# Visit to Hefei NUS Office

# June 19 '12

Our contact returned to the Hefei office where Li Shanshan explained the payment system to her for the third time. Our contact recorded the entire meeting and she had Li Shanshan draw her some diagrams to help her understand how the payment system works.

Li Shanshan told our contact in order for her to sign up as a NUS distributor she would have to purchase 15,000RMB worth of product (We believe this is in violation of Article 14 of the China MLM laws). Our contact was told, after she makes the initial purchase, she is required to sell a total of 30,000RMB worth of product in the first six months in order to stay with the company. The initial 15,000RMB start-up fee does counts towards the 30,000RMB six sales target. Li Shanshan told our contact this 15,000 was significantly less expensive than in other cities. She told our contact in Beijing the initial start-up fee was 50,000RMB. This of course is a lie considering we sent someone to the Beijing NUS office and discovered the initial amount of product someone would need to purchase, to become a NUS trainee, is only 5,000RMB.

According to Shanshan, until the NUS trainee (QSR) sells 30,000RMB worth of product they will receive 10% commission on all products they sell. We have heard from two other sources, the Beijing NUS store and the NUS service hotline, the initial commission rate is 10% until the distributor sells 30,000RMB worth or product.

Shanshan told our contact, after she sells 30,000RMB she will become a formal employee. Then her monthly task will increase to 12,000RMB per month. Our contact was told during this time, her commission level would be between 20%~25% and she could expect a salary between 3,000~8,000RMB.

Li Shanshan told our contact after she is able to sell 12,000RMB per month then she can start recruiting. She was told she can make commission on people 6 levels below her (This is a direct violation of Article 7 of the REGULATION ON PROHIBITION OF PYRAMID SELLING). Li Shanshan then drew up a strategy for her to make 38,000 RMB per month ($6,000).  In order for her to do reach this goal, she would need to get six people directly under her. Next, these six people would each need to get four people under them. Finally, each of the 24 people two steps below her would need to get two downlines. Our contact would then have 78 downlines who she would make money from (6+24+48=78). If all 78 of her downlines then hit their target of 12,000RMB per month she will make 38,000RMB per month.

Li Shanshan then explained the downline commission formula. Considering it is illegal in China for distributors to receive commission from multiple levels of downlines, it can be assumed that this formula is not used throughout all of China.

[# of downlines] x [their average monthly sales] ÷ 1.3 (fixed number) x 5% (fixed commission

If we plug the numbers from the example into Li Shanshan's formula we would get the following:

