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9  
10 **UNITED STATES DISTRICT COURT**  
**NORTHERN DISTRICT OF CALIFORNIA**

11  
12 YOUXIANG EILEEN WANG and BIYUN  
13 ZONG, on behalf of themselves and all  
14 others similarly situated,

15 Plaintiffs,

16 v.

17 LIFE INSURANCE COMPANY OF THE  
SOUTHWEST; NATIONAL LIFE  
18 INSURANCE COMPANY; PREMIER  
FINANCIAL ALLIANCE, INC.; MEHRAN  
19 ASSADI; HERMIE BACUS; DAVID  
CARROLL; STEVEN G. EARLY, BILL  
20 HONG; AGGIE WU; JACK WU; REX WU;  
21 and LAN ZHANG,

22 Defendants.  
23

Case No.

**CLASS ACTION COMPLAINT**

**DEMAND FOR JURY TRIAL**

1 **I. INTRODUCTION**

2 1. Plaintiffs were lured by Premier Financial Alliance into a pyramid scheme to sell  
3 universal life insurance policies. The scheme targets Chinese, Vietnamese, and Filipino  
4 immigrants and their families with promises of riches from recruiting people to buy—and  
5 sell—the Living Life Indexed Universal Life Insurance policy, issued by Life Insurance  
6 Company of the Southwest. Although prospective associates are told they will be able to  
7 maintain their own insurance business, the policy bought and sold through the pyramid is  
8 significantly overpriced. Premier Financial Alliance instructed Plaintiffs and continues to  
9 instruct other “associates” to peddle this policy to other people who, in turn, are instructed to  
10 sign up more associates, and so on and so on, *ad infinitum*. Because the policy is so expensive,  
11 over 95 percent of its sales occur through the Premier Financial Alliance pyramid.

12 2. Defendants entice victims with a series of fraudulent statements and omissions.  
13 At “financial opportunity” seminars and during junkets in Mexico, Las Vegas, and various  
14 exotic locations, Premier Financial Alliance falsely portrays the insurance product as superior  
15 and impresses upon potential recruits that joining the group will lead to financial success and  
16 independence in their new lives in United States. Premier Financial Alliance does not disclose  
17 that money from new recruits will be used to enrich those at the top of the chain, or that there is  
18 a risk the enterprise will collapse if the supply of new recruits dries up. Life Insurance  
19 Company of the Southwest and its corporate parent, National Life Insurance Company, have  
20 close ties to Premier Financial Alliance, participate in the scheme to defraud by issuing the  
21 underlying policies, and benefit from the conspiracy by collecting insurance premiums and  
22 surrender charges.

23 3. Plaintiffs bring this action to put a stop to Defendants’ predatory behavior and  
24 obtain a fair recovery for themselves and the other victims of this pyramid scheme.

25 **II. JURISDICTION AND VENUE**

26 4. This Court has jurisdiction over this lawsuit under the Class Action Fairness Act,  
27 28 U.S.C. § 1332, because this is a proposed class action in which: (1) there are at least 100  
28 class members; (2) the combined claims of class members exceed \$5,000,000, exclusive of

1 interest, attorneys' fees, and costs; and (3) Plaintiffs and Defendants are domiciled in different  
2 states.

3 5. This Court has personal jurisdiction over Premier Financial Alliance, Inc. and its  
4 CEO (David Carroll), CFO and COO (Steven Early), Executive Chairman (Jack Wu), and  
5 Executive Field Directors (Hermie Bacus, Bill Hong, Aggie Wu, Rex Wu, and Lan Zhang).  
6 Premier Financial Alliance maintains more than half of its franchise offices in California,  
7 including in this District, and conducts seminars and promotes itself and the sale of Life  
8 Insurance Company of the Southwest policies in this District. Premier Financial Alliance and  
9 the aforementioned Individual Defendants have sufficient minimum contacts with California to  
10 render the exercise of jurisdiction by this Court proper and fair. Each of Premier Financial  
11 Alliance's Executive Field Directors resides in and conducts his or her business from  
12 California.

13 6. The Court has personal jurisdiction over Life Insurance Company of the  
14 Southwest, National Life Insurance Company, and Mehran Assadi because they used Premier  
15 Financial Alliance as an agent and instrumentality to sell thousands of their insurance policies  
16 to Premier Financial Alliance associates. A substantial proportion of those sales occurred in  
17 California. Life Insurance Company of the Southwest issued the Premier Financial Alliance-  
18 branded policies that were sold to Premier Financial Alliance associates, and Premier Financial  
19 Alliance associates—including Plaintiffs—became National Life Group agents through their  
20 purchase of the policies and participation in the Premier Financial Alliance pyramid scheme.  
21 Assadi is the chairman, CEO, and president of National Life Group—a trade name  
22 encompassing various affiliates, including Life Insurance Company of the Southwest and  
23 National Life Insurance Company. Assadi worked directly with Premier Financial Alliance to  
24 sell life insurance policies to Premier Financial Alliance associates, including by promoting  
25 Premier Financial Alliance and the Life Insurance Company of the Southwest policies at  
26 numerous Premier Financial Alliance conferences. Plaintiffs' claims against Life Insurance  
27 Company of the Southwest, National Life Insurance Company, and Assadi are meaningfully  
28 connected to California: These Defendants partnered with Premier Financial Alliance—a

1 pyramid scheme predominantly promoted from California—to sell life insurance pursuant to  
2 the misrepresentations and omissions set forth in this complaint.

3 7. Venue is proper in this District under 28 U.S.C. § 1391(b) because a substantial  
4 part of the events or omissions giving rise to the claims occurred in this District.

5 **III. PARTIES AND RELEVANT NONPARTIES**

6 **A. Plaintiffs**

7 8. Plaintiff Youxiang Eileen Wang (“Wang”) is and at all relevant times was a  
8 citizen and resident of New Jersey.

9 9. Plaintiff Biyun Zong (“Zong”) is and at all relevant times was a citizen and  
10 resident of New Jersey.

11 **B. National Life Group Defendants**

12 10. Defendant Life Insurance Company of the Southwest is a Texas corporation  
13 registered with the California Secretary of State. Defendant Life Insurance Company of the  
14 Southwest—a wholly owned subsidiary of Defendant National Life Insurance Company—  
15 maintains its principal executive offices at One National Life Drive in Montpelier, Vermont.

16 11. Defendant National Life Insurance Company is a Vermont corporation registered  
17 with the California Secretary of State and also maintains its principal executive offices at One  
18 National Life Drive in Montpelier, Vermont.

19 12. Together, Defendants Life Insurance Company of the Southwest and National  
20 Life Insurance Company operate under the trade name National Life Group. Premier Financial  
21 Alliance associates are told that, if they meet their sales targets and become a licensed  
22 insurance agent, they will be acting as agents of National Life Group.

23 13. Defendant Mehran Assadi is Chairman, Chief Executive Officer, and President  
24 of National Life Group. Assadi resides in Vermont.

