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Per local Rule, This case is assigned to
Judge Weil, Edward G, for all purposes.

Attorneys for Plaintiff and Putative Class

SUPERIOR COURT OF CALIFORNIA

COUNTY OF CONTRA COSTA

JENNIFER CARRERA, individually and on
behalf of all others similarly situated,

Plaintiff,

v.

PRUVIT VENTURES INC.; LACORE
ENTERPRISES, LLC; BRIAN
UNDERWOOD; CHRISTOPHER HARDING;
TERRY LACORE; JENIFER GRACE;
DEBRA AARON; BLAKE MALLEN; and
DOES 1–50, inclusive,

Defendants.

Case No.: C25-00451

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 Timely Pay Wages Upon Separation (Cal. Lab. Code § 201-203);
7. Failure to Keep Requisite Payroll Records (Cal. Lab. Code § 1174(d));
8. Failure to Provide Timely and Accurate Wage Statements (Cal. Lab. Code § 226(a), 226(e));
9. Failure to Reimburse Business Expenses (Cal. Lab. Code §§ 450, 2802; IWC Wage Order 4-2001);
10. Unfair Competition (Bus. & Prof. Code § 17200 et seq.)

SUMMONS ISSUED

JURY TRIAL DEMANDED

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Plaintiff Jennifer Carrera (“Plaintiff”) brings this action, individually, and behalf of a class of similarly situated individuals, against Pruvit Ventures Inc.; LaCore Enterprises, LLC; Brian Underwood; Christopher Harding; Terry LaCore; Jenifer Grace; Debra Aaron; Blake Mallen; and DOES 1–50, inclusive, (collectively, “Defendants” or “Pruvit”). Plaintiff’s allegations against Defendants are based upon investigation carried out by Plaintiff’s counsel, except for allegations pertaining specifically to Plaintiff, which are based upon Plaintiff’s personal knowledge.

I. INTRODUCTION

1. Pruvit is a massively successful company that, for years, has exploited its California salesforce by misclassifying its workers as independent contractors rather than as employees. Plaintiff was a Pruvit “Promoter,” one of the approximately 25,000 active Pruvit sales workers in the United States who sell Pruvit products through their online networks under Pruvit’s strict direction and control.¹ In exchange for Promoters’ work promoting the brand on social media, acquiring new customers, engaging existing customers, providing customer service, recruiting and training new Promoters, and driving traffic to Pruvit’s website, Pruvit pays them, at most, a paltry commission.

2. Brian Underwood, Christopher Harding, and Terry LaCore founded Pruvit in 2015 to develop and sell online a range of diet supplements and “Keto” nutritional products. Pursuant to Pruvit’s business model, all of its product sales are done through its Promoters, who market and sell Pruvit products. Pruvit has spent a great deal of time and resources on implementing and managing a broad range of employment policies and procedures for their Promoters. Despite designating these salespeople as independent contractors, these Promoters are in fact employees under California law. Pruvit has violated numerous provisions of the California Labor Code and applicable IWC Wage Order by denying its Promoters the compensation, other benefits and statutory entitlements that they are owed.

3. Pruvit maintains a centralized, rigorous, and stringent sales policy to which each of its Promoters must rigidly adhere should they expect any commission for their sales of Pruvit

¹ Pruvit disclosed that it had 25,251 Promoters in the U.S. in 2022. *Income Disclosure Statement*, PRUVIT, <https://support.justpruvit.com/hc/en-us/articles/360052758911-Income-Disclosure-Statement> (last visited Jan. 24, 2025).

1 products. Even when these Promoters do follow Pruvit’s exacting direction to the tee, the majority
 2 of Promoters fail to so much as break even, having sunk substantial personal investment into
 3 business expenditures which Pruvit shifts onto its frequently financially insecure workers and which
 4 Pruvit refuses to reimburse.

5 4. Via its pervasive marketing and sales guidelines, Pruvit directs Promoters to market
 6 and sell a variety of “Keto” diet supplements. In exchange for the Promoters’ work promoting the
 7 brand on social media, referring new customers, providing customer service, and driving traffic to
 8 Pruvit’s website, Pruvit pays Promoters at most a paltry commission.

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

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

23 7. As articulated in Pruvit’s own Policies & Procedures, “[s]ales to retail customers may
 24 be done directly through Promoters’ replicated websites.”³ These “Replicated Websites” display
 25 the same Pruvit website as normally shown, but with “You are shopping with [Promoter’s Name]”
 26

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

28 ³ Exhibit A, Policies & Procedures, § 10.2, Pruvit, <https://support.justpruvit.com/hc/en-us/articles/360052011752-Policies-Procedures> (last visited Jan. 24, 2025).

1 displayed in the top left corner. Promoters cannot edit the content, text, photos, prices, or any aspect
2 of the Replicated Website, which only serves to give them credit for sales.

3 8. For all orders through Promoters' Replicated Websites, Pruvit directly fulfills and
4 ships the orders. Promoters are forbidden from creating their own websites to sell products or selling
5 via online reselling platforms (e.g., eBay, Facebook Marketplace).

6 9. Pruvit strictly controls the work product of its Promoters, in part by ensuring that they
7 follow its rigid guidelines for marketing content and recruiting materials. In recent years, Pruvit's
8 direction and control of its Promoters work product has become all-encompassing. Pruvit developed
9 strict marketing guidelines partially in response to being subjected to media scrutiny after it surfaced
10 that the company had tacitly encouraged its Promoters to make false and dangerous claims health
11 claims that Pruvit offerings could hinder the transmissibility and/or severity of COVID.

12 10. Plaintiff was a victim of Pruvit's practices. Like all Promoters, in accordance with
13 Pruvit's strict marketing and sales protocols, Plaintiff was trained by other Promoters and through
14 Pruvit materials, and was required to market, distribute, and sell products to the public in accordance
15 with Pruvit's instructions and parameters. And in return, Plaintiff was paid virtually nothing, while
16 incurring unreimbursed personal costs to perform the work on Pruvit's behalf.

17 11. For these reasons, Plaintiff brings this action to recover unpaid wages, overtime
18 compensation, penalties, interest, injunctive relief, other equitable remedies, damages, and
19 reasonable attorneys' fees and costs under the California Labor Code, Cal. Lab. Code §§ 201, 202,
20 203, 204, 226(a), 226.7, 226.8, 510, 512(a), 1174(d), 1194, 1197, 1197.1, 1198, 2800, 2802 and
21 2698 *et seq.* (the "CLC"), IWC Wage Order 4 (8 Cal. Code Regs. § 11040), and California Unfair
22 Competition Law (Cal Bus. & Prof Code §§ 17200 *et seq.*). In addition, Pruvit's conduct violates
23 various municipal and county codes in California, including but not limited to City of L.A. Cal.
24 Code art. 7-7.5; County of Los Angeles Code § 8.100.040, *et seq.*, San Francisco Cal. Code 12R.

25 12. Upon information and belief, Pruvit has not addressed and/or changed its unlawful
26 practices including failing to provide complaint meal and rest periods and has continued to deprive
27 employees of millions of dollars in straight and overtime compensation. By bringing this action,
28

1 Plaintiff intends to stop this ongoing and unlawful practice and recover back wages and overtime to
2 which she is rightfully entitled.

3 **II. JURISDICTION AND VENUE**

4 13. The monetary damages, civil penalties, restitution, and equitable relief sought by
5 Plaintiff, the class members, and other aggrieved employees exceed the minimal jurisdiction limits
6 of the Superior Court and will be established according to proof at trial.

7 14. This Court has jurisdiction over this action pursuant to the California Constitution,
8 Article VI, section 10. The statutes under which this action is brought do not specify any other basis
9 for jurisdiction.

10 15. This Court has jurisdiction over all Defendants because, upon information and belief,
11 Defendants are citizens of California, have sufficient minimum contacts in California, or otherwise
12 intentionally avail themselves of the California market so as to render the exercise of jurisdiction
13 over them by California courts consistent with traditional notions of fair play and substantial justice.
14 Indeed, Pruvit has registered with the California Secretary of State as conducting business in
15 California since 2016. Moreover, the acts and omissions detailed herein occurred in California.

16 16. Venue is proper in this Court because Plaintiff resided in Martinez, CA and Vallejo,
17 CA when she performed work for Defendants from her home. Defendants' acts and omissions in
18 violation of the relevant labor statutes are thus physically tied to Plaintiff's residential addresses.
19 The majority of the acts, events, and violations detailed herein occurred in Contra Costa County.

20 17. Upon information and belief, Defendants direct and control a large workforce of
21 Promoters throughout California, including in Contra Costa County, and have agents, employ
22 individuals, and/or transact business in the State of California, County of Contra Costa.

23 **III. THE PARTIES**

24 18. Plaintiff Jennifer Carrera is an individual and was a resident of Martinez, CA and
25 Vallejo, CA during the relevant period.

26 19. Defendant Pruvit Ventures Inc. is an entity incorporated under the laws of the State
27 of Texas, with principal places of business in Prospect, Kentucky.
28

1 20. Defendant LaCore Enterprises, LLC is an entity incorporated under the laws of the
2 State of Texas, with principal places of business in Melissa, Texas. Plaintiff is informed and believes
3 and based thereon alleges that LaCore Enterprises, LLC is the parent company of Pruvit Ventures
4 Inc.

5 21. Plaintiff is informed and believes and based thereon alleges that Brian Underwood is,
6 and at all times relevant hereto was, an individual residing in Louisville, Kentucky, as well as a co-
7 founder, co-owner, and the Chief Executive Officer of Pruvit. Plaintiff is further informed and
8 believes and based thereon alleges that Brian Underwood, in his capacity as the CEO of Pruvit,
9 exercised control over the wages, hours and/or working conditions of Plaintiff and other aggrieved
10 employees, including by informing employees when to report to work and what work hours should
11 actually be recorded, violated, or caused to be violated, the above-referenced and below-referenced
12 Labor Code provisions in violation of Labor Code section 558.1, and 1197.1 and the Industrial
13 Welfare Commission (“IWC”) Wage Orders.

14 22. Plaintiff is informed and believes and based thereon alleges that Christopher Harding
15 is, and at all times relevant hereto was, an individual residing in Dorado, Puerto Rico, as well as a
16 co-founder and co-owner of Pruvit. Plaintiff is further informed and believes and based thereon
17 alleges that Christopher Harding, in his capacity as a co-owner of Pruvit, exercised control over the
18 wages, hours and/or working conditions of Plaintiff and other aggrieved employees, including by
19 informing employees when to report to work and what work hours should actually be recorded,
20 violated, or caused to be violated, the above-referenced and below-referenced Labor Code
21 provisions in violation of Labor Code section 558.1, and 1197.1 and the Industrial Welfare
22 Commission (“IWC”) Wage Orders.

23 23. Plaintiff is informed and believes and based thereon alleges that Terry LaCore is, and
24 at all times relevant hereto was, an individual residing in Melissa, Texas, as well as a co-founder
25 and co-owner of Pruvit and the Chief Executive Officer and founder of LaCore Enterprises. Plaintiff
26 is further informed and believes and based thereon alleges that Terry LaCore, in his capacity as a
27 co-owner of Pruvit and CEO of LaCore Enterprises, exercised control over the wages, hours and/or
28 working conditions of Plaintiff and other aggrieved employees, including by informing employees

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

4 24. Plaintiff is informed and believes and based thereon alleges that Jenifer Grace is, and
5 at all times relevant hereto was, an individual residing in Melissa, Texas, as well as an executive of
6 Pruvit and the President of LaCore Enterprises. Plaintiff is further informed and believes and based
7 thereon alleges that Jenifer Grace, in her capacity as an executive of Pruvit and LaCore Enterprises,
8 exercised control over the wages, hours and/or working conditions of Plaintiff and other aggrieved
9 employees, including by informing employees when to report to work and what work hours should
10 actually be recorded, violated, or caused to be violated, the above-referenced and below-referenced
11 Labor Code provisions in violation of Labor Code section 558.1, and 1197.1 and the Industrial
12 Welfare Commission (“IWC”) Wage Orders.

13 25. Plaintiff is informed and believes and based thereon alleges that Debra Aaron is, and
14 at all times relevant hereto was, an individual residing in Melissa, Texas, as well as an executive of
15 Pruvit and the Chief Financial Officer of LaCore Enterprises. Plaintiff is further informed and
16 believes and based thereon alleges that Debra Aaron, in her capacity as an executive of Pruvit and
17 LaCore Enterprises, exercised control over the wages, hours and/or working conditions of Plaintiff
18 and other aggrieved employees, including by informing employees when to report to work and what
19 work hours should actually be recorded, violated, or caused to be violated, the above-referenced and
20 below-referenced Labor Code provisions in violation of Labor Code section 558.1, and 1197.1 and
21 the Industrial Welfare Commission (“IWC”) Wage Orders.

22 26. Plaintiff is informed and believes and based thereon alleges that Blake Mallen is, and
23 at all times relevant hereto was, an individual residing in Los Angeles, California, as well as the
24 President of Pruvit. Plaintiff is further informed and believes and based thereon alleges that Blake
25 Mallen, in his capacity as the President of Pruvit, exercised control over the wages, hours and/or
26 working conditions of Plaintiff and other aggrieved employees, including by informing employees
27 when to report to work and what work hours should actually be recorded, violated, or caused to be
28

violated, the above-referenced and below-referenced Labor Code provisions in violation of Labor Code section 558.1, and 1197.1 and the Industrial Welfare Commission (“IWC”) Wage Orders.

27. 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. Plaintiff 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. **Pruvit Is a Successful Multi-level Marketing Company That Is Dependent on its Promoters to Engage in Social Media Marketing on Its Behalf**

28. Pruvit is a massively successful MLM that serves both US and international markets with its portfolio of ketone dietary supplements, including powders and pre-mixed drinks, that claim to help the body replicate the health results of the popular “Keto diet.” Pruvit was founded in 2015 by Christopher Harding, Brian Underwood, and Terry LaCore, in Melissa, Texas.⁴ LaCore Enterprises, an investment agency also founded by Terry LaCore, exerts significant control and influence over Pruvit, and a 2024 Pruvit press release states that “Pruvit will continue to be supported by the LaCore ecosystem”—a term LaCore Enterprises uses to refer to its portfolio of companies.⁵ Pruvit reported \$336 million in revenue in 2023.⁶

29. Pruvit’s success stems from its dependence on a massive network of Promoters. The organization’s multi-level marketing, or “network marketing” or “direct sales,” structure is the sole reason for Pruvit’s continued profitability.

30. But Pruvit has for a decade exploited its California salesforce of Promoters by misclassifying these so-called Promoters as independent contractors rather than as employees. In knowingly and willfully misclassifying these employees, Pruvit has been able to mine free

⁴ *Pruvit Founders Lead Company Buyback*, EIN PRESSWIRE, <https://www.einpresswire.com/article/720969392/pruvit-founders-lead-company-buyback-company-to-revert-to-100-founder-ownership-in-107-million-transaction> (June 18, 2024).

⁵ *Our Ecosystem*, EIN PRESSWIRE, <https://www.lacore.com/ecosystem> (last visited Feb. 3, 2025).

⁶ *Global 100 Lists: 2024 Top Direct Selling Companies in the World*, DIRECT SELLING NEWS, <https://www.directsellingnews.com/global-100-lists/> (last visited Jan. 22, 2025).

1 marketing and sales support from their Promoters. The cost of sales and marketing that Pruvit has
2 thus far offloaded on its Promoters is to the tune of tens of millions.

3 31. This is particularly egregious as Pruvit's workforce is primarily comprised of
4 marginalized and financially insecure individuals. Pruvit targets and recruits people who are often
5 shut out of traditional workplaces, such as those with criminal records, women who were raised in
6 or who are active in certain religious communities,⁷ women with childcare responsibilities, and
7 military wives.⁸ Due to their alienation from traditional workplaces, those targeted by Pruvit tend
8 to be less familiar with their labor protections and with employment law generally. Unfortunately,
9 these individuals, already stretched thin energetically and financially, are less well-positioned to
10 understand their rights as workers, less likely to identify when their protections are violated, and
11 less able to seek recourse when such violations occur.

12 32. Over the last decade, Pruvit's sales have moved from in-person to primarily online.
13 This means that the lion's share of Pruvit product sales would not be exempt under the AB 5 "direct
14 sales" exemption, California's Unemployment Code § 610. A confluence of factors precipitated the
15 shift of sales to the virtual realm. First and foremost, social media sites such as Facebook, X
16 (Twitter), Instagram, and TikTok have evolved into powerful marketing tools, and the adoption of
17 these social media are now ubiquitous in the direct sales of Pruvit products. Social media platforms
18 are now the predominant way MLM sellers generally connect with both their potential clients and
19

20 ⁷ "As MLMs are presented to the marketplace as low-barrier opportunities to start one's own
21 business, we suggest that this may speak directly to people who strongly endorse Protestant work
22 ethic (PWE), making them more inclined toward MLM participation, and financial outcomes
23 associated with that participation [...] [C]ounties with higher Protestantism had more consumers
24 participating in MLMs who lost \$1000 or more and those consumers incurred
25 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. (April 24, 2023),
[https://www.colorado.edu/asmagazine/2023/04/24/expert-explains-why-mormon-women-
embrace-multi-level-marketing](https://www.colorado.edu/asmagazine/2023/04/24/expert-explains-why-mormon-women-embrace-multi-level-marketing).

26 ⁸ "The vast majority of people who join multi-level marketing companies do not earn a profit. Those
27 people [] also tend to be women who seek additional income to support a family or to find
28 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).

1 their community of sellers.⁹ In as early as 2019, nearly half of all Americans indicated being
 2 “inundated” by social media connections who flooded their “feeds” with posts attempting to sell
 3 MLM-affiliated products.¹⁰ Where once direct sales required sellers to walk door-to-door or host
 4 “Tupperware parties,” now all Promoters have to do is “post their products on social media to
 5 capture the attention of hundreds or thousands of people at once.”¹¹

6 33. Secondly, COVID and associated lockdowns halted the ability of Promoters to
 7 perform in-person sales, while also accelerating the widespread adoption of video chatting software
 8 like Zoom among their potential customer bases. This led Promoters who had not yet already
 9 adapted to fully-remote sales to do so in order to adhere to lockdown policy. And since the initial
 10 draw for many Promoters was Pruvit’s promise of flexible, autonomous work, it can be inferred that
 11 the flexibility that comes with online sales means that there will be no future significant, de-
 12 transition to in-person sales by Promoters.

13 34. While some MLMs rely on home parties, door-to-door sales calls, and other forms of
 14 in person selling, Pruvit’s model is designed so that Promoters can work online to solicit leads and
 15 recruit new Promoters. Pruvit acknowledges that “Social Media sites may be used to advertise Pruvit
 16 products or services”¹² and that “[s]ales to retail customers may be done directly through Promoters’
 17 replicated websites.”¹³

18 35. Despite the pivotal role of its salesforce, Pruvit has never properly classified
 19 Promoters as employees. Rather, Pruvit adheres to a multi-level marketing organization structure,
 20 in which it offers people the purported “opportunity” to develop their own business earning
 21 commission by selling Pruvit products and recruiting others to do the same, then designates them
 22 as “independent contractors.”

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

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

28 ¹¹ *Id.*

¹² Ex. A § 14.5.

¹³ *Id.* § 10.2.

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

B. Pruvit Promoters Are Employees

1. Controlling Law

37. Companies like Pruvit were never supposed to be allowed to run an entire business on the backs of independent contractors. People who work in a company’s core line of business are its “employees.” *United States v. Silk*, 331 U.S. 704, 718 (1947).

38. Pruvit claims an unprecedented portion of its workforce as “independent contractors.” In its most recently published numbers, Pruvit disclosed that in 2022 it had 25,251 Promoters in the United States¹⁴ and claimed an estimated 11-50 employees.¹⁵ Thus, in 2022, Pruvit claimed at least 99.8% of its workforce as “independent contractors.” The proportion of workers that Pruvit considers “employees” has likely remained level at 0.2%—this will be confirmed should this matter proceed to discovery.

39. Pruvit employees perform a variety of roles, including research, product development, architects, and brand marketing.

40. But the Promoters, who make up the bulk of Pruvit’s workforce, are denied even the most basic protections of federal and state labor laws. Pruvit does not pay them minimum wage; it does not pay overtime; and it does not reimburse business expenses, such as internet connections,

¹⁴ *Income Disclosure Statement*, PRUVIT, <https://support.justpruvit.com/hc/en-us/articles/360052758911-Income-Disclosure-Statement> (last visited Jan. 24, 2025).

¹⁵ Pruvit, LINKEDIN, <https://www.linkedin.com/company/pruvitbetter/about/> (last visited Jan. 22, 2025).

laptops, smart phones, or post promotion over Facebook, YouTube, and Instagram. Its classification of its Promoters also deprives them of basic protections against discrimination and sexual harassment.

