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1 2	Leon B. Silver (SBN: 012884) Rebecca N. Cain (SBN: 025604) Andrew S. Jacob (SBN: 022516)	
3	Mary M. Curtin (SBN: 031973) Rachel N. Werner (SBN: 033361)	
4	Two North Central Avenue, Suite 2200	HANI, LLP
5	Phoenix, AZ 85004 Telephone: (602) 794-2493	
6	Facsimile: (602) 265-4716 lsilver@grsm.com	
7	rcain@grsm.com ajacob@grsm.com	
8	mcurtin@grsm.com rwerner@grsm.com	
9	Attorneys for Defendants	
10	IN THE UNITED ST	ATES DISTRICT COURT
11		TRICT OF ARIZONA
12	FOR THE DIST	TRICI OF ARIZONA
13	Federal Trade Commission	) CASE NO. CV-20-00047-PHX-DWL
14	Plaintiff,	) ) DECRONSE AND ODJECTION TO
15	VS.	<ul><li>) RESPONSE AND OBJECTION TO</li><li>) FTC'S EX PARTE MOTION FOR</li></ul>
16	James D. Noland, Jr., et al.,	TEMPORARY RESTRAINING ORDER WITH ASSET FREEZE,
17	Defendants.	APPOINTMENT OF TEMPORARY
18		<ul><li>RECEIVER, LIMITED EXPEDITED</li><li>DISCOVERY, AND OTHER</li></ul>
19		) <b>EQUITABLE RELIEF</b>
20		) )
21	Defendants respond and object to t	./ the Federal Trade Commission's ("FTC's") <i>Ex</i>
22	Defendants respond and object to the Federal Trade Commission's ("FTC's") Ex	
23	Parte Motion for Temporary Restraining Order with Asset Freeze, Appointment of Temporary Receiver, Limited Expedited Discovery, and other Equitable Relief and the	
24	Memorandum in support thereof. [Dkts #7-8.]	
25		
26		lied to the Court for a preliminary injunction. The its Amended Complaint [Dkt # 35 at p. 40] and has
<ul><li>27</li><li>28</li></ul>	FTC requests preliminary injunctive relief in its Amended Complaint [Dkt. # 35 at p. 40] and has already sought and obtained a Temporary Restraining Order. [Dkt. #8, #38]. While the TRO requires Defendants to appear and show cause why a preliminary injunction should not issue	
	[Dkt. #38, Section XXIX], the FTC has not	specifically requested such relief, nor provided the

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#### I. INTRODUCTION

The case law is abundantly clear—when analyzing a multi-level marketing company, courts must look at how the company actually operates in practice. *See F.T.C. v. Burn Lounge*, 753 F. 3d 878, 883 (9th Cir. 2014); *Webster v. Omnitrition Int'l, Inc.*, 79 F.3d 776, 781 (9th Cir. 1996); *In re Amway Corp.*, 93 F.T.C. 618, 716 (1979). But the FTC virtually ignores how Success By Media actually operates. For example, no mention is made in any of the FTC's filings of Success By Media's other revenue-generating business verticals, none of which have an affiliate-marketing component. The FTC also aggregates data to the point of absurdity to allow it to draw false conclusions about the Defendant companies that are not borne out by the evidence.

Worst of all, when the given the opportunity to learn how the company actually operates from the company itself, the FTC dismissed the company's offer as "not credible." [Dkt. #8, p. 46 n.11]. Apparently, the FTC had already decided what its investigation would show, and constructed the investigation to fit that conclusion. For the FTC to paint Mr. Noland and his companies as evasive and dishonest without first even attempting to determine whether this offer of cooperation could prove genuine or, better yet, fruitful to the ongoing investigation was both irresponsible and disingenuous. It is, however, completely indicative of the strategy that the FTC has employed throughout this case—proceed quickly and in secrecy with cherry-picked evidence that may or may not have any basis in fact or the actual business operations or outcomes for affiliates.

This strategy may have been effective while the FTC proceeded *ex parte* and under seal, but, now that Defendants have an opportunity to defend themselves, the Court will see that the facts are not as the FTC claims, or as they might wish them to be. This type of superficial, rubber-stamp investigation falls well short of meeting the Government's burden when seeking to deny Defendants' constitutional rights to operate their business, as would any preliminary injunction entered based on such an investigation. And more

court with a separate factual showing of why a preliminary injunction (not a TRO) should issue. Nonetheless, Defendants provide their Response.

importantly, the FTC's secretive and deceptive campaign to harm the Defendants without legitimate basis, has also caused enormous harm to the thousands of individual consumers the FTC is supposed to protect: ie., the affiliates who rely on their ability to sell the Defendants' products to pay their bills and meet their families' needs.

This Court has already acknowledged that obtaining the sweeping temporary relief granted here without any notice to the affected party is unusual. [Transcript of *Ex Parte* Hearing on January 9, 2020 ("Hearing Tr.") at 6:20-25, 9:18-24]. The FTC is unlikely to succeed on the merits of its case, and therefore entry of preliminary injunction against Defendants is improper.

The Court should deny the FTC's request for a preliminary injunction against Defendants, remove the Temporary Receiver, and return the company and all of its assets over to the Defendants in order to preserve any hope of keeping this business from being permanently destroyed.

### II. FACTS

## A. Success By Media's Operations

- 1. Success by Media LLC is a Nevada limited liability company formed in 2015. Success by Media Holdings, Inc. is a Nevada corporation formed in 2018 and Success by Media LLC's parent company (collectively, "Success by Media"). [Dkt. #8, Ex. 1, Att. 1-3].
- 2. Success By Media operates three distinct revenue-generating business verticals: (1) Success By Coaching, (2) Success By Networking, and (3) Success by Health. See Declaration of James D. Noland, Jr. ("Noland Decl.") attached hereto as Exhibit A at ¶ 4.
- 3. Success By Coaching provides generic, non-branded personal growth and training systems. Success By Coaching has generated \$592,087.67 in revenue since its inception in 2016. Noland Decl. at ¶ 5-6.

- 4. Success By Networking provides consulting and training services to individuals in the direct sales industry. Success By Networking has generated \$872,687.92 in revenue since its inception is 2017. Noland Decl. at ¶¶ 7-8.
- 5. Success By Health (SBH) is an affiliate-marketing program that sells coffee products and other nutraceuticals through its online platform and network of affiliates. SBH has generated \$7,040,205.05 in revenue since its inception in mid-2017. Noland Decl. at ¶¶ 9-10.
- 6. Prior to the imposition of the temporary restraining order, Success By Media was also in the process of launching additional business verticals including: Success By VT (Virtual Training), Success By Travel, and Success By Music. Noland Decl. at ¶ 11.
- 7. Revenue generated by the various business verticals is reflected in Success By Media's audited year-end financial statements [Noland Decl. at ¶ 12], which the FTC reviewed. [Doc. 8, Exh. 4 at ¶10].
- 8. All business verticals are operated through Success By Media and utilize the same bank accounts and payment platforms. [Noland Decl. at ¶ 13]. Thus, any payments to or from Success By Media would be represented in the FTC's data obtained via subpoena.

## B. SBH Structure and Commission Plan

- 9. As of January 13, 2020, SBH had 6,754 affiliates. 5,003 of those Affiliates earned commissions and 1,751 did not. Affiliates earned an average of \$387.42, which includes affiliates who earned no commissions. Those affiliates who earned commissions averaged \$523.01 in earnings. Noland Decl. at ¶ 15-17.
- 10. To become an affiliate, an interested individual must register with SBH and pay a \$49 annual fee. Noland Decl. at ¶ 18.
- 11. Upon payment of the fee and completion of a valid registration form, the affiliate is immediately qualified to begin earning commissions and bonuses. Noland Decl. at ¶ 19.

- 12. SBH affiliates are compensated in three ways: (1) retaining all revenue from direct retail sales to consumers, (2) commissions earned on online product sales, and (3) bonuses. Noland Decl. at ¶ 20.
- 13. Affiliates are compensated through direct retail sales of the product purchased by the Affiliate. 100% of any profit realized on those direct retail sales goes to the Affiliate. Noland Decl. at ¶ 21.
- 14. Affiliates earn Tier Commissions. The affiliate earns 10% on any of her own purchases, as well as on purchases made through that affiliates unique e-commerce site, which is a mirror of the SBH e-commerce portal. Noland Decl. at ¶ 22. Affiliates can also earn percentage commissions on their downline affiliates' product sales as follows:
  - Tier 1: 10%
  - Tier 2: 6%
  - Tier 3: 4%
  - Tier 4: 3%
  - Tier 5: 2%

There are no minimum monthly volume requirements nor a minimum number of affiliates required to earn Tier Commissions. Noland Decl. at ¶¶ 22-24.

- 15. SBH also has a number of bonus programs:
  - Auto-Order Bonuses. Auto-Order Bonuses are a loyalty rewards program, which allows affiliates to earn a 5% product credit on personal auto-orders plus additional \$65 or \$130 product credit for enrolling 5 or 10 customers/affiliates in a \$60 monthly auto-order. Auto-Order is not required to earn commissions. Noland Decl. at ¶¶ 26-27.
  - Accelerator Bonuses: Accelerator Bonuses are one-time bonuses available to affiliates whose downline affiliates purchase a promotional product business pack, paid as follows:
    - SBH Affiliates earn a minimum of \$75 and up to \$125 for the sale
       of the \$500 Accelerator Pack. A \$500 Accelerator Pack contains

- \$605.00 worth of product (as calculated by the listed wholesale price of each product if purchased individually).
- Affiliates earn \$500 for the sale of the Super Accelerator Pack. A
   \$1995 Super Accelerator Pack contains \$2198.00 worth of product. Noland Decl. at ¶¶ 28-32.
- Generation Infinity Bonus: An affiliate whose team reaches \$15,000 in purchases becomes a Super Business Affiliate and earns a 1% "Generation Infinity Bonus" on all purchases (customer or affiliate) in his network. Super Business Affiliates can earn up to an additional 3% "Generation Infinity Bonus" based on the sales purchases performance of their affiliate team. Noland Decl. at ¶¶ 33-34.
- BAM Bonuses: One-time bonuses for hitting certain team and sales milestones. These bonuses range from \$1,000 to \$5 million and depend on the number of downline affiliates in the earning affiliates' network. This is the only bonus that requires a certain number of downline affiliates to qualify. Noland Decl. at ¶¶ 36-37.

### C. SBH Marketing, Training and Compliance

- 16. SBH marketing and training emphasize that retail sale of the products is always the first step toward getting paid as an affiliate. Noland Decl. at ¶¶ 38.
  - 17. Mr. Noland refers to retail sales as "number one." Noland Decl. at ¶ 39.
- 18. SBH hosts "Daily Heat Calls" during which affiliates share their retail success stories. Noland Decl. at ¶ 40.
- 19. From July 2017 through January 13, 2020, SBH hosted the following affiliate trainings/check-in events:
  - 609 Daily Heat Calls
  - 358 Facebook Live Videos. Noland Decl. at ¶ 41
- 20. Scott Harris and Thomas Sacca are Senior Field Advisors for SBH. Noland Decl. at ¶ 42.

- 21. SBH Senior Field Advisors are responsible for verifying affiliates' compliance with training, and sales and recruitment scripts. Noland Decl. at ¶ 43.
- 22. Senior Field Advisors are responsible for responding to and resolving support tickets submitted through the Success By Media support center. Noland Decl. at ¶ 44.
- 23. Senior Field Advisors also assist affiliates with offloading unwanted product to other affiliates or customers through direct sales. Noland Decl. at ¶ 45.

## D. SBH Shipping and Fulfillment

- 24. SBH Terms of Use are located on the bottom bar of the SBH website. (www.successbyhealth.com). Noland Decl. at ¶ 46.
- 25. SBH Shipping Terms can be found on the bottom bar of the SBH website. Noland Decl. at ¶ 47.
- 26. From July 2017 to January 2020, SBH logged 33,473 product transactions. Of those, 33,123, or 99% were successfully process and delivered. Noland Decl. at  $\P$  48-49.
- 27. From the May 30, 2018 through January 10, 2020, SBH shipped 21,920 orders. The average time to fulfill those orders (from invoice to shipment from warehouse) was 3.933 days. Noland Decl. at ¶¶ 49-51.
- 28. Any backordered items would be designated as such on the "Product Catalog," the e-commerce platform within SBH's website. (https://successbyhealth.com/product-catalog). Noland Decl. at ¶¶ 52.
- 29. From July 2017 to January 2020, SBH issued 172 refunds. SBH received 134 chargeback requests from purchasers' credit card companies, 44 of which were later reversed when SBH established that the complaining purchaser actually received the product ordered. This is a low chargeback rate for the industry. Noland Decl. at ¶¶ 53-55
- 30. SBH Senior Field Advisors would also work with Affiliates or customers considering a refund to offload product through sale to other customers or Affiliates. This

## E. The Noland Defendants' Travel

31. Lina Noland was born and raised in Colombia. Mrs. Noland moved to the United States after marrying Mr. Noland. Noland Decl. at ¶ 58.

 32. The Nolands have always wanted to their son, who is bilingual, to experience life in a Latin American country along with living in the United States. Noland Decl. at

¶ 59-60.

33. Success By Media always intended to expand to Latin American as part of its international growth model.

34. The Nolands considered spending part of the year in Colombia, but decided against it due to security concerns. Noland Decl. at ¶ 61.

35. After researching which Latin American countries were safest for foreign nationals to live and work in, the Nolands determined that they would visit Uruguay to assess whether it would be a place where Success By Media could establish a Latin American operation and where their family could live part-time. Noland Decl. at ¶ 62.

36. The Nolands traveled to Uruguay for the first time in August, 2019 and spent 9 days there, traveled to Colombia, and returned to the United States on September 3, 2019. Noland Decl. at ¶ 63-64

37. After returning to the United States, the Nolands visited Uruguay in October 2019 and returned on January 13, 2020. Noland Decl. at ¶ 64.

38. The Nolands do not own real estate in Uruguay, but rather leased an apartment and a warehouse/office facility for Success By Media's operations. The Nolands set up a Uruguayan bank account and purchased vehicles for their, and the company's use. Noland Decl. at ¶ 65, 68.

39. Success By Media listed two job openings for positions with Success By Media in Uruguay: an Executive Assistant, an Office Manager, and model talent. As of

February 6, 2020, Success By Media has received over 100 applications in response to those postings. Noland Decl. at ¶¶ 69-70.

40. Mr. Noland makes payments to the Nestmann Group as a subscription for access to reports other materials for individuals and business owners looking to live or expand their businesses abroad. Noland Decl. at ¶ 71.

## F. The FTC's Investigation

- 41. Prior to the sealed filing of the instant Action, the FTC never raised any concerns with Defendants regarding Success By Media's business practices. Noland Decl. at ¶ 72.
- 42. The FTC never made any inquiry of Defendants regarding Success By Media's or SBH's practices, and never asked Defendants to describe or provide any information regarding their business practices. Noland Decl. at ¶ 72.
- 43. The FTC never made any requests of Mr. Noland pursuant to the 2002 Permanent Injunction issued in F.T.C. v. Netforce Seminars, 00-cv-2260-PHX-FJM, authorizing the same. Noland Decl. at ¶ 73.
- 44. In May 2019, Defendants learned of the FTC's investigation. Noland Decl. at ¶ 74.
- 45. On May 20, 2019, Defendants, through counsel, sent a letter to the FTC offering to cooperate with the ongoing investigation. Noland Decl. at ¶ 75.
- 46. The FTC did not make any requests of Mr. Noland or Success by Media Noland Decl. at ¶ 76, and instead concluded that the offer was "not credible." [Dkt. #8 at 46, n. 11].

## G. <u>Success By Media and SBH can operate legally on an Interim Basis</u> <u>Pending Determination On the Merits.</u>

47. Since receiving notice of the TRO, Defendants and their counsel and Defendants' staff have cooperated with the FTC and the Temporary Receiver. [See Dkt. #61 at pp. 3-5]. The time commitment required by Defendants' cooperation has made it difficult to devote the necessary time to prepare a defense, especially in light of the tight

deadlines, various discovery and other information requests, and limited access to funds, but Defendants understand the importance of cooperation and transparency.<sup>2</sup>

- 48. Defendants believe that the FTC's allegations lack merit, the Temporary Receiver should be removed and the asset freeze should be lifted without condition.
- 49. Nonetheless, Defendants are willing to operate Success By Media in a limited, modified fashion during the pendency of this action. The modified business operations would include each of the following elements:
  - All Success by Media business lines, other than Success by Health are removed from the receivership estate and control is returned to the Defendants.
  - Success by Media will maintain a segregated bank account for non-Success By Health businesses.
  - Success By Media will suspend enrollment of new SBH affiliates.
  - Success By Media will suspend SBH commission and bonus payments to existing affiliates, but will continue to track such payments as they accrue continue pending final resolution of this case.
  - Success By Media will not host any trainings or events.
  - Success By Media will not publish or disseminate new marketing or sales materials without prior delivery to the FTC for review. If the FTC objects to any such materials, Defendants will not use such materials without first obtaining Court approval.
  - Success By Media will operate with a smaller management and employee team necessary for the limited interim operations.
  - Mr. Noland will work with Success By Media and the FTC to develop a proposal limiting Mr. Noland's involvement with Success By Media during the interim period.
  - Success By Media will not transfer or dispose of any material assets of the entities (other than sales made in the ordinary course and related transactions) without prior notice to the Court and the FTC.

<sup>&</sup>lt;sup>2</sup> The Court will recall that the parties originally stipulated to continue the hearing until the week of February 18, 2020, but neither the Court's calendar, nor the Temporary Receiver's schedule would accommodate a hearing later than February 12, 2020.

- Mr. Noland and Lina Noland will not leave the country without prior notice to the Court and the FTC.
- Success By Media will file regular reports with the Court and the FTC describing business operations, including sales and all cash inflows and outflows.
- The Temporary Receiver is removed from control over Success By Media's assets and operations, and the freeze of Defendants' assets is lifted. However, if Success by Media fails to satisfy each of the forgoing elements, it will be subject to re-imposition of a Receiver and asset freeze. If appropriate, Success By Media would agree to the appointment of an independent third-party to monitor Success By Media operations and ensure compliance with Court orders during the pendency of this case.

This modified business operations plan would preserve the true *status quo*, and prevent the summary liquidation of a growing business.

#### III. LEGAL ARGUMENT

## A. The FTC Has Failed to Meet its Burden of Proving that Injunctive Relief Is Warranted Against Defendants.

"A preliminary injunction is an extraordinary and drastic remedy, one that should not be granted unless the movant, by a clear showing, carries the burden of persuasion." *Lopez v. Brewer*, 680 F.3d 1068, 1072 (9th Cir. 2012) (*citing Masurek v. Armstrong*, 520 U.S. 968, 972 (1997)). Thus, section 13(b) of the Federal Trade Commission Act permits entry of a preliminary injunction only if the FTC can establish that it is likely to succeed on the merits of its case and that, after weighing the equities, a preliminary injunction is in the public interest. 15 U.S.C. § 53(b). While the public interest generally receives greater weight than private interests, a court may not "drop private equities from the calculus" altogether when determining whether to modify a temporary restraining order. *F.T.C. v. World Travel Vacation Brokers, Inc.*, 861 F.2d 1020, 1030 (7th Cir. 1988). The FTC may only seek a preliminary injunction when it believes a person "is violating, or is about to violate" any law enforced by the FTC. *FTC v. Evans Prods. Co.*, 775 F.2d 1084,

1087 (9th Cir.1985). The FTC, therefore, cannot base its request for injunctive relief on evidence of past violations without a showing that those violations are likely to recur. *Id.* 

1. FTC Has Presented No Evidence to Support Entry of A Preliminary Injunction Prohibiting Operations of Success By Media's Non-Affiliate Marketing Business Verticals

An injunction should be "no more burdensome to the defendant than necessary to provide complete relief to the plaintiffs." *Califano v. Yamasaki*, 442 U.S. 682, 702 (1979). Here, the FTC's allegations relate only to the structure of SBH and the representations made regarding the business opportunity presented by SBH, and the alleged harm caused to consumers by SBH. [Doc. 8 at p. 1 ("The [FTC] requests the Court put an immediate halt to a nationwide pyramid scheme.")].

Only one of Success by Media's three revenue-generating business verticals operates as an affiliate-marketing company. [Statement of Facts ("SOF") at ¶¶ 2-5] The remaining business verticals, which account for nearly \$1.5 million of Success By Media's total lifetime revenues, are not affiliate-marketing enterprises. [SOF ¶¶ 3-4]. Yet nowhere in any of the FTC's filings or argument before this Court does the FTC attempt to distinguish among the various enterprises. Instead, the FTC sought and obtained a temporary restraining order freezing *all* of Success By Media's assets (and all of Defendants personal assets for that matter), making it impossible for Success By Media to continue operating these other enterprises. Leaving aside for the moment the obvious shortcomings of the evidence presented against SBH, with regard to Success By Networking and Success By Coaching the FTC has presented *zero* evidence to support the asset freeze and other limitations currently in place. Without such evidence, the Court should not impose a preliminary injunction preventing the operation of Success By Media's non-affiliate marketing businesses.

2. The FTC has Not Demonstrated a Likelihood of Success on the Merits of its Claim that Success By Media is a Pyramid Scheme

A multi-level marketing business model is not *per se* illegitimate. *BurnLounge*, 753 F.3d at 883 ("Not all MLM businesses are illegal pyramid schemes."). To determine whether a multi-level marketing company is legitimate, the Ninth Circuit employs the FTC's test as set forth in *In re Koscot Interplanetary, Inc.*, 86 F.T.C. 1106 (1975). To establish that a company operates a pyramid scheme in violation of § 5, the FTC must prove that participants pay money to the company "in return for which they receive (1) the right to sell a product and (2) the right to receive in return for recruiting other participants into program rewards which are unrelated to the sale of the product to ultimate users." *BurnLounge*, 753 F. 3d at 889 (quoting *Omnitrition*, 79 F.3d at 781).

A required purchase to become a distributor satisfies the first prong of the *Koscot* test. *BurnLounge*, 753 F.3d at 833. The second prong is more nuanced, and requires the trier of fact to evaluate how the structure of the company does or does not incentivize recruitment over retail sales to ultimate users. The FTC has provided guidance on this point:

The critical question for the FTC is whether the revenues that primarily support the commissions paid to all participants are generated from purchases of goods and services that are not simply incidental to the purchase of the right to participate in a money-making venture.

*BurnLounge*, 753 F.3d at 887-88 (quoting FTC Staff Advisory Opinion – Pyramid Scheme Analysis dated January 14, 2004). Whether the rewards are related to the sale of products depends on how the company's commission structure operates in practice. *BurnLounge*, 753 F.3d at 887 (citing *Omnitrition*, 79 F.3d at 781).

Ultimate users are those that purchase and consume the product. Affiliates can be ultimate users when they consume their own product, so long as they would have purchased the product even if not for the income opportunity. *See FTC v. Vemma Nutrition Company*, 2:15-cv-01578-JJT Dkt. #118 at \*6 (D. Ariz. Sept. 18, 2015) (citing *BurnLounge*, 753 F.3d at 886-87). It remains the FTC's burden to show that—in practice

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—the company is actually rewarding affiliates primarily for recruiting and not for the sale of product to ultimate users.

Defendants do not dispute that a \$49 annual fee is required to become an affiliate of SBH. [SOF ¶ 10]. However, that is the *only* thing that is required to become an SBH affiliate, remain an SBH affiliate, and earn commissions or bonuses. [SOF ¶¶ 11, 14] Upon payment of that fee, affiliates are immediately eligible to begin earning commissions on every dollar of product purchased by the affiliate herself, or any other customer or affiliate with access to her unique link. [SOF ¶ 14]. This is the fundamental component of the SBH model, and all other benefits and bonuses are incidental to this right to earn commissions based on sales of the product and the related right to sell product at retail. Thus, the FTC cannot meet its burden to show a likelihood of success on its claim that Success By Media operates a pyramid scheme in violation of section 5(a) of the FTC Act, and a preliminary injunction cannot be imposed.

- a. The FTC Has Not Shown that SBH Satisfies the Second Prong of the Koscot Test.
  - i. The FTC's Expert improperly usurps the role of the trier of fact.

How a multi-level marketing is presented to prospective affiliates (though not the only relevant factor) is relevant to the second prong of the *Koscot* test because it bears on the question of *why* affiliates are paying money to enroll, *i.e.*, are they being incentivized by the prospect of earning money based on recruitment or product sales. It is up to the trier of fact to assess the intent of the prospective affiliates based on the facts presented. The proper role of an expert in such a case is to perform the analyses that may be helpful to the trier of fact in its evaluation of the relevant factual and legal elements, including fraud and intent. [See Report of Michael A. Fahlman, CPA, CFF, CIRA ("Fahlman Report") at ¶ 26, attached hereto as Exhibit B]. Dr. Bosley improperly usurps the Court's role by rendering opinions as to this ultimate issue, including by evaluating and opining on what is motivating affiliates to engage with SBH. [Fahlman Report, ¶ 19].

ii. The SBH commission and bonus structure does not promote inventory loading.

Under the SBH commission plan, Affiliates who have paid the \$49 sign-up fee can begin earning commissions on every dollar's worth of product they sell. Affiliates, therefore, have no structural incentive to "inventory load" under the SBH plan because they do not have to meet any minimum volume requirements to be eligible for commissions. This distinguishes SBH from the companies at issue in recent cases like *Vemma* and *BurnLounge*. In those cases, affiliates were required to personally meet monthly or other volume requirements to even be eligible to earn any commission whatsoever. *See BurnLounge*, 753 F.3d at 883 ("[B]ecause purchasing a package was required for participation as a Retailer or Mogul, and because Moguls earned cash for selling packages, '[Moguls] by default earned compensation for recruiting others into the program.'"); *Vemma*, 2:15-cv-01578-JJT at \*6-7 ("[U]nder the current bonus system there is no way to unbundle the Affiliates' intent to consume Vemma products as ultimate users from their desire to remain qualified for bonuses.").

SBH's program is distinguishable because, while affiliates do earn percentage commissions on their personal purchases and purchases within their network, the commission and bonus plan does not create a financial mandate for the affiliate to purchase. [SOF ¶¶ 11, 14]. Affiliates essentially sign up to earn 10% off on product, and can earn additional commissions if they refer customers to their unique e-commerce platform, or if they refer additional affiliates who also make purchases. [SOF ¶ 14]. SBH affiliates do not need to make any personal purchases to be eligible for commissions or bonuses. [SOF ¶¶ 11, 14]. Thus, affiliates have no incentive to spend money to inventory load under the SBH plan, which is designed to move product and relies on retail sales as a primary component of affiliate compensation (not commission). In other words, affiliates are only incentivized to buy product they believe they can sell directly to a consumer or will consume themselves. Affiliate commissions are inextricably linked to consumer demand for the product because the only way to realize value in excess of the

affiliate's investment in product is to sell it retail for profit, or consume the discounted product themselves.

iii. The FTC's chosen metric of "loss position" is a red herring and irrelevant under the Koscot test.

The FTC's expert spends just three pages of her 80-page report analyzing the actual purchase data obtained by the FTC through its investigation of Success By Media's bank records. [Dkt. #8, Exh 3 at 67-68]. She concludes that Defendants must operate a pyramid scheme because the purchase data shows that 98.4% of affiliates show a net loss based on transaction data showing payments to and from Success By Media by affiliates. However, proving that some or most affiliates appear to be in a loss position is (1) not required under the *Koscot* test and (2) ignores the value obtained by Affiliates in exchange for their purchases.

Dr. Bosley did not value actual retail sales or internal consumption in performing her loss position analysis. These valuations are highly relevant to the question of whether the SBH program rewards recruitment over sales to ultimate users. For example, an SBH affiliate who enrolls by paying the \$49 fee and later purchases \$100 worth of product and consumes it over the course of a year earns \$10 of commission. Under the FTC's analysis, this affiliate would show a \$139 loss (excluding any shipping & handling costs). Similarly, a SBH affiliate who enrolls by paying \$49 fee and later purchases \$100 worth of coffee (at \$20/box) and sells each box directly to customers for \$35/box would show a \$149 loss, despite have netted \$36 in profit (\$10 in commission plus 26 dollars profit, excluding any shipping & handling costs). Both of these scenarios result in the sale of product to an ultimate user and are therefore precisely relevant to the analysis required under the second prong of the *Koscot* test.<sup>3</sup> An analysis like Dr. Bosley's that omits both

<sup>&</sup>lt;sup>3</sup> These scenarios are also not mere hypotheticals. SBH affiliates independently established a Facebook group where they could share their experiences and how the temporary restraining order has impacted their personal finances and ability to run their businesses. Many of the participating affiliates substantially rely on profits from direct retail sales of SBH products as meaningful income for their families. The affiliates also share how the products have become a part of their and their retail customers' daily nutritional regimens, and how the temporary

personal consumption and retail sales is fatally flawed and misleading. [Fahlman Report at ¶¶ 29-30]. Dr. Bosley also wrongfully omitted from her analysis the total value of the product received by purchases of SBH's various discount multi-product packs, such as the Accelerator Pack or Super Accelerator Packs.<sup>4</sup> [Fahlman Report ¶ 31].

Dr. Bosley failed to include in her analysis any assessment of the economic value obtained by an affiliate (or customer) who purchases SBH training. This was an error because "professional business training is a generally accepted method of developing people, growing revenue, and expanding businesses in corporate America." [Fahlman Report at ¶ 32]. Finally, by failing to eliminate from the pool the amount of any purchases by an SBH affiliate from one of the other Success By Media business verticals, who offer training packages and other products direct to consumer on their respective websites, the purchase-side data underlying Dr. Bosley's analysis is artificially inflated (possibly to the tune of almost \$1.5 million, see SOF ¶¶3-4). In that context, Affiliates are just regular customers, and those purchases should not be counted toward a calculation of whether affiliates are "getting more" out of SBH than they are putting in. Dr. Bosley clearly understands that there is a meaningful difference here, as she did not present any analysis as to whether *customers* of the SBH affiliate were in a loss position.

Absent consideration of (1) retail sales and internal consumption, (2) resale of product, (3) product pack value, or (4) professional training, Dr. Bosley's loss position analysis is "misleading and unreliable," [Fahlman Report,  $\P$  34], to the extent that analysis is relevant at all to the second prong of the *Koscot* test.

iv. Burnlounge requires the Court to consider actual commissions.

restraining order has made high-demand products increasingly scarce. Contrary to the FTC's assumptions, a substantial number of SBH affiliates have been positively impacted through their relationship with SBH, and are in fact being harmed by the temporary restraining order sought and obtained by the FTC. [See Screenshots from the Facebook page, attached as Exhibit C hereto.]

<sup>&</sup>lt;sup>4</sup> The \$500 Accelerator Pack contains \$605.00 worth of product (as calculated by the listed wholesale price of each product if purchased individually) and the \$1995 Super Accelerator Pack contains \$2198.00 worth of product.

The FTC's analysis is devoid of any reference to commissions actually paid to Affiliates. This renders the FTC's factual showing fatally deficient because *BurnLounge* requires such an analysis. 753 F.3d at 883 ("To determine whether a MLM business is a pyramid, a court must look at how the MLM business operates in practice.").

Dr. Bosley did not consider actual commissions paid to Affiliates in rendering her opinions, yet still concluded: "Affiliate compensation is overwhelmingly triggered by recruitment and recruitment-associated purchases, not to sales of ultimate users." [Dkt. #8, Exh. 3, at p. 79 ¶ 142]. Dr. Bosley further states that the "anticipated result of the SBH's program, as designed, is an endless recruitment chain, with a strong emphasis on recruitment over sales to ultimate users." [Dkt #8, Exh. 3, at p. 80, ¶ 145]. However, *BurnLounge* and its predecessors clearly state that the Court must consider not the anticipated results, but how the business operates in practice. An analysis of actual commissions is essential to this consideration, and the FTC does not provide it, though it is their burden to do so.

## b. <u>SBH Affiliate Training and Policies Reinforce Permissible Practices</u>

In formal trainings and on Daily Heat Calls, Defendants reinforce to affiliates that retail sales of SBH product are the first step toward earning income in the program. [SOF ¶ 16-19]. For example, SBH training and recruitment materials consistently refer to retail sales as "Step 1." [See Dkt #8, Exh. 1, Att. 52 at 462]. With just ten customers spending \$105 per month, the materials accurately state that the affiliate can earn \$450 each month (not including the additional 10% tier commission the affiliate would have earned on his purchase of the product for sale to the consumer). Likewise, Mr. Noland's first-ever training on the SBH program referred to retail sales as "Number 1." [SOF ¶ 17]. This emphasizes for affiliates the importance of retail sales to the overall compensation structure of the SBH program and trains them to prioritize retail sales.

Success By Media uses Senior Field Advisors to reinforce this training and provide on the ground, personal support to affiliates. [SOF ¶ 21-23]. The SBH Senior Field

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Advisors' purpose is, thus, twofold: (1) to reinforce training regarding making income claims and (2) encourage or assist affiliates in making retail product sales.

Senior Field Advisors also respond to inquiries made online through the SBM Support Center. [SOF  $\P$  22]. Among other things, the Senior Field Advisors help customers and affiliates with unwanted product offload that product through retail sales. [SOF  $\P$  23]

## 3. The FTC Has Not Demonstrated a Likelihood of Success of the Merits of its Misrepresentation Claims.

An act or practice violates 15 U.S.C. § 45(a)(1) if "there is a representation, omission, or practice that, second, is likely to mislead consumers acting reasonably under the circumstances, and third, the representation, omission, or practice is material." *F.T.C. v. Stefanchik*, 559 F.3d 924, 928 (9th Cir. 2009) (quoting *F.T.C. v. Gill*, 265 F.3d 944, 950 (9th Cir. 2001)). Express representations are presumed to be material. *F.T.C. v. Pantron I Corp.*, 33 F.3d 1088, 1096 (9th Cir. 1994). However, a court must consider "the overall 'net impression' that Defendants' representations make upon consumers." *Id.* 

The FTC has failed to provide the Court with sufficient context by which to determine whether the net impression of Defendants statements, trainings, and materials is likely to mislead consumers. Rather, as Defendants show, the net impression of SBH's messaging is that hard work drives results.

## a. The FTC has deprived the Court of important context by cherry-picking its evidence.

The trier of fact must review the context in which alleged misrepresentations are made to assess whether the overall net impression of the statements upon consumers is misleading. *Pantron I Corp.*, 33 F.3d at 1096. The FTC has deprived the Court, as the trier of fact for this preliminary phase, of the relevant context to which it is entitled. The FTC has cherry-picked its evidence of Defendants' alleged misrepresentations in two ways.

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Second, of those limited examples that the FTC elected to present to the Court, the FTC has cherry-picked phrases and passages, again eliminating the context that is essential to the trier of fact's determination of the net impression on consumers.

First, the FTC has culled from the many events, trainings, YouTube videos, over

600 Daily Heat Calls and more than 300 Facebook video presentations, just a small

percentage of examples to include with its filings to the court. For example, the FTC

investigator listened to 15 Daily Heat Calls, and his paralegal recorded (and perhaps

listened to) 170 Daily Heat Calls [See Dkt #8, Exh. 1 at ¶ 42, ¶44], out of the over 600

total calls hosted by SBH. [See SOF ¶ 19]. Thus, the FTC's investigation eliminates the

important context of the content that was either not reviewed or captured at all, or not

included in its Declaration—presumably because the FTC investigators did not find the

statements misleading or otherwise objectionable.

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b. <u>Defendants' claims are neither false nor lacking a reasonable basis.</u>

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A representation is "likely to mislead consumers" when (1) the representation is false; or (2) the advertiser lacked a reasonable basis for its claims. F.T.C. v. John Beck Amazing Profits, LLC, 865 F. Supp. 2d 1052, 1067 (C.D. Cal. 2012) (citing F.T.C. v. U.S. Sales Corp., 785 F. Supp. 737, 748 (N.D.III.1992); *In the Matter of Thompson Med. Co.*, Inc., 104 F.T.C. 648, 64 (1984)). Puffery is defined as "empty superlatives on which no reasonable person would rely." *F.T.C. v. Trudeau*, 579 F.3d 754, 765 (7th Cir. 2009); *All-Tech Telecom, Inc. v. Amway Corp.*, 174 F.3d 862, 868 (7th Cir. 1999). "When determining whether statements amount[] only to puffery, the court must analyze the context in which the statements were made." *In re Bridgepoint Educ. Inc. Sec Litig., No.* 3:12-CV-1737 JM (WMC), 2013 U.S. Dist. LEXIS 131423 at \*17 (SD Cal. Sept. 13, 2013 (citing *Trudeau*, 579 F. 3d at 766 ("In determining whether a statement is puffery, the context matters.").

Defendants are also entitled to engage in puffery to promote their product and program. Puffery is "empty superlatives on which no reasonable person would rely."

Corp., 174 F.3d 862, 868 (7<sup>th</sup> Cir. 1999). "When determining whether statements amount[] only to puffery, the court must analyze the context in which the statements were made." *In re Bridgepoint Educ. Inc. Sec Litig., No.* 3:12-CV-1737 JM (WMC), 2013 U.S. Dist. LEXIS 131423 at \*17 (SD Cal. Sept. 13, 2013 (citing *Trudeau*, 579 F. 3d at 766 ("In determining whether a statement is puffery, the context matters."). When viewed in context, Defendants' assertions about the income potential available to affiliates, while designed to be motivational and inspiring, do not amount to impermissible misrepresentations.

F.T.C. v. Trudeau, 579 F.3d 754, 765 (7th Cir. 2009); All-Tech Telecom, Inc. v. Amway

i. Context of Statements Reveals the Net Impression on Consumers.

Where Defendants do reference income potential, their claims are mathematically correct and, therefore, not false. In other words, it is possible for some affiliates to earn thousands of dollars a month in commissions and bonuses as an SBH affiliate, and, in fact, some have.<sup>5</sup> The FTC's expert's calculations acknowledge that such income is possible under the SBH commission and bonus plan, even without complete "tiers" of downline affiliates. [Dkt. #8, Exh. 3 at p. 35, Tables 2 and 3.]

Furthermore, these statements are accompanied by (1) disclaimers (either written, spoken, or both) that reinforce for prospective affiliates that financial success of any kind can only come from effort and (2) an acknowledgement from Defendants that not all prospective affiliates are seeking compensation to achieve job replacement or financial freedom. In short, Defendants do not "promise" affiliates substantial income or even suggest that all affiliates should be pursuing financial freedom, as the FTC has alleged. [Dkt. #8 at p. 5]. Understood in their proper context, Defendants' statements are unlikely to mislead a reasonable consumer about the income potential of the SBH program.

For example:

<sup>&</sup>lt;sup>5</sup> Affiliates on the independent Facebook page described in n.3 *supra*, describe such earnings, and dozens of these people have offered to provide testimony in support of the Defendants in this proceeding.

• The FTC alleges that Defendants frequently tell consumers that they likely will replace their job income within six months and obtain "financial freedom" within 18 months if they work hard and follow Defendants' instructions. [Dkt. #35 at ¶ 39(a), Dkt. #8 at p. 5]. The full context of those statements provides:

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        out starting with the core. So I want people with the
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        warrior mindset. Or if you're not there, you're very
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        respectful, you're not getting your feelings hurt when
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        we're pushing our ass off out here busting through and
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        bringing people to financial freedom.
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              I'm going to have people by the end of this
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        year, they never have to work again. Did you hear
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        what I just said? There will be people working and by
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        the end of this year they never, ever have to work
        again. Period. That's what's going to happen right
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        before your eyes. In order for me to do that, I got
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        to bring the heat. I got to have a place where me, my
 3
        leaders and the affiliates that are in there, they
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        understand and they're wanting the heat. Y'all got
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              All right. So that's the key to the SBH
        Heat page. I wonder if my landscapers are here? You
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        got to bear with that background. I'm only -- this is
        going to be a short one. My landscapers are going to
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        be coming here.
              All right. Now, listen to me. Here's what
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        everybody else needs to understand. There's two other
        subjects I want to cover in housekeeping. Okay.
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        There's people that bought extra red tickets and
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        there's people that bought extra boot camp tickets. I
        want y'all to listen very carefully what I'm going to
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        tell you here.
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So I want the Heat. I've got to develop

right now, I need 100 warriors. I'm going to build it

[Dkt #8, Exh. 1, Att. 113 at 5:21-6:5].

• The FTC alleges: "With just under four hours left in one 30-day qualification period, Noland told Affiliates with \$500 in volume to buy \$14,500 in additional products so they could reach a higher rank." Dkt #35 at ¶ 73(c). The full context of those statements provides:

of direct sales say the same thing. They go, man, I don't feel any of that. So you got to make your mind up as we go into it. What do we got? How much time we got left? We got three hours and 45 minutes to burn it up. I would love for somebody to go SBA1 that's sitting at about 500 in volume right now. That's 15,000 in volume. You can do it. It's just in your mind. It's all in your mind. You got the products. You got the new GHCBD products. That's ridiculous, by the way. When you see what we're going to do with this -- this -- this incredible, hip CBD cannabis line, we're going to dominate that so crucially, incredibly awesome. I had to give it all kind of adjectives. You notice that? We're going to blow them up. Listen to me. You can go in, order you a case. I remember when I built my last multi-million-dollar ridiculous run of students. I had a plethora of them that came from nowhere that became multimillionaires -- millionaires and multimillionaires. We used to talk about, hey, I'm on your case. People would always be saying, I'm on your case. And we all knew what that meant. If they said I'm on your case, that means

[Dkt #8, Exh. 1, Att. 106 at p. 976 10:5-24]. It is clear from this additional context that Mr. Noland was not, as the FTC would have it, pressuring any specific affiliates into spending money they don't have. Rather, his comments are motivational, saying he would love to see someone make a big jump in sales.

