UNITED STATES DISTRICT COURT

WESTERN DISTRICT OF WASHINGTON

FEDERAL TRADE COMMISSION, and

STATE OF WASHINGTON,

Plaintiffs,

v.

AMWAY CORP., also doing business as AMWAY NORTH AMERICA, a Virginia corporation,

WORLD WIDE GROUP, L.L.C., a Washington limited liability company, and

LEADERSHIP TEAM DEVELOPMENT, INC., a North Carolina corporation,

Defendants.

Case No. ____________

COMPLAINT FOR PERMANENT INJUNCTION, MONETARY JUDGMENT, CIVIL PENALTY JUDGMENT, AND OTHER RELIEF

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Plaintiffs, the Federal Trade Commission ("FTC" or "Commission") and the State of Washington ("State"), for their Complaint allege:

1. The FTC brings this action for Defendants' violations of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a). Defendants promote and operate an unfair and deceptive direct selling and multi-level marketing opportunity. For these violations, the FTC seeks relief, including a permanent injunction and other relief, pursuant to Sections 5(a)(1) and 13(b) of the FTC Act, 15 U.S.C. §§ 45(a)(1), 53(b), against Defendants Amway Corp., World Wide Group, L.L.C., and Leadership Team Development, Inc.

2. The State brings this action for Defendants' violations of the Washington Consumer Protection Act, Wash. Rev. Code § 19.86 ("CPA"). For these violations, the State seeks relief, including injunctive relief, civil penalties, restitution, and other relief, pursuant to the CPA, Wash. Rev. Code §§ 19.86.080 and 19.86.140, against Defendants Amway Corp., World Wide Group, L.L.C., and Leadership Team Development, Inc.

I. SUMMARY OF THE CASE

3. Amway Corp. ("Amway") offers a money-making opportunity in the United States that it claims gives people the chance to own and operate their own business selling consumer products. Consistent with this positioning, Amway uses the terms "Independent Business Owner" or "IBO" to describe consumers who sign up for Amway's multi-level marketing program. Despite its claims that IBOs can make money by selling Amway products to customers, Amway's products are priced at premium levels and therefore are difficult to sell to non-IBOs. As one of Amway's highest-ranking executives put it in a slide presentation he prepared in 2019, IBOs who are new find that "[s]elling to customers is not rewarded, not taught by leaders and difficult."

4. In Amway, new IBOs are recruited into the business by existing IBOs, who typically require their recruits to also join groups affiliated with Amway. These groups sell training to IBOs that the recruiters and IBO leaders of the groups claim is essential to becoming

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a successful IBO. The training groups do not teach IBOs that selling Amway products to customers is the key to making money in the Amway business. Instead, they instruct IBOs to buy a set amount of products each month, regardless of whether the IBOs can resell or actually want them, in order to generate points that are used in calculating what Amway calls "bonuses" that it pays to both the IBOs who purchase Amway products and the IBOs who recruited them. As one IBO leader put it in a January 2023 training session for IBOs, "We're rich because we've always used our own products." The IBO leaders of the training groups also instruct new IBOs to try to recruit more people into Amway and to tell them to buy a set volume of products from Amway each month in order to make money. This practice is known as "duplication" because new IBOs are supposed to duplicate the purchasing patterns of the IBOs who recruited them.

5. The result of these directives is that Amway's IBOs buy most of the company's products themselves. In recent years in the U.S., Amway has sold more than three-quarters of its products to its own IBOs. Most IBOs, however, stop pursuing the business once they realize the monthly cost of purchasing Amway's pricey products usually exceeds any "bonuses" they receive. When they leave Amway, the vast majority of IBOs stop buying Amway products altogether, as they are no longer trying to generate points used in determining bonuses. Much of the Amway business, therefore, is driven by selling products to IBOs who are buying them to try to make money through recruiting and duplication, as opposed to selling products to customers who genuinely want them.

6. In 2019 and the early 2020s, Amway began making a series of changes to its business, but these changes were superficial and did not meaningfully change how Amway operates. The centerpiece of this effort was designed to thwart any government investigation into Amway's business model by making it *appear* that most of Amway's products were eventually sold to customers. To accomplish this, in early 2021, Amway expanded a system for IBOs to report that they resold products they purchased to customers, which Amway's own employees characterized as "easy to manipulate." Around the same time Amway told the leaders

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of its training groups that it would restrict their bonuses if they did not help the company generate purported customer sales "data" for the company. Thereafter, on a widespread basis, the leaders of groups that sell training to IBOs told their members to falsely report that they resold most of their product purchases to customers or to use other methods to fake customer sales.

7. While many IBOs complied with these directives, the false reports of customer sales they provided to Amway have not changed the true nature of the business. Amway and the training groups still incentivize and encourage IBOs to buy Amway products, regardless of whether they want them or can resell them to customers, and to recruit new IBOs to do the same. Accordingly, Amway operates and the training groups promote the Amway multi-level marketing business in an unfair manner, which results in IBOs and their recruits purchasing Amway products for reasons other than genuine demand for them in a near-futile effort to make money while faking their customer sales.

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8. In recent years, young adults have been the principal targets of Amway recruiters, and many of them have incomes below $50,000 a year. Like many deceptive money-making opportunities, Amway is pitched to prospects as a way to avoid the drudgery of working a traditional job for decades. Prospects are told that running an Amway business will likely replace the income from their full-time job, ensure they can spend more time with their family, and even make them enough to allow them to retire at a young age. To do so, prospects and IBOs are told they simply need to take the business seriously and follow a purported "system" for success developed by certain high-ranking IBO leaders for a few years. As Brad Duncan, the IBO leader of the largest training group put it in a May 2021 talk to IBOs, "[I]t's the simplest thing in the world. … [Y]ou're all going to be living in the most beautiful homes in the world, I will promise you, if you will treat this like a business. I promise."

9. In the U.S., most people who sign up for Amway are recruited by IBOs who are

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members of training groups, which Amway calls "Approved Providers." As the name implies, Approved Providers are authorized by Amway to recruit new people into Amway and then sell them "training" that includes audio recordings, live events, and subscriptions to phone apps. Amway has rules that outline how Approved Providers and IBOs are allowed to recruit and train new IBOs, which the Approved Providers regularly violate. Amway executives are well aware of this fact, but the company does little to police violations relating to deceptive claims that the IBO leaders of the Approved Providers make to prospects and IBOs. Since Amway relies on the Approved Providers to recruit new IBOs to buy Amway products, Amway benefits from these deceptive claims.

10. Two of the largest Approved Providers in the U.S. are World Wide Group, L.L.C. ("WWG") and Leadership Team Development, Inc. ("LTD"). Although they are based on opposite coasts, WWG and LTD recruit in similar ways and provide similar training to IBOs. WWG and LTD are owned and controlled by a small number of high-level IBOs who split the profits from the training sales with the IBO leaders of each group. These leaders also pressure IBOs to buy the training and tell IBOs it is essential to making money in Amway.

11. To entice people to sign up with Amway, WWG and LTD IBOs use a variety of deceptive tactics. Instead of being told about Amway, its products, or a multi-level marketing opportunity, many prospects are initially lured in with deceptive claims about an exclusive opportunity to be mentored by a person or couple who made so much money they were able to stop working in their 20s or 30s. The opportunity is deliberately described this way to allow the IBO recruiter to obfuscate when asked what the opportunity is by saying the answer is something the person or couple needs to explain to the prospect, among other things.

12. In recent years, for example, multiple IBO leaders in WWG have instructed IBOs to tell prospects they "connected with a couple that were able to walk away from their jobs at 28 & 33. That blew our minds so we pursued them & convinced them to spend some time with us. As a matter of fact they agreed to take us under their wing. And right now they are in the

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process of coaching and mentoring us … so we can accomplish similar results in our life so we can stop sacrificing our life for a job." Contrary to these claims, few IBOs are directly mentored by anyone that successful. Rather, their mentors are typically other IBOs trying to make money in Amway, who work traditional jobs or their Amway business. Moreover, the opportunity is not an exclusive one, and anyone who follows the instructions of their recruiter during the recruiting process gets an "offer" to join Amway and an Approved Provider.

13. Amway authorizes its Approved Providers to present the business as a way to make $40,000 a year, and groups such as WWG and LTD tell prospects that if they follow their special system for running an Amway business, they will likely make that much or more. For example, in a March 2023 online training, a WWG leader, Maiko Tuitupou, told IBOs that if they developed a "consistent work habit … it's not a matter of if, it's a matter of when" they will achieve the levels associated with mid-five figure annual bonuses. Similarly, in a January 2025 training in Kansas City, Missouri, an LTD leader claimed a young IBO had built a six-figure Amway business just by following the "recipe" for success: "This works. This is a man who just followed the recipe of" recruiting and generating product volume "for a couple years."

14. In fact, most IBOs come nowhere near the dollar figures that appear in the Approved Providers' slide presentations for prospects, which are approved by Amway. In 2023, for instance, median total bonuses (before expenses) for IBOs were only $139, and IBOs often spend more on training they buy from Approved Providers than they receive in bonuses. Among IBOs who joined WWG and LTD between 2020 and 2023, average and median bonuses were less than the average and median amounts they spent on training through March 2024. In contrast, only about 1 percent—fewer than 1,600 IBOs out of more than 241,000 IBOs—received $40,000 or more in bonuses from Amway in 2023.

15. Amway's main product lines are nutritional supplements, energy drinks and bars, and makeup and skin care products. All of these products compete in crowded markets with numerous alternatives, and most of them have premium pricing. For example, a case of water

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from Amway, which is one of the most frequently purchased products by IBOs, costs them more than $45. IBO leaders in WWG and LTD tell IBOs that the easiest way to generate points for bonuses is to buy Amway's pricey products for themselves, regardless of whether they like them or their cost. In June 2022, for instance, one IBO leader told IBOs in a training session that when she started in Amway, its energy bars came in two flavors, "yuck and yuckier," but she ate them anyway because it "created volume." Similarly, other IBO leaders have instructed IBOs to buy products for their point value while adding that they "never cared" how much Amway products cost and "don't care" whether they "taste[] good" or are better than their competitors.

16. In Amway, as in other multi-level marketing businesses, anyone an IBO recruits is referred to as part of their "downline," along with anyone those recruits are able to recruit as well as the recruits of those recruits and so on. Consistent with the incentives in what Amway calls its "compensation plan," the Approved Providers tell prospects and IBOs to try to make money by recruiting people into the business because IBOs' bonuses increase when their downlines buy Amway products. More specifically, when IBOs buy Amway products, such purchases typically generate points that flow "upline" to the IBO who recruited them, and then from that IBO to the next IBO further up the recruiting chain and so on.

17. In recruiting and training presentations, WWG and LTD tell prospects and IBOs to recruit 6 to 12 IBOs themselves and to help those new IBOs to recruit as well. According to these standardized presentations, which Amway approves, IBOs who build a team of 25 to 48 IBOs will have "earnings" of about $40,000 a year. In WWG's standard presentation, less than $1,000 of that sum is derived from retail margin from selling products to customers. The bulk of the remainder—more than $38,000—comes from points generated by downline recruits. In other words, in WWG's own demonstration of how to be a successful IBO, 96 percent of the IBO's revenue comes from recruits.

18. Since recruiting is necessary to obtain substantial bonuses, the leaders of WWG and LTD also make deceptive claims to prospects and IBOs about the likelihood that they will be

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able to recruit new IBOs. These leaders tell prospects and IBOs that it is "not very hard" to recruit 6 to 12 IBOs a year, but, in fact, it is very difficult. A majority of IBOs fail to recruit a single new IBO each year, and the average number of recruits per IBO per year is less than one.

19. While IBOs are struggling to find new recruits, the IBO leaders of WWG and LTD also tell IBOs it is essential that they purchase the Approved Providers' training and substantial quantities of Amway products each month in order to make money. In 2024, Amway required its Approved Providers to waive all training costs for IBOs in their first year, but the annual cost of the main training services for WWG and LTD IBOs in their second year and beyond ranges from approximately $1,600 to $3,600. Given the difficulty of making more from their Amway business than they spend on training or products, many IBOs do not stay in Amway for long, and the Amway business churns through IBOs each year. In the years 2020 to 2023, between 70,000 and 130,000 new IBOs joined Amway, and over 100,000 IBOs left the opportunity each year.

20. These figures are consistent with how the former CEO of Amway's parent company, described Amway's global business in 2020. In a "script" that he "penned" himself for an internal presentation, the former CEO wrote that the business was characterized by "[p]oor earnings" for "new" IBOs, "high churn," and "a vicious cycle- of recruitment and self consumption" of Amway products by IBOs. In other words, the Amway business relies on continually recruiting new IBOs to buy Amway products while making little in the way of bonuses. These realities are a far cry from the deceptive promises made to new IBOs in WWG and LTD, who are told they are likely to replace the income from their job or even retire early if they just follow a few simple steps laid out by longtime IBO leaders.

II. JURISDICTION AND VENUE

21. This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§ 1331, 1337(a), and 1345.

22. This Court has supplemental jurisdiction over the State's state law CPA claims

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because those claims are integrally related to the FTC's federal law claims and are part of the same case or controversy. 28 U.S.C. § 1367(a).

23. Venue is proper in this District under 28 U.S.C. §§ 1391(b)(2), (c)(2), and (d), 1395(a), and 15 U.S.C. § 53(b).

III. THE PARTIES

A. PLAINTIFFS

24. The FTC is an agency of the United States Government created by the FTC Act, which authorizes the FTC to commence this district court civil action by its own attorneys. 15 U.S.C. §§ 41-58. The FTC enforces Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), which prohibits unfair or deceptive acts or practices in or affecting commerce.

25. The State is the State of Washington, acting by and through the Consumer Protection Division of the Washington Attorney General's Office. The Washington Attorney General has the authority to commence this action pursuant to Wash. Rev. Code §§ 19.86.080 and 19.86.140 to address practices that violate the CPA.

B. DEFENDANTS

26. Defendant Amway Corp. is a Virginia corporation with its principal place of business at 7575 Fulton Street East, Ada, Michigan 49355. Amway transacts or has transacted business in this District and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, Amway has advertised, marketed, distributed, or sold the Amway business opportunity, along with Amway products, throughout the United States.

27. Defendant World Wide Group, L.L.C. ("WWG") is a Washington limited liability company with its principal place of business at 717 S. Pines Road, Spokane Valley, Washington, 99206. WWG transacts or has transacted business in this District and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, WWG has advertised, marketed, distributed, or sold products and services related to the Amway business

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opportunity and Amway products throughout the United States.

28. Defendant Leadership Team Development, Inc. ("LTD") is a North Carolina Corporation with its principal place of business at 3209 Gresham Lake Road, Suite 153, Raleigh, North Carolina 27615. LTD transacts or has transacted business in this District and throughout the United States. At all times relevant to this Complaint, acting alone or in concert with others, LTD has advertised, marketed, distributed, or sold products and services related to the Amway business opportunity and Amway products throughout the United States.

IV. COMMERCE

29. At all times relevant to this Complaint, Defendants have maintained a substantial course of trade in or affecting commerce, as "commerce" is defined in Section 4 of the FTC Act, 15 U.S.C. § 44.

30. At all times relevant to this action, Defendants, and each of them, have been engaged in trade or commerce within the meaning of the CPA, Wash. Rev. Code § 19.86.010(2).

V. DEFENDANTS' BUSINESS ACTIVITIES

A. BACKGROUND ON AMWAY AND ITS APPROVED PROVIDERS AND IBOS

1. Amway And The Products Purchased By Its IBOs

31. Amway is part of a group of companies that sell consumer products and offer a multi-level marketing opportunity around the world. The "Amway Corp." entity, which is also known as Amway North America, operates in the U.S., Canada, the Dominican Republic, and many other island countries and has U.S. revenues of about $1 billion annually. According to a 2023 list published by Amway of the "Top Ten Markets" globally for Amway and its affiliates, the U.S. ranks second, and the other nine markets on the list are in Asia.

32. Nearly all of Amway's U.S. revenues are derived from product sales, and the vast majority of those sales are made to IBOs themselves. In 2023, for example, Amway's data indicated IBOs purchased 77 percent of the products sold by Amway. When IBOs purchase

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Amway products, those purchases generate points that are used in calculating what Amway typically calls "bonuses" or "incentives" that it pays to IBOs (collectively "bonuses"). Although IBOs can resell products that they buy from Amway to customers, reselling the products does not generate additional points for IBOs. Rather, IBOs are credited with the point value of each product when IBOs purchase them from Amway.

33. As a result, the IBO leaders of the Approved Providers tell IBOs to generate points by buying Amway products themselves and claim this will help them make money in their business. These leaders often encourage IBOs to buy a recurring order of Amway products, which Amway calls a "DITTO," on the first day of every month. Such purchases are often referred to as a "Day 1 DITTO."

34. Amway sells a wide range of consumer products to IBOs, but the bulk of its sales come from three main product categories. Vitamins and nutritional supplements, which Amway sells under the brand name Nutrilite, are Amway's largest selling group of products and make up over 40 percent of its sales. Amway's next two largest product categories are: (i) energy drinks and bars and (ii) makeup and skincare products, each of which constitutes about 15 percent of sales. Amway's energy drinks and bars are sold under the brand name XS, and the makeup and skincare lines are mainly marketed under the brand name Artistry.

35. As Amway itself recognizes, many of its products have "premium" pricing and compete in markets with many competitors. For example, Amway's own website has a Frequently Asked Question that asks, "Why Do Amway Products Cost More?" Similarly, a 2022 internal Amway marketing presentation admitted that one key Nutrilite product was "similar" to another brand that was "priced ~80% lower per serving" and that Nutrilite's main multivitamin package was priced above the "Premium Benchmark" in a pricing study conducted by an outside consultant. The presentation concluded that in terms of pricing, the "Nutrilite brand will remain premium" even though many of the Nutrilite products did not have the characteristics of its premium-priced competitors: "Many of our core Nutrilite products **do not**

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contain attributes that ***drive customer willingness to pay premium*** or to compete even in mid-tier." The presentation also recognized that Nutrilite competes in a "hyper competitive" market for vitamins and supplements.

