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**SUPERIOR COURT OF CALIFORNIA
COUNTY OF SAN DIEGO**

DANIEL GURTNER and LUCILA
GURTNER, individually and on behalf of all
others similarly situated,

Plaintiffs,

v.

FARMASI US LLC, SINAN TUNA, EMRE
TUNA, GOKCEN FAIZ, and DOES 1–50,
inclusive,

Defendants.

Case No. 25CU012386C

CLASS ACTION COMPLAINT

- 1) Failure to Pay Minimum Wage and Liquidated Damages (Cal. Lab. Code §§ 1182.12, 1194, 1197, 1197.1, 1198; IWC Wage Order 4-2001);
- 2) Failure to Pay Overtime Wages and Liquidated Damages (Cal. Lab. Code § 510; IWC Wage Order 4-2001);
- 3) Failure to Provide Rest Periods or Rest Break Premium Wages (Cal. Lab. Code §§ 226.7, 558.1);
- 4) Failure to Provide Meal Periods or Meal Premium Wages (Cal. Lab. Code §§ 226.7, 512(a), 1198; IWC Wage Order 4-2001);
- 5) Failure to Timely Pay Wages During Employment (Cal. Lab. Code § 204);
- 6) Failure to Keep Requisite Payroll Records (Cal. Lab. Code § 1174(d));
- 7) Failure to Provide Timely and Accurate Wage Statements (Cal. Lab. Code § 226(a), 226(e));
- 8) Failure to Reimburse Business Expenses (Cal. Lab. Code §§ 450, 2802; IWC Wage Order 4-2001);
- 9) Unfair Competition (Bus. & Prof. Code § 17200 et seq.)

JURY TRIAL DEMANDED

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1 Plaintiffs Daniel Gurtner and Lucila Gurtner bring this action, individually, and behalf of a class
2 of similarly situated individuals, against Farmasi US LLC, Sinan Tuna, Emre Tuna, Gokcen Faiz, and
3 DOES 1–50, inclusive, (collectively, “Defendants” or “Farmasi”). Plaintiffs’ allegations against
4 Defendants are based upon investigation carried out by Plaintiffs’ counsel, except for allegations
5 pertaining specifically to Plaintiffs, which are based upon Plaintiffs’ personal knowledge.

6 **I. INTRODUCTION**

7 1. Farmasi is a massively successful company that, for years, has exploited its California
8 salesforce by misclassifying its workers as independent contractors rather than as employees. Plaintiffs
9 are Farmasi “Beauty Influencers,” two of the approximately 500,000 active United States-based
10 “Beauty Influencers,”¹ primarily women-identified sales workers who sell Farmasi products through
11 their online networks under Farmasi’s strict direction and control.

12 2. Originally founded in Turkey, in 2019 Farmasi established its United States branch in
13 Miami, Florida. Farmasi develops and sells a wide range of “high-quality” skincare, cosmetics, and
14 nutritional products online. Pursuant to Farmasi’s business model, it establishes relationships with
15 various individuals known as “Beauty Influencers” who market and sell Farmasi products. Farmasi has
16 spent a great deal of time and resources in implementing and managing a broad range of employment
17 policies and procedures for these “Beauty Influencers.” Despite designating these salespeople as
18 independent contractors, these “Beauty Influencers” are in fact employees under California law.
19 Farmasi has violated numerous provisions of the California Labor Code and applicable IWC Wage
20 Order by denying its Beauty Influencers the compensation, other benefits and statutory entitlements
21 that they are owed.

22 3. Farmasi maintains a centralized, rigorous, and stringent sales policy to which each of its
23 Beauty Influencers must rigidly adhere should they expect any commission for their sales of Farmasi
24 products. Even when these Beauty Influencers do follow Farmasi’s exacting direction to the tee, the
25 majority of Beauty Influencers fail to even break even, having sunk substantial personal investment
26

27 ¹ See Farmasi USA, *Farmasi Sells Record Breaking \$3 Million of Limited Edition Lipstick in 2 Hours*
28 (*Press Release*), GLOBENEWSWIRE (Apr. 1, 2021), <https://www.globenewswire.com/news-release/2021/04/01/2203290/0/en/Farmasi-Sells-Record-Breaking-3-Million-of-Limited-Edition-Lipstick-in-2-Hours.html>.

1 into Farmasi inventory— business expenditures which Farmasi shifts onto their frequently financially
2 insecure, female workers and which Farmasi refuses to reimburse.

3 4. Via its pervasive marketing and sales guidelines, Farmasi directed Beauty Influencers
4 to market and sell a variety of consumer products, including skincare, cosmetics, and nutrition products.
5 In exchange for the Beauty Influencers’ work promoting the brand on social media, referring new
6 customers, providing customer service, and driving traffic to Farmasi’s website, Farmasi pays Beauty
7 Influencers at most a paltry commission.

8 5. Farmasi’s ability to avoid accountability to its employees thus far—turns on the fact that
9 it operates as multi-level marketing business (“MLM”).² Farmasi’s recruitment tactics purportedly
10 promise its Beauty Influencers the opportunity to build a business; in reality, however, they supply free
11 marketing and sales support that would otherwise cost Farmasi tens of millions.

12 6. California legislature’s codification of the “ABC Test” in AB 5 did include a “direct
13 sales” exemption, which incorporated a definition appearing in a 40-year-old statute, California’s
14 Unemployment Code § 610. Among other things, the exemption is expressly limited only to those
15 salespersons making “in person” sales, such as door-to-door salespeople and home “Tupperware party”
16 hosts. It does not cover Farmasi’s modern, online business model, where Beauty Influencers drive
17 social media engagement under Farmasi’s guidance and direction, directing consumers to Farmasi-
18 controlled websites, where Farmasi accepts and processes the sales and fulfills the orders, while also
19 collecting and benefiting from the consumer data it acquires from these leads. The result is a
20 coordinated marketing campaign that increases exposure and awareness of the Farmasi products and is
21 essential to the company’s ability to reach new customers.

22 7. As articulated in Farmasi’s own Terms: “Farmasi products and services are sold through
23 Farmasi’s network of Beauty Influencers, who are each independent Beauty Influencers of Farmasi’s
24 products and services. Online shopping is fulfilled and sold directly by Farmasi in connection with an
25 Farmasi Internet Independent Beauty Influencer.”

26 8. Farmasi strictly controls the work product of its Beauty Influencers, in part by ensuring
27

28 ² Gerald Albaum & Robert A. Peterson, *Multilevel (Network) Marketing: An Objective View*. 11
MARKETING R. 347, 347–61 (2011).

1 that they follow its rigid guidelines for marketing content and recruiting materials. In recent years,
2 Farmasi's direction and control of its Beauty Influencers work product has become all encompassing.

3 9. Plaintiffs were victims of Farmasi's practices. Like all Beauty Influencers, in
4 accordance with Farmasi's strict marketing and sales protocols, Plaintiffs were trained by other Beauty
5 Influencers and through Farmasi materials, and was required to market, distribute, and sell products to
6 the public in accordance with Farmasi's instructions and parameters. And in return, Plaintiffs were paid
7 virtually nothing, while incurring unreimbursed personal costs to perform the work on Farmasi's behalf.

8 10. For these reasons, Plaintiffs bring this action to recover unpaid wages, overtime
9 compensation, penalties, interest, injunctive relief, other equitable remedies, damages, and reasonable
10 attorneys' fees and costs under the California Labor Code, Cal. Lab. Code §§ 201, 202, 203, 204,
11 226(a), 226.7, 226.8, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802 and 2698 *et seq.* (the
12 "CLC"), IWC Wage Order 4-2001 (8 Cal. Code Regs. § 11040), and California Unfair Competition
13 Law (Cal Bus. & Prof Code §§ 17200 *et seq.*). In addition, Farmasi's conduct violates various municipal
14 and county codes in California, including but not limited to City of Los Angeles Cal. Code Art. 7-7.5;
15 County of Los Angeles Code § 8.100.040, *et seq.*, San Francisco Cal. Code 12R.

16 11. Upon information and belief, Farmasi has not addressed and/or changed its unlawful
17 practices including failing to provide complaint meal and rest periods and has continued to deprive
18 employees of millions of dollars in straight and overtime compensation. By bringing this action,
19 Plaintiffs intend to stop this ongoing and unlawful practice and recover back wages and overtime to
20 which she is rightfully entitled.

21 **II. JURISDICTION AND VENUE**

22 12. The monetary damages, civil penalties, restitution, and equitable relief sought by
23 Plaintiffs, the class members, and other aggrieved employees exceed the minimal jurisdiction limits of
24 the Superior Court and will be established according to proof at trial.

25 13. This Court has jurisdiction over this action pursuant to the California Constitution,
26 Article VI, section 10. The statutes under which this action is brought do not specify any other basis
27 for jurisdiction.

28 14. This Court has jurisdiction over all Defendants because, upon information and belief,

Defendants have sufficient minimum contacts in California or otherwise intentionally avail themselves of the California market so as to render the exercise of jurisdiction over them by California courts consistent with traditional notions of fair play and substantial justice. Moreover, the acts and omissions detailed herein occurred in California.

15. Venue is proper in this Court because Plaintiffs performed work for Defendants from their home in La Mesa, California: within San Diego County. Defendants' acts and omissions in violation of the relevant labor statutes are thus physically tied to Plaintiffs' residential address.

16. Upon information and belief, Defendants direct and control a large workforce of "Beauty Influencers" throughout California, including in San Diego County, and have agents, employ individuals, and/or transact business in the State of California, County of San Diego.

III. THE PARTIES

17. Plaintiff Daniel Gurtner is an individual and resident of La Mesa, California.

18. Plaintiff Lucila Gurtner is an individual and resident of La Mesa, California.

19. Farmasi US LLC is an entity incorporated under the laws of the State of Florida, with its principal place of business in Miami, FL.

20. Plaintiffs are informed and believe and based thereon allege that Sinan Tuna is, and at all times relevant hereto was, an individual residing in Miami, Florida, as well as Chief Executive Officer of Farmasi US LLC. Plaintiffs are further informed and believe and based thereon allege that Sinan Tuna, in his capacity as the CEO of Farmasi, exercised control over the wages, hours and/or working conditions of Plaintiffs and other aggrieved employees, including by informing employees when to report to work and what work hours should actually be recorded, violated, or caused to be violated, the above-referenced and below-referenced California Labor Code provisions in violation of Labor Code §§ 558.1, 1197.1 and the Industrial Welfare Commission ("IWC") Wage Orders.

21. Plaintiffs are informed and believe and based thereon allege that Emre Tuna is, and at all times relevant hereto was, an individual residing in Miami, Florida, as well as President of Farmasi US LLC. Plaintiffs are further informed and believe and based thereon allege that Emre Tuna, in his capacity as the President of Farmasi, exercised control over the wages, hours and/or working conditions of Plaintiffs and other aggrieved employees, including by informing employees when to report to work

and what work hours should actually be recorded, violated, or caused to be violated, the above-referenced and below-referenced California Labor Code provisions in violation of Labor Code §§ 558.1, 1197.1 and the Industrial Welfare Commission (“IWC”) Wage Orders.

22. Plaintiffs are informed and believe and based thereon allege that Gokcen Faiz is, and at all times relevant hereto was, an individual residing in Miami, Florida, as well as Senior Vice President, Sales & Marketing (United States) of Farmasi. Plaintiffs are further informed and believe and based thereon allege that Gokcen Faiz, in his capacity as a Senior Vice President of Farmasi, exercised control over the wages, hours and/or working conditions of Plaintiffs and other aggrieved employees, including by informing employees when to report to work and what work hours should actually be recorded, violated, or caused to be violated, the above-referenced and below-referenced Labor Code provisions in violation of California Labor Code provisions in violation of Labor Code §§ 558.1, 1197.1 and the Industrial Welfare Commission (“IWC”) Wage Orders.

23. The true names and capacities of Defendants sued as DOES 1–50, inclusive, are unknown to Plaintiff, who therefore sues said Defendants by such fictitious names pursuant to section 474 of the California Code of Civil Procedure. Plaintiffs will seek leave to amend this Demand when said true names and capacities have been ascertained.

IV. FACTS COMMON TO ALL CLASS MEMBERS AND AGGRIEVED EMPLOYEES

A. Farmasi Is a Successful Multi-level Marketing Company That Is Dependent On Its Beauty Influencers to Engage in Social Media Marketing On Its Behalf

24. Farmasi is a massively successful multi-level (network) marketing company that serves both US and international markets with its portfolio of “pharmaceutical quality” skincare, cosmetics, and nutritional products.³ Farmasi was founded in 2003 by Dr. C. Tuna, in Turkey.⁴ Since then, Dr. Tuna’s son and grandsons have taken over business operations and expanded the business internationally, including establishing its U.S. operations in 2019.⁵

³ *About Us*, FARMASI US, <https://www.farmasius.com/farmasi/content/about-farmasi> (last visited Mar. 3, 2025); *Our Story*, FARMASI, https://www.farmasi.com/our_story.html (last visited Mar. 3, 2025).

⁴ *Our Story*, FARMASI, https://www.farmasi.com/our_story.html (last visited Mar. 3, 2025).

⁵ Jeb Gleason-Allured, *[interview] Inside Farmasi’s U.S. Expansion*, GLOB. COSMETIC INDUS. MAGAZINE (Mar. 15, 2021), <https://www.gcimagazine.com/brands-products/news/article/21849227/interview-inside-farmasis-us-expansion>.

25. Farmasi's success stems from its dependence on a massive network of Beauty Influencers. The organization's multi-level marketing, or "network marketing" or "direct sales," structure is the sole reason for Farmasi's continued profitability.

26. But Farmasi has for years exploited its California salesforce of Beauty Influencers by misclassifying these so-called Beauty Influencers as independent contractors rather than as employees. In knowingly and willfully misclassifying these employees, Farmasi has been able to mine free marketing and sales support from their Beauty Influencers. The cost of sales and marketing that Farmasi has thus far offloaded on its Beauty Influencers is highly valuable, potentially worth millions.

27. This is particularly egregious as Farmasi's workforce is primarily comprised of marginalized and financially insecure individuals. Farmasi brags that "female entrepreneurship is at the heart of the Farmasi brand," but Farmasi targets and recruits women who are often shut out of traditional workplaces, such those with criminal records, women who were raised in or who are active in certain religious communities⁶, women with childcare responsibilities, and military wives.⁷ Due to their alienation from traditional workplaces, those targeted by Farmasi tend to be less familiar with their labor protections and with employment law generally. Unfortunately, these individuals, already stretched thin energetically and financially, are less well-positioned to understand their rights as workers, less likely to identify when their protections are violated, and less able to seek recourse when such violations occur.

⁶ "As MLMs are presented to the marketplace as low-barrier opportunities to start one's own business, we suggest that this may speak directly to people who strongly endorse Protestant work ethic (PWE), making them more inclined toward MLM participation, and financial outcomes associated with that participation [...] [C]ounties with higher Protestantism had more consumers participating in MLMs who lost \$1000 or more and those consumers incurred more negative financial outcomes." Katharine Howie et al., *Associations Between Protestant Work Ethic and Multilevel Marketing Participation and Financial Outcomes*, 249 ACTA PSYCHOLOGIA, <https://doi.org/10.1016/j.actpsy.2024.104409>; see also, Orla McGrath, *Expert Explains Why Mormon Women Embrace Multi-Level Marketing*, COLO. ARTS & SCI. MAG. (Apr. 24, 2023), <https://www.colorado.edu/asmagazine/2023/04/24/expert-explains-why-mormon-women-embrace-multi-level-marketing>.

⁷ "The vast majority of people who join multi-level marketing companies do not earn a profit. Those people [] also tend to be women who seek additional income to support a family or to find community." Annie Blackman, *Regulating The Reluctant: Policies That Benefit Vulnerable Participants In Multi-Level Marketing*, 25 U. PA. J.L. & SOC. CHANGE 83, 83 (2021); see generally Krista Marie Federico, Dissertation, *She Works Hard for No Money: Understanding Women's Participation in Multi-Level Marketing Organizations*, U. ARIZ. SCH. SOCIO. (2020).

28. Over the last decade, Farmasi sales have moved from in-person to primarily online.⁸ This means that the lion share of Farmasi product sales would not be exempt under the AB 5 “direct sales” exemption, California’s Unemployment Code § 610. A confluence of factors precipitated the shift of sales to the virtual realm. First and foremost, social media sites such as Facebook, X (Twitter), Instagram, and TikTok have evolved into powerful marketing tools, and the adoption of these social media are now ubiquitous in the direct sales of Farmasi products. Social media platforms are now the predominant way MLM sellers connect with both their potential clients and their community of sellers.⁹ In as early as 2019, nearly half of all Americans indicated being “inundated” by social media connections who flooded their “feeds” with posts attempting to sell MLM-affiliated products.¹⁰ Where once direct sales required Beauty Influencers to walk door-to-door or host “Tupperware parties,” now all Beauty Influencers have to do is “post their products on social media to capture the attention of hundreds or thousands of people at once.”¹¹

29. Secondly, COVID and associated lockdowns halted the ability of Beauty Influencers to perform in-person sales, while also accelerating the widespread adoption of video chatting software like Zoom among their potential customer bases. This led Beauty Influencers who had not yet already adapted to fully-remote sales to do so in order to adhere to lockdown policy.¹² And since the initial draw for many Beauty Influencers was Farmasi’s promise of flexible, autonomous work, it can be

⁸ “[S]ince the founding of Farmasi’s direct-selling model, traditional door-to-door sellers have evolved into online influencers. This transition has been fortuitous in the age of COVID-19 in which offline activities have declined or ceased entirely.” Jeb Gleason-Allured, *[interview] Inside Farmasi’s U.S. Expansion*, GLOB. COSMETIC INDUS. MAGAZINE (Mar. 15, 2021), <https://www.gcimagazine.com/brands-products/news/article/21849227/interview-inside-farmasis-us-expansion>.

⁹ Lindsay R. Maher, *Note: Americon Dream: Social Pressures and Lackluster Regulation Allow Multi-Level Marketing Companies to Function as De Facto Pyramid Schemes*, 108 MINN. L. REV. 1587, 1622 (2024).

¹⁰ Erika Giovanetti, *MLM Consultants Pressure Friends and Family to Overspend, and It's Straining Relationships*, LENDINGTREE (Dec. 16, 2019), <https://www.lendingtree.com/debt-consolidation/survey-mlm-consultants-pressure-spending/>.

¹¹ *Id.*

¹² “[S]ince the founding of Farmasi’s direct-selling model, traditional door-to-door sellers have evolved into online influencers. This transition has been fortuitous in the age of COVID-19 in which offline activities have declined or ceased entirely.” Jeb Gleason-Allured, *[interview] Inside Farmasi’s U.S. Expansion*, GLOB. COSMETIC INDUS. MAGAZINE (Mar. 15, 2021), <https://www.gcimagazine.com/brands-products/news/article/21849227/interview-inside-farmasis-us-expansion>.

1 inferred that the flexibility that comes with online sales means that there will be no future significant,
2 de-transition to in-person sales by Beauty Influencers.

3 30. While some MLMs rely on home parties, door-to-door sales calls, and other forms of in
4 person selling, Farmasi's model is designed so that Beauty Influencers can, and are encouraged to,
5 work online to solicit leads and recruit new Beauty Influencers. Farmasi advertises in its "Opportunity
6 Guide" that "[r]eaching your customers is easier than ever with FARMASI. All you have to do is share
7 your personal website with them. They do the shopping; we do the shipping. It's that easy! ... This is
8 the fastest, and easiest way for your customers to receive their product."¹³

9 31. Despite the pivotal role of its salesforce, Farmasi has never properly classified Beauty
10 Influencers as employees. Rather, Farmasi adheres to a multi-level (network) marketing organization
11 structure, in which it offers people the purported "opportunity" to develop their own business earning
12 commission by selling Farmasi products and recruiting others to do the same, designating them as
13 "independent contractors."

14 32. However, these Beauty Influencers are not independent contractors under applicable
15 law. Farmasi instead chose to unlawfully secure an expansive marketing and sales network for minimal
16 to no cost. It has reaped enormous profits by deliberately avoiding paying wages and benefits to those
17 performing the sales work that forms the backbone of Farmasi's business. Farmasi charges its Beauty
18 Influencers for access to the instrumentalities needed to sell products, further increasing its profits and
19 decreasing Beauty Influencers' pay, in violation of California law. The intended result is for Beauty
20 Influencers to receive, at most, de minimis profit from their work, while providing free labor and
21 shouldering the costs of doing business that Farmasi should be bearing.

22 **B. Farmasi Beauty Influencers Are Employees**

23 **1. Controlling Law**

24 33. Companies like Farmasi were never supposed to be allowed to run an entire business on
25 the backs of independent contractors. People who work in a company's core line of business are its
26

27 ¹³ *OpporTUNAty Guide 2023*, FARMASI, 26 (Apr. 2023),
28 <https://catalog.farmasius.com/farmasi/usa/opportunity-guide-with-videos-202122/opportunaty-guide-usa/?page=27>.

“employees.” *United States v. Silk*, 331 U.S. 704, 718 (1947).

34. Farmasi claims an unprecedented portion of its workforce as “independent contractors.” In a 2021 press release announcing record-breaking sales, Farmasi disclosed that globally, it had 4 million active “Beauty Influencers,” with 500,000 of them in the U.S., and 1,500 “employees.”¹⁴ Thus, in 2021, Farmasi claimed a mere 0.0004% of its workforce as employees. As of February 12, 2025, Farmasi’s LinkedIn profile states that globally it has one million active Beauty Influencers, and between 1,000 and 5,000 “employees.”¹⁵ Thus, Farmasi claims over 95% of its workforce as “independent contractors.”

35. Farmasi employees in the United States perform a variety of roles: some work as human resources specialists and sales directors, and others as accountants. These workers receive special treatment from Farmasi, including benefits such as medical insurance, dental insurance, vision insurance, and 401(k) plans.¹⁶

36. But the Beauty Influencers, who make up the bulk of Farmasi’s workforce, are denied even the most basic protections of federal and state labor laws. Farmasi does not pay them minimum wage; it does not pay overtime; and it does not reimburse business expenses, such as internet connections, laptops, smart phones, or post-promotion over Facebook, YouTube, and Instagram. Its classification of its Beauty Influencers also deprives them of basic protections against discrimination and sexual harassment.

37. By design, “independent contractors” are exempted from “nearly every” labor law, but this classification was not meant to be a loophole for companies like Farmasi, whose Beauty Influencers are effectively modern day telemarketers.¹⁷ “Historically, firms reserved the independent contractor designation for entrepreneurial individuals whose skills demanded higher pay in the open market.”¹⁸

¹⁴ Farmasi USA, *Farmasi Sells Record Breaking \$3 Million of Limited Edition Lipstick in 2 Hours (Press Release)*, GLOBENEWSWIRE (Apr. 1, 2021), <https://www.globenewswire.com/news-release/2021/04/01/2203290/0/en/Farmasi-Sells-Record-Breaking-3-Million-of-Limited-Edition-Lipstick-in-2-Hours.html>.

¹⁵ *Farmasi*, LINKEDIN, <https://www.linkedin.com/company/farmasi/about/> (last visited Feb. 12, 2025).

¹⁶ *Job Posting Farmasi: Senior Accountant (Miami, FL)*, LINKEDIN, <https://www.linkedin.com/jobs/view/4129472368/> (last visited Feb. 12, 2025).

¹⁷ Keith Cunningham-Parmeter, *From Amazon to Uber: Defining Employment in the Modern Economy*, 96 B.U. L. Rev. 1673, 1683–84 (2016).

¹⁸ *Id.*

With this in mind, “[l]egislatures rationalized excluding [independent contractors] from most employment laws because these individuals did not require the same legal protections as potentially more vulnerable, less-skilled ‘employees.’”¹⁹

38. Today, Farmasi preys upon many of the most vulnerable members of our society. Despite being a \$40 billion industry, “the vast majority of people involved in them don’t make money off of MLMs, and many people lose money.”²⁰ Beauty Influencers are no exception: according to Farmasi’s own Beauty Influencer Earnings Statement, 35% percent of Beauty Influencers received an average of \$5 in monthly commission payments in 2023.²¹

39. MLMs including Farmasi have grown during the COVID-19 pandemic, recruiting salespeople by promising remote work for the unemployed.²² In 2021, the Federal Trade Commission issued a warning to Farmasi regarding its deceptive and unfair conduct around promoting its money-making opportunity to those financially impacted by the pandemic.²³ These are the precise individuals that legislatures meant to shield with minimum wage and other workplace protections.

