounts. A “clawback” transaction will appear in the personal purchases section of the Upline’s next “adjustment summary” with the name of the terminated Distributor in the description. Once the Buy-Back letter has been received by the Company, the Distributor will be contacted and provided with a Return Authorization Number, as well as the address to which the merchandise should be shipped. This Return Authorization Number must be clearly marked on the outside of each and every box which is being returned. Distributors are encouraged to use a traceable means of transport as the Company is not responsible for items lost in transit. Merchandise that is returned without this Return Authorization Number will be refused by the Company. Any merchandise being returned to the Company must be sent prepaid. Once the shipment has been verified, a credit will be issued and a check sent by the 15th of the following month, or a credit will be issued on the credit card originally used for the purchase. The Distributor will then be permanently terminated.

D | DISTRIBUTOR PRACTICES

- D 1** Distributors are independent contractors and are not: franchisees, partners, joint venturers, employees or agents of the Company or their Placement Distributors or Enrollers. Distributors must not imply or represent employment or agency relationships in any manner, including oral representations, printed material, or deceptive actions.
- D 2** Distributors are responsible for all taxes on income received from the Company on sales made by them, and for all and any other taxes, licenses, and fees, unless the Company has established specific written procedures which specify otherwise. The Company will collect and remit sales taxes when applicable on products at the federal, state, and provincial level. Distributors are responsible for any other taxes at any lower jurisdictional levels. The Company is not responsible for any expenses relating to a Distributor's business.
- D 3** Because Distributors are independent contractors, the Company does not dictate selling methods, specific hours, or effort levels, other than those required in Distributor/Company interactions and except as stated herein. Distributors must at all times adhere to Youngevity compliance guidelines and acceptable marketing and business practices.
- D 4** Personal product purchasers (retail or preferred customers) are not required to enroll as a Distributor.
- D 5** No Distributor will be compensated solely or merely for enrolling Distributors or Customers. Ultimately all compensation is based upon the selling of product to Consumers, which is the core of the Company's business. This fact must be emphasized in all recruiting presentations.
- D 6** Written sales receipts, which include information regarding the products sold, price, and Distributor's name, address, and telephone number must be given to every retail customer.
- D 7** Income paid to Distributors on sales for which the Company has given a refund, may, at the Company's option, be charged back to those Distributors.
- D 8** In the conduct of his/her business, the Distributor shall safeguard and promote the reputation of the Company and its products. The Distributor shall hold harmless, defend and indemnify the Company, its shareholders, officers, directors, employees, attorneys, accountants, agents, assigns, and successors in interest against any and all claims, lawsuits (civil or otherwise), losses and expenses of any kind, arising out of or relating to any claims or alleged connections with that Distributor's activities of any kind that violate any local, state, provincial, or federal laws or regulations.
- D 9** All Youngevity Distributor Applications, AutoShip Order Forms, and or any other official forms submitted to Youngevity must be endorsed by the party named on the respective form – Paper forms must contain an original signature and be mailed directly to Youngevity, and electronic forms must be viewed by, agreed to, and electronically endorsed by the appropriate party as stated within the particular form online. In the case of business entity, the endorser must be that of the legal registrant of the business name. At no time is a Distributor allowed to submit a Youngevity Distributor Application, AutoShip Order, or any other documentation that does not contain the endorsement of the named party in the manner stated above. At no time is a Youngevity Distributor allowed to submit a Youngevity Distributor Application, AutoShip Order Form, or any other documentation on which he/she has entered a signature of the named party regardless of permissions implied or received, as Youngevity does not and will not accept a "Power of Attorney" signature on any of its forms.
- D 10** From time to time, at Company events or other functions or occurrences, solely for the purposes of promoting the Products, the Company, or combination thereof, the Company may take photos, record audio and or video of events, testimonials, sessions, or interviews and the like. Said photos, video, and or audio may include the image, likeness, and or voice of any and or all attendees of the event, function, or occurrence. Attendees may include,

but are not limited to Distributors, Customers, and or prospective Distributors or Customers and or Guests of same (Hereinafter for the purposes of this section, will be inclusively referred to as “Subject”). Distributor agrees and understands that it is his/her responsibility to disclose this policy to any guest that he/she invites to any Company event, function, or other occurrence. Any such photography, videography, and or voice recording will be obvious and or clearly disclosed to the Subject. Company will use its best and reasonable efforts to ensure that no photos, videos, and or audio recordings will be gathered against the expressed wishes of the Subject. However, continued attendance by Subject at any event, function, or occurrence where photos, video, and or audio is being captured will, in all cases, be construed as agreement and acceptance of the following: Subject grants permission to the rights of his/her image, likeness and sound of his/her voice as recorded on audio or video without payment or any other consideration. Subject understands that his/her image may be edited, copied, exhibited, published or distributed and summarily waives the right to inspect or approve the finished product wherein his/her likeness appears. Additionally, Subject waives any right to royalties or other compensation arising from or related to the use of his/her image or recording. Subject also understands that these images and or recordings may be used in diverse educational, commercial or promotional settings within an unrestricted geographic area. As well, there is no time limit on the validity of this understanding and subsequent release, nor is there any geographic limitation on where these materials may be distributed.

E | PROHIBITED PRACTICES

- E 1** Distributors shall not produce, promote, or use any copyrighted or otherwise proprietary materials containing the Company’s names, programs, products, or logos, except those that are pre-approved and obtained directly from the Company. Any materials used that are not provided by Company, must be approved in advance by submitting said material in concert with the Youngevity Advertising Approval Application. Details of who may submit, and what can and cannot, and what will and will not be approved is detailed in the application, which can be obtained by contacting customer service.
- E 2** Distributors shall not misrepresent product attributes and qualities to customers. Unauthorized, unwarranted, and unjustified product claims shall not be made.
- E 3** Distributors shall not repackage or re-label any Company product. Nor shall the product be removed from its original packaging and resold in any way.
- E 4** Distributors shall not misrepresent the Company’s Compensation Plan for Distributors. No misleading or deceptive statements about the Plan shall be made. No opportunity or income exaggerations are to be given. If actual income examples, extrapolations, or geometric progressions are used, actual typical incomes of Company’s Distributors at all levels must also be disclosed. Examples used to illustrate how the Plan works are allowed if they are specified as “examples only” and any relevance to anticipated success is disclaimed.
- E 5** There are no franchises or exclusive territories as a part of the Company’s Distributor Compensation Plan. No Distributor may represent that any such territory or franchise exists or can be sold as part of the Distributor program.
- E 6** All Distributors are Independent Contractors; the Company imposes no restrictions on any Distributor’s participation or sales activities in other businesses or programs other than Youngevity except as said activities or programs would cause or create a violation of any provision of Distributor’s agreement with the Company or any of these policies and procedures.
- E 7** Distributor lists, including downline sales organization information, is proprietary and confidential to the Company,

with the exception of first level, personally enrolled Distributors. The Company may forward genealogical information at a nominal cost to Distributors, in strict and complete confidence, to help them manage their downline sales organization and for no other purpose.

Every Distributor who is provided with such information shall treat it as confidential and take care to maintain its secrecy as well as refrain from making any use thereof for any purpose other than the management of his/her downline sales organization. Without limiting the generality of the foregoing, no such information may be used in cross-recruiting or with the intent to entice Company Distributors into other network marketing organizations.

Any violation of this policy by a Distributor will result in the immediate suspension and/or termination of the offending Distributor. Furthermore, the offending Distributor could be subject to legal action for injunctive relief and/or damages.

- E 8** Distributors shall not cause any Company product or name to be sold or displayed in any retail establishment of any kind, including, but not limited to, civilian, military, internet based or otherwise, except those establishments and or virtual locations specifically authorized and licensed in writing by the Company. As a general rule, the Company discourages distributors from using any website for promotion other than those replicating websites provided by the Company to its distributors. Distributors using weblogs ('blogs'), online forums, video-streaming websites, chat rooms, social networking sites or systems, auction sites, or any other internet based systems are subject to the guidelines of the Company Policies and Procedures. Any violation of the terms of service of any of the aforementioned systems may subsequently be considered a violation of Youngevity Policies and Procedures. The Company reserves the right to investigate reported infractions and to enforce its Policies and Procedures.
- E 9** Distributors shall not engage in any unlawful practices.
- E 10** All purchases of Youngevity products, literature, and promotional material must be purchased from Youngevity in accordance with the stated Policies & Procedures. Youngevity Distributors and/or Preferred Customers are not allowed to purchase Youngevity products, literature, and promotional material from a Youngevity supplier. At the request of the Youngevity suppliers, Youngevity Distributors and Preferred Customers are not allowed to contact any Youngevity suppliers for any reason. Contact is described as, but not limited to, telephone calls, recorded voice messages (voicemail), facsimile transmission (fax), written communication, or electronic correspondence (e-mail). Any violation of this policy can, depending on severity, result in the termination of Distributors or Preferred Customer status.
- E 11** Distributors, whether active or otherwise, shall not re-sell any product(s) in any form or combination with any other product unless it is complete, factory sealed, and in its original packaging with all required labels intact. Pricing for said product(s) is strongly recommended to be equal to the Suggested Retail Price, but under no circumstances shall be less than the current wholesale price for same item as published by the Company. Distributors are prohibited from using any advertisement or commercial enticement that is not provided directly by the Company. Prohibited enticements include, but are not limited to, less than "wholesale plus sales tax" pricing, free shipping, quantity discounts, or any and all other perks and or incentives offered in conjunction with the purchase of any Company product or service.
- E 12** Distributors are strictly forbidden from Cross-Recruiting, and shall not sell, recruit, propose, or in any other way induce or attempt to induce any other Distributor to purchase any product or service, or to participate in any other income opportunity, investment, venture, or commit any other activity deemed, at the full discretion of the Company, as cross-recruiting. This includes any such activities across any divisions of the Company, should any separate divisions with different compensation plans and or hierarchy structures exist, unless, and as specifically stated otherwise. The integrity of the hierarchy and the relationships therein is of paramount importance to

every Distributor as well as to the Company. Any Distributor violating this provision may be subject to immediate termination for cause, forfeiting any and all commissions due him or her.

F | PLACEMENT

- F 1** All Distributors in good standing may enroll and place other Distributors in their Downline organization within the Company's Distributor program. Said placement must be finalized on or prior to the 60th day of enrollment. Placement cannot be changed after 60 days of enrollment.
- F 2** Enrollers and Placement Distributors must offer general support, information, and assistance as well as bona fide supervisory, marketing, selling, and training support to Distributors they enroll and or override, or otherwise benefit from through the compensation system.
- F 3** Enrollers and Placement Distributors shall exercise their best efforts to ensure that all Downline Distributors understand and comply with the most current terms and conditions of the Distributor Agreement, the Policies & Procedures and Compensation Plan, as well as all applicable federal, state, provincial, and local laws, ordinances and regulations that pertain to the business of the Company.
- F 4** Enrolling and Placement Distributors should always use their best efforts to settle disputes between a Retail Customer, a Preferred Customer, and or any Downline Distributor in an attempt to resolve such disputes promptly and amicably.

G | TRANSFER OF PLACEMENT DISTRIBUTORSHIP

- G 1** A Distributor may change enrollers and Placement Distributors by one of two methods.

Method one is through resignation of current Distributorship, followed by re-enrollment of a new Distributorship in the desired position of enrollment and or placement. Such action will result in the termination of current Distributorship, along with all rights and benefits of said Distributorship, including commissions, as well as the subsequent loss of any downline Distributors and or Customers. This must be followed by a mandatory Six (6) month period of inactivity as a Distributor prior to the submission of a new Distributor Application.

Method two is through the approved movement of current Distributorship from one line of Enrollment and or Placement to another. This method not only requires the approval of the Company, but it additionally requires the approval of 6 levels of Upline Enrollers, using the Enroller/Placement change application. All Upline Enrollers must actively approve any move in writing, as verbal approvals or 3rd party approvals are invalid. Further, any lack of response by an Enroller within 10 days of notification will be construed as non-approval, and the Distributorship move will be summarily denied. This method of Distributorship movement within the hierarchy is valid for a single Distributorship only, and does not provide for the movement of any downline Enrollees or placed distributors. It does, however, provide for the movement of Preferred and Retail Customers that are personally enrolled by the Distributor requesting the move.

The only exception to this rule is, at the discretion of a Customer Service Manager, executive, or officer of the Company, if it is determined that a Distributor has been enrolled inappropriately or incorrectly, and only with the expressed permission of the Enroller and Distributor, said Distributor may be moved to a different Enroller/Placement Distributor within 7 days of initial enrollment. No Enroller/Placement Distributor changes made under this "7 day rule" will be unreasonably made or withheld.

- G 2** A Distributor may not sell, assign or otherwise transfer his or her Distributor Position, marketing position, or other Distributor rights without written application and approval by the Company which may not be unreasonably withheld. Use the Distributorship Transfer Application to apply for such a sale or transfer. Sale or transfer of a Distributorship will be automatically denied if said transfer would cause a violation of any other portion of these Policies and Procedures. Any Distributor who sells his or her Distributor Position shall not be eligible to reenroll as a Distributor for a period of at least six (6) months after the sale. The Company, after a review of the terms of the sale, reserves the right to approve or disapprove, in its sole discretion, of a proposed purchaser's qualifications and intention to manage and develop the Distributor Position.
- G 3** No two adults in the same household shall hold Distributorships in more than one line of Enrollment or Placement.

H | ORDERING AND SHIPPING PROCEDURES

- H 1** Who May Order: The Company will accept orders for products only after a valid Distributor Agreement certified by their Placement Distributor is on file with the Company. Distributors are then authorized to submit orders.
- H 2** All orders for product and other items will be processed for shipment upon clearance of payment. Shipment is made by common carrier and delivery should be expected within 7-14 days, unless special shipping arrangements are made at the time of order. If an ordered item is on backorder, consignee will be notified via telephone or electronic communication as to the status. As a standard, Youngevity does not ship partial orders or hold backorders in the system for extended periods of time. If backorder delay is relatively short, entire order will be held back and shipped in its entirety upon availability of backordered item. If backorder delay is extended, then backordered item will be cancelled from order, the price of that item returned to Customer/Distributor, and the balance of the order, if any, will be processed and shipped. All ordered item(s) will be shipped as soon as items are available and usually within fourteen (14) days of the date the original order and payment was received.
- H 3** Upon receipt, Distributors should immediately inspect shipments to determine whether orders are complete and in good condition. Any damaged or missing contents should be noted on the delivery receipt. If items have been damaged in shipping, Distributor should request, from the shipper, the process for filing a claim for damaged or missing materials. Items that are missing from shipment should be brought to the attention of the Company within 1 business day of receipt to ensure proper handling of refund and or product reshipment.
- H 4** If a shipment does not arrive within the expected timeframe, before assuming any shipment has been lost or stolen; a Distributor should wait at least fifteen (15) working days from the placement of mail orders, and ten (10) working days from the placement of telephone or internet orders. Lost shipments, if later found and/or delivered, must be reported to the Company's Distributor Services within seven (7) days of delivery. Any extra product received in any shipment must also be reported. Duplicate orders or replaced shipments that do arrive can be either returned to the Company, or purchased by Distributor, at the Distributors discretion.
- A Distributor who signs a delivery release with a common carrier, authorizing the carrier to leave an order at an unsecured location, without a signature, releases the Company from responsibility for such delivery. Distributors who are absent at the time of delivery may be required to retrieve their packages from the shipping office or have them delivered to a more suitable alternate location.
- H 5** **Sales Aids:** Sales aids (Business Kits, Business Tools, Marketing Materials, etc.) are not items that carry a discount or a bonus volume credit. Placement Distributors developing their networks should have a supply of these materials on hand to serve their downline growth needs.

- H 6 Order Forms:** When submitting written orders to the Company, Distributors must use unaltered official Company order forms, or have all orders placed through the appropriate online shopping cart / back office interface.
- H 7 Submitting Orders:** Products are ordered at Wholesale prices. The overall success of the Company and its Distributors depends upon retail sales of the products to consumers. A “retail sale” is defined as the sale to an ultimate consumer who is purchasing the product for his/her own use.
- 1 Distributors may not themselves order, or ask their Downline Distributors to order inventory for the sole purpose of participating in the Compensation Plan or “qualifying” themselves or others to earn commissions or bonuses (This practice is frequently referred to as “inventory loading”).
 - 2 Distributors may only purchase Company products for resale to consumers, for personal consumption, or to provide prompt product delivery to downline Distributors in their own personal group. Distributors may not stockpile or acquire excessive inventories. Prior to reordering any product, Distributors must certify that they have sold a minimum of 70% of all previous orders (The “70% Rule”).
 - 3 Distributors are required to carefully document all retail sales. The Company may, at any time, require a Distributor to produce all completed retail sales receipts for the previous thirty (30) days and a list of five (5) or more persons to whom the Distributor has made retail sales of the products during the previous thirty (30) days.
 - 4 Distributors may not advertise or promote product for more than the current established retail price or for less than the current established wholesale price as published by the Company. See current product price list for details on Wholesale and Retail prices.
- H 8** The Product Order Form is required for all mail orders of products and must be fully completed and submitted to the Company. Two or more Distributors may not combine orders on the same order form.
- 1 Incomplete orders will not be processed by the Company. Such orders will be returned to the Distributor by mail and any consequences arising out of an incomplete order shall be the responsibility of the Distributor who attempted to place the order.
 - 2 In placing an order by mail, the Distributor certifies, acknowledges, and warrants that the order was made by the Distributor and that a minimum of 70% of all previous orders of Company products have been sold.
- H 9 Qualifying Order Policy:** The Company may not accept any qualifying order from Distributor Warehouses after the twenty-fifth (25th) of any calendar month for the current volume month.

A qualifying order is defined as an order for the Company products in which the Distributor placing the order is using the bonus volume from that order to qualify for commissions and/or rank advancement.

All qualifying orders submitted by any warehouse must be clearly marked “Qualifying Order” with the volume month and year marked underneath. These markings must be placed on the Product Order Form in the box in the upper right hand corner labeled “Do Not Ship.” The date of the order must also be placed on the qualifying order and a copy of the qualifying order given to the Distributor placing the qualifying order.

Any qualifying order submitted after the twenty-fifth (25th) of any calendar month for the current volume month must be submitted to the Company directly via telephone or facsimile transmission. To insure priority handling of a qualifying order, the Distributor should inform the Company’s Customer Service Distributor the order being placed is a qualifying order. If the qualifying order is transmitted to the Company via facsimile then the order should be clearly marked as a qualifying order and indicate the volume month for which the order is to be applied.

Any qualifying order received from a warehouse after the twenty-fifth (25th) of the calendar month for the current volume month will be applied towards the following volume month. In the event that an order is received from a warehouse and also submitted to the Company directly via telephone or facsimile transmission will be treated as two orders: One qualifying order for the current volume month and one qualifying order for the following volume month. If an order is canceled or refused, commissions for either of the volume months may be affected.

It is not the responsibility of the Company to inform a Distributor of an improper submission of a qualifying order. The Distributor must place qualifying orders properly in order to participate in rank advancement and/or the earning of commissions.

Any Distributor who, in good faith, placed a qualifying order in accordance with these policies and is denied commissions and/or rank advancement because a Warehouse is found to be in violation of these policies will receive commissions in accordance with the "Recalculation of Commissions Policy."

A Warehouse may institute its own individual policy regarding the acceptance of qualifying orders from a Distributor in order to ensure submission to the Company on or before the twenty-fifth (25th) of the calendar month. Any Warehouse found to be in violation of these policies resulting in the Company being required to recalculate commissions in accordance with the "Recalculation of Commissions Policy" may, at the Company's sole discretion, be required to forfeit commissions in the amount equal to the commissions of the Distributor(s) who were negatively affected. Serious and/or repeated abuses of this policy will result in the revocation of a Distributor's Warehouse status.

In the event that a Distributor willfully disregards this policy, neither the Company nor the Warehouse will be held responsible.

H 10 Policies and Procedures for AutoShip:

- 1 Youngevity will use its best efforts to ship all AutoShip orders on the specific day of the month specified by the Customer or Distributor at the time the AutoShip order was setup. In cases where that day lands on a weekend, holiday, or any other day that the Youngevity warehouse is closed for shipping, said AutoShip order will be fulfilled on a day chosen by Youngevity, as close as possible to the chosen day. Should there be a need to permanently change an AutoShip date, Customer or Distributor will be notified of same and provided with revised schedule and or other Autoship day options.
- 2 All new AutoShip requests must be received electronically or physically by the Company by the last business day on or before the 28th of the month to be processed for the following month.
- 3 Youngevity is not responsible for delays in the delivery of an AutoShip request caused by the U.S. Postal Service, or any other courier service, public or private.
- 4 All AutoShip requests must be received electronically or on an official Company AutoShip Order form. The order form must be filled out completely. Any omissions of information will render the AutoShip request invalid and must be resubmitted.
- 5 Youngevity can receive faxed, photocopied, internet, and original AutoShip forms. AutoShip requests will be accepted with appropriate endorsement. Youngevity cannot receive a request for AutoShip via the telephone.
- 6 All AutoShip requests must be paid with a credit card, ProPay or credit on account, which will be billed monthly.

- 7 All AutoShip requests must be sent to the billing address of the credit card (this information will be verified with the credit card company).
- 8 An AutoShip order may be of any size. Qualifying Volume for AutoShip orders will be applied automatically, however, having an active AutoShip order on file, in itself, does not automatically constitute Commissions or Rank Qualification for any Representative. It is the responsibility of the individual Distributor to qualify for commissions with the required Personal Qualifying and or Group Qualifying Volume.
- 9 Any and all changes to an existing AutoShip are treated as a new AutoShip Request and are subject to the same requirements. Any and all changes to an existing AutoShip must be clearly identified as a change to avoid a duplicate AutoShip order being created.
- 10 The Company is not responsible for any incorrect information supplied by any financial institution.
- 11 The Company is not responsible for credit cards not authorized for payment of an AutoShip order. Any order not authorized for payment via a credit card will be cancelled for that month. Any order not authorized for payment via a credit card for two (2) months in any twelve (12) month period will be rendered void and will be required to be resubmitted with another credit card number as payment. If the new credit card is not authorized for payment during the twelve (12) month period, the Distributor will not be allowed to participate in the AutoShip program and will instead need to place orders using another payment method.
- 12 The Company will cancel any AutoShip that is subject to a consumer credit card chargeback.
- 13 Unauthorized duplication of an AutoShip Order Form is prohibited. Written permission from the Company is required before the duplication of any form is permitted.
- 14 Any AutoShip that is refused delivery will be immediately canceled. Additional charges will be levied if a second shipment is requested. An AutoShip canceled for refused delivery will not be eligible for renewal.
- 15 The Company processing fees will be deducted from refunds issued for AutoShip orders.
- 16 As outlined in section D9, all Youngevity Distributor Applications and AutoShip Order Forms must be properly and legally endorsed. Violation of this policy is considered fraud and is a violation of these Policies & Procedures.

H 11 Policies and Procedures for Duplication of Distributor Application, Order Form & AutoShip Form:

- 1 The word “form” refers to the Youngevity Distributor Application, Product Order Form, and AutoShip Order Form, whether in print on paper or electronic via any Youngevity website.
- 2 The word “original” refers to the source material provided by the Company for reproduction.
- 3 These forms must be “duplicated” from the original supplied from the Company and not “recreated”, ie: all forms must be exact reproductions of the original without changes or deletions. Any and all duplication of forms must also adhere to all other applicable provisions to these Policies & Procedures.
- 4 An original Company form will be made available in the following formats for reproduction:
 - a) A laser print
 - b) A computer image available in PDF format.
- 5 All paper forms must be reproduced in the following Pantone colors:
 - a) Distributor Application - PMS 527 (Purple)

- b) Order Form - PMS 355 (Green)
 - c) AutoShip Order Form - PMS 485 (Red)
- 6 Any paper forms reproduced in other colors and submitted to the Company for processing will be returned for correction and resubmission.
 - 7 All forms reproducible will contain a box labeled "Presented By" or "Presented by the Company's following Distributor." A Distributor wishing to do so, may place his/her name, company name, telephone number, special offer, or advertisement within the borders of this box and not covering the above mentioned label inside the box. The nature of the contents inside the box is governed by the Policies & Procedures and must be submitted to the Company for approval prior to reproduction.
 - 8 Any and all forms reproduced without prior written consent from the Company may be found to be in violation of the Policies & Procedures and may not be accepted for processing.
 - 9 These forms and policies are designed to give the Company's Distributor the opportunity to personalize the service he/she offers their downline and to ensure that uniformity is maintained to aid the speedy and accurate processing of all the Company orders and applications.

H 12 Drop Ship Policy

For the purposes of these Policies & Procedures, a Drop Ship is defined as an order placed by a Distributor using their credit card and having that order delivered to a place or party other than the Distributor or Distributor's address.

Youngevity will Drop Ship your order so long as it is paid for with your credit card. Youngevity will not Drop Ship any C.O.D. or payment due orders.

