

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE,
OFFICE OF THE MONTANA STATE AUDITOR**

IN THE MATTER OF

LimeLife USA LLC, a Delaware
Corporation,

Respondent.

Case No. SEC-2022-00075

**FINAL AGENCY ACTION AND
DEFAULT ORDER**

On March 11, 2022, counsel for the Commissioner of Securities and Insurance, Office of the Montana State Auditor (“CSI”), issued a Notice of Proposed Agency Action and Opportunity for Hearing (“NOPAA”) on LimeLife USA LLC, a Delaware Corporation (“Respondent”). That NOPAA also contained a temporary cease-and-desist order signed by the Commissioner on March 11, 2022, commanding Respondent to immediately cease operating its unregistered multilevel marketing program in Montana and to immediately cease offering or selling unregistered securities in Montana.

The NOPAA was delivered March 17, 2022. A copy of the Affidavit of Service is attached and marked as Exhibit A. A copy of the NOPAA is attached to this Order and Marked as Exhibit B. The NOPAA provided Respondent an opportunity for an administrative hearing if requested within 15 days of the date of the NOPAA. The deadline for Respondent to request an administrative hearing to challenge the allegations in the NOPAA was April 1, 2022. Respondent was warned that failure to respond to the NOPAA and temporary cease-and-desist order would result in a default order being entered against it.

Respondent failed to request an administrative hearing. The Commissioner of Securities and Insurance (“Commissioner”) considered the evidence and exhibits and makes the following determinations:

FINDINGS OF FACT

1. Respondent, LimeLife USA LLC, doing business as LimeLife by Alcone, is a corporation organized under the laws of the State of Delaware, with its principal place of business in the State of New York.
2. Respondent's primary business is selling makeup and skin-care products through independent salespeople it calls "Beauty Guides."
3. These Beauty Guides must purchase a "BusinessBox" priced between \$39 to \$169 and must pay \$9.95 per month for a website to participate in Respondent's program. Beauty Guides must also pay \$75 annually to continue as an active Beauty Guide after their first year.
4. Beauty Guides earn commission from their own sales as well as from the sales of their "downline" salespeople. Beauty Guides can earn money by recruiting others to work as Beauty Guides "downline" from them in the organization as well.
5. Respondent operates the website <https://www.limelifebyalcone.com>.
6. Respondent's website is available to and can be viewed by residents of Montana.
7. LimeLife contracts with Beauty Guides in Montana, including in the cities of Billings, Bozeman, Butte, Glendive, Great Falls, Havre, Helena, Kalispell, Malta, Missoula, and Sidney. Respondent's website's "Find a Guide" tool allows consumers to search and find Beauty Guides operating in Montana, including in the cities named above.
8. Respondent, or a subsidiary owned and controlled by Respondent, operates the "LimeLife Fempire Fund" (The Fund), which it describes as "an investment Fund of three to five businesses that have a product or service that helps to elevate women's confidence or income earning potential."
9. As an additional incentive to Beauty Guides, Respondent has established a "Bonus Pool Plan" (the Plan) which Respondent claims "will allow Beauty Guides who qualify to benefit financially from any potential net profit distributions realized by the [LimeLife Fempire] Fund."

10. Respondent advertises on its website that “Beauty Guides who meet qualifying sales or leadership status criteria are awarded a \$5,000 USD bonus in addition to a unit share in a Bonus Pool Plan that mimics the performance of the Fund.”

11. Beauty Guides can qualify for a share in the Plan by meeting a lifetime sales milestone (what Respondent calls “personal retail value”) of \$150,000 or by attaining the rank of “Senior Director” within LimeLife’s compensation plan for twelve consecutive months. Beauty Guides attain “Senior Director” status by meeting average monthly earnings of at least \$12,854.57.

12. Upon the five-year anniversary of the Fund, Respondent promises to “distribute additional bonus payments to unit holders based on appreciation of the Fund’s value, net of expenses.”

