

1 **LINDEMANN LAW FIRM, APC**  
2 BLAKE J. LINDEMANN, SBN 255747  
3 DONNA R. DISHBAK, SBN 259311  
4 433 N. Camden Drive, 4<sup>th</sup> Floor  
5 Beverly Hills, CA 90210  
6 Telephone: (310)-279-5269  
7 Facsimile: (310)-300-0267  
8 E-mail: blake@lawbl.com

9 Attorneys For Plaintiffs  
10 RUI CHEN, WENJIAN GONZALES, AND ALL  
11 THOSE SIMILARLY SITUATED

12 **UNITED STATES DISTRICT COURT**  
13 **NORTHERN DISTRICT OF CALIFORNIA**

14 RUI CHEN, an individual, WENJIAN  
15 GONZALES, an individual; and all those  
16 similarly situated,

17 Plaintiffs,

18 v.

19 PREMIER FINANCIAL ALLIANCE, INC., a  
20 suspended California Corporation, or as may be  
21 organized under Georgia Law; DAVID  
22 CARROLL, an individual; JACK WU, an  
23 individual; LAN ZHANG, an individual; BILL  
24 HONG, an individual, REX WU, an individual;  
25 NATIONAL LIFE GROUP INSURANCE CO., a  
26 Texas Corporation, AJWPRODUCTION, LLC, a  
27 California Limited Liabilit Company, and DOES  
28 1-10,

Defendants.

Case No.

**ORIGINAL COMPLAINT**

**[Class Action]**

**[DEMAND FOR JURY TRIAL]**

1 I. **INTRODUCTION TO THE CASE**

2 1. The Defendants are operating a classic pyramid scheme. What makes this scam  
3 particularly egregious is that Defendants have never marketed or sold insurance policies to *any* retail  
4 customers, but instead derive 100% of the scheme’s revenues from chain recruitment. These  
5 practices have been prohibited by the Federal Trade Commission, and violate State and Federal  
6 Laws. Plaintiffs and tens of thousands, have joined PFA and have become “Associates.” Plaintiffs  
7 did not make money as promised. The Associates failed because they were doomed from the start  
8 by a PFA marketing plan that systematically rewards recruiting Associates over the sale of over-  
9 priced insurance product or service to retail consumers.

10 2. More than 95% of PFA Associates average net losses. No persons, except the  
11 promotors and operators of the Defendants’ scheme make any money. The Defendants also engage  
12 in a common pattern and practice of fraud and concealment by promising Associates that they will  
13 earn vast wealth, luxury vehicles, and lavish trips when in reality, only middle men, and the top  
14 representatives of the pyramid scheme make any money or receive these benefits. In just one  
15 representation PFA claims a “revolutionary compensation” opportunity whereby with just one sale,  
16 based on the time value of money, \$2,500,000 can be made by an Associate. Defendants’  
17 representations are reckless and make the scam inherently fraudulent in addition to the structurally  
18 illegal nature of the recruitment.

19 3. Defendants take money in return for the right to sell insurance policies, which are  
20 readily available on the market at a lesser price, and reward for recruiting other participants into the  
21 pyramid. Accordingly, Plaintiffs, for themselves, and all others similarly situated, and the general  
22 public, allege:

23 II. **TYPE OF ACTION**

24 4. Plaintiffs sue for themselves and for all persons who were participants of Defendants  
25 scheme from June 25, 2014 until the present under California’s Endless Chain Scheme Law  
26 (California’s Penal Code § 327 and California Civil Code § 1689.2), California Seller Assisted  
27 Marketing Plan Act §§ 1812.200 *et. seq.*, California’s Unfair Competition Law (Business and  
28 Professions Code §17200 *et seq.*), False Advertising Law (Business and Professions Code §17500),

1 Common Law Fraud, Unjust Enrichment, Conversion, and the Federal Securities Law against all  
2 defendants for the operation and promotion of an inherently fraudulent endless chain scheme.

3 **III. PARTIES**

4 5. Plaintiff Rui Chen (“Chen”), is and at all relevant times during the allegations  
5 alleged, has resided in the State of California.

6 6. Plaintiff Wenjian Gonzales (“Gonzales”), is and at all relevant times, has resided in  
7 the State of California.

8 7. Defendant Premier Financial Alliance, Inc. (“PFA”) is a suspended California  
9 Corporation, Entity No. C2820332, that currently does business at 8000 Marina Blvd., Ste. 100,  
10 Brisbane, CA 94005. PFA may have privately organized under the Laws of Georgia as a different  
11 or restructured entity.

12 8. PFA and the other defendants also maintain Corporate California Offices in Garden  
13 Grove, Brea, San Francisco, Brisbane, Citrus Heights, San Jose, California, and 10 Corporate Park  
14 Suite 120, Irvine, CA 92606, and in Georgia.

15 9. Defendant David Carroll (“Carroll”) is a conspirator who has a business address at  
16 4600 Colony Point, Suwanee, Georgia 30024. He is at or near the top of the pyramid operated and  
17 promoted by the Defendants, and he actively participates in, promotes, and profits from PFA’s  
18 pyramid scheme.

19 10. Defendant Jack Wu is the “chairman” and ringleader of the Defendants’ scheme. He  
20 is at or near the top of the pyramid operated and promoted by the Defendants, and he actively  
21 participates in, promotes, and profits from Defendants’ pyramid scheme. Upon information and  
22 belief, Jack Wu resides in this Judicial District.

23 11. Defendant Rex Wu is a “field chairman” of the Defendants’ scheme. He is at or near  
24 the top of the pyramid operated and promoted by the Defendants, and he actively participates in,  
25 promotes, and profits from Defendants’ pyramid scheme.

26 12. Defendant Lan Zhang is one of the original members of the Defendants’ scheme. She  
27 is at or near the top of the pyramid operated and promoted by the Defendants, and she actively  
28 participates in, promotes, and profits from Defendants’ pyramid scheme.

1           13. Defendant Bill Hong is conspirator in the illegal enterprise. He is at or near the top  
2 of the pyramid operated and promoted by the Defendants, and he actively participates in, promotes,  
3 and profits from Defendants' pyramid scheme.

4           14. AJW Productions, LLC ("AJW") is a Limited Liability Company, which is the alter  
5 ego, owned and operated, by Jack Wu to collect monies from the pyramid scheme. AJW is at or  
6 near the top of the pyramid operated and promoted by the Defendants, and he actively participates  
7 in, promotes, and profits from Defendants' pyramid scheme.

8           15. National Life Group Insurance Company, Inc. ("National") is a Texas Corporation  
9 that panders the insurance products for sale to participants in the scheme, with complete knowledge  
10 that the Defendants have violated Department of Insurance Guidelines and the anti-pyramid laws,  
11 but aided and abetted the conduct of National's co-defendants.

