

Orion Research, LLC

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Team Beauty Logo
from Facebook page¹

Team Beauty Transformation Program was Created by Top Herbalife Distributors with Mandatory Minimum Purchase Requirements, a Violation of the FTC Consent Order

In 2015, some of Herbalife Ltd.'s (HLF) top distributors created a program called "Team Beauty," which offers individuals the opportunity to participate in a fitness "transformation."² As of July 2017, Team Beauty had recruited at least 7,000 Herbalife distributors and Preferred Members in the US through the Team Beauty program.³

Herbalife President's Team member Gery Gutierrez promoted participation in Team Beauty through an online webinar that was available on the Internet as late as August 2016.⁴ During the webinar, Gutierrez, who is the daughter of long-time Herbalife President's Team member Mary Leal, explained the steps required to sign up for the transformation:

"Step 1: Sign up for your membership."

"Step 2: Let your coach see your confirmation and Product Purchase of 250 vp."⁵

¹ <https://www.facebook.com/teambeautyofficial/>

² <http://teambeauty.org/>

³ See last few seconds: Gery Gutierrez.Facebook Video. July 2017

⁴ We did not capture the video before it disappeared but did create a transcript of the webinar (which was in Spanish) and translated it into English: 4.2.Gutierrez Webcast Transcript.pdf

⁵ Ibid

Later in the webinar, Gutierrez stated that participants would need to purchase a total of at least 500 volume points over the 12-week transformation:

“One of the things that you’ve got to know, is that for maximum results, we have to have an active account with Herbalife Nutrition. Because we know if you consume at least 500 points in the 12 weeks, you’re going to have an awesome result. So, once you have that, you are able to graduate from our twelve-week program, go to a photo shoot and we are going to be able to share a story.”⁶

Gutierrez also explained that she created Team Beauty so that Herbalife distributors could earn thousands of dollars in Herbalife commissions by recruiting others into the program rather than relying on retailing the product.

Gutierrez explained:

“I think everybody starts in Herbalife because they buy the vision. They want that royalty check. They want to get \$5,000, \$7,000, \$10,000 a month – not of sales but royalties. So, in 2015, with this new marketing plan, we decided to focus on that.”⁷

Gutierrez also stated that those signing up to participate in a Team Beauty transformation could expect to make \$4,000 a month by recruiting others into the program and having those people recruit more participants.⁸

As presented in the online webinar, the Team Beauty program violates the FTC Order by imposing minimum purchases (**Subsection I.F.1**) and causing ineligible commissions to be paid on those purchases (**Subsection I.A.5**). Team Beauty also interferes with the FTC Order (**Subsection 1.E**) by likely inflating the average monthly purchases of Preferred Members, which are used to determine certain commissions.

For more details on how the imposition of minimum product purchases, violates the FTC Order, see “Herbalife Fitness Transformations are Used to Impose Minimum Purchases, Violating and Interfering with the FTC Order.”

The webinar also violates the order by misrepresenting the income potential of the business opportunity (**Subsections II.A and B**).

⁶ Ibid

⁷ Gutierrez Webcast Transcript.pdf

⁸ Ibid