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KATHY WU AND ALL THOSE
10 SIMILARLY SITUATED

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UNITED STATES DISTRICT COURT

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CENTRAL DISTRICT OF CALIFORNIA, WESTERN DIVISION

14

15

KATHY WU, an individual, and all those
16 similarly situated;

Case No: CV 17-cv-04825-DSF(SS)

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Plaintiff,

**FIRST AMENDED COMPLAINT –
CLASS ACTION**

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v.

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SUNRIDER CORPORATION dba
SUNRIDER INTERNATIONAL, a Utah
21 Corporation; TEI-FU CHEN, an
individual; OI-LIN CHEN, an individual;
22 and DOES 1-10;

[DEMAND FOR JURY TRIAL]

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Defendants.

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1 I. **INTRODUCTION TO THE CASE**

2 1. Sunrider, Inc. (“Sunrider”) and their cohorts represented to Plaintiff
3 that their business opportunity was “unlimited” and that the Plaintiff could
4 formulate her growth for “future financial success” through Sunrider. Plaintiff and
5 hundreds of thousands, have joined Sunrider and became independent business
6 owners.

7 2. Sunrider targets Chinese-American immigrants who do not have
8 regularly available legal channels to vindicate their legal rights, and in hope of
9 selling “wonder” products to their relatives in China. Further, these connections
10 help Sunrider connect to billions of potential victims thousands of miles away in
11 China, a Country that Sunrider is well aware, prohibits multi-level marketing.

12 3. Plaintiff did not make money as promised. As with the case of
13 hundreds of thousands of Sunrider independent business owners (hereafter defined
14 as “distributors” or “IBO’s”) before and after her, the Plaintiff failed. The Plaintiff
15 failed even though she was committed and put in the time and effort. Plaintiff and
16 the class members failed because they were doomed from the start by a Sunrider
17 marketing plan that systematically rewards recruiting Distributors over the sale of
18 products.

19 4. Over 90% of Sunrider Distributors average net losses. No persons,
20 except Individual Defendants and secretly placed individuals into the
21 “representative” tiers of the company, makes any money. Meanwhile, Sunrider is
22 estimated to earn over \$225,000,000 per year, but Sunrider does not disclose
23 financial so the amount could be greater, and gross revenues globally may be as
24 high as \$1 billion dollars, per year.

25 5. Defendants run an illegal pyramid scheme. Defendants take money in
26 return for the right to sell products, and reward for recruiting other participants into
27 the pyramid.

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1 6. Accordingly, Plaintiff, for herself, all others similarly situated, and the
2 general public, alleges:

3 **II. TYPE OF ACTION**

4 7. Plaintiff sues for herself and for all persons who were Sunrider
5 participants from 2007 until the present under California’s Endless Chain Scheme
6 Law (California’s Penal Code § 327 and California Civil Code § 1689.2),
7 California’s Unfair Competition Law (Business and Professions Code §17200 et
8 seq.), False Advertising Law (Business and Professions Code §17500), and Federal
9 Securities Law (5 U.S.C. § 78j(b) [Section 10b] and 17 C.F.R. § 240.10b-5 [Section
10 10b-5] against all defendants for the operation and promotion of an inherently
11 fraudulent endless chain scheme.

12 **III. PARTIES**

13 8. Plaintiff Kathy Wu (“Wu”), is and at all relevant times, has resided in
14 the County of Los Angeles.

15 9. Defendant Sunrider Corporation dba Sunrider International is a Utah
16 Corporation with its principal place of business in Torrance, CA (“Sunrider”) that
17 operates and manages the pyramid scheme in California. Sunrider’s manufacturing
18 facilities are also in Torrance, CA.

19 10. Defendant Tei-Fu Chen (“Tei-Fu”) is a natural person who upon
20 information and belief, resides in the City of Ranchos Palos Verdes, County of Los
21 Angeles, State of California. Tei-Fu is an upper level executive officer of Sunrider
22 and its most vocal proponent. According to Sunrider’s website, Tei-Fu runs
23 Sunrider. He is at or near the top of the pyramid operated and promoted by the
24 Defendants, and he actively participates in, promotes, and profits from Sunrider’s
25 pyramid scheme.

26 11. Defendant Oi-Lin Chen (“Oi-Lin”) is a natural person who upon
27 information and belief, resides in the County of Los Angeles, State of California.
28 Oi-Lin is the wife of Tei-Fu and the Chief Executive Officer for Sunrider.

1 According to Sunrider’s website, Oi-Lin runs Sunrider. She is at, or near, the top of
2 the pyramid operated and promoted by the Defendants, and she actively participates
3 in, promotes, and profits from Sunrider’s pyramid scheme.

4 12. Tei-Fu and Oi-Lin are collectively referred to as the “Individual
5 Defendants.”

6 **IV. JURISDICTION AND VENUE**

7 13. The Plaintiff disputes jurisdiction based on a clause in a distributor
8 agreement and business guide providing that Sunrider consents to jurisdiction in the
9 Los Angeles County Superior Court from which this case was removed. A motion to
10 remand is pending before this Court, based on Plaintiff’s contention. Other than this
11 contention, and with reservations that removal jurisdiction is improper, jurisdiction is
12 otherwise proper in this Court.

13 14. Venue is proper in this Court because a substantial part of the events or
14 omissions giving rise to Plaintiff’s claims occurred here, a substantial part of the
15 property that is the subject of this action is situated here, and Defendants are subject
16 to personal jurisdiction in this District.

17 15. Defendant Sunrider is subject to the jurisdiction of this Court. Sunrider
18 has been engaged in continuous and systematic business in California. In fact, many
19 of Sunrider’s representative business activities originate from California.

20 16. Sunrider has committed tortious acts in this State.

21 17. Each of the Defendants named herein acted as a co-conspirator, single
22 enterprise, joint venture, co-conspirator, or alter ego of, or for, the other Defendants
23 with respect to the acts, omissions, violations, representations, and common course
24 of conduct alleged herein, and ratified said conduct, aided and abetted, or is other
25 liable. Defendants have agreements with each other, and other unnamed Director
26 co-conspirators and have reached agreements to market and promote the Sunrider
27 pyramid as alleged herein.

28

1 18. Defendants, along with unnamed Director co-conspirators, were part of
2 the leadership team that participated with Sunrider, and made decisions regarding:
3 products, services, marketing strategy, compensation plans (both public and secret),
4 incentives, contests and other matters. In addition, Defendants and unnamed co-
5 conspirators were directly and actively involved in decisions to develop and amend
6 the compensation plans.

7 19. Plaintiff is presently unaware of the true identities and capacities of
8 fictitiously named Defendants designated as DOES 1 through 10, but will amend this
9 complaint or any subsequent pleading when their identities and capacities have been
10 ascertained according to proof. On information and belief, each and every DOE
11 defendant is in some manner responsible for the acts and conduct of the other
12 Defendants herein, and each DOE was, and is, responsible for the injuries, damages,
13 and harm incurred by Plaintiff. Each reference in this complaint to “defendant,”
14 “defendants,” or a specifically named defendant, refers also to all of the named
15 defendants and those unknown parties sued under fictitious names.

16 20. Plaintiff is informed and believes, and thereon alleges that, at all times
17 relevant hereto, all of the defendants together were members of a single association,
18 with each member exercising control over the operations of the association. Each
19 reference in this complaint to “defendant,” “defendants,” or a specifically named
20 defendant, refers also to the above-referenced unincorporated association as a jural
21 entity and each defendant herein is sued in its additional capacity as an active and
22 participating member thereof. Based upon the allegations set forth in this Complaint,
23 fairness requires the association of defendants to be recognized as a legal entity, as
24 the association has violated Plaintiff and Class Members’ legal rights.

25 21. Plaintiff is further informed and believes and thereon alleges that each
26 and all of the acts herein alleged as to each defendant was authorized and directed by
27 the remaining defendants, who ratified, adopted, condoned and approved said acts
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1 with full knowledge of the consequences thereof, and memorialized the authority of
2 the agent in a writing subscribed by the principal.

3 22. Plaintiff is informed and believes and thereon alleges that each of the
4 defendants herein agreed among each other to commit the unlawful acts (or acts by
5 unlawful means) described in this Complaint.

6 23. The desired effect of the conspiracy was to defraud and otherwise
7 deprive Plaintiff and Class Members (as hereinafter defined) of their constitutionally
8 protected rights to property, and of their rights under other laws as set forth herein.
9 Each of the defendants herein committed an act in furtherance of the agreement.
10 Injury was caused to the Plaintiff and Class Members by the defendants as a
11 consequence.

12 **V. FACTS**

13 **A. Sunrider Operates A Pyramid Scheme**

14 24. Sunrider was founded in 1982 by Tei-Fu Chen (“Tei-Fu”). In the late
15 1980’s, the company moved its headquarters to the Los Angeles area and Tei-Fu co-
16 operated Sunrider with his wife, Oi-Lin Chen (“Oi-Lin”).

17 25. The name “Sunrider” according to Tei-Fu, derives from his belief that
18 “if you ride the sun, the day will never end.”

19 26. Sunrider markets herbal products such as diet pills, teas, and health
20 snacks.

21 27. In 1995, Sunrider, Tei-Fu, and Oi-Lin were charged with orchestrating
22 a massive tax and customs fraud scheme to evade tens of millions of dollars in taxes.
23 Tei-Fu and Oi-Lin were indicted by a Federal grand jury in a 20-count indictment
24 charging them with conspiracy, tax evasion, filing of false corporate tax returns, and
25 smuggling. <http://caselaw.findlaw.com/us-9th-circuit/1368185.html>.

26 28. In 1997, the Chens entered into a plea bargain, under which Tei-Fu
27 served approximately one year in prison, and Oi-Lin served six months home
28 detention.

1 29. Tei-Fu gave an interview for the Peninsula People about his experience
2 in prison and MLM, Volume XVII, Issue 4, October 2013 posted on Sunrider’s
3 website at <http://www.sunrider.com/Archive/News/201312/Images/World4-1.pdf> ,
4 wherein Tei-Fu stated: “I figured the chances in court for rich people in this area
5 weren’t good, especially with my own family, my sister, being a witness for the
6 government.” The article further reports: “[a]nother decision reached in prison [by
7 Tei-Fu] was to abandon multi-level marketing system in China in favor of retail
8 stores. In 1996, [Tei-Fu] said China sales approached \$1 billion annually. But the
9 Chinese government had begun imposing restrictions on multi level marketing
10 because of industry-wide abuses.” In connection with this matter, Tei-Fu was
11 interviewed as stating: “Multi-level marketing became a dirty business so we
12 decided to stop it totally.” Despite the fact Tei-Fu ostensibly discontinued multi-
13 level marketing in China because it was dirty, he continues to operate in this fashion
14 in California, the United States, and around the World (even in China through
15 Chinese citizens and Chinese-Americans residing in the United States).

16 30. In 1992, a jury in Phoenix, Arizona, concluded that Sunrider had
17 violated Arizona’s racketeering laws and out of court, Sunrider settled for \$650,000
18 to a woman who claimed that Sunrider products have had a negative effect on her
19 health.

20 31. From Sunrider’s illicit gains made through this pyramid scheme, the
21 Defendants purchased the 297 room SLS Beverly Hills located at 465 S. La Cienega
22 Blvd., Beverly Hills for about \$195,000,000 million. (*See* Fig. No. 1).

23 FIGURE NO. 1



1 32. To sign up as a Sunrider IBO/distributor, an enrollee must pay a start-
2 up kit fee of approximately \$100.00 to \$150,00, and each year a renewal fee.
3 Further, the distributor must pay approximately \$600 to \$650 per year in purchase of
4 products, which no consumer could possibly consume.

5 33. Sunrider pays to an infinite level deep with the downline. In other
6 words, for every dollar earned below, the illicit profits are spread up through the
7 entire pyramid.

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

11 **B. How Sunrider Perpetuates Its Pyramid Scheme**

12 35. Sunrider touts in its marketing materials, do not join a rideshare service
13 like Uber as a driver, but instead introduce friends to Sunrider (which is passive
14 because one doesn't have to work all day).

15 36. Sunrider claims and represents that its income potential is "unlimited"
16 and one can even earn income "while they sleep." Sunrider made these
17 representations to Plaintiff and the class by mail and/or e-mail, and/or the world-
18 wide web, and/or seminars like those pictured in Figure No. 2, implying to recruits
19 that making money was easy and did not require much work.

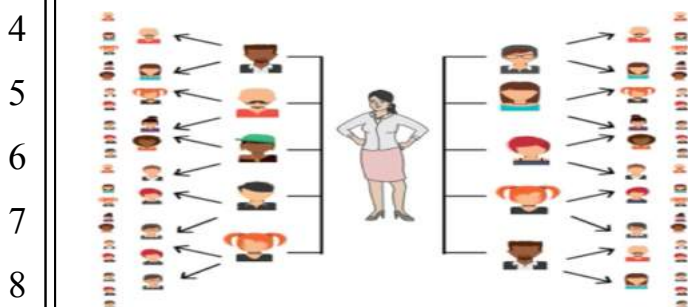
20 FIGURE NO. 2



25 37. Sunrider represents itself as the "answer" that can reward a common
26 person with luxury cars, houses, and travel around the world. Sunrider further
27 markets and represents that its sales are based on recruitment, not the sale of
28 products by showing Plaintiff and the other victims, the following chart depicted in

1 Figure No. 3, implying that money is made based on the friends people have and
2 those they know.

3 FIGURE NO. 3

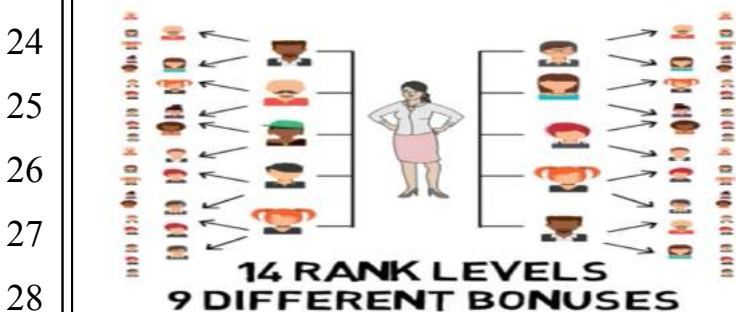


9 38. Sunrider represents to Plaintiff and the Class, that every dollar made in
10 the marketing organization (i.e. throughout the entire pyramid) accrues to the top of
11 the pyramid’s benefit. If everybody in your downline is doing this, your potential is
12 unlimited. Sunrider represents to Plaintiff that business can be passed on to
13 generations. “You don’t just make money on sales, *but on developing your*
14 *business.*” “This income can put you in the top 10% of income in the United States.”
15 “If you ride the sun, the day will never end.”

16 39. Further, according to Tei-Fu and Sunrider, “wealth is nothing without
17 health and health is nothing without wealth.” Tei-Fu preys on the false health
18 propieties of the products manufactured to get victims to join. Tei-Fu and Sunrider
19 represent that Sunrider is “run by a family of experts.”

20 40. Sunrider represented to Plaintiff that a distributor can climb through 14
21 rank levels and receive 9 different bonuses by recruiting more distributors.

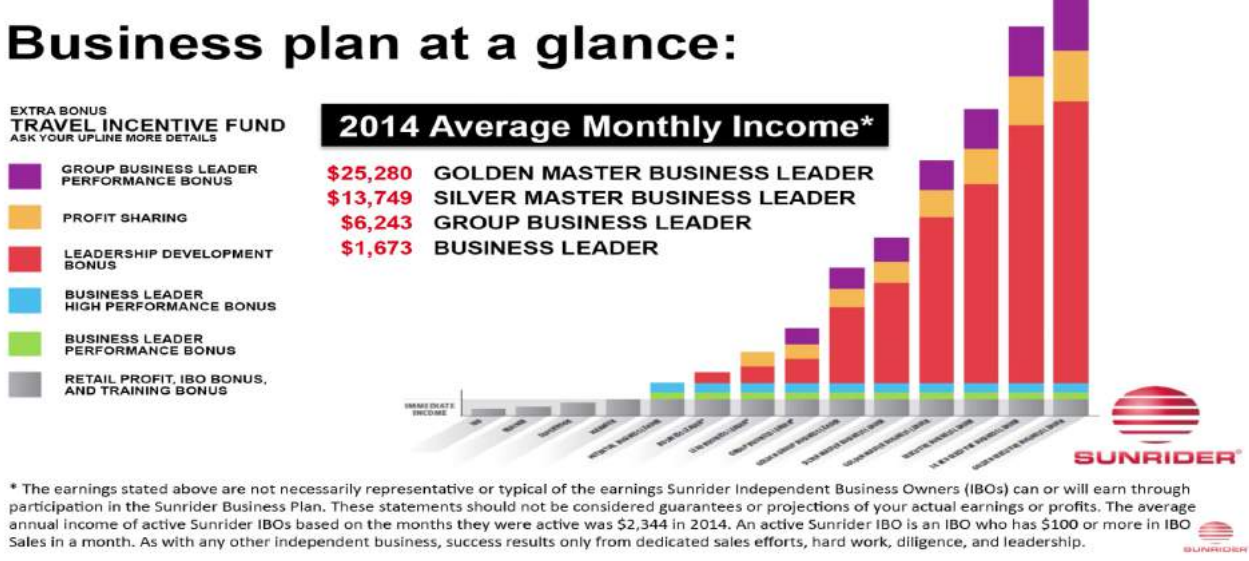
22 FIGURE NO. 4



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41. Sunrider makes false and misleading claims to Plaintiff, class members, and prospective distributors regarding income. The below chart implies that Sunrider distributors earn significant income and that advancing in Sunrider is achieved the more time one commits. In fact, more than 90% of all members of Sunrider fail and do not earn any income, and the chart in Figure No. 5 falsely implies the income potential for those victims who join.