• The FTC alleges that Mr. Noland tells affiliates that they can have a "reasonable expectation" of replacing their job income within six months simply by being "result-oriented and focused." [Dkt #8, p. 5]. The full context of that statement provides:

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1	They're going to ask at least two people a day to actually join the business for money. See,
2	some people will be prospecting with a followup.  That's why I say five. But if you're consistently
3	doing that sampling, right, prospecting, setting appointments, following up, you're going to get your
	pipeline built up of all these people you've sampled to, all these people you've prospected, and maybe you
4	didn't have enough time at that setting, you set a second appointment, so you're going to have at least
5	two per day, five days per week for six months. So
6	10  1 you're asking two people a day for money.
7	2 You're going to do that five days a week, 3 and you're going to do that for six months. By doing
	4 so, you can have a reasonable expectation that you
8	6 oriented and focused. So it wasn't just, hey, you
9	7 want to get in the business? That's not what I'm 8 talking about. I'm talking about showing the plan, 9 going through those bullet points.
10	9 going through those bullet points.
11	See Dkt #8, Exh. 1, Att. 88 at p. 867, 10:3-6. Mr. Noland goes on to explain:
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	products. So you need to be thinking about that.
13	So, now, if I want my financial freedom people, if I want them to understand what to do, I'm
14	going to set the expectation for them. I'm going to say would you like to be financially free. People say
15	yes. Now, here's the issue that we all got to deal
	with today. Here's the issue. Only 10 percent of the people are going to work the work ethic to replace
16	their income. And only 10 percent of the people that
17	are building the business are going to actually have
18	14
19	the work ethic to get financial freedom. Only 10 percent Okay? And that's a high number.
20	percent Okay? And that's a high number.  Here's the problem. Eighty percent of the people that see this business when the plan is shown correctly, are going to say, I want financial freedom.  Eighty percent. So how most people get stuck in this industry is they get frustrated by all the people
21	correctly, are going to say, I want financial freedom. Eighty percent. So how most people get stuck in this
22	8 telling them that they want financial freedom, but
23	when it comes to the action part, putting it into play, only 10 percent that means if you personally
	refer 10 people into the business, only one of them will show you the work ethic in order to go out and
24	13 get financial freedom, only one. 14 Another one will show you the work ethic to
25	<i>Id.</i> at 13:17-25, 14:1:13.
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As these few examples reveal, the context within which the FTC's cherry-picked phrases are situated bear directly on how a listening consumer might understand and interpret

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them. Thus, the Court cannot rely on how the statements or parts of statements are presented by the FTC, but must understand them in context before determining what the "net impression" of the presentation is and whether the presentation, heard in full, is likely to mislead a reasonable consumer.

*ii.* Disclaimers add additional context and expectation management.

The FTC does not dispute that Defendants' written promotional materials contain income disclaimers. [Dkt. #8, p. 9-10]. Whether the income disclaimers are sufficient to advise the consumer of her realistic expectations regarding their true income potential as an SBH affiliate is up to the trier of fact, not the FTC (unless the FTC can point to a regulation dictating the permissible font size and color.)

More importantly, the pervasiveness and the conspicuousness of the disclaimers is not as the FTC have presented them. Materials explaining the SBH commission plan contain visible disclaimers on every slide that reference income potential. [See, e.g. Dkt #8, Exh. 1, Att. 8 at pp. 116, 120, 121, Att. 52 at pp. 462-472]. It is disingenuous and misleading for the FTC describe the font size on these slides as "2 millimeters" when it is clear that the slides are designed as presentation and therefore the "size" of the disclaimer depends upon the screen used to deliver the presentation. [Dkt. #8 at 9-10.] In any event, the disclaimer is conspicuous even as displayed in the PDF version included by the FTC. [Dkt. #8, Exh.1, Att. 8, 52].

SBH's terms and conditions also contain explicit income disclaimers. [See Dkt. #8, Exh. 1 at Att. 6, p. 92]. Again, whether this disclaimer, along with the totality of the statements made by Defendants, is sufficient to advise the consumer of his income potential in the SBH program under section 5 of the FTC Act is a question for the trier of fact. But the FTC does not dispute that the disclaimers are there.

<sup>&</sup>lt;sup>6</sup> In this way, Dr. Bosley again usurps the role of the Court. For example, she opines that "SBH and Mr. Noland are promoting a fraudulent marketing program, using deceptive and prohibited income representations." [Dkt. #8, Exh. 3, p. 80, ¶ 145]. Such fraud opinions by an expert are improper. [Fahlman Report, ¶ 20]. Rather, it is the Court's job to evaluate whether the totality

# 4. The FTC has not Demonstrated a Likelihood of Success on the Merits of its Cooling-Off Rule or Merchandise Rule claims.

The FTC makes sweeping generalizations with regard to SBH's refund policy, propensity to issue refunds, and ability to timely fulfill product orders. [Dkt. 8, p. 24-27]. The FTC alleges that Success by Media failed to "conspicuously" disclose a shipping date in violation of 16 C.F.R. 435.2(b)(1) (the "Merchandise Rule"). [Dkt. #8, p. 38-39] However, the FTC's allegation is directly contradicted by its own evidence, which shows that Success By Media's terms and conditions (a logical place to find such information) candidly disclose to purchasers that most product shipped with 48 hours, but some orders may take up to 60 days or more to fulfill. [Dkt. #8 at p. 24-25]. The FTC also ignores the fact that SBH's website contains separate direct bottom banner links to the Shipping Policy, Terms of Use and other legal disclosures. [See SOF at ¶¶ 24-25; See also Dkt. #8, Ex. 1 at Att. 5, p. 3, Att. 6, p. 7, Att. 7, p. 3 (showing Shipping Policy link on bottom banner of SBH webpages)]. These policies are not "buried" as the FTC alleges. [Dkt. #8, p. 24].

The FTC also alleges that Success By Media "refuses" to issue any refunds, in violation of 16 C.F.R. § 435.2(c)(1). Again, the data paints a decidedly different picture.

Despite claiming that "multiple consumers" report never receiving products or waiting months for delivery, the FTC cites to just 9 examples of consumers (out of over 33,000 transactions, see SOF at ¶ 26) alleging issues with delivery [Dkt. 8, p. 24-27]. Success By Media fulfilled 99% of the 33,473 product transactions logged between July 2017 and January 2020. [SOF ¶ 26]. Between May 30, 2018 and January 2020, SBH fulfilled incoming product orders in an average 3.933 days. [SOF ¶ 27].

Despite its transparent no refund policy, Success By Media issued 172 refunds to SBH customers during that period. [SOF ¶ 29]. Senior Field Advisors also worked with customers considering requesting a refund to help sell their product to someone else,

of the evidence shows that a reasonable consumer is likely to be misled by Defendants' statements.

which would not be logged as a traditional refund but resulted in the customer being compensated for the product they no longer wanted. [SOF ¶ 23]. Occasionally, customers would request a chargeback through their bank. Of the 134 chargebacks requested, 44 were reversed in favor of Success by Media, indicating that the customer had in fact received the product at issue. [SOF ¶ 29]. (Had the FTC taken Success By Media's offer of cooperation seriously, they too would have had this data.)

Finally, the FTC alleges that Success By Media failed to inform consumers purchasing above the \$130/order threshold of their right to cancel in violation of 16 C.F.R. § 429.1 (the "Cooling-Off Rule"). [Dkt. #8, p. 39]. However, § 429.1 only applies to door-to-door sales (i.e., if Affiliates elect to sell product at a retail markup in person). 16 C.F.R. § 429.0 (Defining door-to-door sale as any "sale, lease, or rental of consumer goods or services in which the seller or his representative personally solicits the sale[.]"), of which the FTC has not produced any evidence.<sup>7</sup> Most importantly, the FTC does not point to *any* specific instances of an in-person \$25 or \$130 purchases where the required disclosures were not provided.<sup>8</sup>

The FTC therefore has failed to establish likelihood of success on the merits of their alleged violations of the Merchandise Rule and the Cooling-Off Rule, and a preliminary injunction cannot issue on that basis.

<sup>&</sup>lt;sup>7</sup> As discussed previously, the FTC and its expert repeatedly downplay the impact of in-person retail sales on the profitability of Affiliates and the structure of the SBH compensation plan as a whole. Retail sales cannot simultaneously be irrelevant and "exacerbating" the harm caused by SBH's compensation plan. [See Dkt. #8, p. 24].

<sup>&</sup>lt;sup>8</sup> As support for this argument [Dkt. # 8, p. 39], the FTC cites broadly to its SOF Section II.E, which does not allege *any* purchases of \$130 or more where the required cancellation policy was not provided. FTC investigator Rottner used his undercover identity to purchase, via the SBH website, \$46.00 worth of product, \$118.00 worth of product, \$59 worth of product, and \$25.00 training session [Dkt. 8, Exh. 1 at ¶ 66, ¶ 69, ¶ 73, ¶ 83]. None of these purchases would trigger the disclosure requirements alleged to have been violated.

# 5. The Balance of the Equities Favors Denying Injunctive Relief Because the TRO and Preliminary Injunction Are Overly Broad and Unduly Burdensome.

The FTC has not presented any argument to the Court regarding the scope of preliminary injunction they seek. Presumably, the FTC seeks entry of a preliminary injunction order substantially similar to the TRO they have already obtained, including a continued asset freeze and appointment of a permanent receiver. Because Defendants operate a legitimate affiliate-marketing business, the TRO is overly broad and unduly burdensome, as would be any substantially similar preliminary injunction. *See FTC v. Loewen*, No. C12-1207MJP, 2012 U.S. Dist. LEXIS 130924, \*12-13 (W.D. Wash. Sept. 13, 2012) (denying injunctive relief where FTC's proposed TRO and preliminary injunction, including an asset freeze, imposed hardships on defendants because balance of equities tipped in favor of defendants); *FTC v. Merch. Servs. Direct, LLC*, No. 13-CV-0279-TOR, 2013 U.S. Dist. LEXIS 114960, \*12-13 ("Given that the FTC has not established a high likelihood of success on the merits, the risk of putting Defendants out of business is unacceptable.").

The balance of equities favors Defendants. FTC has not met its burden to show that it is likely to succeed on the merits of its claims against Defendants. SBH's sales, and the commissions earned thereon, are driven by consumption and retail sales by affiliates. Nor has the FTC shown that Defendants' statements, when taken in their full context, are likely to mislead or deceive consumers. Most importantly, the FTC has not demonstrated that any of the alleged violations are likely to recur, which is a prerequisite to granting preliminary injunctive relief. *Evans Products Co.*, 775 F.2d at 1087. Yet a preliminary injunction that includes a continued asset freeze and appointment of a receiver, will likely put Success By Media out of business. Thus, the balance of equities tips in Defendants' favor and the TRO should be dissolved and not replaced with a similar preliminary injunction.

In the alternative, any preliminary injunction ordered should be narrowly tailored to address only alleged violations of the FTC Act for which the FTC has met its burden. *See Califano*, 442 U.S. at 702 (an injunction should be "no more burdensome to the defendant than necessary to provide complete relief to the plaintiffs"). The Court already recognized at the *Ex Parte* Hearing that interim relief should be tailored to fit the objectives of the relief sought and that the Court should order only what is "totally necessary." [Hearing Tr. at 23:1-7]. Defendants agree.

While Defendants do not concede that any part of Success By Media's operations are pyramidal in nature, if the Court determines that the FTC has met its burden with regard to certain aspects of Defendants' operations or representations, it should tailor the injunctive relief to address just those concerns while allowing the unproblematic portions of the company to operate.

## B. The Temporary Receiver Should be Dismissed in Favor of a Monitor

## 1. Receiverships are Extraordinary Remedies of Last Resort.

Appointment of a receiver is an extraordinary and drastic remedy. *Solis v. Matheson*, 563 F.3d 425, 437 (9<sup>th</sup> Cir. 2009) ("The appointment of a receiver is considered to be an extraordinary remedy that should be employed with the utmost caution and granted only in cases of clear necessity to protect plaintiff's interests in the property.") (citing 12 Charles Alan Wright & Arthur R. Miller, Federal Practice and Procedure § 2983 (2d ed. 1997). The appointment of a receiver interferes with defendants' property rights by ousting them from control of their own company. *Solis*, 563 F.3d at 437. This extraordinary remedy is warranted in only "the most compelling circumstances." *Bracco v. Lackner*, 462 F. Supp. 436, 456 (N.D. Cal 1978).

The appointment of a receiver is not a matter of right or entitlement, and the Court has broad discretion in deciding whether to appoint a receiver. *Canada Life Assurance Co. v. LaPeter*, 563 F.3d 837, 845 (9th Cir. 2009). A request for appointment should not be granted without careful consideration of and factual findings on the federal receivership

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factors. Canada Life, 563 F.3d at 844, Sterling Sav. Bank v. Citadel Dev. Co., 656 F. Supp. 2d 1248, 1258 (D. Or. 2009).

The Ninth Circuit has recognized a variety of factors that federal courts should consider when determining whether a receiver should be appointed, including whether: (1) the party requesting a receiver has a valid claim; (2) there is fraudulent conduct or the probability of fraudulent conduct by the defendant; (3) the property is in imminent danger of loss, concealment, injury, diminution in value, or squander; (4) the legal remedies are inadequate; (5) the harm to plaintiff by denial of a receiver would outweigh injury to defendant opposing a receiver; (6) the plaintiff's probable success in the action and the possibility of irreparable injury to Plaintiff's interest in the property; and (7) whether plaintiff's interests will be well-served by the receivership. Canada Life, 563 F.3d at 844 (citing 13 James Wm Moore et al., Moore's Federal Practice 66.04[2][b] (3d ed. 2008)); Solis, 563 F.2d at 438; Sterling Sav. Bank, 656 F. Supp. 2d at 1258. No single factor is dispositive. Canada Life, 563 F.3d at 845. "The most important factor for a court to consider when deciding whether to appoint a receiver is if an alternative remedy appears likely to be successful." Cobell v. Norton, 226 F. Supp. 2d 1, 146 (D. D.C. 2002).

The FTC has failed to make a sufficient factual showing that appointment of a receiver is warranted in this case. The FTC does not cite or discuss the required Canada Life factors in their briefing. In fact, just two paragraphs of the FTC's 50-page Memorandum is devoted to explaining why a temporary receiver should be appointed. [Dkt. #8 at 49-50]. Instead of walking the Court through the Canada Life factors, the FTC alleges that appointment of a receiver is "particularly appropriate" because of Defendants' "deceptive and unlawful business practices and history of violating court orders" make it likely that Defendants will destroy evidence and dissipate assets. [Dkt. #8 at p. 49]. This singular accusation is insufficient to meet the FTC's high burden to show that a receiver should be appointed.

**<u>First</u>**, the FTC has produced no evidence to support their assertions that there is imminent risk that assets will be concealed or improperly dissipated. So far, Mr. Noland

has no history of violating a court order, though the FTC will attempt to make that claim at some point (but has not yet). With knowledge of the FTC's investigations, Mr. Noland took no steps to dissipate his personal assets or the assets of the Defendant companies. Instead, Mr. Noland, through his attorney, sent a letter to the FTC offering full cooperation. [SOF ¶¶ 41-46]. The FTC ought not be able to manufacture a need for appointment of a receiver by ignoring Defendants' offer of cooperation.

The FTC attempts to show Mr. Noland's propensity to hide assets by identifying a payment to the Nestmann Group, but that payment is a subscription to a company that provides reports and other materials for individuals and business owners looking to live and expand abroad. [SOF ¶ 40] No such allegations are even made regarding the remaining Defendants, each of whom have had their assets frozen and subject to the Temporary Receiver's broad investigatory powers since January 13. Defendants, particularly Mr. Noland, are entitled to a factual showing more robust than just inference and conjecture before a receiver is appointed to manage their assets.

**Second**, for the reasons discussed above, the FTC is unlikely to prevail on its claims of violations of section 5(a) of the FTC Act. Even if the FTC was to establish a likelihood of prevailing on some aspect of their claims, any injunctive relief should limited to a prohibit only the specific business operations implicated in such claims, and the remainder of Defendants business can continue without receivership.

<u>Third</u>, the FTC's evidence fails to show that Defendants operate in a fraudulent manner. Defendants' evidence shows that the Success By Media can operate under their proposed modified business operations plan.

**Fourth**, FTC's allegations that Defendants present an imminent risk of loss, concealment, injury or diminution in value to the now-frozen business and personal assets are not compelling. There is no evidence to support the idea that Defendants would violate any reporting requirements imposed under the proposed modified business operations plan. In fact, Defendants previous offers of cooperation prove just the opposite. Nor do the Noland Defendants present a legitimate flight risk. While the Noland Defendants do

spend time in both Colombia and Uruguay, they do so as a lifestyle choice for their family, and in an attempt to expand the business, not as way to avoid responsibility for their U.S. obligations. [SOF ¶¶ 31-35]. On behalf of Success By Media, the Nolands took several steps towards establishing the business in Uruguay, including leasing warehouse/office space and soliciting applicants for various positions on Uruguay. [SOF ¶¶ 38-39]. The Noland Defendants do not own property in South America and do not intend to relocate there fulltime. [SOF ¶ 38].

<u>Fifth</u>, legal remedies are adequate. Defendants proposed modified business operations plan allows Success By Media to operate on an interim basis with the transparency that the FTC seeks, and under this Court's (not a receiver's) supervision.

Sixth, the likelihood of irreparable injury to Defendants and their business outweighs the harm to the FTC by denial of a permanent receiver. Since January 13, 2020, Defendants have been unable to accept or fulfill any orders by customers and affiliates. While the Temporary Receiver is empowered to operate the company, she has not done so. Moreover, Defendants are aware of affiliates (among the group purported to be in need of the FTC's protection) whose inability to access product to fulfill orders for their customers is harming their independent retail businesses. [See supra, n.3]. The likelihood that Defendants will be unable to overcome the disruption caused by the abrupt end to operations increases with each day. However, if operations are allowed on the modified interim basis proposed, there will be no harm to the FTC, affiliates, consumers, and minimal harm to Defendants' business.

<u>Seventh</u>, there is no risk of irreparable injury to the FTC because removing the receiver and allowing Defendants to operate on their proposed modified basis will actually preserve and increase asset value. Conversely, asset values are being diminished while Success By Media is inoperable.

**Eighth**, any legitimate FTC interests, which are to prevent violations of the FTC Act, are not well served by a receivership. The interim operations proposed by Defendants ensure compliant, Court-supervised operation pending the final determinations in this

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case. The key to preserving all parties' interests lies in the operation—albeit limited operation—of the going concern.

Under these circumstances and with the proposed limitations, there is no basis for continuing the receivership and it should be terminated under the terms proposed by Defendants.

### 2. Defendants are entitled to a Receiver's Bond.

At the absolute minimum, any receiver appointed should be required to post a bond. In a typical civil proceeding, the party seeking a temporary restraining order or preliminary injunction is required to post a bond to protect the enjoined party's assets during the pendency of the injunction and the action. Fed. R. Civ. P. 65(c); *see also Conn. Gen. Life Ins. Co. v. New Images of Beverly Hills*, 321 F.3d 878, 882 (9th Cir. 2003) (We do not, however, believe that the language of Rule 65(c) absolves the party affected by the injunction from its obligation of presenting evidence that a bond is needed[.]"). In many similar cases involving alleged violations of section 5 of the FTC Act, courts have required a Temporary Receiver to post a bond. *See e.g. FTC v. Vemma*, 2:25-cv-01578-JJT at Dkt. #25, p. 16 (ordering Temporary Receiver to post a \$50,000 bond).

Although the Temporary Restraining Order does not require the Temporary Receiver to post a bond, the FTC made no argument to the Court in its briefing or otherwise as to why a receiver's bond should not be required in this case. Should the Court appoint a Permanent Receiver, Defendants request that the Court order the Receiver to post a bond in an amount appropriate to protect Defendants' assets and the value of the Success By Media business.

#### C. The Court Should Not Freeze Defendants' Assets.

A prejudgment freeze of a defendant's assets is an extraordinary remedy, imposed only where there is compelling evidence that the defendant would otherwise dissipate or hide assets. *See Johnson v. Couturier*, 572 F.3d 1067, 1085 (9th Cir. 2009) (noting that "[a] party seeking an asset freeze must show a likelihood of dissipation of the claimed assets, or other inability to recover monetary damages, if relief is not granted"); *In re* 

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Estate of Ferdinand Marcos, Human Rights Litig., 25 F.3d 1467, 1480 (9th Cir. 1994) (noting that a district court can enjoin a defendant where the "defendant has engaged in a pattern of secreting or dissipating assets to avoid judgments"). The FTC has neither alleged nor presented evidence that any of the Defendants here have engaged in the kind of conduct that warrants a prejudgment freeze of their assets. This Court, therefore, should deny that aspect of preliminary relief requested by the FTC.

## D. The Court Should Not Impose Monetary Sanctions as Part of Preliminary Relief.

The FTC seeks relief pursuant to Sections 13(b) and 19 of the FTC Act, 15 U.S.C. §§ 53(b), 57b. (Dkt. #35 at 40.) Section 13(b) of the Act authorizes the district court to impose preliminary injunctive relief to prevent violation of law enforced by the FTC, applying the usual weighing of factors such as likelihood of success on the ultimate merits. 15 U.S.C. § 53(b)(2). Section 19 of the Act provides that as part of final judgment, the district court can impose injunctive relief and monetary relief for violations of the FTC Act. 15 U.S.C. § 57b(b). Because Section 13(b) addresses preliminary relief, it controls what remedy this Court can impose now.

Although § 53(b) does not specifically authorize the imposition of monetary damages as part of preliminary relief, controlling Ninth Circuit precedent holds that a district court has discretion to impose monetary relief such as restitution pursuant to 15 U.S.C. § 53(b). *See FTC v. AMG Capital Mgt., Inc.*, 910 F.3d 417, 422 (9th Cir. 2018).

There is ample reason to question whether the Ninth Circuit has correctly construed the extent of relief that a district court has discretion to impose under the injunctive powers [provided by § 53(b). *See AMG Capital*, 910 F.3d at 430 ("if 'injunction' included court orders to pay monetary judgments, then "a statutory limitation to injunctive relief would be meaningless, since any claim for legal relief can, with lawyerly inventiveness, be phrased in terms of an injunction."") (O'Scannlain, CJ, specially concurring, joined by Bea, CJ, quoting Great-West Life & Annuity Ins. Co. v. Knudson, 534 U.S. 204, 211 n.1 (2002)). As Judge O'Scannlain wrote:

Read together, §§ 13(b) and 19 give the Commission two complementary tools—one forward-looking and preventive, the other backward-looking and remedial—to satisfy its statutory mandate. Injunctive relief in § 13(b) therefore functions as a simple stop-gap measure that allows the Commission to act quickly to prevent harm. \* \* \* Buttressing § 13(b)'s preventive relief, § 19 allows the Commission later to seek retrospective relief to punish or to remediate past violations.

\* \* \*

[A]warding monetary relief under § 13(b) circumvents § 19's procedural protections.

*Id.* at 431.

Until and unless the Ninth Circuit interpretation of § 13(b) of the FTC Act is overturned by an *en banc* panel or the Supreme Court, it is controlling law. *Miller v. Gammie*, 335 F.3d 889, 893 (9th Cir. 2003) (en banc). But that precedent only stands for the principal that § 13(b) gives the district court discretion to order monetary relief as part of its preliminary injunctive powers. It does not mandate that the court order such relief. It is discretionary. For all the reasons identified by Judge O'Scannlain in *AMG Capital*, (for which a petition for *writ of certiorari* is currently pending), this court should exercise its discretion and refrain from ordering any monetary relief at this early point in this litigation.

#### IV. CONCLUSION

The FTC has not met its burden to show that a preliminary injunction, continued asset freeze, and continued appointment of a receiver should issue. Defendants have the right to operate their businesses unless and until this Court adjudicates—on the merits and after a full and fair trial—that Defendants have violated section 5 of the FTC Act. For these reasons, Defendants request that the Court deny the FTC's request for a preliminary injunction.

## Case 2:20-cv-00047-DWL Document 72 Filed 02/06/20 Page 36 of 37

1	RESPECTFULLY SUBMITTED this 6th day of February, 2020.
2	GORDON REES SCULLY
3	MANSUKHANI, LLP
4	By: <u>/s/ Leon B. Silver</u> Leon B. Silver
5	Rebecca N. Cain Andrew S. Jacob
6	Mary M. Curtin Rachel L. Werner
7	Attorneys for Defendants
8	Thorneys for Defendants
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1 **CERTIFICATE OF SERVICE** I hereby certify that on February 6th, 2020, I electronically transmitted the 2 foregoing document to the Clerk's Office using the CM/ECF System for filing and 3 transmittal of a Notice of Electronic Filing to the CM/ECF registrants represented in this 4 5 matter. 6 Evan M. Mendelson 7 Jonathan W. Ware FEDERAL TRADE COMMISSION 8 600 Pennsylvania Avenue NW, CC-9528 9 Washington, DC 20580 emendelson@ftc.gov 10 jware1@ftc.gov 11 Warren J. Stapleton 12 OSBORN MALEDON LP 13 2929 N. Central Ave., 21st Floor Phoenix, Arizona 85012 14 wstapleton@omlaw.com 15 Attorney for Receiver 16 By: Angelina Chavez 17 18 19 20 21 22 23 24 25 26 27

# **EXHIBIT A**

# Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 2 of 163

1	Leon B. Silver (SBN: 012884)							
2	Rebecca N. Cain (SBN: 025604) Andrew S. Jacob (SBN: 022516) Mary M. Curtin (SBN: 031973) Rachel N. Werner (SBN:							
3								
4	GORDON REES SCULLY MANSUKI Two North Central Avenue, Suite 2200	HANI, LLP						
5	Phoenix, AZ 85004							
	Telephone: (602) 794-2493 Facsimile: (602) 265-4716 lsilver@grsm.com rcain@grsm.com ajacob@grsm.com mcurtin@grsm.com							
6								
7								
8	rwerner@grsm.com							
9	Attorneys for Defendants							
10	The ment of Defendants							
11	IN THE UNITED STATES DISTRICT COURT							
12	FOR THE DISTRICT OF ARIZONA							
13								
4	Federal Trade Commission	) CASE NO. CV-20-00047-PHX-DWL						
15	Plaintiff,	) ) DECLARATION OF JAMES D.						
16	VS.	) NOLAND, JR.						
17	James D. Noland, Jr., et al.,	) )						
	Defendants.							
18		<i>)</i>						
19	I, James D. Noland, Jr., declare un	der penalty of perjury:						
20	1. I am the chief executive office	cer of Success By Media, LLC.						
21	2. I am also the owner, director,	chief executive officer, president, and treasurer						
22	of Success By Media Holdings, Inc., which is Success By Media LLC's parent company							
23	(collectively, "Success By Media").							
24	(concentrally, success by Media ).							
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-1-

- 3. I declare that following is either personally known to me or has been or has been obtained from (1) people who I believe to be reliable and capable of ascertaining the facts described herein or (2) records maintained by Success By Media.
- 4. Success By Media operates three distinct revenue-generating business verticals:
  - Success By Coaching
  - Success By Networking
  - Success By Health
- 5. Success By Coaching provides generic, non-branded personal growth and training systems.
- 6. Success By Coaching has generated \$592,087.67 in revenue since its inception in 2016.
- 7. Success By Networking provides consulting and training services to individuals in the direct sales industry.
- 8. Success By Networking has generated \$872,687.92 in revenue since its inception is 2016.
- 9. Success By Health (SBH) is an affiliate-marketing program that sells coffee products and other nutraceuticals through its online platform and network of affiliates.
  - 10. SBH has generated \$7,040,205.05 in revenue since its inception in mid-2017.
- 11. Prior to the imposition of the temporary restraining order in FTC v. Noland et al, 20-cv-00047-PHX-DWL, Success By Media was also in the process of launching additional business verticals including: Success By VT (Virtual Training), Success By Travel, and Success By Music.
- 12. Revenue generated by the various business verticals is reflected in Success By Media's audited year-end financial statements.
- 13. All business verticals are operated through Success By Media and utilize the same bank accounts and payment platforms.
  - 14. As of January 13, 2020, SBH had 6,754 affiliates.

Accelerator Generation Infinity Bonuses and BAM Bonuses.

- 26. Auto-Order Bonuses are a loyalty rewards program, which allows affiliates to earn a 5% product credit on personal auto-orders plus additional \$65 or \$130 product credit for enrolling 5 or 10 customers/affiliates in a \$60 monthly auto-order.
  - 27. Auto-Order is not required to earn any other SBH commissions.
- 28. Accelerator Bonuses are one-time bonuses available to affiliates whose downline affiliates purchase a promotional product business pack.
- 29. SBH Affiliates earn a minimum of \$15 and up to \$30 for the sale of the \$125 Product Starter Pack.
- 30. A \$125 Product Starter Pack contains \$156 worth of product (as calculated by the listed wholesale price of each product if purchased individually).
- 31. SBH Affiliates earn a minimum of \$75 and up to \$125 for the sale of the \$500 Accelerator Pack.
- 32. A \$500 Accelerator Pack contains \$605.00 worth of product (as calculated by the listed wholesale price of each product if purchased individually).
- 33. SBH Affiliates earns a minimum of \$325 and up to \$500 for the sale of the \$1995 Super Accelerator Pack.
  - 34. A \$1995 Super Accelerator Pack contains \$2198.00 worth of product.
- 35. An affiliate whose team reaches \$15,000 in purchases in their team network becomes a Super Business Affiliate and earns a 1% "Generation Infinity Bonus" on all purchases (customer or affiliate) in his network.
- 36. Super Business Affiliates can earn up to an additional 3% "Generation Infinity Bonus" based on the sales purchases performance of their affiliate team.
- 37. SBH Affiliates earn one-time BAM bonuses for hitting certain team and sales milestones.
- 38. BAM bonuses range from \$1,000 to \$5 million and depend on the number of downline affiliates and their product purchases in the earning affiliate's network.

- 39. The BAM Bonus is the only SBH bonus that requires a certain number of downline affiliates to qualify. However product purchases must be made by those certain number of downline affiliates in an effort to promote more retail sales.
- 40. SBH marketing and training emphasize that retail sale of the products is always the first step toward getting paid as a SBH Affiliate.
- 41. In my first-ever video presentation on the SBH program on October 31, 2017, I referred to retail sales as "number one."
- 42. SBH hosts "Daily Heat Calls" during which affiliates are encouraged to share their retail success stories.
- 43. From July 2017 through January 13, 2020, SBH hosted the following affiliate trainings/check-in events:
  - 609 Daily Heat Calls
  - 358 Facebook Live Videos
- 44. Scott Harris and Thomas Sacca also operate as Senior Field Advisors for SBH.
- 45. SBH Senior Field Advisors are responsible for verifying SBH Affiliates' compliance with training including sales scripts and recruitment scripts.
- 46. Senior Field Advisors are responsible for responding to and resolving support tickets submitted through the Success By Media support center.
- 47. Senior Field Advisors also assist SBH Affiliates with offloading unwanted product to other affiliates or customers through direct sales.
- 48. SBH Terms of Use can be access via a link on the bottom bar of the SBH website. (www.successbyhealth.com). A true and correct copy of the SBH Website is attached hereto as Exhibit 1.
- 49. SBH Shipping Terms can be accessed via a link on the bottom bar of the SBH website. A true and correct copy of the SBH Shipping Terms is attached hereto as Exhibit 2.
  - 50. From July 2017 to January 2020, SBH logged 33,473 product transactions.

- 51. Of the total product transactions logged by SBH, 33,123 were successfully processed and delivered.
  - 52. From May 30, 2018 through January 10, 2020, SBH shipped 21,920 orders.
- 53. The average time to fulfill (from invoice to shipment from warehouse) those orders placed between May 30, 2018 and January 10, 2020 was 3.933 days.
- 54. Any backordered items would be designated as such on the "Product Catalog," the e-commerce platform within SBH's website. (https://successbyhealth.com/product-catalog).
- 55. From July 2017 to January 2020, Success By Media issued 172 refunds on SBH products.
- 56. Success By Media received 134 chargeback requests from SBH purchasers' credit card companies, 44 of which were later reversed when SBH established that the complaining purchaser received the product ordered.
- 57. Based on my experience in the direct sales industry, SBH's rate of chargeback occurrences is low.
- 58. SBH Senior Field Advisors also work with Affiliates or customers considering a refund to offload product through sale to other customers or Affiliates.
- 59. Any product resold through direct retail sales would not be logged in SBH records as a refund, but resulted in purchasers being compensated for unwanted product.
  - 60. My wife Lina Noland was born and raised in Colombia.
- 61. Lina relocated to the United States from Colombia after we got married in November 2012.
- 62. Lina and I have always wanted our son, who is bilingual, to experience life in a Latin American country.
- 63. We considered spending part of the year in Colombia where Lina's family still lives, but decided against it due to security concerns.
- 64. After researching for several years which Latin American countries were safest for foreign nationals to live and work in, we determined that we would visit

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Uruguay to assess whether it would be a place that our family could live part-time and possibly expand and launch other businesses.

- We traveled to Uruguay for the first time in August, 2019 and spent approximately nine days there before traveling to Colombia to visit Lina's family.
  - 66. We returned to the United States on September 3, 2019.
- After returning to the United States, we again visited Uruguay in October 67. 2019. I returned on January 13, 2020 with Lina and our son.
- We do not own real estate in Uruguay, but leased an apartment and a office/media facility for Success By Media's operations.
  - 69. We did establish a Uruguayan bank account.
- We also financed one car and two all-terrain vehicles in Uruguay for our personal use and the company's use.
- Success By Media listed three job openings for positions with Success By 71. Media in Uruguay: an Executive Assistant, an Office Manager, and Model Talent. True and correct copies for those job postings are attached hereto as Exhibit 3.
- 72. As of February 6, 2020, Success By Media has received over 100 applications in responses to those postings, and I conducted several in-person interviews at our office location there.
- I make payments to the Nestmann Group from as a subscription for access to reports other materials for individuals and business owners looking to live or expand their businesses abroad.
- 74. Prior to the service of the Complaint and Temporary Restraining Order in this matter, the FTC never notified me of any concerns regarding Success By Media's or SBH's business practices or asked me to provide any information regarding the same.
- 75. The FTC never made any requests of me pursuant to the 2002 Permanent Injunction issued in F.T.C. v. Netforce Seminars, 00-cv-2260-PHX-FJM, authorizing the same.

1	76. In May 2019, I learned of the FTC's investigation through a bank subpoena
2	issued by the FTC to Wells Fargo bank.
3	77. On May 20, 2019, I, through counsel, sent a letter to the FTC offering to
4	cooperate with the ongoing investigation. A true and correct copy of that letter is attached
5	hereto as Exh. 4.
6	78. After that letter was sent, the FTC did not make any requests of me personally
7	or of Success by Media.
8	
9	DATED February 6, 2020.
10	
11	James D Noland Jr.
12	James D. Noland, Jr.
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**28** 1204142/49870857v.1

# EXHIBIT 1

# David G. Eisenstein, Esq.

Attorney-At-Law 2588 El Camino Real, Suite F-139 Carlsbad, California 92008 Telephone: (858) 345-6838

Email: Eisenlegal@gmail.com

also admitted in Arizona

May 20, 2019

Jonathan W. Ware Federal Trade Commission 600 Pennsylvania Avenue, NW Drop CC-9528

VIA EMAIL ONLY TO jware1@ftc.gov

Re: James D. ("J.D.") Noland/Settled/Terminated Civil Action Case No.: 00-2260 PHX FJM (FTC v. Netforce Seminars, et al.)/Federal Rules of Evidence, Rule 408 Confidential Offer of Settlement

Dear Mr. Ware,

As we discussed by telephone earlier today, I represent James D. Noland Jr., Success By Media, LLC and its divisions (collectively referenced herein as "SBM") with respect to the Commission's ongoing review to assure compliance with the Final Judgment and Order for a Permanent Injunction as to J.D. Noland signed by U.S. District Court Judge Frederick J. Martone on July 1, 2002, and filed July 8, 2002 (the "Injunction").

My purpose in corresponding with you at this time is to convey my clients' offer of cooperation in the Commission's ongoing review to assure compliance with the Injunction. It is our hope that you will agree that my clients' cooperation will help expedite the Commission's review.

Please advise at your earliest convenience as to whether the offer of cooperation set forth in this correspondence is acceptable.

Sincerely,

<u>/s/ David Eisenstein</u>

David G. Eisenstein, Esq.

DE/dge

cc. James D. "J.D." Noland

# EXHIBIT 2



Referring Affiliate: Success By Health (o)

ES



Affiliate Login



AFFILIATES FOUNDATION RESOURCES V NEWS

# MYCOCAFÉ COFFEES

**PRODUCTS** 

### SUCCESS BY HEALTH BRINGS YOU BACK TO THE BASICS

### The human body can live to 120 years of age

In a world full of fad diets and trendy workouts, it is hard to know the best course of action when taking control of your health and wellness. Success By Health brings you back to the basics. We believe that when cared for correctly, the human body can live to 120 years of age. We have created the most powerful nutritional products, and the most up to date, customizable, fitness and nutrition plans. We will be a guide and a resource to you the entire way, as we understand that in order to live in true health and complete wellness, we must address it from all aspects of life.

One of our key nutritional components, is maximizing the full potential of the "Myco World" (medicinal mushrooms). Ganoderma (Reishi Mushroom) is known as the "King of Herbs" and has over 3 million pages of third party documentation. There are also other powerful mushrooms that we cultivate that can combine to provide your body with the most potent nutritional properties available in the world.

We will be a guide and a resource to you the entire way, as we understand that in order to live in true health and complete, wellness, we must address it from all aspects of life:

MENTAL EMOTIONAL PHYSICAL SOCIAL FINANCIAL SPIRITUAL

Pro

# HAPPY CUSTOMERS

The most amazing products I've used and with great results!

## Brenda L

# AFFILIATE PROGRAM

## Make Money Referring Our Products & Services

Through our powerful affiliate program, we allow everyone the opportunity to profit from our company's products and success. The Success By Health (SBH) Affiliate Program is simple to join and requires no monthly product purchases to earn commissions. Simply refer our products and services to others and earn! Our program pays up to 35% (or more) on every order that the company receives that is referred by our affiliates. Our Affiliate Program includes a powerful 6 Level Affiliate Payout.



READ MORE

## **OUR PRODUCTS**

BEVERAGES NUTRACEUTICALS BUSINESS PACKS COMBO PACKS









BEVERAGES

**NUTRACEUTICALS** 

**BUSINESS PACKS** 

**COMBO PACKS** 

## **BLOG**



#### INTUITIVE EATING AND REAL HEALTH

Let's talk about food. It may seem like a weird topic for a success and lifestyle blog. Let me explain why it affects everything you do.

We tend to forget that *food* is *just food*. It is not inherently good or bad. Our judgements make it that way and our bodies respond to food based on those judgements and beliefs just like your bank account responds to your judgements and beliefs about money.

READ MORE



# 5 WAYS TO BE MORE PATIENT WITH YOURSELF AND YOUR BUSINESS

What do long lines, weight loss, and babysitting all have in common?

Okay, yeah maybe they cause stress, or they're situations we don't really like to be in- but the real answer is, they're all situations where we could use a little extra patience.

READ MORE

#### AFFILIATE INFO

Success By Health (o)
EM: info@successbymedia.com
PH: 8885989990



## ORGANIC GANODERMA



Success By Health's Ganoderma and other nutritional mushrooms are  $\label{eq:Ganoder} Organic.$ 



### PRODUCTS

G-FYX

MYCOCAFÉ GOURMET BLACK COFFEE

MYCOCAFÉ GOURMET LATTE SBH USA ACCELERATOR PACK

RED 2020
MILLIONAIRE WORKSHOP

#### LEGAL

Disclaimer
Terms of Use
Refund/Cancellation Policy
Privacy Policy
Shipping Policy
Support

© Copyright 2020 Success By Health is a division of Success By Media LLC

# EXHIBIT 3



Referring Affiliate: Success By Health (o)









AFFILIATES FOUNDATION RESOURCES > NEWS

#### SHIPPING POLICY

 $All \ Success \ By \ Media \ LLC's \ (Including \ Success \ By \ Health) \ and \ its \ affiliate \ divisions \ products \ ordered, \ typically \ ship \ within \ 48-72 \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ when \ the \ order \ is \ business \ hours \ from \ hours \ hours \ from \ hours \ from \ hours \$  $placed for physical products \ and \ typically immediately for \ digital \ products. For physical \ products \ we use \ Shipping \ Services \ such \ as: U.S.\ Postal \ Service, \ UPS, \ Federal$ Express, and International Couriers for International Countries.

#### AFFILIATE INFO

Success By Health (o) EM: info@successbymedia.com PH: 8885989990





#### ORGANIC GANODERMA





# PRODUCTS G-FYX

MYCOCAFÉ GOURMET BLACK COFFEE MYCOCAFÉ GOURMET LATTE

SBH USA ACCELERATOR PACK

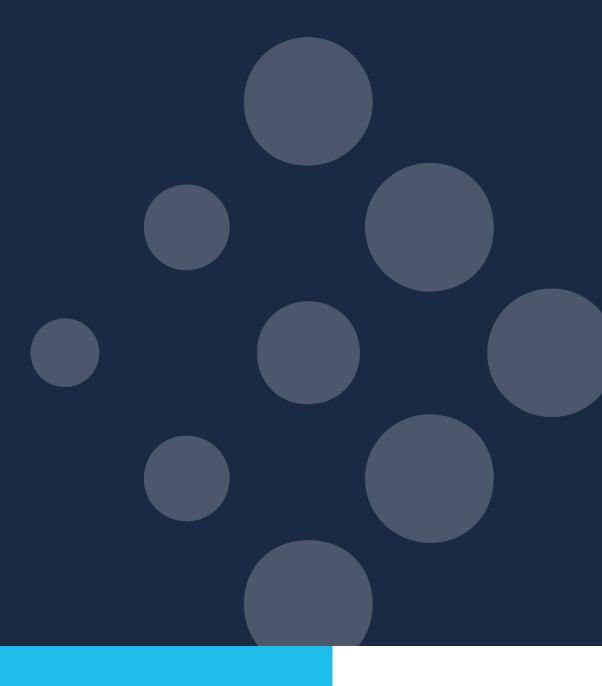
## RED 2020 MILLIONAIRE WORKSHOP

#### LEGAL

Disclaimer Terms of Use Refund/Cancellation Policy Privacy Policy Shipping Policy Support

 $\ \, \mathbb{C}$  Copyright 2020 Success By Health is a division of Success By Media LLC

# **EXHIBIT B**



FTC vs. Noland Expert Report: Michael A. Fahlman February 6, 2020





# In the matter re:

Federal Trade Commission

vs.

James D. Noland, Jr. et. al.

