

**IN THE UNITED STATES DISTRICT COURT  
FOR THE NORTHERN DISTRICT OF TEXAS  
DALLAS DIVISION**

MELODY YIRU, aka SHI YIRU, <i>et. al,</i>	§	
	§	
	§	
Plaintiffs,	§	
v.	§	Civil Action No. 3:17-CV-02155-S
	§	
	§	
WORLDVENTURES HOLDINGS, LLC, <i>et. al,</i>	§	
	§	
	§	
Defendants.	§	
	§	
	§	

**PLAINTIFF'S FIRST AMENDED COMPLAINT**

**I. INTRODUCTION TO THE CASE**

1. WorldVentures represented to Plaintiff Melody Yiru that she could “make a lot of money,” “double your profits,” and make an extra \$20,000 by recruiting others to become WorldVentures “sales representatives.” Plaintiff and members of the interim class all joined WorldVentures and became “sales representatives.”

2. However, Plaintiff did not make money as promised. Like the hundreds of thousands of WorldVentures representatives before and after her, Plaintiff failed. Plaintiff and the interim class failed even though they were committed and put in the time and effort. They failed because they were doomed from the start by a WorldVentures marketing plan that systematically rewards recruiting representatives over sales of travel packages, and WorldVentures is nothing more than a site that compiles travel package plans from the website (often at prices significantly in excess of what a consumer can obtain from Expedia). Only 3% of the members of WorldVentures will see a profit, according to WorldVentures own statistics.

3. Defendants run an illegal pyramid scheme. Defendants have been banned from operating in Norway based on the Court system there finding that they were operating an illegal pyramid scheme. Defendants take money in return for the right to sell travel membership services and the right rewards for recruiting other participants into the pyramid.

4. Accordingly, Plaintiff, for herself, and all others similarly situated, and the general public, allege:

**II. TYPE OF ACTION**

5. Plaintiff sues for herself and for all persons who were WorldVentures representatives from May 1, 2013 until the present under California’s Endless Chain Scheme Law (California’s Penal Code § 327 and California Civil Code § 1689.2), California’s Unfair Competition Law (Business and Professions Code §17200 et seq.); False Advertising Law (Business and Professions Code §17500), and Racketeer Influenced

and Corrupt Organizations Act, 18 U.S.C. § 1961 *et seq.* against all defendants for the operation and promotion of an inherently fraudulent endless chain scheme.

### III. **PARTIES**

6. Plaintiff Melody Yiru aka Shi Yiru is and at all relevant times was an individual who resided in Los Angeles County, California. Yiru became an WorldVentures representative in September of 2015. Plaintiff was deceived by WorldVentures' misleading opportunity believing the opportunity was a legitimate way to earn money (even though that was false), and Plaintiff Yiru did in fact lose money as a result of Defendants' unfair, unlawful, and fraudulent business practice. Yiru's injuries arise from the predicate acts themselves in that she provided a monthly amount to WorldVentures for over a year, she put significant effort into the opportunity, the WorldVentures entities were destined to fail as an illegal ponzi scheme and pyramid scheme, and the money Yiru placed into the scheme was used by the Individuals Defendants as later defined to live lavish life styles, and was reinvested in the business to create an air of propriety including office space, lavish trips, and conferences. Since Yiru's money went into the use or investment by Defendants collectively as racketeering income, Plaintiff was injured.

7. Yiru paid WorldVentures a start-up amount of \$510.92 on September 5, 2015, and then monthly amounts of between \$110.98 and \$114.98 per month from October 1, 2015 to April 4, 2017, totaling \$2675.00. Yiru was recruited by WorldVentures, the defendants and her upline Meihong Liu. She was told that the only way to earn money was to recruit others.

8. WorldVentures and the Individual Defendants who created, countenanced, and pedaled the marketing program, broadcasted a marketing presentation that represented to Yiru that WorldVentures was a "home-based business with low overhead and \$150 million in revenue." Further, the presentation falsely stated that "for every \$199 sale, you receive \$20." This deceptively implied that a "sale" was possible, when in reality this was merely recruiting a new representative.

9. Further, WorldVentures and the Individuals Defendants state that an “average bonus” of \$1,500 can be made, stating that 90 customers will be in the left line and 90 customers in the right line. To effectuate these representations, WorldVentures depicts a picture that looks like an endless chain. This is of course, false, because if the person is in the network, and below the participant in the chain, the person cannot be characterized as a “customer.”

10. WorldVentures Holdings, LLC, is a Nevada limited liability company with its principal place of business in Nevada (“WV II”).

11. WorldVentures, LLC (“WV”) is a Nevada limited liability company that is part of the corporate family of WorldVentures, and responsible for the acts alleged in this Complaint. WV, at all times relevant in this Complaint, did business in the State of California.

12. WorldVentures Marketing, LLC (“WorldVentures”) is another company that is part of the corporate family, and responsible for the acts alleged in this complaint. WorldVentures at all times relevant in this Complaint, did business in the State of California.

13. WorldVentures Foundation (“Foundation”) is a Texas Corporation that is part of the corporate structure of WorldVentures, and responsible for the acts alleged in this Complaint. Foundation, at all times relevant in this Complaint, did business in the State of California. Foundation is registered to do business in the State of California with the California Secretary of State.

14. Defendant Wayne Nugent (“Nugent”) is a natural person and resident of the State of Texas. He may be served with process at 1524 Van Winkle Drive, Plano, Texas, or wherever he may be found. At all times relevant to this Complaint, Nugent reached the top one percent of distributors, have arranged for significant downlines and chains, have maintained websites and authorized training and recruitment videos, and are considered to be the spokespersons and leaders of the entities. The promotional and recruitment videos,

seminar materials, and presentations were promoted and created by Nugent in the course of conducting the enterprises' affairs, not conducting his own affairs. Nugent was aware at all times as a promoter of the scheme, that the revenues reaped in the business were primarily derived from recruitment as opposed to the sale of legitimate consumer products. On the WorldVentures' website, its co-founder Wayne Nugent's profile even proclaims him to be "the most passionate evangelist for Network Marketing as the premier distribution channel of leisure travel." Nugent had meetings with secretly placed representatives in the organization that were not the field actually doing the work, improperly offered bonuses as to certain individuals based on recruitment, knew that the business could not engage in legitimate retail sales, knew that people failed, and that WorldVentures could not make its commission payments because the enterprise is a pyramid scheme and a Ponzi scheme.

15. Defendant Michael Azcue ("Azcue") is a natural person and resident of the State of Texas. He may be served with process at 6400 Windcrest #1134, Plano TX 75024, or wherever he may be found. From formation of WorldVentures until at least December 15, 2015, Azcue reached the top one percent of distributors, have arranged for significant downlines and chains, have maintained websites and authorized training and recruitment videos, and are considered to be the spokesperson and leader of the entities. The promotional and recruitment videos, seminar materials, and presentations were promoted and created by Azcue in the course of conducting the enterprises' affairs, not conducting his own affairs. Azcue was aware at all times as a promoter of the scheme through December 15, 2015, that the revenues reaped in the business were primarily derived from recruitment as opposed to the sale of legitimate consumer products, meaning it was an illegal endless chain under California law. Azcue had meetings with secretly placed representatives in the organization that were not the field actually doing the work, improperly offered bonuses as to certain individuals based on recruitment, knew that the business could not engage in legitimate retail sales, knew that people failed, and that

WorldVentures could not make its commission payments because the enterprise is a pyramid scheme and a Ponzi scheme.