36. Until recently, Amway priced its main multivitamin package, Double X, at $64 for a 31-day supply, and it was one of the top products purchased by IBOs. Another top product bought by IBOs with premium pricing is bottled water even though it "is not a product with high retail appeal," as Amway's former Vice President of Sales put it. Until recently, Amway priced a case of water with 24 bottles containing 16.9 fluid ounces at $52. These prices were the ones offered online to customers, and they effectively served as Amway's suggested retail price. When IBOs bought from Amway they received a 10 percent discount off the suggested retail price. Given the pricing of Amway products and the crowded markets in which they compete, it is difficult for IBOs to sell Amway products to non-IBO customers. In September 2026, Amway revised its pricing structure and the prices shown on its public-facing website, but the minimum suggested retail price is still 10 percent above the prices paid by IBOs.

37. Amway's rules generally prohibit IBOs from selling Amway products through brick-and-mortar stores or non-Amway online marketplaces. Instead, IBOs can try to sell products to customers in two different ways. First, IBOs can try to resell the products they buy and receive from Amway to customers. These transactions do not generate additional points for IBOs. IBOs can set the price at which they resell products, but if they sell at Amway's minimum suggested retail price, the gross margin for such transactions is about 10 percent. When IBOs purchase from Amway, they pay taxes and often pay shipping costs, which means the 10 percent margin is reduced if they are not able to recover those costs when selling to customers. Second, IBOs can encourage customers to buy products online from Amway. IBOs get credit for such purchases by customers who identified the IBOs when registering as a customer or who make purchases from a unique webpage Amway provides for each IBO. For these online purchases, IBOs get points from Amway and a portion of the price paid by the customer. Until recently,

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that portion was set at 10 percent, but starting in September 2026, that amount became more variable.

38. As discussed further below, IBOs often fake their purported customer sales to make it appear that IBOs are complying with recently-updated Amway rules. These rules were designed by Amway to make it easy for IBOs to fake their sales and thereby make it appear that the company is a sales organization as opposed to a money-making opportunity in which IBOs end up buying Amway products they would not otherwise purchase in a near-futile attempt to obtain substantial bonuses from Amway.

2. Amway's Control Over And Oversight Of Its Approved Providers

39. Amway relies on the IBOs who are members of its Approved Providers to recruit new IBOs. Prospects cannot simply sign up as an IBO on Amway's website on their own. Instead, they need to have an IBO sponsor to register on the website. Although Amway only began closely tracking Approved Provider membership around 2024 and membership has fallen since that time, Amway estimated prior to 2024 that most IBOs were members of an Approved Provider group.

40. All of the Approved Providers are owned and run by IBOs who have achieved high levels in Amway's compensation plan. The larger Approved Providers, such as WWG and LTD, have offices and full-time staff members, but those groups are still run by their high-ranking IBO leaders.

41. Amway has nearly-identical contracts with each of its Approved Providers, including WWG and LTD. These agreements give the Approved Providers the right to recruit IBOs and then sell them training in the form of audio recordings, live events, and phone apps. The contracts include certain "content standards" that outline the permissible and impermissible ways in which the Amway opportunity can be marketed to prospects and training can be provided to IBOs. The content standards, which are over 40 pages long, apply to virtually every type of activity connected to the Amway business, including live events, "meetings," any

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training that is sold, "person-to-person" interaction, and social media groups. These standards also apply to IBOs pursuant to separate agreements that Amway enters into with them. In addition, under Amway's rules, IBO leaders who share in the revenues generated by the training sold by the Approved Providers must enter into an agreement with those groups in which they agree to comply with Amway's content standards.

42. Under its agreements with the Approved Providers, Amway has the right to access their events for prospects or IBOs as well as electronic spaces used by the Approved Providers with IBOs to determine whether they are complying with Amway's content standards. Amway can terminate an Approved Provider for breaches of its agreement, including the "content standards." Likewise, Amway can terminate IBOs for violating its standards or an additional set of rules that are published in Amway's Business Reference Guide for IBOs. The rules in that guide provide that Amway can also impose sanctions, such as withholding bonuses, on IBOs for violations of the rules or content standards.

43. Pursuant to their agreements with Amway, the Approved Providers are supposed to submit all of their recruiting and training materials to Amway. These materials are known as Business Support Materials ("BSM"), and Approved Providers such as WWG and LTD include certifications with their BSM submissions to Amway that their BSM complies with Amway's content standards. Amway reviews all of the recruiting materials it receives, along with all submissions related to its bonuses, and some of the other BSM.

44. Amway has the right to approve or not approve BSM. When Amway approves BSM, it often requires the Approved Providers to edit them before they can be used or sold. Amway is also aware that the Approved Providers often edit recordings of live events to remove material that obviously violates content standards before submitting it as BSM, but these statements have already been heard by the live audience, and Amway rarely takes action to prevent speakers from repeating statements that violate its content standards in future events.

45. In addition to reviewing BSM, there are several other ways in which Amway

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employees and executives oversee the Approved Providers and their IBO leaders. Amway has a group of account representatives, who serve as liaisons between the company and IBO leaders of the Approved Providers. Members of this group meet with these IBO leaders about their businesses, discuss their efforts to recruit and retain IBOs, and have access to materials used by the Approved Providers in recruiting and training IBOs. Members of this group often put together "action plans" for Approved Providers and their IBO leaders to improve their businesses.

46. Amway employees attend Approved Provider events, and Amway executives regularly meet with the IBO leaders of the Approved Providers who serve as members of the Board of Directors of the Independent Business Owners Association International, Inc. ("IBOAI"). Amway also has a contract with the IBOAI, which provides that the IBOAI serves as a "consultant" to Amway and must be notified of certain changes affecting IBOs in advance. Amway executives meet with IBOAI leaders multiple times per year to discuss the Amway business and potential changes to rules, bonuses, and any other aspect of the business. Amway also invites IBO leaders to certain annual events in which they receive presentations and meet with Amway executives.

47. With respect to recruiting events, Amway dictates the dollar amounts that Approved Providers can present to prospects. In recent years, Amway has authorized the Approved Providers to claim that IBOs can make more than $40,000 or more than $50,000 annually, depending on the year, even though those amounts are only obtained by about 1 percent of IBOs. Amway has approved the use of these annual figures or their monthly equivalents in presentation slides, although IBO leaders often discuss higher amounts orally. In addition, Amway has allowed the Approved Providers to show how IBOs who recruit 6 to 12 IBOs make those amounts even though Amway knows most IBOs fail to recruit a single new IBO each year and the average number of recruits per IBO each year is less than one.

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3. Amway's Largest Approved Providers: WWG And LTD

48. Since at least the late 2010s, there have been five large Approved Providers in the U.S. that generated the most product sales for Amway. The Amway product purchases related to members of those five groups make up about 60 percent of all products purchased from Amway in the U.S.

49. In terms of members, WWG and LTD are the two largest Approved Providers in the U.S., according to the records of the five largest providers. In 2023, WWG had more than 35,000 IBOs, and LTD had more than 28,000 IBOs. Tens of thousands of Washingtonians have joined Amway and either WWG or LTD.

50. In recent years, IBOs in WWG purchased more Amway products than IBOs in any other Approved Provider, and IBOs in LTD purchased the third-most. Since Amway's records do not distinguish between IBOs who start its sign-up process and those who finish its sign-up process, references to IBOs in a given period in this Complaint are to those who bought or sold an Amway product in that period unless otherwise indicated.

51. When prospects are recruited by IBOs in Approved Providers such as WWG and LTD, they typically join both Amway and the Approved Provider around the same time. Although Amway does not require IBOs to join an Approved Provider, those groups present the business in a way that makes it clear that prospects are expected to join both Amway and the IBO's Approved Provider.

52. Although WWG and LTD operate throughout the U.S., WWG's presence is strongest in the West and on the West Coast, and the headquarters where its staff works is in Spokane Valley, Washington. WWG, which used to be known as Worldwide Dreambuilders, is owned by more than 25 IBOs who are members of WWG and have reached the level of Diamond or above in Amway. Diamond is a very high-level rank in Amway's multi-level marketing structure.

53. Since the late 2010s, the undisputed leaders of WWG have been Brad and Julie

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Duncan, who reached a level above Diamond that is known as "Crown." The Duncans run their Amway business together from the Las Vegas, Nevada area, as Amway rules require married couples to pursue their business as a single IBO.

54. In recent years, several WWG Diamonds and other IBO leaders have lived in the Seattle area. As a result, many of WWG's monthly and quarterly meetings and training events have been held near Seattle. Venues range in size from arenas like the Tacoma Dome to the Lynwood Convention Center to hotel meeting rooms.

55. LTD's headquarters for its staff is in Raleigh, North Carolina, where the Diamond couple that owns LTD and other leaders of the group live. LTD's presence is strongest in the South and Midwest, and it has a small management group of Diamonds that includes a Diamond who is also a member and former Chairman of the Board of Directors of the IBOAI. In recent years, seven or eight of the 15 IBOAI Board members have been Diamond IBOs in WWG or LTD. According to LTD, there are over 25 U.S.-based Diamonds in LTD.

4. The Leaders Of The Approved Providers Split The Profits From The Training They Sell IBOs And Claim Is Essential For Success

56. All of the main Approved Providers claim to have a "system" for success in Amway, and IBO leaders continually tell IBOs their success is practically inevitable if they follow it. In WWG and LTD, this system is called being "Core."

57. Most of the various steps of being Core in both groups involve (a) purchasing Amway products, (b) buying training or related services from the Approved Providers, or (c) recruiting new IBOs to do the same things. There are 10 Core "Habits" in WWG, and 9 Core "Steps" in LTD. The Core Habits and Core Steps are very similar, and a majority of them relate to buying training from WWG or LTD.

58. The IBO leaders of WWG and LTD split the profits from the training those groups sell to IBOs, and the payouts to leaders are based on the size of each leader's downlines. While IBO leaders try to hide the fact that they make money off the training, they claim that

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buying training is essential to making money in Amway. These claims often take the form of telling IBOs that being Core will practically guarantee success, and many of the training events themselves consist of leaders talking about how each step of Core is critical for success. "Core" is sometimes referred to as an acronym for "Change Or Remain Employed," which refers to having a traditional job.

59. In a June 2022 training in Washington, for instance, a WWG Diamond from Northern California told IBOs: "Core is the answer. I think all of us have tried to find another way to do it other than by being Core. There's just no getting around it. … Core is the key. … What are your dreams? This is the ticket." Similarly, in a November 2023 training, an LTD leader from the Dallas area told IBOs about the importance of buying the training that is part of being Core: "I have learned from my mentors and coaches that I want to invest in my development—books, audios, meetings, conferences, subscriptions, whatever it is, I am going to invest in my development. I am good with that because, you know, the ROI … the Return on Investment is incalculable!"

60. Uplines, who are IBOs above others in the recruiting chain, often make it nearly impossible for their downlines to be "coached" or on their "team" unless they have access to the Approved Provider's communication systems, which IBOs must pay for. Basic information like meeting dates is often only provided through proprietary systems, and uplines say they expect to communicate with downlines through the voice messaging app. For example, in a March 2022 online training that covered each of the Core "Habits," a WWG Diamond from Utah told IBOs the WWG voice messaging app was the key way to communicate with their uplines: "This is like your lifeline. I like to say it's your umbilical cord to your upline or to your coach or to your mentor to be giving you all the nutrients that you need in order to build a successful business."

61. Leaders in WWG and LTD also promote "Core runs," which are one to three month periods in which IBOs are told to focus on being Core and read or listen to specific training materials. The message that being Core is essential to financial success is emphasized

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during these periods. For instance, in January 2023, WWG Diamonds Kelly and Darci Ewing posted the following message on WWG's private social media feed called "Dreamstream:" "You're on a core run or you're on a poor run."

62. The Core Habits and Core Steps relating to buying training are summarized in the chart below, which is based on WWG training materials and materials used by an LTD Diamond couple from Richmond, Virginia.

Training-Related WWG Core "Habits"	**Training-Related LTD Core "Steps"**	**Training Purchases**
"Prioritize attending all" local and major WWG functions	"Attend all Meetings"	IBOs pay to attend most WWG or LTD meetings
"Listen and clear" all messages on WWG's voice messaging system each day	"Communicate Daily using the MessageApp"	IBOs pay for access to the WWG and LTD phone messaging apps
Listen to one WWG audio a day	"Listen to 1 Audio / Day"	IBOs pay for access to phone apps with audio recordings
Read 15 minutes a day from the WWG book list	"Read 20 Minutes / Day"	IBOs are supposed to purchase the books directly from WWG or LTD
"Accountability," including valuing the "time and knowledge" of your upline mentor	"Be Accountable"	Being accountable includes paying to attend meetings, which often are one weeknight per week, one weekend day per month, and one weekend per quarter
"Mentorship": "Develop … a relationship" with your "upline mentor"	"Be Coachable"	Getting mentoring or coaching often requires sending/receiving voice app messages
Maintain a "Premier Membership" with WWG	[LTD has an annual fee, but it is not a Core Step]	WWG has a monthly membership fee

63. The financial costs of buying the training or related services required to be "Core" in WWG and LTD are substantial. Although costs have changed over time, the WWG Premier Membership has generally cost $59.95 a month (and later rose to $64.95), the WWG audio platform to listen to audios costs $30 a month, and the WWG voice messaging system costs $36.95 a month. Tickets to attend the three ticketed "major" WWG events each year cost about

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$200 per person, and entry to local functions can cost $10 or more. Paying for WWG's membership, messaging app, and major event tickets alone for a single person costs over $2,100 a year, and other expenses, such as travel to major events, can increase costs significantly.

64. LTD operates on a subscription model, which bundles the training audios and voice messaging app together. In recent years, the three main LTD subscriptions have cost $89.95 a month for a Basic Subscription, $149.95 a month for a Premium Subscription, and $249.95 a month for a VIP Subscription. LTD also charges a $49.95 per year membership fee, and it charges IBOs to attend events. The tickets for LTD's major events are around $140 per person or more. An LTD IBO with a basic subscription spends over $1,600 a year on the subscription, LTD major event tickets, and LTD's membership fee; an LTD IBO with a Premium subscription spends over $2,400 on those items over the course of a year, and an LTD IBO with a VIP subscription spends over $3,600.

65. Since at least the early 1980s, Amway has expressed concerns to IBO leaders about the amount of money IBOs spend on training through the Approved Providers, but Amway put few limits on what Approved Providers could charge IBOs until recently. In early 2024, Amway announced that it would no longer allow the Approved Providers to charge new IBOs for training during their initial contract year with Amway. In connection with this change, which was made during the investigation that led to this lawsuit and reduced the Approved Providers' training revenue, Amway compensated the Approved Providers.

66. In WWG and LTD, IBO leaders encourage their downlines to stay in Amway and their Approved Provider for several years while continually purchasing training from those groups after their first year. These IBO leaders often tell IBOs about a two-to-five year plan to reach the level of Diamond in Amway's multi-level marketing structure.

5. Overview Of Amway's System Of Bonuses And "Pins"

67. Both Amway and the Approved Providers encourage IBOs to recruit new IBOs as a way to generate more points and receive bonuses. Starting in September 2021, Amway began

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requiring new IBOs to sell—or at least report that they sold—$300 of Amway products before being allowed to start recruiting IBOs. Prior to that time, new IBOs could begin recruiting by simply signing up and paying Amway's annual fee, which is currently $71. In January 2024, Amway ceased charging its annual fee for IBOs in their first contract year. IBOs must still pay the annual fee in their second contract year and for each year thereafter to remain in Amway.

68. As noted above, in Amway, an IBO's recruits and recruits of those recruits (and so on) comprise the IBO's downline, and IBOs who recruit others or precede other IBOs in a given recruiting chain or line are referred to as "uplines." IBOs who personally recruit others are called their "sponsors," and an IBO's direct recruits are called "frontlines." IBO leaders often use the terms "sponsoring" or "helping" instead of recruiting.

69. Amway's system of bonuses, which Amway calls a "compensation plan," is complex and includes a number of potential bonuses that can be paid on a monthly or annual basis. Many, but not all, of Amway's bonuses share names with what Amway calls "pin" levels, which are mostly named after precious metals or stones, and are markers of prestige and leadership in Amway. IBOs keep their highest pin level as a title even if substantial numbers of downlines leave Amway and the IBO no longer meets Amway's qualification criteria for that level.

70. Two important pins are Platinum and Founders Platinum. Amway calls Platinum an "important milestone" that makes an IBO a "recognized leader," and Amway's rules require IBOs at the Platinum level and above to train IBOs in their downline about the business and Amway's rules. To reach Platinum, an IBO must build a group of IBOs that generates about $25,000 in Amway product purchases in six different months of the year, which is at least $150,000. To reach Founders Platinum, which is a higher level, IBOs generally need to generate that level of volume for 12 consecutive months, which is at least $300,000. In terms of Amway's point system, purchases of $25,000 generate about 7,500 points, which Amway calls Point Value or PV. According to Amway, qualified Platinum IBOs and qualified Founders

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Platinum IBOs receive about $20,000 or $41,000 a year in bonuses from Amway, respectively.

71. Another important pin is Diamond, and obtaining a Diamond pin is often viewed as the ultimate sign of success in Amway. To reach Diamond, IBOs must have six different Platinum groups, which are also called legs, that are part of their downline. Since a Diamond's downline includes six different Platinum groups (or legs), the combined purchases of those six legs needs to be at least around $150,000 a month.

72. To generate these levels of product sales, Platinums and Diamonds effectively must recruit large numbers of new IBOs who buy Amway products. Platinums typically have at least dozens of downline IBOs, and Diamonds have hundreds or even thousands. In recent years, the median number of downlines in a given month for IBOs who had ever been Diamond in WWG was over 1,000, and it was often higher in LTD.