- 1 Distributors placing a Drop Ship order will assume all responsibility for packages lost or stolen after delivery to the address specified.
- 2 Distributors placing Drop Ship orders must be named on the credit card used for the order.
- 3 A Distributor may not pay for an order using another person's credit card, regardless of the delivery destination.
- 4 The billing address of the credit card to be used for a Drop Ship must be provided at the time of the order. Youngevity will, without notice, verify the billing address, telephone number, and name or card holder. If this information is found to be different than that submitted to Youngevity, further Drop Ships will not be permitted.
- 5 Any Drop Ship refused delivery will not be eligible for a full refund. Shipping and handling charges will be deducted from any refund issued. These charges may exceed seven (7%) percent of the sales price.
- 6 Youngevity may, at its sole option, suspend any Distributor who instigates a consumer chargeback related to a Drop Ship paid for via credit card. Payment plus additional administrative fees must be made prior to the removal of a Distributor's suspended status.
- 7 Failure to abide by the Drop Ship Policy will result in the termination of the Drop Ship Agreement.

I | ADVERTISING, USE OF COMPANY NAMES, AND PROTECTED MATERIALS

- I 1 No Distributor shall produce, promote, or use copyrighted, trademarked, service marked, or proprietary materials

of any kind describing the Company's names, products, or logos, if said materials are not obtained from, or approved by, the Company in advance in writing, prior to their production or use. Distributors shall not use or appear on television, radio, including Internet blogs, internet radio, podcasts, or any other media to promote or discuss the Company or its programs without prior written permission from the Company. All media inquiries shall be referred directly to the Company. Distributors may use the Youngevity Advertising Approval form to submit for approval any such media promotions.

In addition, Distributor shall not misuse or misrepresent him/herself or any of the Company's products through the use of any other person's name, company name, trademark, or any other personal or copyrighted information, symbols, logos, or trade names without the express written permission of both the other party and the Company.

- 12** In addition to these Company Policies and Procedures, Federal law prohibits deceptive advertising, which includes any and all false and or unsubstantiated advertising. Distributors must not use false or misleading statements or material omissions of information that may be construed to deceive the public in any advertising, whether in print, written, electronic, verbal, or any other form or media considered advertising. The Company is including these regulations to comply with those of the Federal Trade Commission, Federal Drug Administration, as well as other various Federal, State, and Local agencies. The Company takes these regulations seriously, and always abides by them when creating any and all Company generated advertising.
- 13** Whereas the Company may also consider approval of distributor generated advertising (as outlined in our Advertising Approval Application), it is mandatory that all distributors use only Company generated and pre-approved advertising in the promotion of the Youngevity® income opportunity or any Youngevity® products. The Company is not required to, nor will it defend or hold harmless any Distributor using non-approved advertising, in any form, that is found to be in violation of any Local, State, or Federal statutes. Please read these regulations carefully. Complete compliance with them is not only expected, it is necessary to avoid violation of federal law. Under federal law, the Company is obliged to take all reasonable action possible to prevent and or halt deceptive advertising by its distributors. Once aware of deceptive promotions by a Distributor, The Company must and will act accordingly.

The following are examples of prohibited content applicable to all advertising and promotion of The Company products (whether on the web, in person, or via media of mass communication):

- a)** No distributor may use any recording, book, pamphlet, or transcript to promote the sale of a Company product if that recording, book, pamphlet, or transcript associates any nutrient found in a Company product with any effect on a disease or any health benefit unless the precise claim in question has been pre-approved for such use by the Company.
- b)** No distributor may place upon his or her website used to promote or sell Company products any link to another website containing information that associates a nutrient contained in any Company product or any Company product with an effect on a disease or any health benefit unless that specific link has been pre-approved by the Company.
- c)** You may not inform a potential purchaser of a Company product that the product or any of its ingredients can treat, cure, or prevent a disease or cause a health benefit unless the specific claim has been pre-approved by the Company.
- d)** You may not advertise in any medium of mass communication (including via the internet, direct mail, print media, broadcast media, or cable media) that the product or any of its ingredients can treat, cure, or prevent a disease or cause a health benefit unless the specific claim has been pre-approved by the Company.
- e)** You may not represent that a The Company product has any effect upon a body structure or function unless the

specific claim has been pre-approved by the Company.

By contrast with the preceding examples, you may use any claim approved by The Company so long as it is used consistently with the approval given and within the same context approved for use. Company literature, websites, and other electronic media do contain approved health claims, in context. These have been approved or allowed by the Food and Drug Administration and are consequently approved for use by Company distributors, provided that FDA's conditions on use of the individual claims are satisfied. These claims must be used in their entirety and within the limits prescribed by FDA.

I 4 Default Rule of Advertising Use

By default, any advertising, including, but not limited to, brochures, pamphlets, recordings, videos, E-Mail content, Websites, Blogs, Newsletters, Scripts, Articles, Banners, Presentations, and displays that are not produced and made available directly by the Company are deemed a non-approved, non-compliant advertising, and must not be used to promote any aspect of the Youngevity® income opportunity or products.

I 5 Esoteric, Non-Intuitive Content

The laws regulating the use of advertising, claims, and information made available regarding nutritional products, network marketing, income opportunities, and health and or income claims are vast, containing many esoteric indications and rationale that are not always intuitive or obvious, especially to the layperson. The Company goes to a great deal of time, energy, and expense to make sure that Distributors have professional advertising materials available to them, that said advertising is up to date, compliant, and will not place the Distributor in a situation where he/she violates company policies or Federal, State, and or Local statutes. For obvious reasons, Youngevity is reticent to approve any Distributor generated advertising. Even in such cases where Distributor generated advertising is approved, the Company reserves the right to deny or rescind approval on any advertising for any reason at any time, with no liability or recourse for expenses incurred by Distributor to create, distribute, or repeal said advertising. Once notified of same, Distributor must discontinue use of said unapproved advertising immediately.

I 6 Distributors may place classified ads in newspapers if they do not use Company names or trademarks.

I 7 Distributor's use of the Company is restricted as to protect the Company's proprietary rights, ensuring that Company protected names will not be lost or compromised by unauthorized use.

I 8 Other rules relating to the use of the Company name are as follows:

- a)** All stationery (letterhead, envelopes, and business cards) bearing the Company name or logo must be printed using the correct wording as indicated by the Company.
- b)** All promotional items such as clothing, personal use items, and any items of any other nature which bear the Company's name or logo must be purchased/sold only from the Company or its authorized Distributors. The only exceptions are imprinted gift items such as: pens, key chains, letter openers, buttons, and calendars. These kinds of items must not include the Company's logo, but must be inscribed as follows:

Compliments of "Youngevity"

(Name)

Independent Distributor

(optional address and phone number)

- c) All Distributors may list themselves in the telephone directory under their own name, followed by the words “Independent Distributor of Youngevity.”
- d) No Distributor is allowed to place phone directory display ads using the Company’s name or logo. No Distributor shall list their business name, caller ID, or directory listing as Youngevity or any other Company trademark, salesmark, or product name.
- e) Use of the Company’s name or logo on buildings, vehicles, etc., must be approved in writing in advance by the Company. Such usage must always carry the phrase “Youngevity Independent Distributor” immediately following the Distributor’s name. Such usage must be according to Company instructions and using Company formats and/or materials. Items bearing the Company name(s) must be kept in visually attractive condition.
- f) A Distributor may not refer to themselves as “Youngevity” alone when answering the telephone. The Distributor’s name must be given. Always refer to yourself or your business as an “Independent Youngevity Distributor.”
- g) It is not permitted for anyone to possess a business name or bank account using the name Youngevity.

I 9 Distributor Website and Social Media Policy

This amendment to the Youngevity Policy & Procedures refers to the creation and use of Internet websites created by Youngevity Distributors for the purpose of promoting themselves as a Youngevity Distributor and the Youngevity products or Dr. Joel Wallach. A website is defined as any use of a computer, the Internet, and the World Wide Web to display, comment on, or otherwise transmit information in graphic, text, or audio form. As with any advertisement or promotion, the Policies & Procedures of Youngevity prevail and should be followed in addition to the following amendment.

- a) The name Youngevity is a registered trademark, as are the other Company and Product names owned by the Company. The name Youngevity or any trademark or salesmark of the Company, in its entirety, in part, or hyphenated may not be used in any domain name, URL, or email address.
- b) The name Dr. Joel Wallach is part of the intellectual property of Dr. Joel Wallach and may not be used in its entirety, in part or hyphenated, in any domain name, URL, or email address.
- c) All logos, slogans, and trademarks of the Company are the sole property of Youngevity and may be used with written permission only. Permission to use Youngevity logos, slogans, and trademarks may be revoked without notice or reason and solely at the discretion of Youngevity.
- d) All use of Youngevity logos, slogans, and trademarks must state permissions given on the front, index, home, or main page of any website.
- e) All Youngevity logos, slogans, and trademarks must be used in their respective entirety. All colors in any Youngevity logo or trademark must be reproduced accurately. No partial logos or “artistic license” may be used.
- f) Youngevity logos, slogans, and trademarks in graphic form may not be sold or traded by anyone.
- g) The name and Distributor Identification Number of any and all Youngevity Distributors responsible for content of a website must be displayed on the front, index, home, or main page of the website.
- h) No Distributor of Youngevity may state or imply that their website is official, sanctioned, authorized, or licensed by Youngevity, Dr. Joel Wallach, or any board member, advisor, consultant, or affiliate of same. Any and all Representative owned websites must be identified as owned and controlled by the individual entity

or person to whom the site belongs, followed by “independent distributor for Youngevity.” Only websites owned, controlled, and designated by the Company as such can be considered as an “official website” or any iteration thereof. These websites include, but are not limited to www.youngevity.com, www.90forlife.com, and many other micro sites, and subordinate sites. Only representatives in good standing may have access to the Company replicated sites, including, but not limited to www.my90forlife.com, www.youngevityonline.com, as well as access to the tools, programs, back office access, and other areas contained therein.

- i) Any and all sources of content and permissions for use of a Youngevity Distributor’s website must be documented and stated on the website. This includes but is not limited to the use of graphics, quotes, and excerpts.
- j) Written approval for all quotes or excerpts from Dr. Wallach’s lectures, books, radio shows, audio, or visual productions must be stated and documented. Note: Copyrights from various radio shows, audio, and visual productions may be held by persons or entities other than Youngevity. People or entities holding copyrights of this type are not obligated to grant permission for use of these materials.
- k) The signature of, or likeness of Dr. Joel Wallach, board member, advisor, or any current employee or affiliate of the Company is not allowed to be used on any website.
- l) No Distributor of Youngevity may make any claims of income or income potential by becoming a Youngevity Distributor.
- m) No Distributor of Youngevity may make any claims of health benefits or betterment by consuming or applying Youngevity products.
- n) Only the Distributor’s personal testimonial about the benefits or results stemming from the use of Youngevity products may be used on a Distributor’s website. A Distributor’s website must not contain the testimonials of others in the content of their website.
- o) No banners or other methods of advertisement may be used or included in the content of any Youngevity Distributor’s website.
- p) No hyperlinks to other websites promoting competing products may be used on any Youngevity Distributor’s website.
- q) No products other than Youngevity products may be mentioned or sold on any Youngevity Distributor’s website. This includes but is not limited to product comparisons.
- r) Any use of the internet to promote the Youngevity Compensation Plan internationally is prohibited until such time as Youngevity authorizes promotion of the Compensation Plan, after being designed and approved for a particular country.
- s) Distributors using a website for order fulfillment must transact business using a secure server to protect the personal information of the customer. Email orders are not to be encouraged or accepted for transacting Youngevity business.
- t) Each individual Youngevity Distributor is responsible for abiding by all local, state, and federal laws concerning all aspects of using the Internet to promote or sell Youngevity products and business opportunities.
- u) Youngevity reserves the right to edit content of and require immediate modifications to any Distributor’s website at the sole discretion of Youngevity.
- v) Electronic mail (email) advertising is subject to Youngevity Policies & Procedures and as such must be

submitted and approved prior to transmission. All email advertising is subject to editing by Youngevity prior to approval to transmit.

- w) All email advertising must be in compliance with all prevailing local, state, and federal laws concerning unwanted, unsolicited email also known as spam. Spamming is illegal and will not be tolerated by Youngevity.
- x) It is strictly forbidden for any Distributor to represent him/herself or any products, product packages, or affiliations through direct or indirect inference through any website, advertisement, email, or any other means as other than is actually true and as outlined herein. Any represented affiliation with any person, persons, groups, or organization(s) that is against the wishes of, or unknown to said affiliate, will be viewed upon as fraudulent and in violation of Distributor's agreement.

*Existing websites (sites that were constructed prior to, and that have been in continuous operation since October of 2002) using a form of Youngevity or Dr. Joel Wallach in their URL or domain name only (RE: provisions a and b of this section) are granted permission to continue to operate as long as all other policies are followed (sections c through x inclusively). The email addresses are still subject to the policy. Websites granted these permissions must contain a hyperlink to the www.Youngevity.com corporate website on the front, index, or main "page" and should be labeled as "The Youngevity Corporate Website may be found here." The Company's network of Independent Distributors can therefore protect each Distributor's individual business image, as well as the Company's overall image.

y) Social Media Community Guidelines

In addition to the Distributor website specific guidelines, there are additional stipulations regarding Social Media and similar online communities. The Company's Social Media Community Guidelines are maintained separately as a part of these Policies and Procedures. As Social Media is a dynamic and rapidly changing environment, it may be necessary to update said guidelines more frequently than that of this document. As a result, the most current guidelines may or may not coincide with what is listed herein. The most current guidelines are appropriately posted in/on the official Company Social Media sites by the administrator(s) of said sites. Any violation of the Social Media Community Guidelines will be considered a violation of these Policies and Procedures, and will be subject to the remedies as stated herein.

The Company welcomes the use of the Internet and on-line communities to promote the Company, its products, services, and income opportunity. However, just as with any written or spoken advertising, any and all Social Media postings including, but not limited to chats, blogs, fan pages, broadcasts, videos, tweets, text messages, and etc. must be compliant with the entirety of these Policies and Procedures. This also includes a Distributor's personal Social Media pages, if said pages are used to promote the Company, its products, or income opportunity. If it is unclear whether any information to be posted may be compliant, submit said information to the Company via mail, facsimile, or electronic mail to compliance@youngevity.com for review prior to posting.

The Company audits and monitors web activity for unapproved and/or unauthorized advertising on a continuing basis. Should any non-compliant activity be discovered, notification will be sent to the offender requesting the immediate removal of the non-compliant information, links, or other media. All notices and requests will be made as stated herein. In addition to the Company's monitoring, it is expected that all Distributors actively police their Social Media site(s) for compliance violations, take steps to correct these, and report any violations as outlined herein. The Company greatly appreciates the cooperation of all Distributors and other members of the various Social Media groups for assisting in upholding the spirit of our on line community by providing an open, safe, and compliant environment.

Fan Pages

Distributors and other members of Company sponsored social media communities (for the purposes of this section, referred to solely as “Member”) may not attempt to, or appear to, represent the Company in any way on Facebook, Twitter, LinkedIn or other social media platforms. Further, no attempt to represent or appear to represent any individual person, either affiliated or not affiliated with the Company is strictly prohibited. All accounts, fan pages, and personally created websites and blogs must be personal and obviously appear as such.

For example, you may not create a fan page entitled “Youngevity” or “FDI Business Opportunity” or “Youngevity Nutrition” because this would appear to represent the Company. You may create a personal fan page, such as “Youngevity Personal Health Coach” with a picture of yourself, so long as you follow the other guidelines as stated herein.

Blogs

You may create a personal blog in which you discuss the Company products and business opportunity, but you may not use the Company name(s) in your domain or claim to represent the Company in anyway, and you must follow the health and income claim guidelines as stated herein with all your marketing efforts.

Personal Facebook Profiles

You may not include the Company name anywhere in your personal Facebook profile name. Facebook profiles must be your real name; to do otherwise is a violation of both these Policies and Procedures as well as Facebook terms of service and will likely result in the deletion or suspension of your Facebook account. It is strongly discouraged that you use any Company logo or product images as your personal profile picture. To do so, will likely result as your account being designated as spam, which will hinder your relationship building efforts. An exception to this may be if the company posts or sets up “pic badges” or other uniform branding that can be added to your personal profile picture.

Marketing to Facebook Members

The Company Facebook pages and groups provide a forum for discussion, but they should not be used for marketing products or services, recommending affiliate products, or self-promotion. Anyone found to be misusing, abusing, or defaming the Company or any Distributor or Customer thereof on any and all company Facebook pages, will have all posts removed, be “unfriended” and flagged as “inappropriate” and, or “spammer” within Facebook.

Links to Competing Companies

Posting information from, or links to, competing companies is not allowed. Such activity will be viewed as cross-recruiting and is a direct violation of your representative / distributor agreement.

Spam

The Company maintains a zero tolerance policy with regard to SPAM within Social Media Communities. Common examples of SPAM include, but are not limited to:

- Unsolicited links and information sent to inboxes of those who do not wish to receive it, or without some sort of request for information.
- Posts of unsolicited links in Facebook groups or other Facebook pages not related to the Company without some request for information.
- Tags of people in any Company-related Facebook photos if they are not involved/have expressed interest in the Company, its products, or business opportunity or who have specifically requested not to be tagged.

- Invitations or additions of individuals to the Company Corporate Group who are not involved/have expressed interest in the Company, its products or business opportunity.
- Frequent status updates promoting specific URL hyperlinks or other links.

I 10 Violators of any of these Policies & Procedures relating to advertising, Company name(s), and logo(s) may be required by the Company, at the Company's option, to correct the violations in whatever manner the Company deems necessary. Correction measures are not limited to, but may include disconnecting phone numbers without a referral, removing signs, canceling advertising, and destroying noncompliant literature. Distributor authorization may also be terminated, and offending Distributors will be liable for any damages sustained by the Company, as well as any other penalties imposed through legal action.

I 11 Compliance

The Company actively seeks out to discover the use of non-approved, non-compliant advertising. Said discovery may be made by active web searches, anonymous monitoring of public conference calls and or meetings, or by reports of potential violations by other Distributors or Customers, or by various other non-intrusive methods. At no time will the Company's compliance audit process violate the Company's privacy policy or that of any Local, State, or Federal Statute. Any distributor found in violation of these regulations will receive a warning letter via electronic mail at their last known E-Mail address. The letter will demand full compliance within 7 days of its date of issuance. Follow-up will then be conducted by The Company on the 7 day anniversary of the date of warning letter issuance to determine whether all changes necessary to achieve full compliance have been made. Where compliance is not achieved or not achieved completely, The Company will suspend the Distributorship in question, whereby all benefits of the Distributorship, including commissions, will also be suspended. Full compliance will have to be achieved within an additional 7 days of Distributorship suspension or The Company will terminate the Distributorship in question, and all Distributor benefits, including commissions, will be forfeit. In addition, the Company reserves the right to refer deceptive advertising cases to the FTC, if deemed necessary to protect the interests of the Company or consumers at large.

All Distributors are obligated to report any and all violations of these regulations regarding deceptive advertising. Any such complaint will be promptly investigated, and appropriate action taken. The identity of anyone reporting such violations will be protected and the best interests of the Company as well as the reporting Distributor will be considered at all times during and after said investigation.

J | JUDICIAL PROCEDURES

- J 1** Most violations of the Policies & Procedures occur through lack of awareness or understanding on the part of the violating Distributor. Distributors observing a Policy violation should immediately point out the violation directly to the violating Distributor.
- J 2** Distributors who observe continued violations by another Distributor following the personal contact outlined in J1, should report the violation in writing to the Company. Details such as dates, number of occurrences, and evidence, along with any supporting testimony, should be included in the report.
- J 3** Any violation, large or small, of the Advertising, Use of Company Name(s), and other Section I Policies must be referred directly to the Company for resolution.
- J 4** The Company will address all violations according to set procedures including using Distributor network input and

giving the accused Distributor adequate opportunity to respond to any violation charged.

- J 5** It is the obligation of every Distributor to maintain the integrity of the Policies & Procedures to ensure fairness and equal Compensation Plan opportunities to all Distributors.
- J 6** Failure of the Company to enforce any of these Policies & Procedures with one Distributor does not waive the right of the Company to enforce any such provision(s) against that same Distributor or any other Distributor.
- J 7** The original of a document faxed to the Company must be received by the Company before the document is considered “received” by the Company.
- J 8** To the fullest extent permitted by law, Youngevity shall not be liable for, and Distributor releases the Company from, and waives all claims for, any loss of profits, indirect, direct, special, or consequential damages or any other loss incurred or suffered by Distributor as a result of:
 - a)** the breach by the Distributor of the Agreement and/or the terms and conditions of the Policies & Procedures,
 - b)** the operation of Distributor’s business,
 - c)** any incorrect or wrong data or information provided by the Distributor, or
 - d)** the failure to provide any information or data necessary for the Company to operate its business, including without limitation, the enrollment and acceptance of a Distributor into the Compensation Plan or the payment of commissions and bonuses.
- J 9** In the event of a dispute with the Company, Distributor and the Company agree to participate in mediation in an earnest attempt to resolve the dispute prior to submitting it to binding arbitration pursuant to the Commercial Arbitration Rules then in effect of the American Arbitration Association, provided, however, that injunctive relief sought by the Company against any party shall be excluded from this clause. Such Arbitration shall occur in San Diego, California. Louisiana Distributors, however, may arbitrate in New Orleans, Louisiana.

J 10 Distributor Website Policy

This amendment to the Youngevity Policy & Procedures refers to the creation and use of Internet websites created by Youngevity Distributors for the purpose of promoting themselves as a Youngevity Distributor and the Youngevity products or Dr. Joel Wallach. A website is defined as any use of a computer, the Internet, and the World Wide Web to display, comment on, or otherwise transmit information in graphic, text, or audio form. As with any advertisement or promotion, the Policies & Procedures of Youngevity prevail and should be followed in addition to the following amendment.

- a)** The name Youngevity is a registered trademark, as are the other Company and Product names owned by the Company. The name Youngevity or any trademark or salesmark of the Company, in its entirety, in part, or hyphenated may not be used in any domain name, URL, or email address.*
- b)** The name Dr. Joel Wallach is part of the intellectual property of Dr. Joel Wallach and may not be used in its entirety, in part or hyphenated, in any domain name, URL, or email address.*
- c)** All logos, slogans, and trademarks of the Company are the sole property of Youngevity and may be used with written permission only. Permission to use Youngevity logos, slogans, and trademarks may be revoked without notice or reason and solely at the discretion of Youngevity.
- d)** All use of Youngevity logos, slogans, and trademarks must state permissions given on the front, index, home, or

main page of any website.

- e) All Youngevity logos, slogans, and trademarks must be used in their respective entirety. All colors in any Youngevity logo or trademark must be reproduced accurately. No partial logos or “artistic license” may be used.
- f) Youngevity logos, slogans, and trademarks in graphic form may not be sold or traded by anyone.
- g) The name and Distributor Identification Number of any and all Youngevity Distributors responsible for content of a website must be displayed on the front, index, home, or main page of the website.
- h) No Distributor of Youngevity may state or imply that their website is official, sanctioned, authorized, or licensed by Youngevity, Dr. Joel Wallach, or any board member, advisor, consultant, or affiliate of same. Any and all Representative owned websites must be identified as owned and controlled by the individual entity or person to whom the site belongs, followed by “independent distributor for Youngevity.” Only websites owned, controlled, and designated by the Company as such can be considered as an “official website” or any iteration thereof. These websites include, but are not limited to www.youngevity.com, www.90forlife.com, and many other micro sites, and subordinate sites. Only representatives in good standing may have access to the Company replicated sites, including, but not limited to www.my90forlife.com, www.youngevityonline.com, as well as access to the tools, programs, back office access, and other areas contained therein.
- i) Any and all sources of content and permissions for use of a Youngevity Distributor’s website must be documented and stated on the website. This includes but is not limited to the use of graphics, quotes, and excerpts.
- j) Written approval for all quotes or excerpts from Dr. Wallach’s lectures, books, radio shows, audio, or visual productions must be stated and documented. Note: Copyrights from various radio shows, audio, and visual productions may be held by persons or entities other than Youngevity. People or entities holding copyrights of this type are not obligated to grant permission for use of these materials.
- k) The signature of, or likeness of Dr. Joel Wallach, board member, advisor, or any current employee or affiliate of the Company is not allowed to be used on any website.
- l) No Distributor of Youngevity may make any claims of income or income potential by becoming a Youngevity Distributor.
- m) No Distributor of Youngevity may make any claims of health benefits or betterment by consuming or applying Youngevity products.
- n) Only the Distributor’s personal testimonial about the benefits or results stemming from the use of Youngevity products may be used on a Distributor’s website. A Distributor’s website must not contain the testimonials of others in the content of their website.
- o) No banners or other methods of advertisement may be used or included in the content of any Youngevity Distributor’s website.
- p) No hyperlinks to other websites promoting competing products may be used on any Youngevity Distributor’s website.
- q) No products other than Youngevity products may be mentioned or sold on any Youngevity Distributor’s website. This includes but is not limited to product comparisons.
- r) Any use of the internet to promote the Youngevity Compensation Plan internationally is prohibited until such time as Youngevity authorizes promotion of the Compensation Plan, after being designed and approved for a particular country.