41. By design, “independent contractors” are exempted from “nearly every” labor law, but this classification was not meant to be a loophole for companies like Pruvit, whose Promoters are effectively modern-day telemarketers.¹⁶ “Historically, firms reserved the independent contractor designation for entrepreneurial individuals whose skills demanded higher pay in the open market.”¹⁷ 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.’”¹⁸

42. Today, Pruvit 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.”¹⁹ Pruvit’s Promoters are no exception: according to Pruvit’s own Promoter Income Disclosure Statement, the median annual income for Promoters is just \$10.59—meaning more than half of Promoters don’t even recoup a quarter of the \$49 annual fee Pruvit charges them to be a Promoter.²⁰ “Unranked” Promoters, which make up 44.15% of Promoters, had an average annual income of \$10.48, with Promoters across the ranks failing to earn even a single dollar of commission.²¹ Despite knowing how few people will even break even on their annual fee, Pruvit prominently claims that it designed its compensation plan “for the average person that wants to make a full time income.”²²

¹⁶ Keith Cunningham-Parmeter, *From Amazon to Uber: Defining Employment in the Modern Economy*, 96 B.U. L. REV. 1673, 1683–84 (2016).

¹⁷ *Id.*

¹⁸ *Id.*

¹⁹ 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).

²⁰ *Income Disclosure Statement*, PRUVIT, <https://support.justpruvit.com/hc/en-us/articles/360052758911-Income-Disclosure-Statement> (last visited Jan. 24, 2025).

²¹ *Id.*

²² *Pruformance Rewards Program Guide*, PRUVIT, <https://support.justpruvit.com/hc/en-us/articles/4403638354317-Pr%C3%BCformance-Rewards-Program-Guide-Introduction> (last visited Jan. 24, 2025).

43. MLMs like Pruvit grew during the COVID-19 pandemic, recruiting salespeople by promising remote work for the unemployed.²³ On April 24, 2020, the Federal Trade Commission sent Pruvit a warning letter for making claims about potential earnings related to the economic fallout from the pandemic, highlighting specific misleading claims in social media posts and online videos that targeted out-of-work people.²⁴ These are the precise individuals that legislatures meant to shield with minimum wage and other workplace protections.

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

45. California has adopted the “ABC test” to determine whether a company like Pruvit 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 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. Promoters Are Not Free from Pruvit’s Control.

46. To engage in online marketing work for Pruvit, the company does not require Promoters to hold any special experience, skills, license, or education level. Rather, Pruvit requires

²³ 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/>.

²⁴ Letter from Fed. Trade Comm’n to Pruvit Ventures, Inc., *re: Warning Regarding Health and Earnings Claims Related to Coronavirus Disease 2019 (COVID-19)* (Apr. 24, 2020), <https://www.ftc.gov/legal-library/browse/warning-letters/warning-letter-pruvit-ventures-inc>.

only that a prospective Promoter use their website to purchase an annual Promoter Fee of \$49.00.²⁵ To enroll, prospective Promoters add the Promoter Fee to their online shopping cart, where Pruvit prominently leads them to believe that they must purchase starter packs of products ranging in price from \$558.60 to \$1,021.44 to become a Promoter.²⁶ After checking out, usually after buying an expensive starter kit, Pruvit automatically renews Promoters' seller status—and charges the \$49.00 fee—annually, regardless of the Promoter's sales.

47. All Promoters are then required to adhere to a series of terms and conditions that Pruvit collectively refers to as the "Pruver Agreement" ("Agreement"), which consists of the Pruvit Policies & Procedures and Pruvit Compensation Plan. A true and correct copy of the operative "Pruvit Policies & Procedures" is attached hereto as **Exhibit A** and provides that Promoters are to be considered independent contractors.

48. The Policies & Procedures are 46 pages long and set out most of the requirements of the Promoters, including compliance with the "Code of Ethics," requiring Promoters to promise to market Pruvit and engage in customer service in accordance with Pruvit directives.²⁷

49. Once a prospective Promoter has enrolled, they can begin selling. Because Pruvit treats the Promoters as independent contractors, it does not pay them any salary, wages, or benefits. Rather, as is typical in the MLM industry, the Pruvit Compensation Plan provides for two main types of compensation: (1) for sales the Promoter makes to consumers, the Promoter receives a small percentage as a commission, 20% per product sold; and (2) if the Promoter builds a "downline," i.e., recruits other new Promoters to market and sell Pruvit products and recruit more Promoters, then the "upline" Promoter receives commissions for sales made by those Promoters in their downline.²⁸ Pruvit also offers special "bonuses" to those Promoters who hit certain sales and recruiting metrics in various time frames.

²⁵ *Income Disclosure Statement*, PRUVIT, <https://support.justpruvit.com/hc/en-us/articles/360052758911-Income-Disclosure-Statement> (last visited Jan. 24, 2025).

²⁶ *Become a Promoter*, PRUVIT, <https://www.pruvit.com/promoter> (last visited Jan. 17, 2025).

²⁷ Ex. A § 1.2.

²⁸ The "upline" and downline" concepts are the hallmark of the MLM structure. To illustrate, when an established Promoter, whom we will call "Amy," recruits a friend, whom we will call "Bill," to be a Promoter, Bill is in Amy's downline; and Amy is in Bill's upline. If Bill in turn recruits a new

50. Promoters are responsible for all expenses. This includes an auto-renewing annual Promoter Fee of \$49.00 and the minimum monthly personal purchase requirement to qualify for commission (currently approximately \$50 in products, prior to tax, shipping, and handling charges, though it can vary). In addition, Promoters do not receive products for free or even at a Promoter-only discount, but must purchase them at customer price from Pruvit to create promotional posts and testimonials on social media or to distribute samples. Pruvit does not reimburse Promoters for these purchases, nor for the costs of a cell phone, internet, and other routine business expenses.

51. In the Agreement, Pruvit gives itself broad rights to control Promoters and mandate conformance with its directives.

i. Pruvit's Reliance On an E-Commerce Platform Limits Promoters' Discretion and Promotes Online Sales Over In-Person Interactions.

52. **First**, the Promoters' Pruvit-issued websites, "Replicated Sites," are designed in a way that ensures that Promoters operate in compliance with Pruvit's marketing directives as laid out in its Agreement. Because the Replicated Site is not a standalone website, but a portal by which the public can view the products on Pruvit's own website in a way that gives credit to the Promoter for the sale, the product pages and descriptions are generated entirely and solely by Pruvit, with no option for the Promoter to revise or supplement either the language or photos of the products. Thus, the Promoter is selling products using only Pruvit-approved marketing language and intellectual property, as required by the Agreement.

53. **Second**, Pruvit sets the prices online and does not permit adjustments, nor is there a way for a Promoter to allow a customer to get a discount, receive a free gift, make a donation, or use any other offer that is not available on Pruvit's main platforms and to all Pruvit customers. This significantly limits Promoters' marketing discretion.

54. **Third**, Pruvit also restricts Promoters from using any platform other than Pruvit's website to make online sales; in other words, they cannot sell the products directly to consumers on

Promoter, whom we will call "Chris," then Bill has an upline (to Amy) and a downline (to Chris); the established Promoter Amy now has two levels to her downline, to Bill (first level), and Chris (second level). Should Chris then recruit someone, the established Promoter Amy would have three levels to her downline.

Facebook Marketplace, eBay, Amazon, or similar sites. By Pruvit making the Replicated Sites available and performing the back-end work, Promoters would be less likely to seek out other e-commerce platforms to sell the products even if they were permitted.

ii. *Pruvit Exerts Strict Control and Monitoring Over Promoters' Marketing.*

55. Pruvit maintains a chokehold on Promoters' ability to independently decide how to market products. While Pruvit "encourage[s]" Promoters to "use the sales aids and support materials produced or expressly authorized by Pruvit," should Promoters choose to make their own content, Pruvit mandates corporate review: "Promoters must submit via email all sales aids, promotional materials, advertisements, websites, training material, flyers, along with any other literature to Pruvit's Compliance Department for approval prior to use at compliance@pruvithq.com." ²⁹

56. For example, social media images posted by Promoters "must come from the Pruvit approved library, official Pruvit website, or social media outlet," and Promoters are only allowed to post links to their Replicated Website on social media platforms. ³⁰

57. Pruvit provides specific scripts for Promoters to use in posting and messaging on social media, including pre-written messages to copy and send to connections and people who interact with their posts.

58. Promoters are not allowed to offer sales specific to their customers, as Pruvit mandates that products must always be advertised at full retail price. ³¹ This means that Promoters cannot decide to offer free shipping or a special discount to be competitive during traditional high-sales periods such Black Friday or Cyber Monday.

59. To ensure that only Pruvit-supplied or approved content is being used, Pruvit monitors all Promoters' social media accounts used for selling Pruvit products, requiring Promoters to provide up-to-date links to all their social media accounts.

²⁹ Ex. A § 3.2.

³⁰ *Id.* § 14.5.

³¹ *Id.* § 14.6.

1 **3. Promoters' Work Is Not Outside Pruvit's "Usual Course of Business."**

2 60. Pruvit views the work of the Promoters to market the products online as central to its
3 business model; in Pruvit's own words it states it "believes that the strength of the company is our
4 community and the people that drive our message, products and programs." The primary benefit to
5 Pruvit from the Promoters' work is the way in which they drive people to Pruvit's website and fuel
6 engagement with the brand. Pruvit gets increased visibility on social media, enabling it to compete
7 in a saturated wellness and diet market more cheaply. For much the same reason that brands turn to
8 influencers, Pruvit understands that social media posts from friends may be more persuasive in
9 driving interest and generating paying customers than a paid advertisement.

10 **4. Pruvit Cannot Meet Its Burden to Show That Promoters Are**
11 **"Customarily Engaged" in a Separate Business.**

12 61. Pruvit cannot meet its burden to show that Promoters are "customarily engaged" in an
13 independently established sales and marketing business. Instead, most Promoters are recruited
14 regardless of their skill or experience, only perform sales and marketing for Pruvit (using Pruvit's
15 approved platforms), and maintain no separate sales or marketing business. Indeed, Pruvit bans
16 Promoters from selling for any other multi-level marketing companies.³²

17 62. Pruvit's Promoters are not required to have any background in sales, marketing, or
18 nutritional supplements prior to becoming a Promoter. Promoters are not required to have any
19 licensure or meet any educational requirements, either. For example, they do not need to be licensed
20 nutritionists, nor have any schooling, training, or prior employment in fields relating to health and
21 fitness, or nutrition. Nor does Pruvit require that they have schooling, training, or prior employment
22 in marketing, sales, or general business. Instead, Pruvit only requires that a prospective Promoter
23 complete a short application asking for basic personal information and agree to pay the annual fee.
24 In fact, most Promoters have little to no prior relevant experience or training.

25 63. Most Promoters have never owned or operated their own separate sales business
26 outside of Pruvit. And most Promoters do not maintain any registered or incorporated sales or
27

28 ³² *Id.* § 3.6.

1 marketing business, for their work with Pruvit or otherwise. Promoters generally do not hold
2 themselves out to others as sales or marketing professionals or maintain any office or business
3 address.

4 64. Rather than rely on Promoters' own business acumen or sales experience to market
5 products, Pruvit provides the instrumentalities of Promoters' sales and marketing work. These
6 include the "Back Office" (a password-protected website which includes a tool for Promoters to
7 send emails to customers and their downline Promoters, as well as a gallery of approved images and
8 video clips), the Replicated Site (the content of which is provided by Pruvit and does not allow
9 deviation from the standard template), and Pruvit scripts and graphics for use in marketing.

10 65. Ultimately, Pruvit intends for Promoters to see Pruvit as an employer, not as client. In
11 other words, regardless of whether a Promoter maintains any kind of independent business, Pruvit's
12 policies and mandated instrumentalities of work make it so the Promoter's responsibilities are not
13 those that are of the sort that would be performed by an independent and trained professional. For
14 example, Pruvit requires Promoters to identify themselves by their names and as "Independent
15 Pruvit Promoters" on social media profiles and posts, forbidding the use of an alias. The expectation
16 is that the Promoters are using Pruvit's brand to sell, not their own business's identity. Likewise,
17 Pruvit's policies promoting sales through Replicated Sites, restrictions on using other websites as a
18 point of sale, and limitations on where the products can physically be sold effectively prevent
19 Promoters from integrating the sale of Pruvit products into any pre-existing business. And Pruvit
20 prohibits Promoters from using their platforms to promote other businesses, including any other
21 multi-level marketing companies.

22 66. Similarly, those experienced in social media marketing are not allowed to use the
23 kinds of tools relied upon by professionals in the field; as discussed above, Pruvit forbids Promoters
24 from creating or using their own graphics without explicit approval from Pruvit. People with digital
25 marketing experience cannot leverage their skills because Pruvit does not provide access to data
26 collected from visitors to Promoters' Replicated Website, nor the ability to track them and target
27 ads to them. Instead, Pruvit designs the overall social media advertising campaign, and supplies the
28

Promoters with hashtags, scripts, promotional photos and video clips, and other strategic advertising directives for the Promoters to use to sell Pruvit’s products on social media.

67. Further, Pruvit actively limits Promoters’ ability to engage in sales or marketing opportunities outside Pruvit. For example, Pruvit prohibits Promoters from recruiting other Promoters to join other MLMs or even to market other MLM products to fellow Promoters.³³ Pruvit forbids Promoters from selling its products in bundles with other MLM products.

5. Pruvit Promoters Are Not “Direct Sellers.”

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

i. Background on MLMs and the Direct Sales Exemption.

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

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

71. For an entity to be covered under the Direct Sales Exemption, the hiring entity must show that the work satisfies all three criteria set forth in the statute, namely that (a) the worker

³³ *Id.*

performs one of two specific types of work; (b) the worker's compensation is directly tied to sales or output, and not hours worked; and (c) the worker and business have an agreement that the worker will be treated as a contractor for tax purposes. If all three criteria are not met, then the exemption does not apply, and if the worker otherwise meets the Dynamex Test, they are misclassified. While the third of these 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 Promoter job does not satisfy the other criteria.

ii. *Pruvit Promoters Do Not Perform the Jobs Identified in the Direct Sales Exemption.*

72. 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. A Pruvit Promoter does not fall under either of these categories.

73. ***Pruvit Promoters 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.

74. As discussed throughout, Promoters do not “primarily” sell “in person.” Moreover, to the extent any Promoter in the Pruvit network was primarily conducting “in person” sales, the COVID pandemic would have pushed more sales online.

75. ***Pruvit Promoters 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).

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

77. To illustrate what is meant by “Wholesale/Resale Work,” a hypothetical upline Promoter Sue would be performing this work if [a] Sue was selling Pruvit products to her downline Promoter 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. Pruvit Promoters do not work in this way, selling products to Promoters for Promoters to re-sell. If Bob directs a lead to his Replicated Site, and the lead purchases a product from Pruvit, both he and his upline Promoter (e.g., Sue) would receive a commission for sales from Pruvit. But as to Sue, [a] is not met because Sue did not sell the products to Bob. Because Bob acquired the products from Pruvit 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

1 product on those terms. Rather, Pruvit takes the full payment at the point of sale and sends the
2 product directly to the consumer, and then separately pays the Promoter.

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

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

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

1 participants were not merely stockpiling inventory and seeking to recoup losses by recruiting new
2 sellers to buy the product from them.

3 81. These legal developments have prompted two important changes. First, because
4 MLMs must ensure retail sales are occurring, few if any MLMs permit sellers to perform
5 “Wholesale/Resale Work.” Certainly, Pruvit does not. Second, the work undertaken by MLMs to
6 enforce policies as to sales at retail results in them exercising far more control than they might have
7 decades ago.

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

14 *iii. Pruvit’s Modern E-Commerce Business Is Unlike Past and Present Direct*
15 *Sales Companies.*

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

25 84. Pruvit’s operations, however, are a stark departure. The way in which it operates its
26 platforms, including requiring Promoters to use Replicated Sites, eliminates for the Promoter nearly
27 all the work associated with operating a business, as compared to MLMs of the past, and of some
28 in the present. At the same time, by removing many of the functions performed by sellers in the

past, Promoters with expertise, skills, or a willingness to invest in certain areas are unlikely to realize a material change in their earnings prospects.

85. For example, the use of Replicated Sites means that skills or investment in inventory management or distribution processes are not necessary, nor will they have a material impact on a Promoter's outcome. When customers place orders on the Replicated Sites, Pruvit fulfills them. Unlike some MLMs, both current and historic, as well as in the traditional wholesale context, Promoters do not need to plan to have products on hand or collect bulk orders.

86. Similarly, expertise or support in accounting, finance, economics or pricing will not impact a Promoter's outcome, because Promoters are not able to alter prices at which the products are sold on the Site and must sell them at the rate that Pruvit has determined will cover Pruvit's expenses, regardless of whether the Promoter's compensation is enough to cover the Promoter's expenses. Pruvit calculates, collects, and remits sales taxes, and Promoters 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, Pruvit does not give a larger discount or increase the percentage basis for a commission if a Promoter orders a larger amount of products for their customers.

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

6. The Terms and Conditions in the Agreement are Unconscionable, Unfair, and Unlawful.

88. The Agreement between Pruvit and Promoters is a tool by Pruvit to exert control while maximizing Pruvit's profits. The Agreement is a take-it-or-leave it deal, with no opportunity for negotiation. And many Promoters discover that the arrangement is one in which they will spend extraordinary amounts of time and money promoting the company with little payoff.³⁴ Indeed, the effect of the Agreement, when considered in tandem with Pruvit's other business practices, grossly

³⁴ 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 restricts Promoters' ability to profit from their work advertising sales, and may cause Promoters to
2 turn attention to recruiting more Promoters into a futile business endeavor.

3 89. Indeed, MLMs like Pruvit have been criticized for the fact that few of the sellers
4 manage to profit. At least one study concluded that 99% of MLM participants do not earn money;³⁵
5 another found that only 25% earned a profit.³⁶ Pruvit's numbers are consistent with this low rate of
6 success; Promoters rarely make any money. The median annual income for a Promoter is \$10.59—
7 the majority of Promoters do not make enough commission to cover their Promoter Fee.

8 90. Those Promoters who *did* receive a commission check did not fare much better.
9 Pruvit's 2022 Income Disclosure Statement presents information on Promoters of various ranks,
10 including the 44.15% percent of the Promoters were in the lowest rank: "unranked." The average
11 amount in commission earned by Promoters in that rank for the whole year was \$10.48, but that
12 amount is an average (many earned \$0 for the entire year), and do not include Promoters' expenses.
13 As described throughout, Promoters themselves foot the bill for event registration fees, Pruvit-
14 related travel, office supplies, insurance premiums, products purchased for business purposes,
15 marketing materials, and internet and phone bills, inter alia.

16 91. Moreover, Pruvit has structured its business operations and Agreements to benefit
17 from the addition of more Promoters, while Promoters lose. Pruvit benefits when tens of thousands
18 are active on social media but incurs no other expense unless the Promoter generates a sale. While
19 Pruvit benefits from an oversaturation of Promoters, the individual Promoters only have more
20 competitors and a harder time setting themselves apart. And nowhere in the Agreement does Pruvit
21 promise to limit the number of Promoters retained in any way.

22 92. Given that Promoters must compete with Pruvit and other Promoters for retail sales
23 under such oppressive and onerous terms, it is no surprise that the overwhelming majority never
24 receive commission or struggle to break even. But because Promoters receive commission from the
25 retail sales made by any Promoters they recruit, Pruvit's own income disclosures indicate that those
26 who advance to higher levels through recruiting more Promoters on average earn more money.

27 ³⁵ *Id.*

28 ³⁶ *What is Multilevel Marketing (MLM)?*, AARP FOUNDATION, <https://www.aarp.org/aarp-foundation/our-work/income/multilevel-marketing/> (last accessed Oct. 30, 2024).

Thus, Promoters have a financial incentive to advertise the opportunity to work with Pruvit under these unfair, unconscionable, and oppressive terms. Those new Promoters in turn will pay Pruvit various fees discussed herein, buy merchandise from Pruvit, promote Pruvit on social media, be subject to the same restrictions on selling as those who recruited them, and like those before them, find profiting from selling to be futile and turn to recruiting.

C. Pruvit's Misclassification of Plaintiff and Promoters Was Willful.

93. Pruvit's decision to misclassify the Promoters as independent contractors was willful and intentional.

94. **First**, Pruvit is registered to do business in California, and employs or has employed personnel in the state, and thus, it is implementing California's labor and employment laws as a matter of regular practice. It is a highly sophisticated, large company owned by another highly sophisticated, large company, whose legal team includes California lawyers, including those at the prestigious law firms that provide it representation in other matters. Both its management and its legal team would be exposed to news about changes in California law with respect to misclassification.

