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18 UNITED STATES DISTRICT COURT
19 NORTHERN DISTRICT OF CALIFORNIA

20 Jeff Pokorny and Larry Blenn
on behalf of themselves and those similarly
21 situated,
22 Plaintiffs,
23 v.
24 Quixtar, Inc., James Ron Puryear Jr., Georgia
Lee Puryear, and World Wide Group, L.L.C.,
25 Britt Worldwide L.L.C., American Multimedia
Inc., Britt Management, Inc., Bill Britt and
26 Peggy Britt,
27 Defendants.

CASE NO. _____
COMPLAINT AND DEMAND FOR JURY TRIAL
CLASS ACTION

FILED

JAN 10 2007

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

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Filing

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BOIES, SCHILLER & FLEXNER LLP
OAKLAND, CALIFORNIA

1 CLASS ACTION COMPLAINT

2 Plaintiffs Jeff Pokorny and Larry Blenn on behalf of themselves and those similarly
3 situated, sue defendants Quixtar, Inc. ("Quixtar"), Ron Puryear, Georgia Lee Puryear, World
4 Wide Group, L.L.C., Britt Worldwide L.L.C., American Multimedia Inc., Britt Management,
5 Inc., Bill Britt and Peggy Britt, and allege as follows:
6

7 Nature of Action

8 1. This is an action to recover damages caused by defendants' operation of a
9 pyramid scheme. This pyramid scheme is fraudulent because it induces individuals to invest in
10 products and marketing tools and to recruit new victims into the scheme with the false promise
11 of enormous profits. The pyramid scheme here consists of two separate, but related
12 businesses: Quixtar, Inc., a multilevel marketing business, and the "Kingpins Corporations,"
13 which are a group of businesses that sell purported motivational materials and services to
14 distributors of Quixtar's products. New entrants into the pyramid scheme are effectively
15 required to invest money to buy products from Quixtar and "tools and functions" from the
16 "Kingpin Corporations." Because Quixtar distributors (euphemistically referred to as
17 "Independent Business Owners" (or "IBO's" by Quixtar)) most often do not sell products to
18 consumers who are not also distributors, they can obtain a return on their investment in the
19 Quixtar program only by recruiting new distributors who will then buy products (and recruit
20 more distributors who will buy products), which purchases result in "bonuses" to the recruiting
21 distributor.

22 Type of Action

23 2. This is an action brought, on behalf of a national class of distributors, pursuant
24 to the Racketeer Influenced and Corrupt Organizations Act, 18 U.S.C. § 1961 *et seq.* ("RICO")
25 and, on behalf of a California class of distributors, pursuant to the California Business and
26 Professions Code §§ 17200, *et seq.* and 17500, *et seq.*
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Parties

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2 3. Plaintiff Jeff Pokorny ("Pokorny") is, and at all material times was, an
3 individual who resides in the county of Alameda, in the state of California. Pokorny entered
4 into a Registration Agreement with Amway and became an Amway distributor on or about
5 October 1994. He later became a Quixtar distributor when the Amway organization launched
6 Quixtar, at which time all Amway distributors in the United States were converted to Quixtar
7 distributors. While a distributor, Pokorny was in the World Wide DreamBuilders' "line of
8 sponsorship" run by defendants Ron Puryear and Georgia Lee Puryear. Pokorny operated his
9 Quixtar distributorship under the name "Pokorny Enterprises."

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11 4. Plaintiff Larry Blenn ("Blenn") is, and at all material times was, an individual
12 who resides in the county of San Joaquin, in the state of California. Blenn entered into the
13 Quixtar Registration Agreement with Quixtar and became a Quixtar distributor on or about
14 January 2005. While a distributor, Blenn was in the World Wide DreamBuilders' "line of
15 sponsorship" run by defendants Ron Puryear and Georgia Lee Puryear. Blenn operated his
16 Quixtar distributorship under the name "Blenn Enterprises."

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18 5. Defendant Quixtar, Inc. ("Quixtar") is, and at all relevant times was, a
19 corporation organized under the laws of the state of Virginia, with its principal place of
20 business in the state of Michigan, and doing business regularly throughout the United States,
21 including in the state of California. Quixtar transacts its business in the Northern District of
22 California in accordance with 18 U.S.C. § 1965(a) and (b) and California Code of Civil
23 Procedures § 410.10. Quixtar is the successor-in-interest of the Amway Corporation
24 ("Amway"), which did business in the state of California and in this District.
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26 6. Defendant World Wide Group, L.L.C. ("World Wide Group") is, and at all
27 relevant times was, a corporation organized under the laws of the state of Washington, with its
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principal place of business in the state of Washington and doing business regularly in the state of California. World Wide Group transacts its business in the Northern District of California in accordance with 18 U.S.C. § 1965(a) and (b) and California Code of Civil Procedure § 410.10. Defendant World Wide Group is in the “tools and functions” business and sells its products to distributors, including plaintiff. World Wide Group also does business under the name of World Wide Dream Builders.