73. Reaching Platinum, Founders Platinum, or Diamond is extremely rare. Between January 2020 and March 2024, there were more than 750,000 IBOs in the U.S. who bought or sold an Amway product, and only 2.2 percent of them *ever* reached the level of Platinum or higher. Of those more than 750,000 IBOs, only 1.3 percent of them had ever reached the level of Founders Platinum, which is the level that is the focus of Amway-approved recruiting presentations, or higher. Among these more than 750,000 IBOs, only one-tenth of 1 percent of them had ever reached the level of Diamond or higher.

74. For the few IBOs who reach Diamond, it typically takes them many years to get that pin, and they often subsequently fail to qualify for that level. In 2020 and 2021, ten LTD IBOs and five WWG IBOs made Diamond for the first time. It took those IBOs an average of 19 years to make Diamond, and the median time to Diamond for that group was over 21 years. After getting their Diamond pin, eight of the 15 IBOs no longer met the requirements for Diamond by March 2024.

75. In terms of bonuses, few IBOs reach the $40,000 or $50,000 figures described in recruiting presentations for prospects. In each year from 2020 through 2023, about 1 percent of

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IBOs had annual bonuses of $40,000 or more. In 2023, fewer than 1,600 IBOs out of 241,000 IBOs, or approximately 0.7% of IBOs, obtained annual bonuses of $40,000 or more.

76. The percentage and number of IBOs making $100,000 or more is even smaller. In each year from 2020 to 2023, fewer than 500 Amway IBOs in the U.S.—out of between 241,000 and 360,000 IBOs in those years—received annual bonuses of $100,000 or more. In 2023, for example, fewer than 350 IBOs or about 0.1 percent of IBOs in Amway received bonuses of $100,000 or more from Amway out of over 241,000 IBOs. Those IBOs, or a prior generation of ownership from whom they inherited their IBO, joined Amway an average of 28 years prior to the end of that year, and the median was over 26 years. In 2023, there were 142 IBOs in WWG or LTD combined—about 0.2 percent of the IBOs in those groups—who received over $100,000 in bonuses from Amway.

77. In contrast, median total bonuses received by IBOs have been less than $200 in recent years. For example, in 2022, median total bonuses received by IBOs were $145, and in 2023 that figure was $139. Despite these figures, the IBO leaders of WWG and LTD pitch the Amway opportunity to prospects as a path to make mid-five figures in bonuses, pay off debt, replace the income from a full-time job, and even retire young.

B. AMWAY'S AND THE APPROVED PROVIDERS' DECEPTIVE REPRESENTATIONS

1. The Deceptive Process For Recruiting New IBOs

78. WWG, LTD, and other Approved Providers focus on recruiting young people who are under 35 years old. As one WWG Diamond from Southern California put it several years ago, "[t]he future of this business is 18 to 30 year olds." In recent years, most of the IBOs who joined WWG and LTD were under 35 years old, and many were in their 20s.

79. Part of WWG and LTD's pitch to young prospects addresses the concern that they will end up working in unfulfilling jobs for 40 years. The Amway business is often positioned as a way to be free from financially and personally unfulfilling jobs, and this message continues

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after recruits become IBOs. For example, in WWG's private social media feed, "Dreamstream," at least six WWG Diamond accounts posted the same message to their downlines in October 2022 about building their Amway business for three years to avoid working a job as an employee for 40 years. The version posted by a WWG Diamond couple who live in the Seattle area, is below:

80. In reality, among IBOs who started in 2020 and were still buying products from Amway in early 2024, median annual bonus payments in their third full year (2023) were about $350 and the average was around $1,000. Similarly, among IBOs who started in 2018 and were still buying products from Amway in early 2024, median annual bonus payments in their fifth full year (2023), which IBO leaders often claim is the time it takes to reach Diamond, was about $425 and the average was less than $1,500.

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81. When recruiting, WWG and LTD IBOs are generally not taught by IBO leaders in those groups to tell prospects that they work with a multi-level marketing company or a direct selling company when introducing the business opportunity. Instead, they are taught to emphasize *who* they are working with by saying they are being mentored, coached, or working with a highly successful person, couple, or group of people. This initial pitch is deliberately designed to allow the IBO to conceal *what* the opportunity is when asked, as it allows IBOs to say the money-making strategy belongs to their mentor, and to position the opportunity as an exclusive one.

82. According to Amway and IBO leaders, this approach was developed by a Canadian WWG Diamond and then popularized in the U.S. in the mid-to-late 2010s by WWG Diamonds Trevor and Alexis ("Lexi") Baker, who live in the Las Vegas area. This recruiting method also requires prospects to go through multiple steps before getting a purported "offer" to join Amway. The steps typically include requiring prospects to attend multiple recruiting meetings and having prospects read a book, watch videos, or listen to audios. These steps serve to gauge whether the prospect follows instructions given by the IBO recruiter and uplines who often assist during the recruiting process.

83. When recruiting others to join the Amway opportunity and WWG or LTD, IBOs are also taught to pretend that there are limited spots in the opportunity and that only qualified applicants can get an "offer" to join. For example, IBO leaders in WWG and LTD tell IBOs to falsely pretend that there are limited seats at recruiting events, that their mentors are selective about who they work with, and that the prospect needs the recruiter to get access to the mentor. In addition, IBO leaders in WWG and LTD pretend that there is an evaluation process for prospects, which is often characterized as determining whether the prospects have the right "mindset" or are a "good fit." In a large recruiting meeting in May 2022 in the Seattle area, for example, a WWG Diamond told prospects "if you're a guest in this room, if you earn a spot, if you're invited to be part of World Wide Group—[]it is by invitation"—then you will get a free

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ticket to an upcoming conference. Similarly, at a February 2023 recruiting event, an LTD leader from the Dallas area at the level of Emerald, which is above Platinum, told prospects: "We're still checking you out—trying to figure out if you're going to be a good fit for us because we do sow a lot of our time and energy and resources into the people that we work with, and we want to make sure that we've got the right people." However, in reality, anyone who follows the instructions of their IBO recruiter (and has some money to spend on products or training) will get an "offer" from a WWG or LTD IBO.

84. This method of recruiting is called "The Process." After Trevor and Lexi Baker became Diamonds in 2015 by using it, The Process was widely adopted in WWG and then spread to the other Approved Providers, including LTD. One of the ways The Process spread throughout Amway was through audio recordings of Trevor Baker's trainings, which were passed around among IBOs.

85. Although there is some variation in the initial pitch that IBOs make to prospects, it usually centers around telling prospects that the IBO knows someone else who has been successful and can teach the prospect how to make money. The setup for the pitch, as taught by Trevor Baker, is to start a conversation with someone that leads to a discussion of what the IBO and the prospect do for work. After IBOs talk about their job, they are taught to transition to talking about their purported mentors. Some of the model language for this portion of the pitch has included claiming that IBOs are being mentored by a couple who "retired" or "were able to walk away from their jobs" in their 20s or 30s and that they had taken the IBO "under their wing" and are teaching the IBO how to make money—representations that are typically false or deceptive. An example of this language, which was posted in February 2023 to WWG Diamonds Kelly and Darci Ewing's Dreamstream with the exhortation "Memorize this" appears below:

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86. Many LTD IBOs are taught to make a similar pitch to prospects, and Amway is well aware of the details of how The Process works. For example, one early 2019 report to Amway's Vice President of Sales explained that "The 'Process'" was a "sponsoring technique that initially introduces neither Amway product nor the Amway Opportunity, but rather introduces the concept of exclusive access to a knowledgeable and successful mentor available only to a select few qualified prospects."

87. In March 2020, Amway's sales group received a recording in which LTD Diamond Kevin Schwers interviewed several downlines at a training session about how they introduce the opportunity. In the recording, three IBOs describe how they tell prospects they are

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being mentored by someone who is "financially independent" including one downline who described a recent pitch he did with a prospect as follows:

> "[The prospect] says, 'So what do you do?' And I said, 'Well, I work at Wells Fargo full time, but, honestly, what I'm more excited about is a while ago I got connected with a guy who's an entrepreneur and was basically financially independent in his early 30s.' And he [the prospect] just kind of looked at me and is like, 'That's cool.' I said, 'Yeah, so I pursued him. I convinced him to spend some time with me and mentor me and teach me how to do what he's doing because I want to know how to create cash flow so I can retire young and spend time with my wife and kids and not sacrifice the rest of my life for a job and a paycheck.' And he [the prospect] just looked at me and is like, 'That sounds really cool.'"

88. In the recording, Schwers, who became a Diamond in 2021 and is from the Des Moines, Iowa area, concluded the training interview by saying that he does the "exact same thing" when he talks to prospects.

89. WWG and LTD leaders teach IBOs to make these types of deceptive claims nearly everywhere they go. For instance, IBO leaders advise IBOs to ensure they are free in their evenings to visit a circuit of big box or grocery stores in their area and do laps around those stores meeting people. IBOs are also taught to reach out to nearly everyone they know and find a way to say that they are working closely with a successful person or couple even though that is often not their actual experience.

90. WWG and LTD go to great lengths to make it seem that there are many IBO leaders who are financially successful. IBO leaders in those groups teach IBOs to "edify" any upline that a prospect may hear speak at an event or be introduced to during The Process. Within Amway, "edification" typically means claiming an upline or speaker is wealthy, has an amazing life, and is a good person. Often, this ends up being an upline with the rank of Platinum or Founders Platinum, who Amway says receive an average of about $20,000 or $41,000 a year, respectively, in bonuses from Amway.

91. WWG and LTD leaders also teach IBOs to "edify" their uplines even though IBOs rarely learn how much higher pin IBOs actually make in Amway bonuses and therefore

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know little about whether their uplines are financially successful because of the opportunity. Moreover, since IBOs retain the title of their highest pin even if they no longer meet the qualifications for that pin, IBOs frequently do not know if an upline they are edifying is even currently qualified at their purported pin level. As a result, prospects are often told to trust the business building prowess of higher pin IBOs edified by IBO recruiters who know little about the finances of those uplines.

92. In numerous instances, the "story" that is part of The Process about meeting a successful couple who is mentoring or coaching the IBO is false or deceptive. Prospects often end up getting directly "mentored" by another IBO who is just trying to make it in Amway and who still has a traditional job. Moreover, IBOs who are mentored by a Platinum or Founder's Platinum receiving an average of about $20,000 or $41,000 annually are not being mentored by a highly successful businessperson, let alone someone who hit it big at a young age or someone who no longer needs to work. Virtually all of the higher-pin IBOs still need to work their Amway business to sustain it. IBOs at the Platinum level and above typically have a full schedule of recruiting events, team meetings, and voice messaging app messages to attend to. In the many cases in which the Platinum or Founder's Platinum are married couples, it takes the efforts of two people to generate annual revenues of about $20,000 or $41,000. To the extent IBOs purport to be referring to their upline Diamond as the successful couple who is mentoring them, this is only true in a few circumstances, as most Diamonds have at least several hundred downlines, meaning that at most they could only take a few IBOs "under their wing" as the Dreamstream post in paragraph 85 put it.

2. The Deceptive Claims That Being "Core" Will Practically Guarantee Substantial Income And That Recruiting New IBOs Is Easy

93. In recruiting new IBOs and encouraging existing IBOs to stay in Amway, IBO leaders frequently tout Amway as a way to have both "time and money" or "financial freedom." According to these leaders, Amway is superior to a traditional job or gig work in which you trade

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your "time for money" because in Amway your downlines can duplicate your efforts, thereby allowing you to make more money without more work. IBO leaders also promote the Amway opportunity as superior to other money-making opportunities, such as starting a small business, which they characterize as time-consuming, risky, full of "headaches," and likely to fail. For example, the training materials used by the LTD Diamond couple from Richmond, Virginia teach IBOs to tell recruits that the Amway business provides "$, time, & security" in contrast to starting your own business because "[o]nly 50% … are still in business after the 1st 5 years."

94. In promoting the Amway opportunity and the Approved Providers, IBO leaders in WWG and LTD frequently make claims about their purported success that bear no relation to what the vast majority of IBOs experience. These claims, which Amway employees admit are not typical or not realistic, often center around how the Amway business has allowed them to quit their jobs, be debt free, and spend more time with their spouse or children. For example, in February 2023, an LTD Emerald from the Dallas area, told prospects and IBOs at a recruiting meeting: "This opportunity can definitely provide a lot. … It provided us the ability to stay home with our children. It's provided us financial freedom. We live debt-free, stress-free. We've got plenty of money in savings." Similarly, a WWG Diamond from Northern California told prospects and IBOs about how she was able to quit her job and be home with her children after three years in Amway during a June 2022 meeting: "In [] less than three years, they [our mentors] helped us get on this thing called a budget, pay off our debt. We had money in this account called 'savings.' These are all new concepts to us, obviously. And then, I was six months pregnant with our first child when we started making as much money part-time, on the side through this industry as I was making in my 40-hour a week job. … I got to be home. I got to watch all their milestones." In 2023, there were more than 241,000 IBOs in Amway, and these two IBOs were in the top 200 IBOs in terms of bonuses received from Amway.

95. In addition, IBO leaders tell IBOs about the trappings of wealth in their lives. For example, IBO leaders have told IBOs how they have 13 Christmas trees that take a crew a week

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to set up, how another Diamond spends $250,000 a year on food, or how they know a Diamond who has a sports memorabilia collection "worth more than most people's houses."

96. IBO leaders claim that following the guidance of an upline mentor and the "system" developed by IBO leaders is essential to success in Amway. As noted above, in WWG and LTD, this "system" is called being Core.

97. In WWG and LTD, IBO leaders claim that being Core is essential for success and that those who do not succeed failed to be Core. IBO leaders regularly say that success is practically inevitable if an IBO is Core or plugs into the Approved Provider's system:

- "Now, can I guarantee you any results from this business based on the disclaimers we're required to give? No. But I haven't met the person yet, and I am looking forward to meeting this person because it will give me a chance to go, 'Oh, I guess there's one anomaly.' But so far there hasn't been. No one has done the nine Core action steps to the discretion of their upline and not gone Platinum. Zero. No one has done it for two years and not gone Platinum. You are 24 months away from the biggest upgrade of your life." (LTD leader above Platinum in a Dallas area training session in December 2023)
- After describing an "epic lunch" of poke and ribs while in Hawaii, WWG Diamond Kelly Ewing told his downline: "[The lunch is] not inexpensive and the price you pay is Core. The price you pay is Core. If you're Core, you can pay for whatever you want all over the world. And that's the key is pay the full price so you get the full reward. And people try to shortchange the price, they shortchange the prize. And that's not where you want to be guys. Push through." (WWG Diamond Kelly Ewing in a video posted online for his downline in February 2023)
- "[I]f you are core, you'll get the results that you're looking for from this opportunity." (WWG Diamond Trevor Baker at WWG's "Spring Leadership" event in 2021)
- "… I believe if you're plugged into World Wide, it's not if, it's when you will eventually grow, right. … It's an amazing system." (WWG Diamond from California during a March 2023 training session)
- "I'm convinced if you didn't grow the way you wanted to grow last year, it's only because you're doing a bunch of other things that's not benefitting your Diamondship. … We didn't build this business because we love it. We built it because it worked. We built this because it was the greatest vehicle I saw so we could do the things we wanted to do. … [I]f you don't quit, you will get through it. I will promise you that. As long as you have a work habit, as long as you're counseling, and as long as you're willing to be Core. Core is not difficult. It's

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> very childish. It's ten little silly things, but you got to do them to make this work." (WWG Crown Brad Duncan during a December 2022 online meeting)

98. In both WWG and LTD, one of the elements of being Core is spending substantial time recruiting other IBOs. In WWG, IBOs are supposed to "Show the Plan," meaning present the Amway opportunity and "compensation plan," to "two people a week or 10 people a month." In LTD, IBOs are supposed to conduct three to five interviews with prospects each week.

99. In standard recruiting presentations in WWG and LTD, IBO leaders claim that recruiting is not difficult and that it is one of the keys to making money in Amway. For example, in a January 2023 training in the Seattle area, Brad Duncan talked about the ease with which IBOs can recruit six new people, which gives them what WWG calls an Eagleship, by showing prospects the Amway compensation plan: "I think if you're really showing the plan, I think it will surprise you that it's not very hard, that within three to four months that you should be able to build an—a new Eagleship every three to four months. Let's just say it takes six months. … Every three months to five months, your income should grow at least a thousand bucks a month."

100. In these presentations, which are emulated by IBO recruiters in WWG and LTD, prospects are told to recruit 6 to 12 direct recruits or frontlines and help those IBOs recruit as well. According to these presentations, the goal is to build a team of 25 to 48 IBOs who follow your purchasing patterns and thereby help you become Founders Platinum and receive $40,000 or more in bonuses a year from Amway.

101. WWG leaders tell recruits that building a downline of this size is a routine, almost inevitable process for IBOs who follow WWG's methods. As WWG Diamond Maiko Tuitupou put it in a March 2023 online recruiting event while discussing an IBO's initial six recruits, "So, but essentially, check this out, essentially, this is going to morph into 50 different entrepreneurs and 50 different, well, independent business owners, 50 different IBOs doing 150 points," which provides the IBO with bonuses of "just shy of $56,000 a year."

102. WWG leaders often tell recruits that they can go on to make much more than the

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mid-five figure bonuses that are shown in presentation slides or drawn on a white board. In a June 2023 recruiting meeting in Fond du Lac, Wisconsin, for example, a WWG Emerald from Texas claimed to now be debt-free, despite formerly having $1.2 million in debt from student loans and buying an endodontics practice, because of the money he made from Amway: "Tonight, just to be clear, we're going to talk about a $55,000 part time, extra income on top of what you're doing. … That would not have gotten me free so just know there's more income in it."

103. LTD leaders also tell recruits that recruiting others is not that difficult and that there is more money to be made than just the $40,000 or $50,000 annually that appears in the slides at recruiting events. In a February 2023 LTD recruiting event in the Dallas area, an Emerald IBO leader introduced a handful of IBOs above Platinum and said: "They've all helped and a few others have all helped people go Platinum as well. So it's not really that challenging. … You don't need a degree. You don't need to go to college. You don't need to go to trade school. … We teach people how to do it. Okay? And so, if you're able to teach three people to go Platinum, your income at a minimum … is going to be between 150 and $300,000 per year."