16. Defendant Daniel Stammen (“Stammen”), is a natural person and resident of the State of Texas or wherever he may found. At all times relevant to this Complaint, Nugent reached the top one percent of distributors, have arranged for significant downlines and chains, have maintained websites and authorized training and recruitment videos, and are considered to be the spokesperson and leader of the entities. The promotional and recruitment videos, seminar materials, and presentations were promoted and created by Stammen in the course of conducting the enterprises’ affairs, not conducting his own affairs. Stammen was aware at all times as a promoter of the scheme, that the revenues reaped in the business were primarily derived from recruitment as opposed to the sale of legitimate consumer products. Stammen had meetings with secretly placed representatives in the organization that were not the field actually doing the work, improperly offered bonuses as to certain individuals based on recruitment, knew that the business could not engage in legitimate retail sales, knew that people failed, and that WorldVentures could not make its commission payments because the enterprise is a pyramid scheme and a Ponzi scheme.

17. Nugent, Stammen, and Azcue are hereinafter referred to as the “Individual Defendants.”

18. A significant portion of World Ventures’ revenues occur in the State of California.

### **III. JURISDICTION AND VENUE**

19. Jurisdiction is conferred upon this Court because Defendants do business in this judicial district, they hold themselves out and market to this jurisdiction, and they actually conduct significant transactions in this jurisdiction. Under Plaintiff’s state law claims, more than 75% of those affected in the class (and perhaps more persons) are

residents of the State of California. Supplemental jurisdiction exists over the sole federal cause of action.

20. Venue is proper in this Court because a substantial part of the events or omissions giving rise to Plaintiff's claims occurred here, a substantial part of the property that is the subject of this action is situated here, and Defendants are subject to personal jurisdiction, in this District.

21. Defendant WorldVentures is subject to the jurisdiction of this Court. WorldVentures has been engaged in continuous and systematic business in California. In fact, most of WorldVentures' representative sales originate from California.

22. WorldVentures has a designated agent for service of process in this State or has its place of business here and have committed tortious acts in this State.

23. Each of the Defendants named herein acted as a co-conspirator, single enterprise, joint venture, co-conspirator, or alter ego of, or for, the other Defendants with respect to the acts, omissions, violations, representations, and common course of conduct alleged herein, and ratified said conduct, aided and abetted, or is other liable. Defendants have agreements with each other, and other unnamed Diamond Director co-conspirators and have reached agreements to market and promote the WorldVentures Pyramid as alleged herein.

24. Defendants, along with unnamed Diamond Director co-conspirators, were part of the leadership team that participated with WorldVentures, and made decisions regarding: products, services, marketing strategy, compensation plans (both public and secret), incentives, contests and other matters. In addition, Defendants and unnamed co-conspirators were directly and actively involved in decisions to develop and amend the distributor agreements and compensation plans.

25. Plaintiff is presently unaware of the true identities and capacities of fictitiously named Defendants designated as DOES 1 through 100, but will amend this complaint or any subsequent pleading when their identities and capacities have been

ascertained according to proof. On information and belief, each and every DOE defendant is in some manner responsible for the acts and conduct of the other Defendants herein, and each DOE was, and is, responsible for the injuries, damages, and harm incurred by Plaintiff. Each reference in this complaint to “defendant,” “defendants,” or a specifically named defendant, refers also to all of the named defendants and those unknown parties sued under fictitious names.

26. Plaintiff is informed and believes, and thereon alleges that, at all times relevant hereto, all of the defendants together were members of a single association, with each member exercising control over the operations of the association. Each reference in this complaint to “defendant,” “defendants,” or a specifically named defendant, refers also to the above-referenced unincorporated association as a jural entity and each defendant herein is sued in its additional capacity as an active and participating member thereof. Based upon the allegations set forth in this Complaint, fairness requires the association of defendants to be recognized as a legal entity, as the association has violated Plaintiff and Class Members’ legal rights. *See e.g., Coscarart v. Major League Baseball*, 1996 WL 400988 at \*22 (N.D. Cal. 1996).

27. Plaintiff is further informed and believes and thereon alleges that each and all of the acts herein alleged as to each defendant was authorized and directed by the remaining defendants, who ratified, adopted, condoned and approved said acts with full knowledge of the consequences thereof, and memorialized the authority of the agent in a writing subscribed by the principal.

28. Plaintiff is informed and believes and thereon alleges that each of the defendants herein agreed among each other to commit the unlawful acts (or acts by unlawful means) described in this Complaint.

29. The desired effect of the conspiracy was to defraud and otherwise deprive Plaintiff and Class Members (as hereinafter defined) of their constitutionally protected rights to property, and of their rights under other laws as set forth herein. Each of the

defendants herein committed an act in furtherance of the agreement. Injury was caused to the Plaintiff and Class Members by the defendants as a consequence.

**IV. FACTS**

**A. WorldVentures Operates A Pyramid Scheme That Was Banned In Norway**

30. WorldVentures was founded in 2005 and purports to operate in 28 countries. In 2015, WorldVentures had what it describes as 238,684 “sales representatives.” In 2015, WorldVentures claimed to have earned \$650 million in revenue. In 2017, WorldVentures estimated it would have \$1 billion dollars in revenue, and claims it has 700,000 sales representatives. WorldVentures operates in California, does business in California, and holds seminars in California to woo its latest victims. WorldVentures does not actually originate travel packages. According to publicly available court filings, WorldVentures is generating positive operating net income cash flows well in excess of \$20.0 million per year.

31. Former Advisors of WorldVentures have disclosed publicly that from 2013 to 2015, WorldVentures continued to experience a significant amount of negative publicity specifically as to whether the company was a pyramid scheme. Former advisors were brought into assist with these issues, but the company remains a pyramid scheme. There were further problems that the exponential growth of WorldVentures’ business in certain countries in Asia was due to inadequate oversight of sales representatives conducting business without WorldVentures having first obtained the required business license in each respective country.

32. In May 2013, the Norwegian Gaming Board announced an investigation into WorldVentures’ business activities.

33. In February of 2014, the Country of Norway banned WorldVentures from the Country of Norway and concluded that WorldVentures’ business program constitutes an illegal pyramid scheme because revenue almost exclusively comes from recruiting

members and not the sale of travel residence. In other words, the proceeds of WorldVentures stem from recruiting new participants into the business.

34. WorldVentures appealed the Country of Norway's ruling, which WorldVentures' lost in November of 2014. In February of 2016, WorldVentures sued the Norwegian Ministry of Culture. On or about October of 2016, the lawsuit against the Norwegian Ministry was affirmed. The Norway Court most recently concluded that WorldVentures' revenue was generated from recruitment of affiliates and "not from the consumption of sale of goods, services or any other arrangement." The Norwegian Court concluded WorldVentures looked like a pyramid scheme that had been previously ruled on in 2014.

35. Rewards paid in the form of cash bonuses, where primarily earned for recruitment, as opposed to merchandise sales to consumers, constitute a fraudulent business model. *See F.T.C. v. BurnLounge, Inc.*, 753 F.3d 878 (9<sup>th</sup> Cir. 2014).

#### B. How WorldVentures' Perpetuates Its Pyramid Scheme

36. WorldVentures purports to sell travel-related services based on club membership.

37. A significant portion, and more than 80% of WorldVentures' travel plans, do not include air fare, but instead only include hotel and lodging accommodations. The packages contemplate a guarantee refund if travel is cheaper, but in practice, this never happens and refunds are not consummated.

38. There are three "membership" packages for WorldVentures consumers: "DreamTrips," "DreamTrips GOLD," and "Dream Trips PLATINUM."

