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COPY ORIGINAL FILED
BUS. DIVISION

JAN 28 1987

ROBERT D. ZUMWALT
CLERK, SAN DIEGO COUNTY

12 SUPERIOR COURT OF THE STATE OF CALIFORNIA
13 COUNTY OF SAN DIEGO

14 THE PEOPLE OF THE STATE OF CALIFORNIA,
15 Plaintiff,

16 v.

17 UNITED SCIENCES OF AMERICA, INC., a
18 foreign corporation; ROBERT M.
19 ADLER II; JERRIS LEONARD; HAYDON
20 CAMERON; and DOES 1 through 1000,

21 Defendants.

No. 580754

COMPLAINT FOR
INJUNCTION, CIVIL
PENALTIES, AND
OTHER EQUITABLE
RELIEF
(Complex Case)

22 John K. Van de Kamp, Attorney General of the State
23 of California, based on information and belief, alleges as
24 follows:

25 FIRST CAUSE OF ACTION

26 Violations of Business and
27 Professions Code Section 17500

1. Defendants transact business in San Diego
County and elsewhere throughout California. The violations
of law henceforth alleged have been and are being carried out
within San Diego County and elsewhere throughout the state.

1.

1 2. Defendant United Sciences of America
2 (hereinafter "USA") is, and at all relevant times was, a
3 Delaware corporation, which has done business throughout
4 California and has had a distribution warehouse and
5 manufacturing facility in San Diego County, and elsewhere in
6 the State of California.

7 3. Defendant Robert M. Adler II is, and at all
8 relevant times was, the Chairman, Founder and at some times
9 President of USA, and as such directed, managed and
10 controlled the operations of defendant USA, including the
11 setting up of defendant USA's marketing plan, product line
12 and advertisements therefor.

13 4. Defendant Jerris Leonard is, and at all
14 relevant times was, President and Co-Founder of USA, and as
15 such has directed, managed and controlled the operations of
16 defendant USA, including the setting up of defendant USA's
17 marketing plan, product line and advertisements therefor.

18 5. Defendant Haydon Cameron is, and at all
19 relevant times was, Vice President, Marketing and a Co-
20 Founder of USA, and as such has directed, managed and
21 controlled the operations of defendant USA and is responsible
22 for developing USA's sales, training and marketing program
23 and materials.

24 6. The true names and capacities, whether
25 individual, corporate, or otherwise, of defendants named
26 herein as Does 1 - 1000 are unknown to plaintiff, who
27 therefore sues said defendants by such fictitious names.

1 Plaintiff will amend this complaint to show the true names
2 and capacities of such defendants when the same have been
3 ascertained.

4 7. Whenever in this complaint reference is made to
5 any act of any individual defendant, such allegation shall be
6 deemed to mean that said defendant is and was acting (a) as a
7 principal, (b) under express or implied agency, or (c) with
8 actual or ostensible authority to perform the acts so
9 alleged.

10 8. Whenever in this complaint reference is made to
11 any act of any defendant, such allegation shall be deemed to
12 mean the act of each defendant acting individually and
13 jointly.

14 NATURE OF DEFENDANTS' BUSINESS

15 9. Defendants are ostensibly engaged in the
16 business of selling four items - Calorie Control Formula,
17 Master Formula, Formula Plus and Fiber Energy Bar - they
18 refer to as health and nutrition products. Defendants sell
19 these products through a multi-level marketing program
20 wherein the amount of money one receives is dependent upon
21 the purchases he and those he has introduced into the
22 marketing program make from defendants. Defendants have
23 claimed to have in excess of 100,000 sales associates
24 throughout the United States.

25 /

26 /

27 /

3.

1 Defendants' promotional materials include numerous
2 video tapes, printed literature and transcripts of some of
3 the video tape presentations. These materials rely heavily
4 on celebrity endorsements.

5 Defendants claim that their products have a
6 beneficial effect on the user's health and that they are
7 intended to have and are designed to have a beneficial effect
8 in the cure, mitigation, treatment and/or prevention of a
9 great number of human diseases. For instance in one of
10 defendants' publications, "USA Update," a portion of which is
11 attached hereto as Exhibit 1, and incorporated herein by this
12 reference as though set forth in full, defendants imply that
13 use of their Master Formula product may have a beneficial
14 effect in the cure, mitigation, prevention or treatment of
15 cancer, hypertension and osteoporosis, while use of their
16 Formula Plus product will have a similar beneficial effect
17 vis-a-vis heart disease, arteriosclerosis, atherosclerosis,
18 levels of blood cholesterol and high blood pressure. Other
19 company advertising materials imply that use of defendants'
20 products will have a beneficial effect on heart disease,
21 breast and colon cancer, arthritis, diabetes, intestinal
22 problems, premenstrual syndrome, acne, osteoporosis, the
23 immune system (and AIDS), and the ability to reduce stress.
24 Defendants also represent that their products can prevent or

25 /

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4.

1 alleviate the adverse effects of cigarette smoking, air and
2 water pollution and X-rays.

3 10. To add legitimacy to their products and
4 claims, defendants have established within their corporate
5 structure a Scientific Advisory Board consisting of 15
6 "internationally renowned experts."

7 11. On December 12, 1986, the United States Food
8 and Drug Administration sent defendants a Regulatory Letter,
9 a copy of which is attached hereto as Exhibit 2, and
10 incorporated herein by this reference as though set forth in
11 full. This Regulatory Letter, among other things, sets forth
12 the FDA's position that defendants have, in violation of
13 federal law, been marketing their products as drugs which are
14 new drugs and for which there have been issued no approvals
15 or applications for approval filed on behalf of such
16 products.

17 12. Defendants, in an attempt to attract new
18 individuals to join their marketing plan as "Associates"
19 (salespeople) have also prepared various sales literature and
20 videos relating to their marketing plan. "Associates" are
21 recruited by representations that the USA marketing plan
22 provides great income opportunities, that their income will
23 increase geometrically and that this income is based upon
24 their finding other individuals to become "associates," who
25 in turn will find still others to become "associates," and so
26 on. The major emphasis is placed on the recruitment of other

1 "Associates" and not on the retail sale of defendants'
2 products. As part of their sales materials defendants
3 distribute information on their marketing plan under the sub-
4 title "Profit Plan." A copy of the "Profit Plan" is attached
5 hereto as Exhibit 3 and incorporated herein by this reference
6 as though set forth in full.

7 Defendants multi-level marketing scheme for the
8 distribution of their products works as follows:

9 (a) One ("Q") begins as an "Independent
10 Associate" (or "Associate") by purchasing a
11 "Success System" kit for \$24.50 from an individual
12 already in defendants' marketing program. Q, as an
13 Independent Associate, purchases all goods at a 25-
14 35% discount off the suggested retail price. Q can
15 also sponsor other Independent Associates into
16 defendants' marketing program and is told that "by
17 sponsoring Independent Associates and selling the
18 plan to just one customer per month, you can cover
19 the cost of your lifetime USA, Inc. Nutritional
20 Plan." In order to receive bonuses the Independent
21 Associate must purchase a minimum \$100 personal
22 wholesale volume each month. Thus to participate
23 in defendants' distribution scheme and earn bonuses
24 based on purchasers made by those Q has introduced,
25 Q must first pay defendants \$124.50.

26 (b) The bonuses that defendants promise to
27 pay Q are based on the wholesale purchases Q, and

1 those Q has introduced, make from defendants.
2 Thus, as Exhibit 3 indicates when Q sponsors 3
3 people, each of whom sponsors 3, and those 9
4 sponsor 3, Q will have 39 people in his "downline."
5 Each of those people, to be "active" will purchase
6 \$100 of product from defendants each month and so
7 Q's "network" will account for \$4,000 worth of
8 purchases (including Q's own purchase) on which Q
9 will earn a bonus of \$114.00

10 (c) After being an "Associate," Q can become
11 a Supervisor in one of two ways:

12 (1) Fast Start Qualification - Q purchases a
13 minimum of \$1,000 worth of product from defendants
14 in one calendar month. The total purchases of all
15 in Q's sponsored group in that calendar month must
16 be a minimum of \$10,000. Q must also have
17 personally sponsored at least 5 first-level active
18 Associates and must have a total of at least 50
19 active Associates within his own group; or,

20 (2) Three Month Qualification - Q must
21 personally purchase \$100, \$200 and \$300 or more in
22 each of 3 consecutive calendar months. Q must
23 personally sponsor at least 5 separate legs in his
24 organization, each containing a minimum of one
25 active Associate in his first or second level.
26 There must be at least 18 active Associates in Q's
27 total organization and Q's organizational group

1 must have purchased from defendants a total of
2 \$1,000, \$2,000 or \$3,000 or more in each of 3
3 consecutive calendar months.

4 In either qualification method the purchases of Q
5 plus the purchases of each associate he has signed up count
6 toward Q's volume requirement.

7 Once Q becomes a Supervisor, he receives a 4% bonus
8 on his total group volume, so long as the group purchases
9 from defendants total at least \$2,000 per month and Q
10 continues to buy at least \$100 per month. If Q's group
11 purchases exceed \$10,000 and he buys his \$100 per month, he
12 receives a 6% bonus. These bonuses are in addition to the
13 Associate bonuses (2%-4%) Q will continue to earn.

14 (d) Q can also earn various "Leadership
15 Bonuses" based upon the activities of those he has
16 sponsored. See, Exhibit 3, page C-5 and C-6 for
17 greater detail on how these other sponsorship
18 bonuses work.

19 OFFENSES CHARGED

20 13. Beginning at an exact date unknown to
21 plaintiff, but within three years preceding the filing of
22 this complaint, defendants, and each of them, with the intent
23 to induce members of the California public to purchase their
24 products, began making untrue or misleading statements which
25 they knew, or by the exercise of reasonable care should have
26 known, to be untrue or misleading at the time these
27 statements were made. These misrepresentations, which

1 violate Business and Professions section 17500 include, but
2 are not limited to, the following:

3 A. Defendants represent and imply that their
4 Scientific Advisory Board was responsible for the "product
5 development" and content of USA's products, and for designing
6 the "USA, Inc. Nutritional Plan." Such representations are
7 untrue or misleading in that the USA Scientific Advisory
8 Board neither developed the products defendant USA has for
9 sale nor designed the USA Nutrition Plan.

10 B. Defendants heavily promote the existence of
11 their Scientific Advisory Board and the personalities and
12 experience of its 15 members as the basis for the validity of
13 its products. Such reliance is improper and its use is
14 untrue or misleading in that although beginning in July 1986,
15 and continuing to the date of the filing of this complaint, 7
16 of the original members of the 15 on the Scientific Advisory
17 Board have resigned, defendants have neither modified their
18 advertising materials to recall those which contain improper
19 identifications nor informed their distributors to cease
20 referring to these resigned individuals as members of the USA
21 Scientific Advisor Board.

22 C. Defendants represent that use of their products
23 "assures total nutritional synergy and balance." Such
24 representation is untrue or misleading in that use of
25 defendants' products without consideration of the food one
26 ingests does not provide "total nutritional . . . balance."

1 D. Defendants' represent and imply that their
2 products have the approval of the American Heart Association,
3 the National Academy of Sciences and the American Cancer
4 Society. Said representations are untrue or misleading in
5 that these groups have never given their approval to
6 defendant USA's products or program.

7 E. Defendants represent or imply that use of their
8 products are helpful for the following, among other,
9 conditions: AIDS, cancer, osteoporosis, heart disease, high
10 blood pressure, diabetes, arthritis, pre-menstrual syndrome,
11 arteriosclerosis and atherosclerosis. Said representations
12 are untrue or misleading in that defendants' products, as
13 constituted, have never been studied or tested to show that
14 they are helpful for the listed conditions.

15 F. Defendants imply in the "Profit Plan" portion
16 of their manual (see Exhibit 3) that one who joins should be
17 able to build a downline organization of 39 individuals with
18 no difficulty by only personally sponsoring 3 people. Said
19 representation is untrue or misleading in that defendants
20 have no reasonable basis upon which to assert that most
21 individuals who join their marketing system will be able to
22 personally sponsor 3 individuals and build a downline of 39
23 individuals.

24 G. Defendants represent and imply that its
25 marketing program offers "a vital new life -- and financial
26 freedom to all who become involved," that for those who join
27 the marketing plan "the potential profits are staggering

1 because the growth is geometric," and that anyone who uses
2 USA's marketing package will be successful. Said
3 representations are untrue or misleading in that defendants
4 have no reasonable basis upon which to assert that most
5 individuals who have joined or who are currently joining
6 defendants' multi-level chain distribution scheme have earned
7 financial freedom, staggering profits or large sums of money
8 as a USA associate or supervisor.

9 SECOND CAUSE OF ACTION

10 Violations of Business and Professions Code
11 Section 17200 (Acts of Unfair Competition)

12 14. Plaintiff realleges and incorporates by
13 reference paragraphs 1 through 12 inclusive, of the First
14 Cause of Action, as though set forth fully and at length
15 herein.

16 15. Beginning on an exact date unknown to
17 plaintiff, defendants, and each of them, have engaged in and
18 are still engaged in the following, among other, acts of
19 unfair competition, as defined in Business and Professions
20 Code section 17200, in that:

21 A. Defendants have violated and continue to
22 violate Business and Professions Code section 17500 as
23 alleged in paragraph 13 above of the First Cause of Action
24 which paragraph is incorporated herein by this reference as
25 though set forth in full.

