

**UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA**

Case No. 6:17-cv-01624-PGB-KRS

James J. Aboltin and Pamela J. Knight, individually
and on behalf of all others similarly situated,

Plaintiffs,

v.

Jeunesse, LLC aka Jeunesse Global, Inc., a Florida
limited liability company, MLM Mafia, Inc., a Nevada
corporation, Online Communications, LLC, a
Wyoming limited liability company, Wendy R. Lewis,
an individual, Ogale “Randy” Ray, an individual,
Scott A. Lewis, an individual, Kim Hui, an individual,
Jason Caramanis, an individual, Alex Morton, an
individual, Kevin Giguere, an individual, John and
Jane Does 1-100, individual natural persons, and ABC
Corporations, Companies, and/or Partnerships 1-20,

Defendants.

FIRST AMENDED COMPLAINT AND DEMAND FOR JURY TRIAL
CLASS ACTION

Plaintiffs, James J. Aboltin and Pamela J. Knight (“Plaintiffs”), by and through undersigned counsel, on behalf of themselves and all others similarly situated, for their First Amended Complaint against Jeunesse LLC, MLM Mafia, Inc., Online Communications, LLC, Wendy Lewis, Randy Ray, Scott Lewis, Kim Hui, Jason Caramanis, Kevin Giguere, and Alex Morton hereby allege as follows:

I.

INTRODUCTION

1. This is an action on behalf of Plaintiffs James J. Aboltin and Pamela J. Knight, for themselves and those similarly situated, to recover damages caused by the Defendants,’ and their Diamond Director co-conspirators’ operation of an inherently fraudulent pyramid scheme

(the “Pyramid Scheme”). The Pyramid Scheme is fraudulent because it requires the payment by participants of money to defendant Jeunesse LLC (“Jeunesse”) and/or its co-conspirators, Wendy Lewis, Randy Ray, Scott A. Lewis, Kim Hui, Jason Caramanis, Alex Morton, Kevin Giguere, Online Communications, LLC, and MLM Mafia, Inc. (collectively “Defendants”), and unnamed Diamond Director co-conspirators, in return for which participants receive (1) the right to sell products, and (2) the right to receive, in return for recruiting other participants into the Pyramid Scheme, rewards that are unrelated to the sale of products to ultimate end users.

2. This action is brought pursuant to the Racketeer Influence and Corrupt Organizations Act, 18 U.S.C. 1961, *et seq.*, (“RICO”), the Florida Deceptive and Unfair Trade Practices Act, Fla. Stat § 501.201, *et seq.*, Florida Statutes §§ 817.06, 817.41, 849.091, & 865.09 (the “FDUTPA”), the Texas Deceptive Trade Practices-Consumer Protection Act Tex. Bus & Com. Code § 17.41, *et seq.*, and the Arizona Consumer Fraud Act, A.R.S. §§ 44-1521, *et seq.*, on behalf of a class of persons who serve or have served as independent representatives for Jeunesse.

3. Dr. Stacie A. Bosley, who is an expert in multilevel marketing, direct selling, and pyramid schemes, and who served as the expert witness for the Federal Trade Commission in the FTC’s pyramid scheme case against Vemma Nutrition Company, has provided a preliminary expert report in this case. In that report, Dr. Bosely concludes “that *Jeunesse is operating a pyramid scheme, disguised as a multilevel marketing organization.*” Bosley Report, attached as Exhibit A.

II.

THE PARTIES

4. Plaintiff James J. Aboltin was (at all times relevant to the allegations in this complaint) a resident of the State of Arizona, and a citizen of the United States. Plaintiff was deceived by Jeunesse’s misleading business opportunity, falsely believing that it was a

legitimate way to earn money, and did lose money as a result of Defendants' unfair, unlawful, and fraudulent business practices.

5. Plaintiff Pamela J. Knight was (at all times relevant to the allegations in this complaint) a resident of the State of Texas, and a citizen of the United States. Plaintiff Knight was deceived by Jeunesse's misleading business opportunity, falsely believing that it was a legitimate way to earn money, and did lose money as a result of Defendants' unfair, unlawful, and fraudulent business practices.

6. Jeunesse is a Florida limited liability company, with its principal place of business located at 650 Douglas Avenue, Suite 1020, Altamonte Springs, Florida 32714. Jeunesse began operating in 2009. Jeunesse is a global pyramid scheme disguised as a multi-level marketing company that purports to provide an array of purportedly youth-enhancing skin care products and dietary supplements to customers.

7. Ogale "Randy" Ray is a Florida resident and is a manager for, and co-founder of, Jeunesse.

8. Defendant Ray also operates Fuel Freedom International, LLC, in connection with which he executed an Assurance of Voluntary Compliance ("AVC") with the Florida Office of Attorney General, wherein he was enjoined from among other things, violating Florida statutes pertaining to false and misleading advertising and prohibition of illegal lotteries, chain letters, and pyramid clubs.

9. Specifically, in February, 2009, months before Ray and Defendant Wendy Lewis launched Jenuesse, Defendant Ray executed the AVC with regards to another multilevel marketing program. The AVC bound that multilevel marketing program and "each of its officers, directors, agents, servants, and other employees" including Defendants "Randy" Ray and Wendy Lewis, "whether acting directly or through any corporation, subsidiary, division, or other entity." As part of the AVC, Defendants "Randy" Ray and Wendy Lewis are enjoined

from violating the Florida Deceptive and Unfair Trade Practices Act, Federal Trade Commission Rules, and Florida consumer protection statutes. As alleged herein, Defendant Ray and Lewis' marketing of Jeunesse is a violation of the AVC.

10. Wendy R. Lewis is a Florida resident and is a manager for, and co-founder of, Jeunesse.

11. Alex Morton is an Arizona resident, and a "Diamond" director co-conspirator, and upon information and belief, a recipient of an endorsement deal that was never properly disclosed, who conspired to lure people into the Jeunesse scheme, including many Arizona residents.

12. Upon information and belief, Alex Morton traveled to Florida, met with Wendy Lewis and/or Randy Ray and entered into an agreement whereby Defendant Alex Morton would promote the Pyramid Scheme throughout the country, and particularly in Arizona, using a secret business development agreement as further alleged in paragraphs 121-145, below.

13. Scott A. Lewis is a Florida resident and is the Chief Visionary Officer for Jeunesse.

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

15. Upon information and belief, Jason Caramanis traveled to Florida, met with Wendy Lewis and/or Randy Ray and entered into an agreement whereby Defendant Caramanis would promote the Pyramid Scheme throughout the country using secret business development agreements as further alleged in paragraphs 121-145, below.

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

17. Kevin Giguere is a Florida resident and Diamond Director in Jeunesse.

18. Fuel Freedom International Sales Corporation is a Florida corporation. Fuel Freedom International Sales Corporation is an instrumentality through which Defendants have promoted the Pyramid Scheme as alleged herein.

19. Online Communications, LLC (“Online LLC”) is a Wyoming limited liability company.

20. Jason Caramanis is principal of Online LLC.

21. Online LLC is an instrumentality through which Jason Caramanis has promoted the Pyramid Scheme as alleged herein. Through Online LLC, Defendant Caramanis promotes the Pyramid Scheme through the use of the Jeunesse secret business development deals, as further alleged in paragraphs 121-145, below.

22. MLM Mafia, Inc. is a Nevada Corporation.

23. Jason Caramanis is president of MLM Mafia, Inc.

24. Jason Caramanis is treasurer of MLM Mafia, Inc.

25. Upon information and belief, MLM Mafia, Inc. is an instrumentality through which Jason Caramanis promotes the Pyramid Scheme as alleged herein, and/or receives the proceeds from the Pyramid Scheme.

III.

CONSPIRACY, AGENCY, JOINT VENTURE, ALTER EGO

25. Each of the Defendants named herein acted as a co-conspirator, agent, single enterprise, joint venturer, or alter ego of, or for, the other Defendants, with respect to the acts, violations, and common course of conduct alleged herein, and ratified said conduct, aided and abetted, or is otherwise liable. Defendants have had meetings with other Defendants, and unnamed Diamond Director co-conspirators and have reached agreements to market and promote the Pyramid Scheme as alleged herein.

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

27. John and Jane Does 1-100 are fictitious names for individual co-conspirators within the Pyramid Scheme, who profited from the scheme, and/or who received the proceeds from that scheme, but whose identities and involvement are not yet known to plaintiffs.

28. ABC Corporations, ABC Companies, and ABC Partnerships 1-20 are fictitious names for legal entities who participated in the Pyramid Scheme, and or received the proceeds from that scheme, but whose identities and involvement are not yet known to plaintiffs.

29. The acts charged in this Complaint, as having been done by Defendants, were authorized, ordered, ratified or done by their officers, agents, employees, or representatives – while actively engaged in the management of the Defendants’ businesses or affairs.

IV.

JURISDICTION AND VENUE

30. Defendants are subject to the jurisdiction of this Court. Corporate Defendant Jeunesse has its headquarters in Florida, and/or has committed tortious and fraudulent acts throughout the United States and has caused damages to victims nationwide. The individual Defendants have, at all relevant times, also been engaged in continuous and systemic business in Florida and throughout the country, and/or have committed tortious acts in Florida and throughout the country that have damaged Plaintiffs and the class.

31. The actions giving rise to this lawsuit were taken by Defendants, in Florida and throughout the United States. In accordance with 18 U.S.C. § 1965(a) and (b), the Defendants

are subject to this Court's jurisdiction in that they "transact affairs" in Florida and "the ends of justice require that [they] be brought before the Court[.] See U.S.C. § 1965[a] and [b]).

32. This Court has personal jurisdiction over defendants pursuant to U.S.C. § 1965[b], "the Court may cause such parties to be summoned, and process for the purpose may be served in any judicial district of the United States by the marshal thereof." (U.S.C. § 1965[a] and [b]).

33. Because Plaintiffs assert claims pursuant to the Racketeer Influenced Corrupt Organizations Act (RICO), 18 U.S.C. §§ 1961-1968, this Court has jurisdiction over this action, pursuant to 28 U.S.C. §1331.

34. Because Plaintiffs assert claims pursuant to the FDUTPA, this Court may exercise supplemental jurisdiction, pursuant to 28 U.S.C. §1367.

35. Because Plaintiffs assert state-law claims under A.R.S. §§ 44-1521, *et. seq.*, this Court may exercise supplemental jurisdiction, pursuant to 28 U.S.C. §1367.

36. Because Plaintiffs assert state-law claims under for Tex. Bus & Com. Code §17.41, *et. seq.*, this Court may exercise supplemental jurisdiction, pursuant to 28 U.S.C. § 1367.

37. Venue is proper in this District, pursuant to 28 § 1391(b) and (c) and 18 § 1965(a) and (b), because a substantial number of the acts and transactions that precipitated Plaintiffs' claims (and the claims of the Class And Subclasses) occurred within this District. Defendants did (or solicited) business, and transmitted communications by mail or wire, relating to their illegal Pyramid Scheme, in this district; transacted their affairs, in this judicial-district; and committed wrongful acts in this district, which have directly impacted the general public (of this district), and the ends of justice do require that parties residing in other districts be brought before this Court.

V.

GENERAL ALLEGATIONS

A. The Nature of Pyramid Schemes.

38. Although pyramid schemes can take various forms, they are at their core inherently illegal schemes, by which perpetrators induce others to join, with the promise of profits and rewards from a putative business. The reality of the schemes, however, is that rewards to those that join come almost exclusively from the recruitment of new participants/victims to the scheme.

39. “Like chain letters, pyramid schemes may make money for those at the top of the chain or pyramid, but ‘must end up disappointing those at the bottom who can find no recruits.’” *Webster v. Omnitrition Int’l, Inc.*, 79 F.3d 776, 781 (9th Cir. 1996) (quoting *In re Koscot Interplanetary, Inc.*, 86 F.T.C. 1106, 1181 (1975)), *affd mem. sub nom., Turner v. FTC.*, 580 F.2d 701 (D.C. Cir. 1978)). As such, “[p]yramid schemes are-said to be inherently fraudulent[.]” 79 F.3d at 781.

40. Pyramid schemes are characterized as: “the payment by Associates of money to the company in return for which they receive (1) the right to sell a product and (2) the right to receive in return for recruiting other Associates into the program rewards which are unrelated to sale of the product to ultimate users.” *Omnitrition*, 79 F.3d at 781 (*quoting Koscot*, 86 F.T.C. at 1180); *FTC v. Burnlounge, Inc.*, 753 F.3d 878, 880 (9th Cir. 2014).

41. The satisfaction of the second element of the *Koscot* test is the *sine qua non* of a pyramid scheme: “As is apparent, the presence of this second element, recruitment with rewards unrelated to product sales, is nothing more than an elaborate chain letter device in which individuals who pay a valuable consideration with the expectation of recouping it to some degree via recruitment are bound to be disappointed.” *Omnitrition*, 79 F.3d at 782.

42. “The operation of a pyramid scheme constitutes fraud for purposes of several federal antifraud statutes.” *Omnitrition*, 79 F.3d at 782; *F.T.C. v. BurnLounge, Inc.*, 753 F.3d 878, 880 (9th Cir. 2014).

43. Arizona law also renders pyramid schemes illegal. Arizona law defines a pyramid scheme as follows:

“Pyramid promotional scheme” means any plan or operation by which a participant gives consideration for the opportunity to receive compensation which is derived primarily from any person's introduction of other persons into participation in the plan or operation rather than from the sale of goods, services or intangible property by the participant or other persons introduced into the plan or operation.

Ariz. Rev. Stat. Ann. § 44-1731.

44. The presence of other terms does not change the identity of the scheme:

A limitation as to the number of persons who may participate or the presence of additional conditions affecting eligibility for the opportunity to receive compensation under the plan or operation does not change the identity of the scheme as a pyramid promotional scheme nor is it a defense under this article that a participant, on giving consideration, obtains any goods, services or intangible property in addition to the right to receive compensation.

Ariz. Rev. Stat. Ann. § 44-1735(B).

45. Pyramid schemes are also illegal in Florida and Texas. *See* Tex. Bus. & Com. Code § 17.461(a) and Fla. Stat. Ann. § 849.091.

46. On October 19, 2015, TruthInAdvertising.org (“TINA”) sent a letter to the Federal Trade Commission (“FTC”) informing the FTC of the results of TINA’s investigation into Jeunesse’s illegal pyramid scheme. [See TINA Letter to FTC, attached hereto as Exhibit B].

47. Among other findings, TINA’s investigation revealed the following:

- “TINA.org’s investigation revealed a host of issues, including, among other things, an emphasis on recruitment over product sales, and claims made by the company, as well as its medical advisory

board, that its products can manipulate human genes and cells to slow the aging process.”

- “TINA.org found that Jeunesse and its distributors are using deceptive income claims regarding the financial gains consumers will achieve by becoming distributors. For example, Jeunesse advertises that those who sign-up for its business opportunity can make over \$26,000 per week. Its distributors also make unrealistic financial promises, such as being able to make millions of dollars per year. The problem is that the vast majority of these income claims contain no disclosure, let alone a legally appropriate one. TINA.org has compiled over 60 instances of these types of income claims, which are all available at <https://www.truthinadvertising.org/jeunesse-income-claims-database/>.”
- “Based on this information, we contacted the company on September 25, 2015 notifying it of TINA.org’s findings of inappropriate income and health claims made by Jeunesse and/or its distributors, and asked that the company remedy the deceptive marketing immediately. While the company admitted that ‘misrepresentations of the kind that [TINA.org] allege[s] clearly are prohibited by our rules of conduct’ and indicated that it ‘is in the process of adding new fulltime employees to the compliance group in the coming weeks,’ over three weeks have past[sic] since TINA.org’s initial warning and the majority of examples of deceptive health and income claims published in our databases – including marketing materials created by the company itself – are still up on the Internet.”

48. Randy Ray, Chief Executive Officer, Jeunesse, and Greg Hogenmiller, Deputy General Counsel, Jeunesse, were copied on TINA’s letter to the FTC.

49. Upon information and belief, Jeunesse has taken no action to remedy the violations uncovered by TINA.

50. Pyramid schemes that masquerade as legitimate multi-level marketing (“MLM”) companies soil the reputation of the MLM industry. Rogue companies like Jeunesse give legitimate operators a bad name. In response, the FTC has been taking more aggressive steps and actions against those rogue actors, and shutting down their unlawful business operations. For example, in 2007, the FTC took action against Burnlounge Inc., for operating a pyramid

scheme in violation of Section 5(a) of the FTC Act. Burnlounge was offering its associates the opportunity to participate in cash rewards in exchange for an initial fee, plus recurring monthly fees. Members were paid automatic signup bonuses for selling higher priced packages to new associates. The matter was heavily litigated, and ultimately reached the Ninth Circuit Court of Appeals. *See F.T.C. v. BurnLounge, Inc.*, 753 F.3d 878 (9th Cir. 2014). The Ninth Circuit rendered its opinion in 2014, finding that BurnLounge’s business model focused on recruitment, and that the rewards paid, in the form of cash bonuses, were primarily earned for recruitment, as opposed to merchandise sales to consumers. *Id.* at 886. The Court placed an emphasis on the fact that recruiting was built into the compensation structure, in that recruiting led to eligibility for cash rewards, and the more recruiting the higher the rewards. *Id.* at 884. Thus, the court found BurnLounge’s focus was on promoting the bonus and commission program rather than selling the company’s products to end retail users. *Id.*

51. On August 1, 2015, the FTC took action against VEMMA and alleged that it was a pyramid scheme based on representations made in promotional videos, in which representatives discussed its compensation model and alleged income opportunities. VEMMA used a binary-based compensation model almost identical to the one at issue in this case. Like Jeunesse’s binary compensation plan, VEMMA affiliates earned financial rewards for building two teams of affiliates, who were then charged with recruiting additional affiliates. The FTC argued that the emphasis of VEMMA’s sales culture is recruitment, thus the *product is merely incidental to the business opportunity*. This case led to a settlement in which Vemma agreed to injunctive relief and payment valued at \$238 million.

B. Defendants’ Enterprise Constitutes a Pyramid Scheme.

52. Jeunesse has at least two separate compensation plans—a public compensation plan (the “Public Compensation Plan”) and a private compensation plan involving secret,

undisclosed backroom deals offered to those believed to be “quality” recruits, typically top earners in other network marketing companies with established downlines (the “Secret Compensation Plan”). Both compensation plans further Jeunesse’s operation of an illegal pyramid scheme because both plans revolve around recruitment. A distributor’s compensation is derived from successfully recruiting new distributors (not product sales to ultimate end users), or, as in the case of the undisclosed, Secret Compensation Plan, luring and importing entire downlines or “teams” from other network marketing companies.

53. The Jeunesse compensation plan produces a system of monetary rewards that dramatically favors recruitment over retail sales and leads to a constant cycle of victims churning in and out of the program. While Jeunesse holds itself out as a legal multi-level marketing business and purports to sell a suite of products through its distributors, very few (if any) of Jeunesse’s products are ever sold to anyone other than the distributors themselves.

54. Moreover, Jeunesse’s system strongly encourages distributors to buy more and more product, regardless of whether they need it for retail sales or would otherwise buy it for personal use. Distributors must achieve certain levels of purchases by themselves or in conjunction with downline distributors to maintain their eligibility for each type of bonus from Jeunesse. This pressure to maintain their statuses incentivizes the distributors to purchase product they do not need. Indeed, Jeunesse specifically designed its system to incentivize distributors to purchase product they do not need.

55. Defendants have operated and promoted their fraudulent schemes throughout the United States through the use of the U.S. mail and interstate wire communications. Through their creation and operation of their pyramid scheme, Defendants specifically intended to, and did in fact, defraud their distributors — including Plaintiffs and the members of the Class.

C. The Jeunesse Public Compensation Plan.

56. Jeunesse's public compensation plan is referred to as a "Binary" plan. In this plan, participants are required to build two separate organizations ("legs"), where participants derive compensation based off of a percentage of volume generated from their downline.

57. At the bottom rung of this operation is a network of so-called Distributors. Jeunesse purports to sell its products through the Distributors, but, in fact, few of Jeunesse products are ever sold to anyone other than its Distributors. Because its Distributors are the actual customers and ultimate users of its products, Jeunesse requires an ever-expanding network of new Distributors in order to keep the pyramid scheme running.

58. Under the Jeunesse Public Compensation Plan, Distributors are able to earn income primarily from two sources: (1) bonuses for recruiting and sponsoring new representatives, and (2) commissions from sales of products and services to themselves and to the recruits in their "downline," including a 20% "Check Match" on all commissions received by personally sponsored distributors.

59. The term "Downline" is commonly used to represent a cluster of people in a participant's organization.

60. Jeunesse operates as an illegal pyramid scheme in part because its Public Compensation Plan revolves around a recruitment-oriented message, in which a Distributor's compensation derives from successful recruitment of new distributors. "Courts . . . have consistently found MLM businesses to be illegal pyramids where their focus was on recruitment and where rewards were paid in exchange for recruiting others, rather than simply selling products." *F.T.C. v. BurnLounge, Inc.*, 753 F.3d 878, 885 (9th Cir. 2014). A Distributor receives rewards which are unrelated to the sale of products or services to ultimate users outside of the Jeunesse pyramid. *See United States v. Gold*, 177 F.3d 472, 480 (6th Cir 1999) (*quoting In re Koscot Interplanetary, Inc.*, 86 F.T.C. 1106, 1187 (1975)). Such a scheme is deemed inherently fraudulent under federal, Florida, Arizona and Texas law.

61. New entrants into the Jeunesse pyramid scheme are effectively required to make a minimum initial investment from \$249.90 up to \$1,849.90, by paying a \$49.95 startup fee, and purchasing at least the \$199.95 Basic Product Package (if not the \$1,799.95 Jumbo Package). All of the exorbitant costs are paid in order to stay “Active” and “Qualified,” which is necessary to be compensated under the scheme.

62. Because Jeunesse’s Distributors essentially do not sell products to consumers (who are not also distributors), they only obtain return on their investment by recruiting new distributors (who then buy products). This results in payouts alleged to be “bonuses” and “commissions.” When a company incentivizes the recruitment of new participants over product sales, rewards to participants are not considered sales to ultimate users. *BurnLounge*, 753 at 887; *see United States v. Gold*, 177 F.3d 472, 481 (6th Cir 1999).

63. Jeunesse is a classic pyramid scheme with charismatic leaders/founders at the top of its enterprise. In this case, Defendants Lewis and Ray are those leaders. Defendants Lewis and Ray are supported by various businesses and individuals (usually high ranking representatives of the company), such as the other individual Defendants, and unnamed Diamond Director co-conspirators, who disseminate its marketing materials, and promote the scheme to individuals through seminars, promotional videos, and websites. These conspirators instruct other “liked-minded” individuals to duplicate their “system” as soon as possible, to further the conspiracy.

64. In sum, Jeunesse’s emphasis on selling product packages to recruits is not based upon real consumer demand for its products, but instead by the new recruit’s desire to earn greater commissions and bonuses under the Jeunesse Public Compensation Plan.

65. From its inception in 2009, Jeunesse has utilized a compensation-plan document that describes a compensation structure that amounts to a fraudulent and illegal pyramid scheme, both by its very terms, and by its implementation in practice.

66. Defendants recruit new victims into the Pyramid Scheme primarily by offering them the opportunity to become “Jeunesse distributors.”

67. To become a Jeunesse distributor a participant is required to purchase “the mandatory \$49.95 Starter Kit.” [See Jeunesse Opportunity Plan, attached hereto as Exhibit C].

68. According to Diamond Director Steve Green, with the purchase of the \$49.95 Starter Kit, “you get to plug into a *bona fide* billion dollar world-wide platform. You can build an international business from your living room, for \$49.95. It’s a steal, right?”¹

69. In addition to paying the one-time \$49.95 start-up fee, the new Jeunesse Distributor is then encouraged to join as an “Active” distributor.

70. The new distributor becomes “active” by selecting a product package from the company ranging in price from \$199 to \$1,799.00. The product packages contain a mixture of various Jeunesse products.

71. New distributors are strongly encouraged to purchase one of the more expensive product packages. These initial product purchases, after all, generate the funds that fuel the Jeunesse pyramid scheme. With regard to the initial product package purchase, Defendants tell new and prospective distributors: “The more you spend, the more you get. And is inventory an advantage in our business? Yes!”²

72. In reality, a new distributor’s only hope of recouping his or her money is to recruit new victims for the scheme.

73. When a Jeunesse distributor recruits a new individual into 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 product package purchased.

¹ https://www.youtube.com/watch?v=FDKUR_q-nu0

² https://www.youtube.com/watch?v=FDKUR_q-nu0

74. When a Jeunesse distributor recruits a new distributor who purchases 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

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.”³

75. To earn such recruitment commissions, there is no requirement that any Jeunesse product be sold outside the distribution channel.

76. After the new distributor “activates” by purchasing a Jeunesse product package, new distributors are told they then need to “qualify” to earn “team commissions.” As the Jeunesse Public Compensation Plan provides:

In order to qualify for this powerful income stream, you need to accumulate 100 Personal Volume (PV) points in one month during the first year (which ends on your renewal date) from your customer’s purchases through your website or your personal purchases and personally enroll two Distributors who each accumulate 100 PV within one month. Place one of these Distributors on your left team and one on your right team. This will activate your position so that you may now be eligible to earn Team Commissions.

See Opportunity (Ex. C).

77. Purchases of product packages by Distributors and new recruits generate particular “commissionable volume” point values (“CV”), as follows:

³ <https://www.youtube.com/watch?v=oObOn1uLONl>

- Basic Package 100 (CV)
- Supreme Package 300 (CV)
- Jumbo Package 400 (CV)
- 1 Year Jumbo Package 500 (CV)

78. When a distributor recruits two new victims, places them on the left and right side of the binary and then “activates” those new individuals, the Distributor becomes an “Executive.” Defendants tell new and potential distributors:

Think of the Executive as the brick in the Jeunesse house you are going to build. And the more executives you create in your organization, the bigger your Jeunesse house and the more money you are going to make ... Create ‘Executives.’ That’s the game here. You create ‘Executives.’”⁴

79. To “create executives” there is no requirement that any Jeunesse product be sold to any customer outside the distribution channel.

80. Jeunesse Distributors are rewarded for enrolling new victims into Jeunesse and encouraging those new distributors to “activate” by purchasing a product package. Each product package is assigned a point level based on the overall cost of the package. Based on the accumulation of such points in the distributor’s downline a distributor is eligible to earn team commissions. As one Jeunesse recruitment video explains:

Every product and product package has a point total attached to it known as a commissionable volume or CV.... When 300 CV have been accumulated in one team (it doesn’t matter which one) and 600 CV points in the other you will earn a team commission of \$35.00 and you keep earning 35.00 every time this happens....So as your team grows, you will receive 35 dollar bonuses over and over again. And the most amazing thing is this can happen up to 750 times each week! Meaning you could earn up to \$26,250 in just seven days.⁵

81. New recruits are told that it is easy to earn such commissions under the Jeunesse Public Compensation Plan:

⁴ https://www.youtube.com/watch?v=FDKUR_q-nu0

⁵ <https://www.youtube.com/watch?v=oObOn1uLOnI>

The real key to building your business and developing a sizable monthly income with Jeunesse is to build your sales team....The more people you encourage to join and the more you help them succeed the more you earn.... And don't worry, *its easy*. All you need to do is accumulate 100 Personal Volume or PV points in one month and enroll two distributors, one on your left team and one on your right who have each generated 100 personal volume points in one month during the first year of joining. Once you've qualified as an executive, its time to start building your two teams so that your business starts to grow and you're eligible for more and more commissions.⁶

82. The opportunity to earn commissions and residual income for life is the main selling point of the Jeunesse "business opportunity." Team Commissions are paid out using a binary compensation structure: the recruiting distributor is at the top, and his two subsequent recruits (who have purchased product packages) are each placed in one of the two left/right binary legs. Once one leg reflects a minimum of 300 CV points and the other leg reflects a minimum of 600 CV points, a distributor earns a \$35 payout. The Public Compensation Plan states that this can happen up to 750 times in a week for a total of over \$26,000 in team commissions. *See Opportunity (Ex. C).*

83. To lure recruits into the Jeunesse pyramid, Defendants make these specific income claims and then tell potential recruits:

What if you did ten percent [of \$26,000]? Would that be okay with you? What if you did ten percent that good? Could you use an extra \$2,600 a week? Could you? That's an extra \$100,000 a year. That's life-changing money... Do you know there are people at this company that they're maxing this out every single week? Do you know this company has paid out 500 billion [sic] dollars in commissions to people like you and me who have been smart enough to align ourselves with this company in front of this global trend of anti-aging demand, and guess where we all are right now, we are in the front of that trend and we're all right now being swept up into a jet stream of momentum carrying to riches...And it starts with team building.⁷

⁶ <https://www.youtube.com/watch?v=oObOn1uLONl>

⁷ https://www.youtube.com/watch?v=FDKUR_q-nu0

84. The basis for promoting Distributors to higher positions in the Jeunesse pyramid is not success in selling products to customers outside the distribution channel, but rather the recruitment and sponsorship of new distributors—those in his or her “downline.” There are 14 ranks in the Public Compensation Plan of the Jeunesse pyramid. The ranks are based upon a distributor’s ability to recruit new distributors, and the ranks dictate earning rates of the distributors. The ranks, along with their respective qualification criteria, are as follows:

- Associate (no MLM) – sign up as a Jeunesse affiliate (minimum \$49.95)
- Distributor – generate 100 PV within a 30 day period
- Executive – maintain 60 PV a month and recruit 2 Distributors
- Jade Executive – maintain 60 PV a month and recruit and maintain 4 Executives or 8 Distributors
- Pearl Executive – maintain 60 PV a month and recruit and maintain 8 Executives or 12 Distributors
- Sapphire Executive – maintain 60 PV a month and recruit and maintain 12 Executives
- Sapphire Elite – maintain 60 PV a month and Sapphire Executive qualification, in addition to earning at least 60 binary commissions the previous month (an ongoing requirement)
- Ruby Director – maintain 60 PV a month, have at least two Sapphire qualified legs and have earned at least 200 binary commissions the previous month
- Emerald Director – maintain 60 PV a month, have at least four Sapphire qualified legs and have earned at least 500 binary commissions the previous month
- Diamond Director – maintain 60 PV a month, have at least six Sapphire qualified legs and have earned at least 1000 binary commissions the previous month
- Double Diamond Director – maintain 60 PV a month, have at least two Diamond Director legs and have earned at least 1500 binary commissions the previous month
- Triple Diamond Director – maintain 60 PV a month, maintain a downline of at least 10,000 affiliates on autoship, have at least four Diamond legs and generate at

least 2,000,000 CV a month in downline sales volume (no more than 500,000 CV from any one recruitment line)

- Presidential Diamond Director – maintain 60 PV a month, maintain a downline of at least 15,000 affiliates on autoship, have at least six Diamond legs and generate at least 3,000,000 CV a month in downline sales volume (no more than 500,000 CV from any one recruitment line)
- Imperial Diamond Director – maintain 60 PV a month, maintain a downline of at least 20,000 affiliates on autoship, have at least eight Diamond legs and generate at least 4,000,000 CV a month in downline sales volume (no more than 500,000 CV from any one recruitment leg)

85. Defendants recruit victims, and induce them to purchase product packages through false material statements and omissions and then distribute proceeds from these sales, at rates based exclusively on participants’ recruitment of new victims—rather than on the sale of products to customers outside the distribution channel. Diamond Director Co-conspirators and the Defendants then siphon off 3% of the total global revenue from Jeunesse to further enrich themselves.

