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Attorneys for Plaintiff

10 **IN THE UNITED STATES DISTRICT COURT**

11 **DISTRICT OF ARIZONA**

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

13 Plaintiff,

14 v.

15 Jeunesse, LLC aka Jeunesse Global, Inc., a
16 Florida limited liability company, Wendy R.
17 Lewis, an individual, Ogale "Randy" Ray, an
18 individual, Scott A. Lewis, an individual, Kim
19 Hui, an individual, Jason Caramanis, an
20 individual, Alex Morton, an individual, John
and Jane Does 1-100, individual natural
persons, and ABC Corporations, Companies,
and/or Partnerships 1-20,

21 Defendants.

Case No. _____

**COMPLAINT AND DEMAND FOR
JURY TRIAL**

CLASS ACTION

22
23 Plaintiff, James J. Aboltin ("Plaintiff"), by and through undersigned counsel, on behalf
24 of himself and all others similarly situated, for their Complaint against Jeunesse LLC, Wendy
25 Lewis, Randy Ray, Scott Lewis, Kim Hui, Jason Caramanis, and Alex Morton, hereby allege
26 as follows:

I.

INTRODUCTION

1
2 1. This is an action on behalf of Plaintiff James J. Aboltin, for himself and those
3 similarly situated, to recover damages caused by the Defendants,' and their Diamond
4 Director co-conspirators' operation of an inherently fraudulent pyramid scheme. The
5 pyramid scheme is fraudulent because it requires the payment by participants of money to
6 defendant Jeunesse LLC ("Jeunesse") and its co-conspirators, Wendy Lewis, Randy Ray,
7 Scott A. Lewis, Kim Hui, Jason Caramanis, Alex Morton (collectively "Defendants"), and
8 unnamed Diamond Director co-conspirators, in return for which participants receive (1) the
9 right to sell products, and (2) the right to receive, in return for recruiting other participants
10 into the pyramid, rewards that are unrelated to the sale of Jeunesse products to ultimate end
11 users.

12 2. This action is brought pursuant to the Racketeer Influence and Corrupt
13 Organizations Act, 18 U.S.C. 1961, *et. seq.*, ("RICO") and the Arizona Consumer Fraud Act,
14 A.R.S. §§ 44-1521, *et seq.*, on behalf of a class of persons who serve or have served as
15 independent representatives for Jeunesse.

II.

THE PARTIES

16
17
18 3. Plaintiff James J. Aboltin was (at all times relevant to the allegations in this
19 complaint) a resident of the State of Arizona, and a citizen of the United States. Plaintiff was
20 deceived by Jeunesse's misleading business opportunity, falsely believing that it was a
21 legitimate way to earn money, and did lose money as a result of Defendants' unfair,
22 unlawful, and fraudulent business practices.

23 4. Jeunesse is a Florida limited liability company, with its principal place of
24 business located at 650 Douglas Avenue, Suite 1020, Altamonte Springs, Florida 32714.
25 Jeunesse began operating in 2009. Jeunesse is a global pyramid scheme disguised as a multi-
26

1 level marketing company that purports to provide an array of purported youth enhancing skin
2 care products and dietary supplements to customers.

3 5. Ogale “Randy” Ray is a Florida resident and is a manager for, and co-founder
4 of, Jeunesse.

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

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

11 8. Scott A. Lewis is a Florida resident and is the Chief Visionary Officer for
12 Jeunesse.

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

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

16 **III.**

17 **CONSPIRACY, AGENCY, JOINT VENTURE, ALTER EGO**

18 8. Each of the Defendants named herein acted as a co-conspirator, agent, single
19 enterprise, joint venturer, or alter ego of, or for, the other Defendants, with respect to the acts,
20 violations, and common course of conduct alleged herein, and ratified said conduct, aided and
21 abetted, or is otherwise liable. Defendants have had meetings with other Defendants, and
22 unnamed Diamond Director co-conspirators and have reached agreements to market and
23 promote the Jeunesse Pyramid as alleged herein.
24

25 9. Defendants, along with unnamed Diamond Director co-conspirators, were part
26 of the leadership team that participated with Jeunesse, and made decisions regarding:

1 products, services, marketing strategy, compensation plans (both public and secret),
2 incentives, contests, and other matters. In addition, Defendants and unnamed co-conspirators
3 were directly and actively involved in decisions to develop and amend the distributor
4 agreements and compensation plans.

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

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

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

14 **IV.**

15 **JURISDICTION AND VENUE**

16 13. Defendants are subject to the jurisdiction of this Court. Corporate Defendant
17 Jeunesse, at all relevant times, has been engaged in continuous and systematic business in
18 Arizona, and/or has committed tortious and fraudulent acts in Arizona that have caused
19 damages to residents of Arizona. The individual Defendants have, at all relevant times, also
20 been engaged in continuous and systemic business in Arizona and/or have committed tortious
21 acts in Arizona that have damaged residents of Arizona.

22 14. The actions giving rise to this lawsuit were taken by Defendants, at least in part,
23 in Arizona. Plaintiff is a resident of Arizona. In accordance with 18 U.S.C. § 1965(a) and
24 (b), the Defendants are subject to this Court’s jurisdiction in that they “transact affairs” in
25 Arizona and “the ends of justice require that [they] be brought before the Court[.] See
26 U.S.C. § 1965[a] and [b]).

1 rewards to those that join come almost exclusively from the recruitment of new
2 participants/victims to the scheme.

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

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

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

20 22. The Ninth Circuit has adopted the *Koscot* standard and has held that “the
21 operation of a pyramid scheme constitutes fraud for purposes of several federal antifraud
22 statutes.” *Omnitrition*, 79 F.3d at 782; *F.T.C. v. BurnLounge, Inc.*, 753 F.3d 878, 880 (9th Cir.
23 2014).

24 23. Arizona law also renders pyramid schemes illegal. Arizona law defines a
25 pyramid scheme as follows:

26 “Pyramid promotional scheme” means any plan or operation by which a
participant gives consideration for the opportunity to receive

1 compensation which is derived primarily from any person's introduction
2 of other persons into participation in the plan or operation rather than
3 from the sale of goods, services or intangible property by the participant
or other persons introduced into the plan or operation.

4 Ariz. Rev. Stat. Ann. § 44-1731.

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

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

10 Ariz. Rev. Stat. Ann. § 44-1735(B).

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

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

- 16 • “TINA.org’s investigation revealed a host of issues, including,
17 among other things, an emphasis on recruitment over product sales,
18 and claims made by the company, as well as its medical advisory
19 board, that its products can manipulate human genes and cells to
slow the aging process.”
- 20 • “TINA.org found that Jeunesse and its distributors are using
21 deceptive income claims regarding the financial gains consumers
22 will achieve by becoming distributors. For example, Jeunesse
23 advertises that those who sign-up for its business opportunity can
24 make over \$26,000 per week. Its distributors also make unrealistic
25 financial promises, such as being able to make millions of dollars
26 per year. The problem is that the vast majority of these income
claims contain no disclosure, let alone a legally appropriate one.
TINA.org has compiled over 60 instances of these types of income
claims, which are all available at
[https://www.truthinadvertising.org/jeunesse-income-claims-
database/](https://www.truthinadvertising.org/jeunesse-income-claims-database/).”