(6+24+48) * 12,000 ÷ 1.3 * 5% = commission from downlines
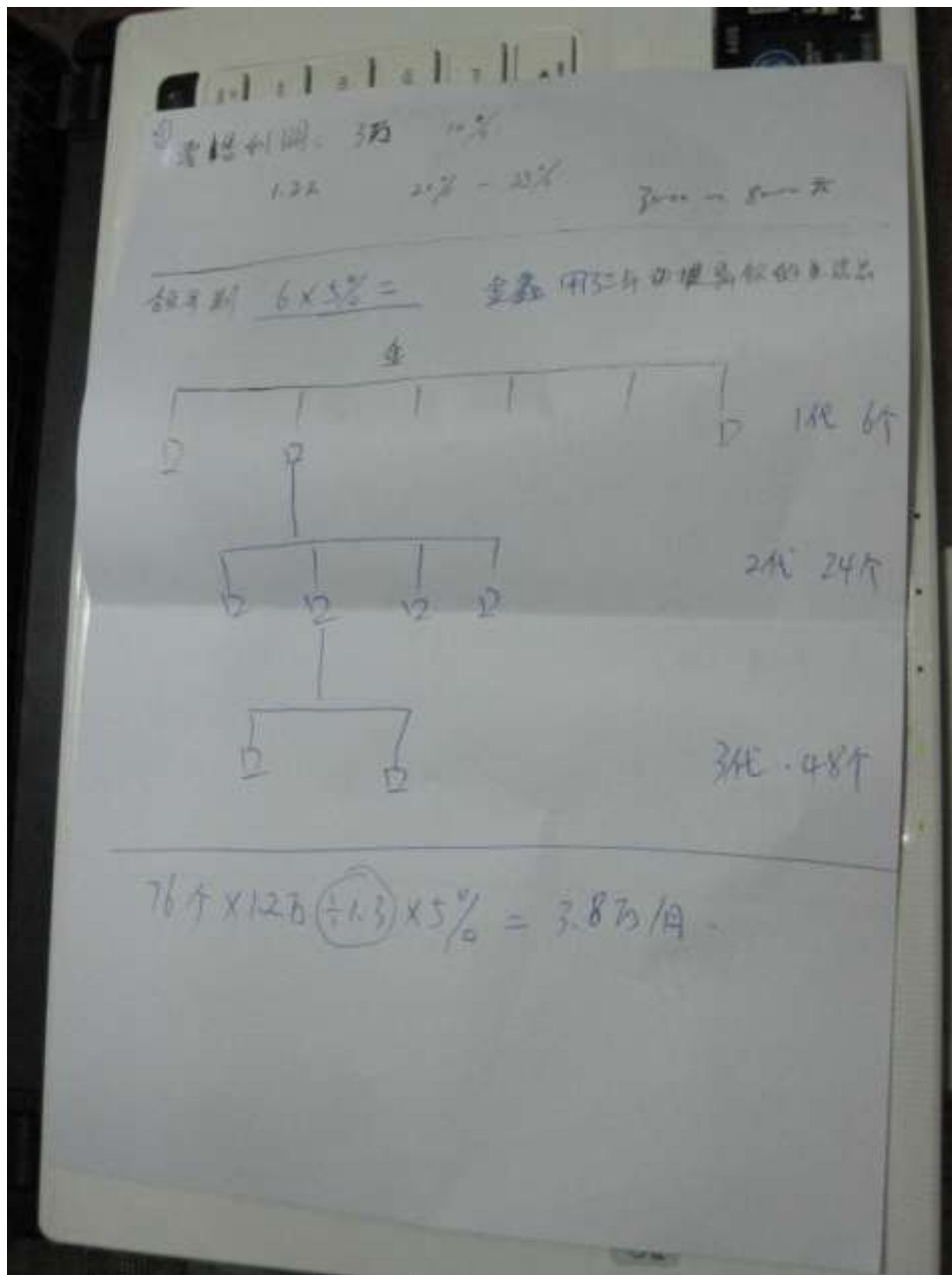(76) * 12,000 ÷ 1.3 * 5% = Commission from downlines
912,000 ÷ 1.3 * 5% = Commission from downlines
701,538 * 5% = Commission from downlines
35,076RMB = Commission from downlines

The following is a diagram that Li Shanshan drew for our contact based on the example above:

（handwritten notes）

① 重投利润. 3万  ...%

1.22    2.% - %        3... - 8...元

给客利  6×5% =     重鑫 用3年...

1代 6个

2代 24个

3代 .48个

76个×12万(÷1.3)×5% = 3.8万/月.

Li Shanshan then gave our contact a second example about how she could change her family's life in just three short years. In this example, Shanshan told our contact she would have to get 12 people directly below her. Then if her 12 downlines each got two downlines and then they each got two downlines and if this were to continue all the way until she was 6 levels deep then she would have 756 downlines (12+24+48+96+192+384=756). Li Shanshan told our contact in this scenario she would receive 368,400RMB in a given month. ShanShan told our contact that both of these numbers were very similar and that there are several different achievable combinations that will yield her around this much money per month.

Let's check Shanshan's math based on the formula our contact was given.

