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10 MEI LIN TSAI, ALYSSIA HOGUE, AND THE  
11 INTERIM CLASS

12 **SUPERIOR COURT OF THE STATE OF CALIFORNIA**  
13 **COUNTY OF LOS ANGELES – CENTRAL DISTRICT**

14 **BC 6 4 5 1 9 2**

15 Case No. \_\_\_\_\_

16 MEI LIN TSAI, an individual; ALYSSIA  
17 HOGUE, an individual,

18 Plaintiff,

19 v.

20 JEUNESSE, LLC, a Florida limited liability  
21 company; JEUNESSE, INC., a Florida  
22 Corporation; KIM HUI, an individual; RANDY  
23 RAY aka OGALE RAY, an individual; WENDY  
24 R. LEWIS, an individual; JASON CARAMINS,  
25 an individual; SCOTT A. LEWIS, an individual;  
26 and DOES 1-100,

27 Defendants.  
28

**ORIGINAL CLASS ACTION  
COMPLAINT**

**[REQUEST FOR JURY TRIAL]**

1 **I. INTRODUCTION TO THE CASE**

2 1. Jeunesse represented to Plaintiffs Mei Lin Tsai and Alyssia Hogue that they could  
3 make “streams of income” and “wealth,” by recruiting others to become Jeunesse distributors.

4 2. Plaintiffs and the interim class all purchased Jeunesse products and became  
5 distributors. They ordered Jeunesse products – enough products that Mei Lin Tsai jumped up the  
6 chain and qualified for additional discounts and commissions from potential recruits’ purchases.

7 3. However, Plaintiffs did not make money as promised. Like the hundreds of thousands  
8 of Jeunesse distributors before and after, Plaintiffs failed. They failed even though they were  
9 committed and put in the time and effort. They failed because they were doomed from the start by  
10 a Jeunesse marketing plan that systematically rewards recruiting distributors over retail sales of  
11 product. A marketing plan in which Jeunesse pays a significant portion of every dollar that

12 4. Plaintiffs and other distributors pay for Jeunesse product to others in the form of  
13 “streams of income,” regardless of the distributors’ actual retail sales. A marketing plan that pays  
14 millions to those few at the top in recruiting rewards at the expense of the many at the bottom. As  
15 for Plaintiff Alicia Hogue, when she did not make one payment to those upstream that were  
16 scamming her, Jeunesse has even failed to honor payment for products of Jeunesse.

17 5. Defendants run an illegal pyramid scheme. They take money in return for the right to  
18 sell products and the right rewards for recruiting other participants into the pyramid. Worse,  
19 Defendants prey on immigrants (predominantly Chinese-American immigrants), by encouraging  
20 them to sell Jeunesse’s scam “age” defying and cancer-curing products to their families and  
21 friends in countries like China. Jeunesse creates a culture that makes those in China believe the  
22 product is a “fountain of youth” as if America is creating a health product not available in China.  
23 Chinese-American immigrants, a large percentage of Jeunesse’s customer base, are simply,  
24 hoodwinked.

25 6. Accordingly, Plaintiffs, for themselves, all others similarly situated, and the general  
26 public, allege:

27 **II. TYPE OF ACTION**

1        7.        Plaintiffs sue for themselves and for all persons who were Jeunesse distributors from  
2 April 2009 until the present under California’s Endless Chain Scheme Law (California’s Penal  
3 Code § 327 and California Civil Code § 1689.2), California’s Unfair Competition Law (Business  
4 and Professions Code §17200 *et seq.*); False Advertising Law (Business and Professions Code  
5 §17500), and Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961 *et seq.*  
6 against all defendants for the operation and promotion of an inherently fraudulent endless chain  
7 scheme.

8        **III.     PARTIES**

9        8.        Plaintiff Mei Lin Tsai is and at all relevant times was an individual who did business in  
10 Los Angeles County, California. Tsai became an Jeunesse distributor in 2014. Unlike the modern  
11 business practice of Jeunesse, Mei Lin Tsai did not execute any documents. Plaintiff was deceived  
12 by Jeunesse’s misleading opportunity, believing the opportunity was a legitimate way to earn  
13 money (even though that was false), and Plaintiff Tsai did in fact lose money as a result of  
14 Defendants’ unfair, unlawful, and fraudulent business practice.

15        9.        Plaintiff Alyssia Hogue is and at all relevant times, was an individual who did business  
16 in the city of Los Angeles, California. Hogue became a Jeunesse distributor in 2016. Plaintiff  
17 Hogue was deceived by Jeunesse’s misleading opportunity believing it was a legitimate way to  
18 earn money (even though that was false), and Plaintiff Hogue did in fact lose money as a result of  
19 Defendants’ unfair, unlawful, and fraudulent business practice.

20        10.        Jeunesse is a Florida limited liability company, with its principal place of business  
21 located 650 Douglas Avenue, Suite 1010, Altamonte Springs, Florida 32714. Jeunesse  
22 commenced operations in 2009. Jeunesse purports to provide a catalogue of alleged “youth  
23 enhancing” skin care products and dietary supplements to customers. Jeunesse has over 500,000  
24 distributors and touts it reaches 367,000 during the year. A popular website in China,  
25 finance.sina.cn estimates sales for 2016 at sales at ten billion dollars for these scam products.

26        11.        Randy Ray aka Ogale Erandal Ray, is a Florida resident and is a manger/officer for,  
27 and co-founder of Jeunesse. Ray represents to the public and distributors that he has “continuously  
28 created a unique business opportunity for thousands of distributors all over the world.” “Randy

1 and Wendy continue to provide new and sustainable business opportunities to people worldwide.”  
2 Defendant Ray has operated other entities, one of which he entered an assurance of voluntary  
3 compliance with the Florida Office of Attorney General, wherein he was enjoined from among  
4 other things, violating Florida statutes pertaining to false and misleading advertising and  
5 prohibition of illegal lotteries, chain letters, and pyramid clubs.

6 12. Wendy R. Lewis, is a Florida resident and is a manger/officer for, and co-founder of  
7 Jeunesse. Lewis is the spouse of Ray. Lewis represents to the public and distributors that she has  
8 “continuously created a unique business opportunity for thousands of distributors all over the  
9 world.” “Randy and Wendy continue to provide new and sustainable business opportunities to  
10 people worldwide.”

11 13. Scott A. Lewis is a Florida resident and is the Chief Visionary Officer for Jeunesse.  
12 Scott A. Lewis has also served a Vice President of Operations.

13 14. Jason Caramanis is a resident of California and an Imperial Diamond Director in  
14 Jeunesse.

15 15. Kim Hui is a resident of California and Double Diamond Director in Jeunesse.

16 16. A significant portion of Jeunesse’s sales occur in the State of California.

17 **IV. JURISDICTION AND VENUE**

18 17. Jurisdiction is conferred upon this Court because Defendants do business in this  
19 judicial district, they hold themselves out and market to this jurisdiction, and they actually conduct  
20 significant transactions in this jurisdiction. Under Plaintiff’s state law claims, more than 75% of  
21 those affected in the class (and perhaps an even greater percentage) are residents of the State of  
22 California, such that on the state law claims alone, the Local Controversy Exception bars Federal  
23 Courts from asserting jurisdiction under the Class Action Fairness Act. Supplemental jurisdiction  
24 exists over the RICO causes of action.

25 18. Venue is proper in this Court because a substantial part of the events or omissions  
26 giving rise to Plaintiffs’ claims occurred here, a substantial part of the property that is the subject  
27 of this action is situated here, and Defendants are subject to personal jurisdiction, in this District.  
28

1        19. Defendant Jeunesse is subject to the jurisdiction of this Court. Jeunesse has been  
2 engaged in continuous and systematic business in California. In fact, most of Jeunesse's  
3 distributions originate from California.

4        20. Jeunesse has a designated agent for service of process in this State or has its place of  
5 business here and has committed tortious acts in this State.

6        21. Each of the Defendants named herein acted as a co-conspirator, single enterprise, joint  
7 venture, co-conspirator, or alter ego of, or for, the other Defendants with respect to the acts,  
8 omissions, violations, representations, and common course of conduct alleged herein, and ratified  
9 said conduct, aided and abetted, or is other liable. Defendants have agreements with each other,  
10 and other unnamed Diamond Director co-conspirators and have reached agreements to market and  
11 promote the Jeunesse Pyramid as alleged herein.