- s) Distributors using a website for order fulfillment must transact business using a secure server to protect the personal information of the customer. Email orders are not to be encouraged or accepted for transacting Youngevity business.
- t) Each individual Youngevity Distributor is responsible for abiding by all local, state, and federal laws concerning all aspects of using the Internet to promote or sell Youngevity products and business opportunities.
- u) Youngevity reserves the right to edit content of and require immediate modifications to any Distributor's website at the sole discretion of Youngevity.
- v) Electronic mail (email) advertising is subject to Youngevity Policies & Procedures and as such must be submitted and approved prior to transmission. All email advertising is subject to editing by Youngevity prior to approval to transmit.
- w) All email advertising must be in compliance with all prevailing local, state, and federal laws concerning unwanted, unsolicited email also known as spam. Spamming is illegal and will not be tolerated by Youngevity.
- x) It is strictly forbidden for any Distributor to represent him/herself or any products, product packages, or affiliations through direct or indirect inference through any website, advertisement, email, or any other means as other than is actually true and as outlined herein. Any represented affiliation with any person, persons, groups, or organization(s) that is against the wishes of, or unknown to said affiliate, will be viewed upon as fraudulent and in violation of Distributor's agreement.

*Existing websites (sites that were constructed prior to, and that have been in continuous operation since October of 2002) using a form of Youngevity or Dr. Joel Wallach in their URL or domain name only (RE: provisions a and b of this section) are granted permission to continue to operate as long as all other policies are followed (sections c through x inclusively). The email addresses are still subject to the policy. Websites granted these permissions must contain a hyperlink to the www.Youngevity.com corporate website on the front, index, or main "page" and should be labeled as "The Youngevity Corporate Website may be found here." The Company's network of Independent Distributors can therefore protect each Distributor's individual business image, as well as the Company's overall image.

- J 11** Any distributor found in violation of these regulations will receive a warning letter via electronic mail at their last known E-Mail address. The letter will demand full compliance within 7 days of its date of issuance. Follow-up will then be conducted by The Company on the 7 day anniversary of the date of warning letter issuance to determine whether all changes necessary to achieve full compliance have been made. Where compliance is not achieved or not achieved completely, The Company will suspend the Distributorship in question, whereby all benefits of the Distributorship, including commissions, will also be suspended. Full compliance will have to be achieved within an additional 7 days of Distributorship suspension or The Company will terminate the Distributorship in question, and all Distributor benefits, including commissions, will be forfeit. In addition, the Company reserves the right to take further actions, including, but not limited to, seeking injunctive relief and or punitive damages and reformation, or referral to local, State, or Federal agencies if deemed necessary to protect the interests of the Company or consumers at large.

K | AMENDMENTS

- K 1** The Company shall have the right to amend rules, the Policies & Procedures, and the Compensation Plan and bonus structure under the following conditions:

- 1 Changes in the business environment: Changes which are detrimental to the Company's or Distributor's financial health or changes which require new policies due to new markets or strategies. For example, the evolution and popularity of eBay as an online storefront used by Distributors may require new policies and procedures for this new marketing strategy. In the absence of specific language, the Company will use its sole discretion to determine whether or not any "new" or "unique" marketing method is in violation of the spirit of these Policies and Procedures. Should any Distributor be seen as violating the spirit of these Policies and Procedures, said Distributor will be deemed as in violation of same, whether or not specific language yet exists to address the circumstances. If deemed necessary to amend these Policies and Procedures, the Company will do so in a timely basis once the need is recognized, however, the lack of such language will not preclude the Company from acting upon violation of same.
 - 2 Operational: Unanticipated operational expenses or to streamline procedures at the request of Distributors.
 - 3 Unsustainable Compensation Plan.
 - a) May be altered only if management discovers that the percentage of payout is detrimental to the long-term sustainability, profitability, or longevity of the Company than initially anticipated.
 - b) If the Company transitions to direct/retail sales, the Company will continue to pay Distributors on their current group volume up to that point under the same guidelines and terms of compensation.
 - c) To enhance the compensation payout to the benefit of the majority of Distributors.
 - 4 Legal Reasons: The Policies & Procedures may be modified due to new or modified federal, state, or local laws or legal action. All such modifications need to be commensurate with the specific need that has arisen, and no disguised, extraneous alterations may be inserted at this time to the detriment of the Distributors, creating additional breakage for the Company. In such instances, the Company is obligated to give notice and state such modifications to the Policies & Procedures in a companywide communication. When essential modifications are made, there will be no retroactive effect of said changes.
- K 2** Changes and amendments to these rules will go into effect immediately upon publication in an official Company bulletin, newsletter, magazine, or Company website. Amendments so announced will be binding on all Distributors.
- K 3** The Company shall have the right to change pricing for products and sales materials at any time without consultation and for any reason the Company deems necessary.

L | GENERAL BUSINESS ETHICS

By application to the Company, each Distributor agrees to conduct his/her business according to the following General Business Ethics. This code ensures high standards of integrity and professionalism throughout the Company's network of independent Distributors and protects each Distributor's individual business image, as well as the Company's overall image.

I promise and agree to conduct my business according to the following principles:

- L 1** I will use the Golden Rule "treating others as I wish to be treated..." as the primary measuring stick in conducting all business.
- L 2** I will be honest in all business dealings.

- L 3** I will give the highest quality of service by treating customers fairly and showing courtesy and helpfulness in explaining the Company products.
- L 4** I will represent the Company's Compensation Plan completely and without exaggeration to all potential Distributors.
- L 5** I will fulfill all obligations stated herein with regards to Enrollment and Placement of other Distributors including training, motivation, and support.
- L 6** I will work in harmony with all of the Company's Distributors to help further the success of the overall Company programs and the success of all Distributors recognizing that this supports my own business.
- L 7** I will conduct my business professionally, keeping commitments I have made to others and portraying a positive image to all contacts.
- L 8** I will always remember that success is the result of honest effort. I will work for personal success as well as encourage others to reap the rewards of diligent effort.
- L 9** I will endeavor to observe the spirit as well as the letter in all of the Company's rules and policies, knowing they are for my benefit and the benefit of all Distributors.
- L 10** I will make no claim for any Company product that is not contained in official Company literature, nor will I misrepresent the income potential of the Compensation Plan.

M | PRODUCT RETURN POLICY

Distributors, Preferred, and Retail Customers of Youngevity that need to return product for any reason, will be required to follow the procedures as outlined in this policy. Anyone failing to follow the procedures as described will not be entitled to a refund from Youngevity. Please read the following policy carefully.

- M 1** In accordance with previously stated policy, no refunds are given or offered after thirty (30) days from the date product is received by the customer.
- M 2** All requests for an RMA (Returned Merchandise Authorization) must be received by telephone to Youngevity. Request for an RMA via facsimile or letter will not receive a response from Youngevity.
- M 3** Food is not returnable. All items returned for credit or refund must be disclosed at the time an RMA is issued. Any items returned to Youngevity that were not disclosed at the time the RMA was issued are not eligible for a credit or refund.
- M 4** Only one RMA will be issued per invoice.
- M 5** At the time a RMA is requested, a RMA number will be issued. The customer will be required to write the RMA number in black on the outside of the packaging material used to return product. It is advised that the customer retain the RMA number issued for their records.
- M 6** At the time a RMA is requested a "Product Due Date" will be issued. The Product Due Date will be approximately ten business days from the date an RMA is initiated. Youngevity must receive the product on or before the issued Product Due Date to be eligible for any credit or refund issued. It is the responsibility of the customer to ensure that products are returned on or before the Product Due Date. Youngevity is not responsible for delays in the delivery of product returned caused by the United States Postal Service, or any other courier service, public or private. If after receipt of an RMA it is determined that product was received after the Product Due Date, a credit

will not be issued.

- M 7** It is advised that when product is returned to Youngevity, the customer use a carrier that will provide proof of delivery to the customer. Youngevity is not liable for packages lost in transit or not received.
- M 8** Perishable (chocolate) shipments must abide by the following requirements in addition to all other policies as stated in Section M.
 - a)** Must be returned in original packaging
 - b)** Must be shipped overnight by UPS or Fed Ex
 - c)** Return must be accompanied with RMA (Returned Merchandise Authorization.)
- M 9** Packages sent to Youngevity without an RMA clearly visible on the outside of the package will be refused by Youngevity. It is advised that the customer use a thick black marker when writing the RMA number on the outside of the package. Ball point pen can be removed during the shipping process. Youngevity is not responsible for any RMA numbers removed during the delivery of product caused by the United States Postal Service, or any other courier service public or private. Any package refused by Youngevity will not be eligible for return or refund.
- M 10** Instances of packages received without an RMA number that have been received by Youngevity from the United States Postal Service without a return receipt required will be held by Youngevity unopened for ten days after which they will be destroyed and disposed of. Any customer wanting their merchandise back must arrange to have said merchandise picked up by the carrier of their choice. Youngevity is not responsible for incorrect pickups in these instances.
- M 11** All returned merchandise is subject to an 8% restocking fee.
- M 12** Youngevity will not accept packages sent to Youngevity "Postage Due" or "Freight Collect."
- M 13** After Youngevity receives returned merchandise, a credit will be issued within 7-14 business days.
- M 14** Credits will be issued for product amount only (minus 8% restocking fee). Credits will not be issued for shipping and handling.

N | HERITAGE MAKERS TERMS AND CONDITIONS AND PURCHASE

Youngevity dba Heritage Makers Terms and conditions and terms of service and purchase.

By entering and using the Heritage Makers website ("Site") or service you indicate that you accept these Terms and that you agree to be bound by them. Your use of the Site and its services (together, the "Service") is entirely conditioned on and subject to your compliance with these Terms. If you do not agree with these Terms, do not access or use the Service.

Acceptance of these Terms creates a binding contract between you and Heritage Makers that you will use the Service only in a manner consistent with these Terms. If you have questions about these Terms, please contact support@heritagemakers.com.

I. General Terms of Membership

- a)** Heritage Makers membership ("Membership") is available to you if you are at least 18 years of age and reside in the United States or Canada. Membership is available to you if you submit certain requested information to Heritage Makers, including your name and correct email address. When you register as a Member, you must provide Heritage Makers with true, accurate, current, and complete information about yourself.
- b)** A condition of Membership is your "Active Participation" in the Service. Active Participation is defined as placing an

order through the Heritage Makers website at least once during every 18-month period, or as having publishing points in your account. If your Membership is inactive for more than 18 months, Heritage Makers may terminate your Membership (or any part thereof) and your use of the Service, and may remove and discard all information, albums, image files, creative material, and other content (collectively “Content”) uploaded by you or otherwise made available by you within the Service.

II. Your Use of the Service

Subject to and conditioned upon your compliance with these Terms, and solely for so long as you are permitted by Heritage Makers to access the Service, we grant to you a non-exclusive, non-transferable, non-sub-licensable, limited right and license to access the Service, including any images, text, graphics, data, files, links and other materials incorporated into the Service (other than your Submissions), solely as made available by us, solely as necessary to access the Service and solely for your own personal, non-commercial, home purposes, provided that you keep intact all copyright and other proprietary notices. The Service, including all such materials and all intellectual property rights therein, remain the property of Heritage Makers or its licensors or suppliers. Except as expressly authorized by these Terms, you may not use, reproduce, distribute, modify, transmit, perform, display or create derivative works of any portion of the Service without the written consent of Heritage Makers. Nothing herein grants any rights to commercially exploit any portion of the Service or any content therein. All rights not expressly granted hereunder are expressly reserved.

III. Digital Image Storage

- a) A benefit of Membership is the ability to store photos (“Content”) in your online account. A condition of your storage of photos is your “Active Participation” in the Service. Your data storage allowance depends on the Membership plan you subscribe to and Heritage Makers’ current photo storage policy.
- b) You should always preserve your original Content, or make back-up copies of such Content, on your personal system. You should not use the Service as the only repository for your Content.

IV. Photo Storage Policy

- a) Depending on your membership type, your account will be allotted a certain amount of free photo storage. Please check the pricing page for more information.
- b) If your account meets or exceeds its photo storage limits, additional photos will not be able to be uploaded until you obtain more storage space by taking action such as purchasing additional storage space, upgrading your membership subscription, or clearing storage space in your account through photo deletion.
- c) Heritage Makers reserves the right to purge your account of sufficient image files to bring your account into compliance with the photo storage policy. This will only be done after attempts have been made by Heritage Makers to notify you of your account’s overages and requesting your attention to the matter.
- d) You can check your photo storage allowances and usage in the “my photos” or “my account” areas of the Heritage Makers website.

V. Member Conduct

- a) Heritage Makers is committed to ensuring that the Service remains a fun and safe place to process photographs. To that end, the Service allows Members to be creative with their Content. Users of the Service may not use the Service to process Prohibited Content. Generally, Prohibited Content includes Content or other material that Heritage Makers believes:

- 1 Is abusive, deceptive, pornographic, obscene, defamatory, slanderous, offensive, or otherwise inappropriate;

- 2 Comprises copyrighted material used without the express permission of the owner;
 - 3 Comprises photos, images or materials traced or derived from images you do not own the copyright to (such as images found on the Internet, images scanned from books or magazines, other artist's work, etc);
 - 4 Comprises photos, images or materials containing embedded copyright notices, personal signatures or watermarks.
 - 5 Violates or otherwise encroaches on the rights of others;
 - 6 Contains viruses, worms, corrupt files, Trojan horses or other forms of corruptive code, or any other content which may compromise the Service (collectively "Corruptive Code");
 - 7 Advocates illegal activity;
 - 8 Hacks, destabilizes or adapts the Service, or alters another website to falsely imply it is affiliated with the Service;
 - 9 Uses any high volume automated means (including robots, spiders or scripts) to access the Service;
 - 10 Broadcasts or sends any form of advertising, mass communication or solicitation to Heritage Makers users;
 - 11 Harms anyone, including minors; or,
 - 12 Provides a link to any of the above.
- b) Heritage Makers has the sole discretion to determine whether Content is Prohibited Content, and any Content submitted to the Service may be subject to examination from time to time. Although Heritage Makers does not and will not examine or otherwise review all Content submitted or transmitted to the Service, Heritage Makers may delete, move, and edit Content for any reason, at any time, without notice.
- c) All Content (whether private or shared) that is processed on the Site is the sole responsibility of the person who submitted it. Thus, you are responsible for your Content.
- d) By viewing the Site, you may be exposed to Content that you consider offensive. You take sole responsibility for such exposure.
- e) Heritage Makers in no way guarantees the accuracy, quality, or appropriateness of Content available through the Service. In no event shall Heritage Makers (including its officers, directors, employees, affiliates, suppliers and agents) be liable for claims of any nature, whether direct or indirect, arising from or related to any Content made available on or through the Services, including (without limitation) errors or omissions in such Content, and loss or damages incurred as a result of use of such content.
- f) You agree that you shall not interfere with or disrupt (or attempt to interfere with or disrupt) this service or servers or networks connected to this website, or to disobey any requirements, procedures, policies or regulations of networks connected to this service; or, provide any information to Heritage Makers that is false or misleading, that attempts to hide your identity, or that you do not have the right to disclose. Heritage Makers does not endorse any content placed on the website by third parties, or any opinions or advice, contained in such content.

VI. Copyrights

Heritage Makers is, unless otherwise stated, the owner of all copyright and data rights in the Service and its contents. Individuals who have posted works to this service are either the copyright owners of the component parts of that work, or are posting the work under license from a copyright owner or his or her agent, or otherwise as permitted by law. You may not reproduce, distribute, publicly display or perform, or prepare derivative works

based on any of the content, including any such works without the express, written consent of Heritage Makers, or the appropriate owner of copyright in such works. Heritage Makers does not claim ownership rights in your works or other materials posted by you to this service ("Content").

While Heritage Makers has an inspection process that helps flag potential copyright issues, this process may, or may not, be applied to your Content at Heritage Makers' sole discretion. Ultimately, you are responsible for your Content. As such, it is very important that you take the time to research the images and materials that you submit, and ensure that you keep any reference material on hand in case of a dispute regarding the ownership of your images and materials. If you are not sure about the legality of reference material you did not create, please contact Heritage Makers.

VII. Reporting Copyright Violations

Heritage Makers respects the intellectual property rights of others and expects you to do the same. At Heritage Makers' discretion, and in appropriate circumstances, Heritage Makers may remove Your Content submitted to this service, terminate your account and/or prevent access to this service, if Heritage Makers believes you may have infringed on the intellectual property rights of others. If you believe the copyright in your work, or in the work for which you act as an agent, has been infringed through this service, please contact Heritage Makers' Customer Support. Please provide substantially the following information, which Heritage Makers may then forward to the alleged infringer (see 17 U.S.C. 512 (c)(3) for further details):

- a) A physical or electronic signature of a person authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.
- b) Identification of the copyrighted work claimed to have been infringed, or, if multiple copyrighted works at a single online site are covered by a single notification, a representative list of such works at that site.
- c) Identification of the material that is claimed to be infringing or to be the subject of infringing activity and that is to be removed or access to which is to be disabled, and information reasonably sufficient to permit the service provider to locate the material.
- d) Information reasonably sufficient to permit the service provider to contact the complaining party, such as an address, telephone number, and, if available, an electronic mail address at which the complaining party may be contacted.
- e) A statement that the complaining party has a good faith belief that use of the material in the manner complained of is not authorized by the copyright owner.
- f) A statement that the information in the notification is accurate, and under penalty of perjury, that the complaining party is authorized to act on behalf of the owner of an exclusive right that is allegedly infringed.

VIII. Trademark

All brand, product and service names used in this service which identify Heritage Makers, or third parties, and their products and services are proprietary marks of Heritage Makers and/or the relevant third parties. Nothing in this service shall be deemed to confer on any person, any license or right on the part of Heritage Makers, or any third party with respect to any such image, logo or name.

IX. Privacy

Heritage Makers has a firm commitment to safeguarding your privacy. Please review Heritage Makers' Privacy Policy. The terms of Heritage Makers' Privacy Policy are incorporated into, and form a part of, this Agreement.

X. International Considerations

Recognizing the global nature of the Internet, you agree to comply with all local rules regarding online conduct and acceptable Content. Such includes, but is not limited to, complying with all applicable laws regarding the transmission of technical data exported from the United States, or the country in which you reside, and decency laws in the locality in which you reside.

XI. Termination

You agree that Heritage Makers, in its sole discretion, may terminate your account, and remove and discard any content, for any reason, including and without limitation, the lack of Active Participation; or, if Heritage Makers believes that you have violated, or acted inconsistently, with the Agreement. Heritage Makers may also, in its sole discretion and at any time, discontinue providing the service, or any part thereof, with or without notice. You agree that any termination of your access to the service under any provision of this Agreement may be effected without prior notice, and acknowledge and agree that Heritage Makers may immediately deactivate, or delete, your content and all related information and files. Heritage Makers reserves the right to bar any further access to such files or the service. You agree that Heritage Makers shall not be liable to you, or any third-party, for any termination of your access to the service. Paid accounts that are terminated will not be refunded.

XII. Indemnity

You agree to indemnify and hold Heritage Makers, and its subsidiaries, affiliates, officers, agents, co-branders or other partners, and employees, harmless from any alleged claim or demand. This includes reasonable attorney fees, made by any third party due to or arising out of your content, your use of the service, your connection to the service, your violation of this Agreement, or your violation of any rights of another. You are solely responsible for your actions when using this service, including, but not limited to, costs incurred for Internet access.

XIII. Availability

This service is provided by Heritage Makers on an “AS IS” and “AS AVAILABLE” basis, and Heritage Makers reserves the right to modify, suspend, or discontinue the service, in its sole discretion, at any time, and without notice. You agree that Heritage Makers is not, and will not be, liable to you for any modification, suspension or discontinuance of the service.

XIV. External Links

This service, or relevant third parties, may provide links to other websites or resources. Because Heritage Makers has no control over such sites and resources, you acknowledge and agree that Heritage Makers is not responsible for the availability of such external sites or resources, and does not endorse and is not responsible, or liable, for any content, advertising, products, or other materials on, or available from, such sites or resources. You further acknowledge, and agree, that Heritage Makers shall not be responsible, or liable, directly or indirectly, for any damage or loss caused, or alleged to be caused by, or in connection with, use of or reliance on any such content, goods or services available on, or through, any such site or resource.

XV. Third Party Software

As a convenience, we may make third-party software available through the service. To use the third-party software, you must agree to the terms and conditions imposed by the third party provider. The agreement to use such software will be solely between you and the third-party provider. By downloading third-party software, you acknowledge, and agree, that the software is provided on an “AS IS” basis without warranty of any kind. In no event shall Heritage Makers be liable for claims, or damages of any nature, whether direct, or indirect, arising from or related to any third-party software downloaded through the service.

XVI. Disclaimer of Warranty and Limitation of Liability

HERITAGE MAKERS MAKES NO REPRESENTATIONS, OR WARRANTIES OF ANY KIND, EXPRESS OR IMPLIED, AS TO THE OPERATION OF THE SERVICE, OR THE CONTENT OR PRODUCTS PROVIDED THROUGH THE SERVICE. YOU EXPRESSLY AGREE THAT YOUR USE OF THE SERVICE IS AT YOUR SOLE RISK. HERITAGE MAKERS DISCLAIMS ALL WARRANTIES, EXPRESS OR IMPLIED, INCLUDING WITHOUT LIMITATION, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INFRINGEMENT TO THE FULLEST EXTENT PERMITTED BY LAW. HERITAGE MAKERS MAKES NO WARRANTY AS TO THE SECURITY, RELIABILITY, TIMELINESS, AND PERFORMANCE OF THIS SERVICE. YOU SPECIFICALLY ACKNOWLEDGE THAT HERITAGE MAKERS IS NOT LIABLE FOR YOUR DEFAMATORY, OFFENSIVE, OR ILLEGAL CONDUCT, OR SUCH CONDUCT BY THIRD PARTIES, AND YOU EXPRESSLY ASSUME ALL RISKS AND RESPONSIBILITY FOR DAMAGES AND LOSSES ARISING FROM SUCH CONDUCT. EXCEPT FOR THE EXPRESS, LIMITED REMEDIES PROVIDED HEREIN, AND TO THE FULLEST EXTENT ALLOWED BY LAW, HERITAGE MAKERS SHALL NOT BE LIABLE FOR ANY DAMAGES OF ANY KIND ARISING FROM USE OF THE SERVICE, INCLUDING BUT NOT LIMITED TO, DIRECT, INDIRECT, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, OR PUNITIVE DAMAGES, EVEN IF HERITAGE MAKERS HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. THE FOREGOING DISCLAIMERS, WAIVERS AND LIMITATIONS SHALL APPLY NOTWITHSTANDING ANY FAILURE OF ESSENTIAL PURPOSE OF ANY LIMITED REMEDY. SOME JURISDICTIONS DO NOT ALLOW THE EXCLUSION OF, OR LIMITATIONS ON, CERTAIN WARRANTIES OR DAMAGES. THEREFORE, SOME OF THE ABOVE EXCLUSIONS, OR LIMITATIONS, MAY NOT APPLY TO YOU. IN NO EVENT SHALL HERITAGE MAKERS' S AGGREGATE LIABILITY TO YOU EXCEED THE AMOUNTS PAID BY YOU TO HERITAGE MAKERS PURSUANT TO THIS.

XVII. General Legal Terms

The Agreement constitutes the whole legal agreement between you and Heritage Makers and governs your use of this service, and completely replaces any prior agreements between you and Heritage Makers in relation to this service. You agree that if Heritage Makers does not exercise, or enforce, any legal right, or remedy, which is contained in the Agreement (or which Heritage Makers has the benefit of under any applicable law), this will not be taken to be a formal waiver of Heritage Makers' rights. Those rights, or remedies, will still be available to Heritage Makers. If any court of law, having the jurisdiction to decide on this matter, rules that any provision of the Agreement is invalid, then that provision will be removed from the Agreement without affecting the rest of the Agreement. The remaining provisions of the Agreement will continue to be valid and enforceable. The Agreement and your relationship with Heritage Makers under the Agreement shall be governed by the laws of the State of Utah without regard to its conflict of laws provisions. You and Heritage Makers agree to submit to the exclusive jurisdiction of the courts located within the county of Utah County, Utah, to resolve any legal matter arising from the Agreement. Notwithstanding this, you agree that Heritage Makers shall still be allowed to apply for injunctive remedies (or an equivalent type of urgent legal relief) in any jurisdiction. Further, by using this service, you agree that Heritage Makers, at its sole discretion, may require you to submit any disputes arising from the use of the service, or this Agreement, concerning or, including disputes arising from, or concerning their interpretation, violation, nullity, invalidity, non-performance or termination, as well as disputes about filling gaps in this contract, or its adaptation to, newly arisen circumstances, to final and binding arbitration under the International Rules of Arbitration of the American Arbitration Association, by one or more arbitrators appointed in accordance with the said Rules. Notwithstanding these rules, however, such proceeding shall be governed by the laws of the state as set forth above.

Terms of Purchase

Heritage Studio is an Internet service (the "Service") owned and operated by Heritage Makers, Inc. ("we", "our" or "us"). "You" or "your" means an adult user of the Service for yourself and you as parent or guardian for any minor who you allow to access the Service, for whom you will be held strictly responsible. Your failure to cancel this purchase within 3 days (10 days in Canada), or by your activating or using the Service, you designate that you agree with the service terms and conditions. If you do not agree with any of these terms and conditions,

cancel your purchase and do not use the Service. We may alter or amend this Agreement at our discretion and your continued use after any change, or your failure to notify us of your unwillingness to accept such changes indicates your acceptance of that change. If you don't want to be bound by a change, notify Heritage Makers and discontinue use of the Service.

