

# Orion Research, LLC

August 7, 2017

## **Top Distributors in Boston, Phoenix, Denver, Salt Lake City, San Diego, Oklahoma and Delaware Link Training to Qualification Purchases, Directly Violating and Interfering with Implementation of the FTC Order**

Herbalife Ltd. top distributors across the US organize regular training events called Success Training Seminars (STSs). Tickets to these events cost around \$30, and, in addition, there are frequently sessions at these events that are restricted to distributors who have met prescribed monthly product purchase requirements.<sup>1</sup>

For example, the upcoming **Boston STS** is offering a “Supervisor School” training session which is limited to distributors with 2,500 volume points.

The flyer is for the 'BOSTON STS AGENDA' event on August 19th. It features a photo of Vinson and Maria Sosa, Executive President's Team members, standing on a red carpet. The text includes 'SPECIAL GUEST: Vinson and Maria Sosa Executive President's Team', 'EVENT DETAILS... CLICK HERE', and 'IMPORTANT - NEW AGENDA TIMES!!!'. The agenda lists the following sessions: 8:30 - 9:30 am: 2,500+ Documented Volume Supervisor School; 9:30am to 2:00pm: STS Training for All Ticketed Distributors; 2:00pm: Registration Opens for all Guests Attending HOM; 2:15 - 3:30pm: Herbalife Opportunity Meeting Open to all Ticketed Distributors and Guests. A note at the bottom states: '\*\* Please Note: Schedule may vary slightly event to event, this is a general overview schedule for the day for all BostonSTS Training Event'.

Such requirements interfere in numerous ways with a Federal Trade Commission Consent Order imposed on Herbalife’s business beginning in May 2017.

First, the FTC Consent Order specifically prohibits Herbalife from imposing minimum purchases requirements. Under “Limitations on Thresholds, Targets and Requirements,”

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<sup>1</sup> We believe these volume point requirements reflect “Total Volume,” a measure of an individual’s purchases and purchases by distributors that individual has recruited who have not yet become Supervisors. While purchases by all members of the group count toward an individual’s qualification, that individual has an incentive to purchase an outsized share or even all of the volume if he lacks underlying retail demand but is seeking to obtain training that can help him with his business.

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.”

Yet, training is presented to distributors as essential to success and much of that training requires minimum purchases.<sup>2</sup>

Second, the FTC Consent Order requires that Herbalife disclose upfront all information material to participants concerning the business opportunity, such as “the total costs to participate, including trainings, brochures, and sales aids.”

Not only does Herbalife fail to disclose upfront the cost of attending training events, such as STSs, but the company states that such costs do not exist and may not be imposed: “To become an Herbalife distributor, succeed in the business, advance in the Sales and Marketing Plan, or receive upline training or support, you are NOT required to buy any amount of materials, products, or services, either those produced by Herbalife or by a party other than Herbalife, or to attend any seminars, meetings, or events.”

Third, qualification-linked training events effectively force distributors, including those with limited or no underlying retail demand, to purchase products in order to obtain access to “success” training. When this happens, it results in upline distributors – who set the rules and qualifications for attendance at these events – advancing and receiving commissions based on volume that is ineligible for that purpose.

The FTC Consent Order states that: “To the extent the [marketing] Program requires that a Participant meet a threshold or target in order to (a) obtain or maintain a level or designation necessary to receive any particular type or amount of Multi-Level Compensation; (b) qualify or become eligible to receive Multi-Level Compensation; (c) otherwise increase the Participant’s amount of Multi-Level Compensation; or (d) obtain, maintain, increase, or qualify for a discount or rebate on Product purchased for resale; **such threshold or target shall be met exclusively through Profitable Retail Sales and Sales to Preferred Customers.**” [emphasis added]

Linking training to prescribed purchases creates incentives for struggling recruits to buy products for which they have no underlying retail demand. That, in turn, increases the likelihood that top distributors will advance and receive payments specifically prohibited under the FTC Consent Order.

On the following pages are examples of upcoming training events across the US which will include sessions requiring a prescribed level of Herbalife product purchases. All examples were printed from the STS websites on either August 5 or 6, 2017.

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<sup>2</sup> To see how top distributors promote the importance of attendance at STS events, see: 8.7.17.Amplify Business.pdf, 8.7.17.Attendance Nonnegotiable.pdf, 8.7.17.STS Buy Tickets.pdf and 8.7.17.Way to Grow.pdf.

At the upcoming **Denver STS**, there is a TAB Team School for those with 7,500 volume points and a Leadership and Nutrition Club Training session for those with 1,000 volume points of documented volume in July.



