

## Winston Breaks “Endless Chain” Pyramid Scheme Class Action

DECEMBER 14, 2015

On December 14, 2015, Winston & Strawn defeated a motion for class certification in a high-profile action against client EFT Holdings, Inc. (EFT) and several of its current and former officers and directors.

EFT sells nutritional supplements and other products to customers primarily in the People’s Republic of China and Hong Kong. Plaintiffs, three Chinese nationals who purchased products from EFT, sought to certify a class of all purchasers of EFT products. Plaintiffs alleged that EFT was an “endless chain” or pyramid scheme and that it made false and misleading statements about its products. A certified class would have numbered tens of thousands of individuals with alleged damages exceeding \$100 million.

Judge Dale Fischer of the Central District of California denied plaintiffs’ motion for class certification, finding that superiority-related issues with the proposed class were “fatal to certification.”

The ruling garnered extensive media attention, including a Law360 article, “Customers Lose Cert. Bid in Lead-Laced Supplement Row.”

In November 2014, Winston successfully obtained an order denying a Motion for Relief from a Court Order striking the class claims in two class action lawsuits against EFT that were consolidated with the action described above. Details are available [here](#).

Winston’s team included Los Angeles Associate Jason Hamilton.

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