**A Dangerous Precedent Can Criminalize MLM Participation.**

In his lawsuit against the FTC, Jeff Olsen cited evidence of the FTC's agenda to eliminate multi-level marketing. He emphasized that no law or formal guidance exists for MLM owners to understand what is legal, expected, or objectionable.  While he prevailed in the Neora case, he may be surprised by how quickly his predictions have come true.

For seven years, Olsen spent $9 million defending Neora against civil pyramid scheme allegations. A fair and thoughtful court considered expert arguments from both sides, weighed against the FTC’s Koskot standard, and acknowledged that there is a "fine line" separating MLM companies from pyramid schemes. The court refused to accept the argument that distributors who earn less money than they spend are scheme victims. It recognized the intrinsic value of using or consuming a product and refused to assume a distributor's motivations. However, the considerations that cleared Neora were denied to the I2G Defendants in a criminal case with much higher stakes. Three are now imprisoned for the same allegations.

Manipulated statutes, vague definitions, incomplete jury instructions, denied experts, ineffective assistance, false data, and prosecutorial misconduct have led us to a dangerous precedent that threatens arbitrary indictments and imprisonments of MLM participants simply working to grow their businesses.

Under the I2G precedent, Neora's Jeff Olsen and top distributors could have been criminally charged and faced up to 20 years in prison for the charges they fought and won. Similarly, Vemma, BK Boreko, and top distributors could have faced criminal charges and been denied the administrative process to respond to FTC charges. Besides financial devastation, BK, Olsen, and distributors’ freedom could have been stripped away, and reputations and lives destroyed, as with I2G owners and distributors.

This precedent extends to distributor “participation,” lacking criminal intent.

Herbal Life distributors like Jim Fobair or Larry Thompson could have been imprisoned for their success despite representing millions of distributors' success.

Criminal prosecution or convictions for "participating in a pyramid scheme" had never happened before. As Olsen pointed out, no law guides owner or distributor behavior.  Distributors believe in their products, company, mission, owners, and compliance lawyers. Naturally, you are confident that your company is not a pyramid scheme. I2G Distributors held the same beliefs.

Herbalife, Advocare, and Vemma distributors did not believe they participated in a pyramid scheme, yet the new precedent would allow them to be imprisoned. We are at a terrifying place for distributors.

Few know the facts surrounding I2G and should reserve judgment as the full extent of prosecutorial misconduct and judicial errors are revealed. The appeal arguments can be found at www.defendmlmfreedom.com

Participating in an MLM (multi-level marketing) company can now result in a prison sentence if your company has arbitrary “characteristics of a pyramid scheme,” such as “over-focus” on recruiting and lack of earnings for many or small numbers of high earners. According to the FTC website, this description applies to all MLM companies.

The I2G case is concerning because the only "expert" opinion allowed was that of a lifetime critic of MLM who could not name one MLM that lacked the characteristics of a pyramid scheme. After he was hired, he blogged about his desire to see MLM promoters convicted of federal crimes. He has since bragged about his role in the convictions on an mlm hate blog.  The I2G Defendants were denied their pyramid scheme expert to counter his theories.

Aside from showing bias against MLM, Keep provided false testimony and based his entire pyramid scheme analysis on proven false data. The data included a separate company, XTg1, which operated two years after I2G closed. The essential data he relied on also filtered out $32 million in I2G commissions, invalidating his testimony and complete analysis.

Keep proclaimed that a pyramid scheme conclusion requires a thorough study of accurate data over time. The government declared that their data was “golden” in their case. However, every statistical claim throughout the trial was based on provably false data discovered post-trial. Sales numbers, distributor numbers, profits, losses, and rankings presented to the jury were false.  False data was used to question each distributor, so all witness testimonies were invalid. False claims marred the entire trial.

 The post-trial discoveries, supported by an affidavit from the data provider, confirmed that the commission data was "filtered" or manipulated. All the data was compromised with information from another company called XTG1, which continued to operate for two years after I2G ceased operations. Suspiciously, the dates on all the spreadsheets provided to the defense were hidden. Reynolds stated at trial that he did not verify the dates.  Looking at the thousands of Excel spreadsheets, one could not detect that two years of entries were made after i2g was closed.

A week before the trial, new spreadsheets were created. These spreadsheets showed that $32 million in commissions paid to distributors, including the alleged victims, were filtered out. The prosecutors misled the court and defense by claiming that Reynolds said the "original data" was problematic and inaccurate, but Reynolds later confirmed its accuracy in a post-trial affidavit. Data analysis revealed that the "filtered out" commissions comprised 80% of the total commissions paid, significantly inflating losses and hiding gains. The 97% loss rate highlighted during the trial was never true.

Prosecutors misrepresented these “fully accountable” commissions as “unaccounted funds” hidden in foreign bank accounts, devastatingly influencing the jury and the court's sentencing and post-release rulings.

The prosecution also misrepresented timeline breaches and other data irregularities their FBI agent admitted knowledge of at sentencing. This included knowledge of XTG1’s launch in 2015, proving that they suborned perjury by allowing multiple key witnesses to present XTG1 data as belonging to I2G. Evidence of the Government’s knowledge is amply found in their discovery, exhibits, emails, and witness testimony.  Additionally, Exculpatory emails regarding XTG1’s launch in 2015 were in their possession and were never disclosed to the defense, constituting a separate Brady violation.

The government’s subornation of perjury through multiple witnesses is unquestionable, given their clear knowledge of XTG1.  Reynold testified that he stopped working with Maike in January 2015 and that I2G was already closed. However, Government emails prove they knew that Reynolds continued to work with Maike, facilitated the launch of XTG1 in 2015, and housed its data until March 2017. Hosseinipour and Barnes were not involved with XTG1, and yet the use of its data had significant implications and invalidated every statistical i2G representation made.  The examples at trial are too numerous to recount here.