39. For "Dreamtrips", there is a \$24.99 monthly fee and initial membership signup fee of \$99.99 for each consumer. A member receives an initial 100 points enrollment, and 300 points annually towards travel packages. The GOLD package requires a member to pay \$199.99 initial membership fee and \$49.99 per month. Plaintiff Yiru purchased this initial package, and made the 49.99 per month payment for several months.

The gold member receives an initial 200 points, and 600 points annually toward travel packages. Finally, the PLATINUM membership requires a consumer to pay an initial membership fee of \$299.99 and \$99 per month. The platinum member receives 300 points, and 1200 points annually. There is no meaningful return policy for membership and monthly fees that are paid.

40. The general counsel of WorldVentures, and WorldVentures in the arbitration proceeding have made an out-right denial that WorldVentures is operating a pyramid scheme.

41. The promotional materials of WorldVentures suggest that success can be had in WorldVentures through hard work.

42. According to recent income disclosures that are not made, 70% of representatives do not make income, despite allegedly providing “every effort to provide training, tools, and support.” Only 3% of all representatives will earn more than they lose.

**C. Members Receive Benefits Only Through The Performance of Those Downline To Them**

43. If one person signs up underneath the participant through the “Platinum” membership, the upper line receives 200 points.

44. If 4 people sign up as down lines in the Gold or Platinum membership, the monthly *membership is free* and the member receives \$300. In other words, the greater the pyramid is perpetuated by the consumer, membership becomes free. Fees are deemed waived.

45. If 6 people sign up as down lines in the Platinum membership, a \$250 bonus is given in addition to the waiver of the membership fee. If 12 people are signed up by a member, the consumer receives a free ipad3. If 20 people sign up, the consumer receives a car bonus for a silver BMW in the amount of \$600 per month. This is called the “wings and wheels” program. Worldventures touts that its membership promises “fun, freedom, and fulfillment” through WorldVentures process. A member “gets a percentage of

everybody who pays through your referral network, it has opportunity to stretch around the world and create substantial income.” WorldVentures further claims that representatives “make a lot of money,” “double your profits,” and make an extra \$20,000 by recruiting others to become WorldVentures “sales representatives.” WorldVentures represented to Plaintiff that the real money was in becoming an associate and recruiting others to join the program.

46. Signifying how the travel package is of no value, the packages are overpriced, under-inclusive, and are significantly in excess of the price a consumer can obtain the equivalent travel packages from almost any online competitor - Cheap Tickets, Groupon, and Expedia.

47. WorldVentures does not have its own travel deals. It just scouts for deals and make a person pay to view them. Turn over levels are high in each members downline reflecting the nature of the scam. That is, to make money, one has to constantly be recruiting new victims.

48. Further, WorldVentures has at times given misleading information about their product to consumers prior to purchase, exaggerates the savings realized by their product, and fails to provide refunds for cancelled services.

49. According to videos from David Pietsch of WorldVentures, with World Ventures “you are at the top of your company.” WorldVentures implicitly encourages its members to keep building the pyramid.

50. \$20 commission is received for each person a member signs up. Every time the team sells membership, this is called a cycle and a member receives \$200. “3 sales right. 3 sales, left.” According to WorldVentures, it does not matter how many travel packages are sold. All that matters is how many people are signed up in ones’ downline. According to WorldVentures, The binary pays to infinity.” If a member has 60 person in his/her downline (30 on the right,30 on the left) that person obtains “senior membership” entitling them to \$4,000-5,000 per month. So in effect, if a person signs up 60 people,

WorldVentures takes 15-20% of the profit, and the member receives other revenues for the downlines.

51. Some of the top reps were paying the fees for some of their downline recruits themselves in order to maintain a high rank and appearance of success. WorldVentures props up its prominent sales person by propping them up, and grandfathering them into the highest rank in the company even though they have not earned it. Indeed, there is a secret compensation plan.

52. This scheme is analogous to YTB's online Travel Pyramid Scheme that California State Attorney General Brown entered into a stipulated judgment to ban further operations.<https://oag.ca.gov/news/press-releases/brown-ends-ytbs-online-travel-pyramid-scheme>.

53. During nearly the entire Class Period, WorldVentures did not make adequate income disclosure statement to its representatives or prospective representatives, and made misleading statements, particularly during nearly the entire time that Plaintiff Shi Yiru was a representative for WorldVentures, and the four-year class period for participants of WorldVentures.

54. Instead, WorldVentures made the following representations to the Class Members and Plaintiff with no supporting information:

55. These statements are deceptive income claims regarding the financial gains consumers will achieve by becoming representatives. For example, WorldVentures advertises that those who sign-up for its business opportunity can make over \$26,000 per week. Its representatives also make unrealistic financial promises, such as being able to make millions of dollars per year.

56. As explained herein, WorldVentures, through its actions and omissions, intended to, and did, conceal from Plaintiff and other representatives in the class during the relevant period material facts and information relating to WorldVentures' endless chain

scheme and its deceptive earnings claims. Plaintiff did not discover, nor had they reason to discover, the information necessary for the causes of action set forth in this Complaint.

57. WorldVentures' acts and omissions constitute a "continuing violation" such that any limitations period for Plaintiff's claims did not begin to accrue until the date of the last wrong or injury that is the subject of this action.

58. The pled facts and happenings in paragraphs 30-58 herein were made by WorldVentures, and approved, authorized, ratified, promoted, and countenanced by the Individual Defendants.

V. **CLASS ACTION ALLEGATIONS**

59. Plaintiff brings this action as a class action under Fed. R. Civ. Procedure 23.

60. Plaintiffs seeks to certify a class pursuant to Fed. R. Civ. Proc. 23(a), 23(b), 23(c)(4), and 23(c)(5), if necessary.

61. Plaintiff seeks to represent a nationwide class defined as follows: "All persons who were WorldVentures representatives in the United States from May 1, 2013 until the present." ("Class Period").

62. Subject to confirmation, clarification and/or modification based on discovery to be conducted in this action, Plaintiff also seek to represent a sub-class in California, defined as follows:

"All persons who were WorldVentures representatives who enrolled in California from May 1, 2013 until the present."

63. Excluded from the class definition are the Defendants, this Court, and any "Director" of World Ventures, including without limitation the positions listed as "Director," "Marketing Director," "Regional Marketing Director," National Marketing Director," "International Marketing Director."

64. Plaintiff seeks relief for herself and all members of the class who agreed to a choice of law of provision under California's Unfair and Deceptive Practices Acts, and California's Fraudulent Advertising Act.

65. Plaintiff seeks to pursue a private attorney general action for injunctive relief for themselves and all members of the class who agreed to a choice of law, and they satisfy the standing and class action requirements.

66. While the exact number of members in the Class and Subclasses are unknown to Plaintiff at this time and can only be determined by appropriate discovery, membership in the class and subclasses is ascertainable based upon the records maintained by Defendant. It is estimated that the members of the Class are greater than 250,000 nationwide.

67. Therefore, the Class and Subclasses are so numerous that individual joinder of all Class and Subclass members is impracticable under Federal Rule of Civil Procedure 23.