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

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

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

14 29. Pyramid schemes that masquerade as legitimate multi-level marketing
15 (“MLM”) companies soil the reputation of the MLM industry. Rogue companies like
16 Jeunesse give legitimate operators a bad name. In response, the FTC has been taking more
17 aggressive steps and actions against those rogue actors, and shutting down their unlawful
18 business operations. For example, in 2007, the FTC took action against Burnlounge Inc., for
19 operating a pyramid scheme in violation of Section 5(a) of the FTC Act. Burnlounge was
20 offering its associates the opportunity to participate in cash rewards in exchange for an initial
21 fee, plus recurring monthly fees. Members were paid automatic signup bonuses for selling
22 higher priced packages to new associates. The matter was heavily litigated, and ultimately
23 reached the Ninth Circuit Court of Appeals. *See F.T.C. v. BurnLounge, Inc.*, 753 F.3d 878
24 (9th Cir. 2014). The Ninth Circuit rendered its opinion in 2014, finding that BurnLounge’s
25 business model focused on recruitment, and that the rewards paid, in the form of cash
26 bonuses, were primarily earned for recruitment, as opposed to merchandise sales to
consumers. *Id.* at 886. The court placed an emphasis on the fact that recruiting was built into

1 the compensation structure, in that recruiting led to eligibility for cash rewards, and the more
2 recruiting the higher the rewards. *Id.* at 884. Thus, the court found BurnLounge’s focus was
3 on promoting the bonus and commission program rather than selling the company’s products
4 to end retail users. *Id.*

5 30. On August 1, 2015, the FTC took action against VEMMA and alleged that it
6 was a pyramid scheme based on representations made in promotional videos, in which
7 representatives discussed its compensation model and alleged income opportunities.
8 VEMMA used a binary-based compensation model almost identical to the one at issue in this
9 case. Like Jeunesse’s binary compensation plan, VEMMA affiliates earned financial rewards
10 for building two teams of affiliates, who were then charged with recruiting additional
11 affiliates. The FTC is arguing that the emphasis of VEMMA’s sales culture is recruitment,
12 thus the *product is merely incidental to the business opportunity*.

13
14 **B. Defendants’ Enterprise Constitutes a Pyramid Scheme.**

15 31. Jeunesse has at least two separate compensation plans—a public compensation
16 plan (the “Public Compensation Plan”) and a private compensation plan involving secret,
17 undisclosed backroom deals offered to those believed to be “quality” recruits, typically top
18 earners in other network marketing companies with established downlines (the “Secret
19 Compensation Plan”). Both compensation plans further Jeunesse’s operation of an illegal
20 pyramid scheme because both plans revolve around recruitment. A distributor’s compensation
21 is derived from successfully recruiting new distributors (not product sales to ultimate end
22 users), or, as in the case of the undisclosed, Secret Compensation Plan, luring and importing
23 entire downlines or “teams” from other network marketing companies.

24 32. Defendants have operated and promoted their fraudulent schemes throughout
25 the United States through the use of the U.S. mail and interstate wire communications.
26 Through their creation and operation of their pyramid scheme, Defendants specifically

1 intended to, and did in fact, defraud their distributors — including Plaintiff and the members
2 of the Class.

3 **C. The Jeunesse Public Compensation Plan.**

4 33. Jeunesse’s public compensation plan is referred to as a “Binary” plan. In this
5 plan, participants are required to build two separate organizations (“legs”), where participants
6 derive compensation based off of a percentage of volume generated from their downline.

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

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

17 36. The term “Downline” is commonly used to represent a cluster of people in a
18 participant’s organization.

19 37. Jeunesse operates as an illegal pyramid scheme in part because its Public
20 Compensation Plan revolves around a recruitment-oriented message, in which a Distributor’s
21 compensation derives from successful recruitment of new distributors. “Courts . . . have
22 consistently found MLM businesses to be illegal pyramids where their focus was on
23 recruitment and where rewards were paid in exchange for recruiting others, rather than simply
24 selling products.” *F.T.C. v. BurnLounge, Inc.*, 753 F.3d 878, 885 (9th Cir. 2014). A
25 Distributor receives rewards which are unrelated to the sale of products or services to ultimate
26 users outside of the Jeunesse pyramid. *See United States v. Gold*, 177 F.3d 472, 480 (6th Cir

1 1999) (*quoting In re Koscot Interplanetary, Inc.*, 86 F.T.C. 1106, 1187 (1975)). Such a
2 scheme is deemed inherently fraudulent under federal and Arizona law.

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

8 39. Because Jeunesse’s Distributors essentially do not sell products to consumers
9 (who are not also distributors), they only obtain return on their investment by recruiting new
10 distributors (who then buy products). This results in payouts alleged to be “bonuses” and
11 “commissions.” When a company incentivizes the recruitment of new participants over
12 product sales, rewards to participants are not considered sales to ultimate users. *BurnLounge*,
13 753 at 887; *see United States v. Gold*, 177 F.3d 472, 481 (6th Cir 1999).

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

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

25

26

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

4 43. Defendants recruit new victims into the Jeunesse pyramid scheme by offering
5 them the opportunity to become “Jeunesse distributors.”

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

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

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

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

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

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

23 50. When a Jeunesse distributor recruits a new individual into his or her downline,
24 and the new individual “activates” by purchasing a Jeunesse product package, the distributor

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

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

1 who enrolled the new individual into his downline receives a “Customer Acquisition Bonus”
2 ranging from \$25 to \$250, depending on the price of the product package purchased.

3 51. When a Jeunesse distributor recruits a new distributor who purchases a product
4 package, the following recruitment commissions are paid out:

- 5 • Basic Package (\$199.95) – \$25 commission
- 6 • Supreme Package (\$499.95) – \$100 commission
- 7 • Jumbo Package (\$799.95) – \$200 commission
- 8 • 1-Year Jumbo Package (\$1799.95) – \$200 commission
- 9 • Ambassador Package (\$1099.95) – \$250 commission

10 These bonuses are paid regardless of whether any Jeunesse product is sold to ultimate end-
11 users outside the distribution channel. As one Jeunesse recruitment video states: “These
12 bonuses are paid when you introduce a new distributor who goes on to purchase one of the
13 Jeunesse Product packages when they get started.”³

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

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

20 In order to qualify for this powerful income stream, you need to accumulate
21 100 Personal Volume (PV) points in one month during the first year (which
22 ends on your renewal date) from your customer’s purchases through your
23 website or your personal purchases and personally enroll two Distributors
24 who each accumulate 100 PV within one month. Place one of these
Distributors on your left team and one on your right team. This will
activate your position so that you may now be eligible to earn Team
Commissions.

25 *See Opportunity (Ex. B).*

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

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

- 3 • Basic Package 100 (CV)
- 4 • Supreme Package 300 (CV)
- 5 • Jumbo Package 400 (CV)
- 6 • 1 Year Jumbo Package 500 (CV)

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

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

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

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

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

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

⁵ <https://www.youtube.com/watch?v=oObOn1uLONl>

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

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

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

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

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

⁶ <https://www.youtube.com/watch?v=oObOn1uLOnI>

1 up into a jet stream of momentum carrying to riches...And it starts with
2 team building.⁷

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

- 10 • Associate (no MLM) – sign up as a Jeunesse affiliate (minimum \$49.95)
- 11 • Distributor – generate 100 PV within a 30 day period
- 12 • Executive – maintain 60 PV a month and recruit 2 Distributors
- 13 • Jade Executive – maintain 60 PV a month and recruit and maintain 4 Executives
14 or 8 Distributors
- 15 • Pearl Executive – maintain 60 PV a month and recruit and maintain 8 Executives
16 or 12 Distributors
- 17 • Sapphire Executive – maintain 60 PV a month and recruit and maintain 12
18 Executives
- 19 • Sapphire Elite – maintain 60 PV a month and Sapphire Executive qualification,
20 in addition to earning at least 60 binary commissions the previous month (an
21 ongoing requirement)
- 22 • Ruby Director – maintain 60 PV a month, have at least two Sapphire qualified
23 legs and have earned at least 200 binary commissions the previous month
- 24 • Emerald Director – maintain 60 PV a month, have at least four Sapphire
25 qualified legs and have earned at least 500 binary commissions the previous
26 month
- Diamond Director – maintain 60 PV a month, have at least six Sapphire qualified
legs and have earned at least 1000 binary commissions the previous month

