

FORMER HERBALIFE DISTRIBUTORS – FEB 26, 2015

FORMER HERBALIFE DISTRIBUTORS IN THEIR OWN WORDS  
DESCRIPTION: EDITED FOOTAGE  
TAPE#: FORMER HERBALIFE DISTRIBUTORS IN THEIR OWN WORDS  
FEBRUARY 26, 2015

FORMER HERBALIFE [00:00:00]

WOMAN: I lost, twenty five thousand dollars in around ten months.

MAN: I was, uh, a Herbalife distributor for eighteen months. Spent well over seven thousand dollars and have not recouped any money.

WOMAN 2: I was a Herbalife distributor for less than two months and I lost almost five thousand dollars.

WOMAN 3: In the eight months that we were in, we lost, at least ten thousand dollars.

MAN 2: I was in Herbalife for about four months to five months and I lost between fourteen and eighteen thousand dollars.

MAN 3: I lost over forty five thousand dollars.

FORMER HERBALIFE [00:00:39]

MAN 4: I was a technician for about thirty years.

WOMAN: I was a legal secretary for the last fifteen years.

WOMAN 4: I was a dental hygienist

MAN 2: Spent twenty years in the Marine Corps.

MAN 4: National Guard.

WOMAN 3: Well I just got out of the Marine Corps. And, um, I started working for Department of Youth Corrections.

WOMAN 5: Sales at Macy's.

MAN 5: Automotive repair shop.

MAN 6: I spent thirty years in the banking industry.

WOMAN 6: An IT manager for the city of Sacramento.

MAN 3: I went to school for four years and then I was in the Navy and I did in fact, uh, command my own ship.

MAN 6: After my severance ran out, I was getting pretty desperate.

MAN 7: Got pregnant with Abigail. And we knew that we wanted to have Amy stay at home to be a full time mom.

WOMAN 4: I was on a contract position so when the contract was up, I was out of a job.

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WOMAN 7: Pretty much lost my sight and couldn't get out.

MAN 8: We're at the place in our life where we'd like to be able to put a little bit more away for retirement.

MAN 5: For one the talk shows, they were advertising this at home business and it sounded pretty good.

FORMER HERBALIFE [00:01:40]

GLEN BECK (VO): Listeners just like you are discovering how to earn “quit your job” type money right from the kitchen table. The Secret? Income at home dot com.

MAN 4: You know, work from home make so much money.

WOMAN 3: I thought this would be a good opportunity. It was being endorsed by Sean Hannity.

WOMAN 8: I believe it was Sean Hannity's program.

WOMAN 3: So I-I thought there was some validity to it.

SEAN HANNITY (VO): You know, listeners just like you are discovering how to earn quit your job type of money right from their kitchen table. We've been telling you about income at home dot com.

MAN 8: They had a website you could go to, and, um, I looked at it and, um, I was interested enough that I went ahead and, um, made contact.

WOMAN 3: When I watched the video that was the first time I heard Herbalife.

MICHAEL JOHNSON: This is a great business opportunity. You have the opportunity for financial independence and freedom, you can do it with helping people change their lives by getting them in a better nutritional mode. By getting them healthier. We believe in a healthy, active lifestyle, we're glad you joined us. Congratulations again and welcome to Herbalife.

TITLE CARD: In 2011, Johnson was the highest-paid Chief Executive in the U.S. - Forbes

FORMER HERBALIFE [00:02:40]

WOMAN 4: If you're looking for a home-based business, this is the one you want. They just made it seem so easy, like, within a few months I'm gonna be making anywhere from two to four thousand dollars.

MAN 5: What they were telling me was, you know, in about a year you should be making ten grand a month.

DORAN: In ninety days, our income was at ten thousand dollars a month.

MAN 9: Last month we were over twenty thousand dollars.

MAN 10: Last year I made over a hundred thousand dollars a year from my home.

MAN 5: The initial expense was the hundred and ninety nine dollar training packet.

MAN 7: The first DVD was thirty nine ninety five.

WOMAN 3: You had to buy into Powerhouse, which was a merchant account.

MAN 3: You had to have connecting point which was their phone service.

WOMAN 3: A business credit card with American Express.