12        22. Defendants, along with unnamed Diamond Director co-conspirators, were part of the  
13 leadership team that participated with Jeunesse, and made decisions regarding: products, services,  
14 marketing strategy, compensation plans (both public and secret), incentives, contests and other  
15 matters. In addition, Defendants and unnamed co-conspirators were directly and actively involved  
16 in decisions to develop and amend the distributor agreements and compensation plans.

17        23. Plaintiffs are presently unaware of the true identities and capacities of fictitiously

18        24. named Defendants designated as DOES 1 through 100, but will amend this complaint  
19 or any subsequent pleading when their identities and capacities have been ascertained according to  
20 proof. On information and belief, each and every DOE defendant is in some manner responsible  
21 for the acts and conduct of the other Defendants herein, and each DOE was, and is, responsible for  
22 the injuries, damages, and harm incurred by Plaintiffs. Each reference in this complaint to  
23 "defendant," "defendants," or a specifically named defendant, refers also to all of the named  
24 defendants and those unknown parties sued under fictitious names.

25        25. Plaintiffs are informed and believes and thereon allege that, at all times relevant hereto,  
26 all of the defendants together were members of a single association, with each member exercising  
27 control over the operations of the association. Each reference in this complaint to "defendant,"  
28 "defendants," or a specifically named defendant, refers also to the above-referenced

1 unincorporated association as a jural entity and each defendant herein is sued in its additional  
2 capacity as an active and participating member thereof. Based upon the allegations set forth in this  
3 Complaint, fairness requires the association of defendants to be recognized as a legal entity, as the  
4 association has violated Plaintiffs and Class Members' legal rights. *See e.g., Coscarart v. Major*  
5 *League Baseball*, 1996 WL 400988 at \*22 (N.D. Cal. 1996).

6 26. Plaintiffs are further informed and believe and thereon allege that each and all of the  
7 acts herein alleged as to each defendant was authorized and directed by the remaining defendants,  
8 who ratified, adopted, condoned and approved said acts with full knowledge of the consequences  
9 thereof, and memorialized the authority of the agent in a writing subscribed by the principal.

10 27. Plaintiffs are informed and believe and thereon allege that each of the defendants  
11 herein agreed among each other to commit the unlawful acts (or acts by unlawful means)  
12 described in this Complaint.

13 28. The desired effect of the conspiracy was to defraud and otherwise deprive Plaintiffs  
14 and Class Members (as hereinafter defined) of their constitutionally protected rights to property,  
15 and of their rights under other laws as set forth herein. Each of the defendants herein committed an  
16 act in furtherance of the agreement. Injury was caused to the Plaintiffs and Class Members by the  
17 defendants as a consequence.

## 18 V. **FACTS**

### 19 A. **Overview Of Jeunesse' Pyramid Scheme**

20 29. As of 2015, More than 50 complaints have been filed with the Federal Trade  
21 Commission ("FTC") and the Florida Attorney General's office regarding Jeunesse. The vast  
22 majority of the complaints concern problems with obtaining refunds, and claims that Jeunesse is a  
23 pyramid and/or ponzi scheme.

24 30. Some time in 2015, TruthInAdvertising.org conducted an investigation into Jeunesse's  
25 business practices and filed its own complaint with the FTC.

26 31. Rewards paid in the form of cash bonuses, where primarily earned for recruitment, as  
27 opposed to merchandise sales to consumers, constitute a fraudulent business model. *See F.T.C. v.*  
28 *BurnLounge, Inc.*, 753 F.3d 878 (9<sup>th</sup> Cir. 2014).

1 32. Jeunesse admitted through its top-earning distributorships, that its method of operation  
2 constitutes a pyramid scheme.

3 33. One of the top and senior distributors, Defendant Kim Hui of Newport Beach, is  
4 estimated to be earning over \$6 million a year from Jeunesse from “commission” – amounts  
5 earned from distributors signed up below her on the tall pyramid Defendants have constructed.

6 34. According to Hui in a video published online, her success is all about recruitment:

7  
8 *So first thing we've got to do is go out there and recruit . . . We're building a*  
9 *distribution channel if you would and so what we do – the first thing we do is recruit.*  
10 *What do we recruit? We recruit entrepreneurs . . . And the second thing we do is that*  
11 *we teach other people how to recruit because this business is all about duplication. **It's***  
12 ***not about one person selling all the time cause that's linear income, you know,***  
13 ***trading time for money. But this business model is about building distribution and***  
14 ***about creating wealth . . . And then the third thing we do is teach other people on how***  
15 ***to teach other people and so that's when true duplication happens . . . With wealth,***  
16 ***with the money would be – we are paid to build our distribution network.***

17 35. Hui, in discussing Jeunesse's bonus structure, further states:

18 *So the first way to make money is retail commissions, right. You know we as*  
19 *distributors we get the product at wholesale and then when people buy it, they buy*  
20 *it retail . . . so we get a little retail commission. . . . Now that will be the smallest*  
21 *pay you ever get. OK? I forget about retail commissions for me. . . . I'm in this not*  
22 *to sell product. I'm here to build a global distribution. . . . I'm not a salesperson;*  
23 *I'm a business builder. (emphasis added).*

24 36. Similar to these public statements, Plaintiffs and the Class were informed that the most  
25 important function of the business was building a network of distributors and paying their monthly  
26 commissions through the pyramid scheme, in other words, sales of the product were of no  
27 relevance.

28 37. Further evidencing the nature of Defendants' pyramid scheme and the ponzi scheme,  
Jeunesse's products are regularly and systematically re-sold by distributors on Amazon.com™ for  
less than the wholesale prices distributors can sell the product for. Based on a common  
understanding of the marketplace, a normal class member cannot earn any retail profit off the sales  
side of products because one of the largest seller of consumer goods in the United States,  
Amazon.com, offers “cheaper” prices than a Jeunesse distributor. And this sale at prices “lower

1 than wholesale” price also shows sales of the products are not a motivating factor in leading  
2 distributors to sign up. Distributors make profit from the commissions each distributor below on  
3 their downline charges, that they will sell Jeunesse’s products at a loss based on what the  
4 distributors have paid.

5 38. Jeunesse also has significant variance in its suggested retail of between \$45 to almost  
6 \$300 (the suggested retail price at most times) during the class period. This range reflects nearly  
7 no potential for profit if a distributor sells product at the “lower end” of the range, further  
8 symbolizing that the business is propagated, and held up by commissions of persons on the lower  
9 level of the pyramid. Particularly in the Chinese-American community, Jeunesse encourages  
10 Chinese to sell at wholesale price and to take advantage merely of the “commissions” paid by  
11 down-stream distributors.

12 39. Defendants also create a more expensive “starter” package to “jump-start their business  
13 by purchase a product package, which ranges in price from about \$200 to \$1,800. This purportedly  
14 allows “newbies” to catapult to higher levels of compensation on their commissions, i.e. they  
15 receive a larger percentage of the commission for those persons below them on the pyramid  
16 scheme by paying the unconscionable amount of \$1,800. This package prevailed at many times  
17 during the class period. The maximum “start-up” package has now been reduced by Jeunesse from  
18 \$1,800 to \$1,000.

19 40. All Class Members and Plaintiffs are required to purchase a mandatory starter kit for  
20 \$49.95, with a \$19.95 renewal fee, the requirement to purchase at least \$100 per month of product  
21 to remain qualified for all commission and bonuses. Should a distributor not purchase \$100, the  
22 commissions of all those below them on the pyramid they would have been entitled to, are  
23 forfeited.

24 41. During nearly the entire Class Period (as later defined), Jeunesse did not make an  
25 income disclosure statement to its distributors or prospective distributors, particularly during  
26 nearly the entire time that Plaintiff Mei Lin Tsai was a distributor for Jeunesse.

27 42. Instead, Jeunesse made the following representations to the Class Members and  
28 Plaintiff with no supporting information:



1 43. “Jeunesse Is paying us over a million a year!”

2 44. “\$2,000, \$3,000, \$10,000, \$20,000, \$50,000, \$100,000 – you can do it with Jeunesse.”

3 45. “It’s a proven plan. With as many as six streams of income. People are making \$26,250  
4 a week – a week. Think of what you could do with that.”

