

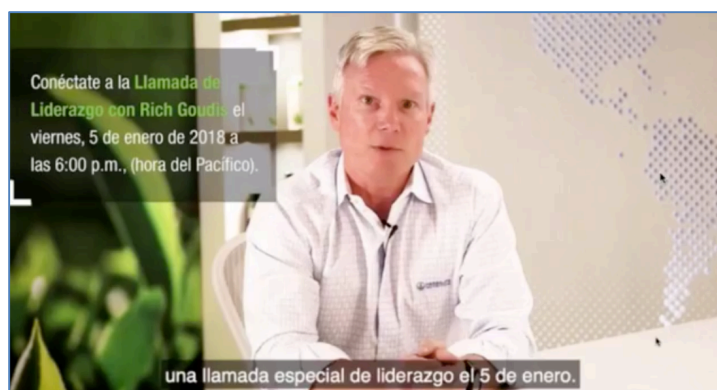
## Orion Research, LLC

December 27, 2017

### **Herbalife CEO Rich Goudis to Offer Leadership Tips for Distributors, But Only If They Can Prove Purchases of 3,000 Volume Points in December, Violating the FTC Order's Ban on Qualification Buying**

Herbalife Ltd.'s Chief Executive Officer, Rich Goudis, will hold a call with business opportunity seekers on January 5, 2018, to discuss leadership tips, but only distributors who can show proof that they've purchased 3,000 volume points during the month of December will be permitted on the call.

The call is described in an online video as offering information to achieve "sustainable success."<sup>1</sup> In this way, the promotion creates a minimum purchase requirement and imposes an undisclosed cost of doing the business. A Federal Trade Commission Consent Order imposed on Herbalife's business in July 2016 prohibited minimum purchase requirements and the imposition of undisclosed costs.



**"Connect to a leadership call with Rich Goudis on Friday, January 5, 2018, at 6 PM Pacific Time."**

"I want to challenge you, as a leader and your organization, to finish 2017 as strong as possible and **qualify to join me** on a special leadership call on January 5th. I'll be sharing a more intimate understanding of our purpose to make the world healthier and happier. I'm going to talk about our key strategies. **But more importantly, I'll be sharing with you the role we play as leaders. Servant leadership and committing to developing future leaders is one of our most competitive advantages and a key to creating sustainable success for you and your teams.** If we do this together, all of us, imagine the impact we can have here and around the world. So, let's work together to finish 2017 strong and get as many people as possible in your organization to qualify for this call. **Trust me. They won't want to miss it.**"

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<sup>1</sup> Goudis Promotion Video.mp4



**“How to Qualify: Accumulate 3,000 or more Total Volume Points (VT) in the month of December 2017. To qualify in the United States and Puerto Rico, you need to achieve Documented Volume.”**

Though the Goudis states that the qualification volume must be “Documented Volume” – volume sold to those not pursuing the business opportunity – the promotion creates an incentive for distributors struggling to retail products to falsify Retail Sales receipts in order to be permitted on the call.

The promotion, and others like it that link essential training to qualification volume, violate the FTC Order.

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 Order also requires Herbalife to disclose all information material to participants concerning the business opportunity, such as “the total costs to participate, including trainings, brochures, and sales aids; any material restrictions, limitations, or conditions on operating the Business Venture; or any material aspect of its performance, efficacy, nature, or central characteristics. (Subsection II.D)

Herbalife does not tell distributors upfront that qualifying for training is part of the business. In fact, Herbalife states in its marketing materials that there are no mandatory training costs: “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.”