MAN 3: You have to have three websites. I got three websites.

MAN 7: Paypex, were twenty nine ninety five each, I had sixty nine of them. For a total of two thousand, sixty six dollars. We spent seventeen thousand, eight hundred dollars in three months.

FORMER HERBALIFE [00:03:42]

WOMAN 9: And they don't tell you any of that. Well all we need from you is two hundred dollars and you're in business.

MAN 5: It seemed to me like they was just basically wanting your money.

MAN 8: If you don't follow these options which cost more money, then your chance of success in the company is diminished greatly.

MAN 4: But in order for you to do the business the way they want you to do it, you've got to upgrade.

MAN 3: And then that's where they hit you with, oh yeah, you can make a whole lot more money if you buy in as a supervisor.

WOMAN 7: The enticing point about that was, anything that you sold you as a supervisor will get fifty percent off the price that Herbalife sells it to you.

MAN 7: But, the supervisor is a four thousand dollar order for all the products.

MAN 6: I think there was subtle intimidation that you will not succeed unless you become a supervisor.

MAN 7: Even with the discount that supervisors get, which is a fifty percent discount, they charge so much in shipping you can't make money.

FORMER HERBALIFE [00:04:46]

MAN 2: Herbalife products at fifty percent off are a lot more expensive than regular products... similar products that you can be at, uh, GNC, Wal-Mart, CostCo.

WOMAN 4: So I would have to reduce the cost of the product just to get it sold to where I was making nothing.

TITLE CARD: 88% of all distributors received no commissions from Herbalife in 2012 – Herbalife's own data

MAN 6: I still have product at home. I still have probably about eight hundred dollars worth of product sitting at my house.

WOMAN 4: Two years later I still have product at my house. I was looking at it the other day, so now I might as well just throw that away.

WOMAN 3: I just want it out of my house at this point. It's a really nice, uh, scratching thing for my cat.

WOMAN 5: Actually I kept two canisters, yeah, just in case somebody ever wanted to look at them.  
[LAUGHS]

MAN 2: It's really not about selling Herbalife. It's really about getting people's money by bringing them into the business.

WOMAN 3: That's all I ever heard about. Every time I-I was on the phone with Ricky or Nancy it was about you need to get people under you.

FORMER HERBALIFE [00:05:49]

SUSAN PETERSON: Remember we talked about serious recruiting a minute ago? Recruiting the people that want to do the business part time, full time, looking for the opportunity.

MICHAEL BURTON: And what is different from the production bonus from royalties is that royalties are paid three levels deep and the production bonus is paid to infinity. As indicated on the worksheet with the arrow that's pointing down to the infinite sign. And I really want to make sure you understand what I'm saying.

MAN 4: In order for me to make money, it wasn't through selling, it was through recruiting.

MAN 5: The more distributors you had underneath, the more room for more potential for residual income to funnel it's way up to the top.

WOMAN 2: I think recruiting was definitely their main goal. To get people under you and build your little pyramid or whatever you want to call it.

WOMAN 10: Your income is based off what these other people below you... that you've brought in are doing.

FORMER HERBALIFE [00:06:41]

WOMAN 4: If you purchased these leads and you sign up so many people this month, those people are going to also do the same thing and... come right down to it it's a pyramid scheme.

MARK HUGHES: And once that deal gets a thousand dollars, okay? You get a two percent bonus on everybody in their downline, okay?

WOMAN 11: It is a pyramid scheme.

MAN 6: Everything was laid out with a script, exactly word for word what to say. I knew there were half truths because they were training me to do the same thing.

MARK HUGHES: We're gonna tell you exactly what to say and exactly what we say, I want you to write it down word for word. Even though you may not agree with it at this point, just write it down. When someone asks you any questions about our products, you're gonna say, I don't know about that. Write that down. I don't know about that. And then you insert your personal testimonial or a borrowed testimonial.

MAN 4: I could tell that this was not on the up and up to a point to where they're asking you to make up a story in order to help sell the product or the program.

FORMER HERBALIFE [00:07:49]

MAN 6: I would tell people, oh yeah, come on in, you know, I got rid of mine in a-in a month. I never got rid of it in a month, but I mean that's what they tell you to tell people.