68. There are questions of law and/or fact common to the class and subclasses, including but not limited to:

- a. Whether WorldVentures is operating an endless chain;
- b. Whether representatives paid money to WorldVentures for (1) the right to sell a product and (2) the right to receive, in return for recruiting others, rewards which were unrelated to the sale of the product to retail consumers;
- c. Whether WorldVentures' rules apply to Section 327 claims;
- d. If the WorldVentures rules do apply, are WorldVentures' rules effective;
- e. If the WorldVentures rules do apply, and WorldVentures' rules are effective, did WorldVentures enforce those rules;
- f. Whether WorldVentures or the Individual Defendants omitted to inform the Plaintiff and the plaintiff class that they were entering into an illegal scheme where an overwhelming number of participants lose money;
- g. Whether WorldVentures' Statements of compensation during the Class Period were deceptive and misleading;

- h. Whether WorldVentures' conduct constitutes an unlawful, unfair and/or deceptive trade practice under California state law;
  - i. Whether WorldVentures' conduct constitutes unfair competition under California state law; and
  - j. Whether WorldVentures' conduct constitutes false advertising under California state law in that the representations concerning price and competition of the travel packages, was false, and below industry standard given the contribution to the distributorships.
69. These and other questions of law and/or fact are common to the class and subclasses and predominate over any question affecting only individual class members.
70. Plaintiff's claims are typical of the claims of the class and subclasses in that Plaintiff was a representative for Defendant WorldVentures.

71. Plaintiff's class is ascertainable because each representative/distributor of WorldVentures can be identified in the computer database that WorldVentures has housed online and in Texas, since at least 2013.

72. Plaintiff has limited the class statute of limitation period to four years from the date of filing, which is the statute of limitation for a claim under RICO, the Unfair Competition Law, and potentially some of Plaintiff's other claims.

73. Plaintiff has standing to challenge the improper corrective amendments made to the representative agreement, and will do so during the course of the case.

74. Plaintiff will fairly and adequately represent the interests of the class and subclasses. Plaintiff's claims are typical of those of the class and subclasses. Plaintiff's interests are fully aligned with those of the class and subclasses. And Plaintiff have retained counsel experienced and skilled in complex class action litigation.

75. Class action treatment is superior to the alternatives for the fair and efficient adjudication of the controversy alleged, because such treatment will allow many similarly-situated persons to pursue their common claims in a single forum simultaneously,

efficiently and without unnecessary duplication of evidence, effort, and expense that numerous individual actions would engender.

76. Plaintiff knows of no difficulty likely to be encountered in the management that would preclude its maintenance as a class action.

### **COUNT I**

#### **(ENDLESS CHAIN SCHEME; California Penal Code §327 and Section 1689.2 of the California Civil Code)**

(On behalf of the Class and the Subclass Against All Defendants including DOES 1-100)

77. Plaintiff reallege all allegations, and incorporates previous allegations by reference.

78. Section 1689.2 of the California Civil Code provides: A participant in an endless chain scheme, as defined in Section 327 of the Penal Code, may rescind the contract upon which the scheme is based, and may recover all consideration paid pursuant to the scheme, less any amounts paid or consideration provided to the participant pursuant to the scheme.

79. The Defendants are operating an endless chain scheme under Section 327 of the Penal Code because they have contrived, prepared, set up, and proposed an endless chain.

80. The WorldVentures operations constitute a scheme for the disposal or distribution of property whereby class members, including Plaintiff, paid valuable consideration for the chance to receive compensation for introducing one or more additional persons into participation in the scheme or for the chance to receive compensation when a person introduced by the participant introduces a new participant. Specifically, Plaintiff paid a monthly amount to WorldVentures for the chance to receive compensation for introducing one or more additional persons.

81. The WorldVentures operation constitutes an endless chain because 99% of new distributors fail, and WorldVentures has a high attrition rate.

82. The WorldVentures operation constitutes an endless chain because revenues are derived primarily from recruitment as opposed to the sale of legitimate travel packages to end consumers.

83. Almost none of the revenues are derived from any sale of a travel package to a person outside of the organization.

84. Plaintiff and the class have suffered an injury in fact and have lost money or property because of WorldVentures' operation of an endless chain, business acts, omissions, and practices.

85. Plaintiff and the class are each entitled to:

- a. rescind the contract upon which the scheme is based and recover all consideration paid under the scheme, less any amounts paid or consideration provided to the participant under the scheme;
- b. restitution, compensatory and consequential damages (where not inconsistent with their request for rescission or restitution); punitive damages; and
- c. attorneys' fees, costs, pre- and post-judgment interest.

## COUNT II

### **(Unfair and Deceptive Practices Claims Under Cal. Bus. & Prof. Code § 17200, et.**

*seq*)

(On behalf of the Class and the Subclass Against All Defendants including DOES 1-100)

86. Plaintiff reallege all allegations, and incorporates previous allegations by reference.

87. All claims brought under this Second Cause of action that refer or relate to the unlawful, fraudulent or unfair "endless chain" of Defendants are brought on behalf of Plaintiff and the Class.

88. All claims brought under this Second Cause of Action that refer or relate to the unlawful, fraudulent or unfair the statements, the touted WorldVentures “business opportunity” are brought on behalf of Plaintiff and the Subclasses

89. WorldVentures has engaged in constant and continuous unlawful, fraudulent and unfair business acts or practices, and unfair, deceptive, false and misleading advertising within the meaning of the California Business and Professions Code § 17200, et seq. The acts or practices alleged constitute a pattern of behavior, pursued as a wrongful business practice that has victimized and continues to victimize thousands of consumers. The WorldVentures Sales and Marketing Plan Is Unlawful.

90. Under California Business and Professions Code § 17200, an “unlawful” business practice is one that violates California law.

91. WorldVentures’ business practices are unlawful under § 17200 because they constitute an illegal “endless chain” as defined under, and prohibited by, California Penal Code § 327.

92. WorldVentures utilizes its illegal “endless chain” with the intent, directly or indirectly, to dispose of property in WorldVentures products and to convince representatives to recruit others to do the same.

93. WorldVentures’ business practices are unlawful §17200 because they violate §17500 et seq., as alleged in the Third Cause of Action.

94. Under California Business and Professions Code § 17200, a “fraudulent” business practice is one that is likely to deceive the public.

95. WorldVentures’ business practices are fraudulent in four separately actionable ways: (1) WorldVentures’ illegal and deceptive “endless chain;” (2) the touted, yet non-existent, WorldVentures “business opportunity” for everyone, including but not limited to WorldVentures’ massive advertising campaign and the misleading statements of compensation.

96. First, as detailed herein, Defendants promoted participation in the WorldVentures endless chain, which has a compensation program based on payments to participants for the purchase of product by participants, not the retail sale of products or services.

97. WorldVentures has made numerous misleading representations about the business opportunity of WorldVentures and the income that a recruit or a distributor can realize by becoming a distributor and participating in the scheme.

98. WorldVentures knew, or should have known, that the representations about the business opportunity of WorldVentures were misleading in nature.

99. As a direct result of WorldVentures' fraudulent representations and omissions regarding the WorldVentures endless chain described herein, WorldVentures wrongfully acquired money from Plaintiff and the members of the classes.

100. Second, WorldVentures touted, in numerous different ways as part of a massive advertising campaign, a "business opportunity," which WorldVentures also repeatedly and in many ways represented, among other things, as being "for everyone" and allowing "full time" or "part time" opportunities.

101. The massive advertising campaign included among other things, the website, emails, websites, presentations by WorldVentures, training, word of mouth among representatives, and events.

102. As part of this campaign and a further inducement to potential representatives, WorldVentures made and disseminated Statements of compensation that further misled the public, among other things: (1) by using cryptic and technical terms known to WorldVentures but not to the general public or to those exploring the claimed "business opportunity," (2) by highlighting the "winners," i.e., those that received compensation from WorldVentures, and the average gross compensation paid by WorldVentures to those winners, (3) by failing to disclose the actual number of "winners" as compared to the number of representatives who received no compensation from

WorldVentures (i.e., the “losers”); and (4) by downplaying and omitting the risks and costs involved in starting an WorldVentures representativeship and succeeding in such a representativeship.