12 **IV. JURISDICTION AND VENUE**

13           16. Jurisdiction is conferred upon this Court because Defendants do business in this  
14 judicial district, they hold themselves out and market to this jurisdiction, and they actually conduct  
15 significant transactions in this jurisdiction. Under Plaintiffs' California state law claims, more than  
16 75% of those affected in the class (and perhaps more persons) are residents of the State of California.  
17 Supplemental jurisdiction exists over the Federal Causes of Action.

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

21           18. Defendants are subject to the jurisdiction of this Court. Defendants have been  
22 engaged in continuous and systematic business in California. In fact, many of Associates' business  
23 activities originate from California, and an estimated 2/3 of recruitment of Associates occurs in the  
24 State of California.

25           19. PFA has committed tortious acts in the State of California.

26           20. Each of the Defendants named herein acted as a co-conspirator, single enterprise,  
27 joint venture, co-conspirator, or alter ego of, or for, the other Defendants with respect to the acts,  
28 omissions, violations, representations, and common course of conduct alleged herein, and ratified

1 said conduct, aided and abetted, or is other liable. Defendants have agreements with each other, and  
2 other unnamed Director co-conspirators and have reached agreements to market and promote the  
3 PFA pyramid as alleged herein.

4 21. Defendants, along with unnamed co-conspirators, were part of the leadership team  
5 that participated with PFA, and made decisions regarding: products, services, marketing strategy,  
6 compensation plans (both public and secret), incentives, contests and other matters. In addition,  
7 Defendants and unnamed co-conspirators were directly and actively involved in decisions to  
8 develop and amend the compensation plans.

9 22. Plaintiffs are presently unaware of the true identities and capacities of fictitiously  
10 named Defendants designated as DOES 1 through 10, but will amend this complaint or any  
11 subsequent pleading when their identities and capacities have been ascertained according to proof.  
12 On information and belief, each and every DOE defendant is in some manner responsible for the  
13 acts and conduct of the other Defendants herein, and each DOE was, and is, responsible for the  
14 injuries, damages, and harm incurred by Plaintiffs. Each reference in this complaint to “defendant,”  
15 “defendants,” or a specifically named defendant, refers also to all of the named defendants and those  
16 unknown parties sued under fictitious names.

17 23. Plaintiffs are informed and believe, and thereon allege that, at all times relevant  
18 hereto, all of the defendants together, were members of a single association, with each member  
19 exercising control over the operations of the association. Each reference in this complaint to  
20 “defendant,” “defendants,” or a specifically named defendant, refers also to the above-referenced  
21 unincorporated association as a jural entity and each defendant herein is sued in its additional  
22 capacity as an active and participating member thereof. Based upon the allegations set forth in this  
23 Complaint, fairness requires the association of defendants to be recognized as a legal entity, as the  
24 association has violated Plaintiff and Class Members’ legal rights.

25 24. Plaintiffs are further informed and believe and thereon allege, that each and all of the  
26 acts herein alleged as to each defendant was authorized and directed by the remaining defendants,  
27 who ratified, adopted, condoned and approved said acts with full knowledge of the consequences  
28 thereof, and memorialized the authority of the agent in a writing subscribed by the principal.

1           25. Plaintiffs are informed and believe and thereon allege that each of the defendants  
2 herein agreed among each other to commit the unlawful acts (or acts by unlawful means) described  
3 in this Complaint.

4           26. The desired effect of the conspiracy was to defraud and otherwise deprive Plaintiffs  
5 and Class Members (as hereinafter defined) of their constitutionally protected rights to property,  
6 and of their rights under other laws as set forth herein. Each of the defendants herein committed an  
7 act in furtherance of the agreement. Injury was caused to the Plaintiffs and Class Members by the  
8 defendants as a consequence. Plaintiffs and the Class are entitled to public, preliminary and  
9 permanent injunctive relief.

10 **V. FACTS**

11 **A. Defendants' Business Is A Pyramid Scheme and Endless Chain**

12           27. The Defendants' scheme was created and founded by co-Defendant Carroll.

13           28. This scheme has existed for three decades, but has grown more successful at duping  
14 and ensnaring ordinary consumers in the State of California. According to Defendants' website,  
15 "For over three decades, PFA has provided thousands of people from all walks of life the opportunity  
16 to start their own business and gain the financial freedom to live their dreams."  
17 <https://www.pfaonline.com/about.php>.

18           29. To become an associate, a victim has to pay into the scheme, a "non-refundable"  
19 amount of \$125.00. An associate is then required to buy a "life insurance" policy for the opportunity  
20 to recruit potential associates. Part of each premium payment is remitted to PFA and its conspirators;  
21 the other portion of the premium payment is remitted to National Life Group Insurance.

22           30. To earn any commissions or financial rewards in PFA, one has to recruit and cause  
23 to be signed up, six persons, and obtain a license to sell insurance under applicable State Law.

24           31. Defendants maintain a comprehensive back-office database that tracks and displays  
25 those Associates of the scheme with the most recruits, and the income derived from recruiting. In  
26 doing so, representations are made that recruiting is essential.

1           32. Defendants, through their back-office computer system encourage Associates to  
2 recruit, and the performance metrics, demonstratives, and reports represent that the only way to earn  
3 money is recruiting.

4           33. Each PFA Associate has uplines (persons in the organization directly above an  
5 individual), and downlines (those directly below an individual).

6           34. There are four Base Shop Levels which include Career Associate, Field Associate,  
7 Senior Associate, and Provisional Field Director. The more an Associate recruits, the more money  
8 they earn from the scheme, and are elevated within the scheme.

9           35. The Director Levels include Qualified Field Director and Senior Field Director. The  
10 highest level is the Infinity Director Level, which include Regional Field Director, Area Field  
11 Director, National Field Director, and Executive Field Director. A person only reaches these  
12 “levels” within the organization by recruiting.

13           36. The principal focus is on recruiting. For instance, the Defendants market and  
14 advertising in their materials, reports, scoreboards, and charts that a Career Associate is urged to  
15 recruit at least “three people and submit three sales of minimum 9,000 points in the first thirty days  
16 of joining PFA.” No marketing is done to retail customers.

17           37. In many downlines, there is a sad litany of downline reports reflecting that persons  
18 have made their initial payment to Defendants, and premium payments on the applicable insurance  
19 policies, only to discontinue payments upon realizing the business is impossible.

20  
21           **B. PFA Makes Further False Income Representations And Product  
22 Representations In Violation of Department of Insurance Guidelines**

23           38. PFA through conspirators Carroll, J. Wu, R. Wu, Hong, Zhang, AJW, and National,  
24 and, by their authorization, represented to Plaintiffs during their applicable joining periods from  
25 2017 to 2018 (and to the Class during the applicable class period as defined) through the internet,  
26 materials, sign-up documents, training seminars, mailed materials, and through PFA’s agents, made  
the following representations to Plaintiffs in the ¶¶ 39-54.

27           39. Defendants represent to Plaintiffs and Associates during the Class period that their  
28 cash flow will grow in “size and stability” and that one can build strong business once and business

1 ownership for a lifetime. Defendants further represent to the Associates base, during the entire class  
2 period that “we help you win the money game by reallocating old money to create benefits and  
3 savings. Build financial independence for you and your family.”