5 46. “Average diamond in Jeunesse makes over a million dollars a year. I hit diamond right  
6 after my year marker in Jeunesse. And this is life changing.”

7 47. These statements are deceptive income claims regarding the financial gains consumers  
8 will achieve by becoming distributors. For example, Jeunesse advertises that those who sign-up  
9 for its business opportunity can make over \$26,000 per week. Its distributors also make unrealistic  
10 financial promises, such as being able to make millions of dollars per year.

11 48. Even when Jeunesse did finally make income statement disclosures to some Class  
12 Members in late 2015 (“Income Disclosures”), the statement was confusing, misleading, and false  
13 as follows:

14 a. The Income Disclosures provided that 98% of the distributors of Jeunesse (over  
15 500,000 distributorships) gross less than \$5,500 per year;

16 b. The highest earning distributorships, the top of the pyramid scheme, earn a  
17 majority of revenues from the scheme;

18 c. The Income Disclosures are confusing because they are ambiguous as to  
19 whether it captures data for the U.S. only, or culls income figures on a global  
20 level;

21 d. The Income Disclosures fail to state the period or term by which the income is  
22 measured, *i.e.* one year, two-years, and is thus, misleading;

23 e. The Income Disclosures fail to define material terms such as “Avg high Gross  
24 Earnings/month” and “Avg Low Gross Earnings/month.”

25 f. The Income Disclosures fail to define a “distributor.”

26 g. Finally, the Income Disclosures are incorrect. The median is higher numerically  
27 than the average of the “high income” persons, evidencing that the numbers are  
28 either erroneous or fabricated.

49. Further evidencing the pyramid scheme, the “products” Jeunesse offers are a complete  
scam and do not provide any of the benefits as represented. Specifically, all four of the doctors on

1 the board of Jeunesse claim that some Jeunesse products can literally manipulate human genes and  
2 cells, even going so far as to say that Jeunesse products can actually slow the aging process and  
3 cure cancer.

4 50. At Jeunesse's 2015 Singapore convention, here's what its physician team had to say:

5 51. *Vincent Giampapa, M.D.*: "prevention and restoration and regeneration . . . our  
6 products are really designed to not only treat aging but to help prevent it and slow it at these early  
7 ages." (at 4:33) Dr. Giampapa goes on to say, "One of the key focuses of AM PM was to really  
8 look at how do we actually manipulate that gene clock but in a natural way. And what we found  
9 out . . . is . . . plant extracts, herbs, enzymes – if they're the right combinations of things can  
10 actually turn off certain of these genes this that are negative aging genes and turn back on, for  
11 instance, genes that help keep us healthy and young. So . . . AM PM we frequently refer that  
12 product as a vitamin mineral supplement and in reality it's the next evolution beyond vitamin and  
13 minerals." (at 10:29)

14 52. *William Amzallag, M.D.*: "Reserve . . . it will balance oxidation and anti-oxidation  
15 because as you know we have to balance . . . so this is the first goal of Reserve. The second goal of  
16 Reserve is to switch on a very specific gene which is called survival gene." (at 13:50)

17 53. *Donna Antarr, M.D.*: "With Zen Bodi, we created a system that works with the body . .  
18 . that enables the body to actually rejuvenate and recover on a cellular level." (at 23:40)

19 54. *Nathan Newman, M.D.*: "when we are putting these products on our body or taking  
20 them by mouth, we're really changing every cell in the body just like Dr. Giampapa said, we're  
21 changing one cell at a time, we're effecting them and that effect is/has a domino effect and it goes  
22 much further than the one place that we treat or what product that we take." (at 36:20).

23  
24 **B. The Public And Private Compensation Business Operations Constitute A  
Pyramid Scheme**

25 55. In addition to the "public" compensation plan generally described above, Jeunesse has  
26 a private compensation plan involving secret, undisclosed backroom deals offered to those  
27 believed to be "quality" recruits, typically top earners in other network marketing companies with  
28 established downline (the "Off-Book Plan"). Both compensation plans further Jeunesse's

1 operation of an illegal pyramid scheme because both plans revolve around recruitment. A  
2 distributor's compensation is derived from successfully recruiting new distributors (not product  
3 sales to ultimate end users), or as in the case of the undisclosed, Secret Compensation Plan, luring  
4 and importing entire downlines or "teams" from other network marketing companies.

5 56. Defendants have operated and promoted their fraudulent schemes through the United  
6 States through the use of the U.S. mail and interstate wire communications, e-mail, fax, and other  
7 methods of communication. Through their creation and operation of their pyramid scheme,  
8 Defendants intended to, and did in fact, defraud their distributors – including Plaintiffs and the  
9 Class Members.

10 57. In reality, few of Jeunesse's products are ever sold to anyone other than its  
11 Distributors. Because its Distributors are the actual customers and ultimate users of its products,  
12 Jeunesse requires an ever-expanding network of new Distributors in order to keep the pyramid  
13 scheme running.

14 58. Under the public compensation plan, Distributors earn income from a) bonuses for  
15 recruiting and sponsoring new representatives, and b) commissions from sales of products and  
16 services to themselves and to the recruit in their downline include a 20% Check match on all  
17 commissions received by personally sponsored distributors.

18 59. Jeunesse's message, at all times, has been centered around a recruitment driven  
19 message, in which a Distributor's compensation derives from successful recruitment of new  
20 distributors. All of the exorbitant costs are paid in order to stay "active" and "qualified, which is  
21 necessary to be compensated under the scheme.

22 60. Because Jeunesse's Distributors essentially do not sell products to consumers (who are  
23 not also distributors), they only obtain return on their investment by recruiting new distributors  
24 (who then buy products).

25 61. This results in payouts alleged to be "bonuses" and "commissions"

26 62. Jeunesse's emphasis on selling product packages to recruits is not based upon real  
27 consumer demand for its products but instead by the new recruit's desire to earn greater  
28 commissions and bonuses under the Jeunesse Public Compensation Plan.

63. When a Jeunesse distributor recruits a new individual in his or her downline, and the new individual “activates” by purchasing a Jeunesse product package, the distributor who enrolled the new individual into his downline receives a “Customer Acquisition Bonus” ranging from \$25 to \$250, depending on the price of the produce package purchased.

64. When a Jeunesse distributor recruits a new distributor who purchase a product package, the following recruitment commissions are paid out:

- Basic Package (\$199.95)- \$25 commission
- Supreme Package (\$499.95) - \$100 commission
- Jumbo Package (\$799.95) - \$200 commission;
- 1-Year Jumbo Package (\$1799.95) - \$200 commission
- Ambassador Package (\$1099.95) - \$250 commission

65. These bonuses are paid regardless of whether any Jeunesse product is sold to ultimate end-users outside the distribution channel. As one Jeunesse recruitment video states: “These bonuses are paid when you introduce a new distributor who goes on to purchase one of the Jeunesse product packages when they get started.”

66. Jeunesse does not provide adequate, if any, “safeguard” policies and procedures sufficient to ensure adequate product sales to ultimate end users and to prevent inventory loading. Such safeguards are necessary, as a structure with insufficient retail sales will inevitably generate a pyramid scheme that relies on ongoing recruitment to fund commission payments.

67. Jeunesse has a 70% rule within its Policies & Procedures. It states: “In order to qualify for commission and overrides, each distributor must certify with the purchase of product that he/she has sold to retail customers and/or has consumed seventy percent (70%) of all products previously purchased. This is known in the industry as the ‘Seventy Percent Rule’.”

68. Jeunesse’s Seventy Percent Rule depends entirely on self-verification and there are no explicit sanctions for a violation. Even if Jeunesse were to take steps to verify this certification, a distributor could meet the terms of the Policy and Procedures by merely consuming the product personally, even if the purchase was motivated by the desire to earn commissions. As such, even if enforced, this rule would not be effective to ensure product sales to individuals outside the distribution network.

69. Jeunesse also has no Jeunesse-like “10 Customer Rule” or similar policy. Jeunesse does not even require that a distributor make any product sales to ultimate consumers outside the distribution channel. Pursuant to the Jeunesse Policies & Procedures: “In order to qualify for any compensation payable under the Jeunesse Rewards plan, a distributor *should* make retail sales to the ultimate consumer.”