104. At another Dallas area recruiting meeting in September 2023, the same Emerald from the Dallas area referenced the $50,000-plus figure presented to prospects and said, "We make way more than that. That's not supposed to impress you. It's just supposed to show that this thing does work for those who work it." At that same meeting, an LTD leader above Platinum, said, "We started our business in October 2006. Sixteen months later, following our mentors' and coaches' advice, following the program that's in place, we hit the 7,500 point level. We made a little bit more than what you see on the screen, and we've made more money every year since we've been in business. [My wife] was working full-time as a special education teacher. … In 2011, we were making about triple her teaching income. Can't quote that, because for some reason the lawyers think that's all that we're allowed to show you, even though you can do math."

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105. Claims that the business "works" for those who follow the system and that there is significant income potential that lawyers try to hide from prospects have long been a part of Amway. In a large meeting for prospects and IBOs in July 2019, for example, Brad Duncan told the audience in the Seattle area that if you "listen" to him you will be successful: "I have people, my attorneys say, 'You can't tell people [] they have to do this or they have to do that, or you know, that if you'll listen, I'll show you how to be successful. You just can't say that.' I go, 'OK.' And I still do it. Because it's true. There's going to be thousands of people next year that will retire. There's thousands of people that are going to create financial success. There are thousands of people, their income is going to go up an extra two grand a month. … Hey, I was just in Las Vegas, there was almost five thousand multi-millionaires there. Five thousand in this business. How many millionaires are there where you work?"

106. From 2020 through 2023, fewer than 500 IBOs in all of Amway received more than $100,000 in bonuses in each of those years from Amway. In those same years, fewer than 150 of those IBOs were in WWG.

3. Median Annual Bonuses For IBOs *Before* Expenses Are Just A Few Hundred Dollars

107. In reality, most IBOs come nowhere near the types of success that IBO leaders promise is nearly inevitable if they follow their system. In fact, IBOs spend more on Amway products on average than they get back from Amway. From September 2017 to March 2024, the average amount spent on Amway's products by all U.S. IBOs who had a financial transaction with Amway exceeded the average amount they received from Amway in the form of bonuses plus retail margin from online sales. The same is true for the median amount IBOs spent on products in the same period, which was greater than the median amount received by IBOs in bonuses and retail margin from online sales.

108. For IBOs who started in 2020 through 2023 and had a financial transaction with Amway, the total bonuses and retail margin from online sales through March 2024 for each

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cohort (by start year) was just several hundred dollars. The median amounts were less than $100, and both the average and median amounts received from Amway in bonuses and retail margin from online sales were less than the average or median amounts they spent on Amway products. Most of these IBOs left Amway before March 2024.

109. In WWG, IBOs who started in 2020 through 2023 and had a financial transaction with Amway had total bonuses and retail margin from online sales through March 2024 between about $175 (for those who started in 2023) and about $630 (for those who started in 2020). The median figures for these groups were less than $100. These averages and medians were less than the average and median amounts those IBOs spent on Amway products and less than the average and median amounts those IBOs spent on training from WWG. Most of these IBOs left WWG and Amway before March 2024, and IBOs in WWG who could not be matched to Amway's data were excluded from these calculations.

110. In LTD, IBOs who started in 2020 through 2023 and had a financial transaction with Amway had total bonuses and retail margin from online sales through March 2024 between about $175 (for those who started in 2023) and $535 (for those who started in 2020). The median figures for these groups were less than $100. These averages and medians were less than the average and median amounts those IBOs spent on Amway products and less than the average and median amounts those IBOs spent on training from LTD. Most of these IBOs left LTD and Amway before March 2024, and IBOs in LTD who could not be matched to Amway's data were excluded from these calculations.

111. As noted above, very few IBOs make the promised annual bonuses of over $40,000 (or $50,000) described by IBO leaders and authorized by Amway. In 2020, 2021, 2022, and 2023, only about 1 percent of IBOs received bonuses of $40,000 or more.

112. IBOs who made $40,000 or more in Amway bonuses in 2023 joined Amway an average of over 21 years before December 2023. The median number of years prior to December 2023 that those IBOs joined Amway was over 17 years.

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113. Amway is well aware that the earnings claims it allows the Approved Providers and IBOs to make bear little relationship to the gross revenues, let alone net income or losses, experienced by most IBOs. In mid-2019, an analysis shared among Amway's senior leadership showed that the average annual gross payments for certain new IBOs in each of the five largest Approved Providers was between $132 and $230 in the previous two years. In the years that followed, Amway introduced some bonus changes to try to increase these figures, but average annual bonuses for new IBOs did not increase significantly. Despite this reality, Amway encouraged the Approved Providers to promote the Amway business opportunity using significantly higher figures, which Amway told IBO leaders could not exceed the average received by those who were Founders Platinum. In 2022, for example, Amway guidance and presentations to IBO leaders encouraged them to claim *new* IBOs could make about $3,100 annually, which would actually put a new IBO in the top 10 percent of bonus earners. In addition, Amway encouraged IBO leaders to present bonuses for IBOs building their business in the $20,000 to $43,000 range, and bonuses for leaders at more than $53,000 annually. Amway's executives were aware that these bonuses were only obtained by a very small percentage of U.S. IBOs.

114. For WWG and LTD IBOs in 2022 and 2023, median total bonuses in each of those years was between $105 and a little over $200. The median total bonuses plus margin paid to IBOs in those groups for online sales in each of those years was about $250 or less.

115. The chart below depicts the average and median total bonus payments in 2023 for the more than 241,000 IBOs who bought or sold an Amway product in that year by decile:

IBO Group (2023)	Average Bonus Payments	Median Bonus Payments
Top 91-100% (>90% to <=100%)	$13,094	$4,228
81-90% (>80% to <=90%)	$1,139	$1,091
71-80% (>70% to <=80%)	$557	$545
61-70% (>60% to <=70%)	$314	$310

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IBO Group (2023)	Average Bonus Payments	Median Bonus Payments
51-60% (>50% to <=60%)	$184	$182
41-50% (>40% to <=50%)	$107	$106
31-40% (>30% to <=40%)	$61	$60
21-30% (>20% to <=30%)	$34	$34
11-20% (>10% to <=20%)	$11	$11
Bottom 1-10% (<=10%)	$0	$0

116. Each decile is the same size and represents about 24,000 IBOs, and the deciles do not reflect any expenses incurred by IBOs, such as Amway product purchases or training costs. The 90th percentile bonus payment amount is $1,756, meaning that 90 percent of IBOs received bonuses less than that amount in 2023.

117. The chart below depicts the average and median total bonus payments in 2023 among certain segments of those in the top decile of IBOs who bought or sold an Amway product that year:

IBO Group (2023)	Average Bonus Payments	Median Bonus Payments
Top 1% (>=99%)	$77,887	$49,379
Top 2-5% (>=95% to <99%)	$9,910	$7,858
Top 6-9% (>=90% to <95%)	$2,676	$2,519

118. An "Income Disclosure" document published by Amway does not contain any information about how many prospects IBOs are typically able to recruit. In a section under the heading, "Typical Earnings," the document provides what it now calls the annual "average earnings for all U.S. IBOs at the Founders Platinum level and below." For 2023, Amway's document puts this "average earnings" figure at $841, which does not account for product purchases or other costs, such as training. When this figure is mentioned during the Approved Providers' recruiting events, IBOs downplay it by, for instance, assuring recruits they will be above average if they follow the Approved Provider's system.

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119. The average purported "Typical Earnings" that appear in Amway's income disclosure statement are misleading insofar as they do not enumerate expenses, and they are used in the context of a system in which only a small group of IBOs at the top receive substantial bonuses. Amway is well aware that "Compensation is disproportionately allocated to [the] top," as one internal Amway presentation put it, yet Amway and the Approved Providers do not provide prospects or IBOs with median bonus information concerning all IBOs or all IBOs below Founders Platinum. In recent years, the median bonuses received by IBOs in a given year have been less than $200.

120. Part of the reason median bonuses are so low is that recruiting is difficult, and therefore it is hard to generate bonuses based on Amway product purchases made by downlines. In 2020, 2021, 2022, and 2023, most IBOs failed to recruit a single IBO. As a result, the average number of recruits per IBO in those years was less than one, including for IBOs in WWG and LTD.

121. Only a small percentage of IBOs manage to personally recruit 6 or 12 IBOs themselves. In October 2022, for instance, there were 121,000 IBOs in Amway, and less than 7 percent of them had six or more personal recruits, which are known as frontlines. In that same month, less than 1.5 percent of IBOs in Amway had 12 or more frontlines. Similarly, in October 2022, fewer than 9 percent of IBOs in WWG and LTD had six or more frontlines, and less than 2 percent of IBOs in WWG and LTD had 12 or more frontlines.

122. In addition to the difficulties IBOs face in recruiting, many IBOs do not stay in Amway for long. Most new IBOs' financial interactions with Amway last less than one year, which means Amway and the Approved Providers need to continually recruit new IBOs to purchase Amway products and training to maintain their revenues.

123. Amway is well aware of the deceptive claims the Approved Providers and their IBO leaders make about the ease of recruiting. For example, one Amway manager acknowledged there are "[l]eaders that promote a new leg per month, so that they have 12 at the

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end of the year," before deciding to use 12 frontline recruits in his own illustrations of how Amway's bonus system works. Telling IBOs they can recruit one new leg per month is deceptive because that is far from what is typical.

124. Amway also knows that IBO leaders regularly make deceptive earnings claims to prospects and IBOs. For example, one Amway presentation circulated to several employees and managers noted a "common" reason IBOs leave the business is "that they are dissatisfied with the level of compensation received…. Primarily, the compensation they received didn't match what they feel the upline presented to them before registering…. One reason for this disconnect … is that many uplines present a highly lucrative compensation plan."

125. Likewise, Amway is well aware that IBO leaders make deceptive claims about paying off debt, replacing the income from a full-time job, and retiring early. In the context of reviewing BSM prepared for IBOs, Amway employees have noted such claims are unrealistic or atypical. For instance, in June 2022, one Amway reviewer required the removal of references to being taught to be "debt free" in one of the talks of a WWG Diamond who now lives in Arizona because it is "not a typical lifestyle result" of the Amway business. Similarly, another Amway reviewer required the removal of claims in an LTD Diamond's presentation about IBOs being able to stop working after paying off debt—specifically, "multiple mommas coming home and being stay-at-home moms. Free moms."—because they were "not typical results." Likewise, in May 2021, an Amway reviewer told WWG to delete claims by a WWG Diamond about having coached someone so that "[t]hey can walk out of their job if they want to" because "earnings … must be realistic." The same reviewer also deemed WWG Crown Brad Duncan's statements in October 2022 about how easy it is to build a team of 20 IBOs to be "Not Realistic."

126. Despite being aware that IBO leaders make such deceptive claims, Amway does little to punish or deter them, and IBO leaders continue to make deceptive claims about the Amway business. Moreover, Amway executives know that the Approved Providers continually violate Amway's content standards, and Amway in fact does little to police such violations.

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When one long-time account representative found out that Amway had only sent 13 breach letters to Approved Providers for content standards violations from 2017 to 2021, he told Amway's then-Vice President of Sales, "we could probably send out 13 breaches in a week if we wanted to." The Vice President of Sales responded by saying, "Sad, but true!"

4. The Deceptive Pitch For Side Income Of A Few Hundred Or A Few Thousand Dollars Annually

127. In recruiting meetings, the main pitch to prospects is that they can be debt-free, replace or exceed their current income, and live like IBO leaders do. In doing so, however, recruiters also claim that the business provides the opportunity for IBOs to earn a side income of a few hundred or a few thousand dollars a year. These claims are the result of a deliberate strategy by Amway, which, in addition to approving presentations about making mid-five figures a year in bonuses, also told the IBO leaders of the Approved Providers in meetings in 2020 that it wanted them to promote the business in a way that would allow it to "accommodate those that have modest goals."

128. In WWG and LTD recruiting presentations, the side-income claims are made in the build-up to discussing figures in the $40,000 to $50,000 range. Most of the build-up involves discussions of issues not directly related to the business, such as how traditional jobs do not pay well or do not leave enough time to spend with family.

129. When WWG speakers eventually describe the business, they lay out a three-step process to make five-figures annually. The first two steps are the part of the build-up in which they claim IBOs can make a few hundred or a few thousand dollars a year in *net* side income.

130. Step 1 in the WWG presentations portrays an IBO whose product purchases and online sales total 150 Point Value or PV a month, which is about $500. An IBO's personal purchases and online sales are known as their "blueprint." According to these WWG presentations, an IBO who has this blueprint for a year with no recruits will make $522.

131. Step 2 in the WWG presentations portrays an IBO with the same blueprint who

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recruits six IBOs who duplicate the same 150 PV blueprint. As presented by WWG, this IBO only generates a retail margin of about $30 per month but when combined with bonuses, WWG's slides claim this results in "Total Annual Earnings" of more than $3,900. As discussed further below, Step 3 illustrates how an IBO with 48 downlines copying the same 150 PV blueprint will make mid-five figures annually.

132. LTD presentations are similar, and they also depict steps in which IBOs make a few hundred or a few thousand dollars annually as they begin to recruit other IBOs who copy their blueprint. The LTD presentations typically culminate by illustrating how an IBO with about 25 downlines will make mid-five figures or more annually.

133. In recruiting meetings, IBO leaders in WWG and LTD deceptively refer to gross revenues of a few hundred or a few thousand dollars as net income that goes into an IBO's pocket. These representations ignore the cost of buying Amway's products and the cost of purchasing training from Approved Providers, among other things. For example, IBO leaders in WWG and LTD often claim these amounts are "profit" or like getting "a raise":

- In discussing the $522 annual revenue from Step 1 that appears in WWG recruiting presentation slides, a WWG Diamond from Arizona told recruits and IBOs in March 2023 "that's about $522 of profit annually" before going on to say that the $3,900 in revenue from recruiting six people in Step 2 would not make you "rich" but that "if a lot of you got a $4,000 raise today, you would be fired up."

- In discussing the same two figures, WWG Crown Brad Duncan told IBOs and recruits in January 2023 that "you're going to put an extra $500 in your own pocket" and if you recruit six people "that will put an extra $4,000 a year in your pocket. … I think if your boss came up to you tomorrow and said, 'I want to give you a $4,000 raise,' … I think you'd … text all your friends."

- In discussing the $4,000 figure resulting from recruiting six people in Step 2, a WWG Diamond from Northern California told recruits and IBOs in February 2021: "That's a big deal, guys. I remember before I started my own business, the idea of saving an extra $4,000 or making an extra $4,000 was huge. … Hey, four grand could fully fund a Roth IRA. Four grand could pay off that credit card from that lingerie company that you shop at. … So you can pay off those pesky little credit cards that are tough to pay off these days."

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- In discussing the monthly performance bonus, purported retail margin, and other bonuses from a 300 PV blueprint, an LTD Emerald told recruits in February 2023 that an IBO "gets about $300 in profit."

- In discussing the benefits of having a 300 PV blueprint, an LTD leader told recruits and IBOs in September 2023 meeting in the Dallas area: "A business like that, the way that we teach, the way that we coach it, should yield you a cashflow of about $200 [a month]. Ok? So, nothing fancy, nothing flashy, but you've given yourself a $200 raise by redirecting your buying habits and redirecting some buying habits of people that you know."

134. The slides used by WWG and LTD in recruiting meetings also portray gross revenues as net benefits to IBOs. WWG's recruiting presentation slides refer to bonuses and other potential revenue of $522 or about $3,900 as "Total Annual Earnings" for IBOs. Similarly, LTD recruiting presentation slides often refer to bonuses from Amway as "earnings" or "income" without accounting for product costs.

135. The WWG and LTD recruiting pitches do not account for the cost of being in those groups, other business costs, or the cost of purchasing Amway products. Paying for WWG's membership, audios, messaging app, and major event tickets alone for a single person costs over $2,100 a year, and annual costs in LTD range from over $1,600 to over $3,600. IBOs also incur other costs, such as transportation expenses and hotel rooms for "major" events held in arenas around the country on weekends. In 2022, WWG itself estimated that the annual cost for one person to be in WWG was between $3,500 and $5,500 and that the cost for a couple was between $4,000 and $6,000. These estimates did not include the cost of purchasing Amway products. Instead, these estimates included the cost of paying for training offered by WWG, travel to its weekend functions, and the annual Amway fee.

136. None of the standard WWG or LTD presentation slides describe the cost of being in WWG or LTD, and although some of them contain disclaimers about other expenses, they are vague and in small print. Many recruiting meetings are conducted using white boards, and speakers do not put disclaimers on them.

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137. Amway is well aware that IBO leaders avoid presenting the costs of being an IBO alongside the potential bonuses they can receive from Amway. As one Amway employee who regularly met with WWG leaders noted in a February 2021 email, "Ww leaders … hate" presentations "comparing what they [IBOs] make with what they spend on products." In addition, Amway approved the standard slide presentations used by WWG and LTD that fail to present the cost of training and characterize an IBO's revenue from Amway as "earnings" or "income."

C. AMWAY INCENTIVIZES AND THE APPROVED PROVIDERS PRESSURE IBOS TO BUY AMWAY PRODUCTS THEY WOULD NOT OTHERWISE PURCHASE, FAKE SALES TO PURPORTED CUSTOMERS, AND RECRUIT NEW IBOS TO DO THE SAME

1. Amway's Compensation Plan Incentivizes Recruiting IBOs And Obtaining Substantial Bonuses From Product Sales Alone Is Virtually Impossible

138. Amway's system of bonuses incentivizes IBOs to try to recruit a large number of downline IBOs to purchase Amway products each month. For Amway's principal bonuses, IBOs not only get credit for their own blueprint, which consists of personal purchases and online sales, but also for the product purchases in their downlines' blueprints. As the speaker notes to LTD's standard 2024 recruiting presentation state, "You do NOT earn money solely from the act of sponsoring new IBOs, but DO get a percentage of the volume running through their businesses."