86. As a result of investing in the scheme, Plaintiffs and the Class have suffered losses in the hundreds of millions of dollars.

87. Jeunesse uses the promise of Team Commissions and “residual” or “passive” income for life to lure new distributors into the Pyramid Scheme. In practice, Jeunesse accomplishes this goal by having Distributors buy products and monthly packages, and recruit other new distributors to do the same.

88. Jeunesse Distributors are strongly encouraged to purchase one of the more expensive product packages.

89. The document entitled “The Gameplan” included in the Jeunesse Starter Kit states: “Your first 48 hours to 7 days is crucial—*what you do now* will determine your success in the future.” (emphasis in original). [See Jeunesse Gameplan, attached hereto as Exhibit D].

90. Jeunesse emphasizes such urgency because it wants the new distributors to become active, qualified, purchase product packages, sign up for the Jeunesse Autoship Program, and introduce others to the business before the excitement generated by the initial recruitment pitch wears off and the new recruit quits, which generally occurs within a week or two.

91. The Gameplan (Ex. D) urges new distributors to choose one of the larger packages. As the Gameplan explains:

The majority of Distributors choose the larger packages for these key reasons:

- a. You will accumulate the 100 PV (Personal Volume) required to qualify as a Distributor.
- b. You will need to use the products in order to speak about their effectiveness.
- c. You will need to share your products with people so they will try them.
- d. Your team will do what you do. If you are using the products and giving out the products for others to try, your team will duplicate your actions.
- e. You will be paid at a higher rank for a temporary period, during which you will be eligible to receive the Leadership Matching Bonus.

92. As Jeunesse Diamond Director Bekki Hurley states in a “start-up” video:

If you are coming in looking at this as a business opportunity I am going to recommend that you go in with one of the higher packages just because you are going to have some products on hand ... and the total price is going to be an income tax right off for you[.]⁸

93. In order to qualify for commissions in Jeunesse, each affiliate must generate in sales or purchase 100 PV in products within a single month. Thereafter in order to remain commission qualified, each affiliate must maintain 60 PV (Personal Volume) in product volume each month. Thus, to receive any commissions with Jeunesse, a distributor must make at least

⁸ <https://www.youtube.com/watch?v=O9jmy5FlmkI>

an initial purchase of a product package, and then continually purchase product packages on a monthly basis regardless of consumer need.

94. In order for a distributor to maintain 60 Personal Volume points each month and in order to remain qualified for commissions, Jeunesse strongly encourages that each distributor receive their monthly product packages under the Jeunesse Autoship Program.

95. In the “Gameplan” guide, once a product package has been purchased, the next highly recommended step is to immediately enroll in the Jeunesse Autoship program, which will ensure ongoing eligibility for compensation. As the Gameplan (Ex. D) explains:

This will ensure you always have the product you need to build your business on a monthly basis. It will also secure the minimum Commissionable Volume. Distributors who are serious about building a residual income immediately enroll in Autoship.

96. As another video states:

The whole purpose of this business is to earn residual income; you can’t do that unless you have your Autoship set up for yourself and you get the people who enroll in your business to set up Autoship and you do this on the day that you enroll them.⁹

97. As one Jeunesse team’s Facebook page states:

For those of you new to the business, Autoship is a must when setting anyone up with Jeunesse. Autoship is the bloodline of the business and without your people on Autoship your business will take so much longer to grow and your success will be limited.... Don’t short change your business and ensure that you and everyone in your downline benefits from a strong and healthy Autoship program. Your new distributors will follow what you do. If you don’t put them on Autoship, they won’t put their people on either and so on and so on.¹⁰

98. As another incentive for signing up for Autoship, Jeunesse promises that if a Distributor maintains Autoship, they do not have to pay annual affiliate fees.

⁹ <https://www.youtube.com/watch?v=ZAIjMRgWmmo>

¹⁰ <https://www.facebook.com/TeamEpicGlobal/posts/834455059953865>

99. In sum, the Autoship Program is a centerpiece of the Jeunesse Public Compensation Plan. The purchase of product packages by Jeunesse Distributors generate the profits that go to those at the top of the Jeunesse pyramid. The Jeunesse Autoship Program, and the 60 PV monthly requirement, ensures that profits will continue to flow.

100. Not only are distributors strongly encouraged to Autoship their own products, but they in turn strongly encourage those in their downline to do the same. In fact, to reach the highest levels of the Public Compensation plan, a distributor must have thousands of distributors in their downline on the Jeunesse Autoship Program:

Triple Diamond Director – maintain 60 PV a month, **maintain a downline of at least 10,000 affiliates on autoship**, have at least four Diamond legs and generate at least 2,000,000 CV a month in downline sales volume (no more than 500,000 CV from any one recruitment line)

Presidential Diamond Director – maintain 60 PV a month, **maintain a downline of at least 15,000 affiliates on autoship**, have at least six Diamond legs and generate at least 3,000,000 CV a month in downline sales volume (no more than 500,000 CV from any one recruitment line)

Imperial Diamond Director – maintain 60 PV a month, **maintain a downline of at least 20,000 affiliates on autoship**, have at least eight Diamond legs and generate at least 4,000,000 CV a month in downline sales volume (no more than 500,000 CV from any one recruitment leg)

101. As shown above, and in the Public Compensation Plan, the CV and binary system of payout is extremely difficult to follow. This is why Jeunesse emphasizes the power of duplication in its recruiting videos. New distributors are told to follow an eight-step system, which is much easier to do than attempt to navigate Jeunesse's confusing Public Compensation Plan.

102. At a Google Hangout held on July 14, 2016, Jeunesse leaders explained the eight-step system one needs to follow to be successful in Jeunesse. Those steps are as follows:

1. Know your why
2. Understand your financial goals

3. Create your list
4. Contact and Invite
5. Share the Jeunesse Opportunity
6. Follow up
7. Enroll Others
8. Repeat and teach these steps.¹¹

103. As the Jeunesse leaders explained: “This is the magic and this is really where the duplication happens.”¹²

104. Not one of those steps involves product sales to consumers outside the distribution channel.

105. At that same Google Hangout, Diamond Director Joshua Higginbotham discussed a new Jeunesse product, but made no mention of selling the product to customers outside the distribution channel, but instead using it to recruit people; to “re-launch people, go get back in front of people that quit or dropped out.”¹³

106. Higginbotham also made no mention of the Jeunesse secret, inside deals (*i.e.*, business development deals, discussed *infra*). Instead, he discussed the “simple” things a distributor must do to build a team in Jeunesse. “There is no way you can build an army of people that are committed to changing their lives” without doing the first three steps of the eight-step system, Higginbotham stated. As he further explained, “you want to build a massive team of people who are duplicating a system, possibly globally[.]” To do so, the distributor must be “all in.” “If you want to build a team that’s all in, my question to you is are you all in.”

107. Jeunesse leader Katy Holt-Larsen explained that the eight-step system is “so simple... that’s the beauty of it, anyone can follow it and get it done.”

108. Double Diamond Director Flora Li urged that you “need to go out right now and get products for yourself and for your team.” Flora Li makes no mention of getting products for

¹¹ <https://www.youtube.com/watch?v=a7x8WGM3WRg>

¹² <https://www.youtube.com/watch?v=a7x8WGM3WRg>

¹³ <https://www.youtube.com/watch?v=a7x8WGM3WRg>

the purpose of retail sales. Instead, the goal of buying product packages is to pitch the business opportunity to others so that one can “build a bigger team, a more successful team.”

109. Jeunesse expends a great deal of effort to demonstrate how simple it is to earn commissions. New distributors and recruits are told: “Everyone can do this business.”¹⁴

110. New and potential distributors are told that to be successful in Jeunesse all you need is “passion.” As stated by Jeunesse Chief Visionary Officer, Scott Lewis:

“[Jeunesse is] an opportunity to take your life to the next level, not just your business....If you’re passionate about the movement we’ve created, that’s all you’re going to need. Follow the steps. Be passionate....You know what separates these Diamonds from the rest of the people that don’t make it to Diamond? Its how they deal with adversity. They deal with the same adversity as you, every single day. But they are resilient in the face of adversity.... All you’ve got to do is be passionate because passion is absolutely infectious.... Everything is in your hands.”¹⁵

111. Commissions are paid out for the recruitment of new distributors, and not for sales of products to ultimate users outside the Jeunesse pyramid.

112. These rewards are illusory, however, as they exist primarily to benefit Defendants and the co-conspirator Diamond Directors, and to lure more victims. Moving up Jeunesse’s ranks is dependent upon bringing in new distributors, who purchase Jeunesse’s product packages. Jeunesse places little, if any, emphasis on product sales to outside customers, and lacks the procedural safeguards to prevent inventory loading in order to qualify for bonuses.

113. Defendants emphasize recruitment over product sales and stress the importance of recruiting new recruits into the Jeunesse program. For example, in a seminar on teaching how to “maximize” the Jeunesse Compensation Plan, Diamond Director Steve Green focused on team building, not retail sales, and stated: “Everyone knows how to retail a product; that’s easy.”

¹⁴ <https://www.youtube.com/watch?v=sovXkavHe9g>

¹⁵ Located on: <https://www.facebook.com/JeunesseHQ/>

114. Diamond Director Kim Hui, of Newport Beach, California tells new and potential distributors:

So the first way to make money is retail commissions, right. You know we as distributors we get the product at wholesale and then when people buy it, they buy it retail . . . so we get a little retail commission. . . . Now that will be the smallest pay you ever get. OK? I forget about retail commissions for me. . . . I'm in this not to sell product. I'm here to build a global distribution. . . . I'm not a salesperson; I'm a business builder.¹⁶

115. Defendants direct new and prospective distributors to follow a “team building” system in order to earn money off of the team they are building. The team building part of the compensation plan “is the core of [the Jeunesse] plan.”

116. 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. In *Matter of Amway Corp., Inc.*, 93 F.T.C. 618 (1979), the FTC found that Amway was not operating as a pyramid scheme because it had adopted and enforced certain procedures to prevent inventory loading and to ensure that actual retail sales existed. As noted in *Omnitrition*, the safeguard “policies adopted by Amway were as follows: (1) participants were required to buy back from any person they recruited any saleable, unsold inventory upon the recruit’s leaving Amway, (2) every participant was required to sell at wholesale or retail at least 70% of the products bought in a given month in order to receive a bonus for that month, and (3) in order to receive a bonus in a month, each participant was required to submit proof of retail sales made to ten different consumers.” *Webster v. Omnitrition Int’l, Inc.*, 79 F. 3d 776, 783 (9th Cir. 1996).

¹⁶ <https://www.youtube.com/watch?v=iA0MSa2tAO8>

117. 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’.” [See Jeunesse Policy and Procedures, attached hereto as Exhibit E], § 8.5.

118. 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.

119. Jeunesse also has no Amway-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.” Ex. E § 8.6 (emphasis added).

120. 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. See Policies and Procedures (Ex. E), § 10.5. If the purchase itself certifies that 70% will be sold or consumed, ability to return is assumed to be limited by that certification.

D. The Jeunesse Secret Compensation Plan.

121. Upon information and belief, most of the income earned by Jeunesse's top earners comes from a secret, non-public compensation plan in form of Business Development Agreements ("BDA"). An example of one such deal is attached hereto as Exhibit F.

122. The Jeunesse Business Development Agreements are designed to attract top earners in the network marketing industry and lure them (and the downline that they have built in another network marketing company) to Jeunesse and reward them for bringing those teams to, and enrolling them in, Jeunesse.

123. Upon information and belief, one of the rewards for participation in the Jeunesse Secret Compensation Plan is preferential placement in the Jeunesse Genealogy (*i.e.*, the structure of the Jeunesse pyramid).

124. The vast majority of Jeunesse participants do not receive additional compensation for their efforts, nor do they receive preferential placement in the Jeunesse Genealogy. They are instead required to build a sales organization pursuant to the Public Compensation Plan.

125. The terms of the Jeunesse BDAs vary from recipient to recipient.

126. According to Jeunesse's own representatives, Jeunesse's rapid success in the network marketing industry is largely due to these secret BDAs.

127. Not only are such deals not disclosed to the public, but Defendants routinely hold out such deal recipients as having achieved certain levels of success in Jeunesse without disclosing that that success is due to the inside deal, and not by organically building a team from scratch pursuant to the Public Compensation Plan.

128. One such deal recipient, Defendant Kevin Giguere, was an experienced network marketer before entering into an inside deal with Jeunesse. Upon information and belief, Defendant Giguere has been in a number of purported network marketing companies, including YTB (Your Business Travel) International, Numis network, Evolv, and Seacret.

129. Defendant Giguere was a defendant in the lawsuit *Mathew Nestler v. Jeunesse, LLC a/k/a Jeunesse Global, and Kevin Giguere*, Case No. 2015CA000409, Seminole County, FL, 02/20/15. According to the allegations in the *Nestler* Lawsuit, Giguere met with Mathew Nestler, Wendy Lewis, and Randy Ray Lewis, and then President of Jeunesse, Darren Jensen, over the course of several meetings in February 2014, to solidify a future agreement between both Nestler and Giguere to join Jeunesse. According to the allegations in the *Nestler* Lawsuit, Giguere entered into a BDA with Jeunesse. According to the allegations in the *Nestler* Lawsuit: “Contrary to its own Policies and Procedures, which expressly forbids Jeunesse participants from owning more than ‘one distributorship,’ Giguere, [Cedric] Harris and [Rick] Ricketts were each allowed to accumulate over fifty positions between themselves in the Jeunesse genealogy, dramatically impacting their ability to dole out preferential placement for recruits. This gave them a tremendous advantage over their competitors through the Jeunesse organization.” Jeunesse issued a press release to congratulate Giguere on reaching the rank of Diamond Director “in just nine months.” The press release provided the misleading impression that Giguere joined Jeunesse after 22 years in the grocery industry and made no mention of his previous network marketing experience. The press release did not mention that Giguere was a recipient of a secret BDA.

130. Defendants lure top industry earners to Jeunesse with these inside deals and then the top-earners endorse Jeunesse and induce others to enroll in Jeunesse without disclosing to the public the secret financial arrangement.

131. In a recruiting call in which Giguere was attempting to recruit two top earners from a rival network marketing company using secret BDAs, Giguere stated: “I make \$2.5 million this year and I think I’ll make \$3.5 to \$4 million next year.” Giguere also stated that he was transferring his Jeunesse earnings to investment properties, including a restaurant, and explained “I’m trying to get diversified, because this shit ain’t going to last forever Making

this kind of money.” When asked specifically about Jason Caramanis, Giguere stated Caramanis was a “bad dude.” That Caramanis was in “ten companies. He makes a million a month in our company, makes \$40,000 a month in Seacret He used to make \$150,000 a month in Vemma... He just brokers deals all day long ... he don’t talk to anybody ... he don’t come to the conventions ... he don’t do shit.” Defendant Giguere also stated that for the “big players” in the company, estimated to be about 4-5 individuals, a BDA can be worth up to \$100,000 to \$200,000 a month. As Defendant Giguere stated: “nobody [in the industry] can compete with it.” Giguere stated about the people in his organizations from his previous companies: “I brought them all over.” As a result, he stated that he “put 30,000 people in last year.” If each of those individuals brought over by Giguere “activated” and “qualified” by paying the \$49.95 startup fee and by purchasing only the Basic Product Package at \$199.95, then the revenue earned by Jeunesse based on just this one undisclosed BDA is approximately \$7.5 million.

132. In short, Defendants are luring top network marketers from other companies with very lucrative inside deals and those individuals are then enrolling their teams into Jeunesse. The inside deals are routinely concealed from the public. They are not disclosed to members of the team being brought over and they are not disclosed when these individuals are being held out by the company as reaching specific earnings levels in record time.

133. Upon information and belief, top BDA recipients are brought to Jeunesse’s home office where there are pitched on the inside deals by the Jeunesse leadership, specifically Wendy Lewis and Randy Ray, and are then presented with a BDA.

134. As of Fall 2015, there are four individuals who work out of the Jeunesse home office and all they do is draft and execute BDAs.

135. According to Defendant Giguere, Jeunesse top earner, Defendant Jason Caramanis earns \$1 million a month from Jeunesse by sitting in his home office and brokering

BDAs all day long. According to Giguere, Defendant Caramanis no longer attends Jeunesse conventions and events. Meanwhile, low level Jeunesse distributors are routinely told by the Jeunesse leadership that their future success depends on their attending every Jeunesse event and bringing new recruits to these Jeunesse events.

136. Upon information and belief, recipients of such deals also include Jeunesse top earners Kim Hui, Jason Caramanis, and former VEMMA top earner, Alex Morton.

137. In or about July 2015, on the eve of the FTC bringing claims against VEMMA, upon information and belief, Alex Morton entered into a BDA with Jeunesse. Pursuant to that deal, he was advanced undisclosed sums in exchange for persuading his VEMMA “downline” to join Jeunesse. Within weeks, he was held out to the public as having achieved “Diamond Director” level without having met the requirements of the public plan, and without disclosing the existence or terms of the BDA. As a direct result of this fraudulent concealment, many Arizona residents were lured into the Jeunesse scheme.

138. Such deal recipients are routinely held out by Jeunesse as having achieved certain “levels” within the Jeunesse Public Compensation Plan (typically, Diamond Director), without disclosing the existence of the BDA, and thus fraudulently implying to the public that such rapid success can also be achieved by distributors by building a business organization through the Jeunesse Public Compensation Plan.

139. Stated somewhat differently, recipients of Jeunesse’s BDAs endorse Jeunesse and the Jeunesse Public Compensation Plan without disclosing that they are being paid for their endorsements through the BDAs. That failure to disclose constitutes fraud. According to the Federal Trade Commission’s Guide Concerning the Use of Endorsements and Testimonials in Advertising, “[w]hen there exists a connection between the endorser and the seller of the advertised product that might materially affect the weight or credibility of the endorsement (*i.e.*,

the connection is not reasonably expected by the audience), such connection must be fully disclosed.” 16 C.F.R. § 255.5 (1980).

140. Jeunesse distributors who did not receive a BDA and did know about the BDAs consider such endorsements, without disclosing the existence of the BDA, “material.” For example, upon learning about the Diamond Director Cedric Harris’ secret inside deal, one individual stated:

Wow, this was sort of discouraging. I have never been in MLM before but signed up on Dec 24 and have worked my ass off and signed up 250+ people in 10 weeks and now have a team of 650+...

I watched a team call the other night where Cedric [Harris] was announced as making Diamond level in only TWO months! I didn’t realize you could be appointed that position... I don’t even get any recognition for what I’ve done and my sponsor sucks.

Wow. That’s all I can say.¹⁷

141. At a closed-door meeting with members of his team, Jeunesse Diamond Director, Adam Vincent Gilmer, explained that he built his sales organization, not through the Jeunesse Public Compensation Plan, but on inside contracts and private deals (*i.e.*, BDAs):

The fastest way to build your sales organization is one, get in, and two, structure your business so that you have contracts [*i.e.*, BDAs] on both sides of your business. To put this in perspective, in the last two days [I have] written about seventy \$5,000 contracts.... I have built my business like this for the past three years and I’ve made incredible, incredible income in this company.

142. Contrary to Jeunesse’s public statements that average, everyday individuals can be successful in Jeunesse (if they simply have “passion”) and that new recruits should not discriminate in who they introduce to the business (“Don’t prejudge anyone”),¹⁸ Adam Vincent

¹⁷ <http://behindmlm.com/companies/90000-secret-backroom-affiliate-deals-jeunesse-lawsuit/>

¹⁸ <http://www.genyoungtraining.com/pages/skillset.php>

Gilmer explained that he only sponsors what he calls “quality” individuals. As he explained: “I sponsor on purpose... I am very, very specific[.]”

143. To become successful in Jeunesse, and contrary to Jeunesse’s public statements that all you need is “two people, who then find two people, and so on,” Adam Vincent Gilmer stated: “There isn’t anybody who sits in the rows that are Diamonds who haven’t sponsored a hundred people and all of them on average make \$1.6 million a year.”

144. This type of “head-hunting” activity conducted by Defendants and the Diamond Director Co-Conspirators is a direct violation of the Jeunesse Policy and Procedures, which provide:

Distributors may not target the sales force of another direct sales company to become Distributors or to sell the products of Jeunesse. Distributors may not encourage members of the sales force of another direct sales company to violate the terms of their contract with such company. Distributors bear the sole risk and sole liability for such activities, which activities are not endorsed or supported by Jeunesse.

See Policies and Procedures (Ex. E), § 11.15.

145. Contrary to the express prohibition in the Jeunesse Policies and Procedures, Defendants and the Diamond Director co-conspirators support, endorse, and conduct such prohibited activities (indeed, it is their primary business model). Defendants and the Diamond Director co-conspirators are engaging in the wholesale importation of entire “teams” from other network marketing organizations into Jeunesse, all the while never disclosing to those team members or to the public that the team leader endorsing, and enrolling them into, Jeunesse is the recipient of an inside deal (*i.e.*, BDA).

E. Dr. Stacie A. Bosley’s Expert Opinion That Jeunesse is Operating a Pyramid Scheme

146. Dr. Stacie Bosley is an expert in multilevel marketing, direct selling, and pyramid schemes. Dr. Bosely served as an expert witness for the Federal Trade Commission in

Federal Trade Commission v. Vemma Nutrition Company, et. al., Case No. CV 15-1578-PHX-JJT, filed in the Arizona District Court on August 17, 2015 (hereinafter, “*FTC v. Vemma*”), which led to Vemma’s \$238 Million settlement with the FTC.

147. Dr. Bosley has provided a Preliminary Expert Report to analyze the Jeunesse marketing program to determine whether it is a pyramid scheme. [A copy of Dr. Bosley’s Preliminary Expert Report is attached hereto as Exhibit A.]

148. In the Preliminary Expert Report, Dr. Bosley concludes that Jeunesse is operating an illegal pyramid scheme: “Considering the evidence currently available, ***it is my expert opinion that Jeunesse is operating a pyramid scheme, disguised as a multilevel marketing organization.*** The anticipated result of Jeunesse’s program is an endless recruitment chain, with a strong emphasis on recruitment over sales to ultimate users. At any moment that the scheme is analyzed, analysis indicates that the vast majority of participants will be in a loss position. Internal data from Jeunesse would provide additional detail on how the program operates in practice and would assist in calculating the scale of consumer injury, but ***I am confident it would confirm my judgment that Jeunesse is a pyramid scheme.***” (emphasis added). Bosley Report, Ex. A at ¶ 32.

149. In the Preliminary Expert Report, Dr. Bosley states the following with regard to the secret BDAs: “A BDA (also known as a Sales Payment Guarantee Agreement) compensates a high level MLM distributor in another organization when they enter Jeunesse, activate and qualify as a Jeunesse distributor, and achieve target volume thresholds. These volume thresholds are quite aggressive and can presumably only be satisfied when the BDA recipient brings his downline over from the competing MLM organization. Beyond the significant supplemental earnings – earnings that are not available to other Jeunesse recruits nor

disclosed to recruits or current distributors – the BDA recipient is given favorable starting placement in the distribution network. In the conference call between Kevin Giguere and potential recruits in a competing MLM, Giguere suggests that these deals are lucrative and extremely common within Jeunesse. If true, *these contracts represent a direct payment for recruitment as retail sales appear to play no role in these arrangements*. Furthermore, the existence of private compensation agreements, not available or advertised within the company’s Financial Rewards Plan, severely aggravates the existing problems of misleading earnings representations.” (emphasis added). Ex. A at ¶ 30

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

150. Before becoming a Jeunesse Distributor, prospective distributors, including Plaintiffs and members of the Class, are 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.

151. 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.

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

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

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

152. The Arbitration Provision is unenforceable for at least three independent reasons: (1) it is an illusory provision that Jeunesse has the power to modify at any time without notice; (2) it is also substantively unconscionable in that it lacks mutuality, and (3) it is procedurally unconscionable because it is 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.

153. The Arbitration Provision is illusory because the Policies and Procedures grant Jeunesse the 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.

154. Specifically, the Policies And Procedures provide:

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

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

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

Nothing in this rule shall prevent Jeunesse ... 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 the 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.

See Policy and Procedures (Ex. E), § 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 arbitration before the American Arbitration Association; this demonstrates the lack of mutuality in the Arbitration Provision.

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

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

VI.

PLAINTIFFS' CLASS ACTION ALLEGATIONS.

158. Plaintiffs were induced to pay money to Jeunesse by numerous misrepresentations (both explicit and by omission), including false claims that Jeunesse is a legitimate network- marketing company and not an illegal pyramid scheme. As the direct and proximate result of such misrepresentations, plaintiffs were damaged.

159. This action is brought by Plaintiffs as a class action pursuant to Federal Rule of Civil Procedure 23.

160. Plaintiffs seek relief on behalf of themselves and a nationwide class of all persons who were Jeunesse Distributors from September 9, 2009, until the present, and who suffered damages as a result of Defendants' operation and promotion of the illegal Pyramid Scheme (the "Class"). Excluded from the Class are the Defendants, their employees, family members, and all affiliates who profited from the scheme.

161. Plaintiff Aboltin also seeks relief on behalf of himself and a subclass for the Arizona-State law claims, which includes all persons who are members of the Class and who were or are residents of Arizona (the “Arizona Subclass”).

162. Plaintiff Knight also seeks relief on behalf on herself and a subclass for the Texas State law claims, which includes all persons who are members of the Class and who are residents as Texas (the “Texas Subclass”).

163. The members of the class and the subclass number in the hundreds of thousands, if not millions,¹⁹ and joinder of all Class members in a single action is impracticable.

164. There are questions of law and/or fact common to the class and subclass, including but not limited to:

- i. Whether Defendants are operating an unlawful pyramid scheme;
- ii. Whether Distributors paid money to Defendants in exchange for (1) the right to sell a product and (2) the right to receive, in return for recruiting others into the program, rewards which were unrelated to the sale of the product to ultimate end users outside the distribution channel;
- iii. Whether Defendants' conduct constitutes an illegal pyramid scheme under Arizona, Texas, and Florida law;
- iv. Whether Defendants omitted to inform Plaintiffs and the Class that they were entering into an illegal pyramid scheme where the overwhelming majority of Distributors lose money;
- v. Whether Defendants failed to disclose the existence of the BDAs to potential distributors who were not BDA recipients;
- vi. Whether Defendants held out BDA recipients as having achieved level of success in Jeunesse without disclosing the existence of the BDA.
- vii. Whether Defendants engaged in acts of mail and/or wire fraud in direct violation of RICO;

¹⁹ Jeunesse Chief Visionary Officer Scott Lewis stated at the Jeunesse University Hollywood Event held in early July, 2016: “What I love about our system is we know that there are over 5,000 people joining this movement every single day.” Available at <https://www.facebook.com/JeunesseHQ/>

- viii. Whether and to what extent the conduct has caused injury to Plaintiffs and the Class;
- ix. Whether Defendants' conduct constitutes an unlawful, unfair and fraudulent business practice under Arizona, Texas, and Florida law.

165. These and other questions of law and/or fact are common to the Class and the Subclasses, and predominate over any question affecting only individual class members.

166. Plaintiffs' claims are typical of the claims of the Class and the Subclasses in that Plaintiffs were distributor for Jeunesse and lost money as a result of the Defendants' operation and promotion of the Pyramid Scheme and Defendants' racketeering activity.

167. Plaintiffs will fairly and adequately represent the interests of the Class and the Subclasses in that Plaintiffs' claims are typical of those of the Class and Plaintiffs' interests are fully aligned with those of the Class. Plaintiffs have retained counsel who are experienced and skilled in complex class-action litigation.

168. Class-action treatment is superior to the alternatives, if any, for the fair and efficient adjudication of the controversy alleged herein, because such treatment will permit a large number of similarly-situated persons to prosecute their common claims in a single forum simultaneously, efficiently and without unnecessary duplication of evidence, effort, and expense that numerous individual actions would engender.

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

VII.

CLAIMS FOR RELIEF

COUNT I

JUDGMENT DECLARING THE ARBITRATION PROVISION UNENFORCEABLE

28. U.S.C. § 2201 (Nationwide Class)

170. Plaintiffs re-allege the foregoing paragraphs as though fully set forth herein.

171. A substantial controversy exists between the parties having adverse legal interests of sufficient immanency and reality concerning the enforceability of an arbitration provision to warrant the issuance of a declaratory judgment.

172. Jeunesse's Policies and Procedures contain an Arbitration Provision. The Arbitration Provision allows Jeunesse to unilaterally resort to the judicial process, while the distributor cannot. This lack of mutuality is unconscionable and unfair.

173. Jeunesse's Policies and Procedures grant Jeunesse the power to unilaterally modify the terms of the Arbitration Provision at any time and without prior notice, thereby rendering the Arbitration Provision illusory, lacking consideration, and therefore, unenforceable.

174. The Arbitration Provision purportedly prevents distributors from seeking relief as a class. Accordingly, the Arbitration Provision's class action prohibition renders the Arbitration Provision substantively unconscionable.

175. The Jeunesse Arbitration Provision also requires that distributors waive their right to a jury trial and access to the courts. However, it reserves the right for Jeunesse to apply to any Court having jurisdiction for a writ of attachment, a temporary injunction, or any other relief available to Jeunesse to protect its interests prior to, during, or filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or proceeding. In essence, Jeunesse may have access to the Courts to seek a remedy; however, distributors are precluded from receiving the same right, thus demonstrating a lack of mutuality in the provision.

176. Accordingly, the Court should declare that the Arbitration Provision is procedurally and substantively unconscionable, illusory, lacking consideration, and unenforceable, and that the Plaintiffs' claims and Class claims are properly before this Court.

COUNT II

RACKETEERING ACTIVITY IN VIOLATION OF 18 U.S.C. 1962(c) (Nationwide Class)

177. Plaintiffs re-allege each of the preceding paragraphs as if fully set forth here.

178. Each defendant is a "person" for purposes of RICO, 18 U.S.C. § 1962, because each defendant is, and was at all relevant times, an individual or entity capable of holding legal or beneficial interest in property.

179. All of the Defendants in this action collectively form an "enterprise" under RICO, 18 U.S.C. § 1962, in that they are a group of individuals and entities associated in fact, although not a legal entity.

180. In the alternative, the Pyramid Scheme is an enterprise, in that it is an association in fact of all Defendants and others which, although not gathered under any legal entity, operates the illegal pyramid scheme to draw new victims to Jeunesse.

181. The Defendants engaged in a pattern of racketeering activity by participating in a scheme and artifice to defraud, in violation of the mail and wire fraud statutes: 18 U.S.C. §§ 1341 and 1343.