103. In reality, the touted “business opportunity” was only for a select few, and those that were recruited specially. And these numbers did not include expenses incurred by representatives in the operation or promotion of their businesses, meaning there were likely more net losers who made no profit at all.

104. WorldVentures knew, or should have known, that the selective information presented to representatives in the Compensation and its massive advertising campaign during that time frame touting its purported “business opportunity” was likely to mislead the public and did in fact mislead the public into believing there was a legitimate “business opportunity” in which representatives, or a large portion of them, could make money in either a full or part time capacity. In fact, however, there was no such “business opportunity,” except for a very select few.

105. As a direct result of WorldVentures’ fraudulent representations and omissions regarding the Statement and the massive advertising campaign during that time frame and thereafter touting WorldVentures’ purported “business opportunity” described herein, WorldVentures wrongly acquired money from Plaintiff and the members of the classes.

106. The named Plaintiff have standing to bring these Section 17200 claims under the fraudulent prong and can demonstrate actual reliance on the alleged fraudulent conduct.

107. For instance, Plaintiff has been in receipt of misleading and false financial statements, which promoted the WorldVentures’ scheme and claimed “business opportunity” and contained material false representations regarding the success representatives could achieve through WorldVentures by purchasing products and recruiting others to do the same.

108. There were other representations made to representatives as part of the massive advertising campaign regarding the claimed “business opportunity,” on which Plaintiff or some of the Class Members, reasonably believed the representations they could succeed in the “business opportunity,” did not return the refund, purchased WorldVentures products and did not immediately return them, signed up as WorldVentures representatives, and attempted to and recruited others to do the same. These other representations include, but are not limited to the following:

- a. E-mails from WorldVentures that promoted WorldVentures and contained material false representations regarding the success that a distributor could achieve through WorldVentures by purchasing products and recruiting others to do the same.
- b. Websites, such as [www.WorldVentures.com](http://www.WorldVentures.com), which promoted the fraudulent scheme through videos of Directors containing material false representations regarding the “business opportunity” available to representatives and the wealth that a distributor could get by agreeing to become an WorldVentures distributor.
- c. Presentations by WorldVentures representatives which contained material false representations regarding the “business opportunity” and the success that a distributor could get through WorldVentures by purchasing products and recruiting others to do the same.
- d. Presentations by WorldVentures, including the presentations described in this complaint, which contained material false representations regarding the “business opportunity” and the success that a distributor could get through WorldVentures by purchasing products and recruiting others to do the same.

e. Training and events where WorldVentures representatives made material false representations regarding the “business opportunity” and the success that a distributor could get through WorldVentures by purchasing products and recruiting others to do the same.

109. To the extent proof of reliance is required of Plaintiff, WorldVentures and the Directors knew that Plaintiff and the class would reasonably rely on their representations and omissions, which would cause the Plaintiff and the class joining the fraudulent endless chain scheme and purchasing the products, and Plaintiff did in fact reasonably rely upon such representations and omissions.

110. Indeed, had Plaintiff and the class known that WorldVentures and its Beneficiaries and Promoters were promoting an endless chain, they would not have become WorldVentures representatives in the first place and, if learned after becoming a distributor, they would not have purchased WorldVentures products thereafter.

111. Had Plaintiff and the class known that WorldVentures was promoting a “business opportunity” that did not exist except for a select few, they would not have become WorldVentures representatives in the first place and, if learned after becoming a distributor, they would not have purchased WorldVentures products thereafter.

112. Finally, the fraudulent acts, representations and omissions described herein were material not only to Plaintiff and the class (as described in this complaint), but also to reasonable persons. For instance, regarding the alleged “business opportunity” and representations in, and omissions from, the Statement, and on information and belief, a large percentage of individuals who signed up as WorldVentures representatives during this time frame expected that they could and would receive annual compensation at the approximate level of the “average earnings compensation,” in total, disclosed in the Statements of Average Gross Compensation. Unfortunately, no such large percentage actually could or did earn such an amount.

113. Under California Business and Professions Code § 17200, a business practice is “unfair” if it violates established public policy or if it is immoral, unethical, oppressive or unscrupulous and causes injury which outweighs its benefits.

114. For the reasons set forth herein and above, WorldVentures’ promotion and operation of an unlawful and fraudulent endless chain, and its fraudulent representations and omissions regarding its purported “business opportunity,” “Packaging and Handling” fees, and FedEx freight fees are also unethical, oppressive, and unscrupulous in that WorldVentures is and has been duping Plaintiff and the class out of billions, or at least hundreds of millions, of dollars.

115. WorldVentures’ actions have few, if any, benefits. Thus, the injury caused to Plaintiff and the class easily and dramatically outweighs the benefits, if any.

116. Defendants should be made to disgorge all ill-gotten gains and return to Plaintiff and the class all wrongfully taken amounts.

117. Finally, Defendants’ unlawful, fraudulent and unfair acts and omissions will not be completely and finally stopped without orders of an injunctive nature. Under California Business and Professions Code section 17203, Plaintiff and the class seek a judicial order of an equitable nature against all Defendants, including, but not limited to, an order declaring such practices as complained of to be unlawful, fraudulent and unfair, and enjoining them from further undertaking any of the unlawful, fraudulent and unfair acts or omissions described herein.

### **COUNT III**

#### **(False Advertising - California Business and Professions Code § 17500, et. seq)**

(On behalf of the Class and the Subclass Against All Defendants including DOES 1-100)

118. Plaintiff reallege all allegations, and incorporates previous allegations by reference.

119. All claims brought under this Third Claim for Relief that refer or relate to the false, untrue, fraudulent or misleading endless chain of Defendants are brought on behalf of Plaintiff and the Class.

120. All claims brought under this Third Cause of Action that refer or relate to the false, untrue, fraudulent or misleading income representations in whatever year made, and the touted WorldVentures “business opportunity” are brought on behalf of Plaintiff and the class who was also exposed to the false income claims.

121. Defendants’ business acts, false advertisements and materially misleading omissions constitute false advertising, in violation of the California Business and Professions Code § 17500, et seq.

122. Defendants engaged in false, unfair and misleading business practices, consisting of false advertising and materially misleading omissions regarding the purported “business opportunity,” likely to deceive the public and include, but are not limited to, the items set forth above. WorldVentures knew, or should have known, that the representations about the business opportunity of WorldVentures were misleading in nature.

123. Because of Defendants’ untrue and/or misleading representations, Defendants wrongfully acquired money from Plaintiff and the class members to which it was not entitled. The Court should order Defendants to disgorge, for the benefit of Plaintiff and all other WorldVentures representatives in the class who signed a Distributor Agreement with WorldVentures governed by California law their profits and compensation and/or make restitution to Plaintiff and the class.

124. Under California Business and Professions Code Section 17535, Plaintiff and the class seek a judicial order directing Defendants to cease and desist from all false advertising related to the Defendants’ illegal e scheme, and “Packaging and Handling” fee, and such other injunctive relief as the Court finds just and appropriate.

125. Because of Defendants’ untrue and/or misleading representations Defendants wrongfully acquired money from Plaintiff and the class members to which they

were not entitled. The Court should order Defendants to disgorge, for the benefit of Plaintiff and all other WorldVentures representatives in the class who signed a Distributor Agreement with WorldVentures their profits and compensation and/or make restitution to Plaintiff and the class.

126. Under California Business and Professions Code Section 17535, Plaintiff and the class seek a judicial order directing Defendants to cease and desist from all false advertising related to the Defendants' illegal scheme, and such other injunctive relief as the Court finds just and appropriate.

