**The Evidence Disproved That I2G Was a Pyramid Scheme.**

The evidence at the i2G trial was insufficient to prove a pyramid scheme. The “Koskot standard” requires that **program rewards "are unrelated** **to the sale of products to** **the** **ultimate user”** to be considered a pyramid scheme. Rewards from i2G "product usage" were integrated into the i2G plan. Therefore, i2G was not a pyramid scheme.

Government witnesses Reynold, Keep, Anzalone, and  exhibits **(**101B, 101a, 158,103,104,145, 101C)proved the direct tie between customer transactions and “distributor rewards.” Commissions received through “customer play” were affirmed by  Anzalone, Logan, and Dugger. (doc 505 #$222, #4551-54, Doc 487 #3857,59, 70, Doc 690 #9466-71, 87, 99, 9500, 9502, Doc 701 #10920, 24, )

 Hosseinipour stated in videos that the I2G plan generated business volume (bv) from "customer play" for long-term sustainability, which excited her about the plan. (ex 152 20:36-22:08, ex 152 41:51-44:45, ex 144 10:27-12:00)  She believed the plan was unique because it would grow to a 75% to 85% customer-to-distributor ratio ( Ex 144 11:39-12:00, 20-22:10). Logan said "customer acquisition on steroids" was referenced on Hosseinipour's product training videos as the customer potential of the plan (Doc 702 #10998). The fact that I2G products were directly linked to rewards in the plan disproved a pyramid scheme.

**Product Testimony Disproving a Pyramid Scheme from the I2G Trial:**

(Doc 701 10920,24, Doc 690 9466-71,

 Q. And can you make -- **can you make money doing fantasy**

**Sports?**  A: **You can, and I did.** (doc 690 9467 9487, 9499, 9500 9502)

Q:   And was there -- **were there ways through the pay plan or**

**through the system for you to earn income by the people**

**participating in the Fantasy Sports programs?**

A. **Yes. We earned business volume on our own personal play, downline, and customers.**  (doc 701-10924)

**Government Witness Keep provided Evidence that I2G was NOT a Pyramid Scheme**.

Keep affirmed that 2300 casino chip transactions (101C)  accumulated bv totaling 1.2 million dollars, payable through I2G commissions.  (101B, Exh145, Exh 101C, doc 487 #3870, #3859)   Fantasy Sports transactions totaled 360k retail sales with 90k bv in 6 months. (101B) Ibo and non-ibo customer transactions, which paid commissions, were a solid plan for long-term sustainability. (503B)  I2G was not a pyramid scheme.

Q: When people bought chips when chips were purchased, did  people earn BV

Keep: They Did (doc 487 3857)

Q. Now, down here at the bottom, it has the totals. So, what was the total BV earned

from the chip purchases?

 Keep:   $315,594.32.

Q. If we look at that number and use the ratio we have been talking about, how many dollars would have been spent on the chips?

Keep: $1,262,377.20 [sic].  (This is the retail sales number of casino chip transactions)

**Q: Okay. So, was a little over a million dollars spent on chips, according to that data?**

**Keep: Yes, According to the data.** (#487 #3870)

There was testimony, exhibits, and video proof that i2G had six valuable product lines being used and sold, namely the I2G Casino, i2G Touch, Songstagram, Fantasy Sports, Sports Betting, Social Casino, and Travel. (Doc 505 #4583, 85, 87, 90-92, 4600, 4685-94, 4698, 99, 4700, 01) The purpose of the plan was the “usage” of these products. (503B) Anzalone, Logan, and Dugger confirmed the commissions they received from Fantasy Sports and Social Casino, as well as the usage of the Travel engine, and expressed their enthusiasm for these products.  (Doc 701 #10920,24, Doc 690 9466-71,87, 99, 9500, 02) For instance, Anzalone spent over 100 hours on the G1E Touch, enjoyed playing Fantasy Sports, and used Songstagram and the Travel engine. (505 4585, 87,90,91 4600,4701)Anzalone participated in  I2G Touch, Songstagram, Fantasy Sports, and Travel training by his wife Susan and Hosseinipour.(exh Maike 205 Doc 505 4583-91,4600)

Anzalone:  We liked the Fantasy Football the most. So we were selling

Fantasy Football and the casino games were there too as well,

but we -- and I liked the Touch, to be quite honest with you.

