



CONSUMER
PROTECTION
TOOLKIT

DSOF

FTC Consumer
Protection Hotline

877.382.4357

TABLE OF CONTENTS

Consumer Protection 101

DSEF Introductory Letter.....	4
DSEF/DSA Fact Sheet Overview.....	5
DSA's Code and Consumers.....	6
DSA's Code: What Consumers and Salespeople Can Expect.....	7
FTC: 10 Things You Can Do To Avoid Fraud.....	9
DSEF 4 Ways Infographic.....	11
Shopping Online One-pager.....	12
FTC Job Scams.....	13
FTC Ads for Business Opportunities.....	14
DSEF Pyramid Scheme Overview.....	16
FTC Consumer Information.....	18
FTC Avoiding Identity Theft: What to Do.....	20
FTC Identity Theft: What To Know, What To Do.....	22

Additional Resources

DSA Pyramid Schemes Confuse Consumers.....	25
FTC Consumer Sentinel Network Consumer Sentinel Network.....	26
Can the Spam.....	27
Consumer Quiz.....	29
Direct Selling Code of Ethics.....	30
Direct Selling Code of Ethics Fact Sheet.....	38

CONSUMER PROTECTION 101

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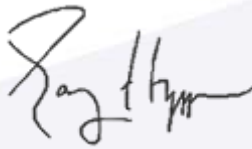
Dear Friend,

For more than 40 years, The Direct Selling Education Foundation (DSEF) has championed the rights of consumers around the world and advanced understanding of the direct selling channel through its partnerships with leading consumer advocacy groups, educators and public policy leaders.

As part of our support of consumer protection, we are pleased to introduce a consumer protection toolkit aimed at providing consumers with a one-stop-shop of information to help them avoid fraud and scams in the marketplace.

We hope you'll find the enclosed information valuable. For more educational resources visit www.dsef.org and www.ncpw.gov.

Sincerely,



Gary M. Huggins

DSA/DSEF OVERVIEW

Members of the Direct Selling Association (DSA) are required to abide by a rigorous Code of Ethics that outlines interactions with and protections for both independent sellers and customers. Educating consumers about these commitments is a core area of focus for the Direct Selling Education Foundation (DSEF). We invite you to learn more about our organizations:

DSEF

The Direct Selling Education Foundation engages, equips and empowers educators to provide students with an accurate understanding of the direct selling channel as a powerful go-to-market strategy, distribution model and entrepreneurial option.



To further support our overall mission, DSEF partners with professors and educators who are interested in including direct selling as a topic in their classrooms and provides teaching content to facilitate this process. The Foundation also funds and sponsors direct selling-related research, often conducted by DSEF Fellows, and hosts Campus Events throughout the year, which include classroom visits by direct selling company executives through our Speakers Bureau.

DSA

The Direct Selling Association (DSA) is the national trade association for companies that offer entrepreneurial opportunities to independent sellers to market and sell products and services, typically outside of a fixed retail establishment. More than 20 million Americans are involved in direct selling in every state, congressional district and community in the United States. In 2016, direct selling generated more than \$35 billion in retail sales. For more information, visit www.dsa.org.



DSA'S CODE AND CONSUMERS

The cornerstone of the Direct Selling Association's (DSA) commitment to ethical business practices and consumer service is its Code of Ethics. Every member company pledges to abide by the code's standards and procedures as a condition of admission and continuing membership in DSA.



DIRECT SELLING ASSOCIATION

The DSA Code of Ethics speaks to both the consumer and the seller. It ensures that member companies will make no statements or promises that might mislead either consumers or prospective sales people. Pyramid schemes are illegal and companies operating pyramids are not permitted to be members of the DSA.

The DSA Code of Ethics is enforced by an independent code administrator who is not connected with any member company. The code administrator will do everything possible to resolve any complaints to the satisfaction of everyone involved, and has the power to decide on remedies. All member companies have agreed to honor the administrator's decisions.

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DIRECT SELLING ASSOCIATION

As a consumer you should expect salespeople to:

- Tell you who they are, why they're approaching you and what products they are selling.
- Promptly end a demonstration or presentation at your request.
- Provide a receipt with a clearly stated cooling off period permitting the consumer to withdraw from a purchase order within a minimum of three days from the date of the purchase transaction and receive a full refund of the purchase price.
- Explain how to return a product or cancel an order.
- Provide you with promotional materials that contain the address and telephone number of the direct selling company.
- Provide a written receipt that identifies the company and salesperson, including contact information for either.
- Respect your privacy by calling at a time that is convenient for you.
- Safeguard your private information.
- Provide accurate and truthful information regarding the price, quality, quantity, performance, and availability of their product or service.

- Offer a written receipt in language you can understand.
- Offer a complete description of any warranty or guarantee.

As a salesperson, you should expect a DSA member company to:

- Provide you with accurate information about the company's compensation plan, products, and sales methods.
- Describe the relationship between you and the company in writing.
- Be accurate in any comparisons about products, services or opportunities
- Refrain from any unlawful or unethical recruiting practice and exorbitant entrance or training fees.
- Ensure that you are not just buying products solely to qualify for downline commissions.
- Ensure that any materials marketed to you by others in the salesforce are consistent with the company's policies, are reasonably priced and have the same return policy as the company's.
- Require you to abide by the requirements of the Code of Ethics.
- Safeguard your private information.
- Provide adequate training to help you operate ethically.
- Base all actual and potential sales and earnings claims on documented facts.

- Encourage you to purchase only the inventory you can sell in a reasonable amount of time.
- Repurchase marketable inventory and sales aids you have purchased within the past 12 months at 90 percent or more of your original cost if you decide to leave the business.
- Explain the repurchase option in writing.
- Have reasonable start-up fees and costs.

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If you spot a scam...

Tell someone
Then tell the **FTC**

ftc.gov/complaint
1-877-FTC-HELP
(1-877-382-4357)

If you spot a scam, report it at
ftc.gov/complaint.

Your reports help
the FTC and other
law enforcement
investigate scams
and bring crooks
to justice.

10
things you
can do to
**AVOID
FRAUD**



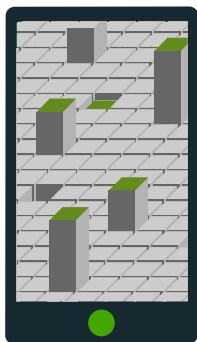
FEDERAL TRADE COMMISSION
July 2016

1 Spot imposters.

Scammers often pretend to be someone you trust, like a government official, a family member, a charity, or a company you do business with. Don't send money or give out personal information in response to an unexpected request — whether it comes as a text, a phone call or an email.

2 Do online searches.

Type a company or product name into your favorite search engine with words like “review,” “complaint” or “scam.” Or search for a phrase that describes your situation, like “IRS call.” You can even search for phone numbers to see if other people have reported them as scams.



3 Don't believe your caller ID.

Technology makes it easy for scammers to fake caller ID information, so the name and number you see aren't always real. If someone calls asking for money or personal information, hang up. If you think the caller might be telling the truth, call back to a number you know is genuine.

4 Don't pay upfront for a promise.

Someone might ask you to pay in advance for things like debt relief, credit and loan offers, mortgage assistance, or a job. They might even say you've won a prize, but first you have to pay taxes or fees. If you do, they will probably take the money and disappear. Learn where to get real help with these issues at consumer.ftc.gov.



5 Consider how you pay.

Credit cards have significant fraud protection built in, but some payment methods don't. Wiring money through services like Western Union or MoneyGram is risky because it's nearly impossible to get your money back. That's also true for reloadable cards like MoneyPak, Reloadit or Vanilla. Government offices and honest companies won't require you to use these payment methods.

6 Talk to someone.

Before you give up your money or personal information, talk to someone you trust. Con artists want you to make decisions in a hurry. They might even threaten you. Slow down, check out the story, do an online search, consult an expert — or just tell a friend.