**COUNT IV**

**(RICO 18 U.S.C. § 1962(a))**

(On behalf of the Class and the Subclass Against All Defendants including DOES 1-100)

127. Plaintiff realleges all allegations as if fully set forth herein, and incorporates previous allegations by reference.

128. WorldVentures, Defendants, and others willfully and intentionally violated and continue to violate RICO and California law with the goal of obtaining money, directly and indirectly, through a pattern of racketeering activities in violation of the mail and wire fraud statutes, 18 U.S.C. §§ 1341 and 1343, 18 U.S.C. 1962(a), and California Penal Code §327.

129. WorldVentures has attempted to distinguish its business model from that of a pyramid scheme.

130. WorldVentures has never systematically audited any income forms to ensure accuracy, and to ensure the business has legitimate retail sales.

131. WorldVentures is aware that purchases of travel plans is done through its website and those internally in its organization almost completely, and thus its knowledge of the lack of legitimate retail sales revenue suggests its intent to continue operating a pyramid scheme.

132. WolrdVentures has no control in place to certify that at least 70 percent of

travel packages purchased were either sold or consumed by a legitimate retail customer, and not by somebody who is a representative or distributor.

133. WorldVentures does not track retail sales.

134. WorldVentures could determine whether travel packages were purchased with end consumers, but does not do so.

135. The refund policies are insufficient and do nothing to negate the fact that WorldVentures requires a monthly fee to paid to continue participation, which Plaintiff Yiru paid in this instance for several months.

136. Individual Defendant Nugent characterizes himself as Co-Founder and CVO of WorldVentures on his social media page. Nugent had the power to direct the enterprises affairs at all times and had supervisory involvement.

137. In 2018, Defendant Wayne Nugent was the keynote speaker encouraging individuals to sign up, all the while having knowledge that revenues are derived primarily from recruitment. <https://www.youtube.com/watch?v=gHBn0OH3TEw>.

138. Individual Defendant Stammen has characterized himself as the CEO, the head position of the enterprise, and at other times Chief of Business Development. In 2018, Stammen was one of the keynote speakers for WorldVentures. <https://www.youtube.com/watch?v=LX61SAgfqkg>.

139. WorldVentures is an enterprise on the brink of collapse in that it has failed to pay its distributors commissions that are owed. <https://www.iol.co.za/sunday-tribune/news/worldventures-sued-for-millions-by-reps-16636860>.

140. The Chinese Government cracked down on WorldVentures for illegally operating in the China, and sending international wires to the United States. <https://www.mlmnewsreport.com/worldventures-bankrupt-distributors-resign-over-unpaid-commissions/>. Ultimately the illicitly obtained funds were siphoned to each of the Individual Defendants, except Azcue.

141. In 2018, Government of Rwanda cautioned the public about Defendant

WorldVentures operating illegally. <https://www.newtimes.co.rw/news/government-cautions-public-world-ventures>.

142. WorldVentures was told to cease operating in China, Malaysia, and Taiwan.  
<http://amlmskeptic.blogspot.com/2015/04/old-news-world-ventures-busted-in-china.html>.

143. On or about January of 2018, the following report of an employee of Defendants was made at [https://www.glassdoor.com/Reviews/WorldVentures-Holdings-bankruptcy-Reviews-EI\\_IE284228.0,22\\_KH23,33.htm](https://www.glassdoor.com/Reviews/WorldVentures-Holdings-bankruptcy-Reviews-EI_IE284228.0,22_KH23,33.htm):

1. COO resigned in less than 1 year, due to company planning for bankruptcy and financial trouble.
2. President of Sales and International Marketing, resigned, due to company's financial trouble and planning for bankruptcy.
3. Chief Security Officer resigned due to legal problems.
4. Smartcard have 15 developers from Flye CEO friend's organization without delivering anything but jobs of Full time employees in CIO and CTO is in trouble.
5. HR asked every employee to sign "Conflict of Interest" document, where CEO of Flye (Old CTO of WV) have conflict of interest with 3 companies, not sure if they will request him to step down.
6. New CTO have 2 jobs. Not sure, where his loyalty lies.

144. The named individual defendants, as promoters of the scheme, did not retain immediate control over the essential managerial conduct of the WorldVentures enterprise.

145. Even if the Individual Defendants are no longer the CEO of WorldVentures, or head officers, the Individual Defendants functionally operate as lower rung participants or silent equity partners reaping a majority of the scheme's spoils, and receiving an infinite level deep, nearly all revenues from lower level person's recruitments.

146. Plaintiff's realization of profits was not inexplicably tied to the success of the promotional scheme.

147. The distribution and sale of travel packages is not something the SEC has found amenable to regulation under the federal securities laws.

148. The marketing and recruitment aspects of WorldVentures' enterprise are not

within the definition of a security.

149. In the WorldVentures scheme, distributors themselves must recruit new participants.

150. In the WorldVentures scheme, distributors themselves must recruit new participants in the travel package endless chain, primarily through their own recruiting and marketing activities.

151. WorldVentures tells its distributors and the Plaintiff that they will have spent significant time, effort and work to earn money, WorldVentures attempts emphasize the retail aspects of the business, the promise of significant profits linked to becoming a distributor.

152. WolrdVentures characterizes its distributors as “independent contractors” in the purported distribution agreement it maintains on its website, negating the notion that the distributors are passive participants in the endless chain.

153. Plaintiff and the class of distributors, as reasonable consumers, were expected to contribute more than nominal and menial effort.

154. Each of the Defendants are engaged in activities federal interstate and foreign commerce and are entities capable of holding a legal or beneficial interest in property. All Defendants “persons,” as that term is defined by 18 U.S.C. §1961(3).

155. The Defendants together make up the “WorldVentures Enterprise” as an association of entities and individuals associated in fact to operate an illegal pyramid scheme. The WorldVentures Enterprise is not a legal entity within the meaning of “enterprise” as defined in 18 U.S.C. § 1961(4). The Defendants have been members of the WorldVentures Enterprise from at least April 2009 and continuing until the present. WorldVentures and the Beneficiaries and Promoters are separate entities from the WorldVentures Enterprise and play separate and distinct roles in the operation of the WorldVentures Enterprise.

a. WorldVentures is the founder, architect, and beneficiary of the

WorldVentures Pyramid. Through interstate wire and mails, it coordinates the WorldVentures Enterprise, a worldwide scheme. It also pays and awards the commissions, bonuses, and other incentives to the Defendants and others.

- b. WorldVentures employs the Defendant to coordinate operations of the WorldVentures Pyramid in the countries in which WorldVentures operates, including determining and coordinating points, bonuses, and other incentives.
- c. WorldVentures employs the other defendants as its operational arm of the WorldVentures Enterprise in the U.S. WorldVentures employs the other defendants to conduct racketeering activities in the U.S.
- d. WorldVentures employs the remainder of the Defendants to induce new recruits into the WorldVentures Pyramid, to induce representatives to purchase WorldVentures product, and to induce representatives to recruit additional representatives into the WorldVentures Pyramid. The Remaining Defendants also have an agreement with WorldVentures mandating that WorldVentures will not reform its fraudulent marketing plan without their consent.

156. From at least April 2009 and continuing until the present, within the County of Los Angeles, and elsewhere, WorldVentures in association with the other defendants, did knowingly, willfully and unlawfully conduct and participate, directly and indirectly, in the conduct of the affairs of the WorldVentures Enterprise through a pattern of racketeering activity.