13. Beauty Guides in Montana are eligible for unit shares in the Plan if they meet Respondent’s qualifying criteria.

14. Neither the Fund nor the Plan are registered as securities under Montana law.

15. Neither the Fund nor the Plan are registered as securities with the U.S. Securities and Exchange Commission.

16. Neither the Fund nor the Plan have applied for or received exemptions to the registration requirement under Montana law.

17. Respondent has not filed notice with the Commissioner of its intent to operate in Montana, nor has it filed the forms prescribed by § 30-10-327, MCA.

18. Respondent is not a member of a direct selling association as that term is used in § 30-10-327, MCA.

CONCLUSIONS OF LAW

19. The Commissioner has jurisdiction over this matter pursuant to § 30-10-101 *et seq.*, MCA.

20. It is unlawful for any person to offer or sell any security in the State of Montana if that security has not been registered under the Securities Act of Montana or, in

the case of a federal covered security, by following the procedure set forth in § 30-10-211, MCA. § 30-10-202, MCA.

21. A “person” includes an individual, corporation, partnership, or association. § 30-10-103(17), MCA.

22. A “security” includes any “certificate of interest in any profit-sharing agreement,” an “investment contract,” and any “privilege ... based on the value of a security.” § 30-10-103(24), MCA.

23. Respondent’s Bonus Pool is a security under Montana law.

24. Respondent’s Bonus Pool is not registered under the procedures prescribed in § 30-10-202(1) or (2), MCA. Respondent offered, and continues to offer, this unregistered security to Beauty Guides operating in Montana in violation of § 30-10-202, MCA.

25. Prior to obtaining a participant in Montana, a multilevel marketing company must file notice that it intends to operate in Montana, execute an irrevocable consent designating the Commissioner as its agent for service of process for certain violations of the Securities Act of Montana, and file certain forms prescribed by the Commissioner. § 30-10-327, MCA.

26. A “multilevel marketing company” means a person that “sells, distributes, or supplies goods or services through independent agents, contractors, or distributors,” either at different levels of distribution or “pursuant to a formula for compensating participants in whole or in part based on purchases of sales by or recruitment of other participants.” § 30-10-324(4).

27. A “person” includes “an individual, corporation, partnership, limited liability company, or other business entity.” § 30-10-324(6).

28. Respondent is operating a multilevel marketing company as defined by Montana law.

29. Respondent obtained participants in Montana before filing with the Commissioner notice of its intent to operate, executing an irrevocable consent designating

the Commissioner as its agent for service of process for certain violations of the Securities Act of Montana, and the forms prescribed by the Commissioner under § 30-10-327, MCA. Failing to make these filings violated § 30-10-327, MCA.

30. If it appears to the Commissioner that any person has engaged or is about to engage in a practice that violates parts 1 through 3 of Chapter 10, Title 30, of the Montana Code Annotated, including §§ 30-10-202 and 30-10-327, MCA, the Commissioner may issue an order directing the person to cease and desist their unlawful acts or practices after notice and an opportunity for hearing. § 30-10-305, MCA. The Commissioner may also issue a temporary cease and desist order pending the hearing referenced above. *Id.*

31. The Commissioner may also impose a fine not to exceed \$5,000 per violation on a person found to have engaged in any act or practice constituting a violation of parts 1 through 3 of Chapter 10, Title 30, of the Montana Code Annotated, including §§ 30-10-202 and 30-10-327, MCA. § 30-10-305, MCA.

32. The Commissioner may also impose a fine not to exceed \$5,000 per violation on a person found to have violated a rule or order of the Commissioner, including a cease-and-desist order. § 30-10-305, MCA.

