



BEACHBODY

INCORPORATED 1997

Jonathan Gelfand
3301 Exposition Boulevard
Santa Monica, California 90404

January 12, 2018

VIA U.S. MAIL

Laura Smith, Esq.
Legal Director
Truth in Advertising, Inc.
P.O. Box 927
Madison, CT 06443

RE: RESPONSE FROM TEAM BEACHBODY

Dear Ms. Smith,

We have received your letter to Team Beachbody dated December 18, 2017 with a link to a database of alleged income claims posted by our distributors (whom we refer to as Coaches) about which you have concerns. As I hope you recall from our prior communications, Team Beachbody is committed to being transparent with our customers and the public through truthful and lawful advertising and we therefore appreciate the feedback that you provided to us.

As part of our commitment, we continue to maintain a robust compliance education and monitoring program. Not only do the Team Beachbody Policies & Procedures for our 400,000+ Coaches detail clear rules around allowable and prohibited claims (see a relevant example at the conclusion of this letter), which are actively and affirmatively monitored daily by our dedicated full-time in-house five-person compliance team, but we continue to employ the services of FieldWatch™ to constantly monitor the internet and social media postings for possible violations regarding income claims. As potential claims are identified, our compliance team takes immediate steps to investigate further, contacting the Coach to educate the Coach around our policies and have any violations promptly removed and taking additional appropriate disciplinary action if needed, up to and including termination of the distributor.

In addition to the requirements detailed in our Policies & Procedures and among our other efforts to ensure compliance with our guidelines, (a) we conduct on-going regular training for Coaches with respect to our compliance requirements, both live and with online training materials; (b) we post compliance and training alerts to the Coach online office where all Coaches access

their accounts; (c) we provide telephone updates on key compliance issues for our Coaches at various levels of leadership; (d) Beachbody employees who interact with our Coaches are required to undergo compliance training with quarterly updates as well—more frequently if issues come up or regulations change; (e) Beachbody’s legal department reviews onstage presentations given at company-hosted events to make sure compliance guidelines are being followed; (f) representatives from our compliance team are frequently guest speakers on Coach team calls; and (g) our Policies & Procedures are reviewed and updated as necessary several times each year to ensure that any new compliance requirements are addressed. We also provide our Coaches all necessary information regarding any required income disclaimers, emphasizing the specific language that must be included in any permitted post, promotion, marketing or advertising piece which discusses the income potential of the Coach opportunity. Our Coaches are required to include all of these notices when promoting or discussing the business opportunity, whether online, at a live event, or as part of a marketing or advertising piece.

We have already investigated and acted on each of the twenty-one issues identified in your letter. Three of these issues arise in videos on our corporate YouTube channel, and all three have now been removed. The remaining eighteen issues are all included in Facebook posts. Of these eighteen posts, we contacted all of the individuals (current or former Coaches) requesting that the claims be removed, or we have asked that the original post be revised to include the requisite disclaimer. As of this time, twelve of these have already been removed and we will continue to follow-up on the remaining six (two of these are from individuals who are now no longer Coaches, but we are still continuing our efforts to have these posts removed). To help our remediation efforts, we would appreciate your letting us know the originating URL of one post (identified in your database as Team Beachbody Facebook 8) since your database links only to JPEG files, and we were unable to locate a corresponding Facebook account bearing the same name Horst Power.


Finally, we would like to ask for clarification as to the point of concern you have relative to your database examples titled Team Beachbody Facebook 16 and Team Beachbody Facebook 18. Both of these images and the related posts contain the required income disclaimer and statements which we feel do not unfairly portray an unrealistic expectation, especially when shown with the proper income disclaimer. We are hopeful you can elaborate as to the specific concern you had relative to the content of each of these posts, to help us better ensure our continued monitoring of our Coaches’ activities is performed with the highest quality.

Whether it’s safety, transparency, regulatory or any other form of compliance, we take our responsibilities to our customers and distributors very seriously and devote considerable resources to ensuring that we represent our products fairly and truthfully and follow all legal requirements. We will always push ourselves to keep improving, but we believe that we have created a culture of compliance with both our distributors and our employees so that we can better help people achieve their goals and enjoy healthy and fulfilling lives.

Laura Smith, Esq.
January 12, 2018
Page 3

Please let me know if I can provide any more detail concerning these matters as we continue to push on the remaining outstanding items, and feel free to contact me going forward with any other concerns that you might have.

Regards,

A handwritten signature in blue ink, appearing to read "Jonathan Gelfand". The signature is fluid and cursive, with a large initial "J" and "G".

Jonathan Gelfand
Chief Legal Officer
Senior Vice President, Business Development

Enclosure: Excerpt from Team Beachbody Coach Policies & Procedures

cc: Joseph Mariano, President, Direct Selling Association
Jared O. Blum, Esq., DSA Code of Ethics Administrator

EXCERPT FROM TEAM BEACHBODY'S COACH POLICIES & PROCEDURES

3.7.3 Income Claims

You may not make unsubstantiated income claims about the Team Beachbody income opportunity. Coaches may only make income claims (which includes, but is not limited to, showing checks, bank statements, or tax records) that they can document as accurate (such as about their own income or that of other Coaches that they have actual proof to support), and they must include the following mandatory statement in all written and promotional materials, or online or live presentations:

Beachbody does not guarantee any level of success or income from the Team Beachbody Coach Opportunity. Each Coach's income depends on his or her own efforts, diligence, and skill. See our Statement of Independent Coach Earnings located in the Coach Online Office for the most recent information on our Coaches' actual incomes.

You must provide a copy of the Statement of Independent Coach Earnings to all prospects at every opportunity presentation you conduct. The Statement of Independent Coach Earnings can be found at http://tbcoa.ch/TBB_SOICE.

Unsupported or unauthorized claims are expressly prohibited under these Policies and Procedures, but also violate multiple state and federal laws and regulations. Accordingly, any Coaches engaging in unsupported or prohibited income claims may be subject to immediate disciplinary procedures, including, without limitation, suspension or termination. An example of this prohibited behavior includes, without limitation, sharing, displaying, or otherwise posting on any online forum or social media the amounts of, or actual pictures of, any compensation paid to Coaches from the Team Beachbody income opportunity (such as pictures of compensation checks (whether actual checks or fabricated checks), tax statements, or screen shots of a bank account or the Coach's online office statements).