4 40. Defendants also represent that Plaintiffs and Associates will make “base income” of  
5 \$13,800 per month.

6 41. Defendants represent to their victim participants during the entire Class Period: enjoy  
7 freedom of owning your own business and gain the financial freedom to live your dreams. Further,  
8 Defendants represented to Plaintiffs and the Associates during the class period: “Revolutionary  
9 compensation: how could this part time income change your life? Make one sale and save the  
10 retirement income over 30 years. Make one sale and earn \$2,459,093. Where else can you make  
11 this much money part time?”

12 42. The Defendants tout to Associates, and the Plaintiffs that they can make significant  
13 income each month from the PFA scheme, and “Total Income” of \$60,360 per month.

14 43. Under PFA’s compensation plan, a victim only gains a rank by recruiting people into  
15 the business opportunity. The business opportunity is focused on recruiting people, and have them  
16 purchase 100 “points” in volumes. Commissions and bonuses are paid to infinite level deep, which  
17 means that for each commission and person signed up, the profit travels up the entire pyramid.

18 44. With this many levels, those at the top are enriched. The price of the product is so  
19 high compared to comparative market prices that it is impossible to legitimately sell these products  
20 retail, except to friends and families.

21 45. According to the Compensation Plan, an Associate’s income increases as she/he  
22 begins to build teams of recruits that each make four sales.

23 46. PFA makes false and/or misleading income disclosures that are affirmatively false,  
24 and false by omission in the picture they present to proposed distributors, in that the representations  
25 imply a PFA distributorship is profitable, when these are in fact, false statements. (See Figure No.  
26 1).

27 47. Further, PFA emphasizes recruitment over product sales.  
28



1           48.     In short, there is no dispute that PFA wholly lacks the required evidence to support  
2 the various health and treatment claims made about its products.

3           49.     Further, PFA is using deceptive, atypical, and unsubstantiated income claims  
4 regarding the financial gains consumers will achieve by becoming associates.

5           50.     PFA and its executives make a host of unrealistic financial promises, ranging from  
6 getting a company car to making millions of dollars.

7           51.     The problem, however, is that while an overwhelming majority of PFA associates do  
8 not make any profit at all, and do not obtain the often-touted company car, the vast majority of the  
9 income marketing claims boasting exorbitant financial rewards do not disclose this fact.

10          52.     The Defendants represent during the class period to the Plaintiffs and the Associates  
11 that the opportunity is “risk-free. We make it easy: no major investment, no franchise fees, no job  
12 risk, no experienced required, flexible schedule.” In reality, to earn any commissions one must put  
13 in significant time to obtain a license to sell insurance.

14          53.     Defendants further represented to Plaintiffs and the Associates’ class: “our executive  
15 business system is time tested and proven: with your commitment to follow the system and put  
16 forward the right effort, your success has no boundaries.”

17          54.     Defendants also represented to Plaintiffs and the Associates’ class: “the turnkey  
18 approach allows you to build a business that is: proven, predictable, profitable, self-replicating, self-  
19 motivating, self-financed.”

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

23           **C.     All The Defendants Promote the Pyramid**

24          56.     Carroll is a person at the top of Defendants’ pyramid and endless chain. Carroll is in  
25 the top 1% of Associates who make the most lucrative bonuses. He actively participates in the PFA  
26 pyramid scheme, and he profits from the compensation plan at the expense of the vast majority of  
27 Associates.

28

1           57. PFA, Carroll, J. Wu, R. Wu, Hong, Zhang, AJW, by their authorization promote the  
2 pyramid scheme and make misleading claims of financial success.

3           58. In coordination with PFA, Carroll, J. Wu, R. Wu, Hong, Zhang, and AJW flooded the  
4 internet with promotional materials designed to lure in new Associates. PFA, Carroll, J. Wu, R. Wu,  
5 Hong, Zhang, and AJW promote the scheme as a lawful program that, with sufficient hard work,  
6 virtually guarantees financial success. Carroll, J. Wu, R. Wu, Hong, Zhang, and AJW promote PFA  
7 as a reliable source of significant income.

8           59. To sell the financial-success promise, PFA, Carroll, J. Wu, R. Wu, Hong, Zhang, and  
9 AJW flaunt the wealth of the highest-ranked Associates and those few insiders at the top of the  
10 pyramid, as examples of the riches that await new participants, if only they will work hard enough  
11 (i.e., tirelessly recruit new Associates). The wechat (a popular social networking platform), instagram,  
12 facebook, and twitter posts made during the class period boast of luxury vehicles, grandiose trips,  
13 expensive fine dining.

14           60. PFA, authorized by Carroll, J. Wu, R. Wu, Hong, Zhang, and AJW, has produced  
15 videos and made statements via the internet knowingly promoting the pyramid scheme and touting  
16 the financial rewards supposedly available to participants. Each of these statements furthered the  
17 pyramid scheme by encouraging persons to become Associates and by encouraging Associates to  
18 remain Associates and pursue the PFA business opportunity.

19           61. The following paragraphs set forth just a small subset of publicly broadcast statements  
20 made by PFA, as authorized by Carroll, to promote the PFA opportunity.

21           **F. Plaintiffs Are Participants and Victims Of The Pyramid Scheme**

22           62. Plaintiff Rui Chen became an associate in the scheme, upon information and belief,  
23 on or about 2017. Plaintiff Chen was deceived by PFA's misleading opportunity believing, the  
24 opportunity was a legitimate way to earn money (even though that representation by Defendants  
25 was false), and Plaintiff Chen did in fact lose money as a result of Defendants' unfair, unlawful, and  
26 fraudulent business practices.

27           63. Plaintiff Chen was unable to make any policy sales, and she lost money in the PFA  
28 scheme even considering policy sales.

1           64. Plaintiff Wenjian Gonzales became an associate on or about late 2017/2018. Plaintiff  
2 Gonzales was deceived by PFA's misleading opportunity believing, the opportunity was a legitimate  
3 way to earn money (even though that representation by Defendants was false), and Plaintiff  
4 Gonzales did in fact lose money as a result of Defendants' unfair, unlawful, and fraudulent business  
5 practices.

6           65. All transactions to enroll in the Defendants' pyramid scheme occurred in the State of  
7 California, and interstate for all purposes.

8 **VI. CLASS ACTION ALLEGATIONS**

9           66. Plaintiffs seek to represent a class, defined as follows:

10           67. Plaintiffs bring this action as a class action under Federal Rule of Civil Procedure  
11 23.

12           68. Plaintiffs seek to certify a class pursuant to Fed. R. Civ. Proc. 23(a), 23(b), 23(c)(4),  
13 and 23(c)(5), if necessary.

14           69. Plaintiffs seek relief on behalf of themselves and the following class: participants in  
15 the scheme from June 25, 2014 to present date who paid more to the scheme than the amount of  
16 money they received from PFA.