182. The Defendants' promotion of the illegal Pyramid Scheme is a *per se* scheme to defraud under the mail and wire fraud statutes; thus, the Defendants have committed racketeering acts by promoting an illegal pyramid scheme, by using and causing others to use the mail and by transmitting and causing others to transmit, by means of wire in interstate commerce, writing, signs, signals, pictures and sounds, all in furtherance of, and for purposes of, executing a scheme or artifice to defraud, namely an illegal pyramid scheme.

183. Each Defendant has promoted the Pyramid Scheme. Each use of the mail or wire by the Defendants in furtherance of the Pyramid Scheme is therefore an act of racketeering.

184. Moreover, the Defendants have used false and fraudulent pretenses to deceive the plaintiffs and the Class, and to thereby obtain money and property from the same. The Defendants have engaged in materially misleading statements of facts, and nondisclosure of particular facts, including:

- A. Creating the false impression that the majority of participants in the Jeunesse pyramid will profit by merely working hard and having passion.
- B. Creating the false impression that Jeunesse has a unique business model that is unusually generous to participants.
- C. Failing to clearly disclose that the purported success and wealth achieved by the individual Defendants through their participation in the Jeunesse pyramid is no longer possible, and not due to a failure, or a lack of passion.
- D. Failing to disclose the existence of BDAs, and holding out BDA recipients as obtaining certain levels of success in Jeunesse without disclosing that that success was based on the BDA, not by organically growing the business pursuant to the Jeunesse Public Compensation plan.
- E. These and other misrepresentations at the heart of the Defendants' enterprise were reasonably calculated to deceive a person of ordinary prudence and comprehension.

185. All of the Defendants acted with intent to defraud.

186. The Defendants' numerous acts of mail fraud and wire fraud amount to a pattern of racketeering activity because they are related and continuous. The pattern consists of more than two acts, which occurred from 2009 until present, and consistently throughout that period. The predicate acts of mail and wire fraud are related because they have had the same or similar purpose: to convince new participants to pay to join the Jeunesse pyramid by paying money to do so, and to convince those participants to, in turn, recruit new participants. They have the

same result: convincing participants to join the Jeunesse pyramid by paying money and having those investors recruit new ones to do the same. They have the same perpetrators: Jeunesse's executives, co-founders, and Diamond Director Co-Conspirators; all of whom promote the Jeunesse pyramid. They have the same victims: plaintiffs and class members who were fraudulently deceived into buying into the Jeunesse pyramid. Finally, they have similar methods of commission: fraudulent misrepresentations and omissions concerning numerous aspects of Jeunesse's operations made via online presentations, telephone calls, in-person gatherings, and written materials. In short, the predicate acts of wire and mail fraud committed by the Defendants constitute an intricately related set of predicate acts sufficient to meet the relatedness standard.

187. Moreover, the predicate acts are continuous. They pose a threat of continued illegal conduct in that the Defendants continue to promote and operate the Pyramid Scheme and have expressed their intention to continue to do so. Additionally, the predicate acts have extended over a significant period of time — the 8 years that Jeunesse has been in existence. The Defendants' regular business of attracting new Distributors is conducted by ongoing mail and wire fraud that misrepresents that Jeunesse is a legitimate multilevel marketing enterprise and not an illegal pyramid scheme. Without the repeated acts of wire and mail fraud, the Defendants' fraudulent pyramid scheme would not be in existence.

188. As a direct and proximate result of the Defendants' acts of mail and wire fraud, plaintiffs and the class were injured in their business and property. Each plaintiff was injured in his or her business or property by reason of the Defendants' pattern of racketeering activity, in that plaintiffs surrendered valuable consideration of at least \$250, and in most cases much more, in order to participate in the inherently fraudulent scheme promoted by the Defendants.

189. Each enterprise alleged above was engaged in, or affecting, interstate commerce by reason of, at least, each of the Defendants' numerous acts or omissions constituting use of

the mail or interstate wire communication facilities in furtherance of their scheme to defraud. Additionally, each enterprise affected interstate commerce because the members comprising it engaged in business in several states and made use of the mail and interstate wire communication facilities in the process of doing so by causing marketing and promotional materials for Jeunesse, as well as images, videos, and information to be communicated through regular mail and via the Internet.

190. Each of the Defendants is employed by or associated with each enterprise above to conduct or participate, directly or indirectly, in the conduct of the enterprise's affairs through a pattern of racketeering activity, *i.e.*, conducting the affairs of, promoting, and otherwise supporting the pyramid scheme.

191. Specifically, Defendants Jeunesse, Wendy Lewis, Randy Ray, Scott Lewis, Kim Hui, Jason Caramanis, Alex Morton, Kevin Giguere and unnamed co-conspirators were involved in the creation and dissemination of marketing materials containing misrepresentations and material omissions regarding Jeunesse and have authorized the Diamond Director Co-Conspirators to direct conference calls, websites, web presentations and speeches that contain numerous misrepresentations and material omissions and that deceive people into participating in the Jeunesse pyramid.

192. Pursuant to 18 U.S.C. § 1964, Plaintiffs are entitled to recover treble damages, costs, and attorneys' fees.

COUNT III

RACKETEERING ACTIVITY IN VIOLATION OF 18 U.S.C. 1962(a) (Nationwide Class)

193. Plaintiffs re-allege each of the preceding paragraphs as if fully set forth here.

194. Revenue derived from the pattern of racketeering activity set forth above, which upon information and belief constitutes a significant portion of the Defendants' total income,

was reinvested into the Jeunesse pyramid and/or concealed in other business and entities, for at least the following purposes: (1) to expand the operations of the Jeunesse pyramid through additional false and misleading advertising and promotional materials aimed at recruiting new distributors in the Jeunesse pyramid; (2) to facilitate the execution of the Jeunesse pyramid; and (3) to convince existing Distributors in the Jeunesse pyramid to recruit new ones, resulting in harm to plaintiffs and the Class.

195. Plaintiffs and the Class were injured in their business or property as a result of such reinvestment into the Jeunesse pyramid because they were induced, with funds used to establish new levels of the Jeunesse pyramid, to invest in Jeunesse.

196. Pursuant to 18 U.S.C. § 1964, plaintiffs and the Class are entitled to recover treble damages, costs, and attorneys' fees.

COUNT IV

CONSPIRACY TO COMMIT RACKETEERING ACTIVITY IN VIOLATION OF 18 U.S.C. & 1962(d)

(Nationwide Class)

197. Plaintiffs reallege each of the preceding paragraphs as if fully set forth here.

198. The Defendants conspired to violate 18 U.S.C. § 1962(a) and (c) in violation of 18 U.S.C. § 1962(d).

199. Each defendant knew about and knowingly and intentionally agreed to participate in and promote an illegal pyramid scheme. Specifically, the Defendants had a meeting of the minds on an object and course of action, namely, to create, support, and maintain the pyramid scheme for their own financial benefit.

200. Each of the Defendants has committed multiple overt acts in furtherance of the unlawful objects of the pyramid scheme.

201. The plaintiffs and the Class were injured in their business or property as a result.

202. Pursuant to 18 U.S.C. § 1964, plaintiffs and the Class are entitled to recover treble damages, costs, and attorneys' fees.

COUNT V

**INJUNCTIVE RELIEF UNDER 18 U.S.C. & 1964(a)
(Nationwide Class)**

203. Plaintiffs reallege each of the preceding paragraphs as if fully set forth herein.

204. To prevent and restrain ongoing violations of 18 U.S.C. § 1962 by the Defendants, the court should order the Defendants to divest themselves of any interest, direct or indirect, in the enterprise; impose reasonable restrictions on the future activities or investments of the enterprise, including, but not limited to: prohibit the Defendants from engaging in the same type of endeavor as the enterprise engaged in, or order dissolution or reorganization of the enterprise.

COUNT VI

**CONSUMER FRAUD (ARIZONA LAW)
(Arizona Class)**

205. The Plaintiffs re-allege each of the preceding paragraphs as if fully set forth here.

206. The false representations and omissions or failures to disclose material information by Defendants and the Diamond Director Co-Conspirators, as alleged herein, violated A.R.S. §§ 44-1521, *et seq.*

207. Defendants are engaged in an illegal pyramid scheme as defined under A.R.S. § 44-1731. Defendants utilize this illegal pyramid scheme to intentionally deceive consumers, in Arizona and elsewhere, and has caused injury to Plaintiffs and members of the Subclass, and real or potential injury to Arizona consumers.

208. As a result and consequence, Plaintiff Aboltin and members of the Arizona Subclass were injured, damaged and have suffered damages.

COUNT VII

**VIOLATIONS OF THE FLORIDA DECEPTIVE AND UNFAIR TRADE PRACTICES
ACT
(Nationwide Class)**

209. Plaintiffs re-allege each of the preceding paragraphs as if fully set out here.

210. Defendants are engaged in an illegal pyramid scheme as defined under Fla. Stat. Ann. § 849.091. Defendants utilize this illegal pyramid scheme to intentionally deceive consumers, in Florida and elsewhere, and have caused injury to Plaintiffs and members of the Class, and real or potential injury to consumers in Florida and elsewhere.

211. Under the Florida Deceptive and Unfair Trade Practices Act (“FDUTPA”), “unfair methods of competition, unconscionable acts or practices in the conduct of any trade or commerce” is unlawful. Fla. Stat § 501.204(1).

212. “The FDUTPA makes unlawful ‘unfair methods of competition, unconscionable acts or practices, and unfair or deceptive acts or practices in the conduct of any trade or commerce.’ § 501.204, Fla. Stat. (2005). As noted above, a FDUTPA claim may be based on rules promulgated pursuant to the Federal Trade Commission Act or the standards of ‘unfairness and deception set forth and interpreted by the Federal Trade Commission or the federal courts.’ § 501.203(3), Fla. Stat. (2005).” *KC Leisure, Inc. v. Haber*, 972 So. 2d 1069, 1072 (Fla. Dist. Ct. App. 2008).

213. Florida courts have expressly approved of bringing a FDUTPA claim based on a violation of the Federal Trade Commission and other laws even if those laws expressly prohibit a private cause of action or limit redress to a certain class. *See e.g., KC Leisure, Inc. v. Haber*, 972 So. 2d 1069, 1072 (Fla. Dist. Ct. App. 2008).

214. Defendants, in the conduct of their business, have engaged in false, misleading, unfair and deceptive acts and practices in the operation of their business in violation of the Federal Trade Commission Act. 15 U.S.C. §45(a)(1).

215. Operating an illegal pyramid scheme is a violation of the Federal Trade Commission Act. *Id.* Thus, Defendants have violated the FDUTPA.

216. Defendants committed these actions and violations intentionally and knowingly, causing damage to Plaintiffs and the Class members.

217. The Plaintiffs and the Class members are entitled to relief pursuant to Fla. Stat § 501.211 for the above described violations of the FDUTPA. The Plaintiffs requests that this Court award them damages, as well as costs, interest, and attorney's fees pursuant to Fla. Stat. § 501.2105. The Plaintiffs also requests that this Court grant them declaratory relief and issue an injunction to prevent Jeunesse from committing future violations of the FDUTPA pursuant to Fla. Stat § 501.207.

COUNT VIII

VIOLATION OF THE SALE OF BUSINESS OPPORTUNITIES ACT

(Florida Class)

218. Plaintiffs re-allege each of the preceding paragraphs as if fully set out here.

219. The Jeunesse compensation plan is a "Business opportunity" as defined by Fla. Stat. § 559.801.

220. Plaintiffs and class members are "purchasers" as defined by Fla. Stat. § 559.801.

221. The false representations and omissions or failures to disclose material information by Defendants and the Diamond Director Co-Conspirators, as alleged herein, violated Fla. Stat. § 559.809.

222. The Plaintiffs and the Class members are entitled to relief pursuant to Fla. Stat § 559.813 for the above described violations of the Regulation of Trade, Commerce, and Investments Statute. The Plaintiffs requests that this Court grant them treble, economic and mental anguish damages, as well as costs, interest, and attorney's fees. The Plaintiffs also requests that this Court grant declaratory relief and issue an injunction to prevent Defendants from committing future violations of the FDUTPA pursuant to Fla. Stat § 559.813.

COUNT IX

VIOLATIONS OF THE DECEPTIVE TRADE PRACTICES-CONSUMER PROTECTION ACT

(Texas Subclass)

223. Plaintiffs re-allege each of the preceding paragraphs as if fully set out here.

224. Defendants have engaged in false, misleading and deceptive acts and practices in the operation of its business in violation of the Deceptive Trade Practices-Consumer Protection Act Tex. Bus & Com. Code § 17.41, et seq. (the "DTPA").

225. The Plaintiff Knight and members of the Texas Subclass are "consumers" as defined by the DTPA.

226. Jeunesse is a "person" as defined by the DTPA involved in "trade" and commerce" as defined by the DTPA.

227. At all times material to the Plaintiffs' involvement with Jeunesse, Jeunesse operated a pyramid promotion scheme within the meaning of Tex. Bus. & Com. Code § 17.461, thereby committing violations and wrongful acts under the DTPA.

228. As a direct and proximate result of Jeunesse's conduct, the Plaintiff Knight and the Texas Subclass members have sustained substantial damages.

229. Jeunesse committed these actions and violations intentionally and knowingly, entitling Plaintiff Knight and the Texas subclass members to treble damages.

230. Plaintiff Knight and the Texas Subclass members are entitled to relief pursuant to Tex. Bus. & Com. Code § 17.50 for the above described violations of the DTPA. The Plaintiffs requests that this Court grant them treble, and economic damages, as well as costs, interest, and attorney's fees. Plaintiff Knight and the Subclass also request that this Court grant them declaratory relief and issue an injunction to prevent Jeunesse from committing future violations of the DTPA pursuant to Tex. Bus. & Com. Code § 17.50.

COUNT X

Unjust Enrichment (Nationwide Class)

231. Plaintiffs re-allege each of the preceding paragraphs as if fully set out here.

232. The Jeunesse Compensation Plan is a pyramid scheme under Tex. Bus. & Com. Code § 17.461(a); Fla. Stat. Ann. § 849.091; and Ariz. Rev. Stat. Ann. § 44-1731.

233. The Jeunesse Compensation Plan is a plan or operation by which Distributors give cash consideration for the opportunity to receive compensation derived primarily from recruiting, rather than from the sale of Jeunesse products by the Distributors.

234. A substantial percentage of Jeunesse products sold to Distributors is not used or consumed by the Distributors. As discussed herein, most of Jeunesse products purchased by Distributors are purchased because of the financial incentives offered by the Jeunesse Compensation Plan.

235. Operating and promoting a pyramid scheme is punishable as a felony in Texas, Florida, and Arizona.

236. The Compensation Plan is an integral part of the Distributor Agreements. The Distributor Agreements are contrary to public policy, and as such, are void.

237. Plaintiffs and the class members paid Jeunesse money pursuant to Jeunesse's perpetration of an illegal pyramid scheme.

238. Defendants have been unjustly enriched by its perpetration of an illegal pyramid scheme and by Plaintiffs' and class member's payments of money to Jeunesse.

239. It would be unconscionable to allow Jeunesse to retain the benefits of its illegal conduct.

240. Defendants should be required to return to Plaintiffs and each class member all the money each paid Jeunesse pursuant to its illegal pyramid scheme, less any money Jeunesse paid Plaintiffs and class members.

**COUNT XI
FEDERAL SECURITIES FRAUD**

241. Plaintiffs re-allege each of the preceding paragraphs as if fully set out here.

242. In the alternative to Counts two, three, four, and five, and without prejudice to the position that Counts two, three, four, and five are not preempted by the Private Securities Litigation Reform Act ("PSLRA"), Plaintiffs in Count XI allege violations of the securities laws.

243. Only to the extent Defendants contend that Plaintiffs' purchases of distributor kits, payment of fees, and purchases of Jeunesse products constitute investments in unregistered securities (the sale of which would be a past and continuing violation of federal securities laws), and only if Defendants are successful in obtaining a dismissal of or judgment against Plaintiffs' RICO claims on the grounds that the PSLRA preempts Plaintiffs' RICO claims, Plaintiffs

contend that the purchases of distributor kits, payment of fees, and purchases of Jeunesse products constitute investments in securities.

244. In the Preliminary Expert Report, Dr. Bosley relates a number of material misrepresentations made by Jeunesse and its agents regarding a prospective distributor's ability to earn money in the Pyramid Scheme:

[T]here are also indications that earnings representations made by the company and its high-level distributors are routinely deceptive. As already mentioned, trainers frequently mention the Team Commission maximum without providing information on the typical commissions earned by past distributors. References are made to six-figure or eight-figure incomes (e.g., in Kim Hui's New Distributor Orientation webinar) and lifestyle claims suggest significant wealth potential. For example, a slide in the Cedric Harris webinar (Yes to Jeunesse! With Team Take Over!) includes a picture of a \$100,000 bonus check with no contextual information to indicate the likelihood of such income. The typical disclaimer, if one is provided, suggests that lack of success is attributable to lack of commitment, effort or talent. As stated in the Financial Rewards Plan: "Any representation or guarantee of earnings, whether made by Jeunesse or another distributor, would be misleading. Success with Jeunesse results only from one's individual successful sales efforts, which require hard work, diligence, and leadership. Your success will depend upon how effectively you exercise these qualities."

The company's own Income Disclosure Statements further exacerbate the problem of inaccurate earnings representations. In both the 2014 and 2016 disclosures, the company presents information for a select subset of distributors by removing inactive distributors as well as those distributors converted to Wholesale Customer status. As described in section 2.9 of the Policies and Procedures document, all distributors who fail to achieve certain distributor outcomes in any 90-day period can be automatically converted from distributor to Wholesale Customer status. Section 2.9 states: "Jeunesse and the Distributor agree that if the Distributor fails to (i) sponsor a new Distributor, (ii) sign up a customer, or (iii) earn commissions during any consecutive ninety (90) day period, such lack of activity is indicative of a desire to consume products and not to be a Distributor. In such cases, Jeunesse may, in its sole discretion, terminate the Agreement and convert the status of the Distributor's account to a Wholesale Customer." It is important to note that the Wholesale Customer can maintain her position in the distribution network, as well as any point volume achieved, so long as she remains active with a minimum monthly purchase. The Wholesale Customer can be converted back to distributor status, simply by clicking a

button in the Jeunesse BackOffice – there are no other fees or impediments to re-entry. The conversion process serves to alter the income disclosure statement by significantly altering the pool of active distributors at any one time and gives the appearance of a more favorable customer-to-distributor ratio (as described in the Leadership Training Customer Conversion video). The Income Disclosure Statements, combined with the income and lifestyle suggestions made by the company and top distributors, likely serve to distort the recruit's understanding of the earning potential in Jeunesse.

Preliminary Report (Exhibit A).

245. The content on income potential cited by the Preliminary Report “rarely informs its audience that the structure of the [Jeunesse] program ensures that the vast majority of [distributors] cannot achieve substantial income, which is a material omission.” *Fed. Trade Comm'n v. Vemma Nutrition Co.*, No. CV-15-01578-PHX-JJT, 2015 WL 11118111, at *6 (D. Ariz. Sept. 18, 2015) (citing *F.T.C. v. Five-Star Auto Club, Inc.*, 97 F. Supp. 2d 502, 532-33 (S.D.N.Y. 2000)).

246. These statements are misleading because they fail to inform distributors that very few distributors are likely to earn any profit from participating in the Pyramid Scheme, regardless of how much work they put in.

247. By making affirmative statements regarding the ability of distributors to earn income, Defendants undertook an affirmative obligation to make the disclosures necessary to make such statements not misleading.

248. Defendants made these omissions knowing that doing so was false and misleading. Defendants benefitted in a concrete and substantial way from the operation of the Pyramid Scheme, the recruitment of new distributors, and new distributors' reliance on Defendants' omissions.

249. Defendants made these omissions with the specific intent that Distributors rely on them.

250. Plaintiffs' and the Class Members' reliance on the omissions may be presumed.

VII.

PRAYER FOR RELIEF

WHEREFORE, The named Plaintiffs and the Plaintiff Class request the following relief:

- A. Judgment declaring Jeunesse's Arbitration Provision unenforceable;
- B. Certification of the Class and Subclasses;
- C. Jury Trial and judgment against the Defendants;
- D. Damages in the amount of the named plaintiffs and the class's financial loss as a result of Defendants' conduct and for injury to plaintiffs and the class's business and property, all as a result of Defendants violation of 18 U.S.C. § 1964(c);
- E. Permanent injunctive relief enjoining the Defendants from further unlawful, unfair, fraudulent, or deceptive acts, including but not limited to, operating and supporting the Pyramid Scheme;
- F. Restitution and disgorgement of monies;
- G. The cost and expense of suit, including reasonable attorneys' fees, in accordance with 18 U.S.C. § 1964(c);
- H. For general, compensatory, and exemplary damages in an amount yet to be ascertained, but in no event less than \$250 million; and
- I. For such other damages, relief, and pre-and post-judgment interest that the Court may deem just and proper.

RESPECTFULLY SUBMITTED this 30th day of October, 2017.

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and on behalf of all others similarly
situated.*

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that on this 30th day of October 2017, I electronically filed the foregoing document with the Clerk of the Court using CM/ECF. I also certify that the foregoing is being served this day upon all counsel of record via transmission of Notices of Electronic Filing generated by CM/ECF and to the pro se parties identified in the following Service List via the manner specified:

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EXHIBIT A

Preliminary Expert Report - Stacie A. Bosley, Ph.D.

Case Information

1. This report was written at the request of Dickinson Wright PLLC, plaintiff's attorneys in *Aboltin v. Jeunesse LLC, et al.*, Case No. 6:17-cv-1624-Orl-40KRS, in United States District Court for the Southern District of Florida, and addresses the business activities of Jeunesse, LLC aka Jeunesse Global, Incorporated.

Expert Qualifications

2. My name is Dr. Stacie A. Bosley. I have a doctoral degree in Applied Economics from the University of Minnesota. In my capacity as an associate professor of economics at Hamline University, I research multilevel marketing, direct selling and pyramid schemes. I have written multiple working papers on these topics, ranging from an analysis of direct selling around the world to an examination of the relationship between domestic economic conditions and multilevel marketing activity. I published a 2015 paper in the *Journal of Public Policy and Marketing*¹ that addresses the intersection of multilevel marketing and pyramid scheme activity as well as a forthcoming paper in the *Journal of Financial Crime* that analyzes community-level risk factors associated with pyramid scheme victimization.² I have also presented research on these topics at numerous economics conferences around the country. My most recent research project explores pyramid scheme victimization and individual risk factors using an economic experiment. Beyond academic research, I have served as an expert witness for the Federal Trade Commission in *FTC v. Vemma Nutrition Company*, Case 2:15-cv-01578-JJT, submitting multiple written declarations and testifying in a 2016 preliminary injunction hearing. I have been interviewed by media outlets and have participated in national conversations on multilevel marketing and associated policy and regulation. With respect to specific federal legislation and regulatory rule changes, I have submitted formal comments and published a recent opinion piece.³

¹ Bosley, S. & McKeage, K. (2015). Multilevel Marketing Diffusion and the Risk of Pyramid Scheme Activity: The Case of Fortune Hi-Tech Marketing in Montana. *Journal of Public Policy & Marketing*, 34(1), 84-102.

² Bosley, S. & Knorr, M. (forthcoming). Pyramids, Ponzis, and Fraud Prevention: Lessons from a Case Study. *Journal of Financial Crime*.

³ See Bosley, S. (September 29, 2017). Flawed Anti-Pyramid Act Reflects Confusion Over Past and Present. *Morning Consult*. available at <https://morningconsult.com/opinions/flawed-anti-pyramid-act-reflects-confusion-past-present/> and Bosley, S. (2013). Comments Regarding the Federal Trade Commission's Rule Concerning Cooling-Off Period for Sales Made at Homes or at Certain Other Locations, Project Number P087109.

3. My university teaching focuses on microeconomics, quantitative analysis, managerial economics and behavioral economics. Each of these areas is relevant to the analysis presented in this report. Microeconomics is the study of individual decision-making and responses to incentives. Behavioral economics examines decision-making with a special focus on cognitive biases and errors in judgment. Quantitative analysis provides a background in analytical approaches to understanding data and patterns. Lastly, Managerial Economics studies decision-making inside businesses and organizations. An understanding of the actions of the firm (e.g., in setting compensation policies and procedures) and the actions of the individual (e.g., in joining and participating in a business opportunity) are highly relevant to the analysis that follows. A true and correct copy of my curriculum vitae is attached as Appendix A.

Sources Reviewed

4. The purpose of this report is to analyze the Jeunesse marketing program to determine whether it is a pyramid scheme. As this report represents an initial assessment of available materials, the opinions herein are primarily based upon materials accessible to the public or Jeunesse distributors at large.

5. For the purposes of this analysis, I have reviewed all English language materials available in the Jeunesse BackOffice, including all elements of "Important Forms," "Important Information," "Compliance," "Jeunesse Marketing Tools," and "EXPO Thailand Event Materials." I have also reviewed the 2014 and 2016 Jeunesse Income Disclosure Statements, the GamePlan (found within the Jeunesse Starter Kit), and all elements of the distributor agreement including the Financial Rewards Plan, Terms and Conditions, and Policies and Procedures. Where multiple versions of these documents are available, I have reviewed them to identify changes to the distributor agreement. In terms of audio and visual files, a listing of reviewed materials is provided in Appendix B, with the understanding that this does not represent an exhaustive or fully representative set of all possible audio or visual files. Beyond the materials already mentioned, I have reviewed the Business Development Agreement with Matthew Nestler, the Sales Payment Guarantee Agreement with Michael Merino, and an audio recording of Kevin Giguere discussed further in paragraph 30.

Scope of Assignment and Conceptual Framework

6. For purposes of my analysis of the Jeunesse program, I will apply two related descriptions of a pyramid scheme: one being a general economic characterization and, the other, a definition borne of relevant court findings related to multilevel marketing programs known as the *Koscot* test.⁴

7. From an economic perspective, a pyramid scheme exists when a compensation plan is structured to create a perpetual recruitment chain that dooms the vast majority of participants to financial loss. It requires ongoing recruitment as new entrants must recruit others in order to cover their own personal investment. When a new participant recruits others, all individuals who join become part of her "downline," while those above her are considered her "upline." Downline activity (recruitment and associated payments/purchases) is needed in order to cover participation costs and potentially achieve advertised earnings. While the compensation plan details may vary, the essence of the system is that earnings are dependent on the ongoing ability to recruit others into the same system. By design, this creates a system where the vast majority of participants cannot recoup their personal investment. As long as recruitment continues, membership grows at an exponential rate. At any moment in time, the most recent entrants make up the vast majority of membership. This majority is the very group that is in a position of financial loss, as they have not acquired the downline recruits necessary to offset personal investments. By nature of the structure itself, a pyramid scheme is a money-transfer scheme that siphons money from later entrants to compensate earlier entrants, delivering easily foreseen losses (from a structural perspective) to the vast majority of participants.

8. It should be noted that the outcomes of exponential growth and widespread losses, articulated above, are expected at any point in time and do not require that the firm has reached market saturation. Loss rates are not accidental and can be anticipated given the recruitment incentives inherent in the compensation plan. As the promised rewards are realized only if successful recruitment continues indefinitely, positive earnings suggestions are inherently deceptive and cannot be fulfilled for the overwhelming majority of participants. The absolute number of people who will ultimately be harmed (left with loss positions) grows exponentially as the organization expands. Many participants will exit when recruitment becomes more difficult. New recruits then take the place of the recent dropouts, creating a churning base. Most in the churning base will lose

⁴ The definitions used in this report are adapted from the definitions in a peer-reviewed article by William Keep and Peter Vander Nat (Keep, W. & Vander Nat, P. (2014). Multilevel marketing and pyramid schemes in the United States: An historical analysis. *Journal of Historical Research in Marketing*, 6(2), 188–210).

money while a few advance to higher levels of the organization. The vast majority of overall participants are not expected to earn enough to cover their personal investment.

9. While pyramid schemes can take a relatively simple form (e.g., gifting scheme or chain email/letter solicitation), they can also be embedded within a business opportunity that offers a product or service for sale. The *Koscot* test (1975) addresses this type of business structure. The *Koscot* analysis assumes a direct selling context where participants make payments that entitle them to earn based on subsequent sales and recruitment, either direct (sales or recruitment by the participant him/herself) or indirect (sales or recruitment by those in his/her downline). Such structures are commonly known as network marketing or multilevel marketing (MLM) programs. The *Koscot* analysis applies the general economic characterization of a pyramid scheme to a specific context - that of multilevel marketing - and is used by the courts to distinguish between legal multilevel marketing programs and pyramid schemes. The *Koscot* test states that a pyramid scheme, organized and promoted as an MLM, is characterized by the payment by participants of money to the company in return for which they receive (1) the right to sell a product and (2) the right to receive in return for recruiting other participants into the program rewards which are unrelated to sale of the product to ultimate users.

10. The *Koscot* test, which was adopted by the FTC in 1975, has been affirmed in multiple Federal court opinions including *Omnitrition* (1998), *Gold* (1999) and *Burn Lounge* (2014). In addition to the *Koscot* test, I will apply two principles from the 9th Circuit's decision in *Burn Lounge* that are relevant to the second prong of the *Koscot* test. The first principle is that program participants may only be considered "ultimate users" if the participants purchase the products for personal consumption based on consumer demand, not primarily for the purpose of participating fully in the rewards under the compensation plan for the business opportunity. The second principle is that, in order for the second prong of the *Koscot* test to be satisfied, it is not necessary for compensation to be completely unrelated to sales to ultimate users. Stated another way, the existence of some sales to ultimate users for purposes of consumption does not prevent a plan from being an illegal pyramid structure.

11. The Sections that follow set forth my analysis and include: 1) an overview of the company and a summary of preliminary findings; 2) a review of the Jeunesse Financial Rewards Plan (i.e., compensation plan); 3) an analysis of the relative role of retail and recruitment; 4) evidence of

induced purchases; 5) a review of established safeguards; 6) a discussion of income representations; and 7) additional aggravating factors.

Company Overview and Summary of Preliminary Findings

12. Jeunesse Global was founded in 2009 and utilizes a multilevel marketing structure to sell anti-aging and health-related products through a network of independent distributors in the US and abroad. As described within the company's Financial Rewards Plan, Jeunesse provides the "opportunity to create wealth," "secure your personal financial future," and generate income that is "directly related to your efforts" - "YOU Control your destiny." Distributors join by signing the Distributor Agreement and paying \$49.95 for a Starter Kit, which provides access to business support systems including the BackOffice and personal website. Distributors are authorized to purchase Jeunesse products at the wholesale price, sell products to external retail customers from personal inventory, sell products through the distributor's website to online customers, and recruit others to become Jeunesse distributors.

