



Mark Hughes used the American with dieting and health to create empire. But his own life was not he died of a combination of alcohol anti-depressants, leaving others his multi-million-dollar business



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Report by **William Stadiem**

They start with a whimper and end with a bang. Such is the trademark of the myriad success stories that have made Herbalife an international colossus in the weight loss and nutrition field. You may never have heard of the Herbalife empire: it has a low profile because it is a direct sales organisation: it doesn't advertise: it's not in shops; it has no retail outlets. Everything is done person-to-person, which is why the success stories are the lifeblood of the LA-based company, which numbers more than a million 'distributors', or direct salespeople, in 50 countries worldwide (20,000 in the UK). Last year, Herbalife's gross sales were \$1.6 billion.

'Our lifestyle is that of wealthy travellers,' trumpets the headline in the *Herbalife Journal*, one of the company's full-colour glossy in-house publications that feature tales of triumph over adversity from around the globe. 'The story of the dissatisfied London lawyer and the Toronto model who broke her leg has become a legend in Herbalife history,' the *Journal* states. Alan Lorenz was a Cambridge-educated lawyer who, in addition to his criminal and divorce practice, was a player on the international backgammon circuit. In 1984, however, he had a run of bad luck, losing a bruising £70,000

investment in a London dance studio startup. His wife Carol's 10-year modelling career ended abruptly when she took a bone-fracturing fall on a Dusseldorf catwalk. As the *Journal* put it, 'Their extravagant lifestyle was in jeopardy.' The Lorenzes both got depressed. They both got overweight.

One night at a Mayfair nightclub, the story continues, they ran into a woman friend who looked better – and thinner – than they had ever seen her. The reason was Herbalife. At a low ebb, Alan accepted the friend's invitation to a Herbalife 'meeting' to explain the company's health and fiscal benefits. Alan was quickly sold, and he quickly sold Carol. They tried the products, lost lots of weight and gained lots of energy – quickly. They were so impressed, they decided to become 'distributors'. Alan donned the large trademark black, red and white 'Lose Weight Now/Ask Me How' badge. 'I met my two brothers for lunch one day with it on,' Alan told the *Journal*. 'They refused to sit with me. Our friends and family thought we were crazy.'

Within a month of their first efforts, the Lorenzes had earned £1,400 in commissions. Today they are multi-millionaires, members of Herbalife's elite two-dozen-member Chairman's Club, comprising distributors who earn more than \$1 million in sales commissions annually. The President's Club encompasses 500 members who earn more than \$250,000 a year. The Lorenzes – Carol: thin, blonde and chic; Alan: thin, bronzed, and chic – are photographed at a Herbalife conference in Hawaii: Carol getting into an endless white stretch limo, Alan in a pink lei. Herbalife is sweet.

But not for Mark Hughes, one of the greatest of all modern American success stories. Hughes, the California reform school boy who in his early 20s created a diet empire, was the centre of a fairy tale whose ending, alas, was neither herbal nor life. On May 21 last year, Hughes was found dead at the age of 44 in his \$25 million Malibu palazzo, the victim of a toxic interaction of excessive alcohol and anti-depressants. He was discovered the morning after his grandmother's 87th birthday party by his fourth wife, Darcy, a former Miss Hawaiian Tropic. After kissing his grandmother goodnight, Hughes had drunk some wine, smoked a Havana cigar, stripped down to his designer T-shirt and briefs and fallen asleep in his vast, antique-filled master-bedroom overlooking the Pacific. He had everything to live for, yet he would never wake up.

In a business so predicated on success, this tragic death, the ultimate failure, simply wasn't supposed to happen. Although death was the cornerstone of the mythology of Mark Hughes (he founded Herbalife in 1980 to avenge the death of his mother from an addiction to diet pills), his demise was widely believed to be the 'coup de disgrace' for a company whose distributors were spurred on to recreate themselves in their leader's wholesome, California dream-boy image.

Over six feet tall, Mark Hughes – who was said by associates to consume Herbalife tablets 'by the fistful' – was often described as having the almost too-perfect good looks of a soap opera star. He had a golden young son and a goddess-like wife who had left her previous husband, action hero Jean Claude Van Damme, for him. He had a yacht that had belonged to Adnan Khashoggi. He lived in a mansion that had been the home of Mary Pickford and Douglas Fairbanks while they were still building Pickfair. He was building an even grander estate, larger than the Hearst Castle, on a 157-acre Beverly Hills mountaintop once owned by the sister of the Shah of Iran. Virtually everything in Mark Hughes's life had a big-buck, big-name pedigree. Such was life in Lotusland, where Hughes, who partied with a panoply of stars ranging from Pamela Anderson to Wayne Newton, was being compared with Hugh Hefner for his high living, and with Kirk Kirkorian for his high rolling.