- 1 **Activation and Security.** You have a right to cancel your purchase with Heritage Makers. Your failure to cancel this purchase within 3 days (10 days in Canada) is your acceptance of the terms of this contract. You must first activate your account to use the service. As part of the activation process, you will select a password. You must provide Heritage Makers Inc. with accurate, complete, and up-to-date registration information. Failure to do so will constitute a breach of this Agreement. During activation you must agree to the terms and conditions of using the Service. Registration as a user of or subscriber to any of the Sites or services provided on them results in your customer information being stored and processed in the United States, and you, in registering or subscribing, specifically consent to that storage and processing.
- 2 **Terms and Conditions.** Your failure to cancel this purchase within 3 days (10 days in Canada), or by your activating or using the Service, you designate that you agree with the service terms and conditions. Terms and conditions are viewable online under the "terms and conditions link." and are specifically adopted and incorporated into this agreement.
- 3 **Publishing Points and the Heritage Studio Service.** You may purchase points for publishing service associated with the Heritage Studio Service through a consultant. The Service may be used for photo upload, photo storage, digital editing, use of artistic templates, and custom publishing. Publishing Points expire 12 months from the original date of purchase. Terms related to the Heritage Studio Account and ongoing storage of photos and projects following the expiration of Service are available online at www.heritagemakers.com.
- 4 **Heritage Makers offers two membership programs:** 1) Premier Access, and 2) Club HM Membership (Bronze Level, Silver Level, or Gold Level). Your subscription to either of these programs will be automatically renewed through the payment option you selected based on the subscription program (annual, semi annual or monthly) you have chosen. Billing will be charged to the same credit card used on the original order; however, you may change the credit card on file by contacting customer service. Billing will be processed within 24 hours from the time your order is entered online (either by you or your consultant). Publishing points and access to Premier Art will be available to the account shortly thereafter. Premier memberships are paid in advance and end the last day of the 30-day period. Club HM memberships can be cancelled online at any time. Club HM memberships are charged on the 5th and the 20th of the month after the first purchase. If a billing problem occurs (for example a credit card transaction is denied) access to the account will be unavailable until the problem is resolved.
- 5 **Cancellations.** An initial subscription comes with the option to cancel within the first 3 business days after purchase and receive a full refund (10 days in Canada). The business day period begins on the day your order form for the subscription service is received by your consultant. If you subscribe to the service following a free or other trial period, that trial period takes the place of the 3 business day cancellation period. Cancellations during the 3 business day period must be made by providing the same information that you provided when you subscribed. Subscription may be modified or cancelled online or by calling Heritage Makers customer support. Cancellation of subscription after 3 business days from the original date of purchase stops billing of future payments, however no refund will be made on the original payment after 3 business days (10 days in Canada).
- 6 **Communications.** Heritage Makers will send electronic mail to you, for the purpose of informing you of changes or additions to the Service or of any Heritage Makers related products and services. It is your responsibility to provide Heritage Makers with your current email address. You may opt out of this notification service by replying to the electronic mail.

- 7 Termination.** Should you breach this Agreement we will revoke your license to use the Service and suspend your right of access. In such a case, no portion of your subscription payment will be refunded.
- 8 Modifications.** Heritage Makers, Inc. has the right, at its sole discretion, to modify this Agreement or the Service, including the Content of the Service, at any time. Changes in Service will be posted on Heritage Makers website under “Terms and Conditions.” You may cancel your subscription by calling Customer Services at Heritage Makers, Inc. (See section 5 regarding cancellation of subscription.) Your continued use of the Service following notice of any changes in this Agreement, or passage of one year without use of the Service following notice of any changes in this Agreement, (notice is given on your account) means that you have accepted and are bound by any changes in this Agreement.
- 9 Privacy.** Your purchase of a Heritage Studio account and your use of the Service are subject to Heritage Makers Privacy Policy. See www.heritagemakers.com for details.
- 10 Choice of Law.** This Agreement shall be construed, interpreted and performed exclusively according to the laws of the State of Delaware without giving effect to any principles of conflicts of law, and, as applicable, federal law.
- 11 Limitation of Liability.** IN THE EVENT THAT WE ARE FOUND LIABLE TO YOU, YOU SHALL ONLY BE ENTITLED TO RECOVER ACTUAL AND DIRECT DAMAGES. BOTH YOU AND WE SPECIFICALLY AGREE AND CONSENT THAT IN THE EVENT OF ANY SUIT, ACTION, OR PROCEEDING ARISING UNDER OR RELATED TO THE AGREEMENT OR THE SERVICE THAT EACH PARTY’S DAMAGES SHALL BE LIMITED TO THE CONTRACT AMOUNT AND THAT NEITHER PARTY WILL SEEK ANY DAMAGES IN EXCESS OF SAID CONTRACT AMOUNT. WE SHALL HAVE NO LIABILITY FOR ANY INCIDENTAL, INDIRECT OR CONSEQUENTIAL DAMAGES (INCLUDING WITHOUT LIMITATION LOSS OF PROFIT, REVENUE AND USE) ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS AGREEMENT OR THE SERVICE, WHETHER IN CONTRACT, WARRANTY, TORT (INCLUDING NEGLIGENCE, WHETHER ACTIVE, PASSIVE OR IMPUTED), PRODUCT LIABILITY, STRICT LIABILITY OR OTHER THEORY, EVEN IF WE OR OUR AUTHORIZED REPRESENTATIVES HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. IN NO EVENT SHALL WE HAVE ANY LIABILITY FOR UNAUTHORIZED ACCESS TO THE SERVICE THROUGH ACCIDENT, MISUSE, OR FRAUDULENT MEANS OR DEVICES BY YOU OR ANY THIRD PARTY, OR AS A RESULT OF ANY DELAY OR MISTAKE RESULTING FROM ANY CIRCUMSTANCES BEYOND OUR CONTROL.
- 12 Arbitration Provision.** PLEASE READ THIS SECTION CAREFULLY. IT AFFECTS RIGHTS THAT YOU MAY OTHERWISE HAVE. IT PROVIDES FOR RESOLUTION OF DISPUTES THROUGH ARBITRATION INSTEAD OF COURT TRIALS AND CLASS ACTIONS. YOU WILL NOT BE ABLE TO BRING A CLASS ACTION OR OTHER REPRESENTATIVE ACTION IN COURT, NOR WILL YOU BE ABLE TO BRING ANY CLAIM IN ARBITRATION AS A CLASS ACTION OR OTHER REPRESENTATIVE ACTION. YOU WILL NOT BE ABLE TO BE PART OF ANY CLASS ACTION OR OTHER REPRESENTATIVE ACTION BROUGHT BY ANYONE ELSE, OR BE REPRESENTED IN A CLASS ACTION OR OTHER REPRESENTATIVE ACTION. ARBITRATION IS FINAL AND BINDING AND SUBJECT TO ONLY VERY LIMITED REVIEW BY A COURT. THIS ARBITRATION CLAUSE SHALL SURVIVE TERMINATION OF THIS AGREEMENT.

YOU HEREBY AGREE THAT ANY DISPUTE, CLAIM OR CONTROVERSY ARISING NOW OR IN THE FUTURE UNDER OR RELATING IN ANY WAY TO THIS AGREEMENT, OR TO THE SERVICE, REGARDLESS OF THE NATURE OF THE CAUSE(S) OF ACTION ASSERTED (INCLUDING CLAIMS FOR INJUNCTIVE, DECLARATORY, OR EQUITABLE RELIEF), SHALL BE RESOLVED BY BINDING ARBITRATION. CLAIMS SUBJECT TO ARBITRATION INCLUDE CLAIMS THAT ARE MADE AS COUNTERCLAIMS, CROSS CLAIMS, THIRD PARTY CLAIMS, INTERPLEADERS, OR OTHERWISE.

ARBITRATION REPLACES THE RIGHT TO GO TO COURT, AND YOU THEREFORE AGREE TO WAIVE ANY RIGHT THAT YOU OR WE MIGHT OTHERWISE HAVE HAD TO A JURY TRIAL OR THE OPPORTUNITY TO LITIGATE ANY CLAIMS IN COURT BEFORE EITHER A JUDGE OR JURY. NEITHER YOU NOR WE WILL BE ABLE TO BRING A CLASS ACTION OR OTHER REPRESENTATIVE ACTION (SUCH AS AN ACTION IN THE FORM OF A PRIVATE ATTORNEY GENERAL) TO LITIGATE ANY CLAIMS IN COURT BEFORE EITHER A JUDGE OR JURY; NEITHER YOU NOR WE WILL BE ABLE TO PARTICIPATE

AS A CLASS MEMBER IN A CLASS ACTION OR OTHER REPRESENTATIVE ACTION TO LITIGATE ANY CLAIMS IN COURT BEFORE EITHER A JUDGE OR JURY; YOU AND WE FURTHER AGREE TO WAIVE ANY RIGHT TO ARBITRATION ON A CLASS OR REPRESENTATIVE BASIS, AND THE ARBITRATOR SHALL HAVE NO AUTHORITY TO PROCEED ON THAT BASIS. THIS MEANS THAT EVEN IF A CLASS ACTION LAWSUIT OR OTHER REPRESENTATIVE ACTION, SUCH AS THAT IN FORM OF A PRIVATE ATTORNEY GENERAL ACTION, IS FILED, ANY CLAIM BETWEEN US RELATED TO THE ISSUES RAISED IN SUCH LAWSUITS WILL BE SUBJECT TO AN INDIVIDUAL ARBITRATION CLAIM IF EITHER YOU OR WE SO ELECT.

You and we agree that this binding arbitration provision is made pursuant to a transaction involving interstate commerce, and shall be governed by and enforceable under the Federal Arbitration Act, 9 U.S.C. Â§1-16, as it may be amended.

This binding arbitration provision applies to any and all claims that you have against us, our parent, subsidiaries, affiliates, licensees, predecessors, successors, assigns, and against all of their respective employees, agents, or assigns, or that we have against you; it also includes any and all claims regarding the applicability of this arbitration clause or the validity of the Agreement, in whole or in part.

The party filing a claim(s) in arbitration must file its claim(s) before the American Arbitration Association under the rules of such arbitration administrator in effect at the time the claim(s) was filed. Rules and forms may be obtained and claims may be filed at the American Arbitration Association, 335 Madison Avenue, Floor 10, New York, NY 10017-4605, 800-778-7879, www.adr.org.

All administrative fees and expenses of an arbitration will be divided equally between you and us, except that for claims of less than \$1,000, you will be obligated to pay \$25 and we will pay all other administrative costs and fees. In all arbitrations, each party will bear the expense of its own counsel, experts, witnesses and preparation and presentation of evidence at the arbitration.

Any dispute you have arising from this Agreement or the Service shall be submitted to arbitration in Delaware, conducted in accordance with the commercial arbitration rules of the American Arbitration Association by a single arbitrator to be chosen in accordance with said rules. The arbitrator, applying Delaware law, without reference to its rules regarding choice of law, shall have the authority to grant any remedy that a court hearing the same case would have the authority to grant. The award or decision rendered by the arbitrator will be final and binding on you and any judgment may be entered thereon in any court having jurisdiction.

Any arbitration shall be confidential, and neither you nor we may disclose the existence, content or results of any arbitration, except as may be required by law or for purposes of enforcement of the arbitration award. If any portion of this arbitration clause is determined by a court to be inapplicable or invalid, then the remainder shall still be given full force and effect.

*These terms of purchase are for your purchase of the Heritage Studio Service and associated Project Points only. Your use of the service is subject to additional terms of service located at www.heritagemakers.com. You will be required to separately agree to the Terms of Service in order to use the Service.

Right to Cancel

You may CANCEL this transaction, without any penalty or obligation, within THREE (3) BUSINESS DAYS (IN CANADA, TEN (10) BUSINESS DAYS) from the date listed on the front of this receipt. If you cancel, any property traded in, any payments made by you under the contract of sale and any negotiable instrument executed by you will be returned within TEN (10) BUSINESS DAYS following receipt by the seller of your cancellation notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller at your residence, in substantially as good condition as when received, any goods delivered to you under this contract of sale; or you may, if you wish, comply with the

instructions of the seller regarding the return shipment of goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within twenty (20) days of the seller's receipt date of your Notice of Cancellation, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller or if you agree to return the goods to the seller and fail to do so, then you remain liable for performance of all obligations of this contract. To cancel this transaction, mail or deliver a signed and dated copy of this Cancellation Notice or any other written notice to the consultant listed on the front of this receipt.

HOW TO REACH US

FOR ORDERS & SIGN-UP:

(800) 982-3197 toll free

CUSTOMER SERVICE:

(800) 982-3189 toll free

24-HOUR FAX LINE FOR ORDERS & SIGN-UP:

(619) 934-3205

OUTSIDE USA:

(619) 934-3980

WEBSITES:

www.Youngevity.com or www.90forLIFE.com

EMAIL:

support@youngevity.com

ADDRESS:

2400 Boswell Road
Chula Vista, CA 91914

EXHIBIT B

Enrollment Options (select one)

<input type="checkbox"/> CEO Independent Marketing Director In addition to all IMD benefits: <ul style="list-style-type: none"> • CEO training system with lifetime updates • CEO gold lapel pin • CEO webinars and training events • CEO coding bonuses and rewards 	<input type="checkbox"/> Independent Marketing Director (IMD) \$25.00 0 QV 0 BV <ul style="list-style-type: none"> • Unlimited wholesale pricing (30% off retail) • Individual marketing website • Order management and online business center • Commissions/bonuses on referrals and purchases 	<input type="checkbox"/> Preferred Customer Enjoy unlimited wholesale pricing (30% off retail) and convenient autoship ordering. Note: Preferred Customers are not eligible to earn commissions or bonuses.
CEO Kit Options		
<input type="checkbox"/> Healthy Start CEO Mega Pak™ #1070 \$499.99 500 QV 110 BV Includes a Welcome Kit, (2) Healthy Body Start Pak™ and 1 of each: Beyond Tangy Tangerine®-30ct, Rebound fx™ Citrus Punch-30ct, Root Beer Belly™-30ct, Pollen Burst™-30ct, KidSprinklz™ Watermelon Mist-30ct and Beyond Osteo-Fx™ Powder-30ct. Includes a monthly autoship of a Healthy Body Start Pak™ 2.0 (\$123 116 QV 96 BV).	<input type="checkbox"/> Combo CEO Mega Pak™ #1086 \$499.99 500 QV 110 BV Includes a Welcome Kit and 1 of each: Healthy Body Start Pak™ 2.0, Healthy Body Digestion Pak™ 2.0, Ultimate™ Selenium-90 caps, Slender fx™ Sweet Eze™-120 caps, Ultimate™ EFA™-180 softgels, Rebound Fx™ canister, KidSprinklz™ Watermelon Mist-30ct, Ultimate™ Gluco-Gel™-240 caps and an assortment of GoFoods™ products. Includes a monthly autoship of a Healthy Body Start Pak™ 2.0 (\$125 120 QV 100 BV).	<input type="checkbox"/> Healthy Weight Loss CEO Mega Pak™ #1097 \$499.99 500 QV 110 BV Includes a Welcome Kit and (2) Healthy Body Start Pak™ 2.0. and 1 of each: Slender Fx™ Cleanse Fx™-60 caps, Slender Fx™ Food Fiber™-49gm shaker, Sweet Eze™-120 caps, Body Trim™-30ct, Slender Fx™ Meal Replacement Shake - French Vanilla and As Slim As Possible (ASAP). An autoship of Healthy Body Weight Loss Pak™. (\$173.50 160 QV 134 BV).
<div> <div> <input type="checkbox"/> Other CEO Mega Pak™ _____ # _____ \$499.99 500 QV _____ BV </div> <div> <i>Contents of kits subject to change without notice, visit www.youngevity.com to view current contents.</i> </div> </div>		

Enroller Information (Please Print)

Enrolled Last Name	Enrolled First Name	Enrolled YGY ID
Placement Last Name	Placement First Name	Placement YGY ID

New Applicant Information

Last Name		First Name	Middle Initial	Social Security Number or Tax ID	Date of Birth (MM/DD/YY)	
Company Name (OPTIONAL - MUST MATCH TAX ID)				Phone Number	Email Address	
Billing Address			City	State		Zip Code
Shipping Address			City	State		Zip Code

Method of Payment

Credit Card Type	<input type="checkbox"/> VISA	<input type="checkbox"/> MASTERCARD	<input type="checkbox"/> AMEX	<input type="checkbox"/> DISCOVER	Name (as it appears on the card)	
Credit Card Number				Expiration Date (MM/YY)	CW	
Billing Address	City			State		Zip Code
Signature				Date (MM/DD/YY)		

Tax Information & Authorization

I certify that the Tax ID Number listed is a valid: (mark one only)

☐ Social Security Number or ☐ Business Tax ID Number for a: ☐ Sole Proprietor ☐ Corporation ☐ Partnership ☐ Other

I certify that the Tax ID Number listed is a valid: (mark one only)

☐ 1. The name given for the first line of the Independent Marketing Director/Preferred Customer Name is the name registered with the U.S. Government for that Tax ID Number, or

☐ 2. The name registered with the government for that number is:

Payment Authorization and Approval

I, the undersigned, have read the reverse side of this application and agree to abide by these as well as all of the Youngevity® Policies and Procedures. I understand and will accept the consequences of violation of the Youngevity® Policies and Procedures. I, the undersigned, hereby authorize Youngevity® to charge my credit card specified in the amount checked above.

Signature	Date (MM/DD/YY)	For Office Use Only
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Distributor Agreement

This AGREEMENT between the named Applicant (hereafter APPLICANT) and Youngevity®, a California Corporation (hereafter COMPANY), is hereby effective under the terms and conditions below:

1. APPLICANT hereby applies for authorization as an Independent Marketing Director in COMPANY's Independent Marketing Director program. COMPANY reserves the right to accept or reject any application for any lawful reason.
2. Upon acceptance as an Independent Marketing Director by COMPANY, APPLICANT is authorized as an Independent Marketing Director as long as APPLICANT complies with all terms of this Agreement and COMPANY's Policies and Procedures. Independent Marketing Directors must apply to renew their Independent Marketing Director authorization annually.
3. APPLICANT has read and agrees to be bound by the terms of this Agreement which includes all rules, policies, and procedures of COMPANY as set forth in official COMPANY literature, which are hereby incorporated and made part of this Agreement in their current form and as they may be amended by the COMPANY from time to time.
4. APPLICANT is an independent contractor under the terms of this Agreement, and not an agent, employee or legal representative of his/her sponsor or the COMPANY in any way.
5. APPLICANT will explain COMPANY's programs and policies honestly and completely when presenting them to others. APPLICANT understands and will make clear in any presentation the following: That no earnings are guaranteed by COMPANY or its programs; no Independent Marketing Director will be paid commission solely for sponsoring other Independent Marketing Directors; retail selling is a requirement; and that there are no exclusive territories for Independent Marketing Directors.
6. APPLICANT is responsible for all of his/her own income, sales, social security, unemployment, and any other taxes, licenses, and fees of any kind.
7. APPLICANT may terminate Independent Marketing Director's authorization at any time by giving written notice to the COMPANY. Upon termination, the COMPANY will repurchase marketable sales aids and literature according to the current COMPANY's buy-back Policy then in force.
8. Any sale or assignment of this Agreement or Independent Marketing Director authorization must be approved of in writing in advance by COMPANY. Successors in interest or assigns must comply with Policies and Procedures.
9. The signator(s) to this agreement Agree(s) that he/she/they is/are authorized to bind APPLICANT and by signing, so do.
10. Any Independent Marketing Director who sponsors other Independent Marketing Directors must fulfill the obligation of performing a bona fide supervisory, distributing and selling function in the sale or delivery of product to the ultimate consumer and in the training of the Independent Marketing Directors they sponsor.
11. Youngevity® is built upon retail sales to the ultimate consumer. The COMPANY recognizes that Independent Marketing Directors may wish to also purchase product for their own personal or family use. It is COMPANY policy, however, to strictly prohibit the purchase of product or services in unreasonable amounts solely for the purpose of qualifying for bonuses or advancement in the marketing program. Failure to abide by this policy will result in termination.
12. Duplication of this form without permission is forbidden. Permission may be given in writing in accordance with the Policies and Procedures for Duplication of Independent Marketing Director Application, Product Order Forms and AutoShip Forms.

EXHIBIT C

Susie Bailey

From: Jonathan O. Hafen
Sent: Friday, April 01, 2016 12:30 PM
To: Jon Schofield; Susie Bailey
Subject: Fwd: CEO Message to the Youngevity Nation of Loyal Distributors

Sent from my iPhone

Begin forwarded message:

From: "djpoyfair@rprlaw.net" <djpoyfair@rprlaw.net>
Date: April 1, 2016 at 10:12:26 AM MDT
To: <jhafen@parrbrown.com>
Subject: FW: CEO Message to the Youngevity Nation of Loyal Distributors

-----Original Message-----

From: "Wendy McGee" <wendykmcgee@gmail.com>
Sent: Thursday, March 31, 2016 1:17pm
To: djpoyfair@rprlaw.net
Subject: CEO Message to the Youngevity Nation of Loyal Distributors

Begin forwarded message:

From: "newsletter@youngevity.com" <Newsletter@Youngevity.com>
Subject: CEO Message to the Youngevity Nation of Loyal Distributors
Date: March 21, 2016 at 6:10:26 PM MDT
To: wendykmcgee@gmail.com
Reply-To: <bounce-live-965214606-182155903@ezinedirector.net>

To All Our Loyal Distributors and Friends,

Youngevity has nearly a 20 year history of sharing Dr. Wallach's mission, delivering life changing products, and treating our distributors like family. As

with all families, every effort must be made to protect our loyal family members against those who would cause them harm. In the case of Youngevity, that means ensuring that the company's rules, and in particular our rules against cross-recruitment of distributors, are enforced. Doing so is not only a matter of fundamental fairness, it is a necessity to ensure the maintenance and integrity of our distributors' downlines. You deserve and we preserve your right to conduct your Youngevity business without fear that your business may be put in jeopardy because unscrupulous people wish to lure it away from you. You honor yourselves and your downlines by refusing to engage in cross recruiting or promotion of non Youngevity products within your organization. Make no mistake, Youngevity will fiercely defend your interests and your hard work and has the necessary resources at its disposal to do so. In short, Youngevity has your back and will fight to defend your income and downline from illegal cross recruiting.

Youngevity places its loyal family first. You can always count on us to protect our family members with honor and integrity. Although Dr. Wallach is heartbroken at the betrayal he feels from a small group of the people he has considered family for over 19 years, he is absolutely determined to protect the rest of our Youngevity family, a family he has worked so hard to fortify all of these years. The health and prosperity of loyal Youngevity distributors has been and will always be his number one mission. Michelle, Dave and I – as well as the entire Youngevity Corporate team – join him in that mission. Those loyal to Youngevity, who faithfully uphold the company's rules, may rest assured that the company will protect their interests from those whose acts of betrayal would otherwise steal their downlines. Those disloyal to Youngevity, who recruit the company's distributors to competing companies, should be aware that the company will enforce its rules and end their distributorships, causing their commissions to be forfeited permanently.

We have listened to countless conference calls and watched numerous videos and social media feeds where falsehoods were told or implied about Youngevity not issuing checks and even some where people were crying about how awful it was to have to go on vacation using their investment accounts because money had been taken from them when they had done nothing wrong. The Truth is that many of you began calling and visiting corporate in late February, expressing concerns about receiving social media solicitations, phone calls, letters, and emails, soliciting your defection from Youngevity. Concerned for your downlines and your income, you asked us to investigate and to enforce our rules to protect the downlines you have worked so hard to build. We have investigated and have discovered that your concerns are confirmed by the evidence, and we have acted in accordance with our rules to stop the abuses.

With a protective spirit we placed certain individual's accounts on suspension and sent them letters seeking clarification, reminding these people of the sections in Youngevity's policies and procedures that prohibit cross recruiting on pain of termination. It was our goal to inform the violators and purported violators of Youngevity policies so they might refresh their recollection of the company's rules and provide us necessary assurance of their compliance. Suspended funds

were held in escrow for these people, pending our investigation into whether they were in fact engaged in or facilitated cross-recruiting.

In two instances, we met with individuals, even one who brought her lawyer, in person, to Youngevity Corporate Headquarters. Against our attorneys' advice, although there were no lawyers present from our side to protect Youngevity, we chose to go on with the meeting. We took this step in the hopes of settling the matter. Ironically, in both instances, the story was the same. We heard repeated assurances that they were not involved in any competing company, that they were 100% loyal to Youngevity, and that they would never jeopardize their own integrity or honor by doing such a dishonest thing as betraying the company by cross-recruiting. Upon our request that they satisfy the simple requirement of reducing their own statements to writing so we could put this all behind us and move forward and get back to work, they flatly refused. Those refusals, combined with mounting evidence of cross-recruitment and complicity with those engaged in cross-recruitment, led us to terminate the few distributorships involved. We did so reluctantly, and with a heavy heart. We took those steps only after finding them essential to uphold the company's rules, protect the company, and protect your financial interests in the company.

In spite of an agreement for the contents of the meetings to be held in strict confidence, in both cases, that confidentially, although upheld by Youngevity corporate, was nonetheless sadly breached. The lies told to us and to others, were continuing to pollute their own and other Youngevity downlines. These individuals stated repeatedly that they "aren't about the money" and, instead, they "are about their integrity." To Youngevity, not only are they spreading lies to defame our company, they are intending to ruin your business as well. We want to assure you that this poisonous and destructive activity will not be tolerated. I promise you that the deception will be exposed and made known to all. As in all things, with time the truth comes out and, when it does, those who have spun a web of lies have their true identities exposed.