25 **C. Premier Financial Alliance Defendants**

26 14. Premier Financial Alliance, Inc. was formed as a California corporation and  
27 maintained its principal executive offices at 25115 Avenue Stanford in Valencia, California.  
28 Premier Financial Alliance now exists as a Georgia corporation and maintains its principal

1 executive offices at 4411 Suwanee Dam Road in Suwanee, Georgia. Premier Financial  
2 Alliance continues to conduct a majority of its business from its California offices, including  
3 from its offices in Brisbane.

4 15. Defendant David Carroll is Premier Financial Alliance’s founder and Chief  
5 Executive Officer. Carroll resides in Georgia.

6 16. Defendant Steven G. Early is Premier Financial Alliance’s Chief Financial  
7 Officer and Chief Operating Officer. Early resides in Georgia.

8 17. Defendant Jack Wu is Premier Financial Alliance’s Executive Chairman. Jack  
9 Wu resides in California.

10 18. Defendant Hermie Bacus is a Senior Executive Field Director at Premier  
11 Financial Alliance—the highest level a Premier Financial Alliance member can attain. Bacus  
12 resides in California.

13 19. Defendant Bill Hong is an Executive Field Director at Premier Financial  
14 Alliance—the second highest level a Premier Financial Alliance member can attain. Hong  
15 resides in California.

16 20. Defendant Aggie Wu is an Executive Field Director at Premier Financial  
17 Alliance. Aggie Wu resides in California.

18 21. Defendant Rex Wu is an Executive Field Director at Premier Financial Alliance.  
19 Rex Wu resides in California.

20 22. Defendant Lan Zhang is a Senior Executive Director at Premier Financial  
21 Alliance. Zhang resides in California.

22 23. The foregoing individuals, together with Defendant Assadi, are referred to herein  
23 as the “Individual Defendants.”

24 **D. Relevant Nonparties**

25 24. NLV Financial Corporation is a Delaware corporation and maintains its principal  
26 office business address at One National Life Drive in Montpelier, Vermont. NLV Financial  
27 Corporation is the corporate parent of Defendant National Life Insurance Company.

28 Defendant Assadi is the President of NLV Financial Corporation.

1           25. The Consortium Group, LLC is a Georgia limited liability company and has a  
2 principal office address at 4865 North River Drive in Cumming, Georgia. It also has a  
3 registered office address at 4411 Suwanee Dam Road in Georgia. The Consortium Group,  
4 LLC wholly owns Defendant Premier Financial Alliance.

5           26. The Consortium Group, LLC is owned by nonparties New World Trust and  
6 Early Bird Trust. Defendant Carroll is the sole trustee of New World Trust. Defendant Early  
7 is the sole trustee of Early Bird Trust.

8           27. First Financial Security, Inc. is a Delaware corporation with a principal office  
9 address at 3550 Engineering Drive in Norcross, Georgia. Like Premier Financial Alliance,  
10 First Financial operates as a National Life Group agent to market and sell National Life  
11 universal life insurance policies.

12           28. FRA Financial Group is an Illinois limited liability company with a principal  
13 office address at 805 West Highway 50 in O'Fallon, Illinois. Like Premier Financial Alliance  
14 and First Financial, FRA Financial operates as a National Life Group agent to market and sell  
15 National Life universal life insurance policies.

16           29. While the relevant nonparties mentioned above are not being named as  
17 defendants in this action at this time, Plaintiffs reserve the right to amend to name relevant  
18 nonparties as defendants.

19 **IV. OVERVIEW OF PYRAMID SCHEMES**

20           30. Defendants operate under a multilevel marketing business model. In a legitimate  
21 MLM, distributors earn money primarily through direct sales of products to customers.  
22 Secondly, distributors also have an incentive to recruit new distributors, as they are  
23 promised a percentage of their recruits' sales. Such recruits are known as a distributor's  
24 "downline," and the distributor is known as a recruit's "upline."

25           31. An illegal "pyramid scheme," like that perpetrated by Defendants, takes  
26 advantage of the public by pretending to engage in legitimate multilevel marketing while  
27 actually siphoning off money from new recruits to pay the people at the top level. The Federal  
28 Trade Commission explains that, with a pyramid scheme, "the money you make is based

1 primarily on the number of distributors you recruit and your sales to them, rather than on your  
2 sales to people outside the plan who intend to use the products.”

3 32. Similar to a chain letter, a pyramid scheme disappoints those at the bottom who  
4 can find no recruits. Because it must eventually collapse, a pyramid scheme is inherently  
5 fraudulent.

6 33. The FTC notes that “[i]f the money you make is based on your sales to the  
7 public, it may be a legitimate multilevel marketing plan. If the money you make is based on  
8 the number of people you recruit and your sales to them, it’s not. It’s a pyramid scheme.  
9 Pyramid schemes are illegal, and the vast majority of participants lose money.”

10 34. Dr. Peter J. Vander Nat, a Senior FTC Economist and an expert witness for the  
11 agency in pyramid cases, defined a pyramid scheme as follows:

12 If an organization sells goods or services to the public and the  
13 participants in the organization obtain monetary benefits from (1)  
14 recruiting new members and (2) selling the organization’s goods  
15 and services to consumers, the organization is deemed a pyramid  
16 scheme if the participants obtain their monetary benefits primarily  
from recruitment rather than the sale of goods and services to  
consumers.

17 35. That some retail sales may occur does not mitigate the unlawful nature of a  
18 pyramid scheme.

19 36. Another indication of a pyramid scheme, according to the FTC, is that “[t]he  
20 recruitment pitch says you’ll be living in the lap of luxury. It fails to tell you most people in a  
21 pyramid scheme lose money.”

22 37. Further, the products offered as part of a pyramid scheme typically “are  
23 overpriced, have questionable merits, or are downright unsafe to use.”

24 38. The FTC asks three questions to determine whether an MLM is an unlawful  
25 pyramid scheme:

- 26 • Do distributors sell more product to other distributors than they do to the  
27 public?

- Does the amount of money distributors make depend more on recruiting (that is, getting new distributors to pay for the right to participate in the plan)?
- Does the money made depend mostly on selling to other distributors than on sales of the product to the public?

39. With regard to Defendants’ business model, the answer to each of these questions is “yes.”

V. **FACTS**

A. **Defendants’ Fraudulent Business Model**

1. **National Life Group, Through its Affiliate, Defendant Life Insurance Company of the Southwest, Sells a Complex Life Insurance Product Through Premier Financial Alliance**

40. Life Insurance Company of the Southwest issues universal life insurance policies. It relies on Premier Financial Alliance to market and sell a universal life insurance policy branded as Living Life Indexed Universal Life.

41. National Life Group specially designed the Living Life IUL policies for Premier Financial Alliance. The policies are co-branded by National Life Group and Premier Financial Alliance. The below image appears at the top of Living Life IUL policy illustrations provided to prospective purchasers, including Plaintiffs.



42. The Living Life IUL policies state that Premier Financial Alliance is an “agency of Life Insurance Company of the Southwest.”

43. A universal life insurance policy differs from a whole or term life insurance policy in that, in addition to a death benefit, it provides an investment, savings, or interest-bearing component. The investment component typically accumulates over time. Because, however, the cost of insurance (based on actuarial factors) increases as an insured ages, the



1 accumulated cash value may be applied to cover increased premiums during the insured’s final  
2 years.