17           70. Excluded from the class are the Defendants, executives of PFA, family members,  
18 this Court.

19           71. Plaintiffs seek to pursue a private attorney general action for public injunctive relief  
20 for themselves and all members of the class, and they satisfy the standing and class action  
21 requirements. Plaintiffs intend to seek preliminary and permanent injunctive relief.

22           72. While the exact number of members in the Class and Subclasses are unknown to  
23 Plaintiffs at this time, and can only be determined by appropriate discovery, membership in the class  
24 and subclasses is ascertainable based upon the records maintained by Defendant. It is estimated that  
25 the members of the Class are greater than 25,000 persons.

26           73. Therefore, the Class and Subclasses are so numerous that individual joinder of all  
27 Class and Subclass members is impracticable.

28

1           74.     There are questions of law and/or fact common to the class and subclasses, including  
2 but not limited to: (a) Whether Defendants are operating an endless chain; (b) Whether Associates  
3 paid monies to Defendants; (c) Whether PFA paid monies to Associates (d) Whether Defendants'  
4 omitted to inform the Plaintiff and the plaintiff class that they were entering into an illegal scheme  
5 where an overwhelming number of participants lose money; (e) Whether PFA's statements of  
6 income during the Class Period were deceptive and misleading; (f) Whether PFA's conduct  
7 constitutes an unlawful, unfair and/or deceptive trade practice under California state law; (g)  
8 Whether PFA's conduct constitutes unfair competition under California state law; (h) Whether  
9 PFA's conduct constitutes false advertising under California state law; (i) Whether the Defendants  
10 violated the Department of Insurance Guidelines in representing the benefits under a policy and/or  
11 underwriting.

12           75.     These and other questions of law and/or fact are common to the class and subclasses  
13 and predominate over any question affecting only individual class members.

14           76.     Plaintiffs' claims are typical of the claims of the class and subclasses in that Plaintiffs  
15 were Associates for Defendant PFA and lost money because of the illegal scheme.

16           77.     Plaintiff swill fairly and adequately represent the interests of the class and subclasses.  
17 Plaintiffs' claims are typical of those of the class and subclasses. Plaintiffs' interests are fully  
18 aligned with those of the class and subclasses. And Plaintiffs have retained counsel experienced and  
19 skilled in class action litigation.

20           78.     Class action treatment is superior to the alternatives for the fair and efficient  
21 adjudication of the controversy alleged, because such treatment will allow many similarly-situated  
22 persons to pursue their common claims in a single forum simultaneously, efficiently and without  
23 unnecessary duplication of evidence, effort, and expense that numerous individual actions would  
24 engender.

25           79.     Plaintiffs know of no difficulty likely to be encountered in the management that  
26 would preclude its maintenance as a class action.

27

28

1 **VII. CLASS ACTION COUNTS**

2 **COUNT I**

3 **ENDLESS CHAIN SCHEME; California Penal Code § 327 and Section 1689.2 of the**  
4 **California Civil Code**

5 (Plaintiffs on behalf of themselves and the Class, Against All Defendants including DOES 1  
6 through 10)

7 80. Plaintiffs reallege all allegations as if fully set forth herein, and incorporate previous  
8 allegations by reference.

9 81. Section 1689.2 of the California Civil Code provides: “[a] participant in an endless  
10 chain scheme, as defined in Section 327 of the Penal Code, may rescind the contract upon which  
11 the scheme is based, and may recover all consideration paid pursuant to the scheme, less any  
12 amounts paid or consideration provided to the participant pursuant to the scheme.”

13 82. The Defendants are operating an endless chain scheme under Section 327 of the  
14 Penal Code because they have contrived, prepared, set up, and proposed an endless chain as pled in  
15 the factual section of this FAC. Nearly 95% of those who participate in PFA’s business fail.

16 83. The PFA operation constitute a scheme for the disposal or distribution of property  
17 whereby class members pay a valuable consideration for the chance to receive compensation (as  
18 pled in the fact section) for introducing one or more additional persons into participation in the  
19 scheme or for the chance to receive compensation when a person introduced by the participant  
20 introduces a new participant. This is particularly evident in this scheme because PFA has no “retail  
21 customers.”

22 84. Independently, the PFA operation constitutes an endless chain because members pay  
23 an initial fee and then are required to purchase an insurance policy (in many cases for individuals in  
24 their 20’s), only to have insurance cancelled, if he fails to pay the premiums that are higher than  
25 market.

26 85. Independently, the PFA operation constitutes an endless chain because defendants  
27 tell victims they earn commissions by recruiting other people to buy memberships and the members,  
28 were in turn, instructed to recruit more members. Revenues are made primarily from recruitments.

1 86. Independently, the PFA operations constitute an endless chain because Defendants'  
2 commissions, income, lottery gifts like vehicles, and free products were based on a current  
3 member's sales of memberships to new members and not the sale of products.

4 87. Plaintiffs and the Class have suffered an injury in fact and have lost money or  
5 property because of PFA or Carroll's operation of an endless chain, business acts, omissions, and  
6 practices.

7 88. Plaintiffs and the Class are entitled to: (a) rescind all writings upon which the scheme  
8 is based; (b) recover all consideration paid under the scheme, less any amounts paid or consideration  
9 provided to the participant under the scheme; (b) restitution, compensatory and consequential  
10 damages (where not inconsistent with their request for rescission or restitution); and (c) attorney's  
11 fees, costs, pre and post-judgment interest.

12  
13 **COUNT II**

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

15 (Plaintiffs on behalf of themselves and the Class Against All Defendants including DOES 1  
16 through 10)

17 89. Plaintiffs reallege all allegations as if fully set forth herein, and incorporate previous  
18 allegations by reference.

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

22 91. All claims brought under this Second Cause of Action that refer or relate to the  
23 unlawful, fraudulent or unfair the statements, the touted PFA "business opportunity" are brought on  
24 behalf of Plaintiffs and the Class.

25 92. Defendants have engaged in constant and continuous unlawful, fraudulent and unfair  
26 business acts or practices, and unfair, deceptive, false and misleading advertising within the meaning  
27 of the California Business and Professions Code § 17200, et seq. The acts or practices alleged  
28 constitute a pattern of behavior, pursued as a wrongful business practice that has victimized and

1 continues to victimize thousands of consumers for which Plaintiffs seek to enjoin from further  
2 operation. The PFA Sales and Marketing Plan Is Unlawful.

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

5 94. Defendants’ business practices are unlawful under § 17200 because PFA’s  
6 promotions constitute an illegal “endless chain” as defined under, and prohibited by, California  
7 Penal Code § 327.

8 95. Defendants utilized their illegal “endless chain” with the intent, directly or indirectly,  
9 to dispose of property in PFA’s products and to convince Associates to recruit others to do the same.

10 96. Defendants’ business practices are unlawful pursuant to §17200 because they violate  
11 §17500 *et seq.*, as alleged in the Fourth Count.