7 Hang up on robocalls.

If you answer the phone and hear a recorded sales pitch, hang up and report it to the FTC. These calls are illegal, and often the products are bogus. Don't press 1 to speak to a person or to be taken off the list. That could lead to more calls.

8 Be skeptical about free trial offers.

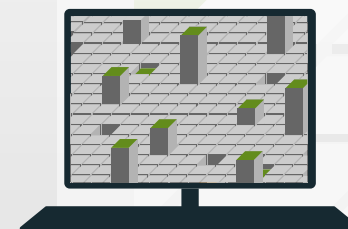
Some companies use free trials to sign you up for products and bill you every month until you cancel. Before you agree to a free trial, research the company and read the cancellation policy. And always review your monthly statements for charges you don't recognize.

9 Don't deposit a check and wire money back.

By law, banks must make funds from deposited checks available within days, but uncovering a fake check can take weeks. If a check you deposit turns out to be a fake, you're responsible for repaying the bank.

10 Sign up for free scam alerts from the FTC at ftc.gov/scams.

Get the latest tips and advice about scams sent right to your inbox.



4 WAYS DSA'S CODE OF ETHICS PROTECTS BUYERS & SELLERS

1

PRODUCT BUYBACKS



All DSA member companies must adhere to an inventory buyback policy.

2

COOLING OFF PERIOD



The cooling-off period protects consumers from buyer's remorse.

3

EARNINGS CLAIMS



Any claims a direct seller makes about earnings must be accurate and truthful.

4

PRODUCT CLAIMS



Any claims a direct seller makes about a product must be accurate and truthful.

To learn more about the Direct Selling Education Foundation's Ethics Initiative and the Direct Selling Association's Code of Ethics, visit www.dsef.org/what-we-do/ethics-initiative/

DSOF DIRECT SELLING
EDUCATION FOUNDATION

1667 K Street, NW, Suite 1100, Washington, D.C. • 202-452-8866 • info@dsef.org • www.dsef.org

Shopping Online

Want to get a great product at a great price when you shop online?
Some extra research can really pay off.

PLAN

Set a Budget

How much do you want to spend? Include delivery costs.



Decide What Matters

What are your "must-have" features vs. those that are nice to have?



COMPARE PRODUCTS

Use Search Engines

To find out more about a brand, product, or site, type the name into a search engine with words like "review," "complaint," or "scam."

Search

Read Reviews Online



Reviews from other people, experts, and columnists can give you an idea of how a product performs. Don't put all your trust in any one review.

Consider Reputation



Does the brand or site have a reputation for quality and good customer service?

COMPARE COSTS

Check Shopping Comparison Sites



Some sites show the price of a product at several online stores. Keep shipping costs in mind when computing the best deal.

Consider Coupons



Coupon codes can impact your final costs. Do a search for the store with terms like "discount," "coupon," or "free shipping."

Read Return Policies



Not all stores have the same rules for returns. Some charge fees for return shipping or restocking.

CHECK OUT

Decide How To Pay

When you shop online, credit cards can offer extra protections.



Look for a Secure Checkout

Does the website address start with **https** (the "s" stands for secure) when you're checking out?



Learn more at OnGuardOnline.gov





Job Scams

Scammers might promise you a job, lots of money, or work you can do at home. But they make you pay them before they help you. If you pay them, you will lose your money and will not get a job.

How do I spot a job scam?

Look for these signs of a scam. Scammers might:

- promise you a job
- promise you a government job
- offer you the secret to getting a job
- promise that you will make lots of money by working at home
- offer you a certificate to improve your chances of getting a job

Scammers **always** will ask you to pay first. That is the biggest sign of any scam. Never pay in advance. Someone might say you cannot lose. It is not true. You will lose money.

How can I avoid a job scam?

- Never deal with anyone who promises you a job. No one can **promise** you a job.
- Do not pay in advance for information about a job. Even if there is a money-back guarantee.
- Do not deal with anyone who says you have to act fast.
- Ignore promises to make thousands of dollars working in your own home. Those promises are lies.

What if I already paid someone but I did not get anything?

If you sent money and did not get help finding a job, report it to the Federal Trade Commission (FTC).

- Call the FTC at 1-877-382-4357
- Go online: [ftc.gov/complaint](https://www.ftc.gov/complaint)

The FTC uses complaints to build cases against scammers. Any information you can give helps investigators.

FTC FACTS for Business

Ads for Business Opportunities: How To Detect Deception

It's not hard to see why ads for business opportunities that promote the benefits of being your own boss and making money quickly are appealing. But the Federal Trade Commission (FTC), the government agency that monitors advertising for deception, says that some ads for business opportunities feature empty promises and false claims that potential entrepreneurs could never realize.

Promoters of fraudulent business opportunities run ads where their targets are likely to see them: in daily and weekly newspapers, in magazines, and on the Internet. The FTC is asking for your help in finding these ads first. By doing so, you can protect your company and your readers from being left holding the bag.

As part of an advertising sales or production staff, you customarily review ad claims for taste and appropriateness. It's just good sense to take that extra moment to review a business opportunity claim for telltale signs of fraud, too.

- It can protect your company from being known as one that promotes rip-offs. Your readers may believe an offer is legitimate because it's in your publication or on your website. When the claim turns out to be false, they may well blame you for running the ad.
- It can keep you from getting cheated by those who are making the false claims. There's a good chance they won't pay their bills, and will have left town by the time you try to collect.
- It can keep you from harming your readers and your legitimate advertisers.

SPOTTING FALSE CLAIMS

How can you spot claims for a fraudulent business opportunity? One clue may be the type of opportunity being advertised. Fraud has most often been associated with promotions for vending machine, display rack, pay phone, medical billing, and some Internet-related businesses.

Here are several other claims that have made it into the pages of legitimate papers, magazines and websites recently:

"WORK PART-TIME FROM HOME." Most scammers promise an ideal work situation — the ability to set your own hours, be your own boss, or work from home. In fact, this rosy scenario is far from reality for most small business owners.

"Be Your Own Boss"

"Own a Dealership Today"

"EARN \$2,000 A MONTH." If an ad claims buyers can make a certain amount of money, the law says the promoter must give the number and percentage of previous purchasers who earned the income. If an earnings claim is there, but the additional information isn't, ask for more information: the business opportunity seller may be violating the law.

"\$50K/yr"

"Vending route nets \$1,700/wk"

Facts for Business

“NO RISK! GUARANTEED!” Ads that promise a big payout with little or no risk are usually a telltale sign of a fraud. Legitimate business ventures involve risks — usually in proportion to the promised return.

“Huge Income”

“100% return on your investment!”

“QUICK AND EASY!” Successful start-up businesses, including franchises, require a lot of work to get off the ground, let alone manage. Only a few are profitable from the start. If ads promise vending locations, they may not be current or high-traffic; the merchandise also may be out-of-date or of poor quality.

“Start Earning Today”

“Prime locations available now”

These are examples of possibly deceptive claims. If you see them, highlight them for the appropriate person in your company. At the same time, know that many fraudulent business opportunity promoters use more subtle language when making promises, guarantees, and claims that they can’t possibly keep.

By taking a few moments to review the claims made in business opportunity ads, you can protect the reputation of your company — and the consumers in your community.

FOR MORE INFORMATION

For information on red flag claims for weight loss products, visit ftc.gov/redflag. If you see an ad you think is deceptive, you can report it to the FTC using the complaint form at ftc.gov.

The FTC works for the consumer to prevent fraudulent, deceptive, and unfair business practices in the marketplace and to provide information to help consumers spot, stop, and avoid them. To file a complaint or to get free information on consumer issues, visit ftc.gov or call toll-free, 1-877-FTC-HELP (1-877-382-4357); TTY: 1-866-653-4261. The FTC enters Internet, telemarketing, identity theft, and other fraud-related complaints into Consumer Sentinel, a secure, online database available to hundreds of civil and criminal law enforcement agencies in the U.S. and abroad.