40. In recent years, state legislatures have taken action to send a clear message that most workers should be “employees.”

41. California has adopted the “ABC test” to determine whether a company, like Farmasi, has misclassified its workers as “independent contractors.” Because employee status was meant to be the default, the ABC test “presumptively considers all workers to be employees and permits workers

¹⁹ *Id.*

²⁰ Emily Stewart, *\$5 Jewelry And An MLM Conference Gone Wrong: Multilevel Marketing Companies Were the “Perfect” Pandemic Business*, VOX (Sept. 23, 2021), <https://www.vox.com/the-goods/22688317/mlm-covid-19-pandemic-recruiting-sales-paparazzi> (citing study finding that 99 percent of MLM participants lose money).

²¹ *Income Statement Disclosure*, FARMASI US, <https://www.farmasius.com/farmasi/content/income-disclaimer> (last accessed Mar. 3, 2025).

²² Abby Vesoulis & Eliana Dockterman, *Pandemic Schemes: How Multilevel Marketing Beauty Influencers Are Using the Internet—and the Coronavirus—to Grow Their Businesses*, TIME, Jul. 9, 2020, <https://time.com/5864712/multilevel-marketing-schemes-coronavirus/>; Jeb Gleason-Allured, *[interview] Inside Farmasi’s U.S. Expansion*, GLOB. COSMETIC INDUS. MAGAZINE (Mar. 15, 2021), <https://www.gcimagazine.com/brands-products/news/article/21849227/interview-inside-farmasis-us-expansion>.

²³ *List of October 2021 Recipients of the FTC’s Notices of Penalty Offenses Concerning Money-Making Opportunities and Concerning Deceptive or Unfair Conduct around Endorsements and Testimonials*, FED. TRADE COMM’N (Oct. 25, 2021), https://www.ftc.gov/system/files/attachments/penalty-offenses-concerning-money-making-opportunities/list-recipients-mmo_notice_0.pdf.

to be classified as independent contractors only if the hiring business demonstrates that the worker in question satisfies *each* of three conditions:

- A. that the worker is free from the control and direction of the hirer in connection with the performance of the work... *and*
- B. that the worker performs work that is outside the usual course of the hiring entity's business; *and*
- C. that the worker is customarily engaged in an independently established ... business of the same nature as that involved in the work performed."

Dynamex Operations West, Inc. v. Superior Court, 4 Cal.5th 903, 956–57 (2018) (emphasis in original).

2. Beauty Influencers Are Not Free From Farmasi's Control

42. To engage in online marketing work for Farmasi, the company does not require Beauty Influencers to hold any special experience, skills, license, or education level. Rather, Farmasi requires only that a prospective Beauty Influencer using the Farmasi website to purchase a "Starter Kit," ranging in price from \$19.99 to \$500.²⁴

43. All Beauty Influencers are then required to adhere to a series of terms and conditions including the "Farmasi Entrepreneur Application & Agreement" (the "Agreement"), which incorporates the "Farmasi Policies & Procedures" ("Policies & Procedures"). A true and correct copy of an example of the "Policies & Procedures" is attached hereto as **Exhibit A**. Both the Agreement and Policies & Procedures provide that Beauty Influencers are to be considered independent contractors.

44. The Policies & Procedures alone are 50 pages long and set out most of the requirements of the Beauty Influencers, including compliance with the Farmasi "Code of Ethics," requiring Beauty Influencers to promise to market Farmasi and engage in customer service in accordance with Farmasi directives.²⁵

45. Once a prospective Beauty Influencer has enrolled, they can begin selling. Because

²⁴ *To become a Farmasi Influencer*, FARMASI US, <https://www.farmasius.com/farmasi/package-selection> (last visited Mar. 3, 2025).

²⁵ Ex. A, § 3.3.

Farmasi treats Beauty Influencers as independent contractors, it does not pay them any salary, wages, or benefits. Rather, as is typical in the MLM industry, the Farmasi Compensation Plan provides for two types of compensation: (1) for sales the Beauty Influencer made to consumers, the Beauty Influencer receives a small percentage as a commission, and (2) if the Beauty Influencer builds a “downline,” i.e., recruits other new Beauty Influencers to market and sell Farmasi products and recruit more Beauty Influencers, then the “upline” Beauty Influencer receives commissions for sales made by those Beauty Influencers in their downline.²⁶ Farmasi also offers special “bonuses” to those Beauty Influencers who hit certain sales and recruiting metrics in various time frames.

46. Beauty Influencers are responsible for all expenses. This includes the Starter Kit, many versions of which cost hundreds of dollars.²⁷ Beauty Influencers do not receive products or samples for free, but must purchase them from Farmasi to create promotional posts and testimonials on social media. Farmasi does not reimburse Beauty Influencers for these purchases, nor for the costs of a cell phone, internet, and other routine business expenses.

47. In the Agreement, Farmasi gives itself broad rights to control Beauty Influencers and mandate conformance with its directives.

48. Farmasi’s reliance on an e-commerce platform limits Beauty Influencers’ discretion and promotes online sales over in-person interactions. Beauty Influencers’ Farmasi-issued websites, “Replicated Websites,” are designed in a way that ensures that Beauty Influencers operate in compliance with Farmasi’s marketing directives as laid out in its Agreement. Because the Replicated Website is not a standalone website, but a portal by which the public can view the products on Farmasi’s own website in a way that gives credit to the Beauty Influencer for the sale, the product pages and descriptions are generated entirely and solely by Farmasi, with no option for the Beauty Influencer to

²⁶ The “upline” and downline” concepts are the hallmark of the MLM structure. To illustrate, when an established Beauty Influencer, whom we will call “Amy,” recruits a friend, whom we will call “Bill,” to be a Beauty Influencer, Bill is in Amy’s downline; and Amy is in Bill’s upline. If Bill in turn recruits a new Beauty Influencer, whom we will call “Chris,” then Bill has an upline (to Amy) and a downline (to Chris); the established Beauty Influencer Amy now has two levels to her downline, to Bill (first level), and Chris (second level). Should Chris then recruit someone, the established Beauty Influencer Amy would have three levels to her downline.

²⁷ *To become a Farmasi Influencer*, FARMASI US, <https://www.farmasius.com/farmasi/package-selection> (last visited Mar. 3, 2025).

1 revise or supplement either the language or photos of the products. Thus, the Beauty Influencer is in
 2 effect selling products using only Farmasi-approved marketing language and intellectual property, as
 3 required by the Agreement.

4 49. Farmasi sets the prices online and does not permit adjustments, nor is there a way for a
 5 Beauty Influencer to allow a customer to get a discount, receive a free gift, make a donation, or use any
 6 other offer that is not available on Farmasi's main platforms and to all Farmasi customers. This
 7 significantly limits Beauty Influencers' marketing discretion.

8 50. Farmasi also restricts Beauty Influencers from using any platform other than Farmasi's
 9 website to make online sales; in other words, they cannot sell the products directly to consumers on
 10 Facebook Marketplace, eBay, Amazon, or similar sites. By making the Replicated Websites available
 11 and performing the back-end work, Distributors would be less likely to seek out other e-commerce
 12 platforms to sell the products even if they were permitted.

13 3. Beauty Influencers' Work Is Not Outside Farmasi's "Usual Course of 14 Business"

15 51. Farmasi views the work of the Beauty Influencers to market the products online as
 16 central to its business model; in its own words, "provid[ing] exceptional products and services to
 17 consumers ... is only made possible with the support of and passion of its members of the Farmasi sales
 18 organization."²⁸ The primary benefit to Farmasi from the Beauty Influencers' work is the way in which
 19 they drive engagement with the brand and people to Farmasi's website. Farmasi gets increased visibility
 20 on social media, enabling it to compete in a saturated wellness and personal care market more cheaply.
 21 For much the same reason that brands turn to social media influencers, Farmasi understands that social
 22 media posts from friends may be more persuasive in driving interest and generating paying customers
 23 than a paid advertisement.

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28 ²⁸ Ex. A, § 1.1.

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4. **Farmasi Cannot Meet its Burden to Show that Beauty Influencers are “Customarily Engaged” in a Separate Business**

52. Farmasi cannot meet its burden to show that Beauty Influencers are “customarily engaged” in an independently established sales and marketing business. Instead, most Beauty Influencers are recruited regardless of their skill or experience, only perform sales and marketing for Farmasi (using Farmasi’s approved platforms), and maintain no separate sales or marketing business.

53. Beauty Influencers are not required to have any background in sales, marketing, or beauty and skin care prior to becoming a Beauty Influencer. Beauty Influencers are not required to have any licensure or meet any educational requirements, either. For example, they do not need to be licensed cosmetologists, nor have any schooling, training, or prior employment in fields relating to pharmaceuticals or beauty. Nor does Farmasi require that they have schooling, training, or prior employment in marketing, sales, or general business. Instead, Farmasi only requires that a prospective Beauty Influencer complete a short application asking for basic personal information and buy a Starter Kit. In fact, most Beauty Influencers have little to no prior relevant experience or training.

54. Most Beauty Influencers have never owned or operated their own separate sales business outside of Farmasi. And most Beauty Influencers do not maintain any registered or incorporated sales or marketing business, for their work with Farmasi or otherwise. Beauty Influencers generally do not hold themselves out to others as sales or marketing professionals or maintain any office or business address.

55. Rather than rely on Beauty Influencers’ own business acumen or sales experience to market products, Farmasi provides the instrumentalities of Beauty Influencers’ sales and marketing work. These include the “Back Office” (a password-protected website which includes a tool for Beauty Influencers to send emails to customers and their downline Beauty Influencers, as well as a gallery of approved images and video clips), the Replicated Website (the content of which is provided by Farmasi and does not allow deviation from the standard template), the Farmasi app, and Farmasi scripts and graphics for use in marketing. Farmasi advertises that using the Replicated Website is “easier” because “[a]ll you have to do is share your personal website with them [customers]. They do the shopping; we

do the shipping! It's that easy!"²⁹

56. Ultimately, Farmasi intends for Beauty Influencers to see Farmasi as an employer, not as client. In other words, regardless of whether a Beauty Influencer maintains any kind of independent business, Farmasi's policies and mandated instrumentalities of work make it so the Beauty Influencer responsibilities are not those that are of the sort that would be performed by an independent and trained professional. For example, Farmasi requires Beauty Influencers to identify themselves as "Farmasi Beauty Influencers" on social media profiles and posts.³⁰ The expectation is that the Beauty Influencers are using Farmasi's brand to sell, not their own business's identity. Likewise, Farmasi's policies promoting sales through the Replicated Websites, restrictions on using other websites as a point of sale, and limitations on where the products can physically be sold effectively prevent Beauty Influencers from integrating the sale of Farmasi products into any pre-existing business. And Farmasi prohibits Beauty Influencers from using its platforms to promote other businesses, including any other multi-level marketing companies.

57. Similarly, those experienced in social media marketing are not allowed to use the kinds of tools relied upon by professionals in the field; as discussed above, Farmasi forbids most Beauty Influencers from creating or using their own sales aids, promotional materials, or advertisements.³¹ People with digital marketing experience cannot leverage their skills because Farmasi does not provide access to data collected from visitors to Beauty Influencer's Replicated Website, nor the ability to track them and target ads to them. Instead, Farmasi designs the overall social media advertising campaign, and supplies the Beauty Influencers with hashtags, promotional photos and video clips, and other strategic advertising directives for the Beauty Influencers to use to sell Farmasi's products on social media.

58. Further, Farmasi actively limits Beauty Influencers' ability to engage in sales or marketing opportunities outside Farmasi. For example, Farmasi prohibits Beauty Influencers from

²⁹ *OpporTUNAty Guide 2023*, FARMASI, 26 (Apr. 2023), <https://catalog.farmasius.com/farmasi/usa/opportunity-guide-with-videos-202122/opportunaty-guide-usa/?page=27>.

³⁰ Ex. A, § 9.4.

³¹ Ex. A, § 3.2.

1 recruiting other Beauty Influencers to join other MLMs or even to market other MLM products to
 2 Farmasi Beauty Influencers both while active with Farmasi and for a year after leaving.³²

3 **5. Farmasi Beauty Influencers Are Not “Direct Sellers.”**

4 59. Despite classifying the Beauty Influencers as Independent Contractors, they are
 5 employees under California law. As set forth below, while some MLM workers might meet the narrow
 6 statutory exemption for those employed in “direct sales,” the Beauty Influencers do not.

7 *i. Background on MLMs and the Direct Sales Exemption.*

8 60. For many years, the MLM industry has enjoyed notoriety for its ability to carve out
 9 loopholes from federal and state employment laws, permitting MLMs to treat its sales personnel as
 10 independent contractors. These regulations were enacted in the 1970s and 1980s, and in California, the
 11 exemption describes a different job than what Beauty Influencers perform.

12 61. When AB 5 was passed in 2019, it codified the opinion in *Dynamex Operations West,*
 13 *Inc. v. Superior Court of Los Angeles County*, 4 Cal. 5th 903 (2018), in which it set forth a new test for
 14 misclassification (the “Dynamex Test”). When the bill was being debated, many in the MLM industry
 15 recognized that the Dynamex Test would require them to classify their workers as employees. The
 16 Direct Selling Association (“DSA”), the industry lobbying group, pushed for an exemption. As a result
 17 of those efforts, AB 5 exempts from the Dynamex Test any salesperson “described in Section 650 of
 18 the Unemployment Insurance Code, so long as the conditions for exclusion from employment under
 19 that section are met.” (“Direct Sales Exemption”) For such workers who fall within the exemption, the
 20 old common law test (rather than the ABC test) would govern the question of employee status.

21 62. For an entity to be covered under the Direct Sales Exemption, the hiring entity must
 22 show that the work satisfies all three criteria set forth in the statute, namely that (a) the worker performs
 23 one of two specific types of work; (b) the worker’s compensation is directly tied to sales or output, and
 24 not hours worked; and (c) the worker and business have an agreement that the worker will be treated
 25 as a contractor for tax purposes. If all three criteria are not met, then the exemption does not apply, and
 26 if the worker otherwise meets the Dynamex Test, they are misclassified. While the third of these
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28 ³² Ex. A, § 3.12.

criteria—services performed pursuant to a contract identifying the person as an independent contractor—is only facially met, and even if it were an enforceable contract, that factor is not dispositive. As discussed below, the Beauty Influencer job does not satisfy the other criteria.

ii. *Farmasi Beauty Influencers Do Not Perform the Jobs Identified in the Direct Sales Exemption.*

63. First, for the Direct Sales Exemption to apply, the salesperson must be performing one of two narrowly defined jobs. Specifically, the Exemption requires that one be “engaged in the trade or business of primarily inperson [sic] demonstration and sales presentation of consumer products, including services or other intangibles, in the home or sales to any buyer on a buy-sell basis, a deposit-commission basis, or any similar basis, for resale by the buyer or any other person in the home or otherwise than from a retail or wholesale establishment.” In other words, section (a) of the Direct Sales Exemption is best understood as identifying two specific categories of direct sales jobs, ***Primarily In Person Consumer Sales Work***, and ***Wholesale/Resale Work***, that could trigger the applicability of the Direct Sales Exemptions. The Beauty Influencer does not fall under either of these categories.

64. ***Farmasi Beauty Influencers Are Not Engaged Primarily in In-Person Consumer Sales Work.*** This job category covers those who are “engaged in the trade or business of primarily inperson [sic] demonstration and sales presentation of consumer products, including services or other intangibles, in the home.” Thus, the exemption is limited to those who are *primarily* selling consumer products *in person* and *in the home*. These terms are significant, as they do not appear in the analogous job category of “direct sellers” under a later federal statute. *See* 26 U.S.C. § 3508(b)(2)(ii). Thus, the California exemption applies narrowly to jobs like door-to-door salespersons, or the direct sellers who work almost exclusively through the home party circuit, i.e., people who sell consumer products by meeting with other consumers in their homes.

65. As discussed throughout, Beauty Influencers do not “primarily” sell “in person.” Moreover, to the extent any Beauty Influencer in the Farmasi network was primarily conducting “in person” sales after the purported Farmasi “digitization” the COVID pandemic would have pushed more sales online.

66. ***Farmasi Beauty Influencers are not engaged in Wholesale/Resale Work.*** This job

category, which also has a federal parallel, 26 U.S.C. § 3508(b)(2)(i), covers those are engaged in:

- a) “sales to any buyer”
- b) “on a buy-sell basis, a deposit-commission basis, or any similar basis,”
- c) “for resale by the buyer or any other person”, and
- d) “in the home or otherwise than from a retail or wholesale establishment.”

While California law does not define the terms buy-sell or deposit-commission in [b], federal law does. The term “buy-sell basis” is one in which one buys the product to sell the product, and gets paid for selling the product with the spread between the purchase price and the resale price, and term “deposit-commission basis” applies where the buyer keeps as commission for a sale of a product the deposit received from the buyer. *See* 26 U.S.C. 6041A(b)(2)(A) & (B).

67. The “Wholesale/Resale Work” is even more narrow than “In Person Home Sales Work,” and does not apply to Farmasi. Rather, Farmasi’s Agreement requires that Beauty Influencers sell only to themselves or to retail customers. Nowhere in the Agreement or in Farmasi’s public materials does it state that compensation is on a buy-sell or deposit-commission basis.

68. To illustrate what is meant by “Wholesale/Resale Work,” a hypothetical upline Beauty Influencer Sue would be performing this work if [a] Sue was selling Farmasi products to her downline Beauty Influencer Bob [c] for Bob to resell, not to keep for his own use; and [b] Sue was compensating Bob for his resale services by permitting Bob to keep the difference between the price he paid to Sue and the product’s selling price or by permitting Bob to keep the deposit he acquired. Beauty Influencers do not work in this way, selling products to Beauty Influencers for Beauty Influencers to re-sell. If Bob directs a lead to his Replicated Website, and the lead purchases a product from Farmasi, both he and his upline Beauty Influencer (e.g., Sue) would receive a commission for sales from Farmasi. But as to Sue, [a] is not met because Sue did not sell the products to Bob. Because Bob acquired the products from Farmasi to sell at retail, not to someone to re-sell, [a] and [c] are not met. As to both, [b] is not met, because neither sold the product on those terms. Rather, Farmasi takes the full payment at the point of sale and sends the product directly to the consumer, and then separately pays the Beauty Influencer.

69. *The job descriptions in the Direct Sales Exemption predate significant changes to how*

1 **MLMs now operate.** By way of background, these two categories of jobs outlined in the Direct Sales
2 Exemption were how MLMs organized at the time the Direct Sales Exemption was enacted. In the
3 1970s and 1980s, downline sellers hosted parties, traveled door to door, had booths at local fairs, or
4 visited friends and family in their homes to hand out samples, catalogs, and sales sheets. They took
5 orders and payment directly from the customer. Once the seller had enough orders, the seller placed the
6 order with the company, received the shipment from the company, and then met with the customer
7 again in person to deliver the product and if necessary, collect any further payment that might be due.
8 The direct seller engaged with consumers both directly and personally; the consumers had little to no
9 interaction with the company.

10 70. In some instances, instead of placing the order with the company, the seller performing
11 “In Person Home Sales” would place the order with the person in their “upline,” who was engaged in
12 “Wholesale/Resale Work.” The upline seller acquired products from the company, and sold them to the
13 downline “In Person Home Sales” worker on a buy-sell or commission deposit basis for them to sell to
14 end consumers (or to their downlines). The seller was able to do “Wholesale/Resale Work” because at
15 the time, MLMs permitted direct sellers to fulfill their sales quotas by either selling the product to retail
16 consumers or selling it to downline sellers.

17 71. Since the Direct Sales Exemption was enacted, various changes in the MLM industry
18 occurred to move away from this model. Most notably is the fact that over the last few decades, MLMs
19 have been forced to make changes to their operations in response to regulatory actions and civil lawsuits
20 by private litigants to enforce anti-pyramid scheme laws. Courts and regulators have made clear that to
21 avoid violating criminal and civil pyramid scheme laws, MLMs needed to conduct operations so as to
22 ensure that real, meaningful sales were happening directly to consumers—instead of primarily to
23 sellers’ own downlines. *See, e.g., Webster v. Omnitrition Int’l*, 79 F.3d 776, 782 (9th Cir. 1996). It was
24 not enough to simply have a policy that sales should be at retail; the law has evolved so as to require
25 MLMs to enforce that policy and to demonstrate its effectiveness at ensuring participants were not
26 merely stockpiling inventory and seeking to recoup losses by recruiting new sellers to buy the product
27 from them.

28 72. These legal developments have prompted two important changes. First, because MLMs

1 must ensure retail sales are occurring, few if any MLMs permit sellers to perform “Wholesale/Resale
2 Work.” Certainly, Farmasi does not. Second, the work undertaken by MLMs to enforce policies as to
3 sales at retail results in them exercising far more control than they might have decades ago.

4 73. Furthermore, by implementing platforms such as the Replicated Website, Farmasi can
5 better oversee Beauty Influencers in their work to ensure they are not engaging in activities that could
6 run afoul of anti-pyramid scheme laws. Farmasi can oversee all retail sales, given the vast majority
7 occur on its website and on public social media pages. While this control may protect Beauty
8 Influencers from being a victim of one kind of legal violation, they also remove much of the discretion
9 that other independent MLM contractors had.

10
11 *iii. Farmasi’s Modern E-Commerce Business Is Unlike Past and Present Direct Sales Companies.*

12 74. The Direct Sales Exemption and its inclusion in AB 5 was based on the MLM industry’s
13 claim that it is needed to ensure the industry can continue to offer people the opportunity to create and
14 run their own businesses. Some MLM businesses do run operations that are predominately based on
15 around in-person sales, promoting home parties and sales at community events, like Parent Teacher
16 Association meetings or similar. Some do not allow consumers to buy products via a company website
17 or they utilize pricing and purchasing policies that give the seller more control. In the primarily face-
18 to-face, in-person sales context, the direct line between a person’s effort and a closed sale may still be
19 one that can be drawn and may allow for the kind of independent business operations contemplated by
20 the statute.

21 75. Farmasi’s operations, however, are a stark departure. The way in which it operates its
22 platforms, including the Replicated Websites, eliminates for the Beauty Influencer nearly all the work
23 associated with operating a business, as compared to MLMs of the past, and of some in the present. At
24 the same time, by removing many of the functions performed by sellers in the past, Beauty Influencers
25 with expertise, skills, or a willingness to invest in certain areas are unlikely to realize a material change
26 in their earnings prospects.

27 76. For example, the use of Replicated Websites means that skills or investment in inventory
28 management or distribution processes are not necessary, nor will they have a material impact on a

Beauty Influencer's outcome. When customers place orders on the Replicated Websites, Farmasi fulfills them. Unlike some MLMs, both current and historic, as well as in the traditional wholesale context, Beauty Influencers do not need to plan to have products on hand or collect bulk orders.

77. Similarly, expertise or support in accounting, finance, economics or pricing will not impact a Beauty Influencer's outcome, because Beauty Influencers are not able to alter prices at which the products are sold on their Replicated Website and must sell them at the rate that Farmasi has determined will cover Farmasi's expenses, regardless of whether the Beauty Influencer's compensation is enough to cover the Beauty Influencer's expenses. Farmasi calculates, collects, and remits sales taxes, and Beauty Influencers do not need nor would benefit from experience in that area. Unlike some MLMs, both current and historic, as well as in the traditional wholesale context, Farmasi does not give a larger discount or increase the percentage basis for a commission if a Beauty Influencer orders a larger amount of product for their customers.

78. Farmasi also pays the Beauty Influencer's upline and downline and determines any compensation owed to them, and thus, a Beauty Influencer does not negotiate or set anyone else's rates of pay. Farmasi handles the payment interface, and thus Beauty Influencers do not need expertise in electronic payments, data security and privacy, credit card processing regulations, or similar.

6. The Terms and Conditions in the Beauty Influencer Agreement Are Unconscionable, Unfair, and Unlawful.

79. The Agreement between Farmasi and Beauty Influencers is a tool by Farmasi to exert control while maximizing Farmasi's profits. The Agreement is a take-it-or-leave it deal, with no opportunity for negotiation. And many Beauty Influencers discover that the arrangement is one in which they will spend extraordinary amounts of time and money promoting the company with little payoff.³³ Indeed, the effect of the Agreement, when considered in tandem with Farmasi's other business practices, grossly restricts Beauty Influencers' ability to profit from their work advertising sales, and may cause Beauty Influencers to turn attention to recruiting more Beauty Influencers into a futile

³³ Abby Vesoulis & Eliana Dockterman, *Pandemic Schemes: How Multilevel Marketing Distributors Are Using the Internet—and the Coronavirus—to Grow Their Businesses*, TIME, Jul. 9, 2020, <https://time.com/5864712/multilevel-marketing-schemes-coronavirus/>.