United States District Court for the District of Arizona

**Case #: CV-20-00047-PHX-DWL** 

Expert Report of:

Michael A. Fahlman, CPA, CFF, CIRA

February 6, 2020



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VII. Signature	

# Appendix:

A – Curriculum Vita of Michael A. Fahlman, CPA, CFF, CIRA



## I. Qualifications

- I am a Certified Public Accountant, Certified in Financial Forensics by the American Institute of
  Certified Public Accountants ("AICPA"), and a Certified Insolvency and Restructuring Advisor. I
  regularly provide clients, including legal counsel, boards of directors, executive management and
  governmental entities, with accounting, compliance, financial, economic, forensic and fraud-related
  consulting services.
- 2. I have testified and presented my findings and opinions over 100 times, including federal and state court, arbitration, mediation, government and regulatory hearings, law enforcement inquiries, and special investigation committees. I have been before the Securities Exchange Commission, the Department of Justice and the Federal Bureau of Investigation on financial fraud cases. I also serve as an independent neutral arbiter in post-merger disputes and issue final and binding decisions.
- 3. I am a Managing Director at Berkeley Research Group, LLC ("BRG"). BRG is a leading global strategic advisory and expert services firm that provides independent expert testimony, litigation and regulatory support, authoritative studies, strategic advice, and document and data analytics to major law firms, Fortune 500 corporations, government agencies, and regulatory bodies around the world. Prior to BRG, I was the west region managing partner for Grant Thornton LLP's ("GT") forensic and dispute practice. In that role, in addition to my professional practice, I worked with GT's national and legal offices on large complex investigations, regulatory inquiries and fraud related matters. I had responsibility in assessing and concluding on complex financial statement, audit and fraud related issues. I was also a national quality control partner for forensic investigation and dispute consulting engagements. Prior to GT, I was the turnaround Chief Financial Officer and Vice President of a 72-unit multi-state retail company.
- 4. I am the Chairman of the AICPA's Forensic & Litigation Services Committee ("FLS"). The FLS is focused on identifying, collecting, developing and disseminating technical, industry, legislative and regulatory issues related to forensic accounting along with practice management tools through such vehicles as newsletters, AICPA Online, publications, continuing education and conferences. I am the immediate past-Chair of the AICPA's Damages Task Force, which is focused on providing members technical guidance on economic damages matters. I regularly provide technical guidance, present, and author material on damages issues for the AICPA.
- 5. In addition to the AICPA, I am a past co-chair of the Economic Damages committee of the American Bar Association. This committee is focused on providing content to members of the ABA regarding economic damages issues. I also regularly provide damages content for the ABA. In



- addition to providing content for both the AICPA and ABA, I teach at universities, bar associations, and law firms on the topics of forensic accounting and damages.
- 6. I have worked on numerous alleged fraud cases, including multi-level marketing cases such as this case. I analyzed alleged fraud claims for multi-level marketing organizations during my career at Grant Thornton LLP, including assisting the national legal office and audit practice with assessing audit and fraud risks at multi-level marketing organizations. I also taught continuing professional education regarding financial fraud for Grant Thornton LLP's multi-level marketing clients.
- 7. My curriculum vita accompanies this report at **Appendix A** and includes seminars I conducted, articles I published, and testimony I provided in the last four years.

## II. Assignment

- 8. I was retained by Gordon & Rees, Scully Mansukhani on behalf of Success by Media Holdings, Inc., Success By Media, LLC, James D. Noland and Lina Noland ("Defendants") in the above referenced case number CV-20-00047-PHX-DWL. I am billing at \$695 per hour for this matter. I was asked to provide independent financial forensics and economic analysis and opinions regarding the Federal Trade Commission's ("FTC") claims that the Defendants were operating an illegal pyramid scheme.
- 9. More specifically, I was asked to evaluate information, opinions or testimony provided by the FTC and its witnesses and provide rebuttal opinions (if any). Further, I understand I may be asked to testify and present demonstrative information at hearings or trial in this matter.
- 10. Hereafter, "I" means me and individuals working for me on this engagement, except for the "Opinions" and "Signature" sections below which are solely mine.

# III. Information and Material Analyzed

11. I analyzed the FTC's Complaint For Permanent Injunction and Other Equitable Relief, the FTC's expert report submitted by Stacie Bosley, Ph.D. (the "Bosley Report")<sup>1</sup>, a declaration by the FTC's data analyst Amanda Wilson (the "Wilson Declaration")<sup>2</sup>, and had discussions with Defendants' counsel. I understand discovery is ongoing and that additional information may become available to me after this report, and that I may be asked to consider such information and potentially update my report and opinions.

<sup>1</sup> Plaintiff's Exhibit (PX) 3 to the FTC's Complaint For Permanent Injunction and Other Equitable Relief

<sup>&</sup>lt;sup>2</sup> Plaintiff's Exhibit (PX) 5 to the FTC's Complaint For Permanent Injunction and Other Equitable Relief



## IV. Case Background

12. This section is based on information that I have been provided. This section is not intended to be an exact recitation of the facts, provide any legal determinations or conclusions, or expert opinions; it is included solely to provide an overview of relevant information and context for the work performed and opinions provided below.

# The Dispute

13. The FTC has filed suit against Defendants alleging violations of the Federal Trade Commission Act (the "FTC Act"); the Mail, Internet, or Telephone Order Merchandise Rule (the "Merchandise Rule"); and the Rule Concerning Cooling-Off Period for Sales Made at Homes or at Certain Other Locations (the "Cooling-Off Rule"). The FTC seeks to obtain temporary, preliminary, and permanent injunctive relief, rescission or reformation of contracts, restitution, the refund of monies paid, and disgorgement of ill-gotten gains, among other relief.<sup>3</sup>

# Direct Selling, Multi-Level Marketing, and Pyramid Schemes

- 14. Direct selling is described by the Direct Selling Association ("DSA") as a type of business model that provides entrepreneurial opportunities to individuals as independent contractors to market or sell products and services. This usually occurs outside of a fixed retail establishment, through one-to-one selling, in-home product demonstrations, or online. Compensation to direct sellers is based on sales and may be earned based on personal sales or the sales of others in their sales team.<sup>4</sup> Direct selling includes a variety of distribution methods, including multilevel marketing ("MLM").
- 15. MLM is one type of distribution and compensation method. The FTC recognizes MLM as a type of direct selling and is used by hundreds of companies.<sup>5</sup> According to the FTC, most MLMs suggest making money by selling products to "retail" customers not involved in the MLM, and by recruiting new participants and earning commissions based on their personal and retail sales.<sup>6</sup> The recruits and their recruits become part of the direct seller's sales network or "downline."

<sup>&</sup>lt;sup>3</sup> Complaint, ¶1 and ¶¶136-137.

<sup>&</sup>lt;sup>4</sup> https://www.dsa.org/statistics-insights/factsheets, p. 2.

<sup>&</sup>lt;sup>5</sup> https://www.dsa.org/about/faq.

<sup>6</sup> https://www.consumer.ftc.gov/articles/0065-multi-level-marketing-businesses-and-pyramid-schemes.



16. Pyramid schemes are defined by DSA as illegal business operations seeking to defraud customers by manipulating their salesforce to enrich company leadership at the expense of individual participants.<sup>7</sup> Pyramid schemes compensate its sales members primarily for recruiting new participants, rather than for selling products and services to customers or purchasing them for personal consumption.8

# Relevant Case Law

- 17. When evaluating whether an MLM operates as a pyramid scheme, it is my understanding that several court cases address this type of business structure. These cases include the commonly referred to "Koscot" case, the "Omnitrition" case, and more recently in 2014, the "BurnLounge" opinion issued by the 9th Circuit.
- 18. I am not an attorney and provide no legal opinions on these cases or how they are to be applied. Further, I did not include an explanation of these cases here as I understand the parties will have briefed the Court on these legal and case precedent matters. However, based on my review of these cases and through discussion with counsel, I understand that there is a two-prong test discussed in the BurnLounge opinion that bears on whether an MLM business is an illegal pyramid scheme.

# V. Work Performed and Bases for Opinions

- 19. I have opinions in this case for the following categories:
  - a. Dr. Bosley's Improper Opinions Regarding Fraud and Intent
  - b. Dr. Bosley's Failure to Properly Perform a Financial Forensic and Economic Analysis

# Dr. Bosley's Improper Opinions Regarding Fraud and Intent

20. The Bosley Report generally concludes that the Defendants are allegedly marketing a pyramid scheme and are misrepresenting to consumers the amount of money they are likely to make by joining SBH.9 Dr. Bosley's opinion that SBH is a pyramid scheme is based heavily on her evaluation of YouTube videos and other promotional and training materials, her assessment of the Defendants'

<sup>&</sup>lt;sup>7</sup> https://www.dsa.org/about/faq.

<sup>8</sup> https://www.dsa.org/about/faq.

<sup>&</sup>lt;sup>9</sup> Bosley Report, ¶140.



intent related to the videos and materials, along with her interpretation of what a consumer may believe from such material. Dr. Bosley further evaluates and apparently opines on what may be motivating consumers to engage with the Defendants in elective arms-length economic transactions.

- 21. In forming her opinions, Dr. Bosley improperly provides opinions concerning the Defendants' intentions, consumers' intentions for participating in the business opportunity, as well as the Defendants' "fraudulent marketing program." Dr. Bosley opines that "SBH and Mr. Noland are promoting a fraudulent marketing program, using deceptive and prohibited income representations." This is in violation of generally accepted methodologies and professional standards for experts providing testimony on the elements of a financial fraud claim.
- 22. For example, the American Institute of Certified Public Accountants ("AICPA")'s Statements on Standards for Forensic Services No. 1 ("SSFS 1") establishes *authoritative* professional standards when providing expert opinions in financial fraud cases. While an expert may provide opinions when based upon generally accepted methodologies correctly applied regarding certain elements of a fraud claim, SSFS 1 *prohibits an expert witness* "from opining regarding the ultimate conclusion of fraud."<sup>11</sup> The reason SSFS 1 establishes this requirement is to prevent experts from inappropriately stepping into the shoes of the trier of fact by providing an opinion as to someone's intent and whether something is a fraud. This issue was addressed in a November 4, 2019<sup>12</sup> AICPA presentation on SSFS 1, which noted:

As defendants correctly observe, there is no such thing as a 'fraud expert.' Fraud requires an inference about a defendant's mental state, and it is counsel's job – not an expert witness's – to establish a link, through argument between the evidence and the defendant's intent.<sup>13</sup>

23. Similarly, according to the Public Company Accounting Oversight Board ("PCAOB") which establishes auditing standards for public companies, Auditing Standard ("AS") 2401 states that "[f]raud is a broad legal concept" and auditors are prohibited from making "legal determinations of whether

<sup>&</sup>lt;sup>10</sup> Bosley Report, ¶145.

<sup>&</sup>lt;sup>11</sup> AICPA Statement on Standards for Forensic Services No. 1, ¶10.

<sup>&</sup>lt;sup>12</sup> Due to the importance of this issue, this presentation was repeated on November 5, 2019 and January 14, 2020.

<sup>&</sup>lt;sup>13</sup> United States ex. rel. Dolan v. Long Grove Manor, Inc., United States District Court for the Northern District of Illinois, Eastern Division, July 12, 2018

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fraud has occurred."<sup>14</sup> AS 2401 further specifies that "the primary factor that distinguishes fraud from error is whether the underlying action…is intentional or unintentional."<sup>15</sup>

- 24. In addition, according to the Association of Certified Fraud Examiners ("ACFE")'s Fraud Examiners Manual and Code of Professional Ethics, "[n]o opinion shall be expressed [by an ACFE member] regarding the guilt or innocence of any person or party." Such role is reserved for the trier of fact.<sup>16</sup>
- 25. These generally accepted methodologies in the financial fraud profession are consistent with the Federal Rules of Evidence.<sup>17</sup> However, regardless of a violation of the Federal Rules of Evidence, the Bosley Report's opinion on fraud and intent is fundamentally flawed and is directly contradictory to generally accepted standards and methodologies, and is therefore inappropriate and unreliable.<sup>18</sup>

## Dr. Bosley's Failure to Properly Perform a Financial Forensic and Economic Analysis

- 26. I understand a key element of proving that an MLM is an illegal pyramid scheme is whether the participants received rewards for recruiting other participants into the program, which were unrelated to the sale of the product or services to ultimate users. In accounting and financial vernacular, the question is whether economic benefit is exchanging hands to recruit others, or for the sale and consumption of product or services.
- 27. While generally accepted methodologies and professional standards do not allow an expert to opine on fraud and intent, they do allow an expert to perform analyses that may be helpful to the trier of fact *in its evaluation* of factual and legal elements, including fraud and intent.<sup>19</sup> Per SSFS 1, "[a] member

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<sup>&</sup>lt;sup>14</sup> AS 2401, Consideration of Fraud in a Financial Statement Audit, AS §2401.05.

<sup>&</sup>lt;sup>15</sup> AS 2401, Consideration of Fraud in a Financial Statement Audit, AS §2401.05.

<sup>&</sup>lt;sup>16</sup> ACFE 2018 Fraud Examiners Manual, 2.1237.

<sup>&</sup>lt;sup>17</sup> I have no opinion whether the Bosley Report is in violation of the Federal Rules of Evidence.

Rule 704 Opinion on an Ultimate Issue: "No expert witness testifying with respect to the mental state or condition of a defendant in a criminal case may state an opinion or inference as to whether the defendant did or did not have the mental state or condition constituting an element of the crime charged or of a defense thereto. Such ultimate issues are matters for the trier of fact alone." *See also*, AICPA Forensic & Valuation Services Practice Aid, Serving as an Expert Witness or Consultant, 2019, p. 76.

<sup>&</sup>lt;sup>18</sup> In certain instances, Dr. Bosley also appears to render legal conclusions. According to the ACFE, "...testifying expert witnesses give opinion testimony, which is based upon their specialized knowledge and experience about case issues, but experts may only give opinion testimony in areas that will aid the fact finders in reaching their verdict. Additionally, in some jurisdictions, experts may give opinion testimony on ultimate issues (i.e., the basic conclusions upon which the outcome of a case depends), but they cannot offer legal conclusions or educate the jury on the principles of law. However, there are some jurisdictions that do not allow expert opinions at all, and in such jurisdictions, experts are restricted to providing technical information." ACFE 2018 Fraud Examiners Manual, 2.1237.



may provide expert opinions relating to whether evidence is consistent with certain elements of fraud or other laws based on objective evaluation."

## **Actual Commissions**

- 28. As an example, an expert may perform data analysis and compare the results of that analysis to certain considerations a trier of fact may find useful. In this case, how actual commissions are paid to participants or "Affiliates" are important from a financial forensic perspective. To perform this analysis, an expert can examine the timing, nature and form of actual commissions paid by SBH, and whether and how much of those commissions were for product sales, versus commissions for alleged recruitment. That type of financial and economic analysis is critical in assessing whether participants received rewards for recruiting other participants into the program, which were unrelated to the sale of the product or services to ultimate users.
- 29. Dr. Bosley did not perform that analysis. Nonetheless, Dr. Bosley concluded without analyzing actual commission data that "Affiliate compensation is overwhelmingly triggered by recruitment and recruitment-associated purchases, not to sales of ultimate users." While Dr. Bosley acknowledges that "some share of SBH compensation may be tied to sales to ultimate users," she determines that the [Defendants'] compensation and training system is designed to predominantly compensate participants for recruitment of new Affiliates through a system of induced purchases." Dr. Bosley's opinions are not based on a generally accepted financial forensic analysis.

# Retail Sales and Internal Consumption

30. In another example, Dr. Bosley could have analyzed the participants' product purchases and evaluated what amount of product purchases may have been for personal consumption. As I understand, personal consumption of product is deemed to be retail sales for purposes of evaluating whether an MLM is an illegal pyramid scheme. Therefore, those internal consumption transactions would then be treated as payments to the Defendants – and corresponding commissions to participants – for product

<sup>&</sup>lt;sup>19</sup> Which is consistent with Federal Rules of Evidence, Rule 702. Testimony by Expert Witnesses: "If scientific, technical, or other specialized knowledge will assist the trier of fact to understand the evidence to determine a fact in issue, a witness qualified as an expert by knowledge, skill, experience, training, or education may testify thereto in the form of an opinion or, otherwise, if (1) the testimony is based upon sufficient facts or data, (2) the testimony is the product of reliable principles and methods, and (3) the witness has applied the principles and methods reliably to the facts of the case."

<sup>&</sup>lt;sup>20</sup> Bosley Report, ¶142.



sales, and not recruitment. That financial and economic analysis is critical in assessing whether participants received rewards for recruiting other participants into the program, which were unrelated to the sale of the product or services to ultimate users. Dr. Bosley did not perform that analysis.

31. Dr. Bosley also failed to properly consider whether some of the product may have re-sold by the participants below, at or near the wholesale price, and not at the \$35 example in the Bosley Report. Consistent with my understanding of personal consumption, these types of transactions would be deemed product sales, and not recruitment. That financial and economic analysis is critical in assessing whether participants received rewards for recruiting other participants into the program, which were unrelated to the sale of the product or services to ultimate users. Dr. Bosley did not perform that analysis.

### **Product Included in Packs**

32. Dr. Bosley also could have analyzed the internal consumption and actual value of the product included in the Defendants' discount multi-product packs. That type of financial and economic analysis would bear on: i.) the evaluation of internal consumption; ii.) payment of commissions for product versus recruitment; and iii.) calculation of participants' net loss versus net gain (discussed below). Dr. Bosley did not perform that analysis.

# **Professional Training**

33. Dr. Bosley also could have performed an analysis of the value of professional training. Dr. Bosley seemingly opines that the Defendants' training services it offers are meaningless and of no value to the participants. However, professional business training is a generally accepted method of developing people, growing revenue, and expanding businesses in corporate America. Those professional trainings cost money and are of economic value to the attendee. Dr. Bosley's analysis fails to properly evaluate the value of the professional training services provided by the Defendants, which would impact her calculation of participants' net loss and net gain.

### Calculation of Participants' Net Loss and Net Gain

34. The previously described types of analyses are consistent with the types of generally accepted methodologies employed by the financial forensics profession and would likely be helpful to the trier

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of fact in this case. Not only did Dr. Bosley fail to perform those analyses, but the limited data analysis included in the Bosley Report is misleading and unreliable.

- 35. Dr. Bosley had a copy of the Defendants' financial data the FTC obtained through its subpoena power.<sup>21</sup> However, rather than providing a robust financial and economic analysis, Dr. Bosley glossed over data analysis and provided approximately only three (3) pages out of an 80 page report of information regarding the Defendants' actual financial data.
- 36. Dr. Bosley's own words demonstrate that her views are based on her suppositions as to what may happen, not what actually happened financially. Dr. Bosley concludes that the "anticipated result of SBH's program, as designed, is an endless recruitment chain, with a strong emphasis on recruitment over sales to ultimate users."<sup>22</sup> From a financial forensics perspective, the structure of a compensation model itself may not be sufficiently instructive in analyzing the financial aspects of an alleged illegal pyramid scheme.
- 37. Dr. Bosley's three (3) pages of purported data analysis is almost exclusively about her calculation of the "Net Loss" or "Net Gain" for "Affiliates." Dr. Bosley apparently provided this profitability analysis in an attempt to demonstrate or support her position that "[f]rom an economic perspective, a pyramid scheme exists when a compensation structure is designed to create a perpetual recruitment chain that dooms the vast majority of participants to financial loss."<sup>23</sup>
- 38. However, Dr. Bosley's calculation of "Net Loss" and "Net Gain" is forensically flawed and unreliable. As discussed above, Dr. Bosley failed to properly account for the following items:
  - a. Retail sales and internal consumption;
  - b. Resale of product below, at or near wholesale price;
  - c. Value of product included in discount packs; and
  - d. Value of provided professional training.
- 39. The failure to include each of these economic components causes Dr. Bosley's calculation to be inaccurate, flawed, unreliable, and forensically unsound. Dr. Bosley's purported calculation is not in

<sup>&</sup>lt;sup>21</sup> I also understand that the Defendants provided the opportunity to the FTC to engage in discussions with the Defendants and for the Defendants to share internal SBH financial data with the FTC; however, the FTC did not take such opportunity. I have not yet had sufficient time to analyze SBH's internal data. Further, I understand the Defendants are working with the receiver in this case to obtain all relevant SBH data, and that I may be asked to perform data analysis.

 $<sup>^{22}</sup>$  Bosley Report, ¶145.

<sup>&</sup>lt;sup>23</sup> Bosley Report, ¶10.



compliance with generally accepted financial forensics methodologies to calculate "Net Gain" and "Net Loss."

# VI. Opinions

- 40. In my opinion:
  - a. Dr. Bosley's opinion on fraud and intent is fundamentally flawed and in violation of generally accepted standards and methodologies, and is therefore inappropriate and unreliable;
  - b. Dr. Bosley failed to evaluate critical financial and economic elements in analyzing an alleged illegal pyramid scheme, rendering her analysis and opinions incomplete; and
  - c. Dr. Bosley's purported calculation of "Net Gain" and "Net Loss" is not in compliance with generally accepted financial forensics methodologies and is flawed and unreliable.

# VII. Signature

Michael A. Fahlman

Ι	completed	this	report	on February	7 6.	2020.
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/e/	Michael A.	Fahlman	

FTC vs. Noland Michael A. Fahlman Expert Report February 6, 2020 APPENDIX A - Curriculum Vitae



Michael A. Fahlman, CPA, CFF, CIRA

Managing Director

BERKELEY RESEARCH GROUP, LLC

2 North Central Avenue | Suite 1700 | Phoenix, AZ 85004

Direct: 602.388.1084 mfahlman@thinkbrg.com



Mr. Fahlman is a Certified Public Accountant and is Certified in Financial Forensics by the American Institute of Certified Public Accountants, and is also a Certified Insolvency and Restructuring Advisor. He assists clients, including legal counsel, boards of directors and executive management, with complex commercial litigation, economic damages, valuation, dispute resolution, investigations, and distressed businesses. He has served in the testifying expert and consulting expert roles in litigation, arbitration and mediation, and as an independent third party in alternative dispute resolutions.

Mr. Fahlman is the Chair of the American Institute of Certified Public Accountants' Forensic & Litigation Services Committee ("FLS"). The FLS is focused on identifying, collecting, developing and disseminating technical, industry, legislative and regulatory issues related to forensic accounting along with practice management tools through such vehicles as newsletters, AICPA Online, publications, continuing education and conferences. He is the immediate past-Chair of the AICPA's Damages Task Force, which is focused on providing members technical guidance on economic damages matters. In addition to the AICPA, Mr. Fahlman is a past co-chair of the Economic Damages sub-committee of the American Bar Association. This group is focused on providing content to members of the ABA regarding economic damages issues. Mr. Fahlman is a regular contributor and reviewer of content for both the AICPA and ABA, and teaches at universities, bar associations, and law firms on the topics of forensic accounting and damages.

Mr. Fahlman has been before the Securities and Exchange Commission on alleged fraudulent financial reporting and other GAAP matters, and has presented on fraud related cases before the Department of Justice and the Federal Bureau of Investigation. His experience includes other professional services engagements with companies ranging in size from Fortune 500 to privately held small businesses.

Prior to BRG, Mr. Fahlman was a Partner at Grant Thornton, LLP, and prior to that served as the turnaround Chief Financial Officer and Vice President of a 72-unit multi-state retail company.

Mr. Fahlman's experience includes:

- Damages analysis and calculations in a variety of industries for a multitude of claims, including: breach of contract, business interruption, intellectual property, construction defect, fraud, wrongful death, employment law and preferential treatment issues, accounting and audit malpractice, ponzi scheme, money laundering, and fiduciary duty.
- Fraud investigations including: revenue recognition, application of GAAP, stock option back-dating, asset tracing and money laundering, hedge fund trading, complex commercial transactions, related



party and sham transactions, fraudulent financial reporting, asset misappropriation, internal controls, customer and vendor schemes, and payroll schemes.

- Litigation support including: alleged white-collar crime (CEO, CFO, COO, and Controller), deposition preparation for fact and expert witnesses, rebuttal of expert opinions, testimony and cross preparation, document productions and requests, interrogatories, admissions, document management, database creation and management, research, and document analysis among other.
- Independent CPA services including: post acquisition disputes related to the application of generally accepted accounting principles and the interpretation and application of contracts, financial statement audits, attestation examinations, and benefit plan audits.
- Consulting for multiple commercial disputes involving large international firms' professional accounting and auditing malpractice and application of GAAP and GAAS.
- Consulting services including: implementation of accounting systems, processes and internal
  controls, Sarbanes-Oxley implementation, Oracle/PeopleSoft/Hyperion/Quick Books
  implementations, reconstructing historical accounting records and information dating to the 1800s.
- Executive Management position included: recapitalizing the debt and equity financing, negotiating
  contracts, negotiating terms with lenders, market concentration and expansion, complete market
  divestment with no lawsuits (assets sales and transfers, buyouts, lease assumptions), negotiating
  with potential acquirers, cash flow valuation, acquisition due diligence, and overall responsibility for
  finance and accounting department.

## PRESENT EMPLOYMENT

Managing Director - Berkeley Research Group, LLC

### PREVIOUS POSITIONS

Partner – Grant Thornton, LLP Chief Financial Officer – AAW, LLC Senior Consultant – Arthur Andersen, LLP

## PROFESSIONAL AFFILIATIONS

- Certified Public Accountant
- Certified Financial Forensics
- Certified Insolvency & Restructuring Advisor
- American Institute of Certified Public Accountants Chair of Forensic & Litigation Services Committee
- American Institute of Certified Public Accountants Past Chair of Economic Damages Task Force
- Arizona Society of Certified Public Accountants Past member of Forensic & Litigation Services Committee



- American Bar Association Past Co-Chair of Expert Witness Damages Committee
- Association of Insolvency & Restructuring Advisors

# **TESTIMONY** (last 4 years)

- 1. Nolan Ryan vs. Timothy Hammer et. al., American Arbitration Association AAA Case No. 01-17-00007362 (Deposition January 2020)
- 2. Publications International, Ltd. vs. Phoenix International Publications, Inc. and Jiangsu Phoenix Education Publishing Co. Ltd., Supreme Court of the State of New York, County of New York, Case # 651334/2106 (Deposition December 2019)
- 3. Fremont Emergency Services (Mandavia), Ltd vs. Rocky Mountain Hospital and Medical Service, Inc. d/b/a Anthem Blue Cross and Blue Shield, et. al., Judicial Arbitration and Mediation Services (Deposition January 2019)
- 4. High Purity D.R.A.W., Inc. vs. Sanveo, Inc. et al., United States District Court Arizona, Case #: 2:17-cv-01784-HRH (Deposition December 2018)
- 5. Ophir Corporation vs. Honeywell International, Inc., United States District Court Arizona, Case #: CV-1702083-PHX-GMS (Deposition October 2018)
- 6. Goldwater Bank, N.A. v. First Western Financial, Inc., First Western Trust Bank, Craig Mattson, Stacey Slick, Kent Harding, et al., Superior Court of the State of Arizona Maricopa County, Case #: CV2015-009825 (Trial September 2018)
- 7. Bridgepoint Construction Services Inc. v. Vista Oceano La Mesa Venture, LLC, Superior Court of the State of California Santa Barbara County (Deposition September 2018)
- 8. Brycon Corporation v. Avella of Deer Valley, Inc. American Arbitration Association (Arbitration August 2018)
- 9. Brycon Corporation v. Avella of Deer Valley, Inc. American Arbitration Association (Arbitration July 2018)
- 10. Sajid Veera v. Banana Republic, LLC et al., Superior Court of the State of California Los Angeles County (Deposition June 2018)
- 11. Brycon Corporation v. Avella of Deer Valley, Inc. American Arbitration Association (Deposition March 2018)
- 12. Avella of Deer Valley, Inc. v. Archicon Architecture and Interiors, LLC et al., Superior Court of the State of Arizona Maricopa County, Case #01-16-0002—9664 (Deposition March 2018)
- 13. Wision Investments, LLC. v. Hirschler Fleischer; J. Benjamin English, United States District Court Arizona, Case #: 2:16-cv-03302-PHX-SPL (Deposition February 2017)
- 14. Goldwater Bank, N.A. v. First Western Financial, Inc., First Western Trust Bank, Craig Mattson, Stacey Slick, Kent Harding, et al., Superior Court of the State of Arizona Maricopa County, Case #: CV2015-009825 (Deposition October 2017)
- 15. LDJH, LLC v. Yellowjacket Oilfield Services, LLC and Tommy Robertson and Gerardus Smith, District Court of 15<sup>th</sup> Judicial District in Grayson County, Texas, Case #: CV-15-1228 (Trial March 2017)
- 16. Board of Trustees of the Plumbers and Pipefitters Local 525 et. al v. Yard Plumbing, Inc. et. al, United States District Court Nevada, Case #: 2:16-cv-01522-RFB-CWH (Deposition March 2017)
- 17. LDJH, LLC v. Yellowjacket Oilfield Services, LLC and Tommy Robertson and Gerardus Smith, District Court of 15<sup>th</sup> Judicial District in Grayson County, Texas, Case #: CV-15-1228 (Deposition November 2016)
- 18. Arizona Natures Wellness v. Sally Koenig Trust, et al., Superior Court of the State of Arizona Maricopa County, Case #: CV2015-005522 (Hearing October 2016)



## **PUBLICATIONS & THOUGHT LEADERSHIP**

- "SSFS 1 The New Forensic Standards" (American Institute of Certified Public Accountants January 2020 presentation)
- "Expert Witness Skills Workshop" (American Institute of Certified Public Accountants November 2019 Instructor)
- "SSFS 1 The New Forensic Standards" (American Institute of Certified Public Accountants November 2019 presentation)
- "Damages Case Law Update" (American Institute of Certified Public Accountants September 2019 webinar)
- "Damages When are they Foreseeable" (American Institute of Certified Public Accountants November 2018 presentation)
- "Professional Standards for Forensic Engagements" (American Institute of Certified Public Accountants – November 2018 presentation)
- "Forensic Accounting Evidence Know Your Audience and the Expectations" (American Institute of Certified Public Accountants November 2018 presentation)
- "How to tell an Attorney NO" (American Institute of Certified Public Accountants November 2018 presentation)
- "Best Practices from the Bench, the Bar, the Board Room and the Bean Counters" (Association of Insolvency and Restructuring Advisors – June 2018 presentation)
- "Linking Causation to Damages" (American Institute of Certified Public Accountants November 2017 presentation)
- "Valuing Intellectual Property and Trade Secrets in Litigation" (American Institute of Certified Public Accountants November 2017 presentation)
- "Commercial Damages Case Study: Start to Finish" (American Institute of Certified Public Accountants November 2016 presentation)
- "Forensic Valuation Mock Trial" (Maryland Association of Certified Public Accountants October 2016 presentation)
- "Expert Witness Skills Workshop" (American Institute of Certified Public Accountants September 2016 Instructor)
- "Ethical Issues in M&A Disputes" (University of Texas Law CLE October 2015 presentation)
- "Financial Issues in M&A Disputes" (law firm October 2015 presentation)
- "Attaining Reasonable Certainty in Economic Damages Calculations" (American Institute of Certified of Public Accountants Forensic & Valuation Services Practice Aid August 2015)
- "Attaining Reasonable Certainty in Damages Calculations" (American Institute of Certified of Public Accountants – Webinar – May 2015)
- "Reasonable Certainty Standard, Part III" (American Bar Association May 2015 podcast)
- "The Neutrality of Expert Testimony" (American Bar Association November 2014 article)
- "Commercial Damages" (American Institute of Certified Public Accountants November 2014 presentation)
- "Rebuttal Reports" (American Institute of Certified Public Accountants November 2014 presentation)
- "Foundations in Financial Statement Analysis: Introduction and Case Study" (Maricopa County Bar Association June 2014 presentation)



- "Expert Methodologies: Must They be Subject to Peer Review" (American Bar Association May 2014 article)
- "Reasonable Certainty Standard, Part II" (American Bar Association April 2014 podcast)
- "An Introduction to the Reasonable Certainty Standard" (American Bar Association November 2013 podcast)
- "Calculating Lost Profits 101" (law firm October 2013 presentation)
- "Comcast Decision: Split Class" (American Bar Association April 2013 article)
- "Reserving and Disclosing for Loss Contingencies" (Panel with major law firm presented to Corporate Counsel members – January 2013)
- "Expert Witness Skills Workshop" (American Institute of Certified Public Accountants January 2013 Instructor)
- "Attaining Reasonable Certainty in Damages Calculations" (American Institute of Certified Public Accountants November 2012 presentation)
- "Understanding the FCPA, and how to respond" (Accounting and compliance department of multiple corporations – June 2012 presentation)
- "Understanding the FCPA, and how to respond" (Accounting and compliance department of an international corporation May 2012 presentation)
- "Increase Recovery...by managing expert costs" (Attorney at Law magazine April 2012 article)
- "Senior Executive Investigations When Allegations Point to the C-Suite or Board" (Institute of Internal Auditors: Seattle Chapter – March 2012 presentation)
- "Post-Acquisition Trouble Spots and How to Avoid Them" (law firm February 2012 presentation)
- "The New World of Fraud Detection: FCPA, Dodd-Frank and Beyond" (Institute of Internal Auditors: San Gabriel Valley Chapter – February 2012 presentation)
- "Post-Acquisition Trouble Spots and How to Avoid Them" (law firm January 2012 presentation)
- "Damages for Newly Formed Entities" (CalCPA October 2011 presentation)
- "Post-Acquisition Trouble Spots and How to Avoid Them" (law firm October 2011 presentation)
- "10 Common Misconceptions Increase the Likelihood of FCPA Violations" (Attorney at Law September 2011 article)
- "Damages for Newly Formed Entities" (American Institute of Certified Public Accountants September 2011 presentation)
- "Post-Acquisition Trouble Spots and How to Avoid Them" (law firm September 2011 presentation)
- "Understanding Financial Information & Finding the Evidence" (law firm May 2011 presentation)
- "Business Damages Measurement: Lost Profits or Business Valuation?" (Attorney at Law January 2011 article)
- "Look Before You Leap: Considerations When Determining the Necessity, Scope, and Protocol
  of an Internal Investigation" (Oregon State Bar November 2010 presentation)
- "Employee Theft, Fraud and Trade Secret Misappropriation" (Joint seminar with law firm November 2010 presentation)
- "Advising Clients on Financial Fraud" (Arizona State Bar October 2010 presentation)
- "Lost Profits v. Valuation in Litigation" (American Institute of Certified Public Accountants September 2010 presentation & article)



- "Complexities of Tribal Gaming Investigations" (Institute of Internal Auditors April 2009 presentation)
- "Post-Acquisition Trouble Spots and How to Avoid Them" (Maricopa County Bar Association May 2008 presentation)
- "Occupational Fraud Case Study" (University of Southern California April 2008 presentation)
- "Understanding Financial Reports & Finding the Financial Evidence" (Maricopa County Bar Association – April 2008 presentation)
- "Working with Expert Witnesses" (law firm January 2008 presentation)
- "Occupational Fraud Case Study" (Arizona State University April 2007 presentation)
- "Post-Acquisition Dispute Trouble Spots and How to Avoid Them" (law firm September 2006 presentation)
- "Corporate Occupational Fraud" (Thunderbird School of Global Management July 2006 presentation)
- "The Practical Witness Assess Damages Early and Often" (American Bar Association June 2006 article)
- "Fraud Detection and Internal Controls" (law firm April 2006 presentation)
- "Understanding Financial Statements & Tax Returns" (law firm March 2006 presentation)
- "The Litigation Process Discovery & Damages" (accounting firm February 2006 presentation)
- "Fraud Detection and Investigation" (law firm January 2006 presentation)
- "Discovery and Production" (accounting firm October 2004 presentation)

#### **EDUCATION**

B.S. Accountancy Arizona State University



## **EXHIBIT C**







This is one of our affiliates who was able to retail her way to starting her business.

After discussing how she wanted to get started, she decided on the

+ Enter name or email address... Invite Invite Invite See More **DESCRIPTION** The SBH Family coming together: So VOICES are Heard: Products and Bu **GROUP TYPE** General

#### **RECENT GROUP PHOTOS**

family and teammates.

**CREATE NEW GROUPS** 

Groups make it easier than

ever to share with friends,







Crea

starter pack, but did not have the money initially to pay for the pack. She was able to presale 4 bags at retail to pay for her pack. This allowed her to start with 4 customers, no debt, and a little profit in hand. We taught her that retail is the back bone of this company and why not give it a try before you even get started. Retail works!

\*No income claims are meant from this post. This is a personal experience from this affiliate.

PUSIS



### Carleigh Sherfield > SBH Heat (Success By Health)

Sep 28, 2019 at 6:05 PM • 🖪

Please give a warm SBH welcome to Gemma Evangelista! She's pushing for her Power Bonus and has already retailed product in her first 24 hours. Let's keep it up! — with **Gemma** Evangelista.





Write a comment...





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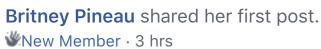


Write a comment...









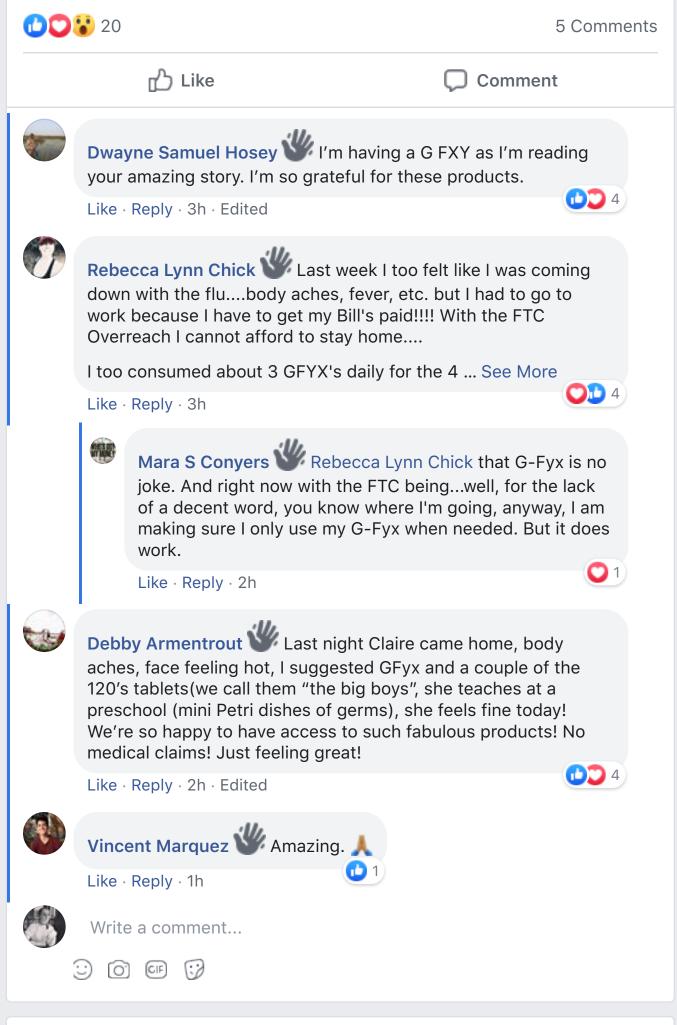
\*\*\*No medical claims.

At the beginning of January 2020 my little boy (13 months old at the time) was diagnosed with the flu type B. Being this little he is unable to take most medications that are prescribed. They told us to give him tylenol,

motrin and an antihistamine. Just two days later my husband came down Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 42 of 163 with the flu as well. We are a family that prefers to stay away from medications if there is an option for a natural remedy. My husband drank 2-3 G-FYX a day and my little boy would get some as well. They both were well and without flu symptoms within days when we were told that PJ, our son, would start to feel better in approximately three weeks.

My husband had never taken our products in the 2+ years I have been an affiliate with SBH. He reaches for the G-FYX almost daily now. While they were sick I was the one taking care of them and did not get any symptoms whatsoever. If this doesn't make you a believer in our products and what they can do for our bodies I don't know what will.

We will continue to take these products until we run out. I don't know what we will do when we run out because of the over reach of the government making it to where we can not order more.

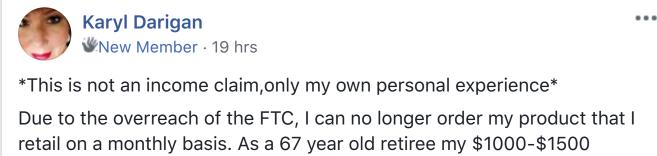




Can We talk about SBH and what this company the CEO Jay Noland and ALLLL the supplements has done for ME. NOT making any Medical claims but this is MY story!!! This over-reach of an abrupt temporary closure has caused a hardship for me. I was diagnosed in 2018 with Kidney cancer. What CEO of a multi-million dollar company will call you and give you love and advice when such a tragic diagnosis is pronounced upon you. Well

Mr. Noland called me to give me comfort and hope. He did the same when my Father recently passed away. Oh by the way i am NOT one of his top earners. SOOOOO it was 'nt about the money can we say COMPASSION and that AGAPE LOVE? Are we talking NOW? Let's go on. Now when i had my surgery and Kidney removed the surgeon stated that the cancer was concealed with a vaccum around it to which it could not spread to other Organs. No radiation or Chemo. I attribute much of my healing to the supplements that i had been taking from SBH. It is a hardship that i now cannot get those supplements from SBH. Also SBH assisted my Father a better quality of life last year. He had pancreatic cancer last summer. He was in the VA Hospital in Cleveland Ohio. I walked into his room in August 2019 he was extremely frail had not eaten in weeks. i made him a cup of SBH Rooibos he literally said "Oh i feel something" Made him another cup. Before i left he starting eating. Over the next several month he was walking to the cafeteria and eating and went on day trips out of the hospital (he drove himself). Unfortunately the cancer consumed him December 13. I truly believe the SBH supplement gave our family more months and memories with my Father. I now have a better quality of life. More energy no need to take anymore inhaler for the Asthma. I look forward when we can get back to Health

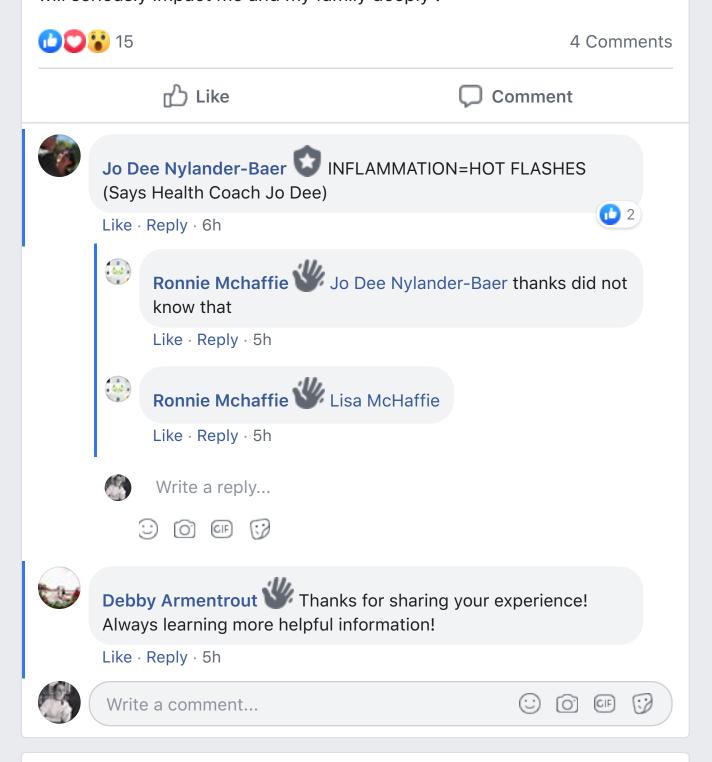




monthly retail sales were a supplement to my Social security income that Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 44 of 163 made ends meet. It saddens me even more that we as SBH are now unable feed, clothe and house our orphans in Kenya, our homeless in Las Vegas and our sex traffic survivors in Colombia, all of whom depend on SBH. They are the motivation behind our CEO and Founder Jay Noland's starting SBH and now they are left with no help. 🚺 🙀 25 4 Comments Like Comment The FTC should really be ashamed of Mara S Convers themselves. 😥 Like · Reply · 19h Tina Louise Overcomer Mara S Conyers you got that right! So sad! 😂 Like · Reply · 18h Jo Dee Nylander-Baer Well said--- This government overreach goes way beyond us! Like · Reply · 7h Ulla Edsköld Ramstedt Well said, I feel so sorry for everybody who depend on SBH, especially the orphans in Kenya Like · Reply · 2h Write a comment... **Karyl Darigan** I joined SBH as a Founding Member in 2017. I did so because of my trust in and respect for Mr Jay Noland. In the time since, I have been to many of his trainings. I grew up morbidly obese, shy and lacking in self confidence. Through his training, honest, raw and empathic I have had a true transformation Like Comment Write a comment... **Ronnie Mchaffie** New Member · 6 hrs I am not making any medical claims. We went to an event in Branson MO and heard there that the Aller G was good for hormones. My wife started taking them. She noticed a significant decrease in her HOT flashes. I

I am not making any medical claims . We went to an event in Branson MO and heard there that the Aller G was good for hormones. My wife started taking them . She noticed a significant decrease in her HOT flashes. I noticed she was a lot more level or balanced in her moods . So I m really worried what's going to happen when we run out ! We are down to 4 bottles! This could be very hazardous to my wellbeing! I am also allergic to dog dander, cats, lots of trees , you name it I got lots of allergies. Well

when we started taking Aller G , I was able to stop taking shots for Case 2:20-cy-00047-DWL Document 72-1 Filed 02/06/20 Page 45 of 163 allergies, and got off all over counter and prescription allergy medicine! It got so good that I got my wife a Basset hound dog that sleeps in the bedroom with us! Before this if I tried to stay at a place that had dogs or cats or even burnt wood for heat I would have to leave . Nose would stop up and couldn't breathe! No problems now! My allergies would cause me to get sick , transfer to a bronchitis, then if I didn't get on it quickly it would go to pneumonia! Had this happen several times! I would miss 10 to 15 days a year of work or more! Now that FTC has us shutdown this will seriously impact me and my family deeply!