3 44. The cost of insurance—a defined term in the policies—is one of the most  
4 important measures of how much a universal life insurance policy will cost to keep in force.  
5 The cost of insurance charge is typically the highest expense a policyholder pays. Further, the  
6 cost of insurance charge is deducted from the investment component of the policy, so the  
7 policyholder forfeits this charge entirely to National Life Group.

8 45. National Life Group offers universal life insurance policies through traditional  
9 marketing and sales channels as well as through the Premier Financial Alliance pyramid.

10 46. The Living Life IUL policy that Life Insurance Company of the Southwest issues  
11 to Premier Financial Alliance associates is offered only through the Premier Financial Alliance  
12 network. And Premier Financial Alliance associates who become licensed insurance agents are  
13 only allowed to sell the Living Life IUL policy.

14 47. National Life Group does not offer the Living Life IUL policy through  
15 traditional insurance marketing and sales channels. Premier Financial Alliance and National  
16 Life’s co-branded marketing materials make clear that the Living Life IUL policies are  
17 “exclusively distributed by Premier Financial Alliance, Inc.”

18 48. The Living Life IUL policy that Life Insurance Company of the Southwest issues  
19 to Premier Financial Alliance associates is priced substantially higher and offers inferior terms  
20 in comparison to the universal life insurance policies that Life Insurance Company of the  
21 Southwest offers through traditional insurance marketing and sales channels. *See infra* ¶¶ 63-  
22 64.

23 **2. Premier Financial Alliance Is a Pyramid Scheme**

24 49. Individual Defendants Carroll and Early control Premier Financial Alliance.

25 50. Premier Financial Alliance’s representations—made directly and through high-  
26 level participants in the scheme, including Individual Defendants Carroll, Bacus, Hong, Zhang,  
27 and Aggie, Jack, and Rex Wu—demonstrate that it is a pyramid scheme.  
28

1           51. That some of the representations provided as examples in this complaint were  
2 made by Premier Financial Alliance executives or high-level associates does not insulate  
3 Premier Financial Alliance from liability for its fraudulent messaging. Premier Financial  
4 Alliance’s Associate Marketing Agreement states that Premier Financial Alliance dictates the  
5 terms of all outward-facing content:

- 6           • **Advertising:** “All content an associate has produced/created for advertising and  
7 sales promotion materials in whatever format whether printed, electronic,  
8 photographic, or video, must be pre-approved before first use by PFA’s  
9 Compliance Officer . . . . [E]ach piece of advertising or marketing material must  
10 be approved for its intended use, each time, PIOR to use.”
- 11           • **Social Media:** “Associates are not allowed to post on their own web pages on  
12 any URL, social media website or blog using the name of PFA, its principles, or  
13 the name of PFA’s preferred product providers or their products without prior  
14 approval.”
- 15           • **Presentations, Seminars, and Meetings:** “Any presentation, seminar or  
16 meeting held by a PFA associate for the purposes of: (1) recruiting new PFA  
17 associates; (2) for training PFA associates; or for selling an insurance product  
18 offered by of [sic] PFA’s preferred product providers, shall be subject to  
19 Paragraph VII [granting PFA pre-approval authority].”

20                           **a. How the Pyramid Works**

21           52. Premier Financial Alliance attracts associates by telling people they can earn  
22 millions of dollars by selling National Life Group insurance policies.

23           53. After paying an initial membership fee of \$125, but before becoming licensed  
24 insurance agents, Premier Financial Alliance associates are required to buy the Living Life IUL  
25 policy. Premier Financial Alliance associates are not offered competing policies when they are  
26 instructed to purchase the Living Life IUL policies.

27           54. Premier Financial Alliance associates are given only one route for progressing up  
28 the pyramid: buy the Living Life IUL policy and recruit more associates who in turn must do

1 the same. The following graphic—taken from a Premier Financial Alliance presentation to  
 2 Premier Financial Alliance associates—depicts the path that associates must take to progress  
 3 up this pyramid:



55. Once they pay the \$125 membership fee and buy the Living Life IUL policy, Premier Financial Alliance associates are pressured to recruit and sell the policy within their network of friends and family members, typically from the same immigrant group.

56. In a key step called “5-5-30,” each new Premier Financial Alliance associate is directed within 30 days to enroll five people to become Premier Financial Alliance associates and sell five Living Life IUL policies. For purposes of the latter requirement—the sales quota—the associate’s own purchase of a Living Life IUL policy counts, as do such purchases for immediate family members. If, for example, an associate has a wife and three children, his purchase of policies for his family meets the initial sales quota.

57. After satisfying 5-5-30, the associate is then permitted to apply for a license to sell insurance. Once the associate completes three more supervised sales, he or she is then permitted to progress up the pyramid based on how many additional sales of the Living Life IUL policy the associate makes. Prospective associates are not told that because this policy is

1 so expensive, the only way to satisfy their sales targets is to recruit more PFA associates who  
2 will purchase (and sell) the policy in order to participate in the multilevel marketing scheme.

3 58. As shown in the Premier Financial Alliance image below, as an associate makes  
4 his or her way up the pyramid, he or she receives greater commissions.

## 5 PFA REVOLUTIONARY BUILDERS COMPENSATION

6 BASE SHOP LEVELS	PERSONAL COMMISSION	BUILDER'S TRACK	PERSONAL TRACK
7 <b>CA</b> Career Associate	<b>30%</b>	3 Training Sales of minimum 9,000 target points and 3 Personal Recruits	
8 <b>FA</b> Field Associate	<b>45%</b>	25,000 cumulative team points <sup>1</sup> plus 3 team LFTRs <sup>2</sup>	3/3/30 <sup>3</sup>
9 <b>SA</b> Senior Associate	<b>55%</b>	50,000 cumulative team points plus 5 team LFTRs	5/5/30 <sup>4</sup>
10 <b>PFD</b> Provisional Field Director	<b>60%</b>	75,000 cumulative team points plus 7 team LFTRs	100,000 personal points (min 15 sales & PR <sup>5</sup> 78%) in 12 rolling months
11 DIRECTOR LEVELS	PERSONAL COMMISSION	BUILDER'S TRACK	PERSONAL TRACK
12 <b>QFD</b> <sup>8</sup> Qualified Field Director	<b>70%</b>	125,000 AV <sup>6</sup> Team Points and 3 Direct Producing Legs <sup>7</sup> in 3 Rolling Calendar Months.	180,000 personal points (min 30 sales & PR 78%) in 12 rolling months
13 <b>SFD</b> Senior Field Director	<b>75%</b>	200,000 AV Team Points and 4 Direct Producing Legs in 3 Rolling Calendar Months.	250,000 personal points (min 40 sales & PR 78%) in 12 rolling months
14 <b>RFD</b> Regional Field Director	<b>77%</b>	325,000 AV Team Points and 5 Direct Producing Legs in 3 Rolling Calendar Months.	320,000 personal points (min 50 sales & PR 78%) in 12 rolling months
15 <b>AFD</b> Area Field Director	<b>79%</b>	450,000 AV Team Points and 6 Direct Producing Legs in 3 Rolling Calendar Months.	
16 <b>NFD</b> National Field Director	<b>81%</b>	600,000 AV Team Points and 7 Direct Producing Legs in 3 Rolling Calendar Months.	
17 <b>EFD</b> Executive Field Director	<b>83%</b>	1,000,000 AV Team Points and 8 Direct Producing Legs in 3 Rolling Calendar Months.	
18 <b>SEFD</b> Senior Executive Field Director	<b>83%</b>	3,500,000 AV Team Points and 9 Direct Producing Legs <sup>7</sup> in 3 Rolling Calendar Months.	