On Friday, Youngevity learned that a lawsuit had been filed in Utah by Todd Smith and his small startup company, alleging that Youngevity and its policies and procedures are prohibiting them from poaching Youngevity distributors! Incredible as it may seem, this new company wants the courts to grant them the right to steal your Youngevity downlines. Youngevity will not stand for this. Our attorneys have reviewed the suit and determined it to be frivolous. We were dismayed that just 10 days after Todd Smith's very public letter pledging honor and respect for Dr. Wallach and Youngevity, Todd filed suit to allow him and his start-up to take from you.

Once we received word of the lawsuit, and after 45 days of being hopeful that these individuals would rectify their separation with Youngevity and tell us that they had been misled, or prove their innocence by putting in writing that they were not involved in a competing company, we learned of their undeniable deception to hurt some of you and Youngevity. Sadly, we had no choice but to deny this deception and terminate six relationships this past Friday, 3/18/2016.

In 19 years Youngevity has never pro-actively sued anyone other than the government for your health freedom rights. We never wanted to terminate any distributors, including those involved in other Direct Sales, but sometimes we must take action against the few to protect the many. This truly becomes necessary when our Policies and Procedures, which our Distributors agreed to, have been so blatantly violated.

Part of this new company's initiative is targeted at couples or partnership positions whereby one partner or the spouse purports to continue with Youngevity and looks for poaching opportunities, all the while continuing to earn commissions from Youngevity, while the other builds in the competing company, utilizing Youngevity distributors and confidential distributor lists. Poaching downlines by splitting joint positions defies not only logic, but this open deceit violates our rules against cross-recruiting and distributor confidentiality. While we were shocked and saddened to learn of the dishonor and lack of integrity evidenced by those involved in this plan, ones we formally believed to be honorable, we are glad that our investigation exposed the truth to us early on so we could nip this in the bud.

We all need to be vigilant and inform our upline and Youngevity management of any unscrupulous activity in violation of our rules taking place in your organization. Reach out to your teams and make sure they understand the policies and procedures of Youngevity, particular sections E7 and E12. Share the importance of operating with integrity and rest assured that your company will be by your side, working tirelessly and sparing no expense to protect all of you.

At the end of the day - the mission of Dr. Wallach, Dr. Ma Lan, and the Youngevity Team does not have to be the mission of everyone. Those who are here are here to assist us, help us, and guide the field - and at the end of the day they are free to choose for themselves their own missions and goals in their lives. We not only support this - but we encourage it and embrace it. We've had Distributors move on to new opportunities. Many have chosen to come back and we have been here to welcome them.

There is great hope and promise on the horizon – that, I can promise you all. And may we never forget there is only one true leader in Youngevity and that is Dr. Joel D. Wallach... and we are simply his humble servants sharing his message of health and wealth with the world!

Steve Wallach, CEO

Delivered by Youngevity International Inc.

<<http://srv.ezinedirector.net/?n=8256097&s=182155903>> | 2400 Boswell Road,
Chula Vista, CA, 91914, USA

You may unsubscribe if you no longer wish to receive Youngevity emails.

Please do not respond directly to this e-mail. The correct reply address is

Support@Youngevity.com <<mailto:Support@youngevity.com>>

[Change Subscription <<http://sub.ezinedirector.net/?fa=sub.m&i=66a2c277-4aa3-4480-94ce-1750d6ff1dcc&c=965214606>>] [Cancel Subscription
<<http://sub.ezinedirector.net/?fa=sub.r&i=66a2c277-4aa3-4480-94ce-1750d6ff1dcc&c=965214606>>]

EXHIBIT D

Peter A. Arhangel'sky, Esq. (SBN 291325)
 parhangel'sky@emord.com
 Emord & Associates, P.C.
 3210 S. Gilbert Road, Suite 4
 Chandler, AZ 85286
 Phone: (602) 388-8899
 Fax: (602) 393-4361
 Attorney for Plaintiff

**IN THE UNITED STATES DISTRICT COURT
 FOR THE SOUTHERN DISTRICT OF CALIFORNIA**

YOUNGEVITY INTERNATIONAL
 CORP., a Delaware corporation,

Plaintiff,

v.

TODD SMITH, an individual and
 Utah resident; WILLIAM
 ANDREOLI, an individual and New
 Hampshire resident; WAKAYA
 PERFECTION, a Utah corporation;
 TOTAL NUTRITION TEAM D/B/A
 TNT, a Utah corporation; BLAKE
 GRAHAM, an individual and Utah
 resident; ANDRE VAUGHN, an
 individual and Maryland resident;
 DAVE PITCOCK, an individual and
 Kansas resident; PATTI
 GARDNER, an individual and Utah
 resident; BRYTT CLOWARD an
 individual and Utah resident; and
 DOES 1–10, inclusive.

Defendants.

Case No. '16CV0704 W JLB

**VERIFIED COMPLAINT FOR
 DAMAGES AND INJUNCTIVE
 RELIEF FOR:**

1. Intentional Interference with
 Prospective Economic Advantage;
2. Intentional Interference with
 Contract/Inducing Breach of
 Contract;
3. Civil Conspiracy;
4. Breach of Contract;
5. Misappropriation of Trade Secrets
 (Cal. Civ. Code § 3426);
6. Misappropriation of Likeness (Cal.
 Civ. Code § 3344)
7. Lanham Act (15 U.S.C. 1125);
8. Breach of Fiduciary Duty; and
9. Unfair Competition (Cal. B & P Code
 § 17200)

JURY TRIAL DEMANDED

COMPLAINT FOR DAMAGES AND INJUNCTIVE RELIEF

1. Plaintiff Youngevity International Corp. (“YGYI” or “Youngevity”), by counsel, files this Complaint for Damages and Injunctive Relief against the above-named Defendants. This is an action for intentional interference with business relations, inducement of breach of contract, civil conspiracy, breach of contract, misappropriation of trade secrets, unfair competition, breach of fiduciary duty, and misrepresentation. For at least the past year, the Defendants have conspired and acted in concert to interfere with Youngevity business operations, Youngevity contractual relations, and Youngevity distributor relations in order to convert business opportunities meant for Youngevity to their own competing multi-level marketing startup, doing so maliciously and in breach of fiduciary duties, while for much of that time serving as either top executives of or top level distributors in Youngevity.

2. The Defendants have used their unique positions of trust and confidence within the company in an effort to reduce and destroy the company through a campaign, conducted in secret until the first quarter of 2016, whereby they have diverted Youngevity resources and business opportunities to their own competing venture and induced formerly loyal Youngevity distributors and Youngevity employees to breach their contracts with Youngevity and assist them in building that competing enterprise, Wakaya Perfection, LLC, a Utah-based multi-level marketing company operated by them (“Wakaya”). The Defendants took unlawful actions from within Youngevity, preying on the trust, confidence, and prominence they had within Youngevity and using confidential and trade secret information to which they had unique access to induce those breaches of contract and to convert business opportunities intended for Youngevity to Wakaya.

3. The Defendants have thus built their competing business unlawfully at Youngevity’s expense rather than legitimately without interference with Youngevity business and breach of Youngevity contracts. Acting with malice and

1 with the intent to cause permanent and lasting injury to Youngevity, the
 2 Defendants have employed tactics of tortious interference, misappropriation,
 3 inducement to breach contract, breach of contract, breach of fiduciary duty, and
 4 unfair competition.

5 6 **I. PARTIES**

7 **The Plaintiff:**

8 4. Plaintiff Youngevity International Corp. (“Youngevity”) is a
 9 corporation organized in 1997 and operates under the laws of Delaware with its
 10 principal place of business in Chula Vista, California. Youngevity develops and
 11 distributes a wide range of consumer products through a global network of
 12 independent, direct-sellers known as “distributors.” Youngevity is a successful,
 13 nineteen year-old, publicly traded, “direct selling company ” (DSC) company that
 14 operates through direct selling networks worldwide, as well as wholly owned
 15 subsidiaries, including, e.g., AL Global Corporation; CLR Roasters, LLC;
 16 Financial Destinations, Inc.; and FDI Management, Inc.

17 5. Originally a domestic company that sold specialty liquid based
 18 vitamin and mineral formulas created by Dr. Joel D. Wallach, DVM, ND,
 19 Youngevity has fulfilled Dr. Wallach’s vision of becoming a global enterprise,
 20 selling a wide range of consumer and lifestyle products, including, but not limited
 21 to, health, food, gourmet coffee, wellness, beauty, cosmetic, high-end clothing,
 22 photo organization and ancestry, and jewelry products to consumers globally
 23 through its distributor network. Distributors generally sell through peer-to-peer
 24 relationships, e-commerce, and social marketing. Youngevity’s distributors market
 25 products through corporate-backed marketing channels, including internet
 26 websites, the airwaves, trade shows, lectures, community events, local shops, and
 27 home meetings. Youngevity invests more than seventy million dollars annually on
 28 sales, incentives, and marketing efforts to support its distributor networks.

1 Youngevity now sells in excess of 1000 products, including, but not limited to,
2 nutritional products, sports and energy drinks, health and wellness-related services,
3 lifestyle products, gourmet coffees, and cosmetics.

4 6. Through its charity, Youngevity Be the Change Foundation,
5 Youngevity directs hundreds of thousands of dollars and a large volume of
6 clothing and consumer goods to those in need around the world and to other
7 charities that serve veterans and the needy.

8 7. Youngevity's subsidiary owns a 1000-acre Coffee Plantation in
9 Nicaragua. The Plantation holds the unique distinction of being Fair Trade,
10 Organic, Rain Forest Alliance and Bird Friendly certified. Through its own
11 foundation and from its Fair Trade Certification, Youngevity has invested
12 hundreds of thousands of dollars to provide modern housing and a hydroelectric
13 plant for the one hundred and eighty families who live and work on the plantation.
14 Additionally, Youngevity has opened a school on the plantation to provide
15 Kindergarten through 8th grade education for the children of the families residing
16 there.

17 8. Youngevity is a publicly traded corporation trading under the symbol:
18 YGYI.

19 **The Defendants:**

20 9. Defendant Wakaya Perfection ("Wakaya") is a limited liability
21 company formed and operating under the laws of the State of Utah. Wakaya was
22 founded largely in secrecy in October 2015 by Todd Smith, who remained until
23 March of 2016, a top level Youngevity distributor. Wakaya is a multi-level
24 marketing company that competes directly against Youngevity. Through improper
25 and unlawful means, and trade on the trust and confidence of their prominent
26 Youngevity positions afforded them in dealing with Youngevity distributors,
27 Wakaya's founding Youngevity owners, operators, and promoters (all of whom
28 were affiliated with Youngevity as officers, employees, or distributors) have

1 interfered with and injured Youngevity's business interests by, *inter alia*:
 2 unlawfully inducing Youngevity employees and distributors to violate Youngevity
 3 contractual agreements trading in no small measure on their positions of trust and
 4 confidence within Youngevity; intentionally converting business opportunities
 5 intended for Youngevity to Wakaya by falsely representing that they had authority
 6 to make acquisition decisions for Youngevity and diverting those opportunities to
 7 Wakaya; disseminating false information concerning Youngevity's business and
 8 financial health to induce distributors to subscribe to the false view that
 9 Youngevity was failing in order to induce them to affiliate with Wakaya; aiding
 10 and facilitating the unauthorized use of Youngevity's intellectual property to divert
 11 business opportunities and commissions from Youngevity to Wakaya; and
 12 committing other acts of unfair competition through marketing, promotional, or
 13 advertising claims (performance and comparative claims).

14 10. Todd Smith is an individual, resident of the state of Utah, and co-
 15 founder of Wakaya Perfection, LLC. Smith recently served as a trusted, top-level
 16 distributor in Youngevity, and had ownership interests in entities that distributed
 17 Youngevity products. While a top-level distributor for Youngevity, yet acting as
 18 an undisclosed agent for Wakaya, and serving the interests of Wakaya, Smith
 19 intentionally converted Youngevity business opportunities through
 20 misrepresentation, subterfuge, and deceit. Smith has facilitated, aided, or abetted
 21 the violation of Youngevity contractual agreements in an effort to induce
 22 Youngevity distributors to breach their contracts with Youngevity and to cause
 23 business opportunities meant for Youngevity to be diverted to Wakaya. Smith has
 24 encouraged or solicited Youngevity distributors to take actions that violate their
 25 contractual agreements with Youngevity. He has disseminated false and
 26 misleading information concerning Youngevity's finances and financial standing
 27 in an effort to disparage Youngevity and thereby draw distributors and business
 28 away from Youngevity and to Wakaya. He has falsely represented himself to be

1 authorized by Youngevity to negotiate and consummate acquisition contracts for
2 Youngevity acquisitions, only to conceal and divert at least one offer meant for
3 Youngevity to Wakaya. Smith resides in the state of Utah.

4 11. William “Bill” Andreoli is an individual and resident of the state of
5 New Hampshire. Andreoli has undisclosed personal financial interests in Wakaya
6 Perfection. Through November of 2015, Andreoli served as President of
7 Youngevity, received a seven figure salary of pay, stock, and benefits, and
8 received commissions as a Youngevity distributor. While acting as an undisclosed
9 agent for Wakaya, and serving the interests of Wakaya, Andreoli breached his
10 contractual agreements with Youngevity for the purpose of helping create and
11 advance the interests of Wakaya. Andreoli acted to injure Youngevity while
12 serving as Youngevity’s President, aiding and abetting the unlawful poaching of
13 Youngevity business opportunities and inducing Youngevity employees and
14 distributors to breach their contracts with Youngevity to work for, and assist in the
15 promotion of, Wakaya. Andreoli also violated his fiduciary duty to Youngevity by
16 placing his family and friends in profitable positions within Youngevity’s
17 marketing chain without approval from Youngevity.

18 12. Andre Vaughn is an individual and resident of the state of Maryland.
19 Vaughn served as a top-level distributor in Youngevity until March of 2016. A
20 confidant of Andreoli, Vaughn is now a participant and investor in, agent for, and
21 promoter of Wakaya Perfection. Acting individually and in concert with other
22 Defendants, while still a Youngevity distributor, Vaughn induced breach of
23 Youngevity contractual agreements in an effort to secure business opportunities for
24 Wakaya from Youngevity distributors. Vaughn has encouraged or solicited
25 Youngevity distributors to violate their contractual agreements with Youngevity.
26 As part of his effort to induce such breaches, Vaughn has falsely disparaged the
27 company, claiming it to be financially bereft and teetering on the brink of
28 dissolution or bankruptcy.

1 13. Dave Pitcock is an individual and resident of the state of Kansas.
2 Pitcock served as a top-level distributor in Youngevity until March of 2016, and
3 held ownership interests in the Livinity Corporation, which Youngevity purchased
4 from Pitcock in 2012. As part of that agreement, Pitcock entered into a consulting
5 agreement with Youngevity containing non-compete and nondisclosure clauses.
6 While still a Youngevity distributor and subject to the consulting agreement,
7 Pitcock became a participant and investor in, agent for, and promoter of Wakaya
8 Perfection. Acting individually and in concert with other Defendants while still a
9 Youngevity distributor, Pitcock has induced Youngevity distributors to breach
10 their contracts with Youngevity in an effort to secure distributors and business
11 opportunities for Wakaya. Pitcock has encouraged or solicited other Youngevity
12 distributors to violate their contractual agreements with Youngevity. As part of his
13 effort to induce such breaches, Pitcock has falsely disparaged the company,
14 claiming it to be financially bereft and teetering on the brink of dissolution or
15 bankruptcy.

16 14. Total Nutrition, Inc., d/b/a "TNT," is a corporation organized and
17 operated under the laws of Utah since 1996 and, until March of 2016, a
18 Youngevity distributor. Originally founded by Todd Smith and Blake Graham,
19 TNT distributed Youngevity nutritional products and information.

20 15. Blake Graham is an individual and resident of the state of Utah. Until
21 March of 2016, Graham served as a top-level distributor in Youngevity, and,
22 together with Smith, held ownership interests in TNT. Acting individually and in
23 concert with other Defendants, while still a Youngevity distributor, Graham has
24 facilitated, aided, or abetted violations of Youngevity contractual agreements in aid
25 of efforts to secure business opportunities for Wakaya. For example, in December
26 2015, Graham lied to Youngevity to conceal Smith's involvement in Wakaya.
27 Further, under his control, TNT employed Wakaya distributors and assisted
28 Wakaya in developing promotional materials used in soliciting Youngevity

1 distributors to breach their contracts with the company. Graham helped support a
2 false narrative that the Defendants' defection from Youngevity was acceptable to
3 Youngevity management by dispatching, in the first quarter of 2016 shortly after
4 Smith's public announcement of his establishment of Wakaya, an unauthorized
5 email and text message to all Youngevity distributors which thanked Smith for his
6 service to Youngevity and wished him well in his new endeavor, materially
7 omitting the fact that Smith's actions were in violation of Youngevity contractual
8 requirements and unapproved by Youngevity. Graham orchestrated a campaign of
9 deception, whereby he represented to Youngevity and its distributors that he was a
10 loyal Youngevity distributor despite having direct knowledge of actions taken by
11 Smith to injure Youngevity and divert its business opportunities and distributors to
12 Wakaya. He concealed from Youngevity facts and circumstances detrimental to its
13 business operations, distributor relations, and business dealings with third parties.

14 16. Patti Gardner is an individual and resident of Utah. Patti Gardner
15 served as the President of Heritage Makers, Inc. In August 2013, Youngevity
16 acquired Heritage Makers and entered into an Asset Purchase Agreement with
17 Heritage Makers that included a non-compete clause. Gardner then became
18 Youngevity's vice president of sales. While still employed by Youngevity,
19 Gardner became a participant and investor in, agent for, and promoter of Wakaya
20 Perfection. Acting individually and in concert with other Defendants, while still
21 employed at Youngevity, Gardner induced Youngevity distributors to breach their
22 contracts with Youngevity in an effort to secure distributors and business
23 opportunities for Wakaya. Gardner has encouraged or solicited other Youngevity
24 distributors to violate their contractual agreements with Youngevity. Gardner
25 violated the Asset Purchase Agreement containing the non-compete clause which
26 she signed on behalf of Heritage Makers.

27 17. Brytt Cloward is an individual and resident of Utah. Brytt Cloward
28 served as the President of Heritage Makers, Inc. In August 2013, Youngevity

1 acquired Heritage Makers and entered into an Asset Purchase Agreement with
 2 Heritage Makers, which included a non-compete clause. Cloward signed that
 3 agreement on behalf of himself. Cloward then became Youngevity's vice
 4 president of marketing. While still employed by Youngevity, Cloward became a
 5 participant and investor in, agent for, and promoter of Wakaya Perfection. Acting
 6 individually and in concert with other Defendants while still employed at
 7 Youngevity, Cloward induced Youngevity distributors to breach their contracts
 8 with Youngevity in an effort to secure distributors and business opportunities for
 9 Wakaya. Cloward has encouraged or solicited other Youngevity distributors to
 10 violate their contractual agreements with Youngevity. Cloward violated the Asset
 11 Purchase Agreement containing the non-compete clause which he signed on behalf
 12 of himself.

13 18. Defendants DOES 1-10 are presently unidentified or unknown
 14 individuals and/or entities who have or that have facilitated and participated or
 15 cooperated in the unlawful activities described herein. The nature and identity of
 16 those defendants will become known through discovery.

17 18 **II. JURISDICTION AND VENUE**

19 19. This Court has original subject matter jurisdiction under 28 U.S.C. §
 20 1332 because Plaintiff Youngevity is domiciled in California, while no other
 21 named Defendant resides in California. The matter in controversy yields damages
 22 of millions of dollars and, thus, substantially exceeds \$75,000.

23 20. This Court has personal jurisdiction over all Defendants and venue is
 24 proper in this District because Youngevity maintains its principal place of business
 25 in this District and all Defendants have sufficient minimum contacts with
 26 California. All Defendants knowingly injured Youngevity with knowledge that
 27 Youngevity is located in this District and that the damages would be incurred by
 28 Youngevity in this District.

1 21. Venue is proper under 28 U.S.C. § 1391(b)(2) because a substantial
2 part of the events giving rise to Youngevity's claims herein occurred in this
3 District. Youngevity is a California Corporation with its principal place of
4 business located in San Diego, California.

5
6 **III. ALLEGATIONS COMMON TO ALL CLAIMS FOR RELIEF**

7 22. Wakaya is a limited liability company recently founded in 2015. The
8 vast majority of MLM startups ultimately fail or remain unprofitable. To survive,
9 Wakaya needed to create, coincidental with the public announcement of the
10 company's start of operations, extensive marketing appeal with a strong direct-
11 selling network of distributors who could move consumer goods. Wakaya has
12 attempted to build that network by unlawfully converting to its own use
13 Youngevity's business opportunities, employees, intellectual property, distributors
14 and distributor networks. Wakaya has attempted to accomplish those unlawful acts
15 by encouraging, facilitating, aiding, or abetting individuals within the Youngevity
16 by interfering with Youngevity's relations with its distributors, inducing
17 Youngevity distributors to violate their contractual agreements with Youngevity,
18 and converting business opportunities intended for Youngevity to Wakaya.

19 23. Youngevity is a direct selling company that depends on the integrity
20 of its direct-selling network of distributors to operate a profitable business.
21 Youngevity's distributors are deemed independent contractors, but sales and
22 commissions earned by each distributor are shared with other Youngevity
23 members according to the well-defined corporate structure.

24 24. Youngevity distributors are encouraged to enroll additional
25 distributors, thus increasing Youngevity's sales force and expanding the
26 company's ability to provide Youngevity products at the consumer level to people
27 worldwide. New distributors who enroll under an existing distributor are said to
28 fall within that enrolling distributor's "downline." Those enrolling distributors fall

1 within the new distributor's "upline." The relationships of distributors are all
2 mapped through a Youngevity distributor "genealogy."

3 25. Each upline distributor receives commissions for the sales by those
4 distributors in the downline. That compensation package encourages enrolling
5 distributors to actively assist their downlines, train them, and support them in
6 product promotions and sales. The success of any Youngevity genealogy is
7 commensurate with teamwork, effort, and resources available to those in the
8 genealogy.

9 26. Because upline distributors have a direct financial interest in their
10 downlines (or genealogy generally), Youngevity requires all distributors to adopt,
11 execute, and follow the Youngevity Policies & Procedures Agreement (hereinafter
12 "Procedures"). *See* Youngevity Policies and Procedures, attached as Exhibit A.
13 Those Procedures govern all aspects of distributor relations, from dispute
14 resolution to advertising practices.

15 27. All Youngevity distributors are bound by the Procedures. All
16 distributors must submit an Application/Agreement Form to become a distributor.
17 Almost all Applications/Agreements are now submitted through Youngevity's
18 website. When accepting the submission of applications to become a distributor
19 electronically, the Youngevity website requires all distributors and prospective
20 distributors to affirmatively agree to the Procedures. Once an individual becomes
21 a Youngevity distributor, he or she must accept the Procedures each time before
22 successfully logging into and accessing his or her back office. In addition, each
23 time the Procedures are updated, the Youngevity website provides the update to
24 distributors, and requires the distributors to affirmatively agree to the updates.

25 28. The integrity of Youngevity genealogies is essential for the successful
26 operation of Youngevity's business. Like most direct selling companies,
27 Youngevity's Procedures therefore impose strict prohibitions against activities like
28

1 “cross-recruiting” among the various Youngevity genealogies. For example,
 2 Section E12 of the Youngevity Procedures states:

3 Distributors are strictly forbidden from Cross-Recruiting, and shall
 4 not sell, recruit, propose, or in any other way induce or attempt to
 5 induce any other Distributor to purchase any product or service, or
 6 to participate in any other income opportunity, investment,
 7 venture, or commit any other activity deemed, at the full discretion
 8 of the Company, as cross-recruiting. This includes any such
 9 activities across any divisions of the Company, should any separate
 10 divisions with different compensation plans or hierarchy structures
 11 exist, unless, and as specifically stated otherwise. The integrity of
 12 the hierarchy and the relationships therein is of paramount
 13 importance to every Distributor as well as to the Company. Any
 14 Distributor violating this provision may be subject to immediate
 15 termination for cause, forfeiting any and all commissions due him
 16 or her.

17 *See* Exh. A at 8, § E12.

18 29. Section E7 of those Procedures similarly prohibits the use of
 19 Youngevity’s proprietary information to cross-recruit. *Id.* at 7 (including the use
 20 of “[d]istributor lists, including downline sales organization information,” which is
 21 “proprietary and confidential to the Company”). Section E7 states:

22 Without limiting the generality of the foregoing, no such
 23 information may be used in cross-recruiting or with the intent to
 24 entice Company Distributors into other network marketing
 25 organizations

26 *Id.*

27 30. Wakaya is founded, in part, by disgruntled former Youngevity
 28 distributor Todd Smith who, once loyal to the company, came to resent it as the
 growth of the company brought in more distributors with status equal to his own
 and income exceeding his. Smith joined with the above-named Defendants—all
 former Youngevity employees, distributors, or executives—to build a competing
 network marketing company by disparaging Youngevity, inducing Youngevity

1 distributors to break their contracts with Youngevity and work for Wakaya,
2 converting Youngevity business opportunities intended for Youngevity to Wakaya,
3 and unlawfully converting Youngevity resources to promote Wakaya.