157. The WorldVentures Enterprise functioned as a continuing unit over time through a hierarchical or consensual decision-making structure in that directives are issued by Stamen and Nugent, and at times Azcue.

158. The alleged association exists for purposes other than simply to commit the predicate acts as defined in Plaintiff's RICO counts. Specifically, the Defendants formed

the various entities and acted as separate individuals to earn money through selling legitimate travel packages. Thus, the association exists for purposes other than to commit the predicate acts.

159. From at least April 2009 and continuing until the present, WorldVentures with each other and the remaining defendants, executed a per se scheme to defraud through a pattern of racketeering made up of distinct acts of mail and wire fraud under 18 U.S.C. §§ 1341 and 1343. The WorldVentures Enterprise engaged in and affected interstate and foreign trade. The WorldVentures Enterprise transacts business through the instrumentalities of interstate commerce such as telephones, facsimile machines, the internet, email, and the United States mail and interstate commercial carrier to communicate in furtherance of the activities of the WorldVentures Enterprise.

160. The WorldVentures Enterprise advertises, markets, and sells products and services throughout the United States. The operation of the enterprise continued over several years, including activities in every state, and has affected and damaged, and continues to affect and damage, commercial activity.

161. To further the goals of the WorldVentures Enterprise, which were to (1) earn money through fraudulent means, (2) entice individuals to become WorldVentures representatives, (3) entice individuals to purchase products from WorldVentures; (4) entice individuals to recruit others to become WorldVentures representatives and profit off those recruits' purchases of WorldVentures products, and (5) reap large profits for themselves based on false representations, WorldVentures and the remaining defendants engaged in various forms of illegal activity, including (a) mail fraud, (b) wire fraud, and (c) conspiracy.

162. The pattern of racketeering activity alleged is distinct from the WorldVentures Enterprise. Each act of racketeering activity is distinct from the WorldVentures Enterprise in that each is a separate offense committed by an entity or individual while the WorldVentures Enterprise is an association of entities and individuals. The WorldVentures Enterprise has an ongoing structure and/or organization supported by

personnel and/or associates with continuing functions or duties.

163. The racketeering acts set out above and below, and others, all had the same pattern and similar purpose of defrauding Plaintiff and the class for the benefit of the WorldVentures Enterprise and its members. Each racketeering act was related, had a similar purpose, involved the same or similar participants and methods of commission and had similar results affecting Plaintiff and the class. The racketeering acts of mail and wire fraud were also related to each other in that they were part of the WorldVentures Enterprise's goal to fraudulently induce Plaintiff and the class to join the illegal scheme, purchase products, and recruit others to join the scheme.

164. WorldVentures' and other Defendants' wrongful conduct has been and remains part of WorldVentures Enterprise's ongoing way of doing business and constitutes a continuing threat to the property of Plaintiff and the class. Without the repeated acts of mail and wire fraud, the WorldVentures Enterprise's fraudulent scheme would not have succeeded.

165. Revenue gained from the pattern of racketeering activity, which constitutes a significant portion of the total income of WorldVentures and the Beneficiaries and Promoters, was reinvested in the operations of the WorldVentures Enterprise for the following purposes: (a) to expand the operations of the WorldVentures Enterprise through additional false and misleading advertising and promotional materials aimed at recruiting new representatives; (b) to facilitate the execution of the illegal scheme; and (c) to convince current representatives to recruit new representatives, and purchase WorldVentures products.

166. Yiru and the class were injured by the reinvestment of the racketeering income into the WorldVentures Enterprise because they invested billions of dollars of their own money through their purchasing of products, promotional materials, and WorldVentures products, all of which were packaged and shipped at inflated charges.

167. In connection with promoting and executing their illegal scheme, members

of the WorldVentures Enterprise knowingly and recklessly placed and caused to be placed in the United States mail or by interstate commercial carrier, or took or received therefrom, matters or things to be sent to or delivered by the United States mail or by interstate commercial carrier comprising, among other things product, invoices, letters, promotional materials, brochures, products and checks to Plaintiff and the class and received communications between and among themselves through the United States mail, in all fifty states and the District of Columbia. It was reasonably foreseeable that these mailings or receipts would take place in furtherance of the fraudulent scheme.

168. In connection with promoting and executing their illegal scheme, members of the WorldVentures Enterprise engaged in wire fraud, in violation of 18 U.S.C. § 1343, by, among other things, knowingly and recklessly transmitting or causing to be transmitted with wire communications, in interstate and foreign trade, materials promoting the illegal WorldVentures Pyramid on internet web sites, radio, satellite radio, television, email, facsimile, telephone, and text messages, including promotional materials, registration information, product information, and invoices. WorldVentures and Directors maintain websites on the internet where the enterprise was perpetrated.

169. WorldVentures representatives can and do buy products and are given inducements to continue working as representatives within the WorldVentures Pyramid. WorldVentures maintains various websites hosting promotional videos featuring the Beneficiaries and Promoters promoting the unlawful scheme and other marketing materials featuring the Beneficiaries and Promoters promoting the illegal scheme. WorldVentures sent and received these interstate wire communications to and from all fifty states and the District of Columbia.

170. Each Defendant has promoted the WorldVentures Pyramid and WorldVentures Enterprise. Each use of the mail or wire by Defendants and the Beneficiaries and Promoters done in furtherance of the WorldVentures Pyramid is an act of racketeering.

171. The pattern of racketeering activity through which the affairs of the WorldVentures Enterprise were conducted and in which WorldVentures and the Beneficiaries and Promoters participated consisted of the following:

**Racketeering Act Number One**

172. In 2015, plaintiff Yiru received, through private commercial interstate carrier and the internet portal maintained by WorldVentures, certain application materials, which promoted the WorldVentures Enterprise and contained material false representations regarding the success representatives could achieve through WorldVentures by purchasing travel packages and recruiting others to do the same.

173. Because of her receipt of these materials, Plaintiff Yiru signed up with WorldVentures purchased WorldVentures travel packages, and recruited others to do the same. The materials and package items were sent to Plaintiff Yiru with the purpose and intent of promoting the WorldVentures Enterprise's illegal scheme, all in violation of 18 U.S.C. § 1341.

**Racketeering Act Number Two**

174. In 2015, Plaintiff Yiru received, through private commercial interstate carrier, and the internet portal maintained by the Defendants, a 2015 Annual Income Disclosure Statement, which promoted the WorldVentures Enterprise and the WorldVentures pyramid through the sales and marketing plan, and which contained material false representations regarding the success that representatives could achieve through WorldVentures by purchasing travel packages and recruiting others to do the same.

175. Because of her receipt of the representations, Plaintiff Yiru signed up with WorldVentures, purchased WorldVentures travel package, and recruited others to do the same. The Income Disclosure Statement with the purpose and intent of promoting the WorldVentures Enterprise's illegal scheme, all in violation of 18 U.S.C. § 1341.

**Racketeering Act Number Three**

176. In 2015 through 2016, Plaintiff Yiru ordered, through interstate wire

transmissions over the internet travel packages, which were promoted by the WorldVentures Enterprise as the means by which representatives such as Yiru could “pay for their position” and get greater retail profits. WorldVentures hosted these websites. Yiru paid WorldVentures for these products using an electronic transfer of funds. WorldVentures shipped Yiru these products through private commercial interstate carrier. WorldVentures coordinated through interstate wires on at least a monthly basis following the order the collection and accruing of the rewards associated with those purchases. Because of the promised “rewards,” “profits,” and opportunity to advance up the WorldVentures Pyramid, Plaintiff Yiru purchased WorldVentures Products, paid for those WorldVentures travel packages, and received those products, using instrumentalities of interstate commerce. Defendants’ actions violated 18 U.S.C. §§ 1341 and 1343.