7. Defendant Ron Puryear is, and at all relevant times was, an individual residing in the county of Spokane, in the state of Washington. Defendant Ron Puryear is an owner of World Wide Dream Builders and/or World Wide Group and individually does business in California. Ron Puryear transacts his business and promotes the World Wide Dream Builders “line of sponsorship,” as explained further herein, in the Northern District of California in accordance with 18 U.S.C. § 1965(a) and (b) and California Code of Civil Procedure § 410.10.

8. Defendant Georgia Lee Puryear is, and at all relevant times was, an individual residing in the county of Spokane, in the state of Washington. Defendant Georgia Lee Puryear is an owner of World Wide Dream Builders and/or World Wide Group, which does business throughout the state of California and individually does business in California. Georgia Lee Puryear transacts her business and promotes the World Wide Dream Builders “line of sponsorship,” as explained further herein, in the Northern District of California in accordance with 18 U.S.C. § 1965(a) and (b) and California Code of Civil Procedure § 410.10.

9. Defendant Britt Worldwide L.L.C. (“Britt Worldwide”) is, and at all relevant times was, a corporation organized under the laws of the state of Washington, with its principal place of business in the state of Washington and doing business regularly throughout the state of California. Defendant Britt Worldwide is the upline “line of sponsorship” to defendants World Wide Group, Ron Puryear and Georgia Lee Puryear. In other words, defendants World

1 Wide Group, Ron Puryear and Georgia Lee Puryear report to and work with Defendant Britt
2 Worldwide to promote their "tools and functions" businesses. Defendant Britt Worldwide is in
3 the "tools and functions" business and sells its products to distributors. Defendant Britt
4 Worldwide transacts its business in the Northern District of California in accordance with 18
5 U.S.C. § 1965(a) and (b) and California Code of Civil Procedure § 410.10.

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7 10. Defendant American Multimedia Inc. ("American Multimedia") is, and at all
8 relevant times was, a corporation organized under the laws of the state of North Carolina, with
9 its principal place of business in the state of North Carolina and doing business regularly
10 throughout the state of California. Defendant American Multimedia is in the "tools and
11 functions" business and sells its products to distributors. Defendant American Multimedia
12 transacts its business in the Northern District of California in accordance with 18 U.S.C. §
13 1965(a) and (b) and California Code of Civil Procedure § 410.10.

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15 11. Defendant Britt Management, Inc. ("Britt Management") is, and at all relevant
16 times was, a corporation organized under the laws of the state of Nevada, with its principal
17 place of business in the state of Nevada and doing business regularly throughout the state of
18 California. Defendant Britt Management, Inc. is in the "tools and functions" business and sells
19 its products to distributors. Defendant Britt Management transacts its business in the Northern
20 District of California in accordance with 18 U.S.C. § 1965(a) and (b) and California Code of
21 Civil Procedure § 410.10.

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23 12. Defendant Bill Britt is, and at all relevant times was, an individual citizen
24 residing in the county of Orange in the state of North Carolina. Defendant Bill Britt is an
25 owner of Britt Worldwide, American Multimedia and Britt Management, which are in the
26 "tools and functions" business and which all do business throughout the state of California.
27 Defendant Bill Britt is the upline "line of sponsorship" to Ron Puryear and Georgia Lee
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1 Puryear. In other words, Defendant Bill Britt advises and works with Ron Puryear and Georgia
2 Lee Puryear to promote their "line of sponsorship" and their "tools and functions" business.
3 Defendant Bill Britt transacts his business and promotes his "line of sponsorship" in the
4 Northern District of California in accordance with the 18 U.S.C. § 1965(a) and (b) and
5 California Code of Civil Procedure § 410.10.
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7 13. Defendant Peggy Britt is, and at all relevant times was, an individual citizen
8 residing in the county of Orange in the state of North Carolina. Defendant Peggy Britt is an
9 owner of Britt Worldwide, American Multimedia, and Britt Management, which are in the
10 "tools and functions" business and which all do business throughout the state of California.
11 Defendant Peggy Britt is the upline "line of sponsorship" to Ron Puryear and Georgia Lee
12 Puryear. In other words, Defendant Peggy Britt advises and works with Ron Puryear and
13 Georgia Lee Puryear to promote their "line of sponsorship" and their "tools and functions"
14 business. Defendant Peggy Britt transacts her business and promotes her "line of sponsorship"
15 in the Northern District of California in accordance with the 18 U.S.C. § 1965(a) and (b) and
16 California Code of Civil Procedure § 410.10.
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18 14. All of the above named defendants had sufficient and continuous contact with
19 the Northern District of California in that, among other things, the defendants have been
20 actively promoting the pyramid scheme through the use of mails and wires in the district,
21 selling products in the district, promoting their "tools and functions" businesses in the district,
22 and promoting their "lines of sponsorship" in the district.
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24 Jurisdiction and Venue