139. The two main bonuses promoted by Amway and the Approved Providers to prospects are called the Performance bonus and the Differential bonus. Amway uses two figures that are assigned to each of its products in calculating these bonuses. One figure is the number of points associated with each product. As noted above, these points are called "PV," which stands for Point Value, and the other figure is called Business Volume or BV. A product's BV is

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about 3.43 times greater than its PV at present, and BV generally equates to the price Amway charges IBOs to buy a product. Accordingly, it now costs IBOs about $3.43 to get one point of PV. For many years prior to September 2020, when Amway began increasing the ratio of BV to PV, the ratio of BV to PV was 3:1.

140. The Performance bonus is a percentage of the Business Volume or BV in an IBO's blueprint in a given month. The percentage of BV that is paid to an IBO as a Performance bonus is determined using a sliding scale based on the amount of PV generated by an IBO *and* the IBO's downline. For instance, an IBO who generates 150 PV in a month falls into the 3 percent Performance bonus level. That percentage is then applied to the IBO's Business Volume or BV, which in this case is $514.50 (3.43 multiplied by the 150 PV). In this example, the IBO would get a Performance bonus of 3 percent of $514.50, which is about $15 for that month. The sliding scale for Performance bonuses ranges from 3 percent to 25 percent, and it can be seen at the top of the WWG brochure that appears in paragraph 162 below.

141. IBOs can increase their Performance bonus levels by increasing their blueprint or recruiting downline IBOs who generate volume. Amway's main guide for IBOs illustrates how IBOs can move up three Performance bonus levels—from 3 percent to 12 percent—by recruiting three new IBOs. The 12 percent Performance bonus bracket applies to IBOs whose group volume is between 1,000 and 1,499 PV in a given month, and in this example the three recruits have a total of 1,150 PV a month, which is about $4,000. The graphic below from Amway's guide illustrates how volume from three frontline recruits "Passes Up" to their sponsor and moves that IBO into the 12 percent level:

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IBO	Personal PV/BV	Group PV/BV	Performance Bonus Level
You	150/450	1,300/3,900	12%
Frontline A	450/1,350	→ Passes Up to You ↑	6%
Frontline B	100/300	→ Passes Up to You ↑	3%
Frontline C	600/1,800	→ Passes Up to You ↑	9%

142. The Performance bonus is supplemented by Amway's Differential bonus. For the Differential bonus, IBOs are paid a percentage of the dollar amount of their downline IBOs' purchases and sales. That percentage is also calculated using the sliding scale from 3 to 25 percent based on the monthly PV of an IBO *and* the IBO's downline.

143. Because the sliding scale percentage for both the Performance and Differential bonuses is based on the blueprints of both an IBO and the IBO's downline, IBOs are incentivized to recruit IBOs who generate PV. To reach the 25 percent level, the blueprints of an IBO and the IBO's downline must generate 7,500 PV or more in a month, which equates to about $25,000 a month of Amway products.

144. Other bonuses require that an IBO have a particular number of recruits in order to qualify for them. For example, one of Amway's incentives, which is known as Bronze Foundation, allows IBOs to increase their Performance bonus if they recruit three other IBOs who generate at least 100 PV in a month. Likewise, the Emerald bonus requires IBOs to have three different downline groups (or "legs") with at least 7,500 PV each, and the Diamond bonus requires IBOs to have six downline groups or legs with at least 7,500 PV each.

145. As a practical matter, the downline legs required for an IBO to achieve Emerald or Diamond status must have many recruits because generating 7,500 PV requires product purchases of about $25,000 a month. Platinum IBOs, who lead one group with about $25,000 in monthly purchases, typically have at least dozens of downline IBOs. In recent years, the median

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number of downline recruits in a given month for WWG and LTD Platinums, including those who may no longer qualify for Platinum, has been about 50 to 140 IBOs. Diamonds, who lead six different groups that each have about $25,000 in monthly purchases, typically have hundreds or thousands of downlines.

146. In contrast, it is extremely difficult to reach the 25 percent level for the Performance and Differential bonuses without relying on downline volume. Since 2020, no IBO's personal blueprint of personal purchases and online sales has been 7,500 PV or more in every month of the year. Given that Amway's rules generally prohibit an IBO from selling Amway products through physical stores or non-Amway online marketplaces, selling large quantities of Amway products, such as $25,000 a month, is nearly impossible.

2. The Approved Providers And IBO Leaders Tell IBOs To Focus On Recruiting Instead Of Customer Sales

147. The incentives created by Amway's compensation plan are reflected in how Amway and the Approved Providers tell IBOs to succeed. In its main guide for IBOs, Amway tells IBOs they can "accelerate and maximize your own earnings" by recruiting other IBOs. Consistent with this guidance, the IBO leaders of the Approved Providers instruct IBOs to focus on recruiting new IBOs to duplicate their blueprint.

148. For example, a WWG training video featuring a Diamond, which was provided to Amway in June of 2021, tells IBOs, "The magic of what we do is we duplicate those blueprints. … Think of the rule of 500. Would you want 500 people duplicating your blueprint?" Likewise, in a June 2022 training session in Washington, a WWG Diamond from Northern California told IBOs she and her husband "always wanted to have a very duplicatable, kick butt blueprint for people to duplicate." In LTD, one shorthand for this strategy is known as "DITTO and Duplicate," which refers to Amway's "DITTO" recurring order system.

149. IBO leaders in both WWG and LTD teach prospects and IBOs to develop blueprints with about $500 or $1,000 in Amway product purchases each month. The maximum

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revenue that can be generated by these blueprints is about $100 or $200 per month, respectively, for IBOs with no recruits. Given that these blueprints are not lucrative for IBOs without recruits, the IBO leaders of the Approved Providers explain to their downlines that they need to recruit to achieve real financial success through Amway. For example, in a January 2024 training, an LTD leader above Platinum told IBOs that their success hinged on recruiting: "We leverage amazing products, the best products in the world. But if you want financial freedom—if you want to dig a well—a.k.a. generational wealth for your children and for your family—it all lies in your ability to sponsor other human beings."

150. Similarly, in the June 2023 recruiting meeting in Fond du Lac, Wisconsin, referenced above, the WWG Emerald claimed his mentor taught him that recruiting people who buy Amway products for themselves is the key to success: "What [my mentor] said is, '[] I'm going to teach you if you want, how to build organizations of people who build organizations of people who primarily change their point of purchase and shop from their own … store. . . .'"

151. In addition to the incentives to recruit that are part of the Amway compensation plan and the guidance provided by IBO leaders, the Approved Providers use metrics and milestones that encourage IBOs to focus their energies on recruiting. For example, in WWG being Core requires IBOs to show the plan to two people a week or 10 people each month. Similarly, one of the key milestones in WWG is called Eagle, which largely consists of recruiting six new IBOs. Making Eagle is a mark of prestige in WWG, and it allows IBOs to attend exclusive events and sit in preferred seating with access to IBO leaders at the group's main events.

152. Similarly, LTD's first Core step requires IBOs to hold three to five recruiting meetings with prospects each week. LTD calls these Qualifying Interviews, which reflect the deceptive posturing of the opportunity as something prospects need to qualify for. IBOs in LTD are directed to follow a "Roadmap for Success" that focuses on the number of downlines IBOs recruit. After the first step in the Roadmap, which is developing a blueprint with 300 PV called

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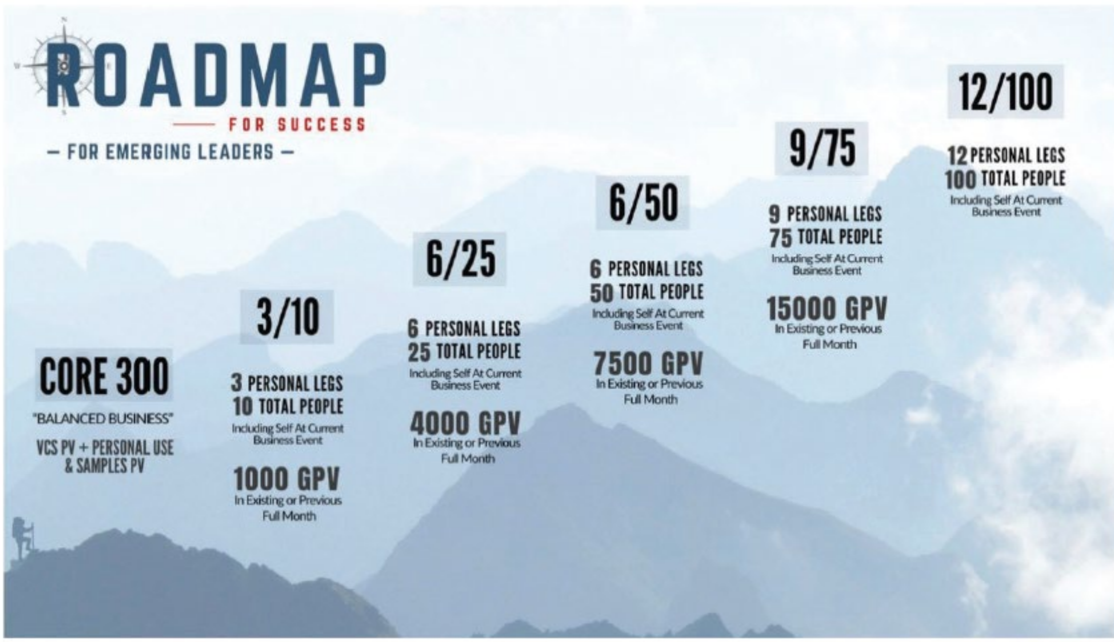
Core 300, all of the subsequent steps in the Roadmap relate to recruiting. The second step is called "3/10," which means having three lines of recruits (or legs) and 10 IBOs on your team. The last step is "12/100," which means having 12 lines of recruits and 100 IBOs on your team. A copy of the Roadmap appears below:



153. In both WWG and LTD, IBO leaders relentlessly tell IBOs that they need to recruit to succeed and that they should recruit by showing prospects their summary of the Amway compensation plan. For example, in a March 2022 recruiting session, WWG Diamond Maiko Tuitupou emphasized the importance of showing the plan to prospects to recruit them, which in WWG often involves drawing a stick figure on a white board or a napkin that represents IBOs shopping from their own Amway "store": "My mentor[] [showed] me this. He goes, 'Maiko, if you can draw that stick figure then you can build something for yourself.' And I just chose to believe that. I chose to believe that, OK, if I learned how to draw that stick figure and I learned how to do it over and over and over and over and over and over again, in my opinion it wasn't a matter of if I was going to become successful, it was just a matter of when I became successful…." An image of one such stick figure that illustrates an IBO switching from

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buying products from "The Store" owned by others to buying products from "Your Store" is visible in the photograph of a white board in paragraph 165 below.

154. Similarly, in a March 2023 training in the Seattle area, a WWG Diamond from Arizona told IBOs to focus on showing the plan: "If you want to grow your business, you gotta grow your team. … Let's be a team of showing the plan. … Whoever brings the most people [to recruiting meetings] wins. … And the number one thing you need to be focused on is: show the damn plan!"

155. Likewise, an LTD Diamond from the Kansas City area told those attending a recruiting session in January 2025 that recruiting new IBOs was the essence of the business: "[W]hen it comes to building the Amway business, alright, and developing this income that we're going to talk about here tonight … it's all about building teams."

156. Consistent with how Amway's compensation plan incentivizes recruiting, selling Amway products to customers is often portrayed by IBO leaders as just a compliance requirement and not the key to making money. In recruiting and training meetings, IBO leaders, including WWG Crown Brad Duncan, often refer to customer sales as just a requirement for having a "legal" business. In addition, IBO leaders frequently teach IBOs ways to circumvent Amway's customer sales requirements or downplay such sales by saying IBOs only need to make a few sales to friends or family. For example, after talking about having a customer base consisting of "friends and family," the WWG Emerald at the Fond du Lac event noted in June 2023 that customer sales are not that important: "[T]he reality is, that's not the power of the model."

157. In addition to presenting Amway's compensation plan to prospects themselves, IBOs are supposed to attend recruiting meetings in which IBO leaders present the plan to prospects. IBOs are told to attend these meetings, which occur weekly in places like hotel meeting rooms, even if they do not have a prospect to bring to the meeting. IBO leaders tell IBOs to help create an energetic environment for these sessions, and IBOs are taught to do things

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like "laugh and nod" during the presentation, which they may have already heard dozens or hundreds of times.

158. In recent years in WWG, the portion of the Amway-approved presentation to prospects that discusses the business is built around an IBO with a 150 PV blueprint of personal purchases and any online sales. Once that blueprint is shown, nearly all of the subsequent increases in "earnings" that are presented result from the IBO recruiting new IBOs rather than the IBO selling more Amway products. The use of the 150 PV blueprint is consistent with Amway's compensation plan, which requires IBOs to have at least a 150 PV blueprint to qualify for many of Amway's bonuses.

159. WWG speakers and the WWG presentation slides say the 150 PV blueprint equates to 450 BV or $450 in Amway product purchases by using the old 3:1 ratio of BV to PV. Step 1 in the presentation shows an IBO with a 150 PV blueprint and no recruits getting $522 a year. This sum is comprised of $30 in monthly retail margin and $13.50 in monthly Performance bonus. At present, it costs an IBO about $500 a month or about $6,000 a year to generate a 150 PV blueprint.

160. Step 2 shows an IBO recruiting six people who duplicate the 150 PV blueprint, which results in annual revenue for the IBO of more than $3,900. In the presentation, the monthly retail margin in Step 2 for the IBO is still $30, and the remainder of the revenue comes from the Performance and Differential bonuses.

161. Step 3 purports to show how to make over $40,000 or $50,000 annually. In the standard Amway-approved WWG presentation to recruits used in recent years, IBO leaders claim that the six people you recruited will each likely go out and recruit six people themselves while you recruit another six people. According to the presentation, this means the IBO will have a total of 48 downlines and receive over $50,000 in bonuses from Amway. In mid-2024, WWG's Amway-approved presentation slides were changed to lower this figure to about $40,000 by removing a reference to one bonus.

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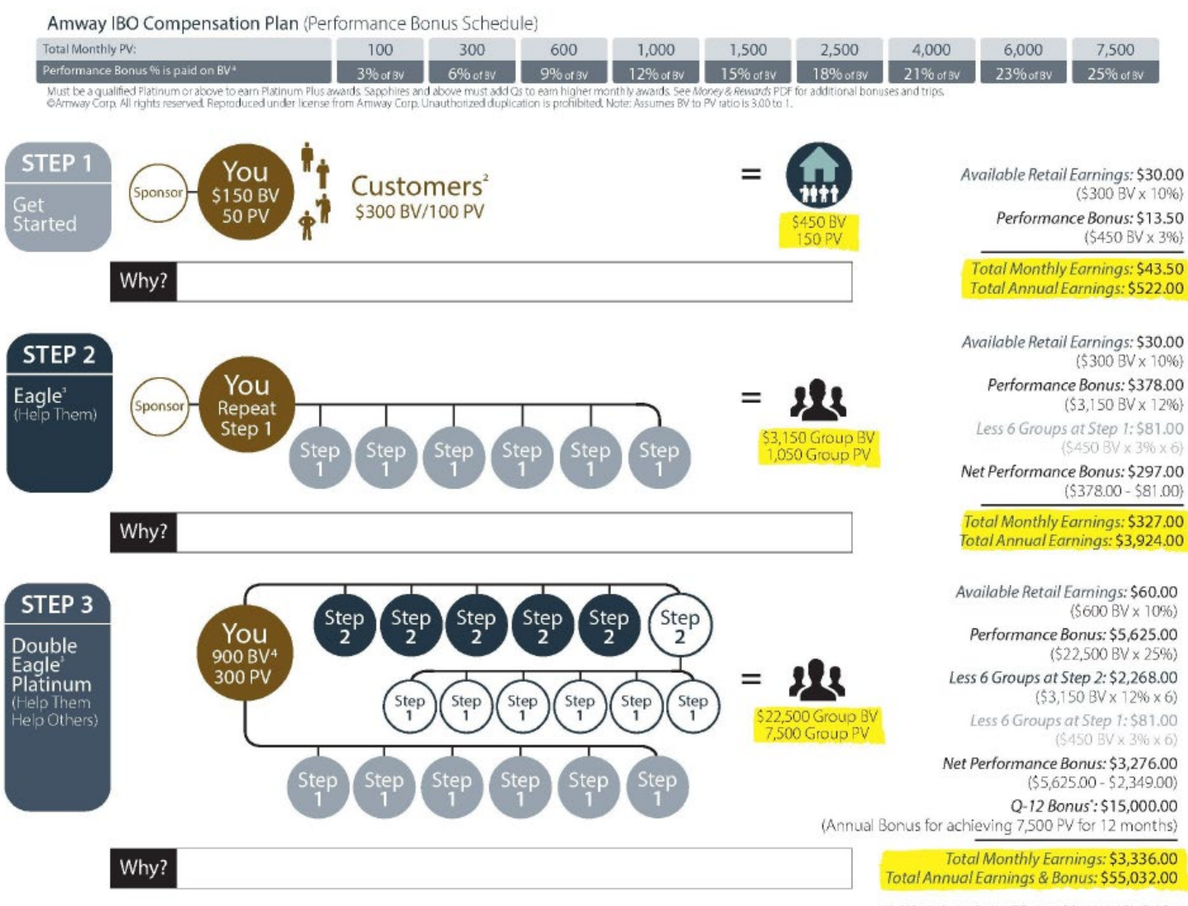
162. Amway-approved WWG recruiting materials often use circles to represent prospects who get recruited as IBOs. A 2022 WWG recruiting brochure that condensed the three steps described above appears below. Step 1 depicts an IBO ("You") with a 150 PV blueprint, and Step 2 depicts "You" recruiting six people to duplicate your blueprint. The six recruits in this step are represented by the six circles that say "Step 1," meaning the six recruits are doing the 150 PV blueprint that is Step 1. In the presentation, Step 3 involves those six people recruiting six people each, but the brochure below only depicts six of those 36 additional recruits in the white circles that say "Step 1." In the Step 3 section below, the Step 1 circles in gray represent six additional frontlines recruited by "You," and those additional frontlines are also copying the 150 PV blueprint.