26 B. Defendants have violated and continue to
27 violate the California Sherman Food, Drug and Cosmetic Law,

1 specifically, Health and Safety Code, section 26460 et seq.,
2 which prohibits false or misleading advertisements for any
3 food, drug or cosmetic, in that they have made the false or
4 misleading representations regarding their products as
5 alleged in paragraph 13 above of the First Cause of Action
6 which paragraph is incorporated herein by this reference as
7 though set forth in full.

8 C. Defendants have violated and continue to
9 violate Health and Safety Code section 26461 in that they
10 manufacture, sell, deliver, hold or offer for sale their food
11 and drug products which are falsely advertised as more
12 particularly set forth in paragraph 13 of the First Cause of
13 Action, which paragraph is incorporated herein by this
14 reference as though set forth in full.

15 D. Defendants have violated and continue to
16 violate Health and Safety Code section 26670 in that, without
17 complying with the requirements of Health and Safety Code
18 sections 26670(a) or (b), they sell or deliver a new drug,
19 (see Exhibit 2, FDA Regulatory Letter, for the same
20 conclusion), as drug is defined in Health and Safety Code
21 section 26010(b), by selling and advertising their products
22 (as set forth in paragraphs 9 and 13 of the First Cause of
23 Action, which paragraphs are incorporated herein by this
24 reference as though set forth in full) as being able to
25 mitigate, treat or prevent disease in man.

26 E. Defendants have violated and continue to
27 violate Health and Safety section 26463 in that they

1 advertise their products, which are drugs, as being able to
2 have an effect on the following conditions, disorders or
3 diseases, although said section prohibits the making of such
4 representations: blood disorders, cancer, diabetes, heart and
5 vascular diseases and high blood pressure.

6 F. Defendants have violated and continue to
7 violate Health and Safety Code section 26650 in that the
8 products they manufacture, sell, deliver, hold or offer for
9 sale are misbranded as defined by Health and Safety Code
10 section 26550.

11 G. Defendants have violated and continue to
12 violate Health and Safety Code section 26461.5 in that the
13 products they advertise are misbranded.

14 H. Defendants have violated and continue to violate
15 Penal Code section 327, in that as defined in said section,
16 defendants have contrived, prepared, set up, and operated an
17 "endless chain" marketing scheme for the distribution of
18 property whereby one who wishes to participate in the scheme
19 ("Q") pays a valuable consideration to defendants for the
20 chance to receive compensation when others who have been
21 introduced by him and when others who are introduced by them,
22 etc., purchase defendants' products, all as more fully
23 described in paragraph 12 above, which paragraph is
24 incorporated by this reference as though set forth in full.
25 As set forth therein, it is clear that Q as a distributor who
26 sponsors others ("R") can make money based on the inventory
27 purchases made by R and others Q sponsors without regard to

1 whether any retail sales are made and that Q can also make
2 money based on purchases from defendants made by those R
3 sponsors without regard to whether any retail sales are made
4 by them. In fact, the vast majority of sales of USA products
5 made by defendants are made to individuals who are part of
6 the distribution chain and not to retail customers.

7 I. Defendants have violated and continue to
8 violate Penal Code section 320 in that their marketing system
9 comprises a lottery as defined in Penal Code section 319.

10 J. Defendants have violated and continue to
11 violate Civil Code section 1770(e) which prohibits
12 representing that goods have sponsorship, approval, uses or
13 benefits which they do not in that defendants:

14 (1) Misrepresent the uses and benefits to be
15 obtained by use of their products as more fully set
16 forth in paragraph 13 of the First Cause of Action;
17 and

18 (2) Misrepresent that their products have the
19 sponsorship and approval of the American Heart
20 Association, the National Academy of Science and
21 the American Cancer Society.

22 WHEREFORE, plaintiff prays that:

23 1. Pursuant to Business and Professions Code
24 sections 17203 and 17535, defendants, and each of them, and
25 their employees, agents, salespersons, representatives,
26 successors, and assigns, and all other persons, corporations,
27 or other entities acting under, by, through, or on behalf of

1 defendants, be enjoined from engaging in or performing,
2 directly or indirectly, any and all of the following acts:

3 A. Making or disseminating, or causing to be made
4 or disseminated, any untrue or misleading statements in
5 connection with the sale, offer for sale, or other
6 disposition of their products, including, but not limited to,
7 those representations set forth in the First Cause of Action
8 of this complaint;

9 B. Failing to comply with any provision of the
10 Sherman Food, Drug, and Cosmetic Law as set forth in the
11 Second Cause of Action of this complaint;

12 C. Engaging in any of the acts of unfair
13 competition set forth in the Second Cause of Action of this
14 complaint, or any other unfair, unlawful, or fraudulent
15 business practices.

16 D. Failing to affirmatively recall from all of
17 their product distributors all descriptive product materials,
18 including video tapes and printed literature which contain
19 any representation in violation of Business and Professions
20 Code sections 17500 or 17200 as set forth in the First or
21 Second Cause of Action and replace the returned materials, at
22 no cost to the distributor, with non-violative materials.

23 E. Selling, delivering, offering for sale, holding
24 for sale, or giving away any of their products until such
25 time as defendants have complied with the requirements of
26 Health and Safety Code sections 26670(a) or (b).

27 /

1 2. Pursuant to Business and Professions Code
2 section 17536, defendants, and each of them, be assessed a
3 civil penalty of Two Thousand Five Hundred Dollars (\$2,500),
4 for each violation of section 17500 as proved at trial, but
5 in an amount of not less than \$500,000.00.

6 3. Pursuant to Business and Professions Code
7 section 17206, defendants, and each of them, be assessed a
8 civil penalty of Two Thousand Five Hundred Dollars
9 (\$2,500.00), for each act of unfair competition in violation
10 of section 17200 as proved at trial, but in an amount of not
11 less than \$500,000.00.

12 4. Plaintiff recovers its costs, including costs
13 of investigation.

14 5. Plaintiff has such other and further relief as
15 the nature of the case may require, and the court deems
16 proper, to fully and successfully dissipate the effects of
17 the untrue or misleading representations and the acts of
18 unfair competition complained of herein, including the relief
19 of ordering defendants to engage in corrective advertising.

20 DATED: January 28, 1987

21 JOHN K. VAN DE KAMP, Attorney General
22 HERSCHEL T. ELKINS,
23 Senior Assistant Attorney General
24 M. HOWARD WAYNE,
25 Deputy Attorney General

26 By 
27 ALBERT NORMAN SHELDEN,
 Supervising Deputy Attorney General

 Attorneys for Plaintiff

U S A
UPDATE

Nutrition for Life
The Good Doctor
Portrait of Success

Premier 1971

PRESIDENT'S MESSAGE



Soaring With Eagles —

One hundred thousand Independent Associates. The number is impressive. It is all the more impressive when you consider that barely nine months ago we just had four Formulas, an overall nutritional program concept and the rudiments of a dynamic marketing force. Now USA, Inc. is a formidable presence in the marketplace, steadily making progress toward its corporate goal: a healthier America.

Having reached this milestone, it is most appropriate that we congratulate and reward you with the first issue of the long-awaited informational and promotional magazine, *USA Update*. This magazine epitomizes the USA, Inc. concept. *USA for Life*. I brings to you six times each year the most up-to-date nutritional, marketing and lifestyle news, packaged with unprecedented sophistication.

As you read and admire this publication, remember that you play a major role in its production. *USA Update* is a tribute to the many people who support the USA for Life concept and work so hard to make it prosper. I sincerely hope you enjoy the magazine and share it with your fellow and future Associates.

Jerris Leonard, Esq.

U S A UPDATE

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USA NUTRITION FOR LIFE

by Mike Flue

*Based on timely
research and scientifically
balanced formulas,
USA, Inc.'s
Nutritional Plan
represents the leading
edge in the promotion of
nutrition and health.*



USA, Inc. believes in nutritional synergism: an interacting or working together of elements. We used the most current research studies available to develop the four complementary products that form the basis for USA, Inc.'s Nutritional Plan.

The Master Formula

The Master Formula is a 36-element, general nutritional supplement that contains scientifically selected levels of all essential vitamins, minerals and anti-oxidants. The Formula was developed through the collaborative work of several of the world's foremost nutrition and health researchers. Their goal was to contribute to optimal health by providing nutrients frequently found lacking in the typical American diet.

In a proper diet, vitamins, minerals and anti-oxidants work together in an integrated metabolic reaction. Vitamins are essential for growth and health maintenance. Minerals help build bone and teeth. Anti-oxidants help the body neutralize free radicals. Free radicals are chemical compounds that enter the body as environmental pollutants, toxins or carcinogens.

Among the other ingredients in the Master Formula are zinc, amino acids, and the critical element calcium. Calcium helps inhibit the development of ailments ranging from

hypertension to osteoporosis, a condition in which the bones become porous and fragile. Calcium is an important link in many bodily processes, keeps the heartbeat normal, and helps the body absorb iron.

According to the National Research Council (NRC), more than half the women in America over the age of 15 have a calcium intake below NRC's Recommended Dietary Allowance (RDA). In order to meet the NRC standards, American women need to drink at least three eight-ounce glasses of milk daily. Or, they can take the Master Formula which contains 1,000 milligrams of calcium, the RDA set by the National Research Council.

USA, Inc. recommends a daily dosage of nine Master Formula tablets taken three tablets at a time immediately before or during each meal. Why do we recommend taking as many as nine tablets a day? Because the Master Formula contains so many

vitamins, minerals, anti-oxidants and nutrients, the quantity of all these elements makes their compression into one tablet physically prohibitive.

There are other factors, too. Because many of the vitamins and minerals in the Master Formula are water-soluble, they cannot be stored in the body. Dividing the dosage throughout the day allows a fairly constant blood level of these vitamins and nutrients. Nutrients are absorbed in specific locations along the intestinal tract. A single time-release tablet would also be ineffective for



Together the four components of the USA, Inc. Nutritional Plan provide the vitamins and nutrients, essential fiber, and important liquid formulas



use in the Master Formula, because it is unable to provide blood levels of all nutrients at once. Taking the ingredients all at once defeats the purpose of sustained nutrition.

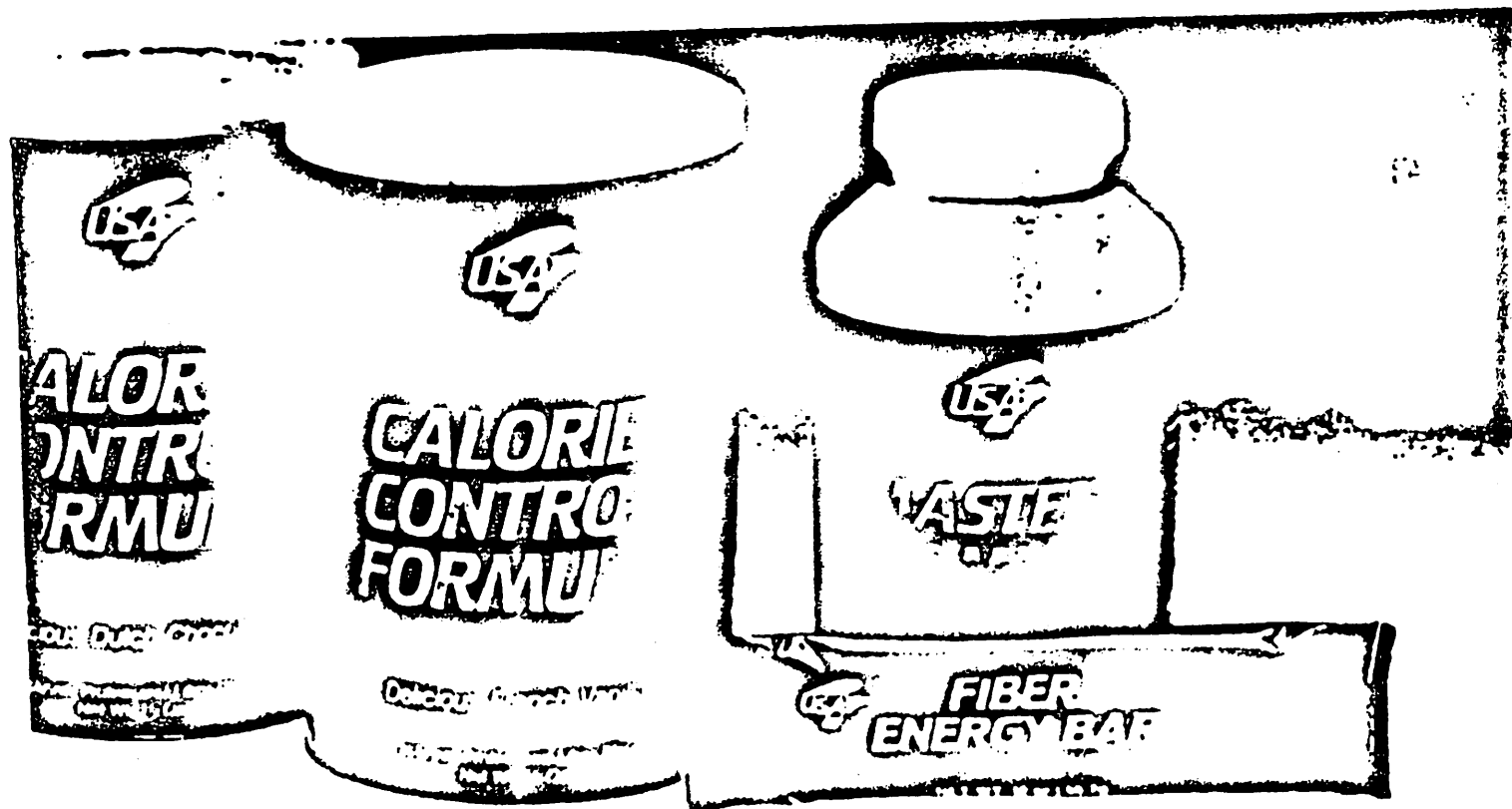
Mealtime is definitely the best time to take the Master Formula tablets. Food enhances the absorption of vitamins and minerals, and they in turn enhance absorption of many of the nutrients in our foods. One example of this occurs with iron and Vitamin C. The Vitamin C in the Master Formula makes the iron present in your current diet more available to your body.