### 19 b. Each of the Hallmarks of a Pyramid Scheme Is Present

20 59. Premier Financial Alliance targets new Chinese, Vietnamese, and Filipino  
21 immigrant communities. The Securities and Exchange Commission characterizes this sort of  
22 targeted scam as “affinity fraud”—a recurring form of fraud that “prey[s] upon members of  
23 identifiable groups, such as religious or ethnic communities.” The “scams exploit the trust and  
24 friendship that exist in groups of people who have something in common,” the SEC notes.  
25  
26  
27  
28

1           60. **Premier Financial Alliance associates earn money by recruiting, not based**  
2 **on their sales to the public.** Because the Living Life IUL policies are far more expensive than  
3 National Life Group’s non-Premier Financial Alliance policy alternatives, Premier Financial  
4 Alliance agents are unable to sell these Living Life IUL policies outside of the Premier  
5 Financial Alliance pyramid.

6           61. Premier Financial Alliance devotes the overwhelming majority of its training  
7 efforts to extolling the merits of moving up the pyramid as quickly as possible to generate a  
8 “downline” organization from which profit will flow upward. In training existing associates,  
9 therefore, Premier Financial Alliance seeks to enlist them to convince other prospects of the  
10 virtues of selling still other people on the Premier Financial Alliance program, in an endless  
11 recruitment chain. Thus, as explicitly stated in a training presentation that Defendant Lan  
12 Zhang delivered to Premier Financial Alliance associates, “Recruiting is the game”—96% of  
13 sales derive from selling the Living IUL policy downline:



26           62. Premier Financial Alliance’s emphasis on recruiting pervades its training  
27 materials for associates, who have already paid the initial \$125 fee. Those materials include  
28 the following statements:

- 1 • “Recruiting is your daily job! You Get Paid By RECRUIT! You Must have
- 2 Recruiter’s Mindset[.] Recruit Where you go! Recruiting is a process, not an event. If
- 3 you are not rejected on daily basis, your dream is not big enough.”
- 4 • “No Recruit, No Team, No Residual Income[.] More Recruit, Bigger Team, More
- 5 Income. . . . Recruit / Team building makes you wealthy.”
- 6 • “You are in the relationship business[.] You must recruit warm market[.] Recruit your
- 7 family and get support. Recruit Your friends, your friends’ friends.”
- 8 • “When you recruit someone do two things: First share your goals. Let them know they
- 9 are dealing with a leader who’s going someplace. Second, help them set their goals –
- 10 then help them accomplish them.”
- 11 • “Recruiting...never stops!”
- 12 • “You must commit to running a system whereby recruiting never stops.”

13 **63. The Insurance Product Being Sold Is Overpriced.** The cost of insurance for  
 14 the Living Life IUL policies sold through the Premier Financial Alliance pyramid substantially  
 15 exceeds the cost of insurance for comparable policies.

16 **64.** The table below compares illustrative cost of insurance rates (COI) for the  
 17 Living Life IUL policy to the corresponding rates for National Life Group’s FlexLife II  
 18 Indexed Universal Life Insurance policy, which provides the same death benefit, for a 44-year-  
 19 old female insured over time.

Age	Living Life IUL COI	FlexLife II COI
44	\$954	\$231
48	\$1,291	\$625
53	\$2,005	\$1,300
58	\$2,883	\$1,883
63	\$4,113	\$2,659
68	\$6,100	\$4,851
73	\$8,883	\$7,749

1 Even though the two policies provide the same \$1 million death benefit, the cost of insurance  
2 for the Premier Financial Alliance policy exceeds the cost of insurance for the non-Premier  
3 Financial Alliance policy at each age.

4 65. An associate's ability to recruit new associates, as opposed to selling these  
5 policies to non-associates, is what drives the ability to succeed in the Premier Financial  
6 Alliance enterprise.

7 66. **Premier Financial Alliance Falsely Claims That Participation Is Low Risk**  
8 **and Will Lead to Wealth.** On Premier Financial Alliance's website, on the Individual  
9 Defendants' social media pages, and in YouTube videos, Premier Financial Alliance and  
10 Individual Defendants represent that becoming an agent and progressing up through the  
11 pyramid leads to personal wealth and success.

12 67. Premier Financial Alliance states on its website that it provides people "from all  
13 walks of life the opportunity to start their own business and gain the financial freedom to live  
14 their dreams." Participating in Premier Financial Alliance's program, its website represents,  
15 enables a person to: (1) "Become Your Own Boss"; (2) "Control Your Own Destiny"; (3)  
16 "Build Your Own Business Without Risk"; (4) "Become a Leader in Your Community"; (5)  
17 "Get Paid What You Are Worth"; (6) "Achieve Profitable Results Right Away"; and (7)  
18 "Build Financial Independence."

19 68. In presentation materials and throughout its online and social media presence,  
20 Premier Financial Alliance also advertises that participation enables associates to afford luxury  
21 living. For example, Premier Financial Alliance represents or has represented:

- 22 • "At PFA, we are delivering on your dreams. Our top producers travel the World  
23 on us."
- 24 • "From a humble beginning . . . to a successful entrepreneur and a leader today,  
25 Executive Chairman Jack Wu is helping thousands of people . . ."
- 26 • "I [Bill Hong] made \$130,000 the first year I was licensed at the age of 25. At  
27 the age of 26, my annual income was \$250,000 and at the age of 27 – \$650,000.  
28 Now, at the age of 28 years old, my annual income is \$1,000,000.00 the last 12

1 months. I am also the youngest Executive Field Director in the company and  
2 the youngest millionaire in the company.”

- 3 • “AGGIE WU was close to graduating when the PFA opportunity came  
4 knocking. She knew that as soon as she graduated, she had 2 choices – either  
5 join the corporate world of 8 am to 5 pm OR become entrepreneur where you  
6 work hard now and make time to live life to the fullest.”
- 7 • “Today we CONGRATULATE HERMIE BACUS on EARNING his NINTH  
8 (9th) DIAMOND on the MILLION DOLLAR RING! That’s right ... in the last  
9 12 months, Hermie made \$900,000 in income! Congratulations Hermie!”

10 69. Similarly, Defendant Carroll represented that those who master the principle of  
11 leadership in Premier Financial Alliance “hold the keys to unlock the secrets of wealth.”

12 70. The luxuries made available to associates are a consistent and pervasive theme in  
13 Premier Financial Alliance presentations, including those made by Individual Defendants:





1           71. In a Premier Financial Alliance video entitled “How to Win the Money Game,”  
 2 Defendant Rex Wu specifies the steps through which associates will progress to realize  
 3 personal wealth. According to Wu, “[o]nce you get licensed and start building your business,”  
 4 associates will earn between \$1,650 (for one sale a month) and \$6,600 (for four sales a month).  
 5 Advertising “Revolutionary Compensation,” Wu states that growing one’s business will lead to  
 6 earnings of *\$100,000 or more a month*. “Your income is unlimited because the size of the  
 7 team is unlimited,” Wu explains.