1 business endeavor.

2 80. Indeed, MLMs like Farmasi have been criticized for the fact that few of the sellers
3 manage to profit. At least one study concluded that 99% of MLM participants do not earn money;³⁴
4 another found that only 25% earned a profit.³⁵ Farmasi's numbers are consistent with this low rate of
5 success; Beauty Influencers rarely make any money. According to Farmasi's 2023 Beauty Influencer
6 earnings statement, 35.49% of Beauty Influencers were in the lowest "rank" and had an average annual
7 commission income of just \$54.³⁶ The next lowest rank, making up 29.5% of Beauty Influencers, had
8 an average income of \$285.³⁷ Neither of these figures include Beauty Influencers' expenses. As
9 described throughout, Beauty Influencers themselves foot the bill for event registration fees, Farmasi-
10 related travel, office supplies, insurance premiums, products purchased for business purposes,
11 marketing materials, and internet and phone bills, annual seller fees, inter alia.

12 81. Moreover, Farmasi has structured its business operations and Agreement to benefit from
13 the addition of more Beauty Influencers, while Beauty Influencers lose. Farmasi benefits when tens of
14 thousands are active on social media but incurs no other expense unless the Beauty Influencer generates
15 a sale. While Farmasi benefits from an oversaturation of Beauty Influencers, the individual Beauty
16 Influencers only have more competitors and a harder time setting themselves apart. And nowhere in
17 the Agreement does Farmasi promise to limit the number of Beauty Influencers retained in any way.

18 82. Given that Beauty Influencers must compete with Farmasi and other Beauty Influencers
19 for retail sales under such oppressive and onerous terms, it is no surprise that the overwhelming
20 majority never receive commission or struggle to break even. But because Beauty Influencers receive
21 commission from the retail sales made by any Beauty Influencers they recruit, Farmasi's own income
22 disclosures indicate that those who advance to higher levels through recruiting more Beauty Influencers
23 on average earn more money. Thus, Beauty Influencers have a financial incentive to advertise the
24

25 ³⁴ *Id.*

26 ³⁵ *What is Multilevel Marketing (MLM)?*, AARP FOUNDATION, <https://www.aarp.org/aarp-foundation/our-work/income/multilevel-marketing/> (last accessed Oct. 30, 2024).

27 ³⁶ *Income Statement Disclosure*, FARMASI US, <https://www.farmasius.com/farmasi/content/income-disclaimer> (last accessed Mar. 3, 2025).

28 ³⁷ *Id.*

1 opportunity to work with Farmasi under these unfair, unconscionable, and oppressive terms. Those new
 2 Beauty Influencers in turn will pay Farmasi various fees discussed herein, buy merchandise from
 3 Farmasi, promote Farmasi on social media, be subject to the same restrictions on selling as those who
 4 recruited them, and like those before them, find profiting from selling to be futile and turn to recruiting.

5 **C. Farmasi’s Misclassification of Plaintiffs and Beauty Influencers Was Willful.**

6 83. Farmasi’s decision to misclassify the Beauty Influencers as independent contractors was
 7 willful and intentional.

8 84. **First**, Farmasi is a highly sophisticated, large company, whose legal team includes
 9 California lawyers, including those at the prestigious law firms that provide it representation in other
 10 matters. Both its management and its legal team would be exposed to news about changes in California
 11 law with respect to misclassification.

12 85. **Second**, as detailed above, Farmasi’s Agreement and Policies & Procedures, as well as
 13 other materials and communications to Beauty Influencers, set forth various rules and policies. Farmasi
 14 knew and intended for Beauty Influencers to conform to these rules and policies and ensured adherence
 15 through its own platforms and other instrumentalities.

16 86. **Third**, Farmasi knows and depends on the Beauty Influencers and even the highest
 17 levels of the company understand that the Beauty Influencers play an essential role in Farmasi’s growth
 18 and business model. The management team not only understand the essential role the Beauty
 19 Influencers play, but know they are classified as independent contractors, as evidenced by their decision
 20 to operate the company as an MLM. Thus, the decision was not a singular decision by a low-level
 21 employee, but a conscious and knowing choice endorsed by the highest levels of the Company.

22 87. **Fourth**, Farmasi further knows and understands that, as an MLM, few workers will
 23 make money under a commission structure, and repeatedly represent in publicly accessible documents
 24 that its Beauty Influencers only get paid if they make a sale.

25 88. **Fifth**, Farmasi knew that its Beauty Influencers were not engaged in either type of work
 26 protected under the Direct Sales Exemption. It does not use terms like “buy-sell” or “deposit-
 27 commission” in its compensation documents or Agreement. It also knows that its Beauty Influencers
 28 engage primarily in social media marketing on its behalf, and are rarely, if ever, engaging in person

sales or hosting parties in others' homes, particularly during and since the COVID pandemic. And it designs platforms, such as the Replicated Websites, to facilitate online sales and marketing.

89. *Sixth*, Farmasi knew the Direct Sales Exemption was enacted years ago, and there was no guarantee that all MLMs could enjoy its protection. Rather, Farmasi has been an MLM since 1980 and thus, should have or did know that the classification of MLM workers has for years been one of the most critical legal and policy issues for the industry.

90. For example, in 2018, the Oregon Supreme Court determined that an MLM had misclassified its sales personnel as independent contractors. *See ACN Opportunity, LLC v. Emp't Dep't*, 362 Or. 824 (2018). The decision was based in part on the fact that the statute exempted sales "in the home," and the legislative history indicated that this exemption was narrowly tailored to apply to things like Tupperware parties. Notably, the concurrence made clear that the direct sales laws on the books reflect outdated direct selling practices and may not reach many modern MLMs. It is hard to imagine that Farmasi would not have learned of a decision by a state supreme court, particularly given the decision's significance to its industry.

D. Farmasi's Misclassification of Beauty Influencers and Unfair Business Practices Harm the California Public.

91. Farmasi's misclassification of its workers and unfair and unconscionable business model threatens the general public. Because Farmasi has no incentive to stop these practices, a public injunction is necessary to stop these practices.

1. Farmasi Uses Widespread Advertising Practices Directed at the General Public to Recruit New Beauty Influencers

92. Farmasi has eschewed traditional recruiting practices in lieu of widespread advertising. Because of how Farmasi recruits, nearly everyone in the state of California is likely to be targeted for recruiting and engagement in Farmasi's unfair and unlawful business model.

93. Rather than market job opportunities to job seekers meeting certain criteria, Farmasi uses its Beauty Influencers to promote the Beauty Influencer opportunities in the same way they advertise its products. Farmasi has set up its compensation structure and business model to incentivize Beauty Influencers to turn to recruiting, and those Beauty Influencers in turn will promote the

1 opportunity to their customers, as well as their family and friends. Thus, the public does not need to be
2 affirmatively seeking out job opportunities; merely buying a routine consumer good or having a friend
3 or family member working as a Beauty Influencer may subject them to recruiting messaging, and by
4 extension, could lead them to accept the Agreement and become a Beauty Influencer.

5 94. Moreover, Farmasi's reliance on its existing Beauty Influencer network to advertise the
6 Independent Consulting opportunity is likely to cause the message to reach the general public at large,
7 as its network is enormous. In 2021, Farmasi had 500,000 Beauty Influencers in the United States.³⁸
8 Numbers may have declined, but it is likely there are hundreds of thousands of Beauty Influencers
9 nationwide. Beauty Influencers need not respect geographic boundaries when advertising the Beauty
10 Influencer opportunity, and thus, any member of the California public who either personally knows a
11 Beauty Influencer or follows one on social media, regardless of where the Beauty Influencer lives, is
12 likely to receive messages about the Beauty Influencer opportunity.

13 95. Because of the financial incentives those Beauty Influencers receive, members of the
14 public may sometimes repeatedly and consistently receive advertising about the Beauty Influencer
15 opportunity over weeks or months at a time, and perhaps from multiple Beauty Influencers. Indeed,
16 each newly recruited Beauty Influencer presents the risk of an exponential increase of Beauty
17 Influencers. Beauty Influencers can maintain their status and receive additional compensation based on
18 the sales volume of the downline Beauty Influencers that they recruited. The more Beauty Influencers
19 recruited into their downline, the more likely it is that they will be able to generate more income.

20 96. Because Beauty Influencers are incentivized to aggressively recruit new Beauty
21 Influencers, and Farmasi considers every customer to be a potential Beauty Influencer, California's
22 residents are vulnerable to long-term consequences of Farmasi's rampant misclassification. Notably,
23 Farmasi is not a selective employer; it requires little in the way of experience or other criteria. The
24 overwhelming majority of adults in the state of California are likely qualified for the job, and millions
25 of people in the state may seek out this opportunity. Indeed, it is estimated that one in every thirteen
26

27 ³⁸ See Farmasi USA, *Farmasi Sells Record Breaking \$3 Million of Limited Edition Lipstick in 2 Hours*
28 (*Press Release*), GLOBENEWSWIRE (Apr. 1, 2021), <https://www.globenewswire.com/news-release/2021/04/01/2203290/0/en/Farmasi-Sells-Record-Breaking-3-Million-of-Limited-Edition-Lipstick-in-2-Hours.html>.

Americans will participate in an MLM at some point in their lifetimes.³⁹ This could translate into hundreds of thousands of Californians, if not millions of Californians, who are at risk of being recruited into an illegal and unfair working arrangement.

2. Farmasi's Unfair and Unlawful Conduct Harms California In Other Ways.

97. Beyond recruitment, Farmasi's misclassification of their Beauty Influencers harms Californians both economically and socially. When Beauty Influencers lose money and accumulate credit card debt, they and their families are harmed by the siphoning away of their uncompensated time and lost money on business expenses. This results in them and their families having fewer resources to invest in legitimate businesses and less time to spend working for real, guaranteed wages. And instead of the opportunity being a "side hustle" that allows them to pay off mortgages or student loan debt, cover costs of childcare, or otherwise advance financially, the loss of money from Independent Consulting could cause them more economic hardship.

98. This public harm intensifies during periods of crisis. It is well-documented that MLMs, including Farmasi, profited from greater recruitment of participants during the COVID-19 pandemic.⁴⁰ Farmasi expects the same profit from future crises, such as financial recessions, because it recruits new Beauty Influencers under the guise that they will be able to grow their own business with a sustainable income. Farmasi siphons potential workers away from legitimate opportunities with the promises of building a personal business, when these individuals are under Farmasi's control with none of the benefits of proper classification, and hurting California families.

99. Farmasi's practices also harm competitors, such as legitimate companies in the health and wellness space, who must and do pay wages and benefits at prevailing market rates to market and sell their products. By misclassifying its workers, and paying them only for certain sales, Farmasi incurs

³⁹ Marguerite DeLiema, et al., *AARP Study of Multilevel Marketing: Profiling Participants and their Experiences in Direct Sales*, AARP FOUNDATION (2018), at 13, https://www.aarp.org/content/dam/aarp/aarp_foundation/2018/pdf/AARP%20Foundation%20MLM%20Research%20Study%20Report%2010.8.18.pdf.

⁴⁰ See Abby Vesoulis & Eliana Dockterman, *Pandemic Schemes: How Multilevel Marketing Distributors Are Using the Internet—and the Coronavirus—to Grow Their Businesses*, TIME, Jul. 9, 2020, <https://time.com/5864712/multilevel-marketing-schemes-coronavirus/>.

1 lower expenses, giving them a competitive advantage over other market participants.

2 100. The California Legislature specifically considered harms like these in passing AB-5.
3 The legislature recognized “harm to misclassified workers who lose significant workplace protections,
4 the unfairness to employers who must compete with companies that misclassify, and the loss to the
5 state of needed revenue from companies that use misclassification to avoid obligations such as payment
6 of payroll taxes, payment of premiums for workers’ compensation, Social Security, unemployment,
7 and disability insurance” and that “the misclassification of workers as independent contractors has been
8 a significant factor in the erosion of the middle class and the rise in income inequality.” Farmasi’s
9 continued misclassification of California workers will exacerbate all these harms to the California
10 public.

11 101. Absent an injunction protecting the public from the negative impacts of Defendants’
12 illegal activities, including by and through their officers and/or entities in their control, the California
13 public remains at risk from Farmasi’s deceptive recruitment strategies and the economic and social
14 harms created by their unlawful practices.

15 **E. Plaintiffs’ Experiences as Farmasi Beauty Influencers**

16 **1. Plaintiff Daniel Gurtner**

17 102. Plaintiff Daniel Gurtner has worked for Farmasi as a Beauty Influencer since
18 approximately January 2024 to present.

19 103. When he signed up, Farmasi required Plaintiff to adhere to the rules and policies set
20 forth in the “Farmasi Entrepreneur Application & Agreement.” Plaintiff was not engaged in an
21 independently established trade, occupation, or business as a beautician or sales professional and had
22 limited sales experience.

23 104. Around the time he signed up, Plaintiff filled out his profile in the Farmasi Back Office.
24 At that time, Farmasi also provided Plaintiff with a personalized Farmasi website URL for his
25 Replicated Website and instructed him to provide it to prospective customers.

26 105. At no time was Plaintiff instructed to focus on in-person sales. As a general matter,
27 Plaintiff understood from communications, directives, and practices of Farmasi that sales efforts were
28 to be predominately online.

106. In the course of his tenure as a Beauty Influencer on behalf of Farmasi, Plaintiff predominately marketed Farmasi products on various social media platforms, including Instagram and WhatsApp. To carry out this marketing work, Plaintiff performed the following tasks:

- a) Purchased, studied, and tested Farmasi products;
- b) Posted on Plaintiff's social media pages about Farmasi products, including brainstorming content, drafting and editing the text, and taking photographs and video recordings for posts, as well as incorporating Farmasi-approved messaging;
- c) Developed and followed up with Farmasi sales leads;
- d) Regularly monitored his social media pages to engage further with customers, and replied to any direct messages from interested customers;
- e) Evaluated customer's needs, lifestyle, and goals to put together customized Farmasi product bundles for customers;
- f) Participated in efforts to recruit, onboard, train, and/or mentor new Beauty Influencers;
- g) Attending weekly meetings with upline and downline Beauty Influencers as well as hours of trainings;
- h) Tracked and reported his progress and sales using Farmasi products; and
- i) Attended in-person conferences.

107. Plaintiff performed all these tasks regularly throughout his tenure, at his peak involvement spending about twenty (20) hours a week, at times working for periods of more than five (5) hours. Plaintiff performed these activities throughout the day, nearly every day, often in short increments adding up to two (2) to three (3) hours a day.

108. Plaintiff rarely, if ever, sold to customers in-person, and his advertising and messaging was done online.

109. Plaintiff, like all Beauty Influencers, worked under Farmasi's pervasive control and direction. Selling Farmasi products—the main responsibility of Beauty Influencers—is work that is precisely in line with Farmasi's usual course of business.

110. Plaintiff paid the following fees and out-of-pocket, work-related expenses throughout

her tenure, for which he was not reimbursed by Farmasi:

- a) Purchased a starter kit;
- b) Farmasi-branded merchandise for social media activity and connection;
- c) Non-Farmasi-branded sales aids, promotional items, and sales technology;
- d) Purchases of product packs for special weight-loss challenges;
- e) Travel to in-person conferences; and
- f) A monthly bill for cell phone and internet access.

111. During Plaintiff's tenure, Farmasi determined the prices at which all products could be sold. He did not have the authority nor ability to sell or advertise prices for Farmasi products at a different price. All sales by any customer that Plaintiff referred to Farmasi were made through Farmasi-controlled platforms.

112. During Plaintiff's tenure, Plaintiff was not compensated for his time doing any of the forementioned activities, nor paid any overtime.

113. During Plaintiff's tenure, Plaintiff regularly paid out of pocket for expenses related to his work for Farmasi. Plaintiff was not compensated for out-of-pocket expenses.

114. The commissions were paid via direct deposit. No paystub was provided that identified hours worked, nor were any employment taxes withheld at any time.

2. Plaintiff Lucila Gurtner

115. Plaintiff Lucila Gurtner has worked for Farmasi as a Beauty Influencer since approximately November 2023 to present.

116. When she signed up, Farmasi required Plaintiff to adhere to the rules and policies set forth in the "Farmasi Entrepreneur Application & Agreement." Plaintiff was not engaged in an independently established trade, occupation, or business as a beautician or sales professional and had limited sales experience.

117. Around the time she signed up, Plaintiff filled out her profile in the Farmasi Back Office. At that time, Farmasi also provided Plaintiff with a personalized Farmasi website URL for her Replicated Website and instructed her to provide it to prospective customers.

118. At no time was Plaintiff instructed to focus on in-person sales. As a general matter,

1 Plaintiff understood from communications, directives, and practices of Farmasi that sales efforts were
2 to be predominately online.

3 119. In the course of her tenure as a Beauty Influencer on behalf of Farmasi, Plaintiff
4 predominately marketed Farmasi products on various social media platforms, including Instagram and
5 WhatsApp. To carry out this marketing work, Plaintiff performed the following tasks:

- 6 g) Purchased, studied, and tested Farmasi products;
- 7 h) Posted on Plaintiff's social media pages about Farmasi products, including
8 brainstorming content, drafting and editing the text, and taking photographs and
9 video recordings for posts, as well as incorporating Farmasi-approved messaging;
- 10 i) Developed and followed up with Farmasi sales leads;
- 11 j) Regularly monitored her social media pages to engage further with customers, and
12 replied to any direct messages from interested customers;
- 13 k) Evaluated customer's needs, lifestyle, and goals to put together customized Farmasi
14 product bundles for customers;
- 15 l) Participated in efforts to recruit, onboard, train, and/or mentor new Beauty
16 Influencers;
- 17 m) Attending weekly meetings with upline and downline Beauty Influencers as well as
18 hours of trainings;
- 19 n) Tracked and reported her progress and sales using Farmasi products; and
- 20 o) Attended in-person conferences.

21 120. Plaintiff performed all these tasks regularly throughout her tenure, at her peak
22 involvement spending over forty (40) hours a week, at times working for periods of more than eight
23 (8) hours. Plaintiff performed these activities throughout the day, nearly every day, often in short
24 increments adding up to six (6) to eight (8) hours a day.

25 121. Plaintiff rarely, if ever, sold to customers in-person, and her advertising and messaging
26 was done online.

27 122. Plaintiff, like all Beauty Influencers, worked under Farmasi's pervasive control and
28 direction. Selling Farmasi products—the main responsibility of Beauty Influencers—is work that is

precisely in line with Farmasi's usual course of business.

123. Plaintiff paid the following fees and out-of-pocket, work-related expenses throughout her tenure, for which she was not reimbursed by Farmasi:

- a) Purchased a starter kit;
- b) Farmasi-branded merchandise for social media activity and connection;
- c) Non-Farmasi-branded sales aids, promotional items, and sales technology;
- d) Purchases of product packs for special weight-loss challenges;
- e) Travel to in-person conferences; and
- f) A monthly bill for cell phone and internet access.

124. During Plaintiff's tenure, Farmasi determined the prices at which all products could be sold. She did not have the authority nor ability to sell or advertise prices for Farmasi products at a different price. All sales by any customer that Plaintiff referred to Farmasi were made through Farmasi-controlled platforms.

125. During Plaintiff's tenure, Plaintiff was not compensated for her time doing any of the forementioned activities, nor paid any overtime.

126. During Plaintiff's tenure, Plaintiff regularly paid out of pocket for expenses related to her work for Farmasi. Plaintiff was not compensated for out-of-pocket expenses.

127. The commissions were paid via direct deposit. No paystub was provided that identified hours worked, nor were any employment taxes withheld at any time.

V. CLASS ALLEGATIONS

128. Plaintiffs incorporate and reallege the above paragraphs.

129. Plaintiffs brings this action on their own behalf, as well as on behalf of each and all other persons similarly situated, and thus seeks class certification under California Code of Civil Procedure section 382.

130. All claims alleged herein arise under California law for which Plaintiffs seek relief authorized by California law.

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131. Plaintiffs' proposed class consists of and is defined as follows:

All current and former Beauty Influencers who resided in the State of California or who performed marketing or sales activities in California during the applicable statutes of limitations through the date a class is certified.

132. Plaintiffs also allege the following subclass:

The Above-Standard Minimum Wage Subclass

All current and former Farmasi Beauty Influencers classified as independent contractors who resided in California cities or counties with a minimum wage rate greater than the California minimum wage during the applicable statutes of limitations through the date a class is certified. This subclass includes, but is not limited to, residents of Los Angeles (City and County), San Francisco, San Diego, Oakland, and San Jose.

133. Members of the Class will hereinafter be referred to as "Class Members." Plaintiffs reserve the right to redefine the Class and to add subclasses as appropriate based on further investigation, discovery, and specific theories of liability.

134. **Ascertainable and numerous.** The Class is ascertainable and numerous such that joinder is impractical. The membership of the entire class is unknown to Plaintiffs at this time. However, the class will likely consist of thousands of members, the precise number which is within the knowledge of and can be readily ascertained through Farmasi's records.

135. **Community of Interest.** There is a well-defined community of interest amongst Class Members. A class action is superior to all other available methods for the fair and efficient adjudication of this lawsuit because the Class is both numerous and its membership is geographically widespread across California. A class action will achieve economies of time, effort and expense as compared with separate lawsuits, and will avoid inconsistent outcomes because the same issues can be adjudicated in the same manner and at the same time for the entire class. In addition:

136. **Predominating Common Questions.** There are numerous questions of law and fact common to the Class which predominate over any questions affecting only individual members of the Class. Among the questions of law and fact common to the Class are:

- a) Whether Farmasi misclassified its Beauty Influencers as independent contractors when in fact they were Farmasi employees;

- b) Whether Farmasi failed to pay Plaintiffs and Class Members the legally mandated minimum wage for all hours worked;
- c) Whether Farmasi failed to timely pay wages due to Plaintiffs and Class Members during their employment;
- d) Whether any misclassification by Farmasi was voluntary and knowing;
- e) Whether Beauty Influencers' duties fall within the Direct Sales Exemption to AB 5;
- f) Whether Farmasi controlled the manner and means of the Beauty Influencers' work;
- g) Whether Farmasi failed to reimburse Beauty Influencers' business expenses;
- h) Whether Farmasi failed to maintain accurate time records for its Beauty Influencers;
- i) Whether Farmasi failed to provide complete and accurate wage statements to its Beauty Influencers;
- j) Whether Farmasi failed to pay Beauty Influencers their wages due at termination; and
- k) Whether Farmasi should be enjoined from continuing the practices described herein.

137. **Typicality.** Plaintiffs' claims are typical of the claims of Class Members because Plaintiff, like all members of the Class, worked as a Beauty Influencer for Farmasi in California, was required to adhere to Farmasi's policies, and was paid on a commission basis. Furthermore, like all members of the Class, Plaintiffs sustained damages from Farmasi's wrongful conduct. Accordingly, Plaintiffs have no interests antagonistic to the interests of any other member of the Class.

138. **Adequacy.** Plaintiffs will fully and adequately assert and protect the interests of the Class and has retained counsel who are experienced in prosecuting class actions. Plaintiffs acknowledge that they have an obligation to make known to the Court any relationship, conflicts or differences with any Class Member. Plaintiffs' attorneys, the proposed class counsel, are versed in the rules governing class action discovery, certification, and settlement. Accordingly, Plaintiffs are an adequate representative and will fairly and adequately protect the interests of the Class.

VI. FACTS RELATING TO PLAINTIFFS AS A PRIVATE ATTORNEY GENERAL

139. At all times set forth herein, PAGA was applicable to Plaintiffs' employment by Defendants.

1 140. At all times set forth herein, PAGA provides that, notwithstanding any other provision
2 of law, any provision of law under the California Labor Code that provides for a civil penalty, including
3 unpaid wages and premium wages, to be assessed and collected by the California Labor & Workforce
4 Development Agency (“LWDA”) for violations of the California Labor Code may, as an alternative,
5 be recovered through a civil action brought by an aggrieved employee on behalf of the aggrieved
6 employee and other current or former employees pursuant to procedures set forth in California Labor
7 Code § 2699.3.