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

- 1 • Double Diamond Director – maintain 60 PV a month, have at least two Diamond
2 Director legs and have earned at least 1500 binary commissions the previous
3 month
- 4 • Triple Diamond Director – maintain 60 PV a month, maintain a downline of at
5 least 10,000 affiliates on autoship, have at least four Diamond legs and generate
6 at least 2,000,000 CV a month in downline sales volume (no more than 500,000
7 CV from any one recruitment line)
- 8 • Presidential Diamond Director – maintain 60 PV a month, maintain a downline
9 of at least 15,000 affiliates on autoship, have at least six Diamond legs and
10 generate at least 3,000,000 CV a month in downline sales volume (no more than
11 500,000 CV from any one recruitment line)
- 12 • Imperial Diamond Director – maintain 60 PV a month, maintain a downline of at
13 least 20,000 affiliates on autoship, have at least eight Diamond legs and generate
14 at least 4,000,000 CV a month in downline sales volume (no more than 500,000
15 CV from any one recruitment leg)

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

22 63. As a result of investing in the scheme, Plaintiff and the Class have suffered
23 losses in the hundreds of millions of dollars.

24 64. Jeunesse relies on the promise of Team Commissions and “residual” or
25 “passive” income for life to lure new distributors into their pyramid scheme. In practice,
26 Jeunesse accomplishes this goal by having Distributors buy products and monthly packages,
and recruit other new distributors to do the same.

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

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

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

10 68. The Gameplan (Ex. C) urges new distributors to choose one of the larger
11 packages. As the Gameplan explains:

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

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

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

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

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

1 70. In order to qualify for commissions in Jeunesse, each affiliate must generate in
2 sales or purchase 100 PV in products within a single month. Thereafter in order to remain
3 commission qualified, each affiliate must maintain 60 PV (Personal Volume) in product
4 volume each month. Thus, to receive any commissions with Jeunesse, a distributor must
5 make at least an initial purchase of a product package, and then continually purchase product
6 packages on a monthly basis regardless of consumer need.

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

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

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

16 73. As another video states:

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

20 74. As one Jeunesse team’s Facebook page states:

21 For those of you new to the business, Autoship is a must when setting
22 anyone up with Jeunesse. Autoship is the bloodline of the business and
23 without your people on Autoship your business will take so much longer to
24 grow and your success will be limited.... Don’t short change your business
25 and ensure that you and everyone in your downline benefits from a strong
26 and healthy Autoship program. Your new distributors will follow what you

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

1 do. If you don't put them on Autoship, they won't put their people on either
2 and so on and so on.¹⁰

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

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

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

13
14 Triple Diamond Director – maintain 60 PV a month, **maintain a downline**
15 **of at least 10,000 affiliates on autoship**, have at least four Diamond legs
16 and generate at least 2,000,000 CV a month in downline sales volume (no
more than 500,000 CV from any one recruitment line)

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

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

23 78. As shown above, and in the Public Compensation Plan, the CV and binary
24 system of payout is extremely difficult to follow. This is why Jeunesse emphasizes the power
25 of duplication in its recruiting videos. New distributors are told to follow an eight-step
26

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

1 system, which is much easier to do than attempt to navigate Jeunesse’s confusing Public
2 Compensation Plan.

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

- 6 1. Know your why
- 7 2. Understand your financial goals
- 8 3. Create your list
- 9 4. Contact and Invite
- 10 5. Share the Jeunesse Opportunity
- 11 6. Follow up
- 12 7. Enroll Others
- 13 8. Repeat and teach these steps.¹¹

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

16 81. Not one of those steps involves product sales to consumers outside the
17 distribution channel.

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

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

¹¹ <https://www.youtube.com/watch?v=a7x8WGm3WRg>

¹² <https://www.youtube.com/watch?v=a7x8WGm3WRg>

¹³ <https://www.youtube.com/watch?v=a7x8WGm3WRg>

1 distributor must be “all in.” “If you want to build a team that’s all in, my question to you is
2 are you all in.”

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

5 85. Double Diamond Director Flora Li urged that you “need to go out right now and
6 get products for yourself and for your team.” Flora Li makes no mention of getting products
7 for the purpose of retail sales. Instead, the goal of buying product packages is to pitch the
8 business opportunity to others so that one can “build a bigger team, a more successful team.”

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

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

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

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

23 89. These rewards are illusory, however, as they exist primarily to benefit
24 Defendants and the co-conspirator Diamond Directors, and to lure more victims. Moving up
25 Jeunesse’s ranks is dependent upon bringing in new distributors, who purchase Jeunesse’s
26 product packages. Jeunesse places little, if any, emphasis on product sales to outside

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

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

1 customers, and lacks the procedural safeguards to prevent self-consumption in order to
2 qualify for bonuses.

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

8 91. Defendant Kim Hui, of Newport Beach, California tells new and potential
9 distributors:

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

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

19 93. Jeunesse does not provide adequate, if any, “safeguard” policies and procedures
20 sufficient to ensure adequate product sales to ultimate end users and to prevent inventory
21 loading. Such safeguards are necessary, as a structure with insufficient retail sales will
22 inevitably generate a pyramid scheme that relies on ongoing recruitment to fund commission
23 payments. In *Matter of Amway Corp., Inc.*, 93 F.T.C. 618 (1979), the FTC found that Amway
24 was not operating as a pyramid scheme because it had adopted and enforced certain
25 procedures to prevent inventory loading and to ensure that actual retail sales existed. As
26 noted in *Omnitrition*, the safeguard “policies adopted by Amway were as follows: (1)
participants were required to buy back from any person they recruited any saleable, unsold

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

1 inventory upon the recruit's leaving Amway, (2) every participant was required to sell at
2 wholesale or retail at least 70% of the products bought in a given month in order to receive a
3 bonus for that month, and (3) in order to receive a bonus in a month, each participant was
4 required to submit proof of retail sales made to ten different consumers.” *Webster v.*
5 *Omnitrition Int'l, Inc.*, 79 F. 3d 776, 783 (9th Cir. 1996).

6 94. Jeunesse has a 70% rule within its Policies & Procedures. It states: “In order to
7 qualify for commission and overrides, each distributor must certify with the purchase of
8 product that he/she has sold to retail customers and/or has consumed seventy percent (70%) of
9 all products previously purchased. This is known in the industry as the ‘Seventy Percent
10 Rule’.” [See Jeunesse Policy and Procedures, attached hereto as Exhibit D], § 8.5.

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

17 96. Jeunesse also has no Amway-like “10 Customer Rule” or similar policy.
18 Jeunesse does not even require that a distributor make any product sales to ultimate
19 consumers outside the distribution channel. Pursuant to the Jeunesse Policies & Procedures:
20 “In order to qualify for any compensation payable under the Jeunesse Rewards plan, a
21 distributor *should* make retail sales to the ultimate consumer.” Ex. D § 8.6 (emphasis added).

22 97. Jeunesse has a 1-year return policy for distributors who leave the business. The
23 ability to return product, however, is limited by potential expiration of the product (the
24 product must be in “CURRENT, REUSABLE AND RESALABLE condition”) and, more
25 significantly, by the 70% certification assumed in every distributor’s purchase. *See Policies*
26

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

3 **D. The Jeunesse Secret Compensation Plan.**

4 98. Upon information and belief, most of the income earned by Jeunesse's top
5 earners comes from a secret, non-public compensation plan in form of Business Development
6 Deals ("BDD"). An example of one such deal is attached hereto as Exhibit E.

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

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

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

18 102. The terms of the Jeunesse BDDs vary from recipient to recipient.

19 103. According to Jeunesse's own representatives, Jeunesse's rapid success in the
20 network marketing industry is largely due to these secret BDDs.