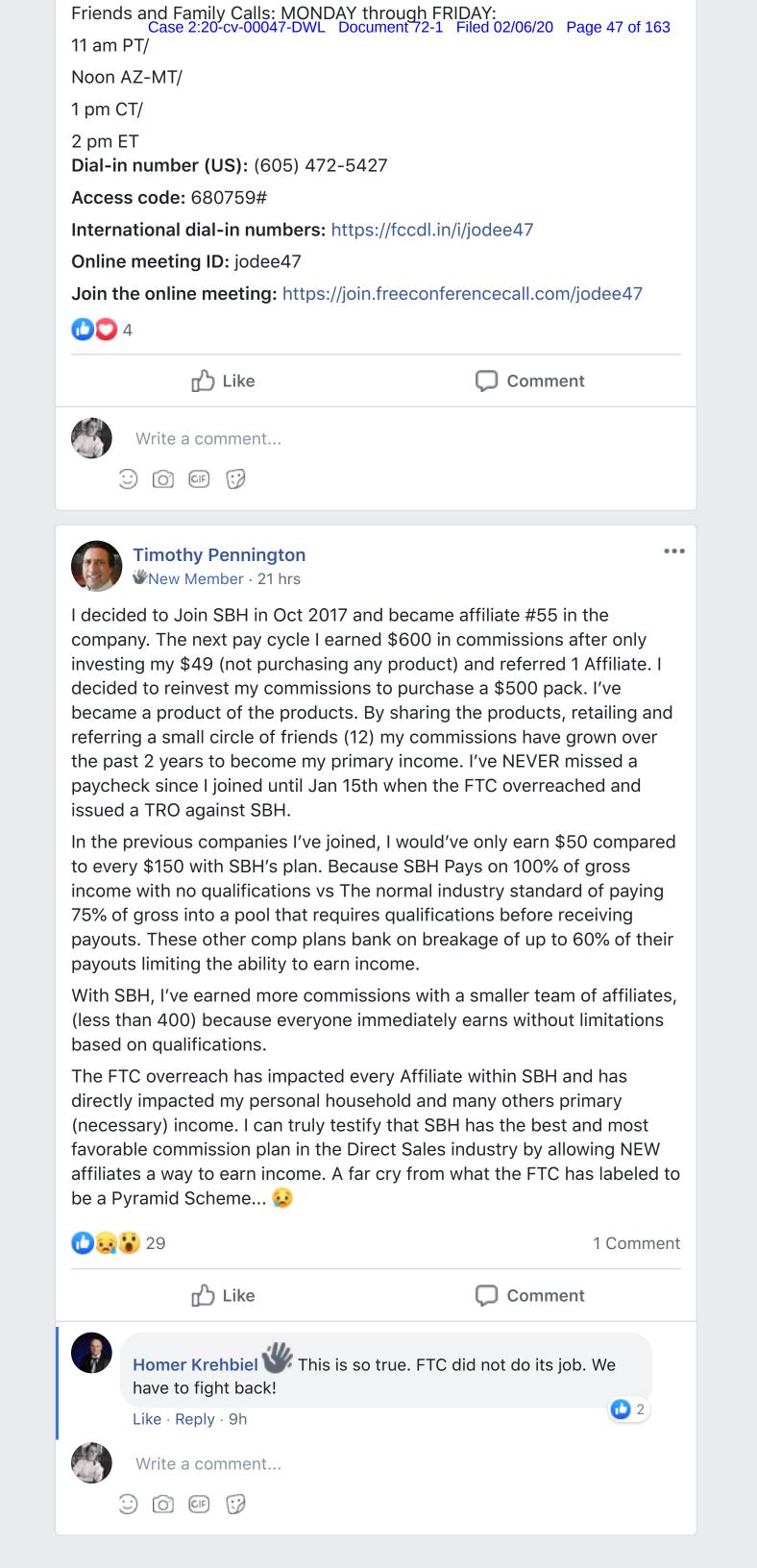


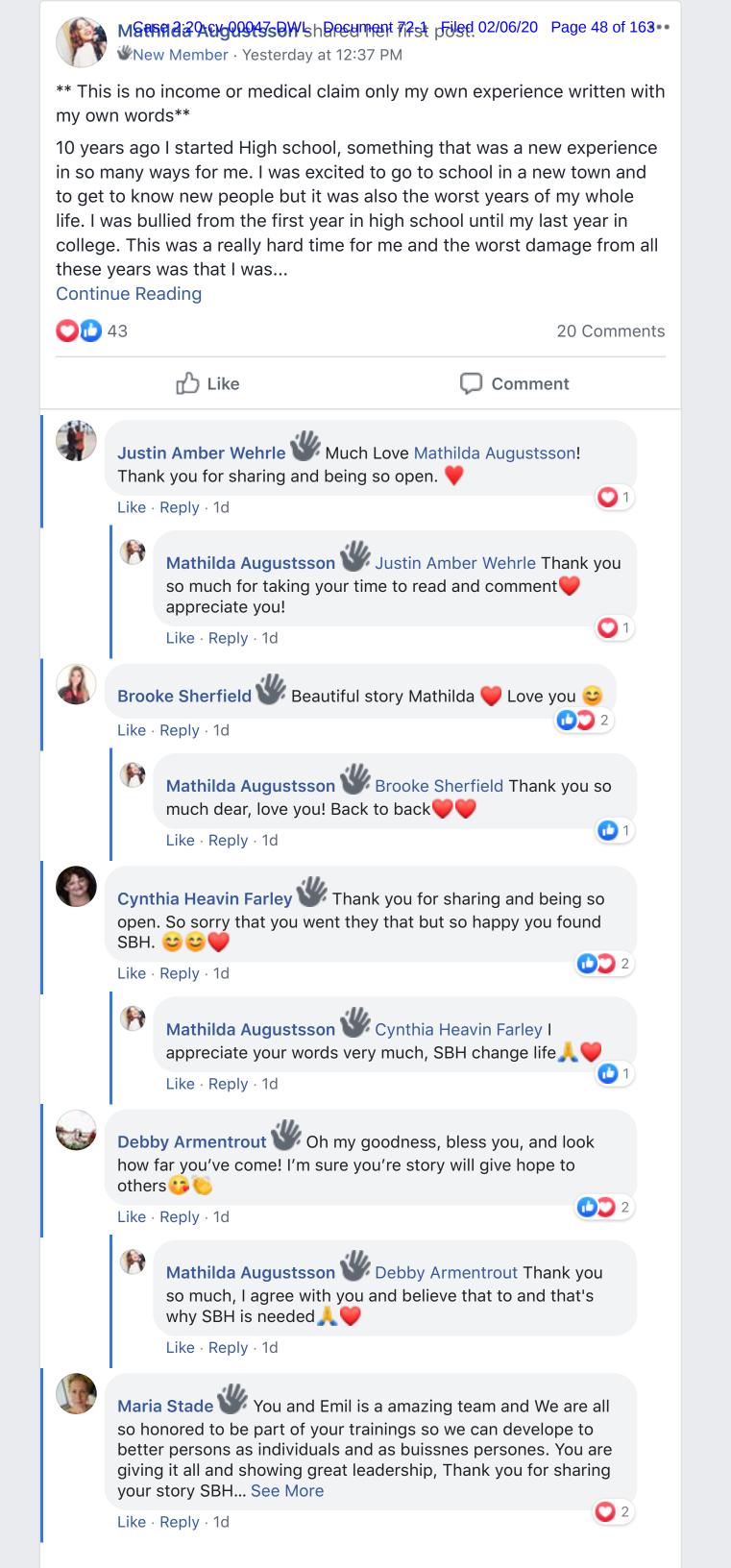


Today? I went on my monthly delivery to a Holistic Doctor's Office to deliver G-Drops. This has been a 6 month old retail client. 24 bottles of G Drops that I purchased at wholesale for \$29 and would re-sell at Retail for \$47 for a unit profit per bottle for \$18. Unfortunately? The office manager had seen the information circulating concerning the basis-less allegations and Government overreach from the FTC and cancelled this order! This monthly Retail profit of \$432 will not happen this month -- Or may NEVER happen again--- \$2593 profit gained in the past and now gone, for mine and my husband's future.











Well hello everyone, I know we are all feeling a bit confused and uncertain currently, but with the products that we have why should we.

Our story started about a year and a half ago when our youngest daughter fell. She tore her PCL ligaments off her knee and it also pulled a bone shard. We took her to the hospital, then to a very well know and respected knee surgeon in Canada. After a consultation, he was leery on doing such a invasive surgery, on an 10 year old girl. His main reason was, that she was not finished growing and if he should touch the growth plate in her knee that would be a far greater obstacle to overcome.

Our daughter was fitted for a custom knee brace, which she needed to keep on, for as many of the 24 hours, 7 days a week as possible. This, along with routine pain medications, kept our daughter in as little amount of pain that was tolerable.

The pain medication played havoc with her digestive system, and kept her lethargic (zero pep in her step). We needed to look at a different option for our daughter. The option of rotating pain medications and a knee brace, was no life for our feisty daughter.

We were introduced to SBH products, with my wife's nursing background she had a lot of questions before trialing this on our daughter. Each question was answered to her satisfaction.

We purchased a bag of G-FYX and brought it home.

Within 3 days Olivia was off ALL pain medication. Within a week and a half she started complaining her brace not fitting her properly.

We took her in to the knee specialist, and brace fitting office.

With everyone's surprise all of her 29 measurements were substantially smaller. The inflammation was gone from her leg, and she required a brand new, SMALLER brace to be made!

Today, no knee brace needed and no more pain. Olivia is back to her fun and feisty self.

As parents this was an awful thing to watch our Daughter go through, but thanks to G-FYX it helped her to be pain free and helped get our daughter back to her normal self again, just a bit of a slower pace with the knee brace.

With all this said, we have many more testimonials with G-FYX. We have other friends and family that have also experienced feeling better from their symptoms of arthritis, cron's, fibromyalgia, IBS and many other conditions.

These are not medical claims, just TRUE stories of how just ONE of the wonderful SBH products have improved our lives.







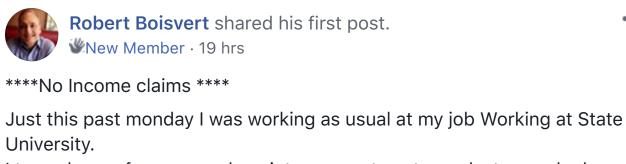


The overreach of the FTC has put a strain on my family. SBH has been my and my husband's only source of income of the strain on my family.

SBH has been my and my husband's only source of income for a while now. The day the TRO was set in place, my husband and I were traveling visiting family in Las Vegas before heading to Kickoff 2020 in San Diego. We had spent a little more than we usually do that first half of the month on flights to get to the training, extra travel expenses, etc... because we knew our SBH check would hit the account on the 15th like does every single month. That check was going to be enough to cover our apartment rent. This is the first time in 2.5 years we didn't get paid. We now had to focus 100% on retail to pay for our upcoming bills, which required extra time and effort. I've been retailing product that I didn't have on hand and having a friend ship it out. Within these two weeks, we've already sold

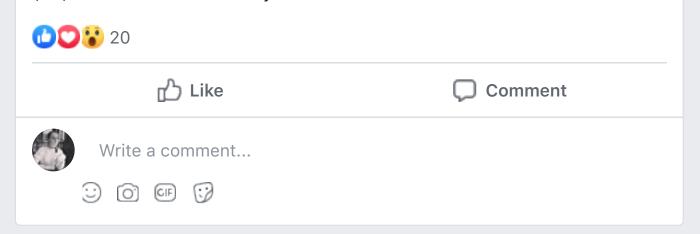
enough product to pay for our rent, but what happens when we run out of Case 2:20-cv-00047-DWL Document 72-1. Filed 02/06/20. Page 52 of 163 product? The FTC has stopped all product orders for the SBH site and we have a limited amount of inventory. Once we run out, we will have to seek other means of income which will limit our freedom and the time my husband and I spend together. My customers that take these products to help with issues they have in their body will no longer be able to receive them. (No medical claims). This overreach hasn't just put a strain on my family financially, but it has also decreased my and my customer's health. This overreach has impacted thousands of others in a similar way.





I turned one of my co-workers into a repeat customer last year she loves SBH Coffee especially Latte, She was standing by the catering Room and

yelled to get my attention, she asked if i had any bags of coffee on me i Case 2:20-cv-00047-DWL Document 72-1. Filed 02/06/20. Page 54 of 163 said No not today but tomorrow yes, I asked her how many would she like? At first she called them Cappuccino, I said their Latte, she smiled and i said well give me 3 bags i replied, so you want 3 latte and 1 black she said yes, i said well to be Honest with you i dont know when il beable to order more at this time, all products are on back order, i couldn't tell her the real reason why. I kind of hinted just google it like everyone else is. I called home to find out i had my other box had products inside so i told her i have more she just told me she'll stock up for her and her husband so i Sold (13 latte (1) black i sold ea. bag for \$40 profiting \$280 in One day. I packed all the coffee into a box for her. She is Happy prefered Customer. Oh, did i mention her n her husband Own and run the (66) Gas Stations. I felt very Excited. About the retail Sale.





"No medical claims or income claims"

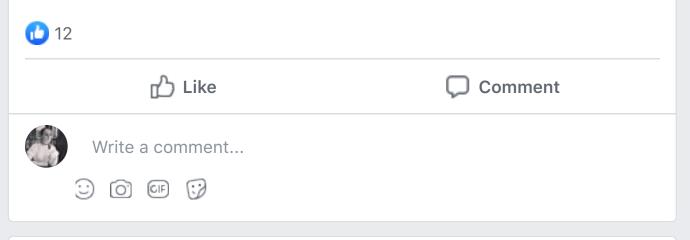
I have an affiliate that joined Jan 3rd, 2020. He sampled the G-burn and saw results. He purchased a bottle and has sampled some out to a few of his friends. So when the FTC became involved and shut down SBH products, my first thought was about this individual and my other customers whom are benefiting from our products, along with myself. What are they going to do if they can not get a product that helps them.

This individual contacts me tonight and ask about the site, he could not purchase a product that HELPS them. So, I explained what was going on and told him I will send them out a bottle.

See I have not been focused on the business side, after having stroke in 2016, my focus has been on my health first, however, the potential SBH offers, to HELP me financially is the most promising that I have seen. I understand that if I don't WORK, I don't get anything. The plan works, I have to work the plan.

I joined a direct sales business years ago, bought product and watched it collect dust (it did not sale itself). Imagine what would have happened if I actually did something with it.

I understand protecting consumers, however in my opinion more consumers are being effected in a negative direction due to this shut down based on false accusations.





\*\* No Income Claims \*\*

SBH Family,

This is from our hearts to all of you guys.. We are sharing our story with





I have been involved with SBH as an affiliate since February 2019.

I have been involved in direct sales for over 25 years and through my career I have built very large teams of network marketing professionals, where my team and I have generated millions of dollars in product sales and earned great commissions doing so.

Before I joined SBH, a did a complete due diligence on Jay Noland and what was being offered with SBH.

One of the main reason I joined was because of the quality of the products being offered but also because of the integrity of the message he shared; the basis of any business, no matter what the industry, is to have quality products to market, which SBH offers.

When you want to build a team in direct sales, you have to continually share the products you have to offer with people and this consists of regular efforts on your part as an affiliate or independent distributor. The more you sell, the more commissions you will make.

What impressed me the most about Mr. Noland was that he was sharing exactly that in his message: You have unlimited possibilities with SBH, but

you need to roll up your sleeves and go to work! Daily actions on your Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 56 of 163 part will yield you greater results!

The problem with a lot of people involved in direct sales is that they think, and sometimes promote, that everything will happen all by itself with minimal efforts on your part, that you can become financially independent almost by magic!

That is not what Jay Noland and SBH is all about and definitely not the message being shared. On the contrary!

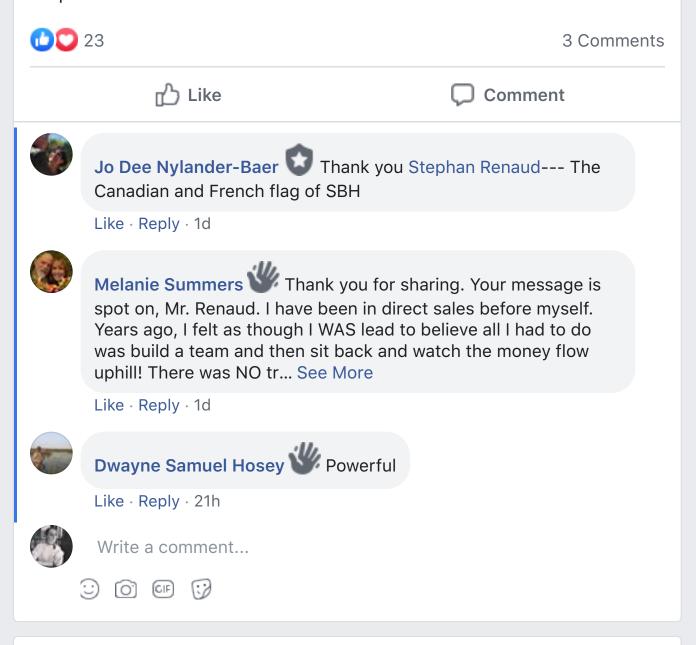
Last Fall, I even invited my 21 year old son to become an affiliate of SBH, telling him that if he was ready to work hard, there was a very interesting opportunity for him. My son was immediately impressed by some trainings conducted by Mr. Noland and some of the leaders. It is all about personal accountability and integrity.

We were both very excited to be at the SBH event in San Diego, which was unfortunately cancelled a couple days before we travelled.

The direct sales industry is proven and a solid vehicle for anybody who is willing to work. That is what I saw at SBH and the message shared by Jay Noland and the core leadership team, including my wonderful new friend and team leader, Jo Dee Baer.

Sincerely,

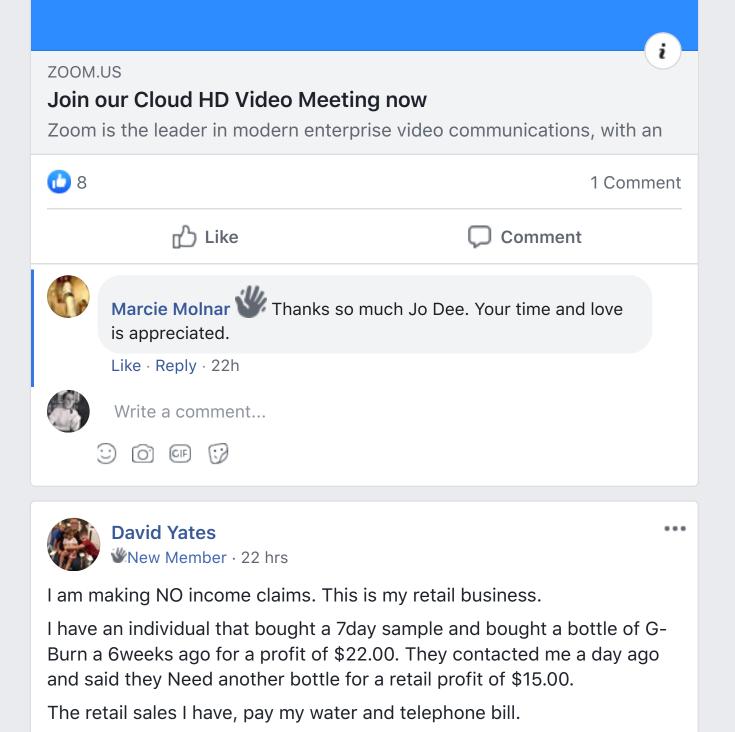
Stephan Renaud

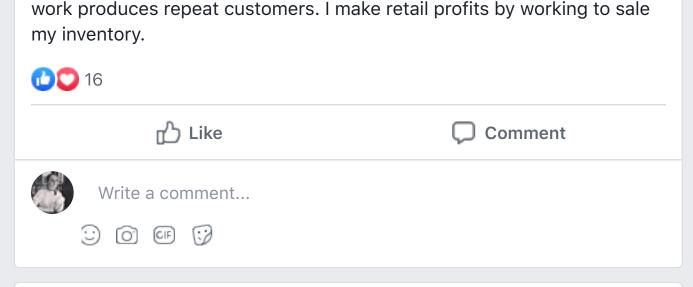




TONIGHT: "Think & Grow Rich Mastery" VIDEO Series on ZOOM Continues: Tuesday through Friday 7 pm ET/6 pm CT/5 pm AZ-MT/4 pm PT https://zoom.us/j/5820754348 Phone # 929-205-6099

# Zoom





I have never be promised or guaranteed to make any money with this

business. The training is actuate and if Iget out and apply what I learn, the



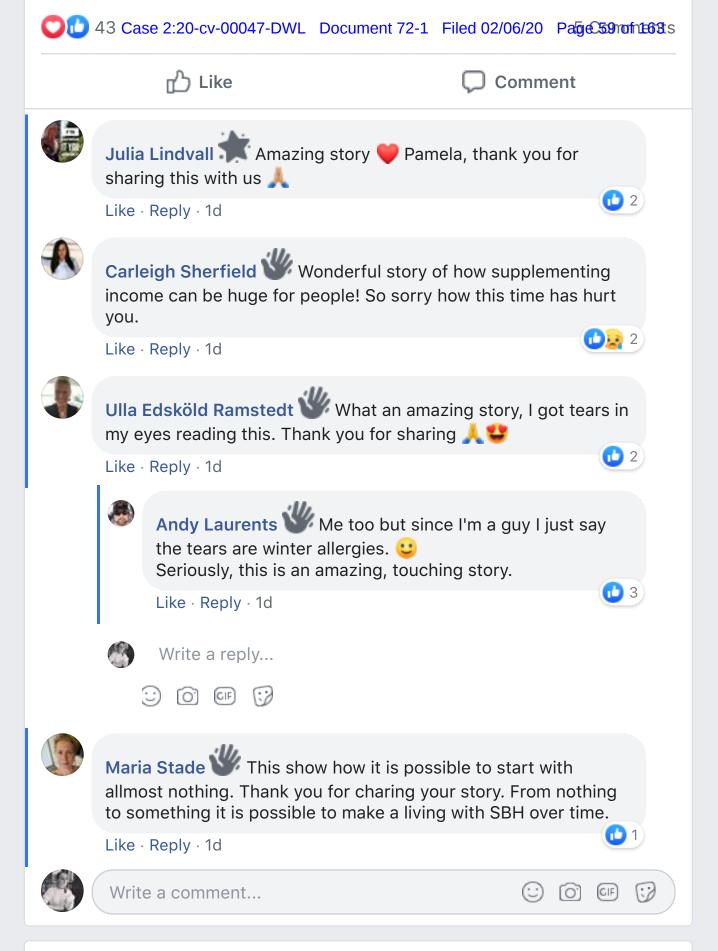
I am posting this on behalf of an affiliate that doesn't have Facebook.

"My name is Pamela and I am an affiliate with SBH, Success by Health. I am writing from my viewpoint, but I do not know how many thousands of lives have been put on hold.

I am so disappointed to hear the Federal Trade Commission was taking my company to court taking away my chances of earning money and

helping people! ... Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 58 of 163 Continue Reading

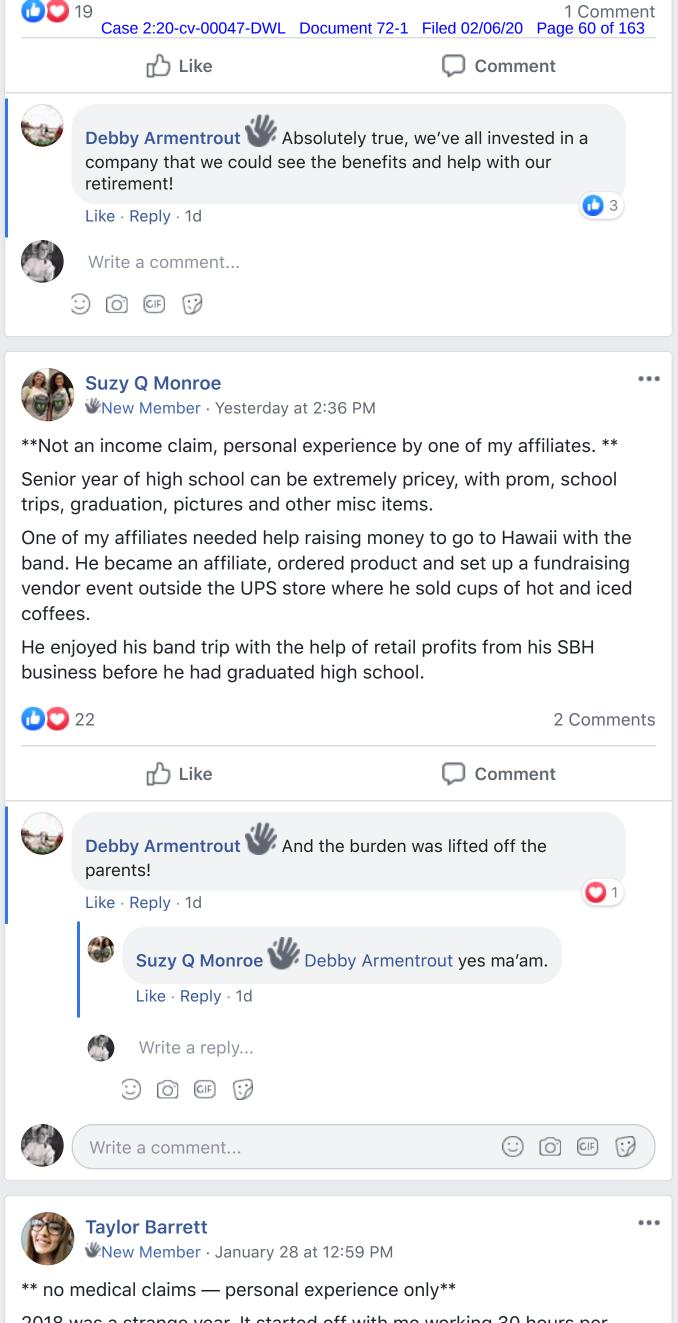






Every year, one of the Christmas parties we always attend has a small gift exchange between friends. We try to give homemade gifts. This past Christmas, I arranged a sachet of each of our beverages in a coffee mug with a bit of red filler and wrapped them up in clear wrap with a bow. Yesterday, one of the gals from the party called me and ordered 2 bags of Latte! She was the 5th person since Christmas to call me and order bags of various coffee. You know you have a good product when people call you out of the blue to buy your product at retail prices!

This sounds like a happy story, right? However, let's step back and take a closer look... I have product on hand right now, but what is going to happen to my retail business if this government overreach and temporary restraining order doesn't end soon? We wanted to hold off dipping into my annuity for another year, but it looks like the hold on my extra retail cash income plus commissions from my business is forcing my husband and me to rethink our retirement plans. This is one of the main reasons we invested in this SBH business - and it IS an investment -- to allow us to retire and not worry about making ends meet with our paltry Social Security checks and less than ample pensions. Who knows what the economy will be in another year? 5 or 10 years? As Senior Citizens, what will my husband and I do if we can't rely on this business in the future?



2018 was a strange year. It started off with me working 30 hours per week at the same time that I was a full time college student, studying nursing. Needless to say, it was stressful. Later on that year I felt a lump in my throat. Test after test, by April 2018, the doctors concluded that it was cancer. Being a healthy, 18 y.o. college student, you'd never expect that. My family and I had always been more natural so we didn't seek the

In June 2018, I was introduced to SBH, I was mainly interested in the products as they were all natural and the research I had done on the ingredients was promising. In July I visited a naturopathic Doctor as well as took all of the products.

surgical route.

Months later, still taking the products, as well as cutting out sugar from

my diet, I could feel the (6) tumors in my neck shrinking! This astounding Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 61 of 163 result lead me to pursue SBH full time. So I dropped out of school, quit my job and made SBH my only source of income.

And now, when I take the products, I can have a more loose diet, and not worry about what it will do to my health thanks to the products at SBH!

A more recent update: I got an ultrasound in December 2019, and the final results came back mid January. They can't even find some of the tumors, and the ones that remain have shrunk! I can only attribute this to an overall healthy diet and taking SBH products.





and watched a FB live training with Mr. Noland about moving 6 bags of Case 2:20-cy-00047-DWL Document 72-1 Filed 02/06/20 Page 62 of 163 coffee a week at retail.

I've never done direct sales but it clearly made sense, buy product at wholesale and sell at retail, with the possibility that those retail customers may become wholesale customers down the road, which I would still earn commissions on, but wouldn't have to spend the time delivering products. That was a huge win/win in my mind.

I received black coffee and immediately started talking, sharing and selling and have not stopped in over 2 years.

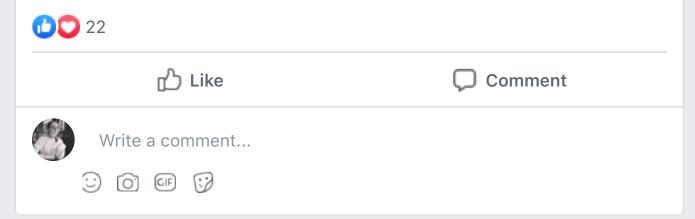
I sold most of my coffee within a couple weeks and had to order more so I chose to order \$500/month.

With my retail profits I've been able to pay off credit card bills, take my family on fun trips and adventures and living in AZ, we have high electric bills during the summer and my retail profits have helped me pay my electric bills, too, among other things.

I have customers that continue ordering products from me because they don't want to order online or they want the products now!

With the FTC over reach, I'm starting to run low on products and am unable to order more which will affect my retail profits and ability to pay basics like electric bills.

Again, not an income claim, my personal experience.





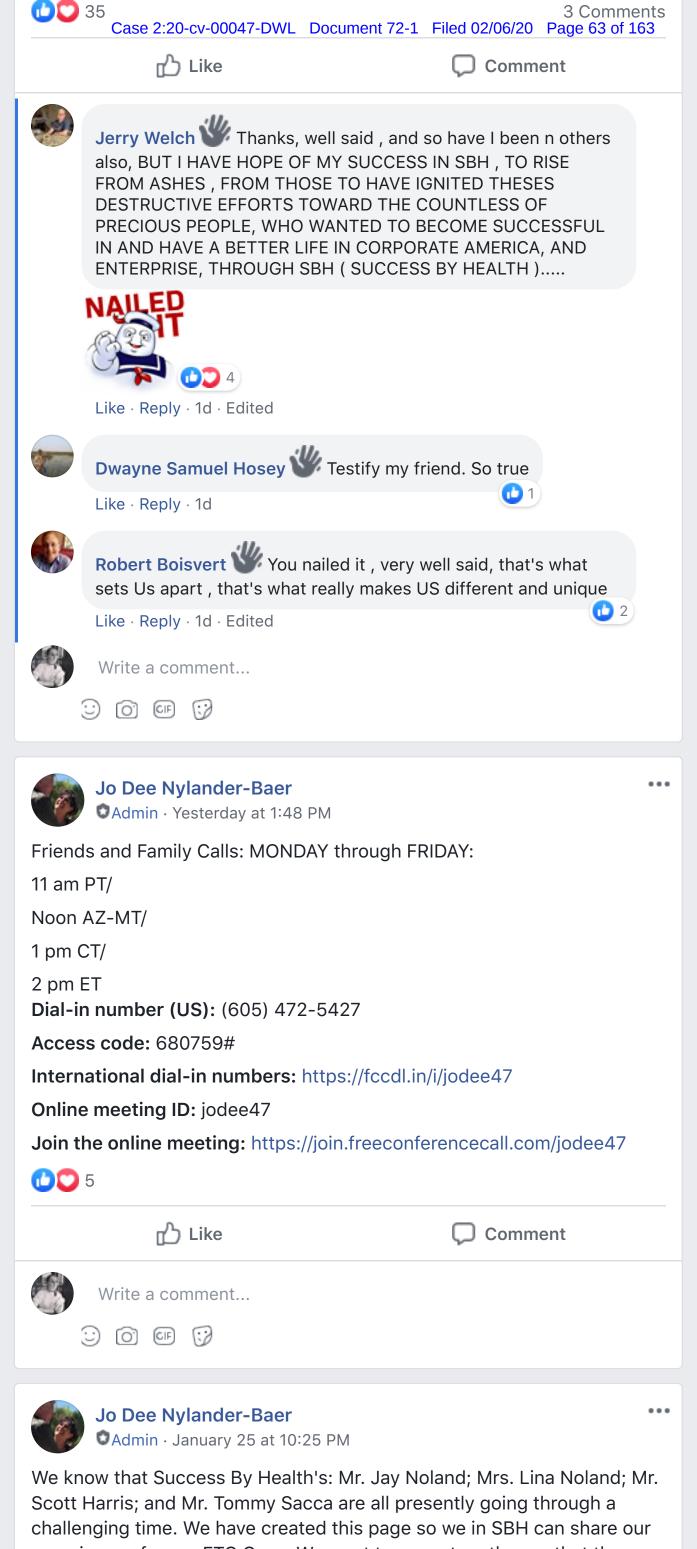
I've been a strong supporter of the Direct Sales industry for over 25 years. During my experience, I've always been loyal to both the products/services and the company brand. During my experience, there's been various reasons for changing companies. Either technology changes or companies going out of business. These changes have always been a SAD experience, because of my loyalty.

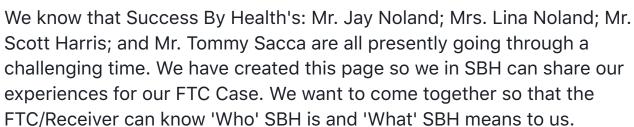
SBH has been such a "Breath if Fresh Air" for my career in Direct Sales for the following reasons.

- 1) No Barrier to Entry (\$49 Membership)
- 2) No Auto Order required
- 3) No Enrollment Qualifications to earn commissions
- 4) I'm paid on my personal orders...
- 5) 5STAR Quality Products at reasonable prices

For anyone in the industry, you realize these are game changers and SBH provides the most FAIR infrastructure for millions in the industry who have never been successful in other opportunities they have tried. I was definite that SBH would be my home for many years to come, because of the Success of the leadership, products, and commission structure. Once again, I compare my decision to other MLM - direct sales companies I've been with.

NEVER have I been impacted this way in my personal experience during my career and clearly testifies to me that the FTC has overreached in their decision against SBH.





We believe in the Products: coffees; teas; and supplements. SHARE your

experiences on how your own body/personal health has been impacted. Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 64 of 163 We also believe in our Business/Income Opportunity. SHARE the money you've made and how it's impacted your life. FTC doesn't presently know, so it is up to each Affiliates story and voice to be heard. 100% Positivity and NO NEGATIVITY. Let the WORLD know about US: "Success By

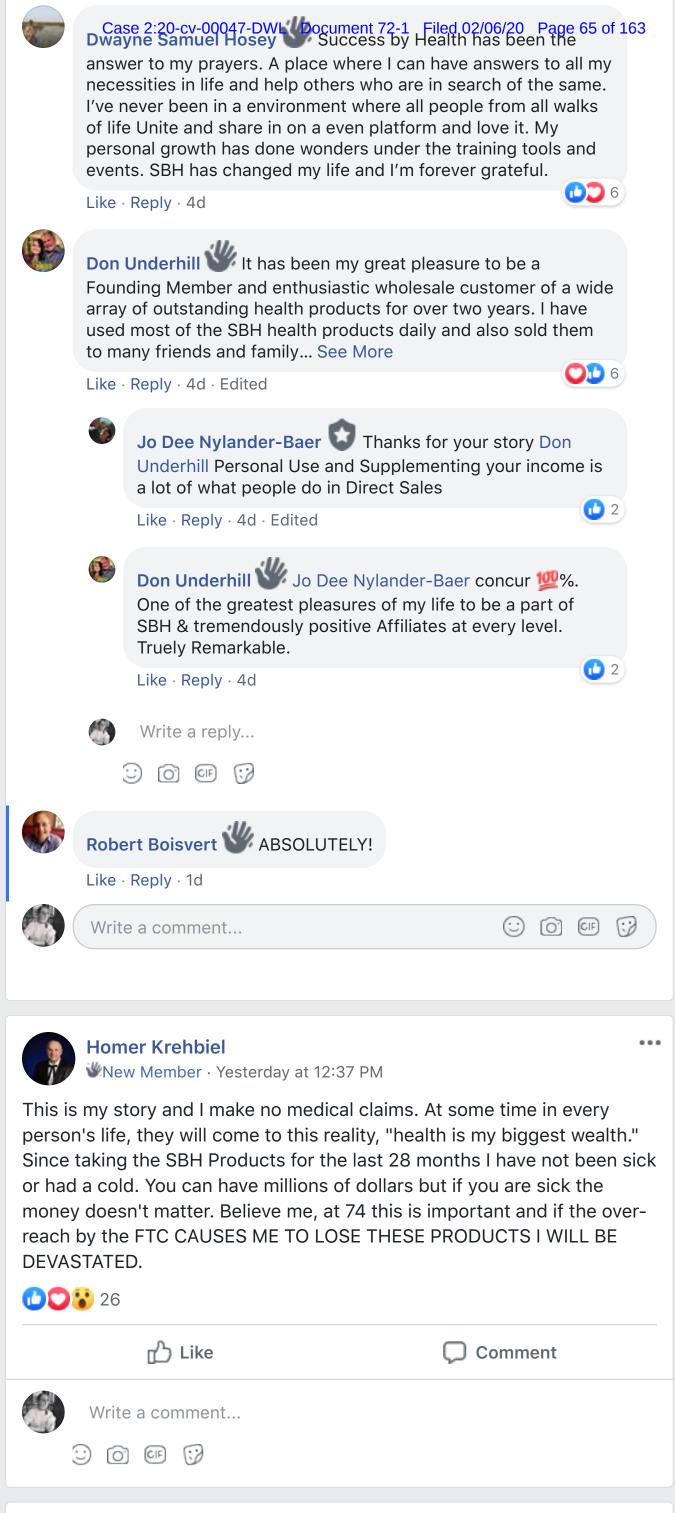




Kent Trobaugh Success By Health has Changed My Life for

the Better and I Want to Do the Same for Others 👖 🔽 🎯 🔑

Like · Reply · 4d





Truly thankful for Mr. Jay Noland
Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 66 of 163
From bootcamp, I became STRONG then MVP, I gained maximum
POWER

Most of my life I've been fighting wars within myself, but I've CONQUERED myself...

Mr. Jay Noland has helped build me into the strongest man that I've ever been!

**ồ** G-Burn

I've lost 45-50lbs from boot camp to MVP that was around 3-4month When I first started I was taking two a day and now I take one a day! Loving the Products!

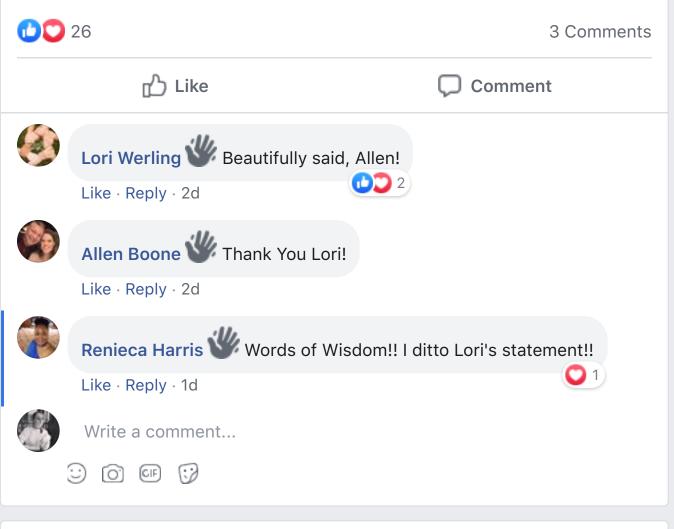
**#LIMITLESS** 

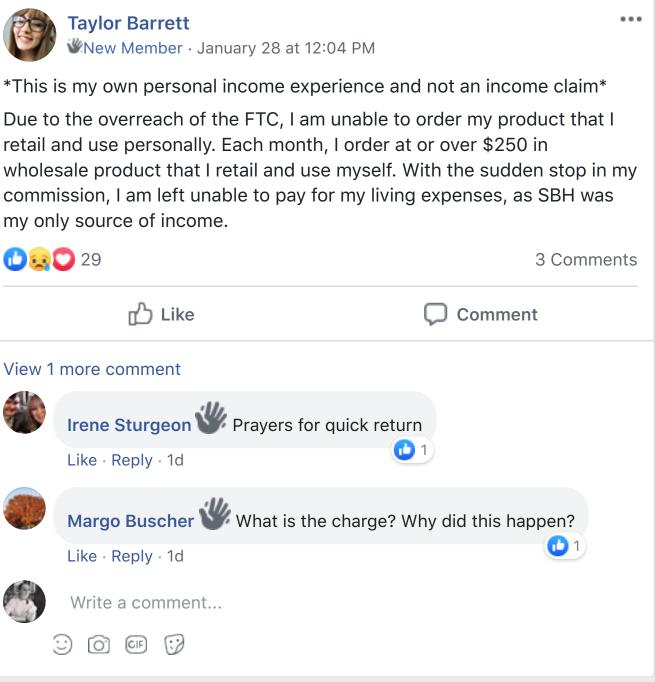




I've had the privilege of meeting Mr. Jay Noland six times and attended two of his very effective training events. I've heard him say numerous times that there are no guarantees to making financial success in SHB. However, he has put together an incredible leadership team of corporate staff along with an amazing infrastructure to provide high quality products and services. The key thing to analyze and compare is how an affiliate identifies themself within the company. I strongly encourage the FTC to make sure they compare an affiliate's financial success based upon how they identify themselves within the company and their achievement goals. SBH is comprised mostly of members who are customers and people who identify themselves as number ones. Number ones are people who just want to enjoy the benefits of getting products

at wholesale prices with no desire to use SBH as a primary source of Case 2:20-cy-00047-DWL Document 72-1 Filed 02/06/20 Page 67 of 163 income. However, affiliates who identify themselves as twos and threes apply a disciplined work effort to make a great income through SBH. If the FTC chooses to compare all affiliates as equal, they will have a very skewed analysis of the financial success of affiliates. This is especially true since SBH is a young start-up company!