ORDER

THEREFORE, based on the foregoing Findings of Fact and Conclusions of Law, IT IS HEREBY ORDERED that:

1. Respondent shall pay a fine of \$10,000 in total, including \$5,000 for each violation of the Securities Act of Montana within 30 days of the date of this order.
2. The payment shall be made out to the State of Montana and sent to the Commissioner of Securities and Insurance, Office of the Montana State Auditor, Attn: Brandy Morrison, Paralegal, 840 Helena, Avenue, Helena, MT 59601.
3. Respondent shall cease and desist from soliciting, offering, or selling participation in Respondent's multilevel marketing operation in Montana unless it does so in compliance with Montana law.

4. Respondent shall cease and desist from offering or selling unregistered securities in Montana.

DATED this 14th day of April 2022.

A handwritten signature in black ink, appearing to read 'Troy Downing', written over a horizontal line.


TROY DOWNING
Commissioner of Securities and Insurance,
Montana State Auditor

CERTIFICATE OF SERVICE

I hereby certify that on April 10, 2022, I caused a copy of the foregoing *Final Agency Action and Default Order* to be served on the following persons by the following means:

1, 2 Mail
3 E-Mail

1. LimeLife USA LLC
545 49th Avenue
Long Island City, NY 11101
2. LimeLife USA LLC
c/o Registered Agent
Corporate Service Bureau
614 N. Dupont Hwy Ste. 210
Dover, DE 19901
3. Compliance@LimeLifebyAlcone.com



Brandy Morrison
Paralegal

AFFIDAVIT OF SERVICE

Case: INS-2022-00075	BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE, OFFICE OF THE MONTANA STATE AUDITOR	Job: 6831601
IN THE MATTER OF LimeLife USA LLC, a Delaware Corporation, Respondent.		
Received by: HR Office Solutions Inc	For: Brandy Morrison	
To be served upon: LimeLife USA LLC, Corporate Service Bureau		

I, Phillip Johnson, being duly sworn, depose and say: I am over the age of 18 years and not a party to this action, and that within the boundaries of the state where service was effected, I was authorized by law to make service of the documents and informed said person of the contents herein

Recipient Name / Address: LimeLife USA LLC, Corporate Service Bureau,
614 N. Dupont Hwy, Ste. 210, Dover, DE 19901

Manner of Service: Registered Agent, Mar 17, 2022, 3:45 pm EDT Given to Leslie Pope

Documents: NOTICE OF PROPOSED AGENCY ACTION, TEMPORARY ORDER TO CEASE AND DESIST, AND OPPORTUNITY FOR HEARING

Additional Comments:

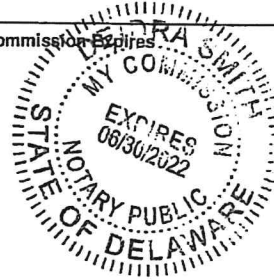
1) Successful Attempt: Mar 17, 2022, 3:45 pm EDT at 614 N. Dupont Hwy, Ste. 210, Dover, DE 19901 received by Leslie Pope. Age: 60; Ethnicity: Caucasian; Gender: Female; Weight: 160lbs; Height: 5'4"; Hair: Gray;

Phillip Johnson 03/17/2022
Phillip Johnson Date

HR Office Solutions Inc
49 Representative Ln
Dover, DE 19904
646-773-3369

Subscribed and sworn to before me by the affiant who is personally known to me.

Deidra Smith
Notary Public
3/17/2022
Date Commission Expires



ANDREW CZIOK
Legal Counsel
Commissioner of Securities & Insurance,
Office of the Montana State Auditor
840 Helena Avenue
Helena, MT 59601
Phone: (406) 444-3467
Fax: (406) 444-3497
Email: acziok@mt.gov

Counsel for the Commissioner of Securities and Insurance

**BEFORE THE COMMISSIONER OF SECURITIES AND INSURANCE,
OFFICE OF THE MONTANA STATE AUDITOR**

IN THE MATTER OF

LimeLife USA LLC, a Delaware
Corporation,

Respondent.