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

25

26

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

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

9 107. For the “Big Players” in the company, estimated to be about 4-5 individuals, a
10 BDD can be worth up to \$100,000 to \$200,000 a month.

11 108. According to one of the company’s top earners (and beneficiary of a BDD)
12 “nobody [in the industry] can compete with it.”

13 109. Top earning network marketers who have come over to Jeunesse on a BDD,
14 know that the ability to earn the amount of money they are earning on the inside deals is not
15 going to last forever. Accordingly, at least one such deal recipient has stated that he is
16 actively transferring income earned through his BDD into real estate holdings and other
17 businesses.

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

21 111. According to one deal recipient, there are four individuals who work out of the
22 Jeunesse home office and all they do is draft and execute BDDs.

23 112. According to one Jeunesse Diamond Director, Jeunesse top earner, Defendant
24 Jason Caramanis earns \$1 million a month from Jeunesse by sitting in his home office and
25 brokering BDDs all day long. According to that Diamond Director, Defendant Caramanis no
26 longer attends Jeunesse conventions and events. Meanwhile, low level Jeunesse distributors

1 are routinely told by the Jeunesse leadership that their future success depends on their
2 attending every Jeunesse event and bringing new recruits to these Jeunesse events.

3 113. One such deal recipient, who was struggling early on with his Jeunesse
4 business, was told by Jason Caramanis to build his business based on the BDDs. When the
5 deal recipient started doing so, he said his Jeunesse income climbed from \$10,000 a month, to
6 \$80,000 a month and then to \$100,000 a month. This \$100,000 a month is based solely on
7 income derived through the BDD and is in addition to income also earned through the
8 Jeunesse Public Compensation Plan.

9 114. Through the Jeunesse Secret Compensation Plan (*i.e.*, BDDs) the deal recipient
10 was able to enroll 30,000 distributors into Jeunesse in one-year alone. If each of those
11 distributors “activated” and “qualified” by paying the \$49.95 startup fee and by purchasing
12 only the Basic Product Package at \$199.95, then the income earned by Jeunesse based on just
13 this one undisclosed BDD is approximately \$7.5 million.

14 115. Upon information and belief, recipients of such deals include Jeunesse top
15 earners Defendants Kim Hui, Jason Caramanis, and former VEMMA top earner, Alex
16 Morton.

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

24 117. Such deal recipients are routinely held out by Jeunesse as having achieved
25 certain “levels” within the Jeunesse Public Compensation Plan (typically, Diamond Director),
26 without disclosing the existence of the BDD, and thus fraudulently implying to the public that

1 such rapid success can also be achieved by distributors by building a business organization
2 through the Jeunesse Public Compensation Plan.

3 118. Stated somewhat differently, recipients of Jeunesse’s BDDs endorse Jeunesse
4 and the Jeunesse Public Compensation Plan without disclosing that they are being paid for
5 their endorsements through the BDDs. That failure to disclose constitutes fraud. According
6 to the Federal Trade Commission’s Guide Concerning the Use of Endorsements and
7 Testimonials in Advertising, “[w]hen there exists a connection between the endorser and the
8 seller of the advertised product that might materially affect the weight or credibility of the
9 endorsement (*i.e.*, the connection is not reasonably expected by the audience), such
10 connection must be fully disclosed.” 16 C.F.R. § 255.5 (1980).

11 119. Jeunesse distributors who did not receive a BDD and did know about the BDDs
12 consider such endorsements, without disclosing the existence of the BDD, “material.” For
13 example, upon learning about the Diamond Director Cedric Harris’ secret inside deal, one
14 individual stated:

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

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

20 Wow. That’s all I can say.¹⁷

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

24 The fastest way to build your sales organization is one, get in, and two,
25 structure your business so that you have contracts [*i.e.*, BDDs] on both
26 sides of your business. To put this in perspective, in the last two days [I

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

1 have] written about seventy \$5,000 contracts.... I have built my business
2 like this for the past three years and I've made incredible, incredible income
3 in this company.

4 121. Contrary to Jeunesse's public statements that average, everyday individuals can
5 be successful in Jeunesse (if they simply have "passion") and that new recruits should not
6 discriminate in who they introduce to the business ("Don't prejudge anyone"),¹⁸ Adam
7 Vincent Gilmer explained that he only sponsors what he calls "quality" individuals. As he
8 explained: "I sponsor on purpose... I am very, very specific[.]"

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

13 123. This type of "head-hunting" activity conducted by Defendants and the Diamond
14 Director Co-Conspirators is a direct violation of the Jeunesse Policy and Procedures, which
15 provide:

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

20 *See* Policies and Procedures (Ex. D), § 11.15. Contrary to the express prohibition in the
21 Jeunesse Policies and Procedures, Defendants and the Diamond Director co-conspirators
22 support, endorse, and conduct such prohibited activities (indeed, its their primary business
23 model). Defendants and the Diamond Director co-conspirators are engaging in the wholesale
24 importation of entire "teams" from other network marketing organizations into Jeunesse, all
25

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

1 the while never disclosing to those team members or to the public that the team leader
2 endorsing, and enrolling them into, Jeunesse is the recipient of an inside deal (*i.e.*, BDD).

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

5 124. Before becoming a Jeunesse Distributor, prospective distributors, including
6 Plaintiff and members of the Class, are required to sign Jeunesse’s Distributor Agreements,
7 which incorporate the Jeunesse Global Policies and Procedures. Buried in the back of the
8 Jeunesse Global Policies and Procedures there is an arbitration provision. The arbitration
9 provision is provided on a “take-it-or-leave-it” basis with no opportunity for negotiation and
10 is therefore a contract of adhesion. The prospective distributor received no explanation of the
11 arbitration provision and would not have been permitted to become a distributor unless they
12 signed the Agreement that contains the offending, and unenforceable arbitration provision.
13 As a result of the unequal bargaining positions, the overall harshness of the adhesive
14 arbitration provision, Jeunesse’s arbitration provision is procedurally unconscionable.

15 125. The Jeunesse Policies and Procedures provide:

16 **11.6 Arbitration**

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

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

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

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

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

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

See Policies and Procedures (Ex. D) § 11.6 (the "Arbitration Provision").

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

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

5 128. Specifically, the Policies And Procedures provide:

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

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

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

14 Nothing in this rule shall prevent Jeunesse ... from applying to and
15 obtaining from any court having jurisdiction a writ of attachment, a
16 temporary injunction, preliminary injunction and/or other injunctive or
17 emergency relief available to safeguard and protect Jeunesse’s interests
18 prior to the filing of or during or following any arbitration or other
19 proceeding or pending the handing down of a decision or award in
20 connection with any arbitration or other proceeding.

21 *See* Policy and Procedures (Ex. D), § 11.6. On the one hand, Jeunesse may have access to
22 any and all courts in the United States to seek any remedy, either at law or equity, before a
23 judge or an arbitrator; Jeunesse’s *distributors*, on the other hand, are precluded from
24 accessing any Court or remedy other than through arbitration before the American Arbitration
25 Association; this demonstrates the lack of mutuality in the Arbitration Provision.

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

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

7 **VI.**

8 **PLAINTIFF’S CLASS ACTION ALLEGATIONS.**

9 132. Plaintiff was induced to pay money to Jeunesse by numerous misrepresentations
10 (both explicit and by omission), including false claims that Jeunesse is a legitimate network-
11 marketing company and not an illegal pyramid scheme. As the direct and proximate result of
12 such misrepresentations, plaintiff was damaged.

13 133. This action is brought by Plaintiff as a class action pursuant to Federal Rule of
14 Civil Procedure 23.

15 134. Plaintiff seeks relief on behalf of himself and a nationwide class of all persons
16 who were Jeunesse Distributors from September 9, 2009, until the present, and who suffered
17 damages as a result of Defendants’ illegal pyramid scheme (the “Class”). Excluded from the
18 Class are the Defendants, their employees, family members, recipients of BDDs and all
19 affiliates who profited from the scheme.