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

14 98. Defendants’ business practices are fraudulent in two separately actionable ways: (1)  
15 PFA’s business constitutes an illegal and deceptive “endless chain;” (2) the touted, yet non-existent,  
16 PFA “business opportunity” is for everyone, including but not limited to PFA’s recruitment  
17 campaign and the misleading statements of compensation.

18 99. First, as detailed herein, Defendants promoted participation in the PFA endless chain,  
19 which has a compensation program based on payments to participants for the purchase of insurance  
20 by participants, not the retail sale of insurance.

21 100. Defendants have made numerous misleading representations to Plaintiffs and  
22 Associates about the business opportunity of PFA and the income that a recruit can realize by  
23 becoming an Associate, and participating in the scheme, as outlined above in ¶¶ 27-87.

24 101. Defendants knew, or should have known, that the representations about the business  
25 opportunity of PFA were misleading in nature.

26 102. As a direct result of Defendants’ fraudulent representations and omissions regarding  
27 the PFA endless chain described herein, PFA wrongly acquired money from Plaintiffs and the  
28 members of the classes.

1           103. Second, Defendants touted, in numerous different ways as part of a massive  
2 advertising campaign, a “business opportunity,” which Defendants also repeatedly and in many  
3 ways represented, among other things, as being “for everyone” and allowing “full time” or “part  
4 time” opportunities.

5           104. The massive advertising campaign included among other things, the website, emails,  
6 websites, presentations by PFA, training, word of mouth among Associates, and events.

7           105. As part of this campaign and a further inducement to potential Associates, PFA made  
8 and disseminated statements of compensation that further misled the public, among other things: (1)  
9 by using cryptic and technical terms known to Defendants, but not to the general public or to those  
10 exploring the claimed “business opportunity,” (2) by highlighting the successful persons, i.e., those  
11 that received compensation from PFA, and the average gross compensation paid by PFA to those  
12 persons, (3) by failing to disclose the actual number of successful persons as compared to the number  
13 of Associates who received no compensation from Defendants, and (4) by downplaying and  
14 omitting the risks and costs involved in starting a PFA Association and succeeding in such a  
15 Association.

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

20           107. Defendants knew, or should have known, that the selective information presented to  
21 distributors in the compensation and its massive adverting campaign during that time frame touting  
22 its purported “business opportunity” was likely to mislead the public and did in fact mislead the  
23 public into believing that there was a legitimate “business opportunity” in which Associates, or a  
24 large portion of them, could make money in either a full or part time capacity. In fact, however,  
25 there was no such “business opportunity,” except for a very select few.

26           108. As a direct result of Defendants’ fraudulent representations and omissions regarding  
27 the Statement and the massive adverting campaign during that time frame and thereafter touting  
28



1 PFA's purported "business opportunity" described herein, Defendants wrongly acquired money  
2 from Plaintiff and the members of the classes.

3 109. The named Plaintiffs have standing to bring these § 17200 claims under the  
4 fraudulent prong, and can demonstrate actual reliance on the alleged fraudulent conduct.

5 110. For instance, the Plaintiffs has been in receipt of misleading and false financial  
6 statements and marketing materials/seminar papers, which promoted the PFA scheme and claimed  
7 "business opportunity" and contained material false representations regarding the success  
8 Associates could achieve through PFA by purchasing products and recruiting others to do the same,  
9 as pled in ¶¶ 27-87.

10 111. There were other representations made to Associates as part of the massive  
11 advertising campaign regarding the claimed "business opportunity," on which Plaintiffs or some of  
12 the Class Members, reasonably believed the representations they could succeed in the "business  
13 opportunity," did not return the refund, purchased PFA products and signed up as PFA Associates,  
14 and attempted to and recruited others to do the same. These other representations include, but are  
15 not limited to the following: (a) messages PFA that promoted PFA and contained material false  
16 representations regarding the success that an associate could achieve through PFA by purchasing  
17 insurance and recruiting others to do the same; (b) websites, such as [www.pfaonline.com](http://www.pfaonline.com) which  
18 promoted the fraudulent scheme through videos of PFA (as authorized by Carroll) containing  
19 material false representations regarding the "business opportunity" available to Associates and the  
20 wealth that an associate could get by agreeing to become a PFA associate; (c) presentations by PFA  
21 Associates which contained material false representations regarding the "business opportunity" and  
22 the success that an associate could get through PFA by purchasing products and recruiting others to  
23 do the same; (d) presentations by PFA, including the presentations described in this complaint,  
24 which contained material false representations regarding the "business opportunity" and the success  
25 that a distributor could get through PFA by purchasing products and recruiting others to do the same;  
26 (e) training and events where PFA Associates made material false representations regarding the  
27 "business opportunity" and the success that a distributor could get through PFA by purchasing  
28 products and recruiting others to do the same.

1           112. To the extent proof of reliance is required of Plaintiffs, PFA, Carroll, J. Wu, R. Wu,  
2 Hong, Zhang, and AJW knew that Plaintiffs and the Class would reasonably rely on their  
3 representations and omissions, which would cause the Plaintiffs and the Class joining the fraudulent  
4 endless chain scheme and purchasing the products, and Plaintiffs did in fact reasonably rely upon  
5 such representations and omissions.

6           113. Indeed, had Plaintiffs and the Class known that PFA, Carroll, J. Wu, R. Wu, Hong,  
7 Zhang, and AJW were promoting an endless chain, they would not have become PFA Associates in  
8 the first place and, if learned after becoming a distributor, they would not have purchased PFA  
9 products thereafter.

10           114. Had Plaintiffs and the Class known that PFA, PFA, Carroll, J. Wu, R. Wu, Hong,  
11 Zhang, and AJW were promoting a “business opportunity” that did not exist except for a select few,  
12 they would not have become PFA Associates in the first place and, if learned after becoming an  
13 associate, they would not have purchased PFA insurance thereafter.

14           115. The fraudulent acts, representations and omissions described herein were material  
15 not only to Plaintiffs and the Class (as described in this complaint), but also to reasonable persons.

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

19           117. For the reasons set forth herein and above, PFA’s promotion and operation of an  
20 unlawful and fraudulent endless chain, and its fraudulent representations and omissions regarding  
21 its purported “business opportunity,” are also unethical, oppressive, and unscrupulous in that PFA,  
22 Carroll, J. Wu, R. Wu, Hong, Zhang, and AJW have been duping Plaintiffs and the class out of  
23 billions, or at least hundreds of millions, of dollars.

24           118. PFA’s actions have few, if any, benefits. Thus, the injury caused to Plaintiffs and the  
25 class easily and dramatically outweigh the benefits, if any.

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

28

1           120. Based on the Defendants' violation of the FCPA, Plaintiffs, the class, and the general  
2 public are entitled to injunctive relief derivatively through Cal. Bus. & Prof. Code 17200, even if  
3 the FCPA does not provide a private right of action.