The new Touch was -- I was -- I had hundreds of friends.  Doc 505 4585

The Government argued that additional anti-pyramid product launches **within their indictment timeline** didn’t count.   Sonstagram, Fantasy Sports, Sports betting, Travel and an updated Touch had thousands of customers.  The product usage” disproved a pyramid scheme.  The plan was to introduce entertainment “usage” products sequentially in four phases. (503b)  Logan and Logue explained their purchase as a one-time “business license” to all future products.” (Doc 701#10848, Doc 669 #6888, #6901, #6954-56).  Once the 5000 emperor packages were sold, the sole intent was to drive casino customers to the casino (ex 152 20:36-22:08,  Exh 151 24:42-26:18,  exh152:41:51-44:45) and the other i2G platforms.

During the trial, it was revealed that even government witnesses were using i2G products and referring customers to the i2G casino. For instance, Moyer downloaded the Touch and kept it on his computer (Doc 515 #5010). Bennett admitted sending friends to the casino and using it in Mexico (Doc 512 #4985). Vougeot used Touch and Sonstagram, while Logue purchased to gain access to all of the product platforms (Doc 669 #6888, #6901, #6954-56).

   Sophisticated investors who saw the great value and uniqueness of the I2G Touch (R.689, #9265-72 (*Id.* at #9209-10.) I2G Touch and Songstagram product developer Reeves described one investor, Khan, who backed the product with ten million dollars (Doc 684 #8818, 19), and celebrities such as Chris Brown, Snoop Dog, and others also supported the product (Doc 684 #8819,20, 74, 75) Reeves, the product developer, fully supported the value and usability of his products and took pride in his work (Doc 684 #8831, 36, 47, 67).

Social Media Expert Falls described the i2G Touch as captivating and “unique” with its social network tied to web conferencing and audio features like “Zoom” and “Skype” which was cutting edge and 2 to 3 years ahead of its time compared to the competition. (Doc 691 #9781, 83)

With a high level of technology experience, Logan described the technology as “innovative” and a previous generation of something like Zoom. He liked its aggregation and assertive technology and described using the technology for team meetings (Doc 702 #10845-46)

The government labeled i2G product packages as “recruitment” based, but their crucial witness, Reynolds, corrected the depiction as  93% “product-based” sales.  He explained that products were the basis of i2G package sales,  as in all legitimate MLM companies.  The Neora Court rejected the identical charge that Neora sales were 90% focused on recruiting.  The Court recognized that  product sales as part of recruitment also include “internal consumption.” It refused to assume the “motivations” of purchasers to determine whether a package was “recruitment” or “product usage” motivated.

Reynold proved that i2G was not a pyramid scheme through the I2G SIP Plan (ex103, 104) or “initial implementation document.”  Casino transactions, tracked through a direct API feed to pay commissions, were “the whole point.”  Distributors could “activate,” “rank advance,” and qualify based solely on customer usage or product sales.  Reynolds programmed a strictly “retail” casino customers. Non-i2g members could place bets at the casino and generate bv, payable as commissions through the i2G pay plan.  (doc 487 #4049) Similarly,  non-i2g free fantasy sports customers generated bv to pay commission. There is no question that “product sales” were directly related to “rewards.”

    The sole evidence that I2G was a pyramid scheme was the unreliable opinions of an anti-MLM-biased William Keep. Keep's "analysis" relied on data from a separate company, XTG1, which ran for two years **after** I2G was closed. He falsely testified that these spreadsheets belonged to I2G.  The data taint from these spreadsheets rendered his testimony unreliable and infected the entire trial.

While “cooperation witness” Anzalone made statements that supported a "recruitment" focus, he offered greater testimony validating i2g’s product and customer focus. (Doc 505 #4583, 85, 87, 90-92, 4600, 4685-94, 4698, 99, 4700, 01)

     The Neora court opinion from Judge Barbara G. Lynn on September 28th, 2023, is noteworthy. The judge dismissed the FTC's pyramid scheme allegations against Neora. The opinion supports the I2G defendants' arguments that evidentiary errors and false statements surrounding pyramid schemes occurred. The Neora Court dismissed FTC expert Bosley's **arguments** as Keep: "rigid theoretical opinions" with "no basis in reality. " The same rulings should have applied to I2G, but defendants were denied their pyramid scheme expert to rebut the theories.