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

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

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

- 6 i. Whether Defendants are operating an unlawful pyramid scheme;
- 7 ii. Whether Distributors paid money to Defendants in exchange for (1) the
8 right to sell a product and (2) the right to receive, in return for recruiting
9 others into the program, rewards which were unrelated to the sale of the
10 product to ultimate end users outside the distribution channel;
- 11 iii. Whether Distributors were required to make an investment into the
12 pyramid scheme;
- 13 iv. Whether Defendants' conduct constitutes an illegal pyramid scheme under
14 Arizona law;
- 15 v. Whether Defendants omitted to inform Plaintiff and the Plaintiff Class
16 that they were entering into an illegal pyramid scheme where the
17 overwhelming majority of Distributors lose money;
- 18 vi. Whether Defendants failed to disclose the existence of the BDDs to
19 potential distributors who were not BDD recipients;
- 20 vii. Whether Defendants held out BDD recipients as having achieved level of
21 success in Jeunesse without disclosing the existence of the BDD.
- 22 viii. Whether Defendants engaged in acts of mail and/or wire fraud in direct
23 violation of RICO;
- 24 ix. Whether and to what extent the conduct has caused injury to Plaintiff and
25 the Plaintiff class;
- 26 x. Whether Defendants' conduct constitutes an unlawful, unfair and
fraudulent business practice under Arizona law.

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

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

3 139. Plaintiff's claims are typical of the claims of the Class and the Subclass in that
4 Plaintiff was a distributor for Jeunesse and lost money as a result of the Jeunesse pyramid
5 scheme and Defendants' racketeering activity.

6 140. Plaintiff will fairly and adequately represent the interests of the Class and the
7 Subclass in that plaintiff's claims are typical of those of the Class and Plaintiff's interests are
8 fully aligned with those of the Class. Plaintiff has retained counsel who is experienced and
9 skilled in complex class-action litigation.

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

15 142. Plaintiff knows of no difficulty likely to be encountered in the management of
16 this action that would preclude its maintenance as a class action.

17 **VII.**

18 **CLAIMS FOR RELIEF**

19 **COUNT I**

20 **JUDGMENT DECLARING THE ARBITRATION PROVISION UNENFORCEABLE**
21 **(Nationwide Class)**

22 143. Plaintiff re-alleges the foregoing paragraphs as though fully set forth herein.

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

26

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

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

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

16 148. Accordingly, the Court should declare that the Arbitration Provision is
17 procedurally and substantively unconscionable, illusory, lacking consideration, and
18 unenforceable, and that the Plaintiff's claims and Class claims are properly before this Court.

19 **COUNT II**

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

22 149. Plaintiff re-alleges each of the preceding paragraphs as if fully set forth here.

23 150. Each defendant is a "person" for purposes of RICO, 18 U.S.C. § 1962, because
24 each defendant is, and was at all relevant times, an individual or entity capable of holding
25 legal or beneficial interest in property.
26

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

4 152. In the alternative, the Jeunesse pyramid is an enterprise, in that it is an
5 association in fact of all Defendants and others which, although not gathered under any legal
6 entity, operates the illegal pyramid scheme to draw new investors to Jeunesse.

7 153. The Defendants engaged in a pattern of racketeering activity by participating in
8 a scheme and artifice to defraud, in violation of the mail and wire fraud statutes: 18 U.S.C. §§
9 1341 and 1343.

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

16 155. Each Defendant has promoted the Jeunesse pyramid. Each use of the mail or
17 wire by the Defendants in furtherance of the Jeunesse pyramid is therefore an act of
18 racketeering.

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

23 A. Creating the false impression that the majority of investors in the Jeunesse
24 pyramid will profit from their investment by merely working hard and having
25 passion.

26 B. Creating the false impression that Jeunesse has a unique business model that is

1 unusually generous to investors.

2 C. Failing to clearly disclose that the purported success and wealth achieved by the
3 individual Defendants through their participation in the Jeunesse pyramid is no
4 longer possible, and not due to a failure, or a lack of passion.

5 D. Failing to disclose the existence of BDDs, and holding out BDD recipients as
6 obtaining certain levels of success in Jeunesse without disclosing that that
7 success was based on the BDD, not by organically growing the business
8 pursuant to the Jeunesse Public Compensation plan.

9 E. These and other misrepresentations at the heart of the Defendants' enterprise
10 were reasonably calculated to deceive a person of ordinary prudence and
11 comprehension

12 157. All of the Defendants acted with intent to defraud.

13 158. The Defendants' numerous acts of mail fraud and wire fraud amount to a
14 pattern of racketeering activity because they are related and continuous. The pattern consists
15 of more than two acts, which occurred from 2009 until present, and consistently throughout
16 that period. The predicate acts of mail and wire fraud are related because they have had the
17 same or similar purpose: to convince new investors to pay to join the Jeunesse pyramid by
18 paying money to do so, and to convince those investors to, in turn, recruit new investors. They
19 have the same result: convincing investors to join the Jeunesse pyramid by paying money and
20 having those investors recruit new ones to do the same. They have the same perpetrators:
21 Jeunesse's executives, co-founders, and Diamond Director Co-Conspirators; all of whom
22 promote the Jeunesse pyramid. They have the same victims: plaintiff and class members who
23 were fraudulently deceived into investing in the Jeunesse pyramid. Finally, they have similar
24 methods of commission: fraudulent misrepresentations and omissions concerning numerous
25 aspects of Jeunesse's operations made via online presentations, telephone calls, in-person
26 gatherings, and written materials. In short, the predicate acts of wire and mail fraud

1 committed by the Defendants constitute an intricately related set of predicate acts sufficient to
2 meet the relatedness standard.

3 159. Moreover, the predicate acts are continuous. They pose a threat of continued
4 illegal conduct in that the Defendants continue to promote and operate the Jeunesse pyramid
5 and have expressed their intention to continue to do so. Additionally, the predicate acts have
6 extended over a significant period of time — the nearly 7 years that Jeunesse has been in
7 existence. The Defendants' regular business of attracting new Distributors is conducted by
8 ongoing mail and wire fraud that misrepresents that Jeunesse is a legitimate multilevel
9 marketing enterprise and not an illegal pyramid scheme. Without the repeated acts of wire
10 and mail fraud, the Defendants' fraudulent pyramid scheme would not be in existence.

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

16 161. Each enterprise alleged above was engaged in, or affecting, interstate commerce
17 by reason of, at least, each of the Defendants' numerous acts or omissions constituting use of
18 the mail or interstate wire communication facilities in furtherance of their scheme to defraud.
19 Additionally, each enterprise affected interstate commerce because the members comprising it
20 engaged in business in several states and made use of the mail and interstate wire
21 communication facilities in the process of doing so by causing marketing and promotional
22 materials for Jeunesse, as well as images, videos, and information to be communicated
23 through regular mail and via the Internet.

24 162. Each of the Defendants is employed by or associated with each enterprise above
25 to conduct or participate, directly or indirectly, in the conduct of the enterprise's affairs
26

1 through a pattern of racketeering activity, *i.e.*, conducting the affairs of, promoting, and
2 otherwise supporting the pyramid scheme.

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

10 164. Pursuant to 18 U.S.C. § 1964, Plaintiff is entitled to recover treble damages,
11 costs, and attorneys' fees.

12 **COUNT III**

13 **RACKETEERING ACTIVITY IN VIOLATION OF 18 U.S.C. 1962(a)** 14 **(Nationwide Class)**

15 165. Plaintiff re-alleges each of the preceding paragraphs as if fully set forth here.