I have been an affiliate with SBH for a little over 2 years. When i signed up, the products were just beginning to be produced.

I honestly am healthy, so it has taken me a while to think about what to share. What it has done for me personally is helped keep myself and my husband healthy. I used to get ear infections often and I haven't since taking the products. Neither of us have had hospital visits and our energy

has sustained us (even as the parents of many growing children). Making Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 68 of 163 no medical claims, just what I have seen our products help with. I have seen our products help with people I have known for a long time, with their sleep, search for a healthier coffee, weight loss, pain management, blood pressure etc. That is one of the best things about SBH to me, helping others feel better so they can really live. Without this company, many of my friends and family would be hurting. **(1)** 21 Like Comment Write a comment... **Tammy Taylor Blake** WNew Member · Yesterday at 10:51 AM coffee drinker at Heart I now drink black coffee every day up to 5 since becoming a SBH affilate in November 2019. I used to be a heavy coffee drinker for many years but stopped because it created major issues with my health. Discovering SBH black coffee changed that for me. The first thing I noticed was more mental clarity and a major increase of energy, allowing me to start exercising again. My fatigue was gone. Also, the stomach issues I once experienced were gone. Coffee is one of the loves of my life. I am making no medical claims here but for me, changing my store brought coffee for SBH Myco Black has given me my energy back and so much more. 14 Like Comment Write a comment... **Tammy Taylor Blake ₩**New Member · Yesterday at 10:51 AM coffee drinker at Heart I now drink black coffee every day up to 5 since becoming a SBH affilate in November 2019. I used to be a heavy coffee drinker for many years but stopped because it created major issues with my health. Discovering SBH black coffee changed that for me. The first thing I noticed was more mental clarity and a major increase of energy, allowing me to start exercising again. My fatigue was gone. Also, the stomach issues I once experienced were gone. Coffee is one of the loves of my life. I am making no medical claims here but for me, changing my store brought coffee for SBH Myco Black has given me my energy back and so much more. **(1)** 9 Like Comment Write a comment... 

Written up on behalf of blind Affiliate: James McKee:
Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 69 of 163
My name is James McKee I am a country founder and affiliate with SBH. I have been an affiliate for over 2 years. I am blind. In the U.S. 70% of blind people do not have any income. I am so glad to be an affiliate with Success By Health. I am currently generating a direct sales profit of \$150 - \$300 monthly plus other commissions and bonuses when my team purchases and sells products to their customers. SBH is making it possible for me to get some financial independence. I have been working with other people, that are blind, to help them get financial independence.

One of the best things about SBH is the training. The company trains everyone, that way everyone gets 100% of the information 100% of the time. The training is broken down into simple task/ideas that make it easy to follow(even as a blind person)

I cannot believe that Government Overreach t order against SBH is wrong. This action has caused me financial hardship.

Please allow us to do business again.





I was introduced to SBH in 2017. I am the 297th person to join. In fact, I joined as a founding affiliate. From the first time I heard the mission of SBH, I knew that I was home.

My first event was in Las Vegas at the Founders event. Ever since that time I have heard nothing but truth that is literally transforming my life. I have read the accusations against people whom I have come to sincerely trust and love with all my heart. Without reservation I am here to say that every accusation is a complete lie. I stake my reputation and my life on it.

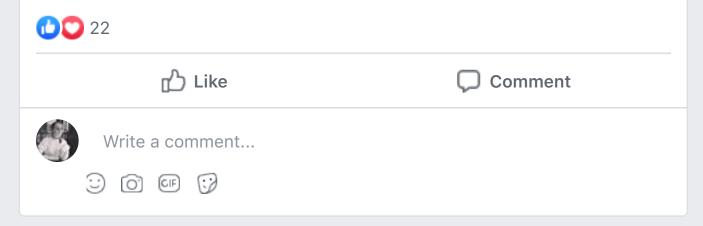
Mr. Noland, Mrs. Noland, Mr. Harris and Mr. Sacca have the highest integrity of anyone that I have met in my life.

I personally have never witnessed these lies in the entire time that I have

known them. In fact, every leader of this company has gone above and Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 71 of 163 beyond to make sure that the message was entirely the opposite.

The government has overstepped their boundaries in so many ways. The financial devastation that has affected so many families without due process is unacceptable and criminal at it's core. All of this is in addition to helpless orphans in Kenya who depend on this company for their existence.

The real atrocity is how this situation been handled. Perhaps Congress, Senators as well as the President himself needs to be involved.

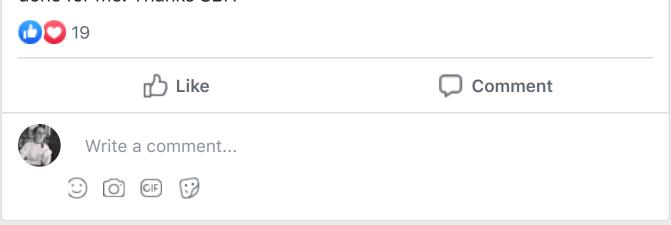




I have been with SBH about 7 months, I started on the Coffee and to this day I have not drank any other coffee, my friends that are customers are just like me. Do not care to put the other stuff in their mouth.

I did not get in it for the money just the product. Fell in love with it the first four day of samples. I do not want to be with out it.

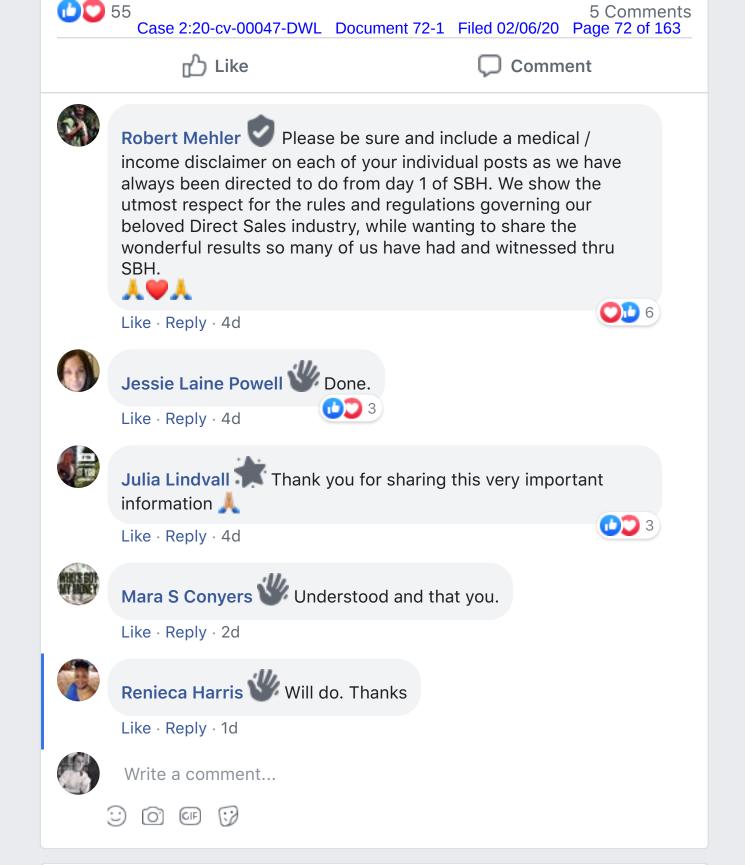
I have made money every month. It is a blessing what the products have done for me. Thanks SBH





PLEASE NOTE: 1.) Any of the following testimonies about the SBH products/Ganoderma or personal medical condition are NOT intended to be interpreted as medical claims. Only that the body put in the proper condition can create miracles & heal itself.

- 2.) Any Testimonies on Business/Income made with SBH are personal experiences only. We are not making general income claims
- 3.) Any Personal Testimonies about Training/Personal Development are personal to that individual





My short version:

I was married 12 years, was content....divorced for reasons beyond my control and was devastated. I had 2 small children and I was scared to death. Went to college, earned a BA degree in Elementary Education, couldn't get a job, took a state job.... I made \$100 above income requirements for public assistance, WITH A BA DEGREE!! SBH gave me hope in a more prominent future. I was NEVER promised I'd be wealthy, nor would I promise someone else that... What I was taught was that: I get out of this the work I put into it, but I can CHOOSE my future... I have the confidence to offer people products that are GOOD for them and will improve their quality of health... also their life financially if they choose... I keep pushing through when times are hard, no matter how hard.... my past doesn't define my future... what if I grew up in a toxic family...so what? I can still do this business!!! It is mine!!!..... I never have to worry about money again, not because I'm rich or SBH would provide all my desires, but because no matter what, I always have amazing products to sell that are GOOD and we have something EVERYONE needs, therefore...I always have a way to live....I could go on and on but the point is, I'm 47 years old, SBH and our leaders have had a more positive impact on me and my family more than anyone or anything else. For the first time in my life because of SBH, our family has no limits. With SBH, our family dont have to struggle financially. My credit score raised and so did income vs. Ratio at the local bank for a home loan BECAUSE I PROVED MY INCOME GROWTH..... With SBH, we always have a way to make it, EVEN IF I LOSE MY LITTLE JOB..... Now, because of this FTC overreach.... I may have to get a second job.



physical vascular therapy that increases your micro blood circulation by Case 2:20-cv-00047-DWL Document 72-1. Filed 02/06/20 Page 74 of 163 30% and ALONE it's not an easy thing to explain or sell to people.)

I said to myself, "What are we circulating ?"

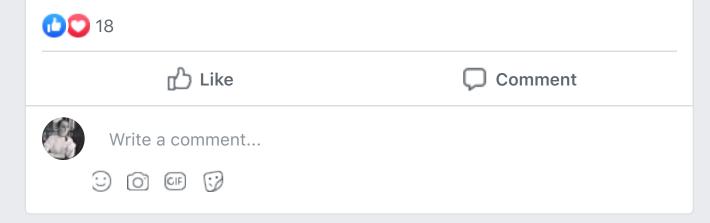
"What I need is the best quality most effective nutrition I can find!" Well, within hours I had a message from Miss Connie on a business networking site. Our hearts and interests seem to fall in line and we set up a special meeting. It was completely serendipitous when I was face-to-face with an old family friend, Ann, who was there to present SBH to me. We both own BEMER systems and want high quality products for the best results. I was very impressed with the Success By Health product line right away and excited to sample things.

We also spent time talking about the company and it's vision. I saw plenty of solid opportunities to implement these products into my business to help change lives. It is like the piece that completes my puzzle. By May 1st I was IN!!! Taking G-Burn and drinking my Myco Cafe Black with a touch of pure cane sugar and LOVIN IT!!! These are truly my favorite nutritional products I've encountered in over 20 years working in the health and wellness industry. TheBest

I am so grateful for all of the love, truth, realness, integrity, positivity, encouragement, and support that I have experienced since joining Success By Health. I have seen such an outpouring of effort and energy into things being done just right and in excellent respectable form so we as affiliates have something to be very proud of.

The guidance, teaching and leadership has been priceless. I have been on the most amazing journey of finding my definite purpose and putting into action the means to reaching my biggest dreams!

I am so very proud to be a part of Success By Health.





\*No income claims\*

In December 2017, my wife and I joined SBH primarily for another stream of revenue. At that time, the status of our state pensions were at risk as we were both employed in the school system. Immediately into the business, we experienced great success with retail sales of the SBH products. We quickly saw the power of retail when we had gained over 30 retail customers, and we were able to pay our mortgage with retail profit! When we realized we were making mo... See More



#### OLDER





SBH is how I provide for myself and my family. It is my only source of Case 2:20-cv-00047-DWL Document 72-1. Filed 02/06/20 Page 76 of 163 income. Due to the overreach of the FTC, my income was cut off without warning. This has left me unable to pay for living expenses and continues to negatively impact my credit.





# DISCLAIMER: NO MEDICAL CLAIMS.

Late last year I traveled to the USA and Met Homer and Sarah Krehbiel who introduced me to SBH.while staying with them I learnt more about SBH e,g, what the company was about, who the founders were, the company's code of conduct(WHICH THE CEO MR.NOLAND TOOK VERY SERIOUSLY) the products that the company was currently producing and was in the market and future plans for the company. I got to so exited and was ready to join(WITHOUT BEING FORCED) this great company which later became like a second family to me. While still in the US I got to try out some of the products like G-Fyx, Gburn and Life 120. These were tremendous products for my body. I started sharing with friends and family back home about this amazing products two of them being my Dear wife and Her Sister in Law who was suffering from severe hypertension. Our inlaw informed us of how she, her parents, siblings and aunties all suffer from High blood pressure, Arthritis and Diabetes. I told her of how these products were herbal and how they cleanse our systems.

She was interested and asked me to take a few products with me back home so that she could Use. As soon as I got home I organized for her to receive a packet of Gfyx and Life 120. 2days After she started she noted significant drop in her blood pressure. She took some to her mother who had been suffering from Arthritis and for 11 years she never left her bed before 9am.just 2 days after trying the products, she woke up on the 3rd day at 6am and went out to her farm.the 4rth day she woke up even earlier. She called her daughter to thank her for what she called a miracle drink en pill.

this is just 1 of the several positive feedbacks I have received since I got back home in November of 2019.



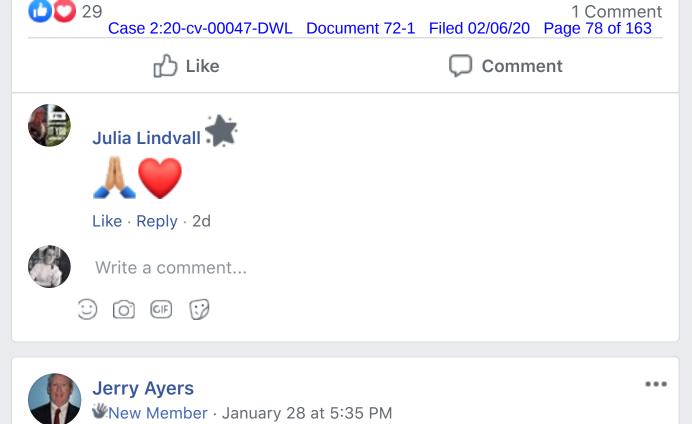


Cassandra Louise Andréasson shared her first post.

**₩**New Member · January 28 at 4:37 PM

\*No income claims\*

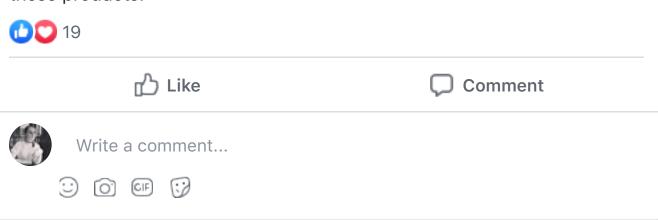
I heard about SBH for the first time in October 2019 and I got in contact with the Swedish team. Everyone welcomed me with opened arms and I could feel the positivity and creativity that these people spread in the atmosphere around them. Some things that we all have in common is that we are committed, determined and passionate about our job, goals and especially our future. No one can be 100% sure about how the future will turn out to be like, but I can be 100% sure that SBH will affect my professional journey in positive manners from now on.





I received this from one of my affiliates Valorie VanOrden today. This is not a financial claim but her own personal story. Results can vary per individual.

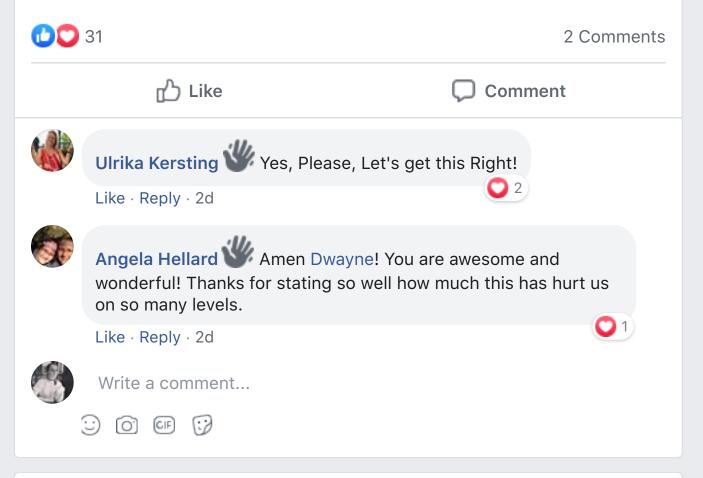
The \$30, \$20, \$15, and \$10 in retail sales have been much appreciated in the ability to put gas in my truck, food on the table and to help pay off a bill. There have been a priceless feeling of happiness in seeing the smile on a retail customers' face because of their joyfulness, satisfaction with these products.

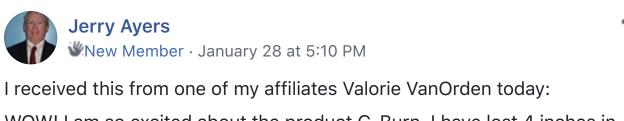




I joined SBH in Oct of 2017 and immediately became a country founder because of the vision and mission of the company. Making no income claims whatsoever!!! But I was extremely excited that a company would use a % of income made from each sale of products to feed, clothe and educate orphans in Kenya Africa and other important things like clean water initiatives and at risk homeless teens and more. The FTC outreach shut down of SBH! This is shocking and unexpected. This is impacting hard working citizen of all walks of life with good hearts. This company and its affiliates only desire to support our families and impact the world for good. Through humility hustle and health we can achieve the financial freedom of our choice. Numbers have always told the whole story and leadership has always said that 80% would only just supplement there income in this industry. SBH took the think and grow rich theory to heart. And the energy was clear and evident. Multiple streams of income in this company was built on honor and integrity. SBH was constantly training us and encouraging us to striving for level 10 energy in these 6 pillars of life. The Physical-Financial-Spiritual-Emotional-Mental and Social. Building strong people 1st. That impact is huge to those we share this energy with. Now out of the blue! The FTC government overreach has cut off are resources financial physical emotionally socially mentally and for some spiritually. I'm making zero health and income claims. But I can not imagine not being able to feed my body all of SBH products. As a former professional athlete, I learned how my body responds to a great diet and exercise. I retired in 2002 and I since lost access to great nutrition and great income opportunity. A month within joining SBH 2017. My physical health felt strong and rejuvenated and my financial vision was clear again. I had strong allergies all my life.. From netty pots to over the counter Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 79 of 163 prescription drugs, nose bleeds, constantly congested from pollen and grass environments, cats you name it. I used the Aller G Stop and my body responded like never before. Changed my life! I began selling SBH products and testimony after testimony on how well my customers bodies started feeling. The products themselves doesn't heal you of anything. But the body when fed proper minerals and nutrition tends to respond so much better.

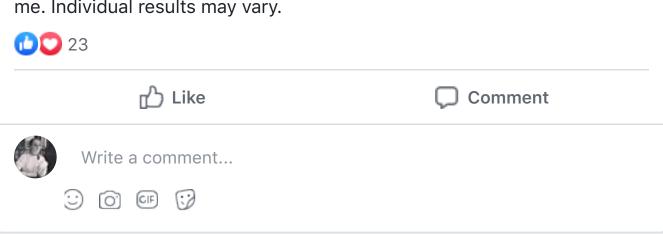
I haven't achieved all that my capacity has for financial freedom yet, but I was sure on my way. This really doesn't make sense to cut off good people who clearly are helping so many people in so many ways. Let's get this right please!





WOW! I am so excited about the product G-Burn. I have lost 4 inches in my waist and twenty pounds. Every morning I look in the mirror in the bathroom. Wow there is less belly fat. It is a beautiful sight. It is like Christmas morning. I am getting the concave stomach I want to have. I have had this belly fat since 1977 and 1981 when I had two children. The G-Burn has also given me more energy. This is God's Blessing to give me a Great Body.

This is not a medical claim but simply what the products have done for me. Individual results may vary.





\*no medical claims being made, just a personal testimony\*

I have degenerative discs in my lower back as well as a herniated disc. The past month, the pain had gotten really bad, to where my tailbone feels bruised and I'm walking hunched over, holding onto things. At the direction of my team leader, I began taking the Ganoderma supplement, 2 pills, 3 times a day as well as drinking 2 packs of G-Fyx, one in the AM and one in the PM.

My morning routine always starts with 2 sachets of coffee.

Once I started this, my pain lessoned and I've been able to walk much better. Not to mention feeling better.

I love these products and will continue to use them as long as possible.

Best coffee ever. To lose these products, is to lose vitality and life.

#MyCoCafefromSuccessbyHealth

#Ganoderma

#G-Fyx

#ITWORKS

Like

Comment





**Ulla Edsköld Ramstedt** shared her first post. **₩**New Member · January 28 at 9:44 AM

\*\*Making no medical claims\*\*

Here are my testimonials using SBH products:

### MYCOCAFÉ BLACK COFFEE

I changed my 2-3 cups of traditional coffee to MycoCafé Black Coffee (with milk). I have IBS (Irritable Bowel Syndrome) so my stomach is always swollen. But after 2,5 weeks with MycoCafé my stomach was much less swollen.

When I know that I am going to sit down for a couple of hours, I always wear a dress or skirt/pants that is not tight. But after 4 weeks with MycoCafé I could sit a whole day with jeans without having to open one or two buttons or get cramps. Last time I could do that, was more than 10 years ago.

I have had chronical pain for almost 20 years, but after 2 months I realized that I didn't had pain anymore from my whiplash and my rheumatism in my feet, and my ishias was gone that I have had for five years.

#### **G-BURN**

I lost 20 lbs. (9 kg) with help of G-burn.

I really wanted to see that it was G-burn that helped me to lose weight, so I didn't change any food or training during this time. I have tried for many years to come down under 132 lbs. (60 kg), but it never happened even if I changed my food and my training. My goal was to lose 15 lbs. (7 kg) and come down to 121 lbs. (55 kg), but it was so easy to lose a little bit more. I also use G-burn before I'm going to exercise, it gives me so much energy, so I can run longer and faster and lift heavier weights. I love G-burn, that is my favorite product.

#### G-FYX

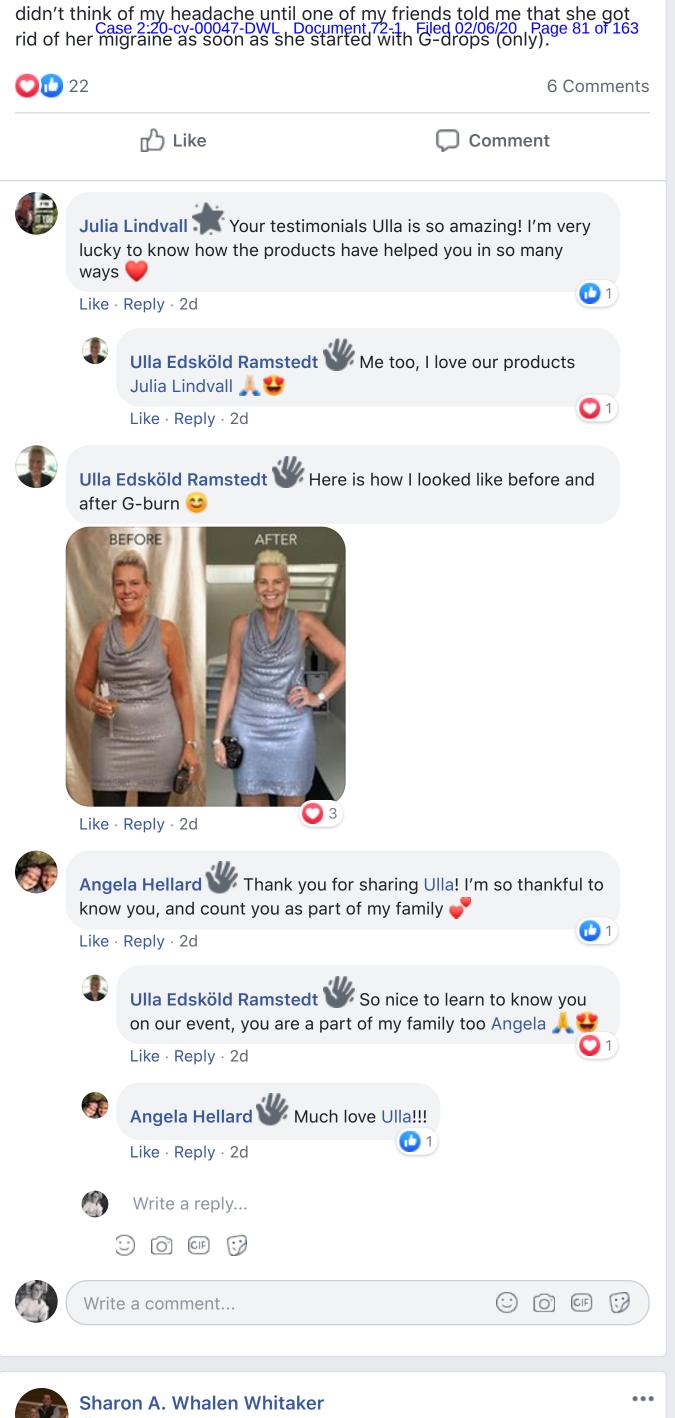
G-fyx has helped me with jetlag, twice when I was getting a panic attack. I don't have pain in my body since I started with the black coffee, but when I was hurting my knee (I had to jump on one leg down the stairs) I took G-fyx and the same evening I was walking 5 km on my treadmill without any pain.

#### **G-CLEAR**

When I was going thru my divorce, I had a really hard time to sleep. So I took G-clear and could sleep really good for the first time in more than a month. It made me relax and sleep deeper and not wake up more than a couple of times during the night.

#### **G-DROPS**

I take G-drops every day, both inside my body and on my skin. I got rid of my eczema on my foot, perfect when I got mosquito bites last summer, it hydrates my skin and I don't have as much headache as I used to have. I





I am making no medical claim. This is my story.

Before i joined Success By Health i stayed at home and mostly in my bedroom. With having fibromyalgia, IBS, fatigue, traveling anxiety and having anxiety from having body aches and pain and fatigue from the fibromyalgia to the point I didn't want to move. My stomach issues was so bad i loss weight from not being able to eat the food my body needed. On top of this i have chronic sinusitis and very bad seasonal allergies, food

intolerance and food allergies. Nothing has helped me with these issues Case 2:20-cv-00047-DWL, Document 72-1 Filed 02/06/20, Page 82 of 163 and i refused the meds for the fibromyalgia because the side effects outweighs the benefits. When my good friend Penny Younce Willett (Im so thankful for her) introduced me to SBH in March 2018 and i saw the wonderful line of products and i joined.

Aller-G-Stop has been the best support i have ever had for my sinuses and allergies. I also had been dealing with a skin rash for 1 1/2 years called granuloma annulare. The cause of the rash is unknown and the treatment did nothing. It was bad and very itchy very uncomfortable. When i started taking Aller-G-Stop for the support of my upper respiratory issues about a week later i noticed i had not been itchy on my sides and stomach and i looked down and the rash was gone. I was so amazed and thankful to how my body responded to this.

G-Clear has been wonderful to me and helping me feel calm and happy. Latte coffee. I had not drank coffee in years because it would upset my stomach so bad. MycoCafe coffee changed that. It does not burn my stomach and it helps with my IBS.

Im so grateful for these products i do not ever want to be without them. January 2019 for the first time in my life i went to Orlando Florida to the SBH kickoff. I never been on a plane nor to another state. With the mentorship from Mr. Jay Noland and coaching me on self growth and the wonderful products helping my body i went to Florida. I thought i was dreaming. Success by health has made my life so much better in self growth and my health and i am forever grateful.

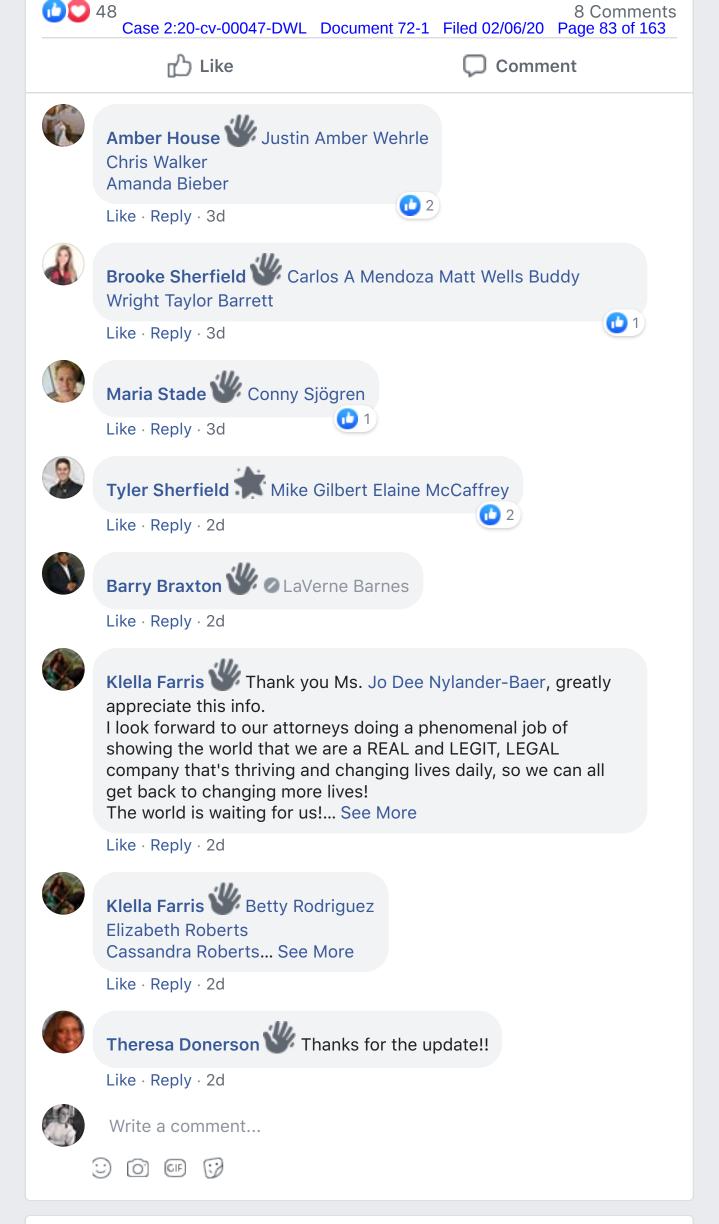
Now with the shutdown i am devastated that I can't order my products that has been supporting my body's needs and my mentor Jay Noland i miss being able to have his support of positive motivation.

I want to add about the great people i met on this journey with SBH. They all are wonderful outreached loving people who care and love others and that means so much to me and my family.





As many of you know? The preliminary hearing that was to happen today was postponed (at SBH's Attorney's request)— The ACTUAL Hearing date is: February 12th. Please pass the word!





\*No income claims are being made and results vary based on effort and following a specific set of instructions. There is no guarantee's made or implied for any individual based on my personal results.

## Opportunity

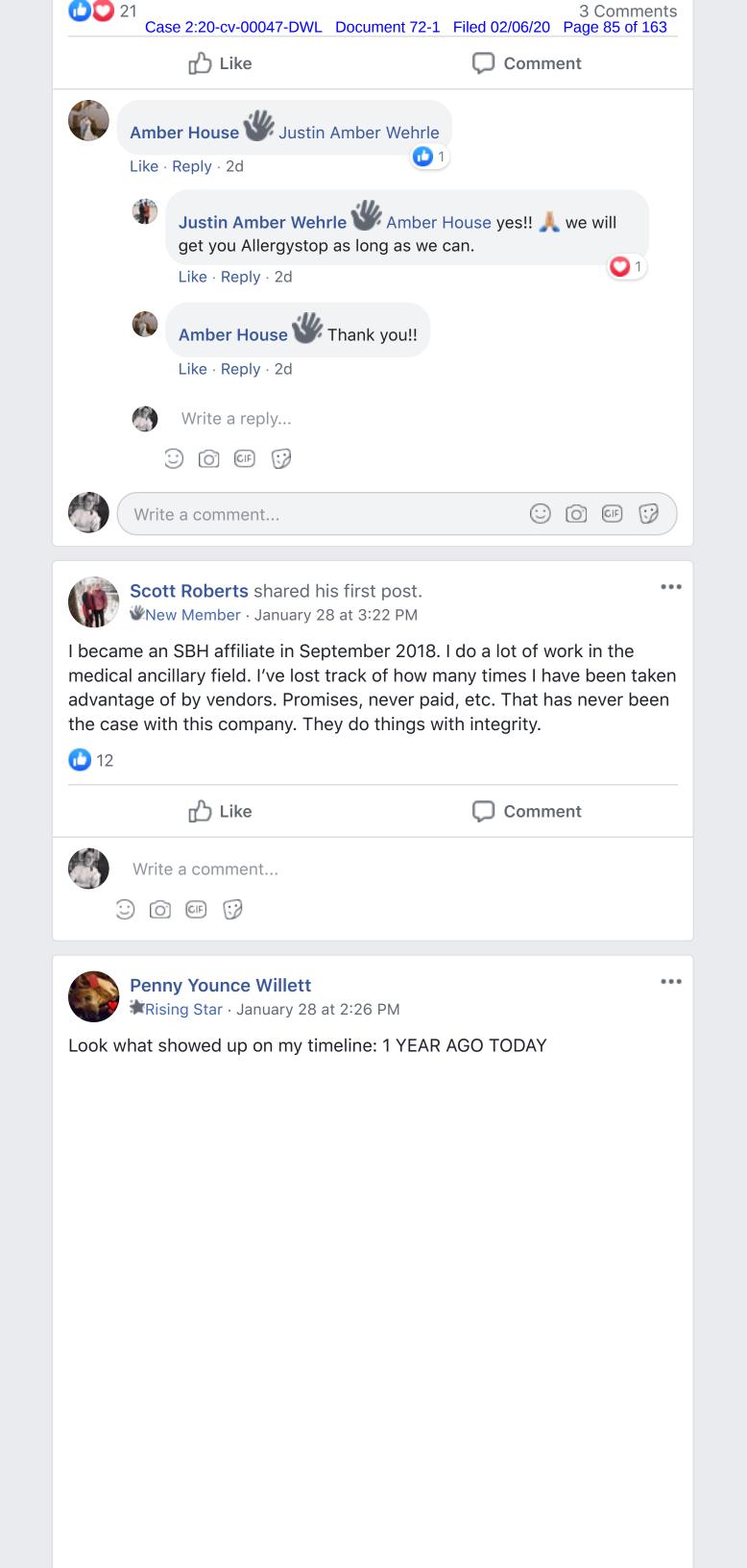
Since I have joined Success By Health in 2017 I have been taught by Mr. Noland, Mrs. Noland, Mr. Harris, and Mr. Sacca and all of the leaders within Success By Health that the Plan laid out is sell retail Five bags of coffee a week and offer the same opportunity to o...

**Continue Reading** 





No medical claim in this testimonial, but Aller-G-Stop has helped me tremendously with allergies that I typically suffer from year around! I usually end up with 3-4 sinus infections a year, but since starting this amazing supplement almost two years ago, I've only had two. In both cases, they occurred when I ran out of the product. I had also been searching for a healthy coffee for years before SBH. I love the MycoCafé black coffee and despise the thought of being forced to go back to a traditional brand of coffee! Because of the over-reach of the FTC, my health may suffer when I run out of these products at the beginning of next month if I'm not able to order more by then!









# Penny Younce Willett

Jan 28, 2019 at 6:01 PM • 🔐

I just returned from Orlando, FI launching our new business!!!!! It was phenomenal!!! I feel very blessed to be a part of this company.

We now have a new product that supports your body healing itself!! Iviany testimonials to share with you NO MEDICAL CLAIMS HERE!! I only have 2 bags of this miraculous blend....I will be getting more but for now, I have a limited supply.

I need a few to try it with me and notice what it may help in your body that could improve your health!!

I have seen blood under a microscope before this, and 30 mins after....TRUST ME, this is designed to support your health and your body's natural healing of itself, no medical



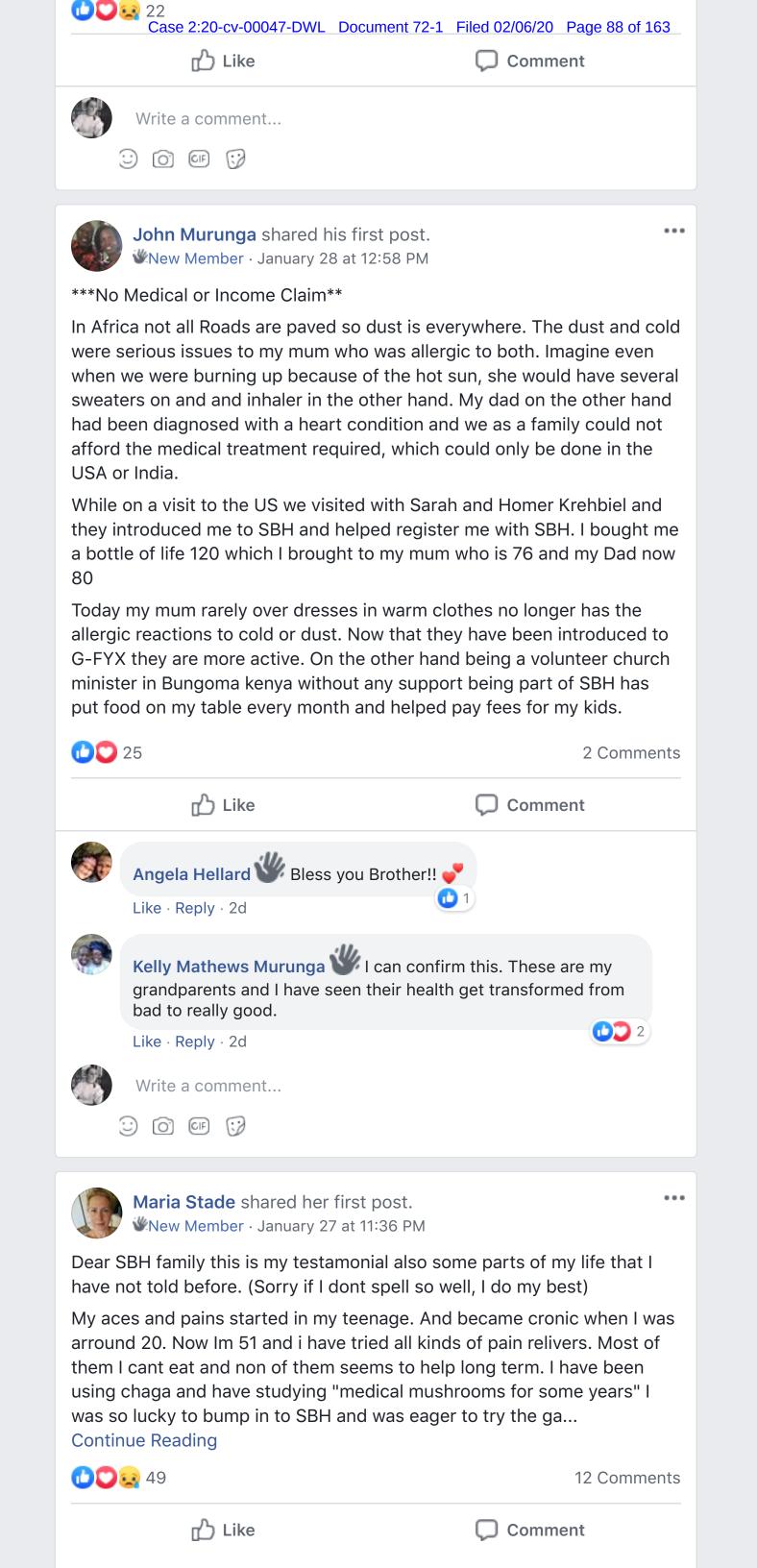


\* no medical claims, only personal experiences\*

February of 2018, my grandparents joined SBH to be customers and earn 10% on their monthly orders. After two months of consistent use of the products, my grandfather had lost 40 lbs, his overall health had improved tremendously, and he was cleared for hip replacement surgery. the doctor said his recovery would take at least 4-6 months, but because he had been drinking the G-FYX and taking the nutraceuticals, he was walking without a cane in just four weeks!

These products have helped my grandparents get their life and health back. My grandmas liver levels are finally going back to normal after almost 23 years. My grandpa went from 10+ pills a day, to now one or two prescriptions and a handful of our SBH nutraceuticals.

Due to the overreach and the FTC shutting down our ability to order these products, I am absolutely terrified that in the next few weeks, my grandparents will no longer have access to these products and their health will begin to slowly decline.







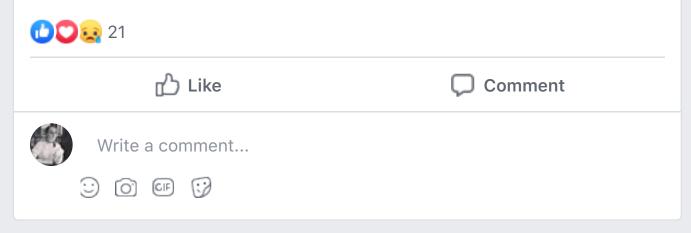
\*\*\*I make no medical or financial claims in relationship to SBH. This is simply our story\*\*\*

Like many others who find themselves approaching retirement age, it became obvious that we would not be able to live off of our Social Security benefits alone. The need to supplement our income through employment is not necessarily a bad thing. I believe that it can help an individual feel motivated and can keep the mind sharp; however, it is our experience in working hard and sacrificing much to help an employer achieve success that has brought us to the realization that there is no security or loyalty it working for others.