70. Jeunesse has a 1-year return policy for distributors who leave the business. The ability to return product, however, is limited by potential expiration of the product (the product must be in “CURRENT, REUSABLE AND RESALABLE condition”) and, more significantly, by the 70% certification assumed in every distributor’s purchase. If the purchase itself certifies that 70% will be sold.

71. Upon information and belief, recipients of such deals include Jeunesse top earners Defendants Kim Hui, Jason Caramanis.

72. Jeunesse also recommends its Chinese distributors to transfer products out of Hong Kong to avoid and flout Chinese laws concerning imports from countries such as the United States. Thus, Jeunesse encourages its distributors to violate laws of other countries.

**C. The Arbitration Provision in Jeunesse’s Policy and Procedures is  
Procedurally and Substantively Unconscionable and Unenforceable.**

73. Plaintiff Mei Lin Tsai was not required to execute any documents, and she did not actually execute any documents to enroll that would have bound her to arbitration. As for Plaintiff Hogue, before becoming a Jeunesse Distributor, prospective distributors, including Plaintiff she was required to sign Jeunesse’s Distributor Agreements, which incorporate the Jeunesse Global Policies and Procedures. Buried in the back of the Jeunesse Global Policies and Procedures there is an arbitration provision. The arbitration provision is provided on a “take-it-or-leave-it” basis with no opportunity for negotiation and is therefore a contract of adhesion. The prospective distributor received no explanation of the arbitration provision and would not have been permitted to become a distributor unless they signed the Agreement that contains the offending, and unenforceable arbitration provision. As a result of the unequal bargaining positions, the overall harshness of the adhesive arbitration provision, Jeunesse’s arbitration provision is procedurally unconscionable.

74. The Jeunesse Policies and Procedures provide:

#### **11.6 Arbitration**

All disputes and claims related to Jeunesse®, the Agreement, or its products, the rights and obligations of a distributor of Jeunesse®, or any claims or causes of actions relating to the performance of either a distributor or any Jeunesse® under the Agreement, and/or a distributor's purchase of product(s) shall be settled totally and finally by arbitration in Altamonte Springs, Florida, or such other location as Jeunesse® prescribes, in accordance with the Federal Arbitration Act and the Commercial Arbitration Rules of the American Arbitration Association. There shall be (1) arbitrator, an attorney by law, who shall have expertise in business law transactions, with preference being an attorney knowledgeable in the direct selling industry, selected from a panel, which the American Arbitration Association approves. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. If a distributor files a claim or counterclaim against Jeunesse®, a distributor shall do so on an individual basis and not with any other distributor or as part of a class action. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in

any court of competent jurisdiction. This agreement for arbitration shall survive any termination or expiration of the Distributor Agreement.

Notwithstanding the foregoing, the arbitrator shall have no jurisdiction over disputes relating to the ownership, validity or registration or any mark of other intellectual property or proprietary or confidential information of Jeunesse®, without Jeunesse's written consent. Jeunesse® may seek any applicable remedy in any applicable forum with respect to these disputes and with respect to money owing to Jeunesse®. In addition to monetary damages, Jeunesse® may obtain injunctive relief against a distributor in violation of the Agreement, and for any violation of misuse of Jeunesse's trademark, copyright or confidential information policies.

Nothing in this rule shall prevent Jeunesse® from terminating the Distributor Agreement or from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction and/or other injunctive or emergency relief available to safeguard and protect Jeunesse's interests prior to filing of, or during or following any arbitration or other proceeding or pending the handing down of a decision or award in connection with any arbitration or other proceeding.

1 Nothing contained herein shall be deemed to give the arbitrator any  
2 authority, power, or right to alter, change, amend, modify, add to, or to  
3 subtract from any of the provisions of the Policies and Procedures, Rewards  
Plan, or the Distributor Agreement.

4 The existence of any claim or cause of action by a distributor against  
5 Jeunesse®, whether predicated on the Distributor Agreement or otherwise,  
6 shall not constitute a defense to Jeunesse® enforcement of the covenants  
and agreements contained in the Distributor Agreement.

7 See Policies and Procedures (Ex. D) § 11.6 (the “Arbitration Provision”).

8 75. The Arbitration Provision is unenforceable for at least three independent reasons: (1) it is  
9 an illusory provision that Jeunesse has the power to modify at any time without notice; (2) it is also  
10 substantively unconscionable in that it lacks mutuality, and (3) it is procedurally unconscionable because it is  
11 foisted upon distributors without any opportunity to bargain, negotiate, or even be informed of the significance  
of the provision, and it purports to deny rights guaranteed by statute.

12 76. The Arbitration Provision is illusory because the Policies and Procedures grant Jeunesse the  
13 power to unilaterally modify the Arbitration Provision, at any time, and without prior notice, thereby  
rendering the provision illusory, lacking in consideration and therefore unenforceable.

14 77. Specifically, the Policies And Procedures provide:

15 Jeunesse, at its discretion, reserves the right to amend the Policies and  
16 Procedures as set forth therein, its distributor or suggested retail prices,  
17 product availability and formulations, and Rewards Plan, as it deems  
appropriate without prior notice.

18 See Policy and Procedures (Ex. D), § 11.2. Jeunesse’s unilateral right to modify the Arbitration  
19 Provision renders the provision illusory and unenforceable.

20 78. The Arbitration Provision is also unenforceable because it requires that distributors waive  
21 their right to a jury trial and access to the courts, but expressly reserves the right for Jeunesse to have access to the  
22 courts to seek any remedy:

23 Nothing in this rule shall prevent Jeunesse ... from applying to and  
24 obtaining from any court having jurisdiction a writ of attachment, a  
25 temporary injunction, preliminary injunction and/or other injunctive or  
26 emergency relief available to safeguard and protect Jeunesse’s interests  
27 prior to the filing of or during or following any arbitration or other  
28 proceeding or pending the handing down of a decision or award in  
connection with any arbitration or other proceeding.

See Policy and Procedures (Ex. D), § 11.6. On the one hand, Jeunesse may have access to any and all courts  
in the United States to seek any remedy, either at law or equity, before a judge or an arbitrator; Jeunesse’s  
distributors, on the other hand, are precluded from accessing any Court or remedy other than through

1 arbitration before the American Arbitration Association; this demonstrates the lack of mutuality in the  
2 Arbitration Provision.

3 79. Further, Jeunesse's Arbitration Provision purports to restrict a distributor's right to bring a class  
4 action. This class-action restriction further renders the arbitration provision substantively unconscionable, as  
it purports to deny distributors a statutory right.

5 80. Because Jeunesse's Arbitration Provision is unconscionable, lacks mutuality, and/or lacks  
6 consideration, the claims of Plaintiff and the Class are not subject to arbitration and this action is properly  
7 before this Court. Jeunesse cannot solicit and fraudulently induce victims in Arizona for its illegal pyramid  
scheme and racketeering enterprise, and evade redress for its violations under Arizona law by seeking to  
invoke this patently unconscionable, illusory, and unenforceable Arbitration Provision.

8 81. As explained herein, Jeunesse, through its actions and omissions, intended to, and did,  
9 conceal from Plaintiffs and other distributors in the class during the relevant period material facts  
10 and information relating to Jeunesse's endless chain scheme and its deceptive earnings claims.  
11 Plaintiffs did not discover, nor had they reason to discover, the information necessary for the  
12 causes of action set forth in this Complaint.

13 82. Jeunesse's acts and omissions constitute a "continuing violation" such that any  
14 limitations period for Plaintiffs' claims did not begin to accrue until the date of the last wrong or  
15 injury that is the subject of this action.

16 **VI. CLASS ACTION ALLEGATIONS**

17 83. Plaintiffs bring this action as a class action under CCP § 382.

18 84. Plaintiffs seek to represent a nationwide class defined as follows:

19 "All persons who were Jeunesse distributors in the United States from April 2009 until the  
20 present." ("Class Period").

21 85. Subject to confirmation, clarification and/or modification based on discovery to be  
22 conducted in this action, Plaintiffs also seek to represent a sub-class in California, defined as  
23 follows:

24 "All persons who were Jeunesse distributors in the United States from April 2009 until the  
25 present."

26 86. Excluded from the class are the Defendants, family members, this Court, and any  
27 Diamond Distributor.