Above, Mark Hughes, painted with wife Darcy, his son Alexander (right), and her children from a former marriage. Below, Martin and Karen Farmer



Hughes's demise was a blow to a company whose members were spurred on by their leader's wholesome image

As for the business itself, things were also booming. Operations in India and Thailand had just been opened. Korea was a huge success. China was next. McDonald's and Kentucky Fried Chicken had invaded the third world, turning thin people fat; Herbalife, in the next wave of American wonder products, was coming in to make them thin again.

Hughes surveyed the world of Herbalife from a towering skyscraper in Century City, California, renowned for its green plant logo that looked like a marijuana leaf. Having started his company with reform school colleagues, he was now hiring Harvard men and corporate types. And it was always show time. Two months before his death, he paid Elton John a cool million dollars to give a private one-hour concert for several thousand of his top distributors.

With his irresistible siren call of be-your-own-boss-and-beat-the-system, Mark Hughes was a fusion of Elvis Presley, the Reverend Billy Graham and Horatio Alger. Entering vast arenas to *Rocky*-style music, Hughes would launch into the wellness analogue of Michael Douglas's 'greed is good' speech in *Wall Street*. Hughes would invoke his dead mother, recount miracle cures, and do a financial rain dance, speaking sincerely and colloquially with lots of dropped g's – wishin', hopin', earnin'. 'We're gonna take this company around the entire world,' he promised. And so he did.

The scene is a Herbalife success training seminar in the Redondo Beach Convention Center, classic southern California beach boy territory, earlier this year. Often a venue for rock concerts, the hall bursts with similar fervour. Thousands watch as a President's Club member, chairing the conclave, parades distributor after distributor on to the stage, each 'testifying' about how much weight he or she lost, how much money he or she made. A group of \$2,000-a-monthers march up, then \$5,000, then \$10,000. 'Look at these people,' the compere exhorts the potential troops. 'See how good they look!' One doesn't see many fat people at Herbalife events.

Not only do these disciples look good, they *feel* good, too. They had been fat. Now they are thin. They had been poor. Now they are getting rich, via the ultimate good deed of helping other fat people get thin. 'Look at them! Look at their clothes!' the moderator marvels at these 'Herbalised' winners, invoking F Scott Fitzgerald's take on how the rich are different. 'Their suits are different! Their dresses are different! Their underwear is different!' The crowd goes wild.

But how does this 'feelgood' style play out in staid old England? 'The badge, that's what did it,' says Karen Farmer, a former Lake District hotelier and caterer who, with her Dublin-raised engineer husband, Martin, make more than £400,000 year in Herbalife commissions, after a decade in the business. 'We're English,' Karen says with a laugh. 'Great at giving service. But sales... sales bothered me. I had no idea how to sell someone something they didn't know they wanted.' Herbalife's precept to such non-sellers is, 'just tell the truth.' Karen is still amazed that it worked. 'You just stand talking to someone – about the weather, about their baby –

and eventually they'll look at the badge and ask about it.'

In 1990, the Farmers, in their early 40s, stumbled on to Herbalife through Martin's father, who, at 72, had become remarkably fit and energetic through the suggestions of a Sheffield osteopath. 'Just some herbal stuff,' the elder Farmer told his son, who had been struggling for years to lose the weight he had gained from far too many rich business dinners. Karen, too, was spreading herself a bit too thickly. 'I spent all my time in the kitchen. It was hopeless,' she remembers.

After two months on Herbalife, Martin, a six-footer, had lost 44 pounds. 'I got my self-esteem back, and I suddenly realised I hated my job.' A solution to that antipathy soon presented itself. And Martin's business associates marvelled at his transformation. They wanted to know what he had done. When he called the osteopath and ordered some one-month starter kits (then priced at around £50 each), the osteopath suggested Martin become an actual distributor, so he could start earning both commissions and a discount (25 per cent) on his own product use.