**STS DENVER**  
August 18th & 19th

Crowne Plaza Hotel  
1450 Glenarm Pl  
Denver CO 80202

**Guest Speaker:**

**Executive Presidents Team**  
**ALEJANDRO FALCON**

**Friday's Mentoring Session**  
**76 S. Federal Blvd Denver CO 80219**

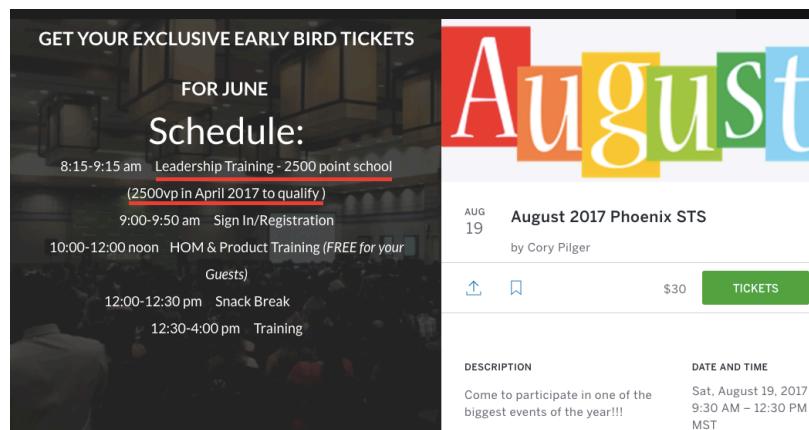
**Saturday STS**  
9:45am Distributor Action Training  
10:45am HOM (Guests Are Welcome)  
12:45-1:10 pm Lunch Break  
1:10-3:30pm STS Training

**VIP**  
**New Supervisors**  
**Supervisors 3K**  
**World Team 5K**  
**TABS 6K**  
**Documented Volume**

**12pm-2pm**  
**TAB Team School**  
**TABS & AWT 2017**  
**Or Achieve 7.5 K**

**2pm-5pm**  
**Leadership & Nutrition Club Training**  
**Supervisors and/or Distributors who achieve**  
**1,000 DV July 2017**

The **Phoenix STS** offers a session called Leadership Training, but only for those with 2,500 volume points in April.



GET YOUR EXCLUSIVE EARLY BIRD TICKETS

FOR JUNE

**Schedule:**

8:15-9:15 am Leadership Training - 2500 point school  
(2500vp in April 2017 to qualify)

9:00-9:50 am Sign In/Registration

10:00-12:00 noon HOM & Product Training (FREE for your Guests)

12:00-12:30 pm Snack Break

12:30-4:00 pm Training

**August**

AUG 19 **August 2017 Phoenix STS**  
by Cory Pilger

\$30 **TICKETS**

**DESCRIPTION**  
Come to participate in one of the biggest events of the year!!!

**DATE AND TIME**  
Sat, August 19, 2017  
9:30 AM - 12:30 PM  
MST

The **Salt Lake City STS** offers numerous “promotions” restricted to those with prescribed volume. There’s a Mentoring Session for those with 5,000 volume points and a Supervisor Workshop, but only for those Supervisors who can show that they had volume of 2,500 points in the month prior to the STS. There’s also a New Active Supervisor promotion, which allows the distributor to sit in the VIP section but doesn’t appear to include special training.

		<h2>Salt Lake City Success Training Seminar</h2>	
<p>PROVEN! POWERFUL! NOW IS THE TIME!  <b>JOIN THE NORTHERN UTAH HERBALIFE STS TEAM IN SUPPORTING YOUR BUSINESS!</b></p>			
<p><b>FaceBook</b>  <a href="#">Visit our Page</a></p>		<p><b>Subscribe</b>  <a href="#">Be connected!</a></p> <p><b>Events</b>  <a href="#">Visit Local</a></p>	
<p><b>Guest Speaker</b>  <b>Salt Lake City STS Leadership</b></p> 		<p><b>STS PROMOTIONS</b></p> <p><b>5K MENTORING/VIP SEATING</b>  Open to all fully qualified supervisors who accomplished 5,000vp+ the month prior to STS. This is a mentoring/training with our guest speaker Friday before STS, from 7-9 pm.</p> <p><b>SUPERVISOR WORKSHOP</b>  Open to all fully qualified supervisors who accomplished 2,500vp+ the month prior to the STS...or newly qualified supervisors in their first 2 months following qualification. This is a higher level training with the guest speaker the day of the STS, starting at 9am.</p> <p><b>NEW ACTIVE SUPERVISOR PROMOTION</b>  All new Active Supervisors (2,500vp+ 3 months in a row) get an opportunity to sit VIP the day of the STS (first time qualifiers only).</p>	
<p><b>Success Seminar Training</b>  <b>August Training</b>  <b>Saturday, August 19th</b></p>			

The **San Diego STS** offers a number of perks to those who can show a prescribed level of volume: VIP seating for those with 3,000 documented volume points and a Mentoring Session for those distributors with 500 volume points and for those Supervisors with 1,000 volume points.