13. Based on a review of the materials described in paragraph 5, it is my judgment that Jeunesse is operating as a pyramid scheme, both under the general economic characterization of pyramid scheme (described in paragraphs 7 and 8) and the *Koscot* test (described in paragraphs 9 and 10). Distributor compensation is overwhelmingly triggered by recruitment and recruitment-associated purchases, not retail sales. Internal purchases are largely induced by the incentive structure and distributor training within the Jeunesse marketing program, not genuine consumer demand for the Jeunesse products. As discussed in paragraph 10, this finding is valid even if there are some external retail sales and/or some share of internal ultimate user consumption, so long as distributor rewards are predominantly tied to rewards that are unrelated to genuine market demand (i.e., product sales to ultimate users). Furthermore, even when an MLM pay plan does not explicitly compensate for the recruitment of a new distributor, MLM compensation is deemed to be recruitment-based if new distributor recruitment induces payments and product purchases that lead to rewards and compensation for the sponsor and/or her upline.

14. While some Jeunesse compensation is likely tied to sales to ultimate users (internal and external), the compensation and training system is designed to predominantly compensate participants for recruitment of new distributors through a system of induced purchases. I find that Jeunesse has failed to appropriately represent likely earnings to new recruits and has not instituted

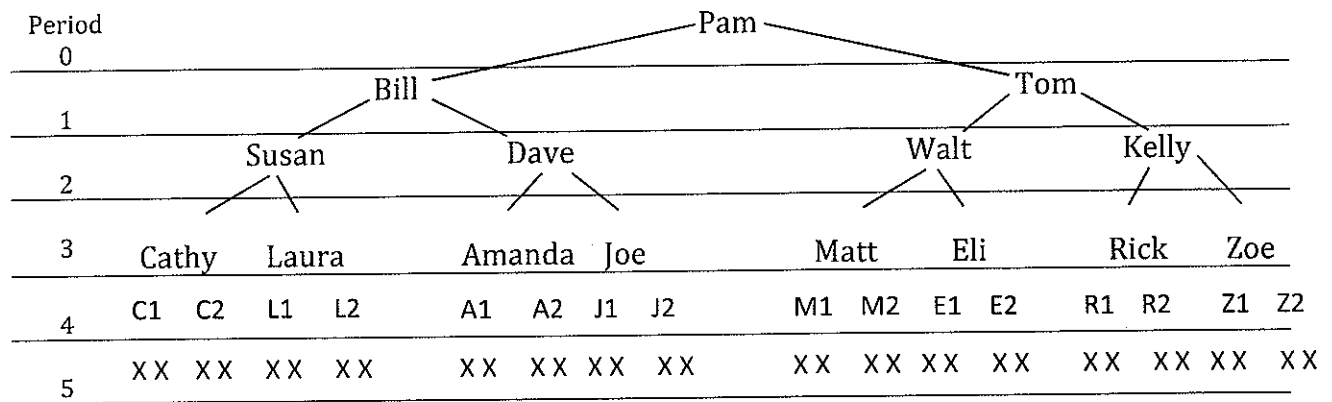
sufficient safeguards to mitigate the risk factors inherent in the company's marketing program. Beyond these issues, the company has engaged in additional behaviors, described further in paragraphs 30 and 31, that could serve to compound the harm and risk to consumers.

The Jeunesse Financial Rewards Plan (Compensation Plan)

15. Jeunesse's Financial Rewards Plan identifies six potential sources of income for distributors: Retail Profit, New First Order Bonus, Team Commissions, Leadership Matching Bonus, Customer Acquisition Incentive and Diamond Bonus Pool. With the exception of the first two income sources, distributors must be active and qualified to earn rewards. To satisfy this eligibility criteria, the distributor must purchase a minimum quantity (100 volume points) within a month and then maintain a monthly minimum thereafter (60 volume points). She must also recruit two new distributors who meet minimum purchases thresholds.

16. Team Commissions, Matching Bonuses and the Diamond Bonus are determined by the distributor's downline organization and volume flowing within that structure. The Jeunesse distribution network is built on a binary multilevel structure, where each distributor has two legs to her downline organization, referred to as her left and right teams. The distributor can build her downline with personally sponsored recruits, placing those recruits in her left or right team, and can also encourage those recruits to bring in new individuals (and those recruits do the same). Figure 1 provides a visual illustration of this binary structure. While some illustrations of the Jeunesse network illustrate two customers (non-distributors) along with the downline distributor network, most depict the organizational structure just as it is depicted in Figure 1. As will be discussed in more detail below, commissions and bonuses are tied to the volume of products purchased within the binary organization – these payments are not tied to verified sales to ultimate users.

Figure 1: Downline Illustration of a Binary MLM Structure



Limited Incentives for Retail Sales

17. Jeunesse has not historically required distributors to sell to customers outside the Jeunesse distributor network. In the company's Policies and Procedures document, section 8.6 states the following: "In order to qualify for any compensation payable under the Jeunesse® Rewards Plan, a distributor should make retail sales to the ultimate consumer." This policy is a departure from industry standards, as multilevel firms typically adopt some form of a minimum "retail customer rule," as will be discussed further in paragraph 27.

18. Through training videos and materials, distributors are encouraged to devote time and energy to recruitment of new distributors, not retail sales. In The GamePlan document, found in the Starter Kit, "The Perfect Launch" begins with identifying the "10 best" and "10 easiest" contacts who might be interested in Jeunesse. There is no explicit mention of selling products to these individuals, only pitching the business opportunity: "First, identify ten or more people you know who you believe would be the most capable Distributors.... You will also want to identify your "Easiest people – people who you have a close relationship with, and who you believe will be interested in the business."

19. In trainings by Steve Miller (How to Maximize the Jeunesse Global Compensation Plan) and Linda Miner (Jeunesse Global Compensation Plan), any mention of retail sales is overshadowed by the simple plan for success, centered on recruitment of new distributors. After joining and purchasing the \$49.95 Starter Kit, the new distributor is instructed to follow these essential steps: 1) activate by purchasing a package (choosing between packages from \$199.95 to \$1049.95), 2) qualify by recruiting two distributors who activate, and 3) teach those distributors to duplicate this

same process (i.e., activate, then qualify by recruiting two who will take the same actions). Jeunesse Diamond Director Kim Hui emphasizes the same essential steps in her New Distributor Orientation Training video: recruit, train to duplicate, and create a “duplicating machine.” Miller also notes the need to stay active during this process, with minimum monthly personal purchases (60 volume points or more). None of these steps involve solicitation of retail sales outside the distributor network. If a new recruit were to follow these suggested steps literally, all purchases (both her own and those of her downline members) would be tied to a desire to participate in the Jeunesse business opportunity rather than being driven by pure consumer demand for the Jeunesse products.

20. Kim Hui, in her new Distributor Orientation Training video, speaks of retail commissions as de minimis relative to other forms of compensation. Hui states: “That will be the smallest pay you will ever get. I forget about retail commissions for me. But ah, I am in this not to sell product, I am in here to build a global distribution.” When you have an effective product, “people will naturally want to buy it, so I don’t focus too much of my time on selling the product. I am not a salesperson, I am a business builder.” Later in the same training video, Hui again emphasizes the importance of recruiting distributors over retailing product: “We build and grow our business by recruiting, okay, now recruiting what? Recruiting business partners. Recruiting entrepreneurs. Recruiting business builders. Okay. I do not go there and look for customers. Customers, you know, for those who say no to the opportunity, they will be my customers.”

21. As Hui, Miller and Miner discuss relative financial rewards, all significant earnings seem to derive from Team Commissions, Matching Bonuses, and the Diamond Bonus pool. Hui, Miller and Miner all note the \$26,250 weekly maximum on Team Commissions and emphasize the fact that many in the firm are already “maxing out” each period. Miller describes Team Commissions as a “jet stream of momentum that will carry you to riches.” Each of these trainings describe the Matching Bonuses and Diamond Bonus pool as additional incentives for following the “activate, qualify, duplicate” protocol. Cedric Harris (in Yes to Jeunesse! With Team Take Over! Webinar) asks the trainees to consider the power of \$20,000 to \$40,000 per month in passive income. Based on my analysis of the Financial Rewards Plan and the context of his statement, I believe he is referring to income generated by Team Commissions, Matching Bonuses, and Diamond pool payouts, not commissions based on sales to ultimate users.

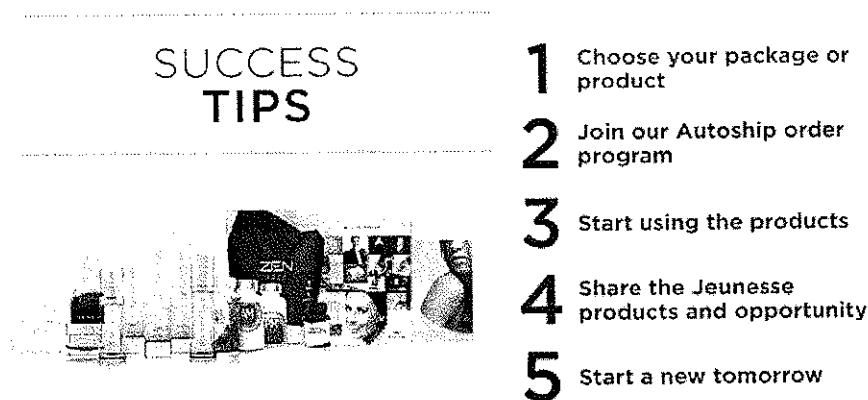
22. In summary, while incentives for retail sales do exist in the form of retail sales commissions, Get 2 Program, Customer Acquisition Incentive and New First Order Bonus (to the extent that retail customers purchase the associated product packages), I believe that these incentives are dwarfed by the relative size and promises of the other types of compensation in the Financial Rewards Plan. In addition, Jeunesse training appears to systematically direct distributors to spend time and energy on recruitment of new distributors, providing little support or encouragement for retail sales to out-of-network customers. Beyond training and relative financial incentives, there has not been a requirement to maintain a minimum threshold of retail sales.

Incentives to Purchase

23. While the company frequently states that there are no mandatory product purchases, distributors are trained and incentivized to make personal product purchases, both when they join and on an ongoing monthly basis. As described in paragraph 19, new distributors are trained to purchase a product package and are frequently encouraged to purchase the most expensive packages. In Miller's presentation, How to Maximize the Jeunesse Global Compensation Plan, he describes the activation purchase as "flipping on a light switch." Both Miller and Hui note the relative benefits of purchasing the Jumbo package (priced at \$1049.95) to attain the greatest benefits. Hui suggests this is a "no-brainer" that will "jumpstart" your success while Miller notes that others will imitate what you have done (i.e., buy the bigger package if you have done so yourself).

24. Beyond this initial package purchase, the company heavily promotes the use of monthly autoship (minimum 60 volume points per month) to ensure sustained qualification and sufficient inventory on hand. Figure 2 is one example of the routine promotion of product packages and autoship as part of the new distributor protocol. Autoship and minimum package purchases are further incentivized as qualifying criteria for specific bonuses and promotions. For example, a distributor can only receive the benefits of the Get 2 Program if she is enrolled in monthly autoship and annual renewal fees are waived for a distributor who has sufficient autoship volume in the prior year. Minimum package purchases were required to participate in the North American Ignite promotion.

Figure 2: 2016 US Jeunesse Opportunity Presentation (slide 28)



25. These “pay to play” purchases are encouraged both to ensure personal qualification and to establish the steps that should be duplicated by downline members. As described in The GamePlan, “Your First 4 Steps” begin by directing the new distributor to order a product package and enroll in the autoship program, ideally in the first 48 hours of participation. The role of autoship is well established in Jeunesse, so much so that the monthly payment periods are referred to as “autoship periods.” The New Member Sign-up Instructions state that “All members are highly recommended to enroll in the autoship program to enjoy the following benefits:

- Worry-free monthly qualifications.
- Never being without product.
- Never flushing your points.”

These purchases have no explicit connection with genuine consumer demand. In my opinion, there is no expectation that these purchases would be made if not bundled with the income opportunity and the suggested rewards therein.

Safeguards

26. Having found that Jeunesse’s program grants rewards that are predominantly unrelated to actual sales to ultimate users, and encourages and incentivizes participants to seek those rewards, I next consider whether the company has “safeguard” policies and procedures that are sufficient to ensure that adequate retail sales to ultimate users exist and inventory loading⁵ is prevented. As noted in *Omnitrition* (1996): “Where, as here, a distribution program appears to meet the *Koscot* definition of a pyramid scheme, there must be evidence that the program’s safeguards are enforced

⁵ Keep and Vander Nat (2014) define inventory loading as “purchases of inventory just to meet volume targets that grant multilevel rewards.” See footnote 6 for full citation.

and actually serve to deter inventory loading and encourage retail sales.” 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, matching the general economic characterization of a scheme described in paragraphs 7 and 8. As established in paragraphs 9 and 10, the *Koscot* test also hinges on the existence of significant sales to ultimate users. In *Amway* (1975), the FTC found that Amway was not operating a pyramid scheme because it had adopted and enforced certain procedures to prevent inventory loading and to ensure that actual retail sales existed. As noted in *Omnitrition* (1996), the safeguard “policies adopted by Amway were as follows: (1) participants were required to buy back from any person they recruited any saleable, unsold inventory upon the recruit’s leaving Amway, (2) every participant was required to sell at wholesale or retail at least 70% of the products bought in a given month in order to receive a bonus for that month, and (3) in order to receive a bonus in a month, each participant was required to submit proof of retail sales made to ten different consumers.” These safeguards must be stated, enforced, and effective.

27. The objective of the set of safeguards would be to encourage sufficient sales to ultimate users who purchase for the purpose of personal consumption. I see no evidence of safeguards that would be effective to deter inventory loading and sufficiently encourage retail sales to ultimate users. While Jeunesse has a 70% rule, it operates though self-verification, it can be satisfied by personal consumption, and there is no evidence of explicit penalties in the company’s policies and procedures. On its own, it does nothing to prevent distributors from making purchases for the purpose of qualification and “pay to play” behavior. As already stated, Jeunesse has historically not had a minimum customer requirement. The recent addition of a potential 2-customer rule does little to incentivize significant retail sales. The purchases can be in any amount and contribute very little to overall distributor compensation. The company’s refund policy is challenged by a number of limitations: required distributor payment for shipping and handling, restrictions based on resalability of the product, required resignation, and by reversal of commissions for the distributor and her upline. Taken together, the Jeunesse policies do not represent sufficient protective safeguards that would minimize the opportunity for pyramid scheme fraud.

Representation of Distributor Earnings

28. In my opinion, Jeunesse distributors are brought into a pay-and-recruit structure that is inherently unfair and deceptive. Beyond the structural problems within the compensation plan and

training methods, there are also indications that earnings representations made by the company and its high-level distributors are routinely deceptive. As already mentioned, trainers frequently mention the Team Commission maximum without providing information on the typical commissions earned by past distributors. References are made to six-figure or eight-figure incomes (e.g., in Kim Hui's New Distributor Orientation webinar) and lifestyle claims suggest significant wealth potential. For example, a slide in the Cedric Harris webinar (Yes to Jeunesse! With Team Take Over!) includes a picture of a \$100,000 bonus check with no contextual information to indicate the likelihood of such income. The typical disclaimer, if one is provided, suggests that lack of success is attributable to lack of commitment, effort or talent. As stated in the Financial Rewards Plan: "Any representation or guarantee of earnings, whether made by Jeunesse or another distributor, would be misleading. Success with Jeunesse results only from one's individual successful sales efforts, which require hard work, diligence, and leadership. Your success will depend upon how effectively you exercise these qualities."

29. The company's own Income Disclosure Statements further exacerbate the problem of inaccurate earnings representations. In both the 2014 and 2016 disclosures, the company presents information for a select subset of distributors by removing inactive distributors as well as those distributors converted to Wholesale Customer status. As described in section 2.9 of the Policies and Procedures document, all distributors who fail to achieve certain distributor outcomes in any 90-day period can be automatically converted from distributor to Wholesale Customer status. Section 2.9 states: "Jeunesse and the Distributor agree that if the Distributor fails to (i) sponsor a new Distributor, (ii) sign up a customer, or (iii) earn commissions during any consecutive ninety (90) day period, such lack of activity is indicative of a desire to consume products and not to be a Distributor. In such cases, Jeunesse may, in its sole discretion, terminate the Agreement and convert the status of the Distributor's account to a Wholesale Customer." It is important to note that the Wholesale Customer can maintain her position in the distribution network, as well as any point volume achieved, so long as she remains active with a minimum monthly purchase. The Wholesale Customer can be converted back to distributor status, simply by clicking a button in the Jeunesse BackOffice – there are no other fees or impediments to re-entry. The conversion process serves to alter the income disclosure statement by significantly altering the pool of active distributors at any one time and gives the appearance of a more favorable customer-to-distributor ratio (as described in the Leadership Training Customer Conversion video). The Income Disclosure Statements,

combined with the income and lifestyle suggestions made by the company and top distributors, likely serve to distort the recruit's understanding of the earning potential in Jeunesse.

Business Development Agreements and Tokens

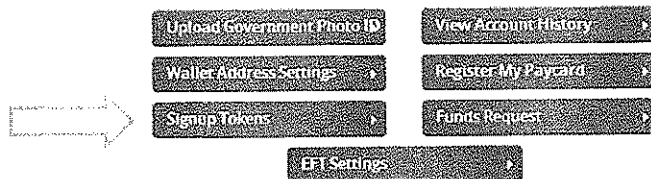
30. Two practices cause additional concern as they appear to violate Jeunesse's own policies and are expected to create additional consumer risk and harm: Business Development Agreements (or BDA's) and Tokens. A BDA (also known as a Sales Payment Guarantee Agreement) compensates a high level MLM distributor in another organization when they enter Jeunesse, activate and qualify as a Jeunesse distributor, and achieve target volume thresholds. These volume thresholds are quite aggressive and can presumably only be satisfied when the BDA recipient brings his downline over from the competing MLM organization. Beyond the significant supplemental earnings – earnings that are not available to other Jeunesse recruits nor disclosed to recruits or current distributors – the BDA recipient is given favorable starting placement in the distribution network. In the conference call between Kevin Giguere and potential recruits in a competing MLM, Giguere suggests that these deals are lucrative and extremely common within Jeunesse. If true, these contracts represent a direct payment for recruitment as retail sales appear to play no role in these arrangements. Furthermore, the existence of private compensation agreements, not available or advertised within the company's Financial Rewards Plan, severely aggravates the existing problems of misleading earnings representations.

31. Another troubling practice is the use of Tokens, described in the company's Payment Methods document available in the Jeunesse BackOffice. According to this document, an upline member can create a Token (for a fixed sum of money or unlimited amount) and generate a Token name. This Token name is then given to the downline distributor and can be used for full or partial payment of that downline member's purchase. Figure 3 is an image taken from the Payment Methods document which illustrates the mechanics of this process. While the company's Policies and Procedures document prohibits a distributor from using her credit card for another customer or distributor's purchase, the Token system appears to be available for that very purpose. Such a system allows for strategic purchases and enrollment and, as such, has the potential to enable significant pay-to-play activity. Taken together, BDA's and Tokens further suggest that the Jeunesse Financial Rewards Plan and associated compensation are only superficially tied to genuine demand for Jeunesse products.

Figure 3 – Instructions for Tokens in the Jeunesse Payment Methods Document

Signup tokens

Pay for orders for your downline by creating signup tokens. Click "signup tokens" on the wallet home page



Select unlimited or a specific maximum amount, enter a unique token name and click "create."

ADD TOKEN

Amount: ☐ Unlimited ☒ \$150

Token:

Token added

SIGNUP TOKENS							
Date Entered	Token #	Token	Amount	Delete	Use Date	Used By	Order
4/18/2014 2:43:42 PM	208550	Mike5	\$200.00	<input checked="" type="checkbox"/>			
4/18/2014 2:43:06 PM	208549	Clairret	Unlimited	<input checked="" type="checkbox"/>			

Tell the token user to select token as the payment method for their order and enter the token issuers username and the name of the token.

32. Considering the evidence currently available, it is my expert opinion that Jeunesse is operating a pyramid scheme, disguised as a multilevel marketing organization. The anticipated result of Jeunesse's program is an endless recruitment chain, with a strong emphasis on recruitment over sales to ultimate users. At any moment that the scheme is analyzed, analysis indicates that the vast majority of participants will be in a loss position. Internal data from Jeunesse would provide additional detail on how the program operates in practice and would assist in calculating the scale of consumer injury, but I am confident it would confirm my judgment that Jeunesse is a pyramid scheme.

33. I understand that this declaration may be used in a law enforcement proceeding. Pursuant to 28 USC Section 1746, I declare under penalty of perjury under the laws of the United States of America that the foregoing is true and correct to the best of my knowledge and belief.

Stacy A. Buz

Stacie A. Bosley

Appendix A – Curriculum Vitae

STACIE A. BOSLEY

Associate Professor of Economics
Hamline University
Saint Paul, Minnesota

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651-523-2436

EDUCATION	Ph.D. in Applied Economics – University of Minnesota (2001) BBA in Finance – University of Wisconsin-Madison (1994)
ACADEMIC	University of Minnesota: Visiting Scholar in Applied Economics (2017-present)
EXPERIENCE	Hamline University: Associate Professor, Economics (2017-present) Hamline University: Assistant Professor, Economics (2011-2017) Hamline University: Visiting Assistant Professor and Adjunct Instructor (2002-2011) Macalester College: Visiting Assistant Professor (2003-2005) University of Wisconsin River Falls: Adjunct Professor (1999-2000)
COURSES TAUGHT	Microeconomic Principles, Intermediate Microeconomics, Behavioral & Experimental Economics, Labor Economics, Introduction to Business Analytics, First Year Seminars (“Our Wal-Mart World” and “Are You ‘Predictably Irrational?’”), Macroeconomic Principles, Intermediate Macroeconomics, Managerial Economics (for undergraduate and MBA students), and Statistics
HONORS AND AWARDS	Hamline School of Business Dean’s Leadership Award (2017) Hamline School of Business Dean’s Teaching Award (2017) Hamline Center for Justice and Law Grant (\$2,500) – Project: Judgment and Decision-Making in a Pyramid Scheme Experiment: Lessons for Active Consumer Education (2017) Nominee for CASE U.S. Professor of the Year Award (2015) Hamline University Faculty Advisor of the Year (2013) Dean’s Leadership Award (2013) Hamline Oracle (student newspaper): Named in Top 10 Hamline Professors (2010) Inducted as Faculty Member in Omicron Delta Kappa (2008) University of Minnesota Doctoral Dissertation Fellow (2000-2001) USDA National Needs Doctoral Fellow (1997-2000)

COLLABORATIVE RESEARCH (competitive research program with undergraduate students)	Informing a Pyramid Scheme Experiment: Exploring the Role of Impulsivity and Cognitive Processing in Judgment and Decision-Making Joining a Pyramid Scheme: The Influence of Risk Preferences in Decision Making Affinity Fraud in Multilevel Marketing: The case of Fortune Hi-Tech Marketing in the U.S. Direct Selling and Economic Growth Bitcoin, Behavioral Economics, and the Austrian School The Minimum Wage and Community College Enrollment in the U.S. Why Here and Not There? A look at participation and growth in direct selling across countries Implications of Light Rail Transit in Minnesota College Greek Participation and Long-term Outcomes Division III Intercollegiate Athletics and Enrollment The Conservation Reserve Program and Hunting Expenditures in Minnesota
PRESENTATIONS	Bosley, S. (2017). Judgment and Decision-Making in a Pyramid Scheme Experiment. Presented at the Agricultural and Applied Economics Research Seminar at the University of Minnesota. Bosley, S. (2016). Global Direct Selling: Do Values and Attitudes Trump Economic Conditions. Paper presented at the annual meeting of the Southern Economic Association, Washington D.C. Bosley, S. & Knorr, M. (2016). How is a Pyramid Scheme like the Ku Klux Klan? Presented at the Saint Olaf Economics Lecture Series, Northfield, MN. Bosley, S. & Knorr, M. (2016). How is a Pyramid Scheme like the Ku Klux Klan? Presented at the Hamline Faculty Research Colloquium, Saint Paul, MN. Bosley, S. (2016). Business Opportunity or Scam: What every college student should know. Presentation to the Hamline Student Body (connected with First Year Seminar program), Saint Paul, MN. Bosley, S. (2016). Pyramid Scheme Membership in Networks: The Role of Affinity, Education and Economic Conditions. Paper presented at the annual meeting of the Eastern Economic Association, Washington D.C. Bosley, S. (2016). How is a Pyramid Scheme like the Ku Klux Klan? Presented at the Hamline School of Business Faculty Research Forum, Saint Paul, MN. Bosley, S. (2015). Business Opportunity or Scam: What every college student should know. Presentation to the Hamline Student Body (connected with First Year Seminar program), Saint Paul, MN. Bosley, S. (2015). Network Analysis of a Pyramid Scheme. Paper presented at the annual meeting of the Midwest Economics Association, Minneapolis, MN. Bosley, S. (2015). Network Analysis of a Pyramid Scheme. Paper presented at the Hamline

- School of Business Faculty Research Forum, Saint Paul, MN.
- Bosley, S. (2015). Business Opportunities ("Biz Opps") on College Campuses. Presentation to the Hamline ODK Student Chapter, Saint Paul, MN.
- Bosley, S. (2015). Business Opportunities ("Biz Opps") on College Campuses. Presentation to the Hamline University Student Congress, Saint Paul, MN.
- Bosley, S. (2014). Learning through Experimentation: Creating an Authentic Experiment with Behavioral Economics Students. Paper presented at the annual meeting of the Western Economic Association, Denver, Co.
- Bosley, S. (2014). Creating Custom Student-Driven Experiments in Behavioral Economics: The Simulation of a Pyramid Scheme. Paper presented at the Hamline School of Business Faculty Research Forum, Saint Paul, MN
- Bosley, S. (2013). Participation and Growth in Direct Selling across Countries. Paper presented at the Southern Economic Association Conference, Tampa, FL.
- Bosley, S. (2013). The Virality of a Pyramid Scheme. Paper presented at the Eastern Economic Association Conference, New York, NY.
- Bosley, S. (2013). The Virality of a Pyramid Scheme. Paper presented at the Hamline School of Business Faculty Research Forum, Saint Paul, MN.
- Bosley, S. (2013). Program Assessment: Process and Progress in the Hamline School of Business. Presented to the Hamline University School of Education, Saint Paul, MN.
- Bosley, S. (2013). Program Assessment. Presented at the Faculty Development Day, Saint Paul, MN.
- Bosley, S. (2012). Labor Supply and Pyramid Schemes: Evidence from a State Settlement. Paper presented at the Eastern Economic Association Conference, Boston, MA.
- Bosley, S. (2012). Labor Supply and Pyramid Schemes: Evidence from a State Settlement. Paper presented at the Hamline School of Business Faculty Research Forum, Saint Paul, MN.
- Bosley, S. (2011). Multilevel Marketing: Liberation or Entrapment. Presented at the National Women's Studies Association 2011 Conference, Atlanta, GA.
- Bosley, S. (2011). Labor Participation in Multilevel Marketing: Is it a Counter-cyclical Industry? Paper presented at Eastern Economic Association Conference, New York, NY.
- Bosley, S. (2011). Labor Participation in Multilevel Marketing: Is it a Counter-cyclical Industry? Paper presented at the Annual Conference of the Society for Advancement of Behavioral Economics, San Diego, CA.
- Bosley, S. (2004). Dead-End Jobs or Stepping Stones? The Long-Run Consequences of Early Industry and Occupation. Paper presented at the Annual Meeting of the Midwest Economics Association, Chicago, IL.

- Bosley, S., Keil J. & Aziz F. (2003). Innovative Pedagogy in the Economics Major: Interactive Learning Techniques That Build Critical Basic Skills. Presented at the Collaboration Faculty Development Conference, Bloomington, MN.
- Bosley, S. (2003). Employment Mobility Among Less-Skilled Women and Men – Are There Long-Run Consequences? Paper presented at the Annual Meeting of the Illinois Economics Association, Chicago, IL.
- Bosley, S. (2001). Complex Job Mobility and Long-Run Outcomes for the ‘Economically At-Risk. Paper presented at the Annual Meeting of the Midwest Economics Association, Cleveland, OH.
- Bosley, S. (2000). The Employment Stability of Less-Skilled Rural Workers. Paper presented at the Annual Meeting of the American Agricultural Economics Association, Tampa, FL.
- Ben-Ner, A., Kong F. & Bosley, S. (1998). Workplace Organization and Human Resources Practices: The Retail Food Industry. Paper presented at the Wharton “Understanding the Service Workplace” Conference, Philadelphia, PA.
- King, R., Ashman S. & Bosley S. (1998). Store-Level Innovation in the Retail Food Industry: The ECR Initiative and Beyond. Paper presented at the Sixth Joint Conference on Food, Agriculture and the Environment. Minneapolis, MN.

**PAPERS/
PUBLICATIONS**

- Bosley, S. and Knorr M. (forthcoming). Pyramids, Ponzis, and Fraud Prevention: Lessons from a Case Study. *Journal of Financial Crime*.
- Bosley, S. (September 29, 2017). Flawed Anti-Pyramid Act Reflects Confusion Over Past and Present. *Morning Consult*. Available at <https://morningconsult.com/opinions/flawed-anti-pyramid-act-reflects-confusion-past-present/>.
- Bosley, S. (March 27, 2017). What social media can teach us about consumer protection. Invited Guest Blog, *Truth in Advertising*. Available at <https://www.truthinadvertising.org/ncpw-social-media-can-teach-us-consumer-protection/>.
- Bosley, S. (2016). Student-crafted experiments “from the ground up.” *The International Review of Economic Education*, 22, 1-7.
- Bosley, S. (2015). Expert Witness Declaration in *FTC v. Vemma Nutrition Company*, Case 2:15-cv-01578-JJT.
- Bosley, S. & McKeage K. (2015). Multilevel Marketing Diffusion and the Risk of Pyramid Scheme Activity: The Case of Fortune Hi-Tech Marketing in Montana. *Journal of Public Policy & Marketing*, 34(1), 84-102.

- Bosley, S. (2013). Comments Regarding the Federal Trade Commission's Rule Concerning Cooling-Off Period for Sales Made at Homes or at Certain Other Locations, Project Number P087109.
- Bosley, S. (2013). Participation in Direct Selling Across Countries: Analysis and Implications. Working Paper.
- Davis, E., & Bosley S. (2007). The Impact of the 1990s Economic Boom on Less-Educated Workers in Rural America: Did the Rising Tide Lift All Boats? *Journal of the Community Development Society*, 38(1), 59-73.
- Bosley, S. (2004). Dead-End Jobs or Stepping Stones? The Long-Run Consequences of Early Industry and Occupation. Working Paper 04-03. The Retail Food Industry Center, University of Minnesota.
- Bosley, S. (2001). Complex Job Mobility and Long-Run Outcomes for the 'Economically At-Risk'. Ph.D. Dissertation, Department of Applied Economics, University of Minnesota.
- Honadle, B.W., Honadle G., Bosley S. & Currie E. (2000). Redefining Local Government Roles in Public Services: A Research-Informed Process Model. *Public Management*, 2(4), 457-475.
- Ben-Ner, A., Kong F., and Bosley S. (1999). Workplace Organization and Human Resources Practices: The Retail Food Industry. Working Paper 00-01. The Retail Food Industry Center, University of Minnesota.