25 15. The defendants are subject to the jurisdiction of this Court. The corporate
26 defendants at all relevant times have been engaged in continuous and systematic business in
27 this State, have designated agents for service of process in this State, and/or have committed
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1 tortious acts in this State. The individual defendants have at all relevant times been engaged in
2 continuous and systematic business in this State and/or have committed tortious acts in this
3 State. The actions giving rise to this lawsuit were taken by defendants at least in part in
4 California. Plaintiffs Pokorny and Blenn are citizens of California. In accordance with 18
5 U.S.C. § 1965(a) and (b), the defendants are subject to this Court's jurisdiction in that they
6 "transact affairs" in the Northern District of California and "the ends of justice require that
7 other parties residing in any other district be brought before the Court, the Court may cause
8 such parties to be summoned, and process for the purpose may be served in any judicial district
9 of the United States by the marshal thereof." 18 U.S.C. § 1965(a) and (b). In accordance with
10 California's long-arm statute, California Code of Civil Procedure § 410.10, this Court has
11 personal jurisdiction over the defendants.
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14 16. Because plaintiffs Pokorny and Blenn assert claims pursuant to the Racketeer
15 Influenced Corrupt Organizations Act ("RICO"), 18 U.S.C. §§ 1961 – 1968, this Court has
16 jurisdiction over this action pursuant to 28 U.S.C. § 1331. Because plaintiffs Pokorny and
17 Blenn assert state law claims under the California Business and Professions Code, this Court
18 may exercise supplemental jurisdiction pursuant to 28 U.S.C. § 1367.
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20 17. Venue is proper in this District pursuant to 28 U.S.C. § 1391(b) and (c) and 18
21 U.S.C. § 1965(a) and (b) because a substantial number of the acts and transactions that gave
22 rise to the claims of the plaintiffs and the plaintiff class occurred within this District;
23 defendants did, or solicited, business, and transmitted communications by mail or wire relating
24 to their illegal pyramid in this district; transacted their affairs, and/or resided within California
25 and this judicial district; plaintiff Pokorny is a resident of this district, and defendants'
26 wrongful acts occurred in this District and have directly impacted the general public of this
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1 district; and the ends of justice require that parties residing in other districts be brought before
2 this Court.

3 The Arbitration Agreement

4 18. Before becoming Quixtar distributors, prospective distributors, including
5 plaintiffs and members of the class, were required to sign Quixtar's Registration Agreements.
6 In very small print buried in the Registration Agreement there is an arbitration provision. The
7 arbitration provision is provided on a "take-it-or-leave-it" basis with no opportunity for
8 negotiation. The prospective distributors received no explanation of the arbitration provision
9 and would not have been permitted to become Quixtar distributors unless they signed the
10 Registration Agreement which contains the offending and unenforceable arbitration provision.
11 As a result of the unequal bargaining positions, the hidden terms and the overall harshness of
12 the adhesive arbitration provision, Quixtar's arbitration provision is procedurally
13 unconscionable. Plaintiffs do not assert that the entire Registration Agreement is
14 unconscionable; rather they assert that the arbitration provision contained in Quixtar's
15 Registration Agreement is unconscionable.
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18 19. Quixtar's arbitration provision is also permeated with substantively
19 unconscionable terms as demonstrated by the following examples, which are not exhaustive.
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21 20. The arbitration provision incorporates Quixtar's Rules of Conduct. *See* Exhibit
22 1, Quixtar's IBO Registration Agreement ("Authorization and Agreement"). The Rules of
23 Conduct grant Quixtar the power to unilaterally modify the arbitration provision at anytime,
24 thereby rendering the arbitration provision illusory. More specifically, the Rules of Conduct
25 provide that "[i]n order to preserve the goals and purposes of the IBO Plan, the corporation
26 reserves to itself the sole right to adopt, amend, modify, supplement or rescind any or all of
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1 these Rules” Quixtar’s unilateral right to modify renders the arbitration agreement
2 substantively unconscionable.

3 21. Quixtar’s arbitration provision is also substantively unconscionable to the extent
4 it provides arbitrators biased by virtue of Quixtar’s ability to “train” the arbitrators who are to
5 resolve disputes.

6 22. Quixtar’s arbitration provision subjects distributors to prohibitively expensive
7 arbitration fees thereby rendering the agreement substantively unconscionable. Quixtar’s
8 arbitration agreement requires an individual to pay “location” costs for the arbitration and
9 hearing costs that total \$18,000.00 for a three day trial. These excessive hearing fees work to
10 preclude distributors from vindicating their rights. While rules do provide for indigent relief,
11 the likelihood of being able to establish indigency is difficult and the decision rests with the
12 Case Administrator.

13 23. The Quixtar arbitration agreement arbitrarily provides a two year statute of
14 limitation for any claims brought by a distributor against Quixtar. This provision severely
15 limits a distributor’s right where, as in this case, the plaintiffs are seeking relief under a federal
16 statute that provides a four year statute of limitations.

17 24. In addition, Quixtar’s arbitration provision purports to restrict a distributor’s
18 right to bring a class action. This class action restriction further renders the arbitration
19 provision substantively unconscionable.

20 25. Finally, Quixtar’s mandatory pre-arbitration “conciliation” process also renders
21 the arbitration provision substantively unconscionable. This lengthy and onerous process is
22 designed to stifle claims against Quixtar. In fact, the Rules of this “conciliation” process
23 require the distributor to submit his claim to Quixtar to allow Quixtar, the offending party, to
24 resolve the claim.
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