95. **Second**, as detailed above, Pruvit's Agreement, as well as other materials and communications to Promoters, set forth various rules and policies. Pruvit knew and intended for Promoters to conform to these rules and policies and ensured adherence through its own platforms and other instrumentalities.

96. **Third**, Pruvit knows and depends on the Promoters and even the highest levels of the company understand that the Promoters play an essential role in Pruvit's growth and business model. The management team, including the CEO and CFO, not only understand the essential role the Promoters play, but know they are classified as independent contractors, as evidenced by their decision to operate the company as an MLM. Thus, the decision was not a singular decision by a low-level employee, but a conscious and knowing choice endorsed by the highest levels of the company.

97. **Fourth**, Pruvit further knows and understands as an MLM, few workers will make money under a commission structure, and repeatedly states in publicly accessible documents that

1 its Promoters only get paid if they make a sale. Indeed, the commission structure represents a
2 significant cost savings over the payment of hourly wages. Pruvit is aware that it is receiving
3 inexpensive, commission-based work from its Promoters—it intentionally structured the program
4 in that way.

5 98. **Fifth**, Pruvit knew that its Promoters were not engaged in either type of work
6 protected under the Direct Sales Exemption. It does not use terms like “buy-sell” or “deposit-
7 commission” in its compensation documents or Agreement. It also knows that its Promoters engage
8 primarily in social media marketing on its behalf, and are rarely, if ever, engaging in person sales
9 or hosting parties in others’ homes, particularly during and since the COVID pandemic. And it
10 designs platforms, such as the Pruvit Back Office, marketing materials, and Replicated Sites to
11 facilitate online sales and marketing.

12 99. **Sixth**, Pruvit knew the Direct Sales Exemption was enacted years ago, and there was
13 no guarantee that all MLMs could enjoy its protection. Rather, Pruvit has been an MLM since 2015,
14 and its founders involved in MLMs for years prior, thus, should have or did know that the
15 classification of MLM workers has for years been one of the most critical legal and policy issues
16 for the industry.

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

1 **D. Pruvit's Misclassification of Promoters and Unfair Business Practices Harm the**
2 **California Public.**

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

6 **1. Pruvit Uses Widespread Advertising Practices Directed at the General**
7 **Public to Recruit New Promoters.**

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

11 103. Rather than market job opportunities to job seekers meeting certain criteria, Pruvit
12 uses its Promoters to sell the Promoter opportunities in the same way they advertise its products.
13 Pruvit has set up its compensation structure and business model to incentivize Promoters to turn to
14 recruiting, and those Promoters in turn will promote the opportunity to their customers, as well as
15 their family and friends. Thus, the public does not need to be affirmatively seeking out job
16 opportunities; merely buying a routine consumer good or having a friend or family member working
17 as a Promoter may subject them to recruiting messaging, and by extension, could lead them to accept
18 the Agreement and become a Promoter.

19 104. Moreover, Pruvit's reliance on its existing Promoter network to advertise the
20 Promoter opportunity is likely to cause the message to reach the general public at large, as its
21 network is enormous. While precise numbers are not known, in 2019, Pruvit had 39,692 Promoters
22 in the U.S.; in 2022, it had 25,251. Numbers may have declined, but it is likely there are more than
23 20,000 nationwide. Promoters need not respect geographic boundaries when advertising the
24 Promoter opportunity, and thus, any member of the California public who either personally knows
25 a Promoter or follows one on social media, regardless of where the Promoter lives, is likely to
26 receive messages about the Promoter opportunity.

27 105. Because of the financial incentives those Promoters receive, members of the public
28 may sometimes repeatedly and consistently receive advertising about the Promoter opportunity over
 weeks or months at a time, and perhaps from multiple Promoters. Indeed, each newly recruited

Promoter presents the risk of an exponential increase of Promoters. Promoters can maintain their status and receive additional compensation based on the sales volume of the downline Promoters that they recruited. The more Promoters recruited into their downline, the more likely it is that they will be able to generate more income.

106. Because Promoters are incentivized to aggressively recruit new Promoters, and Pruvit considers every customer to be a potential Promoter, California's residents are vulnerable to long-term consequences of Pruvit's rampant misclassification. Notably, Pruvit is not a selective employer; it requires little in the way of experience or other criteria. The overwhelming majority of adults in the state of California are likely qualified for the job, and millions of people in the state may seek out this opportunity. Indeed, it is estimated that one in every thirteen Americans will participate in an MLM at some point in their lifetimes.³⁷ 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. Pruvit's Unfair and Unlawful Conduct Harms California In Other Ways.

107. Beyond recruitment, Pruvit's misclassification of their Promoters harms Californians both economically and socially. When Promoters 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 being a Promoter could cause them more economic hardship.

108. This public harm intensifies during periods of crisis. It is well-documented that MLMs, including Pruvit, profited from greater recruitment of participants during the COVID-19

³⁷ 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.

1 pandemic.³⁸ Pruvit expects the same profit from future crises, such as financial recessions, because
 2 it recruits new Promoters under the guise that they will be able to grow their own business with a
 3 sustainable income. Pruvit siphons potential workers away from legitimate opportunities with the
 4 promises of building a personal business, when these individuals are under Pruvit’s control with
 5 none of the benefits of proper classification, and hurting California families.

6 109. Pruvit’s practices also harm competitors, such as legitimate companies in the health
 7 and wellness space, who must and do pay wages and benefits at prevailing market rates to market
 8 and sell their products. By misclassifying its workers, and paying them only for certain sales, Pruvit
 9 incurs lower expenses, giving them a competitive advantage over other market participants.

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

19 111. Absent an injunction protecting the public from the negative impacts of Defendants’
 20 illegal activities, including by and through their officers and/or entities in their control, the
 21 California public remains at risk from Pruvit’s deceptive recruitment strategies and the economic
 22 and social harms created by their unlawful practices.

23 **E. Plaintiff’s Experiences as a Pruvit Promoter.**

24 112. Plaintiff Jennifer Carrera acted as a Pruvit Promoter from June 2020 to June 2024.

25 113. When she signed up in 2020, Plaintiff indicated that she accepted the Policies and
 26 Procedures. Upon completion of the application, Pruvit required Plaintiff to be responsible for

27 ³⁸ See Abby Vesoulis & Eliana Dockterman, *Pandemic Schemes: How Multilevel Marketing*
 28 *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 adhering to the Pruver Agreement. Plaintiff was not engaged in an independently established trade,
2 occupation, or business as a sales professional and had limited sales experience.

3 114. Around the time she signed up, Plaintiff filled out her profile on the Pruvit Back
4 Office. This included providing her social media information to Pruvit, which they could access to
5 monitor her compliance with the Agreement.

6 115. Pruvit also provided Plaintiff with a personalized Pruvit website URL for her
7 Replicated Website and “Referrer Code,” and instructed her to provide it to prospective customers.

8 116. At no time was Plaintiff instructed to focus on in-person sales. As a general matter,
9 Plaintiff understood from communications, directives, and practices of Pruvit that sales efforts, were
10 to be predominately online.

11 117. In the course of her tenure as a Promoter on behalf of Pruvit, Plaintiff predominately
12 marketed Pruvit products on various social media platforms, including Facebook, Instagram, and
13 TikTok. To carry out this marketing work, Plaintiff performed the following tasks:

- 14 a) Purchased, studied, and tested Pruvit products, including consuming the
15 supplements on a regular basis;
- 16 b) Planned and coordinated online groups for diet “challenges,” or short periods to
17 inspire people to focus on using Pruvit products in place of meals, through social
18 media messaging platforms;
- 19 c) Posted on her social media pages about Pruvit products, including brainstorming
20 content, drafting, and editing the text, and taking photographs and video
21 recordings for each post, as well as incorporating Pruvit-approved messaging for
22 many, if not all, of her posts;
- 23 d) Developed and followed up with Pruvit sales leads;
- 24 e) Regularly monitored her social media pages and Pruvit “Pulse Pro” app to engage
25 further with customers, and replied to any direct messages from interested
26 potential customers;
- 27 f) Evaluated customer’s needs, lifestyle, and goals to put together customized Pruvit
28 product bundles for her customers;

- g) Participated in efforts to recruit, onboard, train, and/or mentor new Promoters;
- h) Attending meetings with upline and downline Promoters;
- i) Attended numerous online trainings run by Pruvit on sales, marketing, and business tactics;
- j) Tracked and reported her progress and sales of Pruvit products; and
- k) Attended an in-person Promoter training in Louisville, KY, which included several full days of Pruvit programming.

118. Plaintiff performed all these tasks regularly throughout her tenure, at her peak involvement spending about forty to fifty hours a week, often working for periods of more than three (3) to five (5) hours. Plaintiff performed these activities throughout the day, nearly every day, often in short increments adding up to six (6) to eight (8) hours a day.

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

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

121. Plaintiff paid the following fees and out-of-pocket, work-related expenses throughout her tenure:

- a) An enrollment fee and purchased a starter kit for approximately \$360;
- b) The required annual \$49 Promoter Fee each year until June 2024;
- c) \$99 annually for access to the Pruvit "Pulse Pro" app;
- d) Approximately \$6,000 in Pruvit-branded merchandise for social media activity and connection;
- e) Approximately \$1,200 on non-Pruvit-branded sales aids, promotional items, and sales technology;
- f) Approximately \$1,700 for online trainings provided by Pruvit;
- g) Approximately \$670 for travel, lodging, and expenses for an in-person Promoter training in Louisville, KY; and

1 h) A monthly bill of approximately \$110 for her cell phone and internet access.

2 122. The commissions Plaintiff earned had to be transferred to an “eWallet,” a separate
3 Pruvit-owned website that charged Plaintiff fees each time she transferred her pay from the Pruvit
4 website to her eWallet, from her eWallet to her bank account, and for leaving money in the eWallet
5 for too long. Pruvit charged Plaintiff approximately \$140 in fees associated with the eWallet.

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

10 124. During Plaintiff’s tenure, including during the last four years, Plaintiff was not
11 compensated for her time doing any of the forementioned activities, nor paid any overtime. Plaintiff
12 did not renew her Promoter Fee in June 2024, which automatically terminated employment,
13 effective immediately. Plaintiff did not receive a final paycheck for unpaid wages within 72 hours
14 of her resignation.

15 125. During Plaintiff’s tenure, Plaintiff spent approximately \$320 per month out of pocket.
16 Plaintiff was not compensated for out-of-pocket expenses.

17 126. No paystub was provided that identified hours worked, nor were any employment
18 taxes withheld at any time. For some of Plaintiff’s sales, Pruvit did not pay her commission because
19 the customer returned the products.

20 **V. CLASS ALLEGATIONS**

21 127. Plaintiff incorporates and realleges the above paragraphs.

22 128. Plaintiff brings this action on her own behalf, as well as on behalf of each and all other
23 persons similarly situated, and thus seeks class certification under California Code of Civil
24 Procedure § 382.

25 129. All claims alleged herein arise under California law for which Plaintiff seeks relief
26 authorized by California law.

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28 ///

- a) Whether Pruvit misclassified its Promoters as independent contractors when in fact they were Pruvit employees;
- b) Whether Pruvit failed to pay Plaintiff and Class Members the legally mandated minimum wage for all hours worked;
- c) Whether Pruvit failed to pay Plaintiff and Class Members overtime wages;
- d) Whether Pruvit failed to timely pay wages due to Plaintiff and Class Members during their employment;
- e) Whether any misclassification by Pruvit was voluntary and knowing;
- f) Whether Pruvit Promoters' duties fall within the Direct Sales Exemption to AB5;
- g) Whether Pruvit controlled the manner and means of the Promoters' work;
- h) Whether Pruvit failed to reimburse Promoters' business expenses;
- i) Whether Pruvit failed to maintain accurate time records for its Promoters;
- j) Whether Pruvit failed to provide complete and accurate wage statements to its Promoters;
- k) Whether Pruvit failed to pay Promoters their wages due at termination; and
- l) Whether Pruvit should be enjoined from continuing the practices described herein.

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

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

1 **VI. FACTS RELATING TO PLAINTIFF AS A PRIVATE ATTORNEY GENERAL**

2 138. At all times set forth herein, PAGA was applicable to Plaintiff's employment by
3 Defendants.

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

11 140. Pursuant to PAGA, a civil action may be brought by an "aggrieved employee," who
12 is any person that was employed by the alleged violator and against whom one or more of the alleged
13 violations was committed.

14 141. Plaintiff was employed by Defendants and the alleged violations were committed
15 against her and she is, therefore, an aggrieved employee. Likewise, the other Promoters who worked
16 within the relevant time are "aggrieved employees" as defined by California Labor Code § 2699(c)
17 in that they are current or former employees of Defendants and one of more of the alleged violations
18 were committed against them.

19 142. Pursuant to California Labor Code sections 2699.3 and 2699.5, an aggrieved
20 employee, including Plaintiff, may pursue a civil action arising under PAGA after the following
21 requirements have been met:

22 a) The aggrieved employee shall give written notice (hereinafter "Employee's
23 Notice") to the LWDA and the employer of the specific provisions of the Labor
24 Code alleged to have been violated, including the facts and theories to support the
25 alleged violations.

26 b) The LWDA shall provide notice (hereinafter "LWDA Notice") to the employer
27 and the aggrieved employee that it does not intend to investigate the alleged
28 violation within sixty (60) calendar days of the postmark date of the Employee's

Notice. Upon receipt of the LWDA Notice, or if the LWDA Notice is not provided within sixty-five (65) calendar days of the Employee's Notice, the aggrieved employee may commence a civil action pursuant to California Labor Code § 2699 to recover civil penalties in addition to any other penalties to which the employee may be entitled.

143. Irrespective of any representations to the contrary in this Class Action Complaint, Plaintiff 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 3, 2025, Plaintiff 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 California Labor Code § 2699.3. A true and correct copy of that notice letter is attached as **Exhibit B**. The LWDA has not expressly stated that it will intervene or investigate, or otherwise responded regarding Plaintiff's asserted claims against Pruvit. If the LWDA does not respond to the letter within 65 days, or elects to investigate but issues no citation within 120 days, Plaintiff will amend her complaint to assert PAGA claims seeking civil penalties against Defendants for violations of California Labor Code sections 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, 558.1, 1194.2, 558(a); IWC Wage Order 4-2001

Against Pruvit Ventures Inc.; LaCore Enterprises, LLC; Brian Underwood; Christopher Harding; Terry Lacore; Jenifer Grace; Debra Aaron; Blake Mullen; and Does 1–50, inclusive

144. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

145. At all relevant times, California Labor Code sections 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 forty (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 to work, whether or not required to do so.” Cal. Code. Regs. tit. 8, sec. 11070(2)(G) (defining “Hours Worked”).

146. As alleged herein, during the relevant time period, Pruvit maintained and still maintains a policy of requiring employees to work off-the-clock, without compensation. Pruvit only compensates Promoters, including Plaintiff, based on specific sales placed through the Pruvit website, and does not pay wages for other hours worked. These hours include time spent doing the following, inter alia:

- a) in training;
- b) making and responding to social media posts;
- c) purchasing inventory from Pruvit;
- d) communicating with other Promoters about policies, practices, and sales instructions and guidance;
- e) communicating with customers after their purchases were made to handle routine customer service; and
- f) handling other responsibilities as needed.

Plaintiff and Class Members performed these activities throughout the day, nearly every day, often in short increments adding up to six to eight hours a day.

147. Pruvit provided no way for Plaintiff and Class Members to log time spent and submit to Pruvit.

148. Pruvit’s failure to pay Plaintiff and Class Members for work, and failure to pay overtime wages owed, also resulted in failures to pay Plaintiff and Class Members the minimum wage required, in violation of California Labor Code sections 1182.12, 1194, 1197, 1197.1, 1198. In addition, Pruvit’s failure to pay for hours worked is a violation of various municipal and county

1 codes across the state, including, but not limited to City of L.A. Cal. Code art. 7-7.5; County of Los
 2 Angeles Code § 8.100.040, *et seq.*, San Francisco Cal. Code 12R.

3 149. California Labor Code § 558.1 states that any employer or person acting on behalf of
 4 an employer who causes a violation is liable, among other things, for minimum wage violations.
 5 *See* Cal. Lab. Code § 558.1. Defendants PRUVIT VENTURES INC.; LACORE ENTERPRISES,
 6 LLC; BRIAN UNDERWOOD; CHRISTOPHER HARDING; TERRY LACORE; JENIFER
 7 GRACE; DEBRA AARON; BLAKE MALLEN; and DOES 1–50, inclusive, failed to pay Plaintiff
 8 and other aggrieved employees the minimum wage and all Defendants are liable for causing this
 9 violation under Labor Code § 558.1.

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

16 **SECOND CAUSE OF ACTION**

17 **(Failure to Pay Overtime Wages and Liquidated Damages)**

18 **Cal. Lab. Code §§ 510, 558.1, 1194.2, 558(a); IWC Wage Order 4-2001**

19 ***Against Pruvit Ventures Inc.; LaCore Enterprises, LLC; Brian Underwood; Christopher 20 Harding; Terry Lacore; Jenifer Grace; Debra Aaron; Blake Mallen; and Does 1–50, inclusive***

21 151. Plaintiff realleges and incorporates by reference all preceding allegations as though
 22 fully set forth herein.

23 152. California Labor Code section 510 and Wage Order No. 4-2001 require employers to
 24 pay no less than one and one-half times the regular rate of pay of the employee for hours worked in
 25 excess of eight (8) hours in one workday, for hours worked in excess of forty (40) hours in one
 26 workweek, and for the first eight (8) hours worked on the seventh day of work in any one workweek,
 27 and to pay no less than twice the regular rate of pay of the employee for hours worked in excess of
 28 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, Plaintiff and other aggrieved employees worked

1 over 8 hours in a day and/or 40 hours in a week without overtime compensation because Pruvit
2 failed to pay them for their work duties, as described above. This was, in turn, due to Pruvit's
3 unlawful misclassification of Promoters as independent contractors rather than as employees. On
4 occasions when Plaintiff and other aggrieved employees had already worked eight hours in one day
5 (performing all their work off-the-clock), Pruvit failed to pay them any overtime compensation due.
6 Therefore, Plaintiff and the other aggrieved employees were entitled to receive overtime
7 compensation from Pruvit that Pruvit failed to pay, violating Labor Code § 510 and Wage Order
8 No. 4-2001. In addition, Pruvit's failure to pay overtime is a violation of various municipal and
9 county codes across the state, including, but not limited to City of L.A. Cal. Code art. 7-7.5; County
10 of Los Angeles Code § 8.100.040, *et seq.*, San Francisco Cal. Code 12R.

11 153. California Labor Code § 558.1 states that any employer or person acting on behalf of
12 an employer who causes a violation is liable, among other things, for overtime wage violations. *See*
13 Cal. Lab. Code § 558.1. Defendants PRUVIT VENTURES INC.; LACORE ENTERPRISES, LLC;
14 BRIAN UNDERWOOD; CHRISTOPHER HARDING; TERRY LACORE; JENIFER GRACE;
15 DEBRA AARON; BLAKE MALLEN; and DOES 1–50, inclusive, failed to pay Plaintiff and other
16 aggrieved employees overtime wages and all Defendants are liable for causing this violation under
17 Labor Code § 558.1.

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

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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 Pruvit Ventures Inc.; LaCore Enterprises, LLC; Brian Underwood; Christopher Harding; Terry Lacore; Jenifer Grace; Debra Aaron; Blake Mallen; And Does 1–50, inclusive

155. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

156. California Labor Code § 226.7 and IWC Wage Order 4-2001 require 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.

157. Pruvit failed to provide Plaintiff and the Class all required and/or fully compliant rest periods, or compensation in lieu thereof. Pruvit employed policies and procedures that ensured Plaintiff and the Class would not receive all legally required rest periods as Pruvit improperly classified Plaintiff 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. Pruvit similarly employed policies and procedures that rendered rest periods non-compliant with the requirements of California law by, inter alia, failing to relieve Plaintiff and the Class of all duties and all employer control. Pruvit further employed policies and procedures ensuring Plaintiff and the Class never received a rest period premium during employment.

158. 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. Lab. Code § 558.1. Defendants PRUVIT VENTURES INC.; LACORE ENTERPRISES, LLC; BRIAN UNDERWOOD; CHRISTOPHER HARDING; TERRY LACORE; JENIFER GRACE;

DEBRA AARON; BLAKE MALLEN; and DOES 1–50, inclusive, failed to provide Plaintiff and the Class all rest periods or compensation in lieu thereof and all Defendants are liable for causing this violation under Labor Code § 558.1.

159. As a result, under Labor Code § 226.7, Plaintiff 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. Lab. Code §§ 226.7, 512(a), 1198, 558.1; IWC Wage Order 4-2001

Against Pruvit Ventures Inc.; LaCore Enterprises, LLC; Brian Underwood; Christopher Harding; Terry Lacore; Jenifer Grace; Debra Aaron; Blake Mallen; And Does 1–50, inclusive

160. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

161. Under California Labor Code §§ 226.7, 512(a), 1198, and IWC Wage Order 4-2001, Pruvit was required to provide Plaintiff 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.