YOUR OPPORTUNITY TO COMMENT

The National Small Business Ombudsman and 10 Regional Fairness Boards collect comments from small businesses about federal compliance and enforcement activities. Each year, the Ombudsman evaluates the conduct of these activities and rates each agency’s responsiveness to small businesses. Small businesses can comment to the Ombudsman without fear of reprisal. To comment, call toll-free 1-888-REGFAIR (1-888-734-3247) or go to sba.gov/ombudsman.

FEDERAL TRADE COMMISSION	ftc.gov
1-877-FTC-HELP	FOR THE CONSUMER

Federal Trade Commission
Bureau of Consumer Protection
Division of Consumer and Business Education

PYRAMID SCHEMES:

What you need to know to protect yourself from illegal scams

What is a pyramid scheme?

Pyramid schemes are illegal scams in which large numbers of people at the bottom of the pyramid pay money to a few people at the top. Each new participant pays for the chance to advance to the top and profit from payments of others who might join later. For example, to join, you might have to pay anywhere from a small investment to thousands of dollars. In this example, \$1,000 buys a position in one of the boxes on the bottom level. Five-hundred dollars of your money goes to the person in the box directly above you, and the other \$500 goes to the person at the top of the pyramid, the promoter. If all the boxes on the chart fill up with participants, the promoter will collect \$16,000, and you and the others on the bottom level will each be \$1,000 poorer. When the promoter has been paid off, his box is removed and the second level becomes the top or payoff level. Only then do the two people on the second level begin to profit. To pay off these two, 32 empty boxes are added at the bottom, and the search for new participants continues.

Each time a level rises to the top, a new level must be added to the bottom, each one twice as large as the one before. If enough new participants join, you and the other 15 players in your level may make it to the top. However, in order for you to collect your payoffs, 512 people would have to be recruited, half of them losing \$1,000 each.

Of course, the pyramid may collapse long before you reach the top. In order for everyone in a pyramid scheme to profit, there would have to be a never-ending supply of new participants.

Things you should know about pyramid schemes

- Pyramiding is based on simple mathematics: many losers pay a few winners.
- They are fraudulent. Participants in a pyramid scheme are, consciously or unconsciously, deceiving those they recruit. Few would pay to join if the diminishing odds were explained to them.
- They are illegal. There is a real risk that a pyramid operation will be closed down by the officials and the participants subject to fines and possible arrest.

To look like a multilevel marketing company, a pyramid scheme takes on a line of products and claims to be in the business of selling them to consumers. However, little or no effort is made to actually market the products. Instead, money is made in typical pyramid fashion, from recruiting. New distributors are pushed to purchase large and costly amounts of inventory when they sign up.

The best way to avoid a disguised pyramid fraud is to know what to look for in a legitimate income opportunity.

Multilevel marketing—legitimate income opportunities

Multilevel marketing is a popular way of retailing in which consumer products are sold, not in stores by sales clerks, but by independent businessmen and women (distributors), usually in customers' homes.

As a distributor you can set your own hours and earn money by selling consumer products supplied by an established company.

In a multilevel structure you can also build and manage your own salesforce by recruiting, motivating, supplying and training others to sell those products.

Your compensation then includes a percentage of the sales of your entire sales group as well as earnings on your own sales to retail customers. This opportunity has made multilevel marketing an attractive way of starting a business with comparatively little money.

How to tell the difference between a legitimate business and a pyramid scheme

Pyramid schemes seek to make money from you (and quickly). Multilevel marketing companies seek to make money with you as you build your business (and theirs) selling consumer products. Before you sign up with a company, investigate carefully. A good way to begin is to ask yourself these three questions:

- How much are you required to pay to become a distributor?
- Will the company buy back unsold inventory?
- Are the company's products sold to consumers?

The start-up fee in multilevel companies is generally small (usually for a sales kit sold at or below company cost). These companies want to make it easy and inexpensive for you to start selling. Pyramid schemes, on the other hand, make nearly all of their profit on signing up new recruits. Therefore, the cost to become a distributor is usually high.

Pyramids often disguise entry fees as part of the price charged for required purchases of training, computer services, product inventory, etc. These purchases may not even be expensive or "required," but there will be considerable pressure to "take full advantage of the opportunity."

Legitimate companies which require inventory purchases will usually "buy back" unsold products if you decide to quit the business. Some state laws require buy-backs for at least 90% of your original cost.

How to protect yourself from a bad investment

1. Take your time. Don't let anyone rush you. A good opportunity to build a business in a multilevel structure will not disappear overnight. People who say "get in on the ground floor" are implying that people joining later will be left out in the cold. BEWARE!

2. Ask questions:

- About the company and its officers.
- About the products—their cost, fair market value, source of supply, and potential market in your area.
- About the startup fee (including required purchases).
- About the company's guaranteed buy-back of required purchases.
- About the average earnings of active distributors.

3. Get written copies of all available company literature.

4. Consult with others who have had experience with the company and its products. Check to see if the products are actually being sold to consumers.

5. Investigate and verify all information. Do not assume that official looking documents are either accurate or complete.

Where to go for help

For help in evaluating a direct selling company, visit the Direct Selling Association at www.dsa.org, the Better Business Bureau at www.bbb.org, your local district attorney or your state attorney general.

If you suspect that a company may be an illegal pyramid scheme, contact your state and local law enforcement offices and the Federal Trade Commission at www.ftc.gov.

For more information about direct selling, visit www.dsef.org. To find out more about ethical business practices, visit www.dsef.org

This brochure was originally published in cooperation with the National District Attorneys Association's Economic Crime Project.

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Multilevel Marketing

In multilevel or network marketing, individuals sell products to the public — often by word of mouth and direct sales. Typically, distributors earn commissions, not only for their own sales, but also for sales made by the people they recruit.

Not all multilevel marketing plans are legitimate. If the money you make is based on your sales to the public, it may be a legitimate multilevel marketing plan. If the money you make is based on the number of people you recruit and your sales to them, it's probably not. It could be a pyramid scheme. Pyramid schemes are illegal, and the vast majority of participants lose money.

If you're considering buying into a multilevel marketing plan, get the details.

Consider the Products

Many companies that market their products through distributors sell quality items at competitive prices. But some offer goods that are overpriced, have questionable merits, or are downright unsafe to use.

Find out what will you be selling. Are similar products on the market? Is the product priced competitively? Is it safe? Can your sponsor — the distributor who is recruiting you — support the claims about the product's performance?

Almost any product or service could be sold through multilevel marketing, including health, beauty, and fitness products that aren't available on store shelves. Apply a healthy dose of skepticism before buying or selling products advertised as having "miracle" ingredients or guaranteed results. Many of these "quick cures" are unproven, fraudulently marketed, and useless. In fact, they could be dangerous. You may want to check with a health professional before using them — or selling them.

If you decide to buy into the program and promote the products, you must be sure your marketing materials are truthful and that there's solid evidence to back up the claims you make about the products. Before you repeat any claims the company has made, verify that there's competent and reliable research to back them up. That's the standard the FTC uses when evaluating advertising claims.

Learn More About the Company

Find — and study — the company's track record. Do an internet search with the name of the company and words like review, scam or complaint. Look through

several pages of search results. You also may want to look for articles about the company in newspapers, magazines, or online. Find out:

- how long the company has been in business
- whether it has a positive reputation for customer satisfaction
- what the buzz is about the company and its product on blogs and websites
- whether the company has been sued for deceptive business practices

Check with your state Attorney General for complaints about any company you're considering, although a lack of complaints doesn't guarantee that a company is legitimate.

Evaluate the Plan

Don't pay or sign a contract in an "opportunity meeting." Take your time to think over your decision. Your investment requires real money, so don't rush into it without doing some research first.