FIGURE NO. 5



42. Sunrider falsely claims that with its business opportunity, there is “no big start-up costs,” “no big inventory,” “no commitment,” “no overhead,” “no sales experience,” and “flexible hours.” (See Figure No. 6). In fact, the business requires all of the above.

FIGURE NO. 6

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43. Sunrider represents and marketed to Plaintiff, to class members, and proposed recruits that one of its lawyers, Brandon L., experienced success using Sunrider weight loss products and lost 33 pounds as a result of using those products. (See Figure No. 7).

FIGURE NO. 7



44. From 2014 through 2017, Sunrider and Tei-Fu made false claims about the health benefits of Sunrider’s products to Plaintiff and the classes, representing that the “pH balance” of a product creates health benefits for the skin (even though it does not), that oil that competing companies use for skin care product is the same oil that is in your vehicle (even though this is transparently false), that the more oil a product has, the less water your skin will have (which is scientifically false), that using oil based products creates a layer on your skin that prevents your skin from being hydrated (another false statement), that Sunrider’s tooth paste is the only tooth paste on the market that is not poisonous (which is false), that by using *other*

1 companies' products, the skin will be thinner and thinner. Tei-Fu also falsely claims
 2 "pay attention, the thinner the skin you have the worse off you are," "the thicker the
 3 skin you have, the harder it is to get old and get wrinkles. "You can make your skin
 4 as thick as the great wall, and you can live forever." With "fruit and vegetable
 5 rinse" 100% of the pesticides are gone. Put your hands in only 5 seconds, all germs
 6 are gone, and this "rinse" provides better benefit than typical soap. "I carry the rinse
 7 with me everywhere I go and can't leave home without it. I use this fruit and
 8 vegetable rinse for my personal showering." "I spray the fruit and vegetable rinse in
 9 the cabin of the airplane on a flight, and all germs on the entire plane are gone."
 10 "The germs cannot get to me with this spray." "This is my greatest invention." All
 11 these statements Tei-Fu made are false. The false statements were further made in
 12 the attached figure that was provided to Plaintiff and the Class. (See Figure No. 8).
 13 FIGURE NO. 8

14 **Our skin is the largest organ in our bodies. It is the**
 15 **first step to protecting our bodies' environments.**

16 Sunrider® skin care products
 17 nourish and cleanse with the
 18 highest quality **herbal essential**
 19 **oils and plant-based ingredients.**

19 They are **pH balanced**
 20 to protect our skin.

21 They contain no **petroleum**
 22 **byproducts or animal oils,**
 23 **which pollute our bodies.**



24 45. Sunrider makes further false income claims to Plaintiff and the Classes
 25 as follows based on part time work, *i.e.* that income can be earned now:
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FIGURE NO. 9



**YOU CAN
START MAKING
\$5,000,
\$10,000
OR MORE PER MONTH,
PART TIME, NOW!***

* The earnings stated above are not necessarily representative or typical of the earnings Sunrider Independent Business Owners (IBOs) can or will earn through participation in the Sunrider Business Plan. These statements should not be considered guarantees or projections of your actual earnings or profits. The average annual income of active Sunrider IBOs based on the months they were active was \$2,344 in 2014. An active Sunrider IBO is an IBO who has \$100 or more in IBO Sales in a month. As with any other independent business, success results only from dedicated sales efforts, hard work, diligence, and leadership.

46. Sunrider further represented to Plaintiff in its marketing and presentation materials, that success is based on recruitment, and that the potential is unlimited. (See Figure No. 10).

FIGURE NO. 10

The Power of 15 Minutes

Spend 15 minutes connecting with 2 people every day, sharing the Sunrider opportunity. You'll reach over 700 people in a year!

If everybody does this, the potential is unlimited.



47. Sunrider also claimed to Plaintiff that through duplication, i.e. recruiting, a distributor can make over "\$530,000 in just 30 days."

FIGURE NO. 11

But our business opportunity is based on the Power of Duplication.

Would you rather take \$1 and double it every day for 30 days?

If you chose to double your money, you would end up with \$530,000,000 instead of \$300,000.

Day 1 – \$1
Day 2 – \$2
Day 3 – \$4
Day 4 – \$8
Day 5 – \$16
Doubling every day

OVER \$530,000,000 IN JUST 30 DAYS



48. Sunrider pays to an infinite level deep with the downline. In other words, for every dollar earned by a distributor for start up-fees, all those lines above the person on the pyramid receive revenues from the person being enrolled.

49. On May 30, 2017, Plaintiff caused to be submitted to the Defendants, via certified mail, her Consumer Legal Remedies Act Letter pursuant to California Civil Code § 1750 *et seq.* No corrective action has been taken by Sunrider in the 30-day period under the California Civil Code.

50. According to a former employee of Sunrider, who posted on Glassdoor.com on January 27, 2016, this company is “based on a sleazy pyramid scheme...advice to management...stop changing the business plan and making it difficult for your sales reps to succeed-it makes the company seem untrustworthy.” Other former employees have said that there are cameras everywhere and as for the environment – “there is a culture of fear and paranoia throughout every dept.” Finally, according to another employee of Sunrider who made a post on Glassdoor.com on December 26, 2014, Sunrider still manufactures cosmetics with chemicals that have been known for a long time to be harmful.

D. Sunrider Encourages Inventory Loading

1 51. Sunrider encourages Distributors to recruit and to inventory load
2 through its wholesale commissions.

3 52. The prospect of wholesale commissions encourages recruiting: the
4 more recruits a Distributor has, the more potential there is for a wholesale
5 commission. The prospect of wholesale commissions also encourages Distributors
6 to purchase product they do not otherwise need or want to increase their points so
7 that they can be eligible for greater discounts and thus, greater wholesale
8 commissions. This is particularly exemplified by the fact that Sunrider's products
9 are very expensive. For instance, a tube of toothpaste sells on Amazon for \$22.00.

10 53. There are very few retail purchases made at Distributors' sites. These
11 are Sunrider webpages that allow retail customers to order directly from Sunrider
12 and attribute the purchase to a particular distributor (much like a customer informing
13 the cashier at a department store which clerk helped him find the sweater he is
14 purchasing). The customer does not receive a discount for purchasing through a
15 particular Distributor's Microsite, so the customer has little incentive to order
16 through the Microsite. As for the Distributors, they will want to make retail sales
17 directly to retail customers so they can offload product that they have already
18 purchased from Sunrider. In addition, for reasons described herein, few profitable
19 retail sales are made at all, via the sites or otherwise. Thus, retail sales through a
20 Distributor's site is not a reliable source of points.

21 54. The only reliable source of points for the majority of Distributors is
22 their own purchases. Purchases for normal consumption will be insufficient to meet
23 the thresholds required to qualify for bigger discounts. Thus, Sunrider's wholesale
24 commissions financially incentivize the Distributors to inventory load to make
25 purchases; not for the purpose of fulfilling retail demand, and not to satisfy their
26 normal desire for nutritional supplements and health products, but rather so that they
27 can increase their points, qualify for greater discounts, and qualify for wholesale
28 commissions. Moreover, as discussed above, every form of compensation paid by

1 Sunrider incentivizes recruiting - bringing more Distributors into the scheme. In
2 fact, Wholesale Commissions, Overrides, and Leadership Bonuses are payable only
3 if a Distributor has recruited new Distributors. Thus, just like a classic pyramid
4 scheme, the Sunrider scheme requires participants to put money into the scheme and
5 rewards participants who bring in new participants.

6 **E. Distributors Are Unable To Sell Sunrider Products For A Profit**

7 55. Distributors are unable to consistently sell Sunrider products for a
8 profit for many reasons. First, the products are overpriced. Interchangeable products
9 are available online or in brick-and-mortar stores for amounts far less than
10 Sunrider's suggested retail price, and even lower than its wholesale prices.

11 56. Second, Sunrider's products themselves are available online for the
12 wholesale price or less. That these products are sold at or below the advisor price
13 makes it difficult for Distributors to sell the products for a profit. Sunrider may have
14 taken action to reduce resales, but the fact remains that Sunrider products are
15 available below the discount prices. Moreover, many of these sales are likely made
16 by current or former Distributors desperately trying to offload excess product at
17 whatever price they can get, which further supports the propositions that
18 Distributors Inventory Load and that the Sunrider products are overpriced.

19 57. Third, Sunrider prohibits Distributors from selling the products in the
20 only forum for a where Distributors could reasonably expect to sell enough product
21 to make a meaningful profit: the internet. Some examples of these prohibited
22 websites include, but are not limited to: eBay, Amazon or Craigslist. In addition,
23 Sunrider forbids its Distributors from selling Sunrider products at almost all brick-
24 and-mortar establishments. Sunrider seeks to limit the Distributors to one-on-one
25 situations in private locations (such as the Distributor's or a friend's home), but
26 achieving significant, profitable retail sales by this method is extremely difficult.

27 58. Plaintiff does not contend that Distributors make no retail sales at all.
28 But Plaintiff does allege that relatively little of the revenues received by

1 Distributors—including both money paid them by Sunrider and proceeds from retail
2 sales—comes from retail sales, and the vast majority comes from Distributors’
3 payments to Sunrider. Thus, the Distributors are primarily feeding off each other.

4 59. Sunrider also makes false and/or inadequate income disclosures in that
5 in many instances, it does not disclose income of those who are distributors, or
6 provides statements of income that are false, and/or misleading, that affirmatively
7 represent a profitable business opportunity, when there is none.

8 60. Because Sunrider pays the people at the top of the pyramid exorbitant
9 incomes and because little non-Distributor money comes into the scheme to pay
10 Distributors, the Distributors at the bottom of the pyramid must lose money. These
11 losses are borne out by Sunrider’s own financial disclosures and the experiences of
12 the Plaintiff and multiple other Distributors.

13 **F. The Individual Defendants and Sunrider Promote the Pyramid**
14 **Scheme**

15 61. The Individual Defendants are persons at the top of Sunrider’s pyramid.
16 All of the Individual Defendants achieved ranks of top executive. They are in the top
17 1% of Distributors who make the most lucrative bonuses. They actively participate in
18 the Sunrider pyramid scheme, and they profit from the compensation plan at the
19 expense of the vast majority of Distributors.

20 62. Sunrider and the Individual Defendants promote the pyramid scheme
21 and make misleading claims of financial success and make false claims about the
22 health benefits of the products.

23 63. Sunrider’s officers and directors are critical to its business operations
24 and they have direct roles and involvement in implementing Sunrider’s business
25 plan, which has at its core the IBO program and recruiting for the endless chain.

26 64. Defendant Tei-Fu is the founder, and board member for Sunrider, and
27 contrived, prepared, set up, and developed the structure and parameters of the IBO
28 program, and the IBO endless chain scheme alleged herein above. As a top

1 executive, visionary leader, and member of the Board for Sunrider, Tei-Fu has been,
2 and is currently responsible for operating the Sunrider endless chain scheme and
3 directing others on the operation of the Sunrider endless chain scheme. Tei-Fu is
4 also the very public face of Sunrider. Promotional materials describe Tei-Fu as the
5 leader of the Sunrider opportunity. Tei-Fu's photograph and biography are
6 prominently placed on Sunrider's website and Sunrider's product brochures,
7 promotional materials, and documents with Tei-Fu's information is provided to
8 recruits. Tei-Fu travels extensively on behalf of Sunrider to regularly give speeches
9 and make appearances at seminars and other events for Sunrider affiliates and
10 recruits, all the while touting the benefits and opportunities for affiliates under the
11 Sunrider program. It also represented that Tei-Fu is a resident Doctor and he
12 regularly speaks not only of the business opportunities, but the health benefits of the
13 products involved.

14 65. Defendant Oi-Lin is a co-founder of Sunrider and the chief executive
15 officer and member of the Board of Sunrider. Oi-Lin is a licensed medical doctor
16 and president of Sunrider International, as listed on the website
17 www.sunrider.com/Eng/Company/Founders. Oi-Lin runs the day-to-day operations
18 of Sunrider. She guides the industry, and the operations of the business recruiting
19 plan through her leadership. As a top executive, visionary leader, and member of
20 the Board for Sunrider, Oi-Lin has been, and is currently responsible for operating
21 the Sunrider endless chain scheme and directing others on the operation of the
22 Sunrider endless chain scheme. The Sunrider marketing materials further represent:
23 "Dr. Tei-Fu Chen is a world renowned herbalist, with a degree in pharmacy. Dr. Oi-
24 Lin Chen is a gifted medical doctor. They are experts in the health and wellness
25 industry and highly regarded business pioneers."

26 66. In coordination with Sunrider, the Individual Defendants have flooded
27 the internet with promotional materials designed to lure in new Distributors. Sunrider
28 and Individual Defendants promote the scheme as a lawful program that, with

1 sufficient hard work, virtually guarantees financial success. Sunrider and the
2 Individual Defendants promote Sunrider as a reliable source of significant income.

3 67. To sell the financial- success promise, Sunrider and the Individual
4 Defendants flaunt the wealth of the highest-ranked Distributors and those few insiders
5 at the top of the pyramid, as examples of the riches that await new participants.

6 68. Each of the Individual Defendants have produced videos and made
7 statements via the internet knowingly promoting Sunrider’s pyramid scheme and
8 touting the financial rewards supposedly available to participants. Each of these
9 statements furthered the pyramid scheme by encouraging persons to become
10 Distributors and by encouraging Distributors to remain Distributors and pursue the
11 Sunrider business opportunity.

12 69. The similarity of the statements made by the Individual Defendants
13 indicate a collusive effort to promote the Sunrider scheme.

14 70. In addition to the statements pled *infra*, Tei-Fu and Oi-Lin also represent
15 the opportunity publicly via youtube videos and other medium as follows: “the key to
16 the business is that downline will become master. Encourage downline to see big,
17 instead of seeing small. They should see as big as possible. Costs you nothing more.
18 It is free. We all need to have a crazy idea in our head – to think crazy big.” The
19 Individual Defendants further represent that people should “change our heads and
20 change our minds” that this is a “World class business opportunity” and that “if you
21 are rich, nothing is expensive.” “The only way we can be rich is to teach other
22 people to be richer. Have you ever thought about getting a private jet? Control your
23 destiny with Sunrider. One for me, one for my wife, one for everybody. The world
24 is unlimited.” Tei-Fu and Oi-Lin also downplay a person joining Uber: “Guy joined
25 Uber- what else can you do? Just driving around? Feel sorry for him. Control your
26 own destiny. Lets think we can make multimillion a year. Let’s think we can do the
27 anything. That we can be master. Penetrate your crazy idea to your friend, family,
28 downline, and get everybody to think crazy like you. You will then have an

1 amazing result. No time limit with Sunrider. You are the leader, you are not
2 ordinary people. I know not everybody can come. All your dreams will become
3 reality. Opportunity is everywhere. You have to get up, and take it.”

4 71. The Individual Defendants aided and abetted the torts listed in this
5 FACAC because they knew that Sunrider’s conduct constitutes a breach of duty and
6 gives substantial assistance or encouragement to the other to so act.

7 72. Each of the individual defendants reviewed the business plan, the
8 website of Sunrider, the financials, and recognized that the business plan constitutes
9 a pyramid scheme.

10 73. The Individual Defendants were also facilitating orders for an unlawful
11 pyramid scheme and that Sunrider’s website made false, misleading, and deceptive
12 claims and engaged in unfair business practices.

13 74. The Individual Defendants knew that the money being paid by the
14 consumers was for the purposes of participation in the endless chain.

15 75. Each of the Individual Defendants authorized Sunrider to configure
16 their site and marketing materials so consumers would rely on their representations.

17 76. Each of the Individual Defendants did this with the knowledge and
18 specific intent of aiding and abetting and facilitating Sunrider’s endless chain
19 pyramid scheme, Sunrider had hoped and believed that by allowing Sunrider to take
20 credit card orders, more persons would be able to participate in the illegal pyramid,
21 resulting in more revenue for themselves. The Individual Defendants also realized
22 that by providing their services to Sunrider, this would lend an aura of respectability
23 and further encourage participation.

24 77. Each of the Individual Defendants had the specific intent to facilitate
25 the wrongful conduct of Sunrider. The Individual Defendants had a conscious
26 decision to participate in tortious activity for the purpose of assisting another in
27 performing a wrongful act.
28

1 78. The Individual Defendants each acted with specific intent of aiding and
2 abetting and facilitating Sunrider’s illegal pyramid business practices.

3 79. The similarity of the statements made by the Individual Defendants
4 indicates a collusive effort to promote the Sunrider scheme. The following paragraphs
5 set forth just a small subset of publicly broadcast statements made by the Individual
6 Defendants to promote the Sunrider “business opportunity.”

7 **G. Plaintiff Is A Victim Of The Defendants’ Pyramid Scheme**

8 80. Wu became a Sunrider Independent Business Owner (“IBO” or
9 sometimes referred to in the FACAC as “Distributor”) in November of 2007.
10 Initially in 2007, Wu purchased the starter pack of approximately \$150, and paid
11 approximately \$650 towards the mandatory purchase of products required to be a
12 Distributor.

13 81. In each individual year from 2008 to 2013, WU became an IBO of
14 Sunrider because either she or her upline Julie Tat, paid the renewal fee and/or
15 purchased the minimum products from Sunrider each year on account of Sunrider’s
16 endless chain account with Plaintiff Wu. During the years of 2008 to 2013, Wu paid
17 Sunrider approximately \$1,500 towards the Sunrider opportunity, in addition to the
18 approximate amount of \$800 paid in 2007. Wu continued to make efforts to sell
19 products for Sunrider from 2007 to 2013, but received no revenues for these efforts.

20 82. On or about June of 2014, Wu became an IBO by renewing her Sunrider
21 distributorship and Wu paid \$600 for product to become an IBO for Sunrider.

22 83. On or about June of 2014, Sunrider elevated Wu’s rank within the
23 Sunrider organization from IBO to “Trainer” and paid her \$29.70 on account of the
24 business opportunity.