162. As alleged herein, Plaintiff 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. Pruvit also failed to pay Plaintiff 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.

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

164. 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. Lab. Code § 558.1. Defendants PRUVIT VENTURES INC.; LACORE ENTERPRISES, LLC; BRIAN UNDERWOOD; CHRISTOPHER HARDING; TERRY LACORE; JENIFER GRACE; DEBRA AARON; BLAKE MALLEN; and DOES 1–50, inclusive, failed to provide Plaintiff and other aggrieved employees all meal periods or compensation in lieu thereof and all Defendants are liable for causing this violation under Labor Code § 558.1.

165. As a result, under Labor Code § 226.7, Plaintiff 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.

FIFTH CAUSE OF ACTION

(Failure to Timely Pay Wages During Employment)

Cal. Lab. Code §§ 204, 210(a), 218.6

Against Pruvit Ventures Inc.; LaCore Enterprises, LLC; and Does 1–50, inclusive

166. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

167. 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.

168. 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.

169. During the relevant period, Pruvit failed to pay Plaintiff 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 § 204. Moreover, Pruvit failed to pay Plaintiff or other aggrieved employees earned commissions in a timely and complete fashion.

170. As such, pursuant to California Labor Code § 210(a), Plaintiff and Class Members are entitled to recover stator damages in the amount of \$100 for any initial violation per failure to pay each employee and \$200 for each subsequent, or willful or intentional violation for each failure to pay each employee, plus 25 percent of the amount unlawfully withheld, and interest pursuant to Labor Code § 218.6.

SIXTH CAUSE OF ACTION

(Failure to Pay All Earned and Unpaid Wages Upon Separation of Employment)

Cal. Lab. Code §§ 201-203, 558.1

Against Pruvit Ventures Inc.; LaCore Enterprises, LLC; Brian Underwood; Christopher Harding; Terry Lacore; Jenifer Grace; Debra Aaron; Blake Mallen, and Does 1–50, inclusive

171. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

172. At all times relevant herein set forth, Labor Code sections 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and that if an employee voluntarily leaves their employment, their wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours previous notice of their intention to quit, in which case the employee is entitled to their wages at the time of quitting.

173. California Labor Code § 203 provides that, at the time of termination of employment, the employer must pay an employee all wages due and owing within the time frames set forth in California Labor Code §§ 201, *et seq.* If an employer willfully refuses to pay, without abatement or reduction, in accordance with California Labor Code §§ 201 and 202, any wages of an employee who is discharged or who quits, the employee's wages shall continue as a penalty for up to thirty (30) days from the due date, until paid or until an action to recover those wages is commenced.

174. As alleged herein, following Plaintiff's final day of employment, Pruvit willfully failed to pay Plaintiff and the Class all wages due and owing within the deadlines set forth in California Labor Code §§ 201, *et seq.*, including unpaid overtime wages and wages for missed/noncompliant meal and rest periods.

175. 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 pay all wages at the time of termination. *See* Cal. Lab. Code § 558.1. Defendants PRUVIT VENTURES INC.; LACORE ENTERPRISES, LLC; BRIAN UNDERWOOD; CHRISTOPHER HARDING; TERRY LACORE; JENIFER GRACE; DEBRA AARON; BLAKE MALLIN; and DOES 1–50, inclusive, failed to pay all wages at the time of termination of Plaintiff and Class Members and all Defendants are liable for causing this violation under Labor Code § 558.1.

176. Pursuant to California Labor Code § 203, Plaintiff and the Class are entitled to recover waiting time penalties of up to thirty (30) days' pay, plus attorneys' fees and costs, in an amount according to proof.

SEVENTH CAUSE OF ACTION

(Failure to Keep Requisite Payroll Records)

Cal. Lab. Code §§ 1174(d), 1174.5

Against Pruvit Ventures Inc.; LaCore Enterprises, LLC; and Does 1–50, inclusive

177. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

178. 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.

179. 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[.]”

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

181. Plaintiff has been injured by Pruvit’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).

EIGHTH CAUSE OF ACTION

(Failure to Provide Timely and Accurate Wage Statements)

Cal. Lab. Code §§ 226(a), 1198, 226.3, 558.1, 226(e)

Against Pruvit Ventures Inc.; LaCore Enterprises, LLC; Brian Underwood; Christopher Harding; Terry Lacore; Jenifer Grace; Debra Aaron; Blake Mallen; and Does 1–50, inclusive

182. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

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

184. California Labor Code § 1198 provides that the maximum hours of work and the standard conditions of labor shall be those fixed by the Labor Commissioner and as set forth in the

1 applicable IWC Wage Orders. Section 1198 further provides that “[t]he employment of any
2 employees for longer hours than those fixed by the order or under conditions of labor prohibited by
3 the order is unlawful.” Pursuant to the applicable IWC Wage Order, employers are required to keep
4 accurate time records showing when the employee begins and ends each work period and meal
5 period.

6 185. At all times herein set forth, California Labor Code § 226.3 has imposed a civil penalty
7 in addition to any other penalty provided by law of two hundred fifty dollars (\$250) per aggrieved
8 employee for the first violation of California Labor Code § 226(a), and one thousand dollars
9 (\$1,000) per aggrieved employee for each subsequent violation.

10 186. As alleged herein, Pruvit knowingly and willfully failed to provide Plaintiff and the
11 Class with proper, itemized wage statements. Wage statements provided to Plaintiff and the Class
12 did not show total/actual hours worked and all applicable hourly rates in effect during the pay period
13 and all hours worked at each rate. The wage statements provided to Plaintiff and the Class failed to
14 reflect all time spent in training, making and responding to social media posts, making business
15 expenditures by stocking their own Pruvit inventory, and communicating with other Pruvit
16 Promoters about policies, practices, and sales instructions and guidance. Pruvit’s refusal to properly
17 record this time, and to include it in its itemized wage statements, or to properly pay its employees
18 for this time was willful and intentional. As a result of these violations, Plaintiff and the Class
19 suffered injury because they were not paid for all hours worked.

20 187. California Labor Code § 558.1 states that any employer or person acting on behalf of
21 an employer who causes a violation is liable, among other things, for wage statement violations. *See*
22 Cal. Lab. Code § 558.1. Defendants PRUVIT VENTURES INC.; LACORE ENTERPRISES, LLC;
23 BRIAN UNDERWOOD; CHRISTOPHER HARDING; TERRY LACORE; JENIFER GRACE;
24 DEBRA AARON; BLAKE MALLEN; and DOES 1–50, inclusive, failed to provide Plaintiff and
25 the Class accurate wage statements and all Defendants are liable for causing this violation under
26 Labor Code § 558.1.

27 188. Pursuant to California Labor Code § 226(e), Plaintiff and the Class are entitled to a
28 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.

NINTH CAUSE OF ACTION

(Failure to Reimburse Business Expenses)

Cal. Lab. Code §§ 450, 2802, 558.1; IWC Wage Order 4-2001

Against Pruvit Ventures Inc.; LaCore Enterprises, LLC; Brian Underwood; Christopher Harding; Terry Lacore; Jenifer Grace; Debra Aaron; Blake Mallen; And Does 1–50, inclusive

189. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

190. 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 their job. The purpose of California Labor Code § 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, paragraph 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." Pruvit's conduct, in misclassifying their Promoters as independent contractors and failing to reimburse them for expenses Promoters paid that should have been borne by their employer, constitutes a violation of California Labor Code §§ 450 and 2802.

191. Pruvit violates Labor Code § 2802 by having failed, and failing, to reimburse Plaintiff and the Class for their business-related expenses. Pruvit charged Plaintiff and the Class numerous fees, including an annual "Promoter Fee" of \$49, \$99 annually for access to the Pruvit "Pulse Pro" app, varying fees for trainings, and varying fees to withdraw commissions, which Pruvit did not reimburse. Similarly, Pruvit did not reimburse Promoters for expenses they incurred associated with work-related travel, sales aids, and business technology. And during the relevant period, Pruvit

required that Plaintiff and the Class use their own personal cellular phones, and/or cellular phone data to carry out Pruvit's business operations, but failed to reimburse them for the full costs of their work-related cellular phone. For example, Plaintiff and the Class were required to use a personal cellular phone to make social media posts, use the Back Office, and communicate with customers and their upline. Plaintiff and the Class also incurred expenses associated with maintaining a home internet connection. Pruvit did not reimburse Promoters for these expenses.

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

193. 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. Lab. Code § 558.1. Defendants PRUVIT VENTURES INC.; LACORE ENTERPRISES, LLC; BRIAN UNDERWOOD; CHRISTOPHER HARDING; TERRY LACORE; JENIFER GRACE; DEBRA AARON; BLAKE MALLEN; and DOES 1–50, inclusive, failed to reimburse business expenses to Plaintiff and the Class and all Defendants are liable for causing this violation under Labor Code § 558.1.

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

TENTH CAUSE OF ACTION

(Unfair Competition)

Bus. & Prof. Code § 17200 et seq.

Against Pruvit Ventures Inc.; LaCore Enterprises, LLC; and Does 1–50, inclusive

195. Plaintiff realleges and incorporates by reference all preceding allegations as though fully set forth herein.

196. From a date unknown to Plaintiff and continuing to the present, Pruvit 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

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

- a) Failing to pay minimum wages, as set forth in Paragraphs 144–50;
- b) Failing to pay overtime wages, as set forth in Paragraphs 151–54;
- c) Failing to provide rest periods and/or pay associated premium wages, as set forth in Paragraphs 155–59;
- d) Failing to provide meal periods and/or pay associated premium wages, as set forth in Paragraphs 160–65;
- e) Failing to timely pay wages during employment, as set forth in Paragraphs 166–71;
- f) Failing to timely pay all earned and unpaid wages upon separation of employment, as set forth in Paragraphs 172–77;
- g) Failing to keep requisite payroll records, as set forth in Paragraphs 178–82;
- h) Failing to provide timely and accurate wage statements, as set forth in Paragraphs 183–89; and
- i) Failing to reimburse business expenses, as set forth in Paragraphs 190–95.

198. The forgoing unlawful conduct of Pruvit alleged herein constitutes unfair competition within the meaning of California Business and Professions Code section 17200 *et seq.*

“Unfair” Prong

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

200. Furthermore, as set forth in Paragraphs 88–92, Pruvit has violated section 17200’s prohibition on unfair conduct by unfairly and unconscionably structuring its Agreement and

1 business activities in a way that does not create meaningful opportunities for Promoters earn a fair
2 wage and/or commission for their work. Pruvit used its superior bargaining power, superior market
3 power, and take-it-or-leave-it Agreement to prevent Promoters from exercising discretion and
4 accessing tools and resources needed to market the products effectively and competitively to
5 generate profits. And Pruvit further undermined Promoters' ability to earn compensation by
6 engaging in activities in competition with the Promoters, by for example, maintaining the exclusive
7 right to disseminate online advertising to any customer sales leads generated by the Promoters and
8 selling products via Amazon.com. By denying Promoters meaningful opportunities to earn fair
9 commission, Pruvit also unfairly incentivized Promoters to divert time and attention away from
10 marketing the sale of products to retail customers to marketing the opportunity to become a
11 Promoter to unsuspecting members of the California public. So long as Defendants continue these
12 unfair practices, the California public remains at risk for being recruited into Pruvit and similarly
13 harmed.

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

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

24 203. The impact on the Class and general public is not outweighed by any countervailing
25 benefits. To the extent any benefits inured to Plaintiff, the Class, and the general public, those
26 benefits are outweighed by the impact of Defendants' unfair acts. Promoters, including Plaintiff,
27 incurred substantial costs in working as Promoters, and were not paid appropriately and fairly for
28

their time and efforts. They could have chosen other opportunities or invested that time and money into other legitimate and fairly paying endeavors.

204. As a result of Pruvit's unfair competition as alleged herein, Plaintiff and the Class have suffered injury in fact and lost money or property, as described in more detail above. Pursuant to California Business and Professions Code section 17200, *et seq.*, Plaintiff and the Class are entitled to restitution of all wages and other monies rightfully belonging to them that Pruvit 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.

205. To prevent Pruvit from continuing to prey on the California public through their misclassification of their Promoters, and recruitment of new Promoters under these false pretenses, Plaintiff and the Class also seek a public injunction against Defendants enjoining Pruvit, 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 Promoters or authorizing others to recruit new Promoters, under a misclassified status, including making representations about that status and the commission-based compensation structure.

VIII. PRAYER FOR RELIEF

WHEREFORE Plaintiff 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 Plaintiff be appointed Class Representative, and that Plaintiff's 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 Pruvit, 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 Promoters, or the advertising, promotion, or recruitment of new Promoters, from:
 - a. Engaging in the California Labor Code violations as alleged herein, including classifying Promoters as non-employees or independent contractors;

b. Recruiting new Promoters or authorizing others to recruit new Promoters, 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 §§ 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.

IX. DEMAND FOR TRIAL BY JURY

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

DATED: February 13, 2025

CLARKSON LAW FIRM, P.C.

By: /s/ Kristen G. Simplicio
 Kristen G. Simplicio
 Glenn A. Danas
 Christina Le
 Katelyn Leeviraphan
 Laura E. Older
 Cody Laux

Attorneys for Plaintiff

Exhibit A

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Pruvit Help Center > Policies > Promoters

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POLICIES & PROCEDURES

This Policies & Procedures article applies to the US, Canada, Australia, New Zealand, Mexico, and Asia. It does not apply to all other European countries and the UK which operate under the [European Policies & Procedures](#).

INTRODUCTION

1.1 Mutual Commitment Statement

Pruvit Ventures, Inc. (hereinafter referred to as **"Pruvit"** and **"Company"**) strives to develop a long-term and mutually rewarding relationship with its Promoters and Customers.

- a. In the spirit of mutual respect and understanding, Pruvit is committed to:
- i. Providing prompt, professional, and courteous service to its Promoters and Customers;
 - ii. Providing the highest quality of products, at fair and reasonable prices;
 - iii. Exchanging or refunding the purchase price of any product, service, or membership as provided in Pruvit's return policies;
 - iv. Deliver orders promptly and accurately;
 - v. Curate and timely commissions;
 - vi. Exchanging orders if an error or unreasonable delay occurs;



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- vii. Rolling out new products and programs with Promoter's input and planning;
 - viii. Implementing changes to the Compensation Plan or this Statement of Policies and Procedures (the "Policies and Procedures") with input from Promoters and/or Customers (Note: such changes will be effective thirty (30) days after the date any such changes are published by Pruvit);
 - ix. Supporting, protecting, and defending the integrity of the Pruvit business opportunity;
 - x. Offering Promoters an opportunity to grow with Pruvit with such growth guided by the principles of servant leadership
- b. In return, Pruvit expects that its Promoters will:
- i. Conduct themselves in a professional, honest, and considerate manner;
 - ii. Present Pruvit corporate and product information in an accurate and professional manner;
 - iii. Present the Compensation Plan and return and exchange policies contained herein in a complete and accurate manner;
 - iv. Not make exaggerated income or product claims;
 - v. Make reasonable effort(s) to support and train other Promoters and Customers in their downline;
 - vi. Not engage in cross-line recruiting, unhealthy competition, or unethical business practices;
 - vii. Provide positive guidance and training to Pruvit Promoters and Customers in their downline while exercising caution to avoid interference with other downlines. As such, a Promoter is discouraged from providing cross-line training to other Promoters or Customers in a different organization without first obtaining written consent of the Promoter's or Customer's upline leader;
 - viii. Support, protect, and defend the integrity of the Pruvit business opportunity.
- c. Therefore, we would like to ask you to read the following Ethical Rules as well as our General Terms & Conditions very carefully, to make them your daily guiding principle for the performance of your activities.

1.2 Code of Ethics

- a. Pruvit desires to provide its independent Promoters with the best products and services and Compensation Plan in the industry. Accordingly, Pruvit values constructive criticism and

encourages the submission of written comments addressed to Pruvit's Compliance Department.

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Promoter's negative and disparaging comments about Pruvit, its products, these Policies, or Compensation Plan, made to Pruvit, or to the field or at any Pruvit meeting and/or event, or disruptive behavior at any meeting and/or event, serve no purpose other than to dampen the enthusiasm of other Promoters and Customers. Pruvit Promoters must not belittle Pruvit, fellow Pruvit Promoters, Pruvit products or services, the Compensation Plan, or any and all Pruvit directors, officers, or employees, product suppliers, or agents. Such conduct represents a material breach of these Policies and Procedures and may result in suspension or termination of the offending Promoter's Account.

c. Pruvit endorses the following code of ethics:

- i. A Pruvit Promoter must show fairness, tolerance, and respect to all people associated with Pruvit, regardless of race, gender, social class, or religion, thereby fostering a "positive atmosphere" of teamwork, good morale, and community spirit.
- ii. A Promoter shall strive to resolve business disputes, including conflicts or disagreements with Upline and/or downline Organization Promoters with tact, sensitivity, and goodwill; and taking care not to create additional conflict.
- iii. Pruvit Promoters must be honest, responsible, professional, and conduct themselves with integrity.
- iv. Pruvit Promoters shall not make disparaging statements about Pruvit, other Promoters, Pruvit employees, product suppliers or agents, products, services, sales and marketing campaigns, or the Compensation Plan.
- v. Pruvit Promoters shall not make statements that unreasonably offend, mislead or coerce others.

d. Pruvit may take appropriate action against a Promoter if it determines, in its sole discretion, that a Promoter's conduct is detrimental, disruptive, or injurious to Pruvit or to other Promoters.

1.3 The Pruver Agreement

- a. Throughout these Policies & Procedures, when the terms "Pruver Agreement" and/or "Agreement" are used, it collectively refers to the most current version of the following along with any addendums or exhibits thereto:
 - i. Pruvit Policies and Procedures; and
 - ii. Pruvit Compensation Plan.

b. It is the responsibility of the Sponsoring Promoter to provide the most current version of these Policies and Procedures (available on the Pruvit website), the Income Disclosure Statement, the Compensation Plan, and any and all social media guidelines or any other guidelines which may be implemented from time to time and any amendments thereto to their downline Promoters and prospects. The Income Disclosure Statement is attached hereto as Addendum 2 and is incorporated herein by reference for all purposes.

1.4 Amendments to the Pruver Agreement

- a. Because Federal, state, and local laws, as well as the business environment, periodically change, Pruvit reserves the right to amend the Agreement as well as the 'Pruvit Product Price List' (attached here to as Addendum 1 and incorporated herein by reference) in its sole and absolute discretion. Notification of any such amendments shall appear in official Pruvit materials, Pruvit's website, social media outlets, and/or Pruvit's back offices.
- b. Any amendment to the Agreement shall be effective thirty (30) days following notice by one of the following methods:
 - i. Posting on the official Pruvit website;
 - ii. Electronic mail (e-mail); or
 - iii. Any Pruvit communication channels or social media outlets (i.e., Facebook, Instagram, Twitter, and/or Pruvit Pulse App).
- c. Amendments to the Pruver Agreement shall not apply retroactively.

BASIC PRINCIPLES

2.1 Becoming A Pruvit Promoter

a. A Pruvit Promoter is an independent contractor. A Pruvit Promoter is not a franchisee, joint venture Partner, business Partner, employee, or agent of Pruvit, and a Pruvit Promoter is prohibited from stating or implying, whether orally or in writing, otherwise. A Pruvit Promoter has no authority to bind Pruvit to any obligation. Pruvit is not responsible for payment or co-payment of any employee benefits. A Pruvit Promoter is responsible for liability, health, disability, and workmen's compensation insurance. A Pruvit Promoter is responsible for their own managerial decisions and expenditures including all estimated income and self-employment taxes. A Pruvit Promoter sets their own hours and determines how to conduct their Promoter business, subject to the Pruver Agreement and any other guidelines that may be implemented from time to time.

To become a Promoter, an applicant must:

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- a. Be of the age of majority (not a minor) in his or her state of residence;
- b. Reside or have a valid address in the United States or U.S. territory in which Pruvit is licensed to operate;
- c. Have a valid taxpayer identification number (i.e. Social Security Number or Federal Tax-ID (EIN));
- d. Enter a verified mobile phone number, which is not in use or associated with any other Pruvit Account. This will be verified through a verification code sent to the applicant's mobile phone number.
- e. Acknowledge and agree to all communication sent by Pruvit, (including but not limited to emails, texts, broadcasts, letters, etc.) with choice to "opt-out" of these communications.