Although it would be nice to take just one or two tablets a day, it is best to take the Master Formula as prescribed, so you can achieve the desired level of nutrition.

Formula Plus

Formula Plus is a marine lipid concentrate of fish oil that is rich in the highly unsaturated Omega-3 fatty acids. These acids come from cold-water fish and mammals, and research indicates that the acids are instrumental in the extremely low rates of heart disease and atherosclerosis in Japanese and Eskimo populations.

Specifically, the Omega-3 fatty acids have been shown to help decrease blood cholesterol, reduce the tendency to form blood clots in the arteries, lower blood pressure, and reduce the migration into blood vessels of inflammatory substances which can increase the risk of arteriosclerosis, or hardening of the arteries. Unfortunately these fatty acids — eicosapentaenoic acid (EPA) and docosahexaenoic acid (DHA) — are not manufactured by the body and are found in relatively low levels in the average American diet.



USA, Inc. has designed Formula Plus capsules in such a way that the dosage can be variable. We consider three tablets to be a maintenance dose, meaning that this dose will not have an impact on your cholesterol level. Higher dosages are designed to reduce cholesterol and keep it from rising.

Like the Master Formula, Formula Plus is more efficiently absorbed by the body when you take the tablets with meals. The Omega-3 fatty acids are fat-soluble and are stored by the body. Therefore, you only need to take the capsules once a day. If you prefer, you may take one capsule with each meal, instead of taking all three at one time.

Remember: food enhances the absorption of Formula Plus. Take the capsules just before or during your meals. If you take all the capsules with one meal, it's best to take them with your largest meal, and then during that meal.

Calorie Control Formula

Contrary to popular opinion, diets do not have to be hard work, cost a fortune, or produce hunger pains. USA, Inc.'s Calorie Control Formula provides a scientific and comfortable way of not only losing weight, but also of maintaining or even increasing your desired weight level. The formula blends 10 fibers from natural fruits, vegetables and grains, and has a very high protein efficiency rating. Its Ultra-Protein Blend is an exclusive formula that includes surimi (a totally fat-free fish protein) and a full range of amino acids.

To maintain weight: blend one level scoop of Calorie Control Formula crystals with six ounces of water or your favorite fruit juice. You may

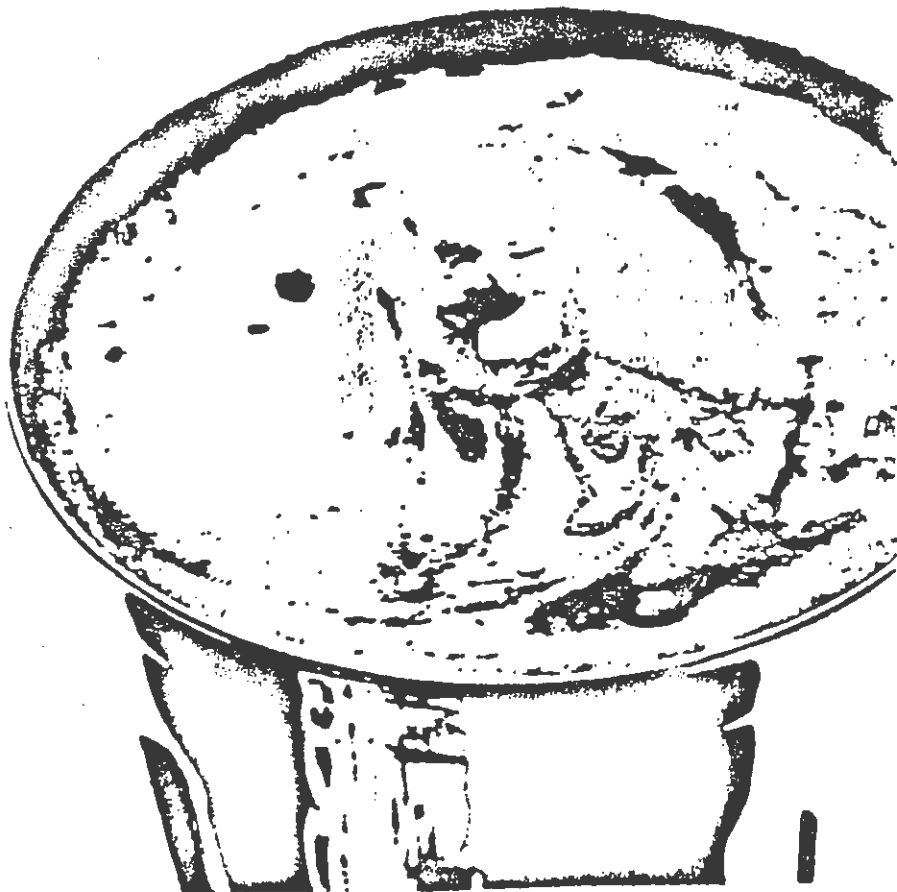
also mix a scoopful of the Formula with eight ounces of nonfat milk. For a rich milkshake effect, add crushed ice. Either way, this serving acts as a meal replacement. Your other two meals should consist of carefully selected foods and nutrients. Used in this manner, the Calorie Control Formula serves as the nutritional foundation for your weight management program.

To lose weight: prepare the Calorie Control Formula in the same manner, but substitute the drink for two regular meals instead of one. The Calorie Control Formula helps you reduce calories and increase fiber without sacrificing good nutrition. Each serving consists of nine grams of protein and four grams of fiber. These water-soluble fibers help suppress your appetite because their bulk tends to have a satisfying effect. The formula's complex carbohydrates assure a slower, more sustained

metabolism, and the natural fruit use sweetener, in connection with fiber, reduces insulin response. The Calorie Control Formula also contains iron, because its primary design is to serve as a meal substitute.

Mixed with water, the Calorie Control Formula contains only 110 calories. Try the formula with your favorite fruit juice, too. Even when mixed with grape juice, which contains the highest amount of calories in fruit juices, the drink has 234 calories.

The Calorie Control Formula should be mixed early in the day and then refrigerated for later use. Also, heating it or mixing it with hot liquids. Hot or cold, the Dutch Chocolate and French Vanilla formulas are delicious.



To gain weight: eat three well-balanced meals a day. Along with your regular exercise program and your daily vitamin supplements, add one serving of the Calorie Control Formula. The very high protein-efficiency rating makes it particularly effective in building lean muscle mass. Each serving has less than one gram of fat.

Remember: when taking the Calorie Control Formula as a meal replacement, use the formula in conjunction with the Master Formula. The Master Formula contains the vitamins, minerals and anti-oxidants your body needs.

Fiber Energy Bar

The Fiber Energy Bar works closely with the Calorie Control Formula to help you lose, maintain or gain weight. The bar has surimi protein, 10 natural fibers and complex carbohydrates. That means you can use the bar either as a complete meal replacement or as a wholesome snack.

Each bar consists of nine grams of fiber, eight grams of protein, six grams of fat and only 200 calories. The bar's fibers and complex carbohydrates have a positive effect on blood sugar and cholesterol, and their individual packaging makes them convenient to eat anywhere, anytime.

To lose weight: take one or two bars a day as a meal replacement or as a snack. If you are using the Calorie Control Formula for two meal replacements, try eating one Fiber Energy Bar as a mid-day snack. Two

Calorie Control Formula shakes and one Fiber Energy Bar have only 400 calories and only eight grams of fat. Because they are both very efficient sources of protein and fiber, you can maintain proper nutrition while losing weight.

To maintain weight: eat one Fiber Energy Bar a day as a meal replacement. The bulk in the bar has

To get the maximum benefit from USA, Inc. products, it's essential to follow label instructions. In addition, the company recommends that all four products be used together. After all, the program was designed to accomplish several complementary goals. The Master Formula provides vitamins, minerals and anti-oxidants in their most bioavailable forms. Formula Plus adds the benefits of marine



USA, Inc.'s Fiber Energy Bar is a satisfying snack or can even be a meal in itself. For maximum benefits, be sure to drink 8 ounces of low-calorie liquid when you eat a Fiber Energy Bar.

a satisfying effect without being a chemical appetite suppressant.

To gain weight: try one or two bars a day as a meal supplement. Remember to eat three carefully balanced meals and to maintain a regular, consistent exercise pattern.

As with the Calorie Control Formula, it's best to use the Fiber Energy Bar with the Master Formula. That way you may be assured of proper nutrition while you lose weight.

It's also important to drink at least eight ounces of water or low-calorie liquid with each bar you eat. The Fiber Energy Bar has both soluble and insoluble fibers. Soluble fibers may absorb two to four times their weight in liquids. If you do not drink sufficient amounts of liquid with the bar, your body could lose water or even gastric juices to the insoluble fibers.

lipids. The Calorie Control Formula aids in fat reduction and in maintenance of desired weight, and the Fiber Energy Bar provides additional fiber and nutrients that help you sustain energy. Together these products help to assure a sufficient quantity and a high quality of nutrition in a safe, convenient program.

USA, Inc.'s Calorie Control Formula can be blended with juices, milk, even yogurt to serve as a convenient meal supplement or meal replacement.

Bob and Brenda McIntyre

by Mike Fluitt

This dynamic husband and wife team has created a thriving business and rewarding lifestyle distributing USA, Inc. products. Here's how they made it happen.

Bob and Brenda McIntyre are USA, Inc.'s top-producing Associates who subscribe to the idea that anything of great value requires pluck, hard work and a healthy self-image. And this Plano, Texas, couple finds their "formula" works exceptionally well in the USA, Inc. format.

"Really, there's no secret," says Bob. "It's hard work. But on the other hand, there are few business opportunities that offer so much potential for success so quickly."

The McIntyres have a history of working hard and making money, but until they began the USA, Inc. program, their enterprises never quite fulfilled their highest goals.

Bob is a Nebraska native who envisioned an agricultural career until a stint in the Air Force landed him in south Texas. Brenda hails from Junction, Texas (between San Angelo and San Antonio), where her father operated a wholesale milk distributorship. "My dad always said that we ought to have our own hamburger stand," recalls Brenda. And they did, but a whirlwind of events brought profound changes.

A blind date soon led Bob and Brenda to the altar. Bob started college with a long-distance drive to San Angelo, and just as the hamburger



Bob and Brenda share a quiet moment in their pond.

stand restaurant started succeeding. Brenda's father became ill. Bob picked up the milk route, although both admit that 4 a.m. mornings didn't fit their lifestyle. After Brenda's father died, the couple became bona fide restaurateurs.

Soon their second restaurant opened, 30 miles from the original. Both restaurants proved successful, and both Bob and Brenda paid a price for success. "We drove ourselves crazy," says Brenda. "We made lots of money. We had all the money we wanted, but no time to do anything. And then we realized we never saw any old restaurant owners! That got us thinking."

"We were working fourteen hours a day, seven days a week," adds Bob.

"And I was going to school Tuesday and Thursdays. I'd drive up Tuesday morning, take six credit hours, and return that afternoon. I'd do the same on Thursday."

Although Bob was working toward an accounting degree, it didn't take a CPA to figure out he'd be 50 before he earned his diploma. So he doubled his efforts to 12 credit hours. He would leave Monday night, return home Thursday night, and work at restaurants Friday through Monday. Eventually he increased his load to 18 credits, leaving Sunday night and returning Friday. Weekends belonged to the restaurants.