4 31. Smith had enjoyed a long period of success within Youngevity, had
5 achieved prominence in the company, and garnered the trust and confidence of the
6 company's distributors. He developed a reliable income stream through
7 Youngevity's system and helped grow the business. Youngevity supported Smith
8 and assisted in his business development for nineteen years.

9 32. Smith grew dissatisfied with Youngevity management, his
10 dissatisfaction reaching a pinnacle when he received corporate reprimands for
11 unlawfully entering the international market of Mexico without Youngevity
12 authorization or Mexican legal approvals, and engaging in unlawful sales of
13 product in Mexico, exposing the company to potential liability for foreign
14 advertising claims and sales. Smith translated his dissatisfaction with those
15 reprimands and his increasing immersion in a sea of up and coming new
16 Youngevity leaders into a design to induce Youngevity distributors to defect from
17 the company, to divert business opportunities intended for the company, and to
18 redirect resources of the company to facilitate the creation of a competing direct
19 sales company: Wakaya.

20 33. Smith and the other Defendants first tested whether they could induce
21 a mass exodus of Youngevity distributors from the company to their fledgling
22 start-up while on a Youngevity expenses-paid cruise for distributors in January
23 2015. On that cruise, a top level Youngevity distributor, Tom Chenault, called a
24 meeting to help organize and assist Youngevity distributors. At that meeting, co-
25 conspirators Dave Pitcock (a top-level Youngevity distributor), his wife Barb
26 Pitcock (a top-level Youngevity distributor), Andre Vaughn (a top-level
27 Youngevity distributor), Bill Andreoli (President of Youngevity), and Todd Smith
28 (a top-level Youngevity distributor), all publicly expressed dissatisfaction with

1 Youngevity and condemned company officers. Inviting dissent rather than
2 defending Youngevity interests, Andreoli stated that if anyone in attendance left
3 Youngevity, he would leave with them.

4 34. After that cruise, Smith worked with his co-conspirators to lay the
5 foundation for a new competing MLM. Wakaya Perfection was acquired on
6 October 22, 2015, in the State of Utah. Smith identifies himself as a co-founder.

7 35. While Smith was a top-level Youngevity distributor, he arranged
8 meetings ostensibly as a Youngevity representative with outside businesses
9 seeking to contract with Youngevity. Unbeknownst to those entities, Smith used
10 his position in Youngevity to redirect business opportunities intended for
11 Youngevity to Wakaya, all the while concealing the opportunities from
12 Youngevity.

13 36. In 2015, a member of Smith's Youngevity "downline" introduced
14 Todd Smith to David Smith, the owner of the Great American Clay Company
15 based in Austin, Texas (hereinafter "GAC").¹ GAC expressed interest in
16 contracting with Youngevity to provide bentonite clay products, which are helpful
17 detoxifying agents. GAC also indicated its willingness to work with Youngevity's
18 founder, Dr. Joel Wallach, on a book publishing project related to Youngevity's
19 business.

20 37. Todd Smith met with GAC as a representative of Youngevity. He led
21 GAC owner David Smith to understand that he, Todd Smith—and he alone—was
22 the contact for Youngevity. GAC had been scheduled to meet with Youngevity's
23 Dr. Wallach in October of 2015 in North Carolina. Todd Smith asked GAC to
24 cancel that meeting with Wallach, stating that he (Smith) was already working on
25 the account and had been given Youngevity's authority to develop new products
26 himself. Those representations were false.

27 ¹ David Smith and Todd Smith are unrelated and have no familial
28 connections.

1 38. Todd Smith asked GAC not to disclose the reasons for cancelling
2 GAC's meeting with Wallach and Youngevity's representatives. Meanwhile, Todd
3 Smith continued his negotiations with GAC for the development and formulation
4 of four GAC products all the while still purporting to do so on Youngevity's
5 behalf.

6 39. Todd Smith then prepared a contract for GAC which named as
7 contracting parties not Youngevity and GAC but instead Wakaya Perfection and
8 GAC. This led GAC's owner to engage in email correspondence expressing
9 confusion as to why Wakaya and not Youngevity was the named contracting party.
10 Given further assurances by Todd Smith, GAC then contracted with Wakaya to
11 prepare its four clay products developed at Todd Smith's request for the exclusive
12 marketing of Wakaya. At no point did Todd Smith inform Youngevity that GAC
13 had been seeking to contract with Youngevity. In fact, Todd Smith requested that
14 GAC's owner keep his negotiations with Smith confidential.

15 40. Todd Smith falsely represented that he had authority to contract for
16 Youngevity, used his color of title within Youngevity to secure business meetings
17 allegedly on Youngevity's behalf, concealed those meetings from Youngevity,
18 discouraged prospective businesses from contracting with Youngevity, and then
19 converted those Youngevity business opportunities to his new Wakaya venture.
20 That conduct was unquestionably tortious, unlawful, and deceitful.

21 41. GAC now provides products exclusively for sale through Wakaya,
22 and continues to develop products at Wakaya's direction. The Wakaya-GAC
23 products include nutritional supplements or products that now compete directly
24 with Youngevity nutritional products.

25 42. Smith intended to (and did) induce Youngevity distributors to break
26 their contracts with Youngevity and become Wakaya participants, investors, and
27 distributors.
28

1 43. Many of the first people to endorse Wakaya's social media
2 publications were Youngevity distributors or former Youngevity distributors
3 recruited by Todd Smith or at Todd Smith's request.

4 44. To promote Wakaya, Wakaya employees and distributors conducted
5 conference calls. During those calls, Wakaya has used Youngevity distributors,
6 including Pitcock and Vaughn as primary presenters, which calls, text messages,
7 and related social media posts are then communicated to a broad audience of
8 Youngevity distributors, derived from Youngevity's confidential distributor lists.

9 45. Smith manipulated relationships with Youngevity distributors to
10 secure economic advantages for Wakaya, thus attempting to dismantle Youngevity
11 business networks from within the Youngevity corporation. To preserve his prior
12 income stream from Youngevity business, Smith purported to convey his interests
13 in Youngevity distributorships to his long-time personal friend, partner, and fellow
14 Youngevity distributor, Blake Graham. Smith conveyed those interests through a
15 strawman transaction wherein no valuable consideration was exchanged and Smith
16 continued to derive income and resources from Graham and TNT despite
17 conspiring with Graham to convince Youngevity that Graham had not defected
18 from Youngevity and should thus be entitled to receive all distributorships and
19 commissions previously divided by Graham and Smith. On information and belief,
20 Graham and Smith maintained financial ties and enabled commissions and
21 resources to be available to and used by Smith in support of Wakaya.

22 46. Graham continued operation of TNT purportedly without Smith as a
23 named partner, but in fact permitted the direct recruiting and cross-recruiting of
24 TNT distributors and the diversion of business opportunities by Wakaya. Graham
25 maintained TNT as a Youngevity front that aided and abetted Smith's tortious
26 conduct. Both Graham and Smith profited at Youngevity's expense while Graham
27 permitted Smith to drive Youngevity business, resources, and opportunities away
28 from Youngevity to Wakaya. Both Graham and Smith were aware of the

1 Youngevity agreements executed to prevent business losses through that type of
2 conduct.

3 47. Graham retains control over Youngevity websites that drive
4 commerce to TNT based on the unauthorized use of the Youngevity founder's
5 name and likeness, those of Dr. Joel Wallach. Dr. Wallach has exclusively
6 licensed his name, likeness, and image to Youngevity. Youngevity has not granted
7 to TNT, Graham, or Smith approval to use Dr. Wallach's name, likeness, or
8 identity and has in fact demanded that Smith, Graham, and TNT cease all use of
9 the unauthorized marks.

10 48. For example, TNT and Graham retain control over the website:
11 www.wallachonline.com. That webpage captures prospective Youngevity
12 purchasers and traffic. The website ranks within the top pages when individuals
13 search for Dr. Wallach online. The phone number for TNT is 1-800-925-5224 (or
14 1-800-WALLACH), thus further trading off of Dr. Wallach's name without
15 authorization.

16 49. Aware of Todd Smith's actions to form a competing company that
17 would cross-recruit Youngevity distributors, Graham withheld that information
18 from Youngevity for months, until after Smith recently made a public
19 announcement of his formation of Wakaya. Youngevity commissions were paid
20 to distributorships owned by Smith, Graham, and both of them, during that time
21 and from which they drew income, and some of those funds were diverted to help
22 establish and further the business interests of Wakaya. In addition, Graham
23 purported to receive, at or before the start of 2016, a transfer, assignment, or
24 purchase of all Youngevity distributorships in which Todd Smith held an interest
25 or received income, but the alleged transfer was a sham without complying with
26 company rules that required authorization from Youngevity before so doing.
27 Graham attempted to mislead Youngevity into believing Smith was no longer
28 involved in or receiving income from any Youngevity distributorship when in fact

1 Smith remained involved in and received income from Youngevity
2 distributorships. He did so in an effort to have all distributorships previously held
3 jointly or from which funds were divvied up between the two restructured to be in
4 Graham's name only but with no restrictions as to Graham's dispensation of the
5 funds, including payment back to the defecting Todd Smith or to Wakaya. Graham
6 falsely informed Youngevity that TNT, a Youngevity distributor, had been
7 assigned to him exclusively and that it had nothing to do with Smith or Smith's
8 company Wakaya.

9 50. On February 22, 2016, Graham sent an email and text letter to all
10 Youngevity distributors using Youngevity's confidential distributor list without
11 Youngevity authorization. Graham's unauthorized correspondence, issued while
12 under suspension, complimented Todd Smith on his departure and wished him well
13 in the new venture, as if written with Youngevity's blessing when it was not. *See*
14 Graham e-mail, attached as Exhibit B. The content was contrary to Youngevity's
15 position on the departure of Todd Smith. A top level distributor, Graham used the
16 email and text communication and the confidential distributor list to convey the
17 false impression that Youngevity had no issues with Todd's departure or formation
18 of a competing MLM, thus implying that further moves by Youngevity distributors
19 to become Wakaya distributors would likewise not offend the company.

20 51. Graham has admitted that certain individuals employed by TNT are in
21 fact also employed by Wakaya Perfection and are also distributors for Wakaya
22 Perfection, thereby causing a Youngevity distributor, TNT, to condone, aid, and
23 support Wakaya Perfection's recruitment efforts, including Wakaya Perfection's
24 efforts at cross-recruitment of Youngevity distributors and creation of certain
25 Wakaya promotional materials. Those promotional materials have been used by
26 Wakaya distributors to induce Youngevity distributors to breach their contracts
27 with Youngevity.
28

52. While still employed by or serving as distributors for Youngevity, Defendants encouraged high ranking Youngevity distributors and Youngevity employees to work for or enroll in Wakaya. All of those individuals were advised and encouraged to maintain secrecy about their dealings with Wakaya Perfection until after public announcement of the company by Smith. Most continued working for Youngevity at a superficial level, while concurrently gathering Youngevity information and using Youngevity relationships to lay the foundation for and promotion of Wakaya.

53. Bill Andreoli had owned Financial Destination, Inc., FDI Management, Inc., FDI Realty, LLC, and MoneyTRAX, LLC (collectively, “FDI”). FDI was not a successful company, was experiencing a severe decline in its finances, and had just lost a major contract for one of its services when, on or about August 13, 2011, Andreoli contracted Youngevity concerning the sale of FDI to Youngevity. Youngevity agreed to allow Andreoli, as an accommodation, to maintain and staff an office in New Hampshire. As part of the transaction, Andreoli and Youngevity entered into an Employment Agreement which included non-circumvent and non-disclosure clauses. *See Andreoli Employment Agreement*, attached as Exhibit C. That agreement contains the following relevant terms:

- Andreoli must “devote his full working time, attention, and energy to [Youngevity ...] and shall not ... be engaged in any other business activity if pursued for gain, profit, or other pecuniary advantage without [Youngevity’s] prior written consent” *Id.* at § 7.
- Andreoli cannot disclose any confidential information, including customer information, to any third party. *Id.* at § 9(a)
- Andreoli cannot use any of Youngevity’s trade secrets to compete with Youngevity. *Id.* at § 9(b).

- Andreoli was required to promptly disclose any new discoveries or improvements that he developed to Youngevity. *Id.* at §10.

54. Over a period of approximately four years, Andreoli in his capacity as President of Youngevity, caused in excess of a dozen “forced qualifications” or automatic rank advancements to be bestowed upon individuals and entities who did not earn those advancements through increased product sales volumes, as required by Youngevity rules. Through those forced qualifications, Andreoli breached his fiduciary duty to Youngevity. The effect was to cause the company to pay those individuals and entities higher than justified commissions, bonuses, and car bonuses. Among those given these forced qualifications were Andreoli’s parents, his wife and children, Andre Vaughn, and Monique Vaughn. For example, as a result of Andreoli’s forced qualification of Andre Vaughn, Youngevity paid Vaughn \$40,000.00 in car bonuses and in excess of \$600,000.00 in commissions and other bonuses over a four year period.

55. Andre Vaughn and Monique Vaughn are married, share their assets, and co-mingle their funds. Andre was a top distributor for Youngevity. While both Andre and Monique maintained Youngevity distributor accounts, Andre was by far the more active in Youngevity business. Monique claims that she has not accessed her Youngevity back office in over three years, and, upon information and belief, Monique has never been to a YGYI distributor meeting.

56. Andre Vaughn is now a participant, promoter, and distributor for the Wakaya venture. Andre uses his contacts at Youngevity to induce Youngevity distributors to enroll in his downline at Wakaya.

57. Andre has unlawfully promoted Wakaya by making false and misleading claims. For example, Andre has represented that Wakaya distributors can earn a free cruise in only 12 hours.

58. Andreoli participated in, and helped facilitate, the Wakaya venture while serving as President of Youngevity and while under contractual obligations

1 to refrain from such participation and facilitation. Andreoli's contractual
2 agreements with Youngevity expressly precluded and prohibited his involvement
3 with other network marketing companies.

4 59. Nonetheless, while serving as Youngevity's President in August 2015,
5 Andreoli acted to encourage widespread dissention from Youngevity management
6 during key distributor meetings and on occasional visits to other Youngevity
7 offices.

8 60. In October 2015, again while under contract with Youngevity and
9 while serving as Youngevity's President, Andreoli contacted other Youngevity
10 distributors in an effort to induce contract breaches by causing them to become
11 distributors for Wakaya Perfection. Andreoli made additional contacts with
12 distributors in November 2015, again soliciting their involvement in the Wakaya
13 venture. Andreoli hosted Wakaya corporate events at his New Hampshire
14 facilities. Andreoli was unquestionably a participant in and promoter for the
15 Wakaya venture. Andreoli took those actions despite contractual provisions that
16 expressly and directly forbid him from so doing.

17 61. Also in October 2015, Andreoli, while serving as Youngevity's
18 President, contacted world renowned oncologist and immunologist Dr. Charles B.
19 Simone, who had been in talks with Youngevity concerning possible licensing of a
20 Simone health product to Youngevity. Andreoli informed Simone that Andreoli
21 was involved in a new MLM venture and urged Simone to join Andreoli in
22 consummating a deal with that venture. The offer to Simone was not made known
23 to Youngevity's CEO or other officers or directors, and Simone declined to accept
24 the offer.

25 62. Effective December 30, 2015 in accordance with its lease agreement
26 Youngevity closed its New Hampshire office. A Youngevity employee, John
27 Taylor, flew to New Hampshire to pack up the office equipment, including
28 computers and data contained within same. That office employed Mike Randolph,

1 a Youngevity Executive Vice President and “consiglieri” to Andreoli. Youngevity
2 also employed Mike Randolph. When John Taylor attempted to obtain the
3 computer used by Mike Randolph’s son, Taylor discovered that the computer was
4 missing and had been replaced by an older computer. Taylor was unable to
5 recover the contents of the computer, which had included proprietary Youngevity
6 information. In addition, at Andreoli’s request, Taylor did not remove
7 approximately \$40,000 worth of office furniture to which Youngevity was entitled.

8 63. Youngevity also employed Jimmy Hyun, Andreoli’s brother-in-law, at
9 the New Hampshire office. Hyun refused to supply Youngevity with passwords
10 essential to updating Youngevity’s distributor information sections on
11 Youngevity’s website. Youngevity was therefore required to expend employee
12 hours to rebuild and replace that part of their website.

13 64. On or about August 7, 2013, Youngevity purchased Heritage Makers,
14 Inc. Patti Gardner signed that Agreement (the “HM Agreement”) on behalf of
15 Heritage Makers, and Brytt Cloward signed that Agreement on behalf of himself.
16 *See* Heritage Makers Agreement, attached as Exhibit D. Article XI of that
17 agreement contains confidentiality and non-competition clauses. *See id.* at p. 33.
18 Under that article, neither Gardner nor Cloward may use, for their or Wakaya’s
19 benefit, customer lists or other information that HM transferred to
20 Youngevity. *Id.* Further, those individuals cannot engage in a business or
21 enterprise that qualifies as a “competing business” until at least August, 2017, or
22 solicit or attempt to solicit sales or licenses of any competing businesses, interfere
23 with, disrupt, or attempt to disrupt the relationship between HM, Youngevity and
24 their customers, suppliers, agents, consultants, officers or employees relating to the
25 Heritage Makers’ products sold to Youngevity. *Id.*

26 65. In August, 2015, Andreoli, acting as President of Youngevity, had
27 Youngevity’s key employees, its marketing team, comprised of Mike Casperson,
28 Brytt Cloward, and Patti Gardner, fly to Andreoli’s Youngevity office in New

1 Hampshire purportedly to work on Youngevity's marketing. On information and
2 belief, however, Andreoli had those three Youngevity employees travel to New
3 Hampshire to discuss in secret Wakaya and their prospective employment by that
4 company. While at Youngevity, Cloward reported directly to Andreoli.

5 66. Patti Gardner was employed by Youngevity as Vice President of
6 Sales. Gardner was in charge of making Youngevity's travel reservations and
7 making reservations for Youngevity's events. Gardner has a "travel agent
8 number" which allows her to receive commissions on such reservations. While in
9 Youngevity's employ, Gardner was required to forward all commissions she
10 earned from making reservations for Youngevity back to Youngevity. Gardner
11 currently owes Youngevity in excess of \$20,000.00 from such commissions.

12 67. While at Youngevity, Gardner reported directly to Andreoli and
13 became close with Andreoli. When Gardner left Youngevity, she failed to return
14 several binders of information to Youngevity, which included contact information
15 for Youngevity's distributors. Gardner is now the Vice President of Sales at
16 Wakaya. While at Youngevity, Marin Barney reported directly to Cloward.
17 Casperson, Cloward, and Barney all resigned from Youngevity, *at the same time as*
18 *Andreoli*, in October 2015 to "pursue some other options" and "work on some new
19 projects."

20 68. Youngevity maintained valid and enforceable Nondisclosure
21 agreements with Casperson, Cloward, Barney, and Gardner. *See* Nondisclosure
22 Agreements, attached as Exhibit E.

23 69. As part of their resignation, Casperson, Cloward, and Barney all asked
24 to keep their Youngevity work computers. Youngevity refused to release those
25 work computers, and sent an employee to the Utah office to retrieve the computers
26 where Casperson, Cloward, and Barney worked. That employee discovered each
27 computer's hard drive and memory to be completely erased of content so that
28 Youngevity could not retrieve any of its confidential information contained therein

1 and any of Casperson's, Cloward's, or Barney's work product. Those laptop
2 computers had contained sensitive and proprietary Youngevity data and work
3 product. The laptops also included Youngevity marketing materials, graphics, and
4 data belonging exclusively to Youngevity.

5 70. Barney is now the Senior Creative Director, Corporate Visual
6 Branding, at Wakaya. Mike Casperson and Brytt Cloward are also employed at
7 Wakaya in different capacities. New publications and promotional content
8 published by Wakaya have adopted the format and content developed on those
9 computers by these same employees for Youngevity during the times Barney,
10 Cloward, and Gardner were employed at Youngevity. On information and belief,
11 Wakaya or its agents facilitated, aided, abetted, and orchestrated the departure of
12 Youngevity employees and the conversion to Wakaya's use of sensitive and
13 proprietary Youngevity data and work product. Wakaya benefitted from that
14 departure, and has used Youngevity proprietary information gleaned from those
15 departing employees to its economic advantage and to Youngevity's economic
16 disadvantage.

17 71. Brytt Cloward and Patti Gardner violated their obligations under the
18 Heritage Makers Agreement. By working for Wakaya, they are engaging in a
19 business venture that directly competes with Youngevity, in violation of the HM
20 Agreement. Cloward and Gardner further violated the HM Agreement by using
21 Youngevity's proprietary information, including Youngevity's customer and
22 distributor lists, to develop work product for and to solicit and attempt to solicit
23 sales for Wakaya at Youngevity's expense.

24 72. In October 2015, Youngevity began to experience injury from
25 Wakaya's campaign to induce Youngevity employees and distributors to break
26 their contracts with Youngevity. As discussed *supra*, several Youngevity
27 executives and employees suspiciously departed within the same two week
28 window, including: Brytt Cloward (Youngevity Vice President of Marketing);

1 Patti Gardner (President of Youngevity's Heritage Makers); Marin Barney
2 (Youngevity Senior Creative Director); Mike Randolph; Mike Casperson; and
3 President, Bill Andreoli. Those individuals departed Youngevity abruptly,
4 declining to identify their new positions or business plans. Marin Barney indicated
5 on social media that she was "starting a new project [in] November 2015" and that
6 she had left Youngevity to "fill new Creative Management Position at a new
7 corporation, launching 2016."

8 73. All of those individuals have become executives in, employees of, or
9 distributors for Wakaya Perfection.

10 74. Those employees abruptly departed Youngevity in unison under
11 suspicious circumstances that reflect a conspiracy—a uniform effort or agreement
12 to participate in Wakaya and disadvantage Youngevity long before discontinuing
13 their service to or within Youngevity. Those employees were in constant and
14 direct contact with Defendants, including Youngevity's former President,
15 Andreoli. Those employees, executives, and distributors were bound by various
16 non-compete agreements and non-disclosure agreements that would have
17 prevented their involvement with Wakaya, and would have particularly prevented
18 their cross-recruiting of Youngevity distributors and their disclosure of Youngevity
19 proprietary business information to and conversion of Youngevity work product to
20 Wakaya.

21 75. Dave Pitcock was the owner of Livinity, Inc. On or about July 10,
22 2012, Pitcock sold Livinity, Inc.'s assets to Youngevity. As part of that
23 transaction, Livinity and Youngevity entered into a Consulting Agreement with
24 valid non-disclosure and non-circumvent clauses, wherein Pitcock agreed to serve
25 as a Consultant for Youngevity. *See* Livinity Consulting Agreement, attached as
26 Exhibit F.

27 76. That agreement prohibited Livinity and Pitcock from disclosing any
28 confidential information and from using confidential information, including

1 business contacts, information regarding distributors/vendors/supplies and other
2 business associates of Youngevity, for the purpose of circumventing Youngevity's
3 business operations. *Id.* at §§ 4(c)–(d). Furthermore, Livinity was required, at all
4 times, to refer to Youngevity in terms that further Youngevity's business
5 objectives and not refer to Youngevity in a manner that damages Youngevity's
6 position in the marketplace. *Id.* at § 6. The Livinity Consulting Agreement
7 provides for extensive relief to Youngevity, including an “injunction, monetary
8 damages, punitive damages, and specific liquidated damages in the amount of the
9 prior year's earnings for disclosure of Confidential Information and/or use of such
10 information to solicit Youngevity's customers.” *Id.* at § 4(e).

11 77. Dave Pitcock and his wife, Barb Pitcock, are now distributors for the
12 Wakaya venture. They were the joint owners of Youngevity distributor accounts
13 and co-mingled their funds.

14 78. The documentary and testimonial evidence demonstrates that Wakaya
15 founders, investors, distributors, executives, and participants operated an unlawful
16 scheme to prey upon Youngevity's distributor networks, business interests,
17 accounts, sales, commissions, and goodwill. Wakaya, through its agents, has
18 interfered with Youngevity business operations, has interfered with Youngevity
19 distributor relationships, and has induced Youngevity employees and distributors
20 to violate their contracts with the company. Wakaya unlawfully benefitted (or
21 sought to benefit) from Youngevity's proprietary and confidential business
22 information, in part, by using that information to recruit participants in Wakaya.

23 79. Wakaya, through its agents, facilitated and encouraged the breach of
24 Youngevity employment contracts. Those actions were taken by individuals—like
25 Smith, Vaughn, Pitcock, Graham, Cloward, Gardner, Casperson, and Andreoli—
26 who had knowledge of Youngevity's contractual relationships, and who were
27 aware that their conduct was in violation of same (or would result in violation of
28 same). Indeed, the Defendants, specifically former Youngevity leaders Smith and

1 Graham, and former Youngevity President Andreoli, were the same people
2 responsible for enforcing or causing distributors to uphold Youngevity's
3 Procedures—including Youngevity's prohibition against cross-recruiting. They
4 held positions of prominence in Youngevity that caused Youngevity distributors to
5 view them with trust and confidence. Thus, the Defendants' solicitation to join
6 Wakaya conveyed implicit as well as explicit false connotations that doing so
7 would not offend Youngevity, would be legally protected, and would be accepted
8 by Youngevity without further recourse.