After dedicating 13 years to a major corporation with perfect attendance as a top producing Territory Manager, my husband found himself unemployed due to "downsizing". I was employed for nearly 10 years as one of the first employees of a start-up company when they let me go after selling to a global corporation. If you have ever tried to find a position as a senior citizen, you understand how great the challenges are. Although our work ethic is outstanding and our dedication to the companies that we have worked for was great, we now know that there is no guarantee that your position is secure. Even with excellent referrals and recommendations, it's nearly impossible to find employment at our age.

A few months ago, we decided to take a leap of faith and put our energy into building our own business through SBH, hoping that we can make the transition to being self-employed within the next couple of years. Shortly after signing up however, my husband was diagnosed with severe degenerative disc disease. We are now aware that his employment at his current company may come to an end sooner than anticipated. We were hoping to build our SBH business before this day comes, but with the shut-down, we now are very concerned.

One of the issues with my husband's recent diagnosis is pain caused by inflammation. We understood that G-FYX may be able to help his body. My husband's personal experience has been that it has indeed helped him. A side benefit that he has experienced has been a decrease in mucus both in his nose and his lungs, and he personally has also lost 10 lbs which has helped eliminate some weight around the middle which is beneficial for his condition. Because of the FTC shut down of the ordering system on the SBH website, I have personally have stopped taking the products so that my husband doesn't run out.





Due to medical conditions over several years my weight increased by 30+ pounds. I tried many different supplements to help me lose the weight with no success because my body did not respond well to them. They made me extremely nauseous and/or caused me to have major jitters and my heart would feel like it was going to explode. In July 2018 I decided to give SBH's G-Burn a try. I was thrilled with how my body responded to the product because I had a much needed boost in energy, I had zero jitters, zero nausea, my heart did not race and I lost 26 pounds over a 6 month

period by taking only 1 capsule per day! My body continues to respond well to the G-Burn because I have maintained my weight loss for one year now. I'm not making any medical claims, I'm just sharing my experience. To say I would be devastated if I could no longer purchase my G-Burn would be an understatement! 10 Like Comment Write a comment... (i) (ii) Joe Shoemaker WNew Member · January 28 at 1:00 PM I have been taking ALLER-G-STOP since I received my product around Labor Day 2018. I have not had any sinus problems. If I feel my sinuses start to feel bad I just increase the dosage. Well I am out of ALLER-G-STOP now and I need my order. 15 Like Comment Write a comment... Joe Shoemaker **₩**New Member · January 28 at 1:00 PM Since I joined SBH on 08-07-18 I have been taking G-BURN since I received the product I ordered. I weighed 245lbs and today I weigh 191lbs. I feel great but I am out of G-BURN now. I need to order more G-BURN. **(1)** Like Comment Write a comment... **Debby Armentrout** ■New Member · January 28 at 1:00 PM SBH came into my life in September of 2017. Always interested in health, Mr. Noland's trainings and simple plan, proved to me that Simple Retail of a product that people use everyday (COFFEE, HOT CHOCOLATE, TEA, etc), could generate extra money for anybody to help with their bills, whether it's gas, groceries, light bill, student loans or in my case, supplement Social Security. My family's income took a severe hit in the downturn of the economy in 2008 era. Many retirement 401K's were

decreased. I saw an opportunity that could help me and my family!!!!!

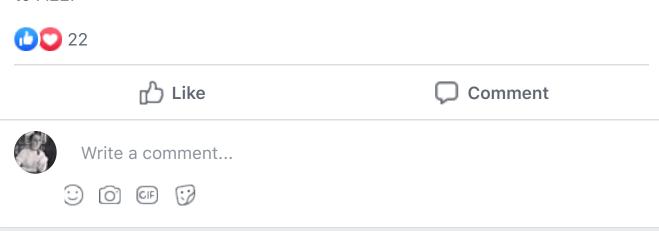
This Grave Disruption of Business by the FTC is baseless and causing harm financially and physically.

The beauty of our company is that you CAN choose to participate on several levels, become a customer all the way to creating an income. Like Girl Scout cookies, pick what suits you!

Sometimes new can companies fall short in growth, products, etc. SBH

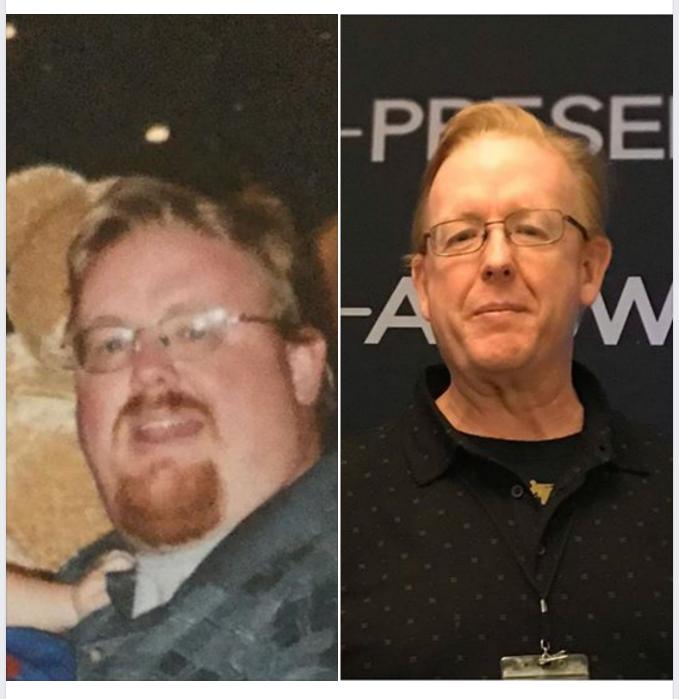
offers trainings (if you purchase an expensive car, you have to go to their Case 2:20-cv-00047-DWL Document 72-1. Filed 02/06/20. Page 92 of 163 driving school) optional, BUT to be prepared for SUCCESS you need to be PREPARED! SBH offers cutting edge Products for easy consumption. This unjust shutdown of business is harmful to many people including the Kenyan Orphanage that depends on our retail for SUPPORT as does the Homeless Teenage population in Las Vegas.

The many faces of SBH include, veterans, senior citizens, single parents, grand parents, farmers, teachers, professionals, persons with disabilities, millennials, an inclusive group, working to provide for their families, future families and their own future. This shutdown has caused severe damage to ALL.





I am not making any medical or products claims but what I know is i was once over 467 lbs and now I am 283 lbs lighter. That is an entire person that i have lost. And what do i have to thank for it. G BURN!!! The natural metabolism booster and appetite suppressant has enabled me to get my life back. Having a heart situation, I have to be very careful but when you put the body in the right conditions ...well lets just say I have more energy then i have had since high school and i weigh less than i did my senior year .







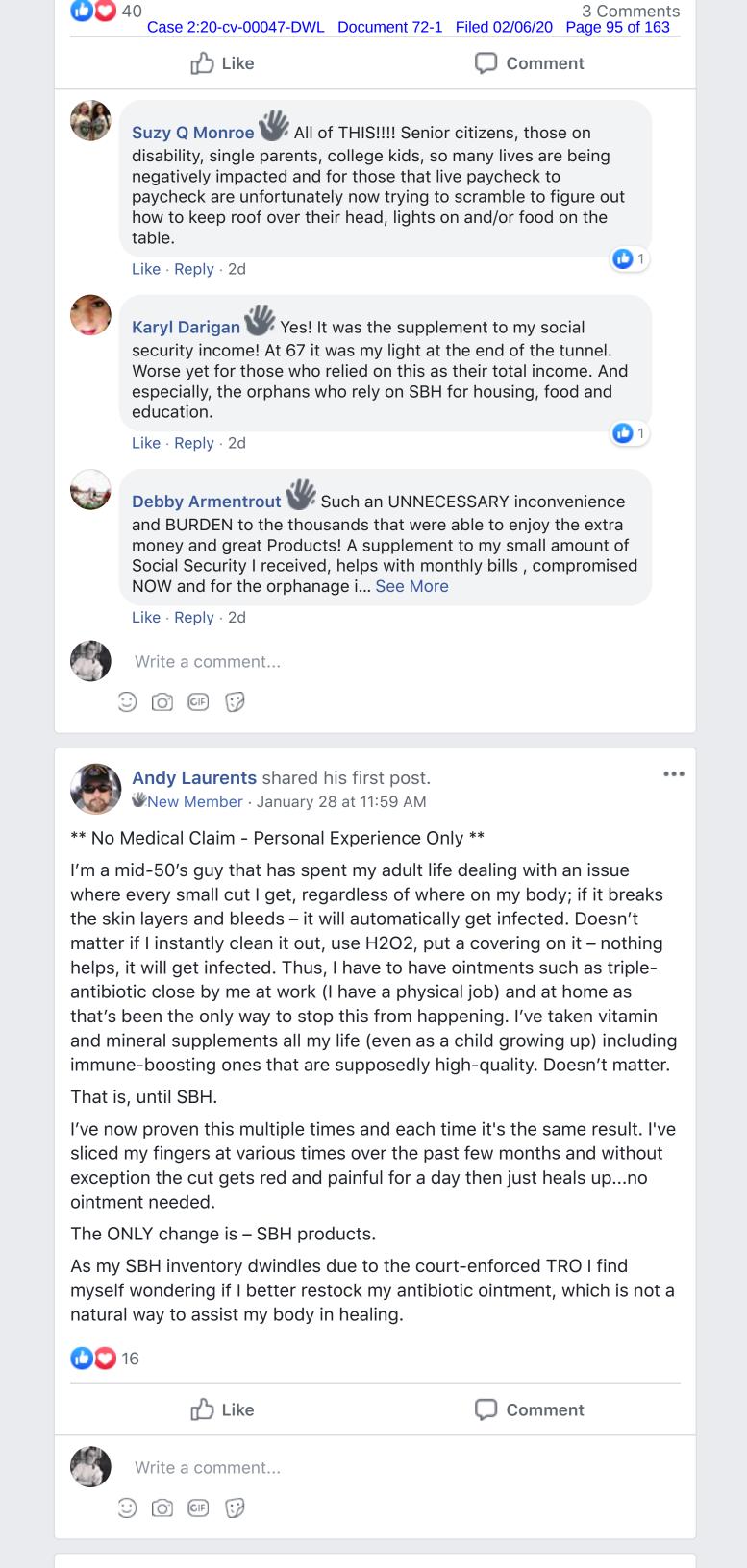
Since July 2018, the commissions thru SBH and retail sales of SBH products have been the sole source of income for our family of 5. Due to this FTC shutdown and the government overreach, this income was halted without ANY warning which has caused great financial hardship for our family. This drastic cut off has left us scrambling to find a way to pay for our living expenses and provide for our 3 children! THESE are some of the faces directly affected by these baseless allegations and the longer this draws out, the more they will be negatively impacted!

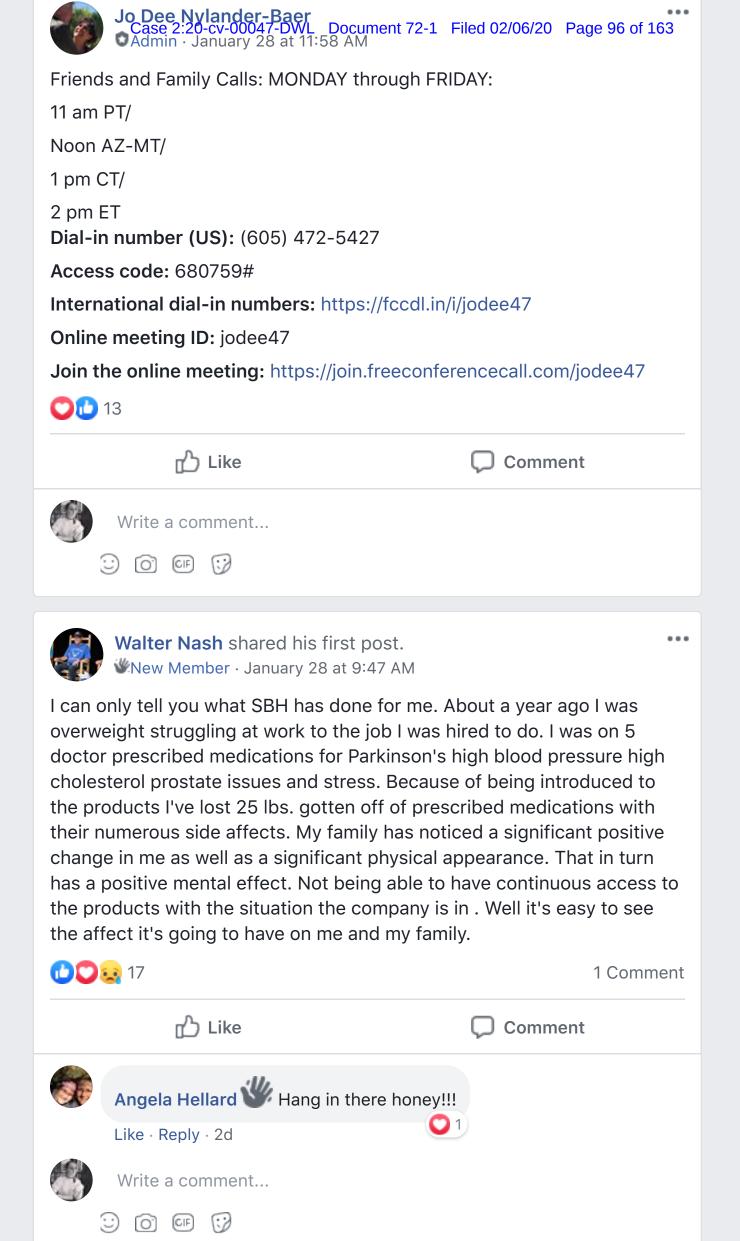






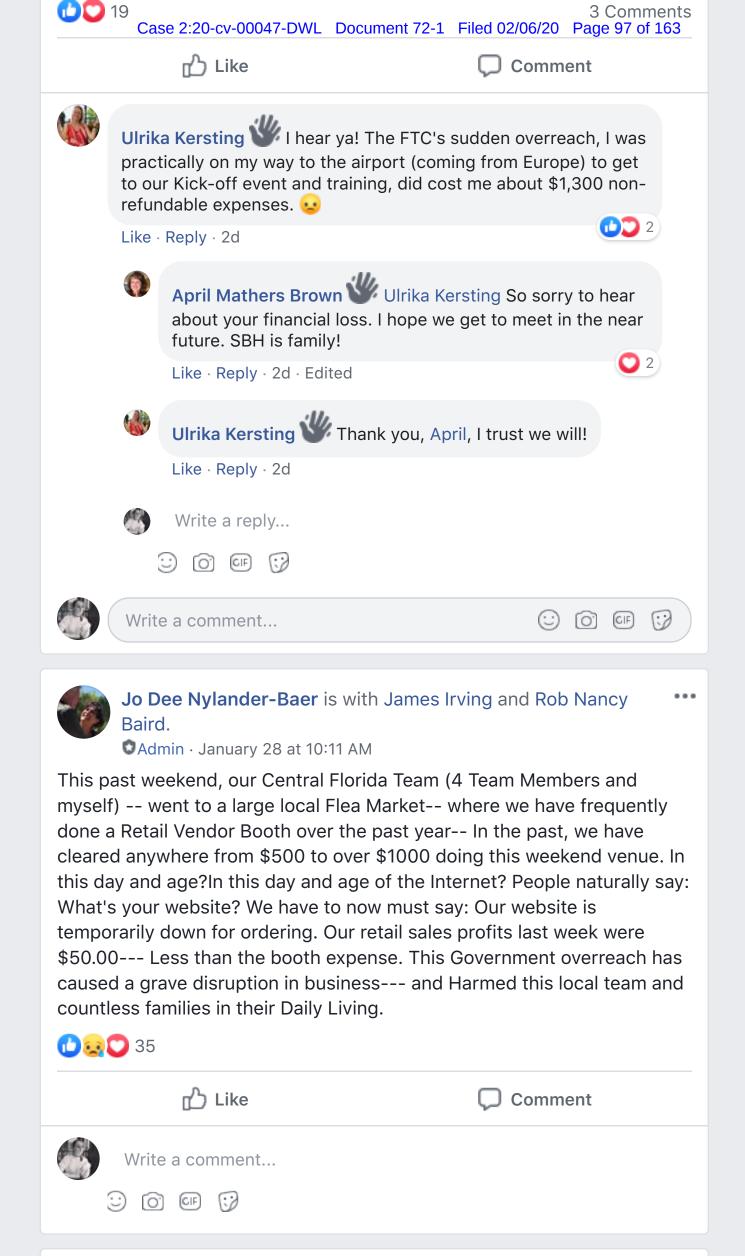
As a leader, my MAIN focus is and has been since the shut down: To keep my SBH Team/SBH all together--- I use the word: "Keeping "Because without the part-time people who supplement their income together--- which are 80% of the Company--- These Affiliates are ones who counted on the \$200 to \$400/month: Checks to pay that ONE BILL---Like the electric bill----OR? Their grocery bill---- Their car note? Because of the Government over-reach? We may have a whole new round of Orphans that need money to survive--- Like the Kenyan Orphans.







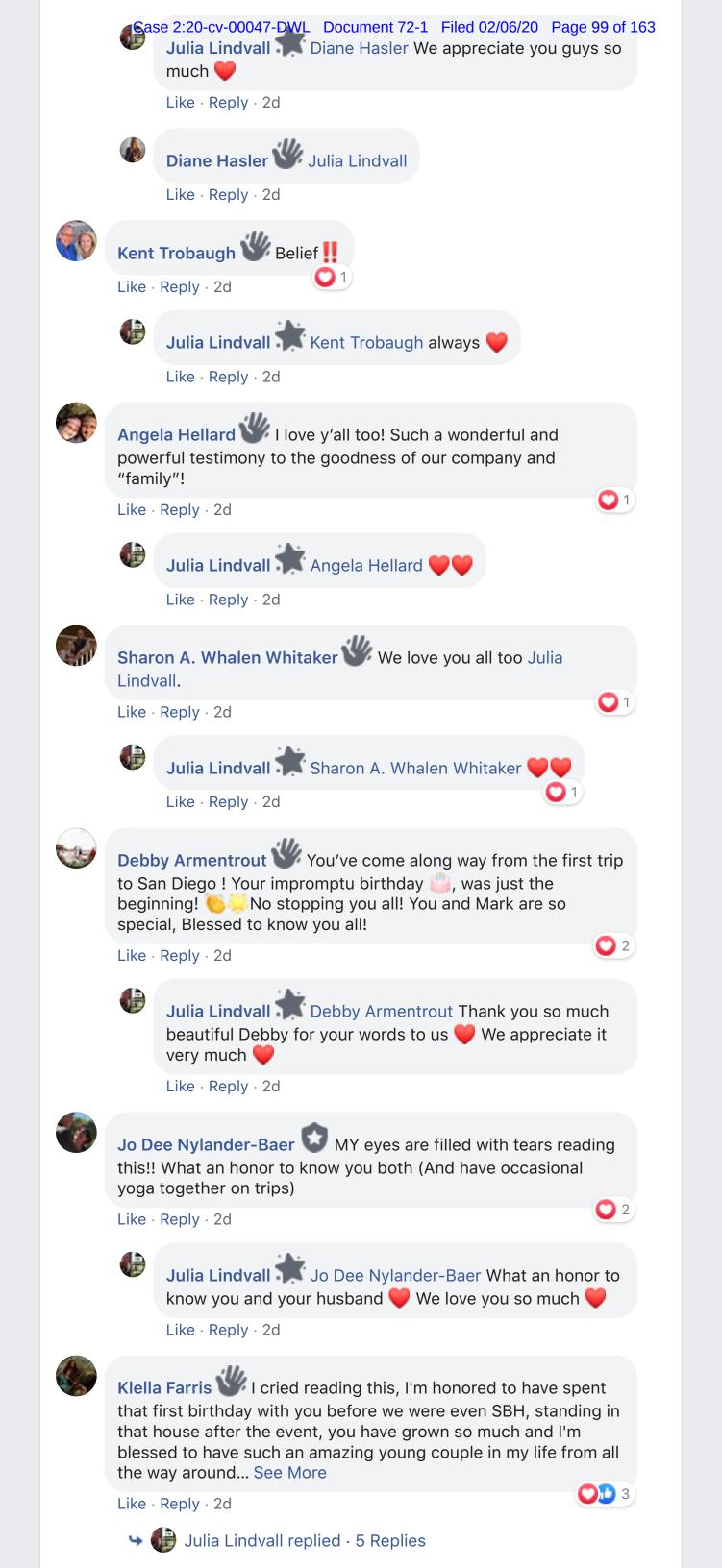
SBH has dedicated leaders (Jay Joland, Tommy Sacca, Scott Harris, Jo Dee Nylander-Baer, Jill and Allen Boone,) that have and are willing to go the extra mile to help affiliates build their business to include one on one coaching and excellent leadership training. I am halted in my ability to build my business and suffered financial costs and inconvenience from the cancelled kickoff and training. This was money I really did not have or want to lose. I have felt very supported by the leaders in this business and hope to resume my business.

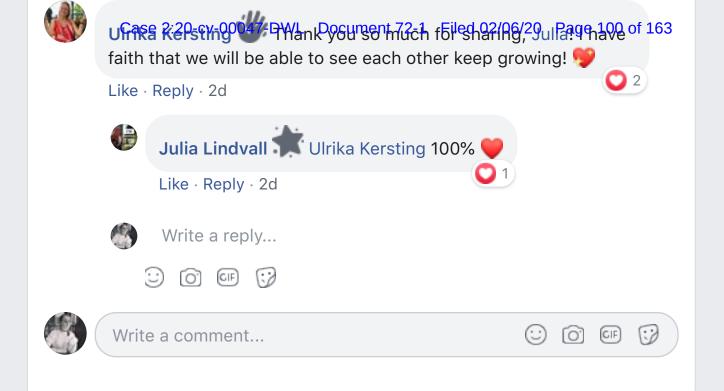




On March 5, 2019 I received great results from my Endocrinologist. I've had hyperthyroidism for many years and for 3+ years I had to have a yearly check for a swollen lymph node on the left side of my thyroid and a nodule on the right side of my thyroid. The results showed the lymph node issue is 100% gone and the nodule is so minuscule that I no longer have to be checked and my endocrinologist released me. The only thing that changed is that I began taking Success By Health supplements In July 2018 and I continue to take them every day. I am not making any medical claims, I'm just sharing my experience. I am very concerned if these products are no longer available my health will suffer the consequences.







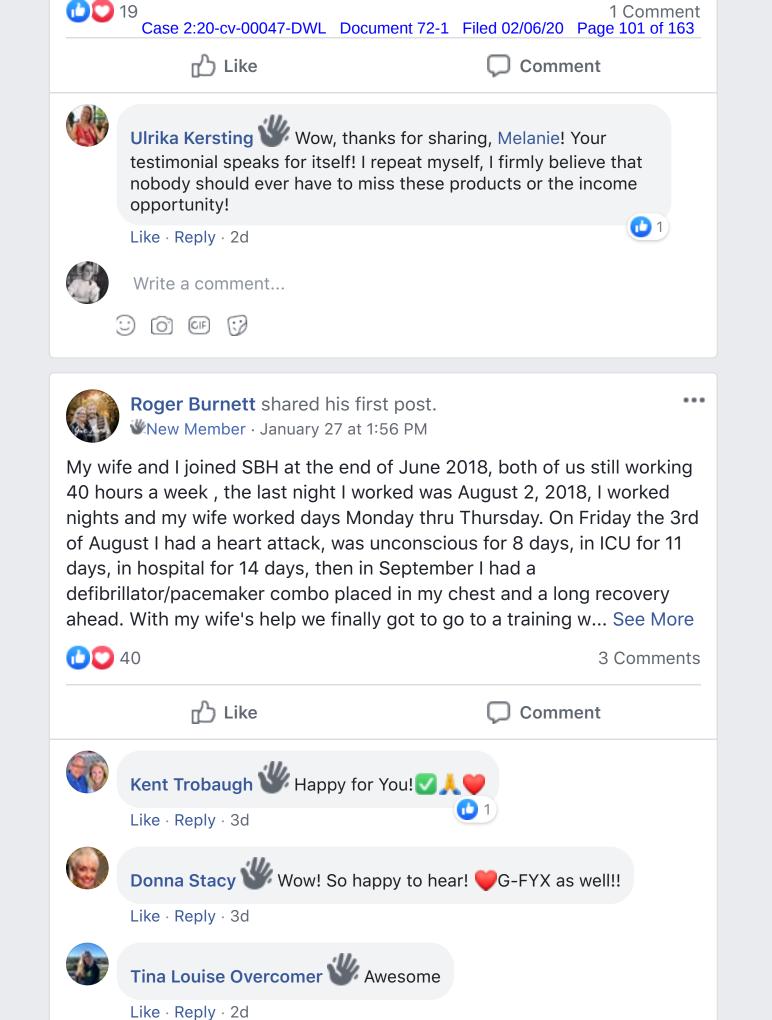


I have been taking G-Burn and G-FYX for about 8 months now. I've been taking the full spectrum of SBH supplements for about 6 months. I've been an affiliate of SBH for 4 months. I am not making any medical statements or claims, but I have or others have noticed the following:

- 1) My massage therapist noticed my spider and varicose veins are fading. She thought I had vein treatment. She is now a personally referred affiliate.
- 2) My hair stylist noticed my hair was growing back on spots on my head that had lost hair, particularly on the sides of my head over my ears. She is now a personally referred affiliate.
- 3) Our friend Jo Dee mentioned at some point in time she mixes G-Drops in her facial regimen. I have to thank her publicly right now, because my products last longer; but most noticeable are the age spots on my face are nearly gone.
- 4)Everyone has seen my before and after pics... The G-Burn and G-FYX has dramatically helped me lose weight, recover from workouts almost immediately, and continues to help me control my appetite.
- 5) My out of control blood pressure is now normal it's high at one point was 180/120. That was a bit concerning...
- 6) My cholesterol was high -- all normal ranges now.
- 7) I was pre type 2 diabetic... Not anymore.
- 8) I was taking 40 mg of citalopram daily, an antidepressant; Not anymore.
- 9) I was eating antacids like they were candy.

As a matter of fact, I don't remember the last time I swallowed a pill that wasn't an SBH supplement. I turned 65 this past December. On my birthday, I did 65 military style pushups as other people counted! I sold several bottles of G-Burn that day!

I should mention I have my husband on these supplements, too. He is in the best shape of his life, and will be 67 next month. As senior citizens, where will our health be if we no longer have access to these products?

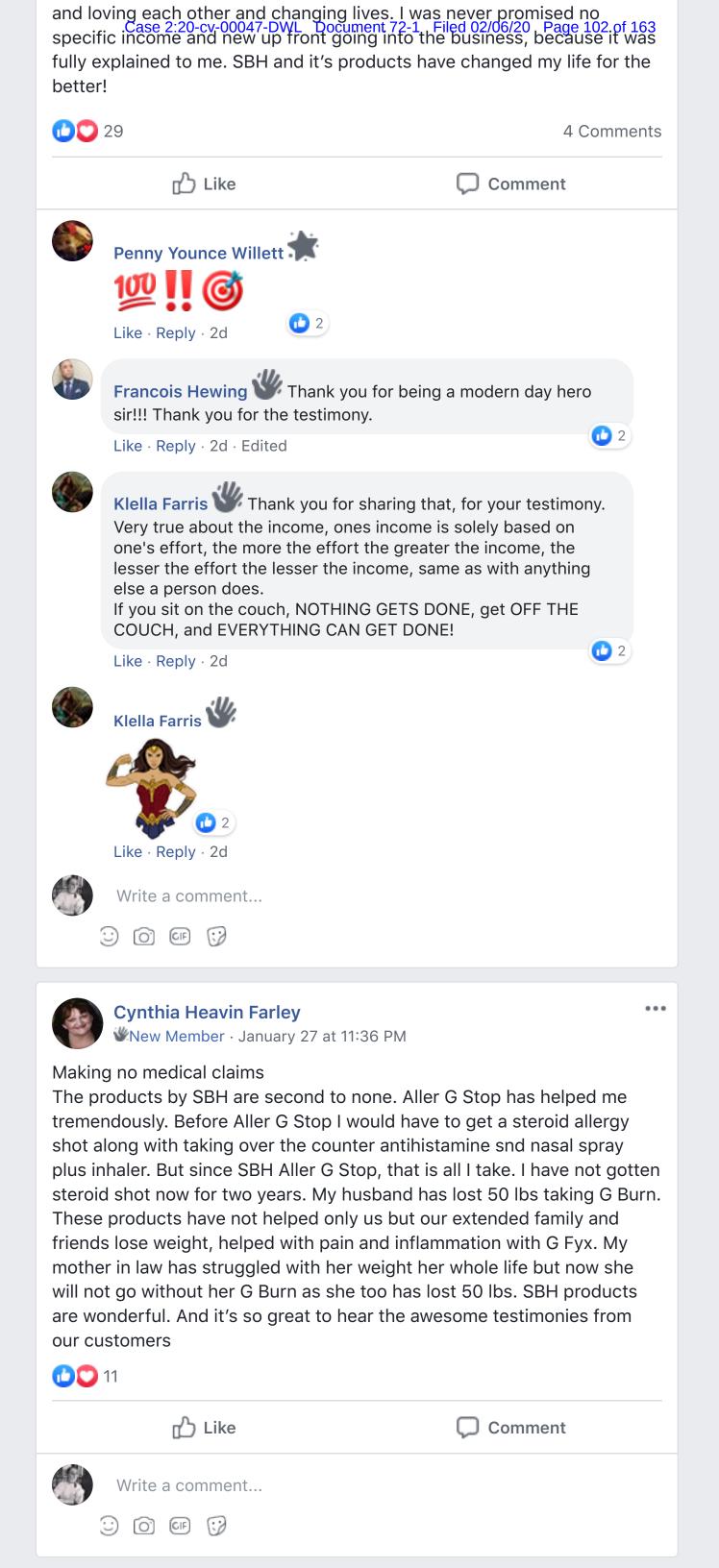


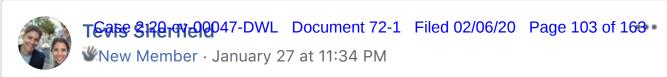


\*\*NO INCOME CLAIMS\*\*

Write a comment...

My wife, Sharon had joined SBH in March of 2018. Myself being a police officer wanted to wait and verify everything was legit. In all my inquiries regarding who, what, when and why, I came to the conclusion with facts that Jay Noland and SBH was legally sound. So in July 2018, I made the decision to join with my wife. Since then, my wife and I have enjoyed working our business in SBH and consuming the great products. Mr. Noland and the entire executive team not only gave us the opportunity to make residual income, but importantly taught me ways of being a better leader. In addition, SBH and Jay Noland's guidance allowed Sharon A. Whalen Whitaker to do things she had never imagined doing before like, public speaking, traveling and flying to other states. My goal after retirement from law enforcement was to continue to build our SBH business even more. My testimony about being involved in SBH is more than making residual income, it's about learning about your capabilities





2017 was an interesting year for me...

I had just spent 21 years trying to learn how to become financially successful and found myself about \$140,000.00 in student loan debt...

I was about to graduate as a Doctor of Physical Therapy, and my clinical instructors (people with the same degree) were telling me they couldn't pay their student loans... "we can only afford the interest... Hopefully our loans get forgiven in 25 or 30 years..."

I knew I had to do something... I literally started 6 businesses that year in a panic trying to get myself out of the mess I had created...

My wife and I made limited supplemental income with some. Others, we were losing money...

Finally, in September of 2017 (that same year), I was introduced to SBH...

My wife and I, determined to makes something work and refusing to live under a mountain of debt for the rest of our lives, put our heads down and went to work...

We were extremely excited, because for the first time, we had been shown a plan that produced results for us...

We were able to sell product that people were actually happy to pay for... This blew our minds seriously... We thought we had struck gold. We continued to sell the products, and people continued to give us positive feedback!

Then we started sharing the opportunity with others, and within the FIRST pay period... Brooke and I were able to earn more through retail profits and commissions than we had ever been able to earn from any jobs we had ever had in the same amount of time...

We had proven to ourselves that it worked...

We both went on to graduate and worked only 3 months each before we were making enough money to go completely full time with SBH. It was a dream come true for us to be able to work together, on our own terms...

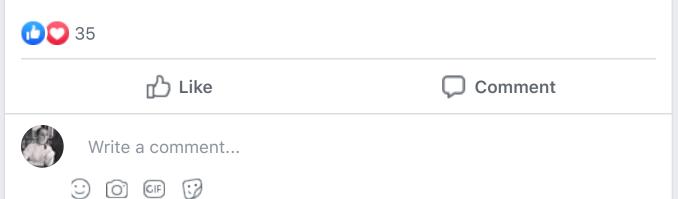
Vendor events have been great for us, and have produced anywhere from a couple hundred dollars to a few thousand in profits for a given event. Some are one day events, others a weekend, and some last an entire week. And I'm always proud to say that I've never worked a vendor event that I'm aware of in which the vendors around us outperform us. We seem to always do more volume. I believe it's partly due to the incredible sales training we've received, and partly do to how much people love our products... All you have to do is give them a little taste . Retail... It just works!

Aside from the retail sales (the backbone of what we do in SBH), I've always gotten commission checks twice a month without fail.

My SBH business is the first that I've ever had success with, and my wife and I are extremely grateful to have been given the opportunity!

Looking forward to growing more in the future!

\*\*\* None of the information included in this post is intended to be interpreted as a guarantee of income. This is my personal story. Individual results may vary significantly.







SBH was my primary source of income. This unexpected shutdown of SBH has affected me greatly. Giving up my 9 to 5 job in May of 2019 to become a full time affiliate quickly became a reliable source of income, allowing me the freedom and ability to pursue my ultimate passion which is music. The SBH trainings and conferences shared evaluable educational knowledge that I needed to excel and achieve each financial goal I set for myself monthly. Selling product and recruiting new affiliates (without making any financial guarantees) and continually meeting new people, expanded my reach to introduce awesome people to awesome products. As an independent recording artist, being able to supplement my income through SBH gave me much financial relief and the ability to pursuit the music. These statements make no financial claims that everyone will duplicate my journey with SBH. My hope is that SBH will be released from the FTC shut down sooner than later. With no notice given to SBH about the FTC shutdown, it has left me with no steady income now. How can people take care of their financial responsibilities in a household? The government has shown no consideration of this fact. It has affected me! Regarding the CEO and Founder of SBH Mr. Jay Noland, he pours into each affiliate nothing but positive uplifting life changing energy. SBH has become like family. This organization is not just about selling products and recruiting affiliates oh no, there is a much great purpose here. Uplifting the world and expanding our reach to make the world a better place, taking care of the less fortunate also truly transforming lives and household in a positive way is the mission and what I experienced first hand. I miss my SBH family.



So late July we purchased a super accelerator pack. My Wife was very skeptical. And she said we can t afford these products. But I said well we already got em we might as well try em. A little history for you my wife has fibromyalgia. Everything we tried big pharmaceutical wise the side effects was worse than what it was helping! About a month after trying g clear she told me that she really felt happy, went to sleep quicker, got in to the dream sleep and slept longer! She was a lot more focused at work.

And just clearer headed without the brain fog! Not to mention when she

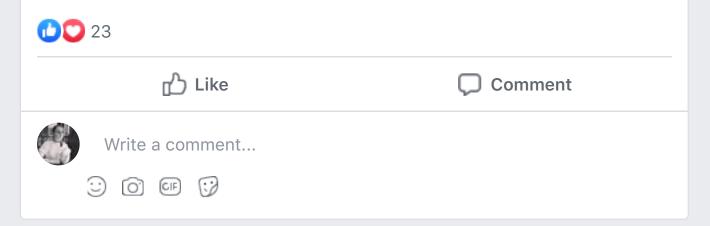
got sooo much pain relief help from G Fyx and the Hemp infused Clic! Case 2:20-cy-00047-DWL Document 72-1 Filed 02/06/20 Page 106 of 163 She says she is 85% pain free! So when my wife feels better than my quality of life increases! I tell you when you have young children it's pretty dang rough to explain to them why mommy can t go to the park, why don't you get in the floor and play mommy? That's rough! And I pray none of you have to go through that with your kids! So from my personal experience with SBH I got my wife back and Life! That is what SBH Means to me!





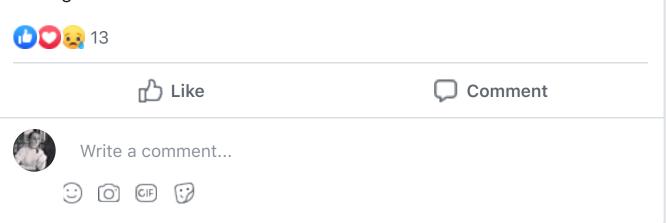
I've had limited experience in direct sales, but extensive experience working with various industries and a 33 year career in the Army. I've served in numerous command and staff positions through Division level. I served three years as an Inspector General, received trained in investigation techniques by the Army and Air Force, and worked with thousands of people around the world. I've had the privilege of becoming an affiliate of SBH in July of 2019. I've met many exceptional people who are committed to improving the lives of others physically and financially. I've purchased SBH products at wholesale prices, used them to improve and maintain my health while helping others do the same. I am not making a medical claim, but SHB Essentials, Time Capsule and G-Clear helped me reduce my blood pressure and handle stress better. SBH G-

FYX has reduced pain and inflammation in my body to the point that I no Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 107 of 163 longer take any prescription medications. I feel more energy and am physically stronger since taking the Life 120 Vitamins, G-Drops and using SBH products. I've had customers who became SBH Affiliates because their health was substantially improved. This inspired them to get SBH products at wholesale prices and share them with others as an additional source of income.





I became a SBH affiliate on November 25, 2017 at the age of 75. A friend shared the MycoCafe black coffee with me. It is the best coffee I have ever tasted. I researched Ganoderma and found it has many health benefits and has been used for thousands of years by other cultures. I added essentials, g-shield, and g-drops to the coffee and immediately noticed I had more energy and focus. As new products were released I added them to my daily regiment. I now take all the products on an as needed basis. The results for me (I am making no medical claims) my overall health is exceptional. Now at 77 the only prescribed medication I take is a blood pressure pill if needed. The headaches which I had frequently are now rare, my allergies are under control, I have more energy and focus. To sum it up getting the correct nutrition provided the raw materials for my body to produce optimal health for me to enjoy. The interruption in my ability to purchase these products presents a risk to my good health and peace of mind. It also saddens me that the abrupt action to stop operations of SBH has negatively affected the orphanage school in Kenya and the organization in Las Vegas that works with homeless teenagers.





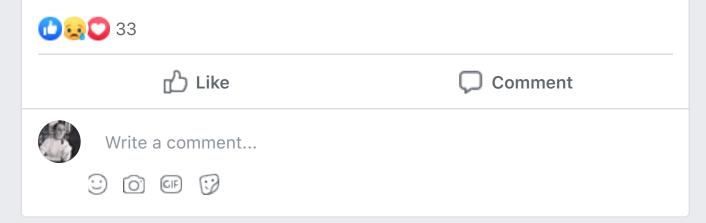
Here are just a couple ways of how the government's overreach with SBH has affected me. I got married on January 11th. My husband and I spent two nights at a resort 4.5 hours away from home. We would've stayed there longer, but cut our trip short so that we could pack and leave again for the company kickoff event two days later.

We left our honeymoon and drove the 4.5 hours back home, only to get a message that the company kickoff event was cancelled. We made the tough decision whether or not to go ahead and fly to California. We had planned to extend our trip for a total of twelve days, to enjoy more honeymoon time away and also build our business in California. We decided to cancel our hotel reservations and have our airfare credited toward a future trip, in anticipation that we will have our kickoff event later in the year, and have yet to have a real honeymoon.

•••

My only two sources of income for 2019 were maintenance and SBH. I Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 108 of 163 gave up my maintenance payments in order to get married. I anticipated having my continued income from SBH and also having it increase from the launch of VOZ and the passes the we were due to receive in January. The TRO of our company has left me with no source of income for the immediate future.

The temporary shutdown of our company has also completely halted the momentum of my business that I have worked so hard to build in my team.

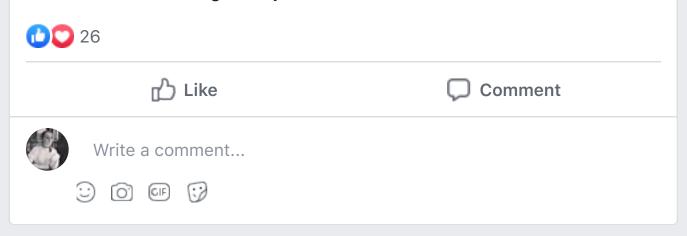




My first experience with SBH products was in using G Drops. I met with my up-team leader and was having severe stomach upset and pain at the time. She shared some G Drops with me to put in my water as a sipped on soup broth during our lunch. By the time I finished my second glass of water, my stomach had stopped hurting and my GI distress completely stopped. I continued using the G Drops the next week in my water bottle as I was on a trip to Universal with my daughter. It was the first time that I didn't suffer from abdominal symptoms due to dehydration when I traveled!