163. In the depiction of Step 3 above, the IBO's blueprint is increased from 150 PV to

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300 PV per month. However, the IBO's retail margin from selling Amway products to customers only increases to $60 a month, which translates into $720 a year.

164. In the slides WWG started using in 2024 in which Step 3 generates $40,032, the monthly retail margin is also $60 a month and $720 a year. In these slides, the bonuses that are attributable to downline volume are over $38,000. This means that 96 percent of the IBO's revenues in WWG's presentation slides result from volume generated by downline IBOs.

165. Many of WWG's recruiting meetings are called "board plans" in which a speaker uses a white board instead of or in conjunction with the WWG slides. The presentations with white boards also follow the three-step format and emphasize the need to recruit new IBOs to get larger bonuses. An image of one such white board that was used by a WWG leader above Platinum in the Seattle area appears below. Like the recruiting brochure above, the white board uses circles to represent IBOs and shows the amount of recruiting required to make more than $55,000. In this white board, the central circle represents an IBO who starts with a 150 PV blueprint, and the other circles represent the 48 IBOs in that IBO's downline, namely the 12 frontline recruits and the 36 recruits of the IBO's first six frontline recruits:

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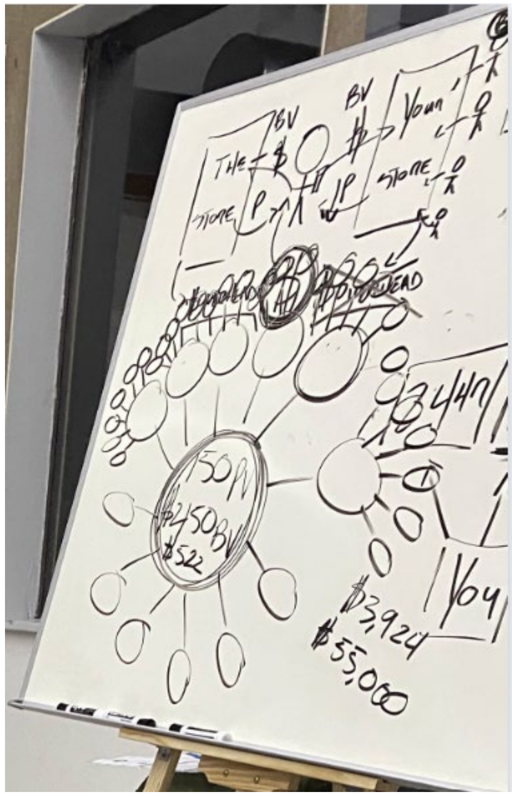

166. In LTD, the recruiting pitch is similar, except that LTD leaders sometimes use slightly different blueprints, including ones with 300 PV or a combination of 150 PV and 300 PV, which correspond to about $500 and $1,000 in Amway product purchases each month. LTD presentations using a 300 PV blueprint culminate with the speaker claiming IBOs need about 25 recruits duplicating their blueprint to make monthly bonuses that result in mid-five figures in annual "earnings." In 2024, the LTD slides approved by Amway reduced the annualized bonus figure from over $50,000 to a little over $40,000.

167. In recent years, Amway has tried to make it appear that it is making significant efforts to promote sales to customers through incentives such as one it calls a "Customer Sales Incentive." This incentive boosts the Performance bonus when IBOs sell to customers, but it is capped by Amway at $75 per month, and it has no bearing on the larger bonuses for IBOs. Specifically, the Customer Sales Incentive does not apply at all to IBOs whose groups generate 1,000 PV or more, which is about $3,500 in monthly purchases. As a result, this incentive does

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not apply at all to the situations presented in WWG and LTD's recruiting presentations in which IBOs need to generate $25,000 in monthly purchases in their groups. Accordingly, the purported Customer Sales Incentive is consistent with the messaging from IBO leaders to their downlines that the way to earn significant income in Amway is to recruit a large team of IBOs—*not* to sell products to customers.

3. The Approved Providers And IBO Leaders Tell IBOs To Buy Amway Products Themselves In Order To Build Their Business

168. An IBO's success in the Amway compensation plan depends upon recruiting downline IBOs who will generate points each month. Given that Amway's products are pricey and difficult to sell to customers, the Approved Providers and IBO leaders tell IBOs that the easiest way to generate points each month is to buy Amway products themselves, rather than try to sell products to customers. As is further discussed below, Amway is well aware of this practice, which it calls a personal consumption or self-consumption business model.

169. To convince IBOs to buy Amway products, the IBO leaders of the Approved Providers set purchase standards for their downlines, tell them that they should be "Core" and "loyal" to their "own store," and claim that buying Amway products for themselves is an essential part of building the business. IBOs are also told to buy products even if they do not like them and regardless of their price. Further, IBO leaders claim that purchasing Amway products is a way for IBOs to support their upline and uphold a standard for their downlines to duplicate. In essence, IBOs are instructed to buy Amway products to purportedly build their business and make money through Amway's compensation plan, which creates artificial demand for Amway's products among people pursuing an Amway business.

170. In recent years, IBOs themselves have purchased more than three-quarters of the products sold by Amway. The remainder are sold online to accounts Amway treats as customer accounts, though many of those are accounts used to disguise IBO purchases as customer purchases. After IBOs leave Amway, the vast majority of them stop purchasing Amway

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products altogether, which reduces Amway's sales as well as bonuses for uplines if those IBOs are not replaced. Accordingly, to maintain revenues and bonuses, thousands of new IBOs need to be recruited to buy Amway products each year. Since 2020, over 100,000 IBOs have left Amway each year, and between approximately 70,000 and 130,000 new IBOs signed up and bought or sold a product. Most IBOs do not stay in Amway more than one year.

171. WWG training materials call "[p]ersonal use" of Amway products a "[f]oundation of your business," and leaders attribute their success to it. For example, after talking about how his house was filled with Amway products, WWG Crown Brad Duncan told a large group of IBOs in a training session in January 2023 in the Seattle area, "We're rich because we've always used our own products." Duncan then talked about how he used one of Amway's facial cleansers three times a day, along with an eye cream for wrinkles, and he also emphasized that he does not buy non-Amway products of the type Amway sells, which are known in Amway as "negative products": "Use your own product. … There's no negative products in our house. None!"

172. A few months earlier at an event in the Tacoma Dome, Duncan told WWG IBOs about his "Diamond Vitamin Plan," meaning his extensive use of Amway's supplements, as well as his regular use of multiple skin care products. According to an Amway transcript of the event, Duncan told IBOs that if you had 10 people in your group who followed those practices, you would make an "extra" $30,000 a year from the supplement purchases and an "extra" $20,000 a year from the skin care products. Duncan went on to say he drank nine bottles of Amway's Perfect brand water each day from his refrigerator stocked with Amway products: "We have huge refrigerators in our house because we're rich. … And in one of our huge refrigerators, all it is is Perfect water, XS, protein drinks and XS. The whole [] fridge. And I'm opening that thing all day long."

173. Pursuing your Amway business by filling your house with Amway products is a common theme in Amway. In November 2022, for example, WWG Diamonds Trevor and Lexi

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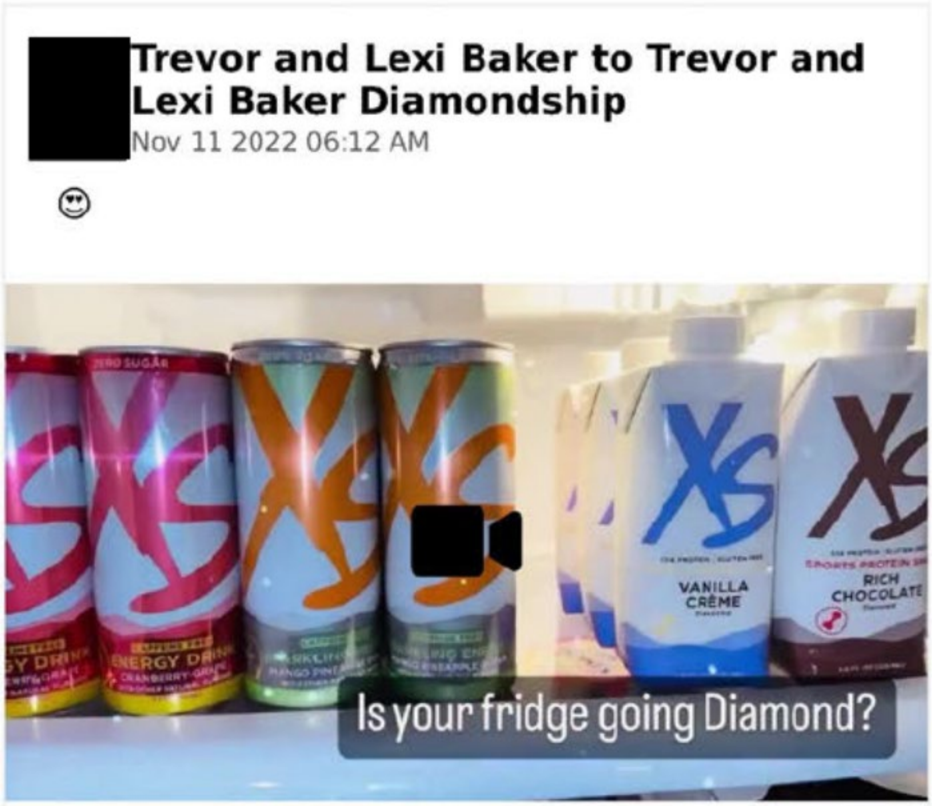
Baker posted the following video on Dreamstream of a refrigerator filled with XS drinks and Perfect water with the tagline, "Is your fridge going Diamond?"



174. Similarly, IBO leaders promote the consumption of large amounts of Amway products. In a September 2022 Dreamstream post, a WWG Diamond from Hawaii described using or ingesting 36 Amway products before 8:00 a.m., and a few months later, Julie Duncan reposted pictures of the handfuls of supplements IBOs take:

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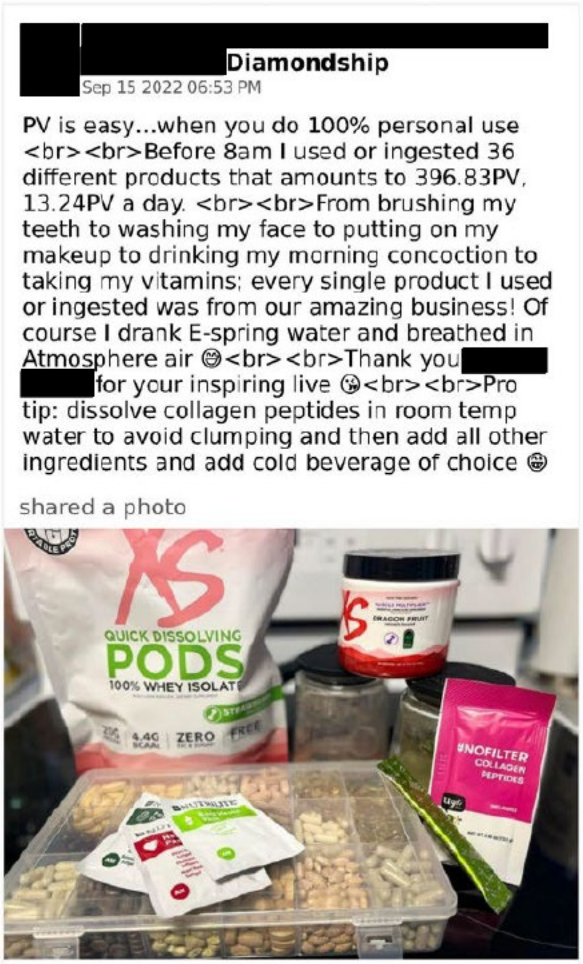

175. IBO leaders tell IBOs they should not worry about whether they like the products because buying them will earn points and thereby help them make money in their Amway business. For example, in a December 2023 training session in the Dallas area, an LTD leader above Platinum, told IBOs to buy Amway products for their point value or PV: “You need to stop compromising with your personal volume. … You eat a [energy] bar because you’re committed. I don’t care if it tastes good. There’s a common ingredient in every bar. It’s P frickin’ V.” Similarly, in June 2022, a WWG Diamond from Northern California, told a training session in Washington that when she started in Amway, the energy bars came in two flavors, “yuck and yuckier,” but she ate them anyway because it “created volume.”

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176. Likewise, in a January 2025 recruiting meeting in the Kansas City area, an LTD Diamond, who used to be on the board of the IBOAI, taught prospects and IBOs that buying Amway products for themselves is how to drive revenue for their Amway business: "Do you know why this [Perfect water] is the brand of water that's in my home? … Because when I buy this, it's revenue into my family's business."

177. IBO leaders also tell IBOs not to worry about the high prices of Amway products. In an online recruiting session in March 2022, WWG Diamond Maiko Tuitupou told IBOs and recruits that the price of Amway's products did not matter: "Somebody asked me this, you know, 'How much are the products? How are they?' They're phenomenal, but I'm going to be honest with you, I've never looked at the price because, for me, I've never cared, you know. Because the way I looked at it was, if I buy these [Amway] products, I can build the life that I want. If I buy those [non-Amway] products, I can't. That's just how I looked at it."

178. These are longstanding claims within Amway. Another LTD leader, Diamond Doug Weir, told IBOs in a training session in Virginia in 2017 that he buys products for himself to support his business, which he claimed generated $20,000 a month: "XS energy right now is currently the only energy drink that has PV on it, so that's why I buy it. … I don't care about the products. … Don't talk about how XS is better than Red Bull because we don't know if it is or not. Right? [] I don't know if the products are any good. I don't care. [] I'm getting that $20,000 a month check. The products don't have to be good for me to get that $20,000 a month check." Likewise, WWG Diamond Trevor Baker has told recruits and IBOs that he and his wife made a "business decision"—as opposed to a "consumer decision"—to buy 300 PV of Amway products each month when they started out.

179. New IBOs are told that buying Amway products is an important part of running a successful Amway business, and they are pressured to actually purchase Amway products immediately after they sign up as IBOs. In both WWG and LTD, IBOs are instructed to get their new IBOs to start buying Amway products as part of their onboarding process. Both groups also

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encourage new IBOs to set up a recurring order of Amway products for the first day of each month, a Day 1 DITTO.

180. For example, in a May 2023 voice message, WWG Diamond Howard (Howie) Danzik explained to one of his downlines that "just so we're clear, you should be teaching" new IBOs to purchase a 300 PV "Day 1 DITTO," although "it may take people two or three months to work up to that. But I'm assuming you're sitting down and helping people put a DITTO together, explaining why, helping people switch their household over [to Amway products], following up with them and all that." Danzik, who is on the Board of the IBOAI, also said that IBOs who purchase 100 PV a month are not buying enough: "[J]ust a hundred PV means they're not even close to using their own product. So, [I am] assuming you're teaching edibles [sold by Amway] and all that."

181. In the late 2010s and 2020, WWG leaders and training materials explicitly instructed IBOs to purchase products for themselves that had a total point value of 300 PV each month. This level of personal consumption was deemed the "standard of excellence" in WWG, and 150 PV a month was described in training materials as the "basic volume." LTD leaders used the same 300 PV standard and called it "Core 300." At times, in both WWG and LTD, the 150 PV monthly standard was also characterized as appropriate for single people, and 300 PV was deemed the standard for couples. It now costs about $500 to purchase 150 PV and about $1,000 to purchase 300 PV of Amway products.

182. In recent years, as reflected in communications between Amway and the leaders of its Approved Providers, Amway executives told the IBO leaders that they were concerned the FTC might bring an action against Amway and the Approved Providers. In response, the Approved Providers reduced the numerical personal use standards that appeared in many written training materials. For example, LTD's written materials still use the Core 300 standard but indicate that 60 percent or more of an IBO's "blueprint" should be sold to non-IBO customers. This translates into personal use for IBOs of about 120 PV, which costs about $400, and some

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LTD leaders began using this figure in meetings with prospects and IBOs.

183. Since around 2021, some of WWG's written training materials started presenting a monthly personal use standard of 50 PV per month, but behind closed doors WWG leaders pushed IBOs to buy more. For example, in a large training session in March 2023 in the Seattle area, a WWG Diamond from Arizona told IBOs to consume more than 50 PV by placing a DITTO order on the first day of the month: "So going back and talking about volume. You guys, I just think this is, like, we just do it, right? And I think there has to be a standard. You know, doing 50 PV a month in personal use is not a standard, you know. So talk to your upline coach, figure out what that is for you, and then do it every month and you do it on a Day 1 DITTO."

184. Pressure from uplines to purchase Amway products is substantial and effectively requires downlines to purchase Amway products to be part of their group. Uplines and upline coaches in Amway, whose bonuses depend on purchases by downlines, have significant power over their downlines. Part of this power comes from the important role uplines often play in helping their downlines recruit. Uplines can withhold this assistance, such as not conducting meetings with prospects, if they are unhappy with the volume generated by a downline, which they can see within Amway's electronic system for IBOs. Similarly, uplines can withhold the mentoring that is pitched to prospects as a key reason to join Amway or ostracize IBOs from their group if they do not meet product purchase standards.

185. In addition, WWG and LTD try to create an environment in which upline coaches are portrayed and "edified" as experienced, successful IBOs whose advice should be followed. In WWG, for instance, this culture is formalized in part by the first of its five "Cardinal Rules," which instructs IBOs to "Never do anything for the first time without seeking perspective from your mentor." This directive does not just apply to product purchasing or how IBOs should run their business. As a result, it is not uncommon for WWG leaders and coaches to give IBOs financial advice or to discourage them from doing anything that will distract them from their Amway business. A January 2023 Dreamstream post from Kelly and Darci Ewing, for example,

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called "moving" and "changing jobs" two of the "biggest distractions," along with "pets" and "trips."