8 141. Pursuant to PAGA, a civil action may be brought by an “aggrieved employee,” who is
9 any person that was employed by the alleged violator and against whom one or more of the alleged
10 violations was committed.

11 142. Plaintiffs were employed by Defendants and the alleged violations were committed
12 against them and they are each, therefore, an aggrieved employee. Likewise, the other Beauty
13 Influencers who worked within the relevant time are “aggrieved employees” as defined by California
14 Labor Code § 2699(c) in that they are current or former employees of Defendants and one of more of
15 the alleged violations were committed against them.

16 143. Pursuant to California Labor Code §§ 2699.3 and 2699.5, an aggrieved employee,
17 including Plaintiffs, may pursue a civil action arising under PAGA after the following requirements
18 have been met:

- 19 a) The aggrieved employee shall give written notice (hereinafter “Employee’s Notice”)
20 to the LWDA and the employer of the specific provisions of the Labor Code alleged
21 to have been violated, including the facts and theories to support the alleged
22 violations.
- 23 b) The LWDA shall provide notice (hereinafter “LWDA Notice”) to the employer and
24 the aggrieved employee that it does not intend to investigate the alleged violation
25 within sixty (60) calendar days of the postmark date of the Employee’s Notice. Upon
26 receipt of the LWDA Notice, or if the LWDA Notice is not provided within sixty-
27 five (65) calendar days of the Employee’s Notice, the aggrieved employee may
28 commence a civil action pursuant to California Labor Code section 2699 to recover

civil penalties in addition to any other penalties to which the employee may be entitled.

144. Irrespective of any representations to the contrary in this Class Action Complaint, Plaintiffs specifically disclaims, at this time, any request for penalties under any provision of PAGA, until such time when all the statutory exhaustion requirements described above have been satisfied. On February 11, 2025, Plaintiffs provided notice by electronic submission to the LWDA and by certified mail to all Defendants regarding the specific provisions of the Labor Code alleged to have been violated, including the facts and theories to support the alleged violations, pursuant to Labor Code § 2699.3. A true and correct copy of the notice letter is attached as **Exhibit B**. The LWDA has not expressly stated that it will intervene or investigate, or otherwise responded regarding Plaintiffs asserted PAGA claims against Farmasi herein. If the LWDA does not respond to the letter within 65 days, or elects to investigate but issues no citation within 120 days, Plaintiffs will amend their complaint to assert PAGA claims seeking civil penalties against Defendants for violations of California Labor Code §§ 201, 202, 203, 204, 226, 226.7, 510, 512, 558, 1174, 1194, 1197, 1197.1, 1198, 2800 and 2802.

VII. CAUSES OF ACTION

FIRST CAUSE OF ACTION

(Failure to Pay Minimum Wages and Liquidated Damages)

Cal. Lab. Code §§ 1182.12, 1194, 1197, 1197.1, 1198; IWC Wage Order 4-2001

Against Farmasi US LLC, Sinan Tuna, Emre Tuna, Gokcen Faiz, and Does 1–50, inclusive

145. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

146. At all relevant times, California Labor Code §§ 1182.12, 1194, 1197, 1197.1, and 1198 have provided that the minimum wage for employees fixed by the Industrial Welfare Commission is the minimum wage to be paid to employees, and the payment of a wage less than the minimum so fixed is unlawful. California law provides employees in California must be paid for all hours worked, up to 40 per week or eight (8) per day, at a regular time rate no less than the mandated minimum wage. Compensable work time is defined by the applicable wage order as “the time during which an employee is subject to the control of an employer and includes all the time the employee is suffered or permitted

1 to work, whether or not required to do so.” Cal. Code Regs. Tit. 8, § 11070(2)(G) (defining “Hours
2 Worked”).

3 147. As alleged herein, during the relevant time period, Farmasi maintained and still
4 maintains a policy of requiring employees to work off-the-clock, without compensation. Farmasi only
5 compensates Beauty Influencers, including Plaintiffs, based on specific sales placed through the
6 Farmasi website, and does not pay wages for other hours worked. These hours include time spent doing
7 the following, inter alia:

- 8 a) in training;
- 9 b) making and responding to social media posts;
- 10 c) purchasing inventory from Farmasi;
- 11 d) communicating with other Beauty Influencers about policies, practices, and sales
- 12 instructions and guidance;
- 13 e) communicating with customers after their purchases were made to handle routine
- 14 customer service; and
- 15 f) handling other responsibilities as needed.

16 Plaintiffs and Class Members performed these activities throughout the day, nearly every day, often
17 in short increments adding up to one to two hours a day.

18 148. Farmasi provided no way for Plaintiffs and Class Members to log time spent and submit
19 to Farmasi.

20 149. Farmasi’s failure to pay Plaintiffs and Class Members for work, and failure to pay
21 overtime wages owed, also resulted in failures to pay Plaintiffs and Class Members the minimum wage
22 required, in violation of California Labor Code §§ 1182.12, 1194, 1197, 1197.1, 1198. In addition,
23 Farmasi’s failure to pay for hours worked is a violation of various municipal and county codes across
24 the state, including, but not limited to City of Los Angeles Cal. Code Art. 7-7.5; County of Los Angeles
25 Code § 8.100.040, *et seq.*, San Francisco Cal. Code 12R.

26 150. California Labor Code § 558.1 states that any employer or person acting on behalf of an
27 employer who causes a violation is liable, among other things, for minimum wage violations. *See* Cal.
28 Lab. Code § 558.1. Defendants FARMASI US LLC, SINAN TUNA, EMRE TUNA, GOKCEN FAIZ,

and DOES 1–50, inclusive, failed to pay Plaintiffs and other aggrieved employees the minimum wage and all Defendants are liable for causing this violation under § 558.1.

151. As such, pursuant to California Labor Code § 1194.2, Plaintiffs and Class Members are entitled to recover liquidated damages in an amount equal to the wages unlawfully unpaid and interest thereon. Pursuant to § 558(a), Plaintiffs and Class Members are also entitled to recover unpaid wages and statutory damages in the amount of \$50 for any initial violation per employee for each pay period and \$100 for each subsequent violation per employee for each pay period and interest pursuant to § 218.6.

SECOND CAUSE OF ACTION

(Failure to Pay Overtime Wages and Liquidated Damages)

Cal. Lab. Code § 510; IWC Wage Order 4-2001

Against Farmasi US LLC, Sinan Tuna, Emre Tuna, Gokcen Faiz, and Does 1–50, inclusive

152. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

153. California Labor Code § 510 and Wage Order No. 4-2001 require employers to pay no less than one and one-half times the regular rate of pay of the employee for hours worked in excess of eight (8) hours in one workday, for hours worked in excess of forty (40) hours in one workweek, and for the first eight (8) hours worked on the seventh day of work in any one workweek, and to pay no less than twice the regular rate of pay of the employee for hours worked in excess of twelve (12) hours in one workday and for any work in excess of eight (8) hours on any seventh day of a workweek. During the relevant time period, Plaintiffs and other aggrieved employees worked over 8 hours in a day and/or 40 hours in a week without overtime compensation because Farmasi failed to pay them for their work duties, as described above. This was, in turn, due to Farmasi's unlawful misclassification of Beauty Influencers as independent contractors rather than as employees. On occasions when Plaintiffs and other aggrieved employees had already worked eight hours in one day (performing all their work off-the-clock), Farmasi failed to pay them any overtime compensation due. Therefore, Plaintiffs and the other aggrieved employees were entitled to receive overtime compensation from Farmasi that Farmasi failed to pay, violating California Labor Code § 510 and Wage Order No. 4-2001. In addition, Farmasi's

failure to pay for overtime is a violation of various municipal and county codes across the state, including, but not limited to City of Los Angeles Cal. Code Art. 7-7.5; County of Los Angeles Code § 8.100.040, *et seq.*, San Francisco Cal. Code 12R.

154. California Labor Code § 558.1 states that any employer or person acting on behalf of an employer who causes a violation is liable, among other things, for overtime wage violations. *See* Cal. Labor Code § 558.1. Defendants FARMASI US LLC, SINAN TUNA, EMRE TUNA, GOKCEN FAIZ, and DOES 1–50, inclusive, failed to pay Plaintiffs and other aggrieved employees overtime wages and all Defendants are liable for causing this violation under § 558.1.

155. As such, pursuant to California Labor Code § 1194.2, Plaintiffs and Class Members are entitled to recover liquidated damages in an amount equal to the wages unlawfully unpaid and interest thereon. Pursuant to § 558(a), Plaintiffs and Class Members are also entitled to recover unpaid wages and statutory damages in the amount of \$50 for any initial violation per employee for each pay period and \$100 for each subsequent violation per employee for each pay period and interest pursuant to § 218.6.

THIRD CAUSE OF ACTION

(Failure to Provide Rest Periods or Rest Break Premium Wages)

Cal. Lab. Code §§ 226.7, 558.1, IWC Wage Order 4-2001

Against Farmasi US LLC, Sinan Tuna, Emre Tuna, Gokcen Faiz, and Does 1–50, inclusive

156. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

157. California Labor Code § 226.7 requires an employer to authorize or permit an employee to take a rest period of ten net minutes for every four hours worked, or major fraction thereof, and such rest periods must be in the middle of the four-hour period insofar as practicable. If the employer fails to provide any required rest periods or fails to provide a fully compliant rest break for a net ten minutes wherein the employee is fully relieved of all duties and all employer control, the employer must pay the employee one hour of pay at the employee's regular rate of compensation for each workday the employer did not provide a legally required and/or fully compliant rest period.

158. Farmasi failed to provide Plaintiffs and the Class all required and/or fully compliant rest

periods, or compensation in lieu thereof. Farmasi employed policies and procedures that ensured Plaintiffs and the Class would not receive all legally required rest periods as Farmasi improperly classified Plaintiffs and the Class as independent contractors rather than as employees and did not authorize nor permit all required rest periods in strict accordance with the timing requirements of all applicable Wage Orders. Farmasi similarly employed policies and procedures that rendered rest periods non-compliant with the requirements of California law by, inter alia, failing to relieve Plaintiffs and the Class of all duties and all employer control. Farmasi further employed policies and procedures ensuring Plaintiffs and the Class never received a rest period premium during employment.

159. California Labor Code § 558.1 states that any employer or person acting on behalf of an employer who causes a violation is liable, among other things, for rest period violations. *See* Cal. Labor Code § 558.1. Defendants FARMASI US LLC, SINAN TUNA, EMRE TUNA, GOKCEN FAIZ, and DOES 1–50, inclusive, failed to provide Plaintiffs and the Class all rest periods or compensation in lieu thereof and all Defendants are liable for causing this violation under § 558.1.

160. As a result, under California Labor Code §226.7, Plaintiffs and the Class are entitled to one additional hour's pay for each day a rest break was missed, late or interrupted, all in an amount according to proof.

FOURTH CAUSE OF ACTION

(Failure to Provide Meal Periods or Meal Premium Wages)

Cal. Labor Code §§ 226.7, 512(a), 1198; IWC Wage Order 4-2001

Against Farmasi US LLC, Sinan Tuna, Emre Tuna, Gokcen Faiz, and Does 1–50, inclusive

161. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

162. Under California Labor Code §§ 226.7, 512(a), 1198, and IWC Wage Order 4-2001, Farmasi was required to provide Plaintiffs and Class Members with one thirty-minute meal break free from all duties for all shifts longer than five (5) hours, and a second thirty-minute meal break free from all duties for all shifts longer than 10 hours and a third thirty-minute meal break free from all duties for all shifts longer than 15 hours. Employers covered by the Wage Orders have an obligation to both (1) relieve their employees for at least one meal period for shifts over five hours, and (2) to record having

done so. If the employer fails to properly record a valid meal period, it is presumed no meal period was provided. California Labor Code § 226.7 also requires an employer to pay mandated premiums of an extra hour of wages to any employees who have not been provided with a timely meal or rest break.

163. As alleged herein, Plaintiffs and the Class regularly worked periods of more than five (5), ten and fifteen hours in a workday without being provided requisite mandatory timely, thirty-minute, duty-free meal periods. Farmasi also failed to pay Plaintiffs and the Class an additional hour of wages at her regular rate for each workday a meal period and/or a legally compliant meal period was not provided.

164. Farmasi failed to provide Plaintiffs or the other aggrieved employees with an opportunity to take timely, uninterrupted meal periods of the requisite length, free from employer control. Farmasi also failed to compensate Plaintiffs and the other aggrieved employees properly for the non-compliant meal periods including, inter alia, missed, short, late, and/or interrupted meal periods. Farmasi also failed to pay premium wages for the many meals that Plaintiffs and the aggrieved employees were deprived of. Indeed, Farmasi did not provide any meal breaks or premium compensation for missed breaks to Plaintiffs or other aggrieved employees, since Farmasi improperly classified its Beauty Influencers as independent contractors who were not entitled to meal breaks.

165. California Labor Code § 558.1 states that any employer or person acting on behalf of an employer who causes a violation is liable, among other things, for meal period violations. *See* Cal. Labor Code § 558.1. Defendants FARMASI US LLC, SINAN TUNA, EMRE TUNA, GOKCEN FAIZ, and DOES 1–50, inclusive, failed to provide Plaintiffs and other aggrieved employees all meal periods or compensation in lieu thereof and all Defendants are liable for causing this violation under § 558.1.

166. As a result, under California Labor Code § 226.7, Plaintiffs and the Class are entitled to one additional hour's pay for each day a meal period was missed, late or interrupted, all in an amount according to proof.

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FIFTH CAUSE OF ACTION

(Failure to Timely Pay Wages During Employment)

Cal. Labor Code § 204

Against Farmasi US LLC, Sinan Tuna, Emre Tuna, Gokcen Faiz, and Does 1–50, inclusive

167. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

168. At all relevant times herein set forth, California Labor Code § 204 requires that all wages earned by any person in any employment between the 1st and the 15th days, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 16th and the 26th day of the month during which the labor was performed, and that all wages earned by any person in any employment between the 16th and the last day, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 1st and the 10th day of the following month.

169. California Labor Code § 204 also requires that all wages earned for labor more than the normal work period shall be paid no later than the payday for the next regular payroll period.

170. During the relevant period, Farmasi failed to pay Plaintiffs and the Class, as well as all other aggrieved employees, all wages due to them, including minimum wages, overtime wages, and meal and rest period premium wages, within any time period specified by California Labor Code section 204. Moreover, Farmasi failed to pay Plaintiffs or other aggrieved employees earned commissions in a timely and complete fashion.

171. California Labor Code § 558.1 states that any employer or person acting on behalf of an employer who causes a violation is liable, among other things, for overtime wage violations. *See* Cal. Labor Code § 558.1. Defendants FARMASI US LLC, SINAN TUNA, EMRE TUNA, GOKCEN FAIZ, and DOES 1–50, inclusive, failed to pay Plaintiffs and other aggrieved employees overtime wages and all Defendants are liable for causing this violation under § 558.1.

172. As such, pursuant to California Labor Code §§ 558(a) and 2699(f), Plaintiffs and Class Members are entitled to recover civil penalties, attorney’s fees and costs pursuant to § 2699(g), and interest pursuant to § 218.6.

SIXTH CAUSE OF ACTION

(Failure to Keep Requisite Payroll Records)

Cal. Lab. Code § 1174(d)

Against Farmasi US LLC, Sinan Tuna, Emre Tuna, Gokcen Faiz, and Does 1–50, inclusive

173. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

174. California Labor Code § 1174(d) requires an employer to keep, at a central location in the state or at the plants or establishments at which employees are employed, payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments. These records shall be kept in accordance with rules established for this purpose by the commission, but in any case, shall be kept on file for not less than two years.

175. At all times herein set forth, California Labor Code § 1174.5 has imposed a civil penalty of \$500 per aggrieved employee for each willful failure “to maintain . . . accurate and complete records required by subdivision (d) of Section 1174[.]”

176. Farmasi has intentionally and willfully failed to keep accurate and complete payroll records showing the hours worked daily and the wages paid to Plaintiffs. For example, any records kept by Farmasi did not include the hours worked off-the-clock, the premium wages owed, and for missed and non-compliant meal and rest breaks.

177. Plaintiffs have been injured by Farmasi’s intentional and willful violation of California Labor Code § 1174(d) because they were denied both their legal right and protected interest, in having available, accurate and complete payroll records pursuant to § 1174(d).

SEVENTH CAUSE OF ACTION

(Failure to Provide Timely and Accurate Wage Statements)

Cal. Lab. Code §§ 226(a), 226(e)

Against Farmasi US LLC, Sinan Tuna, Emre Tuna, Gokcen Faiz, and Does 1–50, inclusive

178. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

1 179. At all relevant times herein set forth, California Labor Code § 226(a) provides that, at
2 the time of each payment of wages, the employer must provide each employee with an itemized
3 statement showing gross wages earned, total hours worked, all deductions taken, net wages earned, the
4 inclusive dates for which the employee is being paid, the employee's name and last four digits of their
5 social security number, the name and address of the legal entity that is the employer, and all applicable
6 hourly rates in effect during the pay period and all hours worked at each rate.

7 180. California Labor Code § 1198 provides that the maximum hours of work and the
8 standard conditions of labor shall be those fixed by the Labor Commissioner and as set forth in the
9 applicable IWC Wage Orders. Section 1198 further provides that "[t]he employment of any employees
10 for longer hours than those fixed by the order or under conditions of labor prohibited by the order is
11 unlawful." Pursuant to the applicable IWC Wage Order, employers are required to keep accurate time
12 records showing when the employee begins and ends each work period and meal period.

13 181. At all times herein set forth, California Labor Code § 226.3 has imposed a civil penalty
14 in addition to any other penalty provided by law of two hundred fifty dollars (\$250) per aggrieved
15 employee for the first violation of § 226(a), and one thousand dollars (\$1,000) per aggrieved employee
16 for each subsequent violation.

17 182. As alleged herein, Farmasi knowingly and willfully failed to provide Plaintiffs and the
18 Class with proper, itemized wage statements. Wage statements provided to Plaintiffs and the Class did
19 not show total/actual hours worked and all applicable hourly rates in effect during the pay period and
20 all hours worked at each rate. The wage statements provided to Plaintiffs and the Class failed to reflect
21 all time spent in training, making and responding to social media posts, making business expenditures
22 by stocking their own Farmasi inventory, and communicating with other Beauty Influencers about
23 policies, practices, and sales instructions and guidance. Farmasi's refusal to properly record this time,
24 and to include it in its itemized wage statements, or to properly pay its employees for this time was
25 willful and intentional. As a result of these violations, Plaintiffs and the Class suffered injury because
26 they were not paid for all hours worked.

27 183. California Labor Code § 558.1 states that any employer or person acting on behalf of an
28 employer who causes a violation is liable, among other things, for wage statement violations. See Cal.

Labor Code § 558.1. Defendants FARMASI US LLC, SINAN TUNA, EMRE TUNA, GOKCEN FAIZ, and DOES 1–50, inclusive, failed to provide Plaintiffs and the Class accurate wage statements and all Defendants are liable for causing this violation under § 558.1.

184. Pursuant to California Labor Code § 226(e), Plaintiffs and the Class are entitled to a penalty in the amount of fifty dollars (\$50) for the initial pay period in which a violation occurred, and a penalty of one-hundred dollars (\$100) for each violation in a subsequent pay period, up to an aggregate penalty of four-thousand dollars (\$4,000), as well as costs of suit and attorneys’ fees, all in an amount according to proof.

EIGHTH CAUSE OF ACTION

(Failure to Reimburse Business Expenses)

Cal. Lab. Code §§ 450, 2802; IWC Wage Order 4-2001

Against Farmasi US LLC, Sinan Tuna, Emre Tuna, Gokcen Faiz, and Does 1–50, inclusive

185. Plaintiffs reallege and incorporate by reference all preceding allegations as though fully set forth herein.

186. At all times herein set forth, California Labor Code § 2802 has provided and provides that an employer must reimburse employees for all necessary expenditures and losses incurred by the employee in the performance of his or her job. The purpose of § 2802 is to prevent employers from passing off their cost of doing business and operating expenses on to their employees. *Cochran v. Schwan’s Home Service, Inc.*, 228 Cal. App. 4th 1137, 1144 (2014). The applicable wage order, IWC Wage Order 4-2001, ¶ 9(B) provides that: “When tools or equipment are required by the employer or are necessary to the performance of a job, such tools and equipment shall be provided and maintained by the employer, except that an employee whose wages are at least two (2) times the minimum wage provided herein may be required to provide and maintain hand tools and equipment customarily required by the trade or craft.” Farmasi’s conduct, in misclassifying their Beauty Influencers as independent contractors and failing to reimburse them for expenses Beauty Influencers paid that should have been borne by their employer, constitutes a violation of California Labor Code §§ 450 and 2802.

187. Farmasi violates California Labor Code § 2802 by having failed, and failing, to reimburse Plaintiffs and the Class for their business-related expenses. These expenses include the cost

of the Starter Kit that Farmasi charged Plaintiffs and the Class as well as other business expenses, as set forth *supra* § IV.E, which Farmasi did not reimburse. And during the relevant period, Farmasi required that Plaintiffs and the Class use their own personal cellular phones and/or cellular phone data to carry out Farmasi’s business operations, but failed to reimburse them for the full costs of their work-related cellular phone expenses. For example, Plaintiffs and the Class were required to use a personal cellular phone to make social media posts and communicate with customers and their upline. Plaintiffs and the Class also incurred expenses associated with maintaining a home internet connection. Farmasi did not reimburse Beauty Influencers for these expenses.

188. Farmasi’s company-wide policy and/or practice of passing on their operating costs to Plaintiffs and the Class violates California Labor Code § 2802. At all times described herein, Farmasi has acted willfully, and deliberately with oppression, fraud and malice to unlawfully deprive their employees of the employees’ own personal resources in furtherance of Farmasi’s profits.

189. California Labor Code § 558.1 states that any employer or person acting on behalf of an employer who causes a violation is liable, among other things, for failure to reimburse business expenses. *See* Cal. Labor Code § 558.1. Defendants FARMASI US LLC, SINAN TUNA, EMRE TUNA, GOKCEN FAIZ, and DOES 1–50, inclusive, failed to reimburse business expenses to Plaintiffs and the Class and all Defendants are liable for causing this violation under § 558.1.

190. As a result of Farmasi’s failure to reimburse Plaintiffs and the Class for all business-related expenses, pursuant to California Labor Code § 2802, Plaintiffs and the Class are entitled to recover unreimbursed business expenses, plus attorneys’ fees and costs, in an amount according to proof.

NINTH CAUSE OF ACTION

(Unfair Competition)

Bus. & Prof. Code § 17200 *et seq.*

Against Farmasi US LLC, Sinan Tuna, Emre Tuna, Gokcen Faiz, and Does 1–50, inclusive

191. Plaintiffs realleges and incorporates by reference all preceding allegations as though fully set forth herein.

192. From a date unknown to Plaintiffs and continuing to the present, Farmasi has and

continues to engage in business acts or practices that constitute unfair competition as defined in the Unfair Competition Law, Business and Professions Code § 17200 *et seq.*, in that such business acts and practices are unlawful and unfair within the meaning of that statute.

“Unlawful” Prong

193. Farmasi has violated section 17200’s prohibition on unlawful conduct through the following violations:

- a) Failing to pay minimum wages, as set forth in the First Cause of Action;
- b) Failing to pay overtime wages, as set forth in the Second Cause of Action;
- c) Denying rest periods and/or failing to pay rest break premium wages, as set forth in the Third Cause of Action;
- d) Failing to provide meal periods and/or pay associated premium wages, as set forth in the Fourth Cause of Action;
- e) Failing to timely pay wages during employment, as set forth in the Fifth Cause of Action;
- f) Failing to keep requisite payroll records, as set forth in the Sixth Cause of Action;
- g) Failing to provide timely and accurate wage statements, as set forth in the Seventh Cause of Action; and
- h) Failing to reimburse business expenses, as set forth in the Eighth Cause of Action.

194. The forgoing unlawful conduct of Farmasi alleged herein constitutes unfair competition within the meaning of California Business and Professions Code § 17200 *et seq.*

“Unfair” Prong

195. Farmasi has violated section 17200’s prohibition on unfair conduct by engaging in each of the forgoing unlawful acts.

