



June 14, 2018

VIA EMAIL AND OVERNIGHT MAIL

Andrew Smith, Director, Bureau of Consumer Protection
Lois Greisman, Associate Director, Division of Marketing Practices
Federal Trade Commission
600 Pennsylvania Ave. N.W.
Washington, DC 20580



Re: Illegal Income Claims by Multi-level Marketing Company Team National

Dear Mr. Smith and Ms. Greisman:

I write to inform you of the findings of an ongoing Truth in Advertising, Inc. (“TINA.org”) investigation of Team National, Inc., a Florida-based multi-level marketing company that sells discounts for a variety of third-party products and services.

TINA.org’s investigation has revealed that Team National and its distributors are using a plethora of deceptive, atypical, and unsubstantiated income claims to market the Team National business opportunity. Such marketing materials include claims of participants quitting their jobs, becoming stay-at-home parents, traveling the world, and buying homes, vacation properties, and luxury vehicles, among other things. These claims are especially egregious given that Team National’s 2017 Income Earnings Disclosure states that the vast majority of the company’s “eligible” distributors – or 88 percent – received no income at all and the average earnings was about \$600 for the year.¹

Based on this information, TINA.org sent a letter to the company, as well as the Direct Selling Association (DSA), on December 18, 2017 notifying them of TINA.org’s findings of inappropriate income claims made by Team National and its distributors, and asking that the company remedy the deceptive marketing immediately.² At that time, TINA.org provided more than 80 examples of exaggerated income claims, many of which were posted on company-owned websites, including www.teamnationalsuccess.com, www.livingteamnational.com, and www.saveandearnmore.com, as well as the company’s official YouTube page.³

The company responded on December 20, 2017 stating, among other things, “We take very seriously the allegations in the letter forwarded to us and are seriously investigating these claims.”⁴

However, TINA.org recently audited its original sampling of deceptive Team National income claims that it provided to the company back in December, and found that, six months later, all of the claims are still up on the Internet.

And to add insult to injury, since putting Team National on notice, TINA.org has found more than 100 additional deceptive income claims made by the company and its distributors, for a total of more than 200 deceptive Team National income claims in TINA.org’s database (all available at <https://www.truthinadvertising.org/team-national-income-claims-database/>), making it clear that Team National is not taking this deceptive marketing issue seriously and that enforcement action is now necessary.

It is important to note that TINA.org’s database includes statements made directly by Team National’s President and CEO, Angela Chrysler. For example, in one Team National video, Angela Chrysler proudly tells consumers,

Hello, my name is Angela Loehr Chrysler, president and CEO. I am thrilled to share with you how through a simple referral system you can live the life of your dreams and have more choices and how you spend your time and your money. In 1997, my father developed our membership savings program. I share his dream to create more six and seven figure income earners than any other company in our industry and we are well on our way. As a Team National independent representative, you can own your own business, be your own boss, and can create an incredible income without a big investment. No products, no employees, and no inventory.⁵



From Team National’s Road to Financial Freedom YouTube Video

Of particular concern is the fact that Ms. Chrysler is also the Chairman of the Education Committee of the DSA and the Vice Chair of the Direct Selling Education Foundation, the DSA’s educational arm that is supposed to, among other things, “advance

understanding of the direct selling industry and its commitment to ethical business practices and consumer protection.”⁶

Though some of the company’s marketing materials include language to indicate that the results depicted are not typical,⁷ Team National’s disclaimers are legally insufficient as none of them clearly or conspicuously disclose what typical participants earn (i.e., nothing) and none of them are placed in a conspicuous location.⁸

In short, Team National was put on notice of this serious deceptive marketing issue months ago, has done nothing to address the issue, continues to deceive consumers, and is trying to cover its tracks with a disclaimer that is legally and practically ineffective. As such, TINA.org strongly urges the FTC to commence an investigation of the claims being made by Team National and its distributors, and take appropriate enforcement action against those found to be violating the law.⁹

If you have any questions, please do not hesitate to contact us.

Sincerely,



Laura Smith, Esq.
Legal Director
Truth in Advertising, Inc.



Bonnie Patten, Esq.
Executive Director
Truth in Advertising, Inc.

Cc: Angela Chrysler, President and CEO, Team National
Joseph Mariano, President, Direct Selling Association
Jared Blum, Esq., DSA Code of Ethics Administrator

¹ Team National 2017 Income Earnings Disclosure, <https://communication.mybigbusiness.com/documents/Income-Earnings-Disclosure-2017.pdf>.

² December 18, 2017 letter from TINA.org to Team National, https://www.truthinadvertising.org/wp-content/uploads/2018/06/12_18_17-Team-National-Notification-Letter.pdf.

³ Who Is results for Team National-owned websites, https://www.truthinadvertising.org/wp-content/uploads/2018/06/Team-National-owned-websites_Who-Is-Results.pdf; Team National YouTube page, <https://www.youtube.com/channel/UCi88T176iXu9cnfqPHt7Zhw>.

⁴ Team National's December 20, 2017 letter to TINA.org, <https://www.truthinadvertising.org/wp-content/uploads/2018/02/Team-National-DSA-income-response-12-20-17.pdf>.

⁵ Team National's Road to Financial Freedom YouTube video, <https://www.youtube.com/watch?v=OtzMRZKYiws>.