186. The predictable result of the incentives created by the Amway compensation plan, the difficulty of selling Amway's low-margin products, and the self-consumption teachings of the Approved Providers and their IBO leaders is that Amway IBOs buy most of Amway's products. From 2020 through March 2024, more than three-quarters of Amway's product sales were made directly to IBOs. In 2023, for instance, Amway's data indicates 77 percent of Amway's U.S. product sales were made to IBOs.

4. Amway's Awareness Of Its Approved Providers' Promotion Of The Self-Consumption Business Model

187. Amway has long been aware that IBOs buy Amway products to generate points for themselves (and their uplines) in the hopes that they can recruit a large number of downlines to do the same for them. Most IBOs would not otherwise purchase Amway products, which are pushed by IBO leaders as a way to create a duplicatable blueprint for recruits, rather than as a means to having inventory on hand to sell to customers.

188. In the mid-to-late 2010s, IBO leaders openly *discouraged* IBOs from selling Amway products to customers. As a WWG Diamond explained in a 2017 recruiting event in the Chicago area, he sold as few products to customers as possible:

> "We're not looking for salespeople. I am not and never was and never want to be a good salesman. Do I sell stuff? As little as possible. The Federal Trade Commission puts a retail requirement on me, which is really, really small. It's chump change. It's insignificant. It represents such a tiny portion of my income that I don't know what I would do with it. … So there is some retail involved here, but we're not looking for salespeople. Nobody's gonna to try to get you out and sell stuff for 'em because this is a business of duplication."

189. Similarly, in a recruiting meeting in the mid-2010s, a WWG Diamond from Southern California bragged that he only had eight customers over 25 years in the business and that four of them had never even ordered: "The legal environment in America requires that each

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business owner conduct retail sales. So, the good news is you don't have to do hardly any in order to be considered a legitimate business." The Diamond then said his "goal was never to build client volume. . . . The real opportunity here is to not to build a retail base. . . . The real opportunity here is for us to coach and mentor you on how to build a team."

190. LTD Diamond Doug Weir expressed similar sentiments in a training in 2017:

> "There are no products in our meetings anymore. So, I stopped bringing any products up. This isn't Tupperware. Put the products away. No more demos. It's not Urban Dishes. Again I'm not telling you, you guys decide—they're your leaders. But we stopped hauling around products because I don't care about the products. This is a plan for going Diamond. Do you guys want to be product experts, and peddle products for pennies? [] Or do you want to go Diamond and sit on the beaches of the world with us? You gotta decide which business model you want. Do you want to be a busy network marketer? Or do you want to be a guy who gets a big check every month and doesn't have to do anything? 'Cause it's two different [] businesses."

191. Amway was aware of this approach by the Approved Providers and the fact that leaders like LTD's Doug Weir viewed customer sales as "peddl[ing] products for pennies." Amway also knew that its own compensation plan, which creates the financial incentives for IBOs, did not reward IBOs for customer sales and led IBO leaders to disparage selling Amway products. As noted above, in a February 2019 slide deck prepared by one of Amway's highest-ranking executives, the new IBO experience globally is described as one in which "Selling to customers is not rewarded, not taught by leaders and difficult."

192. In addition, Amway acknowledged that its Approved Providers instructed IBOs to buy a significant amount of Amway products themselves in order to succeed in the business. In July 2019, for example, Amway's internal profiles for numerous WWG leaders noted the following "Insight: Lack of teaching on customer volume has resulted in an increasing disparity between self-use and customer sales. . . ."

193. Amway's internal analyses of customer sales in LTD and other Approved Providers were similar. Those analyses found that IBO leaders instructed IBOs to use the personal consumption model and that the vast majority of Amway's sales were to IBOs and not

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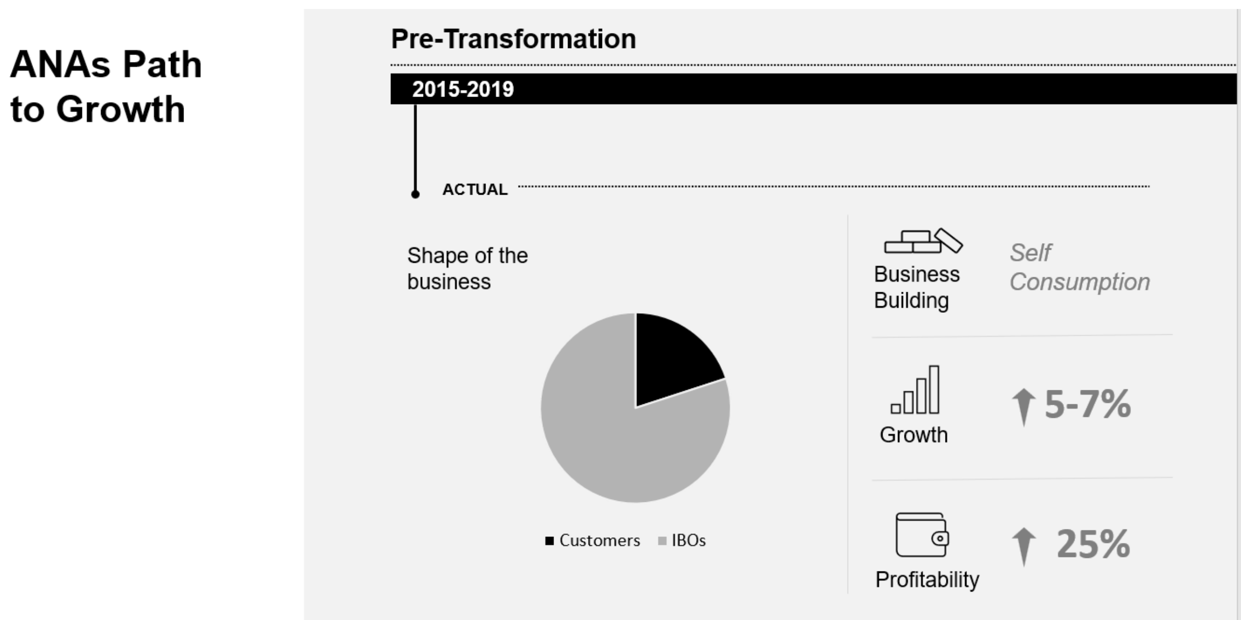
to customers. For example, the notes of the high-ranking executive quoted above for a September 2020 presentation indicated the business has a "heavy reliance on self-consuming distributors," meaning IBOs.

194. Internal Amway documents put customer sales for the late 2010s and 2020 at or below one quarter of overall sales. For example, one internal report on customer sales for November and December 2019 put customer sales at 24 and 25 percent, respectively. Similarly, in a draft Amway presentation slide from 2022 concerning "Actual" sales for all of Amway North America ("ANA") in the years from 2015 to 2019 put customer sales at less than one-quarter of overall sales in the pie chart below:



195. Other internal documents put customer volume at less than 10 percent of sales by disregarding self-reported customer sales, including the bar graphs below in an Amway profile of WWG from late 2018, in which WWG is referred to by its old initials, WWDB, and customer sales are referred to as QCPV or Qualified Customer PV:

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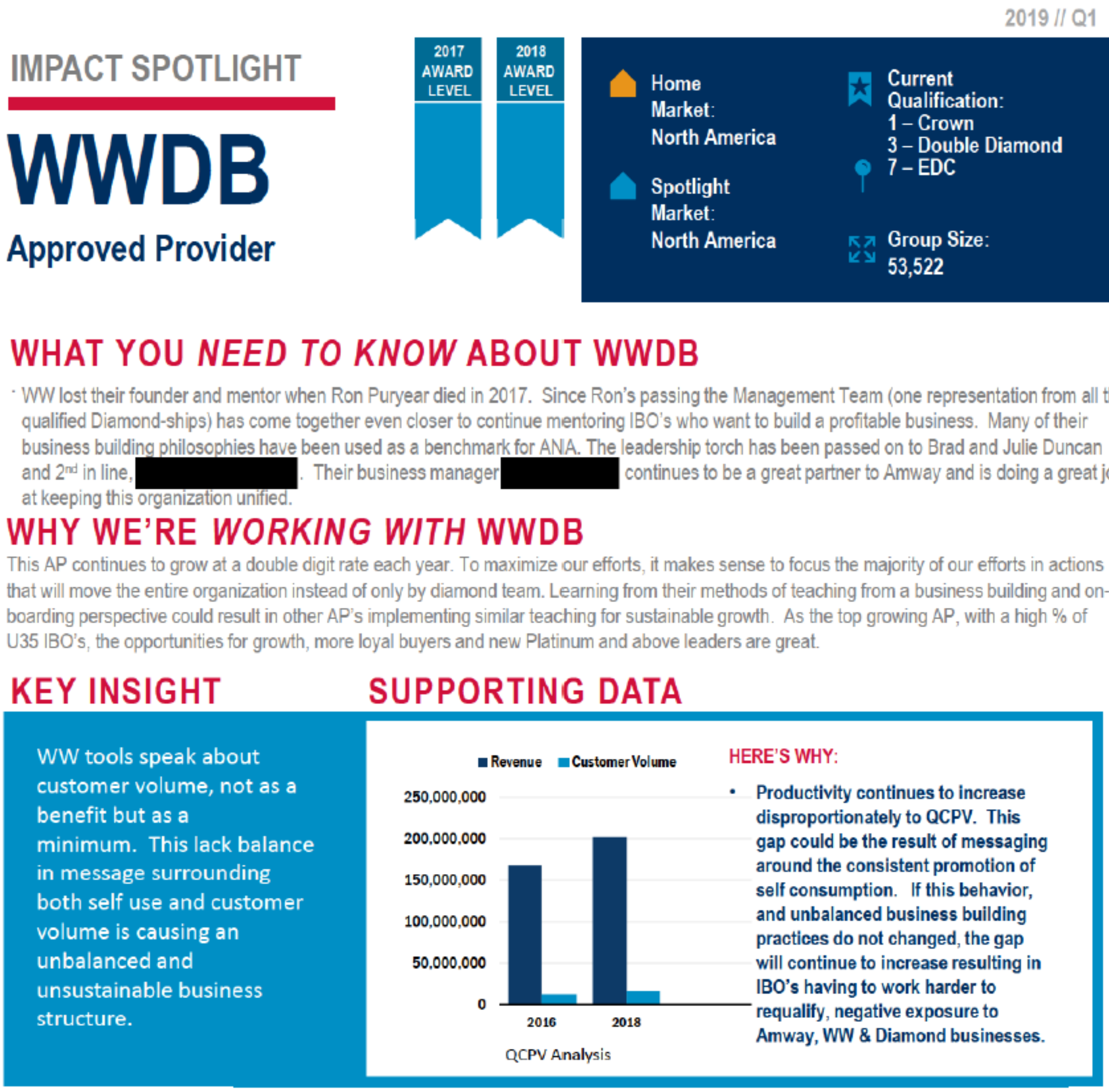

2019 // Q1

IMPACT SPOTLIGHT

WWDB

Approved Provider

2017 AWARD LEVEL

2018 AWARD LEVEL

Home Market: North America

Spotlight Market: North America

Current Qualification:
1 – Crown
3 – Double Diamond
7 – EDC

Group Size: 53,522

WHAT YOU *NEED TO KNOW* ABOUT WWDB

- WW lost their founder and mentor when Ron Puryear died in 2017. Since Ron's passing the Management Team (one representation from all the qualified Diamond-ships) has come together even closer to continue mentoring IBO's who want to build a profitable business. Many of their business building philosophies have been used as a benchmark for ANA. The leadership torch has been passed on to Brad and Julie Duncan and 2nd in line, [redacted]. Their business manager [redacted] continues to be a great partner to Amway and is doing a great job at keeping this organization unified.

WHY WE'RE *WORKING WITH* WWDB

This AP continues to grow at a double digit rate each year. To maximize our efforts, it makes sense to focus the majority of our efforts in actions that will move the entire organization instead of only by diamond team. Learning from their methods of teaching from a business building and on-boarding perspective could result in other AP's implementing similar teaching for sustainable growth. As the top growing AP, with a high % of U35 IBO's, the opportunities for growth, more loyal buyers and new Platinum and above leaders are great.

KEY INSIGHT

WW tools speak about customer volume, not as a benefit but as a minimum. This lack balance in message surrounding both self use and customer volume is causing an unbalanced and unsustainable business structure.

SUPPORTING DATA

HERE'S WHY:

- Productivity continues to increase disproportionately to QCPV. This gap could be the result of messaging around the consistent promotion of self consumption. If this behavior, and unbalanced business building practices do not changed, the gap will continue to increase resulting in IBO's having to work harder to requalify, negative exposure to Amway, WW & Diamond businesses.

196. In addition, Amway was aware that when IBOs were able to "sell" Amway products, they often did so without *any* profit margin. As notes from a September 2020 Amway meeting put it, only "30% of IBOs were selling at *some* margin."

197. In the 2010s up through 2020, Amway had two rules that purported to promote the sale of products to third-party customers. However, Amway understood that these rules were not effective, as described above.

198. One rule required IBOs below Platinum to either have 10 customers each month or report that they sold 50 PV in products to customers. IBO leaders ignored the 10-customer

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requirement, and very few IBOs had 10 customers. In 2021, for example, no more than 3,100 IBOs had 10 customers each month out of the more than 350,000 IBOs in Amway that year. Instead, IBO leaders encouraged IBOs to submit reports to Amway that they sold 50 PV each month to customers, regardless of whether they actually made customer sales, and Amway accepted those reports *in lieu* of proof that IBOs had 10 customers. Amway employees were aware that IBOs often faked these customer or retail sales reports. As Amway's current Vice President of Sales put it in a 2019 email, "I have seen awful abuses of self-reported retail sales in the past."

199. The second rule nominally required IBOs to sell 70 percent of their blueprint "at a commercially reasonable price." However, the rule also allowed a "reasonable amount" of product purchased by IBOs for personal or family consumption to count toward the 70 percent. As a result, the rule itself paradoxically allowed products bought by IBOs for themselves to count as customer sales.

5. Amway And The Approved Providers' Recent Efforts To Hide The Personal Consumption Model

200. In the late 2010s, Amway became increasingly concerned that the FTC might investigate its business model. Within Amway, part of this concern was driven by the FTC's investigation into another large multi-level marketing company, AdvoCare International, L.P., which Amway executives knew about prior to the publicly-announced settlement in October 2019. The FTC's complaint against AdvoCare asserted that AdvoCare participants were incentivized and encouraged to purchase the company's products "regardless of retail demand" and to "'duplicate' themselves by recruiting business opportunity participants" to also purchase the company's products.

201. The centerpiece of Amway's response to the AdvoCare case was to expand the self-reporting system in which many IBOs were already falsely claiming to have sold 50 PV of Amway products to customers each month. Specifically, Amway started requiring IBOs to

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report that they sold at least 60 percent of their monthly blueprint to customers under a revised version of Amway's so-called 70 percent rule. At the highest levels of Amway and its Approved Providers, however, the company set the nominal bar even higher. Amway executives told IBO leaders that the company wanted them to get IBOs to report that they sold 80 percent of their monthly blueprint to customers in order "to create the data we will need to defend the business when necessary," as the planned remarks of one of Amway's highest-ranking executives put it in connection with a webinar held with Diamonds in April 2021. In doing so, the executive confirmed that if IBOs did not reach the 60 percent threshold, bonuses would not only be reduced for those IBOs but also for their uplines, which included all of the Diamonds. As a result, in early 2021, Amway leaders made it clear to Diamonds that they would lose money if their downlines did not report making customer sales to Amway.

202. The revised 70 percent rule nominally requires IBOs to sell at least 70 percent of their blueprint to customers or else their bonuses and the bonuses of their uplines will be reduced. This means that only 30 percent of an IBO's blueprint can be for personal consumption under the rule. However, Amway decided that 10 percent of an IBO's blueprint could be used as samples or in product demonstrations, yet still count toward the 70 percent. Accordingly, the current 70 percent rule only requires that IBOs have or report that 60 percent of their blueprint consists of customer sales.

203. Amway illustrates the 60 percent requirement of its 70 percent rule to IBOs as follows:

Amway does not ask its IBOs to regularly report their use of Amway products as samples or in

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product demonstrations, which Amway calls "Sales Support," and there is no mechanism for IBOs to do so.

204. In connection with these changes, Amway started calling customer sales, "Verified Customer Sales" or "VCS." According to Amway, VCS is the combination of purported online sales to customers and purported customer sales that are self-reported by IBOs.

205. Amway planned to implement the restrictions on bonuses relating to the 60 percent requirement in January 2022, but the restrictions did not ultimately go into effect until September 2022. Nevertheless, the planned implementation in early 2022 and pressure from Amway executives on IBO leaders led IBO leaders to increase the pressure on IBOs to self-report purported customer sales to Amway in 2021. IBO leaders often blamed the FTC either explicitly or implicitly for the changes to Amway's rules when instructing their downlines about them and how to circumvent them. For example, in an August 2021 email, a WWG Diamond from Minnesota told IBOs in his downline that the 60 percent requirement "has literally been forced on Amway by the regulatory agencies."

206. IBO leaders also began to use potential regulatory scrutiny to justify telling IBOs to fake their customer sales. In doing so, IBO leaders emphasized that faking customer sales would protect IBOs' bonuses and not take much time away from the real business of recruiting. In teaching his downline how to falsely report personal purchases as customer sales in June 2021, an LTD Emerald from the Dayton, Ohio area, explained that the goal of the 60 percent requirement was to generate "paperwork" that could be given to the FTC:

> "What the FTC wants is they want a high percentage of customer volume, Verified Customer Sales, and a lower percentage of personal sales. … Amway wants to see 70 [percent] but they give a 10 percent leeway so they need to be 60 [percent]. … If you don't do 60 [percent], you're basically not going to get paid, and your volume will not count for anyone. … So there's no reason not to do 60 [percent]. I'm going to show you. Amway's not going to be like checking how you do this. They don't even care. It's just a rule that they have to have to have paperwork to show the FTC. Okay? Amway's not going to audit like how we do what we do. … When Amway shows them [the FTC] the paperwork that every one of our IBOs has 60 percent customer volume, there's nothing that can be

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talked about any further."