25 84. The Business Guide provides as follows regarding advancing in the
26 various levels of Sunrider and the ranks. Specifically, the Business Guide provides as
27 follows:
28

1 IBOs who want to advance in rank must meet the following Personal, Personal Group, and
 2 accumulation requirements. As your Personal Group increases in size, you will have enough sales
 3 volume to achieve the Business Leader rank. The best ways to increase your Personal Group sales
 4 volume are through increasing your Member base, sponsoring new IBOs, and training your
 5 downline to do the same.

6 **Trainer** is an IBO who has qualified by accumulating \$500 in Personal Group IBO Sales (PGIBO
 7 Sales) since joining as an IBO, and thereafter at least \$200 Personal IBO Sales (PIBO Sales) during
 8 the month of qualification.

9 **BUSINESS GUIDE, P. 6.**

10 **IBO Bonus – 20% of Personal Group IBO Sales**

Your Rank	IBO	Trainer	Supervisor	Manager	Potential Business Leader	Business Leader
Member	20% Retail Profit	Retail Profit +5% IBO Bonus	Retail Profit +10% IBO Bonus	Retail Profit +15% IBO Bonus	Retail Profit +20% IBO Bonus	Retail Profit +20% IBO Bonus
IBO	One-time Training and Retail Bonus on new IBO	+5% IBO Bonus	+10% IBO Bonus	+15% IBO Bonus	+20% IBO Bonus	+ 20% IBO Bonus
Trainer		Helps accumulate PGIBO Sales	+5% IBO Bonus	+10% IBO Bonus	+15% IBO Bonus	+15% IBO Bonus
Supervisor			Helps accumulate PGIBO Sales to qualify	+5% IBO Bonus	+10% IBO Bonus	+10% IBO Bonus
Manager				Helps accumulate PGIBO Sales to qualify	+5% IBO Bonus	+5% IBO Bonus
Potential Business Leader					Helps accumulate PGIBO Sales to qualify	Helps accumulate PGIBO Sales and earn Performance Bonus.

11 **BUSINESS GUIDE, P. 10.**

12 85. From on or about 2015 to 2017, and each year during this period, the
 13 minimum products were purchased on account of Wu’s endless chain account, such
 14 that Wu became a distributor of Sunrider in 2015, 2016, and 2017. Wu continued to
 15 make efforts in 2015 , but did not earn any revenue from the opportunity.

16 86. The Business Guide contemplates the term of the distributorship and
 17 renewal as follows: “**Duration of Account and Renewal:** Duration of Account and
 18 Renewal Unless terminated by the account holder or Sunrider, all active accounts
 19 are limited to a term of twelve months and will be automatically renewed every
 20 twelve months thereafter.” Business Guide, ¶ 7.

21 87. At no time has Plaintiff Wu’s distributorships from 2007 to 2017 been
 22 terminated and/or not renewed, nor has any notice been given by Sunrider that any
 23 distributorship from 2007 to 2017 has been terminated and/or not renewed.

24 88. In June of 2017, Defendants caused to be issued to Wu a check for what
 25 they characterized as a credit balance, which was payment on account of the endless
 26 chain account they had with Wu. The check was not deposited.

27 89. In total, Plaintiff Wu paid Sunrider approximately \$3,000 towards this
 28 opportunity. Other than this check for \$19.63 (which was not cashed) and the check

1 received in June of 2014 for approximately \$30.00, Plaintiff Wu received no
2 revenues or earnings from Sunrider on the distributorship opportunity.

3 90. From 2007 through 2017, Wu received invoices, receipts, statements,
4 open accounts, checks, statements, and transactional documents reflecting her
5 continued participation in Defendants' endless chain. Through the present date,
6 credits have remained on account of Defendants' distributor endless chain account
7 with Wu.

8 91. Sunrider through itself and the Defendants, and Wu's upline Julie Tat,
9 actually made the representations (or in similar form) as reflected in ¶¶ 34-46 of this
10 FACAC in written presentations, disclosures, online materials, online, orally, at
11 various times in 2007, 2008, 2009, 2010, 2011, 2012, 2013, 2014, 2015, 2016.
12 Sunrider also made income and other business representations to Wu, as reflected in
13 exhibits A, B, and C attached to this FACAC.

14 92. Plaintiff Wu was deceived by Sunrider's misleading opportunity
15 believing, the opportunity was a legitimate way to earn money (even though that
16 representation by Sunrider and the Individual Defendants was false), and Plaintiff
17 Wu did in fact lose money as a result of Defendants' unfair, unlawful, and
18 fraudulent business practice.

19 93. Plaintiff Wu made no retail sales or any revenues in Sunrider
20 whatsoever, and lost money in the Sunrider scheme except for two checks received,
21 one of which was deposited for approximately \$30 in June of 2014.

22 94. As alleged in the introduction of the original Complaint, Wu put in
23 significant effort and time into Sunrider, but was still not able to earn any revenues.

24 95. The official policies in the DA and Business Guide (as later defined),
25 and as conveyed through Julie Tat, Plaintiff's upline in the Sunrider pyramid
26 enterprise, discourage practices associated with pyramid schemes, such as inventory
27 loading, and instead, have stated for several years to Wu, that the Defendants are a
28 legitimate direct selling company.

1 96. Plaintiff discovered on or about January of 2017, that the Defendants
2 were operating a pyramid scheme, as she was unable to succeed in the business
3 despite putting in approximately \$3,000 toward the opportunity.

4 97. That the Sunrider opportunity was a pyramid scheme, was a fact
5 concealed by the Defendants through their DA, their Business Guide (as later
6 defined), through their training manuals, distribution materials, marketing materials,
7 seminars, and the dissemination of presentation materials.

8 98. Through January of 2017, the Defendants never intended to actually
9 pay Wu or make her a success in the pyramid scheme of the Defendants (except for
10 a de minimis amount), because Wu was not an insider or a conspirator in the
11 pyramid scheme.

12 99. Plaintiff was ignorant of the fact that the Defendants were operating a
13 pyramid scheme. Plaintiff relied on the fact that the Defendants had financial
14 superiority, wealth, experience, and supposed acumen in the community, and
15 particularly in consideration of Plaintiff's financial position. Plaintiff had not
16 discovered Sunrider was operating a pyramid scheme until on or about January of
17 2017 when Plaintiff had learned about the criminal past of Sunrider, other decisions
18 that Sunrider could be construed a pyramid scheme issued out of the State of Utah,
19 based on the exhaustion of her efforts to sell in a direct selling enterprise, which the
20 proprietors told her would take over 5 years and sometimes longer (and in fact
21 advertise success can take over 5 years).

22 100. Plaintiff lacked the ability to discover the facts that the Defendants
23 were operating a pyramid scheme based on the Defendants' stature as a major
24 company owning a major hotel/properties, a billion dollar global business, and the
25 promises of Sunrider and Plaintiff's upline.

26 101. Plaintiff sustained significant harm in 2017 when all efforts had been
27 exhausted, and actual damages fully accrued when Sunrider attempted to certify
28

1 Defendants' endless chain account with Plaintiff as closed, and would only pay her
2 approximately \$19.63, despite the fact she had elevated in the ranks of Sunrider.

3 102. From 2007 through 2017, the Defendants engaged in a pattern of
4 reasonably frequent and similar acts in not paying Plaintiff any amount owed on
5 account of their endless chain distributor account with Plaintiff including SV,
6 credits, and charges, through 2017, all the time representing that the business was a
7 legitimate direct selling company.

8 103. Contrary to Sunrider's false contention in its Motion to Dismiss, Ms.
9 Wu did reach another level when she reached a milestone, *i.e.* she was promoted to
10 "trainer" by Sunrider, and Plaintiff did put in time to sell to others during her
11 distributorships.

12 H. **Independent Distributor Application And Agreement**

13 104. At some times during Sunrider's history, it has requested consumers
14 assent to a "Business Guide." The Business Guide provides that disputes be resolved
15 in a court of law as follows: "...any California Superior Court located in Los Angeles,
16 California for the purpose of all legal actions and proceedings arising out of or
17 relating to ... (iii) the relationship between IBO's and Sunrider or its officers,
18 directors, agents, or other IBO's." Business Guide, ¶XIX.

19 105. At some times during Sunrider's history, it has requested various class
20 members to sign a document labeled, "Distributor Agreement" (the "DA"). The DA
21 provides that Sunrider (and its officers) consent to the exclusive jurisdiction of both
22 the State and Federal Courts in the County of Los Angeles.

23 VI. **CLASS ACTION ALLEGATIONS**

24 106. Plaintiff brings this action as a class action under Fed. R. Civ. Proc.
25 23(b)(2) and Fed. R. Civ. Proc. 23(b)(3) and L.R. 23-2.

26 107. Plaintiff seeks relief on behalf of herself and the following class: persons
27 residing in the United States who paid start-up fees, renewal fees, annual fees,
28 purchased a Starter Kit, monthly fees, annual fees, seminar ticket fees, any other fees

1 imposed by Sunrider, and/or purchased products from Sunrider between January 1,
2 2007, to the present date, whose gross amounts paid to Sunrider exceeded income
3 received from their participation in the Sunrider scheme.

4 108. Subject to confirmation, clarification and/or modification based on
5 discovery to be conducted in this action, Plaintiff also seeks to represent a sub-class
6 in California, defined as follows: persons residing in California who paid start-up
7 fees, renewal fees, annual fees, purchased a Starter Kit, monthly fees, annual fees,
8 seminar ticket fees, any other fees imposed by Sunrider, and/or purchased products
9 from Sunrider between January 1, 2007, to the present date, whose gross amounts
10 paid to Sunrider exceeded income received from their participation in the Sunrider
11 scheme.

12 109. Subject to confirmation, clarification and/or modification based on
13 discovery to be conducted in this action, Plaintiff also seeks to represent a sub-class
14 of all worldwide participants of Sunrider, defined as follows: persons residing
15 anywhere in the World outside of the United States, who paid start-up fees, renewal
16 fees, annual fees, purchased a Starter Kit, monthly fees, annual fees, seminar ticket
17 fees, any other fees imposed by Sunrider, and/or purchased products from Sunrider
18 between January 1, 2007, to the present date, whose gross amounts paid to Sunrider
19 exceeded income received from their participation in the Sunrider scheme.

20 110. Pursuant to the previous paragraph of this FACAC, the damage to any
21 person living anywhere else other than the United States involved a domestic injury
22 to business or property because all contracts of independent business owners were
23 negotiated, executed, and stored in California/United States, involved a significant
24 connection to domestic commerce in that the labeling, products, and other parts of
25 the manufacturing and sales and marketing process were conducted from California
26 and for other reasons to be provided according to proof.

27
28

1 111. Excluded from the class are the Defendants, family members, this
2 Court, and any person of executive position earning an executive salary with
3 Sunrider.

4 112. Plaintiff seek to pursue a private attorney general action for injunctive
5 relief for themselves and all members of the class, and they satisfy the standing and
6 class action requirements.

7 113. While the exact number of members in the Class and Subclasses are
8 unknown to Plaintiff at this time, and can only be determined by appropriate
9 discovery, membership in the class and subclasses is ascertainable based upon the
10 records maintained by Defendants. It is estimated that the members of the Class are
11 greater than 250,000, nationwide.

12 114. Therefore, the Class and Subclasses are so numerous that individual
13 joinder of all Class and Subclass members is impracticable.

14 115. There are questions of law and/or fact common to the class and
15 subclasses, including but not limited to: (a) Whether Sunrider's conduct constitutes
16 false advertising under California state law; (b) Whether Sunrider is operating an
17 endless chain; (c) Whether Distributors paid money to Sunrider for (1) the right to
18 sell a product and (2) the right to receive, in return for recruiting others, rewards
19 which were unrelated to the sale of the product to retail consumers; (d) Whether
20 Sunrider's rules apply to Section 327 claims; (e) If the Sunrider rules do apply, are
21 Sunrider's rules effective; (f) If the Sunrider rules do apply, and Sunrider's rules are
22 effective, did Sunrider enforce those rules; (g) Whether Sunrider or the Individual
23 Defendants omitted to inform the Plaintiff and the plaintiff class that they were
24 entering into an illegal scheme where an overwhelming number of participants lose
25 money; (h) Whether Sunrider's statements of compensation during the Class Period
26 were deceptive and misleading; (i) Whether Sunrider's conduct constitutes an
27 unlawful, unfair and/or deceptive trade practice under California state law; (j)

28

1 Whether Sunrider’s conduct constitutes unfair competition under California state
2 law.

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

6 117. Plaintiff’s claims are typical of the claims of the class and subclasses in
7 that Plaintiff were Distributors for Defendant Sunrider and lost money because of
8 the illegal scheme.

9 118. Plaintiff will fairly and adequately represent the interests of the class
10 and subclasses. Plaintiff’s claims are typical of those of the class and subclasses.
11 Plaintiff’s interests are fully aligned with those of the class and subclasses. And
12 Plaintiff has retained counsel experienced and skilled in complex class action
13 litigation.

14 119. Class action treatment is superior to the alternatives for the fair and
15 efficient adjudication of the controversy alleged, because such treatment will allow
16 many similarly-situated persons to pursue their common claims in a single forum
17 simultaneously, efficiently and without unnecessary duplication of evidence, effort,
18 and expense that numerous individual actions would engender.

19 120. Plaintiff knows of no difficulty likely to be encountered in the
20 management that would preclude maintenance as a class action.

21 **VII. CLASS ACTION COUNTS**

22 **FIRST COUNT**

23 **ENDLESS CHAIN; California Penal Code § 327 and Section 1689.2 of the**
24 **California Civil Code**

25 (Plaintiff on behalf of herself and the Classes, Against All Defendants including
26 DOES 1 through 10)

27 124. Plaintiff realleges all allegations as if fully set forth herein, and
28 incorporates previous allegations by reference.

1 125. Section 1689.2 of the California Civil Code provides: “[a] participant in
2 an endless chain scheme, as defined in Section 327 of the Penal Code, may rescind
3 the contract upon which the scheme is based, and may recover all consideration paid
4 pursuant to the scheme, less any amounts paid or consideration provided to the
5 participant pursuant to the scheme.”

6 126. The Defendants are operating an endless chain scheme under Section
7 327 of the Penal Code because they have contrived, prepared, set up, and proposed
8 an endless chain.

9 127. The Sunrider operations constitute a scheme for the disposal or
10 distribution of property whereby class members pay a valuable consideration for the
11 chance to receive compensation for introducing one or more additional persons into
12 participation in the scheme or for the chance to receive compensation when a person
13 introduced by the participant introduces a new participant. Here specifically,
14 Plaintiff Wu paid valuable consideration of approximately \$3,000 to the Defendants
15 for the chance to receive compensation for introducing one or more additional
16 persons into participation in the scheme.

17 128. Independently, the Sunrider operations constitute an endless chain
18 because Plaintiff and participants pay an initial large fee, only to have a
19 membership, bonuses, points, and other rewards, terminated if they fail to pay.

20 129. Independently, the Sunrider operations constitute an endless chain
21 because Defendants and Plaintiff’s upline, represented to Plaintiff and Defendants’
22 victims that they earn commissions by recruiting other people to buy memberships
23 and the members, were in turn, instructed to recruit more members.

24 130. Independently, the Sunrider operations constitute an endless chain
25 because Defendants’ commissions, income, lottery gifts like vehicles, and free
26 products were based on a current member’s sales of memberships to new members.
27 The Compensation of Sunrider’s endless chain is derived primarily from
28 recruitment.

1 131. Plaintiff and the class have suffered an injury in fact and have lost
2 money or property because of Sunrider and the Individual Defendants’ operation of
3 an endless chain, business acts, omissions, and practices. Specifically, Plaintiff lost
4 \$3,000 by virtue of the opportunity, and received *de minimis* checks as revenues,
5 less than \$100 in total, and did not receive the points, bonuses, commissions and
6 other monies that were promised to her.

7 132. Plaintiff and the class are entitled to: (a) rescind the documents
8 (including receipts, invoices, contracts, statements, and other documents) upon
9 which the scheme is based and recover all consideration paid under the scheme, less
10 any amounts paid or consideration provided to the participant under the scheme; (b)
11 restitution, compensatory and consequential damages (where not inconsistent with
12 their request for rescission or restitution); and (c) attorneys’ fees, costs, pre and
13 post-judgment interest.

14 **SECOND COUNT**

15 **Unfair and Deceptive Practices Claims Under Cal. Bus. & Prof. Code § 17200,**
16 ***et seq.***

17 (Plaintiff on behalf of herself and the Classes Against All Defendants including
18 DOES 1 through 10)

19 133. Plaintiff realleges all allegations as if fully set forth herein, and
20 incorporates previous allegations by reference.

21 134. All claims brought under this count that refer or relate to the unlawful,
22 fraudulent or unfair “endless chain” of the Defendants are brought on behalf of
23 Plaintiff and the classes.

24 135. All claims brought under this count that refer or relate to the unlawful,
25 fraudulent or unfair the statements, the touted Sunrider “business opportunity” are
26 brought on behalf of Plaintiff and the Class.

27 136. Sunrider has engaged in constant and continuous unlawful, fraudulent
28 and unfair business acts or practices, and unfair, deceptive, false and misleading

1 advertising within the meaning of the California Business and Professions Code §
2 17200, *et seq.* The acts or practices alleged constitute a pattern of behavior, pursued
3 as a wrongful business practice that has victimized and continues to victimize
4 thousands of consumers for which Plaintiff's seek to enjoin from further operation.
5 The Sunrider Sales and Marketing Plan Is Unlawful.

6 137. Under California Business and Professions Code § 17200, an
7 "unlawful" business practice is one that violates California law.

8 138. Sunrider's business practices are unlawful under § 17200 because they
9 constitute an illegal "endless chain" as defined under, and prohibited by, California
10 Penal Code § 327.