SELECT PRESS

- "Hard to pin down, scammers flourish in Minnesota," *Star Tribune*, September 10, 2017 by Kevin Giles.
- "Why do so many women love LuLaRoe?" *Pacific Standard*, December 15, 2016 by Francie Diep.
- Guest on News and Views with Roshini Rajkumar, *WCCO Radio*, discussing holiday-themed pyramid schemes, December 2016.
- "The Divine Rise of Multilevel Marketing," *Christianity Today*, November 23, 2015 by Kate Shellnutt.
- "MLMs Tap College Campuses for Recruits," *TruthinAdvertising.org*, August 20, 2015.
- Guest on AirTalk with Larry Mantel, *Southern California Public Radio*
- "Tweens get into the direct sales market," June 19, 2014.
- "The Avon Lady always rings twice: direct sales, MLM's, pyramid schemes and the wisdom to know the difference," January 15, 2013.
- "Money between friends: Silicon Valley's embrace of Multilevel Marketing," *Pacific Standard*, September 19, 2014 by Helaine Olen.

"Has your college student been recruited by a questionable MLM?" *TruthinAdvertising.org*, August 26, 2014.

"ZeekRewards scam leaves N.C. town millions poorer," *USA Today*, March 30, 2013 by Mitch Weiss.

"Federal, state regulators shut down Fortune Hi-Tech," *USA Today*, January 28, 2013 by Jayne O'Donnell.

SELECT SERVICE	Faculty Advisor at Midwest Undergraduate Data Analytics Competition (April 2017)
	School of Business - Business Analytics Advisory Board (2016-present)
	School of Business Strategic Plan Design Team (2015-2016)
	School of Business Undergraduate Curriculum & Assessment Committee (2011-present)
	Hamline Committee on Learning Outcomes and Assessment Member (2011-present)
	Hamline University Institutional Review Board (2010-present)
	Search Committee Member for Strategic Management and Digital Media Arts (2015, 2016)
	Hamline University Standing Committee on Sustainability Member (2014-2016)
	Hamline University Assessment Director (2013-2015)
	Hamline University Student Progress Committee (2012-2013)
OTHER EXPERIENCE	Hamline Plan Revision Taskforce Chair (2012-2013)
	Hamline Center for Justice and Law - Associated Faculty (2016-present)
	Minnesota Economic Association President-Elect (2017)
	Minnesota Economic Association Board Member (2016-2017)
	Expert Witness in <i>FTC v. Vemma Nutrition Company</i> (2015-2016)
	Article Referee for the following journals: <i>International Review of Economics Education</i> , <i>International Journal of Pluralism and Economics Education</i> , <i>Journal of Global Marketing</i> and <i>Communications in Nonlinear Science and Numerical Simulation</i>
	Consultant and Systems Analyst for Accenture (1994-1997)

Appendix B – Audio/Visual Materials Reviewed (beyond those found in BackOffice files)

Title	Type
How to Maximize the Jeunesse Global Compensation Plan	video
Jeunesse Global Compensation Plan by Linda Miner #youthrestored	video
Jeunesse Mlm. Kevin (Giguere) recruiting call	audio
Kim Hui New Distributor Orientation Training	video
Yes to Jeunesse! With Team Take Over! – Cedric Harris – Webinar 11-30-14	video

PHOENIX 72125-1 407080v1

EXHIBIT B



October 19, 2015

VIA EMAIL AND OVERNIGHT MAIL

Jessica Rich, Director, Bureau of Consumer Protection
Mary Engle, Associate Director, Division of Advertising Practices
Lois Greisman, Associate Director, Division of Marketing Practices
Federal Trade Commission
600 Pennsylvania Ave. N.W.
Washington, D.C. 20580

Re: Deceptive Marketing for Jeunesse Business Opportunity and Products

Dear Ms. Rich, Ms. Engle, and Ms. Greisman:

I write to inform you of the findings of a recent Truth in Advertising (TINA.org) investigation of Jeunesse Global, LLC ("Jeunesse"), a multilevel marketing company headquartered in Florida that sells and markets, among other things, a variety of skin care products and supplements. TINA.org's investigation revealed a host of issues, including, among other things, an emphasis on recruitment over product sales, and claims made by the company, as well as its medical advisory board, that its products can manipulate human genes and cells to slow the aging process.¹ In this letter, we highlight two of the deceptive marketing issues.

First, TINA.org found that Jeunesse and its distributors are using deceptive income claims regarding the financial gains consumers will achieve by becoming distributors. For example, Jeunesse advertises that those who sign-up for its business opportunity can make over \$26,000 per week. Its distributors also make unrealistic financial promises, such as being able to make millions of dollars per year. The problem is that the vast majority of these income claims contain no disclosure, let alone a legally appropriate one.² TINA.org

¹ See TINA.org's What You Should Know About Jeunesse Global, published on October 7, 2015, available at <https://www.truthinadvertising.org/what-you-should-know-about-jeunesse-global/>.

² Jeunesse admits that making over \$26,000 per week is "not typical and represent[s] the maximum weekly income based on Team Commissions cap." See <http://winwithkenny.jeunesseglobal.com/docs/JeunesseFinancialRewardsPlanUS.pdf>. This disclosure, however, is not found in the overwhelming majority of Jeunesse marketing materials boasting exorbitant financial rewards and is therefore easily overlooked.

has compiled over 60 instances of these types of income claims, which are all available at <https://www.truthinadvertising.org/jeunesse-income-claims-database/>.

Second, TINA.org found that Jeunesse distributors are using a multitude of unsubstantiated health and treatment claims about Jeunesse products, such as being able to cure cancer and other serious illnesses, in order to market the Jeunesse business and its product lines. TINA.org has compiled over 150 instances in which Jeunesse distributors have either made or referenced claims that the Jeunesse product lines can treat, cure, alleviate the symptoms of, prevent, or reduce the risk of developing diseases and disorders. These examples are available at <https://www.truthinadvertising.org/jeunesse-health-claims-database/>.

Based on this information, we contacted the company on September 25, 2015 notifying it of TINA.org's findings of inappropriate income and health claims made by Jeunesse and/or its distributors, and asked that the company remedy the deceptive marketing immediately.³ While the company admitted that "misrepresentations of the kind that [TINA.org] allege[s] clearly are prohibited by our rules of conduct"⁴ and indicated that it "is in the process of adding new fulltime employees to the compliance group in the coming weeks,"⁵ over three weeks have past since TINA.org's initial warning and the majority of examples of deceptive health and income claims published in our databases – including marketing materials created by the company itself – are still up on the Internet.⁶

TINA.org therefore urges the FTC to immediately commence an investigation of the claims being made by Jeunesse and its distributors and take prompt and appropriate enforcement action against those found to be violating the law.⁷

³ TINA.org's September 25, 2015 letter to Jeunesse is available at <https://www.truthinadvertising.org/wp-content/uploads/2015/10/Sept-25-letter-from-TINA-to-Jeunesse.pdf>.

⁴ Jeunesse's September 28, 2015 letter to TINA.org is available at <https://www.truthinadvertising.org/wp-content/uploads/2015/10/Sept-28-ltr-from-Jeunesse-to-TINA.pdf>.

⁵ Jeunesse's October 9, 2015 letter to TINA.org is available at <https://www.truthinadvertising.org/wp-content/uploads/2015/10/Oct-9-letter-from-Jeunesse.pdf>. This letter was sent in response to TINA.org's September 30, 2015 letter to Jeunesse, which is available at <https://www.truthinadvertising.org/wp-content/uploads/2015/10/Sept-30-reply-from-TINA-to-Jeunesse.pdf>.

⁶ As of October 19, 2015, approximately two-thirds of the health claim examples and approximately three-quarters of the income claim examples published in TINA.org's databases are still on the Internet. However, as explained above, the database is merely a sampling of the types of claims at issue. In other words, there are other deceptive health and income claims being used in marketing materials that are not in TINA.org's databases and not addressed by the company.

⁷ TINA.org has also sent a complaint letter to the Attorney General of Florida, where Jeunesse is headquartered. Of note, Jeunesse's Chief Executive Officer, Randy Ray, and another company that he has headed as CEO, Fuel Freedom International, LLC, were the subjects of a Florida Attorney General investigation that resulted in an Assurance of Voluntary Compliance that prohibits Mr. Ray, "whether acting directly or through any corporation," from violating Florida and FTC laws and rules that prohibit false and misleading advertising, among other things. See *In the Matter of Fuel Freedom International, LLC, et al.*, AG Case Numbers L06-3-1090 and L08-3-1028, February 2009 Assurance of Voluntary Compliance, available at <https://www.truthinadvertising.org/wp-content/uploads/2015/10/Fuel-Freedom-International-Executed-AVC.pdf>. Mr. Ray is currently violating this AVC.

Sincerely,

A handwritten signature in cursive script, appearing to read "L. Smith".

Laura Smith, Esq.
Legal Director
Truth in Advertising, Inc.

A handwritten signature in cursive script, appearing to read "B. Patten".

Bonnie Patten, Esq.
Executive Director
Truth in Advertising, Inc.

Cc: Randy Ray, Chief Executive Officer, Jeunesse Global, LLC
Greg Hogenmiller, Deputy General Counsel, Jeunesse Global, LLC

EXHIBIT C

OPPO



Made in the U.S.A. exclusively for JEUNESSE GLOBAL
650 Douglas Avenue | Altamonte Springs, FL 32714 | 407-215-7414 | JEUNESSEGLOBAL.COM

The statements contained herein have not been evaluated by the Food and Drug Administration.
These products are not intended to diagnose, treat, cure, or prevent any disease.

Not all products are available in all markets.

REV. 2-2015

FINANCIAL REWARDS PLAN

HELPING YOU CREATE A SECURE
FINANCIAL FUTURE

WELCOME TO
JEUNESSE
GENERATION Y

AN OPPORTUNITY TO CREATE WEALTH IN A **BOOMING MARKET**

We are delighted that you have chosen Jeunesse® as your business associate as you look to secure your personal financial future. Our aim is to provide you with products that you will be proud to represent and share with others—products that are at the cutting edge of technology and are perfectly positioned in the booming anti-aging marketplace.

As you begin to understand how incredibly powerful and in demand the Jeunesse® products really are, the more you will want to recommend them to others. Sharing these innovative products is the key to your success. Your income will be directly related to your efforts in sharing and selling the products, the opportunity, and building a sales organization.

You can participate in the Jeunesse® Financial Rewards Plan at whichever level you wish. You decide whether you want to create a part-time income through retail sales or build a full-time business.

YOU
CONTROL YOUR
DESTINY

SIX WAYS TO EARN INCOME WITH JEUNESSE'S POWERFUL FINANCIAL REWARDS PLAN

1. RETAIL PROFIT

At any level in Jeunesse®, Distributors are able to purchase products at the wholesale price for personal use. As a Distributor, you are also able to resell Jeunesse® products and earn a retail profit. You can earn between 20% to 45% retail profit on each sale.

Example: You pay \$83.95 for a product and sell it at the suggested retail of \$134.95—you earn a \$51.00 retail profit!

CUSTOMER LOYALTY PROGRAM

Our Preferred Customer Program is great for friends and family members who just want to benefit from using Jeunesse® products. By becoming a Preferred Customer, they can receive a 10% discount from the normal retail price. However, they can receive a 20% discount from the normal retail price providing they enroll in our Autoship program. Since you receive the difference between the wholesale price and the price your Preferred Customer pays, you can benefit too! In this Preferred Customer Program you will need a promotion code from the person who told you about Jeunesse®.

This Preferred Customer Program is not available in all Markets. Please check your country to see if this is available, or if the *Get 2* Program is available.

GET 2, IT'S PAID

Wouldn't it be great if the product and make money? The *for You* Program is all about the first two Preferred Customers automatically be placed and you:

1. Get \$50.00 USD
2. Automatically become a Preferred Customer
3. Send 60 CV points up
4. Get two FREE bottle cellular rejuvenation

Sign up an additional two

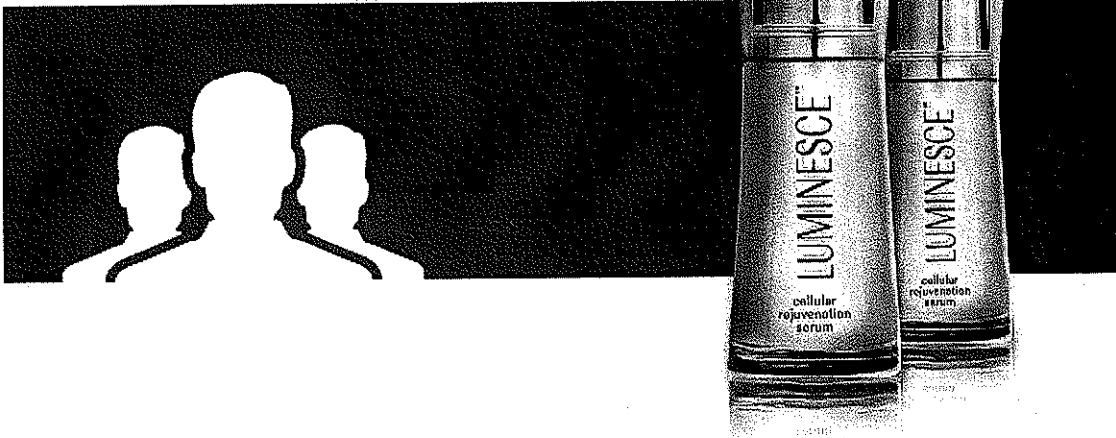
1. Get \$50.00 USD
2. Remain qualified for
3. Send 60 CV points up
4. Get ten FREE LUMIN
5. Custom-made postcard for friends and family.

If you have an extra Preferred Customer Month (for example, if you have six), the extra one does not count. *Paid for You* revolves around after you sign up to get

Note: Each PC (Preferred Customer) sign-up, none of which can receive a postal address (entire), and a card from the Sponsor's. EVERY new PC will get you two FREE bottle

Get 2 Preferred Customers

It's PAID for YOU



(For example, if you Autoship on January 25th, your Autoship end-date is February 24th before 8:30 p.m. [Eastern Standard Time, USA].) There is no limit to how many times you can repeat this offer in an Autoship Month—which means there's no cap on how much money you can earn.*

***Promotion rules:** You must be enrolled in the Autoship program with the Get 2 Program selected in order to receive your free product! Members must be Active and in good standing with the Company to participate in the promotion. Shipping and taxes not included.

When one of your Preferred Customers signs up a pair of Preferred Customers under them, you'll also get:

- A \$25 USD bonus
- 60 CV points sent upline

Get 2 It's Paid for You is specifically targeted to help Distributors get what they want the most: cash bonuses, fabulous products for free, CV points, and samples to help promote business. To read about more information about what Preferred Customers earn in the *Get 2 It's Paid for You*, go to: <http://jeunesseglobal.com/get2.aspx>.

2^{NEW} FIRST (BON

As you personally enroll and earn lucrative First Order Bonus on the purchase of one product, as follows:

PRODUCT PACKAGE:

BASIC PACKAGE†
SUPREME PACKAGE†
JUMBO PACKAGE†
1 YEAR JUMBO PACKAGE
AMBASSADOR PACKAGE
CREATE-A-PACKAGE

CREATE-A-PAC

The Create-A-Package (C-A-P) allows you to want to customize their First Order Bonus (FOB)

- 100-200 CV = 10%
- 200-300 CV = 12%
- 300 CV+ = 15%

*CV = Commissionable Volume

†Details on all product packages are available on the Jeunesse website under the "Shop" tab

‡ Autoship Qualified for a year

3. TEAM COMMISSION

You can earn powerful Team Commissions weekly as you start to build your Jeunesse® sales teams. These commissions are designed to reward you for helping and supporting those who join your team. The more you help them succeed, the more you can earn from Team Commissions.

In order to qualify for this powerful income stream, you need to accumulate 100 Personal Volume (PV) points in one month during the first year (which ends on your renewal date) from your customer's purchases through your website or your personal purchases and personally enroll two Distributors who each accumulate 100 PV within one month. Place one of these Distributors on your left team and one on your right team. This will activate your position so that you may now be eligible to earn Team Commissions.

As Jeunesse® products and product packages are ordered and sold by those in your team and their customers, volume is created in each of your teams. When 300 Commissionable Volume (CV) points through product sales have been accumulated in one team (it doesn't matter which one) and 600 CV points in the other, you will earn a Team Commission of \$35.

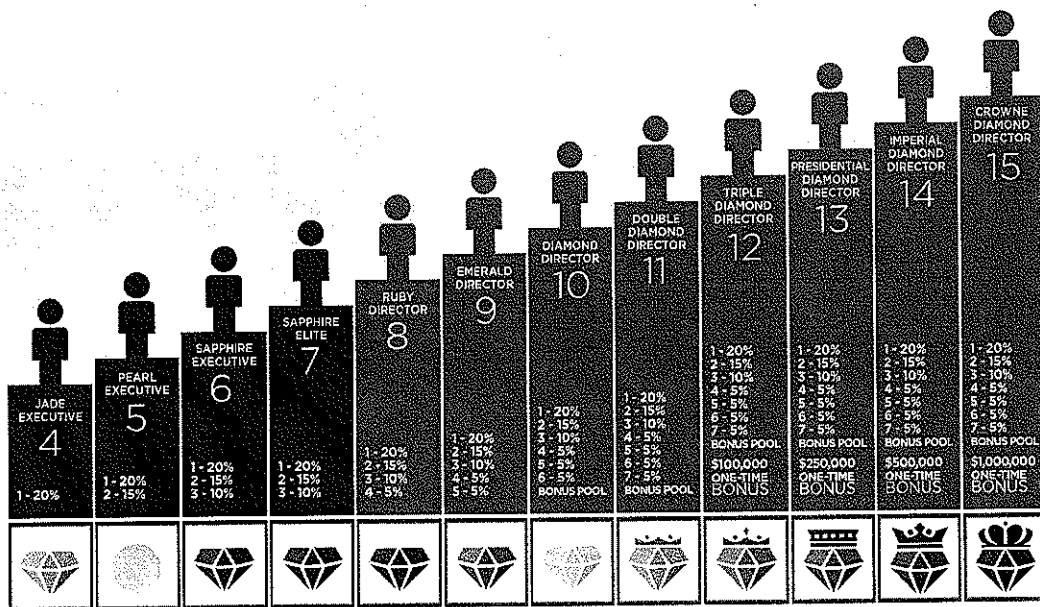
You are able to earn up to 750 Team Commissions per week, which equals a maximum of \$26,260 USD* per week.

*These results are not typical and represent the maximum weekly income based on Team Commissions cap.



4. LEADERSHIP MATCHING BONUS

You can earn Leadership Matching Bonuses on the Team Commissions earned by your personally enrolled team. You can earn this bonus on up to seven levels of your team in each line of sponsorship. Every person you personally enroll creates a new line of sponsorship.



You must personally generate a minimum of 60 PV points each month in order to participate in this bonus. The number of levels on which you can earn the bonus is determined by your rank in the *Financial Rewards Plan*.

5. CUSTOMER ACQUISITION BONUS

You can earn an additional Level 1 if you have 5 Retail Wholesale Customers or 5 Wholesale Customers, Wholesale Customers for the month.

*See income stream/Leadership Matching Bonus on how the Leadership Matching Bonus is calculated.
**The above description is for the United States only. In Canada, Internationally, it is for Distributors who have enrolled in the program.

NON-US/CANADA

5 CUSTOMER

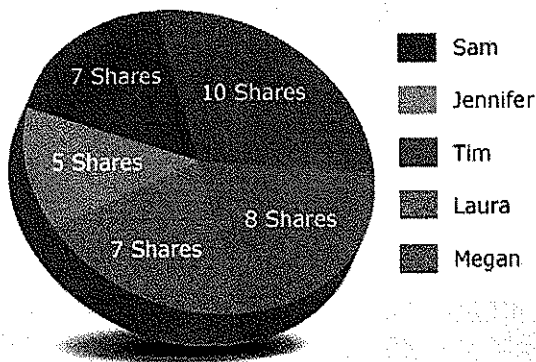
Personally sponsor 5 people who are eligible to receive the additional Level 1 Members' Team Commission. You must sponsor a new Distributor or one of your 5 even though they have a successful Autoship. Any Distributor sponsors someone who is a new member will not count for the new enrollee to a Distributor's business.

10 CUSTOMER

Personally sponsor 10 people who are eligible to receive the additional Level 1 members' Team Commission. You must sponsor a new Distributor; the first month they have not earned the newly sponsored Distributor's first month; if so, they will not count.

6. DIAMOND BONUS POOL

You can earn a share of the Company's global sales by qualifying for our Diamond Bonus Pool. The Company takes 3% of total CV and shares this amongst those qualified to earn this bonus. In order to participate, you must have 10 Customers (Retail, Preferred, or Wholesale) each month in the quarter. Shares are accumulated based on the following criteria: one share is awarded for becoming a Diamond Director, one share is awarded for each month you Diamond qualify in the quarter, one share is awarded for each personally sponsored Diamond, one share is awarded for every 1,000 Team Commissions achieved during the quarter, and one share is awarded for each month you qualify as a Double Diamond or higher.*



Every quarter, the bonus pool is calculated and the bonus is paid out based on the total number of shares you have earned during the bonus period.

To qualify to earn income from the Diamond Bonus Pool, you must have achieved the rank of Diamond or Double Diamond Director or higher.

*Non-US/Canada Distributors only need to have 10 personally enrolled Distributors complete an Autoship order each calendar month of the quarter in order to participate.

“JEUNES
OF THE **MOST**
COMPENSA
IN THE MARKET



EARNING COMI

In order to earn commis
generate 100 PV points
ends on your renewal di
following ways:

- a) Purchases made thro
Retail or Preferred C
- b) By purchasing Jeune

You can begin earning F
and New First Order Bo
the mandatory \$49.95 S
purchase required to sta
order to take maximum
Reward Plan, you must l
Commissions, Leadershi
Pool income.* (See Gloss

*The payout figures depicted
components and operation o
intended to be representative
can or will earn through his o
These figures should not be c
actual earnings or profits. An
made by Jeunesse® or anothe
Jeunesse® results only from c
hard work, diligence, and lea
effectively you exercise these

The maximum payout in
capped at 60% of total
payout of commissions
Company wide CV, the
commissions will be calc

*Prices may vary dependen

LIFESTYLE REWARDS

Jeunesse® wants to reward you and recognize your success as you build your business. Our *Lifestyle Rewards* Program will enable you to enjoy the luxury lifestyle that your efforts deserve.

EMERALD EXPERIENCE

The best just got better! You and your spouse are invited to join us at the luxurious Grand Wailea Resort in Hawaii for five days of fun in the sun. Wine and dine with other leaders and the Company owners, and learn from experts and leaders at our exclusive Leadership Development Event. This incredible experience will be something you'll want to share with your entire team. You must be a Qualified Emerald Director for three months during the calendar year and be Active to participate in the *Emerald Experience*.*

DIAMOND DISCOVERY

This is it—the Diamond lifestyle is yours! You've earned it and we want to reward you not just once, but year after year! As a Diamond Director, you and your spouse will join us on our annual six-day *Diamond Discovery*. We'll be heading to some of the world's most exclusive five-star resorts and experiencing some incredible adventures together. This is the ultimate dream lifestyle—life as a Diamond Director with Jeunesse®. To participate in the *Diamond Discovery*, you must be qualified at the Diamond Director level for a minimum of three months in the calendar year and be Active in the business.

Note: You must meet the qualifications for each trip 60 days prior to attend. You will be notified in writing that you are qualified. You must be actively building your Jeunesse® business and be a Jeunesse® member in good standing. All trips are non-refundable and non-transferable. Spouse is defined as one's husband or wife. No cash substitutes are allowed. These trips are designed to promote learning experiences, team building and leadership bonding.

*You may only participate in this experience the first year you meet the qualification criteria.



JEUNESSE® STAIRWAY TO SUCCESS

As you progress towards building your Jeunesse® business, there are 15 different ranks that you can achieve in our Financial Rewards Plan. Progressing up our Stairway to Success will be based on the time and effort you put into your business.

EXECUTIVE LEVELS

ASSOCIATE

As a Jeunesse® Associate, you can begin earning Retail Profit, Preferred Customer Bonuses, and New First Order Bonuses immediately upon the purchase of the mandatory Starter Kit.* The Starter Kit includes your personal replicated website with a retail store and shopping cart. You will also receive your virtual Business Management System with all the management tools you need to run your business effectively. Associates do not earn or generate points.

DISTRIBUTOR

To achieve the rank of Distributor, you must have purchased a mandatory Starter Kit and accumulated 100 PV within a 30-day period within one year of purchasing your Starter Kit. You may generate the 100 PV by purchasing product yourself for resale or personal use, or through Retail, Preferred, or Wholesale Customers who purchase product through your replicated website.

EXECUTIVE

To achieve the rank of Executive, you must first become a Distributor, and then have personally enrolled 2 Distributors (1 in each team) who have each generated 100 PV in one month within one year of joining. As an Executive, you are now Qualified to earn Team Commissions. There is no time limit on achieving the Executive position. You are paid \$35 Team Commissions as an Executive.*

*The maximum payout in the Jeunesse® Financial Rewards Plan is capped at 60% of total company-wide CV. Commissions, bonuses, and all income may be subject to this cap and adjusted from time to time.

JADE EXECUTIVE

You must be a Qualified Executives (minimum of Distributors (minimum of 100 PV in one month. Earn Leadership Matching Bonuses.

PEARL EXECUTIVE

You must be a Qualified Executives (minimum of Distributors (minimum of 100 PV in one month. Earn Leadership Matching Bonuses.

SAPPHIRE EXECUTIVE

You must be a Qualified Executives (minimum of 100 PV in one month. Earn Leadership Matching Bonuses.

SAPPHIRE ELITE

You must be a Qualified Team Commissions in the Commissions. Earn three times the special recognition.

START HERE



DIRECTOR LEVELS

RUBY DIRECTOR

You must be a Qualified Sapphire Executive with at least two different Qualified Sapphire legs** and have earned 200 Team Commissions in the preceding month. Earn \$35 Team Commissions. Earn four levels of Leadership Matching Bonuses.*

EMERALD DIRECTOR

You must be a Qualified Sapphire Executive with at least four different Qualified Sapphire legs** and have earned 500 Team Commissions in the preceding month. Earn \$35 Team Commissions. Earn five levels of Leadership Matching Bonuses.* Participate in our *Emerald Experience* when you have earned 500 Team Commissions within a calendar month and maintained the Emerald rank qualification for at least three months of the year.

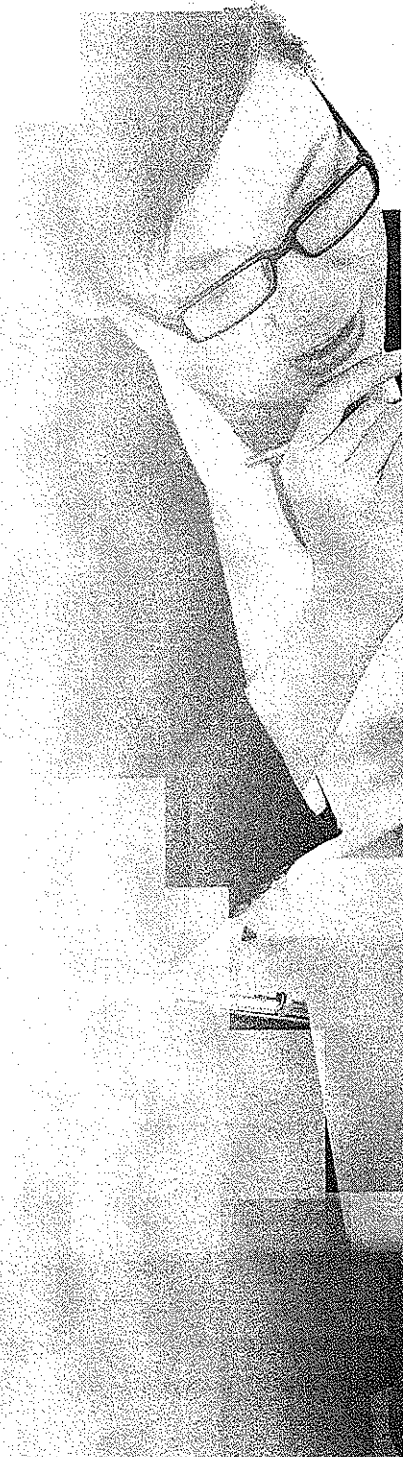
DIAMOND DIRECTOR

You must be a Qualified Sapphire Executive with at least six different Qualified Sapphire legs** and have earned 1000 Team Commissions in the preceding month. Earn \$35 Team Commissions. Earn six levels of Leadership Matching Bonuses.* Participate in the *Diamond Discovery* when you have earned 1000 Team Commissions within a calendar month and maintained the Diamond rank qualification for at least three months of the year.

DOUBLE DIAMOND DIRECTOR

You must be a Qualified Diamond Director with at least two different Diamond Directors legs and have earned 1500 Team Commissions in the preceding month. Earn \$35 Team Commissions. Earn seven levels of Leadership Matching Bonuses and qualify to participate in the Diamond Bonus Pool.* Attend our annual *Diamond Discovery* once you have maintained the Double Diamond qualification for at least three months of the year.

**A 'Sapphire leg' is defined as a personally sponsored Member that has one Qualified Sapphire within their personal group. Only one Qualified Sapphire per leg counts to define a Sapphire leg. Multiple Qualified Sapphires within a leg do not count as multiple Sapphire legs.



TRIPLE DIAMOND DIRECTOR

You must be a Qualified Diamond Director with at least 4 different Diamond Legs and have accumulated 2,000,000 CV in Personal Group Volume in one calendar month. You must maintain this rank for two consecutive months. No more than 500,000 CV from any line of sponsorship counts towards the total 2,000,000 CV. You must also have 10,000 Distributors with successful Autoship from the qualifying Distributors' Personal Group. Earn seven levels of Leadership Matching Bonuses and qualify to participate in the Diamond Bonus Pool.* Attend our annual *Diamond Discovery* once you have maintained the Triple Diamond qualification for at least three months of the year. You will earn a one-time bonus of \$100,000 paid at next major corporate event and presented on stage.

PRESIDENTIAL DIAMOND DIRECTOR

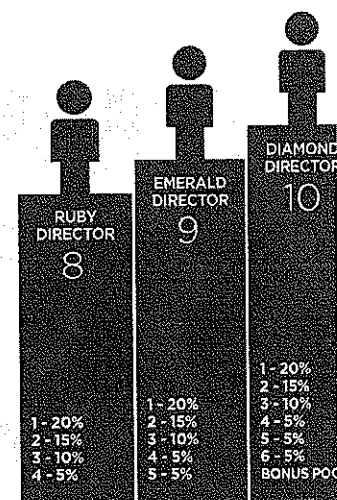
You must be a Qualified Diamond Director with at least 6 different Diamond Legs and have accumulated 3,000,000 CV in Personal Group Volume in one calendar month. You must maintain this rank for three consecutive months. No more than 500,000 CV from any line of sponsorship counts towards the total 3,000,000 CV. You must also have 15,000 Distributors with successful Autoship from the qualifying Distributors' Personal Group. Earn seven levels of Leadership Matching Bonuses and qualify to participate in the Diamond Bonus Pool.* Attend our annual *Diamond Discovery* once you have maintained the Presidential Diamond qualification for at least three months of the year. You will earn a one-time bonus of \$250,000 paid over a 12 month period.