207. The LTD leader went on to tell his downline how "[i]t's not going to take a whole lot of extra effort" to circumvent the 60 percent requirement, which he claimed involved "changing a little bit of thought process." The Emerald told his downline to create a name for their own Amway business and to register that business with Amway as a customer of their own IBO. To do that, he said, IBOs should create an email address for their business and give that and a cell phone number to Amway when registering their fake "customer" account with Amway. The Emerald told his downline they could use a "burner" phone purchased from Walmart for this purpose, among other things. He went on to tell his downline that they should use this "customer" account to make personal purchases: "So what you can do is you can set yourself up—you set your business up as a customer that's going to be your number one customer for your website."

208. Within LTD and WWG, it was understood that it was easy to fake online sales to purported customers. For example, one LTD IBO, who said she was being "forced to lie" by the new VCS requirements, told an LTD Diamond in a 2022 email: "All we have to do is funnel our PV through a friend or relative." Similarly, in December 2021, an IBO texted a WWG Diamond from Colorado about "recent teaching ... around VCS" that included placing orders to get VCS using "a pseudonym or a family members name." Likewise, another IBO told a WWG Diamond from Minnesota in a February 2022 email that "to make the 60 percent" he was paying for the purchases of a registered "customer": "I got my registered customer set up and one product ordered for her which I paid for plus shipping. … If I understand correctly I would divert a large part of my usual order through the customer's account so that it will masquerade as VCS retail."

209. There was an even easier method to fake customer sales, however, which was one that Amway's own employees knew would be used by IBOs to fake their VCS: the self-reporting of purported customer sales through what Amway called its "Create a Receipt" system or tool. The Create a Receipt system allowed IBOs to purchase Amway products with their own credit cards, have products shipped to their own homes, and then claim to have resold the products to

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customers using a simple online form. The form required IBOs to provide a customer's name, date of sale, and a cell phone number for the purported customer. Within Amway, the principal checks on this system were whether the cell phone number worked and whether it did not appear in Amway's records as belonging to an IBO or a different customer—not whether it belonged to the purported customer. These limited checks led Amway employees to say that IBOs "just have to get a valid phone number" to report purported VCS. As a result, Amway's Create a Receipt system made it easy for IBOs to submit fake reports of customer sales with just a few clicks on Amway's website.

210. Although Amway called the online form its "Create a Receipt" tool, IBOs were able to complete the form, thereby claiming to have made a customer sale, without sending any communication at all, let alone a "receipt," to the purported customer. Amway programmed the expanded self-reporting system to not require that receipts be sent after learning that people who "did not actually purchase" products got texts and complained to Amway about purported purchases in mid-2020 when the system was set up to send a text message to the phone numbers included in "receipts." At the time, one Amway manager reported to Amway executives, including Amway's then-Vice President of Sales, that IBOs were "putting in 'fake' mobile phone numbers in the create a receipt tool."

211. In addition, the Create a Receipt tool automatically listed products' suggested retail price in the form and did not allow IBOs to enter the actual sale price if it was lower than the suggested retail price. This design was the result of a deliberate decision by Amway in 2020, prior to the rollout of the expanded Create a Receipt tool in early 2021. At the time Amway made that decision in 2020, it was understood within Amway that most IBOs were unable to sell Amway's products above cost or at suggested retail prices.

212. Internally, Amway's own employees also knew that IBOs would use the self-reporting system to fake their VCS. In 2020, Amway's current Vice President of Sales observed that IBOs "will lie with receipts" and another employee noted the Create a Receipt tool was

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"easy to manipulate." In May 2021, after Amway executives scrapped certain plans to try to prevent such abuses, one Amway employee told colleagues that the self-reporting method "just screams potential VCS manipulation via the CAR [Create a Receipt] tool. . . ." A few months earlier, another Amway employee noted that so-called Verified Customer Sales were not hard to fake: "VCS does not require a lot of verification, [and] it will not be hard for IBOs that want to get around the requirements to do so."

213. When IBO leaders increased their efforts to get IBOs to raise their VCS in 2021, many focused on getting IBOs to use the Create a Receipt system. These IBO leaders emphasized to IBOs that it was easy to self-report purported VCS and that the main requirement to self-report sales was to simply provide Amway with a valid cell phone number. For instance, in the context of discussing the valid cell phone number requirement, WWG Crown Brad Duncan told a group of IBOs that they should get their own "burner" phones.

214. IBOs in WWG and LTD were taught to fake their customer sales on a widespread basis. For example, IBOs in WWG and LTD were taught on a widespread basis that they could report products they gave away as samples or Amway products given to members of their own household as VCS. More specifically, IBO leaders instructed their downlines to falsely report instances in which they gave away a product as a sample or to a friend or family member as a "customer" sale through the Create a Receipt tool. As one former IBO who was in WWG from mid-2022 to late 2023 put it in a YouTube video describing what her uplines taught her, "they're like, 'If you can't get all of your customer volume by the end of the month, then just give a granola bar to your mom and write down that she bought the whole box.'" Similarly, an LTD leader above Platinum told IBOs at a Dallas-area training in December 2023, referring to Amway products: "Eat something. Drink something. Take a supplement. And your mom happened to buy it from you if you're short some VCS. If you don't get the joke, good."

215. In addition to falsely telling IBOs they could report customer sales by, for example, reporting sampling or household use of Amway products as customer sales, WWG and

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LTD leaders pressured their downlines to report having 60 percent VCS each month. In doing so, leaders told IBOs that it was easy to get VCS and that reporting 60 percent was effectively a requirement. For example, in a March 2023 training, a WWG Diamond from Arizona claimed that getting customer sales is "such a piece of cake" while adding that IBOs "have to be at 60 percent" and "60 percent VCS is just absolute." As with product purchasing, such pressure was backed up by uplines being able to withhold recruiting assistance or mentoring or by ostracizing an IBO from a group.

216. Amway employees' prediction that the system for self-reporting customer sales would be exploited by IBOs proved accurate. As noted above, VCS is the combination of online sales to purported customers and self-reported customers sales by IBOs through the Create a Receipt tool. In 2021 and early 2022, Amway's internal data purported to show VCS soaring, and since then it has remained at those elevated levels, as IBO leaders have continued to pressure IBOs to meet formal and informal VCS targets. The growth in purported VCS took place implausibly fast, as Amway's internal analyses and data purported to show customer sales more than tripling between late 2019 and early 2022. About three-quarters or more of this purported VCS was self-reported by IBOs. During the period in which Amway IBOs' customer sales supposedly exploded, Amway's overall sales were flat and then declined. An Amway report noted that revenue "[g]rowth stalled" for the fiscal year that ended in August 2021 and that "[r]evenue declined" in the following fiscal year. Accordingly, the faking of VCS by IBOs was widespread, and Amway's VCS or "Verified Customer Sales" data are not valid.

217. Amway's business operates much as it did in 2019 and 2020 when executives admitted internally that selling Amway's products to customers was "difficult" and joining Amway resulted in "[p]oor earnings" for new IBOs. Amway and the leaders of WWG and LTD incentivize and encourage IBOs to make money by purchasing Amway products themselves, faking customer sales, and recruiting new IBOs to do the same. These practices are lucrative for Amway and the leaders of the Approved Providers but significantly harm the IBOs who are

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misled by deceptive representations about the business. Only about 1 percent of IBOs receive bonuses each year in the amounts that prospects and IBOs are told they will likely earn. Accordingly, the "system" promoted by Amway, WWG, and LTD does not generate substantial earnings for the vast majority of IBOs, and for many it leads to significant losses of time, effort, and money.

VI. VIOLATIONS OF THE FTC ACT

218. Section 5(a) of the FTC Act, 15 U.S.C. § 45(a), prohibits "unfair or deceptive acts or practices in or affecting commerce."

219. Misrepresentations or deceptive omissions of material fact constitute deceptive acts or practices prohibited by Section 5(a) of the FTC Act.

220. Acts or practices are unfair under Section 5 of the FTC Act if they cause or are likely to cause substantial injury to consumers that consumers cannot reasonably avoid themselves and that is not outweighed by countervailing benefits to consumers or competition. 15 U.S.C. § 45(n).

VII. VIOLATIONS ALLEGED

COUNT ONE – UNFAIRNESS

(By Plaintiff Federal Trade Commission Against All Defendants)

221. As alleged above, Defendants promote and operate the Amway multi-level marketing program in a manner that encourages and incentivizes IBOs to do the following in order to advance or attempt to earn substantial income in the Amway business opportunity: (1) purchase Amway products for reasons other than genuine demand or for the facilitation of sales to non-IBOs; (2) create false business records of sales to customers; and (3) recruit new business opportunity participants to purchase Amway products for reasons other than genuine demand or for the facilitation of sales to non-IBOs and to create false business records of sales to customers.

222. Defendants' actions cause or are likely to cause substantial injury to consumers that consumers cannot reasonably avoid themselves and that is not outweighed by countervailing

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benefits to consumers or competition.

223. Therefore, Defendants' practices as described in Paragraph 221 above constitute unfair acts or practices in violation of Section 5 of the FTC Act, 15 U.S.C. §§ 45(a) and 45(n).

COUNT TWO – MISREPRESENTATIONS

REGARDING EARNINGS AND RECRUITING

(By Plaintiff Federal Trade Commission Against All Defendants)

224. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of the Amway business opportunity, Amway products, WWG training, products, or services, or LTD training, products, or services, Defendants have represented directly or indirectly, expressly or by implication, that consumers who purchase their products, training, or services are likely:

(a) to earn substantial income, such as earning $40,000 or more annually, replacing their full-time income, paying off debt, or retiring early;

(b) to earn supplemental net income, such as a profit of several hundred or a few thousand dollars a year; or

(c) to recruit at least several new IBOs, such as six IBOs.

225. In truth and in fact, in numerous instances in which the Defendants have made the representations set forth in Paragraph 224:

(a) consumers who purchased Defendants' products, training, and services did not earn substantial income;

(b) consumers who purchased Defendants' products, training, and services did not earn supplemental net income, and in fact lost money or made a profit that was materially less than several hundred or a few thousand dollars after expenses; and

(c) consumers who purchased Defendants' products, training, and services did not recruit at least several new IBOs.

226. Therefore, Defendants' representations as set forth in Paragraph 224 are false or

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misleading or were not substantiated at the time the representations were made and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT THREE – MISREPRESENTATIONS REGARDING SERVICES PROVIDED

(By Plaintiff Federal Trade Commission Against All Defendants)

227. In numerous instances in connection with the advertising, marketing, promotion, offering for sale, or sale of the Amway business opportunity, Amway products, WWG training, products, or services, or LTD training, products, or services, Defendants have represented directly or indirectly, expressly or by implication, that the Amway business opportunity, WWG, and LTD:

(a) are only open to a limited number of qualified applicants;

(b) provide direct access to mentoring or coaching from highly successful mentors or coaches; or

(c) provide access to mentors or coaches who do not need to work.

228. In truth and in fact, in numerous instances in which the Defendants have made the representations set forth in Paragraph 227:

(a) Amway, WWG, and LTD are open to any prospective IBO who follows the instructions of their recruiter;

(b) the mentors or coaches who directly work with a new IBO are not highly successful; and

(c) the mentors or coaches also work for a non-Amway business and/or spend substantial time running their Amway business or promoting WWG or LTD.

229. Therefore, Defendants' representations as described in Paragraph 227 constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT FOUR – MISREPRESENTATIONS REGARDING CUSTOMER SALES

(By Plaintiff Federal Trade Commission Against All Defendants)

230. In numerous instances in connection with the advertising, marketing, promotion,

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offering for sale, or sale of the Amway business opportunity, Amway products, WWG training, products, or services, or LTD training, products, or services, Defendants have represented directly or indirectly, expressly or by implication, that it is a legitimate business practice for IBOs to create or cause the creation of false business records relating to purported customer sales of Amway products.

231. In truth and in fact, creating or causing the creation of false business records related to the purported sale of Amway products to customers is not a legitimate business practice and could expose IBOs to criminal or civil liability.

232. Therefore, Defendants' representations as set forth in Paragraph 230 are false or misleading or were not substantiated at the time the representations were made and constitute deceptive acts or practices in violation of Section 5(a) of the FTC Act, 15 U.S.C. § 45(a).

COUNT FIVE – VIOLATIONS OF CONSUMER PROTECTION ACT

(WASH. REV. CODE § 19.86.020 / DECEPTIVE ACTS AND PRACTICES)

(By Plaintiff State of Washington Against All Defendants)

233. The State re-alleges and incorporates by reference the allegations contained in the preceding paragraphs of this Complaint.

234. Pursuant to the CPA, Wash. Rev. Code § 19.86.020, "unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful."

235. At all relevant times, Defendants engaged in "trade or commerce" as defined in the CPA, Wash. Rev. Code § 19.86.010(2).

236. Defendants engaged in numerous deceptive acts and practices related to the advertising, marketing, promotion, offering for sale, or sale of the Amway business opportunity, Amway products, WWG training, products, or services, or LTD training, products, or services alleged above, including but not limited to:

(a) Representing, directly or indirectly, expressly or by implication, that consumers who purchase their products, training, or services are likely to earn substantial

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income, such as earning $40,000 or more annually or replacing their current income;

(b) Representing, directly or indirectly, expressly or by implication, that consumers who purchase their products, training, or services are likely to earn supplemental net income, such as a few hundred or a few thousand dollars a year;

(c) Representing, directly or indirectly, expressly or by implication, that consumers who purchase their products, training, or services are likely to recruit at least several new IBOs;

(d) Representing, directly or indirectly, expressly or by implication, that the Amway business opportunity, WWG, and LTD, are only open to a limited number of qualified applicants;

(e) Representing, directly or indirectly, expressly or by implication, that the Amway business opportunity, WWG, and LTD, provide direct access to highly successful mentors or coaches;

(f) Representing, directly or indirectly, expressly or by implication, that the Amway business opportunity, WWG, and LTD, provide access to mentors or coaches who do not need to work; and

(g) Representing, directly or indirectly, expressly or by implication, that it is a legitimate business practice for IBOs to create or cause the creation of false business records relating to purported customer sales of Amway products.

237. These unfair or deceptive acts and practices affected the public interest in that they impacted numerous Washington consumers and other consumers. These practices constituted a pattern of conduct that Defendants committed in the course of business and are likely to continue without relief from this Court.

238. The State is entitled to all appropriate relief under the CPA, including injunctive relief and restitution pursuant to Wash. Rev. Code § 19.86.080, civil penalties pursuant to Wash.

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Rev. Code § 19.86.140 of up to seven thousand five hundred dollars ($7,500) per violation, and reimbursement of the costs of this action, including reasonable attorneys' fees, pursuant to Wash. Rev. Code § 19.86.080.

COUNT SIX – VIOLATIONS OF CONSUMER PROTECTION ACT

(WASH. REV. CODE § 19.86.020 / UNFAIR ACTS OR PRACTICES)

(By Plaintiff State of Washington Against All Defendants)

239. The State re-alleges and incorporates by reference the allegations contained in the preceding paragraphs of this Complaint.

240. Pursuant to the CPA, Wash. Rev. Code § 19.86.020, "unfair or deceptive acts or practices in the conduct of any trade or commerce are hereby declared unlawful."

241. At all relevant times, Defendants engaged in "trade or commerce" as defined in the CPA, Wash. Rev. Code § 19.86.010(2).

242. Defendants engaged in unfair acts and practices in promoting participation in Amway, a multi-level marketing program, in a manner that encourages and incentivizes IBOs to: (1) purchase Amway products for reasons other than genuine demand or for the facilitation of sales to non-IBOs; (2) create false business records of sales to customers; and (3) recruit new business opportunity participants to purchase Amway products for reasons other than genuine demand or for the facilitation of sales to non-IBOs and to create false business records of sales to customers.

243. These unfair or deceptive acts and practices affected the public interest in that they impacted numerous Washington consumers and other consumers. These practices constituted a pattern of conduct that Defendants committed in the course of business and are likely to continue without relief from this Court.

244. The State is entitled to relief under the CPA, including injunctive relief and restitution pursuant to Wash. Rev. Code § 19.86.080, civil penalties pursuant to Wash. Rev. Code § 19.86.140 of up to seven thousand five hundred dollars ($7,500) per violation, and

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reimbursement of the costs of this action, including reasonable attorneys' fees, pursuant to Wash. Rev. Code § 19.86.080.

VIII. CONSUMER INJURY

245. Consumers are suffering, have suffered, and will continue to suffer substantial injury as a result of Defendants' violations of the FTC Act. Absent injunctive relief by this Court, Defendants are likely to continue to injure consumers and harm the public interest.

IX. PRAYER FOR RELIEF

Wherefore, the Commission and the State request that the Court:

A. Enter a permanent injunction to prevent future violations of the FTC Act and the CPA, Wash. Rev. Code § 19.86.080;

B. Pursuant to Wash. Rev. Code § 19.86.140, assess civil penalties against Defendants of up to seven thousand five hundred dollars ($7,500) per violation for each and every violation of Wash. Rev. Code § 19.86.020 committed by Defendants.

C. Pursuant to Wash. Rev. Code § 19.86.080, order restitution or equitable disgorgement to consumers of all money Defendants unlawfully acquired from them through Defendants' unlawful, unfair and deceptive actions described above, including prejudgment interest.

D. Order Defendants to pay the State its costs of bringing this action, including reasonable attorneys' fees, pursuant to Wash. Rev. Code § 19.86.080; and

E. Award any additional relief as the Court determines to be just and proper.

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Dated: September 17, 2026

Respectfully submitted,

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ADAM K. HERSH
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By: s/Brian N. Lasky
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