4           121. PFA, Carroll, J. Wu, R. Wu, Hong, Zhang, AJW, and National, acting in concert  
5 with DOES 1 through 10, inclusive, aided, abetted and conspired with Defendants in making the  
6 concealment against named Plaintiffs and class members.

7           122. As a direct and legal result of Defendants' willful and unfair conduct, named  
8 Plaintiffs, the public, and those similarly situated, have suffered damages.

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

15                                   **COUNT III**

16                   **False Advertising - California Business and Professions Code § 17500, et seq.**

17                   (Plaintiffs on behalf of themselves and the Class Against All Defendants including DOES 1  
18   through 10)

19           124. Plaintiffs reallege all allegations as if fully set forth herein, and incorporate previous  
20 allegations by reference.

21           125. All claims brought under this Fourth Count that refer or relate to the false, untrue,  
22 fraudulent or misleading endless chain of Defendants are brought on behalf of Plaintiffs and the  
23 Class.

24           126. All claims brought under this Fourth Count that refer or relate to the false, untrue,  
25 fraudulent or misleading statements of income are brought on behalf of Plaintiffs.

26           127. All claims brought under this Fourth Count that refer or relate to the false, untrue,  
27 fraudulent or misleading statements of income are brought on behalf of Plaintiffs and the Class.  
28

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

4           129. Defendants engaged in false, unfair and misleading business practices, consisting of  
5 false advertising and materially misleading omissions regarding the purported “business  
6 opportunity,” and the “health benefits” likely to deceive the public and include, but are not limited  
7 to, the items set forth in the factual background of this Complaint. PFA knew, or should have known,  
8 that the representations about the business opportunity of PFA were misleading in nature. The  
9 statements made to Plaintiff, and the date of the allegations, are found at ¶¶ 27-87 of this Complaint.

10           130. In addition, the Defendants have attempted to sell unnecessary insurance to many  
11 individuals (a large number in their 20’s and 30’s) who have no need for insurance based on risk,  
12 and based on the typical purchasers of insurance in the actual fair market. Defendants have  
13 misrepresented the need for insurance, have misrepresented and improperly tethered a “business  
14 opportunity” to obtaining insurance, and thus Plaintiffs are entitled to relief under the California  
15 Business & Professions Code based on the Defendants rampant violation of the Insurance Code, and  
16 the Department of Insurance guidelines, which PFA is bound to follow, but fails to do so.

17           131. The Defendants’ also misrepresent the benefits attainable and available under the  
18 applicable insurance policies to victim Associates. The Policy benefits are represented as providing  
19 significant cash value, when this is not true. The Policy premiums are represented as being  
20 competitive, when this is false.

21           132. Because of Defendants’ untrue and/or misleading representations, Defendants  
22 wrongfully acquired money from Plaintiffs and the class members to which they were not entitled.  
23 The Court should order Defendants to disgorge, for the benefit of Plaintiffs and all other PFA  
24 Associates in the class who signed an agreement with PFA governed by California law their profits  
25 and compensation and/or make restitution to Plaintiffs and the Class.

26           133. Under California Business and Professions Code Section 17535, Plaintiffs and the  
27 Class seek a judicial order directing Defendants to cease and desist all false advertising related to  
28

1 the Defendants' illegal endless chain scheme, and such other injunctive relief as the Court finds just  
2 and appropriate.

3 134. Because of Defendants' untrue and/or misleading representations, Defendants  
4 wrongfully acquired money from Plaintiffs and the class members to which they were not entitled.  
5 The Court should order Defendants to disgorge, for the benefit of Plaintiffs and all other PFA  
6 Associates in the class who signed an Associate Marketing Agreement with PFA their profits and  
7 compensation and/or make restitution to Plaintiffs and the class.

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

12 **COUNT IV**

13 **Fraudulent Concealment/Non-Disclosure**

14 (Plaintiffs on behalf of themselves and the Class Against All Defendants including DOES 1  
15 through 10)

16 136. Plaintiffs reallege all allegations as if fully set forth herein, and incorporate previous  
17 allegations by reference.

18 137. As alleged above in ¶¶ 27-87 of this Complaint, Defendants made a number of  
19 representations concerning their business, including that this was a way for normal people to obtain  
20 incredible financial success.

21 138. Defendants' representations described above were false. However, despite knowing  
22 of the falsity of their representations, Defendants concealed, and/or failed to disclose material and  
23 contrary facts set forth above, including, among other things, that nearly 95% of all participants in  
24 PFA's pyramid scheme failed. Defendants also falsely represented the income to be obtained per  
25 month through the scheme, and the base level of income, as set forth above.

26 139. Defendants had a duty to disclose this information to their participants because: it is  
27 material information that would reflect the fraudulent nature of the business, and Defendants knew  
28 the information was not reasonably discoverable by their participants; Defendants made affirmative

1 representations that were contrary and misleading without the disclosure of this information; and/or  
2 Defendants actively concealed this information from their participants, the government and the  
3 public.

4 140. Defendants concealed and failed to disclose these material facts with the intent to  
5 deceive Plaintiffs and the Class, including but not limited to concealing the fact that nearly all  
6 participants in the pyramid scheme fail.

7 141. Defendants' concealments and non-disclosure of material facts as set forth above  
8 were made with the intent to induce Plaintiffs and the Class to join the PFA opportunity.

9 142. Plaintiffs and the Class, at the time these failures to disclose and suppressions of facts  
10 occurred, and at the time Plaintiffs and the Class became associates, were ignorant of the existence  
11 of the facts that Defendants suppressed and failed to disclose. If Plaintiffs and the Class had known  
12 of Defendants' concealments and failures to disclose material facts, they would not have taken the  
13 actions they did, including but not limited to becoming associates of PFA.

14 143. Plaintiffs and the Class' reliance was justified and reasonable as they had no basis to  
15 doubt the original representations made to them, nor did they have reason to believe they were being  
16 misled or material facts were being concealed from them.

17 144. As a direct and proximate result of the above, Plaintiffs and the Class have suffered  
18 damages in an amount to be proven at trial.

19 145. Defendants undertook the aforesaid illegal acts intentionally or with conscious  
20 disregard of the rights of Plaintiffs and the Class, and did so with fraud, oppression, and/or malice.  
21 This despicable conduct subjected Plaintiffs and the Class to cruel and unjust hardship so as to  
22 justify an award of punitive damages in an amount sufficient to deter such wrongful conduct in the  
23 future. Therefore, Plaintiffs and the Class are also entitled to punitive damages against Defendants  
24 in an amount to be determined at trial. Plaintiffs reallege all allegations as if fully set forth herein,  
25 and incorporate previous allegations by reference.

**COUNT V**

**(Federal Securities Fraud)**

(Plaintiffs on behalf of themselves and the Class Against All Defendants including DOES 1 through 10)

146. Plaintiffs reallege all allegations as if fully set forth herein, and incorporate previous allegations by reference.