8           72. In a video entitled “Premier Financial Alliance: Millionaires Journey,”  
 9 Defendants Jack Wu and Lan Zhang describe the personal wealth they amassed through  
 10 Premier Financial Alliance; Zhang earned “\$2 million in commission over the last rolling 12  
 11 months.”

12           73. Premier Financial Alliance lures in associates with images of glamour, opulent  
 13 travel to exotic locations, fancy cars, and ostentatious attire, even people wearing crowns.  
 14 With these and other images, and rags-to-riches tales, the Premier Financial Alliance message  
 15 is clear: pay the membership fee, buy the policy, recruit five associates, become an agent,  
 16 recruit more associates—and you’ll get rich.



Leadership Edge - Special Edition | Lan Zhang



1 associates realize they stand no meaningful chance of profiting in Defendants' enterprise,  
2 associates will have paid thousands of dollars in premiums for their (overpriced) National Life  
3 Group Living Life IUL policies.

4 78. Premier Financial Alliance's fraud has succeeded. Within the first six months of  
5 selling the Living Life IUS policy, over \$1.3 billion in face value of the policies were issued.  
6 Tens of thousands of associates have been recruited into the Premier Financial Alliance.  
7 Though all are sold on the likelihood of making a large amount of money, only the few at the  
8 top profit.

9 **B. NLG Ratified and Benefited From the Fraud**

10 79. Defendants National Life Insurance Company, Life Insurance Company of the  
11 Southwest, and Assadi are the driving force behind the Premier Financial Alliance pyramid  
12 scheme. The scheme exists for two reasons: (1) to enrich Carroll, Early, and those at the top of  
13 the pyramid; and (2) to sell an overpriced universal life insurance policy, which would not and  
14 could not be sold without the false promise of achieving an entrepreneurial dream, for the  
15 financial benefit of National Life Insurance Company, Life Insurance Company of the  
16 Southwest, and Assadi.

17 80. The Living Life IUL policy is co-branded by National Life Group and Premier  
18 Financial Alliance.

19 81. The policy explicitly refers to Premier Financial Alliance as being an agent of  
20 National Life Group. Premier Financial Alliance is National Life Group's top-selling agent.

21 82. Assadi is a regular attendee and presenter at Premier Financial Alliance's  
22 conferences. He has attended and spoken at its conventions in Las Vegas, New Orleans,  
23 Orlando, and San Antonio for years.

24 83. During Premiere Financial Alliance's 2019 conference in San Antonio, Assadi,  
25 alone onstage, led Premier Financial associates in chants of "we are number 1!" The below  
26 images show Assadi at this recent convention, at which the Premier Financial Alliance-  
27 National Life Group partnership was described as "A Winning Team":  
28



25           84. In the second image above, entitled “A Winning Team,” Assadi stands on the  
26 right with Carroll to his immediate left.

1 85. Premier Financial Alliance, for its part, makes clear that National Life Group  
2 prepared certain of its training materials and that all presentation materials—including those  
3 provided by Assadi—“are pre-approved by PFA Compliance.”

4 86. When Premier Financial Alliance associates become insurance agents, they “get  
5 appointed with NLG/LSW” to sell insurance, and receive online product training from National  
6 Life Group.

7 87. Assadi—like Carroll and the other Individual Defendants—evangelizes about the  
8 benefits of National Life online, including on Premier Financial Alliance-affiliated Facebook  
9 pages.

10 88. Like the other Individual Defendants, Assadi’s promotional pitches focus on  
11 financial opportunity, and the need to recruit and retain “producers,” far more than on the  
12 merits of the life insurance his company offers. Assadi’s promotion pitches include the  
13 statements below. Each is false and misleading.

- 14 • “It’s about huge dreams.”
- 15 • “The idea is find your passion and make that passion a commitment. Be part of  
16 something that’s special. . . . [P]eople like to respond to a higher calling. Be  
17 part of something that has meaning behind it. It’s about potential recruits, it’s  
18 about clients, it’s about people who are already part of the organizations.”
- 19 • “Our field organization, 25,000 producers strong, have bought into the concept  
20 of educating and serving middle America.”
- 21 • “Products can get copied, but the service and the way we care about our clients  
22 and our producers is something that is the secret sauce that belongs to this  
23 company.”

24 89. National Life Group has experienced explosive growth since initiating its  
25 relationship with Premier Financial Alliance, doubling annuity and life insurance sales from  
26 2012 to 2017. According to Defendant Assadi, “National Life’s growth is staggering: In the  
27 past decade our life and annuity sales have grown over 90 percent; our core earnings have  
28 grown over 80 percent, and the number of policies in force has increased 60 percent. The face

1 value of our insurance in force is more than \$120 billion. In 2017 one life or annuity policy  
2 came through our door each and every minute, 88 per hour and 707 per day.”

3 90. Life Insurance Company of the Southwest issued every Living Life IUL policy  
4 sold through the Premier Financial Alliance network.

5 91. National Life Group, including specifically Life Insurance Company of the  
6 Southwest and National Life Insurance Company, benefits from Premier Financial Alliance’s  
7 fraud. National Life Group gains revenues from payments of premiums on policies sold  
8 through the pyramid scheme. Absent the scheme, National Life Group would not be able to  
9 sell these policies, because they are not competitively priced.

10 92. When these policies lapse because insureds stop paying premiums, National Life  
11 Group retains all premiums paid on the policies, as well as surrender charges, without paying  
12 out any benefits, thereby gaining a windfall.

13 **VI. PLAINTIFF-SPECIFIC ALLEGATIONS**

14 **A. Plaintiff Youxiang Eileen Wang**

15 93. Eileen Wang paid \$125 to become a Premier Financial Alliance associate on  
16 November 8, 2017. She purchased a Living Life IUL policy through Premier Financial Alliance  
17 on December 13, 2017. She also purchased a policy for her husband, David Xie, on November  
18 9, 2017.

19 94. Prior to purchasing her membership and policy, Ms. Wang saw representations of  
20 Premier Financial Alliance and Individual Defendants, including that (1) by paying \$125,  
21 purchasing the policy, and moving up through the ranks, she would become an independent  
22 insurance agent and sell quality life insurance policies to the public, and that (2) once she  
23 became an insurance agent, she would realize personal financial success.

24 95. Defendants never advised Ms. Wang that the Living Life IUL policy is overpriced  
25 as compared to competing products, or that the only way to succeed in the Premier Financial  
26 Alliance is by recruiting new members and convincing them to buy the same product. Had  
27 Defendants disclosed the true nature of the Living Life IUL policy, Ms. Wang would not have  
28 purchased this policy or joined the Premier Financial Alliance network. Had Ms. Wang known

1 that Premier Financial Alliance, backed by National Life Group, was running an illegal pyramid  
2 scheme, she would not have purchased a Living Life IUL policy or joined the Premier Financial  
3 Alliance network.