IMPERIAL DIAMOND DIRECTOR

You must be a Qualified Diamond Director with at least 8 different Diamond Legs and have accumulated 4,000,000 CV in Personal Group Volume in one calendar month. You must maintain this rank for four consecutive months. No more than 500,000 CV from any line of sponsorship counts towards the total 4,000,000 CV. You must also have 20,000 Distributors with successful Autoship from the qualifying Distributors' Personal Group. Earn seven levels of Leadership Matching Bonuses and qualify to participate in the Diamond Bonus Pool.* Attend our annual *Diamond Discovery* once you have maintained the Imperial Diamond qualification for at least three months of the year. You will earn a one-time bonus of \$500,000 paid over a 24 month period.

CROWNE DIAMOND DIRECTOR

You must be a Qualified Diamond Director with at least 10 different Diamond Legs and have accumulated 5,000,000 CV in Personal Group Volume in one calendar month. You must maintain this rank for six consecutive months. No more than 500,000 CV from any line of sponsorship counts towards the total 5,000,000 CV. You must also have 25,000 Distributors with successful Autoship from the qualifying Distributors' Personal Group. Earn seven levels of Leadership Matching Bonuses and qualify to participate in the Diamond Bonus Pool.* Attend our annual *Diamond Discovery* once you have maintained the Crowne Diamond qualification for at least three months of the year. You will earn a one-time bonus of \$1,000,000 paid over a 36 month period.



Note: in order to receive any bonus, you must be in good standing of the Company.

**A 'Sapphire leg' is defined as a Qualified Sapphire within their Personal Group. Each leg counts to define a Sapphire leg count as multiple Sapphire legs.

GLOSSARY OF TERMS

ACTIVE – Being Active means you must generate 60 PV points during your Autoship Month (See definition below). You must be Active to earn Team Commissions and Matching Bonuses. If you do not remain Active, any accumulated points will be reset to zero when commissions are calculated. You can become Active again after inactivity by obtaining 60 PV points within the Autoship Month. Points that have been lost cannot be restored.

ANNUAL RENEWAL – There is a small Annual Renewal fee of \$19.95 to cover the cost of your virtual Business Management System. However, if you maintain 360 CV from Autoship orders during the year, the Annual Renewal fee is waived.

AUTOSHIP MONTH – The Autoship Month is the period of time during which you are responsible for meeting your PV requirements and maintaining your rank qualifications. The period begins on the day of the month that you purchased your sign-up package from the Company and ends on midnight EST the day prior of the following month.

Example: If you purchased your sign-up package on 5/20, your Autoship Month begins on this day and ends on 6/19 at midnight EST.

BUSINESS MANAGEMENT SYSTEM (Joffice™) – You receive a virtual Business Management System as part of your Starter Kit, which will provide you with everything you need to run your Jeunesse® business online. Through this powerful system you can track your global business, set up Autoship, generate management reports, purchase products, access commissions, and much more.

COMMISSIONABLE VOL
are competitively priced points value (CV); the *F*i accumulation of these p you enroll and earn 100 Customer, Preferred Cus made through your repli so long as you remain Q

GET 2 PREFERRED CUS
customer who goes in th
A Get 2 Preferred Custo
Distributor at anytime b

GROUP VOLUME (GV) -
generated through your
from PGV and your uplir

LINE OF SPONSORSHIP
enroll a new Distributor i
as the Distributor you ha
those Distributors enroll
unlimited levels in your t
a new line of sponsorshi
sponsorship you can cre
earned through all lines
seven levels of your sale

PERSONAL GROUP VO
volume that is generated
volume created by your

PERSONAL VOLUME (PV) - Personal Volume is the volume that is generated through your personal purchases, Retail Customer purchases, Preferred Customer purchases, and Wholesale Customer purchases.

PREFERRED CUSTOMER - A Preferred Customer is a customer who purchases from your website at the Preferred Customer price. Preferred Customers may elect to participate in Autoship in order to receive a further discount. (This is a Loyalty Preferred Customer.)

QUALIFIED - In order to remain Qualified to earn Team Commissions, Leadership Matching Bonuses, and Bonus Pool income, you must be sure to meet all your rank requirements. If you do not maintain a Qualified status, you will not be eligible for these commissions. The Autoship Month is the period of time during which you are responsible for meeting your PV requirements and maintaining your rank qualifications. The period begins on the day of the month that you purchased your sign-up package from the Company and ends on midnight EST the day prior of the following month.

TEAM COMMISSION - A Team Commission is created when you accumulate 300 CV in one of your teams and 600 CV in the other. This creates a Team Commission of \$35. It does not matter which team accumulates what volume so long as a total of 900 CV is generated with at least 300 CV from one team and 600 CV from the other team.

UPLINE - Includes the Member who originally enrolled you and everyone sponsored before you within the line of sponsorship.

WHOLESALE CUSTOMER - A Wholesale Customer is a customer who purchases a Starter Kit, purchases a Basic Package, and may choose to participate in the Autoship program, but does not have any Distributor-like activity (e.g. sponsoring, earning commissions).



EXHIBIT D

GAMEPLAN

THE GAMEPLAN

TACTICS FOR SUCCESS

Welcome to *Generation Young*. You have just joined one of the most exciting, fastest-growing companies in the industry. There's a reason Jeunesse® is growing so fast. People all over the world are benefiting from simple and lucrative ways of generating income. The most important key to your success in Jeunesse® is how you get started. Your first 48 hours to 7 days is crucial—*what you do now* will determine your success in the future.

Your First 4 Steps

1. Order a Product Package. This will allow you to begin building your business by providing you with products for personal use as well as additional products to begin sharing with others. To automatically qualify as a Distributor, enrollees must choose the Basic Package or higher. The majority of Distributors choose the larger packages for these key reasons:

- You will accumulate the 100 PV (Personal Volume) required to qualify as a Distributor.
- You will need to use the products in order to speak about their effectiveness.
- You will need to share your products with people so they will try them. These people will likely become your Distributors and Customers.
- Your team will do what you do. If you are using the products and giving out products for others to try, your team will duplicate your actions.
- You will be paid at a higher rank for a temporary introductory period, during which you will be eligible to receive the Leadership Matching Bonus.

2. Enroll in the Autosol
have the product y
basis. It will also sec
(CV) of 60 points r
Distributors who ar
immediately enroll

3. Take your "before"
can share is your ov
capture yourself in
"after" photo you'll
both you and your

4. Connect with Jeun
our business partne
and social media m
today. Plug into the
how to effectively u
and Customers. For
platforms, check yo
tutorials and downl
to the official Jeune
follow our Twitter a
Plus Circle. Go to je
media icons in the u

INSIDER INFO THE PERFECT LAUNCH

Once you are in the system with your 100 or more Personal Volume (PV) product package purchase and Autoship enrollment, it is critical to start creating your success story—and the best way to do this is to position yourself to earn income. Your first 48 hours in the business is the most important time in launching your business. The actions you take in the first 48 hours will greatly influence what happens in your business during the next year and beyond.

- **Identify key people to contact.** In order to create your success story, you must introduce key people to the business model right away.
- **Your 10 Best:** First, identify ten or more people you know who you believe would be the most capable Distributors, should they choose to enroll. Think of people you know who:

- Could call and invite twenty people to their homes, and all twenty would attend
- Own their own business
- Are proactive, charismatic, and are already financially successful
- You believe would make a very accomplished Distributor
- Know a large amount of people

Make a list of as many of your “Best” as possible. It is usually the people on your “Best” list who are the easiest to speak with regarding Jeunesse®, and who are the quickest to join your team. The tools you need to contact these people are already at hand. Check your Facebook and your other social

media sites. Connect by phone, in person, email, text,

- **Your 10 Easiest:** Y people—people who you believe would be the easiest to recruit. Think of people you know who:

- Are your close friends or family
- Would come to a party
- Would want to be a Distributor
- Would meet with you

Your “Easiest” people are the easiest to recruit. List them on your “Easiest,” list them

- **Your Target:** Identify ten or more “Easiest” people who you believe would be the easiest to recruit.

MY BEST			
Contact Name	Profession	Phone	Notes
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

MY EASIEST			
Contact Name	Profession	Phone	Notes
1.			
2.			
3.			
4.			
5.			
6.			
7.			
8.			
9.			
10.			

THE GOAL

TO BECOME
EXECUTIVE
IN 48

HOW?

This is your objective. If it takes longer, it's okay. Repeat the story as quickly as possible to position yourself within seven days. This will immediately set you apart.

The fastest method is by contacting your customers. Make it your mission to find 10 customers from the past week, approaching these. They will know, and they will be happy to help.

Don't presume. If you think you will join a success story, you won't—will actually succeed.

DURING YOUR FIRST SEVEN DAYS

DURING YOUR FIRST 1

- Begin using the Jeunesse® Youth Enhancement System.
- Explore the Jeunesse® YouTube channel and other social media sites to familiarize yourself with the marketing materials. The more you know, the more you'll grow.
- Get to know your personalized Jeunesse® website.
- Hold a private business reception in your home, office, or another quiet place. Invite your peers and "Easiest" to come learn about Jeunesse®.
- Continue to identify more "Best" people to contact, and work with your upline to introduce them to the business model.
- Attend at least one business presentation and one training. You will want to attend as many presentations, training, sessions, conference calls, and webinars as possible. Don't stop attending—training is the key to the business!

- Work with your upline script. Here's an example:

"Hi! I don't have a lot of time.
If I told you there was a way to
changing your schedule without
a meeting or coffee date, you
look busy and keep it simple.
I will respect you as well as my time."

- Continue attending as many trainings as possible.
- Hold another private business reception. Hold as many as you can.
- View your Back Office.

Handling Rejection

The Game doesn't have to be hard.

Not everyone you speak to will be an opportunity. That's okay. You have the opportunity to ask for the opportunity. Obtaining results. After some time you'll be an all-star. For the Game. Learn what works and be conscious of the fact that

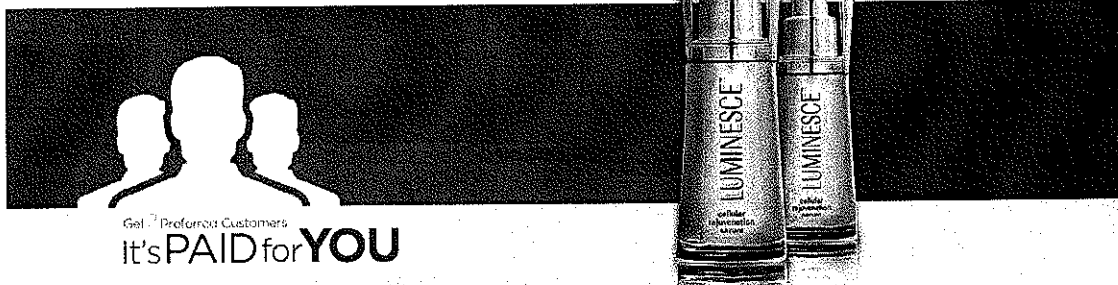


HOW CUSTOMERS CHANGE THE GAME

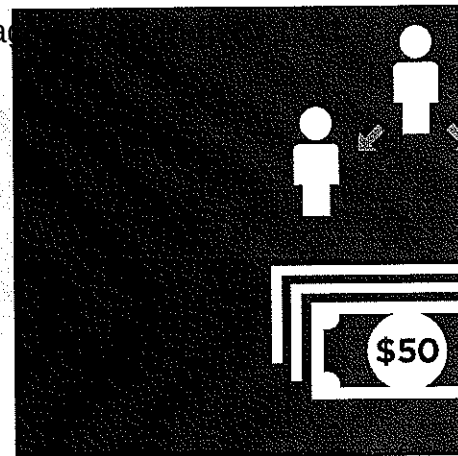
One of the most powerful ways to maximize your income is to accumulate Customers—friends, family members, and others who purchase products from you. Just look at all the ways Customers increase your earnings:

- You can earn a retail profit of over 35% on every sale.
- As a Jade Executive or higher, the Customer Acquisition Incentive offers an additional 5-10% to your Leadership Matching Bonus on your Level 1 Team Commissions.
- Through the *Get 2, It's Paid for You* program, you can earn \$50 every time you sign up two Preferred Customers and get your product for FREE.

Get 2, It's Paid for You



Jeunesse® offers a terrific opportunity to attract Customers and earn cash with the *Get 2, It's Paid for You* program. This program offers cash bonuses, free product, and other great incentives to anyone who joins. Simply send them to your website and have them click on the "Preferred Customer" link on the upper right-hand side of the page.

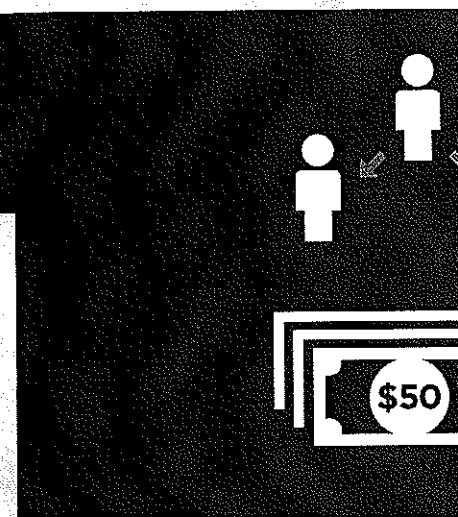


HOW IT WORKS

IF YOU ARE A DISTRIBUTOR

1. Sign up your first two Preferred Customers
2. Automatically become a Preferred Customer
3. Send 60 CV points upline
4. Get two FREE bottles of Luminesce

For every additional two Preferred Customers you sign up, you continue to get another \$50.00 cash bonus. In the current month, send 60 CV points upline to get two serum minis for FREE. You can share with your friends and family. Continue to get the \$50.00 cash bonus.



Note: Each PC (Preferred Customer) must be a new customer which can match that of the Sponsor. All three of these items must be different. If you reorder their product, you will get your cash bonus.

Sampling

Another effective strategy for attracting Customers and potential new Distributors is to share product samples—which enables people to discover the remarkable benefits of Jeunesse® products for themselves. Visit your Back Office to learn how to order and ship product samples to your contacts, or to order a supply of samples to hand out.

Once you

SHARE A SAMPLE WITH SOMEONE

BE SURE TO

FOLLOW UP

AND **CONTINUE** YOUR CONVERSATION

1. If the samples are being shipped to the person, let them know when it ships and ask them to start using the product as soon as it arrives.
2. On the expected arrival date, call to ask if they've received the sample, and again encourage them to start using it right away. Don't forget to have them take a "before" picture.
3. Within a few days, call and ask how they like the product. If for some reason they haven't tried it yet, encourage to them start and follow up within several days.

Your Attitude

Your attitude determines your success in life, and will also determine your success at Jeunesse®. It's important to understand that this is a process, and that success does not happen overnight. It takes time to get comfortable knowing what to do and what to say, as it does with any new business or new venture in your life.

You will experience a lot
everything always goes

It only takes a small nun
a global team. Stay focu
start working with your
You can achieve all of yo
future you're dreaming



Pique Their Interest

How to get a customer's attention and keep it.

The key to talking to people successfully isn't in door-to-door selling, it's in genuine conversation. Acknowledge their needs, align with them by being empathetic, and assure them by telling them about ways you can help them. There are many different approaches when speaking to potential Customers. Keep in mind that Customers might also become Distributors in the future. There's lots of opportunity there, the key is knowing what to say.

If you can get an honest interesting dialogue that's respectful, attentive, and a foundation of trust. Make it comfortable. Be yourself. Magical things will happen.

HERE ARE A FEW EXAMPLES

Set the tone with urgency:

"I'm just about to head out, but I'm glad I caught you."

Be warm:

"You're one of the most successful people I know, and I've always admired that." Or "You have a real eye for business and you're so positive." Or "You're so sharp—what do you do for a living?"

Invite them:

"I've got something you really just have to see." Or "Know anyone who'd be interested in running a viable business from their home?"

Use the "If/Then Approach":

"If I sent you a video about Jeunesse®, would you watch it?" Or

"If I sent you the Culture Book, would you take a look at it?"

Get commitments, make appointments, confirm them, and invite your Expert to help you out.



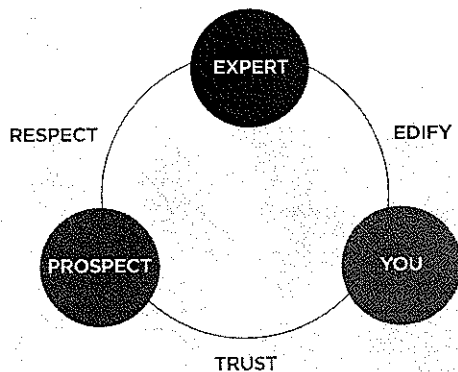
THE IMPORTANCE OF AN EXPERT

USING AN EXPERT TO BUILD YOUR BUSINESS.

When approaching people about Jeunesse®, it is very important to understand the basic principle of how people react in everyday life when approached with a new idea or concept. Perhaps surprisingly, the people closest to us tend to be the least willing to listen to us when it comes to new ideas.

Think about it: How many times have you been excited about something and mentioned it to your closest friends or family, only to have them not take you seriously? Yet, have you ever noticed that a total stranger could say the exact same thing, and those same friends and family would be completely fascinated?

It happens to all of us—and it's the same in building your business. We have found that when an Expert shares the same message with the people you approach, they are ninety percent more likely to listen and seek more information.



The people you're approaching you—but if they haven't, they may not see you as where the value of a third Sapphire Executive or his source of information that

It's normal for people to build a viable business. The simple Jeunesse® works.

The Power of Edification
Tell your prospect about the Expert on your team. See

The simple way to build expert credibility
FOLLOWING

**EXPLAIN THE
EXPERIENCE**

- 1.
- 2.
- 3.
- 4.

3. Talk further about

Example: "She is on the list of \$250 million to more than \$500 million."

4. Praise their chara

Example: “But what about her enormous success around the world? She actually would get along with”

On the Call with Your

Once you've created res properly, remember the meeting with your cont.

- **Do not interrupt, c**
let them do all the
- **Let your Expert cl**
expert is done talk
- **If your contact cal**
you're on the right
another meeting w

Allow your Expert to do heavy lifting in the conveyor grows, you will become i

Expert = Suc

Using an Expert will typically
introducing new people.

HERE ARE SOME TIPS

1. Cite their past success.

Example: "Susan owns an insurance agency with three offices, and is considered the one of the top insurance brokers in the area."

2. Continue by mentioning their current success in Jeunesse®.

Example: “She’s currently one of the top people in the country/world in the company, and is responsible for developing the entire country, as well as other countries globally.”

TEAM ETIQUETTE

Whether you are attending a three-way call, conference call, webinar, presentation, training, or corporate event, it is very important that you remember you're part of a team.

T
E
A
M

=

TOGETHER
EVERYONE
ACHIEVES
MORE

As a Distributor, you want to support the entire team as much as possible. There are several things you should do to be a team player:

- As a courtesy, arrive early.
- Listen to others attentively and wait to speak.
- If you're unsure about something in front of new prospects, save your questions for a private conversation between you and your upline.
- Always say kind things about your peers.
- Stay positive and be uplifting.
- If you have a challenge, talk it through with your upline to find a solution.

If each Distributor plays the Game in this way, everyone's groups will grow much larger, much faster.

REMEMBER:

Map Your Vision

Picture where you want to be by the end of the year. Do you dream of traveling around the world? Owning a beautiful home or car? This will help motivate you as you move forward.

PERSONAL INFO AND GOALS

My Jeunesse® User Name: _____
 My Jeunesse® Password: _____
 My Jeunesse® Website: www._____.jeunesseglobal.com
 Enrollment date: _____ Autoship date: _____
 Initial Package: _____ Upgrade date: _____

Rank Achievement Dates:

Executive: _____ Jade Executive: _____
 Pearl Executive: _____ Sapphire Executive: _____

MY SUPPORT TEAM

My Sponsor: _____ Mobile: _____
 Home: _____ Skype: _____
 Best Call Time: _____ Email: _____

Upline Sapphire: _____ Mobile: _____
 Home: _____ Skype: _____
 Best Call Time: _____ Email: _____

Upline Ruby: _____ Mobile: _____
 Home: _____ Skype: _____
 Best Call Time: _____ Email: _____

Upline Emerald: _____ Mobile: _____
 Home: _____ Skype: _____
 Best Call Time: _____ Email: _____

Upline Diamond: _____ Mobile: _____
 Home: _____ Skype: _____
 Best Call Time: _____ Email: _____

WEEKLY TEAM COMMUNICATIONS

MEETINGS

Place: _____

Place: _____

CONFERENCE CALLS & WEBINARS

TEAM CALL

Day: _____ Num

TEAM WEBINAR

Day: _____ Time

TEAM SIZZLE CALL

Number: _____

COMPANY COMMUNICATIONS

CONFERENCE CALLS

Day: _____ Num

WEBINARS

Type: _____ Day: _____

Type: _____ Day: _____

Type: _____ Day: _____

EVENTS

Type: _____ Day: _____

Type: _____ Day: _____

Type: _____ Day: _____

NOTES

BUILDING YOUR TEAM

MAKING CONNECTIONS WITH PRESENTATIONS & MEETINGS

While it's always a good idea to strike up one-on-one conversations about Jeunesse®, learning to connect with larger groups of people more efficiently is crucial to the growth of your business. By developing your presentation skills, learning how to conduct effective meetings, and understanding how to communicate using social media, you will increase your capacity to grow your organization—and, in turn, maximize your income. Whether you're a practiced presenter, or have yet to conduct your first meeting, the following tips can guide you to make the right connections, the right way.

WHO do I present to?

Anyone and everyone you'd like to join your team! Once you've developed your Jeunesse® story and begin sharing it with people you know, a one-on-one presentation or a group meeting is the next step to reaching new prospects.

WHERE do I present or hold a meeting?

A meeting doesn't have to be held in a fancy hotel to be successful, especially when you're starting out. For little to no cost, consider your home or someone else's, your office space during non-business hours, coffee shops, restaurants with private rooms, and civic club facilities.

As your business grows a viable option, and can provide audio-visual support, recording. But you won't need that for a successful meeting, just

- Adequate space and
- Freedom from unwanted interruptions and your group can
- Ample power supply
- Available refreshments
- Clean restrooms



WHAT do I present?

Jeunesse® offers a helpful assortment of presentation and marketing materials available for purchase or download in your Back Office. Plus there are plenty of videos you can use when you click the YouTube icon on the Jeunesse® homepage.

HOW do I conduct a meeting?

This simple agenda offers a basic framework for your initial meetings. Revise your approach to suit your style. As you become a more experienced presenter, your future meetings should continue to follow these guidelines:

- Begin within 5 minutes of your scheduled start time. Welcome your guests and share your Jeunesse® story.
- Present the Jeunesse® Opportunity Power Point or show the Opportunity Videos.
- Ask, "Let's open a discussion about what you've seen and heard about today. Is there any reason why you would not want to sign up now?"
- Offer to follow up with each person individually to answer his or her questions. If possible, this may be the ideal time to schedule a conference call with your upline, who can help you answer questions. Sign up those guests who are ready to begin. Do this online or invite them to fill out a printed copy of the Distributor Application & Agreement Form, available in the *Members Only* section of your Back Office.
- Thank everyone for attending. Let all other guests know you'll contact them within 48 hours to follow up.
- Help your new team members schedule their own presentation meetings. This capitalizes on their excitement and builds

momentum as they
to invite guests wh
next two weeks (as

REMEMBER

A key practice in b
to schedule anothe
guests know you'd
another meeting w
and follow up to sc



TIME IS MONEY

Now for the next actions you'll need to take—deciding how many people you'll talk to each day and creating a schedule to accommodate that plan. To begin, complete the following sentences:

Every day I will speak to _____ prospects.

Every day I will follow up with _____ prospects.

Tip: Don't count voicemails, count conversations.

By adopting some basic time management skills, you'll optimize your availability and increase your ability to get things done, whether you're part-time or full-time. Consider these good habits:

Delegate

Identify tasks, chores and projects that others can do, and ask them to do them. You'll be surprised how many people will be willing to help, and how much time you'll free up for your new business. When possible, seek people who can do certain jobs better than you, and ask for their help.

Prioritize

The key to knowing your priorities is to identify the actions that add value to your life and are deserving of your time. Take some time to think about what's most important to you, and how these priorities can be supported by the growth of your business. Write down your priorities on paper and refer to them often.

Learn to say no

This isn't as hard as it sounds. When pressed by a prospect, growing your new business requires a sufficient amount of time to devote to your business.

Plan your day

Make it a habit to write down your daily to-do list. Write off items as you complete them. Your time to develop your business, doing so will help you stay on track.



PLAY THE GAME, LEARN THE RULES

FINANCIAL REWARDS PLAN BASICS

At Jeunesse®, we designed a balanced plan that allows everyone, from top to bottom, the same opportunities to find success. That kind of balanced success creates retention. It's another reason why you can say that Jeunesse® is the most rewarding way to stay young.

There are 3 types of people who will
JOIN YOUR JEUNESSE® BUSINESS.

Customers

Passive Distributors

Active Distributors

Customers:

These are simply people who will register to purchase products—either at wholesale, preferred, or retail prices. What is important is that you stay in touch with them, answer questions and make sure their monthly re-order is smooth. Always leave the door open so you can introduce them to other products. Many of them may have amazing product testimonials you and your team can share. If they really love the products, there is a good chance that they will at some time become a Distributor.

Passive Distributors:

These are people who have bought a Starter Kit and a Basic Package or higher but are not active in the business—they don't engage with the company's or field leadership's business-building system; nor do they participate in events. They could make two or three purchases a year.

Active Distributors:

These are people who follow the company's system; they engage in Jeunesse® business. *These people become Active*

Understand your financial goals

In order for you to be a successful distributor, you need to get yourself started. Understand your financial goals.

1. How many hours per week do you plan to spend on Jeunesse® Business? _____
2. How much money do you plan to invest per week? _____
per month? _____
per year? _____
3. What is your timeline for success? _____
4. What is your ultimate goal? _____

See full details about the Jeunesse® Business Plan at <http://www.jeunesseglobal.com>

CONGRATULATIONS!

Follow the GAMEPLAN to achieve your winning-streak with Jeunesse® from the beginning. In the coming months, join your team as much as possible and grow. Your efforts will bring you the Game, enjoy it, and



Made in the U.S.A. exclusively for JEUNESSE GLOBAL
650 Douglas Avenue | Altamonte Springs, FL 32714 | 407-215-7414 | JEUNESSEGLOBAL.COM

The statements contained herein have not been evaluated by the Food and Drug Administration.
These products are not intended to diagnose, treat, cure, or prevent any disease.

REV. 4-2014

EXHIBIT E

JEUNESSE® GLOBAL POLICIES AND PROCEDURES

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SECTION 1 – INTRODUCTION

From this point forward Jeunesse® Global will be referred to as “Jeunesse®” while Jeunesse® independent distributors will be referred to as “distributors”.

These Policies and Procedures govern the way in which a distributor conducts business with Jeunesse®. These Policies and Procedures along with the Jeunesse® Distributor Application and Agreement (the “Distributor Agreement”) and the Rewards Plan (collectively referred herein as the “Agreement”), such as may now exist or hereafter be amended, constitute the complete and binding agreement and understanding between Jeunesse® distributors and Jeunesse®. Failure to comply with the provisions of any of these documents may result in the termination of the Distributor Agreement.

Should any portion of the Agreement, or any instrument published by Jeunesse® be declared invalid in a court of jurisdiction, the balance of such rules, applications, or instruments shall remain in full force and effect.

1.1 Distributor Code of Conduct.

- I will be honest and fair in my dealing as a distributor of Jeunesse®.
- I will perform my business in a manner that will enhance my reputation and the positive reputation established by Jeunesse®.
- I will be courteous and respectful of every person I contact in the course of my Jeunesse® independent activities.
- I will fulfill my leadership responsibilities as a sponsor including training, supporting and communicating with the distributors in my organization.
- I will not misrepresent Jeunesse® products or the Rewards Plan.
- I will not sponsor or attempt to sponsor any Jeunesse® distributor directly or indirectly into any other network marketing program or engage in deceptive or illegal practices.
- I will remember that even my personal experience and the benefits received from Jeunesse® products, services or programs, may be interpreted as unauthorized “extension of labeling claims”.
- I understand and agree that I am solely responsible for all financial and/or legal obligations I incur in the course of my business as a distributor and will discharge all debts and duties as required of a distributor.

1.2 Independent Contractor Status.

A distributor will not be treated as an employee for federal or state tax purposes. All distributors are independent contractors engaged in their own separate business pursuits. Distributors are not considered purchasers of a franchise, nor does the Agreement between Jeunesse® and its distributors create an employee/employer relationship, agency, partnership or joint venture. Distributors are strictly prohibited from stating or implying, whether orally or in writing, that their relationship is any other than as above outlined. Each distributor shall hold Jeunesse® harmless from any claims, damages or liabilities arising out of such distributor’s business practices. Distributors have no authority to bind Jeunesse® to any obligation. Each distributor is encouraged to set up his/her own hours and to

determine his/her methods of sales and promotions, as long as he/she complies with the terms of the Agreement.

1.3 Business Conduct.

Each Distributor will perform all of his/her business activities in a professional and ethical manner, which will enhance the distributor's reputation and the positive reputation of Jeunesse®. Distributors will not engage in any conduct that could negatively reflect on Jeunesse® or any other distributor's image. Distributors will be courteous and respectful of every person contacted, including employees and executives of the corporate office of Jeunesse®, and will conduct their business in a way as to respect the products and professionalism of Jeunesse® and its other distributors. A distributor will under no circumstances disparage or infringe upon the Jeunesse® name or reputation in connection with the marketing of Jeunesse® products or misappropriate any confidential or proprietary information or trade secrets (including distributor names and address lists) of Jeunesse® for use by the distributor or others.

1.4 No Purchase Required.

No Jeunesse® distributor is required to purchase products.

1.5 Confidentiality Agreement

Distributors may gain access to confidential information of Jeunesse®. Specifically, without limiting the foregoing, confidential information includes information contained in any genealogical or downline report provided or accessible to a distributor, customer lists, manufacturer information, commission or sales reports, product formulas, and other financial and business information of Jeunesse®. All such information (whether in electronic, oral or written form) is proprietary to and owned by Jeunesse®, and is transmitted or available to distributor in strict confidence. Each distributor agrees that he/she will not disclose any such confidential or proprietary information to any third party, directly or indirectly, or use the information to compete with Jeunesse® or for any other purpose except as expressly authorized by the Agreement. This information is to be used only for the promotion of the Jeunesse® program in accordance with the Agreement. Distributor and Jeunesse® agree that without this agreement of confidentiality and non-disclosure, Jeunesse® would not provide the information or make it accessible to distributor. This provision shall survive the termination or expiration of the Distributor Agreement.