The miscarriage of justice is like proving Herbalife to be a pyramid scheme using Advocare's data two years after Herbalife was shut down. It's like misrepresenting DNA from a 2017 murder scene as belonging to a 2014 murder despite the suspect's death in 2015. What's worse, it represents the removal of exculpatory DNA (commission data) from an original sample to manipulate the results of a second sample. It's truly outrageous.

The nature of this case, being a pyramid scheme rather than a murder, does not justify the use of unreliable data or evidence manipulation. There should be standards for reliability, accountability, and consequences for prosecutorial misconduct. People's lives were destroyed by false evidence.

The False evidence is only one of nineteen arguments that created a miscarriage of justice that can only be decided by the Appeal Court.  To learn more about the nineteen appeal argument, which critically impacts all mlm participation, and how you can help, go to [www.defendmlmfreedom.com](http://www.defendmlmfreedom.com). To contribute to the legal defense fund for Hosseinipour or Barnes, email Dave Manning at [Dave@yourtravelution.com](mailto:Dave@yourtravelution.cvom) or Appeal Counsel Kenyon Meyer  [kenyonmeyer@dinsmore.com](mailto:kenyonmeyer@dinsmore.com)

Congress has never passed a law or act defining a pyramid scheme. District courts and prosecutors broaden laws by redefining statutes to fit everything impermissibly.  In his book [Over Ruled: The Human Toll of Too Much Law](https://www.harpercollins.com/products/over-ruled-anon9780063238473?variant=41223697629218), Neil Gorsuch discusses the dangers of an out-of-control Federal Bureaucracy that expands law without Congress, resulting in a loss of civil liberties and the criminalization of everyday actions. He emphasizes that numerous hard-working, decent Americans unknowingly get caught up in a web of rules or laws they didn’t know existed. The i2G case, which criminalized legal mlm activities, is an example of Gorsuch’s arguments.

Recent Supreme Court decisions in Ruan and Percoso push back against overly broad applications of fraud statutes, such as "participating in a pyramid scheme," as an automatic mail fraud, which differs from the statute's intent.

"Those who believe Infinity Two Global is a one-off and can't happen to them should learn more about the nineteen appeal issues which affect your future in mlm.  To do so, visit [www.defendmlmfreedom.com](http://www.defendmlmfreedom.com)."

**Denied Their Own Pyramid Scheme Expert**

The i2G defendants were denied their pyramid scheme expert  to counter the subjective theories that the Neora court called "rigid theoretical assumptions" not "borne out in reality."

Deception played out in court filings to deny the defendant's expert opinions. They claimed anti-saturation arguments were irrelevant as they had no plans to argue saturation and conceded that I2G had no risk of saturation. The government effectively conceded that I2G was not a pyramid scheme to deny their expert from testifying.

Therefore, the defendants were denied a crucial anti-saturation argument that I2G customer usage paid through the compensation plan disproved a pyramid scheme. The anti-saturation defense was also denied inclusion in the jury instruction.

Hosseinipour's appeal highlights the shockingly inadequate support she received from her attorney. A few of the issues include her lawyer advising her that accepting a plea deal, which would have meant no jail time, would constitute perjury because she was innocent. Exculpatory emails and videos were never presented because her lawyer could not operate technical equipment. He lacked knowledge of trial procedures and Federal rules of evidence. He failed to call any distributor witnesses who vouched for her honesty and integrity in post-trial letters to the Court, including the I2G compliance attorney.

To learn more about the errors that created a manifest injustice for the i2G defendants, go to www.defendmlmfreedom.com

After seven years of “witness tampering” by sending over 60 victim notifications to I2G distributors before the trial, the direct claims amounted to less than 1.5 million. Even the Court was surprised by this small number, considering it was supposed to be a 40-million-dollar pyramid scheme with a 97% loss rate. However, the unfiltered commission data proves that losses were never what the government presented. The small number of claims is, therefore, not surprising.

 Learning about and fighting this dangerous precedent is crucial, as it makes the risks of participating in MLMs too high and owning an MLM business impossible. Many established MLMs like Rodan and Field are transitioning to affiliate models. The future of mlm is at risk if this precedent is not overturned. To learn more, go to www.defendmlmfreedom.com

Hosseinipour's conviction for "participating in a pyramid scheme" is the first, but it won’t be the last. The manipulation of statutes with vague, arbitrary, and changing regulatory guidance can weaponize the justice system to entrap large swaths of innocent distributors. If companies like Neora, Herbalife, Advocare, and Vemma can be labeled as “pyramid scheme” criminal enterprises, then any distributor could be charged and end up in prison.

The recent Supreme Court Loper Bright case ruled against using regulatory-influenced concepts as the foundation for legal decisions. The FTC's expert acknowledged that no standard exists for an "over-focus on recruiting,” which formed the basis of the I2G criminal charges for which people are imprisoned.

 The government’s I2G “customer evidence” refutes its allegations of “over-focus” on recruiting. It represents $1.5 million in I2G customer transactions from the casino and fantasy sports platforms that paid through the i2G plan. If no standard exists, the government cannot impose a required number of customers for an mlm company under which an owner or distributor’s involvement becomes criminal.  Only Congress has the authority to create such laws, and it has not done so.  People now sit in prison for vague pyramid scheme concepts?

 I hope this article has conveyed the danger to our industry and all distributors.  To learn more and how you can help, go to www.defendmlmfreedom.com