1       87.     Subject to confirmation, clarification and/or modification based on discovery to be  
2 conducted in this action, Plaintiffs seek to represent a subclass of individuals who signed up to  
3 Jeunesse under a pre-September 2015 Representation of Compensation under the Income  
4 Disclosures (“Pre-September 2015 Compensation Subclass”) - “All persons who were Jeunesse  
5 distributors in the United States from April 2009 to September 2015 and who received a Pre-  
6 September 2015 Compensation Subclass.

7       88.     Subject to confirmation, clarification and/or modification based on discovery to be  
8 conducted in this action, Plaintiffs seek to represent a subclass of individuals who paid “Packaging  
9 and Handling” and/or Shipping charges (the “Packaging & Handling and FedEx Freight  
10 Subclass”) defined as follows: “All persons who were Jeunesse distributors in the United States  
11 from April 2009 to December 28, 2016 and who paid ‘Packaging and Handling’ and Shipping  
12 charges before December 28, 2016.”

13       89.     Plaintiffs seek to pursue a private attorney general action for injunctive relief for  
14 themselves and all members of the class who agreed to a choice of law, and they satisfy the  
15 standing and class action requirements.

16       90.     While the exact number of members in the Class and Subclasses are unknown to  
17 Plaintiffs at this time and can only be determined by appropriate discovery, membership in the  
18 class and subclasses is ascertainable based upon the records maintained by Defendant. It is  
19 estimated that the members of the Class are greater than 500,000 and each subclass easily number  
20 in the hundreds of thousands.

21       91.     Therefore, the Class and Subclasses are so numerous that individual joinder of all Class  
22 and Subclass members is impracticable under Fed. R. Civ. P. 23(a)(1).

23       92.     There are questions of law and/or fact common to the class and subclasses, including  
24 but not limited to:

- 25           a.   Whether Jeunesse is operating an endless chain;
- 26           b.   Whether distributors paid money to Jeunesse for (1) the right to sell a product and  
27               (2) the right to receive, in return for recruiting others, rewards which were  
28               unrelated to the sale of the product to retail consumers;

- c. Whether Jeunesse's rules apply to Section 327 claims;
- d. If the Jeunesse rules do apply, are Jeunesse's rules effective;
- e. If the Jeunesse rules do apply, and Jeunesse's rules are effective, did Jeunesse enforce those rules;
- f. Whether Jeunesse omitted to inform the Plaintiffs and the plaintiff class that they were entering into an illegal scheme where an overwhelming number of participants lose money;
- g. Whether Jeunesse's statements of compensation and Income Disclosures during the Class Period were deceptive and misleading;
- h. Whether Jeunesse overcharged for shipping;
- i. Whether Jeunesse's conduct constitutes an unlawful, unfair and/or deceptive trade practice under California state law;
- j. Whether Jeunesse's conduct constitutes unfair competition under California state law; and
- k. Whether Jeunesse's conduct constitutes false advertising under California state law and

93. These and other questions of law and/or fact are common to the class and subclasses and predominate over any question affecting only individual class members.

94. Plaintiffs' claims are typical of the claims of the class and subclasses in that Plaintiffs were distributors for Defendant Jeunesse and lost money because of the illegal scheme, and each received false financial disclosures.

95. Plaintiffs will fairly and adequately represent the interests of the class and subclasses. Plaintiffs' claims are typical of those of the class and subclasses.

96. Plaintiffs' interests are fully aligned with those of the class and subclasses. And Plaintiffs have retained counsel experienced and skilled in complex class action litigation.

97. Class action treatment is superior to the alternatives for the fair and efficient adjudication of the controversy alleged, because such treatment will allow many similarly-situated persons to pursue their common claims in a single forum simultaneously, efficiently and without

unnecessary duplication of evidence, effort, and expense that numerous individual actions would engender.

98. Plaintiffs know of no difficulty likely to be encountered in the management that would preclude its maintenance as a class action.

**FIRST CLAIM FOR RELIEF**

**(ENDLESS CHAIN SCHEME; California Penal Code §327 and Section 1689.2 of the California Civil Code)**

Against All Defendants including DOES 1 through 100

(On Behalf of the Class)

99. Plaintiffs reallege all allegations, and incorporates previous allegations by reference.

100. Section 1689.2 of the California Civil Code provides:

A participant in an endless chain scheme, as defined in Section 327 of the Penal Code, may rescind the contract upon which the scheme is based, and may recover all consideration paid pursuant to the scheme, less any amounts paid or consideration provided to the participant pursuant to the scheme.

101. Jeunesse is operating an endless chain scheme.

102. Plaintiffs and the class have suffered an injury in fact and have lost money or property because of Jeunesse's operation of an endless chain, business acts, omissions, and practices.

103. Plaintiffs and the class are entitled to:

- a. rescind the contract upon which the scheme is based and recover all consideration paid under the scheme, less any amounts paid or consideration provided to the participant under the scheme;
- b. restitution, compensatory and consequential damages (where not inconsistent with their request for rescission or restitution); and
- c. attorneys' fees, costs, pre- and post-judgment interest.

**SECOND CLAIM FOR RELIEF**

(Unfair and Deceptive Practices Claims Under Cal. Bus. & Prof. Code § 17200, et seq.)

Against All Defendants, including DOES 1 to 100

(On Behalf of the Class, and All Subclasses)

104. Plaintiffs reallege all allegations, and incorporate previous allegations by reference.

105. All claims brought under this Second Cause of action that refer or relate to the unlawful, fraudulent or unfair “endless chain” of Defendants are brought on behalf of Plaintiffs and the Class.

106. All claims brought under this Second Cause of Action that refer or relate to the unlawful, fraudulent or unfair the statements, the touted Jeunesse “business opportunity” are brought on behalf of Plaintiffs and the Subclasses.

107. Jeunesse has engaged in constant and continuous unlawful, fraudulent and unfair business acts or practices, and unfair, deceptive, false and misleading advertising within the meaning of the California Business and Professions Code § 17200, et seq. The acts or practices alleged constitute a pattern of behavior, pursued as a wrongful business practice that has victimized and continues to victimize thousands of consumers. The Jeunesse sales and marketing plan is unlawful.

108. Under California Business and Professions Code § 17200, an “unlawful” business practice is one that violates California law.

109. Jeunesse’s business practices are unlawful under § 17200 because they constitute an illegal “endless chain” as defined under, and prohibited by, California Penal Code § 327.

110. Jeunesse utilizes its illegal “endless chain” with the intent, directly or indirectly, to dispose of property in Jeunesse products and to convince distributors to recruit others to do the same.

111. Jeunesse’s business practices are unlawful §17200 because they violate §17500 *et seq.*, as alleged in the Third Cause of Action.

112. Under California Business and Professions Code § 17200, a “fraudulent” business practice is one that is likely to deceive the public.

113. Jeunesse’s business practices are fraudulent in four separately actionable ways: (1) Jeunesse’s illegal and deceptive “endless chain;” (2) the touted, yet non-existent, Jeunesse

1 “business opportunity” for everyone, including but not limited to Jeunesse’s massive advertising  
2 campaign and the misleading statements of compensation; (3) the shipping fees that actually were  
3 secret profit generators untied to, and undetermined by, Defendants’ actual packaging and  
4 handling related costs.

5 114. First, as detailed herein, Defendants promoted participation in the Jeunesse endless  
6 chain, which has a compensation program based on payments to participants for the purchase of  
7 product by participants, not the retail sale of products or services.

8 115. Jeunesse has made numerous misleading representations about the business  
9 opportunity of Jeunesse and the income that a recruit or a distributor can realize by becoming a  
10 distributor and participating in the scheme.

11 116. Jeunesse knew, or should have known, that the representations about the business  
12 opportunity of Jeunesse were misleading in nature.

13 117. As a direct result of Jeunesse’s fraudulent representations and omissions regarding the  
14 Jeunesse endless chain described herein, Jeunesse wrongly acquired money from Plaintiffs and the  
15 members of the classes.

16 118. Second, Jeunesse touted, in numerous different ways as part of a massive advertising  
17 campaign, a “business opportunity,” which Jeunesse also repeatedly and in many ways  
18 represented, among other things, as being “for everyone” and allowing “full time” or “part time”  
19 opportunities.

20 119. The massive advertising campaign included among other things, the website, emails,  
21 websites, presentations by Jeunesse, training, word of mouth among distributors, television, radio,  
22 and events.