All genealogy and downline reports provided to a Distributor are proprietary to and owned by Jeunesse. Each Distributor acknowledges that the reports may contain information concerning the Distributor, including, but not limited to, the Distributor's name, address, phone number, products purchased and sold and earnings. The Distributor, by executing the Agreement, consents to the use and dissemination by Jeunesse of the reports and information therein and any other information concerning a Distributor collected by Jeunesse in connection with Jeunesse's business, including to enforce the terms of and its rights under the Agreement and to comply with applicable laws. A Distributor may not use the reports in any manner or for any purpose except in connection with Distributor's business.

SECTION 2 – BECOMING A JEUNESSE® INDEPENDENT DISTRIBUTOR

2.1 Distributor Enrollment.

An applicant may mail the Jeunesse® Distributor Agreement, along with Starter Kit payment, to Jeunesse's corporate offices and enroll on the replicated website of his or her sponsor.

The term of the Distributor Agreement is one (1) year from the date of its acceptance by Jeunesse®. Distributors must renew their Distributor Agreement each year by paying an annual renewal fee of Nineteen and 95/100 Dollars (\$19.95) on or prior to the anniversary date of their Distributor Agreement, unless the Distributor has attained 360 CV of Autoship volume during the year (based on the distributor anniversary date). As long as 360 CV of Autoship volume is attained in the 365 days prior to the anniversary date, the annual renewal fee will be waived for that year. If renewal is not made within thirty (30) days after the expiration of the current term of the Distributor Agreement, the Distributor Agreement will be terminated. The Automatic Renewal Program (ARP) may be utilized to avoid any delay.

2.2 Distributor Rights.

All Jeunesse® distributors are authorized to sell Jeunesse® products and to participate in the Jeunesse® Rewards Plan. All Jeunesse® distributors may sponsor new distributors.

2.3 Legal Age.

A distributor must be of legal age in his or her country or state of residence to be a Jeunesse® distributor.

2.4 Married Couples.

Each participant or legal entity is limited to (1) one distributorship. Husbands, wives or common-law couples (collectively "spouses") who wish to become a Jeunesse® distributor must enroll as one (1) Jeunesse® entity and may not be associated, directly or indirectly, with distributor positions in other distributor organizations. The action of one spouse will be attributed to both spouses and, therefore, the distributor position. In the event that two (2) distributors marry, they may each maintain the distributor positions they had previous to the marriage.

2.5 Corporations, Partnerships and Trusts.

Corporations, limited liability companies, partnerships and/or trusts may become distributors ONLY when the completed Distributor Agreement is accompanied by copies of the articles of incorporation, articles of organization, partnership agreement, or trust document or other charter or organizational document as filed with the state (where applicable).

To ensure compliance with the Distributor Agreement, distributors must disclose a complete list of all directors, officers and shareholders involved in the corporation. Limited liability companies must disclose a complete list of all members, officers and managers. Partnerships must disclose all general and limited partners. Trusts must disclose the trustee(s) and beneficiary/beneficiaries. This information may be faxed or emailed to Jeunesse® and must be updated by the distributor. Proof must be provided of a Federal Tax ID number and a copy of the annual certification from the Secretary of State issued in the state of incorporation, organization, and partnership registration. If any shareholder, partner, member or manager of a distributor is itself an entity, then the information required above for the distributor shall also be required for such shareholder, partner, member or manager.

Shareholders, members, partners, employees, agents, beneficiaries, trustees and those who promote the legal entity, as applicable, agree to remain personally liable to Jeunesse® and bound by the Agreement. A completed "Operating Under a Business Name" or DBA (Doing Business As) form must be on file with Jeunesse®. In any distributor position involving the efforts of more than one individual, whether as a corporation, partnership, limited liability company or trust, the actions of one participant shall reflect on the distributorship as a whole. If one participant is found to have violated the terms and conditions of the Agreement, then the distributorship as a whole will be considered to be in violation.

2.6 Fictitious and/or Assumed Names.

A person or entity may not apply for a distributorship using a fictitious or assumed name or use the identity of another person or entity that will not be associated with the distributorship. No one may enter a Social Security Number or Federal Identification Number that was not assigned to the primary individual or entity on the distributorship.

2.7 Tax Identification Number.

All U.S. distributors are required by federal law to obtain a Social Security Number or Federal Identification Number and provide it to Jeunesse®. Jeunesse® will use that number for all government reporting purposes.

2.8 Taxation.

Jeunesse® distributors will be treated as independent contractors for federal and/or state tax purposes. As independent contractors, distributors will not be treated as employees, franchisees, joint venturers, partners, or agents with respect to the Internal Revenue Code, Social Security Act, Federal Unemployment Act, State Unemployment Act, or any other federal, state or local statute, ordinance, rule or regulation. Distributors are responsible for the payment of all income, self-employment and other taxes relating to their business and earnings. At the end of each calendar year, Jeunesse® will issue an IRS Form 1099 Misc. for non-employee compensation for distributors as required by law.

2.9 Absence of Distributor Activities

Jeunesse recognizes that many who enroll as a Distributor do so in order to purchase Jeunesse Products at a discount for personal consumption and not for distribution. Therefore, Jeunesse and the Distributor agree that if the Distributor fails to (i) sponsor a new Distributor, (ii) sign up a customer, or (iii) earn commissions during any consecutive ninety (90) day period, such lack of activity is indicative of a desire to consume products and not to be a Distributor. In such cases, Jeunesse may, in its sole discretion, terminate the Agreement and convert the status of the Distributor's account to a Wholesale Customer. For purposes of this subsection, "Wholesale Customer" is not a Distributor and may purchase Products at the wholesale price.

Upon conversion and except as expressly stated in this subsection, the Wholesale Customer will no longer have any rights of a Distributor or rights to earn commissions and bonuses or other benefits under the Financial Rewards Plan or as set forth in the Agreement. However, the position of the account in the enrollment tree and the placement tree will remain and any accrued volume will not flush so long as the Wholesale Customer meets the personal volume requirements to maintain an Active status. The converted Wholesale Customer may retain his/her Replicated Website.

If the Wholesale Customer later desires to engage in Distributor activities by sponsoring and earning commissions, he or she must agree to the then current Agreement in order to become a Distributor. No additional enrollment fee will be required to re-apply to become a Distributor and his/her downline will be restored.

SECTION 3 – LEGAL COMPLIANCE

3.1 Legal Compliance.

All Jeunesse® distributors shall comply with all federal and state statutes, regulations and local ordinances and regulations concerning the operation of their business. All distributors are responsible for their own managerial decisions and expenditures. Since distributors are not Jeunesse® employees, Jeunesse® will not be responsible for payment or co-payment of any employee benefits.

3.2 No Exclusive Territories.

There are no exclusive territories for recruiting purposes nor shall any distributor imply or state that he/she has any exclusive territory rights. There are no geographic limitations on distributor sponsoring except in those foreign countries that have not officially been opened by Jeunesse®.

3.3 Representation of Government Endorsements.

Federal and state regulatory agencies do not endorse direct selling programs or their products or services. Therefore, distributors may not represent, directly or indirectly, that the Jeunesse® Rewards Plan or its products or services have been approved, reviewed or endorsed by any government agency.

3.4 Medical Treatment, Approval and Therapy.

A Jeunesse® distributor must understand that he/she may not say, directly or indirectly, that any Jeunesse® product is FDA approved, or discuss or suggest that any diagnosis, evaluation, prognosis, description, treatment, therapy, or management or remedy of illness, ailment or disease can be improved by consumption, use or application of the product. Distributor must understand that Jeunesse® products are not offered, intended or considered as medicinal treatment of any disorder or disease, either mental or physical. Jeunesse® distributors may make no claims regarding Jeunesse® products except as expressly authorized in writing by Jeunesse®.

3.5 Personal Information.

Personal information such as the distributor ID number, a distributor's address, telephone number, and etc. will be treated as confidential and will not be used except in connection with Jeunesse's business, unless required by law. In the event of an emergency, the inquiring party may contact Jeunesse® Compliance Department, who will advise the distributor that someone is attempting to contact him/her.

3.6 Non-Solicitation.

During the term hereof and for a period of twelve (12) months after the termination or expiration of the Distributor Agreement, for any reason whatsoever, a distributor shall not on his/her own behalf, or on behalf of any other person or other entity, hire, solicit or enroll any employee, distributor, customer (including preferred customers), manufacturer, or supplier of Jeunesse® or any of its affiliates, or in any manner attempt to influence or induce any employee, distributor, customer, manufacturer or supplier of Jeunesse® or any of its affiliates, to alter or terminate their employment or business relationship with Jeunesse® or its affiliates or to join another network marketing company. No distributor shall use or disclose to any person any information of Jeunesse® obtained while the Distributor Agreement was in effect, including names and addresses of Jeunesse's or any affiliates' employees or distributors. It is agreed that this provision shall survive the termination or expiration of the Distributor Agreement. Solicitation includes, but is not limited to, (i) producing or offering any promotional materials for another network marketing company which is used to solicit Jeunesse® distributors to such company; (ii) promoting or selling products which compete with Jeunesse® products to Jeunesse® customers or distributors; (iii) introducing or presenting, directly or indirectly, another network marketing company business to any Jeunesse® distributor; or (iv) offering any other company's products or business opportunity at any Jeunesse® meeting or event.

3.7 Non-Competition.

Each distributor agrees not to compete with the protectable business interests of Jeunesse® by selling or promoting other products or opportunities (except as detailed under Section 3.11) during the term of the Distributor Agreement. Distributor acknowledges and recognizes these restrictions are necessary for Jeunesse® to protect its valuable interests and agrees that any injunction and/or other remedy is necessary and appropriate for Jeunesse® to protect such interests.

3.8 Vendor Confidentiality.

Jeunesse® business relationships with its vendors, manufacturers and suppliers are confidential. A distributor shall not contact, directly or indirectly, speak with, or communicate with any representative or any supplier, manufacturer, or vendor except at a Jeunesse® sponsored event which the representative is present at the request of Jeunesse®.

3.9 Endorsements.

No endorsements by any third parties may be alleged, except as expressly communicated in Jeunesse® literature and communications. A Jeunesse® distributor may not state, directly or indirectly, that any Jeunesse® product is approved by the FDA or other governmental agency or may make any claim regarding its products not expressly authorized in writing by Jeunesse®.

3.10 Liability.

Violation of any provision of the Agreement may be grounds for suspension and/or termination of that individual's distributorship. The violator also may be subject to civil or criminal liability resulting from violation of the Distributor Agreement, the Code of Professional Ethics, the Policies and Procedures of Jeunesse®, or state or federal law. Additionally, Jeunesse® may offset payment to any Jeunesse® distributor to offset any damages suffered by Jeunesse® as the result of a distributor's violation of the Distributor Agreement, the Code of Professional Ethics, the Policies and Procedures of Jeunesse®, or state or federal law.

3.11 Other Services and Products.

Distributors are not restricted from selling the services and products of other companies during the term of the Agreement (subject to Section 3.6 and 3.7).

3.12 Crossline Recruiting.

Recruiting others, directly or indirectly, whether through written, spoke or implied means, from one (1) Jeunesse® distributor organization to another is strictly prohibited.

SECTION 4 – SPONSORING & TRAINING AND TERMS OF TERMINATION

4.1 Sponsoring.

Jeunesse® distributors are entitled to sponsor other individuals into their organization in the United States, its territories and other countries officially opened by Jeunesse®. Distributors are compensated only for the generation of sales of product and services and not for sponsoring new distributors into the program.

4.2 Sale/Transfer of Distributorship.

A Jeunesse® independent distributor position may be sold or transferred to a non-distributor only following a period of six (6) months from the distributor origination date. A completed and notarized Sales/Transfer form must be submitted to Jeunesse® either through mail, email or fax. All transfers are subject to a \$50USD transfer fee. When such transfer is approved and accepted by Jeunesse®, any volume previously accumulated may be removed. Change in business status (individual to corporation or vice versa) also requires a completed and notarized Sales/Transfer form and is subject to a \$25USD fee. All fees are payable to Jeunesse®.

Notwithstanding anything herein to the contrary, any transfer of a sponsor or downline distributor(s) from his or her current position in the genealogy will only be made if Jeunesse® deems it to be in the best interests of its business, as determined by Jeunesse® in its sole discretion. If such a change is to be made, Jeunesse® will contact all affected distributors in writing.

Distributors waive any and all claims and causes of action that relate to or arise from Jeunesse®'s decision to transfer a sponsorship or any distributors in a downline.

4.3 Multiple Applications.

If one applicant submits multiple Distributor Agreement forms listing different sponsors, only the first completed form to be received by Jeunesse® will be accepted. Jeunesse® reserves the right, in its sole discretion, to make the final decision with respect to all such disputes.

4.4 Placement Changes/Corrections.

One placement change or correction of sponsors may be requested within a period of three (3) days from the date of enrollment. Such adjustments require written permission from both the sponsor and the applicant and shall be directed to the Compliance Department of Jeunesse®. There will be no fee for the first change requested within the initial three (3) day period.

After the initial three (3) day term, requests for placement change or correction of sponsorship will be reviewed by Jeunesse® and may be approved by Jeunesse® in its sole discretion, with additional conditions and restrictions as may be required by Jeunesse®. Such adjustments require written

permission from three (3) upline Distributors, including the sponsor. All requests for change shall be submitted to the Compliance Department of Jeunesse®. In the event a placement change or sponsorship change is approved under this paragraph, the Distributor shall pay a change fee of \$25.00 USD to Jeunesse®.

4.5 Sponsor Corrections.

Sponsor changes are not permitted. However, sponsor corrections can be made if the error is reported to Jeunesse® within three (3) days of enrollment. Sponsor corrections must be requested from the current (original) sponsor, stating the reason that the correction needs to be made.

4.6 Acquisition of Business.

A distributor desiring to acquire another distributor's business must first terminate his/her distributor status and wait a period of six (6) months from the date of the resignation notice, before becoming eligible for such purchase. All such transactions must be fully disclosed through the completion of a Sales/Transfer form submitted to Jeunesse® and is subject to Jeunesse's approval.

4.7 Adding of Co-Applicants.

When adding a co-applicant (either an individual or a business entity) to an existing distributorship, Jeunesse® requires both a written request and a properly executed Distributor Agreement containing both the applicant and co-applicant's Social Security Number and signatures. The original applicant must remain party to the original Distributor Agreement. If the original distributor wants to terminate his/her distributor relationship with Jeunesse®, he/she must do so in accordance to the Jeunesse® policy. If this is not followed, the business shall be terminated upon withdrawal of the original distributor. All bonus and commission checks will be sent to the address on record for the distributor position. A co-applicant may not under any circumstance be party to another distributorship. The modification permitted within the scope of this section does not include change of sponsorship. There is a Twenty-Five Dollar (\$25.00) processing fee for changes or additions.

4.8 Training Requirement.

Distributors are required to assure the adequate training of distributors they sponsor. "Adequate training" shall include, but is not limited to, education regarding the Policies and Procedures, Rewards Plan, product information, sound business practices, sales strategies, and ethical business behavior. A sponsor must maintain an ongoing, professional leadership association with distributors in his/her organization and must fulfill the obligation of performing a bona fide supervisory, sales or distributive function on the sale or delivery of product and services to the ultimate consumer.

4.9 Resignation.

Any distributor may voluntarily resign his/her distributor status by failing to renew when required or by sending written notice to the Jeunesse® Compliance Department. Resignation is effective upon receipt of such notice. A distributor who fails to renew or resigns his/her distributorship may not reapply, either individually or have a financial interest in any other distributor entity, for a period of six (6) months from the date of resignation.

4.10 Suspension.

Jeunesse® reserves the right to suspend any distributor position at any time for cause when it is deemed that the distributor may have violated the provisions of the Agreement, as they might be amended from time to time, or the provisions of the applicable laws and standards of fair dealing. Jeunesse® shall make such involuntary suspension at its discretion pending the investigation of possible Policy violation. Jeunesse® will notify the distributor by postal delivery and/or email sent to the latest address listed with Jeunesse® for the distributor. In the event of a suspension, a distributor agrees to immediately cease representing himself/herself as a distributor with Jeunesse®.

During the investigation period of the suspension, any commissions, overrides or bonuses, which may be due, if any, will be held in abeyance by Jeunesse® pending resolution. Should the infraction be deemed unsubstantiated by Jeunesse®, the suspension shall be lifted and any commissions, overrides or bonuses will be credited to the distributorship. During the applicable suspension period, Jeunesse® shall have the right to prohibit the suspended distributor from purchasing products and services. However, the suspended distributor does not have the right to represent himself/herself as a distributor or promote his/her distributor business or the products during the applicable suspension period.

4.11 Termination.

A distributor may be terminated for violating any of the terms of the Agreement. Notice of the termination, citing the reason(s) for the action, shall be provided in writing to the distributor and delivered either through postal or email. Termination shall be effective as set forth therein, if a timely appeal is not provided by the distributor in accordance with the appeal procedure set forth below.

Immediately upon termination, the terminated distributor:

- a) Must remove and permanently discontinue the use of the trademarks, service marks, trade names and any signs, labels, stationery or advertising referring to or relating to any Jeunesse® product, plan or program;
- b) Must cease representing himself or herself as a distributor of Jeunesse®;
- c) Loses all rights to his/her distributorship and position in the Rewards Plan and to all future commissions and earnings resulting there from; and
- d) Must take all action reasonably required by Jeunesse® relating to its materials and protection of its confidential information and intellectual property.

Jeunesse® has the right to offset any amounts owed by a distributor to Jeunesse®. Where state laws on termination are inconsistent with this policy, the applicable state law shall apply.

4.12 Appeal.

A terminated distributor may appeal the action by submitting a letter to the Compliance Department of Jeunesse® stating the grounds of appeal. (Note: No telephone calls will be accepted under any circumstances) Jeunesse® must receive the letter of appeal within ten (10) business days of the date of such notice of termination, or as stated in the notification. If Jeunesse® has not received the letter of appeal by the deadline date, the involuntary termination shall automatically become final.

If a distributor files a timely appeal, Jeunesse® will, at its sole discretion, review and notify the distributor of its decision. The decision of Jeunesse® shall be final and will not be subject to further review.

In the event that an appeal is denied, the termination shall remain in effect as of the date of Jeunesse's original notice.

4.13 Cumulative Remedies.

All rights, powers and remedies given to Jeunesse® are cumulative, not exclusive and in addition to any and all other rights provided by law. Upon a breach of the Agreement by a distributor, in addition to suspension and/or termination, Jeunesse® shall have the right to impose fines as established by Jeunesse® from time to time and/or to pursue all legal and equitable remedies to enforce its rights under the Agreement as set forth in Section 11.6. Jeunesse® will have the right to offset against commissions owed to a distributor for any amounts owed to Jeunesse® by such distributor.

SECTION 5 – SUCCESSION, DIVORCE OR DISSOLUTION

5.1 Succession.

Notwithstanding any other provisions of this section, upon the death of a distributor, the distributor entity shall pass to his/her successor in interest as provided by law. However, Jeunesse® will not recognize such transfer until the successor in interest has submitted a completed Sales/Transfer form to Jeunesse®, together with certified copies of the death certificate and will, trust or other instrument, and executed a Distributor Agreement. The successor shall thereafter be entitled to all the rights and subject to all the obligations as any other distributor. In addition, the successor-in-interest must be of legal age in his/her country of residence.

5.2 Divorce or Dissolution.

During the pendency of divorce or entity dissolution, both parties must adopt one of the following methods of operation:

- One of the parties may, with written consent of the other(s) and with Jeunesse®, operate the Jeunesse® business, agreeing to deal directly and solely with the other spouse or non-relinquishing shareholder, partner, or trustee; or
- The parties may continue to operate the Jeunesse® business jointly on a business-as-usual basis, whereby all compensation paid by Jeunesse® will be paid in the joint names of the distributors or in the name of the entity to be divided as the parties may independently agree between themselves.

Under no circumstance will Jeunesse® split commissions and bonus checks between divorcing spouses or members of dissolving entities. Jeunesse® will recognize only one (1) downline organization and will issue only one (1) commission check per Jeunesse® business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties of a divorce or a dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business, the Distributor Agreement shall be involuntarily cancelled.

SECTION 6 – TRADEMARK, LITERATURE AND ADVERTISING.

6.1 Trademark.

The name of Jeunesse® and the name of all the Jeunesse® products, services and programs are the trademarks of and are owned by Jeunesse®. Only Jeunesse® is authorized to produce and market products and literature under these trademarks. This includes, but is not limited to, slides, overheads, brochures, videos, domain addresses, and training and/or marketing materials and all promotional material, such as, but not limited to, t-shirts, caps, pins, magnetic signs, etc. Use of the Jeunesse® name on any item not produced or authorized by Jeunesse® is prohibited.

Distributor acknowledges that any right to use Jeunesse's trademarks and copyrighted materials is non-exclusive and that Jeunesse® has the right and sole discretion to grant others the right to use such trademarks and copyrighted materials. Distributor expressly recognizes that any and all goodwill associated with the trademarks and copyrighted materials (including goodwill arising from distributor's use) inures directly and exclusively to the benefit of Jeunesse® and is the property of Jeunesse® and that, on expiration or termination of the Distributor Agreement, no monetary amount shall be attributable to any goodwill associated with distributor's use of the trademarks or copyrighted materials.

Distributors are liable to Jeunesse® for any damages arising out of their misuse of Jeunesse's trade names, trademarks, service marks, copyrights and other intellectual property rights, in any form, except as specifically authorized by these Policies and Procedures or as otherwise approved in writing by Jeunesse®.

6.2 Yellow and White Page Listings.

Distributors are not permitted to use the Jeunesse® trade name in advertising their telephone number and fax number in the white or yellow page section of the telephone directory or on the Internet without identifying themselves as independent distributors or independent contractors.

6.3 “Toll Free” Telephone Number Listings.

Jeunesse® distributors are not permitted to list their “toll free” telephone numbers under the Jeunesse® trade name without submitting a request for approval from the Compliance Department of Jeunesse®. If approval is granted, it must be stated in the following manner:

Peter Pan

Independent Jeunesse® Distributor

OR

Independent Jeunesse® Contractor.

No other variation may be used to describe the distributor’s association with Jeunesse®.

6.4 Imprinted Checks.

Jeunesse® distributors are not permitted to use the Jeunesse® trade name or any of its trademarks on their business or personal checking accounts.

6.5 Imprinted Business Cards or Letterheads.

Jeunesse® independent distributors are not permitted to create their own business cards or letterhead with the use of the Jeunesse® name or trademark without written approval from Jeunesse®.

6.6 Jeunesse® Literature.

Only official Jeunesse® literature may be used in presenting Jeunesse® products and/or the Jeunesse® Rewards Plan and business. Jeunesse® literature may not be duplicated or reprinted without prior written permission from Jeunesse®, which may be obtained through email communication, mail or fax directed to the Compliance Department. Banners, trade show materials, and other related promotional material must be approved in advance and in writing by Jeunesse®. Items on the corporate website and the replicating website may be downloaded for promotional purposes.

6.7 Advertising.

Only Jeunesse® approved materials may be used in the placement of any advertising in any print, radio, television, internet, electronic or other media. No person shall use the Jeunesse® name, logos, trademarks or copyrighted material in any advertising produced by Jeunesse® without express written permission from the Compliance Department of Jeunesse®. For approval mail, fax or email a copy of the proposed advertising material to the Jeunesse® Compliance Department. Once approval is obtained, no text may be amended or changed. If any change is made whatsoever, the new material must be submitted for approval. Distributors should allow forty-eight (48) hours from receipt for processing.

6.8 Internet and Website Policy.

A Jeunesse® distributor may promote his/her distributor business through Jeunesse's replicating website program only. The website links seamlessly and directly to the official Jeunesse® website, giving the distributor a professional and Jeunesse®-approved presence on the Internet. No distributor may independently design a website that uses the names, logos, or product descriptions of Jeunesse® or otherwise promote (directly or indirectly) Jeunesse® products or the Rewards Plan. Distributors may not use the trademarks of Jeunesse® or any derivative or abbreviation thereof as a domain name or email address. Distributors may not advertise or promote their distributor business or Jeunesse's business, products or marketing plan or use Jeunesse's name in any electronic media or transmission, including on the Internet via web sites or otherwise, without the prior written approval of Jeunesse®, which approval may be withheld in its sole discretion. If written approval is given, distributors must abide by the guidelines set forth by Jeunesse®, including, but not limited to, the following: (a) distributors shall not make offers or solicitations in the guise of research, surveys or informal communication, when the real intent is to sell products or services or sponsor distributors; (b) distributors operating on-line websites, whether or not they collect personal information from individual consumers, shall disclose to the consumer in a prominent place on the website how the consumer information will be used; (c) distributors sharing personal information collected on-line shall provide individual consumers with an opportunity to prohibit the dissemination of such information, and if any consumer requests that his or her personal information not be shared, distributors shall refrain from sharing such information; (d) distributors shall provide individual consumers the option to terminate any further communication between the distributor and the consumer and if any consumer requests that a distributor cease communication, the distributor shall immediately stop communicating upon such request; (e) distributors must abide by all laws and regulations regarding electronic communications; (f) distributors may not distribute content by use of distribution lists or to any person who has not given specific permission to be included in such a process; spamming or distribution of chain letters or junk mail is not allowed; (g) distributors may not distribute content that is unlawful, harassing, libelous, slanderous, abusive, threatening, harmful, vulgar, obscene or otherwise objectionable material or which could give rise to civil liability or otherwise violate any applicable local, state, national or international law or regulation; and (h) distributors may not, directly or indirectly, send bulk, unsolicited e-mails to persons with whom they have no prior or existing personal or business relationship.

6.9 Domain Names.

Distributors may not use or attempt to register any Jeunesse® trade names, trademarks, service marks, product names, Jeunesse® name or any derivative thereof, for any Internet domain name.

6.10 Email and Newsgroup Marketing.

Distributor emailing, or employing the services to email, unsolicited and unapproved email flyers are fully responsible for all information regarding the product and marketing program which is not expressly contained in advertising and promotional materials supplied directly by Jeunesse®. "Spamming", as well as telephoning or faxing, without compliance with various laws is strictly prohibited. Distributors shall not defame, abuse, harass, stalk, threaten or otherwise violate the legal rights (such as rights of privacy and publicity) of others. Distributors shall not publish, post, upload, distribute, or communicate any inappropriate, profane, defamatory, infringing, obscene, indecent or unlawful topic, name, material or information. Distributors shall not advertise or offer to sell any goods or services for any commercial purpose or conduct or forward surveys, contests, or chain letters. Users of Jeunesse® website will not participate in any activity that will restrict or inhibit any other user from using and enjoying the website.

6.11 Internet Sites.

Distributors may not market, promote or sell Jeunesse's marketing plan, products or services or the Jeunesse® business on any e-commerce, auction, classified ad or social networking Internet site. This prohibition includes, but is not limited to, Internet sites that have their content based on user participation and user-generated content, forums, message boards, blogs and podcasts such as eBay, Facebook, MySpace, Craig's List, Twitter, YouTube, Wikipedia or Flickr. Jeunesse® products, marketing plan and business may be marketed and sold on the Internet only through Jeunesse® websites and not through distributor or third party websites of any kind. The use of Jeunesse's trademarks, service marks or copyrights is explicitly prohibited on the Internet in the selling of Jeunesse® products (except on company websites).

6.12 Income Claims.

Distributors may not display, in any manner for recruiting purposes or any other reasons, commission checks or make specific income claims or representations.

Distributors must truthfully and fairly describe the Rewards Plan. No past, potential or actual income claims may be made to prospective Distributors, nor may Distributors use their own incomes as indications of the success assured to others. Income claims include statements of average or non-average earnings, statements of earning ranges, income testimonials, lifestyle claims and hypothetical claims. Commission checks may not be used as marketing materials. Distributors may not guarantee commissions or estimate expenses to prospects. Any earnings information or statements regarding income in the Rewards Plan are solely to explain the Rewards Plan and are not representations or guarantees of any earnings or income. Jeunesse® does not guarantee or imply any specific earnings or income. Individual income results may vary significantly and are based on many factors, including a

Distributor's individual efforts, business experience and skills. Jeunesse® makes no warranty or representation as to the level of success, if any, Distributors may achieve by selling any product or in soliciting Distributors or retail customers.

6.13 Trade Shows/Auction Sites.

With prior written authorization from Jeunesse®, distributors may display Jeunesse® products and the opportunity at trade shows. Requests for participation in trade shows must be received in writing by Jeunesse® at least two (2) weeks prior to the event. Jeunesse® products and the Jeunesse® business are the only products and opportunity that may be offered, directly or indirectly, at the trade show booth or table. Only Jeunesse® approved marketing materials may be displayed or distributed.

Distributors may not market or sell Jeunesse® products or services or promote the Jeunesse® marketing plan or business via live, silent or any other type of auction, including without limitation, on the Internet, even if offered at the distributor-suggested retail price.

6.14 Re-Packaging Prohibited.

The repackaging of Jeunesse® products for resale or for any reason whatsoever is prohibited.

6.15 Recordings.

Distributors shall not produce or reproduce Jeunesse® produced audio or video materials detailing the Jeunesse® opportunity or products. Distributors shall not audiotape in any manner any Jeunesse® function.

6.16 Telephone Answering.

Distributors may not answer the telephone or create recordings saying "Jeunesse®" or anything similar that could lead the caller to believe that he or she has reached the Corporate Office of Jeunesse®.

6.17 Voicemail Systems.

Jeunesse® maintains a voicemail system for use by distributors. This system is a tool intended to promote communication with downline organizations. Under no circumstance shall a distributor use the Jeunesse® voicemail system to promote the sale of other services and products or any non-Jeunesse® program or opportunity.

6.18 Media Interviews.

Distributors are prohibited from granting radio, television, newspaper, tabloid, Internet, or magazine interviews, or using public appearances, public speaking engagements, or making any type of statement to the public media to publicize Jeunesse®, its products or their Jeunesse® businesses, without the express prior written approval of Jeunesse®. All media inquiries should be referred to Jeunesse's corporate office.

6.19 Third Party Materials.

Distributors may not sell any training, sales or leadership products, materials, systems or programs (collectively "Third Party Products") to Jeunesse® distributors, whether or not such Third Party Products are produced by the distributor or another person or entity or contain any trademarks, service marks or copyrights of Jeunesse®. If any distributor desires to use (not sell) any Third Party Materials in his or her Jeunesse® business, he or she must obtain the written consent of Jeunesse® prior to use.

SECTION 7 – PAYMENT OF BONUSES AND OVERRIDES

7.1 Distributor Agreement.

Bonuses and overrides cannot be paid until a completed Jeunesse® Distributor Agreement has been received and accepted by Jeunesse®. Bonuses are paid ONLY on the sales of Jeunesse® products. No bonuses are paid on the purchases of any sales material, sales aids or the recruitment of distributors.