196. Furthermore, as set forth *supra* Section IV.B.6, Farmasi has violated § 17200’s prohibition on unfair conduct by unfairly and unconscionably structuring its Agreement and business activities in a way that does not create meaningful opportunities for Beauty Influencers earn a fair wage and/or commission for their work. Farmasi used its superior bargaining power, superior market power, and take-it-or-leave-it Agreement to prevent Beauty Influencers from exercising discretion and

1 accessing tools and resources needed to market the products effectively and competitively to generate
2 profits. And Farmasi further undermined Beauty Influencers' ability to earn compensation by engaging
3 in activities in competition with the Beauty Influencers, by for example, maintaining the exclusive right
4 to disseminate online advertising to any customer sales leads generated by the Beauty Influencers and
5 selling products via Amazon.com. By denying Beauty Influencers meaningful opportunities to earn fair
6 commission, Farmasi also unfairly incentivized Beauty Influencers to divert time and attention away
7 from marketing the sale of products to retail customers to marketing the opportunity to become a Beauty
8 Influencer to unsuspecting members of the California public. So long as Defendants continue these
9 unfair practices, the California public remains at risk for being recruited into Farmasi and similarly
10 harmed.

11 197. Farmasi's unfair acts were in contravention of public policy. California public policy
12 encourages the proper classification of workers to ensure that workers are fairly compensated and
13 provided the full benefits and protections of employment, competitors are operating in a fair and honest
14 marketplace, and the state is not deprived of tax revenue.

15 198. Farmasi's unfair acts were immoral, unethical, oppressive, unscrupulous, and
16 substantially injurious to the Class and general public. Farmasi knowingly and willfully classified the
17 Beauty Influencers as independent contractors. And it knowingly and willfully structured an unfair and
18 unconscionable Agreement that did not provide for meaningful opportunities to earn compensation,
19 while engaging in business activities that would further frustrate Beauty Influencers' efforts to earn
20 compensation.

21 199. The impact on the Class and general public is not outweighed by any countervailing
22 benefits. To the extent any benefits inured to Plaintiffs, the Class, and the general public, those benefits
23 are outweighed by the impact of Defendants' unfair acts. Beauty Influencers, including Plaintiffs,
24 incurred substantial costs in working as Beauty Influencers, and were not paid appropriately and fairly
25 for their time and efforts. They could have chosen other opportunities or invested that time and money
26 into other legitimate and fairly paying endeavors.

27 200. As a result of Farmasi's unfair competition as alleged herein, Plaintiffs and the Class
28 have suffered injury in fact and lost money or property, as described in more detail above. Pursuant to

California Business and Professions Code § 17200, *et seq.*, Plaintiffs and the Class are entitled to restitution of all wages and other monies rightfully belonging to them that Farmasi failed to pay and wrongfully retained by means of its unlawful and unfair business practices, and and/or all other equitable remedies that may be available.

201. To prevent Farmasi from continuing to prey on the California public through their misclassification of their Beauty Influencers, and recruitment of new Beauty Influencers under these false pretenses, Plaintiffs and the Class also seek a public injunction against Defendants enjoining Farmasi, and any and all persons acting in concert with them, from engaging in each of the California Labor Code violations set forth herein and from recruiting new Beauty Influencers or authorizing others to recruit new Beauty Influencers, under a misclassified status, including making representations about that status and the commission-based compensation structure.

PRAYER FOR RELIEF

WHEREFORE Plaintiffs and the Class pray for judgment and relief as follows:

- (1) An order certifying that this action may be maintained as a class action, that Plaintiffs be appointed Class Representatives, and that Plaintiffs' counsel be appointed Class Counsel;
- (2) Statutory penalties and compensatory damages as authorized under the California Labor Code;
- (3) Civil penalties pursuant to California's Private Attorneys General Act;
- (4) Restitution and all other equitable remedies pursuant to California's Unfair Competition Law;
- (5) Public Injunctive relief, pursuant to California's Unfair Competition Law, prohibiting Farmasi, its officers, agents, employees, and attorneys, and all other persons in active concert or participation with any of them, whether acting directly or indirectly, in connection with the management, hiring, or coordination of Beauty Influencers, or the advertising, promotion, or recruitment of new Beauty Influencers, from:
 - a. Engaging in the California Labor Code violations as alleged herein, including classifying Beauty Influencers as non-employees or independent contractors;
 - b. Recruiting new Beauty Influencers or authorizing others to recruit new Beauty Influencers, under a misclassified status, including making representations about that status and the commission-based compensation structure.
- (6) Punitive damages against the individual officer, director or managing agent Defendants pursuant to Cal. Civil Code § 3294;

- (7) Reasonable attorneys' fees pursuant to the California Labor Code, including sections 226(e), 2699(g), and Code of Civil Procedure § 1021.5;
- (8) Costs of this suit per Labor Code § 2699(g);
- (9) Pre- and post-judgment interest pursuant to Labor Code § 218.6; and
- (10) Such other and further relief as the Court may deem just and proper.

DEMAND FOR TRIAL BY JURY

Plaintiffs and the Class hereby demand trial by jury on all issues in this complaint that are so triable as a matter of right.

DATED: March 10, 2025

CLARKSON LAW FIRM, P.C.

By: /s/ Kristen G. Simplicio

Kristen G. Simplicio

Glenn A. Danas

Katelyn Leeviraphan

Laura E. Older

Cody Laux

Attorneys for Plaintiff and Putative Class

Exhibit A

OUR COMMITMENT TO PRIVACY

Our (Farmasi US LLC doing business as “Farmasi”, “We,” “Our,” etc.) Privacy Policy has been developed as an extension of our commitment to combine quality products and services with integrity in dealing with users. The Policy is designed to assist you in the understanding of how we collect, use, and protect the personal information provided to us.

THE INFORMATION WE COLLECT

When you visit our website, we collect two types of information: personal information you actively choose to disclose (“Active Information”) and information not visible to you that arises out of your browsing of our Site (“Passive Information”). Please note that Passive Information is collected on an aggregate and anonymous basis.

1. Personally Identifiable Information

Personally, Identifiable Information (“PII”) is information that identifies and is reasonably linked to you.

A. Registration

When you register to become an authorized reseller of our products or services, we will collect PII (which may include, but not limited to, names, address, email address, and telephone numbers). This PII is securely stored and may be accessed on our website. You are assigned an identification number and select your own password – both are needed to enter the Site and to access your Contact Information. Please safeguard your password in a secure location as we are not responsible for breaches into the system when access is willingly provided.

B. Ordering

When you place an order for products or services, we collect PII (e.g., name, contact and billing information, credit card, and other transactional information). We use this information to deliver your order, process payment, and to communicate the status of your order.

C. Credit and Debit Card Storage

Credit and debit card information collected at registration or for product orders is used only to process payment for the transaction and, generally, is not retained on our website. However, you may voluntarily elect to securely store multiple credit cards to be used for product orders.

D. Surveys and Promotions

Occasionally, you may voluntarily provide PII to complete surveys and questionnaires or to participate in user polls. We use this information to improve our products and services and to ensure that we're providing accurate disclosures. We may also use your PII to provide you newsletters and other marketing information that coincide with your preferences. You may customize your marketing preferences or let us know if you do not wish to receive any promotional materials, by adjusting your Subscriptions & Email options on the website.

Active Information You Choose to Provide

In order to gain use of the website (become a "user"), we require you to disclose the following information: Name, Address and Phone Number

We use secure socket layer (SSL) encryption to protect the transmission of the information you submit to us when you use our secure online forms. The information you provide to us is stored securely.

2. Passive Information

We store and collect various types of passive information on an aggregate and anonymous basis. This information may include such technical information as it pertains to your Internet protocol address, your device operating system and browser type, cookies, and an address of a referring website or any other path you take to reach our website all described in greater detail below.

Aggregate Information

This refers to information that does not, by itself, identify you as a specific individual. Such information would include the Uniform Resource Locator ("URL") of the website that referred you to our website, your Internet Protocol ("IP") address (a number automatically assigned to your computer whenever you surf the web), your operating system and browser type, and any search terms that you enter on our website. Our web server

aggregates this information to monitor the level of activity on our website, evaluate its effectiveness, and improve the content of our website in order to make your visit an easy and enjoyable experience.

We may collect, compile, store, publish, promote, report, or otherwise disclose or use any Aggregate Information, provided that such information does not personally identify you. We do not correlate any PII with the Aggregate Information that we collect on our website. If we do correlate any Aggregate Information to you, it will be protected like any other PII under this Privacy Statement.

What is a Cookie?

Cookies are a feature of web browser software that allows web servers to recognize the computer used to access a site. They are small pieces of data stored by a user's browser to simplify subsequent interactions with the site. This makes it easier for a user to move from site to site and to complete transactions over the Internet. Cookies should make your online experience easier and more personalized.

Our Site utilizes cookies to collect information about how our Site is used. Passive Information gathered may include the date and time of visits, the site pages viewed, time spent at our Site, the sites visited just before and just after visiting our Site. If you do not wish to transmit "cookie" information about yourself, you may turn off the cookie function in your web browser.

Our Site's servers also automatically identify your computer by its Internet Protocol address, which is a unique string of numbers that are assigned to your computer by your Internet Service Provider. The IP address may be used to address problems with our server or to gather broad demographic information about our users. We passively collect your IP Address.

HOW WE USE THE INFORMATION COLLECTED

Broadly speaking, persons we employ directly, or as contractors or agents at our direction, use Active Information for purposes of administering our core business functions, such as the fulfillment of orders or services, the furnishing of customer care and support, and supplying the availability of other products or services we think might be of interest to our users.

We use Passive Information to gather information about our users and to enhance our Site to make it easier, faster, and user-friendly. Additionally, cookies help us better understand the usage pattern of the people that visit our website, which helps us improve our services. Passive Information may result in your viewing of advertising based on your user habits.

We reserve the right to use Active and Passive Information to prevent, detect and investigate fraud, security breaches, or any other potentially prohibited or illegal activity.

We may use any Active Information or Passive Information provided to contact you about various changes to our website, new services, features, or products we offer. If at any time you do not wish to receive such information, you may “opt-out” of doing so by adjusting your email settings in the back office of the website.

Your Information Relating to Hyperlinks

You might be able to access other websites through our website via hyperlinks. When you do so, you are subjecting yourself to their privacy policies and data collection. Please read the privacy policies of those websites to ensure you agree with the terms before using such sites.

Receiving and Sharing of Information from and with Third Parties

We reserve the right to receive information about you from other third-party sources, that help us update, expand, and analyze our records and identify new customers.

Furthermore, we may share Personal Information necessary to the prevention of fraud, illegal activities, and security breaches. Because of this, some of your personal information may be shared with fraud prevention agencies. If false or inaccurate information is provided and fraud is identified, details of this fraud may be passed on to these agencies. Likewise, law enforcement and governmental agencies may access and use certain information under any law, regulation, or subpoena. This applies to information as it relates to both open and closed accounts.

Additionally, third parties who perform services for us as it relates to security, payment, etc. (such as Internet Service Providers, credit card processors, and merchant banks) may also have access to your information in the performance of such necessary services.

Finally, we may disclose anonymous information about user habits to third-party advertisers on our website. Should we buy or sell assets of our company, another company may need to review our company's assets, which might include your information, to make business decisions as to whether to acquire such assets.

HOW WE SECURE ACTIVE AND PASSIVE INFORMATION

We secure your personal information submitted by you by using reasonable efforts to prevent unauthorized access or disclosure, or accidental loss of Active and Passive Information. Individual postings on this website and other communications to our office via email or standard mail may not be secure unless we advise you that security measures are in place before your submission of information. Therefore, if you choose to communicate with us through these means, you are assuming the risk of doing so and we respectfully request that you do not send or post sensitive information through these means.

Accessing and Correcting Your Information

We take reasonable measures to ensure that any PII we collect on our Site is accurate, current, complete, and reliable for its intended use. If you wish to update or otherwise correct PII provided to us, you may edit your information online.

Protecting Your Information

We acknowledge your trust and are committed to taking reasonable steps to protect PII provided from loss, misuse, and unauthorized access. We employ physical, electronic, and managerial processes to safeguard and secure your information.

It is your responsibility to safeguard the password you use to access our Site and to promptly advise us if you ever suspect that your password has been compromised. We strongly encourage you to change your password regularly to prevent unauthorized access. Because your identification number and password are specific to you, you acknowledge sole responsibility for any use of our website conducted with your identification number and password.

Links to Other Websites

Links to third-party websites may be provided solely for your information and convenience or to provide additional shopping for various other goods and services through our Merchant and Services Partners. If you use these links, you will leave our website. This Privacy Statement does not cover the information practices of those websites nor do we control their content or privacy policies. We suggest that you carefully review the privacy policies of each site you visit.

Children's Privacy Protection

We take special care to protect the privacy needs of children and encourage parents to be active participant in their child's online activities. Our website does not target and is not intended for children under the age of 18, and we will not knowingly collect PII from them. If we discover personal data from a child through our Site, we will eliminate that data. You may learn more about protecting children's privacy online by visiting:

<https://www.ftc.gov/tips-advice/business-center/privacy-and-security/children%27s-privacy>.

CHANGES TO THIS POLICY

Any updates or changes to the terms of this Privacy Policy will be posted on our website and the date of the newest version posted below. Please check back frequently, especially before you submit any PII at our Site, to see if this Privacy Statement has changed. By using our website, you acknowledge acceptance of this Privacy Statement in effect at the

FARMASI Search EN

YOUR USE OF OUR SITE MEANS THAT YOU ACCEPT THE PRACTICES OUTLINED IN THIS POLICY. YOUR CONTINUED USE INDICATES YOUR AGREEMENT WITH THE CHANGES.

For any additional questions on this Policy, please direct all inquiries to privacy@farmasius.com.

POLICIES AND PROCEDURES

1.0 INTRODUCTION

1.1 Mutual Commitment Statement

The goal of Farmasi US LLC (doing business as “Farmasi,” and/or referred to as “We,” “Us,” “Our,” or simply the “Company”) is to provide exceptional products and services to consumers. This is only made possible with the support of and passion of its members of the Farmasi sales organization (known as “Farmasi Influencers”). To achieve sustained success as a business, Farmasi hereby pledges aid and support to all its Farmasi Influencers in return for such mutual commitment by these Farmasi Influencers to the Company in the effort to reach and support all interested consumers.

1.2 Purpose of Policies and Effective Date

A. To clearly define the relationship that exists between Us and you, and to explicitly set a standard for acceptable business conduct, we now put forth these Policies and Procedures.

B. As a Farmasi Influencer, you are required to comply with:

- All the terms and conditions outlined in the Farmasi Influencers Agreement, which We may amend from time to time at Our sole and absolute discretion.
- All federal, state, and/or local laws governing your Farmasi business; and

- Lastly, these Policies and Procedures.

C. A Farmasi Influencer must review the information in these Policies and Procedures carefully. Should you have any questions regarding a policy or rule, we encourage you to seek an answer from your Sponsor (as defined in the Glossary of Terms herein). Should your Sponsor not provide the appropriate clarification, you may contact the Farmasi Compliance Department.

D. These Policies and Procedures shall become effective as of January 3, 2019 ("Effective Date").

1.3 These Policies and Procedures and the Compensation Plan Incorporated into the Farmasi Influencer Agreement

1. Throughout these Policies, when the term "Agreement" is used, this collectively refers to the Farmasi Influencer Agreement, these Policies and Procedures, and the Company Compensation Plan.
2. It is the responsibility of a Sponsoring Farmasi Influencer to provide the most current version of these Policies and Procedures and the Company Compensation Plan to each applicant before any execution of a Farmasi Influencer Agreement.

1.4 Changes, Amendments, and Modifications

1. Because federal, state, and local laws, as well as the business environment, periodically change, we reserve the right to amend the Agreement from time to time. Additionally, the Company may change and amend the prices of all its product at any time in the future. Please note, that this provision does NOT apply to the arbitration clause found in Section 12, which can only be modified via mutual consent.
2. Any such amendment, change, or modification shall be effective immediately upon notice by one of the following methods:
 - Posting on the official Corporate website.
 - Electronic mail (e-mail); or
 - In writing through Company newsletters or corporate communication channels.
3. Understand that any continued business, ordering, acceptance of a commission or bonus payout, or other benefit received by a Farmasi Influencer under this Agreement constitutes the acceptance of this Agreement in whole with all amendments.

1.5 Delays

Farmasi shall not be responsible for delays or failures in the performance of its obligations when such failure is due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, transportation difficulties, riots, war, fire, and/or weather, curtailment of a source of supply, or government decrees or orders.

2.0 BASIC PRINCIPLES

2.1 Becoming a Farmasi Influencer

As a Farmasi Farmasi Influencer, you will be a part of a team of passionate, driven, like-minded individuals,

all working towards the common goal of achieving emotional, personal, and financial success. To become a Farmasi Influencer, you must comply with the following requirements:

- Be of the age of majority (not a minor) in your state of residence. If you are a minor, you must have a completed and signed Parental Consent Form approved by the Compliance department.
- Reside or have a valid address in the United States, U.S. territory, Canada, or Mexico.
- Have a valid taxpayer identification number (i.e. Social Security Number, Social Insurance Number (Canada), Federal Tax ID Number, ITIN, etc.).
- Submit a properly completed and signed (via hard copy or electronic signature) Farmasi Influencer Agreement.
- Not be a Farmasi employee or the spouse or relative of a Company employee living in the same household; and
- The purchase of a Farmasi Starter Kit.

2.2 Registration and Enrollment of a Farmasi Influencer

1. You can submit your Farmasi Influencer Agreement through mail or the Farmasi website (<http://www.farmasius.com>). The application must be received within five (5) business days of your enrollment for you to receive Farmasi Influencer benefits. If the Farmasi Influencer Agreement is not received within five (5) business days, your Farmasi Influencer account will remain on temporary hold until We receive the Agreement.
2. A potential new Farmasi Influencer may also enroll on the Sponsor's replicated website. Instead of a physically signed Farmasi Influencer Agreement, we will accept the web enrollment through the "electronic signature." The electronic signature signifies that the new Farmasi Influencer has accepted the terms and conditions of the Farmasi Influencer Agreement, the Policies and Procedures, the Terms of Use, and the

Compensation Plan. Please note that such an electronic signature constitutes a legally binding agreement between you and the Company.

C. Farmasi reserves the right to require signed paperwork for any account, regardless of origin.

4. Signed documents, including, but not limited to Farmasi Influencer Agreements, are legally binding contracts that must not be altered, tampered with, or changed in any manner after execution. False or misleading information, forged signatures, or alterations to any document, including business registration forms, made after a document has been executed may lead to sanctions, up to and including the involuntary termination of a Farmasi Influencer's Farmasi business.

2.3 Rights Granted

Farmasi hereby grants to you as a Farmasi Influencer the non-exclusive right, based upon the terms and conditions contained in the Farmasi Influencer Agreement and these Policies and Procedures, to the following:

- The ability to purchase, sell and promote Farmasi products and services.
- Sponsor new Farmasi Influencers and Customers in the United States, Canada, or Mexico building a sales organization and earning commissions of the personal and downline sales of Farmasi products.

2.4 Identification Numbers

1. Each Farmasi Influencer is required to provide his or her Social Security Number, or Federal Tax Identification Number, if located in the United States or any of its territories, to the Company on the Farmasi Influencer Agreement. Those who do not provide a Social Security Number or Federal Tax Identification Number will have a deduction of 24% from their commission removed until one is provided. We reserve the right to withhold commission payments from any Farmasi Influencer who fails to provide such information or who provides false information.
2. Upon enrollment, we will provide you with a Farmasi Identification Number. This number will be used to place orders, structure organizations, and track commissions and bonuses.

2.5 Business Entities

1. A corporation, partnership, LLC, or trust (collectively referred to as a "Business Entity") may apply to be a Farmasi Influencer. This Farmasi business and position will remain temporary until the submission of proper Business Entity documents. As examples of proper documents, we expect a Business Entity application to submit

some of the following: Certificate of Incorporation, Articles of Organization, Partnership Agreement, or appropriate Trust documents. We must receive these documents within five (5) business days from the execution date of the Farmasi Influencer Agreement.

2. A Farmasi Influencer may change his or her status under the same Sponsor from an individual to a Business Entity so long as he or she complies with Section 2.5(A).

2.6 Independent Business Relationship; Indemnification for Actions

1. As a Farmasi Influencer, you are an independent contractor and not a purchaser of a franchise or business opportunity. As a result, each Farmasi Influencer's success depends entirely upon his, or her or their independent efforts.
2. The Agreement between you and Us does not create an employer/employee relationship, agency, partnership, or joint venture.
3. A Farmasi Influencer shall not be treated as an employee of Farmasi for any purposes, including, without limitation, federal or state tax purposes. You are responsible for paying local, state, and federal taxes due from all compensation earned as a Farmasi Influencer. Any other compensation received by Farmasi Influencers from the Company will be governed by applicable U.S. tax laws (or the tax laws of any other applicable jurisdiction). You as a Farmasi Influencer have no express or implied authority to bind Farmasi to any obligation or to make any commitments by or on behalf of the Company. Each Farmasi Influencer, whether acting as management of a Business Entity or represented as an individual, shall establish goals, hours, and methods of operation and sale, so long as in compliance with the terms of the Farmasi Influencer Agreement, these Policies and Procedures and applicable state and federal laws.
4. You are fully responsible for all your verbal and written communications made regarding Farmasi products, services, and the Compensation Plan that are not expressly contained within official Company materials. Farmasi Influencers shall indemnify and hold harmless Farmasi, its directors, officers, employees, product suppliers and agents from any and against all liability including judgments, civil penalties, refunds, attorney fees and court costs incurred by Farmasi as a result of a Farmasi Influencer's unauthorized representations or actions. This provision shall survive the termination of the Farmasi Influencer Agreement.

2.7 Errors or Questions

If a Farmasi Influencer has questions about or believes any errors have been made regarding commissions, bonuses, business reports, orders, or charges, the Company requires any inquiries by submitting a ticket through your Farmasi Back Office within thirty (30) days of the date of the error or incident in question. Any such errors, omissions, or problems not reported within this thirty-day timeframe days is expressly waived by Farmasi Influencer.

3.0 RESPONSIBILITIES OF A FARMASI FARMASI INFLUENCER

3.1 Correct Addresses

1. It is the responsibility of any Customer/Farmasi Influencer to ensure the Company has the correct shipping address before the shipment of any orders.
2. For any notice of address change sent to the Company, a Customer/ Farmasi Influencer will need to allow up to thirty (30) days for processing.

3.2 Training and Leadership

1. Any Farmasi Influencer who sponsors another Farmasi Influencer into Farmasi must perform an authentic assistance and training function to ensure those made up of their downline organizations operate their business by these Policies and Procedures. Sponsoring Farmasi Influencers should have ongoing contact and communication with those in their downline organizations. Examples of communication may include but are not limited to, newsletters, written correspondence, telephone, contact, team calls, voice-mail, e-mail, personal meetings, accompaniment of downline Farmasi Influencer(s) to Company meetings, training sessions, webinars, and any other related functions.
- Sponsors may strategically place newly enrolled Farmasi Influencers anywhere in their organization up to the 4th generation during the new Farmasi Influencer's first 30 days of enrollment. To make a placement change you must complete a Placement Change Form and submit it to the company. The Placement Change Form requires three signatures, the signature of the new Farmasi Influencer, the signature of the new Sponsor, and the signature of the current Sponsor making the request. If a Placement Change Form is received after a commissionable period, any orders made by a new Farmasi Influencer will not be moved under the new Sponsor. Strategic placement will also apply to the Farmasi Influencers who rolled up due to the resignation/termination of a frontline.
 - For Strategic placement of downline members who have a bonus level below 15% in our compensation plan, you must notify of the strategic placement. If the downline

member you are attempting to strategically place does not respond within 15 days, you can strategically place them by sending an email to our Compliance department. If a downline member expresses, they do not want to be moved, they cannot be obligated to the strategic placement.