2.2 New Promoter Enrollment

- a. A potential new Promoter may self-enroll on any Promoter/Sponsor's website, subject to acceptance by Pruvit of the applicant's online enrollment confirming the applicant has agreed to all terms and conditions of the Pruver Agreement.
- b. Electronically submitted and/or signed documents, including, but not limited to, online submissions, automated credit card processing authorization documents, and the Pruver Agreement, are legally binding contracts which must not be altered, tampered with, or changed in any manner after they have been signed and/or submitted. False or misleading information, forged signatures, or alterations to any document, including business registration forms, may lead to sanctions, up to and including involuntary termination of the offending Promoter's Account.
- c. An applicant enrolling with Pruvit must identify a Sponsor in the online enrollment process. If the applicant later enrolls and identifies a different Sponsor, Pruvit will not accept the later enrollment. Pruvit reserves the right, at its sole discretion, to make the final decision with respect to any disputes regarding Promoter enrollments, Sponsors, and Placements.

PRUVIT'S PROMOTER RESPONSIBILITIES

3.1 Correct Address

- a. It is the responsibility of the Promoter or Customer to make sure Pruvit has the correct shipping address before any orders are shipped.

- b. A Promoter and/or Customer will need to allow up to seventy-two (72) hours for processing after a notice of address change has been received by Pruvit's Support Team.

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3.2 Training and Leadership

- a. Sponsoring Promoters should have ongoing contact and communication with the Promoters in their downline Organization. Examples of communication may include but are not limited to, newsletters, written correspondence, personal telephone calls, team conference calls, voicemail, e-mail, personal meetings, training sessions, events, workshops, and any other related contact. Any Pruvit business-related training outside of a Promoter's Organization is prohibited. Promoters may not charge an admission fee for any Pruvit business-related training without the prior written authorization from the Pruvit Compliance Department.
- b. A Sponsoring Promoter should monitor the Promoters in his or her downline Organization to ensure that downline Promoters do not make improper product or business claims or engage in any illegal or inappropriate conduct. Upon request, a Sponsoring Promoter must provide documented evidence to Pruvit of his or her ongoing fulfillment of responsibilities set forth in this Section 3.2.
- c. Up line Promoters are encouraged to educate and train new Promoters about Pruvit's products and services, effective sales techniques, the Compensation Plan, compliance with these Policies and Procedures, and any and all social media guidelines or any other guidelines issued by Pruvit. Marketing product is a required activity in Pruvit and must be emphasized in all recruiting presentations.
- d. Use of Sales Aids. To promote Pruvit products and the Pruvit business opportunity, Promoters are encouraged to use the sales aids and support materials produced or expressly authorized by Pruvit. Promoters may use and publish marketing materials they design only after such materials have been approved by Pruvit. A Promoter's unauthorized use of sales aids or promotional materials, including but not limited to internet advertising and social media marketing on Facebook, Instagram, and the like, is a violation of these Policies and Procedures. Additionally, publishing marketing materials that violate statutes or regulatory laws governing how Pruvit's products or business opportunity may be marketed is a violation of these Policies and Procedures and may result in immediate termination of the publisher's Pruvit Account. Any such violations could jeopardize the Pruvit opportunity for all Promoters. Accordingly, Promoters must submit via email all sales aids, promotional materials, advertisements, websites, training material, flyers, along with any other literature to Pruvit's Compliance Department for approval prior to use at compliance@pruvithq.com. Unless the Promoter receives written approval to use the submitted material(s), the request shall be deemed denied. All Promoters shall safeguard and promote the good reputation of Pruvit and its products. The marketing and promotion of Pruvit, the Pruvit business opportunity, the Compensation Plan, and Pruvit products and services shall be

consistent with the public interest and must avoid all discourteous, deceptive, misleading, unethical, or immoral conduct or practices.

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3.3 Sponsorship contents

- a. The Sponsor is the person who introduces a Promoter or Customer to Pruvit, helps them complete their enrollment, and supports and trains those in their downline.
- b. Pruvit recognizes the Sponsor as the name shown on an applicant's first enrollment submission to Pruvit.
- c. An applicant may not enroll with Pruvit as a Promoter without personally accepting and agreeing to the terms and conditions of the Pruver Agreement.
- d. Pruvit recognizes that each new prospect has the right to ultimately choose his or her own Sponsor, but Pruvit will not allow Promoters to engage in unethical Sponsoring activities.
- e. All active Promoters in good standing have the right to Sponsor and enroll others into Pruvit. While engaged in sponsoring activities, it is not uncommon to encounter situations where more than one Promoter has approached the same prospect. In this scenario, the new prospect should be Sponsored by the first Promoter who presented a comprehensive introduction to Pruvit products or business opportunity.
- f. In the event of a dispute regarding Sponsorship, Pruvit reserves the right to designate a prospect's Sponsor and all such determinations are final.

3.4 Unethical Sponsoring

- a. Unethical Sponsoring activities include, but are not limited to, enticing, bidding, or engaging in unhealthy competition by attempting to acquire a prospect or new Promoter away from a fellow Promoter or influencing another Promoter to transfer to a different Sponsor.
- b. Allegations of unethical sponsoring must be reported in writing to the Pruvit Compliance Department within the first 30 days of the new Promoter enrollment in question. If reports of unethical sponsoring are substantiated, Pruvit may transfer the Promoter or the Promoter's downline to another Sponsor or Organization without approval from the current up-line Sponsor. Pruvit remains the final authority in such cases.
- c. Pruvit prohibits the unauthorized manipulation of the Pruvit Compensation Plan and/or marketing plan to trigger commissions or cause the promotion of a downline Promoter in an unearned manner (hereinafter, "Stacking."). For example, Stacking occurs when a Sponsor places Promoter(s) under an inactive downline without the Promoter's knowledge to trigger unearned qualification for commissioning purposes. Stacking is an unethical, punishable offense which may

result in immediate termination of the Accounts of all Promoters, individuals, and/or entities found to be involved.

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Any Promoter who Solicits or entices members of another Direct Sales company to sell or distribute Pruvit products and services bears the risk of being sued by the other Direct Sales company. If any lawsuit, arbitration, or mediation is brought against a Promoter alleging that they engaged in inappropriate Solicitation of another company's sales force or customers, Pruvit will not pay any of Promoter's defense costs or legal fees, nor will Pruvit indemnify the Promoter for any judgment, award, or settlement.

3.5 Cross Sponsoring Prohibition

- a. "Cross Sponsoring" is the enrollment into a different Line of Sponsorship of an individual or Business Entity that previously enrolled as a Promoter. Actual or attempted cross Sponsoring is strictly prohibited and may result in termination of the offending Promoter's Account.
- b. Enrollment through use of a Spouse or relative's name, trade name, assumed name, Business Entity, or fictitious identification of any kind to evade or circumvent this Cross-Sponsoring Policy is strictly prohibited.
- c. This Policy does not prohibit the transfer of a Pruvit Account and business in accordance with Transfer of Sale or Transfer Policy set forth in these Policies.

3.6 Solicitation for Other Companies or Products

- a. During the term of the Pruver Agreement and for six (6) months thereafter, a Pruvit Promoter may not Solicit any fellow Pruvit Promoter or Active Customer for any Direct Sales or Network Marketing business, unless that Promoter or Customer was personally Sponsored by such Promoter.
- b. During the term of the Pruver Agreement, a Pruvit Promoter may not offer or sell Competing Products or Solicit any fellow Pruvit Promoter or Active Customer for any Competing Product opportunity, or any other Direct Sales/Network Marketing opportunity.
- c. A Promoter is prohibited from Soliciting any fellow Pruvit Promoter or Customer for any non-Pruvit opportunity at or immediately following any Pruvit-related meeting, event, seminar, convention, or other forum of any kind, live or virtual (e.g. online chats, Pruvit Facebook Groups, live video streams, etc.), that other Pruvit Promoters or Customers are known to be attending. A Promoter may also not offer or sell any "swag" (clothing, accessories, shakers, etc.) at any such event without the prior written authorization of Pruvit's Compliance Department.
- d. A Promoter may not charge an admission fee to any opportunity or business building event/party, educational event, seminar, webinar, convention, or other forum of any kind, live or virtual, put on

by the Promoter without the prior written authorization from the Pruvit Compliance Department.

Any promoter seeking authorization under this paragraph must submit a written request to

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compliance@pruvithq.com.

e. A Promoter may not display or bundle Pruvit products or services with any Competing Product, or any other Direct Sales/Network Marketing product or opportunity, in any sales or marketing materials or meetings, online or otherwise, to avoid confusing or misleading a prospective Customer or Promoter into believing there is a relationship between Pruvit and the Competing Product.

f. A Promoter shall not Solicit any person or entity in the Pruvit community for any non-Pruvit business-related training or educational services which require participants to pay an admission fee without prior written authorization from the Pruvit Compliance Department. Any Promoter seeking authorization to conduct training under this provision must submit a written request to compliance@pruvithq.com that fully describes the nature of training, the training curriculum, the date of the proposed training, remuneration, if any, and the people or entity that will receive the training. Any approval granted by Pruvit terminates at the conclusion of the specific training event described in Promoter's written request and Promoter must seek approval under this provision for any and all future training events.

g. A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between Pruvit and its Promoters and will inflict irreparable harm on Pruvit. In such event, Pruvit may, at its sole discretion, impose any sanction it deems necessary and appropriate against the Promoter including termination of the offending Promoter's Account, and/or seeking immediate injunctive relief without the necessity of posting a bond in addition to any other legal remedies that Pruvit may be entitled.

AGREEMENTS & GENERAL UNDERSTANDINGS

4.1 Rights Granted

- a. Pruvit hereby grants to the Promoter a non-exclusive right, based upon the terms and conditions contained in the Agreement to:
 - i. Purchase Pruvit products and services;
 - ii. Promote and sell Pruvit products and services; and
 - iii. Sponsor new Promoters and Customers in countries where Pruvit is currently authorized to do business or becomes authorized to do business in the future.

- b. No feature of the Pruvit Compensation Plan constitutes a personal purchase requirement to become a Promoter, move up in rank, or otherwise fully participate in the Compensation Plan. No product purchase is required of anyone at any time to fully participate as a Promoter.

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4.2 Pruvit Account Renewals and Downgrade of the Promoter's Pruvit Account to a Customer Level Due to Nonpayment of the Annual Membership Renewal Fee

- a. A Promoter must pay a membership fee upon enrolling with Pruvit and a membership renewal fee on an annual basis thereafter. If a Promoter fails to pay the annual membership renewal fee when it is due, the Promoter's Account will be downgraded to a Customer level and the Promoter will lose any and all rights to earn any commissions and/or bonuses associated therewith. The Promoter shall not be eligible to re-enroll with Pruvit under a new Sponsor for six (6) months following the downgrade of the Account to a Customer level. Upon downgrade of the Account, the commissions will roll up to the immediate, active Upline Sponsor.
- b. If a Promoter pays the membership renewal fee after it is due the Promoter is not eligible to receive commissions or bonuses for any part of the period the Account was downgraded to a Customer level.
- c. By enrolling as a Promoter, you consent to Pruvit charging your card an annual membership fee. This fee will be charged each year you elect to remain a Promoter. If you would like to cancel your membership or otherwise modify the method of payment or recurring charge, you may do so by contacting Pruvit at support@pruvithq.com

4.3 Effect of Termination

- a. Following voluntary or involuntary termination of a Promoter's Pruvit Account (collectively, "Termination") such Promoter:
 - i. Shall have no right, title, claim, or interest to any commission or bonus, including Pruvit points, from the sales generated by the Promoter's former Organization or any other payments in association with the Promoter's terminated Account;
 - ii. Effectively waives any and all claims to property rights or any interest in or to the Promoter's former downline Organization and Account; and
 - iii. Shall receive commissions and bonuses only for the last full pay period in which the Promoter was active prior to termination, less any amounts withheld during an investigation preceding an

involuntary termination, less Pruvit points which are not redeemable for cash, and less any other amounts owed to Pruvit.

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- iv. Upon termination or dormancy due to inactivity for one (1) year or more, the Promoter forfeits all funds in its commissions and/or Pay-Out Accounts and authorizes Pruvit to seize funds and close the Accounts.

4.4 Modifying a Promoter's Pruvit Account

- a. A Promoter may modify his or her existing Pruvit Account to add a Spouse or partner to the Promoter's Account or change the form of ownership from an individual to a Business Entity by submitting a written request to Pruvit's Support Department and returning any documentation requested by Pruvit's Support Department to make such modification.

4.5 Unauthorized Transfer & Re-Enrollment

- a. In the event a Promoter discovers that a Promoter in their downline has re-enrolled under a different Promoter, the Promoter has thirty (30) days from the date the downline Promoter enrolled under a new Promoter to notify the Pruvit Compliance department and request the downline Promoter be transferred back to his/her downline. Upon the expiration of the thirty (30) day notice period, the right to re-claim a new Promoter to his or her downline will be waived.

4.6 Change of Sponsors or Placement for Promoters

- a. Placement changes/corrections may be requested within seventy-two (72) hours from the time a first order is placed in connection with the requesting Promoter's Account. Such adjustments require written permission directed to Pruvit's Support Department submitted from the personal back office of the Sponsor as well as the Promoter to be moved and in some cases the Upline Promoter.
- b. Sponsor changes are generally not permitted. However, Sponsor corrections can be made if they are reported to Pruvit's Support Department within seventy-two (72) hours from the time a first order is placed in connection with the requesting Promoter's Account. Sponsor corrections must be requested from the back office of the current (original) Sponsor, stating the reason that the correction needs to be made.
- c. At the discretion of Pruvit, Promoters who have not ordered Pruvit products or services for at least twelve (12) months, and whose Account has not been terminated, are eligible to re-enroll in Pruvit under the Sponsor/Placement of their choice.

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- d. When a former Promoter re-enrolls with Pruvit, Pruvit will “compress” (close) the Promoter’s original Account, and a new Pruvit User ID number be issued to the Promoter. In this scenario, a Promoter does not retain former rank, downline Organization, or rights to commissions from the Promoter’s former Pruvit business or Account.
 - e. Pruvit reserves the right to correct Sponsor or Placement errors at any time and in whatever manner it deems necessary in its sole discretion.

4.7 Change of Organizations

- a. If a Promoter wishes to change Organizations within Pruvit, the Promoter must submit a notice of voluntary termination to the Pruvit Compliance Department in accordance with Section 4.10 below, and remain inactive (place no orders, or be on an auto-ship) with or in Pruvit for six (6) months from the date Pruvit acknowledges receipt of the notice before being eligible to re-enroll under a different Sponsor/Placement.
- b. Pruvit retains the right to approve or deny any request to re-enroll after a Promoter’s termination. Promoters within the same downline Organization simultaneously submitting notices of voluntary termination to transfer Organizations in accordance with Section 4.8 (a) will be deemed an abuse of these Policies.
- c. If re-enrollment is approved, the former Promoter will be issued a new Pruvit User ID after accepting and agreeing to the terms of the Pruver Agreement in effect at that time. The re-enrolled Promoter will not be entitled to keep any former rank, downline, or rights to commissions associated with the Promoter’s prior Pruvit User ID/Account.

4.8 Placement Lounge

- a. When a Promoter personally enrolls Promoters or Customers, they are automatically placed in the Promoter’s Placement Lounge as described in Addendum 2 attached hereto, for up to six (6) months.
- b. Promoter has up to six (6) months to place the new Promoter or Customer into an open position in their Organization placement tree. Upon the expiration of six (6) months, this option expires indefinitely. Once a Promoter or Customer in the Placement Lounge has been placed, they cannot be moved again.

4.9 Voluntary Termination

- a. A Promoter may immediately terminate his or her Account and Pruvit business associated therewith by submitting a written notice via email to the Pruvit Compliance Department at

compliance@pruvithq.com. The written notice must include the following:

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- i. Statement of the Promoter's intent to terminate the Account;
 - ii. Date of termination;
 - iii. Promoter's Pruvit User ID;
 - iv. Reason(s) for terminating the Account; and
 - v. Promoter's signature.
- b. A Promoter may not use voluntary Account termination as a way to immediately change Sponsor or Placement. A Promoter who has voluntarily terminated an Account is not eligible to re-enroll with Pruvit or have any financial interest in a or any Pruvit business for six (6) months from Pruvit's receipt of the written notice of termination. A terminated Promoter who promotes Pruvit products or services during this six (6) month waiting period by using another Promoter's or Customer's referral code is in violation of this provision and shall not be permitted to re-enroll until six (6) months following any such offending conduct has ceased.

4.10 Involuntary Termination

- a. Pruvit reserves the right to terminate a Promoter's Account for, but not limited to, the following reasons:
 - i. Violation of any provision of the Pruver Agreement;
 - ii. Violation of any applicable law, ordinance, or regulation related to the Promoter's Pruvit business;
 - iii. Engaging in unethical business practices or violating standards of fair dealing; or
 - iv. Returning over \$500 worth of Pruvit product, services, and/or sales tools for a refund within a twelve (12) month period.
 - v. Promoter initiates, joins, or otherwise voluntarily participates in a lawsuit against Pruvit, its directors, officers, employees, and/or agents.
- b. Pruvit will notify the Promoter in writing via email and certified mail, return receipt requested or overnight documented mail, at the Promoter's last known address, of Pruvit's intent to terminate the Promoter's Account and the reasons for termination. The involuntary termination will be effective date as of the written notice.
- c. A former Promoter shall thereafter be prohibited from using the names, marks or signs, labels, stationery, advertising, or business material referring to or relating to any Pruvit products or services. Pruvit will notify the active Upline Sponsor within ten (10) days after termination. The Organization of the terminated Promoter will "roll up" to the active Upline Sponsor on record.

- d. A Promoter who is involuntarily terminated by Pruvit may not re-enroll as a Promoter, either under his or her present name or any other name or Business Entity, without the express written consent of an officer of Pruvit, following a review by the Pruvit Compliance Committee. If such consent is granted, the Promoter may not re-enroll as a Promoter for twelve (12) months following the date of termination.

BUSINESS ENTITIES

5.1 Definition

- a. A corporation, partnership, limited liability company, or trust (collectively, a “Business Entity”) may enroll as a Promoter if residing in the United States. Promoters residing in Mexico may only enroll as a Business Entity if the Promoter has achieved Rank 6 or higher. Promoters residing in Canada are not eligible to enroll as a Business Entity.
- b. A Promoter may change their status under the same Sponsor from an individual to a Business Entity in accordance with Section 4.4 of these Policies.

5.2 Indemnification for Actions

- a. A Promoter is fully responsible for all of his or her verbal and written communications made regarding Pruvit products, services, and the Compensation Plan that are not expressly contained within official Pruvit materials. Promoters shall indemnify and hold harmless Pruvit, its directors, officers, employees, product suppliers, and agents from any and against all liability including judgments, civil penalties, refunds, attorney’s fees, and court costs incurred by Pruvit as a result of the Promoter’s unauthorized representations or actions. This provision shall survive the termination of the Pruver Agreement and a Pruvit Account.

5.3 Insurance

- a. Pruvit encourages Promoters to obtain insurance coverage for their Pruvit business. A homeowner’s insurance policy does not cover business-related injuries, or the theft of, or damage to, inventory or business equipment. Promoters should contact their insurance agent to make certain their business property is protected. In many instances, this may be accomplished with a “Business Pursuit” endorsement to an existing homeowner’s policy.

POLICY VIOLATIONS

6.1 Reporting Policy Violation

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- a. A Promoter who observes a violation of these Policies and Procedures by another Promoter or Customer should submit any such violation(s) to the Pruvit Compliance Department via email to compliance@pruvithq.com. The email should include:
 - i. The nature of the violation(s);
 - ii. Specific facts to support the allegations;
 - iii. Dates;
 - iv. Number of occurrences;
 - v. Persons involved; and
 - vi. Supporting documentation
- b. The Compliance Department will investigate the reported violation(s) and Pruvit will take appropriate action if warranted.

6.2 Adherence to the Pruvit Compensation Plan

- a. A Promoter must adhere to the terms of the Pruvit Compensation Plan.
- b. A Promoter shall not offer the Pruvit business opportunity through or in combination with, any other system, program, or method of marketing other than that specifically set forth in Official Pruvit Literature.
- c. A Promoter shall not require or encourage a current or prospective Promoter to participate in Pruvit in any manner that varies from the Compensation Plan as set forth in Official Pruvit Literature.
- d. A Promoter shall not require or encourage a current or prospective Promoter to make a purchase from or payment to any individual or other entity as a condition of participating in the Pruvit Compensation Plan.

6.3 Adherence to Laws and Ordinances

- a. Many cities, counties, and townships have laws regulating certain home-based businesses. Promoters and Customers shall comply with all federal, state, and local laws, ordinances, and regulations in conducting his or her Pruvit business.

- b. A Promoter understands and agrees that he/she/it is solely responsible for any and all fines and liabilities incurred as a result of the Promoter's or Customer's violation(s) of applicable laws, regulations, and/or ordinances.