16 166. Revenue derived from the pattern of racketeering activity set forth above, which
17 upon information and belief constitutes a significant portion of the Defendants' total income,
18 was reinvested into the Jeunesse pyramid for at least the following purposes: (1) to expand the
19 operations of the Jeunesse pyramid through additional false and misleading advertising and
20 promotional materials aimed at recruiting new distributors in the Jeunesse pyramid; (2) to
21 facilitate the execution of the Jeunesse pyramid; and (3) to convince existing Distributors in
22 the Jeunesse pyramid to recruit new ones, resulting in harm to plaintiff and the class.

23 167. Plaintiff and the class were injured in their business or property as a result of
24 such reinvestment into the Jeunesse pyramid because they were induced, with funds used to
25 establish new levels of the Jeunesse pyramid, to invest in Jeunesse.

26 168. Pursuant to 18 U.S.C. § 1964, plaintiff and the class are entitled to recover
treble damages, costs, and attorneys' fees.

COUNT IV

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

169. Plaintiff re-alleges each of the preceding paragraphs as if fully set forth here.

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

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

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

173. The plaintiff and the class were injured in their business or property as a result.

174. Pursuant to 18 U.S.C. § 1964, plaintiff and the class are entitled to recover treble damages, costs, and attorneys' fees.

COUNT V

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

175. Plaintiff re-alleges each of the preceding paragraphs as if fully set forth herein.

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

COUNT VI

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

177. The Plaintiff re-alleges each of the preceding paragraphs as if fully set forth here.

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

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

180. As a result and consequence, Plaintiff, and members of the class were injured, damaged and have suffered damages.

VII.

PRAYER FOR RELIEF

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

- A. Judgment declaring Jeunesse's Arbitration Provision unenforceable;
- B. Certification of the Class;
- C. Jury Trial and judgment against the Defendants;
- D. Damages in the amount of the named plaintiff and the class's financial loss as a result of Defendants' conduct and for injury to plaintiff and the class's business and property, all as a result of Defendants violation of 18 U.S.C. § 1964(c);
- E. Permanent injunctive relief enjoining the Defendants from further unlawful,

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unfair, fraudulent, or deceptive acts, including but not limited to, operating and supporting the Jeunesse pyramid;

- F. Restitution and disgorgement of monies;
- G. The cost and expense of suit, including reasonable attorneys' fees, in accordance with 18 U.S.C. § 1964(c);
- H. For general, compensatory, and exemplary damages in an amount yet to be ascertained, but in no event less than \$250 million; and
- I. For such other damages, relief, and pre-and post-judgment interest that the Court may deem just and proper.

RESPECTFULLY SUBMITTED this 28th day of July, 2016.

DICKINSON WRIGHT PLLC

By: s/ David N. Ferrucci
David N. Ferrucci
Jonathan S. Batchelor
David G. Bray
1850 North Central Avenue, Suite 1400
Phoenix, Arizona 85004
Attorneys for Plaintiff

PHOENIX 99998-1646 314029v2

EXHIBIT A





October 19, 2015

VIA EMAIL AND OVERNIGHT MAIL

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

Re: Deceptive Marketing for Jeunesse Business Opportunity and Products

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Sincerely,



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



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

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

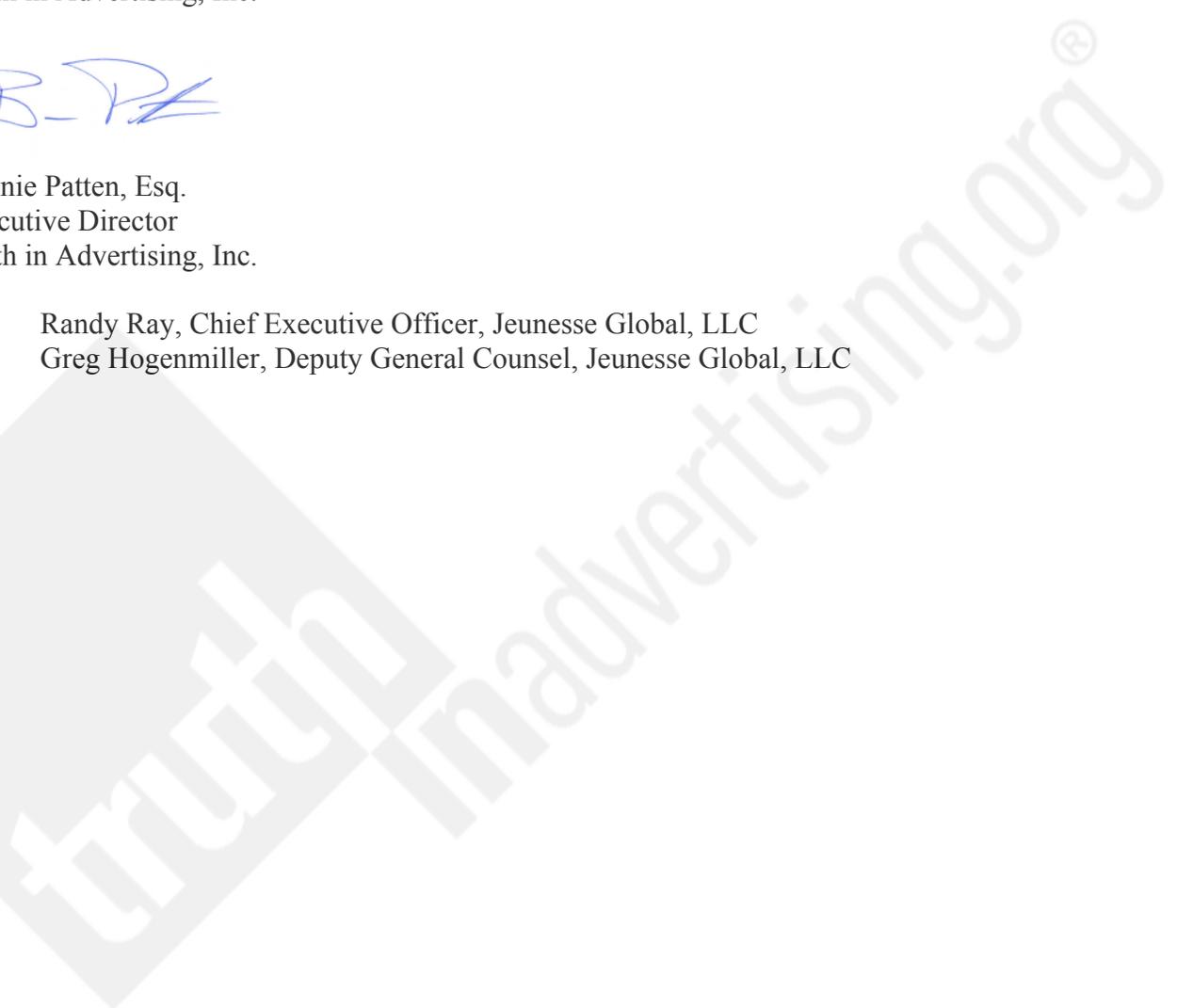


EXHIBIT B



OPPORTUNITY



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

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

REV. 2-2015

FINANCIAL REWARDS PLAN

HELPING YOU CREATE A SECURE
FINANCIAL FUTURE

WELCOME TO
JEUNESSE[®]
GENERATION YOUNG

AN OPPORTUNITY TO CREATE WEALTH IN A BOOMING MARKET

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

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

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

YOU
CONTROL YOUR
DESTINY.