WOMAN 1: We have numerous people earning six figure incomes and right now our business is really exploding.

MAN 6: I can say well here's, you know, this is good for your heart, it really does work, I've got a heart condition and you know, it's helped me out.

PATTE PICKAR: I have never had any lupus flair ups in the last eighteen months since I've been on these products. I will be on them for life.

SCOTT SQUIRE: My cholesterol dropped down to one seventy six.

WOMAN 11: No more fibromialgia, no more arthritis.

WOMAN 3: I felt like I-I was being encouraged to be a little deceptive.

MAN 4: If you deceive people and suck them in, then you'll be a success because that's what we do.

MAN 6: You had to tell the white lie. To try to get Suzy Q to come into the business. That was the whole name of the game.

MAN 12: It's one reason I got out of it. I don't like to be dishonest to people and say, oh yeah, well, Todd, tell... oh I made a thousand dollars last month. Well, I didn't really make a thousand dollars. It cost me five thousand dollars to get that one thousand dollars, you know?

FORMER HERBALIFE [00:08:51]

MAN 4: By the time you figure out, wait a minute, this doesn't this isn't okay. Um, something's not right here, you're already on the hook for a lot of money. And I think a lot of people keep trying hoping to get it back.

MAN 3: I got taken away, I mean, I was wrapped up in a dream.

MAN 6: It's like playing a slot machine. Um, once you get started on it, you always think the next one's gonna be the big winner.

WOMAN 9: It was like an addiction. I felt compelled to keep going for some reason.

MAN 6: I ran out of money. I probably would have still been trying to get that lever to give me the jackpot [LAUGHS] you know? Because they're that good at making you feel that it's just right around the corner.

MAN 5: Almost seemed like it was a cult [LAUGHS].

WOMAN 10: It's like a cult. You get in, some people don't get out. And I knew that it was gonna destroy my life by tempting to stay there because it couldn't work.

FORMER HERBALIFE [00:09:50]

MAN 5: I had been in it over a year and they wanted me to invest that same amount of money to keep the supervisor thing going again. And-and I said no, I'm done. I haven't seen a return, I'm not-I'm not gonna continue.

WOMAN 1: My credit cards were maxed-maxed out, and there was no more money to have, you know, I couldn't sustain it anymore.

MAN 2: I just told her she's got to quit. If she continues this, not only will it put us at dire financial straits if we continue, you know, possibly her health is gonna get affected.

WOMAN 2: I think I was probably close to having a nervous breakdown by the time I quit, seriously

WOMAN 12: It was so bad that actually, one day, I had to rush him in to the hospital. He had a heart attack.

MAN 6: Yeah.

MAN 4: It hurts. Deeply hurts. And I feel deeply violated and taken advantage of.

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WOMAN 1: I feel stupid. And that I've-that I've dragged some people in to it that really didn't have the money either. So I feel kind of responsible for those people.

WOMAN 9: I feel horrible if anybody lost money because-of me. I do. I feel terrible about the money I lost, but I feel worse about if anybody else lost money.

FORMER HERBALIFE [00:11:07]

WOMAN 4: I kept having to take money out of my daughter's college fund in order to pay bills that was the final straw.

MAN 4: So you really, really get the pain of feeling like you're taken advantage of, and... this is how.. this is the real thing right here of what it did.

MAN 5: I kept thinking maybe only... a bunch of people ought to get together and have a class action suit, but I didn't know how to do anything like that.

WOMAN 6: I don't think we even knew where to go.

WOMAN 11: Who was I gonna call?

WOMAN 1: I didn't think there was anything I could do.

WOMAN 9: I formally filed a complaint with the FTC against Herbalife on the grounds that it was a pyramid scam.

MAN 7: You took these people's dreams and hopes and turned it into a nightmare for them. It's not right. It's just... it's just not right.

FORMER HERBALIFE [00:12:17]

TITLE CARD: If you've been harmed by Herbalife, contact the Federal Trade Commission [ftv.gov](http://ftv.gov)

or the Securities and Exchange Commission [sec.gov](http://sec.gov)

FORMER HERBALIFE [00:13:01]

END OF TAPE: FORMER HERBALIFE DISTRIBUTORS IN THEIR OWN WORDS]