11 139. Sunrider utilizes its illegal "endless chain" with the intent, directly or
12 indirectly, to dispose of property in Sunrider's products and to convince Distributors
13 to recruit others to do the same.

14 140. Sunrider's business practices are unlawful pursuant to §17200 because
15 they violate §17500 *et seq.*, as alleged in this Count.

16 141. Under California Business and Professions Code § 17200, a
17 "fraudulent" business practice is one that is likely to deceive the public.

18 142. Sunrider's business practices are fraudulent in two separately
19 actionable ways: (1) Sunrider's business constitutes an illegal and deceptive
20 "endless chain;" (2) the touted, yet non-existent, Sunrider "business opportunity" is
21 for everyone, including but not limited to Sunrider's massive advertising campaign
22 and the misleading statements of compensation.

23 143. First, as detailed herein, Defendants promoted participation in the
24 Sunrider opportunity, which has a compensation program based on payments to
25 participants for the purchase of product by participants, not the retail sale of
26 products or services. Each of the Defendants represented to Plaintiff, through
27 materials, the internet, mail, e-mail, that the Sunrider opportunity was a legitimate
28 company, and not a pyramid scheme.

1 144. Plaintiff received the income representation claims and/or claims very
2 similar thereto, that are attached to this FACAC and the Figures 2 through 11, that
3 are reflected in the fact section of this action, and from Plaintiff's upline. Plaintiff
4 was exposed to these representations and/or representations very similar to these, on
5 a regular and continuous basis by Sunrider from 2007 to 2016. The disclosures
6 were made by Sunrider, and the Individual Defendants that either personally made
7 the representations, or Sunrider as authorized by the Individual Defendants.

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

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

13 147. As a direct result of Sunrider's fraudulent representations and
14 omissions regarding the Sunrider opportunity described herein, Sunrider wrongly
15 acquired money from Plaintiff and the members of the classes.

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

20 149. The massive advertising campaign included among other things, the
21 website, emails, websites, presentations by Sunrider, training, word of mouth among
22 Distributors, and events, some of which pages are attached to this Complaint, and
23 reflected in Figures 2 through 11 of this Complaint.

24 150. From on or about 2007 to 2016, Plaintiff was also exposed to the
25 representations about the products reflected in Figures 2 through 11 in the FACAC
26 (or such like and similar representations), other packaging and labeling of the
27 products that contained false statements about the benefit of the products, and the
28

1 representations of Tei-Fu Chen as stated about the products, as reflected in
2 paragraph

3 151. As part of this campaign and a further inducement to potential
4 Distributors, Sunrider made and disseminated statements of compensation that
5 further misled the public, among other things: (1) by using cryptic and technical
6 terms known to Sunrider but not to the general public or to those exploring the
7 claimed “business opportunity,” (2) by highlighting the successful persons, i.e.,
8 those that received compensation from Sunrider, and the average gross
9 compensation paid by Sunrider to those winners, (3) by failing to disclose the actual
10 number of successful persons as compared to the number of Distributors who
11 received no compensation from Sunrider (i.e., the “losers”), and (4) by downplaying
12 and omitting the risks and costs involved in starting an Sunrider Distributorship and
13 succeeding in such a Distributorship.

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

18 153. Sunrider knew, or should have known, that the selective information
19 presented to distributors in the compensation and its massive adverting campaign
20 during that time frame touting its purported “business opportunity” was likely to
21 mislead the public and did in fact mislead the public into believing that there was a
22 legitimate “business opportunity” in which Distributors, or a large portion of them,
23 could make money in either a full or part time capacity. In fact, however, there was
24 no such “business opportunity,” except for a very select few.

25 154. As a direct result of Sunrider’ fraudulent representations and omissions
26 regarding the Statement and the massive adverting campaign during that time frame
27 and thereafter touting Sunrider’s purported “business opportunity” described herein,
28 Sunrider wrongly acquired money from Plaintiff and the members of the classes.

1 155. The named Plaintiff has standing to bring these § 17200 claims under
2 the fraudulent prong, and can demonstrate actual reliance on the alleged fraudulent
3 conduct.

4 156. For instance, Plaintiff has been in receipt of misleading and false
5 financial statements and marketing materials/seminar papers, which promoted the
6 Sunrider’s scheme and claimed “business opportunity” and contained material false
7 representations regarding the success Distributors could achieve through Sunrider
8 by purchasing products and recruiting others to do the same.

9 157. There were other representations made to Distributors as part of the
10 massive advertising campaign regarding the claimed “business opportunity,” on
11 which Plaintiff or some of the Class Members, reasonably believed the
12 representations they could succeed in the “business opportunity,” did not return the
13 refund, purchased Sunrider products and did not immediately return them, signed up
14 as Sunrider Distributors, and attempted to and recruited others to do the same.
15 These other representations include, but are not limited to the following: (a) emails
16 from Sunrider that promoted Sunrider and contained material false representations
17 regarding the success that a distributor could achieve through Sunrider by
18 purchasing products and recruiting others to do the same; (b) websites, such as and
19 Sunrider.com, which promoted the fraudulent scheme through videos of Individual
20 Defendants containing material false representations regarding the “business
21 opportunity” available to Distributors and the wealth that a distributor could get by
22 agreeing to become an Sunrider distributor; (c) Presentations by Sunrider
23 Distributors which contained material false representations regarding the “business
24 opportunity” and the success that a distributor could get through Sunrider by
25 purchasing products and recruiting others to do the same; (d) Presentations by
26 Sunrider, including the presentations described in this complaint, which contained
27 material false representations regarding the “business opportunity” and the success
28 that a distributor could get through Sunrider by purchasing products and recruiting

1 others to do the same; (e) Training and events where Sunrider Distributors made
2 material false representations regarding the “business opportunity” and the success
3 that a distributor could get through Sunrider by purchasing products and recruiting
4 others to do the same.

5 158. The business practices were also unfair and violative of 17200 based on
6 the Mail fraud and wire fraud statutes.

7 159. Mail fraud occurs when an individual devises a plot to defraud and
8 subsequently uses the mail in furtherance of it. 18 U.S.C. § 1341. The Defendants
9 named in this FACAC have transmitted, caused to be transmitted or invited others to
10 transmit material, by mail or private or commercial carriers, such as UPS, for the
11 purpose of executing their scheme or artifice to defraud, some of the materials
12 which are attached to this FACAC as Exhibits A through C. Likewise, the
13 Defendants have distributed the materials by UPS (mail) to many individuals
14 literally hundreds of thousands or millions of pieces of promotional literature,
15 statements, checks, and other mailings all between 2007 and the present. Without
16 limitation, each statement sent monthly to an IBO Distributor is a mailing and an act
17 of mail fraud, and each promotional literature sent by U.S. Mail is a mailing and an
18 act of mail fraud.

19 160. Wire fraud occurs when an individual devises a plot to defraud and
20 subsequently uses wire means in furtherance of it. 18 U.S.C. § 1343. The defendants
21 have used the Internet since 2007 to disseminate, publish and spread the pyramid
22 scheme throughout the United States and the World, for the purpose of executing
23 their scheme or artifice to defraud. Thus, the Defendants have transmitted, caused to
24 be transmitted and invited others to transmit, by means of wire in interstate
25 commerce, writings, signs, signals, pictures, or sounds for the purpose of executing
26 their scheme or artifice to defraud in violation of 18 U.S.C. §1343. Without
27 limitation, for example, each transmission of a video to be posted on YouTube,
28 Vimeo, Facebook, Wechat or through Twitter, or establishment of a website to

1 disseminate information about the pyramid scheme or transmission of signals,
2 pictures or information to such website is a separate act of wire fraud.

3 161. Contriving, preparing, setting up, proposing, or operating an endless
4 chain constitutes an unlawful business practice under the UCL because it violates
5 California Penal Code § 327.

6 162. As alleged above, Sunrider knowingly sold mislabeled products.

7 163. Sunrider's sale of mislabeled and unsafe products violates California
8 and federal statutory and common law, and thus, constitutes an unlawful business
9 practice under the UCL. Defendants Tei-Fu, and Oi-Lin had direct roles,
10 responsibility for, and participation in marketing the mislabeled and unsafe products
11 and, therefore, also are liable under the UCL for these unlawful business practices.
12 Sunrider's sale of mislabeled and unsafe products violates California and federal
13 statutory and common law, including, but not limited to, the following: (A) 21
14 U.S.C. §§ 331, 343; (B) Cal. Civ. Code § 1709; (C) Cal. Health & Safety Code §§
15 110390, 110395, 110398, 110400, 111445; (D) Cal. Bus. & Prof. Code § 17500 (the
16 FAL) ; and (E) Cal. Penal Code § 383, in addition to the Wire Fraud Act, and Mail
17 Fraud Act, previously pled.

18 164. To the extent proof of reliance is required of Plaintiff, Sunrider and the
19 Individual Defendants knew that Plaintiff and the class would reasonably rely on
20 their representations and omissions, which would cause the Plaintiff and the class
21 joining the fraudulent endless chain scheme and purchasing the products, and
22 Plaintiff did in fact reasonably rely upon such representations and omissions.
23 Sunrider knew the operation of an MLM was dirty, and in fact said as such in an
24 interview that Sunrider posted on its own website quoting its founder, co-Defendant
25 Tei-Fu.

26 165. Indeed, had Plaintiff and the class known that Sunrider and its
27 Individual Defendants were promoting an endless chain, they would not have
28

1 become Sunrider Distributors in the first place and, if learned after becoming a
2 distributor, they would not have purchased Sunrider products thereafter.

3 166. Had Plaintiff and the class known that Sunrider was promoting a
4 “business opportunity” that did not exist except for a select few, they would not
5 have become Sunrider Distributors in the first place and, if learned after becoming a
6 distributor, they would not have purchased Sunrider products thereafter.

7 167. Finally, the fraudulent acts, representations and omissions described
8 herein were material not only to Plaintiff and the class (as described in this
9 complaint), but also to reasonable persons.

10 168. Under California Business and Professions Code § 17200, a business
11 practice is “unfair” if it violates established public policy or if it is immoral,
12 unethical, oppressive or unscrupulous and causes injury which outweighs its
13 benefits.

14 169. For the reasons set forth herein and above, Sunrider’ promotion and
15 operation of an unlawful and fraudulent endless chain, and its fraudulent
16 representations and omissions regarding its purported “business opportunity,” are
17 also unethical, oppressive, and unscrupulous in that Sunrider is and has been duping
18 Plaintiff and the class out of billions, or at least hundreds of millions, of dollars.

19 170. Sunrider’s actions have few, if any, benefits. Thus, the injury caused to
20 Plaintiff and the class easily and dramatically outweigh the benefits, if any.

21 171. Defendants should be made to disgorge all ill-gotten gains and return to
22 Plaintiff and the class all wrongfully taken amounts.

23 172. Finally, Defendants’ unlawful, fraudulent and unfair acts and omissions
24 will not be completely and finally stopped without orders of an injunctive nature.
25 Under California Business and Professions Code section 17203, Plaintiff and the
26 class seek a judicial order of an equitable nature against all Defendants, including,
27 but not limited to, an order declaring such practices as complained of to be unlawful,
28

1 fraudulent and unfair, and enjoining them from further undertaking any of the
2 unlawful, fraudulent and unfair acts or omissions described herein.

3 **THIRD COUNT**

4 **False Advertising - California Business and Professions Code § 17500, et seq.**

5 (Plaintiff on behalf of herself and the Classes Against All Defendants including
6 DOES 1 through 10)

7 173. Plaintiff realleges all allegations as if fully set forth herein, and
8 incorporates previous allegations by reference.

9 174. All claims brought under this Fourth Claim for Relief that refer or
10 relate to the false, untrue, fraudulent or misleading endless chain of Defendants are
11 brought on behalf of Plaintiff and the Class.

12 175. All claims brought under this Fourth Cause of Action that refer or
13 relate to the false, untrue, fraudulent or misleading statements of income are brought
14 on behalf of Plaintiff.

15 176. All claims brought under this Fourth Claim for Relief that refer or
16 relate to the false, untrue, fraudulent or misleading statements of income are brought
17 on behalf of Plaintiff and the Class.

18 177. Defendants' business acts, false advertisements and materially
19 misleading omissions constitute false advertising, in violation of the California
20 Business and Professions Code § 17500, et seq.

21 178. Defendants engaged in false, unfair and misleading business practices,
22 consisting of false advertising and materially misleading omissions regarding the
23 purported "business opportunity," likely to deceive the public and include, but are
24 not limited to, the items set forth above. Sunrider knew, or should have known, that
25 the representations about the business opportunity of Sunrider were misleading in
26 nature.

27 179. Because of Defendants' untrue and/or misleading representations,
28 Defendants wrongfully acquired money from Plaintiff and the class members to

1 which they were not entitled. The Court should order Defendants to disgorge, for the
2 benefit of Plaintiff and all other Sunrider Distributors in the class who signed an
3 agreement with Sunrider governed by California law their profits and compensation
4 and/or make restitution to Plaintiff and the Class.

5 180. Under California Business and Professions Code Section 17535,
6 Plaintiff and the class seek a judicial order directing Defendants to cease and desist
7 all false advertising related to the Defendants' illegal endless chain scheme, and
8 such other injunctive relief as the Court finds just and appropriate.

9 181. Because of Defendants' untrue and/or misleading representations,
10 Defendants wrongfully acquired money from Plaintiff and the class members to
11 which they were not entitled. The Court should order Defendants to disgorge, for the
12 benefit of Plaintiff and all other Sunrider Distributors in the class who signed a
13 Distributor Agreement with Sunrider their profits and compensation and/or make
14 restitution to Plaintiff and the class.

15 182. Under California Business and Professions Code Section 17535,
16 Plaintiff and the class seek a judicial order directing Defendants to cease and desist
17 from all false advertising related to the Defendants' illegal scheme, and such other
18 injunctive relief as the Court finds just and appropriate.

19 **FOURTH COUNT**

20 **Violations of 5 U.S.C. § 78j(b) [Section 10b] and 17 C.F.R. § 240.10b-5 [Section**
21 **10b-5]**

22 (Plaintiff on behalf of herself and the Classes Against Sunrider [10b-5(b)], Tei-Fu
23 and Oi-Lin [10b-5(a)&(c)] including DOES 1 through 10)

24 177. Plaintiff and the class repeat and re-allege every allegation above as if
25 set forth herein in full.

26 178. Based on Defendants' litigation position in this case seeking dismissal
27 of Plaintiff's RICO claims based on PSLRA preclusion, [Dkt. No. 12], and the
28 judicial view of this Court that those victimized by a pyramid scheme may bring

1 securities fraud claims rather than RICO claims, and to avoid litigation over this
2 specific dispute, Plaintiff has dropped her claims under RICO without prejudice in
3 this First Amended Class Action Complaint, and without waiver of the right to
4 assert RICO claims in the future, and further contends that invoices, renewals,
5 receipts, statements, open accounts, checks, statements, and other transactional
6 documents, each constitute an investment in an unregistered security.

7 179. The Defendants have claimed that the sale and offer of sale of
8 distributorships, and each yearly renewal by a participant of a distributorship, such
9 as those purchased by Plaintiff from 2007 through 2016, and members of the
10 Classes, are in connection with, and constitute the sale of a security.

11 180. Sunrider, Tei-Fu, and Oi-Lin were each makers of the statements in the
12 income statements and opportunity statements (some of which were attached hereto
13 as Exhibit A-C), in that they had express, implied, and actual authority over the
14 content of the statement, and whether and how to make the statements therein.

15 181. The Defendants had a duty to disclose information to Plaintiff and the
16 class based on their contractual relationship and based on the relationship of trust.

17 182. The Defendants named in this Count made material misrepresentations
18 and/or omissions in connection with the sale of distributorships to Plaintiff and the
19 classes. At various times from 2007 to 2016, each of the Defendants falsely
20 represented to the Plaintiff and the classes, that they were conveying a legal business
21 opportunity, when, in fact, they and each of them, knew or recklessly ignored that
22 they were selling and the Plaintiffs were purchasing, an interest in an illegal pyramid
23 scheme. In fact, Tei-Fu knew that these opportunities were illegal in an interview he
24 gave that is posed on the website where he admitted MLM business was “dirty.” In
25 the alternative, Defendants’ actions omitted material facts, *i.e.*, that they were selling
26 an interest in a pyramid scheme, in connection with the sale of distributorships. The
27 representations in Figures 2 through 12 contained false statements and were
28 distributed and disseminated to Plaintiff and the class, in various forms from 2007 to

1 2016. The representations about income in attachments A through C, to this
2 FACAC (Exhibits A through C) contained materially false affirmative statements
3 and false statements by omission regarding the Sunrider opportunity.

4 183. There is a necessary connection between the Defendants' actions, set
5 forth in this FACAC, and the Plaintiff's purchase of IBO Distributorships from 2007
6 through 2016, and other payments made in connection with these purchases. There
7 was a necessary and immediate causal connection between the promotional
8 activities by the Defendants described in this FACAC and the Plaintiff, and the
9 class's purchases. Indeed, the constant goal of all Defendants named in this Count
10 was to expand the scheme and sell as many distributorships as possible to
11 unsuspecting participants in the pyramid. The instances of omissions and/or
12 misrepresentations and mail and wire fraud, and the misstatements therein were the
13 only justification for, the price of the enrollment packages and the cost required of
14 new recruits to purchase the products. The omissions and/or misrepresentations of
15 the value of investing in the Sunrider opportunity is directly reflected in the
16 company's enrollment documents, the only means by which someone may invest in
17 the company.