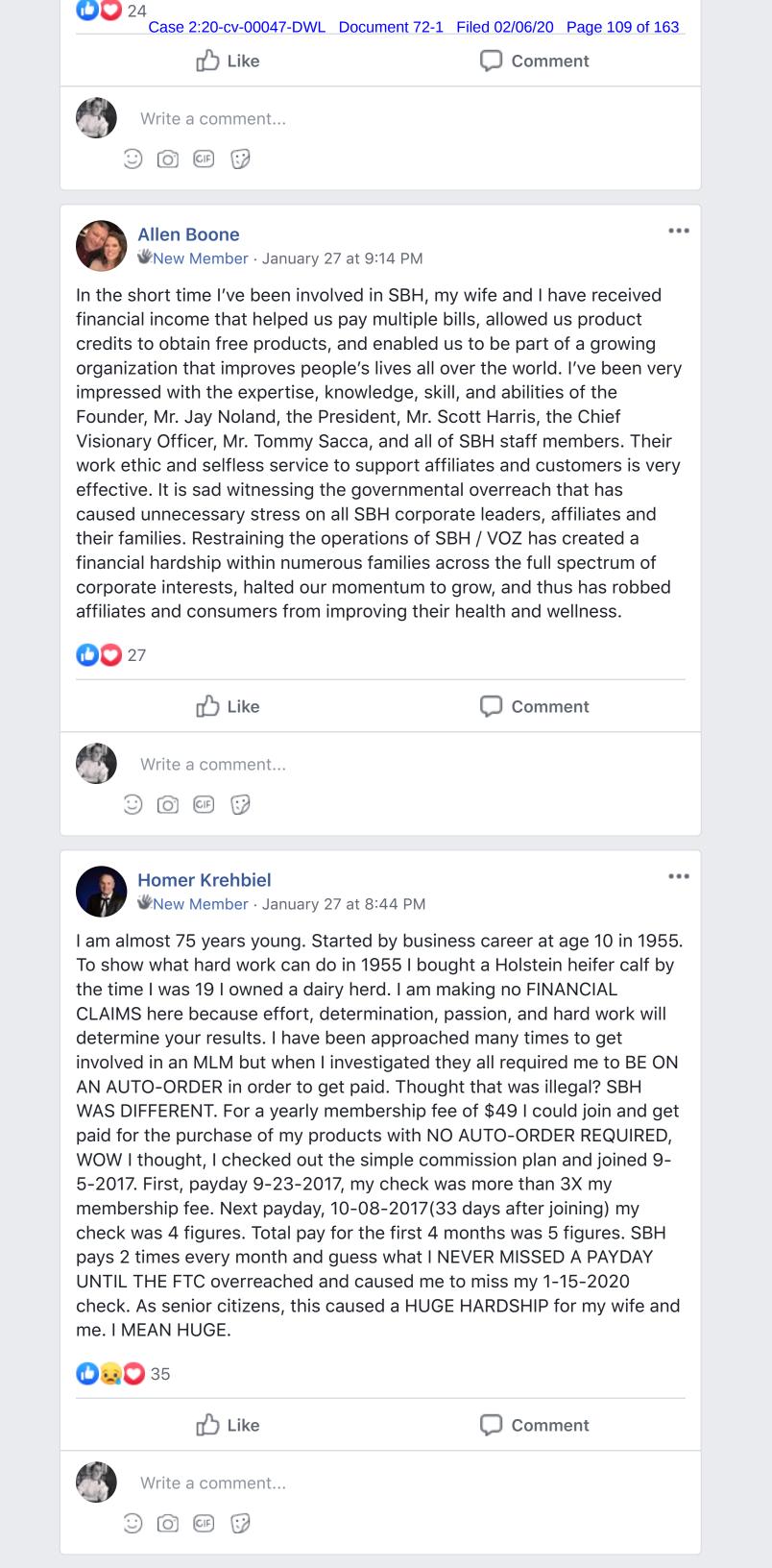
I'm not making medical claims. This is my personal experience.

I use the nutraceutical products on a daily basis. The Aller-G-Stop has controlled my nasal congestion that had me taking over the counter decongestants 2-6 a day for the past few years. I am completely off of them now. I have more energy, feel better, and have gotten sick much less than I usually do. The G-FYX also helps me feel much less achy than I do when I am not drinking it daily.





I have been in direct sales for over sixteen years, and involved in seven other companies in that amount of time. In my first few weeks with SBH, my up-team leader asked me what my biggest check had been with any other companies. I told her, and she assured me that I'd beat that amount easily if I continued working the way that I was. My second check, which was for a two-week period, far exceeded my highest check in any other direct sales business! I have also continually received a paycheck for every single pay period that I have been with the company. These are not income claims, only my personal experiences.





taste is so smooth and when he gave me a sample I could for the first Case 2:20-cv-00047-DWL Document 72-1. Filed 02/06/20 Page 111 of 163 time in my life feel so good when I drank COFFEE!! I have never felt one negative effect from our coffee, ever.

Today I drink 1-3 coups of our coffee and other hot beverages EVERYDAY! After drinking water and taking our supplements every morning I always drinking one cup of coffee. The coffee makes us very focused and we feel very stable and calm in our body. Our bodies feel healthy and we do not ever get a caffeine crash!

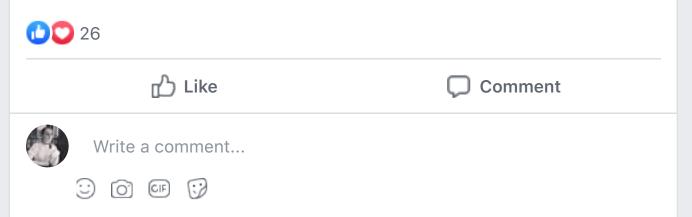
We never drink any other coffee than our Mycocafe. Our family, friends and people that we care about loves it! My parents have changed totally to mycocafe, drinks it at home and at their work. They feel so much more focused and their stomachs are calm..

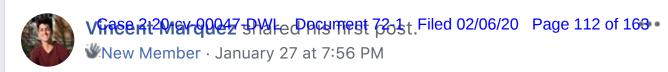
We are forever thankful for our amazing coffee, other hot beverages, we are so grateful for all our products! Can not live without them!





I am not making any financial claims or medical claims for our company or those involved in the company. I am a pastor of a small church in rural Florida. My wife, Ami and daughter Annie were living pay check to pay check barely making ends meet. Some months I had to go without my heart medication just so we could pay the bills. Almost a year ago I was introduced to SBH and the great products they have. I tried one of the products which was designed to calm the nerves and help with anxiety. (Ever since my heart surgery sleeping was evasive for me) Friends of mine introduced me to Ms. Jo Dee Nylander-Baer who sold me at retail price a bottle of G Clear, G Essential and G Drops. That night I slept 9 hours straight. The following night... another 9 hrs. The third night my wife had to shake me awake because i was sleeping through my alarm. I knew then that SBH was real and a company of integrity. I joined the company and immediately began retailing product. My wife and I made enough money from selling products that within two months we were caught up on our bills and Ami was able to quit her job and go full time retailing SBH products. I am still pastoring because that is my calling. The retail of SBH products has enabled my family to not sturggle and for that I am eternally grateful.





To whom it may concern,

I have been a part of Success by Health since November, 2019. I am very fortunate to say, without making an income claim, that I was able to leave my job within two weeks of enrolling.

Men and women my age (18 years old) are usually looking for a path to get started on their life. Whether if that's college, a full time job, or a path not many seek, which in this particular case, is time and financial freedom. I never saw myself going into student loan debt for college, and I never saw myself working for anybody else. I wanted to be a leader amongst a group of individuals who sought the same path that I have endeavored, freedom. I was searching for quite some time for a vehicle, to take myself and my family, to the dreams and heights that we most desired.

That is when I was thrown the keys to the rocket ship, I found Success by Health.

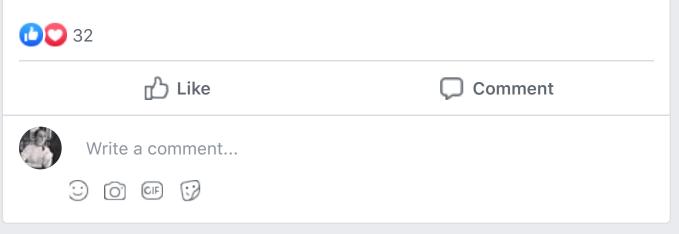
Due to this being my story, I do not request empathy, but I do request an understanding of the circumstances presented. I never had an idol in my life, especially that of a male figure. The opportunity to being able to meet someone of astounding providence and fortitude, is truly an honor. As said, I have been searching for a leader to follow so I may carry out my dream of helping the masses. However, that is when on January 13, 2020, we were informed that the Federal Trade Commission(FTC) cut all assets and we were told to go on hold for an upcoming event that was dated for January 18–20, 2020. I have not, to this day, been able to meet the idolized figure of mine, because of this governmental overreach that has robbed me of my dreams.

Since the cutoff, I have not been able to receive any further income from my new source of revenue. I will not speak for anyone else a part of Success by Health, but from what I witnessed, those who have replaced their incomes entirely, like myself, are no longer able to receive payments for necessities required to live on a day to day basis.

Since November, 2019, my life has truly been formulating into the dreams I have always hoped for. To this day, I have faith in Success by Health, it's products and services, but mostly, in its CEO and Executive staff.

Thank you and best regards,

Vincent Marquez





Emailed From my former Retail Customer, now Affiliate-- who uses our products for a 10% on personal consumption--- And was beginning to supplement her income? "I am desperate for some allergy top for my son. This is the first product that he responded to for his allergies... And his body responded to. He has a bleeding disorder"--- Samantha Nazario



I would also like to express my opinion about this company. The training we get is worth so much, Mr. Noland - no one can teach as u, and everyone else I've heard so far is just fantastic, I hope I can teach half as

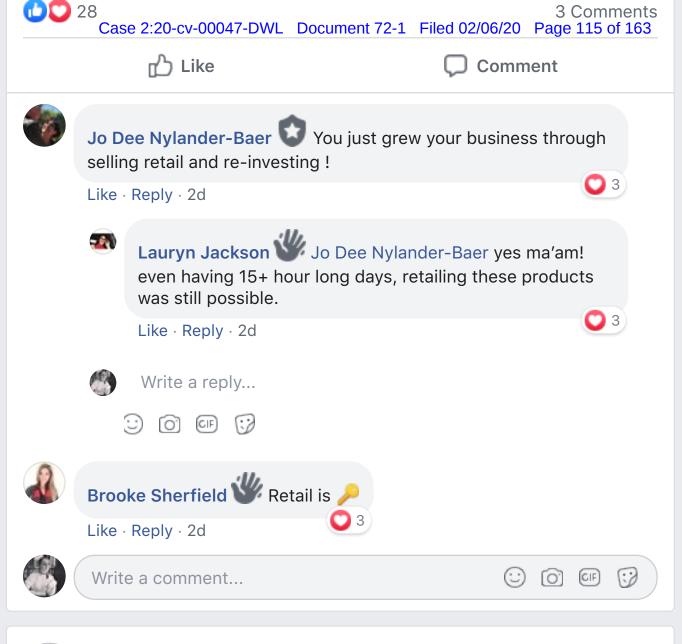
good as u guys one day! And this have been so perfect to have as an Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 114 of 163 extra income now when I'm at home with my kids, to not have to worry about money and just spend as much time with my family as possible. And also I have to say, I've been working on alot of diffrent places both "ordinary" work places and a little bit in direct sales and never ever have I feelt so much love and caring from a company both from all u other affiliates, our team in sweden is just wow, and also from the executive staff. I mean who am I, I've only been here for a few months but still you all treat me and my family with so much love and I could'nt be more greatfull that I have found all of this company and all of u and I hope this is just a bump in the road on our very long journey together.

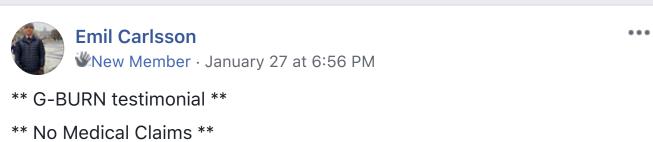




\*Disclaimer- This is not an Income Claim\*

I joined SBH on December 10th, 2017 while I was a full time student-athlete in college. I purchased an accelerator pack and sold the products in smaller packs, to make more retail profit, overall. This opportunity helped me earn money while I was in school to pay for my tuition, food, and my car payment. I saved some of my profits and invested in a super accelerator pack in March 2018 and retailed the products within approximately a month. In March of 2019, I voluntarily purchased a USA Founders Pack and was able to sell it in approximately six weeks.





I first started taking G-Burn in May last year after beign bedridden for nearly 4 months after i hurt my ankle badly so i needed surgery to get it

fixed. So i gained alot of weight and my physical health was rock bottom at that time so i needed a change.

I remember beign so skeptical about it as i tried different kinds of weight-loss products before - but i was so wrong. The picture up front is the one before and the picture in the bottom are the results in just 2 months. I lost 12kg (Don't know how much that is in lbs) in just 2 months and didn't change my diet and i didn't workout more than i usually do and felt better then ever before.

I'm so glad i came across this product because i have had probably the best experience for myself and i have helped alot of people out there getting better health and that is something i will cheerish forever.







I became a member of SBH in July of 2018 and have loved being a part of this 'family' since then. I've been part of other direct sales companies in the past but none compare to this one! The positve atmosphere and personal growth development have done so much for me personally and I'll never turn back to who I was before! I've grown into a more confident, stronger self esteemed person that has realized I can still dream and make a difference in helping people become free and live the life they want to live. ME.... just one person can make a difference! I want to thank Mr. Jay Noland for his insight, love, passion and commitment to making the personal development series so that I can overcome my past and grow into the person I was born to be! Stand STRONG SBH family, we will overcome this! Much love to ALL my SBH family everywhere ♥

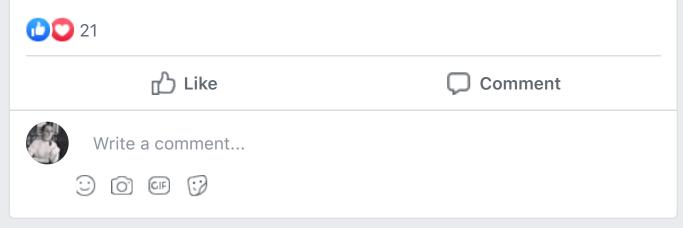


foremost because it gives me so much energy, wich I don't have a lot of Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 118 of 163 with two small kids and one of them infant so a lot of awake time at night still, and also because it takes away all of my bad cravings and I've always got a bloated stomach but no more! I also lost 2kg without doing a thing and all of this with just one G-burn a day. But the last 2 weeks I'v... See More **(1)** 27 2 Comments Like Comment **Emil Carlsson** 🗸 Love it! 🐸 Like · Reply · 3d Mathilda Augustsson W Amazing!! 🙏 🙏 🐸 Like · Reply · 3d Write a comment... **Brooke Sherfield ₩**New Member · January 27 at 6:05 PM From my dad who is a very skeptical person.. our black coffee passed the test! "...It has a flavor of its own and to be instant, it tastes more like a brewed coffee. Most other instants can be bitter." -Jody Stewart 17 Like Comment Write a comment... Tina Louise Overcomer shared her first post. WNew Member · January 27 at 5:59 PM The FTC has made it really difficult to share info with others! I enjoy the extra income that we make with SBH! It has helped with paying our bills and using it as groceries and gas money! This is my personal experience. NOT making any income Claims! **(1)** 24 Like Comment Write a comment... **Becky Baker ₩**New Member · January 27 at 5:46 PM \*In no way does my testimony make income claims. This is my personal experience and it cannot be guaranteed with anyone else.\*

I delved into this business on July 8, 2019 and haven't looked back. The benefits are numerous:

Financial - I earned my first commission check 2 weeks after I enrolled

and have been earning steadily since. I'm working toward replacing my Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 119 of 163 income so I can leave my full time Job. Due to severe back problems it is a hardship for me to continue working in the capacity that I do (nurse and teacher) and I must have an income. The inability to continue to build my business is significantly hindering my ability to achieve that goal, thus creating a situation where I have to continue to work the way I currently do.

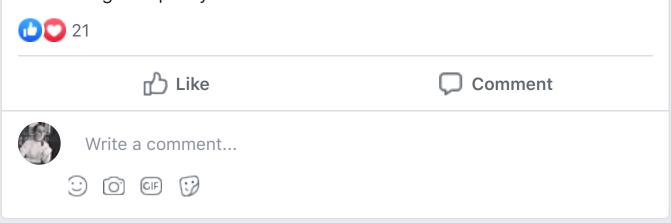




\*In no way does my testimony make medical claims. This is my personal experience and it cannot be guaranteed with anyone else.\*

Products - GFXY has been a literal Godsend for my son and me. As mentioned before, I have significant back pain from a thoracic spine fusion due to severe scoliosis. GFYX has reduced the pain in my back and helps me get through the day.

My son has had difficulty focusing on high school and it hinders his ability to stay on top of his school work. However, he is laser focused since starting on GFYX. His grades have significantly improved because he is able to focus and get his work turned in on time. Without steady access to GFYX, my son and I experience a loss of the physical benefits, thus decreasing our quality of life.





One of my G-FYX testimonials that clearly shows what the body can handle when fed the right nutrition: I have been to the dentist this morning,

preparation work for new crowns in the upper jaw in the back, he also had to work on my gums for that matter. He said I might have some pain when the anesthesia wears off! I was thinking, "Great! Let's see if I can G-FYX it!"

I could tell my dentist was a little surprised by my eyes lighting up in joy. ... See More



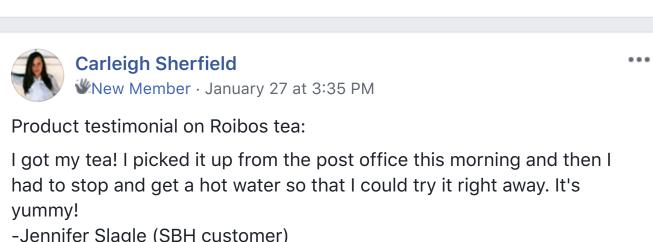


These little girls have been offered the opportunity to compete at Disney in May for the Nationals. I had just been approved to do a fundraiser. I was going to head it up to help fund the trip using our wonderful gourmet beverages. These girls were going to get all the profits for their work. A couple of the little girls can ONLY go if we can raise the money, because their parents can't afford the extra expense.....

Because of the overreach by the FTC, we may not be able to help . All of these children worked equally to get here and should be competing nationally together.









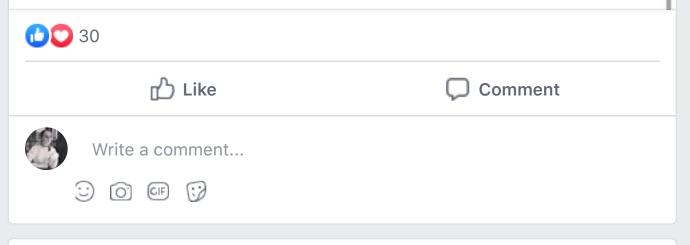


were taught specifically how to make a retail profit from our line of products and have been adversely affected financially because of the over reach of the FTC.

## Hannah and Kameron

Myself, Hannah Doleman along with my husband Kameron Doleman joined SBH in 2018. François Hewing got us in since then we were able to build a retail client base which loves our products. We sell at farmers market and other local markets where we earn about 400 dollars a week in sales. The FTC overreach has effected us because it has hindered us from being able to order product and make retail sales. By doing so, we are not able to make an extra 400 dollars a week which we use for bills.

Sincerely, Hannah & Kameron Doleman





I always received my bonuses and commissions on time. Right now I'm missing that extra income. I'm also worried should I run out of certain SBH products! From the first day I took the G Fyx, I have not experienced any inflammation pain! I take it everyday, sometimes twice a day. I have Fibromyalgia and G Fyx is like a miracle! I also take G Burn everyday. It energizes me in the morning and really curbs my appetite! I take several SBH products everyday. They help me feel healthier! And best of all, I feel blessed to be part of the SBH family! I've made so many wonderful friends in SBH!





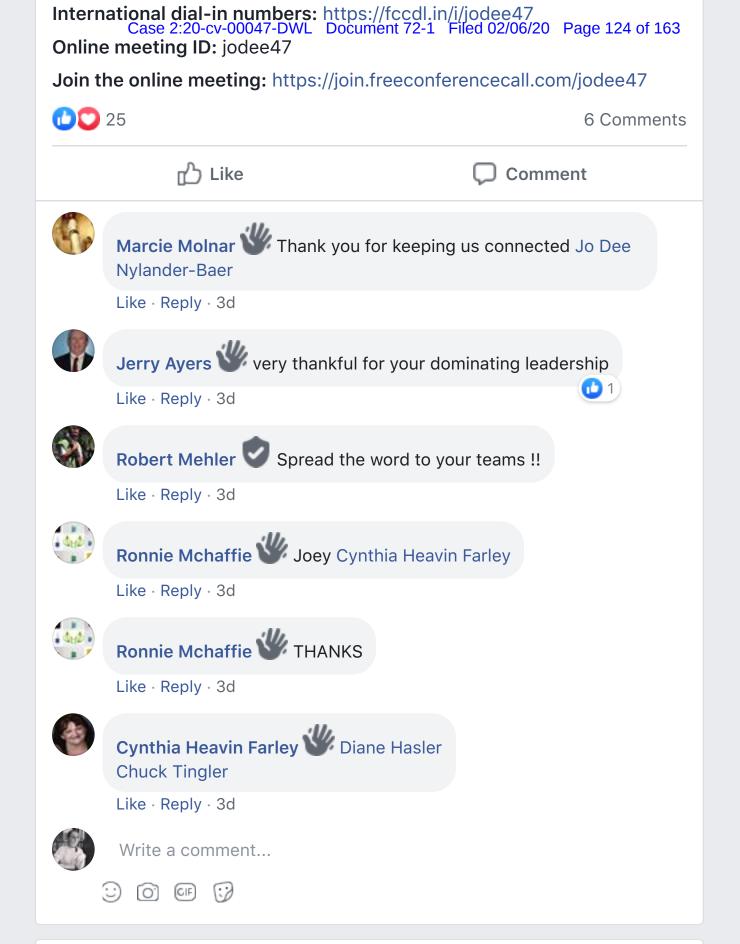
I'm not making any medical claims, but I want you to hear my personal experience with SBH products. In late January 2019, my friend Sherry Harrod brought me some packets of G FYX to try. I have fibromyalgia, and have been sick with endotracheal bronchitis since November 2018. I was having to use a rescue inhaler every 2/12 to 3 hours to try and keep my lungs open. Within 5 minutes of drinking the G FYX, my lungs opened up and I got the first good breath I had had in 2 months. As I continued to take the G FYX, I began to recover, and didn't have to use the rescue hardly at all. I also began to notice that I had marked improvement with my fibromyalgia pain - so much so, that I was able to discontinue one my maintenance meds for the fibro (my Doctor approved).

My quality of life has improved markedly with the SBH Products, and it would be devastating to me if they weren't available. At this time I currently use: GFYX, GSHIELD, Essential, GDrops, and of course I drink the Black coffee (which is delicious!).

I have a family type relationship with the other members of SBH. We are striving to make a positive impact on the world around us, and we are accomplishing this! The training I have received from Mr. Jay Noland has had a positive and very beneficial impact on my life. These positive changes have been witnessed and remarked on by my family and friends. I love our products, our SBH family, and Mr Noland, Mr Harris, Mr Sacca, Mrs Lina Noland, and all of our staff who work so hard to help us change the world and lives around us for better.









I've been with Success By Health since October 1, 2017. I truly believe God puts in your path what you need before you even know you need it. In May of 2018 I was diagnosed with stage 3 triple negative breast cancer. By August I was only able to work my "full time job" about 2 days a week, 3 on a good week. My SBH business helped make up for what I wasn't earning at my FTJ. Having that extra income saved us from going into debt. I had regular customers I sold retail to and with my team working behind me, my family survived what could have been a very bad situation.

Also, I have been drinking the beverages and taking the Nutraceuticals daily since joining and I can't imagine not having them in my life. When I don't have them the aches and pains of old lady life rushes back in. It's scares me to death to think I won't have what I need to live as I'm living now both with the products and the extra income.

Mr. and Mrs. Noland, Mr. Harris and Mr. Sacca have never been anything but honest about the business. Mr. Noland stating he didn't want our money if we didn't want to work the business. Mr. Harris and Mr. Sacca telling us we need to work the business to the level of income we want to come to us. Training was always amazing. I'm not the same person I was 2.5 years ago. My confidence has soared because the training not only helping me with my business but also because I had issues from a 19 year abusive marriage. I am who I am today because of SBH, because of the Nolands, the Harris', the Sacca's and my entire SBH family. I will forever



G-FYX relieves my pain. I fell last April when my dogs pulled me down stairs in the rain trying to chase after dogs that were off-leash. I ended up in the emergency room with a badly sprained ankle and a bruised rotator cuff. I dealt with the pain for months. I tried a sample pack of GFYX Vicki Lea had given me in July and immediately felt the difference with no recurring pain in my arm and shoulder. I bought a bag and since then two other bags. I am now using it daily or every other day.



Regardless of the uncertainty right now, one thing is for sure, the products here are second to NONE. I took weekly allergy shots for 3 years and they were doing ok...but when the cost with high deductible insurance forced me to think long and hard, I went looking for a possible

alternative. What I found was Aller G stop and it has been AMAZING. I didn't have to just suffer from my allergies after stopping the shots, I had HELP! I don't miss a day because they WORK!! I also can drink coffee for the first time with no headache or sour stomach. Love that Ganoderma!! **1** 21 Like Comment Write a comment... Vicki Lea WNew Member · January 27 at 11:01 AM Fruits and Veggie I have experienced something very positive that I never would have expected with the Fruits & Veggie. When I take Fruits & Veggie, I have found that at meal time, I do not have the same usual appetite and feel full prior to finishing a meal. In fact, I am hardly able to eat even half of my small meal that I usually would be have no problem finishing. It's a great feeling to need to eat less food because the Fruits & Veggie is supplying the nutrition that my body is telling me that it needs. 18 Like Comment Write a comment... **Ulrika Kersting ₩**New Member · January 27 at 11:00 AM After having tried all the nutraceuticals and having experienced the thankfulness of each cell in my body, living the feeling of getting younger and healthier instead of getting older at age 55, and knowing about all these wonderful testimonials here, and after having studied the outstanding commission plan I emphatically believe that nobody should ever be deprived of the opportunity to become healthier and wealthier through SBH! To me, Mr. and Mrs. Noland, Mr. Harris, and Mr. Sacca are the most honorable people I've ever met, and SBH is a true and honest opportunity to set oneself free. I believe and trust that everybody who takes an honest close look will be able to see that. 19 Like Comment Write a comment... **Teresa Jefferson** WNew Member ⋅ January 27 at 11:00 AM This is a testimony from my daughter's fiancé, this is his personal story

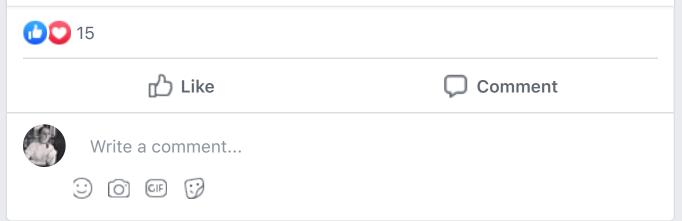
and not a medical claim.

Since starting GClear, I have been able to stop taking all of my ADHD Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 128 of 163 prescriptions. GClear also helped me off my depression pill as well.

## Landon Clements

Since starting GClear, I have been able to stop taking all of my ADHD prescriptions. GClear also helped me off my depression pill as well.

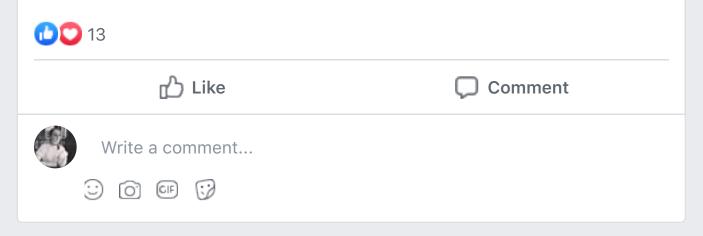






{Personal Statement, No Income Claim}

When we started SBH in 2018, I was looking for a second job, something part-time, to supplement our income while our son was in college. A friend introduced us to the SBH products, as we began having some positive health results we also realized there was a business/income possibility too. At first I just wanted to retail enough SBH to cover the cost of products we wanted to take a month, that happened, so I wanted to cover the cost for products for my kids and my Mom to take as well, we were able to do that. We were doing a steady income with SBH via commissions and retail that we had covered not only the products my family loved taking but also covered the expenses of traveling to watch our son play basketball in college, and help with his college expenses as needed. The over-reach of the FTC and the TRO has taken that income away with no notice. It worries me how I'll cover watching him play in February, the travel expenses for that. I worry how I'll not only cover the cost of the products my family loves taking but how to even order them. This has been very stressful for me for the past two weeks, causing me loss of sleep and added worry.





I personally joined SBH in Oct. of 2017 for many reasons. At the time I was very involved with taking care of my mother who was very ill. Without making income claims, I was truly looking forward to an extra Income stream that I could hopefully create in my spare time. Within a short

period of time I could see that happening with the Amazing Products that Case 2:20-cv-00047-DWL. Document 72-1. Filed 02/06/20. Page 129 of 163 SBH provides that I could retail for immediate income and the Hope of creating an actual Residual income for my future. What I found to be the most valuable to me at the time, and I needed the most was the Daily Support, and Motivation that came with our Training! Taking care of my mother took a real toll on me and if it were NOT the Extra \$100-\$300 and Love and Support that I felt from People in SBH, I'm not sure that I could have made it through. I know that I am just one of many where you have Hope again and rely on an opportunity like SBH to Help survive and supplement your Income. It saddens me to see how sudden things can change with an immediate shut down by the FTC...it feels like a complete over reaching on their part where working with SBH and managing through these claims while continuing to do business would have helped protect many families and individuals like me to Enjoy their Healthy Products and Extra Income. ~Kent **(1)** 27 心 Like Comment Write a comment... Rhonda Marinakis shared her first post. **₩**New Member · January 27 at 10:58 AM I can't help but be concerned that this overreach from the government will affect the well being of many of my patients! These products have helped so many, including myself! Let's pray they open there eyes and see the mistake they have made and we can get back to using the wonderful products we have come to depend on to better our health! There wouldn't... See More 19 Like Comment

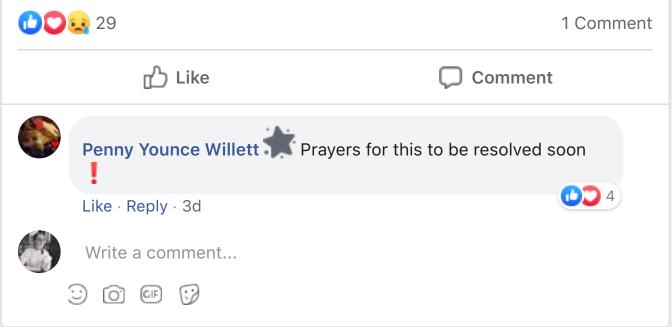


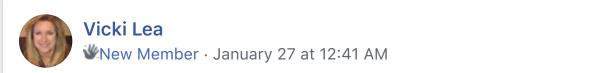
Write a comment...

I first met Mr. Jay Noland in April 2017 at a Training session when I was in another Network Marketing company. At that point, I had been in Network marketing for 4 years. I had been to several trainings and even had some personal coaching but none of that compared with Mr. Jay Noland's training. The others were filled with nuggets and approaches that work

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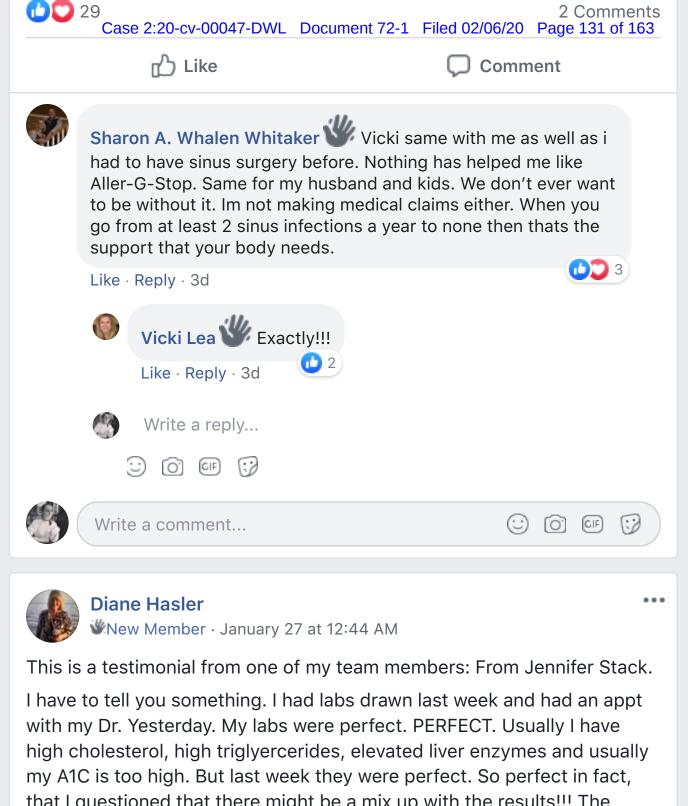






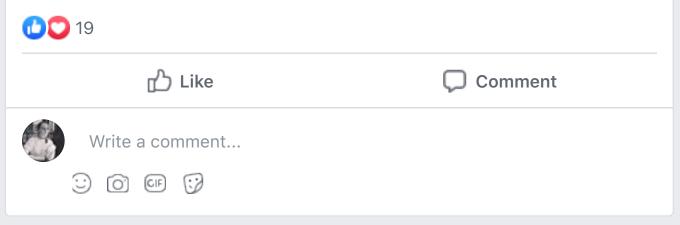
Aller-G-Stop I've had allergies all my life - cut grass, dust, pollen, and cats. I have not had many options to help my allergies. My cat allergies have been so bad that I could not visit any home with cats without having a severe reaction. It would only take 10 minutes and my eyes would start itching, my nose would begin to run and I would then have swelling behind my ears. That would lead to one week of swelling and I would have to go to the doctor to get a shot.

With AllerGStop, it's the first time that I've had any relief from my allergies including my cat allergy. I can be in a home now with cats without an allergic reaction. I never thought it would be possible to find a solution to my Allergies - Aller-G-Stop is that solution for me! I'm not making any medical claims. This is simply my personal story.



that I questioned that there might be a mix up with the results!!! The ONLY thing I was doing differently was taking the g burn and Essential. I didn't change my eating habits or anything. Just using the two ganoderma products. Idk if that's the reason but it's the only thing I changed so I'm going to assume it is.

I have heard similar testimonies from other team members!

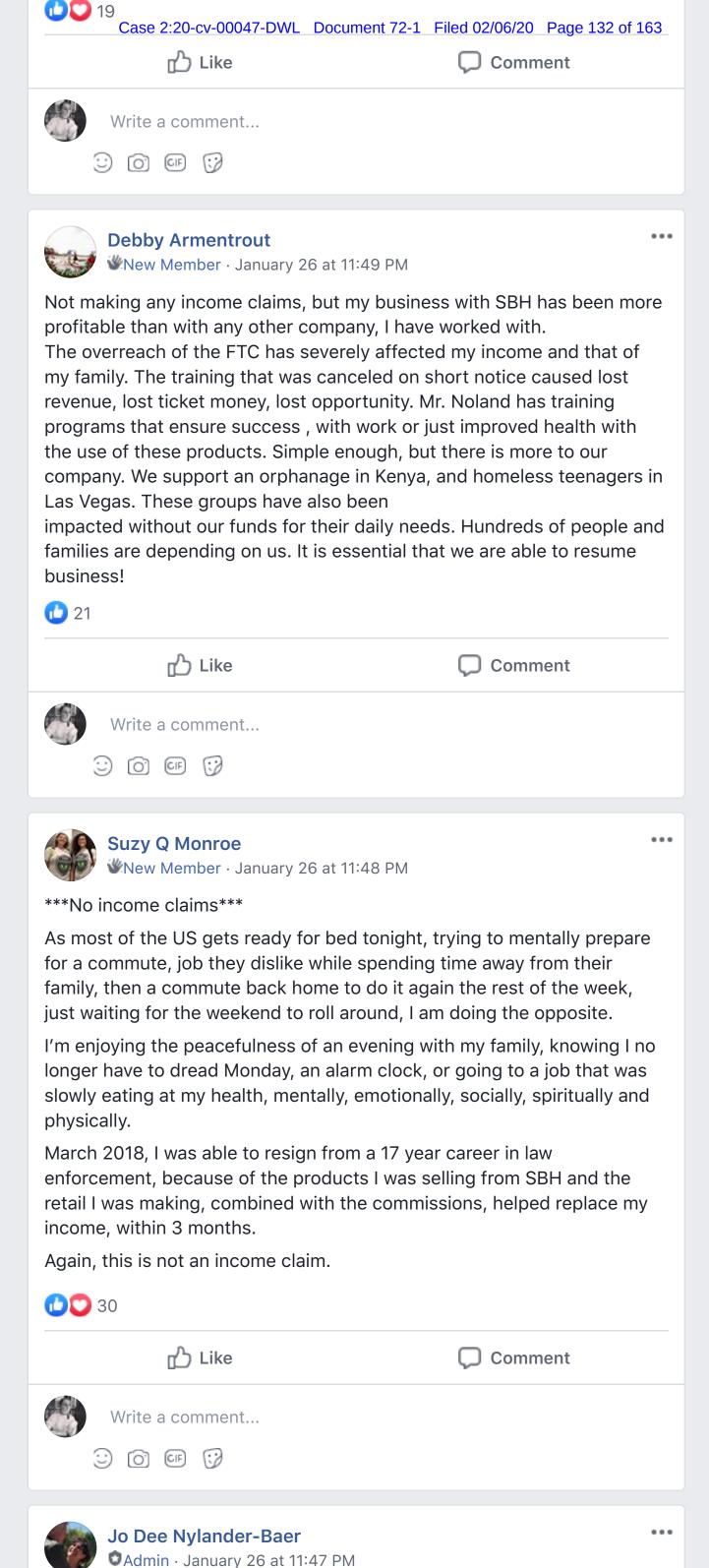




I've owned businesses as an entrepreneur and have worked several other Direct Sales Opportunities.

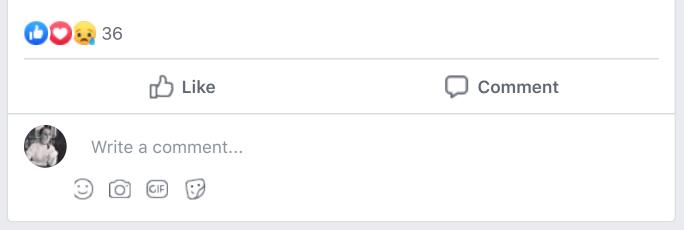
In the past, I was NEVER able to earn much money through Direct Sales because of my lack of training and the way products were priced.

SBH is the FIRST TIME that I have actually received effective training to earn \$\$. And the reasonable pricing of SBH products has allowed for me to sell the products at retail prices. I've been extremely pleased with my ability to earn from the sale of SBH products. It's actually been a breath of fresh air to experience the results that I've been able to achieve.



Business wise--- Being a 20 year Direct Sales Professional--- I've been Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 133 of 163 honored to earn a substantial living--- 12 years of this time was with Direct Sales being my ONLY income and providing the sole source of income single mother of 2 sons. But With SBH? I've had the honor to build a substantial team and to have more people making consistent checks (many with a comma in them)-- than I've EVER witnessed in my 20 year Career.

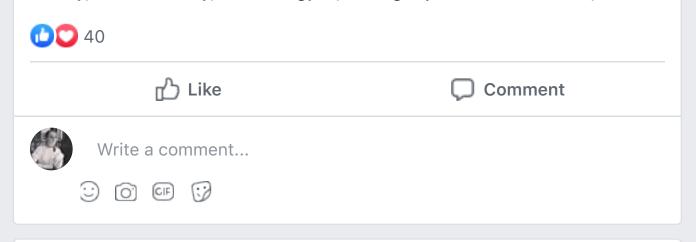
This FTC shut down and Government overreach has caused great financial harm to me and my husband—Since my husband is 78 and 12 years older than I am? I am a large portion of our household income. As Senior Citizens—This income was to supplement our Social Security and to gain back what was devastatingly lost financially in the Great Recession of 2006-2008. This opportunity has now been suddenly and drastically taken from us.





A Certified Health coach and Holistic Nutritionist for 40 years, I've been associated with Direct Sales Companies for 20 of my 40 years. I postponed retirement, because of the Ganoderma being the main/overriding common ingredient: found in all SBH beverages and supplements. I discovered Ganoderma when my mother was diagnosed with Stage 4 pancreatic/liver cancer in 1982. A ganoderma protocol allowed my mother 2 ¾ years of quality of life: Well beyond her 6 weeks to live diagnosis. I too contracted a situation with Stage 4 melanoma 20 years ago and re-acquainted myself to ganoderma to bring my body back to optimal health. So when, Success By Health—and with my background/history with Ganoderma, the delivery system with Success By Health's version/nanotechnology, and my professional background—I became convinced that this needed to be brought to the masses. These products are too viable to be removed from the market!

I'm not making medical claims—But the body (ANY-body's BODY put in the right condition can heal itself)—I have received health benefits—Too numerous to detail—But to include my body being able to repair enough to be 90% pain free (after having 4 critical car accidents); increased vitality, mental clarity, and energy—plus nightly better/sound sleep.





SBH was my and my wife's only source of income.

We used the income generated by our SBH affiliate business to pay for rent, groceries, gas, mobile service, insurance, utilities, PT license renewal fees, student loans, CC payments, and any and all other expenses.

Do to the overreach of the FTC, our entire income and ability to pay for Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 134 of 163 these ongoing expenses (listed above) was immediately cut off without warning. <u>(1) (2)</u> 26 Like Comment Write a comment... Carleigh Sherfield WNew Member ⋅ January 26 at 11:34 PM Personal development testimonial: I began with SBH over 2 years ago. Since then, I have listened to and studied one of Mr. Noland's personal development courses nearly every day. I have also attended I believe 13 trainings led by Mr. Noland. I can say without a doubt the confidence I have gained in all aspects of my life is priceless. My personal relationships have strengthened over the last 2 years. My belief in myself has also grown tremendously. I truly believe my life has significantly improved due to these amazing trainings, and I will continue to improve because of them! **(1)** 27 ாீ Like Comment Write a comment... Carleigh Sherfield ■New Member · January 26 at 11:32 PM No medical claims whatsoever, but after beginning G-Burn, I lost 16 pounds in 6 weeks. I also love the energy it gives me and no jitters. I have taken similar products in the past but I couldn't stand how it made me feel about an hour after taking them. I don't get this feeling at all with G-Burn. I also love the taste of our coffee and the fact that I don't get jitters or a crash like I do with traditional coffee. **(1)** 22 Like Comment Write a comment... June Hans WNew Member ⋅ January 26 at 4:36 PM Dyshidrotic eczema, is a skin condition in which very painful blisters develop on the palms of my hands. The blisters are itchy and really painful because the blisters rub against each other between my fingers. It is hard to do anything with my hands until they heal. These blisters normally last for about two to four weeks when treated with steroid creams and are related to seasonal allergies and stress.

Routine to heal hands before SBH

Morning Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 135 of 163

3 advil

1 zantac

Triamcinolone

Before bed

2 claritin

3 advil

1 zantac

1 benadryl

Triamcinolone

## As Needed

- -wearing gloves so fingers dont rub
- -3 advil
- -Soak with ice -water and vinegar
- -Soak with ice -water and Domeboro (aluminum sulfate tetradecahydrate/calcium Acetate Monohydrate

1st treatment with SBH ESSENTIALS AND G DROPS.

I used a paste of SBH Essentials and G Drops and let it dry and stay on my hands over night. I was so delighted when the blisters were gone when I woke up in the morning. The swelling was down, the redness was gone and I could use my hands right away.

EVER SINCE I have taken SBH PRODUCTS DAILY orally and I haven't had a reoccurrence since. Its been a year and a half. No reoccurrence! Prior to this I had it several times a year, for weeks at a time, for many years.