Case No. INS-2022-00075

**NOTICE OF PROPOSED AGENCY
ACTION, TEMPORARY ORDER TO
CEASE AND DESIST, AND
OPPORTUNITY FOR HEARING**

TO: LimeLife USA LLC
545 49th Avenue
Long Island City, NY 11101

The Commissioner of Securities and Insurance, Office of the Montana State Auditor (Commissioner), has cause to believe that LimeLife USA LLC (Respondent) has violated the Securities Act of Montana, § 30-10-101, *et seq.*, MCA. The Commissioner proposes to levy a \$5,000 fine and order Respondent to cease and desist its operations in Montana unless and until it has complied with Montana law. The Commissioner has the authority to undertake this action pursuant to the Securities Act of Montana, including §§ 30-10-102, 30-10-103, 30-10-107, 30-10-201, 30-10-202, 30-10-301, 30-10-304, 30-10-305, 30-10-307, 30-10-324, 30-10-325, and 30-10-327.

Acceptance of the penalty will resolve this matter and it will be deemed a Final Agency Action based on the facts and law set out below. If Respondent chooses not to



accept the penalty, an administrative hearing may be demanded; that demand must be in writing and received by the Commissioner within 15 days of the date this Notice, as described in the Statement of Rights below.

The Commissioner also concurrently issues a temporary order to Respondent to immediately cease and desist its unlawful actions in Montana as laid out in the allegations below. Failure to request a hearing on the temporary cease and desist order within 15 days will result in entry of a permanent cease and desist order by default, as described below.

FACTUAL ALLEGATIONS

There is reasonable cause to believe that the following facts, if true, justify and support administrative action against Respondent, including the imposition of appropriate fines and an order requiring Respondent to cease and desist its business in Montana.

1. Respondent, LimeLife USA LLC, doing business as LimeLife by Alcone, is a corporation organized under the laws of the State of Delaware, with its principal place of business in the State of New York.
2. Respondent's primary business is selling makeup and skin-care products through independent salespeople it calls "Beauty Guides."
3. These Beauty Guides must purchase a "BusinessBox" priced between \$39 to \$169 and must pay \$9.95 per month for a website to participate in Respondent's program. Beauty Guides must also pay \$75 annually to continue as an active Beauty Guide after their first year.
4. Beauty Guides earn commission from their own sales as well as from the sales of their "downline" salespeople. Beauty Guides can earn money by recruiting others to work as Beauty Guides "downline" from them in the organization as well.
5. Respondent operates the website <https://www.limelifebyalcone.com>.
6. Respondent's website is available to and can be viewed by residents of Montana.
7. LimeLife contracts with Beauty Guides in Montana, including in the cities of Billings, Bozeman, Butte, Glendive, Great Falls, Havre, Helena, Kalispell, Malta,

Missoula, and Sidney. Respondent's website's "Find a Guide" tool allows consumers to search and find Beauty Guides operating in Montana, including in the cities named above.

8. Respondent, or a subsidiary owned and controlled by Respondent, operates the "LimeLife Fempire Fund" (The Fund), which it describes as "an investment Fund of three to five businesses that have a product or service that helps to elevate women's confidence or income earning potential."

9. As an additional incentive to Beauty Guides, Respondent has established a "Bonus Pool Plan" (the Plan) which Respondent claims "will allow Beauty Guides who qualify to benefit financially from any potential net profit distributions realized by the [LimeLife Fempire] Fund."

10. Respondent advertises on its website that "Beauty Guides who meet qualifying sales or leadership status criteria are awarded a \$5,000 USD bonus in addition to a unit share in a Bonus Pool Plan that mimics the performance of the Fund."

11. Beauty Guides can qualify for a share in the Plan by meeting a lifetime sales milestone (what Respondent calls "personal retail value") of \$150,000 or by attaining the rank of "Senior Director" within LimeLife's compensation plan for twelve consecutive months. Beauty Guides attain "Senior Director" status by meeting average monthly earnings of at least \$12,854.57.