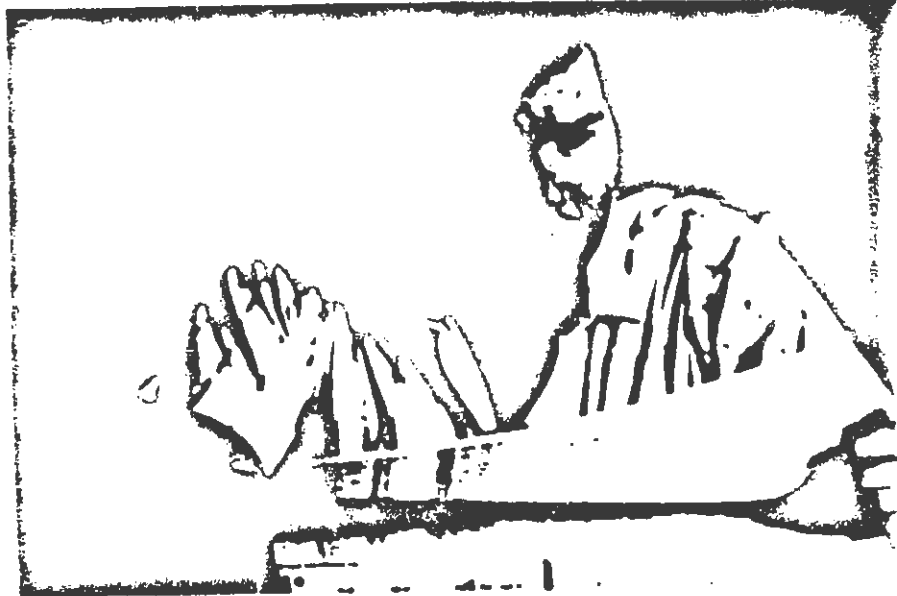
When Bob received his degree, and Brenda hung up their aprons and moved to Plano (a suburb of north Dallas) where Bob joined the prestigious accounting firm of Arthur Andersen. When you've worked for yourself for so long, however, it's hard to adapt to a more traditional career. The McIntyres then moved to Houston so Bob could begin work in a government position that immediately transferred them to Topeka, Kansas. Bob worked as an auditor for HEW (Health, Education & Welfare) now known as Health & Human Services. Eventually he wrangled a transfer back to the Dallas area where he first learned of the network marketing principal.

"In the restaurant business," says Bob, "we had the financial set-up we wanted — house, cars, et cetera. But we didn't have the time. When we went to work for someone else, we had the time, but no longer had the income."

So the couple determined to find their niche in network marketing. For the next 10 years they made a fair amount of money and gained invaluable experience from several national network marketing organizations. In December 1985, they discovered USA, Inc. and realized a bonanza.

"The product is a given," says Bob. "Especially when you understand who the people are behind it who have done the research. They (the Scientific Advisory Board) are everything you'd ever want. They're at the top of their professions. They are exactly what you want in projecting a clean image and gaining credibility. Customers are comfortable with the image of USA, Inc."

In their first six months on the USA, Inc. profit plan, Bob and Brenda began with a base of five individuals and turned that into a network of more than 30,000 distributors. "It's not a dream or a projection," he says. "It's a reality. USA is not a get-rich-quick scheme. But at the same time, it's not a nickel-and-dime operation, either. If you'll put the time and effort into building a network, it will compensate you."



Top sales leader Bob McInerney checks the numbers from his downline. The McInerneys now leads approximately 30,000 Associates.

Bob reaffirms that he and Brenda are ordinary folks with no special secrets. They gladly share their basic principles that they feel can't help but bring success. Here are their Five P's:

Perception: "A lot of people go wrong with how they perceive USA. Ninety-five percent of the people in America are not salespeople and don't want to be salespeople. So USA has to be presented as a network marketing concept. What network marketing is is a referral system. If you simply tell other people about the program and the products and help get them started, USA will share the bottom line with you. USA doesn't necessarily want one person to retail thousands of dollars of product. It suggests that each person retail some product to consumers and recruit other people to do the same thing. It's a combination of retailing the product and building a wholesale network. Remember, without retail or consumer sales, there's nothing."

Personal Contacts: "The error comes when people go after folks who either need a job or the money. If you recruit a guy who needs a job, guess who his contacts are: other people who need jobs. Instead, approach a guy who has his own business and may be making \$250,000 a year. He'll look at your program and say, 'Tell me the way to get \$25,000 a month.' His self image allows him to say that because he knows he has the capabilities to do that. Guess what his contacts are? Also, look for people who are dissatisfied with their current income — people willing to put in time and effort. We have four types of people who have started their business or invested large sums of money, but have not yet benefited financially from their sacrifice. These are excellent choices."

Patience: "In the first three, four or even six months, you may make very little income. But what you're doing is developing the nucleus that has an exponential growth rate. It's like doubling a penny a day. After 31 days that penny is worth more than \$21 million, but most of the growth comes in the last days. We worked just as hard our first month as we did last month. But when we started we had 100 people in our group; now we have 30,000."

Presentation: "We talk to people about making the money they make annually on a monthly basis. We do that as opposed to saying, 'I'd like you to retail the USA product.' If I had been approached that way, I wouldn't be in USA. That's where many people miss the boat. Emphasize the financial opportunities, and use your Showcase meeting as a follow-up meeting rather than as a first-time introduction."

Practicality: "Watch your money. Treat your enterprise as a business. We've known people in other organizations who were extremely successful, but spent the money like it was never going to stop."

Bob and Brenda feel very positive about their USA, Inc. decision. Says Bob: "We've been programmed in this country to work for someone else. Our whole education system is geared toward us getting a job and working for a large corporation. But if people are willing to work smart and work hard, they can build a successful, profitable venture through USA, Inc."

Top sales leader Brenda McIntyre makes the most of her phone time, staying in touch with Associates and customers.

"Really, there's no secret," says Bob. "It's hard work. But on the other hand, there are few business opportunities that offer so much potential for success so quickly."



FIRST-HAND

USA, Inc.'s Master Formula and Formula Plus helped Herb Stone get back into business and back on the court.



Herb Stone of Jericho, New York, was the quintessential advertising executive. Aggressive, inventive and unafraid, he designed sales promotions that brought profits to client companies. And his tennis prowess matched his business savvy. Five-hour sessions on the court were not uncommon; neither were his regular appearances in the Long Island Tennis Tournament.

A couple of years ago, Herb Stone realized he didn't feel right. He suffered no pain, but his instincts told him something was amiss.

A trip to the doctor netted nothing. "You're the healthiest guy I know," said the general practitioner after performing routine tests. Unconvinced, Herb took a Saliu Scan Stress Test at New York's North Shore Hospital. After running on a treadmill with four separate inclines, Herb received radioactive material. A battery of wires and machines monitored the flow of material. The specialist gave Herb the news. "You've got serious problems. It's your heart."

Herb sought the expertise of a cardiologist who subsequently performed an angiogram. The verdict

finally came in. "You've got three badly blocked arteries. If it were anyone else, I'd recommend immediate bypass surgery. But you're in such good shape, I'd say watch your diet and change your lifestyle."

Herb brooded over the prognosis. "It was particularly devastating to me," he recalls, "because I had played tennis since I was a teenager. Now I was told never to pick up a racquet."

Not wanting to "vegetate," Herb combed New York libraries for more information on nutrition. He also went to the office of Dr. Jeffrey Fisher in New York.

"I recommended he change his diet," says Dr. Fisher, a recognized expert in preventive medicine and now also Senior Vice President/Medical Director with USA, Inc. in Dallas. "With the help of a nutritionist who worked with me, we designed a dietary plan for Herb. Specifically, we reduced his fat intake and increased the fiber in his diet."

"Then we advised him on exercise and suggested he take vitamin and mineral supplements."

Herb was compliant. "I stayed away from cholesterol and tried to stay as close as possible to natural foods. I still prefer chicken, veal and salads, and occasionally, shellfish. And I depend on USA, Inc.'s Master Formula and Formula Plus."

Eventually Herb resumed his active pace. He now jogs or walks miles every day. This June he returned to tennis with a 90-minute workout — his first effort on courts since his diagnosis.

These days he's also quick to advertise his dietary regimen. His son is at Wharton School of (Philadelphia) and under a lot of pressure. I told him about USA products. At first he was skeptical but not any more. Now he jogs ten miles a day, and his health is improving even though the diagnosis hasn't changed. In fact, the one of his professors gave him an A in an exam — the first professor awarded in 10 years of teaching!"

Herb's comeback was complete when his cardiologist discontinued all medication. Herb: "He told me that with proper diet and exercise, the patient is put on that medication usually for the rest of his life."

"I'm still in a stress-reducing regimen," says Herb, "but I'm back to jogging, walking, eating proper foods, and using the art in nutrition — Master Formula and Formula Plus. There's no need for native to bypass surgery."



DEPARTMENT OF HEALTH & HUMAN SERVICES

PUBLIC HEALTH SERVICE
FOOD AND DRUG ADMINISTRATION
REGION VI

December 12, 1986

REF: 87-DAL-06

OFFICE OF THE REGIONAL
FOOD AND DRUG DIRECTOR
3032 BRYAN STREET
DALLAS, TEXAS 75204-6101
TELEPHONE: 214-707-0317

REGULATORY LETTER

HAND DELIVERED

Mr. Robert M. Adler, II, Chairman
United Sciences of America, Inc.
2724 Realty Road
Carrollton, Texas 75006

Dear Mr. Adler:

An inspection conducted in May 1986 of your facility at the above address and subsequent investigation by the Food and Drug Administration (FDA) has disclosed that your firm is marketing the products Master Formula, Formula Plus, Calorie Control Formula and Fiber Energy Bar. The promotional materials such as printed brochures and a video tape which we have reviewed represent and suggest that these products are useful in preventing and treating serious disease conditions.

Although you refused to provide specific product formulations at the time of our inspection, we conclude, based on our review of other materials, that your products contain in part: Master Formula - vitamins A, C, E, beta carotene, selenium and cysteine, calcium, magnesium, mixed tocopherols, L-glutathione, selenomethionine, L-aurine, PABA (Para Aminobenzoic Acid), Allium Sativum (garlic extract), and bioflavonoids; Calorie Control Formula - protein from various sources, "Ultraprotein" blend, fiber from various sources and fructose; Fiber Energy Bar - fiber from various sources, and Formula Plus - eicosapentaenoic acid (EPA), docosahexaenoic acid (DHA), Allium sativum (garlic extract), D-alpha-tocopherol and ascorbyl palmitate.

A brief review of the labeling available to us indicates that these products are offered as safe and effective for the prevention and/or treatment of conditions such as (examples only)

Master Formula - protects against cellular toxins and pollutants through use of anti-oxidants, antithrombotic effect, eliminates chronic degenerative diseases, reduces blood pressure, protects from cancer, protects from free radicals, reduces risk of rheumatoid arthritis, lowers uric acid levels, utilizes blood sugar better, converts insulin to its active form, stimulates collagen production, has toxic effect against rhinovirus, shortens duration and severity of colds, prevents AIDS, stimulates and strengthens immune system, reduces frequency and severity of asthmatic attacks, helps colitis, reduces the negative effects of estrogen, improves acne, prevents cancer, reduces dangerous free radical diseases such as alcoholism,

EXHIBIT NO. 2

protects lungs from smoke and reduces risk of emphysema, reduces risk of kidney stone formation.

Formula Plus - helps lower blood pressure, provides antithrombotic activity, inhibits breast tumors (in mice), protects tissues from inflammation, won't increase your risk of cancer, has beneficial effects on vision, raises immunity, has beneficial effect on PMS symptoms, prevents cancer.

Calorie Control Formula - reduces insulin response.

Fiber Energy Bar - lowers cholesterol, reduces risk of diabetes, treats diabetes, helps blood sugar, controls hyperglycemia, delays the deterioration of the immune system, prevents AIDS, lowers incidence of heart disease, and stabilizes blood sugar.

Because such labeling includes statements which represent and suggest that the articles are intended to be used in the cure, mitigation, treatment or prevention of disease, or are intended to affect the structure or any function of the body of man, these products are drugs as defined in section (§) 201(g) of the Federal Food, Drug, and Cosmetic Act (the Act). Further, we are unaware of any substantial evidence which demonstrates that these drugs are generally recognized as safe and effective for their intended uses. Accordingly, continued marketing of these drugs constitutes serious violations of the Act as follows:

SECTION

BRIEF DESCRIPTION

502(a)

The articles are misbranded in that their labeling is false and misleading by representations and suggestions that there is substantial scientific evidence to establish that the articles are safe and effective for the prevention or treatment of those conditions specified above, or for any other drug uses.

502(f)(1)

The articles are misbranded in that their labeling fails to bear adequate directions for the uses for which they are represented or suggested, as described above, and they are not exempt from this requirement under regulation 21 CFR 201.115 since the articles are new drugs within the meaning of § 201(p) and no approvals of applications filed pursuant to § 505(b) are effective for the drugs.

The articles are further misbranded in that their labeling does not contain adequate directions for use as this term is defined in 21 CFR 201.5 since most of the conditions for which they are offered are not amenable to self-diagnosis and treatment by the laity; therefore, adequate directions for use cannot be written under which the layman can use these drugs safely and for the purposes for which they are intended.

505(a)

The articles are drugs within the meaning of § 201(g) of the Act which may not be introduced or delivered for introduction into interstate commerce under § 505(a) of the Act, since they are new drugs within the meaning of § 201(p) of the Act and no approvals for applications filed pursuant to § 505(b) are effective for such drugs.

Removal of all statements which represent and suggest that the articles are intended to be used in the cure, mitigation, treatment or prevention of disease, or are intended to affect the structure or any function of the body of man or other animals would transfer your products into the category of foods as defined by § 201(f) of the Act, and the products would then be in violation of Chapter Four of the Act as follows:

SECTION

DESCRIPTION

402(b)(1)

"Fiber Enegy Bar" coded 81396 is adulterated in that our analysis revealed that the product contained less protein per serving (55.2% on original and 63.9% on check analysis) than declared.