18 184. The Plaintiff necessarily and/or justifiably relied on the
19 misrepresentations and/or omissions. Such reliance may be presumed from, among
20 other things, the presumption that no one would knowingly join an illegal pyramid
21 scheme. Plaintiff relied in that she spent money towards the distributorships of
22 approximately \$3,000 believing the opportunities were legitimate and after
23 representations continued to be made that eventually money would be made by
24 Plaintiff. In addition, the Plaintiff reviewed and relied upon the misrepresentations
25 and misrepresentations by omission of the Compensation Plan detailed in this
26 FACAC, and seen in a similar form, as attached as Exhibits A through C of this
27 FACAC, and as demonstrated in Figures 2 through 12 of the FACAC. The damages
28 caused by the omissions and/or misrepresentations were a necessary consequence of

1 an inherently illegal scheme to defraud.

2 185. Defendants' actions were made with such mental state to manipulate,
3 deceive or defraud, or with such recklessness, as to constitute scienter. By his own
4 admission, Tei-Fu knew MLM operations like this were "dirty" and ostensibly
5 decided in prison to discontinue similar operations in China. But Tei-Fu is shirking
6 these international laws using American citizens, persons in Hong Kong and
7 Taiwan. Each of the Defendants named in this Count had a motive to operate and
8 benefit from the operation of the pyramid scheme, and opportunity to conceal the
9 fact that they were operating a pyramid scheme. Proof of such scienter can be
10 inferred from the following: (1) each of the Defendants benefitted in concrete and
11 substantial way from the operation of the pyramid scheme. (See averments made in
12 connection with Count 1 (Endless Chain), Count 2 (UCL), and Count 3 (False
13 Advertising)); (2) each of the Defendants engaged in plainly illegal behavior. *See*
14 averments made in connection with the commission of a pyramid scheme,
15 Paragraphs 35-103 (3) each of the Defendants had a specific understanding that he
16 or she was engaged in the commission of a pyramid scheme or that it would be
17 substantially likely that the operation would be found to be a pyramid scheme. *See*
18 *generally* Paragraph 29. In addition to the facts alleged in Paragraph 29, each of the
19 Defendants named here had personal knowledge of the contents of the disclosures of
20 financial performance.

21 186. Plaintiff and the classes suffered damages in that they lost monies
22 through the purchase of their IBO Distributorships and each yearly renewal.

23 187. Plaintiff and the class damages may be measured either in actual
24 damages or may be rescissionary.

25 188. Sunrider made numerous material omissions in its Policies regarding
26 retail sales to Plaintiff. Sunrider, Plaintiff's upline and others represented to
27 Plaintiff that retail sales were a significant part of Defendants' revenues.

28 189. These statements are misleading because they fail to inform

1 Distributors that “retail sales,” particularly as defined in the Policies (Exhibits A-C),
2 are not a true viable way of earning income because Distributors are extremely
3 unlikely to make significant “retail sales” and because the only realistic way to
4 make money in the Sunrider scheme is through recruiting.

5 190. Sunrider made material omissions in its Policies regarding Distributors’
6 ability to earn money. In the Policies, Sunrider informed its Distributors that they
7 do not even need to be good at sales, and they can still earn money.

8 191. This statement is misleading because it fails to inform Distributors that
9 very few Distributors are likely to earn any profit from participating in Sunrider,
10 regardless of how much work they put in and regardless of what part of the country
11 they live in.

12 192. By making affirmative statements regarding retail sales and the ability
13 of Distributors to earn income, Sunrider undertook an affirmative obligation to
14 make the disclosures necessary to make such statements not misleading.

15 193. Sunrider made the then-current version of the Policies available to
16 Plaintiff and the Class Members through Sunrider’s website at all times, and by
17 mail. Sunrider contractually requested Plaintiff and the Class Members to
18 acknowledge that they had read and reviewed the current version of the Policies at
19 the time they joined Sunrider, to abide by the terms of the current version of
20 the Policies, and to read, understand, and adhere to the current version of the
21 Policies.

22 194. Sunrider made these omissions knowing that doing so was false and
23 misleading. Sunrider benefitted in a concrete and substantial way from the
24 operation of the pyramid scheme, the recruitment of new Distributors, and new
25 Distributors’ reliance on Sunrider’s omissions.

26 195. Sunrider made these omissions with the specific intent that Distributors
27 rely on them.

28 196. Plaintiff and the Class Members’ reliance on the omissions may be

1 presumed.

2 **FIFTH COUNT**

3 **Violations of 15 U.S.C. § 771(a)(2) [Section 12(2)]**

4 (Plaintiff on behalf of herself and the Classes Against Sunrider Only)

5 197. Plaintiff and the classes repeat and re-allege every allegation above as
6 if set forth herein in full.

7 198. Plaintiff alleges violations of securities laws in the alternative as
8 permitted and without prejudice to their position that a RICO claim may still be
9 viable as the matter proceeds to discovery.

10 199. Plaintiff believes that additional defendants may properly be liable
11 under Section 12(2) and reserves the right to bring a further amendment at the
12 appropriate time.

13 200. Sunrider was engaged in the offer or sale of a security in connection
14 with the sale of IBO Distributorships. Sunrider omitted a material fact necessary in
15 order to make the statement, under the circumstances, not misleading, to wit, that
16 the distributorship was a pyramid scheme. *See* allegations made above relating to
17 the operation of a pyramid scheme, which are specifically incorporated herein.

18 201. Defendant Sunrider is the seller of the distributorship interest. The
19 Compensation Plan incorporated in the distributorship interest is materially false
20 and/or misleading, to wit, it omits to disclose that the seller operates a pyramid
21 scheme.

22 202. Sunrider offered or sold a security within the meaning of Section 12(2).

23 203. Plaintiff and the classes suffered damages in that they lost monies
24 through the purchase of their IBO Distributorships. Causation may be presumed
25 from, among other things, the presumption that no one would knowingly join an
26 illegal pyramid scheme.

27 204. Plaintiff and the classes are entitled to actual damages and/or rescission
28 of their purchase amounts plus equitable interest.

1 **SIXTH COUNT**

2 **Unjust Enrichment**

3 (Plaintiff on behalf of herself and the Classes Against Defendants Tei-Fu and Oi-Lin
4 including DOES 1 through 10)

5 205. Plaintiff and the classes repeat and re-allege every allegation above as
6 if set forth herein in full.

7 206. Unjust enrichment occurs when a Plaintiff confers a benefit to the
8 defendant, the Defendant accepts and retains the benefit, and Defendant does not
9 pay the Plaintiff the value of the benefit.

10 207. The Individual Defendants named in this Count have been unjustly
11 enriched at the expense of, and to the detriment of, Plaintiff and the members of the
12 class in that the financial benefits obtained by them came as a result of their
13 promotion of the unlawful pyramid scheme. The financial benefits they obtained
14 came from the Plaintiff and the members of the class, who unwittingly participated
15 in the pyramid scheme and naturally and inevitably lost money in the process. The
16 unjustly-obtained benefits are comprised of the following three categories of gains.

17 208. First, the Individuals Defendants named in this Count made contractual
18 agreements with each other and with other third-parties that depended on the success
19 of the pyramid scheme. The Individual Defendants took active steps to expand the
20 scope of the pyramid scheme, and increased the number of participants—and
21 therefore the number of inevitable “losers” in order to maximize the amounts each
22 would get. These Defendants were able to obtain payouts under the contracts on the
23 backs of the Plaintiffs.

24 209. Second, the Individual Defendants, together with their controlled
25 entities, their children, and other parties have each been enriched in significant
26 amounts as a result of the performance of their various illegal duties. Regardless of
27 in what year, each of the Individual Defendants were “upline” from the Plaintiff and
28 the class, and thus, as a matter of the compensation plan implemented by Sunrider,

1 only necessary to show an assumption of control or ownership over the property, or
2 that the alleged converter has applied the property to his own use.

3 215. Shares of a security in an opportunity are also subject to conversion
4 under California Law.

5 216. Plaintiff has a right to possession and ownership of the funds she has
6 applied towards the Sunrider business opportunity, including without limitation, the
7 money she has applied of over \$3,000, any credits, bonuses, interests, or
8 commissions related thereto that have not been paid.

9 217. The Defendants have held Plaintiff and the classes' monies, and waited
10 until the lawsuit was filed to write one check as to Plaintiff.

11 218. Sunrider has wrongfully exerted dominion over Plaintiff's funds
12 inconsistent with plaintiff's rights to such funds in violation of California Common
13 law related to conversion.

14 219. Plaintiff and the class are entitled to the value of the property at the
15 time of conversion plus fair compensation for the time and money properly
16 expended in its pursuit.

17 **PRAYER FOR RELIEF**

18 The named Plaintiff and the Plaintiff's class and subclasses request the
19 following relief:

- 20 a. Certification of the class and subclasses;
- 21 b. A jury trial and judgment against Defendants;
- 22 c. Rescission of all invoices, statements, receipts, contracts, guides,
23 manuals, and any other writings upon which the scheme is based, and recovery of all
24 consideration paid pursuant to the scheme, less any amounts paid or consideration
25 provided to the participant pursuant to the scheme;
- 26 d. Damages for the financial losses incurred by Plaintiff and by the class
27 and subclasses because of the Sunrider and the Individual Defendants' conduct and
28 for injury to their business and property;

- 1 e. Restitution, disgorgement of monies, punitive damages;
- 2 f. Temporary and permanent injunctive relief enjoining Sunrider from
- 3 paying its Distributors recruiting rewards that are unrelated to retail sales to ultimate
- 4 users and from further unfair, unlawful, fraudulent and/or deceptive acts;
- 5 g. The cost of suit including reasonable attorneys’ fees under California
- 6 Code of Civil Procedure § 1021.5, Civil Code §1689.2, and otherwise by law;
- 7 h. For damages in an amount yet to be ascertained as allowed by law; and
- 8 i. For such other damages, relief and pre- and post-judgment interest as
- 9 the Court may deem just and proper.

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Dated: July 28, 2017 By: /s/ Blake J. Lindemann

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DEMAND FOR JURY TRIAL

Plaintiff Kathy Wu on behalf of herself and those similarly situated, hereby requests a jury trial on all matters so triable.

Dated: July 28, 2017 By: /s/ Blake J. Lindemann

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I, the undersigned, declare: I am employed in the County of Los Angeles, State of California. I am over the age of 18 and not a party to the within action; my business address is 433 N. Camden Drive, 4th Floor, Beverly Hills, CA 90210.

On July 28, 2017, I served the foregoing document as follows:

FIRST AMENDED COMPLAINT - CLASS ACTION

by electronically filing the foregoing with the Clerk of the Court using the CM/ECF system which will send notification of such electronic filing to counsel of record for all parties by operation of the Court’s CM/ECF System.

by U.S. Mail in the ordinary course of business to the non-CM/ECF participants indicated on the attached Manual Notice List. I am readily familiar with the Firm’s practice for the collection and processing of correspondence for mailing with the Postal Service and that the correspondence would be deposited with same that same day in the ordinary course of business.

I declare under penalty of perjury under the laws of the United States of America and the State of California that the above is true and correct. Executed on July 28, 2017, at Beverly Hills, California.



NATALY GRANDE

EXHIBIT A



Earn \$10,000

Per Month After 11 Months*

The Sunrider Business Opportunity



Sunrider can help you enjoy the best products and the best business.

Sunrider was established in 1982, and now operates in close to 50 countries and regions. Sunrider® products are researched, developed, and manufactured in the USA, in the company's state-of-the-art manufacturing facilities. Sunrider offers the best compensation plan and the best products.



Why become a Sunrider Independent Business Owner (IBO)?

- The marketing plan is rewarding! You can make your first \$1,000 in just the fourth month after joining. And you can make \$10,000 per month after 11 months.*
- Sunrider® products help you feel younger and more energetic.
- It's easy to learn how to start the business.
- Everyone wants to be in a business with the best products.

How do I start a Sunrider business?

Follow these simple steps:

1. Simply purchase the Fortune Delight® Business Pack for a low-cost investment of \$100 and sign up to be a Sunrider IBO.
2. Make a list of 100 people you know who may want to make full-time or part-time income.
3. Prepare business cards, Fortune Delight® samples, and Sunrider® brochures so you can show them to people anytime.
4. Refer to our website to learn how to introduce Sunrider to people who want to earn money:

www.Sunrider.com

Fortune Delight® Business Pack includes:

5 Fortune Delight® Peach 10/3 g Packs

Marketing Tools: Company Profile, 5 Sunrider Business Opportunity Brochures, 5 Company Introduction Brochures, 5 Product Introduction Brochures, 5 Fortune Delight® Product Flyers, SR Newsletter (Online), Business Guide (Online)

* The earnings stated above are not necessarily representative or typical of the earnings Sunrider Independent Business Owners (IBOs) can or will earn through participation in the Sunrider Business Plan. These statements should not be considered as guarantees or projections of your actual earnings or profits. The average annual income of Sunrider's active IBOs was \$1,558 in 2011. An active IBO is an IBO who has purchased 50 SV or more in 2011. As with any other independent business, success results only from dedicated sales efforts, hard work, diligence, and leadership.

Simple Steps to Big Money*

MONTH	YOU	1 ST LEVEL IBO	2 ND LEVEL IBO	3 RD LEVEL IBO	TOTAL
1	Consume \$200 Sponsor 2 new IBOs	—	—	—	3 IBOs in Group
2	Consume \$200 Sponsor 2 new IBOs	Consume \$200 Sponsor 2 new IBOs	—	—	9 IBOs in Group
3	Consume \$200 Sponsor 2 new IBOs	Consume \$200 Sponsor 2 new IBOs	Consume \$200 Sponsor 2 new IBOs	—	27 IBOs in Group
4	Consume \$200 Sponsor 2 new IBOs	Consume \$200 Sponsor 2 new IBOs	Consume \$200 Sponsor 2 new IBOs	Consume \$200 Sponsor 2 new IBOs	81 IBOs in Group

Earn your first \$1,000 after 3 months:*

1. Each month, sponsor 2 people with the Fortune Delight® Business Pack who have the same goals as you. These people also purchase \$100 of Sunrider® products in the month they join.
2. Each month, consume \$200 worth of Sunrider® products at IBO prices.
3. Teach your IBOs to do the same: sponsor 2 new IBOs per month and consume \$200 worth of Sunrider® products per month at IBO prices.

Now you will have 81 IBOs in your Group (the people you sponsor); if just 30 of these IBOs buy \$200 worth of Sunrider® products per month at IBO prices, your sales volume will be \$6,000 after 3 months.

You will earn:

- **5% IBO Bonus: \$300**
- **10% Business Leader Performance Bonus: \$600**
- **Training Bonus and retail profit for sponsoring 2 new IBOs: \$100**

Total: \$1,000*



Earn your first \$5,000 per month after 8 months:*

1. Continue to sponsor 2 new IBOs per month.
2. Consume \$200 worth of Sunrider® products at IBO prices each month.
3. Train each of your new IBOs to do the same.
4. Even if only 1/3 of the people you and your Group IBOs sponsor consume \$200 per month, you will earn your first \$5,000 per month after 8 months.*

Earn your first \$10,000 per month after 11 months:*

1. Continue to sponsor 2 new IBOs per month.
2. Consume \$200 worth of Sunrider® products at IBO prices each month.
3. Train each of your new IBOs to do the same.
4. Even if only 1/3 of the people you and your Group IBOs sponsor consume \$200 per month, you will earn your first \$10,000 per month after 11 months.*

Follow up: It's through the power of duplication that you can meet your goal after 11 months.

- Guide your new IBOs on how to follow the steps to sponsor and consume products.
- Recognize people with small gifts who are following the steps to sponsor 2 people per month, consume \$200 per month, and train their IBOs on how to sponsor.

The Best Support

Sunrider provides IBOs with online business training, dedicated support staff, business management tools, conference calls, webinars, and other resources to help grow their business.

* The earnings stated above are not necessarily representative or typical of the earnings Sunrider Independent Business Owners (IBOs) can or will earn through participation in the Sunrider Business Plan. These statements should not be considered as guarantees or projections of your actual earnings or profits. The average annual income of Sunrider's active IBOs was \$1,558 in 2011. An active IBO is an IBO who has purchased 50 SV or more in 2011. As with any other independent business, success results only from dedicated sales efforts, hard work, diligence, and leadership.

EXHIBIT B

SUNRIDER®
The Art of Herbal Science®

GETTING STARTED



UNITED STATES

GETTING STARTED

Are you ready to succeed, change your lifestyle, and help others?

Then, say "hello" to your own business!

You have arrived at the right place, at the right time.



THE TIME IS NOW

DREAM BIG

GET a clear picture of all the things you really want. Purpose is everything.

THINK BIGGER

SET the initial goal to become a **STAR ELITE** in the first three months. Clarity measures results.

AIM HIGHER

FOCUS on your short- and long-term goals. Commitment drives passion.



START HERE:

Subscribe to Office.Sunrider.com to access your virtual office 24/7

- Manage your account online
- Download marketing materials
- Receive product and business training
- Register for events
- Check the latest promotions
- And more!

Go to Office.Sunrider.com ▶ Click on "Join Now"
▶ Follow the Instructions.

CREATE YOUR OWN WEBSITE AND ACCESS SUNRIDER UNIVERSITY!

Having an online presence nowadays is vital—and we know that. At Sunrider, you can leverage your digital identity by having a web-based platform to promote, share, and grow your business. You'll also have access to a Sunrider training platform to stay on top of the trend.

Build your own website in minutes. It's super easy, and it will allow you to:

- Sign up new IBOs
- Share your success story with the world
- Share your team's testimonials
- Connect with social media
- Learn more about Sunrider
- And more!

Master your business and leadership skills at Sunrider University:

- Learn from top leaders
- Watch MAP instructional videos and get MAP supporting materials
- Receive critical insights into Sunrider and the relationship marketing industry
- Obtain detailed product information
- Watch fitness, nutrition, and skin care educational videos
- Discover healthy and delicious recipes using Sunrider® products

Go to IBO.Sunrider.com ▶ Click on "Register Now" ▶ Follow the instructions



MARKETING APPROACH PLANS—MAPS

MAPs are activities that allow you to promote your business on a weekly basis. These activities are easy to learn, easy to apply, and extremely duplicable.