⁶ DSA Board of Directors directory, <https://www.dsa.org/forms/committee/CommitteeFormPublic/view?id=7F3000604E6>; Direct Selling Education Foundation, <https://www.dsa.org/about/direct-selling-education-foundation>.

⁷ Example of a Team National webpage disclaimer found at the very bottom of the page:

This information is not intended to represent typical, actual or average savings or earnings. Actual earnings results by an Independent Marketing Director (IMD) will depend on the time and effort devoted to building the business. We do not guarantee success or earnings. [Click here](#) for the Income Earnings Disclosure for details.

<http://www.teamnationalsuccess.com/TeamNational/Eagle/Brad-Kristin-Barton>.

Examples of Team National disclaimers briefly shown in some company videos:





*We do not guarantee success or earnings. This presentation is intended to illustrate the savings and earnings program offered by Team National. This presentation is not intended to represent typical, actual or average savings of specific customers who may experience greater or lesser savings. Actual earnings results by an Independent Marketing Director (IMD) will depend on the time and effort devoted to building the business. The marketing program is an example of how commissions are calculated, but not intended to represent typical, actual or average earnings of a specific Team National IMD. Due to industry trends and availability, pricing and promotions are subject to change without notice.



This information is not intended to represent typical, actual or average savings or earnings. Actual earnings results by an Independent Marketing Director (IMD) will depend on the time and effort devoted to building the business. We do not guarantee success or earnings. Visit bign.com and click on Business Opportunity for the Income Earnings Disclosure link.

⁸ If Team National fails to advertise results that are typical or representative of what consumers will generally achieve with the company, as Team National has done and is doing, then it must make clear the amount earned or lost by most participants. *See* FTC Business Guidance Concerning Multi-Level Marketing, available at <https://www.ftc.gov/tips-advice/business-center/guidance/business-guidance-concerning-multi-level-marketing>; FTC Guides Concerning the Use of Endorsements and Testimonials in Advertising, available at <https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-publishes-final-guides-governing-endorsements-testimonials/091005revisedendorsementguides.pdf>. *See also* FTC “Redress checks and compliance checks: Lessons from the FTC’s Herbalife and Vemma cases,” available at <https://www.ftc.gov/news-events/blogs/businessblog/2017/01/redress-checks-compliance-checks-lessons-ftcs-herbalife> (“[I]t’s unwise for MLMs to make earnings claims – expressly or by implication – that don’t reflect what typical participants achieve.”).

The disclaimers that accompany some of the Team National marketing materials do not meet this legal requirement, for a number of reasons.

First, simply telling consumers that the results are not typical or indicating that the represented experience is not indicative of what consumers may generally expect to achieve has, as the Commission knows, not been effective and is therefore insufficient. *See* FTC Guides Concerning the Use of Endorsements and Testimonials in Advertising. *See also* *FTC v. Vemma Nutrition Co.*,

[Order on FTC’s Motion for Preliminary Injunction](#), dated Sept. 18, 2015, 15-cv-01578 (D. Ariz.) (“a material omission as to income potential, such as a failure to disclose that the structure of a program ensures that the vast majority of consumers cannot achieve substantial income, is deceptive under the FTC Act. The ‘common-sense net impression’ of representations controls. Thus, representations may be misleading despite the use of a disclaimer such as ‘results may vary’ if the consumer may reasonably believe that a statement of unusual earning potential represents typical earnings.”) (internal citations omitted).

Second, simply including a link to Team National’s Income Earnings Disclosure in an inconspicuous location, as is the case in some of the company’s marketing materials, is not sufficient. *See* FTC’s .com Disclosures, <https://www.ftc.gov/sites/default/files/attachments/press-releases/ftc-staff-revises-online-advertising-disclosure-guidelines/130312dotcomdisclosures.pdf>.

Third, Team National cannot suggest, as it has done in places, that financial failure is due to participants’ failure to devote enough effort. *See, e.g., FTC v. Vemma Nutrition Co., Stipulated Order for Permanent Injunction and Monetary Judgment*, dated Dec. 15, 2016, 15-cv-01578 (D. Ariz.) (“In connection with the advertising, marketing, promoting, or offering of any Business Venture, [Defendants] are permanently restrained and enjoined from...[m]isrepresenting...[t]hat participants who do not earn significant income fail to Devote substantial or sufficient effort.”); *FTC v. Herbalife Internat’l of Am., Inc., Stipulation to Entry of Order for Permanent Injunction and Monetary Judgment*, dated July 14, 2016, 16-cv-0 (C.D. Cal.) (“It is further ordered that Defendants..., in connection with the advertising, marketing, promoting, or offering of any Business Venture, are permanently restrained and enjoined from misrepresenting...[t]he reasons participants do not earn significant income, including but not limited to representations that participants fail to devote substantial or sufficient effort...”).

Finally, not only are the disclaimers legally ineffective, but their placement – e.g., at the very bottom of long webpages, at the beginning or end of videos – is such that the vast majority of consumers will never see them. *See* .com Disclosures: How to Make Effective Disclosures in Digital Advertising.

⁹ TINA.org has also filed a complaint regarding Team National’s marketing with the Florida Attorney General’s Office.