

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

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

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

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