     In evaluating Neora, the Court applied Koskot under the FTC Act 5(a), which concerns "unfair or deceptive act or practice in or affecting commerce." However, the Court accepted long-held FTC guidance concepts of "internal consumption" and the fine line between legitimate MLMs and pyramid schemes. id at 639 (quoting United States v Gold Unlimited Inc, 177 F. 3d 472, 475 (6th Cir 1999). Unfortunately, I2G defendants were denied these clarifying instructions.

No criminal statute or definition by Congress directly applies to pyramid schemes. Congress's intent for the **“civil regulation”** of MLM can be viewed through its failed Anti-Pyramid Acts of 2017 and 2018,  intended as an amendment to the FTC Act 5(a). The language of both bills sought to define a “pyramid scheme” with “internal consumption” and “product usage” being disqualifying.

The 2017 Congress Bill 104 aims to "prohibit pyramid promotion schemes and ensure that compensation is based on sales to individuals who use or consume the products or services sold, rather than recruitment of participants into a plan of operation, and for other purposes."

The 2018 Senate Bill (105) described “ to prohibit pyramid promotional schemesto ensure that compensation is not based upon recruitment of participants into a plan or operation **but instead based primarily on sales to individuals who use, resell, or consume the products or services sold**, protect participants, prohibit inventory loading, and for other purposes.

**\*Congress Bill 104 and Senate Bill 105 recognized “internal consumption” and “product usage” as legitimate.**

     FTC guidance in 2004 and 2018 guidance recognizes  “internal consumption,” stating “[p]roduct that is purchased and consumed by participants to satisfy their own genuine product demand—as distinct from all product purchased by participants that is not resold—is not in itself indicative of a problematic MLM compensation structure,”

     The 9-16-2022 DSA Amicus brief addressing FTC vs Neora sought to inform the Court that compensating a direct seller for their "personal use" is a legal practice that the FTC has affirmed for decades. The Brief states the ramifications of what could happen if the Court issues a ruling regarding the legality of a pyramid scheme inconsistent with longstanding law and other jurisprudence whereby **participants may sell products to their customers for commissions or other awards based on those product sales and those same participants may also earn commissions or rewards if their customers choose to make product sales to their own customers too.** Any suggestion by either party that the law does not permit compensation for product sales by all individuals in the business would be antithetical to longstanding precedent and current guidance by the Federal Trade Commission and other regulators.

The I2G Court and prosecutors did not stand by the long-held legal practice of “internal consumption” or even allow the jury to consider the legal standard.  The only standard they presented as legitimate was “retail sales” to outside customers.

The I2G court upheld legally unsupported arguments by the prosecutor in their closing statements that suggested "retail sales to the public" were necessary for legality. These misrepresentations of the law, coupled with the court's dismissal of the consideration of "internal consumption" and the “fine line” distinction between illegal pyramid schemes and legitimate MLMs, significantly limited the facts the jury could consider. The prosecutor's assertions in closing about what constitutes a pyramid scheme lacked legal merit and amounted to an "abuse of discretion."

The government claimed that i2G's "binary compensation plan" proved a focus on recruitment because two distributors were required to unlock BV.  However, this is factually incorrect. The i2G compensation plan did not require “recruiting” to "unlock BV.” Their witness, Reynolds, clarified that it was "customer sales" as the requirement to qualify which could be achieved without recruiting. For example, a distributor with two "customers" could advance in the plan with the bv generated from casino customer chip purchases or fantasy sports play.  It's important to note that recruitment tied to product purchase is legal, is the MLM standard, and does not prove a recruitment focus.

The government compared the i2G plan to the BurnLounge plan to suggest a focus on recruiting. However, there is a significant difference. The BurnLounge plan did not include "customer play" in its compensation plan, which directly tied its product usage to rewards and invalidated a pyramid scheme conclusion.