- Farmasi may take appropriate action against a Farmasi Influencer if it determines, in its sole discretion that, a Farmasi Influencer neglects to train and assist their downline organization. Appropriate action may include, but is not limited to, sponsorship change of the neglected downline members along with their respective downlines up to termination of their Farmasi Influencer agreement and account.
2. A Sponsoring Farmasi Influencer should monitor the Farmasi Influencer(s) in his or her downline organizations to ensure that downline Farmasi Influencer(s) do not make improper product or business claims or engage in any illegal or inappropriate conduct. Upon request, a Farmasi Influencer should be able to provide documented evidence to the Company of his or her ongoing fulfillment of sponsor responsibilities.
 3. Upline Farmasi Influencers are encouraged to motivate and train new Farmasi Influencer(s) about Company products and services, effective sales techniques, the Company Compensation Plan, and compliance with these Policies and Procedures.
 4. The marketing and sale of products is a required activity in Farmasi and must be emphasized in all recruiting presentations. Moreover, we prioritize all Farmasi Influencers to sell Farmasi products and services to Customers first and prospective and current Farmasi Influencers second.
 5. Use of Sales Aids. The creation of Farmasi sales tools is limited to 6% and above. These Farmasi Influencers must submit all written sales aids, promotional materials, advertisements, websites, and other literature to the Company for approval before use. Unless the Farmasi Influencer receives specific written approval to use the material, the request shall be deemed denied. All Farmasi Influencers shall safeguard and promote the good reputation of Farmasi and its products. Once approved, Company reserves the right to incorporate the approved training material in its promotional efforts.

3.3 Constructive Criticism; Ethics

It is Our goal to provide you with a combination of exceptional products and a rewarding Compensation Plan. Accordingly, we value constructive criticism and encourage the submission of written comments addressed to the Company's Compliance Department so long as such comments come by way respectfully and productively. Negative and disparaging comments by Farmasi Influencers made to others about the Company, its

products or Compensation Plan, or disruptive behavior at Company meetings or events, serve no purpose other than to dampen the enthusiasm of all those who participate in the Farmasi business. Farmasi Influencers must not belittle the Company, other Farmasi Influencers, the Company products or services, the Compensation Plan, or Company directors, officers, or employees, product suppliers, or agents. Such conduct represents a material breach of these Policies and Procedures and may be subject to sanctions as the Company sees fit.

Farmasi endorses the following Code of Ethics:

- Farmasi Influencers must show fairness, tolerance, and respect to all people associated with Farmasi and Farmasi sales opportunities regardless of race, gender, social class, or religion.
- Farmasi Influencers must contribute to and foster an atmosphere of positivity, teamwork, good morale, and community spirit.
- Farmasi Influencers shall strive to resolve business issues, including situations with upline and downline members through tact, sensitivity, and goodwill.
- Farmasi Influencers must be honest, responsible, professional and conduct themselves with integrity.
- Farmasi Influencers shall never disparage the Company, other Farmasi Influencers, Company employees, product suppliers or agents, products, services, sales, and marketing campaigns, or the Compensation Plan, or make statements that unreasonably offend, mislead, or coerce others.

Farmasi may take appropriate action against a Farmasi Influencer if it determines, in its sole discretion, that the Farmasi Influencer's conduct is detrimental, disruptive, or injurious to the Company, other Farmasi Influencers, or Farmasi Customers.

3.4 Reporting Policy Violation

A Farmasi Influencer who observes a policy violation by another Farmasi Influencer should submit a written and signed letter (e-mail will not be accepted) of the violation

directly to the Company Compliance Department. The letter shall set forth the details of the incident as follows:

- The nature of the violation and specific facts to support the allegation;
- Number of occurrences and dates;
- The Persons involved; and
- Any other supporting documentation

Upon presentation to the Company Compliance Department, we will research the incident in question and take appropriate action if necessary. This section refers to the general reporting of policy violations as observed by other Farmasi Influencers for the mutual effort to support, protect, and defend the integrity of the Farmasi business and sales opportunity. If a Farmasi Influencer has a grievance or complaint against another Farmasi Influencer which directly relates to his, or her, or its Farmasi business, the procedures outlined in these Policies must be followed.

3.5 Sponsorship

1. The Sponsor is the person who introduces a person, whether a Customer or a Farmasi Influencer, to the Farmasi business and helps them complete their enrollment, supports those in their downline, and continues to provide training and assistance for all those in their downline.
2. The Company recognizes the Sponsor as the name(s) shown on the first:
 - Physically signed Farmasi Influencer Agreement on file; or
 - Electronically signed Farmasi Influencer Agreement from either the Company's website or a Farmasi Influencer's replicated website.
3. A Farmasi Influencer Agreement that contains notations such as "by phone" or the signatures of other individuals (i.e. Sponsors, Spouses, relatives, or friends) is not valid and will not be accepted by the Company.
4. We recognize that each new prospect has the right to ultimately choose his or her Sponsor, but We will not allow Farmasi Influencers to engage in unethical sponsoring activities.

5. All active Farmasi Influencers in good standing have the right to sponsor and enroll others into the Farmasi business. While engaged in sponsoring activities, it is not uncommon to encounter situations when more than one Farmasi Influencer will approach the same prospect. It is the accepted courtesy that the new prospect will be sponsored by the first Farmasi Influencer who presented a comprehensive introduction to the Company's products or opportunity.

3.6 Cross Sponsoring Prohibition

1. "Cross sponsoring" is defined as the enrollment of an individual or Business entity into a different line of sponsorship who has already signed a Farmasi Influencer Agreement. Actual or attempted cross-sponsoring is not allowed. If cross-sponsoring is verified by the Company, sanctions up to and including termination of a Farmasi Influencer's business may be imposed.
2. The use of a Spouse's or relative's name, trade names, assumed names, DBA names, corporation, partnership, trust, Federal ID numbers, or fictitious ID numbers to evade or circumvent this policy is strictly prohibited.
3. This policy does not prohibit the transfer of a Farmasi business by the Sale or Transfer policy set forth herein.

3.7 Adherence to the Farmasi Compensation Plan

1. A Farmasi Influencer must adhere to the terms of the Company Compensation Plan. Any deviation from the Compensation Plan is strictly prohibited.
2. A Farmasi Influencer shall not offer the Farmasi opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically outlined in official Company materials.
3. A Farmasi Influencer shall not require or encourage a current or prospective Customer/ Farmasi Influencer to participate in the Farmasi business in any manner that varies from the Compensation Plan or other Company materials.
4. Other than such purchases or payments required to naturally build their business, a Farmasi Influencer

shall not require or encourage a current or prospective Customer/ Farmasi Influencer to make a purchase from or payment to any individual or other entity as a condition of participating in the Company Compensation Plan.

3.8 Adherence to Laws and Ordinances

Many cities and counties have laws regulating certain home-based businesses. In most cases, these ordinances do not apply to Farmasi Influencers because of the nature of the business. However, Farmasi Influencers must check their local laws and obey the laws that do apply to them. A Farmasi Influencer shall comply with all federal, state, and local laws and regulations in their independent conducting of Farmasi business.

3.9 Compliance with Applicable Income Tax Laws

1. Farmasi will automatically provide a complete Tax form (nonemployee compensation) to each United States (USD 600), Canada (CAD 500) Farmasi Influencer whose earnings for the year are at least USD 600 or CAD 500 or who has purchased more than \$5,000 of Farmasi products for resale, or who received trips, prizes or awards valued at \$600 or more.
2. A Farmasi Influencer accepts sole responsibility for and agrees to pay all federal, state, and local taxes on any income generated as an independent business owner, and further agrees to indemnify Farmasi from any failure to pay such tax amounts when due.
3. If a Farmasi Influencer's business is tax exempt, the Federal Tax Identification Number must be provided to the Company in writing.
4. Farmasi encourages all Farmasi Influencers to consult with a tax advisor for additional information for their business.

3.10 One Farmasi Business Per Person

A Farmasi Influencer may operate or have an ownership interest, whether legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one Farmasi business. No individual may have, operate, or receive compensation from more than one Farmasi business. If each subsequent family position is placed within the first enrolled family member's frontline, individuals in the same family unit may each enter or have an interest in their separate Farmasi businesses. A "family unit" is defined as

spouses and dependent children living or conducting business at the same address. **Note: Children of legal age to contract and at least 18 years of age are not considered a part of their parent's household.**

3.11 Actions of Household Members or Affiliated Parties

If any member of your immediate household engages in any activity which, if performed by you, would violate any provision of the Agreement, such activity will be deemed a violation by you. As a result, the Company may take disciplinary action under these Policies and Procedures against you. Similarly, if any individual associated in any way with a corporation, partnership, LLC, trust, or other entity (collectively "Business Entity") violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and the Company may take disciplinary action against the Business Entity. Likewise, if a Farmasi Influencer enrolls in Farmasi as a Business Entity, each affiliated party of the Business Entity shall be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

Effective for the year 2025, spouses and household members of FARMASI Influencers are permitted to participate in other non-competing MLM companies. The following conditions apply:

Disclosure Requirement: FARMASI Influencers must inform FARMASI of their spouse's and/or household member's involvement with any network marketing company, including details about the products or services they offer.

Compliance with Company Policies: Spouses and household members must comply with all relevant company policies, including those concerning ethics, non-solicitation, confidentiality, and conduct.

During this time, FARMASI influencers may not promote their spouse's or household members' non-competing business opportunities.

This policy is subject to review at the end of the year 2025 and may be updated at the discretion of FARMASI.

3.12 Solicitation for Other Companies or Products

1. A Farmasi Influencer may participate in other direct sales, multilevel, network marketing, or relationship marketing business ventures or marketing opportunities (collectively "Network Marketing"). However, during the Term of this Agreement and for one (1) year thereafter, you may not recruit any other Farmasi Customer or Farmasi Influencer for any other Network Marketing business, unless said Customer or Farmasi Influencer was personally sponsored by you.

2. The term “recruit” means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way (either directly or through a third party), another Customer, or Farmasi Influencer to enroll or participate in any Network Marketing opportunity. This conduct represents recruiting even if the Farmasi Influencer’s actions are in response to an inquiry made by another Customer or Farmasi Influencer.
3. However, you may sell **non-competing** products or services to Farmasi Customers and Farmasi Influencers. Specifically, a non-competing company is defined as a Network Marketing company that does NOT sell cosmetic personal care products, home care, nutrition products, or any products FARMASI may offer in the future.
 - Due to the visibility of our higher-ranking Farmasi Influencers, Farmasi Farmasi Influencers who achieve the rank of Golden Manager or above agree not to participate in **any** Network Marketing or party plan company, regardless of if the company sells competing products or not. This restriction applies even if the Farmasi Influencer has fallen out of the Golden Manager qualification.
 - As a new sign up, you may be a part of a competing company for the first 180 days from your original registration date regardless of title reached within this period. After the 180-day period you must provide proof of resignation from that competing company to compliance@FARMASIUS.com.
 - Apart from the initial 180 days after sign up, all Farmasi Influencers with the title of Golden Manager or higher agree not to promote any competing product to those FARMASI offers.
4. A Farmasi Influencer may not display or bundle Farmasi products or services, in sales literature, on a website, or in sales meetings, with any other products or services to avoid confusing or misleading a prospective Customer or Farmasi Influencer into believing there is a relationship between Farmasi, and the non-Company related products or services.
5. You may not offer any non-Company related opportunity, products, or services at any Farmasi-related meeting, seminar, or convention, or immediately following said event(s).
6. A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between the Company and you. As a result, such actions would inflict irreparable harm on Farmasi. In such event, the Company may, at its sole discretion, impose any sanction it deems necessary and appropriate against the Farmasi Influencer or Farmasi Influencer’s business including

termination, the request for immediate injunctive relief, or the pursuit of any other legal and equitable remedies.

3.13 Presentation of the Farmasi Opportunity

In presenting the Company opportunity to potential Customers and Farmasi Influencers, you must comply with the following provisions:

- Abstain from a misquote or omission any significant material fact about the Compensation Plan.
- Make clear that the Compensation Plan is based upon sales of Farmasi products and services to consumers.
- Make clear that success can be achieved only through substantial independent efforts and hard work.
- Abstain from unauthorized income projections, claims, or guarantees* during any presentation or discussion of the Farmasi opportunity or Compensation Plan to prospective Customers or Farmasi Influencers, frequently citing the Farmasi Income Disclaimer as provided on the Company website.
- Abstain from any claims regarding Company products or services not found in official Company materials.
- Refrain from the promotion of Farmasi in any country where We have not yet established a “presence.”
- Claims (which include personal testimonials) as to therapeutic, curative, or beneficial properties of any Farmasi products offered may not be made except those contained in official Company literature. **No Farmasi Influencer may make any claim that Farmasi and its marketed products are useful in the cure, treatment, diagnosis, mitigation, or prevention of any diseases.** Such statements can be perceived as medical or drug claims. Not only do such claims violate Farmasi policies, but also, they

potentially violate federal and state laws and regulations, including the federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act

*Note: The terms “income claim” and/or “earnings representation” (collectively “income claim”) include the following: (1) statements of average earnings, (2) statements of non-average earnings, (3) statements of earnings ranges, (4) income testimonials, (5) lifestyle claims, and (6) hypothetical claims. Examples of “statements of non-average earnings” include, “Our number one Farmasi Influencer earned over eight hundred thousand dollars last year” or “Our average-ranking Farmasi Influencer earns two thousand dollars per month.” An example of a “statement of earnings ranges” is “The monthly income for our higher-ranking Farmasi Influencers is ten thousand dollars on the low end to twenty-five thousand dollars a month on the high end.”

3.14 Sales Requirements are Governed by the Compensation Plan

1. For all Farmasi products, the Company provides a set sales price. There are no exclusive territories granted to anyone. No franchise fees apply to a Farmasi business.
2. The Farmasi program is built on sales to the ultimate consumer. Thus, Farmasi Influencers must only purchase inventory that they and their family will personally consume, will be used as a sales tool, or will be resold to others for ultimate use. **Farmasi Influencers must never attempt to influence any other Farmasi Influencers to buy more products than they can reasonably use or sell to Customers in a month.**

3.15 Compression

The downline of a Farmasi Influencer who is terminated/resigned will be sponsored by a ‘Farmasi Virtual’ account that will replace this Farmasi Influencer. If the existing upline of the person who is now terminated/resigned, is at least the same title or above the title reached by the terminated/resigned Flin the previous 6 months before their termination/resignation, the downline rolls up to the upline immediately without any condition.

In case the existing upline is ranked below than the terminated/resigned Farmasi Influencer, the ‘Farmasi Virtual’ account will sponsor the downline for a minimum of 6 calendar months. During the 6 calendar months, the existing upline could earn the downline if they achieve the necessary requirements. If the existing upline cannot achieve the requirements, then the downline stays under the ‘Farmasi Virtual’ account.

- In the case of a Farmasi Influencer that is terminated or resigns from their FARMASI business, the new sponsor will have 30 days from the date of the termination/resignation to strategically place the new downline to be sponsored by Farmasi Influencers in their 1st through 4th generation. To process this, an email

request will need to be sent to the Compliance team with proof of all parties involved approving the change.

4.0 ORDERING

4.1 General Order Policies

1. "Bonus Buying" is strictly prohibited. Bonus Buying includes any of the following scenarios: (I) the enrolment of individuals or entities without the knowledge of and/or execution of an Agreement by such individuals or Business Entities; (II) the fraudulent enrolment of an individual or entity as a Customer or Farmasi Influencer; (III) the enrolment or attempted enrolment of non-existent individuals or Business Entities as Customers or Farmasi Influencers ("phantoms"); (IV) purchasing Farmasi products or services on behalf of another Customer or Farmasi Influencer, or under another Customer's or Farmasi Influencer's ID number, to qualify for commissions or bonuses; (V) purchasing excessive amounts of products or services that cannot reasonably be used or resold in a month; and/or (VI) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bona fide product or service purchases by end-user consumers.
- A Farmasi Influencer shall not use another Customer's or Farmasi Influencer's credit card or debit checking account to enroll in Farmasi or purchase products or services without the account holder's written permission. Such documentation must be kept by the Farmasi Influencer indefinitely in case we need to reference this.
2. Regarding order with an invalid or incorrect payment, we will attempt to contact the Farmasi Influencer by phone, mail, or e-mail to obtain another form of payment. If these attempts are unsuccessful after ten (10) business days, the order will be canceled.

C. Prices are subject to change without notice.

D. A Customer or Farmasi Influencer who is a recipient of a damaged or incorrect order must notify the Company within thirty (30) calendar days from receipt of the order and follow the procedures as outlined in these Policies.

4.2 Insufficient Funds

1. All checks returned for insufficient funds will be re-submitted for payment. A \$25 fee will be charged to the account of the Customer or Farmasi Influencer for all returned checks and insufficient funds.
2. Any outstanding balance owed to Us by a Customer or Farmasi Influencer of yours from NSF (non-sufficient funds) checks returned check fees or insufficient fund fees

(ACH) will be withheld from your future bonus and commission checks.

3. All transactions involving returned checks or insufficient funds through ACH or credit card, which are not resolved promptly by the Farmasi Influencer, constitute grounds for disciplinary sanctions.
4. If a credit card order or automatic debit is declined the first time, the Customer or Farmasi Influencer will be contacted for an alternate form of payment. If payment is declined a second time, the Customer or Farmasi Influencer may be deemed ineligible to purchase Company products or services in the future.

4.3 Sales Tax Obligation

1. You as a Farmasi Influencer shall comply with all state and local taxes and regulations governing the sale of Our products and services.
2. We will collect and remit sales tax on Farmasi Influencer orders unless a Farmasi Influencer furnishes Us with the appropriate Resale Tax Certificate form. When orders are placed with Us, sales tax is prepaid based upon the suggested retail price. We will remit the sales tax to the appropriate state and local jurisdictions. The Farmasi Influencer may recover the sales tax when a sale is made.
3. We encourage each Farmasi Influencer to consult with a tax advisor for additional information about their Farmasi business.

5.0 PAYMENT OF COMMISSIONS & BONUSES

5.1 Bonus and Commission Qualifications

1. A Farmasi Influencer must be active (as defined in the Glossary of Terms) and in compliance with these Policies and Procedures to qualify for bonuses and commissions. So long as a Farmasi Influencer complies with the terms of the Agreement, we shall pay commissions to such Farmasi Influencer by the Compensation Plan.
2. We will not issue a payment to a Farmasi Influencer without the receipt of a completed and signed Farmasi Influencer Agreement via hard copy or through Electronic Authorization.

3. We reserve the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$50.

5.2 Computation of Commissions and Discrepancies

1. A Farmasi Influencer placing his or her first order must review his or her monthly statement and bonus/commission reports located in the back office of their website and report any discrepancies within thirty (30) days of receipt. After this initial thirty-day "grace period, a Farmasi Influencer expressly waives any right to commission recalculation.
2. A Farmasi Influencer who believes a miscalculation of bonuses/commissions has occurred-submit a ticket through your Farmasi Back Office and include a detailed description and account number within the body of the ticket.

C. For additional information on payment of commissions, please review the Compensation Plan.

5.3 Adjustments to Bonuses and Commissions for Returned Products

1. A Farmasi Influencer receives bonuses and commissions based on the actual sales of products and services to end consumers. When a product or service is returned to the Company for a refund from the end consumer, the bonuses, and commissions attributable to the returned product or service will be deducted from the Farmasi Influencer who received bonuses or commissions on said sales. Deductions will occur in the month in which the refund is given and continue every pay period thereafter until the bonus/and or commission is recovered.
2. If a Farmasi Influencer terminates his or her business, and the amounts of the bonuses or commissions attributable to the returned products or services have not yet been fully recovered by the Company, the remainder of the outstanding balance may be offset against any other amounts that may be owed by the Company to the terminated Farmasi Influencer.

5.4 Chargeback Policy

When a card processor forcibly reverses a credit card transaction, returning funds to the cardholder, it is known as a chargeback. Chargebacks are usually issued when a cardholder reports fraud to their credit card company. When Farmasi receives a chargeback notice, the account in which the service was purchased is immediately blocked, and all related services in the account being suspended. Farmasi will attempt to “claw back” all commission paid plus a \$50 chargeback fee via the reversed transaction. This means Farmasi will seek to recover funds from anyone that received a reward from transactions that are ultimately reversed. Until the full funds are received, all access to Farmasi services and programs will be suspended.

6.0 SATISFACTION GUARANTEED AND RETURN OF SALES AIDS

Farmasi offers a one hundred percent (100%) thirty-day money-back guarantee for all Customers and Farmasi Influencers. If a Customer purchased a product or service directly from a Farmasi Influencer, the Farmasi Influencer must provide a 100% refund to the customer.

If you as a Farmasi Influencer are not 100% satisfied with our products or are unable to sell them, and you would like to return products that were intended to be resold, you may return the items for the product of equivalent value OR a refund if: (I) neither you nor We have terminated the Agreement; (II) the products or services were purchased within the previous (12) months; and (III) the products remain in resalable condition (as defined in the Glossary of Terms). The refund shall be eighty percent (80%) of the purchase price. Shipping and handling charges incurred will not be refunded.

Upon cancellation of the Agreement, the Farmasi Influencer may return all generic sales aids provided by the Company and purchased after enrollment within one (1) year from the date of cancellation for a refund if he or she is unable to sell or use the merchandise. A Farmasi Influencer may only return sales aids personally purchased from the Company under his or her Farmasi Influencer Identification Number, and which are in a resalable condition. Any custom orders of printed sales aids (i.e., business cards, brochures, etc.) that were on the Farmasi Influencer’s contact information are imbedded or hard printed or have been added by the Farmasi Influencer, are not able to be returned in Resalable Condition and are thus non-refundable. Upon the Company’s receipt of the products and sales aids, the Farmasi Influencer will be reimbursed ninety percent (90%) of the net cost of the original purchase price(s), less shipping and handling charges. If the purchases were made through a credit card, the refund will be credited back to the same credit card account. The Company shall deduct from the reimbursement paid to the Farmasi Influencer any commissions, bonuses, rebates, or other incentives received by the Farmasi Influencer which were associated with the merchandise that is returned.

6.1 Return Process

1. All returns, whether by a Customer or Farmasi Influencer, must be made as follows:

1. Contact our Farmasi Customer Service Department at **1-(833)-432-7627** to confirm your order is eligible for a refund.
2. Secure all of the products you are returning in a box and provide a copy of the invoice with the returned products or service. Such invoice must include the reason for return and products must be shipped back in the same manner as it was delivered, meaning the packaging should be the same.
3. Ship items the address to the address below.

Farmasi / ATT: Returns

10780 NW 27th St, Doral, FL 33172

2. All returns must be shipped to the Company pre-paid, as We do not accept shipping collect packages. We recommend shipping returned products by UPS or FedEx with tracking and insurance as the risk of loss or damage in shipping of the returned product shall be borne solely by the Customer or Farmasi Influencer. If the returned product is not received at the Company Distribution Center, it is the responsibility of the Customer or Farmasi Influencer to trace the shipment and no credit will be applied.
3. If a product is received in a damaged or defective condition, the Company will cover all shipping charges by providing a shipping label. Proof of the defective product must be submitted via photographs to our Customer Service Department by submitting a ticket via your Farmasi Back Office.
4. The return of \$ 1,000 or more of products accompanied by a request for a refund within a single calendar year by a Farmasi Influencer may constitute grounds for involuntary termination.

7.0 PRIVACY POLICY

7.1 Introduction

This Privacy Policy is to ensure that all Customers and Farmasi Influencers understand and adhere to the basic principles of confidentiality.

7.2 Expectation of Privacy

1. Farmasi recognizes and respects the importance its Customers and Farmasi Influencers place on the privacy of their financial and personal information. Thus, we will make reasonable efforts to safeguard the privacy of and maintain the confidentiality of its Customers' and Farmasi Influencers' financial and account information and nonpublic personal information.
2. By entering into the Farmasi Influencer Agreement, you authorize the Company to disclose your name and contact information to upline Farmasi Influencers solely for activities related to the furtherance of the Farmasi business. A Farmasi Influencer hereby agrees to maintain the confidentiality and security of such information and to use it solely to support and service the downline organization and conduct Farmasi business.

7.3 Employee Access to Information

We limit the number of employees who have access to Customers' and Farmasi Influencers' nonpublic personal information.

7.4 Restrictions on the Disclosure of Account Information

Farmasi will not share non-public personal information or financial information about current or former Customers or Farmasi Influencers with third parties, except as permitted or required by laws and regulations, court orders, or to serve the Customers' or Farmasi Influencers' interests or to enforce its rights or obligations under these Policies and Procedures, the Farmasi Influencer Agreement, or with written permission from the account holder on file.

8.0 PROPRIETARY INFORMATION AND TRADE SECRETS

8.1 Business Reports, Lists, and Proprietary Information

By completing and signing the Farmasi Influencer Agreement, you acknowledge that Business Reports, lists of Customer and Farmasi Influencer names and contact information, and any other information, which contains financial, scientific, or other information both written or otherwise circulated by the Company about the business of Farmasi (collectively, "Reports"), are confidential and proprietary information and trade secrets belonging to the Company.