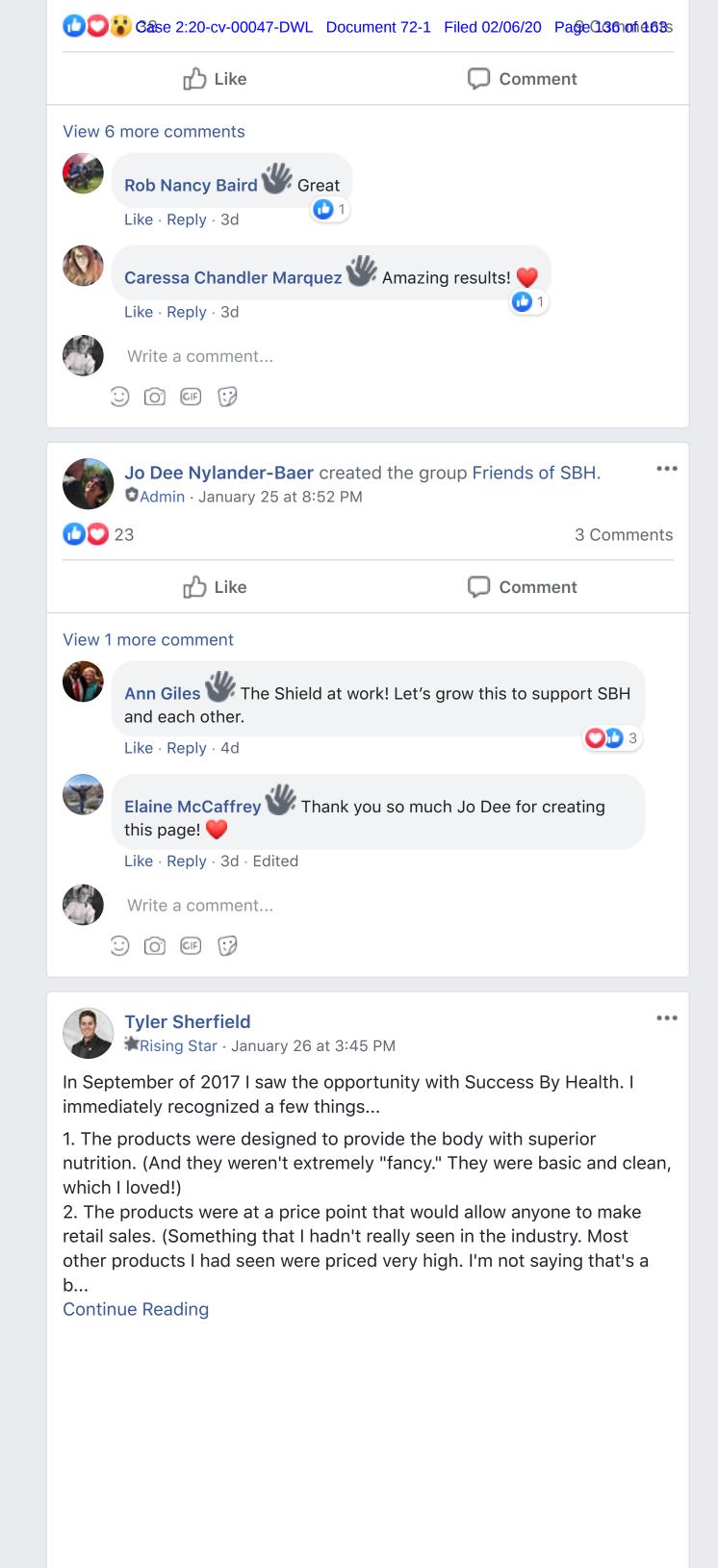
No reoccurrence since SBH entered my life. I am concerned if I can't have access to our products.

I am not making medical claims of SBH products, this is my personal experience and I am so excited for my results and hope this can help others.

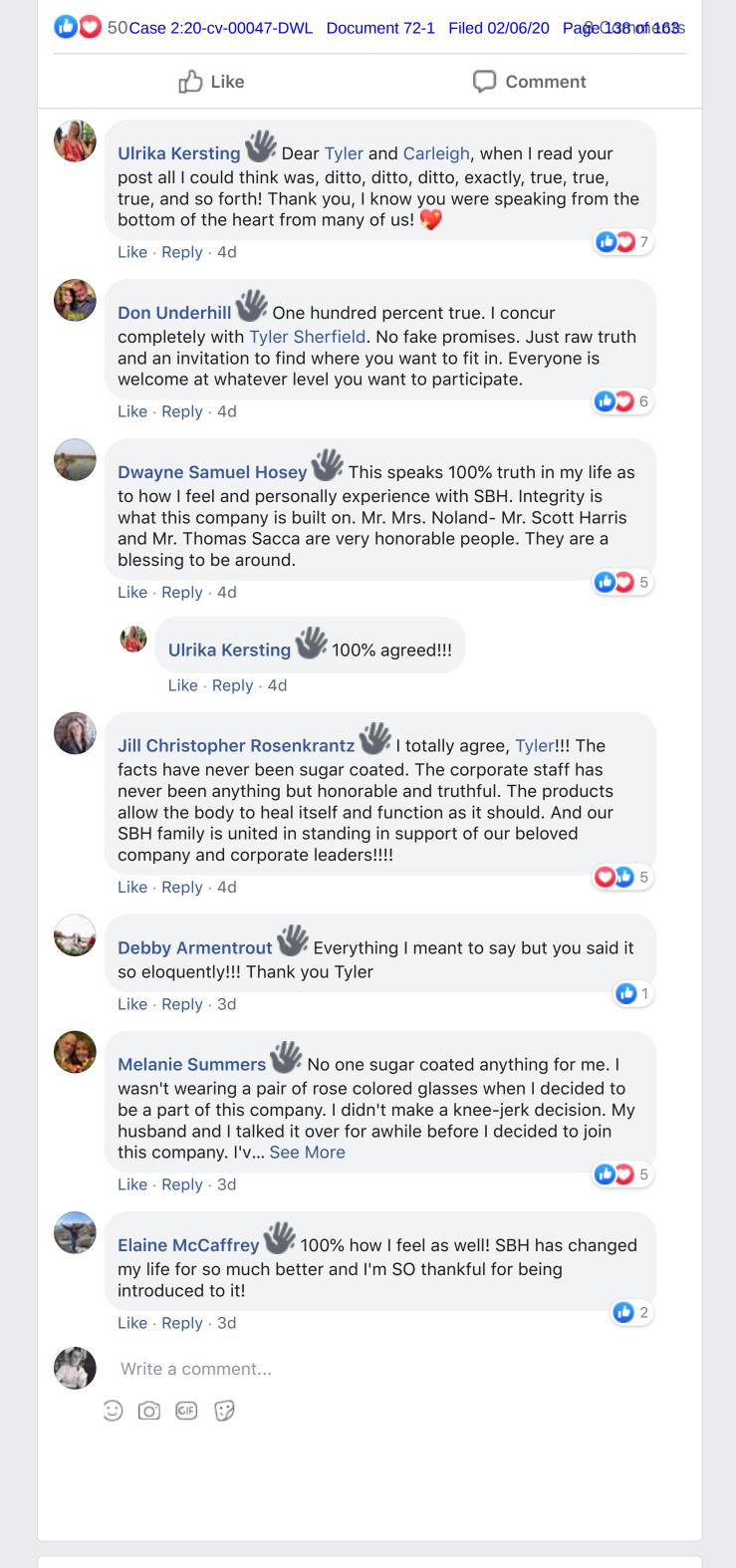




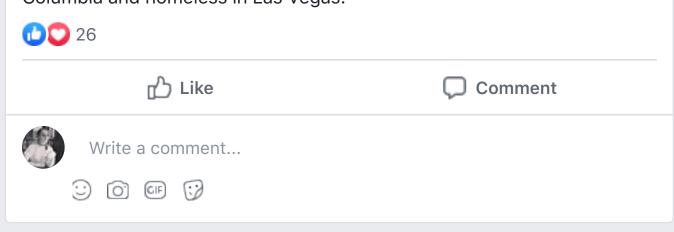




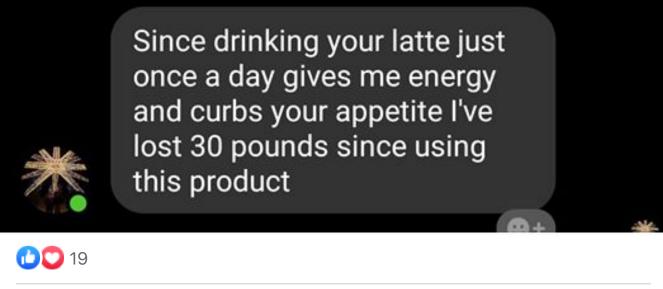


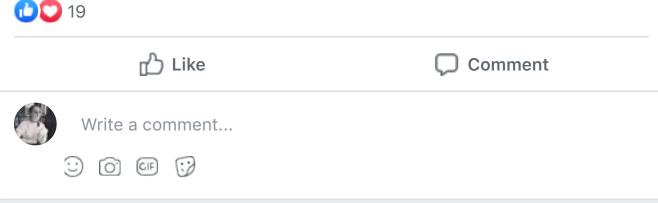


Due to the excessive government overreach owning come has been 39 of 163 impacted and without products being available our health will be impacted also. This overreach directly cost me money with the training being cancelled on short notice and unable to obtain full refunds on money spent. Jay Noland is an inspiration to me. He had taught me how to live a better life and to live healthier. He has helped me understand that having money is not about what you do for yourself but what you can do for others. This shutdown is impacting orphans in Kenya , children in Columbia and homeless in Las Vegas.











Personal development testimonial:

The personal development and mindset training that Mr Noland has created with MDE and TAGR Mastery Course is second to none.

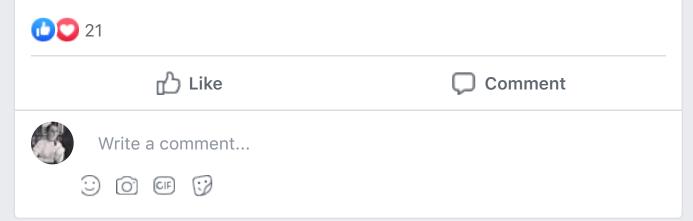
In college, I had the privilege to be trained by a man that has assisted in coaching the minds of Olympic teams. He has also personally coached Georges St. Pierre and Evan Longoria among other great athletes to keep their mindset sharp at all times. I have only great things to say about the training... But with that said...

The training Mr. Noland has created in MDE and TAGR Mastery Course takes mindset training to an entirely different, much higher level.

Since I began with these courses, my energy, attitude, and even my finances have improved dramatically. I literally have a great day everyday!!! I could never say that before...

There are many great minds and PD coashes put these but alive never 63 learned from one who can relate, empathise, inspire, and motivate AND... Give me the TRUTH... so I don't have to guess. I apply and produce results. Nobody can do that like Mr Noland can.

I feel confident that I can take these courses and apply to any task (whether that be a profession, sport, or even raising children) and excel to a level that I would have never been able to reach without them.





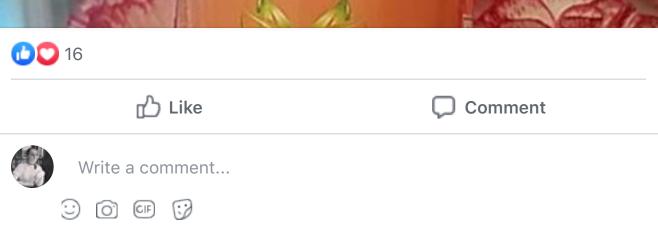
No medical claims or weightloss guarantees here!! We have known that from the start, just shared experiences These products have improved lives for many and in many different ways.

## X Penny Younce Willett



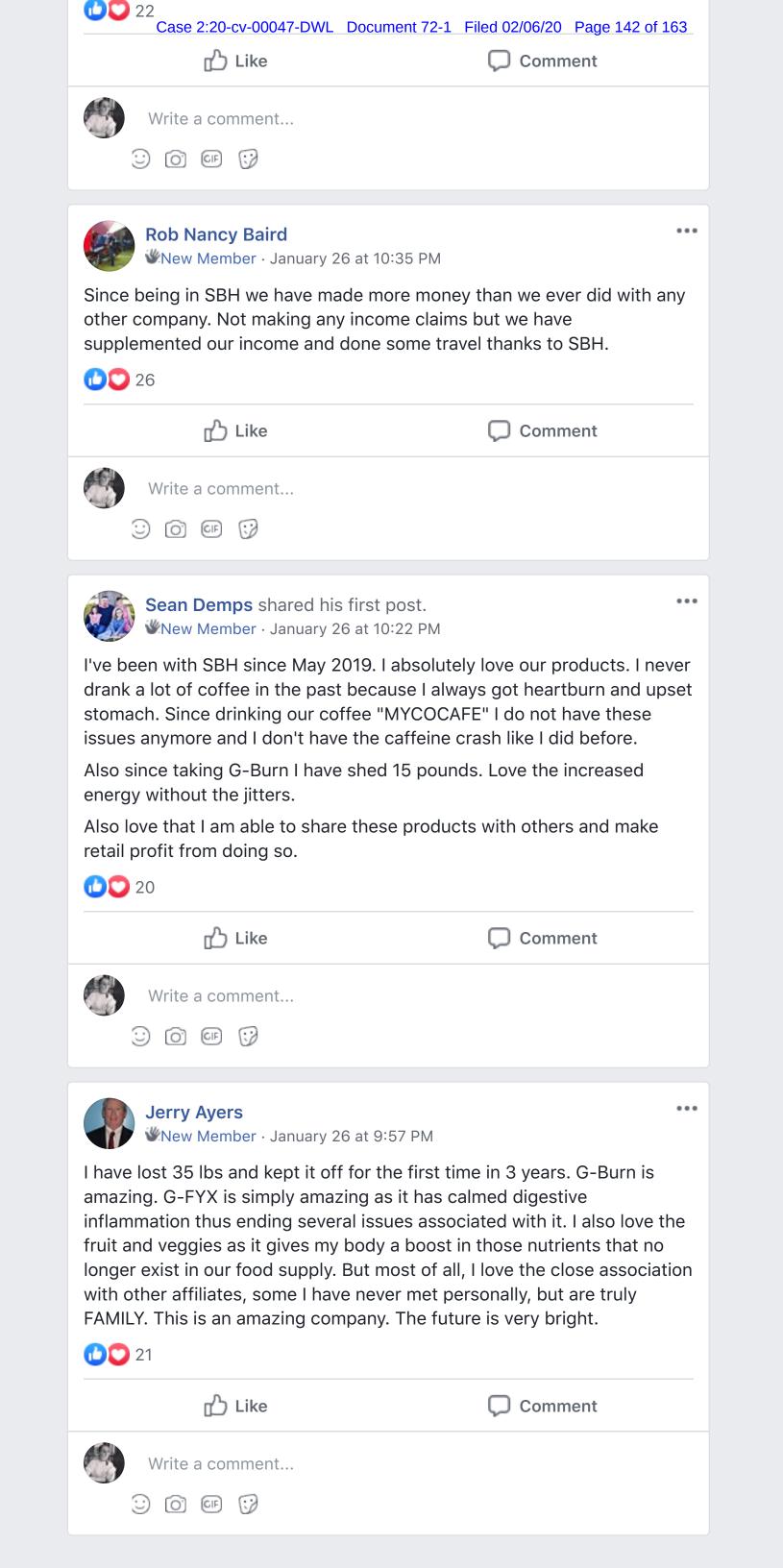
A friend of mine on gburn has lost 7 more lbs and informed she loves it also for the pain relief she gets!! What will it do for you? #itake2adayeveryday #itsmorethanjustweightloss #moreaboutyourhealth

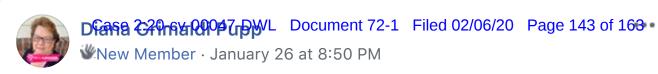






We have been in SBH for a year now. Not making any medical claims but we have experienced much better health. I had taken Claritin D for over 20 years. The Allergy Stop has let me stop taking it. I feel better in general my skin is stronger and my hair has become thicker thanks to SBH products and Ganoderma. Thanks to the coffee I am able to have morning coffee without upsetting my stomach.





There's something else that makes me proud to be an Affiliate with SBH. It's the children we help. The orphanages we fund and the young people who still want to go to school and make something of themselves but they are homeless. Where will they be without Success By Health. A portion of everything we sell goes for the kids. We have to help the kids!







An acquaintance of mine, Andrew Monk, sent me this message after just a small sample of aller-G-stop in November. I thought it was powerful and wanted to share!

\*\*\*This is 1 individual's testimonial following use of a product and is not to be interpreted as medical advice. Individual results may vary.





I have been with Success By Health (SBH) since Dec 2017 and it is one of the best decisions I have made in my life.

The products offered by SBH are top quality in my opinion and have made an impact on me and my doctor, among others.

i started my health journey in 2015, I had a stroke in 2016, I joined SBH in 2017 and life began to change. Many factors played a part in the improve from the products, the awesome people I have come to know, the insight of Mr Jay Nolan, Mr Scott Harris, Mr Tommy Sacca, and the entire SBH family. They have always been honest, upfront, people of integrity and honor. Always doing what they said they would do.

The personal growth I have experienced has moved me forward as a person. The journey has revealed the parallels with the direct sales and my Christian walk have helped me in so many areas as a person. In my opinion , I am a better person for the experience and the people I am associated with now. No one is excluded and everyone is encouraged to participate at their level And pace they choose.

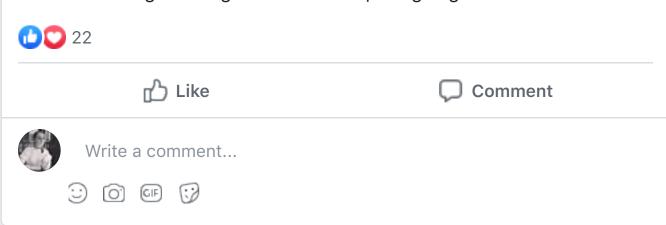
I have never been pressed to do anything and this is one thing I love about Mr Nolan's and SBH. There is no pressure to participate.

I am in way making any medical claims I am only staying how the products have helped me. i used to considered a type 2 diabetic by the medical field. Through prayer, exercise, watch my diet, I have good accountability partners and with the encouragement of my SBH family and SBH products, I have been released by my doctor from needing to control my sugar with medicine. I am no longer a diabetic according to the medical doctor. The product give me, my body the proper nutrients it needs to perform the way it was designed to function.

In regards to income, I am not making any income claims. This is my Case 2:20-cv-00047-DWL Document 72-1. Filed 02/06/20 Page 145 of 163 experience from a business. I have made retail profits by retailing SBH products. I been a sales person to some extent, but my advertising has been mostly my testimony and results from using the products. SBH is a prayer answered for me. It gives me the ability to improve my life

Again, this is my personal experience with SBH and I will not and would not want to do this with anyone else except the wonderful and experience people I stand with in SBH.

Love you Men and Women that I call my Success By Health Family. I look forward to the grea things we will accomplish going forward.

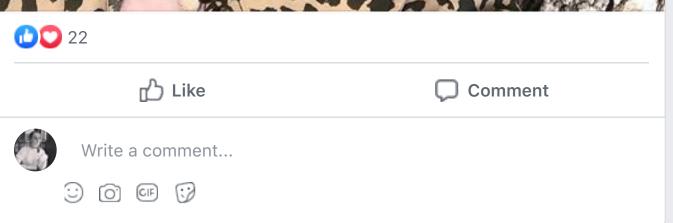


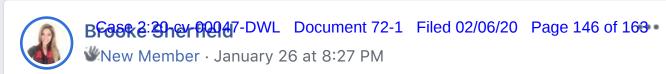


in several areas. All of which need to balanced.

G- Burn is the best weight loss product I have ever used. I have tried many other things to try to lose weight and nothing has helped me. This is the first product I've used that has given me rapid results. I take it daily and NEVER want to be without it!







I wanted to share a black coffee testimonial from one of my customers who's been struggling with really bad acid reflux. My conversation with Alex Smith below.

\* Testimonials of SBH products are NOT intended to be interpreted as medical claims.



Yes, I did. I love it! It's all I've been using and I've given some packets to friends as well.

> Great! I knew you would! Has it helped with your acid reflux any?

It definitely has helped. My entire digestive system is pretty sensitive sense I had my cholecystectomy, and I think this has helped a lot with all of it but especially the heart burn.











Write a comment...











This is a testimonial I received from a customer (results may vary):

Needed to lose a little weight after beaching it the past few months. I've lost 6 lbs in 2 weeks taking one of these a day. I haven't changed my eating or workout routine at all.

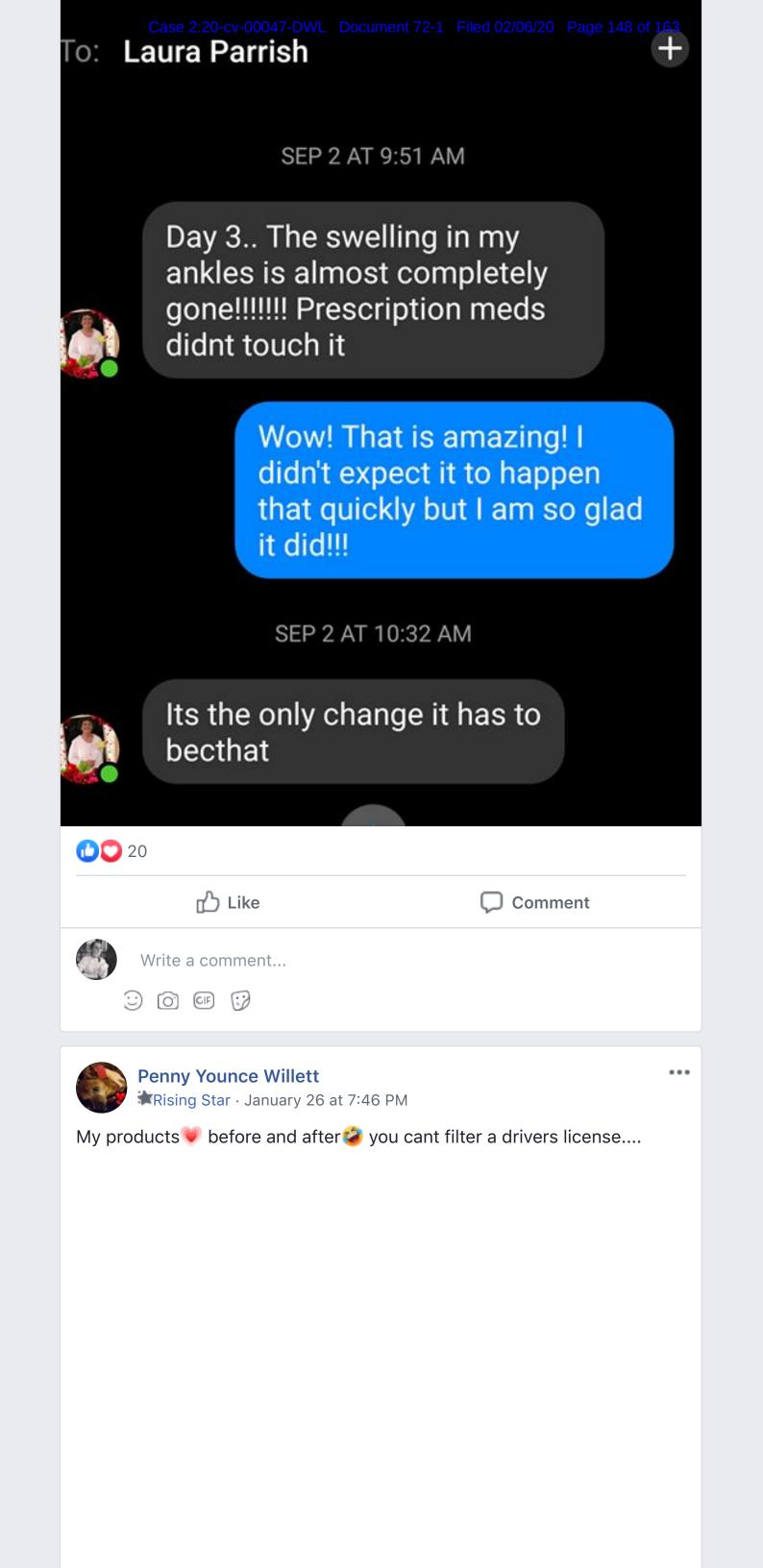
-Terri Sykes (SBH Customer)





Day 3.. The swelling in my ankles is almost completely gone!!!! Prescription meds didn't touch it Its the only change it has to becthat (be that) -Laura Parrish (G-Burn customer)

This is not a medical claim and individual results may vary.







I've been with SBH for 2 years and can say with full confidence that the products that we have to offer are the absolute best I've ever tried. As a former Professional Ballplayer of 18 years, I've taken many supplements over those years, and nothing compares to the products from SBH. When you find something good, you stick with it, with no need to look elsewhere. Thank you SBH for putting out such quality supplements. I will support this company for the rest of my life.













Write a comment...





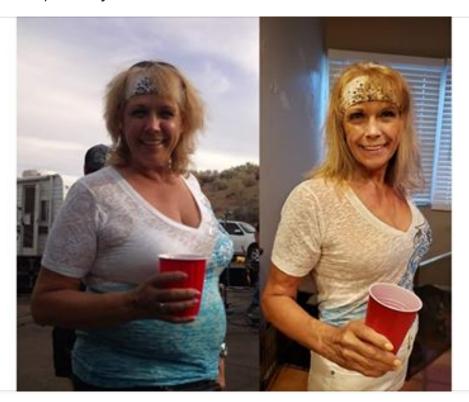


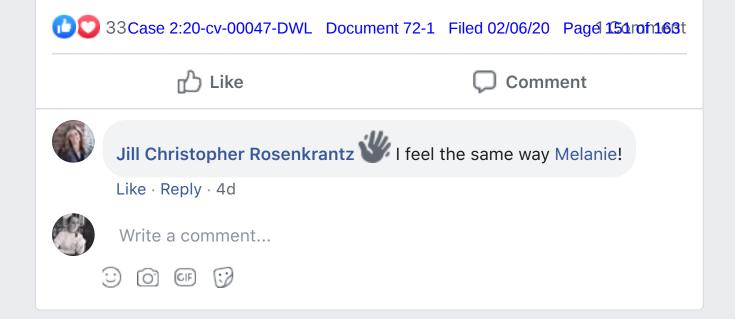


Just for kicks and giggles, I did some research on my last job before retirement. My last paycheck, after teaching for 42 years, grossed \$1062.72. I became an SBH member only four months ago on September 29, 2019. Since that time, I've worked very hard to build this business, and it's been well worth it! I retail anywhere between \$100 to \$150 dollars profit a week between supplements and our beverages, been able to receive many personal products in coffees, G-Drops, and other supplements through product credits, and my January 14th paycheck was \$1121.32. That paycheck was more than my last regular teaching job's check!

In addition, my health and happiness is an all time high because of these (IMHO) great products! My medical doctor is amazed at my transformation and told me to "continue to do whatever I'm doing." I have lost 72 pounds, no longer take anti-depressants, and hit the gym 4 times a week. I'm not making any medical claims but the kids at the gym have a hard time keeping up with me! Please refer below to my picture.

There is no price tag that I can place on my health as a result of consuming a variety of my SBH supplements. Again, no medical claims, just my personal health diary and my PCP telling me to continue doing what I'm doing... Just as importantly, I have replaced my income of before. As a matter of fact, it was more than my teacher's paycheck after 42 years in that profession. I can't speak for anyone else, but SBH has significantly improved my life in health and income. As a 65 year old woman, I really don't know what I will do without this company.







I've been a part of Success By Health since Sept. 7, 2017.. almost 2.5 years now and I have nothing but great things to say about the company! I started with only a few months left of college and Tevis and I realized that with the massive accumulation of student loans we had and the not so great income our degrees offered, we needed an additional source to help us pay our debt.

After meeting Mr. Noland, Mr. Harris, and Mr. Sacca at a training event, we knew that these men were the most genuine and kind-hearted people we could have met to be in business with! Due to the leadership that is second to none and the success we were having, I decided that I was going to cancel all of my graduate school plans and pursue this rewarding company full time. What I had chosen was not a mistake... after applying Mr. Noland's training and putting in my effort, I worked at my (2) jobs for only 3 months and Tevis woked as a DPT for only 3 months and then we were able to live our dream: to be able to not work jobs so we're not tied to one area and spend all of our time with each other or whoever else we want.

I've now been to I think 15 trainings Mr. Noland has done and he's taught me everything I need to know to do great at this business if I just apply it... But not just that... he's taught me WAY more than just business! The amount of personal development I've gained is mind-blowing. When I first met the exec. staff, I had anxiety and fear of a lot of things (although I didn't let it show) like being confident in what I was saying, leading a group, speaking in front of people, speaking on calls, presenting, etc... and looking back at where I started and comparing it to now...WOW! Huge difference! I'm watching others in my team experience the same thing I have and it's a beautiful sight

The products have changed my life as well. Before SBH, I went to the ER three times due to heart palpitations, tachycardia, and high BP all at the same time which on the third visit found out it was because of traditional coffee. After finding this out, I went almost a year without my favorite drink. SBH coffee is the only coffee I am able to drink without it causing heart problems! (\*no medical claims)

The nutriceuticals are also phenomenal! Even being in my early 20's, I noticed a difference in my energy, hair, skin, nails, vision, and my acid reflux since taking these products. I've watched these not only impact my family, but many others.

I cant even explain the love I have for the exec. staff and everyone in SBH. We've created such a strong bond that I now call my family. I will do anything for my SBH family and I fully expect to be able to impact others lives through SBH in the near future. Back to back



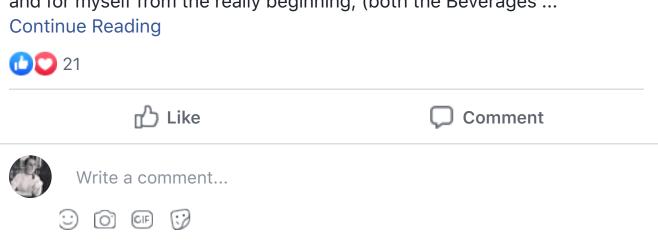




## **Testimonium**

My name is Birgit Bonin. I am a certified sports teacher since 35 years and a certified health care provider since 20 years. I am working since 20 years in my own practice in Germany.

Since August 2018 I am member of the company "Success by Health". It is the first time, that I work in a company that operates based on Direct Sales. Because of my great success in using the products for my clients and for myself from the really beginning, (both the Beverages ... Continue Reading





I have been in SBH since the beginning in September 2017. I had been to a training with Mr. Noland in Nashville (March 2017) and was so impressed with his sincerity, honesty and knowledge of health, success and how human nature and training effect our own success!

I have been in 3 other health and wellness companies in the past 25

years. With a son who has a chronic illness, I've always searched for Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 153 of 163 products that would enhance wellness naturally rather than prescription medicines. Many times the

products are either over promised and under delivered or companies change them!

I'm so happy with my decision to start with the SBH products! An amazing start to each day, from energy, and stamina, to actually helping others enjoy their lives more.

As a swim teacher, the training is intense and daily skills necessary for safe experience, I have seen better athletic performance (from me and my daughter) with these products! Lost weight, I feel I'm aging back the clock(at 68)! I had an accident 12 years ago and surgery for a broken knee cap. The shooting pain when walking was not only making me feel crippled but was limiting daily activities. All the products have helped especially the combination in the GFYX! I was using many of the ingredients separately because they help with inflammation but not like the GFyx packet!

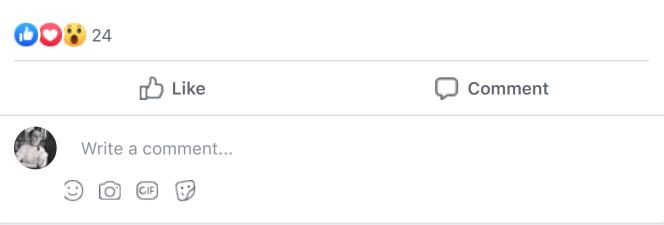
The opportunity to supplement my income, to provide more experiences with family and my 8 grandchildren, has come about thru the trainings, and programs initiated with Nr Noland. I wasn't able to make the extra money with the other companies, like with SBH.

The virtual trainings, the live events, encourage everyone to achieve more in their lifetime, help more and be part of a phenomenal program. My Dad is 93, retired dentist, pacemaker for 25 years and he enjoys better stamina, and takes these products Everyday! He notices the difference in how he feels!

My 2 sisters in Va., are benefiting also from the SBH products. My youngest sister Joel, had chronic facial pain from a car wreck 40 years ago, with minimal relief and was not able to function daily with all the prescriptions for pain! Much improved and a better quality of life, for sure! My other sister Missy, had a brain tumor 2 years ago and surgery and chemo treatments, working with a nutritionist, and health coach, she has benefited her recovery!

We are excited about the future and the lives that are being enhanced thru these products and this company.

To Better healthy everyday, Debby



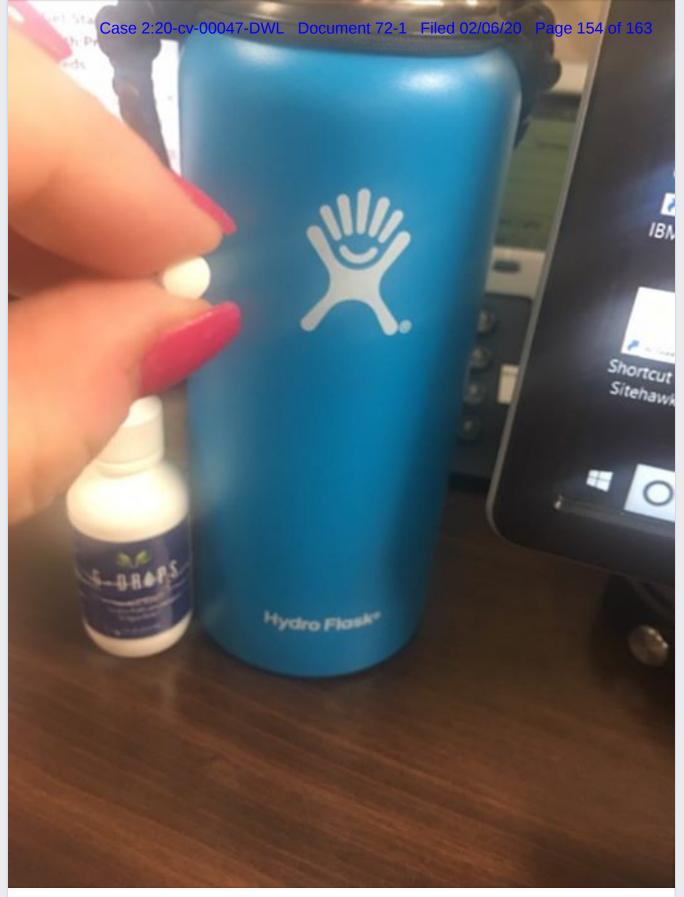


Teresa Jefferson shared a post.

WNew Member · January 26 at 11:59 AM

Second step to taking back my health with SBH products was working with my Dr to come off my high blood pressure. This post highlights that final day.

I am not making medical claims of SBH products, this is my personal experience and I am so excited for my results and hope this can help others.



**Teresa Jefferson** is **5** feeling excited with Craig Jefferson. May 15, 2019

Last day I have to take this little pill for high blood pressure! Yay! One year ago I took Claritin every day, used an inhaler, took medicine for acid reflux and high blood pressure. No more!! Thank you SBH products!!

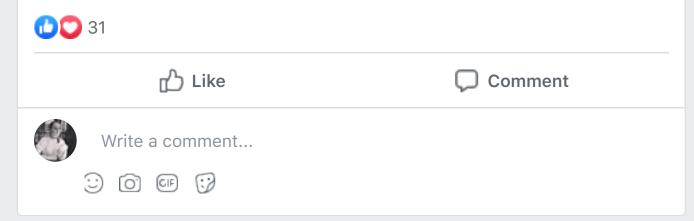
www.healthieryou-jefferson.com



I have been with Success By Health for almost 2 years. This company has been the best thing for me and my family. My husband, my children and myself has had great improvement with the supplements and the mentorship from Mr. Noland. I have never been so grateful to have my life back in feeling better physically and emotionally. I been able to do things I have never done and some things in years.

I have been in direct sales since May 1, 2016 and with previous company i

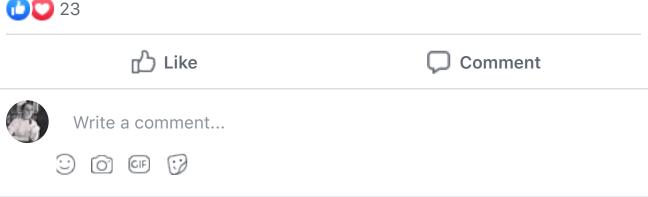
literally only made \$150 in commission and in 16 months and zero dollars Case 2:20-cv-00047-DWL Document 72-1 Filed 02/06/20 Page 156 of 163 retail. Success BY Health has changed all that. Retail has been amazing and my commission wows me. I don't want to ever lose the supplements and the money i earn from SBH. It would not only devastate me but my family, friends and customers. I love my SBH family.





SBH has meant a lot to my maturation. My mindset is stronger because of personal development by Mr. Noland, Mr. Harris, Mr. Sacca they have challenged me to grow as a human being and to really recognize it's not all about me but that I need and must help others but to take action and do so. These products have helped me and my family/friends in such a way that it brings tears to my eyes. G-Burn with weight loss, focus and energy (my wife 20+ pounds), life 120 is amazing if so... See More

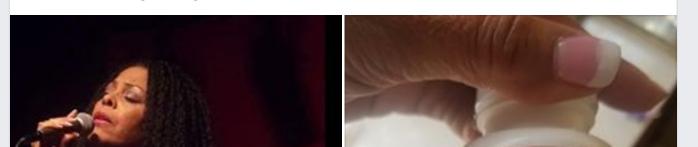




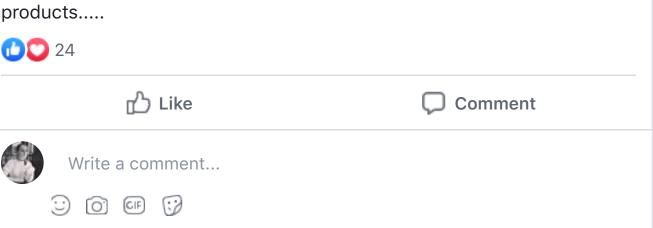


Jessie Laine Powell **₩**New Member · January 26 at 12:36 PM

2 to 3 years ago I was diagnosed with Sarcoid. It was only this year that I started feeling this disease active in my body. Being a professional recording artist your breathing is important and critical to my livelihood. Having discomfort in your lungs hinders the performance. I was introduced to SBH nine months ago. When trying the Ganoderma Essential, I found that it gave me immediate relief, I am talk with in 3 - 5 minutes of digesting four capsule the pain was totally... See More









Every body that knows me knows the excruciating pain I was in for almost 4 years with my feet. I had shots, steroids, boots, socks, straps, a cast, physical therapy and chiropractic treatments.....none of which helped with the pain. The only shoes I was able to "tolerate" on my feet are the Skechers with inserts shown on the left in the picture. After just 3 days on the G-FYX released at our company launch in January 2019, I had no pain in my feet! I bought the shoes on the... See More

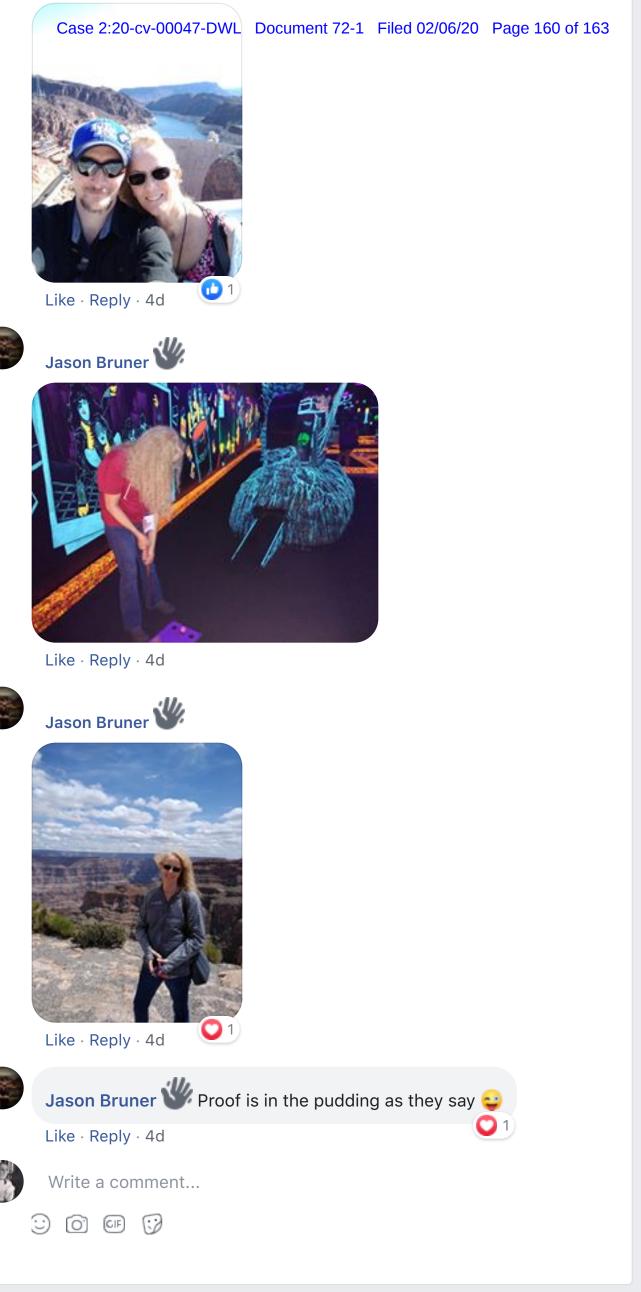


Like Comment











Patricia Manzano shared her first post.

WNew Member ⋅ January 26 at 11:21 AM

I've been with Success by Health for nearly two years and I can't say enough about the amazing supplements. They have impacted both my life and my husband's life in a very significant way. We have many customers who feel the same!

I'd be devastated if I couldn't continue to use them!







## Teresa Jefferson April 4, 2019 Wow what a difference a year with SBH makes! I can't wait to see what I achieve this next year. Not only have I lost 35 lbs but I breathe easier, no longer on C... See More Like Comment Write a comment...





Comment





Like



Couldn't be more appropriate \( \bigcup \) One year ago I was speaking about how much SBH has changed my life and will continue to do so!! Still rings true today; Love my SBH family!!!



Suzy Q Monroe is prings feeling fantastic at Hilton Orlando Lake Buena Vista - Disney Springs Area.

January 25, 2019 · Lake Buena Vista, FL

"Your secret to success? Keep things simple" Jay Noland

## Reiterated by Alyse Marinakis

"Just because it's simple doesn't mean it has less value."

... See More