Just what is in these Herbalife products that the Farmers and millions of others find so compelling? The basic system works on meal replacements - breakfast and lunch are one of four flavoured shake-style drinks; evening meals are 'normal' food. In addition, dieters swallow handfuls of vitamin, mineral and herb tablets each day, all designed to produce weight-loss. 'They're not very different from anything you'd find in a health food store,' says Dr John Harold, an internist and chief of cardiology at Los Angeles's prestigious Cedars-Sinai Medical Center. 'They're just twice as expensive.' Examining the label of Formula One, the powdered drink mix that is the cornerstone of most of Herbalife's weight loss programmes, one finds soy protein, fructose, lecithin, oat fibre, corn bran, rapeseed oil, parsley powder, papaya powder and an endless list of vitamins and minerals. 'It's like a giant multi-vitamin health shake,' says Dr Harold. 'Some of my patients who take the Herbalife products swear by them, saying they make them feel better than other products. Because of the support group and revivalist aspects of the company, there may be a placebo effect.'

'One of the reasons people become distributors is to get their products cheaply,' says Dr Laurence May, an LA internist, medical textbook author and Herbalife senior vice president of nutritional manufacturing. 'You can't get more nutrition, fewer calories or higher quality protein than this tasty and easily digestible.' But where are the herbs? The parsley and papaya powders, Dr May points out, natural enzymes which aid digestion. There are many other products in the Herbalife range, of course, hundreds of them, from chewing-gum to tea, from shampoo to lipstick, from acne cream to tanning lotion, from tomato soup to soy nuts. 'It's a business,' Dr Harold notes, 'a marketing juggernaut.'

A juggernaut that Martin Farmer was to join when he came up to London to attend his first Herbalife meeting at a small West End hotel. 'I expected something businessy,' he says. What he got was rock music and Alcoholics Anonymous-style testimonials, just like in Redondo Beach. 'I was impressed by the sincerity.' Karen was much harder to convince. It took a telephone pep talk from Master Herbalifer Alan Lorenz, who invited her to a Paris conclave, to get her on to the bandwagon. 'I ran into a schoolteacher I knew. She had absolutely no business experience, and yet she was driving a Porsche and earning £3,000 a month. Crikey, I thought, if she could do it, so could I.' While the vast majority of Herbalife distributors are housewives who work part time, earning perhaps £500 per month in 'mad money,' there is a definite group of direct sellers, like the Farmers, who decide to 'go for the gold'. It has been estimated that 10,000 of Herbalife's million distributors make 'serious money', i.e. more than £3,000 monthly, though the company insists that the number reflects effort put in rather than any limit of opportunity.

'I loved Mark, but his death was no scandal. Everyone knows he loved to party. It's not part of Herbalife's credo not to drink'



Top, Mark Hughes and Darcy, his fourth wife. Above, Richard Marconi of Global Health Sciences - former main supplier to Herbalife

If anyone was an unlikely candidate for business superstardom, it was Mark Hughes. Born in the LA suburb of Lynwood in 1936, he grew up in nearby La Mirada, which, while only 30 miles away from Beverly Hills, seems like a different planet, an economic no man's land situated between the rubble of Watts and the plastic of Anaheim. Hughes's father, Jack Reynolds, a plumber, left Hughes's mother, JoAnn, before his son was born and moved to Hawaii. The boy was legally adopted by his maternal grandparents and took

their name. Growing up with no real father-figure, Mark Hughes drifted into drugs, dropped out of high school, and got into trouble with the law.

At 16, by order of an LA Juvenile Court, he was sent away to a teenage correctional facility named CEDU (after its motto, 'See yourself and do something about it'). Described as 'a therapeutic boarding school', CEDU, set in the Alpine scenery of the San Bernardino mountains several hours outside LA, must have seemed to young Hughes like a wonderful idyll away from the smoggy flats of La Mirada.

Hughes became a star in its fundraising programme. Outfitting its pupils in jackets, ties and white shirts, CEDU dispatched the boys by school van into various communities of southern California to sell raffle tickets and solicit donations, so that CEDU's good works could be sustained. Hughes ate sandwich lunches in phone booths, his pockets jangling with dimes, cold-calling prospects. He was taken to Beverly Hills and was bewitched by the wealth and glamour. He quickly became CEDU's highest grossing fundraiser: his proudest trophy a \$500 cheque from Ronald Reagan.