Ask your sponsor for the terms and conditions of the plan, including:

- the compensation structure
- your potential expenses
- support for claims about how much money you can make
- the name and contact information of someone at the company who can answer your questions

Get this information in writing. Avoid any plan where the reward for recruiting new distributors is more than it is for selling products to the public. That's a time-tested and traditional tip-off to a pyramid scheme.

Keep in mind that when you recruit new distributors, you are responsible for the claims you make about how much money they can earn. Be honest, and be realistic. If your promises fall through, you could be held liable, even if you are simply repeating claims you read in a company brochure or heard from another distributor.

If you don't understand something, ask for more information until it is absolutely clear to you. Your sponsor and other distributors should be willing to answer your questions. Remember that your sponsor (and others above your sponsor's level) will make money if you join the program. So take your time, and resist pressure to join. Be aware of shills — fake references paid by the company or distributor to pretend they were successful earning money through the plan.

Find out about refunds.

Get the company's refund policy in writing. Make sure it includes information about returning any unused products, including restrictions and penalties. It may seem like you're minimizing your risk if you can return products for a reimbursement, but policies vary on whether you'll get a full refund — and how long it may take. Many plans require you to buy training or marketing materials, or pay for seminars if you want to get product discounts or create your own network of distributors. Find out how much time and money other distributors spent on training, marketing materials, and seminars when they joined the plan, and whether the plan requires you to participate in periodic training. What happens if you opt out of the training?

Ask a friend or adviser to read the materials.

You may want to consult with an accountant, a lawyer, or someone else you trust who is not affiliated with the plan to review the terms of compensation, determine whether the plan can back up its claims about the amount of money you can make, and analyze the information you've been given.

Think about whether this kind of work suits your talents and goals.

Ask yourself whether you would enjoy selling products to the public. Find out how many hours a week your sponsor and other distributors spent on the business when they joined and how much time they spend now. Remember that no matter how good the product and how solid the plan, you'll need to invest sweat equity and money for your investment to pay off. Consider the other demands of the business — for example, going to training, recruiting new distributors, managing paperwork, recording inventory, and shipping products.

Ask Questions

Ask your sponsor and other distributors tough questions, and dig for details. Don't consider it nosy or intrusive: you are on a mission to check out a potential business deal that will require your money and your time.

Their responses can help you detect false claims about the amount of money you may make and whether the business is a pyramid scheme. Here are some questions to ask before making any decisions:

- What are your annual sales of the product?
- How much product did you sell to distributors?
- What percentage of your sales were made to distributors?
- What were your expenses last year, including money you spent on training and buying products?
- How much money did you make last year — that is, your income and bonuses, less your expenses?
- How much time did you spend last year on the business?
- How long have you been in the business?
- How many people have you recruited?
- What percentage of the money you've made — income and bonuses less your expenses — came from recruiting other distributors and selling them inventory or other items to get started?

It's important to get a complete picture of how the plan works: not just how much money distributors make, but also how much time and money they spend on the plan, how long it takes before they're earning money, and how big a downline is needed to make money. One sign of a pyramid scheme is if distributors sell more product to other distributors than to the public — or if they make more money from recruiting than they do from selling.

Federal Trade Commission. (2016, July). Multilevel Marketing. Retrieved from www.consumer.ftc.gov/articles/0065-multilevel-marketing



Avoiding Identity Theft

Identity theft can make it hard for you to get credit, a job, a place to live, or utilities. But you can reduce your risk of being hurt by identity theft.

How can I protect my identity?

Protect your personal information. That helps you protect your identity. Here are some things you can do:

- At home
 - keep your financial records, Social Security and Medicare cards in a safe place
 - shred papers that have your personal or medical information
 - take mail out of your mailbox as soon as you can
- As you do business
 - only give your Social Security number if you must. Ask if you can use another kind of identification
 - do not give your personal information to someone who calls you or emails you
- On the computer
 - use passwords that are not easy to guess. Use numbers and symbols when you can
 - do not respond to emails or other messages that ask for personal information
 - do not put personal information on a computer in a public place, like the library

How will I know if someone steals my identity?

Read your bills and account statements. Watch for:

- things you did not buy
- withdrawals you did not make
- a change of your address that you did not expect
- bills that stop coming



Avoiding Identity Theft

Look at medical statements. You might see charges you do not recognize. That might mean someone stole your identity.

Get your credit report. You get one free credit report every year from each credit reporting company. To order:

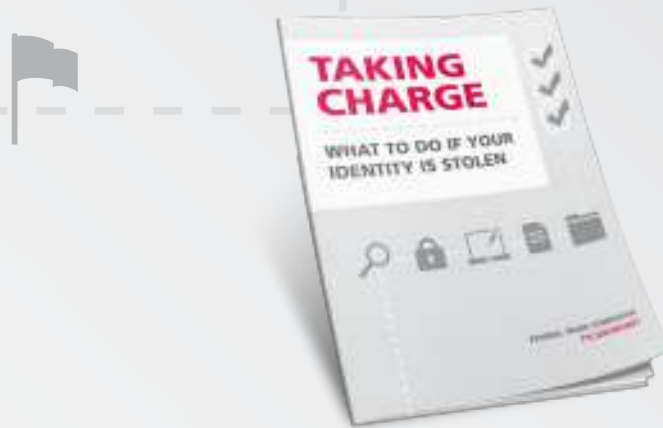
- Call Annual Credit Report at 1-877-322-8228.
- Answer questions from a recorded system. You have to give your address, Social Security number, and birth date.
- Choose to only show the last four numbers of your Social Security number. It is safer than showing the full number on your report.
- Choose which credit reporting company you want a report from. (You get one report free from each company every year.)

The company mails your report to you. It should arrive two to three weeks after you call.

Read your credit report carefully. Look for mistakes or accounts you do not recognize. This could mean someone stole your identity.

Red Flags of Identity Theft

- mistakes on your bank, credit card, or other account statements
- mistakes on the explanation of medical benefits from your health plan
- your regular bills and account statements don't arrive on time
- bills or collection notices for products or services you never received
- calls from debt collectors about debts that don't belong to you
- a notice from the IRS that someone used your Social Security number
- mail, email, or calls about accounts or jobs in your minor child's name
- unwarranted collection notices on your credit report
- businesses turn down your checks
- you are turned down unexpectedly for a loan or job



Taking Charge:
What To Do If Your Identity Is Stolen
Available online at ftc.gov/idtheft
Order free copies at bulkorder.ftc.gov

FEDERAL TRADE COMMISSION
FTC.GOV/IDTHEFT
1-877-ID-THEFT (438-4338)

IDENTITY THEFT



WHAT TO KNOW



WHAT TO DO



FEDERAL TRADE COMMISSION
FTC.GOV/IDTHEFT

What is Identity Theft?

Identity theft is a serious crime. It can disrupt your finances, credit history, and reputation, and take time, money, and patience to resolve. Identity theft happens when someone steals your personal information and uses it without your permission.

Identity thieves might:

- go through trash cans and dumpsters, stealing bills and documents that have sensitive information.
- work for businesses, medical offices, or government agencies, and steal personal information on the job.
- misuse the name of a legitimate business, and call or send emails that trick you into revealing personal information.
- pretend to offer a job, a loan, or an apartment, and ask you to send personal information to “qualify.”
- steal your wallet, purse, backpack, or mail, and remove your credit cards, driver’s license, passport, health insurance card, and other items that show personal information.