8.2 Obligation of Confidentiality

During the Term of the Farmasi Influencer Agreement and for five (5) years after the termination or expiration of the Farmasi Influencer Agreement between you and Us, you shall not:

1. Use the information in the Reports to compete with Farmasi or for any purpose other than promoting your business;
2. Use or disclose to any person or entity any confidential information contained in the Reports, including the replication of the genealogy in another network marketing company.

8.3 Breach and Remedies

The Farmasi Influencer acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to Farmasi and independent Farmasi businesses. The Company and its Farmasi Influencers will be entitled to injunctive relief or to recover damages against any Farmasi Influencer who violates this provision in any action to enforce its rights under this section. The prevailing party shall be entitled to an award of attorney's fees, court costs, and expenses.

8.4 Return of Materials

Upon demand by the Company, any current or former Farmasi Influencer will return the original and all copies of all "Reports" to the Corporate office together with any other Company confidential information in such person's possession. Farmasi Influencer shall contact the Corporate office to return materials via sending an e-mail to Compliance@farmasius.com.

9.0 ADVERTISING, PROMOTIONAL MATERIAL, USE OF COMPANY NAMES AND TRADEMARKS

9.1 Labeling, Packaging, and Displaying Products

1. A Farmasi Influencer may not re-label, re-package, refill or alter labels of any Farmasi product or service information, materials, or program(s) in any way. Such re-labeling or re-packaging violates federal and state laws, which may result in criminal or civil penalties or liability.
2. A Farmasi Influencer shall not cause any Company product or service or any Company trade name to be sold or displayed in retail establishments, including

but not limited to kiosks in malls, during normal business hours.

3. A Farmasi Influencer may sell Company products and services and display the Company trade name at any appropriate display booth (such as trade shows) upon prior written approval from the Company. The request for Company approval may be made by way of email to Compliance@farmasius.com.
4. We reserve the right to refuse authorization to participate at any function that it does not deem a suitable forum for the promotion of its products and services.

9.2 Use of Company Names and Protected Materials

1. A Farmasi Influencer must safeguard and promote the good reputation of the Company and the products and services it markets. The marketing and promotion of the Company, the Farmasi opportunity, the Compensation Plan, and its products and services will be consistent with the public interest and must avoid all discourteous, deceptive, misleading, unethical, or immoral conduct and practices.
2. All promotional materials supplied or created by Us must be used in their original form and cannot be changed, amended, or altered except with prior written approval from the Company Compliance Department.
3. The name Farmasi, each of its product and service names, and other names that have been adopted by the Company in connection with its business are proprietary trade names, trademarks, and service marks of Farmasi. As such, these marks are of great value to the Company and are supplied to Farmasi Influencers for their use only in an expressly authorized manner.
4. A Farmasi Influencer's use of the name "Farmasi" is restricted to protect the Company's proprietary rights, ensuring that the Company-protected names will not be lost or compromised by unauthorized use. Use of the Farmasi name on any item not produced by the Company is prohibited except as follows:
 - [Farmasi Influencer's name] A Farmasi Influencer of Farmasi; or
 - [Farmasi Influencer's name] Independent Business Owner and Farmasi Influencer of Farmasi products and services.

E. Further procedures relating to the use of the Farmasi name are as follows:

1. All stationary (i.e., letterhead, envelopes, and business cards) bearing the Farmasi name or logo intended for use by the Farmasi Influencer must be approved in writing by the Company Compliance Department.
2. Farmasi Farmasi Influencers may list “Farmasi Influencer of Farmasi” on the white pages of the telephone directory under her name.
3. Farmasi Influencers may not use the name “Farmasi,” “Farmasi US Corporate Office,” or “Corporate Office of Farmasi” in answering the telephone, creating a voice message, or using an answering service, such as to give the impression to the caller that they have reached the domestic, corporate office. They may state, “Farmasi Farmasi Influencer”.
4. Farmasi Influencers can use our logo for custom t-shirts, hoodies, and other items for their organizations. The sale of custom items is strictly prohibited.
5. Farmasi Influencers must use the logos that are in the Farmasi Back Office and they cannot be modified in any way shape or form. The term “Farmasi Influencer” may be added.

F. Certain photos and graphic images used by Farmasi in its advertising, packaging, and websites are the results of paid contracts with outside vendors that do not extend to Farmasi Influencers. If a Farmasi Influencer wants to use these photos or graphic images, they must negotiate individual contracts with the vendors for a fee.

G. A Farmasi Influencer shall not appear on or make use of television or radio or make use of any other media to promote or discuss the Company, its programs, products, or services without prior written permission from the Company Compliance Department.

H. A Farmasi Influencer may not produce for sale or distribution any Company event or speech, nor may a Farmasi Influencer reproduce Company audio or video clips for sale or personal use without prior written permission from the Company Compliance Department.

I. Farmasi reserves the right to rescind its prior approval of any sales aid or promotional material to comply with changing laws and regulations and may request the removal from the marketplace of such materials without financial obligation to the affected Farmasi Influencer.

J. A Farmasi Influencer shall not promote non-Farmasi products or services in conjunction with Company products or services on the same websites or same advertisement.

9.3 Faxes and E-mail Limitations

1. Except as provided in this section, a Farmasi Influencer may not use or transmit unsolicited faxes, email, mass email distribution, or “spamming” that advertises or promotes the operation of the Farmasi business. The exceptions are:
 1. Faxes or e-mailing any person who has given prior permission or invitation;
 2. Faxing or e-mailing any person with whom the Farmasi Influencer has established a prior business or personal relationship.
2. In all states where prohibited by law, a Farmasi Influencer may not transmit, or cause to be transmitted through a third party, (by telephone, facsimile, computer, or another device), an unsolicited advertisement to any equipment, which can transcribe text or images from an electronic signal received over a regular telephone line, cable line, ISDN, T1 or any other signal carrying device, except as outlined in this section.
3. All faxes, e-mail, or computer broadcasted documents subject to this provision shall include each of the following:
 1. a clear identification that the fax or e-mail message is an advertisement or solicitation. The words “advertisement” or “solicitation” should appear in the subject line of the message;
 2. A clear return path or routing information;
 3. The use of legal and proper domain name;
 4. a clear notice of the opportunity to decline to receive further commercial facsimile or e-mail messages from the sender;

5. Unsubscribe or opt-out instructions should be the very first text in the body of the message box in the same size text as the majority of the message;
 6. The true and correct name of the sender, valid senders' fax or e-mail address, and a valid sender's physical address;
 7. The date and time of the transmission;
 8. Upon notification by the recipient of his or her request not to receive further faxed or e-mailed documents, a Farmasi Influencer shall not transmit any further documents to that recipient.
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4. All e-mail or computer broadcasted documents subject to this provision shall not include any of the following:
 - I. Use of any third-party domain name without permission; and
 - II. Sexually explicit materials.

9.4 Internet and Third-Party Website Restrictions

1. A Farmasi Influencer may not use or attempt to register any of FARMASI's trade names, trademarks, service names, service marks, product names, URLs, advertising phrases, the Company's name, or any derivative thereof, for any purpose including, but not limited to, Internet domain names (URL), third party websites, social media groups, e-mail addresses, web pages, ads or blogs.
2. A Farmasi Influencer cannot use or register domain names, email addresses, and/or online aliases

that could cause confusion, be misleading, or deceive individuals into believing that a communication is from or is the property of Farmasi corporate.

Regarding the registered mark of Farmasi in URLs, examples of improper use include but are not limited to:

- I. Farmasius@comcast.net
- II. www.FarmasiDirectus.com
- III. www.facebook.com/farmasius; or
- IV. Any other derivatives as described herein.

Examples of permitted URLs, email addresses, and online aliases might appear as follows:

- I. Facebook.com/iloveFarmasi; or
- II. CindySmith@FarmasiFarmasi Influencer.net

The determination as to what could cause confusion, mislead, or be considered deceptive is at the sole discretion of the Company.

3. A Farmasi Influencer may not sell Farmasi products, or services or offer the Farmasi sales opportunity via “online auctions,” such as eBay®, or “online marketplaces” such as Amazon or Etsy. For more information, please see the Farmasi Online Marketplace Provision under Section 9.4(R).
4. The Company provides all Farmasi Influencers with one (1) replicated website. A Farmasi replicated website is a personal website for Farmasi Influencers that is hosted on Company servers. Any Farmasi Influencer who wishes to develop its third-party website (or site not affiliated with the Company and independently owned and operated by the Farmasi Influencer) must seek and receive the Company’s prior written approval before going live with such a third-party website. Should the Company grant the Farmasi Influencer approval to use a third-party website, the site must:
 1. Identify yourself as a Farmasi Influencer for Farmasi
 2. Use only the approved images and wording authorized by the Company
 3. Adhere to the branding, trademark, and image usage policies described in this document.
 4. Adhere to any other provision regarding the use of a third-party website described in this document
 5. Agree to modify your website to comply with current or future Company policies.
5. All marketing materials used on a Farmasi Influencer’s third-party website must be provided by the Company in writing.
6. To avoid confusion, the following three elements must also be prominently displayed at the top of every page of any third-party website:
 1. The Farmasi Farmasi Influencer Logo

2. Your Name and Title
3. Farmasi Corporate Website Redirect Button
7. A Farmasi Influencer may not use third-party sites that contain materials copied from corporate sources (such as Farmasi brochures, CDs, videos, tapes, events, presentations, and corporate websites). This policy ensures brand consistency, allows Customers and Farmasi Influencers to stay up to date with changing products, services, and information, facilitates enrollment under the correct Sponsor, and assists in compliance with government regulations.
8. If a Farmasi Influencer who has received authorization to create and post any third-party website has the business voluntarily or involuntarily canceled for any reason, or if the Company revokes authorization allowing the Farmasi Influencer to maintain such a third-party website, the Farmasi Influencer shall assign the URL to the third-party website to the Company within three (3) days from the date of the cancellation and/or re-direct all traffic to the site as directed by the Company. We reserve the right to revoke any Farmasi Influencer's right to use a third-party website at any time if We believe that such revocation is in the best interest of Farmasi, its Farmasi Influencers , and/or Customers. Decisions and corrective actions in this area are at the Company's sole discretion.
1. Social Media sites may be used to market Farmasi products. PROFILES A FARMASI INFLUENCER GENERATES IN ANY SOCIAL COMMUNITY WHERE FARMASI IS DISCUSSED OR MENTIONED MUST IDENTIFY THE FARMASI INFLUENCER AS SUCH, and when a Farmasi Influencer participates in those communities, he or she must avoid inappropriate conversations, comments, images, video, audio, applications, or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is at the Company's sole discretion, and offending Farmasi Influencers will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the Farmasi-approved library. If a link is provided, it must link to the posting Farmasi Influencer's replicated website or an approved third-party website.
10. Anonymous postings or use of an alias on any Social Media site is prohibited, and offending Farmasi Influencers will be subject to disciplinary action.
11. Farmasi Influencers may not use blog spam, spamdexing, or any other mass-replicated methods to leave blog comments. Comments Farmasi Influencers create, or leave must be useful, unique, relevant, and specific to the blog's article.

L. Farmasi Influencers must disclose their full name on all Social Media postings, and conspicuously identify themselves as a Farmasi Influencers for Farmasi. Anonymous postings or the use of an alias is prohibited.

M. Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the Farmasi income opportunity, the Company products, and services, and/or your biographical information and credentials.

14. Farmasi Influencers are personally responsible for their postings and all other online activity that relates to Farmasi. Therefore, even if a Farmasi Influencer does not own or operate a blog or Social Media site, a Farmasi Influencer's post(s) to any such site that relates to Farmasi, or which can be traced to the Company makes the Farmasi Influencer responsible for the posting. Farmasi Influencers are also responsible for postings that occur on any blog or Social Media site that the Farmasi Influencer owns, operates, or controls.
 - The distinction between a Social Media site and a website may not be clear-cut, because some Social Media sites are particularly robust; therefore, Farmasi reserves the sole and exclusive right to classify certain Social Media sites as third-party websites and require that Farmasi Influencers using, or who wish to use, such sites adhere to the Farmasi policies relating to third-party websites.
16. If your Farmasi business is canceled for any reason, you must discontinue using the Company name, and all the Company's trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all Social Media sites that you utilize. If you post on any Social Media site on which you have previously identified yourself as a Farmasi Influencer of Farmasi, you must conspicuously disclose that you are no longer a Farmasi Farmasi Influencer business owner.
17. Failure to comply with these Policies for conducting business online may result in the Farmasi Influencer losing their right to advertise and market Company products, services, and the Farmasi opportunity online or any other disciplinary action available under the Policies and Procedures.
18. Farmasi predicates its business on in-home and event sales. Therefore, face-to-face interactions with Customers and Farmasi Influencers are critical to one's success in this business. Because of this, Farmasi has a strict approach to online marketplace sales

via eBay or Etsy. The Company does not allow a Farmasi Influencer to sell any Farmasi products on eBay, Etsy, or Facebook Marketplace (collectively known as “Online Marketplaces”). During the term of your contract as a Farmasi Influencer, you can maintain a profile on any of these Online Marketplaces but must refrain completely from selling or offering Company products. This same policy applies to other third-party sites by which a Farmasi Influencer could sell Farmasi products.

9.5 Advertising and Promotional Materials

1. No special enticement advertising is allowed. This includes, but is not limited to, offers of a free business, free product packages, or other such offers that grant advantages beyond those available through the Company.
2. Advertising and all forms of communications must adhere to principles of honesty and propriety.
3. All advertising, including, but not limited to, print, Internet, computer bulletin boards, television, radio, etc., are subject to prior written approval by the Company Compliance Department.
4. All requests for approvals concerning advertising must be directed in writing to the Company Compliance Department.
5. Corporate approval is not required to place blind ads that do not mention Farmasi, its employees, any of its products, services, designs, symbols, programs, and trademarked, copyrighted, or otherwise protected materials.
6. The Company reserves the right to rescind its prior approval of submitted advertising or promotional materials to comply with changing laws and regulations and may require the removal of such advertisements from the marketplace without obligation to the affected Farmasi Influencer.
7. Sample products are not intended for resale.

9.6 Testimonial Permission

By signing the Farmasi Influencer Agreement, you permit us to use your testimonial or image and likeness in corporate sales materials, including but not limited to print media, electronic media, audio, and video. In consideration of being allowed to participate in the Farmasi opportunity, you waive any right to be compensated for the use of your testimonial or image and likeness even though the Company may be paid for items or sales materials containing such image and likeness. In some cases, a Farmasi Influencer's testimonial may appear in another Farmasi Influencer's advertising materials. If you do not wish to participate in Farmasi sales and marketing materials, you should provide a written notice to the Company Compliance Department to ensure that your testimonial or image and likeness will not be used in any corporate materials, or corporate recognition pieces, advertising or recordings of annual events.

9.7 Telemarketing Limitations

1. A Farmasi Influencer must not engage in telemarketing in relation to the operation of his or her Farmasi business. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of Farmasi products or services, or to recruit them for the Farmasi opportunity.
2. The Federal Trade Commission ("FTC") and the Federal Communications Commission ("FCC") each have laws that restrict telemarketing practices. Both federal agencies, as well as several states have "do not call" regulations as part of their telemarketing laws.
3. While a Farmasi Influencer may not consider herself a "telemarketer" in the traditional sense, these regulations broadly define the term "telemarketer" and "telemarketing" so that the unintentional action of calling someone whose telephone number is listed on the Federal "Do Not Call" registry could cause the Farmasi Influencer to violate the law. These regulations must not be taken lightly, as they carry significant penalties (up to \$11,000 per violation).
4. "Cold calls" or "state-to-state calls" made to prospective Customers or Farmasi Influencers that promote either Farmasi products, services or the Farmasi opportunity is considered telemarketing and is prohibited.
5. Exceptions to Telemarketing Regulations. A Farmasi Influencer may place telephone calls to prospective Customers or Farmasi Influencers under the following limited situations:

- If the Farmasi Influencer has an established business relationship with the prospect
 - In response to the prospect's personal inquiry or application regarding a product or service offered by the Farmasi Influencer within three (3) months immediately before the date of such a call
 - If the Farmasi Influencer receives written and signed permission from the prospect authorizing the Farmasi Influencer to call
 - If the call is to family members, personal friends, and acquaintances. However, if a Farmasi Influencer makes a habit of collecting business cards from everyone, he/she meets and subsequently calls them, the FTC may consider this a form of telemarketing that is not subject to this exemption
 - A Farmasi Influencer engaged in calling "acquaintances," must make such calls on an occasional basis only and not as a routine practice.
 - A Farmasi Influencer shall not use automatic telephone dialing systems in the operation of her Farmasi businesses.
6. Failure to abide by Company policies or regulations as set forth by the FTC and FCC regarding telemarketing may lead to sanctions against the Farmasi Influencer's business, up to and including termination of the business.
7. By signing the Farmasi Influencer Agreement, or by accepting commission checks, other payments, or awards from Farmasi, a Farmasi Influencer gives permission to Farmasi and other Farmasi Influencers to contact them as permitted under the Federal Do Not Call regulations.
8. In the event a Farmasi Influencer violates this section, we reserve the right to institute legal proceedings to obtain monetary or equitable relief.

10.0 CHANGES TO A FARMASI INFLUENCER'S BUSINESS

10.1 Modification of the Farmasi Influencer Agreement

A Farmasi Influencer may modify his, her or its existing Farmasi Influencer Agreement (i.e., change a social security number to a Federal ID number, add a Spouse or partner to the account, or change the form of ownership from an individual to a Business Entity owned by the Farmasi Influencer) by submitting a written request, accompanied by a new Farmasi Influencer Agreement and the Business Registration Form, if applicable, completed with fresh signatures (not a "crossed out" or "white-out" version of the first Agreement), and any appropriate supporting documentation.

10.2 Change Sponsor or Placement for Inactive Farmasi Influencer

1. Farmasi Influencers have 3 days after registering to request a change of sponsor. At the discretion of Farmasi, Farmasi Influencers who have not earned an accumulation of 125 Personal Volume in 6 rolling calendar months would be considered inactive and their accounts would be closed. Farmasi Influencers who have not tendered a letter of resignation, are eligible to re-enroll in the Company under the Sponsor/Placement of their choice.
2. Upon written notice to the Company that a former Farmasi Influencer wishes to re-enroll, Farmasi will “compress” (close) the original account. A new Farmasi Influencer ID number will then be issued to the former Farmasi Influencer.
3. Such Farmasi Influencer does not retain former rank, downline, or rights to commission checks from the former organizations.
4. As a one-time opportunity, if you are a Farmasi Influencer who is sponsored directly by the company (FARMASI Root) and have a total monthly GV of less than 50,000, you may only request a sponsor change if the person you want to sponsor you is at least 2 titles higher than the highest title you have attained.
- To avoid being placed back under FARMASI root, you have three months to reach a title higher than the one from your change and a minimum 20 percent GV rise.

E. The Company reserves the right to correct Sponsor or Placement errors at any time and in whatever manner it deems necessary.

F. As a Director you must earn a minimum of 1,500 side points each month. Failure to reach 1,500 side points in 3 consecutive months will allow any 25% Farmasi Influencer sponsored by you to request a sponsor change to your immediate upline and this will be granted by the company.

10.3 Change Organizations

1. If a Farmasi Influencer wishes to transfer organizations, he or she must submit a letter of resignation to the Company Customer Service Department and remain inactive (neither buy or sell) an accumulation of 125 Personal Volume within 6 calendar months from the receipt of the letter before being eligible to re-enroll under a different Sponsor/Placement.
2. The Company retains the right to approve or deny any request to re-enroll after a Farmasi Influencer's resignation.
3. If re-enrollment is approved, the former Farmasi Influencer will be issued a new Farmasi Influencer ID number and will be required to submit a new Farmasi Influencer Agreement. The Farmasi Influencer will not be entitled to keep any former rank, downline, or rights to commission checks from any prior organization.

10.4 Unethical Sponsoring

1. Unethical sponsoring activities include, but are not limited to, enticing, bidding, or engaging in unhealthy competition in trying to acquire a prospect or new Farmasi Influencer from another Farmasi Influencer or influencing another Farmasi Influencer to transfer to a different sponsor.
2. Allegations of unethical sponsoring must be reported **in writing** to the Company Compliance Department within the first 90 days of enrollment. If the reports are substantiated, Farmasi may transfer the Farmasi Influencer or the Farmasi Influencer's downline to another sponsor, Placement, or organization without approval from the current up-line Sponsor or Placement Farmasi Influencers. The Company remains the final authority in such cases.
3. Farmasi prohibits the act of "Stacking." Stacking is the unauthorized manipulation of the Company compensation system and/or the marketing plan to trigger commissions or cause a promotion off a downline Farmasi Influencer in an unearned manner. One example of stacking occurs when a Sponsor places participant under an inactive downline without his or her knowledge to trigger unearned qualification for commissioning. Stacking is unethical and unacceptable behavior, and as such, it is a punishable offense with measures up to and including the termination of the independent consultant positions of all individuals and/or entities found to be directly involved.

4. Should Farmasi Influencers engage in solicitation and/or enticement of members of another direct sales company to sell or distribute Farmasi products and services to, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against a Farmasi Influencer alleging that they engaged in inappropriate recruiting activity of another company's sales force or Customers, the Company will not pay any of the Farmasi Influencer's defence costs or legal fees, nor will the Company indemnify the Farmasi Influencer for any judgment, award, or settlement.

10.5 Sell, Assign or Delegate Ownership

1. To preserve the integrity of the hierarchical structure, it is necessary for Farmasi to place restrictions on the transfer, assignment, or sale of a business.
2. A Farmasi Influencer may not sell or assign rights or delegate the position as a Farmasi Influencer without prior written approval by the Company, which approval will not be unreasonably withheld. Any attempted sale, assignment, or delegation without such approval may be voided at the discretion of the Company.
3. Should the sale be approved by the Company, the Buyer assumes the position of the Seller at the current qualified title, but at the current "paid as" rank, at the time of the sale and acquires the Seller's Downline.
4. To request corporate authorization for a sale or transfer of a Farmasi business, the following items must be submitted to the Company Compliance Department:
 - A Sale/Transfer of Business Form properly completed, with the requisite signatures
 - A copy of the Sales Agreement signed and dated by both Buyer and Seller
 - A Farmasi Influencer Agreement completed and signed by the Buyer
 - Any additional supporting documentation requested by the Company
5. Any debt obligations that either Seller or Buyer may have with Farmasi must be satisfied prior to the approval of the sale or transfer by the Company.
6. A Farmasi Influencer who sells his or her business is not eligible to re-enroll as a Farmasi Influencer in any organization for twelve (12) full calendar months following

the date of the sale except as otherwise expressly set forth in these Policies and Procedures.

G. The Transfer/Sale will be approved or denied at the sole discretion of Farmasi.

10.6 Separating a Farmasi Influencer's Farmasi Business

1. Pending a divorce or dissolution of a partnership or other business entity, the parties must adopt one of the following methods of operation:
 1. One of the parties may, with the written consent of the other(s), operate the Farmasi business whereby the relinquishing Spouse, shareholders, partners, members or trustees authorize the Company to deal directly and solely with the other Spouse, non-relinquishing shareholder, partner, member or trustee;
 2. The parties may continue to operate the Farmasi business jointly on a "business as usual" basis, whereupon all compensation paid by the Company will be paid in the name designated as the Farmasi Influencer or in the name of the entity to be divided, as the parties may independently agree between them. If no name is stipulated, Farmasi will pay compensation to the name on record and in such event, the Farmasi Influencer named on the account shall indemnify Farmasi from any claims from the other business owner(s) or the other Spouse with respect to such payment.
2. The Company recognizes only one Downline organization and will issue only one commission check per Farmasi business per commission cycle. Under no circumstances will the Downline of an organization be divided, nor will Farmasi split commission and/or bonus checks.
3. If a relinquishing Spouse, partner, or owner of the business has completely relinquished ("Relinquishing Party"), in writing, all rights to the original Farmasi business, he or she may immediately thereafter re-enroll under the Sponsor and Placement of his or her choice. In such cases, however, the Relinquishing Party shall have no rights to, and shall not solicit, any Farmasi Influencer or active Customer in the former organization and must develop a new business in the same manner as any other new Farmasi Influencer. A Farmasi Influencer in the Relinquishing Party's former Downline who wishes to transfer to the Relinquishing Party's new organization or to any other organization, must comply with the requirements in Section 12.5.