23 120. As part of this campaign and a further inducement to potential distributors, Jeunesse  
24 made and disseminated statements of compensation that further misled the public, among other  
25 things: (1) by using cryptic and technical terms known to Jeunesse but not to the general public or  
26 to those exploring the claimed “business opportunity,” (2) by highlighting the “winners,” i.e.,  
27 those that received compensation from Jeunesse, and the average gross compensation paid by  
28 Jeunesse to those winners, (3) by failing to disclose the actual number of “winners” as compared

1 to the number of distributors who received no compensation from Jeunesse (i.e., the “losers”); and  
2 (4) by downplaying and omitting the risks and costs involved in starting an Jeunesse  
3 distributorship and succeeding in such a distributorship.

4 121. In reality, the touted “business opportunity” was only for a select few, and those that  
5 were recruited specially. And these numbers did not include expenses incurred by distributors in  
6 the operation or promotion of their businesses, meaning there were likely more net losers who  
7 made no profit at all.

8 122. Jeunesse knew, or should have known, that the selective information presented to  
9 distributors in the compensation package, the Income Disclosures, and its massive advertng  
10 campaign during that time frame touting its purported “business opportunity” was likely to  
11 mislead the public and did in fact mislead the public into believing there was a legitimate  
12 “business opportunity” in which distributors, or a large portion of them, could make money in  
13 either a full or part time capacity. In fact, however, there was no such “business opportunity,”  
14 except for a very select few.

15 123. As a direct result of Jeunesse’s fraudulent representations and omissions regarding the  
16 Statement and the massive advertng campaign during that time frame and thereafter touting

17 124. Jeunesse’s purported “business opportunity” described herein, Jeunesse wrongly  
18 acquired money from Plaintiffs and the members of the Class/subclasses.

19 125. Plaintiffs and the class purchased Jeunesse products and were charged a significant flat  
20 shipping fee.

21 126. Plaintiff is informed and believes that Jeunesse’s actual shipping costs are far lower  
22 than the revenues that Jeunesse received from its packaging and handling fees and thus, that these  
23 fees were secret profit generators as opposed to specific fees tied to, or at least set in relation to,  
24 specific costs, as represented.

25 127. Jeunesse knew, or should have known, that the misrepresentations and omissions about  
26 the handling fees were likely to mislead the public and its distributors.

1       128. As a direct result of Jeunesse’s fraudulent representations and omissions regarding the  
2       purported handling fees described herein, Jeunesse wrongly acquired money from Plaintiffs and  
3       the members of the classes.

4       129. The named Plaintiffs have standing to bring these Section 17200 claims under the  
5       fraudulent prong and can demonstrate actual reliance on the alleged fraudulent conduct.

6       130. For instance, Plaintiffs received the IBP or mini-IBP, which promoted the Jeunesse  
7       Scheme and claimed “business opportunity” and contained material false representations regarding  
8       the success distributors could achieve through Jeunesse by purchasing products and recruiting  
9       others to do the same.

10      131. There were other representations made to distributors as part of the massive advertising  
11      campaign regarding the claimed “business opportunity,” on which Plaintiffs or some of them,  
12      reasonably believed the representations they could succeed in the “business opportunity,” did not  
13      return the refund, purchased Jeunesse products and did not immediately return them, signed up as  
14      Jeunesse distributors, and attempted to and recruited others to do the same. These other  
15      representations include, but are not limited to the following:

- 16           a.       Emails from Jeunesse that promoted Jeunesse and contained material false  
17                    representations regarding the success that a distributor could achieve through  
18                    Jeunesse by purchasing products and recruiting others to do the same.
- 19           b.       Websites, such as Jeunesse’s own website, which promoted the fraudulent  
20                    scheme through videos of Diamond distributors containing material false  
21                    representations regarding the “business opportunity” available to distributors  
22                    and the wealth that a distributor could get by agreeing to become an Jeunesse  
23                    distributor.
- 24           c.       Presentations by Jeunesse distributors which contained material false  
25                    representations regarding the “business opportunity” and the success that a  
26                    distributor could get through Jeunesse by purchasing products and recruiting  
27                    others to do the same.

1 d. Presentations by Jeunesse, including the presentations described in this  
2 complaint, which contained material false representations regarding the  
3 “business opportunity” and the success that a distributor could get through  
4 Jeunesse by purchasing products and recruiting others to do the same.

5 e. Training and events, such as the Extravaganza as described in this complaint,  
6 where Jeunesse distributors made material false representations regarding the  
7 “business opportunity” and the success that a distributor could get through  
8 Jeunesse by purchasing products and recruiting others to do the same.

9 132. To the extent proof of reliance is required of Plaintiffs, Jeunesse and the Diamond  
10 Distributors knew that Plaintiffs and the class would reasonably rely on their representations and  
11 omissions, which would cause the Plaintiffs and the class joining the fraudulent endless chain  
12 scheme and purchasing the products, and Plaintiffs did in fact reasonably rely upon such  
13 representations and omissions.

14 133. Indeed, had Plaintiffs and the class known that Jeunesse and its Diamond Distributors  
15 were promoting an endless chain, they would not have become Jeunesse distributors in the first  
16 place and, if learned after becoming a distributor, they would not have purchased Jeunesse  
17 products thereafter.

18 134. Had Plaintiffs and the class known that Jeunesse was promoting a “business  
19 opportunity” that did not exist except for a select few, they would not have become Jeunesse  
20 distributors in the first place and, if learned after becoming a distributor, they would not have  
21 purchased Jeunesse products thereafter.

22 135. And had Plaintiffs and the class known that the “Packaging and Handling” fees

23 136. Finally, the fraudulent acts, representations and omissions described herein were  
24 material not only to Plaintiffs and the class (as described in this complaint), but also to reasonable  
25 persons. For instance, regarding the alleged “business opportunity” and representations in, and  
26 omissions from, the Income Disclosures (and prior disclosures thereto), and on information and  
27 belief, a large percentage of individuals who signed up as Jeunesse distributors during this time  
28 frame expected that they could and would receive annual compensation at the approximate level of



1 the “average earnings compensation,” in total, disclosed in the Statements of Average Gross  
2 Compensation. Unfortunately, no such large percentage actually could or did earn such an amount.

3 137. Under California Business and Professions Code § 17200, a business practice is  
4 “unfair” if it violates established public policy or if it is immoral, unethical, oppressive or  
5 unscrupulous and causes injury which outweighs its benefits.

6 138. For the reasons set forth herein and above, Jeunesse’s promotion and operation of an  
7 unlawful and fraudulent endless chain, and its fraudulent representations and omissions regarding  
8 its purported “business opportunity,” are also unethical, oppressive, and unscrupulous in that  
9 Jeunesse is and has been duping Plaintiffs and the class out of billions, or at least hundreds of  
10 millions, of dollars.

11 139. Jeunesse’s actions have few, if any, benefits. Thus, the injury caused to Plaintiffs and  
12 the class easily and dramatically outweighs the benefits, if any.

13 140. Defendants should be made to disgorge all ill-gotten gains and return to Plaintiffs and  
14 the class all wrongfully taken amounts.

15 141. Finally, Defendants’ unlawful, fraudulent and unfair acts and omissions will not be  
16 completely and finally stopped without orders of an injunctive nature. Under California Business  
17 and Professions Code section 17203, Plaintiffs and the class seek a judicial order of an equitable  
18 nature against all Defendants, including, but not limited to, an order declaring such practices as  
19 complained of to be unlawful, fraudulent and unfair, and enjoining them from further undertaking  
20 any of the unlawful, fraudulent and unfair acts or omissions described herein.

### 21 **THIRD CLAIM FOR RELIEF**

#### 22 **False Advertising**

23 (California Business and Professions Code § 17500, et seq.)

24 (On Behalf of the Class, and All Subclasses)

25 Against All Defendants, including Does 1 to 100

26 142. Plaintiffs reallege all allegations, and incorporate previous allegations by reference.  
27  
28

1        143. All claims brought under this Third Claim for Relief that refer or relate to the false,  
2 untrue, fraudulent or misleading endless chain of Defendants are brought on behalf of Plaintiffs  
3 and the Class.