How to Protect Your Information

- Read your credit reports. You have a right to a free credit report every 12 months from each of the three nationwide credit reporting companies. Order all three reports at once, or order one report every four months. To order, go to annualcreditreport.com or call 1-877-322-8228.
- Read your bank, credit card, and account statements, and the explanation of medical benefits from your health plan. If a statement has mistakes or doesn’t come on time, contact the business.
- Shred all documents that show personal, financial, and medical information before you throw them away.
- Don’t respond to email, text, and phone messages that ask for personal information. Legitimate companies don’t ask for information this way. Delete the messages.
- Create passwords that mix letters, numbers, and special characters. Don’t use the same password for more than one account.
- If you shop or bank online, use websites that protect your financial information with encryption. An encrypted site has “https” at the beginning of the web address; “s” is for secure.
- If you use a public wireless network, don’t send information to any website that isn’t fully encrypted.
- Use anti-virus and anti-spyware software, and a firewall on your computer.
- Set your computer’s operating system, web browser, and security system to update automatically.

If Your Identity is Stolen...

1 Flag Your Credit Reports

Call one of the nationwide credit reporting companies, and ask for a fraud alert on your credit report. The company you call must contact the other two so they can put fraud alerts on your files. An initial fraud alert is good for 90 days.

Equifax 1-800-525-6285

Experian 1-888-397-3742

TransUnion 1-800-680-7289

2 Order Your Credit Reports

Each company’s credit report about you is slightly different, so order a report from each company. When you order, you must answer some questions to prove your identity. Read your reports carefully to see if the information is correct. If you see mistakes or signs of fraud, contact the credit reporting company.

3 Create an Identity Theft Report

An Identity Theft Report can help you get fraudulent information removed from your credit report, stop a company from collecting debts caused by identity theft, and get information about accounts a thief opened in your name. To create an Identity Theft Report:

- file a complaint with the FTC at ftc.gov/complaint or 1-877-438-4338; TTY: 1-866-653-4261. Your completed complaint is called an FTC Affidavit.
- take your FTC Affidavit to your local police, or to the police where the theft occurred, and file a police report. Get a copy of the police report.

The two documents comprise an Identity Theft Report.



ADDITIONAL RESOURCES

Pyramid Schemes Confuse Consumers by Masquerading as Direct Selling Companies



The law in many states, judicial decisions at the federal and state levels and a Federal Trade Commission (FTC) staff advisory opinion define pyramid schemes as any plan or operation in which individuals pay money for the right to receive compensation that is primarily based upon recruiting other individuals into the plan or operation rather than related to the sale of products and services to ultimate users, or consumption by ultimate users.

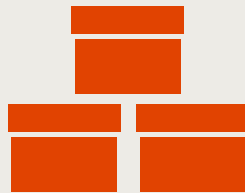


These ultimate users are individuals who consume or use the products or services, whether or not they are participants in the plan or operation.

Red flags for pyramid schemes include:



High start-up costs and/or required training purchases



Few or no opportunities for the company to buy-back unused inventory



A company that sells few – or no – real products or services through its independent salespeople



Pressure to sign a contract quickly



Exaggerated earnings claims



Evasive answers by the salesperson or unwillingness to give disclosure documents required by law



THE FTC'S CONSUMER SENTINEL NETWORK

A FREE online investigative tool from the Federal Trade Commission

- Search millions of consumer complaints
- Connect with thousands of law enforcers
- New and improved features make it easier than ever to use
- To join, visit **Register.ConsumerSentinel.gov**

Consumer Sentinel is a secure online database of millions of consumer complaints available only to law enforcement. Complaints in Consumer Sentinel are about:

- Identity Theft
- Do-Not-Call Registry Violations
- Computers, the Internet, and Online Auctions
- Telemarketing Scams
- Advance-fee Loans and Credit Scams
- Sweepstakes, Lotteries, and Prizes
- Business Opportunities and Work-at-Home Schemes
- Health and Weight Loss Products
- NOW AVAILABLE: All consumer complaints filed with the FTC about financial issues, such as credit reports, debt collection, financial institutions, and lending.

Consumer Sentinel now offers you new and improved features.

- Find complaints more easily, with a tool that works like an Internet search engine
- Search within your search results
- Save data in your own 100 megabyte online storage center

Consumer Sentinel is a valuable resource.

- Search complaints from the FTC, the U.S. Postal Inspection Service, the Better Business Bureau, Canada's PhoneBusters, the Identity Theft Assistance Center, Internet Crime Complaint Center, and the National Fraud Information Center

Consumer Sentinel gives you the tools to investigate activity across jurisdictions.

- Find complaints from around the world – or around the corner – so you can do your job more efficiently and effectively

Consumer Sentinel enhances investigations.

- Get alerts about particular subjects or practices
- Find law enforcement agencies investigating the same targets
- Set up a search to run periodically

Consumer Sentinel is FREE.

- Your organization must sign a confidentiality and data security agreement with the FTC to access the updated Sentinel. Each user must register and obtain a user ID, a password, and a security token

To join, visit **Register.ConsumerSentinel.gov**

Somehow, your name and contact information ended up on a list created by somebody who passed it to several other somebodies, and now you're flooded with solicitations for all kinds of things you neither asked for nor wanted. What's a consumer to do?

You may not be able to get your name off all marketing lists, but there are ways to reduce the amount of unsolicited mail you receive.



To learn more:

For assistance on a wide range of consumer issues, contact the Department of Consumer Affairs' Consumer Information Center at 800.952.5210.

**State of California
Department of Consumer Affairs**

1625 North Market Blvd.
Suite N-112
Sacramento, CA 95834

800.952.5210 toll-free
800.326.2297 TDD

www.dca.ca.gov



Can the trash talk!

How to cut down or stop
unwanted phone, fax,
mail, or e-mail ads



Regular mail

To stop most advertising mail:

The Direct Marketing Association's DMA Choice program allows you to request that specific companies or types of companies stop sending you unsolicited mail. It will take about 90 days for your preferences to take effect. The Direct Marketing Association represents most, but not all, direct marketers. Go to www.dmachoice.org to submit your request online. You can also make your request in writing. Send your letter to Mail Preference Service, Direct Marketing Association, P.O. Box 643, Carmel, NY 10512. Enclose a check for \$1 made out to Direct Marketing Association. Do not send cash.

To stop credit card or loan offers:

A call to (888) 5OPTOUT or 888.567.8688 will stop most pre-approved credit offers from landing in your mailbox. You can choose to have your request stand for five years or permanently. Visit www.optoutprescreen.com to file the request online.

To stop catalogs:

Call the number on the specific catalog you are receiving, or send a letter requesting removal of your name and address (include the address label from the catalog). You can also register your request to stop specific catalogs online at www.catalogchoice.org. Not all catalogs are listed on the Web site.

Text messages

Report it:

State and Federal laws prohibit sending unsolicited text advertising to wireless devices such as cell phones and pagers. If you receive such messages, you can contact your wireless service provider or complain to the Federal Communications Commission at (888) TELL-FCC or 888.835.5322 or online at www.FCC.gov.

E-mail

Block it:

The use of an effective e-mail filter is the best way to block unsolicited e-mail. The most popular e-mail service providers offer filters. Check with your e-mail service provider for details.

Contact the senders:

Find the Direct Marketing Association's DMA Choice E-mail Preference Service at www.dmachoice.org to have your e-mail address removed from some national e-mail advertising lists. Registration with eMPS Registration is good for five years. The request will not apply to local merchants, professional and alumni groups, and political candidates.

Report violators:

State and Federal laws forbid individuals and companies from sending commercial e-mail in many instances. Violators can be reported to the Federal Trade Commission at spam@uce.gov.

Exercise your opt out rights:

If you receive unsolicited e-mail from a company you have done business with, look for information on the e-mail on how to unsubscribe or stop future messages.

Faxes

Keep and report:

Unsolicited ads sent by fax offering property, goods, or services are illegal under State and Federal law. Do not respond, even to ask the sender to stop sending the notices. Your best approach is to keep the fax and forward it with your complaint to the California Office of the Attorney General. Find the complaint form online at www.ag.ca.gov. Attach the complaint form to the faxed ads, and mail or fax them to the address or phone number on the form. For more information, you can contact the Office of the Attorney General at 800.952.5225 or 916.322.3360. Complaints about unsolicited faxes may also be forwarded to the Federal Communications Commission. Go online to www.FCC.gov or call (888) TELL-FCC or 888.835.5322 for information on how file a complaint.