10.7 Succession

1. Upon the death or incapacity of a Farmasi Influencer, the Farmasi Influencer's corresponding business may be passed on to his or her legal successors in interest (successor). Whenever a Farmasi business is transferred by will or other testamentary process, the successor acquires the right to collect all bonuses and commissions of the deceased Farmasi Influencer's sales organization. The successor must:
 1. Complete and sign a new Farmasi Influencer Agreement
 2. Comply with the terms and provisions of the Farmasi Influencer Agreement; and
 3. Meet all the qualifications for the last rank achieved by the former Farmasi Influencer.
2. Bonus and commission check of a Farmasi business transferred based on this section will be paid in a single check to the successor. The successor must provide the Company with an "address of record" to which all bonus and commission Payments will be sent. Payments will be based on the current performance of the business, not the highest rank or volume achieved.
3. If the business is passed on to joint devisees (successors), they must form a business entity and acquire a federal taxpayer identification number. Farmasi will issue all bonus and commission payments and one 1099 Miscellaneous Income Tax form to the managing business entity only.
4. Appropriate legal documentation must be submitted to the Company Compliance Department to ensure the transfer is done properly. To affect a testamentary transfer of a Farmasi business, the successor must provide the following to the Company Compliance Department:
 1. A certified copy of the death certificate; and
 2. A notarized copy of the will or other appropriate legal documentation establishing the successor's right to the Farmasi business.
 3. To complete a transfer of the Farmasi business because of incapacity, the successor must provide the following to the Company Compliance Department:
 4. A notarized copy of an appointment as trustee
 5. A notarized copy of the trust document or other appropriate legal documentation

establishing the trustee's right to administer the Farmasi business; and

6. A completed Farmasi Influencer Agreement executed by the trustee.
7. If the successor is already an existing Farmasi Influencer, the Company will allow such Farmasi Influencer to keep his or her own business plus the inherited business active for up to six (6) months. By the end of the 6-month period, the Farmasi Influencer must have compressed (if applicable), sold or otherwise transferred either the existing business or the inherited business.
8. If the successor wishes to terminate the Farmasi business, he, she or it must submit a notarized statement stating the desire to do so, along with a certified copy of the death certificate, appointment as trustee, and/or any other appropriate legal documentation.
9. Upon written request, Farmasi may grant a one (1) month bereavement waiver and pay out at the last "paid as" rank.

10.8 Resignation/Voluntary Cancellation

1. A Farmasi Influencer may immediately terminate his or her business by submitting a written notice or email to the Company Compliance Department. The written notice must include the following:
 1. The Farmasi Influencer's intent to resign;
 2. Date of resignation;
 3. Farmasi Identification Number;
 4. Reason for resigning; and
 5. Signature.
2. A Farmasi Influencer may not use resignation or voluntary cancellation to immediately change Sponsor and Placement. Instead, the Farmasi Influencer who has voluntarily resigned is not eligible to reapply for a business or have any financial interest in a or any Farmasi business for six (6) months from the receipt of the written notice of resignation.

C. Following any voluntary cancellation, a Farmasi Influencer:

1. Shall have no right, title, claim or interest to any commission or bonus from the sales generated by the Farmasi Influencer's former organization or any other payments in

association with the Farmasi Influencer's former independent business

2. Effectively waives all claims to property rights or any interest in or to the Farmasi Influencer's former downline organization
3. Shall receive commissions and bonuses only for the last full pay period in which he or she was active prior to cancellation, less any amounts withheld during an investigation preceding an involuntary cancellation, and less any other amounts owed to the Company.

10.9 Involuntary Termination

1. The Company reserves the right to terminate a Farmasi Influencer's Farmasi business for, but not limited to, the following reasons:
 - Violation of any terms or conditions of the Farmasi Influencer Agreement
 - Violation of any provision in these Policies and Procedures
 - Violation of any provision in the Compensation Plan
 - Violation of any applicable law, ordinance, or regulation regarding the Farmasi business
 - Engaging in unethical business practices or violating standards of fair dealing; or
 - Returning over \$ 1,000 worth of products, services and/or sales tools for a refund within a twelve (12) month period.
2. Farmasi will notify the Farmasi Influencer in writing at the last known address of the intent to terminate the Farmasi Influencer's business and the reasons for termination. The Farmasi Influencer will then have seven (7) calendar days from the date of such notice to appeal the termination in writing. Farmasi must receive the Farmasi Influencer's written appeal within seven (7) calendar days of the date of the termination letter. If the written appeal is not received within this time, the termination will be considered final.
3. If the Farmasi Influencer does file a timely appeal of termination, the Company will review its decision, along with any other information it may deem relevant, reconsider any other appropriate action, and notify the Farmasi Influencer of its decision. The decision of the Company is then considered final and not subject to further review.
4. If the termination is not rescinded, the termination will be effective as of the date of the original termination notices by the Company. The former Farmasi Influencer shall thereafter be prohibited from using the names, marks or signs, labels, stationery,

advertising, or business material referring to or relating to any Farmasi products or services. The Company will notify the active Upline Sponsor of the termination, and the organization of the terminated Farmasi Influencer will “roll up” to the active Upline Sponsor on record.

5. The Farmasi Influencer who is involuntarily terminated by the Company may not reapply for a business, either under the present name or any other name or entity, without the express written consent of an officer of Farmasi. In any event, such Farmasi Influencer may not re-apply for a business for twelve (12) months from the date of termination.

11.0 DISCIPLINARY SANCTIONS

11.1 Imposition of Disciplinary Action - Purpose

It is the spirit of Farmasi that integrity and fairness should pervade its sales force, thereby providing everyone with an equal opportunity for all Farmasi Influencers to build a successful business. Therefore, We reserve the right to impose disciplinary sanctions at any time, when We determine that a Farmasi Influencer has violated the Agreement, any of these Policies and Procedures, or the Compensation Plan as may be amended from time to time by the Company.

11.2 Consequences and Remedies of Breach

Disciplinary actions may include one or more of the following:

- Monitoring a Farmasi Influencer’s conduct over a specified period to assure compliance
- Issuance of a written warning or requiring the Farmasi Influencer to take immediate corrective action
- Imposition of a fine (which may be imposed immediately or withheld from future commission payments) or the withholding of commission payments (“Commission Hold”) until the matter causing the Commission Hold is resolved or until the Company receives adequate additional assurances from the Farmasi Influencer to ensure future compliance.
- Suspension from participation in Company or Farmasi Influencer-related events, rewards, or recognition
- Suspension of the Farmasi Influencer Agreement and your business for one or more pay periods

- Involuntary termination of the Farmasi Influencer Agreement and your business
- Any other measure which We deem feasible and appropriate to justly resolve injuries caused by the Farmasi Influencer's violation or contractual breach, OR
- Legal proceedings for monetary or equitable relief.

12.0 DISPUTE RESOLUTION

12.1 Grievances

If a Farmasi Influencer has a grievance or complaint against another Farmasi Influencer regarding any practice or conduct relating to their respective Farmasi businesses, the Farmasi Influencer is encouraged to resolve the issue directly with the other party. If an agreement cannot be reached, it must be reported directly to the Company Compliance Department as outlined below.

1. The Compliance Department will be the final authority on settling such grievance or complaint and its written decision shall be final and binding on the Farmasi Influencers involved.
2. Farmasi will confine its involvement to disputes regarding Farmasi business matters only. We will not decide issues that involve personality conflicts or unprofessional conduct by or between Farmasi Influencers outside the context of Company business. These issues go beyond the scope of the Company and may not be used to justify a Sponsor, placement change or transfer.
3. Farmasi does not consider, enforce, or mediate third party agreements between Farmasi Influencers, nor does it provide names, funding, or advice for obtaining outside legal counsel.

Process for Grievances:

A Farmasi Influencer should submit an email directly to the Company Compliance Department. The letter shall set forth the details of the incident as follows:

1. The nature of the violation and specific facts to support such allegations
2. Dates and the number of occurrences

3. Persons involved; and
4. Any other supporting documentation.
5. Upon receipt of the written complaint, the Company will conduct a general investigation.

The Company will make a final decision and timely notify the Farmasi Influencers involved.

12.2 Arbitration

1. **Any controversy or claim arising out of or relating to the Agreement and/or these Policies and Procedures (or the breach thereof), your business or any other dispute between the Company and you, shall be settled by binding and confidential arbitration administered by the American Arbitration Association under its commercial arbitration rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.** Any such arbitration shall be held in Miami, Florida. There shall be one arbitrator, who shall have expertise in business law transactions and who shall be knowledgeable in the direct selling industry, selected from a panel provided by the American Arbitration Association.
2. The prevailing party in any such arbitration shall be entitled to receive from the losing party, all costs and expenses of arbitration, including reasonable attorney's fees and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to judgment in any court of competent jurisdiction.

C. This agreement to arbitration shall survive any termination or expiration of the Agreement.

D. Nothing in these Policies and Procedures shall prevent Farmasi from applying for or obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect the Company's interests or its Confidential Information prior to, during or following the filing of an arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

4. **NO CLASS ACTION, OR OTHER REPRESENTATIVE ACTION OR PRIVATE ATTORNEY GENERAL ACTION OR JOINDER OR CONSOLIDATION OF ANY CLAIM WITH A CLAIM OF ANOTHER PERSON OR CLASS OF CLAIMANTS SHALL BE ALLOWABLE.**

5. These Policies and Procedures and any arbitration involving a Farmasi Influencer and the Company shall be governed by and construed in accordance with the laws of the state of Florida, without reference to its principles of conflict of laws.

12.3 Damages

In any case which arises from or relates to the wrongful termination of the Farmasi Influencer Agreement and/or a Farmasi Influencer's Farmasi business, the Company and Farmasi Influencer agree that damages will be extremely difficult to ascertain. Therefore, the Company and Farmasi Influencer stipulate that if the involuntary termination of the Farmasi Influencer Agreement and/or loss of the Farmasi Influencer's Farmasi business is proven and held to be wrongful under any theory of law, the Farmasi Influencer's sole remedy shall be liquidated damages calculated as follows:

1. For Farmasi Influencer's at the "Paid As" rank of 18% or above (with the exception of paragraph II below), liquidated damages shall be in the amount of his/her gross compensation that he/she earned pursuant to the Farmasi Compensation Plan in the twelve (12) months immediately preceding the termination.
2. For Farmasi Influencer's at the "Paid As" rank of 22%, liquidated damages shall be in the amount of his/her gross compensation that he/she earned pursuant to the Farmasi Compensation Plan in the twenty-four (24) months immediately preceding the termination.

In any action arising from or relating to the Agreement, the Farmasi business, or the relationship between the Company and Farmasi Influencer, both parties waive all claims for incidental and/or consequential damages, even if the other party has been apprised of the likelihood of such damage. The Company and Farmasi Influencer further waive all claims to exemplary and punitive damages.

12.4 Severability

If any provision of these Policies and Procedures is found to be invalid, or unenforceable for any reason, only the invalid provision shall be severed. The remaining terms and provisions hereof shall remain in full force and shall be construed as if such invalid or unenforceable provision never had comprised a part of these Policies and Procedures.

12.5 Waiver

Only an officer of Farmasi can, in writing, affect a waiver of these Policies and Procedures. The Company's waiver of any breach by a Farmasi Influencer shall not

affect Our rights with respect to any subsequent breach, nor shall it affect the rights or obligations of any other Farmasi Influencer.

The existence of any claim or cause of action of a Farmasi Influencer against the Company shall not constitute a defense to Our enforcement of any term or provision found in these Policies and Procedures.

12.6 Successors and Claims

The agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13.0 GOVERNING LAW

These Policies and Procedures shall be governed by and construed in accordance with the Laws of the State of Florida and the exclusive jurisdiction of the United States, Canada, and Mexico courts.

Follow us on Social Media!



JOIN THE WORLD
OF FARMASI

Become A Farmasi Influencer!

Guest Order



COMPANY POLICIES

Shipping &
Return

Terms Of Use
Policies And
Procedures

Income
Statement
Disclosure

ABOUT US

About FARMASI

Mission, Vision &
Values

Product Standards

FARMASI Worldwide

Pledge to Our Farmasi
Influencers Career

OPPORTUNITY AND SUPPORT

FARMASI Trips
Opportunity Plan
2024

Contact Us

Royalty Circle

Legacy Circle

FARMASI Parti

Share The Beauty

Farmasinergy
Convention

Gear Store

Glow Academy

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Exhibit B

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February 11, 2025

VIA ONLINE ELECTRONIC SUBMISSION

California Labor & Workforce
Development Agency
455 Golden Gate Avenue, 9th Floor
San Francisco, California 94102
SUBMITTED ONLINE

Re: Notice Pursuant to California Labor Code § 2699.3 re Farmasi US LLC; Sinan Tuna; Emre Tuna; Gokcen Faiz

Pursuant to the Private Attorneys General Act of 2004 (“**PAGA**”), Cal. Labor Code § 2698, *et seq.*, Daniel Gurtner and Lucila Gurtner (collectively, the “**Gurtners**”) provide this notice on behalf of themselves and other aggrieved employees in the State of California to the Labor and Workforce Development Agency (“**LWDA**”) and Farmasi US LLC and including any and all affiliates, subsidiaries, parents, directors, officers, and employees, including but not limited to, Sinan Tuna, Emre Tuna, and Gokcen Faiz (collectively, “**Farmasi**”) of Labor Code and Industrial Welfare Commission (“**IWC**”) Wage Order violations committed by Farmasi and personally experienced by the Gurtners. Please allow this letter to serve as a notice and a request pursuant to § 2699.3 of the California Labor Code that your agency investigate the claims described below. If the agency does not intend to investigate the alleged violations, we ask that you please notify us of that fact. If your agency decides not to investigate the below-described claims, the Gurtners intend to pursue civil penalties and injunctive relief through a court action and/or in arbitration, on behalf of herself and the other aggrieved employees against whom Labor Code and Wage Order violations were committed by Farmasi.

Introduction

Farmasi is headquartered in Miami, Florida and does business nationwide. Farmasi develops and sells skincare, cosmetics, and nutritional products online. Pursuant to Farmasi’s business model, it establishes explicit relationships with various individuals known as “Beauty Influencers” who market and sell Farmasi products for Farmasi, establishing and managing a broad range of employment policies and procedures for these “Beauty Influencers.” Despite calling these salespeople “Beauty Influencers” and designating them independent contractors, these “Beauty Influencers” are in fact employees under California law. Farmasi has violated numerous provisions of the California Labor Code and applicable IWC Wage Order by denying its “Beauty Influencers” the compensation, other benefits and statutory entitlements that they are owed.

Two of the many individuals whom Farmasi employs as “Beauty Influencers” are the Gurtners. Lucila Gurtner worked for Farmasi as a “Beauty Influencer” from approximately November 2023 to present, in California. Daniel Gurtner worked for Farmasi as a “Beauty Influencer” from approximately January 2024 to present, in California. During that entire time, the

Gurtners have been under Farmasi's control, selling and marketing Farmasi products online in accordance with strict guidelines.

Unless the agency decides to investigate and issue citations for Farmasi's numerous Labor Code and Wage Order violations, the Gurtners intend to bring a representative action in court and/or in arbitration seeking civil penalties for violations of the Labor Code that are recoverable under PAGA on behalf of the State of California and all other aggrieved employees. The aggrieved employees on whose behalf the Gurtners will file a PAGA civil action include all current and former Farmasi "Beauty Influencers" who sold Farmasi products and services in the State of California during the relevant statutory period, and any other individuals who are actually non-exempt employees of Farmasi under California law.

As set forth below, Farmasi has violated and/or continues to violate, among other provisions of the California Labor Code sections 201, 202, 203, 204, 226(a), 226.7, 226.8, 510, 512(a), 1194, 1997, 1997.1, 2802, and IWC Wage Orders, including inter alia, Wage Order No. 4, and the Gurtners have personally experienced each of these violations.

Willful Misclassification of an Individual as an Independent Contractor

California law prohibits the willful misclassification of an individual as an independent contractor when he or she is in fact an employee under California law. Cal. Lab. Code § 226.8(a). "Willful misclassification" means avoiding employee status for an individual by voluntarily and knowingly misclassifying that individual as an independent contractor. Cal. Lab. Code § 226.8(i)(4). When an employer willfully misclassifies an individual as an independent contractor, the employer is subject to civil penalties. Cal. Lab. Code § 226.8(b)–(c). Farmasi willfully misclassified the Gurtners and other aggrieved employees as independent contractors, because it has been clear for several years now under California law that its "Beauty Influencers" are in fact employees under Cal. Lab. Code § 2775, insofar as such "Beauty Influencers" are under Farmasi's control in performing their selling duties, the selling duties that "Beauty Influencers" do is within the usual course of Farmasi's business, and they are not engaged in an independently established trade, occupation or business. Even under a looser definition of "employee," "Beauty Influencers" would also be considered employees because Farmasi controls the manner and means through which the Gurtners and other aggrieved employees carry out their duties, including but not limited to restricting advertising, restricting what channels products may be sold through, and providing proprietary lists and direct customer leads.

Failure to Pay Minimum Wages and Failure to Pay Overtime Wages

Farmasi violated California Labor Code sections 1194, 1197, and 1197.1 and Wage Order No. 4 by failing to pay the Gurtners and other aggrieved employees at least minimum wages for all hours worked. Primarily, this was due to Farmasi having misclassified its "Beauty Influencers" as independent contractors rather than as employees. The Gurtners and other aggrieved employees were required or knowingly permitted to perform all their work duties off-the-clock, including but not limited to training, communicating with Farmasi, and selling and marketing Farmasi products and services. By failing to pay the Gurtners and other aggrieved employees any wages for their time spent performing work duties for Farmasi, Farmasi violated Labor Code sections 1194, 1197, and 1197.1 and Wage Order No. 4, which require employers to pay at least the legal minimum wage to their employees.

California Labor Code section 510 and Wage Order No. 4 require employers to pay no less than one and one-half times the regular rate of pay of the employee for hours worked in excess of eight (8) hours in one workday, for hours worked in excess of forty (40) hours in one workweek,

and for the first eight (8) hours worked on the seventh day of work in any one workweek, and to pay no less than twice the regular rate of pay of the employee for hours worked in excess of twelve (12) hours in one workday and for any work in excess of eight (8) hours on any seventh day of a workweek. During the relevant time period, the Gurtner and other aggrieved employees worked over 8 hours in a day and/or 40 hours in a week without overtime compensation because Farmasi failed to pay them for their work duties, as described above. This was, in turn, due to Farmasi's unlawful misclassification of "Beauty Influencers" as independent contractors rather than as employees. On occasions when the Gurtner and other aggrieved employees had already worked eight hours in one day (performing all their work off-the-clock), Farmasi failed to pay them any overtime compensation due. Therefore, the Gurtner and the other aggrieved employees were entitled to receive overtime compensation from Farmasi that Farmasi failed to pay, violating Labor Code § 510 and Wage Order No. 4.

Failure to Provide Meal Periods and Rest Periods

California law requires employers to provide their employees with an opportunity to take an uninterrupted meal period of no less than thirty (30) minutes before the end of the fifth hour of work when an employee works more than five (5) hours in a day. Cal. Lab. Code §§ 226.7, 512(a); Wage Order No. 4. A second meal period of no less than thirty (30) minutes must be provided before the end of the tenth hour of work when an employee works more than ten (10) hours in a day. Cal. Lab. Code §§ 226.7, 512(a); Wage Order No. 4. Further, an employer must provide an uninterrupted rest period of no less than ten (10) minutes for every four (4) hours, or major fraction thereof, worked. Cal. Lab. Code § 226.7; Wage Order No. 4. When an employer fails to provide a meal or rest period, an hour of pay at the employee's regular rate of compensation is owed to the employee. Cal. Lab. Code § 226.7(c).

Farmasi failed to provide the Gurtner and the other aggrieved employees with an opportunity to take timely, uninterrupted meal and rest periods of the requisite length, free from employer control. Farmasi also failed to compensate the Gurtner and the other aggrieved employees properly for the non-compliant meal and rest periods including, inter alia, missed, short, late, and/or interrupted meal and rest periods. Farmasi also failed to pay premium wages for the many meals and rest breaks that the Gurtner and the aggrieved employees were deprived of. Indeed, Farmasi did not provide any meal or rest breaks or premium compensation for missed breaks to the Gurtner and other aggrieved employees, since Farmasi improperly classified its Promoters as independent contractors who were not entitled to meal or rest breaks.

Failure to Timely Pay Wages During Employment

California Labor Code section 204 requires that all wages earned by any person in any employment between the 1st and the 15th days, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 16th and the 26th day of the month during which the labor was performed, and that all wages earned by any person in any employment between the 16th and the last day, inclusive, of any calendar month, other than those wages due upon termination of an employee, are due and payable between the 1st and the 10th day of the following month. California Labor Code section 204 also requires that all wages earned for labor more than the normal work period shall be paid no later than the payday for the next regular payroll period. During the relevant period, Farmasi failed to pay the Gurtner and other aggrieved employees all wages due to them, including minimum wages, overtime wages, and meal and rest period premium wages, within any time period specified by California Labor Code section 204. Moreover, Farmasi failed to pay the Gurtner and other aggrieved employees earned commissions in a timely and complete fashion.

Failure to Keep Accurate Payroll Records

California Labor Code section 1174(d) requires an employer to keep at a central location in the state or at the establishments at which employees are employed, payroll records showing the hours worked daily by and the wages paid to, and the number of piece-rate units earned by and any applicable piece rate paid to, employees employed at the respective plants or establishments. These records shall be kept with rules established for this purpose by the commission, but in any case, shall be kept on file for not less than two years. During the relevant period, Farmasi failed to keep accurate and complete payroll records showing the actual hours worked daily and the wages paid to the Gurtner and other aggrieved employees.

Failure to Furnish Accurate Itemized Wage Statements

Labor Code section 226(a) and Wage Order No. 4 require an employer semimonthly or at the time of each payment of wages to furnish wage statements to its employees setting forth, inter alia, (1) gross wages earned, (2) total hours worked by the employee, (3) the number of piece-rate units earned and any applicable piece rate if the employee is paid on a piece-rate basis, (4) all deductions, provided that all deductions made on written orders of the employee may be aggregated and shown as one item, (5) net wages earned, (6) the inclusive dates of the period for which the employee is paid, (7) the name of the employee and only the last four digits of his or her social security number or an employee identification number other than a social security number, and (8) the name and address of the legal entity that is the employer. Farmasi failed to provide *any* wage statements to the Gurtner and other aggrieved employees, despite being required to do so. Accordingly, Farmasi is subject to civil penalties under Labor Code section 226.3.

Failure to Reimburse Necessary Business Expenses

Labor Code section 2802 and Wage Order No. 4 require employers to indemnify their employees for all necessary business expenses that they incur in direct consequence of the discharge of his or her job duties or in direct consequence of his or her obedience to the directions of the employer. During the relevant period, the Gurtner and other aggrieved employees incurred necessary business-related expenses and costs that were not fully reimbursed by Farmasi. These costs include, but are not limited to, the use of personal cell phones and computers, Wi-Fi and internet connections, premium memberships for access to sites like youtube.com that “Beauty Influencers” were required to use to market and sell Farmasi services and products, home office equipment, ring lights other equipment for making content videos, among other expenses. Indeed, the Gurtner and the other aggrieved employees absorbed all the costs associated with marketing and selling Farmasi’s products and services at their own expense and without reimbursement by Farmasi. The Gurtner and the other aggrieved employees are entitled to reimbursement for all such expenses.

* * *

Farmasi has violated, caused to be violated, or is currently violating, numerous provisions of the California Labor Code, as described above. The Gurtner respectfully request that the agency investigate the above allegations, and, in any event, provide notice regarding its intent to investigate pursuant to Labor Code § 2699.3. If the agency does not intend to investigate the alleged violations, the Gurtner respectfully request a letter confirming the same so that we may bring a civil action for civil penalties and injunctive relief under PAGA against Farmasi for the violations described in this letter. Please know that we intend to file a civil complaint and to bring the appropriate claims under Labor Code § 2699 should your office decline to investigate, or investigate but decline to issue citations, within the time frames set out in Labor Code § 2699.3.

February 11, 2025

Page 5 of 5

Should you require anything further or have questions, please do not hesitate to contact me. Thank you for your consideration.

Respectfully Submitted,

CLARKSON LAW FIRM, P.C.

A handwritten signature in blue ink, appearing to read "Glenn A. Danas".

Glenn A. Danas, Esq.

VIA CERTIFIED MAIL

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c/o Mayling Jaramillo
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