#### **Racketeering Act Number Four**

177. Throughout April of 2009 and continuing, WorldVentures distributed information by interstate wire transmissions over the internet, such as [www.WorldVentures.com](http://www.WorldVentures.com), [worldventuresfoundation.org](http://worldventuresfoundation.org). Yiru reviewed the website. The WorldVentures websites promoted the fraudulent scheme through videos of Directors containing material false representations regarding the business opportunity available to representatives, and the wealth that a distributor could get by agreeing to become an WorldVentures distributor. Because of the representations on WorldVentures’ websites, Yiru became an WorldVentures distributor and maintained his position as an WorldVentures distributor and continued to order WorldVentures’ products and recruit others to do the same. This violated 18 U.S.C. § 1343.

#### **Racketeering Act Number Five**

178. Throughout 2016, the members distributed information by interstate wire transmissions over the internet promoting WorldVentures as described in this Complaint. These videos promoted the fraudulent pyramid scheme and contained material false representations regarding the wealth that a recruit or WorldVentures distributor could

achieve if that recruit became an WorldVentures distributor and if a distributor purchased WorldVentures products. This violated 18 U.S.C. § 1343.

179. WorldVentures' and the Directors' representations and omissions were the proximate cause of Yiru and the class joining the fraudulent scheme and purchasing the products.

180. To the extent proof of reliance is legally required, in engaging in the aforementioned wire and mail fraud, WorldVentures and the Directors knew that Yiru and the class would reasonably rely on their representations and omissions which would cause the Plaintiff and the class joining the fraudulent pyramid scheme and purchasing the products.

181. Defendants and the Directors knew that the misrepresentations and omissions described above in promoting and executing the fraudulent scheme were material because they caused Yiru and the class to join and participate in the illegal scheme.

182. Had Yiru and the class known that WorldVentures and the Directors were promoting an illegal scheme, they would not have joined the WorldVentures Pyramid scheme.

183. WorldVentures' and the Directors' acts of mail and wire fraud were a proximate cause of the injuries that Yiru and the class suffered. Because of WorldVentures' and the Directors' pattern of unlawful conduct, Yiru and the class lost millions of dollars, if not billions of dollars.

184. Under 18 U.S.C. § 1964, Yiru and the class are entitled to treble their damages, plus interest, costs and attorney's fees.

**COUNT V**

**(RICO 18 U.S.C. § 1962(c))**

(On behalf of the Class and the Subclass Against All Defendants including DOES 1-100)

185. Plaintiff realleges all allegations as if fully set forth herein, and incorporates previous allegations by reference.

186. WorldVentures and the Beneficiaries and Promoters are associated with the WorldVentures Enterprise. In violation of 18 U.S.C. § 1962(c), WorldVentures and the Beneficiaries and Promoters conducted and/or participated in the conduct of the affairs of the WorldVentures Enterprise, including participation in activities in furtherance of the WorldVentures Defendants' fraudulent scheme, through the pattern of racketeering activity earlier alleged.

187. As a direct and proximate result of WorldVentures' and the Beneficiaries' and Promoters' violation of 18 U.S.C. § 1962(c), Yiru and the class were induced to, and did, become representatives in the WorldVentures Pyramid scheme and purchased billions of dollars of the WorldVentures products and recruited others to do the same. Yiru and the class were injured by WorldVentures' and the Beneficiaries' and Promoters' unlawful conduct. The funds used to buy WorldVentures products constitute property of Yiru and the class within the meaning of 18 U.S.C. § 1964(c).

188. WorldVentures knew of and agreed to the overall objective of the RICO offense because it knew the bonuses it touted were not possible, it knew the commission were not achievable, it knew that as much as 97-99% of distributors failed, and that income was derived not from customers, but from recruitments.

189. Each of the Individual Defendants had a written and/or oral agreement with WorldVentures to commit each of the above predicate acts, in that there was an actual agreement between WorldVentures and each of the Individual Defendants that defined how each of the Individual Defendants would be making money from the scheme, that such money would be based on the number of persons recruited into the scheme, and that salaries and bonuses would be tied to how many people were recruited into the network, as opposed to legitimately branching out into retail.

190. Under 18 U.S.C. § 1964(c), Yiru and the class are entitled to treble their damages, plus interest, costs and attorney's fees.

## **COUNT VI**

**(RICO 18 U.S.C. § 1962(d))**

(On behalf of the Class and the Subclass Against All Defendants including DOES 1-100)

191. Plaintiff realleges all allegations as if fully set forth herein, and incorporates previous allegations by reference.

192. Each of the Defendants was separate and distinct from the enterprise and they each carried out functions independently, attempting to create an air of propriety and success.

193. WorldVentures and the Individual Defendants agreed to work together in a symbiotic relationship to carry on the illegal scheme. Under that agreement, WorldVentures., WorldVentures Holdings, WorldVentures Foundation, and the Directors and others conspired to violate 18 U.S.C. § 1962(a) and (c), in violation of 18 U.S.C. § 1962(d).

194. As a direct and proximate result of WorldVentures' and the Directors' violation of 18 U.S.C. § 1962(d), Yiru and the class were injured by WorldVentures' and the Beneficiaries' and Promoters' unlawful conduct. The funds used to buy WorldVentures products constitute property of Yiru and the class under 18 U.S.C. § 1964(c).

195. Under 18 U.S.C. § 1964(c), Yiru and the class are entitled to treble their damages, plus interest, costs and attorney's fees.

**PRAYER FOR RELIEF**

The named Plaintiff and the Plaintiff class and subclasses request the following relief:

- a. Certification of the class and subclasses;
- b. A jury trial and judgment against Defendants;
- c. Rescission of the agreements upon which the scheme is based, and recovery of all consideration paid pursuant to the scheme, less any amounts paid or consideration provided to the participant pursuant to the scheme;

- d. Damages for the financial losses incurred by Plaintiff and by the class and subclasses because of the WorldVentures Defendants' conduct and for injury to their business and property;
- e. Restitution and disgorgement of monies;
- f. Temporary and permanent injunctive relief enjoining WorldVentures from paying its Representatives recruiting rewards that are unrelated to retail sales to ultimate users and from further unfair, unlawful, fraudulent and/or deceptive acts;
- g. The cost of suit including reasonable attorneys' fees under California Code of Civil Procedure § 1021.5, Civil Code §1689.2, RICO, and otherwise by law.
- h. Trebling of damages.
- i. Punitive damages.
- j. For damages in an amount yet to be ascertained as allowed by law; and
- k. For such other damages, relief and pre- and post-judgment interest as the Court may deem just and proper.

Dated: November 19, 2019

Respectfully submitted,

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ATTORNEYS FOR PLAINTIFF  
MELODY YIRU, AND THOSE  
SIMILARLY SITUATED

**DEMAND FOR JURY TRIAL**

Plaintiff Melody Yiru on behalf of herself and those similarly situated, hereby requests a jury trial on all matters so triable.

Dated: November 19, 2019

Respectfully submitted,

/s/ Blake J. Lindemann

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**CERTIFICATE OF SERVICE**

On November 19, 2019, I electronically submitted the foregoing document with the clerk of the court of the U.S. District Court, Northern District of Texas, using the electronic case filing system of the Court. I hereby certify that I will serve the parties individually or through their counsel of record, electronically, or by other means authorized by the Court or the Federal Rules of Civil Procedure.

*/s/ Blake J. Lindemann*  
Blake J. Lindemann