403(a)(1)

The products are misbranded in that their labeling bears numerous false and misleading claims regarding alleged properties and functions of vitamins, minerals, other nutrients, and substances (e.g., "vitamin E and selenium have an enhancing or synergistic effect on each other when precisely balanced", "ultra protein blend... provides the highest protein efficiency (P.E.R.) of any plant or seafood source", "calcium may be assimilated almost twice as efficiently in the body if taken in a combined multivitamin form than if taken alone"). There is no scientific evidence to support such claims and no such dietary efficacy has been demonstrated for these nutrients and substances.

403(a) and (j)

The product "Calorie Control Formula" is falsely represented as a "low calorie" drink in that it fails to comply with the requirements of Title 21 CFR 105.66(c) which defines a low calorie food as one which provides no more than 40 calories per serving and no more than 0.4 calories per gram.

403(j)

The products "Calorie Control Formula" and "Master Formula" are represented as hypoallergenic foods, however, their labels fail to bear the information required by Title 21 CFR 105.62.

In addition to these more serious violations our review also shows the following label violations which should receive prompt attention.

Fiber Energy Bar, carton label

1. The term "Fiber Energy Bar" is not an appropriate identity statement for the product. We would not object to the name "A Sweetened Oat, Rice, Barley and Cottonseed Bar" or another sufficiently descriptive name which explains the basic nature of the food, its characterizing properties or ingredients.
2. The nutrition labeling must be declared in the complete format prescribed by Title 21 CFR 101.9.

The declarations of percentage of U.S. RDA's required by § 101.9(c)(7) and the number of servings per container required by § 101.9(c)(2) are not declared on the label.

3. The specific form of the "cottonseed protein" and "chickpea protein" should be declared in the ingredient statement (e.g., "cottonseed protein isolate", "chickpea protein concentrate", or "cottonseed flour").
4. The declaration of dietary fiber content per serving should not be a part of the nutrition labeling but may be declared as a separate statement elsewhere on the label.
5. "Carrot fiber" and "yucca fiber" and "apple bran" are not common or usual names of any food ingredient.
6. Guar gum is permitted to be added to foods under the provisions of Title 21 CFR 184.1339. Guar gum may be used as an emulsifier, a stabilizer, thickener and formulation aid at the specific levels stated in the regulation. There is no provision for its use as a source of fiber.

The specific form of the cellulose used is not declared in the ingredient statement however, sodium carboxymethylcellulose is regulated by Title 21 CFR 182.1745 and methycellulose is regulated by Title 21 CFR 182.1480. Although there are no explicit restrictions on their uses in foods, the data which formed the basis for these regulations did not include its use as a source of fiber.

We therefore, conclude that the addition of guar gum, and methycellulose or sodium carboxymethylcellulose (if they are being used in the product) for the purpose of adding fiber is not in compliance with the applicable regulations. If you wish to pursue this matter, you may wish to submit a petition under Title 21 CFR 170.35 or 171.1 for the use of these substances as sources of fiber.

7. The specific source of the lecithin should be declared in the ingredient statement as required by Title 21 CFR 101.4(b) (e.g. "soy lecithin").

8. The type size of the ingredient statement, manufacturer's name, and nutrition information fail to meet the minimum 1/16 inch height requirements of Title 21 CFR 101.2(c).
9. The type size of the quantity of contents statement fails to meet the minimum 1/8 inch height requirement of Title 21 CFR 101.105(i)(2).

Formula Plus

1. Eicosapentanoic acid (EPA) and docosahexaenoic acid (DHA) are not deemed to be generally recognized as safe nor are there present food additive regulations which prescribe conditions for their safe use in foods.
2. You should be aware that we expect to soon publish a proposal regarding the use of health claims on food labels in the Federal Register. The present claims on the label regarding the usefulness of EPA and DHA in the diet may need to be revised in accord with the provisions of the proposed policy statement.
3. The EPA, DHA, and allium sativum (garlic) should not be declared in terms of potency (milligrams) because they are not essential and therefore, are not dietary supplements. They should be declared only in the ingredient statement in descending order of predominance by weight.
4. Carob is not presently permitted for use in foods as a color. In addition, the statement "colored naturally with carob" is incorrect. Since all added colors result in an artificially colored food, we object to the declaration of any added color as natural.

Calorie Control Formula

1. The percentage of U.S. RDA of phosphorus in the nutrition labeling is not declared to the nearest 5 percent increment as required by Title 21 CFR 101.9(c)(7)(i).
2. The individual ingredients of the "surimi" must be declared in the ingredient statement; either parenthetically or separately in descending order of predominance by weight as required by Title 21 CFR 101.4(b)(2).
3. The terms "Apple Fiber" and "Yucca Fiber" are not appropriate common or usual names for food ingredients. The common or usual name of the specific ingredients used must be declared in the ingredient statement.

4. The specific source of the lecithin should be declared in the ingredient statement (e.g. "soy lecithin").
5. The term "French Vanilla" is an inappropriate flavor designation for the product.
6. The declaration of fiber per serving should not be a part of the nutrition labeling format, but may be declared as a separate statement on the label.

Master Formula

1. The principal display panel fails to bear an identity statement (e.g. "Dietary Supplement of _____" or "Multivitamin - Multimineral Supplement").
2. Bioflavonoids, PABA (para aminobenzoic acid), and allium sativum (garlic) are not essential nutrients and therefore should not be declared in terms of potency (milligrams) but should be declared in the ingredient statement in descending order of predominance.
3. Taurine is not deemed to be generally recognized as safe, nor is there a present food additive regulation which prescribes conditions for its safe use in foods. If you have information which demonstrates its safety, this information should be submitted in the format of a food additive petition, Title 21 CFR 171.1, or a petition for generally recognized as safe status, Title 21 CFR 170.30.

The violations listed above are not intended to be all-inclusive. It is your responsibility to market products which are in full compliance with the Act.

We request that you schedule a meeting with Daniel L. Michels, Director, Office of Compliance, Center for Drugs and Biologics, Rockville, MD 20855, telephone number 301-295-8054, within ten (10) days of your receipt of this letter to inform us of what action you intend taking to bring your products into compliance with the law. If corrective action is not undertaken promptly, FDA is prepared to initiate legal action to enforce the law. The Act provides for seizure of violative products or injunction against the manufacturer or distributor of these products (21 USC 332 and 334).

Sincerely yours,



DONALD C. HEALTON
Regional Director
Food and Drug Administration

cc: Jerrie Leonard, President

EXHIBIT NO3

USA, Inc. Profit Plan Introduction

United Sciences of America, Inc. has meticulously created a compensation plan designed to meet two objectives: (1) to provide Independent Associates with lucrative financial rewards, and (2) to ensure corporate growth and long term stability.

The USA, Inc. Profit Plan is both fair and generous. It is well-grounded in rewards, incentives and bonuses for everyone—from the newest Associate to the top Presidential Director.

USA, Inc. offers men and women from all walks of life a dual financial opportunity: the opportunity to earn income by selling products at the retail level, and the chance to share the USA, Inc. business opportunity with others.

All Independent Associates begin their relationships with USA, Inc. by being sponsored into the company by other Independent Associates. From that point on, they earn their income, award level and special privileges through their own honest, dedicated efforts.

The USA, Inc. nutritional products can be purchased from authorized USA, Inc. Independent Associates at the suggested retail price. This system rewards Independent Associates for introducing new people to the USA, Inc. Nutritional Plan. After retail customers have become involved with this plan, and have explored the part time and career opportunities in USA, Inc., they may complete and submit an Independent Associate Application form with the help of their sponsoring USA, Inc. Independent Associate.

Upon acceptance of the application, the retail customer becomes an Independent Associate in his or her own right, and may purchase USA, Inc. products at wholesale prices and sell them at retail prices. The suggested retail price of USA, Inc. products reflects 25-35 percent mark-up. This creates immediate retail earnings for the Independent Associate. Retailing is an important aspect of the USA, Inc. Profit Plan.

Through the income opportunities provided by the Start Up Plan—a combination of retail profits and monthly bonuses earned by sharing this opportunity with others—Independent Associates can earn extra income or offset the cost of the nutritional products purchased for their own use.

USA, Inc. offers a positive Profit Plan that works *with* you and *for* you. It is your road to health, independence and financial opportunity.

PROFIT PLAN

Start Up Plan

You can begin by sponsoring three new Independent Associates into the USA, Inc. team (we will call them your first level Associates). You then help each of these 3 people sponsor three of their friends. This will give you a total of 9 Independent Associates in your second level. If each of you (as a team of three) help those 9 people sponsor three friends each, you will have 27 Independent Associates in your third level.

This is how your group (or network) would grow

You sponsor	3	your first level Associates
X	3	
	9	your second level Associates
X	3	
	27	your third level Associates

Adding up each level in your group (3 in your first level, 9 in your second level, and 27 in your third level) you have a total of 39 Independent Associates in your USA, Inc. network. You have sponsored only 3 people personally, yet your network has grown to 39 people!

Personal Wholesale Volume (PWV)	\$100
Level	Bonus
1	2%
2	3%
3	3%

United Sciences of America, Inc. pays you a monthly bonus on your Group Volume (GV). Based on the following numbers of your Associates purchasing \$100 of product every month, your bonuses would be as follows:

Number of Distributors	Group Volume	Bonus	Amount
3	\$ 300	2%	\$ 600
9	\$ 900	3%	\$ 2700
27	\$2700	3%	<u>\$ 8100</u>
		Total Bonuses	\$11400

Total Bonuses

The Start Up Plan offers you the opportunity to earn extra income and enjoy the USA, Inc. nutritional formulas month after month. At the same time, you can offset the out of pocket cost of the formulas. Here's how it works:

Monthly Nutritional Plan/Wholesale Cost	Retail Cost	Retail Profit
1 Master Formula	\$26.00	\$35.00
1 Formula Plus	\$16.50	\$21.50
2 Calorie Control Formulas	\$20.00	\$29.00
Total	\$62.50	\$85.50
		\$23.00

As an example, if you retail just one Nutritional Plan per month (as outlined above), you can earn a retail profit of \$23.00

Monthly bonus	\$11400
Income from retail sales	\$ 8550
Total Gross Income	\$19950
Less wholesale product cost (personal use).	\$ 6250
Net Earnings less Nutritional Plan.	\$ 7450

As you can see in the example, by sponsoring Independent Associates and selling the plan to just one customer per month, you can cover the cost of your lifetime USA, Inc. Nutritional Plan. And additional monthly earnings can be used as discretionary income or to obtain additional USA, Inc. products for your spouse or family.

Career Plan

The Career Plan consists of the following 3 phases:

- I Associate
- II Supervisor
- III Leadership

This plan features one of the most extraordinary financial opportunities developed in American business, meeting the needs of the career-minded professional looking for a lucrative and rewarding lifetime business. Professor Max Albion, Ph.D., of the Harvard Business School has structured management and leadership bonuses as motivating incentives that will build USA, Inc. into an American institution.

**PHASE I –
ASSOCIATE**

The USA, Inc. Career Plan rewards its Associates with the following Phase I bonuses:

If your Personal Wholesale Volume is:

YOU RECEIVE

\$100

\$250

\$400

\$500

Level One

Level Two

Level Three

Level Four

Level Five

4%

496

4%

Associate Bonuses Are Permanent

Continuing income is assured by maintaining the required monthly minimums—an important feature of the Profit Plan. As an active Associate, you will receive your bonuses regardless of the status you achieve or the status achieved by any Independent Associate in your USA, Inc. organization. You may or may not choose to qualify as an active Associate on any given month. This is your choice. If you order less than \$100 Personal Wholesale Volume you will not qualify for a bonus that month, but you can still qualify for bonuses the next month simply by meeting the \$100 Personal Wholesale Volume requirement for "activity."

PHASE II- SUPERVISOR BONUSES

As you learn more about the opportunity offered by the USA, Inc. Profit Plan, it is natural for you to want to advance. The first promotion is that of Supervisor. As a Supervisor, you are eligible to receive an additional 4-6% bonus on your USA, Inc. Group Volume. You will continue to receive your Associate bonuses based on your Personal Wholesale Volume. You receive your 4% or 6% Supervisor bonus on the month following qualification.

Total Group Volume

Bonus

\$2,000 to \$9,999

+4%

OR

\$10,000 and up

+6%

QUALIFICATIONS FOR SUPERVISOR

Three months to Supervisor

- You must wait a minimum of two months and one day from the date the Associate application is received at the USA, Inc. corporate headquarters.
- You must personally purchase \$100, \$200 and \$300 or more in each of three consecutive calendar months prior to qualification.
- You must personally sponsor at least 5 separate legs each containing a minimum of one active Associate in your first or second level.
- You must have at least 18 active Associates in your total organization.
- You must have a Group Volume of \$1,000, \$2,000, \$3,000 or more in each of the three consecutive months prior to qualification.

OR

Fast Start to Supervisor

An Associate may also qualify for promotion to the Supervisor status on the first day of the month after attaining *all* the following qualifications during the preceding month:

- a minimum of \$1,000 in Personal Wholesale Volume.
- a minimum of \$10,000 in Total Group Volume.
- 5 personally-sponsored first level active Associates.
- a total of 50 active Associates within your personal group.

(NOTE: Sponsor 5 first level active Associates and build an organization of 45 additional active Associates within your personal group, with each Associate maintaining a minimum of \$100 or more product in the qualifying month.)