If success is your final destination, these MAPs will show you the best way to get there!



The Vitality Assessment:

The Vitality Assessment is a free and simple evaluation you perform on your prospects to help them better understand the value of nutrition and a healthy lifestyle.



The Shake & Tea Parties:

These are social gatherings to introduce people to Sunrider® products and the business opportunity, in a relaxed and fun environment.



The 15 Minute Social Media Plan:

This MAP will show you how to engage and connect with your followers in just 15 minutes a day.

Every MAP will help you grow your business in a fun and dynamic way. The idea is to have your calendar full of these activities and your activities full of people!

**More people = More customers = More IBOs
= More income.**



Sunrider has created all the materials, training, and marketing collaterals you need to successfully incorporate the MAPs into your business:

- Instructional videos
- Invitations
- IBO Reference Manual
- Flyers, posters, social media ads, and more.

Log into IBO.Sunrider.com ▶ Log in ▶ Click on Sunrider University

TOTAL FINANCIAL TRANSFORMATION

Sunrider has a best-in-class Infinity Compensation Plan that rewards your efforts right from THE START. We've streamlined a clear path to success to get you off to a fast start and help you progress.

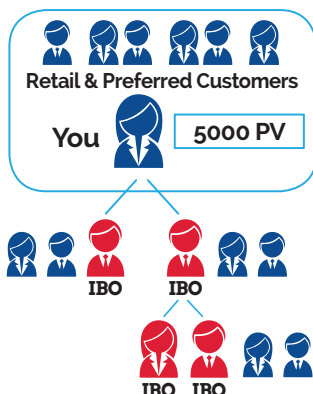
YOUR FIRST THREE MONTHS IN FOUR STEPS

STEP 1

SHARE THE PRODUCTS

Sunrider's award-winning health and beauty products are the foundation of your business. By sharing your passion for our products, you can earn up to a 25% Retail Sales Bonus!

Enrolling Preferred Customers in monthly autoship is a great way to increase customer retention with less effort. For just an annual US\$30 fee, Preferred Customers can earn 5% off the retail price or 10% off the retail price if they're enrolled in monthly autoship. Plus, they'll earn free promotional items and other benefits throughout their year of enrollment!



Retail Sales Bonus

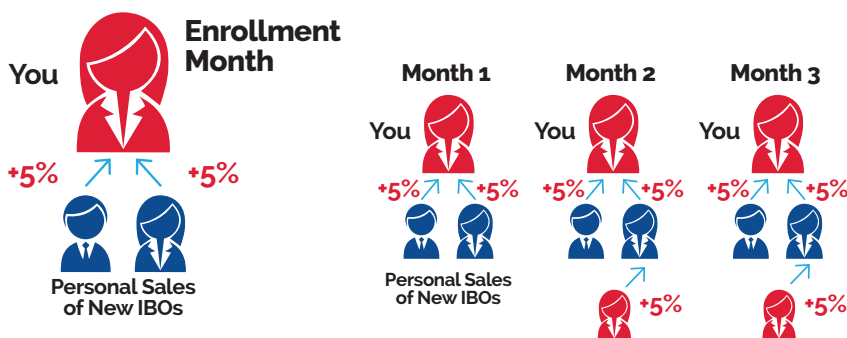
PV	0-499	500-1,999	2,000-4,999	5,000+
Personal Sales Commissions		5%	10%	15%
Retail Profit	10%	10%	10%	10%
Retail Sales Bonus	10%	15%	20%	25%

STEP 2

BRING A FRIEND

Your Sunrider business thrives on mentoring and relationships. When you sponsor new IBOs and teach them to sell our products, you will receive a 5% Fast Start Bonus on their personal sales for their first 3 full months, i.e., their enrollment month + the next 3 full months. The Fast Start Bonus is paid in addition to the other commissions you can earn.

Fast Start Bonus



STEP 3

SET A GOAL OF BECOMING A STAR ELITE

When you become a Star Elite within your first 3 full months (your enrollment month + the next 3 full months), you can earn a US\$100 Star Elite Advancement Bonus!

What could you use the Star Elite Advancement Bonus for? Write it down!

Star Elite Advancement Bonus



Star Elite: 400 PV, 1,800 DV (900 Max Volume Rule)

YOUR FIRST 3 MONTHS

Paid as Title	IBO	Star	Star Prime	Star Elite
Foundation Requirements	Enroll	200 PV 500 DV	300 PV 1,000 DV	400 PV 1,800 DV
Max Vol Rule	-	-	-	900
Quality Structure	-	-	-	-

Help your new IBOs become a Star Elite within their first 3 full months of joining, and you can earn a US\$100 Matching Star Elite Advancement Bonus! You'll need to be qualified as a Star Elite or higher to receive the matching bonus.

STEP 4

DEVELOP YOUR TEAM

Once you reach the first rank of Star (200 PV, 500 DV), you can start earning our Unilevel Bonuses. This is a fantastic bonus with no blocking, no differential, and no stair-step. The more you sell and sponsor, the more you can earn!

Unilevel Bonus

Paid as Title	IBO	Star	Star Prime	Star Elite	Ace	Ace Prime	Ace Elite	Ace Royal	Hero+
Level 1 Bonus		5%	7%	9%	10%	10%	10%	10%	10%
Level 2 Bonus				2%	4%	5%	6%	8%	8%
Level 3 Bonus						2%	4%	5%	5%
Level 4 Bonus								2%	2%
Level 5 Bonus									2%

Unilevel Bonuses—no blocking, no differential, no stair-step.
Based on location, not title.

Unilevel Bonuses are paid on CV.

SUNRIDER INFINITY COMPENSATION PLAN

Turbo Infinity Bonus
NO BLOCKING
INFINITELY DEEP



As a leader, you can be paid on **every piece of volume**, infinitely deep.

- **Advancement Bonuses:** Once you start reaching key ranks like Star Elite, Ace Royal, and Icon, you can qualify for Advancement Bonuses.
- **Development Bonus:** This bonus rewards you for building a team and developing Ace level and higher IBOs.
- You can be paid on the **Unilevel Commissions** for levels 1 to 5.
- And then, a 0.5–1% **Turbo Infinity Bonus** on level 6 to infinity.
- With **Check Match** you can earn additional commissions on your team's Unilevel, Turbo Infinity Bonus, and Fast Start bonus sales. This is a meaningful bonus because it's paid on the earnings of Ace Royal and above.



DEFINITIONS:

Commissionable Volume (CV)

The assigned value of each purchased product on which commissions are paid. It is currency specific in the country where the order is placed.

Qualifying Volume (QV)

The value of a commissionable product that is applied toward IBO qualifications in the compensation plan. QV is not currency specific so qualifications apply internationally.

Personal Volume (PV)

The total **Qualifying Volume (QV)** from your personal purchases and your customers' purchases (*Retail and Preferred Customer*). This does NOT include the purchases of downline IBOs.

Downline Volume (DV)

The total **Personal Volume (PV)** from you and all IBOs in your entire downline. This goes infinitely deep, regardless of titles. This will NEVER break away.

Max Volume Rule

Applied to **DV** qualification only. 50% of required **DV** will be counted from any one leg or from the IBO's **PV**. This applies only to qualification of rank—the IBO will be paid on all volume including the volume that exceeds the **Max Volume Rule**.

SHARE THE OPPORTUNITY



BUILD BUSINESS BY SPONSORING

Sunrider is about far more than selling products. It's about sharing a business opportunity that can help you grow your network and achieve success. Here are some easy tips to sponsor new IBOs:

- Obtain contact information and assess their interest
- Give prospects the Sunrider® Business Opportunity Brochure
- Invite them to an opportunity meeting or follow-up phone call
- Don't say too much during the approach

WHO DO YOU KNOW?

Write down 100 names of family members, friends, past associates, coworkers, and other people you are already in touch with. This is your Warm List. Even include people you think might not be interested. You never know someone's true needs until you talk to them about what Sunrider can do.

Pick the top 20 names out of those 100 people and contact them as soon as possible. Since you already know your Warm List, it's the opposite of Cold Calling.

START CALLING

When you call your Warm List, your goal should be to book one-on-one or group appointments where you can share more about the Sunrider business opportunity. Make your first calls with your upline, who is trained to help you get the best results.

1. Upline initiates the first call, while you are there
2. Upline coaches you through a call
3. You take the lead on a call with your upline there for support
4. You make calls on your own
5. Upline contacts you later to answer questions and offer advice

4.18

Average number of attempts needed to reach a prospect
[scripted.com]



8am-9am 4pm-5pm

The best times to set an appointment with a lead or close a deal (1pm-2pm is the worst time)
[Forbes.com]



"Individually we are one drop BUT TOGETHER, we are an ocean."



PRESENTATION IS KEY

MAKE A GREAT FIRST IMPRESSION

It's important to be professional at Sunrider meetings. Even if you're talking to an old friend, this will show that you take this opportunity seriously.

- Dress for success in business clothes
- Start with friendly conversation
- Find out the person's goals
- Give the person one of your Sunrider business cards

LISTENING: YOUR MOST IMPORTANT SKILL

When you approach someone about Sunrider, listen to their needs, fears, dreams, and problems. These issues are your opportunity to sincerely share a solution.

Listen for phrases like this:

- "I would give anything if..."
- "If only I could afford..."
- "I would love to travel to..."
- "I'm afraid of losing my..."



Number of studies that say listening is the top skill needed for business

TALKING POINTS

Here are some helpful tips for sharing the Sunrider business opportunity and products in a way that will make others want to get involved.

- Detail how Sunrider® products are highly concentrated, self-manufactured, and include unique, natural plant-based ingredients
- Discuss Sunrider's industry-leading compensation plan and financial stability with business in 50 countries
- Let Sunrider's high quality speak for itself by sharing a product sample. If that doesn't close the sale, send them home with your contact information and an invitation to an opportunity meeting



7 SECONDS to make a first impression



Sunrider pioneered the use of stevia in the West by petitioning the FDA for its approval in the mid '90s.

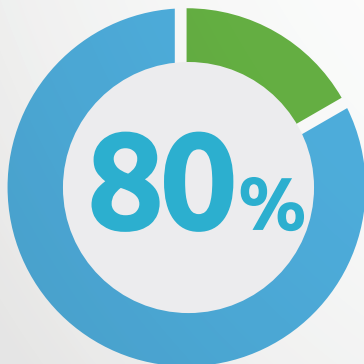
BUILDING RELATIONSHIPS

1

DON'T FORGET TO FOLLOW UP

If you don't close the sale right away, follow up via phone or email 24-48 hours later to:

- Find out if they enjoyed the sample
- Answer their questions
- See if they want to place an order
- Set up a business opportunity meeting, if they're interested
- Ask for referrals for your Warm List



Amount of sales calls that require five follow-up calls
[scripted.com]

2

STAY CONNECTED

Make sure that your clients remember you and Sunrider. Contact them once a month regarding:

- New orders
- New products to try
- Any special promotions
- The Sunrider business opportunity

250

Maximum number of words we can listen to in a minute
[PRDaily.com]

49%

Small businesses that find social media marketing effective

3

IT'S NOT JUST THE PHONE

Keep in touch with clients in a variety of ways:

- Calling or texting
- One-on-one or group presentations
- Social media
- Emails
- Event invitations
- Holiday, birthday, and anniversary cards

ACHIEVE YOUR DREAMS

WORK SMART

Everything you do for your business is leading toward a single goal: financial success. Get there faster by turning every little step into a big one.

Don't just approach new people when it's easy... set your goals!

Don't just sell our unique products...build a business by sponsoring other IBOs!

Take those steps by setting **SPECIFIC, MEASURABLE, ATTAINABLE, RELEVANT, TIME BOUND (SMART)** goals along the way.



3

4

5

1

STEP 1: VISUALIZE YOUR DREAMS

A plan is nothing without a desired outcome. Start achieving goals by creating a dream collage.

2

STEP 2: YEAR GOALS

Set one or two SMART goals for the year, and achieve them by creating a month-by-month plan of manageable steps that lead to your dream.

STEP 3: MONTHLY GOALS

Detail your monthly goals, keep track of Sunrider events, stay accountable, and assess your business as it grows.

STEP 4: PERIOD GOALS

Prioritize your SMART goals, keep track of events and appointments, and record your weekly performance.

STEP 5: REALIZING YOUR DREAM

Persistence is the key to growing your business, bringing you closer to making your dreams a reality.



YOUR FIRST MONTH

THE 3 C'S TO GOAL SETTING: CLEAR. CONCISE. COMPLETE.

A clear and concise goal is to become a **STAR**. Moving up in the compensation plan will help you achieve what you want from your Sunrider business, so focus on getting two new customers and sponsoring two new people. Each short-term goal you accomplish will bring you closer to your long-term dream!

Create a list of goals you want to achieve with your business.

MY GOALS

DAILY GOALS	
MONTHLY GOALS	
60 DAYS FROM TODAY	



YOUR FIRST MONTH

TALLY UP

Way to go! You've completed your first month of being an **Independent Business Owner (IBO)**, and you're setting new personal records.

Let's do a recap of your achievements.

PROSPECT/ACTIVITIES	WEEK 1	WEEK 2	WEEK 3	WEEK 4	TOTAL
SUNRIDER® TOOLS					
ONE-ON-ONE SIT DOWN					
3-WAY CALLS					
SUNRIDER MAPs					
TRAINING NEW IBOs					
FOLLOW-UPS					

ACTUAL RESULTS

PERSONAL VOLUME (PV)					
BUILDER LEGS / ACE ROYAL LEGS					
DOWNLINE VOLUME (DV)					
NUMBER OF IBOs					

PERSONAL GROWTH

BOOKS I'VE READ					
AUDIO I'VE LISTENED TO					
EVENTS I'VE ATTENDED					

Did my activities reflect my goals for the month?

What was my toughest challenge? Is there a way to make this task easier?

What is the rank I want to achieve?

What Sunrider® tools were used?

What will I do differently in the next 30 days?

Did I treat my business like a business?



The Key to Reaching Your Goal: KEEP IT REAL.

Continue to speak to at least two new people every day about Sunrider, and help your new IBOs reach that **STAR** rank by working the plan as you do. This will launch you to the **STAR PRIME** rank. Remember, work with your sponsor and upline Ace Royal or above, organize a *Shake & Tea Party*, and keep the momentum rolling!

Write down the goals you want to achieve with your business.

MY GOALS

DAILY GOALS	
MONTHLY GOALS	
60 DAYS FROM TODAY	

“What you get by achieving your goals is not as important as what you become by achieving your goals.”

Zig Zigler



YOUR SECOND MONTH

TALLY UP

High five! Two months down, one more to go. Reflect on your accomplishments. What's working for you? What would you do differently?

Let's do a recap of your achievements.

PROSPECT/ ACTIVITIES	WEEK 1	WEEK 2	WEEK 3	WEEK 4	TOTAL
SUNRIDER® TOOLS					
ONE-ON-ONE SIT-DOWN					
3-WAY CALLS					
SUNRIDER MAPs					
TRAINING NEW IBOs					
FOLLOW-UPS					

ACTUAL RESULTS

PERSONAL VOLUME (PV)					
BUILDER LEGS / ACE ROYAL LEGS					
DOWNLINE VOLUME (DV)					
NUMBER OF IBOs					

PERSONAL GROWTH

BOOKS I'VE READ					
AUDIO I'VE LISTENED TO					
EVENTS I'VE ATTENDED					

What were the most effective ways of introducing the products and business opportunity?

What were my results from using the products first-hand?

How did the Sunrider® tools on Sunrider University (SRU) help my business and personal goals?

What is my current rank? Does it meet my original goal? If not, what more can I do?

Am I applying the laws of duplication?

What will I do differently in the next 30 days?



YOUR THIRD MONTH

**REACH OUT TO EXPAND YOUR BUSINESS:
APPROACH. SHARE. GROW.**

Keep it up, you're on the right path. Now that you've become a **STAR ELITE**, focus on helping 4 legs achieve STAR ELITE as well. Earn the Star Elite Advancement Bonus. Achieve a total of 10,000 *Downline Volume (DV)* and 800 *Personal Volume (PV)* to move up to **ACE ROYAL**. Work with your team, and work as a team. Soon, you all will be winning together!

MY GOALS

DAILY GOALS	
MONTHLY GOALS	
60 DAYS FROM TODAY	

“By recording your dreams and goals on paper, you set in motion the process of becoming the person you most want to be. Put your future in good hands—your own.”

Mark Victor Hansen



YOUR THIRD MONTH

TALLY UP

Congratulations! You've finished your first three months. Pat yourself on the back for a job well done. You've built something incredible, you're changing lives, so don't stop now.

PROSPECT/ ACTIVITIES	WEEK 1	WEEK 2	WEEK 3	WEEK 4	TOTAL
SUNRIDER® TOOLS					
ONE-ON-ONE SIT-DOWN					
3-WAY CALLS					
SUNRIDER MAPs					
TRAINING NEW IBOs					
FOLLOW-UPS					

ACTUAL RESULTS

PERSONAL VOLUME (PV)					
BUILDER LEGS / ACE ROYAL LEGS					
DOWNLINE VOLUME (DV)					
NUMBER OF IBOs					

PERSONAL GROWTH

BOOKS I'VE READ					
AUDIO I'VE LISTENED TO					
EVENTS I'VE ATTENDED					

Which activities did I do best?

Which activities do I need to improve on?

What can I change about my business to make it even more successful in the future?

What will I need to focus on to continue growing my team and developing Ace Royals?

REMEMBER TO FOLLOW UP

To help ensure your success, we've written examples of quick, professional follow-ups that you can use in writing or conversation with potential members of your network.

For a letter or email: Copy it and include personalized information like the recipient's name, to give your message an authentic feel.

For phone or in person: Be sure to think of it as a conversation, not a speech. Begin by greeting the person and asking a quick question like, "How are you today?" or "Do you have a minute to talk?" Also be sure to pause between thoughts to give the person time to consider and respond.