7.2 Commission Checks.

The minimum amount of payment of commission checks is Ten Dollars (\$10.00) or as otherwise mandated by any country in which Jeunesse® operates. If the earned amount is less than that amount, it will be accumulated until such time that the amount exceeds Ten Dollars (\$10.00).

7.3 Deductions.

A check processing fee of Two and 50/100 Dollars (\$2.50) will be deducted from all commission checks.

7.4 Unclaimed Commissions and Credits.

There shall be a Fifteen Dollar (\$15.00) charge for reissuing a check and a Ten Dollar (\$10.00) fee for each notice that is sent to the distributor advising that the check had not been cashed.

7.5 Dormant Outstanding Commission Payments.

A monthly dormant commission fee of Twenty Dollars (\$20.00) will be charged for the following:

1. All outstanding commissions checks that have not been negotiated within six (6) months of issuance;
2. Commissions in a distributor's wallet when there has been no activity in the wallet for a period of six (6) months;
3. Pending commission payments that are delayed for a period of six (6) months due to the action or inaction of a distributor.

The fee will be charged monthly on each outstanding weekly commission payment. The dormant commission fee cannot reduce the commission below \$0.

SECTION 8 – PURCHASE AND SALE OF PRODUCTS

8.1 Sales Presentations.

At sales presentations, distributors shall truthfully identify themselves, the Jeunesse® products, and the purpose of their business to prospective customers. Distributors may not use any misleading, deceptive, or unfair sales practices. Explanation and demonstration of products offered shall be accurate and complete, including, but not limited to, with regard to price, terms of payment, refund rights, guarantees, and after-sales services and delivery. Personal or telephone contacts shall be made in a reasonable manner and during reasonable hours to avoid intrusiveness. Distributors must immediately discontinue a demonstration or sales presentation upon the request of the consumer. Distributors shall not directly or by implication denigrate any other company or product. Distributors shall refrain from using comparisons that are likely to mislead and that are incompatible to the principles of fair competition. Points of comparison shall not be unfairly selected and shall be based on facts which can be substantiated. Distributors shall not abuse the trust of individual consumers, shall respect the lack of commercial experience of consumers and shall not exploit a customer's age, illness, lack of understanding or lack of language expertise.

8.2 Purchase at Discount.

Jeunesse® distributors are entitled to purchase products from Jeunesse® at a discounted price.

8.3 Stockpiling Prohibited.

The success of Jeunesse® depends upon retail sales to the ultimate consumer; therefore, all forms of stockpiling are discouraged. Jeunesse® recognizes that distributors may wish to purchase certain products in reasonable quantities for their own use, for inventory purposes and for the purpose of

provisioning new distributors as they are sponsored. However, Jeunesse® strictly prohibits the purchase of products solely in an attempt to qualify for advancement in the Rewards Plan.

8.4 Back Orders.

Should any Jeunesse® product or sales material be unavailable for any period of time, Jeunesse® distributors will be given the option of placing the order(s) and waiting for availability or cancelling the order with full reimbursement without penalties until those items are ready for shipping.

8.5 Seventy Percent Rule.

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".

8.6 Retail Sales Required.

In order to qualify for any compensation payable under the Jeunesse® Rewards Plan, a distributor should make retail sales to the ultimate consumer.

8.7 Shipping Address.

Jeunesse® will only accept street addresses for shipping purposes. Orders will be shipped via USPS or other shipper as determined by Jeunesse® so that they may be tracked and, if necessary, replaced in a timely manner. Post office boxes are accepted for the mailing of commission checks only.

8.8 Direct Purchases.

A Jeunesse® distributor should purchase product needs directly from Jeunesse®. In the event that a distributor obtains product from his/her sponsor or upline distributor's personal inventory, the commissions associated with the purchase will be attributed to the sponsor or upline distributor who purchased the product.

8.9 Credit Card Purchases.

Credit card purchases may only be made by the individual whose name and address is on the credit card. Any distributor who uses another individual's credit card to pay for purchases should submit a credit card authorization form to Jeunesse® with the order prior to placing the order. Jeunesse® considers unauthorized credit card use as fraudulent and will report such actions to the proper authorities for settlement.

8.10 Credit Card Chargebacks.

Under no circumstance will any distributor charge back any credit card purchase. Any distributor who does so will immediately lose all credit card ordering privileges until the charges are replaced with certified funds. If an erroneous charge is applied to a distributor's credit card, the distributor should immediately contact Jeunesse® to initiate an investigation and resolution.

8.11 Commission Adjustments.

Any upline distributor affected by returned products to Jeunesse® will accordingly be subject to adjustment in his/her commissions, overrides and bonus accounts, personal volume, etc. based upon all commissions and bonuses paid on the returned products.

8.12 Bonus Buying.

Bonus buying includes (a) the enrollment of an individual or entity as a Jeunesse® distributor without the knowledge of and/or execution of a Distributor Agreement by such individual or entity; (b) the fraudulent enrollment of an individual or entity as a distributor; (c) the enrollment or attempted enrollment of non-existent individuals or entities as distributors (phantoms); or (d) the use of a credit card on behalf of a distributor when the distributor is not the account holder of such credit card. Bonus buying constitutes a breach of these Policies and Procedures and is strictly prohibited.

8.13 Shipping Costs.

It is the ordering distributor's sole responsibility to indicate (a) method and means of shipping and (b) destination address. The methods available are stated on each order form and on the Jeunesse® website along with prepaid costs for shipping. Shipping costs will be automatically calculated. Distributors will be required to pay an additional fee of \$2.50 USD on all orders totaling \$400.00 USD and over for "Signature Confirmation"—a service that provides an extra level of security by confirming the delivery of an order, including the date, time and location.

Should the receiving party of an order shipped from Jeunesse® refuse delivery and the shipment is returned to Jeunesse®, the ordering distributor's status will be made "suspended" pending resolution of the delivery refusal. Return delivery charges will be deducted from the distributor's account.

Distributors importing Jeunesse products for Personal Use under the Not For Resale (NFR) program are responsible for any additional shipping costs that may be imposed by their country of residence, which may include duties, taxes, processing and/or handling fees.

8.14 Returned Packages.

In the event that a package is returned due to a distributor's error or if the package was not picked up in a timely manner and returned, Jeunesse® will charge the distributor a re-shipping fee.

8.15 Special Orders.

Jeunesse® will not “hold” orders or delay shipment of products that have been processed. Once payment has been received, all orders must be released for shipping.

8.16 Consignment.

In order to protect the Jeunesse® business and the integrity of Jeunesse®, Jeunesse® products may not be delivered to a Jeunesse® distributor or another party on consignment. Only authorized Jeunesse® distributors may sell Jeunesse® products.

8.17 Damaged Shipments.

1. Accept delivery.
2. Before the driver leaves, document on the delivery receipt the number of boxes which appear to be damaged, while also including photographic evidence of such.
3. Save the damaged product and box(es) for inspection by the shipping agent.
4. Make an appointment with the shipping company to have the damaged goods inspected.
5. File a claim with the shipping company.
6. Notify the Customer Service Department of Jeunesse®.

8.18 Short Shipments.

Jeunesse® takes pride in fulfilling orders in an accurate and timely manner. However, in those rare instances where errors may occur, a correction will be handled quickly to avoid further delay to the recipient. Distributors must report any damages within five (5) business days following receipt of shipment. Once notified and verified, Jeunesse® will ship missing items to the address on the original order.

8.19 Sales Tax.

For purchases made from Jeunesse®, Jeunesse® collects and remits applicable state and local taxes, which may be due on the suggested retail price of those products and/or materials. The applicable rate of tax due is based upon the address to which the product and/or sales materials are to be delivered.

Exemption from payment of sales tax is applicable to orders that are shipped to a state in which a valid sales tax exemption of a distributor is on file with and accepted by Jeunesse®. Applicable sales taxes will be charged on orders which are drop-shipped to another state. Tax exemptions are not retroactive.

SECTION 9 – SALES AND PRICING

9.1 Price Changes.

All Jeunesse® products and literature prices are subject to change without prior notice.

9.2 Suggested Retail Pricing.

Jeunesse® provides a suggested retail price as a guideline. Jeunesse® distributors may sell Jeunesse® products at whatever price they and their customers agree; however, a distributor is not permitted to advertise any price below the Jeunesse®-suggested retail price. This includes, but is not limited to, “free” products or any other special pricing that would fall below the suggested retail price. No Jeunesse® product may be offered along with the products of any other company regardless of whether that product is offered through network marketing or any other means.

9.3 Receipts: Retail Customers.

Jeunesse® distributors will provide all retail customers of Jeunesse® products with printed sales receipts.

9.4 Insufficient Funds.

It is the responsibility of each distributor to make certain that current credit card information is on file for Autoshop payments and that there are sufficient funds for the draft.

9.5 Returned Checks.

All distributor checks used for payment of product will be re-submitted for payment. A Twenty-Five Dollar (\$25.00) processing fee will be charged to the account of the offending distributor. All subsequent orders must be paid by credit card, money order or cashier’s check.

SECTION 10 - RETAIL GUARANTEE AND REFUND POLICY

10.1 Retail Customer Returns.

Jeunesse® offers a thirty (30) day, one hundred percent (100%) unconditional money back guarantee on products to all retail customers. Each Jeunesse® distributor is bound by his/her Distributor Agreement and the Policies and Procedures to honor this guarantee. Prior to the completion of any retail sale, a distributor must make a verbal disclosure of the right to cancel. If a retail customer is dissatisfied with any Jeunesse® product for any reason, then the retail customer may return the unused portion of the

product(s) to the Company if purchased online or to the distributor from whom it was purchased within thirty (30) days from the date of purchase for either a replacement, exchange for another product or a full refund of the purchase price of the product.

Jeunesse® will replace the returned product to the distributor providing the following steps and conditions are met:

- Jeunesse® is notified of a pending retail customer return.
- The distributor through whom it was originally purchased returns the product to Jeunesse® as instructed by Jeunesse® Customer Service.
- The product is received by Jeunesse® within fifteen (15) days from the return date to the distributor.
- The return* is accompanied by the following:
 - A signed statement from the retail customer identifying the reason for the return and include:
 - A dated copy of the original sales receipt;
 - The product as received from the retail customer; and
 - The name, address and telephone number of the retail customer.

Proper shipping carton(s) and packing material are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. Jeunesse® will pay the cost of shipping replacement product(s) to the distributor.

Jeunesse® will not refund, to any distributor, the purchase price of any retail customer returns and no replacement products will be released if the conditions of the rule are not met.

*Retail sales return requests must be clearly written with complete details (name, address, telephone number, email – if available, and any other information which would allow Jeunesse® to verify the sale and subsequent return). Unverifiable retail sales cannot be replaced. Falsified information could lead to further investigation and possible suspension of distributorship.

10.2 Return by Online and Preferred Customers.

Jeunesse® offers online and preferred customers an unconditional thirty (30) day money back guarantee. If for any reason an Online or Preferred customer is dissatisfied with any Jeunesse® product, he/she may return his/her initial purchase of that product within thirty (30) days for a replacement, exchange or full refund of the purchase price (less shipping).

10.3 Return Product Authorization.

Before any product may be returned to Jeunesse®, whether it is a shipping error, retail customer return, damaged product or resignation, the distributor must contact Jeunesse® customer service either by fax, postal delivery or email to obtain a Return Merchandise Authorization number (RMA). Any package received without such identification clearly visible on the package exterior will be refused.

10.4. Quality Control (QC).

Jeunesse® will replace, within thirty (30) days of purchase, any product found to be defective. However, no product should be returned to Jeunesse® prior to the approval to do so from Jeunesse® Customer Service, whether through a telephone, mail, fax, or email request. In order to assure that replacement product will be issued, strict compliance to the following procedure is required:

1. A written replacement request must be submitted, stating the reason for the request, and accompanied by verification of payment and a copy of the product order form and packing slip.
2. Upon notification Jeunesse® will instruct the distributor where to ship the product and will issue an RMA (Return Merchandise Authorization) number, which must be clearly written on the exterior of the returned package(s). Upon receipt and verification Jeunesse® will ship out the replacement product(s).

10.5 Resignation Returns.

If a distributor wishes to return product purchased for personal use, inventory purposes or sales aids while the Distributor Agreement was in effect, all product in CURRENT, REUSABLE AND RESALABLE condition which has been purchased within twelve (12) months shall be repurchased subject to compliance with the Seventy Percent Rule (see Section 8.5) . The purchase shall be at a price of not less than ninety percent (90%) of the original net cost to the distributor minus any freight charges and commissions paid to the distributor. Any such requests will be considered a resignation of the distributorship.

All international returns must be made within ninety (90) days from the date of purchase and are subject to all other guidelines stated herein.

In the event that inventory is returned that does not meet the above conditions for return, such merchandise will be held for a period of thirty (30) days during which time the distributor has the right to request return of those items. Distributors will pay for all shipping charges. Should this request not be received by the customer service department in the time period noted above, Jeunesse® reserves the right to destroy such inventory without further compensation to that distributor.

**** Where a state or international law is inconsistent with the terms of these Policies, the state or international law will control.****

In order to ensure that a distributor refund is issued in a timely manner, the following steps should be followed:

1. A written request must be submitted, either by fax, postal delivery or email to Jeunesse® customer service, clearly citing the reason for the resignation and for the return of product and/or sales materials.
2. Upon receipt of the proper information, Jeunesse® will instruct the distributor where to ship the products along with the RMA (Return Merchandise Authorization) number, which must be clearly visible on the exterior of all packages. Any return without this information on the outside of the package will be refused without exception. Jeunesse® will issue the refund within approximately thirty (30) days from the date of receipt of the authorized merchandise.

3. The distributor assumes the cost of shipping any merchandise to Jeunesse®.
4. The distributor assumes responsibility for packing and shipping products in a manner that will ensure that it is received in a timely manner and with minimal damage. Jeunesse® will not accept damaged merchandise for refund.
5. Refunds will be issued in the same manner that payment was received. This means that if a credit card was used to place the order, the reimbursement will be issued back to that same card. If the payment was made by check, the refund will be issued in the form of a check.

10.6 Unauthorized Returns.

Should a distributor refuse delivery of any Jeunesse® shipment or request to return any previously purchased product for a refund, such request will be deemed as a voluntary suspension.

10.7 Buyer's Right to Cancel.

Federal law empowers a buyer to cancel certain sales without penalty prior to midnight of the third (3rd) business day following the transaction. This rule covers consumer sales of \$25.00 or more made in the home and from temporary locations (not permanent retail locations). After March 15, 2015, the threshold for consumer sales from temporary locations will increase to \$130.00. Please see the website for the required retail receipt and instructions. In addition, the distributor must orally inform the buyer of the three (3) day right to cancel at the time the buyer signs the contract of sales or purchases the goods.

10.8 Exchanges.

Jeunesse® will not accept product exchanges from distributors.

10.9 Warranties.

Except as expressly stated herein, Jeunesse® makes no warranty or representation as to the merchantability, fitness for a particular purpose, workmanship or any other warranty concerning any product or service purchased from or through Jeunesse®.

EXCEPT AS EXPRESSLY MADE BY JEUNESSE® IN WRITING, JEUNESSE® MAKES NO WARRANTY OR REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, WORKMANSHIP, NON-INFRINGEMENT OR ANY OTHER WARRANTY ARISING BY LAW, STATUTE, USAGE OF TRADE OR COURSE OF DEALING CONCERNING ANY PRODUCT OR SERVICE PURCHASED FROM OR THROUGH JEUNESSE®. TO THE MAXIMUM EXTENT PERMITTED BY APPLICABLE LAW, ALL PRODUCTS AND SERVICES OF JEUNESSE® ARE PROVIDED "AS IS," "WITH ALL FAULTS," AND "AS AVAILABLE." JEUNESSE® DOES NOT WARRANT THAT ITS PRODUCTS OR SERVICES WILL BE COMPATIBLE WITH ANY HARDWARE OR SOFTWARE SYSTEMS OR THAT ON-LINE SERVICES WILL BE UNINTERRUPTED OR ERROR FREE. JEUNESSE® DOES NOT WARRANT THAT ANY WEBSITE OPERATED, SPONSORED OR

HOSTED BY JEUNESSE® OR ANY OF ITS AFFILIATES WILL BE UNINTERRUPTED OR FREE FROM ERROR. JEUNESSE® IS NOT RESPONSIBLE FOR INTERRUPTED, INACCESSIBLE OR UNAVAILABLE NETWORKS, SERVER, SATELLITES AND/OR SERVICE PROVIDERS; OR FOR MISCOMMUNICATIONS, FAILED, JUMBLED, SCRAMBLED, DELAYED OR MISDIRECTED COMPUTER, TELEPHONE OR CABLE TRANSMISSIONS; OR FOR ANY TECHNICAL MALFUNCTIONS, FAILURES OR DIFFICULTIES.

SECTION 11 – GENERAL PROVISIONS

11.1 Record Keeping.

Jeunesse® encourages all of its distributors to maintain complete and accurate records of their business transactions. Jeunesse® may exercise its option to request records relating to retail sales or other matters as described herein or as required by applicable law.

11.2 Amendments.

Jeunesse®, at its discretion, reserves the right to amend the Policies and Procedures as set forth therein, its distributor or suggested retail prices, product availability and formulations, and Rewards Plan, as it deems appropriate without prior notice. Such Policies and Procedures and Rewards Plan modifications, and all changes thereto, shall become a binding part of the Agreement upon publication on the official Jeunesse® website. It is the distributor's responsibility to stay abreast of current and updated information, and Jeunesse® is in no way liable for any distributor's lack of knowledge of the updated and current information. In the event of any conflict between the applicable Agreement and any such amendment, the amendment shall control. If Jeunesse® brochures, product catalogs, price lists, literature, website, fax on demand information, etc. are revised, only the most current version is authorized for use by Jeunesse® distributors.

11.3 Non-Waiver Provisions.

No failure of Jeunesse® to exercise any power under these Policies and Procedures or to insist on strict compliance by a distributor with any obligation to provision herein, and no custom or practice of the parties at variance with these Policies and Procedures, shall constitute a waiver of Jeunesse's right to demand exact compliance with these Policies and Procedures. Waiver by Jeunesse® can be affected only in writing by an authorized officer of Jeunesse®. Jeunesse's waiver of any particular default by a distributor shall not affect or impair Jeunesse's right or obligation of any other distributor, nor shall any delay or omission by Jeunesse® to exercise any right arising from default affect or impair Jeunesse's right as to that or any subsequent default.

11.4 Certain Residents Only.

The following only applies to distributors who are residents of Georgia, Louisiana, Massachusetts, Wyoming, Montana, and other states that may specifically require the following: A distributor in this multilevel marketing plan has the right to cancel at any time regardless of reason. Cancellation must be submitted in writing to Jeunesse® either by postal delivery, fax or through email.

If the distributor had purchased product for administrative services while this Agreement was in effect, taking into consideration any sales made by or through such distributor prior to the notification to Jeunesse® of the election to cancel, Jeunesse® shall repurchase all unencumbered product in reasonable, resalable, or reusable condition that was acquired by the distributor from Jeunesse®. Such repurchase shall be at a price of no less than ninety percent (90%) of the original cost minus any freight charges and commissions paid to that distributor.

The repayment of all administrative fees and services shall be at not less than ninety percent (90%) of the cost to the distributor of such fees and services and shall reflect all administrative services that have not, at the time of resignation, been provided to the distributor. Jeunesse® shall further refund not less than ninety percent (90%) of the cost to the distributor of any other consideration paid by the distributor in order to participate in the program. The distributor will be held responsible for all shipping expenses incurred in returning sales aids or products to Jeunesse®.

11.5 Reporting Policy Violations.

Distributors observing a policy violation by another distributor should submit a written report of the violation to the Compliance Department of Jeunesse®, either through fax, postal delivery or email. Such documents must bear the distributor's signature and Personal Identification Number (PIN). Anonymous complaints will not be accepted under any condition. No telephone calls will be accepted with such matters, as documentation must be presented in writing from both the complaining party(ies) and ultimately from the individual(s) cited for the policy violation. Details of the incident such as dates, number of occurrences, persons involved, witnesses and any other supporting documentation should be include in the report.

11.6 Arbitration.

All disputes and claims relating 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 one (1) arbitrator, an attorney at 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 the 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.

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

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

11.7 Entire Agreement.

This Agreement (comprised of these Policies and Procedures, the Distributor Agreement, and the Rewards Plan, as may exist or hereafter be amended) constitutes the entire agreement of the parties regarding their relationship and the subject matter hereof and related hereto.

11.8 Severability.

If under any applicable and binding law or rule of any applicable jurisdiction, any provision of the Agreement, including these Policies and Procedures, or any specification, standard or operating procedure that Jeunesse® has prescribed is held to be invalid or unenforceable, Jeunesse® shall have the right to modify the invalid or unenforceable provision, specification, standard operating procedure or any portion thereof to the extent required to be valid and enforceable. A distributor shall be bound by any such modification. The modification shall be effective in the jurisdiction on which it is required.

11.9 Limitation of Damages.

To the extent allowed by law, Jeunesse® and its affiliates, officers, directors, employees and other distributors shall not be liable for and each distributor hereby releases the foregoing from, and waives

any claim for loss of profit, incidental, special, consequential or exemplary damages, which may arise out of any claims whatsoever relating to Jeunesse's performance, non-performance, act of omission with respect to the business relationship or other matter between the distributor and Jeunesse® whether in contract, tort or strict liability. Furthermore, it is agreed that any damage to the distributor shall not exceed and is hereby expressly limited to the amount of unsold Jeunesse® product owned by the distributor, which was directly purchased thereby from Jeunesse®, and any commissions or bonuses due.

11.10 Indemnity Agreement.

Each and every distributor agrees to indemnify and hold harmless Jeunesse®, its shareholders, officers, directors, employees, agents and successors in interest from and against any claim, demand, liability, loss, cost or expense including, but not limited to, court costs and attorneys' fees, asserted against or suffered or incurred by any of them, directly or indirectly, arising out of or in any way related to or connected with allegedly or otherwise, the distributor's (a) activities as a distributor; (b) breach of the terms of the Distributor Agreement or these Policies and Procedures; and/or (c) violation of or failure to comply with any applicable federal, state or local law or regulation.

11.11 Force Majeure.

Jeunesse® shall not be responsible for delays or failure in performance caused by circumstances beyond a party's control, such as strikes, labor difficulties, fire, war, government decrees or orders or curtailment of a party's usual source of supply.

11.12 Governing Law.

The Agreement shall be governed by the laws of the State of Florida.

11.13 Authorization to Use Name and Likeness.

By executing the Agreement, each Distributor grants to Jeunesse® and its affiliates and agents the absolute, perpetual and worldwide right and license to use, to record, photograph, publish, reproduce, advertise, display, edit, and sell in any manner for all purposes, his or her name, photograph, likeness, voice testimony, biographical information, image and other information related to Distributor's business with Jeunesse (collectively the "Likeness") in marketing, promotional, advertising and training materials, whether in print, radio or television broadcasts (including cable and satellite transmissions) audio and videotapes on the Internet or in other media ("Publicity Materials") for an unlimited number of times, without compensation, in perpetuity. Each Distributor waives any right to inspect or approve any Publicity Materials including or accompanying his or her Likeness. Each Distributor further releases Jeunesse® from any liability or obligation that may arise as a result of the use of his or her Likeness, including without limitation, claims for invasion of privacy, infringement of right of publicity and

defamation (including libel and slander). A Distributor may withdraw his or her authorization of any use of his or her Likeness that has not already been publicized by providing written notice to Jeunesse. Distributors agree that any information given by Distributor, including his or her testimonial, is true and accurate.

11.14 Privacy.

Distributors must comply with all applicable privacy and data security laws, including security breach notification laws. Distributors must take appropriate steps to safeguard and protect all private information, including, without limitation, credit card and social security numbers, provided by a retail customer, prospective retail customer or other Distributors. Distributors must hold such information in strict confidence. Distributors are responsible for the secure handling and storage of all documents that may contain such private information. Distributors must adopt, implement, and maintain appropriate administrative, technical, and physical safeguards to protect against anticipated threats or hazards to the security of confidential information and customer data. Appropriate safeguards may include, but are not limited to: (i) encrypting data before electronically transmitting it; (ii) storing records in a secure location; (iii) password-protecting computer files, or (iv) shredding paper files containing confidential information or customer data. Distributors should retain documents containing such information for only as long as necessary to complete the transaction. Distributors should dispose of any paper or electronic record containing customer data and other confidential information after use by taking all reasonable steps to destroy the information by: (A) shredding; (B) permanently erasing and deleting; or (C) otherwise modifying the customer data and other confidential information in those records to make it unreadable, unreconstructible, and indecipherable through any means.

11.15 Sales Forces of Other Companies.

Distributors may not target the sales force of another direct sales company to become Distributors or to sell the products of Jeunesse®. Distributors may not encourage members of the sales force of another direct sales company to violate the terms of their contract with such company. Distributors bear the sole risk and sole liability for such activities, which activities are not endorsed or supported by Jeunesse®.

11.16 Survival.

Any provision of the Policies, which, by its terms, is intended to survive termination or expiration of the Agreement shall so survive, including, without limitation, the arbitration, non-competition, non-solicitation, trade secrets and confidential information covenants contained in the Policies.

EXHIBIT F

BUSINESS DEVELOPMENT AGREEMENT

This Business Development Agreement is entered into by and between Jeunesse Global, LLC ("the Company" or "JEUNESSE") and Matthew Nestler (username: matthewn) (collectively referred to as "Distributor") effective March 5, 2014 (the "Effective Date") in which the parties agree as follows:

1.0 RECITALS

1.1 The Company is an international direct selling organization and operates and distributes certain youthful aging products through independent distributors worldwide.

1.2 Distributor will be an independent distributor of the Company who has substantial knowledge and experience in distributing products throughout various international markets through an MLM structure.

1.3 The Company desires to provide additional incentives to Distributor to develop Jeunesse Global business in accordance with the terms and provisions of this Agreement.

1.4 Therefore, for good and valuable consideration, including the promises made by each party and the acts taken in accordance therewith, the receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

2.0 BUSINESS DEVELOPMENT PAYMENT

2.1 Distributor agrees to focus his exclusive full-time efforts to build the Jeunesse market, during the term of this agreement. To support Distributor's efforts in building the markets, the Company will provide additional support as set forth in this agreement.

2.2 Distributor shall receive the following additional support from the Company:

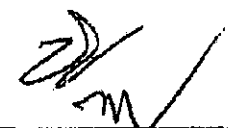
2.2.1 Company will "Top Up"

Distributor's earnings on a monthly basis to \$15,000 (actual support payment \$15,000 less the commissions earned by Distributor during the month) for up to six months, beginning with the month of March, 2014 and ending August, 2014 so long as the Distributor has achieved the following unencumbered personal group sales volumes (unencumbered volume is volume from distributors that are not receiving any support payments from Company):

Month 1	CV 15,000
Month 2	CV 30,000
Month 3	CV 45,000
Month 4	CV 60,000
Month 5	CV 75,000
Month 6	CV 90,000

In the event distributor does not generate the CV required in this paragraph, but produces at least 50% of the required monthly volume, Company shall top up the distributor to the pro rata reduced monthly amount based on the amount of Personally Sponsored Group Volume CV to the required CV set forth herein.

Payments under this paragraph shall be paid by Company to Distributor by the 10th of the following month.



2.2.2 Sponsorship of position keving will be held by company until such time as initial investment is paid back.

2.2.3 Any commissions which exceed \$15,000 per month will be applied to the payback of the initial investment of keving position.

2.2.4 After the payback of the initial investment of keving position, any commissions exceeding \$15,000 per month will be divided equally between Distributor and a position designated by Company to be used as a travel fund for keving downline. Distribution of the payment will be handled by Company.

2.2.5 During the payback period of the initial investment of keving position, Distributor's position (matthewn) will be allowed to cycle from CV generated from position keving.

2.2.6 Position keving will not be considered encumbered volume towards BDA qualification targets.

2.2.7 At the end of the term of the agreement, upon mutual agreement of both parties, agreement may be extended.

2.3 The Company and Distributor also agree to the following provisions:

2.3.1 The Term of this Agreement shall commence on the effective date and continue each month until the occurrence of any one or more of the following acts, events or conditions (hereinafter "Event(s) of Termination"):

2.3.2 Distributor shall commit a material breach of contract by failing to exercise its best efforts to develop Jeunesse Global business,


2.3.3 Distributor shall become bankrupt (or seek protection from creditors), insolvent, defunct, or cease to operate as a going concern, or

2.3.4 Distributor ceases to be an active independent distributor of the Company in good standing.

2.3.5 Distributor violates the Policies and Procedures of Company which results in a termination of the Distributorship position referenced in this agreement.

2.4 Upon the occurrence of any Event of Termination described in subparagraphs 2.3.1 through 2.3.5 (whichever shall first occur), the Company shall have no obligations to Distributor, including any obligation to make any Business Development Payment to Distributor.

2.6 Distributor agrees to work exclusively with Company for a period of one year from the date of execution of this agreement. Distributor agrees to focus his/her exclusive full-time efforts to build the Jeunesse market and cannot either directly or indirectly be a distributor or promote any new MLM or network marketing program during the one year term, regardless of whether Distributor is a distributor with the Company. Distributor may receive compensation from prior involvement with other MLM programs but will not be visible in or actively working as a distributor in them. In the event Distributor violates this provision, Distributor shall owe Company liquidated damages of \$90,000. Distributor will be released of this obligation in the event Company ceases operations prior to Distributor violating the terms of this paragraph.



2.7 Distributor will not violate the terms of any agreements, including but not limited to any non-solicitation and non-compete agreements, in building his Jeunesse organization.

2.8 Distributor is exempted from participating in the certain promotion.

2.9 Distributor will notify the company of his back office user name within 48 hours of his enrollment. This information will be sent via email to darren.jensen@jeunesseglobal.com.

3.0 GENERAL PROVISIONS

3.1 Jeunesse Global LLC and Distributor agree to not disclose the terms of this agreement or the terms of any additional compensation to any third parties.

3.2 This Agreement supersedes all prior agreements and understandings between the parties with respect to its subject matter, whether oral or written or partly oral and partly written, and constitutes a complete and exclusive statement of the terms of the

agreement between the parties with respect to its subject matter. This Agreement may not be amended except by a written agreement signed by the parties.

3.3 Neither party may assign any of its rights under this Agreement without the prior consent of the other party. This Agreement and all of its provisions and conditions are for the sole and exclusive benefit of the parties to this agreement. No third parties are intended to be beneficiaries hereof.

3.4 This Agreement will be governed by the laws of the State of Florida as if it were to be wholly performed within such State.

3.5 The parties agree that the District Court of Seminole County, Florida is the proper venue to resolve any disputes regarding this agreement and the parties consent to this jurisdiction.

Executed by the parties March 5 2014.

THE COMPANY
JEUNESSE GLOBAL, LLC

By: 

Darren Jensen, CSO

DISTRIBUTOR



Matthew Nesler