Hughes was doing so well that when his term at CEDU was up, he elected to stay on as its youngest staff member. Then his mother died suddenly of a drug overdose. She had been taking a combination of over-the-counter diet pills and prescription painkillers. Mark Hughes was 19. The next year, 1976, he went out into the real world. All he knew how to do was sell; accordingly, he took a job as a direct sales apprentice for a diet product called Slender Now. It was an ironic choice, in view of his mother's death. It was a bad choice, in that the company soon went under. Hughes went on to another weight loss direct-sales outfit called Golden Youth, whose chief operatives, Larry Thompson and Larry Huff, later came to work for him at Herbalife.

Hughes met the first of four beauty pageant winners he would marry on the beach: Kathryn Whiting had reigned as Miss Santa Monica, now she was pursuing a degree in medical science. It was love at first sight, a melding of passion and commerce. Kathryn helped Mark develop his first line of products, which were basically similar to the ones he had been selling but with one important addition: herbs. Hughes sought out Richard Marconi, an Indiana Golden Gloves boxing champion who had become a nutritional product manufacturer, having developed the defunct Slender Now line that Hughes had sold. Marconi had made a fortune creating a vacuum cleaning system for escalators, but an early stint as a Pfizer drug representative had alerted him to the vast potential of the health field. Marconi helped Hughes refine his line. He would become Hughes's exclusive supplier for the next two decades, building a \$300 million company, Global Health Sciences Inc. in the process. After losing 16 pounds in two weeks on his concoctions, Hughes went on to make his grandmother his first customer. She lost 25 pounds in one month and became a true apostle, finding 25 friends not only to buy her grandson's products, but also to sell them.

In the early Eighties, traditional medicine was not in the nutrition loop. Weight loss was a very personal matter.

and doctors rarely provided help. Faced with a bewildering array of products and promises, wannabe dieters were perfect targets for the warm, supportive, all-enveloping Herbalife family. Hughes's 'Lose Weight Now/Ask Me How' badges started endless conversations that ended in friendships and business relationships.

In its first year, Herbalife grossed \$2 million in sales. By 1984, Herbalife was selling \$500 million worth of products a year. Personally, Hughes was moving as rapidly as his company. In 1984, he divorced Kathryn, who claimed in court proceedings that she had coined the Herbalife name; she settled for an undisclosed sum. He quickly remarried Angela Mack, a Swedish beauty pageant winner who had come to Hollywood to be discovered. She was, by Hughes, who by then had bought Kenny Rogers's Bel Air estate. He bought two Rolls-Royces. He bought a wardrobe at Bijan of Rodeo Drive, America's most expensive haberdasher. He had gold cufflinks made in the leaf shape of the company logo. 'I had to teach him how to dress,' says Richard Marconi, who became Henry Higgins to Hughes's Eliza Doolittle. 'I called him the "neon peon". He wore these ridiculous hippie outfits. I put him in black.' Marconi also took Hughes to China to teach him all about the herbs that were making him rich. 'He didn't know anything, but he knew how to sell.' Wayne Newton sang at Hughes's



'Elvis sold more records after he died than before. Mark Hughes is a symbol frozen in time. He's never going to age'

Brian Kane, Herbalife's chief operating officer

wedding to Angela Mack in 1984. The couple were divorced in 1985. A year later, Mack was dead, a victim, according to Hughes intimates, of anorexia, bulimia and alcohol abuse. Like Hughes's mother, Mack was overwhelmed by the pursuit of slenderness. The wages of thin, which would make Hughes rich, had cost him a mother and a wife.

With Kathryn gone, Hughes needed managerial help. He turned to his closest counsellors from CEDU, Christopher Pair and Michael Rosen, who, like product guru Richard Marconi, would go on to make fortunes as the triumvirate who actually ran the business of Herbalife. They became known as the 'war council', because in 1985 Herbalife came under siege by both state and federal regulatory authorities. The company had grown too large, too fast and too flashily not to attract the ire and attention of the desk-bound bureaucracy.

There were two points of attack. The first was that Herbalife was an illegal pyramid scheme. The fact was, however, that Herbalife

may have looked like a pyramid, but it wasn't illegal. The polite term for it is a 'multi-level marketing organisation'. In the Seventies, the Federal Trade Commission had taken on the giant of direct selling, Amway (the American Way Association), and in the process, defined which pyramids were legal and which were not. What was illegal, the FTC held, was if a distributor (seller) was paid a commission simply for recruiting more distributors. As long as commissions were paid on goods actually sold, an organisation would be within the law. It was completely kosher, then, for Herbalife distributors to earn commissions on top of the commissions of the distributors they had recruited, because the products that were sold were the basis of these commissions. Nor were distributors required to buy warehouses full of Herbalife inventory. The company prided itself on its prompt shipping. The result was that distributors took very little risk, other than putting their egos on the line to sell the goods.