9 80. Wakaya, through its agents, intentionally converted Youngevity
10 business opportunities through misrepresentation, deceit, and trickery. Wakaya
11 met with potential Youngevity acquisitions while holding its agents out as
12 Youngevity representatives, only to direct those accounts to Wakaya through
13 subterfuge, concealment, and misrepresentation.

14 81. Wakaya's agents, including its co-founder Smith, displayed a
15 consciousness of potential liability. He repeatedly coerced or encouraged
16 individuals to maintain secrecy surrounding his unlawful and anti-competitive
17 activities. Through misrepresentation, he solicited the secrecy of distributors and
18 potential Youngevity clients.

19 82. The intentional targeting of Youngevity resources, and the
20 manipulation of Youngevity's business from within—all for the economic
21 advantage of Wakaya—violated business ethics and constituted actionable tortious
22 conduct. Youngevity distributors, employees, and executives are free to work
23 outside of Youngevity during or after their time with Youngevity. They are not,
24 however, free to work directly for competing ventures to Youngevity's detriment
25 and use Youngevity resources, confidential information, contacts, and
26 opportunities against Youngevity while purporting to hold interests with
27 Youngevity. That latter conduct is unlawful, and is the subject of this lawsuit. All
28 Defendants were aware of the contractual obligations prohibiting the conduct

1 alleged herein and maliciously violated those obligations, fiduciary duties, and
2 trust.

3 83. Wakaya and the Defendants have made unauthorized use of
4 Youngevity's distributor lists to facilitate interference with Youngevity contractual
5 relations and induce breach of contract by Youngevity distributors. They have
6 used Youngevity's name and intellectual properties to cross-recruit.

7 84. The individual Defendants used their well-known identities within
8 Youngevity as President, in the case of Andreoli, and as corporate employees or as
9 prominent top level distributors, in the case of the other individual named
10 Defendants, to mislead Youngevity distributors into believing that they could
11 become Wakaya distributors and recruit additional Youngevity distributors into
12 Wakaya without loss of their Youngevity distributorships and commissions, thus
13 causing those distributors wittingly or unwittingly to breach their Youngevity
14 contracts as a result of the Defendants' exercise of artifice, guile,
15 misrepresentation, and deceit.

16 85. The Defendants, specifically Andreoli, Smith, and Graham, held
17 prominent positions within Youngevity or its distributor hierarchy which enabled
18 them to enjoy distributor trust and confidence, which trust and confidence they
19 manipulated to induce distributors to breach their Youngevity contracts in the
20 mistaken belief that Youngevity would not take any adverse action as a result of
21 those breaches.

22 86. Wakaya's conduct is unfair competition. Wakaya has also
23 manipulated commercial markets through false or deceptive advertising and
24 promotional claims. Wakaya has lured distributors into its venture through the
25 promise of unreasonable income generation. Acting through its agents, Wakaya
26 has published or disseminated demonstrably false information concerning
27 Youngevity's business. Wakaya's dissemination of false information was intended
28 to disparage Youngevity. In an effort to secure more business from Youngevity

1 directly, Wakaya has attempted to cast Youngevity as a financially bereft
 2 corporation on the brink of bankruptcy when in fact it is financially robust and
 3 profitable, having experienced considerable success and growth.

4 87. Wakaya's conduct includes false and misleading claims. Wakaya has
 5 represented that Wakaya distributors can earn large incomes. In fact, to date no
 6 Wakaya distributors are earning large commission-generated incomes and the
 7 substantial majority of Wakaya distributors will not earn the amount of income
 8 Wakaya has represented they will earn; indeed, most will not even recoup their
 9 investments in the company. Todd Smith and Dave Pitcock, among others, have
 10 made such illegal income claims.

11 88. Wakaya is a company formed almost entirely from a select few
 12 disgruntled Youngevity employees, distributors, and executives who came to
 13 believe that a competing direct network MLM venture would bring greater fortune
 14 than possible through Youngevity alone, despite their high salaries and large
 15 volume commissions from Youngevity. Rather than expanding their fledgling
 16 venture through traditional means, however, the Defendants have relied
 17 substantially on business stolen or converted from Youngevity's operations. The
 18 Defendants have attempted to secure business opportunities through unlawful
 19 means.

20 COUNT ONE

21 **Intentional Interference with Prospective Economic Advantage**

22 89. The allegations of paragraphs 1 through 88 are incorporated herein by
 23 reference.
 24

25 90. Defendants Smith and Wakaya interfered with Youngevity's
 26 prospective economic relationship with Mr. David Smith, the owner of GAC.
 27
 28

1 91. Youngevity had an economic relationship with GAC when Smith, as a
2 purported Youngevity representative, met with GAC, and that relationship had the
3 probability of conferring future economic benefit on Youngevity.

4 92. At all times relevant herein, Defendants Smith and Wakaya were
5 aware of the relationship between GAC and Youngevity.

6 93. Defendants Smith and Wakaya engaged in intentional acts to disrupt
7 Youngevity's relationship with GAC. For example, Smith met with GAC falsely
8 as a representative of Youngevity, told GAC to cancel its meeting with
9 Youngevity's Dr. Joel Wallach without Youngevity authorization, concealed his
10 meetings with GAC from Youngevity, and used his position within Youngevity to
11 mislead GAC into consummating a contract with Wakaya.

12 94. As a result of Smith's and Wakaya's action, GAC now provides
13 products for sale exclusively through Wakaya, and continues to develop products
14 at Wakaya's direction.

15 95. Defendants Smith and Wakaya caused Youngevity harm because, but-
16 for Smith's and Wakaya's interference with GAC and Youngevity's relationship,
17 GAC would be producing products for sale through Youngevity and at
18 Youngevity's direction and all profits to Wakaya from the sale of GAC products
19 would instead flow to Youngevity.

20 96. All defendants have interfered with Youngevity business
21 opportunities by unlawfully diverting potential profits and sales away from
22 Youngevity into the Wakaya enterprise. Defendants accomplished that diversion
23 by encouraging the breach of Youngevity agreements, and through exploitation of
24 Youngevity's proprietary and confidential information.

COUNT TWO

Intentional Interference with Contract/Inducing Breach of Contract

97. The allegations of paragraphs 1 through 96 are incorporated herein by reference.

98. All Defendants interfered with contracts Youngevity had with third parties, and induced those parties to breach their contracts with Youngevity.

99. Youngevity maintains valid and enforceable contracts with all of its distributors. Exh. A. Youngevity also maintained valid non-disclosure agreements with Patti Gardner, Mike Casperson, Brytt Cloward, and Marin Barney, Exh. E, and a valid asset purchase contract with Gardner and Cloward through Youngevity's purchase of Heritage Makers, Inc. Exh. D.

100. At all times relevant herein, all Defendants were aware that Youngevity maintained valid and enforceable contracts with all of its distributors. Further, at all relevant times herein, Wakaya and Andreoli were aware that Youngevity maintained valid non-disclosure agreements with Patti Gardner, Mike Casperson, Brytt Cloward, and Marin Barney, and were aware that Youngevity maintained a valid contract with Gardner and Cloward through Youngevity's purchase of Heritage Makers, Inc.

101. All Defendants intentionally induced Youngevity distributors to breach their contracts with Youngevity. The Defendants contacted Youngevity distributors directly to tell them about Wakaya and recruit them to join Wakaya. For example, Defendant Graham sent an unauthorized e-mail and text to all Youngevity distributors, acting as though Youngevity endorsed the e-mail, and explained that Todd Smith is engaging in a new enterprise. Exh. B. That e-mail had the effect of encouraging Youngevity distributors to be aware of Wakaya and to comprehend joining Wakaya to be an option acceptable to Youngevity, when it was in fact a contractual breach damaging to Youngevity and its distributor networks. Cross-recruiting is prohibited under Youngevity's Contract with

1 distributors. Exh. A. Defendants Wakaya and Andreoli induced Casperson,
 2 Gardner, Cloward, and Barney to violate their agreements with Youngevity by,
 3 *inter alia*, engaging in enterprises intended to compete with Youngevity, to wit,
 4 Wakaya, and by using Youngevity's confidential information, including customer
 5 lists, to obtain economic advantage for Wakaya.

6 102. The actions of Defendants Smith, Andreoli, Wakaya, TNT, Graham,
 7 Vaughn, and Pitcock caused Youngevity distributors to breach their Youngevity
 8 contracts, *inter alia*, by cross-recruiting for Wakaya. The action of Defendants
 9 Andreoli and Wakaya caused Patti Gardner, Mike Casperson, Brytt Cloward, and
 10 Marin Barney to breach their contracts with Youngevity by, *inter alia*, using
 11 Youngevity's proprietary information and resources to benefit Wakaya.

12 103. Youngevity has suffered damages and continues to suffer damages as
 13 a result of those distributors and employees' violations of their contracts with
 14 Youngevity and inducement of others to violate their contracts with Youngevity.

15 16 **COUNT THREE**

17 **Conspiracy**

18 104. The allegations of paragraphs 1 through 103 are incorporated herein
 19 by reference.

20 105. All Defendants formed and operated a conspiracy to illegally harm
 21 Youngevity for their own benefit. For example, the Defendants conspired
 22 misappropriate and use Youngevity's trade secrets, including distributor and
 23 customer lists and Youngevity work product, for the purpose of obtaining
 24 economic advantage for Wakaya. In particular, all Defendants had an agreement
 25 amongst themselves to illegally misappropriate and use Youngevity's customer
 26 lists, work product, and other proprietary information for the purpose of soliciting
 27 Youngevity's customers and distributors away from Youngevity and to Wakaya.
 28 Similarly, the Defendants conspired, *inter alia*, to induce Youngevity distributors

1 to breach Youngevity's Procedures and conspired to misappropriate Dr. Joel
2 Wallach's name, likeness, and identity.

3 106. Defendants Smith, Andreoli, Pitcock, Graham, and Vaughn were the
4 ringleaders in this conspiracy, formulating the goals and methods of the scheme
5 and enticing and recruiting others to take part in in it, even while employed by and
6 affiliated with Youngevity. In this manner, they recruited and enticed, for
7 example, GAC, Mike Randolph, Defendant Gardner, Bernadette Trafton, Mike
8 Casperson, Defendant Cloward, and Marin Barney to affiliate with Wakaya.

9 107. The Defendants enticed those they recruited to use proprietary
10 information, including Youngevity customer and distributor contact information, to
11 recruit others to join the conspiracy.

12 108. The Defendants had knowledge of the unlawful objectives of the
13 conspiracy and intended to achieve those objectives, as evidenced by the
14 affirmative action they took to convert to Wakaya the business opportunity
15 presented by GAC for Youngevity, to interfere with Youngevity contractual
16 relations, and to cross-recruit Youngevity distributors.

17 109. The conspiracy was successful in that it resulted in the formation of
18 Wakaya, a direct competitor to Youngevity, and produced and continues to cause
19 damages to Youngevity.

20 110. As a direct and proximate result of the conspiracy, Youngevity has
21 suffered and will continue to suffer loss of profits and loss of market share. In
22 perpetrating the above stated acts, Defendants acted willfully and maliciously, and
23 in blatant disregard of their fiduciary duties to Youngevity and of Youngevity's
24 rights.

COUNT FOUR

Breach of Contract

111. The allegations of paragraphs 1 through 110 are incorporated herein by reference.

112. Defendants Smith, Andreoli, Graham, Vaughn, Pitcock, Gardner, and Cloward have all entered into valid contracts with Youngevity. Exhs. A, C–F.

113. Youngevity has performed all obligations required under those contracts.

114. Defendants Smith, Andreoli, Graham, Vaughn, Pitcock, Gardner, and Cloward have all breached their contracts with Youngevity. All of those Defendants were Youngevity distributors and violated the Youngevity Procedures by cross-recruiting and using proprietary Youngevity information, such as customer lists, to cross-recruit. All of those defendants also breached the implied covenant of good faith and fair dealing present in every contract. Further, Defendant Andreoli breached his employment contract with Youngevity by, for example, failing to devote all of his working time and attention to Youngevity, disclosing confidential customer information and using Youngevity's trade secrets to compete with Youngevity, attempting to divert business opportunities of Youngevity to Wakaya, and failing to promptly notify Youngevity about those business opportunities. Pitcock violated his consulting agreement with Youngevity by using confidential information, including business contacts, information regarding distributors/vendors/supplies and other business associates of Youngevity, for the purpose of circumventing Youngevity's business operations and by referring to Youngevity in terms that do not further Youngevity's business objectives. Gardner and Cloward violated the HM Agreement by, for example, working for Wakaya, a business that competes directly with Wakaya, and by using Youngevity's confidential information, including customer and distributor lists, to solicit business for Wakaya at Youngevity's expense.

115. As a direct, proximate, and legal result of the breaches by Defendants Smith, Andreoli, Graham, Vaughn, Pitcock, Gardner, and Cloward, Youngevity has been damaged in an amount to be proven at trial.

COUNT FIVE

Misappropriation of Trade Secrets

(Cal. Civ. Code § 3426)

116. The allegations of paragraphs 1 through 115 are incorporated herein by reference.

117. Defendants misappropriated Youngevity's trade secrets, including distributor and customer lists, and Youngevity marketing and business information to benefit Wakaya at the expense of Youngevity.

118. All Defendants aggressively solicited Youngevity's employees and distributors to leave Youngevity and work for and/or become distributors for Wakaya. By virtue of their experience and positions within Youngevity, Defendants are well aware of the contractual restrictions placed on Youngevity's distributors and employees, in particular the obligation to refrain from using or divulging Youngevity's customer lists and distributor lists.

119. The proprietary information, including customer and distributor lists, is, and at all relevant times has been, the subject of Youngevity's reasonable efforts under the circumstances to maintain its secrecy. Youngevity has taken reasonable measures to prevent the unauthorized disclosure or use of its proprietary customer and distributor lists.

120. The Defendants' actions constitute misappropriation of trade secrets in violation of Cal. Civil Code sections 3426.1 and 3246.2 because Defendants knew or had reason to know that Youngevity's trade secrets were acquired or were accomplished under circumstances that gave rise to a duty to maintain the secrecy of Youngevity's customer and distributor lists. Moreover, every time the

1 Defendants' accessed their Distributor back door office, they were required to
2 acknowledge and agree that the information was confidential and not to be used to
3 Youngevity's detriment. Defendants were well aware of the numerous policies
4 Youngevity has about the nature and protection of its confidential, proprietary
5 information.

6 121. Defendants misappropriated Youngevity's trade secrets by, among
7 other things, retaining or utilizing Youngevity's distributor and customer
8 information and confidential Youngevity work product for the purpose of
9 soliciting, directing or advising Youngevity's customers and distributors to switch
10 their business away from Youngevity and to Wakaya's competing business. For
11 example, Defendant Graham used Youngevity's distributor lists to support the
12 resignation of Defendant Smith, reveal Wakaya as a competing MLM business
13 opportunity, and mislead Youngevity distributors into believing that Smith's
14 resignation and new venture were not objected to by Youngevity.

15 122. As a direct and proximate result of Defendants' misappropriation of
16 Youngevity's trade secrets, Youngevity has suffered and will continue to suffer
17 damage. Furthermore, Defendants have been unjustly enriched by their
18 misappropriation and use of Youngevity's trade secrets and confidential
19 information.

20 123. Defendants' conduct was done and continues to be done willfully and
21 maliciously. Youngevity is therefore entitled to exemplary damages pursuant to
22 Civil Code section 3426.3, subdivision (c), and reasonable attorneys' fees pursuant
23 to Civil Code section 3426.4.

COUNT SIX

Misappropriation of Likeness

(Cal. Civ. Code § 3344)

124. The allegations of paragraphs 1 through 123 are incorporated herein by reference.

125. Defendants TNT, Graham, and Smith have used and continue to use Dr. Joel Wallach's name, likeness, or identity without his permission. Dr. Wallach granted Youngevity an exclusive license to use of his name, likeness, and identity.

126. Those Defendants have gained a commercial benefit and advantage by using Dr. Wallach's name, likeness, or identity in commerce.

127. Youngevity and its founder, Dr. Joel Wallach, have been harmed by the unlawful and improper misappropriation and use of his name, likeness, or identity.

128. The Defendants' conduct was a substantial factor in causing that harm.

129. Dr. Wallach's privacy interests, including the right to limit use of commercial trading on his name, outweigh any public interest served by the Defendants' improper use of Dr. Wallach's name, likeness, and identity.

COUNT SEVEN

Lanham Act False or Misleading Advertising

15 U.S.C. § 1125

130. The allegations of paragraphs 1 through 129 are incorporated herein by reference.

131. Defendants have made false statements of fact in commercial advertisements about allegedly superior commercial opportunities available to Wakaya distributors, by claiming, for example, that Wakaya distributors would be able to earn \$100,000.00 per month ("income claims"). Those statements by

Wakaya are false on their face or by necessary implication, inaccurate, and/or the statements are likely to mislead or confuse a substantial portion of their intended audience.

132. The Defendants' unsubstantiated income claims actually deceived or have the potential to deceive a substantial segment of the intended audience, to induce Youngevity distributors to breach their contracts and enroll in Wakaya, and to mislead the audience into believing that they can and will in fact earn \$100,000.00 per month working as a distributor for Wakaya, which representation is utterly false.

133. The Defendants' unsubstantiated income claims are material and are likely to influence the willingness of the audience to become Wakaya distributors by purchasing that business opportunity.

134. The Defendants' caused their false statements to enter interstate commerce by publishing those statements on the internet.

135. Youngevity is or is likely to be injured as a result of the Defendants' false income claims by direct diversion of distributors to and sales of competing products by Wakaya.

COUNT EIGHT

Breach of Fiduciary Duty

136. The allegations of paragraphs 1 through 135 are incorporated herein by reference.

137. Bill Andreoli, as President of Youngevity, owed fiduciary duties to Youngevity. Those duties included notifying Youngevity and obtaining authorization from Youngevity before force qualifying any individuals or entities. Those duties also obligated actions from Andreoli that served the interests of Youngevity over competing ventures. Those duties also required Andreoli to exercise reasonable care and to maintain his loyalty to Youngevity.

139. Andreoli's breach of his fiduciary duties to Youngevity proximately caused Youngevity damages. Youngevity then paid those individuals and entities higher than justified commissions and bonuses over the course of four years, at the direct and substantial expense of Youngevity.

Unfair Competition

13 140. The allegations of paragraphs 1 through 139 are incorporated herein
14 by reference.

15 141. The Defendants' conduct, as alleged above, constitutes unlawful,
16 unfair, and/or fraudulent business practices, as defined in the California Business
17 and Professions Code § 17200 *et seq.* California Business and Professions Code §
18 17200 *et seq.* borrows violations from other statutes and laws and makes them
19 unlawful to engage in as a business practice. Plaintiff's California Business and
20 Professions Code § 17200 allegations are tethered to the following violations:

142. Defendant Smith’s and Wakaya’s interference with Youngevity’s prospective economic relationship with Mr. David Smith, the owner of GAC, constitutes unlawful conduct under California Business and Professions Code § 17200 *et seq.*

143. Defendants' interference with contracts Youngevity had with third parties, and inducement to those parties to breach their contracts with Youngevity, constitutes unlawful conduct under California Business and Professions Code § 17200 *et seq.*

1 144. Defendants' formation and operation of a conspiracy to illegally
2 misappropriate and use Youngevity's trade secrets and confidential work product,
3 including distributor and customer lists, for the purpose of obtaining economic
4 advantage for Wakaya, constitutes unlawful conduct under California Business and
5 Professions Code § 17200 *et seq.*

6 145. Defendant Smith's, Andreoli's, Graham's, Vaughn's, Pitcock's,
7 Cloward's, and Gardner's breaches of contracts with Youngevity constitutes
8 unlawful conduct under California Business and Professions Code § 17200 *et seq.*

9 146. Defendants' misappropriation of Youngevity's trade secrets, including
10 distributor and customer lists, to benefit Wakaya at the expense of Youngevity,
11 constitutes unlawful conduct under California Business and Professions Code §
12 17200 *et seq.*

13 147. Defendant TNT's, Graham's, and Smith's use of Dr. Joel Wallach's
14 name, likeness, or identity without his permission constitutes unlawful conduct
15 under California Business and Professions Code § 17200 *et seq.*

16 148. Defendants' violation of the Lanham Act by making false income
17 claims constitutes unlawful conduct under California Business and Professions
18 Code § 17200 *et seq.*

19 149. Defendant Andreoli's breach of fiduciary duty to Youngevity
20 constitutes unlawful conduct under California Business and Professions Code §
21 17200 *et seq.*

22 150. As a result of Defendants' wrongful conduct, Youngevity has suffered
23 and will continue to suffer damages and injuries according to proof at trial.
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PRAYER FOR RELIEF:

WHEREFORE, Youngevity prays for judgment in its favor and against Defendants and requests that this Court award NIC the following:

A. An award of exemplary or punitive damages under Cal. Civ. Code § 3294, 15 U.S.C. § 1117, and other applicable laws and statutes for Defendants' conduct undertaken with intent to injure Plaintiff, or with a willful and conscious disregard of Youngevity's rights. This is an exceptional case that involves a Company's top officers, employees, and distributors conspiring together, while employed at Youngevity, to create a business in direct competition with Youngevity. An award of punitive damages sufficient to deter and prevent that misconduct in future is appropriate in this case;

B. A permanent injunction enjoining the Defendants, their officers, shareholders, agents, servants, employees, attorneys, successors and assigns, subsidiaries, affiliated companies or entities, all those in privity with same, and all those in active concert or participation who receive actual notice of the judgment: (1) from using any of Youngevity's proprietary and confidential information in any manner not expressly authorized by Youngevity; (2) from profiting from any of their illegal activities, including profits made from Wakaya employees and/or distributors who were employed by and/or distributors for Youngevity; (3) from recruiting any additional Youngevity employees or distributors; and (4) from maintaining distributorships with those recruited from Youngevity through unlawful means, including through cross-recruiting;

C. An Order requiring the Defendants to file with this Court a compliance plan under oath describing the method and manner in which Defendants intend to comply with the injunction(s), including a description of any new operating procedures and policies, to be filed within 30 days after service of an injunction;

1 D. Order that defendants specifically perform contractual provisions
2 binding on Defendants Smith, Andreoli, Graham, Pitcock, Gardner, and Vaughn
3 that require those defendants to return all proprietary and confidential information
4 to Youngevity;

5 E. An award to Plaintiff Youngevity of costs and reasonable attorney
6 fees and expenses incurred by Youngevity in connection with this action;

7 F. An award to Plaintiff Youngevity of all of Defendants' profits and
8 incomes since October, 2015;

9 G. An award to Plaintiff Youngevity of all damages suffered by
10 Youngevity as a result of Defendants' unlawful acts;

11 H. An award to Plaintiff Youngevity of all damages allowed under the
12 contracts and agreements between Youngevity and defendants Smith, Andreoli,
13 Graham, Vaughn, Pitcock, Cloward, and Gardner;

14 I. An award to Plaintiff Youngevity of all Wakaya sales receipts and
15 proceeds from the sale of GAC products exclusively licensed to Wakaya;

16 J. An accounting of all Defendants' profits, revenues, accounts, and
17 proceeds received or obtained, directly or indirectly, since the date Wakaya was
18 founded.

19 K. Pre-judgment and post-judgment interest on the above damage
20 awards;

21 L. An order adjudging all Defendants jointly and severally liable, as the
22 law allows, under each cause of action asserted by Youngevity and for all damages
23 awarded against any Defendant;

24 M. Such other and further relief as this Court deems just.
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1
2 DATED: March 23, 2016

3 Respectfully submitted,

4
5 YOUNGEVITY INTERNATIONAL,
6 CORP.

7
8 By: /s/ Peter A. Arhangelsky
9 Peter A. Arhangelsky, Esq. (SBN 291325)
10 *Attorney for Plaintiff Youngevity*
11 E-mail: parhangelsky@emord.com
12 Emord & Associates, P.C.
13 3210 S. Gilbert Road, Suite 4
14 Chandler, AZ 85286
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16 Fax: (602) 393-4361
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VERIFICATION

I, Steve Wallach, am the Chief Executive Officer of Youngevity International Corp., the Plaintiff in the above-entitled action. I have read the foregoing complaint and know the contents thereof. The allegations in the Complaint are true to the best of my own knowledge, except as to those matters which are therein stated on information and belief, and, as to those matters, I believe them to be true.

I declare under penalty of perjury under the laws of the United States of America, that the foregoing is true and correct.

Date: 3-23-16


Steve Wallach

EXHIBIT E


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EDITOR NOTE: As the Distributors Rights has said: raiding down lines is bad policy unless you get solid permission from all uplines and down lines. Plus that the Wallachs & Emord have a good history of kicking Federal government butts..so Wakay founders and their pink ginger don't have a chance (more on pink ginger later!)