REQUIREMENTS TO MAINTAIN SUPERVISOR STATUS

- To continue receiving the 4% 6% bonuses on your Total Group Volume at the Supervisor level, you must purchase a minimum of \$100 of product each month in Personal Wholesale Volume.
- You must maintain a \$2,000 minimum Group Volume. This does not include the Group Volume of promoted Supervisors in your organization.
- After three months of personal inactivity, an Independent Associate will lose his/her Supervisor status.

PHASE III- LEADERSHIP BONUSES

Leadership Awards and Bonuses

As you progress in Phase III of the Profit Plan, many exciting rewards are able to you. When you have developed Supervisors within your organization, these groups form "promoted Supervisors." You will receive Leadership Bonuses on all promoted Supervisors which spring from your organization.

Leadership Bonuses will be based on the actual status for which you qualify during each month. For example, even though you have attained the Senior Director status in a previous month, suppose this month several of your Supervisors did not maintain their qualification. If you have 3 qualified Supervisors in your level with a total of 7 in your first 3 levels, you would qualify to be paid as if you were a Director.

By helping your Supervisors remain active and qualified and continue to develop new Associates, you can be assured of continued success in Phase III of the plan.

In addition to the Leadership Bonus, you will continue to receive the Phase bonuses on all first, second, third, fourth, and fifth Associate levels, depending on your Personal Wholesale Volume (retail sales).

LEADERSHIP LEVELS AND BONUSES

	Manager	Senior Manager	Director	Senior Director	Executive Director	President/Director
Level One	5%	5%	5%	5%	5%	5%
Level Two	4%	4%	4%	4%	4%	5%
Level Three		3%	4%	4%	4%	5%
Level Four				3%	4%	5%
Level Five					4%	5%

QUALIFICATION:

Number of qualified front-line Supervisors (1st generation)

Number of qualified Supervisors in group

Personal Wholesale Volume required to qualify for Phase III bonus.

Group Volume required to qualify for Phase III bonus.

Personal Volume required to earn 4% (five levels) from Phase I

Leadership bonuses are paid on Personal Group Volume

1	2	3	4	5	5
1	3	7	11	20	30
100	100	100	100	100	1
1000	750	500	250	100	1
500	400	250	250	100	

Leadership Qualifications

1. To achieve the status of Manager, you must develop 1 qualified first generation Supervisor. You must also maintain a Group Volume of \$1,000 (excluding your promoted Supervisors), and have a \$100 Personal Wholesale Volume each month (retail sales).
2. To achieve the Senior Manager status, you must develop 3 qualified Supervisors within your first three generations, of which at least 2 qualified Supervisors are in your first Generation. You must also maintain a \$750 Group Volume (excluding your promoted Supervisors) and have a \$100 Personal Wholesale Volume (retail sales).
3. To achieve the Director status, you must develop 7 qualified Supervisors within your first 3 generations, of which at least 3 qualified Supervisors are in your first generation. You must also maintain a \$500 Group Volume (excluding your promoted Supervisors) and have a \$1000 Personal Wholesale Volume (retail sales).
4. To achieve the Senior Director status, you must meet the qualification of a Director and have 11 or more qualified Supervisors within your first 4 generations, 4 of which are first generation qualified Supervisors. You must also maintain a \$250 Group Volume (excluding your promoted Supervisors) and have a \$100 Personal Wholesale Volume (retail sales).
5. To achieve the Executive Director status, you must meet the qualification of a Senior Director and develop 9 more qualified Supervisors within 5 generations, for a total of 20 qualified Supervisors within your first 5 generations, of which at least 5 qualified Supervisors are first generation. You must also maintain a \$100 Group Volume (excluding your promoted Supervisors) with \$100 Personal Wholesale Volume (retail sales).

6. To achieve Presidential Director status, you must (a) meet the qualification of Executive Director and develop 15 more qualified Supervisors for a total of 35 Supervisors within 5 generations of which at least 5 qualified Supervisors are first generation, or (b) meet the qualifications for Executive Director status and develop a total of 30 qualified Supervisors within the first 5 generations (of which at least 10 qualified Supervisors are in the first generation). You must also maintain a \$100 Group Volume. In addition to the Leadership Bonus, you will continue to receive the Phase I bonuses on all first, second, third, fourth, and fifth Associate levels depending upon your Personal Wholesale Volume (retail sales).

After three months of personal inactivity, an Associate will lose his or her Leadership status.

Disqualifications

Any Compensation Plan that is designed for growth and long term performance must have targets and maintenance requirements. Without maintenance requirements, research shows that productivity will not reach its maximum levels. Low productivity penalizes everyone in the total business effort, and fosters mediocrity and discouraging performances.

An Independent Associate is disqualified when he/she does not have \$100 minimum Personal Wholesale Volume for 3 consecutive months.

The disqualification procedure is as follows:

After three (3) consecutive months of inactivity, the computer will *skip over* the inactive Associate or Supervisor, paying the upline sponsors as if the inactive Associate or Supervisor had been removed from the computer. If the inactive Associate places a \$100 minimum order during the next 3 months, he/she will automatically regain his/her status and immediately become eligible for Phase I income. If the inactive Associate does not place this minimum order, his/her name will be removed from the line of sponsorship and his/her downline will permanently *move up* to his/her sponsor. In the case of Supervisors who are unqualified for a period of 3 months, group volume will *roll up* to the first qualified Supervisor as if the unqualified Supervisor had been removed from the computer. Supervisor bonuses (Phase II) will therefore roll up. If at any future time the unqualified Supervisor becomes qualified, the roll-up will discontinue.

USA, Inc. Retirement Plan

The opportunity to grow both personally and as a leader with USA, Inc. includes the unique option of a continuing "retirement" income.

An Associate who achieves the position of Presidential Director and carries the responsibility for two years may retire—and continue to receive all earned bonuses for life. This includes having no requirement for either Group Volume or Personal Wholesale Volume each month. This option for retirement is the ultimate benefit in the USA, Inc. Profit Plan. Those who retire will certainly have earned the privilege because they will have enjoyed an incredibly successful sales career with USA, Inc.

Definitions

Because we use various terms with which you may not be familiar, we now list specific definitions for them.

Active Associate: An Associate who orders from the company at least \$100 in Personal Wholesale Volume each calendar month. USA, Inc. bonuses are paid only to "Active Associates."

Associate Bonuses: As an Active Associate, you receive bonuses on the "Personal Wholesale Volume" generated by all of the Independent Associates in your organization as defined in Phase I.

Director: A Leader who has developed 7 Supervisors within his/her first four generations. At least four must be in the first generation.

Executive Director: A Leader who has developed 20 Supervisors within his/her organization, at least five of whom are in the first generation.

Generation: In Phase III the first downline Supervisor in each leg represents the first "generation," or generation Supervisor. The next downline Supervisor below each first generation Supervisor is called the second "generation," etc.

Inactive Associate: An Associate who maintains less than the minimum \$100 Personal Wholesale Volume.

Independent Associate (Associate): An individual whose application has been approved by USA, Inc. An Associate has the right to retail USA, Inc. formulas and to sponsor other retailing Associates. The term "Independent Associate" is usually used to refer to all individuals at all levels of achievement in the marketing structure.

Leader: A Supervisor who has developed other Supervisors within his/her organization.

Leadership Bonuses: Bonuses paid to Leaders on the Personal Group Volume of their promoted Supervisors.

Leg: A downline organization beginning from each of the first level Associates you have personally sponsored.

Manager: A Leader who has developed 1 first generation Supervisor.

PWW: An Abbreviation for Personal Wholesale Volume of your personal wholesale purchases each calendar month.

Presidential Director: A Leader who has developed 40 or more Supervisors within his/her organization, at least 10 of whom are in the first generation.

or
A Leader who has developed 40 or more Supervisors within his/her organization, at least 5 of whom are in the first generation.

Qualified Supervisor: A Supervisor who has met his/her minimum Personal Wholesale Volume and minimum Group Wholesale Volume.

Roll up: When an Associate is "inactive" for four or more months, his/her bonus will "roll up" to the first qualified upline sponsor. That sponsor's bonus will, in turn, roll up to his/her next qualified upline sponsor, and so on. Bonuses will be computed as if the inactive Associate no longer was in the organization.

Senior Director: A Leader who has developed 11 Supervisors within his/her first four generations. At least four must be in the first generation.

Senior Manager: A Leader who has developed 3 Supervisors within his/her first three generations, at least two of which are first-generation Supervisors.

Sponsoring: The act of an Independent Associate introducing and supporting another person who is accepted by USA, Inc. as an Independent Associate.

Supervisor: An Independent Associate who has met the USA, Inc. qualifications to reach the Supervisor status.

Supervisor Bonus: Bonus paid to a Supervisor on his/her personal Group Volume.

Total Group Volume: The total accumulated Personal Wholesale Volume of all Independent Associates in your personal group.

Unqualified Supervisor: A Supervisor who has not met his/her Personal Wholesale Volume and minimum Group Wholesale Volume.

Wholesale Cost: The amount that Independent Associates pay for USA, Inc.'s products.

Your First-Level Associates: All Independent Associates sponsored personally by you.

Your Second-Level Associates: All Independent Associates sponsored by your first-level Associates.

Your Third-Level Associates: All Independent Associates sponsored by your second level Associates.

Your Fourth-Level Associates: All Independent Associates sponsored by your third level Associates.

Your Fifth-Level Associates: All Independent Associates sponsored by your fourth level Associates.

Your Organization: All Associates sponsored by you and your downline INCLUDING the personal groups of your promoted Supervisors.

Your Personal Group: All Associates sponsored by you and your downline EXCLUDING the personal groups of promoted Supervisors. There is no limit to the depth of your personal group.

1 JOHN K. VAN DE KAMP, Attorney General
of the State of California
2 HERSCHEL T. ELKINS,
Senior Assistant Attorney General
3 ALBERT NORMAN SHELLEN,
Supervising Deputy Attorney General
4 M. HOWARD WAYNE, Deputy Attorney General
110 West A Street, Suite 700
5 San Diego, California 92101
Telephone: (619) 237-7754
6
7 Attorneys for Plaintiff

F I L E
Robert D. Zumwalt, Clerk
OCT - 9 1987
By R. HENDERSON
DEPUTY

8 SUPERIOR COURT OF THE STATE OF CALIFORNIA
9 COUNTY OF SAN DIEGO

10 THE PEOPLE OF THE STATE OF CALIFORNIA,) No. 580754
11)
Plaintiff,) STIPULATION FOR
12) FINAL JUDGMENT
v.) AND PERMANENT
13) INJUNCTION
14 UNITED SCIENCES OF AMERICA, INC., et al.)
Defendants.)
15 _____)

16 Plaintiff, the People of the State of California,
17 appearing through its attorney John K. Van de Kamp, Attorney
18 General of the State of California, by Albert Norman Shelden,
19 Supervising Deputy Attorney General; and defendants United
20 Sciences of America, Inc., Robert M. Adler II, Joseph S.
21 Ventura, David Lough, Jeffrey Fischer and Haydon Cameron,
22 appearing individually and through their counsel, Ravkind, Rolfe
23 and Baccus-Lobel, by Cheryl Wattley; and defendant Jerris
24 Leonard appearing pro per; do hereby stipulate and consent to

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1.

1 the signing and entry by this court of the Permanent Injunction
2 and Final Judgment attached hereto as Exhibit "A."

3 Dated: June 18, 1987

Robert M. Adler II
ROBERT M. ADLER II, Individually

UNITED SCIENCES OF AMERICA, INC.
a Delaware Corporation

7 Dated: June 18, 1987

By: Robert M. Adler II
ROBERT M. ADLER II, Chairman

9 Dated: June 18, 1987

Joseph S. Ventura
JOSEPH S. VENTURA, Individually

11 Dated: August 17, 1987
~~June~~ 17, 1987

David Lough
DAVID LOUGH, Individually

13 Dated: Aug 21
June 21, 1987

Jeffrey Fischer
JEFFREY FISCHER, Individually

15 Dated: July 10, 1987
~~June~~ 10, 1987

Haydon Cameron
HAYDON CAMERON, Individually

RAVKIND, ROLFE & BACCUS-LOBEL

19 Dated: Aug 22, 1987
~~June~~ 22, 1987

By: Cheryl B. Wattley
CHERYL B. WATTLEY,
Attorneys for defendants,
USA, Inc., Robert M. Adler II,
Joseph S. Ventura, David Lough,
Jeffrey Fischer and Haydon
Cameron

/

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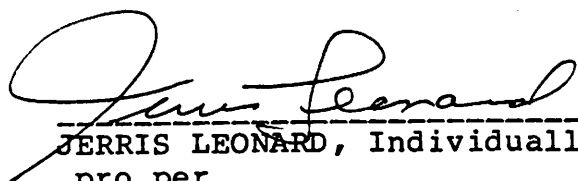
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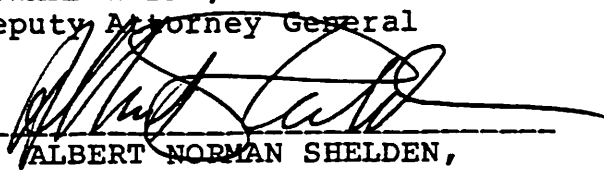
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Dated: ^{Aug}~~June~~ 24, 1987


JERRIS LEONARD, Individually
pro per

JOHN K. VAN DE KAMP,
Attorney General
HERSCHEL T. ELKINS, Senior
Assistant Attorney General
M. HOWARD WAYNE,
Deputy Attorney General

Dated: ^{September}~~June~~ 10, 1987

By: 
ALBERT NORMAN SHELDEN,
Supervising Deputy Attorney
General

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Filed
10/9/87

SUPERIOR COURT OF THE STATE OF CALIFORNIA
COUNTY OF SAN DIEGO

THE PEOPLE OF THE STATE OF CALIFORNIA,)	No. 580754
)	
Plaintiff,)	
)	PERMANENT
v.)	INJUNCTION AND
)	FINAL JUDGMENT
UNITED SCIENCES OF AMERICA, INC., et al.)	
)	
Defendants.)	
<hr/>		

Plaintiff, the People of the State of California, acting by and through John K. Van de Kamp, Attorney General of the State of California, having filed their complaint herein; defendants United Sciences of America, Inc., (hereinafter "USA"), Robert M. Adler II, Jerris Leonard, Joseph S. Ventura (served herein as Doe 1), David Lough (served herein as Doe 2), Jeffrey Fischer (served herein as Doe 3), and Haydon Cameron, having been served with summons and a copy of the complaint filed herein; and plaintiff appearing through its attorney John K. Van de Kamp, Attorney General of the State of California, by Albert Norman Sheldon, Supervising Deputy Attorney General; and defendants United

1.

