

Orion Research, LLC

February 4, 2017

Team Beauty Participants Told to Share Video Online that Describes Earning Thousands of Dollars by Recruiting Participants to Purchase \$190 of Products, in Violation of the FTC Order

An online video promoting the Team Beauty, narrated by a distributor promoting the program in Peru, describes how participants must buy \$190 of Herbalife products and recruit others to do the same in order to make thousands of dollars in commissions as Team Beauty coaches.¹

As described in the presentation, 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, as described, 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.²

In addition, the presentation violates the order by misrepresenting the income potential of the business opportunity (**Subsections II.A and B**).

In the presentation, which was uploaded on February 4, 2017, the narrator explained:

“First, get your nutrition program, which is 565 soles here in Peru.”³

“If you share with 6 people, you, after 12 weeks, will get income of 1,980 soles. So, your transformation process will be free, and you can make extra income.”⁴

While the narrator on this video speaks in Spanish and describes earnings in soles (the Peruvian currency), the presentation shows earnings in US dollars, suggesting the presentation materials were originally designed for Spanish speakers in the US.

¹ See *Explicacion del Team Beauty.mp4* and *Team Beauty Explanation Transcript*.

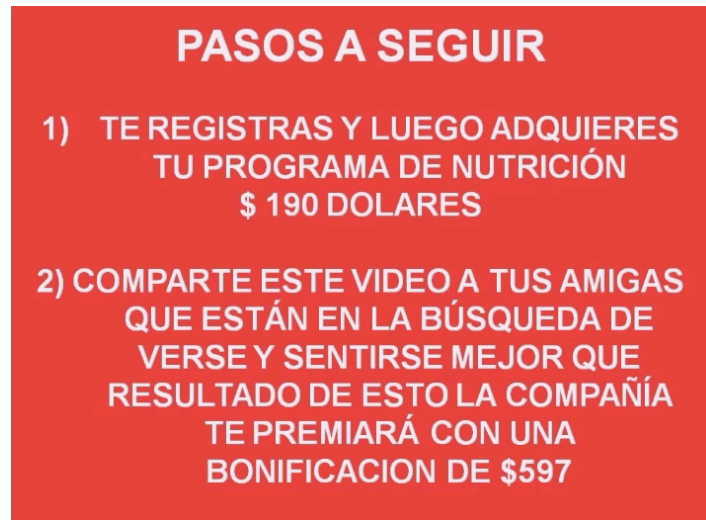
² For more details on how the imposition of minimum product purchases violates the FTC Order, see “Herbalife Fitness Transformations are Used to Impose Minimum Purchases, Violating and Interfering with the FTC Order.”

³ On October 27, 2017, that converted to US\$174.

⁴ On October 27, 2017 that converted to US\$609.

The narrator explains that the opportunity to join Team Beauty, and make money from the transformation program, should be shared with others by passing along the video.

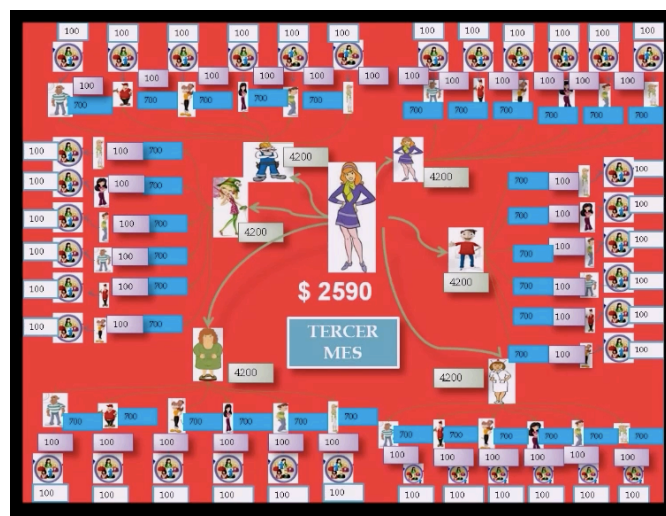
The screenshot below from the presentation shows that each person is required to purchase products valued at \$190 and then get others to do the same in order to receive an initial bonus of \$597.



Steps to follow

1. You register and then you acquire your nutrition program - \$190.
2. Share this video with your friends who are wanting to look and feel better, and, as a result of this, the company will reward you with a bonus of \$597

Another screenshot shows that after three months a Team Beauty participant can expect to receive \$2,590 for sharing the opportunity. To earn that amount, a participant must recruit six people who each recruit six more people, and those 36 people must recruit another 216 people.



At one point, the presenter says:

“I'm not even telling you how much you'll make. Cause you won't believe me.”

Team Beauty is being marketed mainly in Spanish-speaking communities in the US and in countries including Mexico, Peru and Colombia. As seen in the Facebook posting below, Herbalife distributors from Central and South America come to the US to teach Team Beauty participants about the business.