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6.4 Compliance with Applicable Tax Laws

- a. A Promoter accepts sole responsibility for and agrees to pay all federal, state, provincial, and local taxes on any income generated as a Promoter, and further agrees to indemnify Pruvit from any failure to pay any such taxes when due. Pruvit encourages Promoters to consult with his/her/its tax advisor(s) to ensure they are compliant with all applicable laws and understand the tax consequences as an independent contractor. At the end of each calendar year, Pruvit will issue to each Pruvit Promoter IRS Form 1099, or other applicable documentation required by law, for non-employee compensation of a Pruvit Promoter.
- b. If a Promoter's business is tax-exempt, the Federal Tax-ID (EIN) must be provided to Pruvit in writing along with any additional documentation requested reflecting such status.
- c. Pruvit is required to charge and remit sales tax to the various states or provinces based on the retail price, including receipt of trips, prizes, or awards. In the United States, Pruvit will charge and remit sales tax based on charges in the amount of \$600.00 or more per calendar year. In Canada, Pruvit will charge and remit sales tax based on charges in the amount of \$500.00 or more per calendar year. In Mexico, Pruvit withholds ISR taxes each period as Promoter earnings are transferred to their wallet.

6.5 One Pruvit Account Per Promoter

- a. A Promoter may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one (1) Pruvit Account and business associated therewith. No individual (together with their Spouse) may have, operate or receive compensation from more than one Pruvit Account and business associated therewith. Individuals of the same Family Unit, excluding Spouses, may each enter into or have an interest in their own separate Pruvit Account, only if each subsequent family position is placed frontline to the first family member enrolled. Each position must build their position separate and independent of the other or the position will be deemed to be Stacking. In the event two Promoters that have established Accounts subsequently get married, they are eligible to maintain their separate Accounts.

6.6 Actions of Household Members or Affiliated Parties

- a. If any member of a Promoter's immediate household engages in any activity which, if performed by the Promoter, would violate any provision of the Pruver Agreement, such activity will be deemed a violation by the Promoter and Pruvit may take disciplinary action pursuant to these Policies and Procedures against the Promoter. Similarly, if any individual associated in any way with a Business Entity violates the Pruver Agreement, such action(s) will be deemed a violation by

the Business Entity, and Pruvit may take disciplinary action against the Business Entity. Likewise, if a Promoter is a Business Entity, any owner, member, officer, and/or affiliate of that Business Entity shall be personally and individually bound to, and must comply with, the Pruver Agreement.

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6.7 Identification Numbers and Pay-Out

- a. Each Promoter is required to provide a Social Security Number or Federal Tax-ID (EIN), if located in the United States or any of its territories to Pruvit at the time Promoter initiates a transfer of funds or earnings accumulated in the Promoter's Wallet. The transferring and disbursement of commission payments or bonuses acquired is known as a "Pay-Out" and Pruvit reserves the right to withhold Pay-Out from any Promoter who fails to provide a valid Social Security Number or Federal Tax-ID (EIN) or who provides false information.
- b. Upon enrollment, Pruvit will provide a Pruvit User ID to the Promoter. This number will be used to place orders, structure Organizations, and track commissions and bonuses.

6.8 Sale, Assignment, or Transfer of Ownership

- a. In order to preserve the integrity of the hierarchical structure, it is necessary for Pruvit to place restrictions on the transfer, assignment, or sale of a Promoter's Pruvit Account and business associated therewith.
- b. A Promoter may not sell, assign, or transfer his or her rights or delegate his or her Account or position as a Promoter without Pruvit's prior written approval, which will not be unreasonably withheld. All parties involved in any transaction described in this Section 6.8 must be in good standing with Pruvit to be eligible for any proposed sale, assignment, or transfer. Any attempted sale, assignment, or transfer without Pruvit's approval may be voided at the discretion of Pruvit.
- c. Any approved buyer/assignee/transferee shall assume the position of the Promoter at the current qualified title, but at the current "paid as" rank, at the time of the sale and acquires the Promoter's downline Organization.
- d. To request the sale, transfer, or assignment of a Pruvit position, a Promoter must request a Transfer of Account Request Form from Pruvit's Support Department and submit the following items to the Pruvit Compliance Department:
 - i. a fully executed, dated, and properly completed Pruvit Transfer of Account Request Form;
 - ii. a fully executed, dated, and notarized agreement between the Promoter and the proposed buyer/transferee/assignee; and
 - iii. any additional supporting documentation requested by Pruvit.

- e. Any debt obligations that any party involved in the proposed transaction may have with Pruvit must be satisfied in full prior to the approval of any sale, transfer, or assignment.

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- f. A Promoter who sells, transfers or assigns his/her/its Pruvit position is not eligible to re-enroll as a Pruvit Promoter for six (6) full calendar months following the date of the sale, transfer, or assignment except as otherwise expressly permitted by these Policies and Procedures.

6.9 Separating a Pruvit Business

- a. Pending a divorce or dissolution of a Business Entity, the parties must adopt one of the following methods of operation:
 - i. One of the parties may, with the written consent of the other(s), operate the Pruvit business whereby the relinquishing Spouse, shareholder, partner, member, or trustee ("Relinquishing Party") authorizes Pruvit to deal directly and solely with the non-Relinquishing Party.
 - ii. The parties may continue to operate the Pruvit business jointly on a "business as usual" basis. All compensation paid by Pruvit will be to the individual(s) or Business Entity named as the Promoter on the Account and the Promoter shall indemnify Pruvit from any and all claims of any other party with respect to the Pruvit business and Account and any payment(s) made in connection therewith.
- b. Pruvit recognizes only one downline Organization and will issue only one commission payment transfer per Pruvit Account per commission cycle. Under no circumstances will the downline of an Organization be divided, nor will Pruvit split commissions and/or bonuses.
- c. If a Relinquishing Party has completely relinquished, in writing, all rights to the original Pruvit business and Account, the Relinquishing Party 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 Promoter or active Customer in the former Organization, and must develop a new business in the same manner as any other new Pruvit Promoter. A Promoter in the Relinquishing Party's former downline Organization who wishes to transfer to the Relinquishing Party's new Organization or to any other Organization must comply with the requirements in Section 4.0.

6.10 Succession

- a. The Pruver Agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.
- b. Upon the death or incapacity of a Promoter, the Promoter's Account and business associated therewith may be passed on to his or her legal successors in interest ("Successor"). Whenever a

Pruvit business is transferred by will, the successor acquires the right to collect all bonuses and commissions of the deceased Promoter's sales Organization. The Successor must:

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- i. Accept and agree to all terms of the Pruver Agreement;
 - ii. Comply with the terms and provisions of the Pruver Agreement; and
 - iii. Meet all of the qualifications for the last rank achieved by the former Promoter.
- c. Any bonuses and/or commissions transferred pursuant to this section will be paid in a single transfer to the successor, except for Pruvit points which hold no cash value. The successor must provide Pruvit with an "address of record" to which all bonuses and commissions Pay-Out will be sent. Payments will be based on the current performance of the position, not the highest rank or volume achieved.
- d. If a Pruvit business is bequeathed to joint devisees, they must form a Business Entity and acquire a Federal Tax ID (EIN). Pruvit will issue all bonus and commission payments to the managing Business Entity only.
- e. Appropriate legal documentation must be submitted to Pruvit Compliance Department to ensure the transfer is done properly. To affect a testamentary transfer of a Pruvit business, the Successor must provide the following to Pruvit Compliance Department:
- i. A certified copy of the death certificate; and
 - ii. A notarized copy of the will.
- f. To complete a transfer of the Pruvit business because of incapacity, the Successor must provide the following to the Pruvit Compliance Department:
- i. A notarized copy of an appointment as trustee;
 - ii. A notarized copy of the trust document or other appropriate legal documentation establishing the trustee's right to administer the Pruvit business; and
 - iii. The Pruver Agreement accepted and agreed to by the trustee in writing.
- g. If the Successor is already an existing Promoter, Pruvit will allow such Promoter to keep his or her own position plus the inherited position active for up to six (6) months. By the end of the six (6) month period, the Promoter must have compressed (if applicable), sold, or otherwise transferred either the existing position or the inherited position.
- h. If the Successor wishes to terminate the Pruvit position, he or she must submit a notarized statement stating the desire to terminate the position, along with a certified copy of the death certificate, appointment as trustee, and/or any other appropriate legal documentation.

- i. Upon written request, Pruvit may grant a one (1) month bereavement waiver and pay out at the last "paid as" rank.

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DISCIPLINARY ACTIONS

7.1 Imposition of Disciplinary Action - Purpose

It is the spirit of Pruvit that integrity and fairness should pervade among its Promoters, thereby providing everyone with an equal opportunity to build a successful business. Therefore, Pruvit reserves the right to impose disciplinary sanctions at any time, when it has determined that a Promoter has violated the Agreement, as it may be amended from time to time by Pruvit in accordance herewith.

7.2 Consequences and Remedies of Breach

- a. Disciplinary actions may include one or more of the following:
 - i. Monitoring a Promoter's conduct over a specified period of time to assure compliance;
 - ii. Alerting the Promoter's upline so that the upline may further educate Promoter and/or take proactive action to protect the Pruvit community from cross-recruiting, disparagement, etc.;
 - iii. Issuance of a written warning or requiring the Promoter to take immediate corrective action;
 - iv. 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 Pruvit receives adequate additional assurances from the Promoter to ensure future compliance;
 - v. Suspension from participation in Pruvit or Promoter events, rewards, or recognition;
 - vi. Suspension of the Pruvit Pruver Agreement and position for one or more pay periods;
 - vii. Involuntary termination of the Pruver's Agreement and position;
 - viii. Any measure or combination of measures above which Pruvit deems feasible and appropriate to justly resolve injuries caused by the Pruver's policy violation or contractual breach; or
 - ix. Legal proceedings for monetary or equitable relief.

7.3 Suspension Procedures

- a. First Violation: Counseling and initial warning letter.

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- i. A first violation usually occurs because the Promoter is not familiar with the Policies and Procedures or the law. Counseling and the initial warning provide an opportunity for the Compliance Department to bring to the attention of the Promoter the Policies and Procedures and the specific violation, and to provide counseling on complying with the Policies and Procedures and applicable laws. Compliance Department will also describe expectations and steps the Promoter must take to resolve the violation including, but not limited to, either removing or revising the non-compliant claim or how to remedy other policy violations. Within three days of such notice, Compliance Department will determine if the non-compliant material or other policy violation has been remediated. If so, Compliance Department will close the file. If not, Compliance Department will proceed to 2nd violation notice described below.
- b. Second Violation: Second warning letter and suspension.
 - i. Although it is hoped that the Promoter will promptly correct the violation(s), Pruvit recognizes that this may not always occur. The second written warning indicates the seriousness of repeated violations and will prompt a temporary suspension of the Promoter's account. During the suspension period, the Promoter waives any and all rights to Pay-Out and must submit a signed reinstatement letter wherein the Promoter acknowledges the violation(s) and describes the steps taken to correct the violation(s). Once the reinstatement letter is accepted by Pruvit, the suspension will be lifted and the Promoter will be able to request a Pay-Out. The Promoter may be subject to additional discipline up to and including termination if the violation is not remedied or further violations occur.
- c. Third Violation: Suspension and final written warning.
 - i. Repeated violations of the Policies and Procedures are very problematic and potentially harmful. Therefore, the most effective and prudent action is suspension of the Promoter and forfeiture of commissions for at least a month. The final written warning letter will include notification of such suspension, the extent of the commission forfeiture, and an indication that if the Promoter violates the Policies and Procedures again, the Promoter will be terminated immediately.
- d. Fourth Violation: Termination.
 - i. As described above, Pruvit will try to exercise the progressive nature of the discipline policy by first providing warnings, a final written warning, and suspension and commissions forfeiture before proceeding to termination of the Promoter's Pruvit Account. Pruvit will notify the Promoter in writing if/when the Account is terminated.
 - ii. Pruvit reserves the right to combine and omit steps depending on the circumstances of each situation and the nature of the violation. Furthermore, Promoter may be terminated without prior notice or disciplinary action, as authorized by the Policies and Procedures.

DISPUTE RESOLUTION

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8.1 Grievances Against Another Pruver contents

- a. If a Pruvit Promoter has a grievance or complaint against another Promoter regarding any practice or conduct relating to their Pruvit businesses, he or she is encouraged to resolve the issue directly with the other party. If an agreement cannot be reached, it must be reported directly to the Pruvit Compliance Department as outlined below.
- b. The Pruvit Compliance Department will be the final authority on settling grievances or complaints and its written decision shall be final and binding on the Promoters involved.
- c. Pruvit will confine its involvement to disputes regarding Pruvit business matters only. Pruvit will not decide issues that involve personality conflicts or unprofessional conduct by or between Promoters outside the context of a Pruvit business. These issues go beyond the scope of Pruvit and may not be used to justify a Sponsor or Placement change or a transfer to another Pruvit Organization.
- d. Pruvit does not consider, enforce, or mediate third-party agreements between Promoters, nor does it provide names, funding, or advice for obtaining outside legal counsel.
- e. Process for Grievances:
 - i. The Pruvit Promoter should submit a letter of complaint (e-mail will be accepted) directly to the Pruvit Compliance Department. The letter shall set forth the details of the incident as follows:
 - A. The nature of the violation;
 - B. Specific facts to support the allegations;
 - C. Dates;
 - D. Number of occurrences;
 - E. Persons involved; and
 - F. Supporting documentation.
 - ii. Upon receipt of the written complaint, Pruvit will conduct an investigation according to the following procedures:
 - A. The Pruvit Compliance Department will send an acknowledgment of receipt to the complaining Promoter;
 - B. The Pruvit Compliance Department will provide a verbal or written notice of the allegation to the Promoter under investigation. If written notice is sent to the Promoter, he or she will have

10 business days from the date of the notification letter to present all information relating to the incident for review by Pruvit;

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of contents C. The Pruvit Compliance Department will thoroughly investigate the complaint, consider all the submitted information it deems relevant, including information from collateral sources. Due to the unique nature of each situation, determinations of the appropriate remedy will be on a case-by-case basis, and the length of time to reach a resolution will vary; and

D. During the course of the investigation, the Compliance Department will only provide periodic updates simply stating that the investigation is ongoing. No other information will be released during this time. Promoter calls, letters, and requests for “progress reports” during the course of the investigation will not be answered or returned.

f. Pruvit will make a final decision and timely notify the Pruvit Promoters involved.

8.2 Mediation of Disputes Between a Promoter and Pruvit

- a. Promoter and Pruvit (collectively “the Parties”) recognize disputes and differences may arise between the Parties and therefore agree it is in their best interest to appoint an impartial mediator to resolve such disputes as they arise. Mediation of a dispute may allow the parties to avoid the cost and inconvenience of litigation in court.
- b. The Parties should exchange all documents pertinent to the relief requested. The mediator may request the exchange of memoranda and other information; items that a party wishes to keep confidential may be sent to the mediator in a separate communication.
- c. The mediator shall not be a legal representative of any party.
- d. Unless otherwise agreed to by the Parties, the mediation shall take place in Collin County, Texas, on a date that is mutually agreeable among the Parties and mediator. Participation in the mediation by telephone will be permitted to prevent inconvenience to a party.
- e. The mediator shall allow the Parties to be represented by their respective advocates, who have the authority to consummate a settlement. Any party may participate without representation (pro se).
- f. Mediation sessions and related mediation communications are private proceedings. For this reason, only the Parties and their legal representatives may attend mediation sessions. Other persons may attend only with the permission of the Parties and with the consent of the mediator.
- g. Each Party will pay its own costs and expense of the mediation unless the Parties agree otherwise.
- h. The Parties agree that all mediation communications are privileged and not subject to discovery or admissible in evidence in a proceeding unless waived or precluded by both Parties or unless the evidence would otherwise be admissible or subject to discovery if it were not by reason of its disclosure or use in mediation.

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- i. Jurisdiction and venue of any controversy or claim brought under this mediation provision shall be in Collin County, Texas. The Parties further agree that the laws of the State of Texas shall govern all matters, claims, or controversy submitted to mediation pursuant to the Agreement.

8.3 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.

8.4 Waiver

- a. Only an officer of Pruvit can, in writing, affect a waiver of these Policies and Procedures. Pruvit's waiver of any particular breach by a Promoter shall not affect Pruvit's rights with respect to any subsequent breach, nor shall it affect the rights or obligations of any other Promoter.
- b. The existence of any claim or cause of action of a Promoter against Pruvit shall not constitute a defense to Pruvit's enforcement of any term or provision of these Policies and Procedures.

8.5 Governing Law

- a. The Parties agree that jurisdiction and venue of any controversy or claim arising from the Pruver Agreement or between Pruvit and Promoter shall be in Collin County, Texas. The law of the State of Texas shall govern all matters relating to or arising from the Pruver Agreement or between Pruvit and Promoter, without regard for any provisions regarding choice of law.

8.6 Class Action Waiver

- a. The parties expressly intend and agree that:
 - i. Class action and representative action procedures are hereby waived and shall not be asserted, nor will they apply, in any court or arbitration; and,
 - ii. The parties will only submit their own, individual claims in any court or arbitration and will not seek to represent the interests of any other person.
- b. The court or arbitrator is not empowered to consolidate claims of different individuals into one proceeding, to hear any litigation or arbitration as a class action.

c. As a Pruvit Promoter and/or Customer, I agree that I will not assert class or collective action claims against Pruvit in arbitration, court, or otherwise, nor will I join or serve as a member of a class or collective action in arbitration, court or otherwise.

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d. As a Promoter and/or Customer, I understand that this means that there will be no right or authority for any dispute to be brought, heard, or arbitrated as a class or collective action by me or Pruvit.

PAYMENT OF COMMISSIONS & BONUSES

9.1 Bonus and Commission Qualifications

- a. A Promoter must be active and in compliance with any and all Pruvit Policies and Procedures set forth herein, along with all guidelines implemented to qualify for bonuses and commissions. So long as a Pruver complies with the terms and conditions set forth in the Agreement, Pruvit shall pay commissions to such Promoters in accordance with the Compensation Plan and any amendments thereto.
- b. Pruvit will not issue payment in any form to a Promoter without receipt of a Promoter's annual membership and renewal membership fee and a properly completed electronic enrollment as Pruvit Promoter, including the Promoter's acceptance of and agreement to the Pruver Agreement.
- c. Pruvit reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$25.00.
- d. Bonuses in the form of Pruvit points are not redeemable for cash.

9.2 Computation of Commissions and Discrepancies

- a. In order to qualify to receive commissions and/or bonuses, a Pruver must be in good standing and comply with the terms of the Agreement. Commissions, bonuses, overrides, and achievement levels are calculated on a daily, monthly, or yearly basis.
- b. A Pruvit Promoter must review his or her monthly statement and bonus/commission reports promptly and report any discrepancies within thirty (30) days of receipt. After the thirty (30) day "grace period" no additional requests will be considered for commission recalculations.
- c. For additional information on payment of commissions, please review the Compensation Plan.
- d. Pruvit reserves the right, in its sole discretion, to modify or amend the terms or conditions of any Bonus or Bonus Pool. Furthermore, Pruvit may amortize the payment of proceeds from a Bonus or Bonus Pool.

9.3 Adjustments to Bonuses and Commissions for Returned Products or Promoter Memberships.

Contents Promoter receives bonuses and commissions based on the actual sales of products and services to end consumers and to Promoters through product and service purchases. When a product or service is returned to Pruvit for a refund from the end consumer or by a Promoter, the bonuses and commissions attributable to the returned product or service will be deducted from the Promoter who received bonuses or commissions on such 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.

- b. In the event that a Promoter terminates his or her position, and the amounts of the bonuses or commissions attributable to the returned products or services have not yet been fully recovered by Pruvit, the remainder of the outstanding balance may be offset against any other amounts that may be owed by Pruvit to the terminated Promoter.

ORDERING PRODUCT

10.1 General Product Ordering Policies

- a. "Bonus Buying" is strictly and absolutely prohibited. Bonus Buying includes; (a) the enrollment of individuals or entities without the knowledge of and/or execution of an Application by such individuals or Business Entities; (b) the fraudulent enrollment of an individual or entity as a Promoter or Customer; (c) the enrollment or attempted enrollment of non-existent individuals or Business Entities as Promoters or Customers ("phantoms"); (d) purchasing Pruvit products or services on behalf of another Promoter or Customer, or under another Promoter's or Customer's ID number, to qualify for commissions or bonuses; (e) purchasing excessive amounts of products, services or smartships that cannot reasonably be used or resold in a month; and/or (f) 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 consumers.
- b. Pruvit requires that Promoters use their own credit cards and not allow others to use them. A Promoter shall not use another Promoter's or Customer's credit card or debit account to enroll in Pruvit or purchase products, services, or smartship.
- c. Regarding an order with an invalid or incorrect payment, Pruvit will attempt to contact the Promoter by phone, mail, or e-mail in order to obtain another form of payment. If these attempts are unsuccessful after the expiration of ten (10) business days, the order will be canceled.
- d. Prices are subject to change without notice.