Youngevity International, Corp. (YGYI) Files Suit Against Wakaya Perfection, LLC

Press Release: March 23, 2016

For Immediate Release

Contact: Jonathan W. Emord or Peter A. Arhangelsky (202-466-6937)

SAN DIEGO, CALIFORNIA—On March 23, 2016, Youngevity International, Corp. (YGYI) filed suit against Wakaya Perfection, LLC, a competing direct network marketing enterprise that began operations in 2016 and individuals involved in aiding and abetting Wakaya in the commission of tortious acts against Youngevity. The Youngevity Complaint seeks damages and injunctive relief, alleging that Wakaya intentionally interfered with Youngevity's existing and prospective business relationships, and converted Youngevity's proprietary business information for use in developing Wakaya's nascent business. Wakaya was formed by a small group of former Youngevity distributors and executives who broke from Youngevity in 2015. According to Youngevity's Complaint filed in the U.S. District Court for the Southern District of California, the fledgling Wakaya venture secured products and investors at Youngevity's expense through improper cross-recruiting practices, deliberate breaches of employment agreements, and targeted efforts encouraging other distributors to breach Youngevity contracts. Youngevity's Complaint outlines the surreptitious and unlawful conduct by a select number of current and former Youngevity members in furtherance of their competing venture. Copies the Complaint and related pleadings are available upon request.

The matter is presently pending under the following caption: Youngevity International, Corp. v. Todd Smith, et al., No. 3:16-cv-00704-W-JLB (S.D. Cal. Mar. 23, 2016).

For more information please visit www.emord.com or contact Jonathan Emord (jemord@emord.com).

FEDERAL COURT KICKS FDA IN TEETH ON THIRD PARTY LITERATURE!

EMORD & ASSOCIATES P.C.

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 SUITE 600
 WASHINGTON, D.C. 20036

PHONE: (202) 466-6937 • FAX: (202) 466-6938

WEB SITE: www.emord.com

E-MAIL: aferrenz@emord.com

MEMORANDUM

TO: Steve Wallach, American Longevity
 FROM: Emord & Associates, P.C.
 RE: Legal Resume Before the FDA
 DATE: April 18, 2005

Please find below an updated list of matters before the Food and Drug Administration (FDA) in which American Longevity participated. The pending nature or resolution of each issue is noted. Matters are in reverse chronological order with the currently active matters in each category listed first. Items 1 and 2 under Litigation and item 2 under Petitions were updated in this memo.

Litigation Against the FDA **Editor's note: The FDA Won this case, but if you read the red highlights below they lost!**
Great going for getting the truth out about nutritionals!!!!!!

1. Wallach v. FDA, Case No. 04 CV 0216BTM, U.S. District Court for the Southern District of California (Dr. Wallach and American Longevity, Inc. were co-plaintiffs). Court decision issued March 29, 2005 in favor of the FDA, finding that the restrictions of 21 U.S.C. § 343-2(a) (distribution of scientific literature in connection with the sale of dietary supplements) was not an unconstitutional restriction on speech. **However, the Court rejected FDA's argument that Wallach and American Longevity lacked standing, stating that "the chilling effect on [their] speech here is obvious." The Court accepted Wallach and American Longevity's argument that if the statutory exemption is satisfied, FDA cannot use its intended use policy to block the dissemination of scientific literature containing health claims and drug claims.**

The Court also accepted Wallach and American Longevity's argument that literature of this kind is not inherently misleading and any restriction upon it must be evaluated under all prongs of the test for evaluating commercial speech (Central Hudson) but decided that the statute was constitutional under that test. The Court additionally accepted Wallach and American Longevity's arguments that disclaimers were effective satisfy the statutory requirements and rejected FDA's contrary argument.

Court means to

2. CSPI v. Thompson, Case No. 03-1962 (RBW), U.S. District Court for D.C.. (Co-Intervenor/Defendant) Special interest groups challenge qualified claims process and application to conventional foods. American Longevity joined others and intervened to defend the right to make qualified health claims consistent with the U.S. Court of Appeals' decision in Pearson v. Shalala. The Court rejected the plaintiffs' claim stating that the groups lacked standing to sue because they lacked an injury and could not point to a food label that was inaccurate or misleading.
3. Whitaker et al v. Thompson, 248 F.Supp.2d 1 (D.D.C. 2002). (Co-Plaintiff) Court granted Plaintiffs' Motion for Preliminary Injunction barring FDA suppression of Antioxidants Health Claim.
4. Thompson v. Western States Medical Center, 535 U.S. 357 (2002). (Co-Amicus) U.S. Supreme Court upheld lower courts' decision that Congress' ban on the advertising of compounded drugs violated the First Amendment.

Comments Filed To the FDA

1. Comments on FDA's Advance Notice of Proposed Rulemaking's (ANPR's) alternatives for regulating qualified health claims in the labeling of conventional human foods and dietary supplement (filed February 20, 2004)(CoCommenters) (Docket No. 2003N-0496. ANPR is tied to the CSPI case listed in previous section. No FDA activity on ANPR.
2. Comments on Task Force for Consumer Health Information for Better Nutrition (Co-Commenter); Docket No. 03N-0069; filed on 7/9/2003; no FDA activity on matter.
3. Reply Comments on First Amendment Issues (Co-Commenter); Docket No. 02N-0209; filed on 10/25/2002; no FDA activity on matter.
4. Comments on First Amendment Issues (Co-Commenter); Docket No. 02N-0209; filed 9/12/2002; no FDA activity on matter.
5. Comments on Guidance on Applying the Structure/Function Rule (Co-Commenter); Docket No. 01D-0058; filed on 5/23/2001; no FDA activity on matter.

Petitions Filed with the FDA

1. Petition for Amended Health Claim: Omega-3 Fatty Acids and Coronary Heart Disease (Co-Petitioner); Docket No. 03Q-0401; filed on 6/23/2003; qualified claim permitted by FDA on 9/8/2004.
2. Petition for the Modification of Disease Connotations 21 C.F.R. § 101.93 to Include Structure/Function Claims with Disclaimers that Eliminate Perceived Disease Connotations (submitted March 16, 2004)(Sole Petitioner).
3. Petition for Health Claims: Lycopene and Tomato-based foods containing Lycopene and Reduction in the Risk of Certain Cancers (Sole Petitioner)(filed 1/21/2004); Docket No. 2004Q-0210; FDA decision due on 6/13/2005 (third extension from original due date of December 24, 2004).
4. Petition for Health Claims: Selenium and Reduction in the Risk of Certain Cancers and Selenium and Anticarcinogenic Effects (Sole Petitioner); Docket No. 02P-0457; filed on 7/10/2002; qualified claims approved by FDA on 4/28/2003.



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This page was last updated on: March 29, 2016

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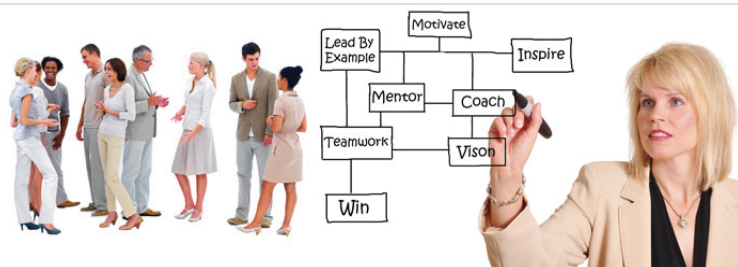
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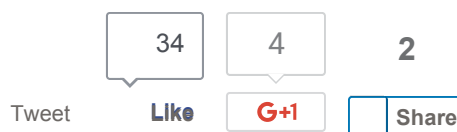
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Youngevity Vs. Wakaya Perfection Law Suit – Amended Complaint

by TED NUYTEN on MAY 14, 2016 (2016-05-14)



The Youngevity Complaint

(<https://www.businessforhome.org/2016/03/youngevity-files-suit-against-wakaya-perfection/>) seeks damages and injunctive relief, alleging that **Wakaya Perfection** (<http://www.mywakaya.com>) intentionally interfered with Youngevity's existing and prospective business relationships, and converted Youngevity's proprietary business information for use in developing Wakaya's nascent business.

Wakaya was formed by a small group of former Youngevity distributors and executives who broke from Youngevity in 2015.

Youngevity filed an Amended Complaint and documented the case with **300 pages**.

A summary of the complaint:

From 1997 until March of 2016, Todd Smith was a top level Youngevity distributor. Wakaya is a multi-level marketing company that competes directly with Youngevity.

Through improper and unlawful means, and trade on the trust and confidence of their prominent Youngevity positions, Wakaya's owners, operators, and promoters (all of whom were affiliated with Youngevity as officers, employees, or top level distributors) have interfered with and injured Youngevity's business interests by, inter alia:

unlawfully inducing Youngevity employees and distributors to violate Youngevity contractual agreements; intentionally converting business opportunities intended for Youngevity to Wakaya by falsely representing that they had authority to make acquisition decisions for Youngevity and diverting those opportunities to Wakaya; disseminating false information concerning

Youngevity's business and financial health to induce distributors to subscribe to the erroneous view that Youngevity was failing in order to induce them to affiliate with Wakaya; aiding and facilitating the unauthorized use of Youngevity's intellectual property to divert business opportunities and commissions from Youngevity to Wakaya; and committing other acts of unfair competition through deceptive marketing, promotional, and advertising claims (performance and comparative claims).



Todd Smith served as a trusted, top-level distributor in Youngevity, and had ownership interests in entities that distributed Youngevity products. While a top-level distributor for Youngevity, yet acting as an undisclosed agent for Wakaya, and serving the interests of Wakaya, Smith intentionally converted Youngevity business opportunities through misrepresentation, subterfuge, and deceit.

Smith has facilitated, aided, and abetted the violation of Youngevity contractual agreements in an effort to induce Youngevity distributors to breach their contracts with Youngevity and to cause business opportunities meant for Youngevity to be diverted to Wakaya. Smith has encouraged or solicited Youngevity distributors to take actions that violate their contractual agreements with Youngevity.

He has disseminated false and misleading information concerning Youngevity's finances and financial standing in an effort to disparage Youngevity and thereby draw distributors and business away from Youngevity and to Wakaya.

He has falsely represented himself to be authorized by Youngevity to negotiate and consummate acquisition contracts for Youngevity acquisitions, only to conceal and divert at least one offer meant for Youngevity to Wakaya.

William "Bill" Andreoli is an individual and resident of the state of New Hampshire. Andreoli has undisclosed personal financial interests in Wakaya Perfection.

Through November of 2015, Andreoli served as President of Youngevity, received a seven figure salary of pay, stock, and benefits, and received commissions as a Youngevity distributor.

While acting as an undisclosed agent for Wakaya, and serving the interests of Wakaya, Andreoli breached his contractual agreements with Youngevity for the purpose of helping create and advance the interests of Wakaya.



William Andreoli
Wakaya Perfection

Andreoli acted to injure Youngevity while serving as Youngevity's President, aiding and abetting the unlawful poaching of Youngevity business opportunities and inducing Youngevity employees and distributors to breach their contracts with Youngevity to work for, and assist in the promotion of, Wakaya.

Andreoli also violated his fiduciary duty to Youngevity by placing his family and friends in profitable positions within Youngevity's marketing chain without approval from Youngevity.



Andre Vaughn
Wakaya Perfection

Andre Vaughn
is an

individual and resident of the state of Pennsylvania. Vaughn served as a top-level distributor in Youngevity until March of 2016.

A confidant of Andreoli, Vaughn is now a participant and investor in, agent for, and promoter of Wakaya Perfection.

Acting individually and in concert with other Defendants, Vaughn while still a Youngevity distributor induced breach of Youngevity contractual agreements in an effort to secure business opportunities for Wakaya from Youngevity distributors.

Vaughn has encouraged or solicited Youngevity distributors to violate their contractual agreements with Youngevity.

As part of his effort to induce such breaches, Vaughn has falsely disparaged the company, claiming it to be financially bereft and teetering on the brink of dissolution or bankruptcy.



Dave Pitcock is an individual and resident of the state of Kansas. Pitcock served as a top-level distributor in Youngevity until March of 2016, and held ownership interests in the Livinity Corporation, which Youngevity purchased from Pitcock in 2012.

As part of that agreement, Pitcock entered into a consulting agreement with Youngevity containing non-compete and nondisclosure clauses. While still a Youngevity distributor and subject to the consulting agreement, Pitcock became a participant and investor in, agent for, and promoter of Wakaya Perfection.

Acting individually and in concert with other Defendants while still a Youngevity distributor, Pitcock has induced Youngevity distributors to breach their contracts with Youngevity in an effort to secure distributors and business opportunities for Wakaya.

Pitcock has encouraged or solicited other Youngevity distributors to violate their contractual agreements with Youngevity. As part of his effort to induce such breaches, Pitcock has falsely disparaged the company, claiming it to be financially bereft and teetering on the brink of dissolution or bankruptcy.

Total Nutrition, Inc., d/b/a "TNT," is a corporation organized and operated under the laws of Utah since 1996 and, until March of 2016, a Youngevity distributor. Founded by and owned by Todd Smith and Blake Graham, both residents of Utah, TNT distributed Youngevity nutritional products and information.



Blake Graham is an individual and resident of the state of Utah. Until March of 2016, Graham served as a top-level distributor in Youngevity, and, together with Smith, held ownership interests in TNT. Acting individually and in concert with other Defendants, while still a Youngevity distributor, Graham has facilitated, aided, or abetted violations of Youngevity contractual agreements in aid of efforts to secure business opportunities for Wakaya. For example, in December 2015, Graham lied to Youngevity to conceal Smith's involvement in Wakaya.

Further, under his control, TNT employed Wakaya distributors and assisted Wakaya in developing promotional materials used in soliciting Youngevity distributors to breach their contracts with the company.

Graham helped support a false narrative that the Defendants' defection from Youngevity was acceptable to Youngevity management by dispatching, in the first quarter of 2016 shortly after Smith's public announcement of his establishment of Wakaya, an unauthorized email and text message to all Youngevity distributors which thanked Smith for his service to Youngevity and wished him well in his new endeavor, materially omitting reference to Smith's actions that were in violation of Youngevity contractual requirements and unapproved by Youngevity.

Graham orchestrated a campaign of deception, whereby he represented to Youngevity and its distributors that he was a loyal Youngevity distributor despite having direct knowledge of actions taken by Smith to injure Youngevity and divert its business opportunities and distributors to Wakaya.

He aided in inducing breaches of contract by Youngevity distributors employed by TNT, to secure their service as distributors for Wakaya Perfection. He concealed from Youngevity those facts and additional facts and circumstances detrimental to its business operations, distributor relations, and business dealings with third parties.

Patti Gardner is an individual and resident of Utah. Patti Gardner served as the President of Heritage Makers, Inc.

In August 2013, Youngevity acquired Heritage Makers and entered into an Asset Purchase Agreement with Heritage Makers. Gardner then became Youngevity's vice president of sales.

While still employed by Youngevity, Gardner became a participant and investor in, agent for, and promoter of Wakaya Perfection.



Patti Gardner
Wakaya Perfection

Acting individually and in concert with other Defendants, while still employed at Youngevity, Gardner induced Youngevity distributors to breach their contracts with Youngevity in an effort to secure distributors and business opportunities for Wakaya.

Gardner has encouraged or solicited other Youngevity distributors to violate their contractual agreements with Youngevity.

Gardner violated the Asset Purchase Agreement which she signed on behalf of Heritage Makers.



Brytt Cloward
Wakaya Perfection

Brytt Cloward
is an

individual and resident of Utah. Brytt Cloward served as the Vice President of Sales and Marketing of Heritage Makers, Inc. In August 2013, Youngevity acquired Heritage Makers and entered into an Asset Purchase Agreement with Heritage Makers. Cloward signed that agreement on behalf of himself.

Cloward then became Youngevity's vice president of marketing. While still employed by Youngevity, Cloward became a participant and investor in, agent for, and promoter of Wakaya Perfection.

Acting individually and in concert with other Defendants while still employed at Youngevity, Cloward induced Youngevity distributors to breach their contracts with Youngevity in an effort to secure distributors and business opportunities for Wakaya.

Cloward has encouraged or solicited other Youngevity distributors to violate their contractual agreements with Youngevity. Cloward violated the Asset Purchase Agreement which he signed on behalf of himself.

About Youngevity International, Inc.

Youngevity International, Inc. (OTCQX: YGYI (http://www.marketwired.com/news_room/Stock?ticker=YGYI)) (www.YGYI.com (<http://www.ygyi.com/>)) is a fast-growing, innovative, multi-dimensional company that offers a wide range of consumer products and services, primarily through person-to-person selling relationships that comprise a "network of networks."

The Company also is a vertically-integrated producer of the finest coffees for the commercial, retail and direct sales channels. The Company was formed after the merger of Youngevity Essential Life Sciences (www.youngevity.com (<http://www.youngevity.com/>)) and Javalution Coffee Company in the summer of 2011. The company was formerly known as AL International, Inc. and changed its name to Youngevity International, Inc. in July 2013.

3 Comments

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Add a comment...



Gregory Lagana

What a freeking Mess. If anybody claims to be part of an "industry" that promotes companys like this one, long term reliable and residual income will be short lived. I can't imagine a company in any industry allowing its President to also be a distributor? Would the president of Procter & Gamble go out and sell Tide and Crest? Where should his focus be? It all comes down to principles and integrity. I just don't see much of it with companies like these.

[Like](#) · [Reply](#) · May 16, 2016 7:35pm



John Murphy

Greg - don't be a chump. Stealing is stelaing!! get some morals!!

[Like](#) · [Reply](#) · [👍 2](#) · May 16, 2016 10:26am



Greg Granger · The Northern Alberta Inst. of Technology

What a matter, YGYI? Are you afraid of a little competition? The world is full of it. Suck it up & accept that fact!

[Like](#) · [Reply](#) · May 14, 2016 4:53am



Dave Brandt

Greg, are you a Wakaya Distributor or Associated with Wakaya in some way?

[Like](#) · [Reply](#) · [👍 1](#) · May 14, 2016 5:40am



Greg Granger · The Northern Alberta Inst. of Technology

Dave Brandt, no I am not associated with Wakaya or YGYI in an way. Just stating a fact. The world is full of competition, so YGYI has to get over the fact that some of their best people got "poached" by the competition.

[Like](#) · [Reply](#) · May 16, 2016 4:45am



Javier Zavaleta · Owner at Residency in Costa Rica

[Greg Granger](#) Poached?? Did you really read the article? The trusted executives and distributors formed their own company while still employed by Youngevity (I have no connection to either company). apparently they used Youngevity intellectual assets, porperty and resorces to form the new company.

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Normand Lew · Independent Distributor at One Coin CryptoCurrency Richest Cat In USA

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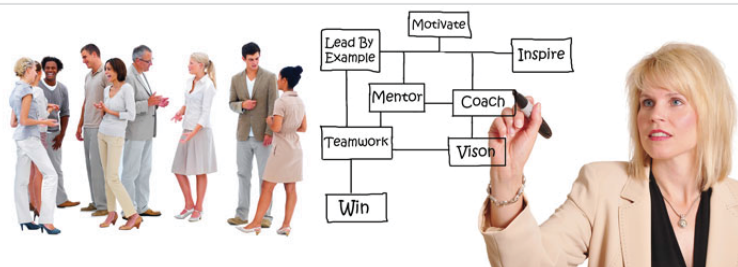
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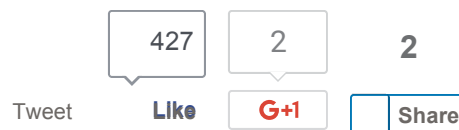
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Youngevity Files Suit Against Wakaya Perfection

by TED NUYTEN on MARCH 25, 2016 (2016-03-25)



Youngevity International (<http://youngevity.com>), Corp. (YGYI) filed suit against **Wakaya Perfection** (<http://wakayaperfection.com>), LLC, a competing direct network marketing enterprise that began operations in 2016 and individuals involved in aiding and abetting Wakaya in the commission of tortious acts against Youngevity.

The Youngevity Complaint

(<https://dockets.justia.com/docket/california/casdcce/3:2016cv00704/499307>) seeks damages and injunctive relief, alleging that Wakaya intentionally interfered with Youngevity's existing and prospective business relationships, and converted Youngevity's proprietary business information for use in developing Wakaya's nascent business.

Wakaya was formed by a small group of former Youngevity distributors and executives who broke from Youngevity in 2015.

According to Youngevity's Complaint filed in the U.S. District Court for the Southern District of California, the fledgling Wakaya venture secured products and investors at Youngevity's expense through improper cross-recruiting practices, deliberate breaches of employment agreements, and targeted efforts encouraging other distributors to breach Youngevity contracts.

Youngevity's Complaint outlines the surreptitious and unlawful conduct by a select number of current and former Youngevity members in furtherance of their competing venture. Copies the Complaint and related pleadings are available upon request.

Defendants are Todd Smith, William Andreoli, Wakaya Perfection, Total Nutrition Team, Blake Graham, Andre Vaughn, Dave Pitcock, Patti Gardner, Brytt Cloward and DOES.

According to the court documentation:

1. Plaintiff Youngevity International Corp. ("YGYI" or "Youngevity"), by counsel, files this Complaint for Damages and Injunctive Relief against the above-named Defendants. This is an action for intentional interference with business relations, inducement of breach of contract, civil conspiracy, breach of contract, misappropriation of trade secrets, unfair competition, breach of fiduciary duty, and misrepresentation.

For at least the past year, the Defendants have conspired and acted in concert to interfere with Youngevity business operations, Youngevity contractual relations, and Youngevity distributor relations in order to convert business opportunities meant for Youngevity to their own competing multi-level marketing startup, doing so maliciously and in breach of fiduciary duties, while for much of that time serving as either top executives of or top level distributors in Youngevity.

2. The Defendants have used their unique positions of trust and confidence within the company in an effort to reduce and destroy the company through a campaign, conducted in secret until the first quarter of 2016, whereby they have diverted Youngevity resources and business opportunities to their own competing venture and induced formerly loyal Youngevity distributors and Youngevity employees to breach their contracts with Youngevity and assist them in building that competing enterprise, Wakaya Perfection, LLC, a Utah-based multi-level marketing company operated by them ("Wakaya").

The Defendants took unlawful actions from within Youngevity, preying on the trust, confidence, and prominence they had within Youngevity and using confidential and trade secret information to which they had unique access to induce those breaches of contract and to convert business opportunities intended for Youngevity to Wakaya.

3. The Defendants have thus built their competing business unlawfully at Youngevity's expense rather than legitimately without interference with Youngevity business and breach of Youngevity contracts. Acting with malice and with the intent to cause permanent and lasting injury to Youngevity, the Defendants have employed tactics of tortious interference, misappropriation, inducement to breach contract, breach of contract, breach of fiduciary duty, and unfair competition.

The matter is presently pending under the following caption: Youngevity International, Corp. v. Todd Smith, et al., No. 3:16-cv-00704-W-JLB (S.D. Cal. Mar. 23, 2016).

About Youngevity International, Inc.

Youngevity International, Inc. (OTCQX: YGYI (http://www.marketwired.com/news_room/Stock?ticker=YGYI)) (www.YGYI.com (<http://www.ygyi.com/>)) is a fast-growing, innovative, multi-dimensional company that offers a wide range of consumer products and services, primarily through person-to-person selling relationships that comprise a "network of networks."

The Company also is a vertically-integrated producer of the finest coffees for the commercial, retail and direct sales channels. The Company was formed after the merger of Youngevity Essential Life Sciences (www.youngevity.com (<http://www.youngevity.com/>)) and Javalution Coffee Company in the summer of 2011. The company was formerly known as AL International, Inc. and changed its name to Youngevity International, Inc. in July 2013.

16 Comments

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Chris Falloon

How much longer will these fraudulent companies operate. They promise big things for doing nothing... Wake up! Hard work is how you get where you want to be. If it sounds too good to be true...

[Like](#) · [Reply](#) · May 20, 2016 6:58am



Deborah Rachey · Ambassador at Wakaya Perfection Products

I don't see this going very far.

[Like](#) · [Reply](#) · Apr 26, 2016 12:32am



Chris Falloon

Ya, they will probably dissolve and walk away with all the money very soon.

[Like](#) · [Reply](#) · May 20, 2016 6:59am



Sharon Ziemek · EHS Manager at Barnhardt Manufacturing, Colrain, MA

Many of the people who have 'left' Youngevity and turned to Wakaya have done so because they had originally signed on with another company which then 'merged' with Yongevity. Yongevity brought changes that many of us were not happy with. Just as in a traditional business merger, some people stay, some people who are not happy with the new arrangement leave. This is not a conspiracy, it is business. I put the word 'left' in quotes because I know I personally planned on continuing to market both companies, since they are not one-on-one competitors. Youngevity did, however, choose to cancel some of the accounts of people who also signed on with Wakaya, without so much as a courtesy e-mail informing the distributors of that decision. Not a good way to treat your family. I am very disappointed in the way Youngevity has handled this, and though they have products that I really love, I will rethink my decision to market them.

[Like](#) · [Reply](#) · [👍 1](#) · Apr 19, 2016 6:19am



Holly Heiner Bascharow · Independent Distributor at Wakaya Perfection

The sad thing is how quickly people race to judgment and assumptions. Todd Smith is an honorable man both in daylight and in darkness. He will continue to build a solid company on the foundation of true integrity.

[Like](#) · [Reply](#) · [👍 6](#) · Apr 4, 2016 7:33pm



Joe Camp · University of Mississippi ~ Ole Miss

I thought so very much of Blake Graham and the Pitcocks. I feel like my trust has been betrayed.

[Like](#) · [Reply](#) · [👍 3](#) · Mar 31, 2016 10:22am