4        144. All claims brought under this Third Cause of Action that refer or relate to the false,  
5 untrue, fraudulent or misleading Income Disclosures of Average Gross Compensation and the  
6 touted Jeunesse “business opportunity” are brought on behalf of Plaintiffs and the sub-class

7        145. All claims brought under this Third Claim for Relief that refer or relate to the false,  
8 untrue, fraudulent or misleading “Packaging and Handling” or FedEx freight fees before April 14,  
9 2013 are brought on behalf of Plaintiffs and the Packaging & Handling and FedEx Freight  
10 Subclass.

11        146. Defendants’ business acts, false advertisements and materially misleading omissions  
12 constitute false advertising, in violation of the California Business and Professions Code § 17500,  
13 *et seq.*

14        147. Defendants engaged in false, unfair and misleading business practices, consisting of  
15 false advertising and materially misleading omissions regarding the purported “business  
16 opportunity,” likely to deceive the public and include, but are not limited to, the items set forth  
17 above. Jeunesse knew, or should have known, that the representations about the business  
18 opportunity of Jeunesse were misleading in nature.

19        148. Because of Defendants’ untrue and/or misleading representations, Defendants  
20 wrongfully acquired money from Plaintiffs and the class members to which they was not entitled.  
21 The Court should order Defendants to disgorge, for the benefit of Plaintiffs and all other Jeunesse  
22 distributors in the class who signed an agreement with Jeunesse governed by California law their  
23 profits and compensation and/or make restitution to Plaintiffs and the class.

24        149. Under California Business and Professions Code § 17535, Plaintiffs and the class seek  
25 a judicial order directing Defendants to cease and desist all false advertising related to the  
26 Defendants’ illegal endless chain scheme, and “Packaging and Handling” fee, and such other  
27 injunctive relief as the Court finds just and appropriate.  
28

1 150. Because of Defendants' untrue and/or misleading representations, Defendants  
2 wrongfully acquired money from Plaintiffs and the class members to which it was not entitled.  
3 The Court should order Defendants to disgorge, for the benefit of Plaintiffs and all other Jeunesse  
4 distributors in the class who signed a Distributor Agreement with Jeunesse governed by California  
5 law their profits and compensation and/or make restitution to Plaintiffs and the class.

6 151. Under California Business and Professions Code Section 17535, Plaintiffs and the class  
7 seek a judicial order directing Defendants to cease and desist from all false advertising related to  
8 the Defendants' illegal e scheme, shipping charges, false claims regarding the Defendants'  
9 products' efficacy, and such other injunctive relief as the Court finds just and appropriate.

10 **FOURTH CLAIM FOR RELIEF**

11 **(RICO 18 U.S.C. § 1962(a))**

12 Against All Defendants, including DOES 1 to 100

13 (On Behalf of the Class, and All Subclasses)

14 152. Plaintiff reallege the previous allegations.

15 153. Jeunesse, Defendants, and others willfully and intentionally violated and continue to  
16 violate RICO and California law with the goal of obtaining money, directly and indirectly, through  
17 a pattern of racketeering activities in violation of the mail and wire fraud statutes, 18 U.S.C. §§  
18 1341 and 1343, 18 U.S.C. 1962(a), and California Penal Code §327.

19 154. Each of the Defendants are engaged in activities federal interstate and foreign  
20 commerce and are entities capable of holding a legal or beneficial interest in property. All  
21 Defendants "persons," as that term is defined by 18 U.S.C. §1961(3).

22 155. The Defendants together make up the "Jeunesse Enterprise" as an association of  
23 entities and individuals associated in fact to operate an illegal pyramid scheme. The Jeunesse  
24 Enterprise is not a legal entity within the meaning of "enterprise" as defined in 18 U.S.C. §  
25 1961(4). The Defendants have been members of the Jeunesse Enterprise from at least April 2009  
26 and continuing until the present. Jeunesse and the Diamond Distributors are separate entities from  
27 the Jeunesse Enterprise and play separate and distinct roles in the operation of the Jeunesse  
28 Enterprise.

- a. Jeunesse is the founder, architect, and beneficiary of the Jeunesse Pyramid. Through interstate wire and mails, emails faxes, and the internet, it coordinates the Jeunesse Enterprise, a worldwide scheme. It also pays and awards the commissions, bonuses, and other incentives to the Defendants and others.
- b. Jeunesse employs the Defendant to coordinate operations of the Jeunesse Pyramid in the countries in which Jeunesse operates, including determining and coordinating points, bonuses, and other incentives.
- c. Jeunesse employs the other defendants as its operational arm of the Jeunesse Enterprise in the U.S. Jeunesse employs the other defendants to conduct racketeering activities in the U.S.
- d. Jeunesse employs the remainder of the Defendants to induce new recruits into the Jeunesse Pyramid, to induce distributors to purchase Jeunesse product, and to induce distributors to recruit additional distributors into the Jeunesse Pyramid. The Remaining Defendants also have an agreement with Jeunesse mandating that Jeunesse will not reform its fraudulent marketing plan without their consent.

156. From at least April 2009 and continuing until the present, within the County of Los Angeles, and elsewhere, Jeunesse in association with the other defendants, did knowingly, willfully and unlawfully conduct and participate, directly and indirectly, in the conduct of the affairs of the Jeunesse Enterprise through a pattern of racketeering activity.

157. From at least April 2009 and continuing until the present, Jeunesse with each other and the remaining defendants, executed a *per se* scheme to defraud through a pattern of racketeering made up of distinct acts of mail and wire fraud under 18 U.S.C. §§ 1341 and 1343. The Jeunesse Enterprise engaged in and affected interstate and foreign trade. The Jeunesse Enterprise transacts business through the instrumentalities of interstate commerce such as telephones, facsimile machines, the internet, email, and the United States mail and interstate commercial carrier to communicate in furtherance of the activities of the Jeunesse Enterprise. The Jeunesse Enterprise advertises, markets, and sells products and services throughout the United

1 States. The operation of the enterprise continued over several years, including activities in every  
2 state, and has affected and damaged, and continues to affect and damage, commercial activity.

3 158. To further the goals of the Jeunesse Enterprise, which were to (1) earn money  
4 through fraudulent means, (2) entice individuals to become Jeunesse distributors, (3) entice  
5 individuals to purchase products from Jeunesse, (4) entice individuals to recruit others to become  
6 Jeunesse distributors and profit off those recruits' purchases of Jeunesse products, and (5) reap  
7 large profits for themselves based on false representations, Jeunesse and the remaining defendants  
8 engaged in various forms of illegal activity, including (a) mail fraud, (b) wire fraud, and (c)  
9 conspiracy.

10 159. The pattern of racketeering activity alleged is distinct from the Jeunesse Enterprise.  
11 Each act of racketeering activity is distinct from the Jeunesse Enterprise in that each is a separate  
12 offense committed by an entity or individual while the Jeunesse Enterprise is an association of  
13 entities and individuals. The Jeunesse Enterprise has an ongoing structure and/or organization  
14 supported by personnel and/or associates with continuing functions or duties.

15 160. The racketeering acts set out above and below, and others, all had the same pattern  
16 and similar purpose of defrauding Plaintiffs and the class for the benefit of the Jeunesse Enterprise  
17 and its members. Each racketeering act was related, had a similar purpose, involved the same or  
18 similar participants and methods of commission and had similar results affecting Plaintiffs and the  
19 class. The racketeering acts of mail and wire fraud were also related to each other in that they were  
20 part of the Jeunesse Enterprise's goal to fraudulently induce Plaintiffs and the class to join the  
21 illegal scheme, purchase products, and recruit others to join the scheme.

22 161. Jeunesse' and other Defendants' wrongful conduct has been and remains part of  
23 Jeunesse Enterprise's ongoing way of doing business and constitutes a continuing threat to the  
24 property of Plaintiffs and the class. Without the repeated acts of mail and wire fraud, the Jeunesse  
25 Enterprise's fraudulent scheme would not have succeeded.

26 162. Revenue gained from the pattern of racketeering activity, which constitutes a  
27 significant portion of the total income of Jeunesse and the Diamond Distributors, was reinvested in  
28 the operations of the Jeunesse Enterprise for the following purposes: (a) to expand the operations

1 of the Jeunesse Enterprise through additional false and misleading advertising and promotional  
2 materials aimed at recruiting new distributors; (b) to facilitate the execution of the illegal scheme;  
3 and (c) to convince current distributors to recruit new distributors, and purchase Jeunesse  
4 products.