Sources:

California Office of Privacy Protection
www.privacy.ca.gov

Privacy Rights Clearinghouse
www.privacyrights.org

Federal Trade
Commission
www.ftc.gov

Federal
Communications
Commission
www.FCC.gov

Phone calls

Register your phone number:

You can register your home and cell phone numbers with the National Do Not Call Registry, which was created by the Federal Trade Commission. Go online to www.DoNotCall.gov or call 888.382.1222 to register. The registration is permanent unless you remove it. It may take three months for your request to take effect. If you're not sure if you've registered your phone numbers, call or go online to verify. Remember, political solicitations, charities, and surveys are not covered by the registry, but if you tell them not to call you again, they have to honor your request.

The bottom line

Many unsolicited letters and e-mails are advertisements for legitimate products and services, but others are scams. Bogus stock tips, real estate investments, and foreign lotteries are some of the scams that may be sent via fax, mail, or e-mail.

What's Your Consumer IQ?

Take this quiz to see how much you know about consumer issues, laws and scams

1. The only time you can get a copy of your credit report is when you apply for a loan or a mortgage.

True or False?

2. After you sign a contract, including a contract to buy a car, you have three days to cancel if you change your mind. **True or False?**

3. You receive an e-mail that says your bank is updating its security measures and your account will be frozen unless you verify your account information. You should:

- a) Give the information immediately.
- b) Check that your bank's logo appears in the e-mail message; if it does, give the information.
- c) Call your bank and ask if the e-mail is legitimate.

4. You should only hire licensed contractors to do repair work on your home. This means you should check that the contractor has a valid:

- a) Commercial driver's license
- b) Maryland Home Improvement Commission license
- c) License from the national association for his professional specialty (electrician, plumber, etc.)

5. Your credit card says it has a "universal default" policy. This means that:

- a) If you make a payment late to another creditor, it will raise your interest rate.
- b) It offers accident insurance when you rent a car.
- c) If you default on your payments, it will close your account.

6. By law, all pharmacies must charge the same price for a prescription drug. **True or False?**

7. You agree to co-sign a car loan for your younger brother. If he defaults, can you be held responsible for any of the debt?

- a) No, as a co-signer you are only acting as a reference.
- b) Yes, for 50 percent of the debt.
- c) Yes, for 100 percent of the debt.

8. You are ordering furniture and the store requires a 50 percent deposit. What is the safest way to pay?

- a) check
- b) credit card
- c) cash or debit card

9. You recently had surgery. You received statements showing that the surgeon and the hospital were paid by your insurance plan, but then you receive a bill from a laboratory. You should:

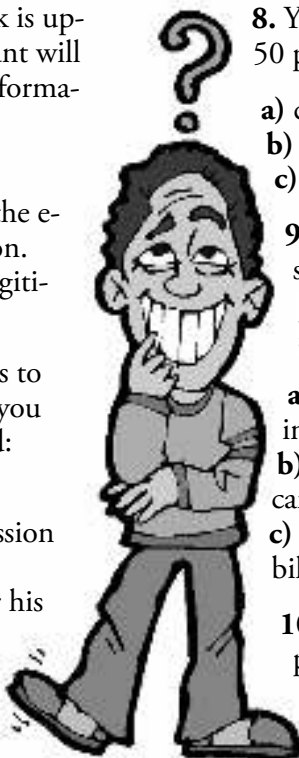
- a) Assume the lab tests are not covered by your insurance and pay the bill.
- b) Don't do anything, the insurance plan will take care of it.
- c) Call your insurance plan to find out why the lab bill wasn't paid.

10. What is the surest sign that a work-at-home opportunity is a scam?

- a) It gives a post office box as an address.
- b) It requires you to send money in advance for supplies or instructional materials.
- c) It advertises on telephone poles.

11. A landlord can keep your security deposit after you move out:

- a) For routine painting and carpeting
- b) If he sends you a list of damages you caused and what it actually cost to repair them
- c) If he says your pet made the carpets smell



ANSWERS

1. False. You can order a copy of your credit report at any time. In fact, it's a good idea to review your credit report annually, to catch mistakes or to spot signs that someone is using your data to commit identity theft. By law, you have the right to a free copy of your credit report annually from each of the major credit reporting companies. Call 877-322-8228 or visit www.annualcreditreport.com.

2. False. There are a few transactions for which the law allows a cancellation period (such as a door-to-sales or health club contract), but most contracts are binding when you sign them. The often-repeated myth that you can cancel a signed contract has given many consumers a false sense of security when making an expensive purchasing decision, like buying a new car.

3. c. Call the bank at the number listed in the phone book. Banks do not ask their customers to verify sensitive information by e-mail. Con artists send these messages to try to steal your identity and use it to make fraudulent withdrawals or credit applications. Their phony e-mails can look very authentic.

4. b. Home improvement contractors are required to be licensed by the Maryland Home Improvement Commission. Be sure to check that a contractor you are considering using has a current license. Call the Commission at 410-230-6309. If a licensed contractor fails to do the job, or does it poorly, you may be able to recover your losses through the Home Improvement Commission's Guaranty Fund.

5. a. Many credit cards have a "universal default" policy. They monitor your credit file. If you are late paying any creditor, they consider that you are a higher credit risk and they will raise your rate.

6. False. Pharmacies can charge different prices for prescription drugs.

7. c. The bank can hold you responsible for 100% of the amount owed.

8. b. It's safer to use a credit card when paying in advance for an item. If the store should go out of business or something similar happen before you get your furniture, you might be able to get a "chargeback" from your credit card. If you paid by check, cash or debit, you might never get the money back.

9. c. Call your insurance plan. If you need further help with a medical billing or health care question or dispute, you should call the Attorney General's

Health Education and Advocacy Unit at 410-528-1840.

10. b. If a company requires you to pay money up front, beware. It's against state law for a company that advertises a work-at-home opportunity to require advance payments for materials. You'll probably receive worthless materials and find that there's no way to make money.

11. b. If the landlord withholds any part of your security deposit, he or she must send a list of damages you caused and what it actually cost to repair them within 45 days after you move out.

How did you do? You can find information about many other consumer issues at the Attorney General's website at www.oag.state.md.us/Consumer.

Attorney General's Consumer Offices

Consumer Protection Division
200 St. Paul Place, 16th Fl.
Baltimore, MD 21202-2021

- General Consumer Complaints: 410-528-8662
Toll-free: 1-888-743-0023
TDD: 410-576-6372
9 a.m. to 3 p.m. Monday-Friday
- Medical Billing Complaints: 410-528-1840
9 a.m. to 4:30 p.m. Monday-Friday
To appeal health plan claims decisions:
Toll-free within Maryland 1-877-261-8807

Branch Offices

- **Cumberland**
301-722-2000; 9 a.m. to 12:00 p.m. 3rd Tuesdays
- **Frederick**
301-600-1071; 9 a.m. to 1:00 p.m. 2nd and 4th Thursdays
- **Hagerstown**
301-791-4780; 8:30 a.m. to 4:30 p.m. Monday-Friday
- **Prince George's**
301-386-6200; 9:00 a.m. to 5:00p.m. Monday-Friday
- **Salisbury**
410-713-3620; 8:30 a.m. to 4:30 p.m. Monday-Friday
- **Southern Maryland (Hughesville)**
301-274-4620 Toll-free 1-866-366-8343
9:30 a.m. to 2:30 p.m. Tuesdays

The Consumer's Edge is produced by the Maryland Attorney General's Office. Reprints are encouraged. Free subscriptions are available to groups wishing to distribute to their members. Call 410-576-6578.