(12+24+48+96+192+384) * 12,000 ÷ 1.3 * 5% = Commission from downlines

(756) * 12,000 ÷ 1.3 * 5% = Commission from downlines
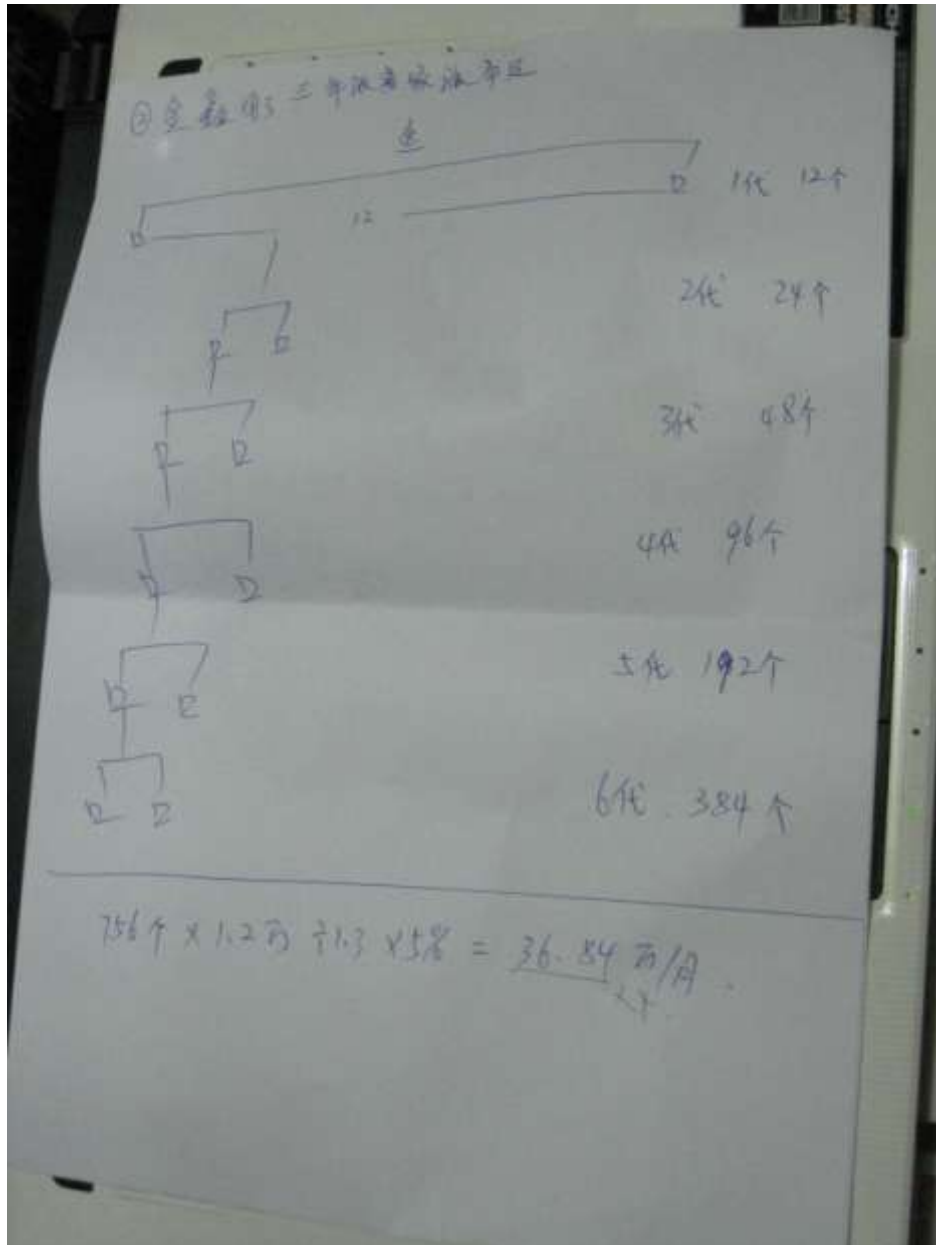
9,072,000 ÷ 1.3 * 5% = Commission from downlines

6,978,461 * 5% = Commission from downlines

348,923 = Commission from downlines

This time Shanshan was only off by 19,477RMB.

The following is a diagram that Li Shanshan drew for our contact based on the example above:



Li Shanshan explained to our contact, NUS is a trusted company because they are listed on the NYSE. She told our contact NUS has made 300+ millionaires, 40+ ten millionaires, and 18 twenty

millionaires.

Li Shanshan gave an example to our contact of someone named He Ruikun, who makes $500,000 a year. He achieved millionaire status through NUS in 8 years. Below Shanshan tried to convert $500,000 to RMB to show Ruikun's monthly income in RMB.

$500,000 * 8.3 (exchange rate) ÷ 12 (months in a year) = 345,800RMB /month.

The only problem with this equation is the exchange rate is not 8.3, it is 6.3.

Shanshan explained to our contact if she joins NUS her uplines would be: Li Shanshan- teacher Cui - Li Rong - Chen Jiajun - Teacher He - Teacher Wang.   According to Shanshanm, these six people would all get 5% of our contacts sales.

① 上市公司

1984 - 2004   20年

② 少于20年
③ 前小佰人

百万美金名人    300<sup>+</sup>户
一千万......        40<sup>+</sup>户
二千万......          18户

例  一千万美金      20年
    50万美金        1年
    50万×8.3÷12=34.58万  1月

—戈—继—培—旅—传—主    佣班绣  8年    ×2×2