VIP Seating: First Come First Serve :) Arrive Early	<b>San Diego STS - August 19th</b>
Tickets	Guest Speaker: Britni Liberton, 15K Executive President's Team Member
Guests and Members within 60 Days of Application are FREE for their 1st event (Not Applicable to LDW, January Kickoff, and Extravaganza)	Location: Hilton Mission Valley, 901 Camino Del Rio South (\$5 parking)
All Members are \$35 at the door if space permits	VIP Qualifications (Based on July Documented Volume): -3,000 Documented vp: Preferred Seating -5,000 Documented vp: Round Table VIP Seating
Event Location	Special Promotions with Guest Speaker (Based on July volume): <u>Mentoring Session after the STS:</u> -500 Documented vp Members or 1,000 Documented vp for Supervisors
<b>LOCATION</b> Hilton Mission Valley 901 Camino del Rio South	Email a picture of your volume verification, including your name, from myherbaife.com to <a href="mailto:sdsocalsts@gmail.com">sdsocalsts@gmail.com</a> by August 17th. Include which promotions you qualify for AND will be attending. VIP & Preferred Seating not guaranteed if verification not received by August 17th.

The **Oklahoma STS** includes a Supervisor School on Saturday morning, which is limited to those achieving 2,500 volume points a month. There are additional training sessions on Friday night for those at the Bronze (8,000 accumulated volume points in June and July), Silver (12,000 accumulated volume points) and Gold (18,000 accumulated volume points) levels.

## AUGUST STS EVENT

August 26, 2017  
9:00 am - 3:00 pm

**LOCATION**  
The Rock  
12500 S. Pennsylvania Oklahoma City  
Oklahoma City, OK

**SPECIAL GUEST:**  
Garraín Jones  
International Executive 30K President's Team

**NOTE FRIDAY SCHEDULE! -->**

Coming soon!

**OKC AUGUST 26TH VIP QUALIFICATIONS**

**SUPERVISOR SCHOOL:** Brand new supervisor OR 5K accumulative documented volume points in June & July

**BRONZE:** 8K ACCUMULATIVE DOCUMENTED VOLUME POINTS IN JUNE & JULY

**SILVER:** 12K ACCUMULATIVE DOCUMENTED VOLUME POINTS IN JUNE & JULY

**GOLD:** 16K ACCUMULATIVE DOCUMENTED VOLUME POINTS IN JUNE & JULY

\*MINIMUM OF 2500DVP PER MONTH\*

### FRIDAY NIGHT TRAINING

August 25th  
@The Rock

**5:00 pm**  
"High Flyers Training"  
Bronze Qualifier and above Training

**6:30 pm**  
"Presidents Team Experience"  
Gold Qualifiers

Special Guest  
Garraín Jones

**PLEASE NOTE!**

**NEW TIMES!!!**

# AGENDA

**8:00 AM - Registration**

**8:30 AM**  
**Supervisor School**  
For Supervisors with 2,500 VP and up!

**9:15 - Distributor Training**

**12:30 - 4:00 pm HOM & Guests**

The **Delaware STS** has relatively modest qualification requirements. The event includes a Supervisor School session, which is open to all Supervisors with a ticket. To become a Supervisor, however, a distributor must have purchased 4,000 volume points over 12 months.



## Delaware

*Success Training Seminar*



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[Guest Registration](#)
[Event Calendar](#)

**Next STS is August 19th, 2017**  
 Millionaire Team  
**Salim Wiggins**

## Agenda

**Qualifiers Breakfast 8am**

All ticket holders who submitted a VIP for 7500VP or more  
 & Production with 2500VP or more

**Supervisor School - 8:45am - 9:45am**

Open to all supervisors with a ticket

**Member Training - 10am - 1pm**

Open to all members with a ticket

**Opportunity Meeting - 1pm - 3:15pm**

**Followed by a Sampling Party!**

Open to all members and guest!