DIRECT SELLING ASSOCIATION

Code of Ethics Administrator Report



Second Edition for the Period of
January–December 2016

March 2017

www.dsa.org

The Direct Selling Association (DSA) is the national trade association for companies that offer entrepreneurial opportunities to independent sellers to market and sell products and services, typically outside of a fixed retail establishment. More than 18 million Americans are involved in direct selling in every state, congressional district and community in the United States. In 2014, direct selling generated more than \$34 billion in retail sales. For more information, visit www.dsa.org.

Table of Contents

DSA Code of Ethics	1
Code of Ethics Administrator.....	1
Code of Ethics Administrator Report.....	1
Areas of Code Enforcement	2
1. Deceptive or Unlawful Consumer or Recruiting Practices.....	2
2. Products, Services and Promotional Materials to Include Product Claims	2
3. Terms of Sale.....	2
4. Warranties and Guarantees	2
5. Identification and Privacy.....	3
6. Pyramid Schemes	3
7. Inventory Purchases and Inventory Repurchase	3
8. Earnings Representations.....	3
9. Inventory Loading	4
10. Payment of Fees.....	4
11. Training and Materials.....	4
Graphs	5
Areas of Code Enforcement.....	5

DSA Code of Ethics

Originally adopted in 1970, the Code of Ethics is a self-regulatory instrument and serves as the cornerstone of Direct Selling Association (DSA)'s commitment to ethical business practices and consumer protection. Every member company pledges to abide by the Code of Ethics' standards and procedures as a condition of admission and continuing membership in DSA. In order to ensure awareness about the Code of Ethics among consumers and the marketplace, DSA member companies are obligated to publish links to the Code of Ethics as well as the complaint handling process on their official websites. The Code of Ethics includes duties and requirements for ethical activity to protect both the consumer and the direct seller. The Code of Ethics holds member companies accountable with an ongoing, rigorous set of mandates and responsibilities in areas such as earnings representations, product claims, sales and marketing practices, order cancellation and return policies. Furthermore, the Code of Ethics prohibits statements or promises that might mislead either consumers or prospective salespeople.

Code of Ethics Administrator

The DSA Code of Ethics Administrator ("Code Administrator") serves as an independent third party who enforces the Code of Ethics' requirements. The Code Administrator receives, reviews and responds to issues and inquiries arising under the Code of Ethics. In this capacity, the Code Administrator also acts as an arbiter between companies and individuals as well as issues among DSA member companies.

Code cases involving an alleged violation by a DSA member company are generated from a number of sources: a consumer, a direct seller, another DSA member company or directly from the Code Administrator. The procedure for filing a complaint is done electronically through the DSA website, www.dsa.org/consumerprotection/filing-a-code-complaint.

In response to each issue, complaint, and/or inquiry, the Code Administrator conducts an investigation and reaches a conclusion. Member companies are required to comply with any determination and potential remedy the Code Administrator prescribes. Potential remedies include restitution of monies paid for an accused member company's products that are subject to the complaint, enjoining certain marketing practices, and ordering mandatory repurchase of inventory under the DSA buyback provision, among others.

Each member company and applicant company is required to designate a Code Responsibility Officer ("CRO"). The CRO is responsible for facilitating compliance with the Code of Ethics by the company as well as responding to inquiries by the Code Administrator. Additionally, the CRO serves as the primary contact to communicate the principles of the DSA Code of Ethics to the member company's independent salespeople, company employees, customers as well as the general public.

Code of Ethics Administrator Report

The Code Administrator Report that follows lists areas of enforcement corresponding to the Code of Ethics. The mere presence of a Code of Ethics case does not constitute a finding of a violation of the Code of Ethics. This report represents matters that have been received by the Code Administrator in the past year encompassing January 2016 to December 2016. This report encompasses 217 complaints of which 199 (92%) were responded to in a timely fashion by the member company and 203 (93%) were deemed resolved.

Jared O. Blum, Esq.

Areas of Code Enforcement

1 | Deceptive or Unlawful Consumer or Recruiting Practices

(107 cases comprising 50% of the total)

DSA member companies and their independent salespeople may not engage in deceptive, unlawful or unethical practices with regard to statements about products, earnings and income opportunities, recruiting and comparisons to other direct selling companies or salespeople.

The Code Administrator has the authority to make a determination of what is a deceptive, unlawful or unethical consumer or recruiting practice under the Code of Ethics using prevailing legal standards as a guide. Compliance with any particular law, regulation or Code of Ethics provision is not a defense to such a determination by the Code Administrator that a practice is deceptive, unlawful or unethical. Additionally, it shall be considered an unfair and deceptive recruiting practice for a member company or independent salesperson to require or encourage an independent salesperson to purchase unreasonable amounts of inventory or sales aids. (See also Category 9 of this report)

2 | Products, Services and Promotional Materials to Include Product Claims

(68 cases comprising 31% of the total)

Claims about products or services made by companies and their independent salespeople cannot be misleading and must be substantiated by competent and reliable evidence. Further, misleading or unsubstantiated comparisons of another company's direct selling opportunities, products or services are prohibited. To the extent claims are made with respect to products, independent salespeople shall make only those product claims authorized by the member company.

3 | Terms of Sale

(2 cases comprising 1% of the total)

Pursuant to Section (A)(3)(b) Terms of Sale of the Code of Ethics, member companies and their salespeople shall offer a written, clearly stated cooling off period permitting the consumer to withdraw from a purchase order within a minimum of three days from the date of the purchase transaction and receive a full refund of the purchase price.

4 | Warranties and Guarantees

(2 cases comprising 1% of the total)

The terms of any warranty or guarantee offered by the seller in connection with the sale shall be furnished to the buyer in a manner that fully conforms to federal and state warranty and guarantee laws and regulations. The terms of all warranties and guarantees offered to consumers must be honored.

The mere presence of a Code of Ethics case does not constitute a finding of a violation of the Code of Ethics.

5 | Identification and Privacy (20 cases comprising 9% of the total)

At the beginning of sales presentations, independent salespeople shall truthfully and clearly identify themselves, their company, the nature of their company's products or services, and the reason for the solicitation. Contact with the consumer shall be made in a polite manner and during reasonable hours. A demonstration or sales presentation will conclude upon the consumer's request. Additionally, member companies and independent salespeople shall take appropriate steps to safeguard the protection of all private information provided by a consumer, independent salesperson or prospective independent salesperson.

6 | Pyramid Schemes (0 cases)

Pyramid or endless chain schemes shall be considered actionable under the Code of Ethics. The Code Administrator shall determine whether such pyramid or endless chain schemes constitute a violation of this Code of Ethics in accordance with applicable federal, state and/or local law or regulation. To that end, DSA member companies shall remunerate independent salespeople primarily on the basis of sales of products, including services, purchased by any person for actual use or consumption. Such remuneration may include compensation based on purchases that are not simply incidental to the purchase of the right to participate in the program.

7 | Inventory Purchases and Inventory Repurchase (2 cases comprising 1% of the total)

Any DSA member company with a marketing plan that involves selling products directly or indirectly to independent salespeople shall adopt and communicate a policy that the company will repurchase on reasonable commercial terms currently marketable inventory, in the possession of that salesperson and purchased by that salesperson for resale prior to the date of termination of the independent salesperson's business relationship with the company. These terms require the repurchase of marketable inventory within twelve (12) months from the salesperson's date of purchase at not less than 90 percent of the salesperson's original net cost less appropriate set offs and legal claims, if any.

8 | Earnings Representations (3 cases comprising 1% of the total)

These matters correspond to Section (A)(8) of the Code of Ethics which define earnings representations and include the required accountability standards for earnings representations. Earnings representations by DSA member companies or independent salespeople must be truthful, accurate and presented in a manner that is not false, deceptive or misleading. Prospective salespeople must be given sufficient information to understand that earnings may vary significantly and must be presented with sufficient information to conduct a reasonable evaluation of the opportunity to earn income. Earnings representations that give the impression of lifestyle opportunities must be clearly substantiated. Any sales and earnings representations must be documented and substantiated. Member companies and their independent salespeople must maintain such documentation and substantiation, making it available to the Code Administrator upon written request.