EXHIBIT A

1 Sciences of America, Inc. (hereinafter "USA"), Robert M.
2 Adler II, Joseph S. Ventura, David Lough, Jeffrey Fischer and
3 Haydon Cameron, appearing individually and through their
4 counsel, Ravkind, Rolfe and Baccus-Lobel, by Cheryl Wattley;
5 and defendant Jerris Leonard appearing pro per; plaintiff and
6 defendants having stipulated and consented to the entry of
7 this Permanent Injunction and Final Judgment without the
8 Final Judgment constituting evidence or an admission of any
9 kind by defendants regarding any issue or fact alleged in the
10 complaint and without said defendants admitting any liability
11 herein; and

12 The court having considered the pleadings and other
13 documents filed in this case and good cause appearing
14 therefrom:

15 IT IS THEREFORE ORDERED, ADJUDGED AND DECREED that:

16 I

17 This court has jurisdiction of the subject matter
18 and the parties hereto.

19 II

20 Defendants USA, Robert M. Adler II, Joseph S.
21 Ventura, David Lough, Jeffrey Fischer, and Haydon Cameron,
22 and their officers, directors, employees, agents,
23 representatives, successors and assignees and all persons,
24 corporations, or other entities acting by, through, or on
25 behalf of said defendants, and all persons acting in concert
26 or participating with said defendants, or any of them, are
27 hereby permanently enjoined and restrained from engaging in

1 or performing, directly or indirectly, any and all of the
2 following acts:

3 1. Using or causing to be used any advertising
4 materials promoting USA's products and/or marketing plan
5 (including, but not limited to, videos and printed
6 literature) which bear a copyright date of 1986 or earlier.

7 2. Misrepresenting the role that any
8 individual or group of individuals, including, but not
9 limited to, USA's Scientific Advisory Board or any member
10 thereof, has played, is playing, or will play in the
11 development, modification, testing or formulation of USA's
12 products or nutritional plan or its marketing plan.

13 3. Representing or implying that statements
14 made by any individual or group of individuals, including but
15 not limited to defendant USA's Scientific Advisory Board,
16 were made about defendant USA's actual products unless such
17 statements were in fact made specifically about defendant
18 USA'S product(s) and defendants have written authority from
19 such individual or group of individuals to use the
20 representation in the manner and for the purpose for which
21 defendants are using it.

22 4. Representing or implying that any of
23 defendant USA's products have the sponsorship or approval of
24 the American Heart Association, the National Academy of
25 Sciences, the American Cancer Society or any other
26 organization, unless defendant USA has written authority from

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1 such organization to use that organization's name for the
2 purpose for which it is used.

3 5. Representing that defendant USA's products
4 "assure total nutritional synergy and balance" unless
5 defendants also clearly and conspicuously inform potential
6 users of defendant USA's products that one cannot obtain
7 proper nutritional balance solely by taking these products,
8 but that users must also take into consideration the food
9 that one ingests.

10 6. Making any untrue or misleading statements
11 in violation of Business and Professions Code section 17500
12 or Health and Safety Code section 26460 concerning any of
13 defendant USA's products in any advertisement or in any
14 communication to a distributor or potential distributor or to
15 a purchaser or potential purchaser of defendant USA's
16 products.

17 7. Violating Health and Safety Code section
18 26461 by manufacturing, selling, delivering, holding or
19 offering for sale, or giving away food or drug products of
20 USA which are advertised through the use of untrue or
21 misleading representations.

22 8. Selling or delivering a new drug, as
23 defined in Health and Safety Code section 26021, prior to
24 complying with the requirements of Health and Safety Code
25 section 26670(a) or (b).

26 9. Representing, except as permitted by law,
27 that any USA product has an effect on: blood disorders;

1 cancer; diabetes; heart and vascular diseases; high blood
2 pressure; infectious and parasitic diseases; injury;
3 neoplasms; endocrine, nutritional and metabolic diseases;
4 immunity disorders (e.g., AIDS); mental disorders; diseases
5 of the circulatory system, respiratory system, digestive
6 system; diseases of the skin or subcutaneous tissue;
7 poisoning; diseases of the nervous system and sense organs;
8 complications of pregnancy, childbirth, and the puerperium;
9 diseases of the musculoskeletal system and connective tissue;
10 congenital anomalies; conditions originating in the prenatal
11 period; diseases of the genitourinary system; and, symptoms,
12 signs, and ill-defined conditions.

13 10. Representing or implying that any USA
14 product diagnoses, cures, mitigates, treats or prevents
15 disease if the product is a "new drug" as defined in Health
16 and Safety Code section 26021 unless defendants have first
17 complied with the requirements of Health and Safety Code
18 section 26670(a) or (b), and the representations made for
19 such product complies with the provisions of Health and
20 Safety Code sections 26660 and 26661.

21 11. Selling or offering for sale any product
22 of defendant USA which is a drug unless it is safe and
23 effective for its stated purposes or any product which is a
24 food unless it is safe and defendants have substantial
25 evidence to support the claims made for such product, whether
26 a drug or food.

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1 12. Representing through the use of
2 testimonials, whether in printed, oral, live, video or
3 broadcast format, the experience the individual giving the
4 testimonial had with one or more of defendant USA's products
5 unless such experience reflects the typical or ordinary
6 experience of users of the product or products and defendants
7 have substantial evidence to support the typicality of the
8 experience.

9 13. Using testimonials of or endorsements for
10 any USA product by public figures, whether in printed, oral,
11 live, video, or broadcast format, which represent or imply
12 that such public figures use or endorse defendants'
13 product(s) unless said individual does in fact use
14 defendants' product(s) and the testimonials and/or
15 endorsements fully comply with Title 16 Code of Federal
16 Regulations Section 225, attached hereto as Attachment A and
17 incorporated as if fully set forth herein. Further, if such
18 individual is receiving remuneration of any type whatsoever
19 for his or her testimonial or endorsement that fact shall be
20 clearly and conspicuously disclosed each time the testimonial
21 or endorsement is used.

22 14. Making any representation with respect to
23 defendant USA's marketing plan or the amount of money a
24 specific participant or participants in USA's marketing plan
25 have earned by the use of testimonials or articles about
26 participants, whether in printed, oral, live, video or
27 broadcast format, unless the experience related or the

1 amounts earned are the typical or ordinary experience of
2 participants in USA's marketing plan and such defendants
3 have, and keep for three years after making the
4 representation, accurate books and records which substantiate
5 the typicality of the represented experience.

6 15. Making any representation with respect to
7 any specific goals for participants in USA's marketing
8 program relating to: (a) the number of new customers or new
9 participants a participant may obtain within a specific time
10 period; or (b) an amount of money a participant may earn
11 through bonuses and overrides unless the goals represented
12 are the typical or ordinary experience of participants in
13 defendant USA's marketing plan and defendants have, and keep
14 for three years after making the representation, accurate
15 books and records which substantiate the typicality of the
16 represented experience.

17 16. Using testimonials or endorsements of
18 public figures whether in printed, oral, live, video or
19 broadcast format, which represent or imply that such public
20 figure has first hand knowledge relating to the financial
21 opportunity becoming a participant in USA's marketing plan
22 offers, unless such individual is personally a participant in
23 USA's marketing plan, has earned an amount as a participant
24 commensurate with the representation being made and if such
25 individual is receiving remuneration of any type whatsoever,
26 other than that earned as a participant in defendants'
27 marketing plan, for his or her testimonial or endorsement,

1 that fact is clearly and conspicuously disclosed each time
2 the testimonial or endorsement is used.

3 17. Violating Health and Safety Code section
4 26550 by manufacturing, selling, delivering, holding or
5 offering for sale any misbranded product.

6 18. Violating Health and Safety Code section
7 26461.5 by advertising any products for sale which are
8 misbranded.

9 19. Selling, delivering, offering for sale,
10 holding for sale, or giving away any of USA's (1) Master
11 Formula, (2) Calorie Control Formula, (3) Fiber Energy Bar,
12 (4) Formula Plus or (5) Youth Formula.

13 20. Soliciting or accepting any money or
14 payment of any kind from any person who has sold or purchased
15 any of defendant USA's products.

16 21. Representing, directly or indirectly, that
17 the State of California, the Attorney General, or any other
18 agency of the State of California has approved or will
19 approve the products, acts, practices, forms or methods of
20 solicitation of any defendant. Provided, however, defendants
21 may represent after the entry of this judgment, that the
22 action evidenced by the complaint on file herein, has been
23 settled and is no longer pending.

24 III

25 Defendants USA, Robert M. Adler II, Joseph S.
26 Ventura, David Lough, Jeffrey Fischer, and Haydon Cameron,
27 and their officers, directors, employees, agents,

1 representatives, successors and assignees and all persons,
2 corporations, or other entities acting by, through, or on
3 behalf of said defendants, and all persons acting in concert
4 or participating with said defendants, or any of them, are
5 hereby permanently enjoined and restrained from engaging in
6 or performing, directly or indirectly, any and all of the
7 following acts:

8 1. Establishing, maintaining, preparing, operating
9 or continuing a marketing plan which is violative of Penal
10 Code section 327, including a multi-level marketing
11 plan or a distribution system for the disposal or
12 distribution of any product(s):

13 (a) Whereby a participant in the plan or
14 system pays a valuable consideration for the
15 chance, in whole or in part, to receive, either
16 directly or indirectly, compensation based on other
17 than retail sales for introducing one or more
18 additional persons into participation in the
19 marketing program or for the chance to receive
20 compensation, either directly or indirectly, when
21 the participant introduces a new participant into
22 the marketing program.

23 (b) Whereby the plan pays or participants
24 receive any compensation, however denominated
25 (including but not limited to "commissions,"
26 "bonuses," "overrides," "leadership bonuses," or
27 any term of similar import), unless such

1 compensation is based upon the actual retail sale
2 of products to the public.

3 (c) Whereby a participant can obtain any
4 specific level in the distribution system based
5 upon criteria other than the amount of retail sales
6 made by either the participant or person(s)
7 introduced into the marketing program by the
8 participant.

9 The term "retail sale" as used in this paragraph 9
10 means a sale (i) to persons who are not part of the
11 marketing plan or distribution system or (ii) to persons who
12 are not buying to become part of the marketing plan or
13 distribution system or (iii) to persons who, although a part
14 of the marketing plan or distribution system, are not buying
15 for purposes of advancement, increased bonuses, or to meet a
16 purchase or sale quota requirement but are buying for their
17 own personal or family use.

18 2. Violating Health and Safety Code section 26461
19 by manufacturing, selling, delivering, holding or offering
20 for sale, or giving away food or drug products which are
21 advertised through the use of untrue or misleading
22 representations.

23 3. Selling or delivering a new drug, as defined in
24 Health and Safety Code section 26021, prior to complying with
25 the requirements of Health and Safety Code section 26670(a)
26 or (b).

27 /

1 4. Selling or offering for sale any product which
2 is a drug unless it is safe and effective for its stated
3 purposes or any product which is a food unless it is safe and
4 defendants have substantial evidence to support the claims
5 made for such product, whether a drug or food.

6 5. Misrepresenting either (a) the extent or volume
7 of sales of products or, (b) numbers of persons who sell such
8 products.

9 6. Representing, except as permitted by law, that
10 any product has an effect on: blood disorders; cancer;
11 diabetes; heart and vascular diseases; high blood pressure;
12 infectious and parasitic diseases; injury; neoplasms;
13 endocrine, nutritional and metabolic diseases; immunity
14 disorders (e.g., AIDS); mental disorders; diseases of the
15 circulatory system, respiratory system, digestive system;
16 diseases of the skin or subcutaneous tissue; poisoning;
17 diseases of the nervous system and sense organs;
18 complications of pregnancy, childbirth, and the puerperium;
19 diseases of the musculoskeletal system and connective tissue;
20 congenital anomalies; conditions originating in the prenatal
21 period; diseases of the genitourinary system and symptoms,
22 signs, and ill-defined conditions.

