

Gary Lincenberg Comments on Allegations of Herbalife Pyramid Scheme in Los Angeles Business Journal

Principal Gary Lincenberg was quoted in the article, “Heavyweights in Final Rounds of Herbalife Fight” published by the Los Angeles Business Journal discussing whether Herbalife, the multi-level marketer of weight-loss products, crossed into an illegal pyramid scheme.

Herbalife product distributors are encouraged to develop a so-called “down-line” network of other sellers, from whom they receive a small percentage of each product sold. According to the law, a direct seller is acting illegally only when its revenue is derived more from recruiting members than selling products.

Having invested billions of dollars in Herbalife, investor Bill Ackman is seeking a drawn-out litigation that would have regulators shut the business down for being an illegal pyramid scheme. “With a lawsuit, all of a sudden the company has to (face) the allegations and try to dispel them,” said Mr. Lincenberg. “Time is not on the company’s side.”