4 **B. Plaintiff Biyun Zong**

5 96. Biyun Zong paid \$125 to become a Premier Financial Alliance associate on May  
6 21, 2016. She purchased a Living Life IUL policy through Premier Financial Alliance on July  
7 18, 2016. She also purchased a policy for her son, Tao Eustaquio, on the same day.

8 97. Prior to purchasing her membership and policy, Ms. Zong saw representations of  
9 Premier Financial Alliance and Individual Defendants, including that (1) by paying \$125,  
10 purchasing the policy, and moving up through the ranks, she would become an independent  
11 insurance agent and sell quality life insurance policies to the public, and that (2) once she  
12 became an insurance agent, she would realize personal financial success.

13 98. Defendants never advised Ms. Zong that the Living Life IUL policy is overpriced  
14 as compared to competing products, or that the only way to succeed in the Premier Financial  
15 Alliance is by recruiting new members and convincing them to buy the same product. Had  
16 Defendants disclosed the true nature of the Living Life IUL policy, Ms. Zong would not have  
17 purchased this policy or joined the Premier Financial Alliance network. Had Ms. Zong known  
18 that Premier Financial Alliance, backed by National Life Group, was running an illegal pyramid  
19 scheme, she would not have purchased a Living Life IUL policy or joined the Premier Financial  
20 Alliance network.

21 **VII. AGENCY, ALTER EGO, AND CO-CONSPIRATOR ALLEGATIONS**

22 99. At all relevant times, each Defendant and each Relevant Non-Party was a  
23 principal, agent, alter ego, joint venturer, partner, or affiliate of each Defendant and each of the  
24 other Relevant Non-Parties, and in doing the acts alleged herein, was acting within the course  
25 and scope of that principal, agent, alter ego, joint venture, partnership, or affiliate relationship.  
26 Each Defendant and each Relevant Non-Party had actual knowledge of the wrongful acts of  
27 each Defendant and each of the other Relevant Non-Parties; ratified, approved, joined in,  
28

1 acquiesced, or authorized the wrongful acts of each Defendant and each of the other Relevant  
2 Non-Parties; and retained the benefits of those wrongful acts.

3 100. Defendants Premier Financial Alliance, Inc. and Life Insurance Company of the  
4 Southwest, the Individual Defendants, and each Relevant Non-Party aided and abetted,  
5 encouraged, and rendered substantial assistance to Defendants and each of the other Relevant  
6 Non-Parties in perpetrating their fraudulent scheme on Plaintiffs and the class. In taking  
7 action, as alleged herein, to aid, abet, encourage, and substantially assist the commissions of  
8 the wrongful acts and other misconduct set forth herein, Defendants and each Relevant Non-  
9 Party acted with an awareness of its primary wrongdoing and realized that its conduct would  
10 substantially aid the accomplishment of the wrongful acts and purposes set forth herein.

#### 11 **VIII. TOLLING OF THE STATUTES OF LIMITATION**

12 101. At all relevant times, Defendants Premier Financial Alliance, Inc., Life Insurance  
13 Company of the Southwest, and National Life Insurance Company, and the Individual  
14 Defendants knew that their scheme was an unlawful pyramid scheme and that Plaintiffs and the  
15 class did not have that knowledge. Despite reasonable diligence on their part, Plaintiffs and  
16 class members were kept ignorant by Defendants of the factual bases for these claims for relief.

17 102. Defendants Premier Financial Alliance, Inc., Life Insurance Company of the  
18 Southwest, and National Life Insurance Company, and the Individual Defendants fraudulently  
19 concealed their pyramid scheme by touting it as a promising financial opportunity while failing  
20 to divulge its true nature. Defendants' fraudulent misrepresentations set forth above had the  
21 effect of concealing that Defendants were operating an unlawful pyramid scheme.

22 103. Plaintiffs and class members reasonably relied to their detriment on Defendants'  
23 fraudulent concealment of their violations. As a result of this concealment, Plaintiffs and class  
24 members did not believe that it was necessary to file a lawsuit.

25 104. Plaintiffs and class members did not discover, and exercising reasonable  
26 diligence could not have discovered, the facts establishing Defendants' violations or the harm  
27 caused thereby until suit was brought, on June 25, 2018. Thus, because Plaintiffs could not  
28



1 have reasonably discovered the facts constituting Defendants' violations until June 25, 2018,  
2 all applicable statutes of limitation were tolled until then.

3 **IX. CLASS ACTION ALLEGATIONS**

4 105. Plaintiffs bring this suit as a class action on behalf of themselves and all other  
5 persons similarly situated, pursuant to Federal Rules of Civil Procedure 23(a), (b)(2), and  
6 (b)(3), on behalf of a class of all persons in the United States who enrolled in or purchased a  
7 National Life Group universal life insurance policy from Premier Financial Alliance or from  
8 any similar multilevel marketing organization.

9 106. Excluded from the class are Defendants Premier Financial Alliance, Inc., Life  
10 Insurance Company of the Southwest, and National Life Insurance Company, their parents,  
11 affiliates, subsidiaries, agents, legal representatives, predecessors, successors, assigns,  
12 employees, any entity in which one of these Defendants has a controlling interest or which has  
13 a controlling interest in one of these Defendants, and the Relevant Non-Parties listed above.  
14 Also excluded from this class are the Individual Defendants, their agents, legal representatives,  
15 successors, assigns, and immediate family members, and the judicial officers to whom this  
16 matter is assigned and their immediate family members.

17 107. Numerosity. The class members are too numerous to be practicably joined. The  
18 class members are identifiable from information and records in Defendants' possession,  
19 custody, or control. Notice of this action can be provided to all members of the class, and the  
20 disposition of their claims in a single action will provide substantial benefits to all parties and  
21 to the Court.

22 108. Typicality. Plaintiffs' claims are typical of the claims of other members of the  
23 class. Plaintiffs and each class member enrolled in or purchased a life insurance policy from  
24 Premier Financial Alliance and were subject to the wrongful conduct alleged in this complaint.

25 109. Adequacy of Representation. Plaintiffs are members of the class and will fairly  
26 and adequately represent and protect its interests. Plaintiffs have no interests contrary to or in  
27 conflict with the interests of the other class members.  
28

1 110. Plaintiffs' counsel are competent and experienced in class action and investor  
2 fraud litigation, including cases involving pyramid schemes, and will pursue this action  
3 vigorously.

4 111. Commonality and Predominance. Common questions of fact and law exist as to  
5 all members of the class and predominate over any questions pertaining to individual class  
6 members. Among the questions common to the class are:

- 7 a. Whether Premier Financial Alliance's statements and omissions  
8 constitute fraud;
- 9 b. Whether Defendants formed an unlawful combination with a common  
10 design;
- 11 c. Whether Defendants are operating an endless chain in violation of  
12 California law;
- 13 d. Whether Defendants' acts, statements, and omissions violate the Unfair  
14 Competition Law, Cal. Bus. & Prof. Code § 17200 *et seq.*;
- 15 e. Whether Defendants should be enjoined from continuing to engage in the  
16 conduct described herein; and
- 17 f. The amount of damages or restitution owed to Plaintiffs and class  
18 members.