12. Upon the five-year anniversary of the Fund, Respondent promises to "distribute additional bonus payments to unit holders based on appreciation of the Fund's value, net of expenses."

13. Beauty Guides in Montana are eligible for unit shares in the Plan if they meet Respondent's qualifying criteria.

14. Neither the Fund nor the Plan are registered as securities under Montana law.

15. Neither the Fund nor the Plan are registered as securities with the U.S. Securities and Exchange Commission.

16. Neither the Fund nor the Plan have applied for or received exemptions to the registration requirement under Montana law.

17. Respondent has not filed notice with the Commissioner of its intent to operate in Montana, nor has it filed the forms prescribed by § 30-10-327, MCA.

18. Respondent is not a member of a direct selling association as that term is used in § 30-10-327, MCA.

ASSERTIONS OF LAW

19. The Commissioner has jurisdiction over this matter pursuant to § 30-10-101 *et seq.*, MCA.

20. It is unlawful for any person to offer or sell any security in the State of Montana if that security has not been registered under the Securities Act of Montana or, in the case of a federal covered security, by following the procedure set forth in § 30-10-211, MCA. § 30-10-202, MCA.

21. A “person” is, among other things, an individual, corporation, partnership, or association. § 30-10-103(17), MCA.

22. A “security” includes any “certificate of interest in any profit-sharing agreement,” an “investment contract,” and any “privilege ... based on the value of a security.” § 30-10-103(24), MCA.

23. Respondent’s Bonus Pool is a security under Montana law.

24. Respondent’s Bonus Pool is not registered under the procedures prescribed in § 30-10-202(1) or (2), MCA. Respondent offered, and continues to offer, this unregistered security to Beauty Guides operating in Montana in violation of § 30-10-202, MCA.

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at different levels of distribution or “pursuant to a formula for compensating participants in whole or in part based on purchases of sales by or recruitment of other participants.” § 30-10-324(4).

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29. Respondent obtained participants in Montana before filing with the Commissioner notice of its intent to operate, executing an irrevocable consent designating the Commissioner as its agent for service of process for certain violations of the Securities Act of Montana, and the forms prescribed by the Commissioner under § 30-10-327, MCA. Failing to make these filings violated § 30-10-327, MCA.

30. If it appears to the Commissioner that any person has engaged or is about to engage in a practice that violates parts 1 through 3 of Chapter 10, Title 30, of the Montana Code Annotated, including §§ 30-10-202 and 30-10-327, MCA, the Commissioner may issue an order directing the person to cease and desist their unlawful acts or practices after notice and an opportunity for hearing. § 30-10-305, MCA. The Commissioner may also issue a temporary cease and desist order pending the hearing referenced above. *Id.*

31. The Commissioner may also impose a fine not to exceed \$5,000 per violation on a person found to have engaged in any act or practice constituting a violation of parts 1 through 3 of Chapter 10, Title 30, of the Montana Code Annotated, including §§ 30-10-202 and 30-10-327, MCA. § 30-10-305, MCA.

32. The Commissioner may also impose a fine not to exceed \$5,000 per violation on a person found to have violated a rule or order of the Commissioner, including a cease and desist order. § 30-10-305, MCA.

PROPOSED AGENCY ACTION

WHEREFORE, the Commissioner proposes to order the following:

1. Pursuant to § 30-10-305, MCA, impose a fine of \$10,000 in total, including \$5,000 for each violation of the Securities Act of Montana.

2. Pursuant to § 30-10-305, MCA, a permanent order enjoining Respondent from soliciting, offering, or selling participation in Respondent's multilevel marketing operation in Montana.

3. Pursuant to § 30-10-305, MCA, a permanent order enjoining Respondent from offering or selling unregistered securities in Montana.