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

1. RETAIL PROFIT

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

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

CUSTOMER LOYALTY PROGRAM

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

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

GET 2, IT'S PAID FOR YOU PROGRAM

Wouldn't it be great if there was an easy way for you to get free product and make money? There is! That's what the *Get 2, It's Paid for You* Program is all about. If you are a Distributor, sign up your first two Preferred Customers (PCs) with product purchase (one will automatically be placed on your left and the second on your right) and you:

1. Get \$50.00 USD
2. Automatically become qualified for the month
3. Send 60 CV points upline
4. Get two FREE bottles of LUMINESCE™ cellular rejuvenation serum*

Sign up an additional two PCs and receive:

1. Get \$50.00 USD
2. Remain qualified for the month
3. Send 60 CV points upline
4. Get ten FREE LUMINESCE™ serum 7 day samples*
5. Custom-made postcards for you to share with your friends and family.

If you have an extra Preferred Customer at the end of an Autoship Month (for example, if you have five in that Autoship Month instead of six), the extra one does not carry over to the next month. *Get 2 It's Paid for You* revolves around an Autoship period: meaning, 30 days after you sign up to get your products shipped automatically.

Note: Each PC (Preferred Customer) must provide the following information upon sign-up, none of which can match that of the Sponsor: billing name (first and last), postal address (entire), and credit card. All three of these items must be different from the Sponsor's. EVERY month these first two PCs reorder their product, you will get your two FREE bottles of LUMINESCE™ cellular rejuvenation serum!

Get 2 Preferred Customers
It's PAID for YOU



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

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

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

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

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

2^{NEW}. FIRST ORDER BONUS

As you personally enroll new Customers into your team, you can earn lucrative First Order Bonuses (FOBs). These bonuses are paid on the purchase of one of the optional Jeunesse® product packages as follows:

PRODUCT PACKAGE:	CV*	FOB
BASIC PACKAGE†	100	\$25
SUPREME PACKAGE†	300	\$100
JUMBO PACKAGE†	400	\$200
1 YEAR JUMBO PACKAGE‡	400	\$200
AMBASSADOR PACKAGE†	500	\$250
CREATE-A-PACKAGE	LOOK BELOW FOR INFO	

CREATE-A-PACKAGE PRICE RATIO

The Create-A-Package option is a great alternative for those who want to customize their initial sign-up order. The Create-A-Package First Order Bonus (FOB) percentages are as follows:

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

Percentages are based on created package price total

*CV = Commissionable Volume

†Details on all product packages can be found on the Back Office website under the "Shop" tab: <https://backoffice.jeunesseglobal.com/>

‡ Autoship Qualified for a year.

3. TEAM COMMISSION

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

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

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

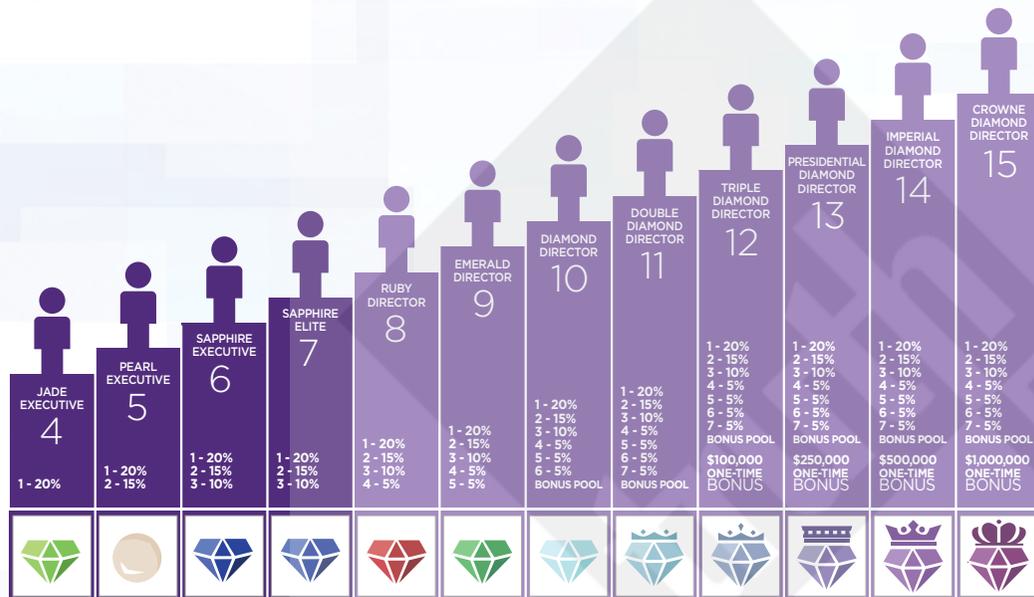
You are able to earn up to 750 Team Commissions per week, which equals a maximum of \$26,260 USD* per week.

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



4. LEADERSHIP MATCHING BONUS

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



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

5. CUSTOMER ACQUISITION INCENTIVE

You can earn an additional 5% Customer Acquisition Incentive on Level 1 if you have 5 Retail Customers, Preferred Customers, or Wholesale Customers and an additional 10% if you have 10 Retail Customers, Wholesale Customers, or Preferred Customers for the month.

*See income stream/Leadership Matching Bonuses for further details on how the Leadership Matching Bonus works.

**The above description is applicable for Distributors in the US and Canada. Internationally, it is based on whether or not personally enrolled Distributors have enrolled in Autoship.

NON-US/CANADA RULES

5 CUSTOMER

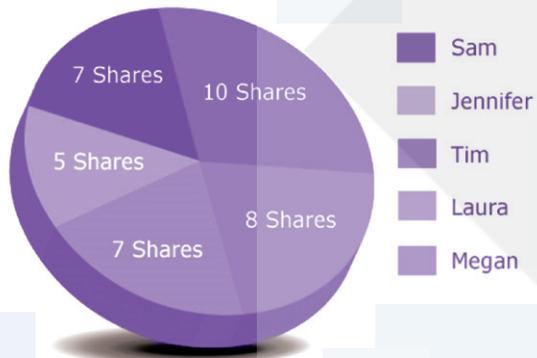
Personally sponsor 5 people enrolled in Autoship every month to be eligible to receive the additional 5% match on personally sponsored Members' Team Commissions. However, when you personally sponsor a new Distributor, the first month this member will count as one of your 5 even though they have not enrolled in or had a successful Autoship. An exception to this is if the newly sponsored Distributor sponsors someone in the first month; if so, the new member will not count for you. Sponsoring a member converts the new enrollee to a Distributor and not a customer, as he is building a business.

10 CUSTOMER

Personally sponsor 10 people who enroll in Autoship in the same month, to qualify for the 10% bonus on Level 1 personally sponsored members' Team Commissions. But if you personally sponsor a new Distributor, the first month they count as one of your 10 people even though they have not enrolled in Autoship. An exception to this is if the newly sponsored Distributor sponsors someone in the first month; if so, they will not count for you as a customer.

6. DIAMOND BONUS POOL

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



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

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

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

“**JEUNESSE**® HAS ONE OF THE **MOST SOUGHT AFTER COMPENSATION PLANS** IN THE MARKET **TODAY.**”





EARNING COMMISSIONS

In order to earn commissions as a Distributor, you must first generate 100 PV points in one month during the first year (which ends on your renewal date). You can generate this volume in the following ways:

- a) Purchases made through your replicated website by Retail or Preferred Customers
- b) By purchasing Jeunesse® products for personal use or resale

You can begin earning Retail Profits, Preferred Customer Bonuses, and New First Order Bonuses immediately upon the purchase of the mandatory \$49.95 Starter Kit.* The Starter Kit is the only purchase required to start earning these commissions. However, in order to take maximum advantage of the Jeunesse® Financial Reward Plan, you must be both Active and Qualified to earn Team Commissions, Leadership Matching Bonuses, and Diamond Bonus Pool income.* (See *Glossary of Terms* for full explanation.)