19 112. Superiority. A class action is superior to all other available methods for the fair  
20 and efficient adjudication of this controversy. Absent a class action, most members of the class  
21 would likely find the cost of litigating their claims individually to be prohibitively high and  
22 would have no effective remedy. Class treatment of common questions of law and fact is a  
23 superior method to piecemeal litigation because class treatment will conserve judicial and party  
24 resources, promote efficiency of adjudication, and avoid inconsistent rulings.

25 113. Injunctive Relief. Defendants acted on grounds generally applicable to the class  
26 such that injunctive relief is warranted for the class as a whole.  
27  
28

1 **X. CLAIMS FOR RELIEF**

2 **FIRST CLAIM FOR RELIEF**

3 **Fraud**

4 **(Against Defendants Premier Financial Alliance, Inc., David Carroll, Steven Early, Hermie Bacus, Bill Hong, Aggie Wu, Jack Wu, Rex Wu, and Lan Zhang)**

5 114. Plaintiffs reallege the foregoing allegations.

6 115. Premier Financial Alliance, on its own, and by and through the Premier Financial  
7 Alliance-affiliated Individual Defendants (Carroll, Early, Bacus, Hong, Zhang, and Aggie,  
8 Jack, and Rex Wu), made false representations and fraudulent omissions to Plaintiffs.  
9 Defendants did so with the intent to deceive Plaintiffs and induce them to act in reliance on its  
10 false representations and fraudulent omissions.

11 116. Defendants' false and misleading representations included representations that:  
12 (a) becoming an associate in Premier Financial Alliance leads to successful work as an  
13 insurance agent; (b) once associates became agents, they gain wealth from selling a high-  
14 quality, competitive insurance product; and (c) participation in the Premiere Financial Alliance  
15 comes with no job risk. Without limitation, Defendants' false and misleading representations  
16 included the following:

- 17 a. "No job risk";  
18 b. "PFA's products are innovative and specially designed for anticipating  
19 the financial needs of individuals throughout their lives";  
20 c. "PFA will recognize you with everything from custom watches to super  
21 bowl style rings to exclusive World Class Trips. Join PFA and See the World!";  
22 d. "Build your own business without risk";  
23 e. "Achieve profitable results the right way";  
24 f. "Achieve Profitable Results Right Away"; and  
25 g. "[L]everage your talents and abilities so you can begin building your own  
26 successful financial services business today."  
27  
28

1 117. Premier Financial Alliance, and the Individual Defendants identified in  
2 paragraph 115 above, made these and other misrepresentations despite knowing that they were  
3 operating an illegal pyramid scheme vulnerable to collapse when and if a continuous adequate  
4 supply of new recruits could not be found.

5 118. Defendants fraudulently concealed from Plaintiffs the true, illicit nature of the  
6 Premier Financial Alliance enterprise and the fact that money obtained from new recruits and  
7 policy purchases would be used to enrich those at the top of the chain. Premier Financial  
8 Alliance did not disclose to Plaintiffs that its compensation program—based on payments to  
9 participants for purchases of insurance policies by new participants, not for the retail sale of  
10 policies—bore the essential hallmark of a pyramid scheme.

11 119. Defendants fraudulently concealed, moreover, that the single universal life  
12 insurance policy being sold in the pyramid was not competitively priced in relation to  
13 comparable insurance products.

14 120. Plaintiffs justifiably relied on Defendants' false representations and fraudulent  
15 omissions when they bought life insurance from and paid money to Premier Financial Alliance.

16 121. Plaintiffs were deceived by, and sustained harm as a direct and proximate result  
17 of, Defendants' fraud.

18 122. The fraudulent acts and omissions of Premier Financial Alliance, and of the  
19 Premier Financial Alliance-affiliated Individual Defendants, showed willful misconduct,  
20 malice, wantonness, oppression, and that entire want of care that raises the presumption of  
21 conscious indifference to consequences.

22 123. Plaintiffs are therefore entitled to damages—including punitive damages—in an  
23 amount to be determined at trial.

24 **SECOND CLAIM FOR RELIEF**

25 **Civil Conspiracy**  
26 **(Against All Defendants)**

27 124. Plaintiffs reallege the foregoing allegations.  
28

1 125. Defendants Premier Financial Alliance, Inc., Life Insurance Company of the  
2 Southwest, and National Life Insurance Company, and the Individual Defendants engaged in  
3 concert of action through a conspiracy to defraud.

4 126. Defendants' conspiracy had a common design. The conspiracy aimed to deceive  
5 and profit off of Plaintiffs and others who fell prey to the pyramid scheme directly perpetrated  
6 by Premier Financial Alliance and the Premier Financial Alliance-affiliated Individual  
7 Defendants identified in paragraph 115 above.

8 127. Life Insurance Company of the Southwest, under the supervision and control of  
9 National Life Insurance Company, issued the insurance policies sold through the pyramid.  
10 Premier Financial Alliance ran the scheme, and the Individual Defendants promoted it with  
11 fraudulent misrepresentations. All Defendants reaped undue financial gain from their  
12 conspiracy.

13 128. In furtherance of the conspiracy, each Defendant took at least one overt act,  
14 including, without limitation, approving or making fraudulent statements to Plaintiffs or  
15 issuing insurance policies.

16 129. As a direct and proximate result of Defendants' conspiracy, Plaintiffs sustained  
17 harm in an amount to be determined at trial.

18 130. Defendants are jointly and severally liable for all harm caused by their  
19 conspiracy.

20 131. Defendants' actions in furtherance of their conspiracy showed willful  
21 misconduct, malice, fraud, wantonness, oppression, and that entire want of care that raises the  
22 presumption of conscious indifference to consequences. Defendants' reprehensible conduct in  
23 perpetrating a fraudulent pyramid scheme entitles Plaintiffs to punitive damages.

24 **THIRD CLAIM FOR RELIEF**

25 **Endless Chain Scheme in Violation of California Penal Code section 327 and California**  
26 **Civil Code section 1689.2**  
27 **(Against All Defendants)**

28 132. Plaintiffs reallege the foregoing allegations.

133. Section 1689.2 of the California Civil Code provides:

1 A participant in an endless chain scheme, as defined in Section 327  
2 of the Penal Code, may rescind the contract upon which the  
3 scheme is based, and may recover all consideration paid pursuant  
4 to the scheme, less any amounts paid or consideration provided to  
5 the participant pursuant to the scheme.

6 134. Defendants, and each of them, contrived, prepared, set up, proposed, or operated  
7 an endless chain in violation of Penal Code section 327. Defendants' scheme for the  
8 distribution of property—universal life insurance policies—is an unlawful endless chain  
9 because participants pay valuable consideration for the chance to receive compensation for  
10 introducing one or more additional persons into participation in the scheme or for the chance to  
11 receive compensation when a person introduced by the participant introduces a new  
12 participant.

13 135. Plaintiffs have suffered injury in fact and have lost money or property because of  
14 Defendants' operation of an endless chain and their associated business acts, omissions, and  
15 practices.

16 136. Plaintiffs are accordingly entitled to:

17 a. rescind any contract upon which the scheme is based and recover all  
18 consideration paid under the scheme, less any amounts paid or consideration provided to them  
19 under the scheme;

20 b. appropriate restitutionary, compensatory, and consequential damages;  
21 and

22 c. reasonable attorneys' fees, costs, and pre- and post-judgment interest.