The second line of the government's attack was on the Herbalife products themselves. Critics noted that they contained caffeine and ephedra, another speedy substance that had been implicated in a wide range of cardiac arrhythmias. No wonder users felt 'energetic', the nay-sayers scoffed. Other products were alleged to contain linseed oil, which was commonly used in circuses as a laxative for elephants: no wonder users lost weight. After

an interminable year of state and Congressional hearings. Herbalife emerged virtually unscathed. In 1985, it paid the State of California a chump change settlement of \$850,000, admitted no wrongdoing, and made minor marketing adjustments on the claims of two minor products, Tang Quei Plus, a remedy for menstrual cramps, and K-8, a calming tablet. (It should be noted that in the UK and many other European countries, ephedra is not allowed, and local Herbalife products have been reformulated to exclude it. In America, home of Starbucks, caffeine rules and caffeine-ish ephedra is not regulated.) In the end, Mark Hughes scored a major public relations coup by capturing the country's imagination with his retort to his federal interlocutors in the abortive Washington DC hearings: 'If you're such experts at weight loss, why are you so fat?'

After the death of Angela Mack, Hughes went on to marry, in succession, two Miss Hawaiian Tropic finalists. The first was a Brooklyn-born court reporter, blonde bombshell Suzan Shroder, who had also been crowned Miss Petite USA. Suzan gave Hughes his only heir, Alexander, now nine. The fourth wife was a Cree Indian and former poultry plant worker, Darcy La Pier, who had previously married Hawaiian Tropic founder Ron Rice, and then Van Damme. The 'muscles from Brussels' actually dated Hughes's third wife, Suzan, when Hughes began courting

Darcy. It was pure French farce.

Hughes's death, on the other hand, was Greek tragedy. Hughes had been arrested in both 1996 and 1997 for driving under the influence and was being treated with Antabuse, a drug that inhibits one's desire for alcohol. He was also being treated with doxepin, the generic name for the antidepressant Sinequan, which, its prescription packaging warns, can accelerate the effects of alcohol. There have been whispers of foul play, but no cries, and the case of Hughes's death is considered closed. The coroner has ruled the drug-alcohol interaction 'accidental'.

'Mark shouldn't be taking the dirt nap,' says the colourful Marconi, the man who knows as much about drugs as anyone. Is he suspicious? 'I'm in the middle of a lawsuit with Herbalife,' he says, evading the issue.

Darcy La Pier Robertson Rice Van Damme Hughes received a quick settlement of \$34 million for her 15 months of marriage, and moved back to her native Oregon. The 'war council' which had run Herbalife is now at war with itself. With Christopher Pair assuming the helm of the company, Michael Rosen was dismissed, and Marconi severed as Herbalife's chief product supplier. Both men have filed massive lawsuits against the company.

Despite the herbal messiah's death, despite the whiff of scandal, the Herbalife show goes on. 'Elvis sold more records after he died than

before,' says Brian Kane, a PhD from Birmingham who is now Herbalife's chief operating officer. Kane, 50, is an old-school executive who ran Richardson Vicks in Indonesia, and Bristol Meyers in Europe and the Middle East. He shuttles between Beverly Hills and London, where he is the proud owner of Division Two's Wycombe Wanderers. 'Mark Hughes knew his strength was inspiration and motivation, not in running the company,' Kane says, totally sanguine about the future. 'Now he's a symbol frozen in time. He's never going to age.'

'I loved Mark,' says John Tartol, one of Herbalife's first distributors, now a Chairman's Club multi-millionaire, collecting commissions on the sales of thousands of distributors in the chain he started two decades ago. 'But Mark's death was no scandal. Everyone knew Mark loved to party. It's not the Herbalife credo not to drink,' Tartol notes with a bemused chuckle. 'The great thing with Herbalife is that it cleanses your system so you can party harder. Look, as Mark always said, the products are the star. Disney didn't go under when Walt died.'

'We were shocked by Mark's death,' says Martin Farmer. 'Obviously it's got to be hard for the original distributors who knew him. But for most distributors, Mark Hughes is just a name. To the new generation, he's just a dead CEO.'