The mere presence of a Code of Ethics case does not constitute a finding of a violation of the Code of Ethics.

9 | Inventory Loading

(0 cases)

A member company shall not require or encourage an independent salesperson to purchase inventory in an amount which unreasonably exceeds that which can be expected to be resold and/or consumed by the independent salesperson within a reasonable period of time.

It shall be considered an unfair and deceptive recruiting practice for a member company or independent salesperson to require or encourage an independent salesperson to purchase unreasonable amounts of inventory or sales aids. The Code Administrator may employ any appropriate remedy to ensure any individual salesperson shall not incur significant financial loss as a result of such prohibited behavior.

10 | Payment of Fees

(0 cases)

Neither member companies nor their independent salespeople shall ask individuals to assume unreasonably high entrance fees, training fees, franchise fees, fees for promotional materials or other fees related solely to the right to participate in the member company's business. Any fees charged to become an independent salesperson shall relate directly to the value of materials, products or services provided in return.

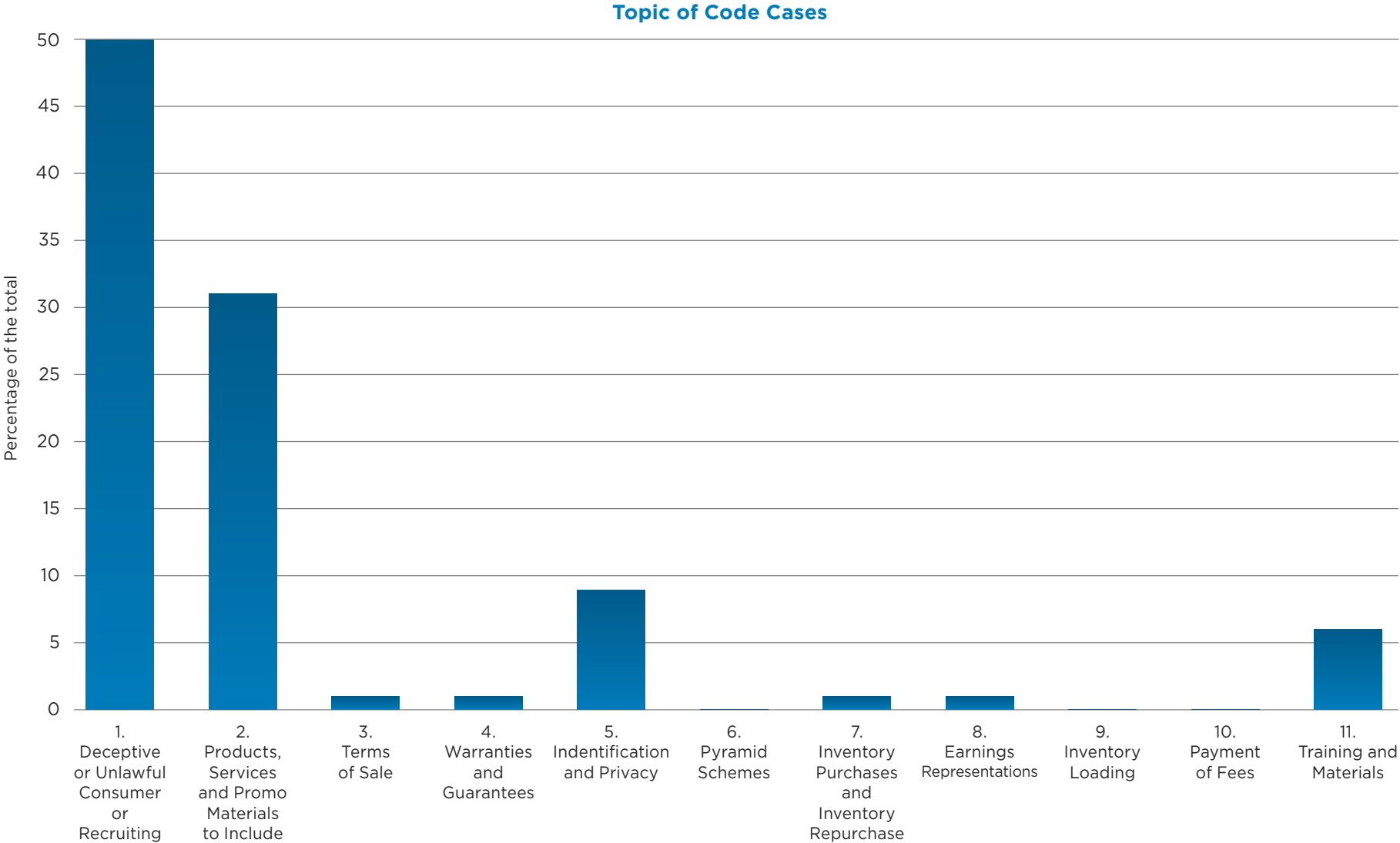
11 | Training and Materials

(13 cases comprising 6% of the total)

DSA member companies shall provide adequate training to enable independent salespeople to operate ethically. Additionally, DSA member companies shall prohibit their independent salespeople from marketing or requiring the purchase by others of any materials that are inconsistent with the member company's policies and procedures.

The mere presence of a Code of Ethics case does not constitute a finding of a violation of the Code of Ethics.

Areas of Code Enforcement



The mere presence of a Code of Ethics case does not constitute a finding of a violation of the Code of Ethics.



DIRECT SELLING ASSOCIATION

Direct Selling Association's Code of Ethics

The Standard for an Accountable Marketplace

Protecting Consumers

In all interactions, a salesperson must:

- Contact customers at a convenient time.
- Provide accurate information on products and services.
- Provide company and salesperson contact information.
- Protect customer privacy.
- Ensure product and earnings claims are clearly documented and defined, and substantiated by competent and reliable evidence.



A salesperson will not:

- Engage in unlawful or unethical recruiting practices.
- Encourage fellow salespeople to purchase unreasonable amounts of inventory or sales aides.
- Encourage selling of products solely to qualify for downline commissions.

DSA Member Responsibilities

A member company must:

- Abide by the Code's standards and procedures as a condition of DSA membership.
- Publish the Code on their website and the process for filing a Code complaint.
- Provide ethics training to their salespeople.
- Ensure product and earnings claims are clearly documented and defined, and substantiated by competent and reliable evidence.



A member company will not:

- Engage in unlawful or unethical recruiting practices and exorbitant entrance fees.
- Encourage salespeople to purchase unreasonable amounts of inventory or sales aides.
- Encourage selling of products solely to qualify for downline commissions.



Protecting Salespeople

A member company must provide:

- Information on its compensation plan, products and sales methods.
- Actual and potential sales and earnings claims; accurate descriptions of products, services and opportunities.
- A contract detailing the relationship with the company, including start-up fees and costs.
- An explanation of its repurchase policy, requiring a 90% refund on currently marketable materials within 12 months of purchase, including sales kits if required.



Enforcement

- The Code of Ethics is enforced by an independent administrator, responsible for compliance and complaint resolution. A member company agrees to abide by the requirements of the Code as a condition of DSA membership.



- The Code Administrator is empowered to employ any appropriate remedy to ensure that salespeople do not incur significant financial loss, including requiring DSA member companies to repurchase inventory or materials.
- Member companies must ensure all marketing activity by the salesforce is consistent with company policies and the Code.



- Member companies are subject to reviews to ensure Code compliance and adherence to state and federal laws.
- The Code requires consumer protection measures beyond the minimum standards set by the legal and regulatory communities.
- The Code administrator is empowered to issue periodic compliance reports, including public reports.