147. Defendants made numerous material omissions that significant monthly income could be earned by all involved. Further fraudulent representations were made about this opportunity. Complaint, ¶¶ 27-87

148. These statements are misleading because they fail to inform Associates that “policy sales,” particularly as defined in the Policies, are not a true viable way of earning income because Associates are extremely unlikely to make significant “policy sales” and because the only realistic way to make money in the PFA scheme is through recruiting.

149. Defendants made material omissions in its Policies regarding Associates’ ability to earn money. In the Policies, PFA informed its Associates that they do not even need to be good at sales, that they do not have to put significant time, and they can still earn money.

150. These statements are misleading because they fail to inform Associates that very few Associates are likely to earn any profit from participating in PFA, regardless of how much work they put in and regardless of what part of the country they live in.

151. By making affirmative statements regarding retail sales and the ability of Associates to earn income, PFA undertook an affirmative obligation to make the disclosures necessary to make such statements not misleading.

152. PFA made these omissions knowing that doing so was false and misleading. PFA benefitted in a concrete and substantial way from the operation of the pyramid scheme, the recruitment of new Associates, and new Associates’ reliance on PFA’s omissions.

153. PFA made these omissions with the specific intent that Associates rely on them.

154. Plaintiffs’ and the Class Members’ reliance on the omissions may be presumed.

**COUNT VI**

**Unjust Enrichment**

(Plaintiffs on behalf of themselves and the Classes Against Defendant Carroll, including DOES 1 through 10)

155. Plaintiffs and the Classes repeat and re-allege every allegation above as if set forth herein in full.

156. Unjust enrichment occurs when Plaintiffs confer a benefit to the defendant, the defendant accepts and retains the benefit, and defendant does not pay the Plaintiffs the value of the benefit.

157. Carroll, J. Wu, R. Wu, Hong, Zhang, AJW, and National who were named in this Count, have been unjustly enriched at the expense of, and to the detriment of, Plaintiffs and the members of the class in that the financial benefits obtained by them came as a result of their promotion of the unlawful pyramid scheme. The financial benefit that Defendant came to obtain came from the Plaintiffs and the members of the class, who unwittingly participated in the pyramid scheme and naturally and inevitably lost money in the process. The unjustly-obtained benefits are comprised of the following three categories of gains.

158. First, the individual defendants named in this Count made contractual agreements with each other and with other third-parties that depended on the success of the pyramid scheme. Carroll took active steps to expand the scope of the pyramid scheme, and increased the number of participants—and therefore the number of inevitable losers in order to maximize the amounts each would get. The Defendant was able to obtain payouts under the contracts on the back of the Plaintiff.

159. Second, Carroll, J. Wu, R. Wu, Hong, Zhang, AJW, and National together with his controlled entities, and other parties have each been enriched in significant amounts as a result of the performance of their various illegal duties. Regardless of in what year, Carroll, J. Wu, R. Wu, Hong, Zhang, AJW, and National were the ultimate upline from the Plaintiffs and the class, and thus, as a matter of the compensation plan implemented by PFA, obtained bonuses and commissions, which were necessarily funded by a portion of the Plaintiffs' (and the classes) purchase of distributorships, and purchase of product. These payments were thus, directly funded by the



1 Plaintiffs by virtue of the compensation system paying commissions and bonuses “upline” to  
2 promoters at the top of the pyramid. The value of these benefits can be computed but is presently  
3 unknown. But for the illegal Compensation Plan and the commission of the illegal pyramid scheme,  
4 Carroll, J. Wu, R. Wu, Hong, Zhang, AJW, and National could not have obtained the funds that  
5 came to them via the compensation plan.

6 160. Third, in addition to the unjust benefits, Carroll, J. Wu, R. Wu, Hong, Zhang, AJW,  
7 and National have obtained as a result of being upline at the top of the PFA Pyramid, Carroll, J. Wu,  
8 R. Wu, Hong, Zhang, AJW, and National have also received a compensation in an amount equaling  
9 in the millions based on their executive position in the pyramid scheme. The monies that they  
10 received, in part to pay these salaries, came from Plaintiffs’ (or the class) payments for the same  
11 reasons as set forth above.

12 161. The revenue that resulted in these payments came directly from the payments made  
13 by Plaintiffs and the class. It would be unjust to permit these Defendants to retain these ill-gotten  
14 gains.

## 15 COUNT VII

### 16 **The California Seller Assisted Marketing Plan Act §§ 1812.200, et seq.**

#### 17 **(As Against All Defendants, Including Does 2-10)**

18 162. The California Seller Assisted Marketing Plan Act §§ 1812.200, *et seq.*

19 163. Plaintiffs reallege and incorporates by reference all of the other allegations as if set  
20 forth herein.

21 164. The PFA seller assisted marketing plan meets the definitions of a “seller assisted  
22 marketing plan” under the California Seller Assisted Marketing Plan Act, Cal. Civ. Code §§  
23 1812.200, et seq. and did not qualify for any exemptions thereunder. Specifically, the PFA seller  
24 assisted marketing plan involved Defendants’ sale or lease of product, equipment, supplies, and  
25 services for initial payment (including the payment on the premium) exceeding \$400 to the Plaintiffs  
26 and the Class in connection with or incidental to beginning, maintaining, or operating their  
27  
28

1 respective PFA distributorship.

2 165. From within California, Defendants individually and by and through their agents  
3 advertised and otherwise solicited the purchase or lease of product, equipment, supplies, and  
4 services to the Plaintiffs and the Class as alleged above.

5 166. Defendants, individually and through its/their agents represented that: (1) Plaintiffs  
6 and the Class were likely to earn an amount in excess of the initial payment; (2) there is a market  
7 for PFA products that were purchased by the Plaintiffs and the Class; and (3) PFA would, partially,  
8 buy back and/or is likely to buy back a portion of the product initially sold to the Plaintiffs and the  
9 Class.

10 167. Defendants also represented or implied that they have sold the PFA seller assisted  
11 marketing plan to at least five other individuals in the previous 24 months, and intend to sell the  
12 PFA seller assisted marketing plan to at least five individuals in the next 12 months.

13 168. Defendants are sellers of “Seller Assisted Marketing Plans”, as defined in Cal. Civ.  
14 Code § 1812.201(d).

15 169. The Defendants did not provide the Plaintiffs or the Class a “Disclosure Document  
16 or an Information Sheet” as required by Cal. Civ. Code §§ 1812.205 and 1812.206. Furthermore,  
17 the PFA business opportunity contracts did not meet the substantive requirements of Cal. Civ. Code  
18 § 1812.209. Nor was the PFA seller assisted marketing plan registered as required by Cal. Civ. Code  
19 § 1812.203.

20 170. As more fully alleged above, Defendants, individually and through their agents,  
21 made earnings and market representations to the Plaintiffs and the Class without the substantiating  
22 data or disclosures required by Cal. Civ. Code § 1812.204. The representations were fraudulent in  
23 violation of Cal. Civ. Code §§ 1812.201 and 1812.204.