BUSINESS-FOCUSED



It was great to meet you at my Sunrider presentation on **[DATE]**. Thanks a lot for attending.

I was excited to see that you're interested in the Sunrider business opportunity. With Sunrider, you can achieve success while working when and where you want. As your network grows, you can even get recurring income while you enjoy more time with family and friends.

I don't want you to miss out on the chance to build your own successful Sunrider business. Please contact me so we can talk about this as soon as possible; I can answer any questions you may have, and we can get you started.

I look forward to speaking with you again.

[YOUR NAME, CONTACT INFORMATION]

PRODUCT-FOCUSED



It was great to meet you at my Sunrider presentation on **[DATE]**. Thanks a lot for attending.

I'm following up because you expressed interested in Sunrider's top-quality herbal foods and beverages. I'd like to share more about Sunrider with you as soon as possible. When are you available to meet or talk on the phone?

I look forward to speaking with you again.

[YOUR NAME, CONTACT INFORMATION]

WEIGHT-LOSS OR FITNESS-FOCUSED



It was great to meet you at my Sunrider presentation on **[DATE]**. Thanks a lot for attending.

I was glad to see that you are interested in natural weight loss and fitness with Sunrider. You can truly transform your body with Sunrider's highly concentrated herbal supplements and doctor-developed fitness plans.

I'd like to share more with you as soon as possible. When are you available to meet or talk on the phone?

[YOUR NAME, YOUR CONTACT INFORMATION]

MEETING A REFERRAL



Hello **[NAME]**,

Your **[RELATIONSHIP]** **[REFERRER'S NAME]** suggested that I contact you regarding Sunrider, the only company that offers a rewarding business plan and a wide variety of top-quality herbal products.

I'd like to talk to you as soon as possible about all of the ways that Sunrider can improve your life. Please contact me so that we can set a time to talk or meet, and I can answer any questions that you may have.

[YOUR NAME, CONTACT INFORMATION]



THE MOST IMPORTANT PART OF AN EMAIL

The subject line influences the recipient to open an email. If it doesn't catch their attention, they may delete your email without even reading it. When following up with a Sunrider contact, your subject line should make it clear that you're not a stranger and remind them that there are more steps to take.

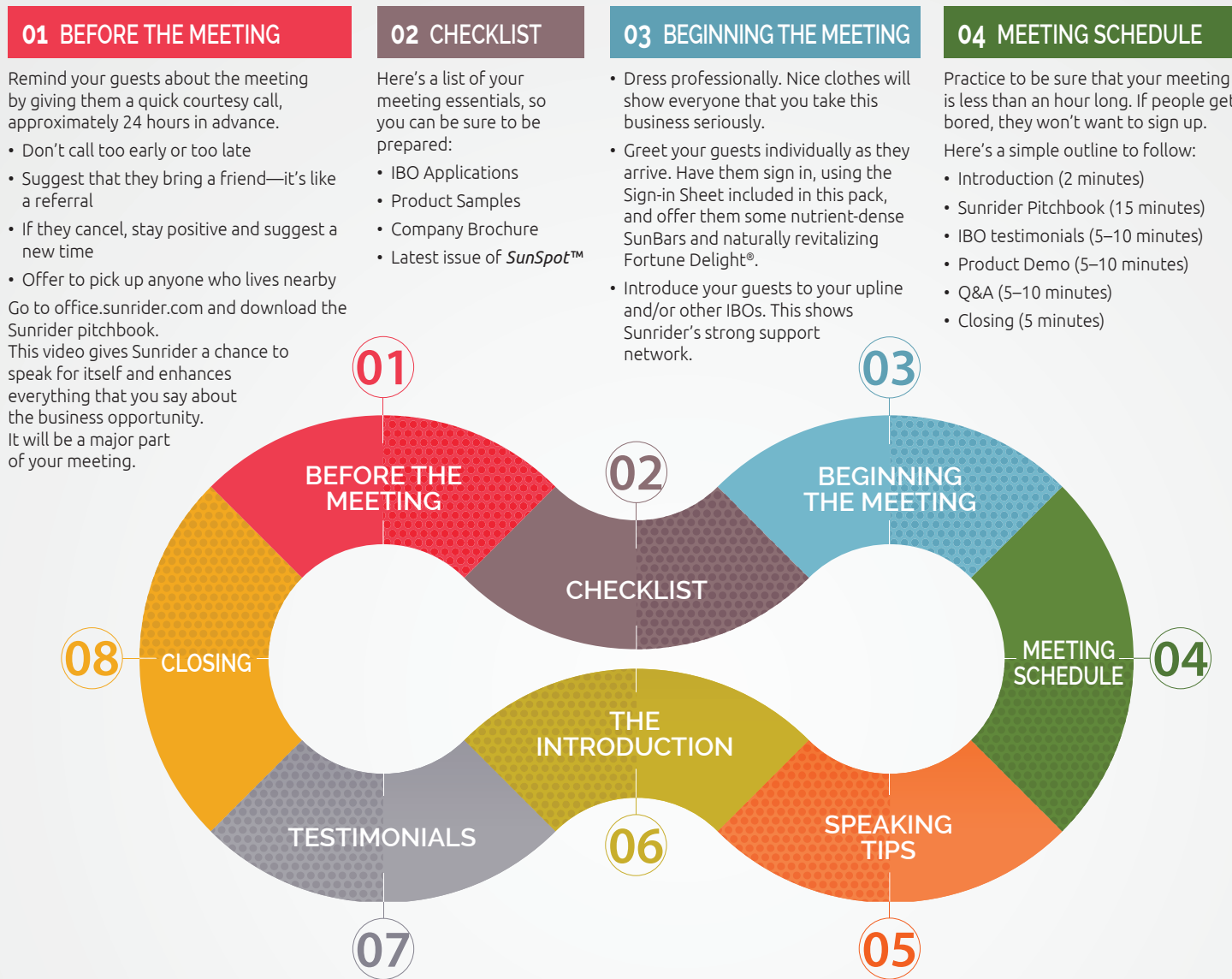
Here are some examples of subject lines that make a connection with the reader, and inspire them to take action:

- Sunrider follow-up—let's talk soon!
- Let's talk more about Sunrider
- Excited to go into business with you
- Nice to meet you at the Sunrider presentation
- Business Opportunity - Referred by **[NAME OF REFERRER]**

HOW TO PLAN A SUCCESSFUL SUNRIDER OPPORTUNITY PRESENTATION

Opportunity Presentations are the best way to build your Sunrider network. They are your chance to share your excitement for Sunrider and sign up new **IBOs**.

Here are some tips to help you make sure that your Opportunity Presentation is a success:



01 BEFORE THE MEETING

Remind your guests about the meeting by giving them a quick courtesy call, approximately 24 hours in advance.

- Don't call too early or too late
- Suggest that they bring a friend—it's like a referral
- If they cancel, stay positive and suggest a new time
- Offer to pick up anyone who lives nearby

Go to office.sunrider.com and download the Sunrider pitchbook. This video gives Sunrider a chance to speak for itself and enhances everything that you say about the business opportunity. It will be a major part of your meeting.

02 CHECKLIST

Here's a list of your meeting essentials, so you can be sure to be prepared:

- IBO Applications
- Product Samples
- Company Brochure
- Latest issue of *SunSpot*™

03 BEGINNING THE MEETING

- Dress professionally. Nice clothes will show everyone that you take this business seriously.
- Greet your guests individually as they arrive. Have them sign in, using the Sign-in Sheet included in this pack, and offer them some nutrient-dense SunBars and naturally revitalizing Fortune Delight®.
- Introduce your guests to your upline and/or other IBOs. This shows Sunrider's strong support network.

04 MEETING SCHEDULE

Practice to be sure that your meeting is less than an hour long. If people get bored, they won't want to sign up. Here's a simple outline to follow:

- Introduction (2 minutes)
- Sunrider Pitchbook (15 minutes)
- IBO testimonials (5–10 minutes)
- Product Demo (5–10 minutes)
- Q&A (5–10 minutes)
- Closing (5 minutes)

05 SPEAKING TIPS

Public speaking is one of the most common fears in the world. Here are some tips for speaking success:

- Take a deep breath and count to three before beginning to speak
- Speak slower than you think you need to. Make sure you can hear each word that you say
- Smile and make eye contact with audience members as you speak
- Never apologize for any nervousness, mistakes, or other problems. The audience most likely never even noticed

06 THE INTRODUCTION

This is the quickest part of the meeting. First, thank your guests for coming, then briefly introduce yourself and share your Sunrider success story. Here are some other topics for your introduction:

- Your Sunrider goals and how you plan to meet them
- Number of people you plan to recruit
- What your current Sunrider business entails
- How Sunrider has improved your life (Be specific. Maybe felt amazing when you got your first bonus check. Share that feeling!)
- Use your upline's success stories if you haven't experienced your own
- Your favorite Sunrider® products and how they have changed your day-to-day life.

07 TESTIMONIALS

After the Sunrider pitchbook presentation, have your upline share their Sunrider success story. If they're not present, get their permission to use their story. A real story from a real person will help convince people that Sunrider is the way to success.

08 CLOSING

At the end, ask your audience if they have any questions. Your upline can help answer, too. After, close by thanking your audience, reminding them to take any Sunrider® materials that you are offering, and telling them that you are always available to talk more about Sunrider.



SUNRIDER[®]
www.sunrider.com

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EXHIBIT C

Create Wealth, Enjoy Health

Sunrider® . . . *My Choice*



1

About Me

- My Story
- My Choice
- My Success
- My Goals



2 Making Money Can Be Easy if . . .

In today's economy,
traditional methods
of making money are risky,
time-consuming,
and expensive.



Traditional Ways to Make Money

- **Stock Market/Real Estate:**
Very risky and unstable.
Usually requires a big investment.
- **Working Longer Hours:**
Poor quality of life.
- **Savings in the Bank:**
Low interest rates that don't keep up with inflation.
- **Owning a Store or Business:**
Usually requires big up front investment with low profit margins.



The Best Way to Create Wealth

The Best Business:

Owning your distribution channels
for a minimal investment with Sunrider.

**Making money can be
easy if you choose
the right company.**



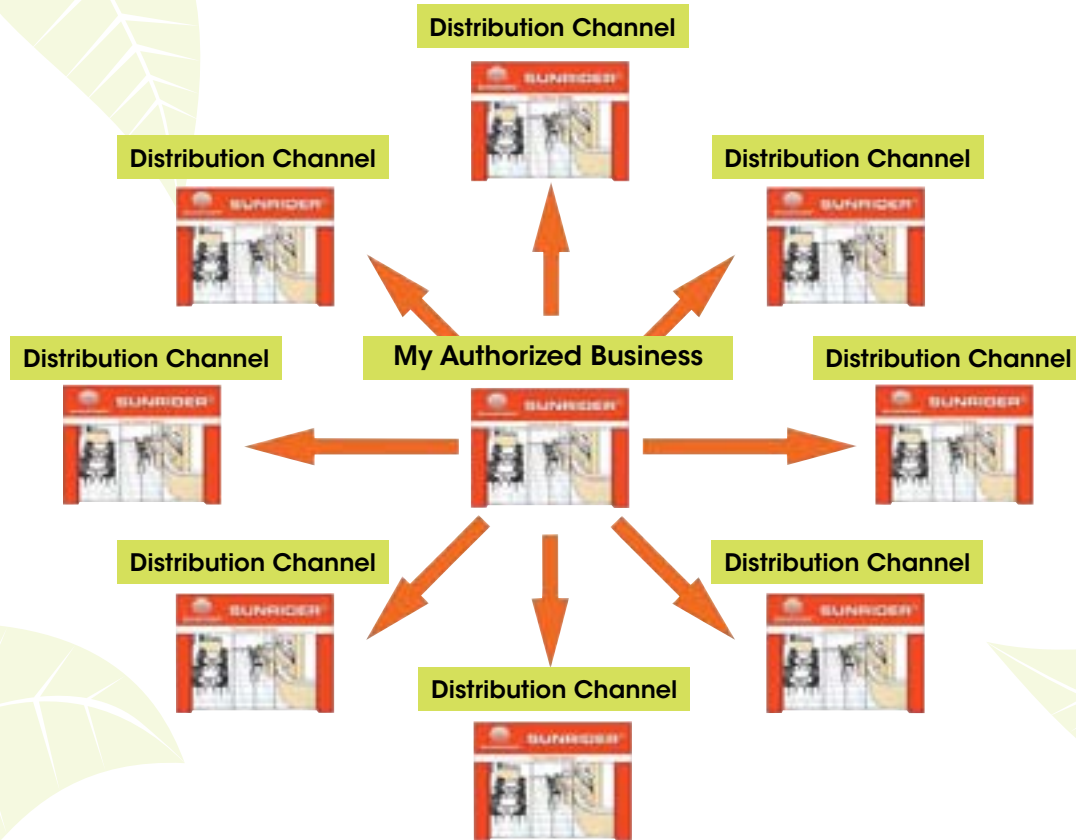
SUNRIDER®

Simply the Best™

3

Franchise Concept

Fast Profits Through Distribution Channels



Franchising Benefits

- The most successful business system.
- Develops distribution channels.
- Many distribution channels create **brand recognition.**
- Helps you achieve your optimal goal quickly.



SUNRIDER

The Best Franchise-like System

For a low investment, Sunrider gives you the benefits of franchising without all the difficulties. We help you become the owner of a franchise-like business.

We offer:



- The Best Support



- The Best Company



- The Best Products



- The Best Business Plan

4 Why Choose **SUNRIDER:** *The Best Support*



Sunrider has invested hundreds of millions of dollars to provide you with professional support, management, operations, infrastructure, and service.

Why Choose **SUNRIDER:** *The Best Company*



- Dr. Tei-Fu Chen is a world-renowned herbalist, with a degree in pharmacy. Dr. Oi-Lin Chen is a gifted medical doctor.
- They are experts in the health and wellness industry and highly regarded business pioneers.
- Sunrider is a family-owned business.
- No one is more passionate and dedicated to Sunrider and your success than our owners.

The Best Company: 27 Years of Success



- Sunrider is financially strong and stable.
- Founded in 1982, 27 successful years of experience.
- Operating in over 42 countries and districts.
- Millions of IBOs and customers around the world.
- Over 7,000 retail stores in China and the rest of Asia.
- Donates millions of dollars to charities such as UNICEF, Make-A-Wish Foundation, and Lifeline Express.

The Best Company: Awards & Honors



2008

Sunrider Korea awarded the Korea Marketing/ Distribution Grand Prix (Grand Prize) for excellent customer service.



2008

Fortune Delight® awarded "World Health-Care Products Brands Top 100" at the 2008 Asia-Pacific Economy Council.



2007-2008

Sunrider donates millions of dollars to charities such as UNICEF and Make-A-Wish Foundation.



2007

Sunrider China receives Product Exemption from Quality Surveillance Inspection Certificate and Product Exemption from State Inspection Plaque.



2007

The AVA Certificate of Commendation awarded to Sunrider Singapore Manufacturing and in 2005 the AVA Bronze Award for "Grade A" Certification.



2005

The Israeli Olympic Team chooses Sunrider as its only Food Supplement Company sponsor for the 2008 Beijing Olympics.



2004

The image of Dr. Tei-Fu Chen graces a set of four postage stamps issued by the State Postal Bureau of China and the China National Philatelic Corporation.



2002

IFANCA Industry Award - Halal Company of the Decade Corporation.

The Best Products

We have invested hundreds of millions of dollars in essential technologies to offer you the highest quality products for the best value. Our herbal products are not fads or cures, but concentrated, healthy nourishment for the body.



The Philosophy of Regeneration™



The blueprint for every Sunrider® product, the Philosophy of Regeneration™ is the reason why Sunrider® products are unique, effective, and high quality.

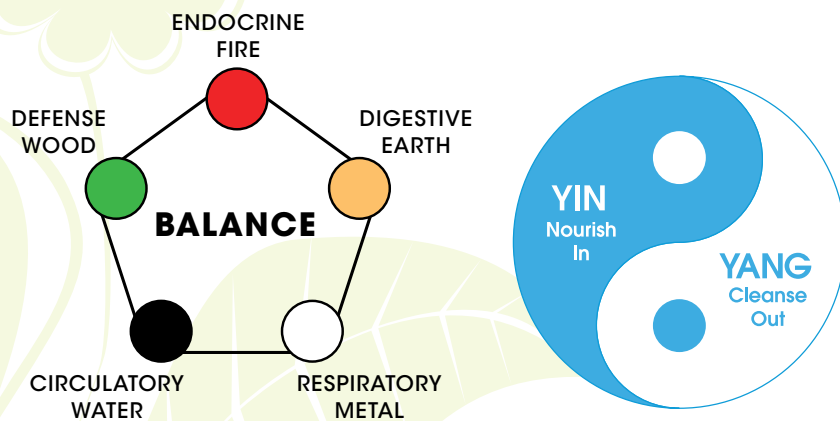
Four Principles for Optimal Health:

1 Nourish + Cleanse = Balance:

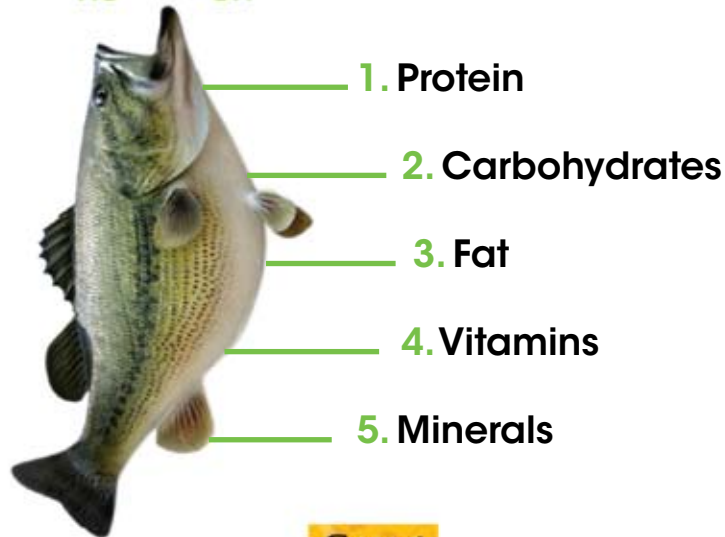
Sunrider® products nourish (yin) and cleanse (yang) to achieve balance for optimal health.