- e. A Promoter or Customer who is a recipient of a damaged or incorrect order must notify Pruvit within thirty (30) calendar days from receipt of the order and follow steps set forth in these Policies and Procedures, along with Pruvit Return/Exchange Policies and other guidelines pertaining to product returns and exchanges.

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10.2 Sales to Customers

- a. Sales to retail customers may be done directly through Promoters' replicated websites or directly using product that Pruvit has in inventory.
- b. Promoters will comply with applicable consumer protection laws and regulations (including any consumer rights to receive specific notices and any rights to return product) afforded to consumers under applicable consumer protection legislation.
- c. When making a sale to an end Customer, a Promoter must provide him/her with an official Pruvit retail receipt at or prior to the time of the initial sale and every sale thereafter. Promoter will need to customize the template with his/her personal information. If the Customer exercises the right to cancel the sale, Promoter shall follow the refund procedures described in this section.
- d. The Customer should return all unused product to Pruvit. These sales receipts set forth the consumer protection rights afforded by applicable law for direct sales, including the right to cancel (without any reason) the sales receipt up to ten (10) days after the end Customer receives a copy of the receipt or invoice.

10.3 Insufficient Funds

- a. All electronic payments that are declined for insufficient funds will be automatically re-submitted for payment.
- b. Any outstanding balance owed to Pruvit by a Promoter or Customer of a Promoter from non-sufficient funds ("NSF") or insufficient fund ("ACH") fees, will be withheld by Pruvit from that Promoter's future bonus and commission funds.
- c. All transactions involving insufficient funds through ACH or credit card, which are not resolved in a timely manner by the Promoter, constitute grounds for disciplinary sanctions or termination of the account.
- d. d) If a credit card order or automatic debit is declined the first time, the Customer or Promoter will be contacted directly and a request for an alternate form of payment will be made before any product will be shipped. If payment is declined a second time, the Customer or Promoter may be deemed ineligible to purchase Pruvit products or services or participate in the monthly auto-ship.

Note: Participation by Promoters in Pruvit's monthly auto-ship (a recurring product order

program) is entirely optional and is not required in order to become a Promoter, move up in rank, or otherwise, fully participate in the Pruvit Compensation Plan.

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10.4 Credit Card Purchases

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- a. Credit card purchases may only be made by the individual or Business Entity whose name appears on the credit card. A Promoter or Customer may not use another individual's or Business Entity's credit card to purchase Pruvit products (regardless of whether that Promoter/Customer has permission from that individual/entity to do so). Pruvit considers such transactions fraudulent and will report them to the proper authorities for settlement.
- b. Under no circumstance will any Promoter or Customer chargeback any credit card purchase. The Promoter or Customer Account associated with any credit card chargeback request will be terminated immediately without notice to the Promoter or Customer.
- c. Upon termination of a Promoter's Account, the Promoter's Pruvit points balance will be cleared, as they are not redeemable for cash.
- d. All Promoter or Customer requests for refunds or returns must be done in accordance with these Policies.

10.5 Sales Tax Obligation

- a. Promoters shall comply with all federal, state, and local tax laws and regulations governing the sale of Pruvit products and services.
- b. Pruvit collects and remits sales tax on all Promoter and Customer orders. When orders are placed with Pruvit, sales tax is prepaid based upon the suggested retail price and remitted to the appropriate state and local jurisdictions. Promoters may recover the sales tax when he or she makes a sale. Promoters are responsible for any additional sales taxes due on products marked up and sold at a higher price.
- c. Pruvit encourages each Promoter to consult with a tax advisor for additional information for his or her business.

10.6 Refund Policy

- a. Pruvit Customers.
 - i. U.S. Customers: If within thirty (30) days of purchasing Pruvit product a Customer is not satisfied with the product for any reason, the Customer may contact support@pruvithq.com to return the unused portion of the product for a full refund of the product purchase amount,

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minus shipping and handling charges incurred. After thirty (30) days but no more than ninety (90) days post purchase, only product which is in Resalable condition as that term is defined in the Glossary below. A Customer may contact support@pruvithq.com to return the Resalable product for a full refund minus shipping and handling charges incurred in this timeframe.

Because Pruvit cannot guarantee the quality of Pruvit products that are sold to Customers by non-Promoters, Pruvit's Refund Policy is not available for products that Customers purchase from anyone other than a Promoter or Pruvit directly or that are purchased in any unauthorized channel.

- ii. International Customers: If within thirty (30) days of Customer's receipt of purchased Pruvit product a Customer is not satisfied with the product for any reason, the Customer may contact support@pruvithq.com to return the unused portion of the product for a full refund of the product purchase amount, minus shipping and handling charges incurred. After thirty (30) days but no more than ninety (90) days post receipt of the purchased product, only product which is in Resalable condition may be returned. A Customer may contact support@pruvithq.com to return the Resalable product for a full refund, minus shipping and handling charges incurred in this timeframe. Because Pruvit cannot guarantee the quality of Pruvit products that are sold to Customers by non-Promoters, Pruvit's Refund Policy is not available for products that Customers purchase from anyone other than a Promoter or Pruvit directly or that are purchased in any unauthorized channel.
- iii. Properly returned product purchased completely or partially with Pruvit points will be credited Pruvit points, pro-rata, back to their Customer account. Pruvit points are not redeemable for cash.

b. Pruvit Promoters.

- i. U.S. Promoters: If within the first thirty (30) days of purchasing Pruvit product, a Promoter is not satisfied with the product, the Promoter may contact support@pruvithq.com to return the unused portion of the product for a full refund, minus shipping and handling charges. Any such return(s) may result in a six (6) month suspension of the Promoter's account.
- ii. International Promoters: If within the first thirty (30) days of receipt of purchased Pruvit product, a Promoter is not satisfied with the product, the Promoter may contact support@pruvithq.com to return the unused portion of the product for a full refund, minus shipping and handling charges. Any such return(s) may result in a six (6) month suspension of the Promoter's account.
- iii. If after thirty (30) days but no more than ninety (90) days, a Promoter is not satisfied with Pruvit products or is unable to sell them, the Promoter may return any Resalable product(s) for a refund of seventy percent (70%) of the original purchase price. Any shipping and handling charges incurred in connection with such returns will not be refunded.
- iv. If a Promoter receives a product that is damaged or otherwise defective, the Promoter may return the product within thirty (30) days of receipt for a full refund or replacement product.

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- v. Properly returned product purchased completely or partially with Pruvit points will be credited Pruvit points, pro-rata, back to their Customer account. Pruvit points are not redeemable for cash.

c. Terminating Pruvit Promoters.

- i. If a terminating Promoter has purchased products, Pruvit will issue a refund or credit for any products purchased by the terminating Promoter provided that:
 - A. the products are unopened and returned to Pruvit within twenty (20) days from the date of termination;
 - B. The terminating Promoter provides proof of purchase of the products;
 - C. the products were purchased within 12 months preceding the date of termination, and
 - D. the products are undamaged and are current and resalable (Note: the 12-month requirement not applicable to residents of Maryland, Wyoming, Massachusetts, and Puerto Rico).
 Refunds are subject to a ten percent (10%) handling fee. Shipping costs are not refundable.

d. Montana Residents: Brand Builder Pack and Cancellation Returns

- i. A new Promoter has up to fifteen (15) days to cancel their agreement with Pruvit. The Promoter is entitled to a full refund of the Brand Builder Pack as long as all of the items from their Brand Builder Pack are returned and the items are still sealed and have not been used in any way. Neither shipping and handling charges incurred by a Promoter when the Brand Builder Pack was purchased, nor return shipping fees, will be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account used when purchasing. Per Pruvit's return policy, if a Promoter was paid a commission based on a product(s) purchased, and such product(s) is subsequently returned for a refund, the commission that was paid based on that product purchase will be deducted from the amount of the refund or a future commission payout.
- ii. Additionally, if a Promoter cancels after fifteen (15) days, but within twelve (12) months, and has not received any financial benefit by purchasing a Brand Builder Pack, they can receive a ninety (90) percent refund on any currently marketable products sold that have not been resold or consumed. Products are not considered currently marketable if the products have been consumed or are seasonal, discontinued, or special promotional items.

e. Problems with Shipments.

- i. If within thirty (30) days of the expected reported delivery date, you do not notify support@pruvithq.com of a problem with the receipt of your order, including but not limited to, failure to receive the product, improper sealing, damage to the container, quality of the internal product, and/or receipt of wrong product, refunds or exchanges will not be given.

f. All purchases are charged and refunded in U.S. Dollars. All returns, refunds, and exchanges will also be refunded or exchanged in U.S. Dollars, except for Pruvit points, which are not redeemable for cash. Pruvit Ventures, Inc. is not responsible for fluctuating exchange rates.

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10.7 Return Process

- a. All returns, whether by a Customer or Promoter, must be made as follows:
 - i. Obtain a Return Merchandise Authorization ("RMA") from Pruvit by contacting support@pruvithq.com and submit a request.
 - ii. Ship items to the address provided by Pruvit customer service when you receive your RMA.
 - iii. Provide a copy of the sales receipt or invoice with the returned products or service. Such invoice must reference the RMA and include the reason for the return.
 - iv. Ship product back in the original manufacturer's box exactly as it was delivered.
 - v. All returns must be shipped to Pruvit pre-paid, as Pruvit does not accept shipping collect packages. Pruvit recommends shipping returned product by UPS or FedEx which includes tracking information and insurance, as risk of loss or damage in the shipping process of the returned product shall be borne solely by the Customer or Promoter. If returned product is not received at the address provided on the RMA, it is the responsibility of the Customer or Promoter to trace the shipment of the product wherein no credit will be applied.
 - vi. Returning \$500 or more of Pruvit product accompanied by a request for a refund within one (1) calendar year by a Promoter may constitute grounds for involuntary termination of the Promoter's account.

PRUVIT OPPORTUNITY

11.1 Presentation of Compensation Plan

- a. In presenting the Pruvit business opportunity, a Promoter is required to:
 - i. present a copy of the Pruvit Income Disclosure Statement <https://pruvitnow.com/income-disclosure-statement/>;
 - ii. refrain from misquoting or omitting any material fact about the Compensation Plan;
 - iii. clearly explain that the Compensation Plan is based upon sales of Pruvit products and services;
 - iv. not make income projections, claims, or guarantees while presenting or discussing the Pruvit opportunity or Compensation Plan to prospective Promoters or Customers;

v. inform all prospective Promoters that success requires substantial work;

Table of contents vi. not make any claims regarding products or services of any products offered by Pruvit, except those contained in official Pruvit literature; and

vii. not use official Pruvit material to promote the Pruvit business opportunity in any country where Pruvit is not duly authorized to conduct business.

11.2 Sales Requirements Are Governed by the Compensation Plan

- a. Pruvit Promoters may sell sample packs at any price they choose unless otherwise specified by Pruvit or its suppliers. Pruvit will provide suggested selling prices. There are no exclusive territories granted to anyone. No franchise fees are applicable to a Pruvit business. Pruvit products may only be sold where Pruvit is licensed or otherwise authorized to conduct business.
- b. The Pruvit program is built on sales to the ultimate consumer or end user. Pruvit encourages its Promoters to only purchase inventory, in reasonable quantities, that they and their family will personally consume, will be used as a sales tool, or will be resold to others for their ultimate consumption. Promoters must never attempt to influence any other Promoter to buy more products than they can reasonably use or sell to retail Customers in a month.
- c. Each Pruvit Promoter commits to personally use, sell, or use in business building at least seventy percent (70%) of every order placed with Pruvit prior to placing another order, and must be able to certify as much if demanded by Pruvit or by any regulatory agency. Purchasing product solely for the purpose of collecting bonuses or achieving rank is strictly prohibited. Pruvit retains the right to limit the amount of purchases you may make if, in our sole judgment, we believe those purchases are being made solely for qualification purposes instead of for consumption or resale.

PROPRIETARY INFORMATION & TRADE SECRETS

12.1 Reports

- a. By agreeing to the Pruver Agreement, the Promoter acknowledges that business reports, lists of Customer and Promoter names and contact information, and any other information, which contains financial, scientific, or other information both written or otherwise circulated by Pruvit or pertaining to the business of Pruvit (collectively, "Reports"), are confidential and proprietary information and trade secrets belonging to Pruvit.

12.2 Obligation of Confidentiality

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a. During the term of the Pruver Agreement and for a period of two (2) years after the termination or expiration of the Pruver Agreement between the Promoter and Pruvit, the Promoter shall not:

- i. Use the information in the Reports to compete with Pruvit or for any purpose other than promoting his or her Pruvit business;
- ii. Use or disclose to any person or entity any confidential information contained in the Reports, including disclosure or use to replicate or attempt to replicate the Promoter's Upline and/or downline Organization genealogy in another network marketing company.

12.3 Breach and Remedies

- a. The Promoter acknowledges that the Reports and other confidential and proprietary information of Pruvit 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 Pruvit and to independent Pruvit businesses. Pruvit and its Promoters will be entitled to injunctive relief and/or to recover damages against any Promoter who violates his or her obligations in section 12.2 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 in addition to any award of damages.

12.4 Return of Materials

- a. Upon demand by Pruvit, any current or former Promoter will return the original and all copies of all Reports to Pruvit together with any Pruvit confidential information in such person's possession.

PRIVACY POLICY

13.1 Introduction

- a. This Privacy Policy is to ensure that all Customers and Promoters understand and adhere to the basic principles of confidentiality. Without limiting the terms of this section, all Promoters must comply with applicable privacy laws governing the collection, use, and disclosure of Customer and fellow Promoter information.

13.2 Expectation of Privacy

a. Pruvit recognizes and respects the importance its Customers and Promoters place on the privacy of their financial and personal information. Pruvit will make reasonable efforts to safeguard the privacy of, and maintain the confidentiality of its Customers', and Promoters' financial and account information and nonpublic personal information.

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b. By entering into the Pruver Agreement, a Promoter or Customer authorizes Pruvit to disclose his or her name and contact information to Upline Promoters solely for activities related to the furtherance of the Pruvit business. A Promoter hereby agrees to maintain the confidentiality and security of such information and to use it solely for the purpose of supporting and servicing his or her downline Organization and conducting the Pruvit business.

13.3 Employee Access to Information

a. Pruvit limits the number of employees who have access to Customers' and Promoters' nonpublic personal information.

13.4 Restrictions on the Disclosure of Account Information

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

PRODUCT INSPECTION, QUALITY CONTROLS, ADVERTISING, PROMOTIONAL MATERIAL, USE OF PRUVIT AND TRADEMARKS

14.1 Inspection, Product Care, and Quality Controls

- a. Promptly upon receipt, Promoters shall inspect Pruvit products and their packaging for damage, broken seals, evidence of tampering, or other product defects. If a product is defective or damaged, Promoters shall not sell the product and must report the defect or damage to Pruvit. Promoters may return products that are damaged or otherwise defective within thirty (30) days of receipt for a full refund or replacement.
- b. Promoters must comply with all instructions provided by Pruvit regarding the proper care, storage, and handling of Pruvit products. Additionally, Promoters shall store all Pruvit products in a dry

place at room temperature, away from direct sunlight. Members shall also regularly inspect inventory for products that are expired or that will expire within 60 days, and shall not sell any such products.

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If Pruvit discovers that a Promoter is not properly inspecting products upon receipt, not properly storing and caring for Pruvit products, and/or selling products that are damaged or otherwise defective, Pruvit will investigate the Promoter and take remedial and disciplinary action up to and including involuntary termination of the Pruver Agreement.

14.2 Labeling, Packaging, and Displaying Products

- a. A Pruvit Promoter and/or Customer may not re-label, re-package, refill or alter labels of any Pruvit product, or service, information, materials, or program(s) in any way. Pruvit products and services must only be sold in their original containers from Pruvit. Such re-labeling or re-packaging violates federal and regulatory laws, which may result in criminal or civil penalties or liability.
- b. A Pruvit Promoter shall not cause any Pruvit product or service or any Pruvit trade name to be sold or displayed in retail establishments, except;
 - i. Where professional services are the primary source of revenue and the product sales are secondary (e.g., doctor's offices, clinics, health clubs, spas and beauty salons); and
 - ii. Where the retail establishment is owned or managed by the Pruvit Promoter and the store does not exceed \$1 million in annual gross revenue, and there are five (5) or fewer stores under common ownership of management.
- c. A Promoter may sell Pruvit products and services and display the Pruvit trade name at any appropriate display booth (such as trade shows, expositions, conferences, etc.) with the express written consent of Pruvit.
- d. A Promoter or Customer is prohibited to sell Pruvit products and services and display the Pruvit trade name, trademark, or service mark at any kiosk or booth located in any retail establishment, such as a mall or retail facility.
- e. Pruvit reserves 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, or the Pruvit opportunity.

14.3 Use of Company Names and Protected Materials

- a. A Pruvit Promoter must safeguard and promote the good reputation of Pruvit and the products and services it markets. The marketing and promotion of Pruvit, the Pruvit opportunity, the Compensation Plan, and Pruvit products and services will be consistent with the public interest

and must avoid all discourteous, deceptive, misleading, unethical, or immoral conduct and practices.

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- b. All promotional materials supplied or created by Pruvit must be used in their original form and cannot be changed, amended, or altered, except with prior written approval from the Pruvit Compliance Department.
- c. The name of Pruvit, each of its product and service names, and other names that have been adopted by Pruvit, in connection with its business are proprietary trade names, trademarks, and service marks of Pruvit. As such, these marks are of great value to Pruvit and are supplied to Promoters for their use only in an expressly authorized manner.
- d. A Pruvit Promoter's use of the name "Pruvit" is restricted to protect Pruvit proprietary rights, ensuring that the Pruvit protected names will not be lost or compromised by unauthorized use. Use of the Pruvit name on any item not produced by Pruvit is prohibited except as follows:
 - e.
 - i. [Promoter's name] Independent Pruvit Promoter or Distributor; and
 - ii. [Promoter's name] Independent Promoter of Pruvit products and services.

Further procedures relating to the use of the Pruvit name are as follows:

- iii. All stationary (i.e. letterhead, envelopes, and business cards) bearing the Pruvit name or logo intended for use by the Pruvit Promoter must be submitted via email to the Pruvit Compliance Department for approval. Submit to: compliance@pruvithq.com.
- iv. Pruvit Promoters may list "Independent Pruvit Promoter" in the white pages of the telephone directory under his or her own name.
- v. Pruvit Promoters may not use the name Pruvit in answering his or her telephone, creating a voice message, or using an answering service, such as to give the impression to the caller that they have reached the corporate office. They may state, "Independent Pruvit Promoter."
- f. Certain photos and graphic images used by Pruvit in its advertising, packaging, and websites are the result of paid contracts with outside vendors that do not extend to Promoters. If a Promoter wants to use these photos or graphic images, they must negotiate individual contracts with the vendors for a fee.
- g. A Pruvit Promoter shall not appear on or make use of television or radio or make use of any other media to promote or discuss Pruvit or its programs, products, or services without prior written permission from the Pruvit Compliance Department.
- h. A Promoter may not produce for sale or distribution any Company event or speech, nor may a Promoter reproduce Pruvit audio or video clips for sale or for personal use without prior written

permission from the Pruvit Compliance Department.

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

- j. A Promoter shall not promote Competing Products, or any other Direct Sales/Network Marketing product or opportunity, in conjunction with Pruvit products or services on the same social media site or other advertisement.
- k. Claims (which include personal testimonials) as to therapeutic, curative, or beneficial properties of any products offered by Pruvit may not be made except those contained in official Pruvit literature. In particular, no Promoter may make any claim that Pruvit 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 Pruvit policies, but they also potentially violate federal and provincial laws and regulations.
- l. A Promoter shall not state or imply that the KETO//OS product can be taken as part of a weight loss strategy. The KETO//OS product is primarily intended to help elevate blood ketones, which can lead to a decrease in food cravings, increased satiety, and improved energy levels. As stated above, a Promoter and/or Customer may not make any claims regarding products or services of any products offered by Pruvit, except those contained in official Pruvit literature.