23 7. Representing or implying that any product
24 diagnoses, cures, mitigates, treats or prevents disease if
25 the product is a "new drug" as defined in Health and Safety
26 Code section 26021 unless defendants have first complied with
27 the requirements of Health and Safety Code section 26670(a)

1 or (b), and the representations made for such product
2 complies with the provisions of Health and Safety Code
3 sections 26660 and 26661.

4 8. Representing through the use of testimonials,
5 whether in printed, oral, live, video or broadcast format,
6 the experience the individual giving the testimonial had with
7 one or more products unless such experience reflects the
8 typical or ordinary experience of users of the product or
9 products and defendants have substantial evidence to support
10 the typicality of the experience.

11 9. Using testimonials of or endorsements for any
12 product by public figures, whether in printed, oral, live,
13 video, or broadcast format, which represent or imply that
14 such public figures use or endorse the product(s) unless said
15 individual does in fact use the product(s) and the
16 testimonials and/or endorsements fully comply with Title 16
17 Code of Federal Regulations Section 225, attached hereto as
18 Attachment A and incorporated as if fully set forth herein.
19 Further, if such individual is receiving remuneration of any
20 type whatsoever for his or her testimonial or endorsement
21 that fact shall be clearly and conspicuously disclosed each
22 time the testimonial or endorsement is used.

23 10. Making any representation with respect to any
24 marketing plan or the amount of money a specific participant
25 or participants in the marketing plan have earned by the use
26 of testimonials or articles about participants, whether in
27 printed, oral, live, video or broadcast format, unless the

1 experience related or the amounts earned are the typical or
2 ordinary experience of participants in the marketing plan and
3 such defendants have, and keep for three years after making
4 the representation, accurate books and records which
5 substantiate the typicality of the represented experience.

6 11. Making any representation with respect to any
7 specific goals for participants in any marketing program
8 relating to: (a) the number of new customers or new
9 participants a participant may obtain within a specific time
10 period; or (b) an amount of money a participant may earn
11 through bonuses and overrides unless the goals represented
12 are the typical or ordinary experience of participants in the
13 marketing plan and defendants have, and keep for three years
14 after making the representation, accurate books and records
15 which substantiate the typicality of the represented
16 experience.

17 12. Using testimonials or endorsements of public
18 figures whether in printed, oral, live, video or broadcast
19 format, which represent or imply that such public figure has
20 first hand knowledge relating to the financial opportunity
21 becoming a participant in any marketing plan offers, unless
22 such individual is personally a participant in the marketing
23 plan, has earned an amount as a participant commensurate with
24 the representation being made and if such individual is
25 receiving remuneration of any type whatsoever, other than
26 that earned as a participant in the marketing plan, for his
27 or her testimonial or endorsement, that fact is clearly and

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1 conspicuously disclosed each time the testimonial or
2 endorsement is used.

3 13. Violating Health and Safety Code section 26550
4 by manufacturing, selling, delivering, holding or offering
5 for sale any misbranded product.

6 14. Violating Health and Safety Code section
7 26461.5 by advertising any products for sale which are
8 misbranded.

9 15. Representing that goods or services have
10 sponsorship, approval, affiliation, connection, association,
11 or certification by or with another, when they do not.

12 16. Representing, directly or indirectly, that the
13 State of California, the Attorney General, or any other
14 agency of the State of California has approved or will
15 approve the products, acts, practices, forms or methods of
16 solicitation of any defendant. Provided, however, defendants
17 may represent after the entry of this judgment, that the
18 action evidenced by the complaint on file herein, has been
19 settled and is no longer pending.

20 IV

21 Defendant Jerris Leonard, without admitting any
22 liability herein, and without this Permanent Injunction and
23 Final Judgment constituting evidence or an admission by this
24 defendant regarding any issue or fact alleged by plaintiff,
25 stipulates and consents to be and is permanently enjoined and
26 restrained from engaging in or performing, directly or
27 indirectly, any and all of the following acts:

1 1. Establishing, maintaining, preparing, operating
2 or continuing a marketing plan which is violative of Penal
3 Code section 327, including a multi-level marketing
4 plan or a distribution system for the disposal or
5 distribution of any product(s):

6 (a) Whereby a participant in the plan or
7 system pays a valuable consideration for the
8 chance, in whole or in part, to receive, either
9 directly or indirectly, compensation based on other
10 than retail sales for introducing one or more
11 additional persons into participation in the
12 marketing program or for the chance to receive
13 compensation, either directly or indirectly, when
14 the participant introduces a new participant into
15 the marketing program.

16 (b) Whereby the plan pays or participants
17 receive any compensation, however denominated
18 (including but not limited to "commissions,"
19 "bonuses," "overrides," "leadership bonuses," or
20 any term of similar import), unless such
21 compensation is based upon the actual retail sale
22 of products to the public.

23 (c) Whereby a participant can obtain any
24 specific level in the distribution system based
25 upon criteria other than the amount of retail sales
26 made by either the participant or person(s)

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1 introduced into the marketing program by the
2 participant.

3 The term "retail sale" as used in this paragraph 9
4 means a sale (i) to persons who are not part of the
5 marketing plan or distribution system or (ii) to persons who
6 are not buying to become part of the marketing plan or
7 distribution system or (iii) to persons who, although a part
8 of the marketing plan or distribution system, are not buying
9 for purposes of advancement, increased bonuses, or to meet a
10 purchase or sale quota requirement but are buying for their
11 own personal or family use.

12 2. Using or causing to be used any advertising
13 materials promoting USA's products and/or marketing plan
14 (including, but not limited to, videos and printed
15 literature) which bear a copyright date of 1986 or earlier.

16 3. Soliciting or accepting any money or payment of
17 any kind from any person who has sold or purchased any of
18 defendant USA's products.

19 4. Representing through the use of testimonials,
20 whether in printed, oral, live, video or broadcast format,
21 the experience the individual giving the testimonial had with
22 one or more products unless such experience reflects the
23 typical or ordinary experience of users of the product or
24 products and defendants have substantial evidence to support
25 the typicality of the experience.

26 5. Using testimonials of or endorsements for any
27 product by public figures, whether in printed, oral, live,

1 video, or broadcast format, which represent or imply that
2 such public figures use or endorse the product(s) unless said
3 individual does in fact use the product(s) and the
4 testimonials and/or endorsements fully comply with Title 16
5 Code of Federal Regulations Section 225, attached hereto as
6 Attachment A and incorporated as if fully set forth herein.
7 Further, if such individual is receiving remuneration of any
8 type whatsoever for his or her testimonial or endorsement
9 that fact shall be clearly and conspicuously disclosed each
10 time the testimonial or endorsement is used.

11 6. Making any representation with respect to any
12 marketing plan or the amount of money a specific participant
13 or participants in the marketing plan have earned by the use
14 of testimonials or articles about participants, whether in
15 printed, oral, live, video or broadcast format, unless the
16 experience related or the amounts earned are the typical or
17 ordinary experience of participants in the marketing plan and
18 such defendants have, and keep for three years after making
19 the representation, accurate books and records which
20 substantiate the typicality of the represented experience.

21 7. Making any representation with respect to any
22 specific goals for participants in any marketing program
23 relating to: (a) the number of new customers or new
24 participants a participant may obtain within a specific time
25 period; or (b) an amount of money a participant may earn
26 through bonuses and overrides unless the goals represented
27 are the typical or ordinary experience of participants in the

1 marketing plan and defendants have, and keep for three years
2 after making the representation, accurate books and records
3 which substantiate the typicality of the represented
4 experience.

5 8. Using testimonials or endorsements of public
6 figures whether in printed, oral, live, video or broadcast
7 format, which represent or imply that such public figure has
8 first hand knowledge relating to the financial opportunity
9 becoming a participant in any marketing plan offers, unless
10 such individual is personally a participant in the marketing
11 plan, has earned an amount as a participant commensurate with
12 the representation being made and if such individual is
13 receiving remuneration of any type whatsoever, other than
14 that earned as a participant in the marketing plan, for his
15 or her testimonial or endorsement, that fact is clearly and
16 conspicuously disclosed each time the testimonial or
17 endorsement is used.

18 9. Representing that goods or services have
19 sponsorship, approval, affiliation, connection, association,
20 or certification by or with another, when they do not.

21 10. Representing, directly or indirectly, that the
22 State of California, the Attorney General, or any other
23 agency of the State of California has approved or will
24 approve the products, acts, practices, forms or methods of
25 solicitation of any defendant. Provided, however, defendants
26 may represent after the entry of this judgment, that the

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1 action evidenced by the complaint on file herein, has been
2 settled and is no longer pending.

3 V

4 To insure compliance with the injunctive provisions
5 of this judgment, defendant USA is further ordered to give a
6 full copy of the injunctive provisions of this judgment to
7 each officer, each director, each employee and each agent,
8 who controls, manages, directs or otherwise takes part in
9 developing defendant USA's products or marketing plan, or
10 advertisements for defendants' products or marketing plan.
11 Defendant USA shall report to plaintiff on the manner of its
12 compliance with this section within thirty days after entry
13 of judgment.

14 VI

15 Defendant Robert M. Adler II hereby stipulates as
16 follows:

17 1. He is the sole owner of the property located at
18 10522 Egret Lane, Dallas, Dallas County, Texas, more fully
19 described as: Lots 3 & 4 in Block A/5187 of University Hill
20 Addition, an addition to the City of Dallas, Texas, in Volume
21 3, Page 96 of the Map Records of Dallas County, Texas,
22 (hereinafter referred to as the "Dallas duplex").

23 2. The Dallas duplex has at no time been his
24 homestead.

25 3. He intends to offer the Dallas duplex for sale
26 immediately and to reside in Florida in the near future.

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1 After he does move to Florida, he will no longer occupy the
2 Dallas duplex.

3 4. He is also the sole owner of property located
4 at 400 North Flagler, Apt. D2, West Palm Beach, Florida
5 33401 (hereinafter referred to as the "Florida house").

6 5. The Florida house is his homestead.

7 6. If any homestead character ever attached to the
8 Dallas duplex, it is his intention permanently to discontinue
9 all such homestead use of the Dallas duplex. He hereby
10 states that he has actually discontinued any such homestead
11 use.

12 Based on these stipulations, the court finds that
13 the Dallas duplex is not now, and at no time has been, the
14 homestead of Robert M. Adler II, and finds that the foregoing
15 stipulations were made voluntarily and without coercion.

16 IT IS THEREFORE ORDERED, ADJUDGED, AND DECREED that
17 the property located at 10522 Egret Lane, Dallas, Dallas
18 County, Texas, is not the homestead of Robert M. Adler II.

19 VII

20 1. Defendants set forth in Section III, jointly
21 and severally, without admitting any liability, are ordered
22 to pay plaintiff the sum of fifteen thousand dollars
23 (\$15,000.00) as and for costs and attorney's fees. Payment
24 of said sum shall be made at the Office of the Attorney
25 General, 110 West A Street, Suite 700, San Diego, California
26 92101, and if made by check, shall be drawn to the order of
27 the California Attorney General's Office, and shall be made

1 as follows: five thousand dollars (\$5,000.00) upon entry of
2 this judgment and six (6) payments of one thousand five
3 hundred dollars (\$1,500.00) each due one each on each
4 succeeding ninetieth (90th) day following the date of entry
5 of this judgment, and a final seventh (7th) payment due
6 ninety (90) days following the due date of the sixth (6th)
7 payment, in the amount of one thousand dollars (\$1,000.00).

8 2. Pursuant to California Business and Professions
9 Code section 17206 and 17536, defendants set forth in Section
10 III, jointly and severally, without admitting any liability,
11 are ordered to pay plaintiff the sum of twenty thousand
12 dollars (\$20,000.00). Payment of said sum shall be made at
13 the Office of the Attorney General, 110 West A Street, Suite
14 700, San Diego, California 92101, and if made by check, shall
15 be drawn to the order of the California Attorney General, and
16 shall be made as follows: five thousand dollars (\$5,000.00)
17 upon entry of this judgment and six (6) payments of one
18 thousand five hundred dollars (\$1,500.00) each, due one each
19 on each succeeding ninetieth (90th) day following the date of
20 entry of this judgment, a seventh (7th) payment due ninety
21 (90) days following the due date of the sixth (6th) payment
22 in the amount of two thousand dollars (\$2,000.00) and an
23 eighth (8th), ninth (9th) and tenth (10th) payment, each due
24 ninety (90) days following the due date of the preceding
25 payment, each in the amount of three thousand dollars
26 (\$3,000.00).

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3. Defendant Robert M. Adler II is ordered to deliver security to plaintiff which is acceptable to plaintiff and which guarantees that payments will be made as set forth above in paragraphs 1 and 2 of this Part VII. If the security posted is transferred to any third party, the entire unpaid balance owing under this judgment is immediately due and payable.

VIII

1. Jurisdiction is retained for the purpose of enabling any party to this final judgment to apply to the court any time for such further orders and directions as may be necessary or appropriate for the construction or carrying out of this final judgment, for the modification of any of the injunctive provisions hereof, and for the enforcement of compliance herewith.

2. This final judgment shall take effect immediately upon the entry thereof.

3. The complaint on file as to Does 4 through 1,000 is hereby dismissed.

4. The Clerk is ordered to enter this Final Judgment forthwith.

Dated: 10/9, 1987

Judge of the Superior Court

ANS: ak