Consider five horses pulling a chariot. The five horses represent the body's five major systems. If one horse runs too fast or too slow, it will affect the other horses and tip the balance of the chariot. The chariot only runs smoothly when all five horses run in harmony.

Similarly, our body enjoys health when all five systems are balanced.



The Philosophy of Regeneration™



2 Foods, not chemicals: The body is designed to recognize foods, not chemicals.

A fish breaks down into protein, carbohydrates, fats, vitamins, and minerals. However, mixing those chemicals back together will not make a fish. What's missing is the **life structure** that your body recognizes as food.

3 Variety: There is no perfect ingredient: each ingredient has a strong point and a weak point. Variety is necessary for a healthy, balanced body.

The Philosophy of Regeneration™

4 Formulation & Concentration:

Dr. Chen leverages the strength of one ingredient to cover the weakness of another in his formulas. To manufacture his formulas, Dr. Chen developed a trade-secret manufacturing process that extracts and concentrates the beneficial nutrients while minimizing the negative aspects of ingredients.

Dr. Chen can implement the Philosophy of Regeneration™ because of his expertise, knowledge, and creativity.

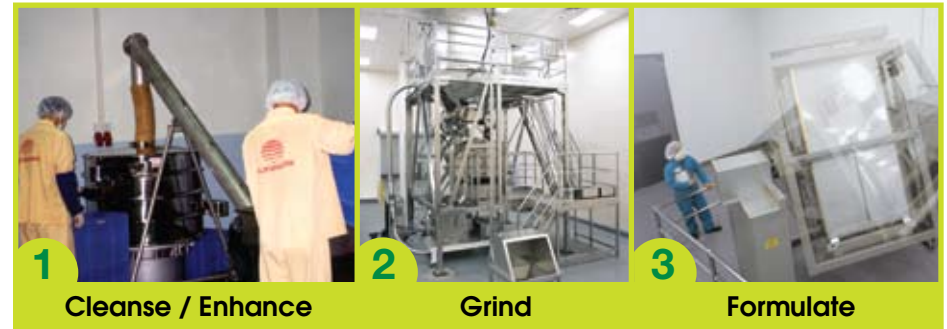


The Philosophy of Regeneration™

4 Formulation & Concentration:

State-of-the-Art Manufacturing: Sunrider researches, develops, and manufactures our own products according to the Philosophy of Regeneration™.

- Sunrider® products are the highest quality and cannot be duplicated by anyone else.
- We own approximately two million square feet of premier manufacturing space worldwide.
- We have invested hundreds of millions of dollars in our state-of-the-art facilities.
- We use pharmaceutical-grade machinery, specially customized for our trade-secret process.
- Our facilities and production methods are safe, clean, ethical, green, and conform to good manufacturing practices.



The Best Business Plan

SUNRIDER

- The greatest earning potential with commissions paid from the company sales volume.
- Immediate retail profits by selling Sunrider® products.
- Generous leadership commissions, profit sharing, and travel rewards.
- Leverage time and money by developing distribution channels.
- Opportunity for long-term, residual income.
- Real success stories.



The Best Business Plan: Company Payout

Conventional retail businesses: you only earn retail profits.

Other businesses: you only earn commissions based on your personal organization.

You can earn the greatest profits by developing your distribution channels with Sunrider:

Retail Profits



Commissions based on your personal group sales volume



Commissions based on the company sales volume



Profit Sharing and Bonuses for contributing to sales growth



5 The Best Business Plan: Testimonials

Nancy Donahue, Montana

Before Sunrider

Nancy was a full-time mom, wife, and homemaker for 17 years before Sunrider.

Success Story

After just two years as a Sunrider, Nancy purchased her first Sunrider car.* In the years since, she has bought more cars, traveled around the world, earned money for her children's college funds, and met many amazing people.* At 68 years old, she feels the best she ever has, and her earnings with Sunrider are nearly \$2 million!*

Optimal Goal

Nancy's optimal goal is to see the Donahue Team of 150 leaders also earn that much by enlarging and extending their reach across the United States. "We have a vision and a message to share—Sunriders want the best in life, and Sunrider is simply the best!"



* The earnings stated above are not necessarily representative or typical of the earnings Sunrider Independent Business Owners (IBOs) can or will earn through participation in the Sunrider Compensation Plan. These statements should not be considered as guarantees or projections of your actual earnings or profits. The average annual income of Sunrider's active IBOs was \$2,627 in 2007. An active IBO is an IBO who has purchased 50 SV or more in 2007. As with any other independent business, success results only from dedicated sales efforts, hard work, diligence, and leadership.

The Best Business Plan: Testimonials

Jonathan Sugai, Hawaii

Before Sunrider

I was a college student with many part time jobs. I enjoyed my freedom as an entrepreneur but needed many things going on at once to make ends meet.

Why I Chose Sunrider

"My family has been part of Sunrider for over 25 years and as a second generation Sunrider, I've always known that the business with this company was in my destiny. I've seen...how the business supported my family with additional income and the best health through the years, and the lives that we have changed personally by sharing Sunrider.

Sunrider was a natural fit for me after college because of the huge income potential and the fact that our brand of doing business is the best.* We are partnered up with the best company that is a privately owned family run business. Our products are the best because we are backed by owner expertise, the best research & development, and state of the art manufacturing."

My Success Story

"Our business plan is the most generous and rewarding and has generated almost \$200,000 of additional income for my family in 2008."*

My Optimal Goal

"My goal is to earn at least \$30 million from Sunrider and to create a minimum of 30 Sunrider millionaires in their 30s.* My mission is help make the world a better place by sharing Sunrider with everyone everywhere."



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The Best Business Plan: Testimonials

Lorraine Eastburn, Arizona

Before Sunrider

"Before joining Sunrider, I was a full-time hairdresser and mother of two small children. At the time, I felt trapped in my circumstances. Daily, I felt worn out from standing and servicing my clients and smelling chemicals—in addition to the never-ending work at home as a young mother."

Why I Chose Sunrider

"My first Sunrider miracle was getting my energy and happiness back. Within the first week I knew I wanted to share Sunrider with everyone! I did this and became a Business Leader within three months. I stayed at that rank until I fully understood that I needed to share the business opportunity with the very best people I could find. After realizing this, my business quickly quadrupled as well as my rank!"

My Success Story

"Now, I powerfully share Sunrider as an amazing and unlimited income opportunity. I exemplify financial freedom and time freedom. * Last year, I earned almost \$100k working my Sunrider business part-time while still running my hair salon. * I believe we can earn any income we choose if we set our mind and heart to it. I have noticed, however, that the people who do the best in this business are those who can focus, commit, love, and give generous service to others. I'm elated to have received the latest SVBB check for \$10,000." *

My Optimal Goal

"My optimal income goal with Sunrider income is to earn \$50,000 a month consistently. * By achieving this, I know that I will have served many and blessed their lives with Sunrider health and wealth!"

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Product Packs & Gift Sets



- Most popular products, easy to learn and use.
- Great for demonstrations or gifts.
- Sell Product Packs and Gift Sets to earn money right away.



Simple System



Sign up at www.sunrider.com to join!

As an Independent Business Owner, you can own a world-class, franchise-like business.

First, set a goal of developing at least 100 customers as your base. Then, every month:

- 1** Consume or sell at the retail price at least US\$200 per month,
- 2** Find at least 10 new customers and develop at least one new Independent Business Owner,
- 3** Follow up to maintain your 100-customer base (at least 50 VIP Customers and 50 Retail Customers).

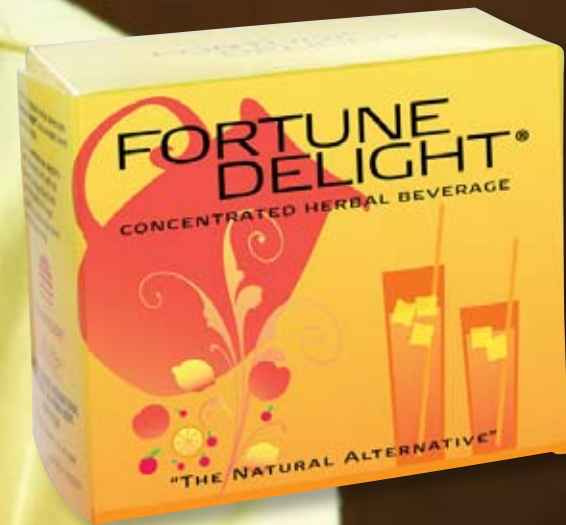
Product Demonstration



Fresh
and
CLEAN

Product Demonstration

Drink *Healthy*
& *be* *Wealthy*



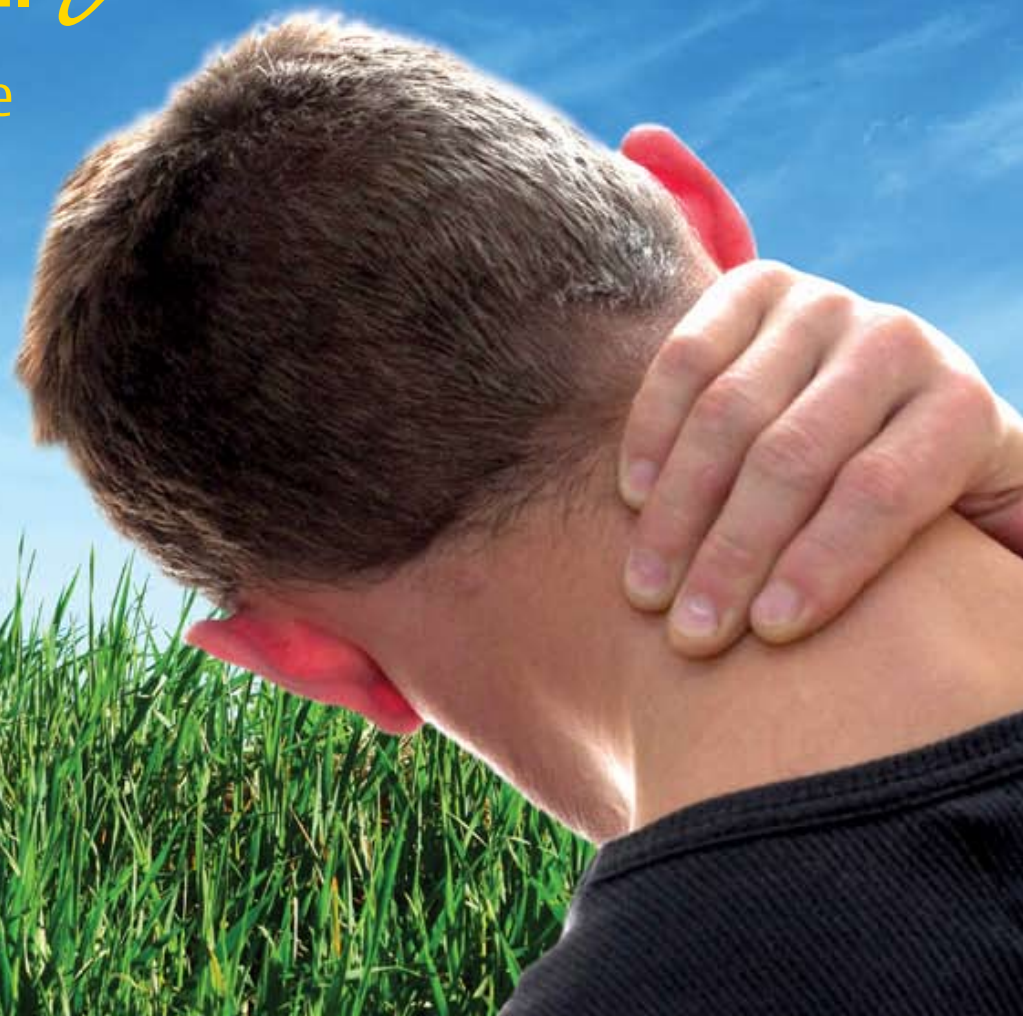
Product Demonstration



SunBreeze®

Essential Oil

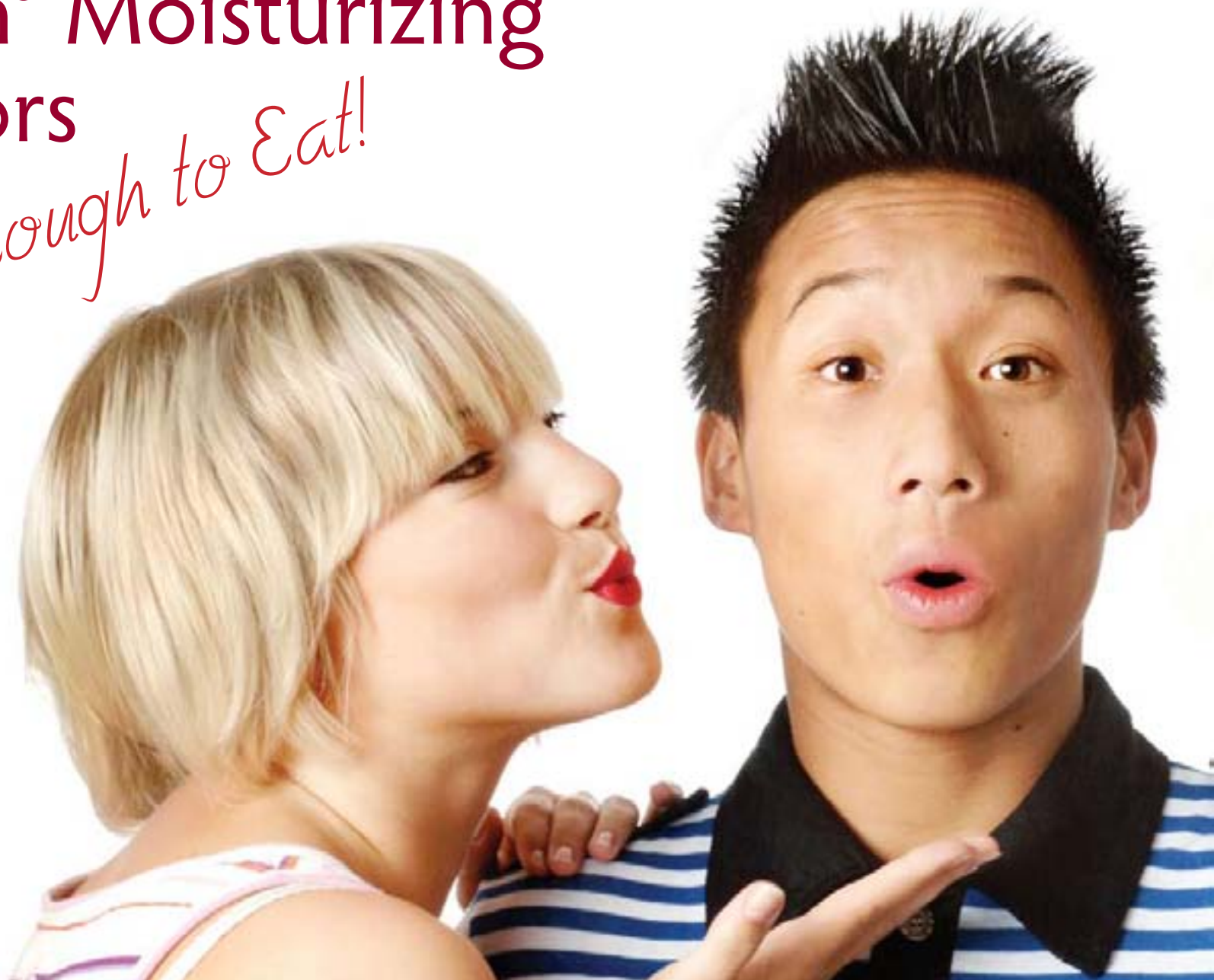
Refresh & Soothe
Muscles with
SunBreeze® Oil



Product Demonstration

Kandesn[®] Moisturizing Lip Colors

Good Enough to Eat!



Product Demonstration

Kandesn®
**PROTECTIVE
FOUNDATION**
SPF 15



for Silky, Flawless Skin

Product Demonstration



*Unveil Clean,
Beautiful Skin with*

**Oi-Lin[®]
Cleansing
Cream**



Product Packs & Gift Sets: Income Potential



- Wide range of consumable products.
- High repurchasing rate.
- Easy to switch brands.
- Safe, high quality, unique, and effective.
- Award-winning products enjoyed by athletes, politicians, celebrities, and Sunrider entrepreneurs and customers around the world.
- Simple system for a great business!

SUNRIDER

The Best Franchise-like System



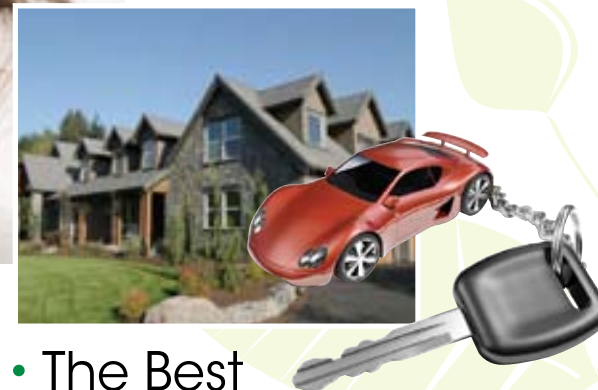
- The Best Support



- The Best Company



- The Best Products



- The Best Business Plan

Thank you!

*We hope you
will join us!*



SUNRIDER®