5 163. Plaintiffs and the class were injured by the reinvestment of the racketeering income  
6 into the Jeunesse Enterprise because they invested billions of dollars of their own money through  
7 their purchasing of products, promotional materials, and Jeunesse products, all of which were  
8 packaged and shipped at inflated charges.

9 164. In connection with promoting and executing their illegal scheme, members of the  
10 Jeunesse Enterprise knowingly and recklessly placed and caused to be placed in the United States  
11 mail or by interstate commercial carrier, or took or received therefrom, matters or things to be sent  
12 to or delivered by the United States mail or by interstate commercial carrier comprising, among  
13 other things product, invoices, letters, promotional materials, brochures, products and checks to  
14 Plaintiffs and the class and received communications between and among themselves through the  
15 United States mail, in all fifty states and the District of Columbia. It was reasonably foreseeable  
16 that these mailings or receipts would take place in furtherance of the fraudulent scheme.

17 165. In connection with promoting and executing their illegal scheme, members of the  
18 Jeunesse Enterprise engaged in wire fraud, in violation of 18 U.S.C. § 1343, by, among other  
19 things, knowingly and recklessly transmitting or causing to be transmitted with wire  
20 communications, in interstate and foreign trade, materials promoting the illegal Jeunesse Pyramid  
21 on internet web sites, radio, satellite radio, television, email, facsimile, telephone, and text  
22 messages, including promotional materials, registration information, product information, and  
23 invoices. Jeunesse and Diamond Distributors maintain websites on the internet where Jeunesse  
24 distributors can and do buy products and are given inducements to continue working as  
25 distributors within the Jeunesse Pyramid. Jeunesse maintains various websites hosting promotional  
26 videos featuring the Diamond Distributors promoting the unlawful scheme and other marketing  
27 materials featuring the Diamond Distributors promoting the illegal scheme. Jeunesse sent and  
28 received these interstate wire communications to and from all fifty states and the District of

1 Columbia.

2 166. Each Defendant has promoted the Jeunesse Pyramid and Jeunesse Enterprise. Each  
3 use of the mail or wire by Defendants and the Diamond Distributors done in furtherance of the  
4 Jeunesse Pyramid is an act of racketeering.

5 167. The pattern of racketeering activity through which the affairs of the Jeunesse  
6 Enterprise were conducted and in which Jeunesse and the Diamond Distributors participated  
7 consisted of the following:

8 168. In 2015, plaintiff Mein Lin Tsai received, through online materials from Jeunesse,  
9 which promoted the Jeunesse Enterprise and contained material false representations regarding the  
10 success distributors could achieve through Jeunesse by purchasing products and recruiting others  
11 to do the same. This information was sent with the purpose and intent of promoting the Jeunesse  
12 Enterprise's illegal scheme, all in violation of 18 U.S.C. § 1341.

13 169. Throughout 2015, as an Jeunesse distributor, plaintiff received, through email, from  
14 Jeunesse that promoted the Jeunesse Enterprise and contained material false representations  
15 regarding the success that a distributor could achieve through Jeunesse by purchasing products and  
16 recruiting others to do the same. Because of his receipt of these emails the representations  
17 contained therein, Plaintiff Plaintiffs purchased Jeunesse products and tried to recruit others to do  
18 the same. Jeunesse International of America, Inc. sent those emails with the purpose and intent of  
19 promoting the Jeunesse Enterprise's illegal scheme. This violated 18 U.S.C. § 1343.

20 170. Jeunesse's and the Diamond Distributors' representations and omissions were the  
21 proximate cause of Plaintiffs and the class joining the fraudulent scheme and purchasing the  
22 products.

23 171. To the extent proof of reliance is legally required, in engaging in the  
24 aforementioned wire and mail fraud, Jeunesse and the Diamond Distributors knew that Plaintiffs  
25 and the class would reasonably rely on their representations and omissions which would cause the  
26 plaintiffs and the class joining the fraudulent pyramid scheme and purchasing the products.

27 172. Defendants and the Diamond Distributors knew that the misrepresentations and  
28 omissions described above in promoting and executing the fraudulent scheme were material

1 because they caused Plaintiffs and the class to join and participate in the illegal scheme.

2 173. Had Plaintiffs and the class known that Jeunesse and the Diamond Distributors  
3 were promoting an illegal scheme, they would not have joined the Jeunesse Pyramid scheme.

4 174. Jeunesse's and the Diamond Distributors' acts of mail and wire fraud were a  
5 proximate cause of the injuries that Plaintiffs and the class suffered. Because of Jeunesse's and the  
6 Diamond Distributors' pattern of unlawful conduct, Plaintiffs and the class lost billions of dollars.

7 175. Under 18 U.S.C. § 1964, Plaintiffs and the class are entitled to treble their damages,  
8 plus interest, costs and attorney's fees.

9 **FIFTH CLAIM FOR RELIEF**

10 **(RICO 18 U.S.C. § 1962(c))**

11 Against All Defendants, including DOES 1 to 100

12 (On Behalf of the Class, and All Subclasses)

13 176. Plaintiffs reallege the previous allegations.

14 177. Jeunesse and the Diamond Distributors are associated with the Jeunesse Enterprise. In  
15 violation of 18 U.S.C. § 1962(c), Jeunesse and the Diamond Distributors conducted and/or  
16 participated in the conduct of the affairs of the Jeunesse Enterprise, including participation in  
17 activities in furtherance of the Jeunesse Defendants' fraudulent scheme, through the pattern of  
18 racketeering activity earlier alleged.

19 178. As a direct and proximate result of Jeunesse's and the Diamond Distributors' violation  
20 of 18 U.S.C. § 1962(c), Plaintiffs and the class were induced to, and did, become distributors in  
21 the Jeunesse Pyramid scheme and purchased billions of dollars of the Jeunesse products and  
22 recruited others to do the same. Plaintiffs and the class were injured by Jeunesse's and the  
23 Diamond Distributors' unlawful conduct. The funds used to buy Jeunesse products constitute  
24 property of Plaintiffs and the class within the meaning of 18 U.S.C. § 1964(c).

25 179. Under 18 U.S.C. § 1964(c), Plaintiffs and the class are entitled to treble their damages,  
26 plus interest, costs and attorney's fees.

27 **SIXTH CLAIM FOR RELIEF**

28 **(RICO 18 U.S.C. § 1962(d))**



Against All Defendants, including DOES 1 to 100

(On Behalf of the Class, and All Subclasses)

180. Plaintiff realleges the previous allegations.

181. Jeunesse and the Diamond Distributors agreed to work together in a symbiotic relationship to carry on the illegal scheme. Under that agreement, Jeunesse and the Diamond Distributors and others conspired to violate 18 U.S.C. § 1962(a) and (c), in violation of 18 U.S.C. § 1962(d).

182. As a direct and proximate result of Jeunesse's and the Diamond Distributors' violation of 18 U.S.C. § 1962(d), Plaintiffs and the class were injured by Jeunesse's and the Diamond Distributors' unlawful conduct. The funds used to buy Jeunesse products constitute property of Plaintiffs and the class under 18 U.S.C. § 1964(c).

183. Under 18 U.S.C. § 1964(c), Plaintiffs and the class are entitled to treble their damages, plus interest, costs and attorney's fees.

### PRAYER FOR RELIEF

The named Plaintiffs and the Plaintiff class and subclasses request the following relief:

- a. Certification of the class and subclasses;
- b. A jury trial and judgment against Defendants;
- c. Rescission of the agreements upon which the scheme is based, and recovery of all consideration paid pursuant to the scheme, less any amounts paid or consideration provided to the participant pursuant to the scheme;
- d. Damages for the financial losses incurred by Plaintiffs and by the class and subclasses because of the Jeunesse Defendants' conduct and for injury to their business and property;
- e. Restitution and disgorgement of monies;
- f. Temporary and permanent injunctive relief enjoining Jeunesse from paying its Distributors recruiting rewards that are unrelated to retail sales to ultimate users and from further unfair, unlawful, fraudulent and/or deceptive acts;



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**DEMAND FOR JURY TRIAL**

Plaintiffs Mei Lin Tsai, Alyssia Hogue, on behalf of themselves and those similarly situated, hereby request a jury trial on all matters so triable.

**LINDEMANN LAW FIRM, APC**



Dated: December 30, 2016

By:

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