14.4 Faxes and E-mail - Limitations

- a. Except as provided in this section, a Promoter may not use or transmit unsolicited email, mass email distribution, other commercial electronic messages, or "spamming" that advertises or promotes the operation of his or her Pruvit business. The exceptions are;
 - i. E-mailing any person who has given prior permission or invitation; and
 - ii. E-mailing any person with whom the Promoter has established a current business or personal relationship.
- b. In all states or U.S. or International territories where prohibited by law, a Promoter may not transmit, or cause to be transmitted through a third party, (by telephone, facsimile, computer, or other devices), an unsolicited advertisement to any equipment, which has the capacity to 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 set forth in this section.
- c. All e-mail or computer broadcasted documents subject to this provision shall include each of the following:

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- i. A clear and obvious 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;
 - ii. A clear return path or routing information;
 - iii. The use of legal and proper domain name;
 - iv. A clear and obvious notice of the opportunity to decline to receive further commercial facsimile or e-mail messages from the sender;
 - v. 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;
 - vi. The true and correct name of the sender, valid senders fax or e-mail address, and a valid sender's physical address;
 - vii. The date and time of the transmission; and
 - viii. Upon notification by recipient of his or her request not to receive further faxed or e-mailed documents, a Pruvit Promoter shall not transmit any further documents to that recipient.
- d. All e-mail or computer broadcasted documents subject to this provision shall include each of the following:
- i. Use of any third-party domain name without permission; and
 - ii. Sexually explicit materials.

14.5 Internet and Third-Party Website Restrictions

- a. A Promoter and/or Customer is prohibited from creating or registering any third-party website in order to promote, sell or advertise their Pruvit business or Pruvit products without Pruvit's express written approval. A Promoter and/or Customer is prohibited from using or attempting to register any of Pruvit's trade names, trademarks, service names, service marks, product names, URLs, advertising phrases, the Pruvit logo, or the Pruvit name or any derivative thereof, for any purpose including, but not limited to, Internet domain names (URL), third party websites, e-mail addresses, web pages, or blogs.
- b. A Pruvit Promoter or Customer may not (directly or indirectly through any intermediary or instrumentality) advertise, offer for sale, or facilitate the offering for sale of any Pruvit products or services or offer the Business Opportunity on any online auction websites, internet retailer sites, or online marketplace websites. Examples of such sites include, but are not limited to, eBay®, Amazon, Facebook Marketplace, Sears.com, Jet.com, Walmart.com, and Etsy. This obligation survives the termination of a Promoter's Pruver Agreement with Pruvit.

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- c. Social Media sites may be used to advertise Pruvit products or services. PROFILES A PROMOTER OR CUSTOMER GENERATES IN ANY SOCIAL COMMUNITY WHERE PRUVIT IS DISCUSSED OR MENTIONED MUST CLEARLY IDENTIFY THE PROMOTER AS AN INDEPENDENT PRUVIT PROMOTER, and when a Promoter and/or Customer participates in those communities, Promoters and/or Customers 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 Pruvit's sole discretion, and an offending Promoter and/or Customer will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the Pruvit approved library, official Pruvit website, or social media outlet. If a link is provided, it must link to the posting Promoter's Replicated website. Promoters may not direct social media followers to any other website where Pruvit products are sold on the Internet unless the website has been specifically approved in writing by Pruvit as a third-party website where the Promoter may offer Pruvit products for sale.
 - d. Anonymous postings or use of an alias on any Social Media site is prohibited, and offending Promoters will be subject to disciplinary action.
 - e. Promoters and/or Customers may not use blog spam, spamdexing, or any other mass-replicated methods to leave blog comments. Comments Promoters or Customers create or leave must be useful, unique, relevant, and specific to the blog's article.
 - f. Promoters and/or Customers must disclose their full name on all Social Media postings, and conspicuously identify themselves as an Independent Pruvit Promoter for Pruvit. Anonymous postings or use of an alias is prohibited.
 - g. Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the Pruvit income opportunity, Pruvit's products and services, and/or your biographical information and credentials.
 - h. Promoter and/or Customer are personally responsible for their postings and all other online activity that relates to Pruvit. Therefore, even if a Promoter does not own or operate a blog or Social Media site, if a Promoter and/or Customer posts to any such site that relates to Pruvit or which can be traced to Pruvit, the Promoter is responsible for the posting. Promoter and/or Customer are also responsible for postings which occur on any blog or Social Media site that the Promoter and/or Customer owns, operates, or controls.
 - i. As a Pruvit Promoter, it is important to not converse with any person who places a negative post against you, other Promoters, or Pruvit. Report negative posts to Pruvit at support@pruvithq.com. Responding to such negative posts often simply fuels a discussion with someone carrying a grudge that does not hold themselves to the same high standards as Pruvit, and therefore damages the reputation and goodwill of Pruvit.
 - j. The distinction between a Social Media site and a website may not be clear-cut, because some Social Media sites are particularly robust, Pruvit, therefore, reserves the sole and exclusive right to

classify certain Social Media sites as third-party websites which are herein prohibited.

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If your Pruvit business is canceled for any reason, you must discontinue using the Pruvit name, and all of Pruvit'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 an Independent Pruvit Promoter, you must conspicuously disclose that you are no longer an Independent Pruvit Promoter.

- l. Failure to comply with these Policies for conducting business online may result in the Promoter losing their right to advertise and market Pruvit products, services, and Pruvit's business opportunity online in addition to any other disciplinary action available under the Policies and Procedures.
- m. Promoters are prohibited from selling Pruvit products to individuals or entities that they know or should know, intend to resell the products. Promoters must sell Pruvit products only to end-user customers, and Promoters shall not sell to any person any quantity of Pruvit products greater than that generally purchased by an individual for personal use. Promoters must take reasonable steps to ensure that they do not violate these policies.

14.6 Advertising and Promotional Materials

- a. You may not advertise any Pruvit products or services at a price LESS than the highest company published, established retail price of ONE offering of the Pruvit product or service plus shipping, handling, and applicable taxes. No special enticement advertising is allowed. This includes, but is not limited to, offers of free membership, free shipping, or other such offers that grant advantages beyond those available through Pruvit.
- b. Advertising and all forms of communications must adhere to principles of honesty and propriety.
- c. All advertising, including, but not limited to, print, Internet, computer bulletin boards, television, radio, etc., is subject to prior written approval by the Pruvit Compliance Department.
- d. All requests for approvals with respect to advertising must be directed in writing to the Pruvit Compliance Department.
- e. A Promoter who is currently paid at the Circle of Champions rank may create his or her own ads or promotional materials including the development of commercials or infomercials. However, all such materials, and any subsequent changes thereto, shall be submitted to the Pruvit Compliance Department for approval.
- f. Circle of Champions are encouraged to work with the Compliance Department prior to the production of commercials, infomercials, or websites.

- g. Pruvit reserves the right to rescind its prior approval advertising or promotional materials in order to comply with changing laws and regulations and may require the removal of such advertisements from the marketplace without obligation to the affected Promoter.

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14.7 Testimonial Permission

- a. By agreeing to the Pruver Agreement, a Promoter gives Pruvit permission to use his or her 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 Pruvit business opportunity, a Promoter waives any right to be compensated for the use of his or her testimonial or image and likeness even though Pruvit may be paid for items or sales materials containing such image and likeness and represents that any testimonial represents Promoter's current, original, honest opinion, thoughts, beliefs, findings or experiences, based on Promoter's actual experience with Pruvit and any stated use of Pruvit products and/or services, and agrees to notify Promoter immediately of any changes in the views expressed in the testimonial. In some cases, a Promoter's testimonial may appear in another Promoter's advertising materials. If a Promoter does not wish to participate in Pruvit sales and marketing materials, he or she should provide a written notice to the Pruvit Compliance Department to ensure that his or her testimonial or image and likeness will not be used in any corporate materials, corporate recognition pieces, advertising or recordings of annual events.

14.8 Telemarketing - Limitations

- a. A Pruvit Promoter must not engage in telemarketing in relation to the operation of the Promoter's Pruvit business. The term "telemarketing" means the placing of one or more telephone calls, text messages, emails, or facsimile transmissions to an individual or entity to induce the purchase of Pruvit products or services or to recruit them for the Pruvit opportunity.
- b. The federal government administers the Unsolicited Telecommunication Rules and operates a national Do-Not-Call registry that requires businesses to refrain from calling phone numbers listed on the national "Do-Not-Call" list (DNCL) and or people who tell the caller directly not to call/fax in the future.
- c. While a Promoter may not consider himself or 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 Promoter to violate the law. These regulations must not be taken lightly, as they carry significant penalties.
- d. "Cold calls" or unsolicited calls/texts/emails/faxes made to prospective Customers or Promoters in order to promote Pruvit products, services, or the Pruvit business opportunity is considered

telemarketing and is prohibited.

Table of contents Exemptions to Telemarketing Regulations. A Pruvit Promoter may place telephone calls or faxes to prospective Customers, or Promoters under the following limited situations:

- i. If the Promoter has an established current business relationship with the prospect;
 - ii. In response to the prospect's personal inquiry or application regarding a product or service offered by the Pruvit Promoter, within 3 months immediately before the date of such a call/fax;
 - iii. If the Promoter receives written and signed permission from the prospect authorizing the Promoter to call/fax;
 - iv. If the call/fax is to family members, personal friends, and acquaintances. However, if a Promoter makes a habit of collecting business cards from everyone he/she meets and subsequently calls/faxes them, the federal government may consider this a form of telemarketing that is not subject to this exemption; and
 - v. Pruvit Promoters engaged in calling "acquaintances," must make such calls/faxes on an occasional basis only and not as a routine practice.
- f. A Promoter shall not use automatic telephone dialing systems in the operation of his or her Pruvit businesses.
- g. Failure to abide by Pruvit's policies or federal regulations regarding telemarketing may lead to sanctions against the Promoter, up to and including termination of the Promoter's Pruvit account.
- h. By signing the Pruver Agreement, or by accepting commissions, other payments, or awards from Pruvit, a Promoter gives permission to Pruvit and other Promoters to contact them as permitted under the Federal Do Not Call regulations.
- i. In the event a Promoter violates this section, Pruvit reserves the right to institute legal proceedings to obtain monetary or equitable relief.

INTERNATIONAL MARKETING

15.1 International Marketing Policy

- a. A Pruvit Promoter is authorized to sell Pruvit products and services, to Customers and Promoters only in the countries in which Pruvit is authorized to conduct business, according to the Policies and Procedures of each country. Pruvit Promoters may not sell products or services in any country where Pruvit products and services have not received applicable government authorization or approval.

b. A Promoter may not, in any unauthorized country, conduct sales, enrollment, or training meetings, enroll or attempt to enroll potential Customers or Promoters, nor conduct any other activity for the purpose of selling Pruvit products and services, establishing a sales Organization, or promoting the Pruvit business opportunity.

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PRUVIT GLOSSARY OF TERMS

ACCOUNT: The secure and proprietary back office associated with each Promoter's Pruvit business and unique User ID where a Promoter can access the Pruver Agreement, the Compensation Plan, and other Official Pruvit Material along with the Promoter's downline Organization, direct Sponsor, placement in a Line of Sponsorship, and Wallet.

ACTIVE PROMOTER: A Promoter who is in good standing with respect to the Pruver Agreement and who satisfies the minimum sales volume requirements, as set forth in the Compensation Plan, to ensure that they are eligible to receive bonuses and commissions.

COMPENSATION PLAN: The guidelines and referenced literature for describing how Promoters can generate commissions and bonuses.

COMPETING PRODUCT(s): Any food, beverage, or dietary supplement product offered by a Direct Sales/Network Marketing company or other company in the health and wellness space.

CUSTOMER: Any person who purchases Pruvit product but does not enroll as a Pruvit Promoter.

ACTIVE CUSTOMER: A Customer whose last purchase occurred within the past twelve (12) months.

DIRECT SALES AND/OR NETWORK MARKETING: Any multi-level marketing, direct sales, network marketing, affiliate marketing, or other business opportunity or program with a multi-tier (i.e., more than one (1) level) commission structure and/or other incentives to refer, recruit, sponsor and/or enroll participants in that opportunity or program.

FAMILY UNIT: Parents or dependent children living at or doing business at the same address as a Promoter.

PROMOTER OR PRUVER: An individual or entity who has paid Pruvit's annual membership fee and actively promotes, markets, and sells Pruvit products for profit and/or actively seeks and recruits others to do the same in accordance with the Pruver Agreement.

PRUVER AGREEMENT: The most current version of the following along with any addendums or exhibits thereto: (i) Pruvit Policies and Procedures; and (ii) Pruvit Compensation Plan.

LINE OF SPONSORSHIP (LOS): A report generated by Pruvit that provides critical data relating to the identities of Promoters, sales information, and enrollment activity of each Promoter's Organization. This report contains Pruvit's proprietary, confidential, and trade secret information.

ORGANIZATION OR DOWNLINE: The Customers and Promoters placed below a particular Promoter.

OFFICIAL PRUVIT MATERIAL: Literature, audio or video recordings, photographs, intellectual property, and/or any other materials developed, printed, published, or distributed by Pruvit to Promoters and/or Customers.

PLACEMENT: Your position inside your Sponsor's organization.

SOLICIT & SOLICITATION: Actual or attempted recruitment, encouragement, or effort to influence (directly or indirectly), another Pruvit Promoter or Customer to buy from, enroll with, promote for, sell for, or otherwise participate in any non-Pruvit opportunity. Solicitation in violation of these Policies may occur publicly or privately across various in-person and virtual communication forums and platforms (e.g., Facebook, Instagram, Tic Tok, Zoom, WhatsApp, Telegram, text, link sharing, group chats or threads, keyword ads, hashtags, etc.). Allowing others to use your name/likeness or other information to Solicit on your behalf is an indirect Solicitation in violation of these Policies. The conduct described in this paragraph is Solicitation even if the Promoter's actions are in response to an inquiry made by another Promoter or Customer.

RESALABLE: Product is "Resalable" if the Product: 1) is unopened and unused, 2) in its original packaging and labeling has not been altered or damaged, 3) is in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price, and 4) contains current Pruvit labeling. Any merchandise identified at the time of sale as nonreturnable, discontinued, or seasonal is not Resalable.

SPONSOR: A Promoter who enrolls a Customer or other Promoter into Pruvit and is listed as the Sponsor.

SPONSORING & SPONSORED: The act of enrolling others and personally training them to become a Pruvit Promoter.

PROMOTER'S/PRUVER'S WALLET: Is a secure website that manages a Pruver's commissions.

SPOUSE: An individual that is legally married to a Promoter or an individual that is party to a legally recognized common-law relationship with a Promoter.

UPLINE: This term refers to the Promoter(s) above a particular Promoter in a Sponsorship line up to the Company. It is the line of Sponsors that link any particular Promoter to the Company.

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WALLET: A secure feature in the back-office software that maintains a Promoter's commissions and bonuses.

ADDENDUMS

Addendum 1

Customer Price List: [Click here](#)

Promoter Price List: [Click here](#)

Addendum 2

Prüformance Rewards: [Click here](#)

Addendum 3

Income Disclosure Statement (IDS): [Click here](#)

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Income Disclosure Statement

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I am a promoter and would like to change to customer status.

Commission & Rank Overview

© Pruvit Help Center



Exhibit B

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February 3, 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 Pruvit Ventures, Inc.;
LaCore Enterprises, LLC; Brian Underwood; Christopher Harding; Terry
LaCore; Jenifer Grace; Debra Aaron; Blake Mallen**

Pursuant to the Private Attorneys General Act of 2004 (“PAGA”), Cal. Labor Code § 2698, *et seq.*, Ms. Jennifer Carrera provides this notice on behalf of herself and other aggrieved employees in the State of California to the Labor and Workforce Development Agency (“LWDA”) and Pruvit Ventures, Inc., LaCore Enterprises, LLC and including any and all affiliates, subsidiaries, parents, directors, officers, and employees, including but not limited to, Brian Underwood, Christopher Harding, Terry LaCore, Jenifer Grace, Debra Aaron, and Blake Mallen (collectively, “Pruvit”) of Labor Code and Industrial Welfare Commission (“IWC”) Wage Order violations committed by Pruvit and personally experienced by Jennifer Carrera. 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, Ms. Carrera intends 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 Pruvit.

Introduction

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

One of the many individuals whom Pruvit employs as a “Promoter” is Ms. Carrera. Ms. Carrera worked for Pruvit as a “Promoter” from approximately June 2020 to June 2024, in

California. During that entire time, Ms. Carrera was under Pruvit's control, selling and marketing Pruvit products online in accordance with strict guidelines.

Unless the agency decides to investigate and issue citations for Pruvit's numerous Labor Code and Wage Order violations, Ms. Carrera intends 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 Ms. Carrera will file a PAGA civil action include all current and former Pruvit "Promoters" who sold Pruvit products and services in the State of California during the relevant statutory period, and any other individuals who are actually non-exempt employees of Pruvit under California law.

As set forth below, Pruvit 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 Ms. Carrera has 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). Pruvit willfully misclassified Ms. Carrera and other aggrieved employees as independent contractors, because it has been clear for several years now under California law that its "Promoters" are in fact employees under Cal. Lab. Code § 2775, insofar as such "Promoters" are under Pruvit's control in performing their selling duties, the selling duties that "Promoters" do is within the usual course of Pruvit's business, and they are not engaged in an independently established trade, occupation or business. Even under a looser definition of "employee," "Promoters" would also be considered employees because Pruvit controls the manner and means through which Ms. Carrera 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 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).

Pruvit failed to provide Ms. Carrera or the other aggrieved employees with an opportunity to take timely, uninterrupted meal and rest periods of the requisite length, free from employer control. Pruvit also failed to compensate Ms. Carrera 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. Pruvit also failed to pay premium wages for the many meals and rest breaks that Ms. Carrera and the aggrieved employees were deprived of. Indeed, Pruvit did not provide any meal or rest breaks or premium compensation for missed breaks to Ms. Carrera or other aggrieved employees, since Pruvit improperly classified its Promoters as independent contractors who were not entitled to meal or rest breaks.

Failure to Pay Minimum Wages and Failure to Pay Overtime Wages

Pruvit violated California Labor Code sections 1194, 1197, and 1197.1 and Wage Order No. 4 by failing to pay Ms. Carrera and other aggrieved employees at least minimum wages for all hours worked. Primarily, this was due to Pruvit having misclassified its Promoters as independent contractors rather than as employees. Ms. Carrera 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 Pruvit, and selling and marketing Pruvit products and services. By failing to pay Ms. Carrera and other aggrieved employees any wages for their time spent performing work duties for Pruvit, Pruvit 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, Ms. Carrera and other aggrieved employees worked over 8 hours in a day and/or 40 hours in a week without overtime compensation because Pruvit failed to pay them for their work duties, as described above. This was, in turn, due to Pruvit's unlawful misclassification of "Promoters" as independent contractors rather than as employees. On occasions when Ms. Carrera and other aggrieved employees had already worked eight hours in one day (performing all their work off-the-clock), Pruvit failed to pay them any overtime compensation due. Therefore, Ms. Carrera and the other aggrieved employees were entitled to receive overtime compensation from Pruvit that Pruvit failed to pay, violating Labor Code § 510 and Wage Order No. 4.

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, Pruvit failed to pay Ms. Carrera 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, Pruvit failed to pay Ms. Carrera or other aggrieved employees earned commissions in a timely and complete fashion.

Failure to Timely Pay Wages Upon Termination

California Labor Code sections 201 and 202 provide that if an employer discharges an employee, the wages earned and unpaid at the time of discharge are due and payable immediately, and if an employee quits his or her employment, his or her wages shall become due and payable not later than seventy-two (72) hours thereafter, unless the employee has given seventy-two (72) hours' notice of his or her intention to quit, in which case the employee is entitled to his or her wages at the time of quitting. During the relevant period, Pruvit willfully misclassified Ms. Carrera and other aggrieved employees as independent contractors rather than employees, and willfully failed to pay them overtime, or meal or rest break premiums for missed breaks, during their employment with Pruvit. When "Promoters" such as Ms. Carrera and other aggrieved employees were terminated or quit, Pruvit willfully failed to pay them all wages to which they were entitled. Moreover, Pruvit failed to pay Ms. Carrera and other aggrieved employees all commissions owed to them prior to their termination. Pruvit's willful failure to pay such commissions during employment carried on following termination of Ms. Carrera and other aggrieved employees' employment.

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, Pruvit failed to keep accurate and complete payroll records showing the actual hours worked daily and the wages paid to Ms. Carrera 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. Pruvit failed to provide *any* wage statements to Ms. Carrera and other aggrieved employees, despite being required to do so. Accordingly, Pruvit 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, Ms. Carrera and other aggrieved employees incurred necessary business-related expenses and costs that were not fully reimbursed by Pruvit. 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 "Promoters" were required to use to market and sell Pruvit services and products, home office equipment, ring

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lights other equipment for making content videos, among other expenses. Indeed, Ms. Carrera and the other aggrieved employees absorbed all the costs associated with marketing and selling Pruvit's products and services at their own expense and without reimbursement by Pruvit. Ms. Carrera and the aggrieved employees are entitled to reimbursement for all such expenses.

* * *

Pruvit has violated, caused to be violated, or is currently violating, numerous provisions of the California Labor Code, as described above. Ms. Carrera respectfully requests 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, Ms. Carrera respectfully requests a letter confirming the same so that we may bring a civil action for civil penalties and injunctive relief under PAGA against Pruvit 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. 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.



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Via certified mail

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