23 **FOURTH CLAIM FOR RELIEF**

24 **Violations of the Unfair Competition Law, Cal. Bus. & Prof. Code § 17200 *et seq.* ("UCL")**  
25 **(Against All Defendants)**

26 137. Plaintiffs reallege the foregoing allegations.

27 138. The UCL forbids any unlawful, unfair, or fraudulent business act or practice.

28 139. Defendants act unlawfully in violation of the UCL by perpetrating an endless  
chain scheme that violates established California law.

1 140. Defendants act unfairly in violation of the UCL because their conduct violates  
2 the legislatively declared policy against endless schemes. Defendants' conduct is unfair,  
3 predatory, unscrupulous, and substantially injurious. The gravity of the harm resulting from  
4 Defendants' pyramid scheme outweighs any potential utility from the scheme. There are  
5 reasonably available alternatives that would further Defendants' legitimate business interests,  
6 such as selling life insurance policies through ordinary channels or under a multilevel  
7 marketing model that prioritizes retail sales over recruitment. The harm from Defendants'  
8 unfair conduct is not reasonably avoidable by consumers such as Plaintiffs.

9 141. Defendant Premier Financial Alliance, Inc., and the Individual Defendants  
10 identified in paragraph 115 above, act fraudulently in violation of the UCL for the reasons  
11 stated above in the First Claim for Relief, and because their statements, representations,  
12 images, and omissions had the capacity to, and did, mislead Plaintiffs.

13 142. Defendants' acts or practices that violate the UCL harm the public at large and  
14 form part of a common and uniform course of wrongful conduct.

15 143. Plaintiffs suffered injury in fact, and lost money or property, as a direct and  
16 proximate result of Defendants' unlawful, unfair, and fraudulent conduct. Plaintiffs  
17 accordingly seek restitution, a permanent injunction, and reasonable attorneys' fees and costs.

18 **FIFTH CLAIM FOR RELIEF**

19 **Violations of the New Jersey Consumer Fraud Act, New Jersey Statutes Ann. 56:8-3, *et seq.***  
20 **(Against All Defendants)**

21 144. Plaintiffs reallege the foregoing allegations.

22 145. Defendants' acts, practices, misrepresentations, and omissions constitute  
23 unconscionable, unlawful, fraudulent, and deceptive commercial practices that violate New  
24 Jersey Statutes Ann. 56:8-2.

25 146. As is described in the First Claim for Relief, in their marketing and sale of the  
26 Living Life IUL policies and Premier Financial Alliance memberships, Premier Financial  
27 Alliance, and the Individual Defendants identified at paragraph 115 above, employed  
28 unconscionable commercial practices, deception, fraud, misrepresentations, and the knowing

1 concealment, suppression, and omission of material facts, with the intent that others rely  
2 thereon.

3 147. As is described in the Second Claim for Relief, the National Life Group  
4 Defendants conspired with the Premier Financial Alliance Defendants to market and sell the  
5 Living Life IUL policies, and reaped financial benefits from each such sale. The National Life  
6 Group Defendants all actively participated in the fraud: (1) Life Insurance Company of the  
7 Southwest issued every one of the Living Life IUL policies sold in the pyramid; (2) National  
8 Life Insurance Company (operating under the trade name National Life Group) orchestrated  
9 the scheme by allowing Premier Financial Alliance associates to sell only the Living Life IUL  
10 policy; and (3) Assadi, in addition to directing and controlling National Life Group as its  
11 Chairman, President, and CEO, regularly attends Premier Financial Alliance conventions to  
12 extol the benefits of the pyramid scheme itself.

13 148. As a direct and proximate result of Defendants' conduct in violation of New  
14 Jersey law, Plaintiffs have suffered ascertainable losses.

15 149. Under New Jersey Statutes Ann. 56:8-19, Plaintiffs are entitled to treble  
16 damages, appropriate injunctive relief, and reasonable attorneys' fees.

17 **PRAYER FOR RELIEF**

18 WHEREFORE, Plaintiffs pray for relief in the form of a judgment:

- 19 A. Certifying this action for class treatment, appointing Plaintiffs as class  
20 representatives, and appointing Plaintiffs' counsel as class counsel;
- 21 B. Awarding damages or restitution, including pre-judgment interest, on each  
22 count in an amount to be determined at trial;
- 23 C. Imposing punitive damages on Defendants in an amount sufficient to  
24 penalize and deter their wrongful conduct;
- 25 D. Enjoining Defendants from continuing to perpetrate their illicit scheme;
- 26 E. Awarding reasonable attorneys' fees and costs of litigation; and
- 27 F. Granting such other relief as the Court may deem just and proper.
- 28



**DEMAND FOR JURY TRIAL**

Plaintiffs request a jury trial for any counts for which a trial by jury is permitted by law.

Dated: February 28, 2019

Respectfully submitted,

**GIRARD SHARP LLP**

/s/ Daniel C. Girard

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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

YOUXIANG EILEEN WANG and BIYUN ZONG, on behalf of themselves and all others similarly situated

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

(c) Attorneys (Firm Name, Address, and Telephone Number) Daniel C. Girard, Jordan Elias, Adam E. Polk - Girard Sharp LLP 601 California Street, Suite 1400, San Francisco, CA 94108 (415) 981-4800

DEFENDANTS

LIFE INSURANCE COMPANY OF THE SOUTHWEST; NATIONAL LIFE INSURANCE COMPANY; PREMIER FINANCIAL ALLIANCE, INC.; MEHRAN ASSADI; HERMIE BACUS; DAVID CARROLL; STEVEN G. EARLY, BILL HONG; AGGIE WU, JACK WU; REX WU; and LAN ZHANG

County of Residence of First Listed Defendant (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. Includes options like 'Citizen of This State', 'Citizen of Another State', 'Citizen or Subject of a Foreign Country', 'Incorporated or Principal Place of Business In This State', etc.

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

Large table with categories: CONTRACT, REAL PROPERTY, TORTS, CIVIL RIGHTS, PRISONER PETITIONS, HABEAS CORPUS, OTHER, FORFEITURE/PENALTY, LABOR, IMMIGRATION, BANKRUPTCY, SOCIAL SECURITY, FEDERAL TAX SUITS, OTHER STATUTES. Each category lists specific legal codes and descriptions.

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): 28 U.S.C. § 1332 Brief description of cause: Fraud, Civil Conspiracy, Endless Chain Scheme, Unfair Competition Law, and New Jersey Consumer Fraud Act violations

VII. REQUESTED IN COMPLAINT:

CHECK IF THIS IS A CLASS ACTION UNDER RULE 23, Fed. R. Civ. P. DEMAND \$ CHECK YES only if demanded in complaint: JURY DEMAND: X Yes No

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

JUDGE Yvonne Gonzalez Rogers DOCKET NUMBER 4:18-cv-03771

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

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

DATE 02/28/2019

SIGNATURE OF ATTORNEY OF RECORD

/s/ Daniel C. Girard

# ClassAction.org

This complaint is part of ClassAction.org's searchable class action lawsuit database and can be found in this post: [Three Life Insurance Companies Preyed on Immigrants in Pyramid Scheme, Class Action Alleges](#)

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