*The payout figures depicted in this document are intended to explain the components and operation of the Jeunesse® *Financial Rewards Plan*. They are not intended to be representative of the income, if any, that a Jeunesse® Distributor can or will earn through his or her participation in the Jeunesse® opportunity. These figures should not be considered as guarantees or projections of your actual earnings or profits. Any representation or guarantee of earnings, whether made by Jeunesse® or another Distributor, would be misleading. Success with Jeunesse® results only from one's individual successful sales efforts, which require hard work, diligence, and leadership. Your success will depend upon how effectively you exercise these qualities.

The maximum payout in the Jeunesse® *Financial Rewards Plan* is capped at 60% of total company-wide CV. If in any week the total payout of commissions and bonuses exceeds 60% of total Company wide CV, the actual payout will be 60% and all Distributor commissions will be calculated on a pro-rata basis.

*Prices may vary depending on country.

LIFESTYLE REWARDS

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

EMERALD EXPERIENCE

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

DIAMOND DISCOVERY

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

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

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



JEUNESSE® STAIRWAY TO SUCCESS

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

EXECUTIVE LEVELS

ASSOCIATE

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

DISTRIBUTOR

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

EXECUTIVE

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

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

JADE EXECUTIVE

You must be a Qualified Executive with 4 personally enrolled Executives (minimum of 1 in each team) or 8 personally enrolled Distributors (minimum of 3 in each team) who have each generated 100 PV in one month. Earn \$35 Team Commissions. Earn one level of Leadership Matching Bonuses.*

PEARL EXECUTIVE

You must be a Qualified Executive with 8 personally enrolled Executives (minimum of 2 in each team) or 12 personally enrolled Distributors (minimum of 3 in each team) who have each generated 100 PV in one month. Earn \$35 Team Commissions. Earn two levels of Leadership Matching Bonuses.*

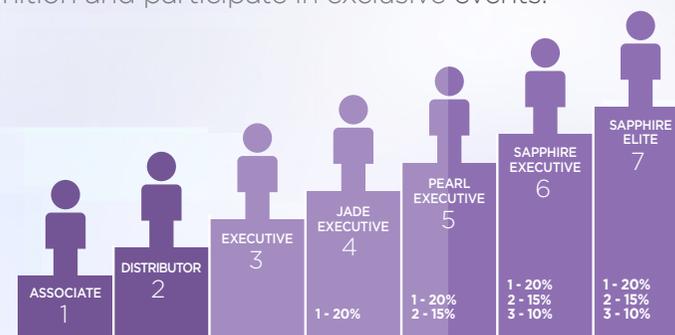
SAPPHIRE EXECUTIVE

You must be a Qualified Executive with 12 personally enrolled Executives (minimum of 3 in each team) who have each generated 100 PV in one month. Earn \$35 Team Commissions. Earn three levels of Leadership Matching Bonuses.*

SAPPHIRE ELITE

You must be a Qualified Sapphire Executive and have earned 100 Team Commissions in the preceding month. Earn \$35 Team Commissions. Earn three levels of Leadership Matching Bonuses.* Earn special recognition and participate in exclusive events.

START
HERE



DIRECTOR LEVELS

RUBY DIRECTOR

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

EMERALD DIRECTOR

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

DIAMOND DIRECTOR

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

DOUBLE DIAMOND DIRECTOR

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

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



TRIPLE DIAMOND DIRECTOR

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

PRESIDENTIAL DIAMOND DIRECTOR

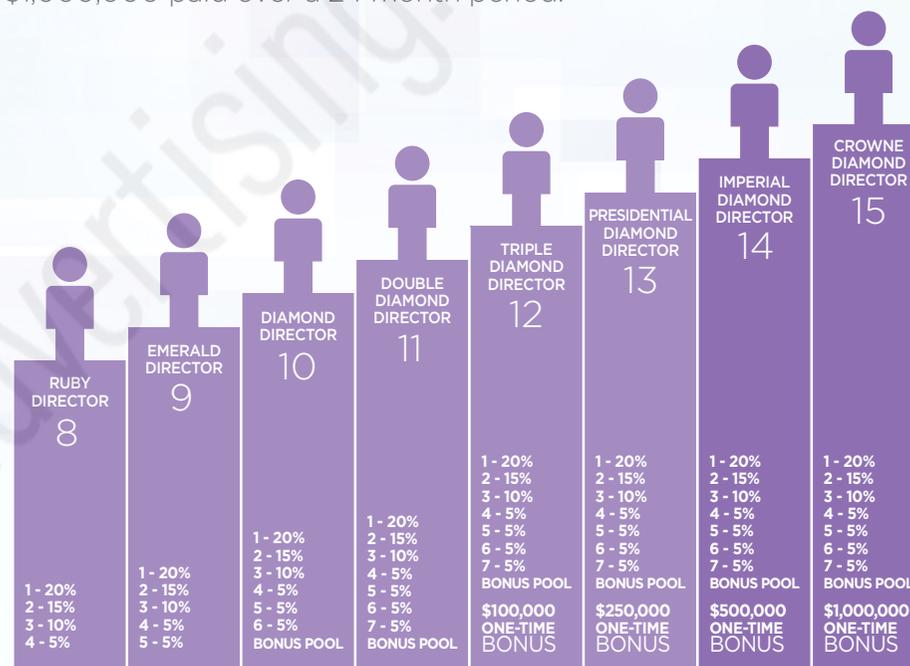
You must be a Qualified Diamond Director with at least 6 different Diamond Legs and have accumulated 3,000,000 CV in Personal Group Volume in one calendar month. You must maintain this rank for three consecutive months. No more than 500,000 CV from any line of sponsorship counts towards the total 3,000,000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

IMPERIAL DIAMOND DIRECTOR

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

CROWNE DIAMOND DIRECTOR

You must be a Qualified Diamond Director with at least 10 different Diamond Legs and have accumulated 5,000,000 CV in Personal Group Volume in one calendar month. You must maintain all ten legs for six consecutive months. No more than 500,000 CV from any line of sponsorship counts towards the total 5,000,000 CV. You must also have 25,000 Distributors with successful Autoship from the qualifying Distributors' Personal Group. Earn seven levels of Leadership Matching Bonuses and qualify to participate in the Diamond Bonus Pool.* Attend our annual *Diamond Discovery* once you have maintained the Crowne Diamond qualification for at least three months of the year. You will earn a one-time bonus of \$1,000,000 paid over a 24 month period.



Note: in order to receive any of the one-time bonuses, you must be a Distributor in good standing of the Company and be actively working your Jeunesse® business.

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

GLOSSARY OF TERMS

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

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

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

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

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

COMMISSIONABLE VOLUME (CV) – In order to ensure our products are competitively priced, each Jeunesse® product is assigned a points value (CV); the *Financial Rewards Plan* is based on the accumulation of these points. CV starts to accumulate at the time you enroll and earn 100 CV from personal purchases or Retail Customer, Preferred Customer, and Wholesale Customer purchases made through your replicated website. CV continues to accumulate so long as you remain Qualified.

GET 2 PREFERRED CUSTOMER – A *Get 2 Preferred Customer* is a customer who goes in the genealogy tree but does not hold volume. A *Get 2 Preferred Customer* can get free product and can become a Distributor at anytime by upgrading inside Joffice.

GROUP VOLUME (GV) – Group Volume is the volume that is generated through your organization, including volume generated from PGV and your upline (spillover).

LINE OF SPONSORSHIP – A line of sponsorship is created when you enroll a new Distributor in your team. The line of sponsorship grows as the Distributor you have enrolled enrolls other Distributors and those Distributors enroll others. This process continues through unlimited levels in your team. Every new Distributor enrolled creates a new line of sponsorship and there is no limit to how many lines of sponsorship you can create. The Leadership Matching Bonus is earned through all lines of sponsorship and can be earned on up to seven levels of your sales organization.

PERSONAL GROUP VOLUME (PGV) – Personal Group Volume is the volume that is generated throughout your organization, excluding volume created by your upline.

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

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

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

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

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

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