STATEMENT OF RIGHTS

Respondent is entitled to contest the Commissioner's proposed action by requesting an administrative hearing. To do so, within 15 days of the date this Notice, Respondent must submit a hearing request in writing to Andrew Cziok, 840 Helena Avenue, Helena, MT 59601 or acziok@mt.gov. A hearing request may also include a response to the allegations set forth above. If a hearing is requested, Respondent will be provided notice of the time, place, and nature of the hearing. Respondent will be entitled to attend this hearing and respond and present evidence and arguments on all issues in this action.

Administrative hearings are conducted by an impartial hearing examiner appointed by the Commissioner under the provisions of the Montana Administrative Procedures Act. Formal proceedings may be waived pursuant to § 2-4-603, MCA. Respondent has the right to be represented by an attorney at any and all stages of this proceeding.

CONTACT WITH COMMISSIONER'S OFFICE

Please contact Andrew Cziok at 406-444-3467 or acziok@mt.gov with any questions or concerns. If represented by an attorney, please ensure this contact is made by the attorney. A non-human entity such as a corporation or partnership must be represented by an attorney in all administrative proceedings. See *Weaver v. Law Firm of Graybill, Ostrem, Warner & Crotty*, 246 Mont. 175, 178, 803 P.2d 1089 (1990).

POSSIBILITY OF DEFAULT

Failure to timely provide a written hearing request shall result in the entry of a default order imposing the Commissioner's proposed action, without additional notice, pursuant to Admin. R. Mont. 1.3.214.

DATED this 11th day of March 2022.


ANDREW CZLOK
Counsel for the Commissioner of Securities & Insurance

TEMPORARY CEASE AND DESIST ORDER

Pursuant to § 30-10-305, MCA, and in light of the factual allegations and assertions of law above, it appears to the Commissioner that Respondent has engaged, is engaged, and is about to engage in acts or practices constituting a violation of the Securities Act of Montana

Therefore, it is hereby ORDERED that Respondent immediately cease and desist from operating any multilevel marketing programs in Montana and from offering or selling unregistered securities in Montana.

PENALTIES

Pursuant to § 30-10-305, a violation of this Order is a separate violation for which the CSI may impose a fine not to exceed \$5,000 per violation in addition to any other penalties imposed by law.

NOTICE OF RIGHT TO HEARING


You are entitled to a hearing to respond to this Notice of Proposed Agency Action, Temporary Order to Cease and Desist, and Opportunity for Hearing (Notice), and to present evidence and arguments on all issues involved in this case. If you wish to contest these allegations, you must make a written request for a hearing within 15 days of receipt of this Notice to: The Office of the Montana State Auditor, Commissioner of Securities and Insurance, c/o Andrew J. Cziok, 840 Helena Avenue, Helena, MT 59601 or acziok@mt.gov. The hearing shall then be held within 20 days of the CSI's receipt of the hearing request, unless the time is extended by agreement of the parties or by order of the hearing examiner. If you do not request a hearing and the Commissioner orders none, the temporary order in this Notice shall become permanent, and the above allegations will be declared the findings of fact and the above conclusions of law will be declared the final conclusions of law.

Should you request a hearing, you have the right to be accompanied, represented, and advised by an attorney. If the attorney you choose has not been admitted to the practice of law in the state of Montana, she or he must comply with the Montana State Bar for appearing pro hac vice and the requirements of *Application of American Smelting and Refining Co.* (1973), 164 Mont. 139, 520 P.2d 103 and *Montana Supreme Court Commission on the Unauthorized Practice of Law v. O'Neil*, 2006 MT 284, 334 Mont. 311, 147 P.3d 200. If you request a hearing, you will be given notice of the date, time, and place of the hearing.

POSSIBILITY OF DEFAULT

Failure to request a hearing on this cease and desist order within 15 days will result in the entry of a default order entering a permanent cease and desist order against you without further notice, pursuant to § 30-10-205(1)(a)(ii), Mont. Admin. R. 6.2.101, and Mont. Admin. R. 1.3.214.

DATED this 11th day of March 2022.


TROY DOWNING
Commissioner of Securities and Insurance,
Montana State Auditor