Orion Research, LLC

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Coach Training Program Run by President's Team Member Sheriff Taiwo Requires Business Opportunity Seekers to Make Minimum Mandatory Purchases, Even Testing Recruits to Assure They Understand the Requirement, a Violation of the FTC Order

Individuals recruited into the "Get Uncomfortable Squad," an organization run by Herbalife President's Team member Sheriff Taiwo, which trains distributors to become health coaches, are required to immediately place an order for products after buying an Herbalife Starter Kit.

This requirement is explained in a training video on the group's website (http://www.gusimpact.com/) and then reinforced with a test. The video and online test were available on the group's website as of November 8, 2017.

Under a Federal Trade Commission Consent Order announced on July 15, 2016, the FTC specifically prohibited Herbalife and its distributors from imposing minimum purchase requirements. Under "Limitations on Thresholds, Targets and Requirements," the Order states: "Business Opportunity participants shall not be required to purchase a minimum quantity of products, except that Defendants may require Business Opportunity Participants to purchase an initial start-up package or its equivalent, provided that no Multi-Level Compensation is generated or paid on the Purchase." (Subsection I.F.1)

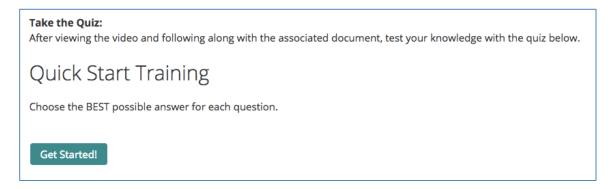
The minimum product purchase is explained in a video titled "Quick Start Training" that appears on the Health Coach Academy tab of the group's website. Taiwo, who operates his Herbalife business in Maryland, describes how health coaches are expected to sign up with Herbalife and immediately begin consuming products.



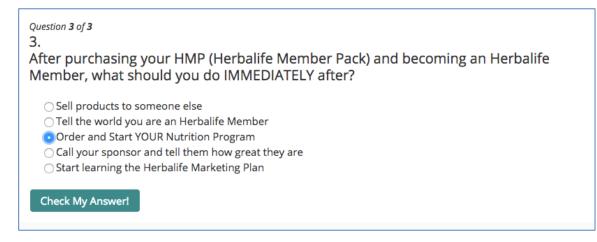
To see video, click <u>here</u> and enter password: "Uncomfortable1" Or see video file: "Get Uncomfortable Squad Training Video 1.mp4"

In the video, Taiwo explains: "You get started on the products, right. You want to use your products every single day. What does that look like? That means having your shake, drinking your tea with aloe and taking your tablets, every single day. You want to be super consistent. You want to be dedicated." (Starts 2 min. 2 secs)

After watching the video, distributors are told to take a quiz, which appears on the website:



There are three questions relating to the first video. Below is the third question, which asks recruits what they are expected to do IMMEDIATELY after signing up with Herbalife. We selected the third answer ...



... which is the correct answer.



The Quick Start system is used by recruiters across Herbalife. (There are 8,621 postings on Instagram labeled with the "Quickstart" hashtag, most related to Herbalife.) We believe it is likely that the requirement to immediately purchase products is imposed by other Herbalife organizations recruiting health coaches through the Quick Start program.

Requiring recruits to immediately place an order when signing up with Herbalife leads to additional violations of the FTC Order as it results in distributors receiving commissions for those enrollment-linked purchases. Such payments are prohibited under the FTC's Consent Order. Under "Limits on Multi-Level Compensation," the Order states: "No compensation shall be paid solely for enrolling or recruiting a Participant or a Preferred Customer into the Program." (Subsection I.A.5)