24 171. Defendants’ sale of an unregistered “Seller Assisted Marketing Plan” from the state  
25 of California entitles the Plaintiffs and the Class to their actual damages, attorneys’ fees, rescission  
26 of the agreements at issue, and punitive damages pursuant to Cal. Civ. Code §§ 1812.215 and  
27 1812.218.

28 172. Defendants’ disclosure violations entitle Plaintiffs and the Class to their actual

1 damages, attorneys' fees, rescission of the agreements at issue, and punitive damages pursuant to  
2 Cal. Civ. Code §§ 1812.215 and 1812.218.

3 173. Defendants' anti-fraud violations entitle the Plaintiffs and the Class to recover their  
4 damages pursuant to Cal. Civ. Code §§ 1812.215 and 1812.218.

5 **PRAYER FOR RELIEF**

6 The named Plaintiffs and the Plaintiffs' class and subclasses request the following relief:

- 7 a. Preliminary and permanent public injunctive relief;
- 8 b. Certification of the class and subclasses;
- 9 c. A jury trial and judgment against Defendants;
- 10 d. Rescission of any writings upon which the scheme is based, and recovery of all  
11 consideration paid pursuant to the scheme, less any amounts paid or consideration provided to the  
12 participant pursuant to the scheme;
- 13 e. Damages for the financial losses incurred by Plaintiffs and by the class and  
14 subclasses because of the PFA and Carroll's conduct and for injury to their business and property;
- 15 f. Restitution and disgorgement of monies;
- 16 g. Temporary and permanent injunctive relief enjoining Defendants from paying their  
17 Associates recruiting rewards that are unrelated to retail sales to ultimate users and from further  
18 unfair, unlawful, fraudulent and/or deceptive acts;
- 19 h. The cost of suit including reasonable attorneys' fees under California Code of Civil  
20 Procedure § 1021.5, Civil Code § 1689.2, pursuant to the statute's sued hereunder, and otherwise by  
21 law;
- 22 i. Punitive damages;
- 23 j. Treble damages pursuant to RICO;
- 24 k. For damages in an amount yet to be ascertained as allowed by law; and
- 25 l. For such other damages, relief and pre- and post-judgment interest as the Court may  
26 deem just and proper.
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Respectfully submitted,

Dated: June 25, 2018

By: /s/ Blake J. Lindemann

**LINDEMANN LAW FIRM, APC**  
BLAKE J. LINDEMANN, SBN 255747  
433 N. Camden Drive, 4<sup>th</sup> Floor  
Beverly Hills, CA 90210  
Telephone: (310)-279-5269  
Facsimile: (310)-300-0267  
E-mail: blake@lawbl.com

Attorneys For Plaintiffs  
RUI CHEN, WENJIAN GONZALES, AND ALL THOSE  
SIMILARLY SITUATED

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**DEMAND FOR JURY TRIAL**

Plaintiffs Rui Chen and Wenjian Gonzales, on behalf of themselves, and those similarly situated, hereby request a jury trial on all matters so triable.

Respectfully submitted,

Dated: June 25, 2018

By: /s/ Blake J. Lindemann

**LINDEMANN LAW FIRM, APC**  
BLAKE J. LINDEMANN, SBN 255747  
433 N. Camden Drive, 4<sup>th</sup> Floor  
Beverly Hills, CA 90210  
Telephone: (310)-279-5269  
Facsimile: (310)-300-0267  
E-mail: blake@lawbl.com

Attorneys For Plaintiffs  
RUI CHEN, WENJIAN GONZALES, AND ALL THOSE  
SIMILARLY SITUATED

CIVIL COVER SHEET

The JS-CAND 44 civil cover sheet and the information contained herein neither replace nor supplement the filing and service of pleadings or other papers as required by law, except as provided by local rules of court. This form, approved in its original form by the Judicial Conference of the United States in September 1974, is required for the Clerk of Court to initiate the civil docket sheet. (SEE INSTRUCTIONS ON NEXT PAGE OF THIS FORM.)

I. (a) PLAINTIFFS

RUI CHEN, an individual, WENJIAN GONZALES, an individual; and all those similarly situated,

(b) County of Residence of First Listed Plaintiff (EXCEPT IN U.S. PLAINTIFF CASES)

(c) Attorneys (Firm Name, Address, and Telephone Number)

Blake J. Lindemann, Esq., Lindemann Law Firm, 433 N. Camden Drive, 4th Floor, Beverly Hills, CA 90210, (310) 279-5269

DEFENDANTS PREMIER FINANCIAL ALLIANCE, INC., a Georgia Corporation; DAVID CARROLL, an individual; JACK WU, an individual; LAN ZHANG, an individual; BILL HONG, an individual, NATIONAL LIFE GROUP INSURANCE CO., a Texas Corporation, AJWPRODUCTION, LLC, a California LLC, and DOES 1-10, County of Residence of First Listed Defendant San Mateo County (IN U.S. PLAINTIFF CASES ONLY)

NOTE: IN LAND CONDEMNATION CASES, USE THE LOCATION OF THE TRACT OF LAND INVOLVED.

Attorneys (If Known)

II. BASIS OF JURISDICTION (Place an "X" in One Box Only)

- 1 U.S. Government Plaintiff 3 Federal Question (U.S. Government Not a Party) 2 U.S. Government Defendant 4 Diversity (Indicate Citizenship of Parties in Item III)

III. CITIZENSHIP OF PRINCIPAL PARTIES (Place an "X" in One Box for Plaintiff and One Box for Defendant)

Table with columns for Plaintiff (PTF) and Defendant (DEF) citizenship and incorporation status.

IV. NATURE OF SUIT (Place an "X" in One Box Only)

Large table with categories: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES.

V. ORIGIN (Place an "X" in One Box Only)

- 1 Original Proceeding 2 Removed from State Court 3 Remanded from Appellate Court 4 Reinstated or Reopened 5 Transferred from Another District (specify) 6 Multidistrict Litigation-Transfer 8 Multidistrict Litigation-Direct File

VI. CAUSE OF ACTION

Cite the U.S. Civil Statute under which you are filing (Do not cite jurisdictional statutes unless diversity):

(1) False Advertising Law and (2) Racketeer Influenced and Corrupt Organizations Act

Brief description of cause:

VII. REQUESTED IN COMPLAINT: CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, Fed. R. Civ. P.

DEMAND \$ TBD

CHECK YES only if demanded in complaint: JURY DEMAND: Yes No

VIII. RELATED CASE(S), IF ANY (See instructions):

JUDGE

DOCKET NUMBER

IX. DIVISIONAL ASSIGNMENT (Civil Local Rule 3-2)

(Place an "X" in One Box Only) SAN FRANCISCO/OAKLAND SAN JOSE EUREKA-MCKINLEYVILLE

DATE 6/25/18

SIGNATURE OF ATTORNEY OF RECORD

Handwritten signature

# ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Premier Financial Alliance, National Life Group Insurance Co. Facing Class Action Over Alleged Pyramid Scheme](#)

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