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# Case #156-2024: Administrative Closure – Cabi, LLC

## BBB NATIONAL PROGRAMS

Direct Selling Self-Regulatory Council

Case #156-2024: Administrative Closure – Cabi, LLC

## Company Description

Cabi, LLC ("Company") is a multi-level direct selling company, headquartered in Carson, CA and founded in 2002, that sells clothing and personal accessories.

## Basis of Inquiry

The Direct Selling Self-Regulatory Council ("DSSRC") is a national advertising self-regulation program administered by BBB National Programs. This matter was commenced by DSSRC pursuant to DSSRC's ongoing independent monitoring of advertising and marketing claims in the direct selling industry.

This inquiry concerned seven social media posts containing earnings claims. DSSRC was concerned that the posts conveyed unsupported claims regarding the significant income a typical salesforce member could earn from the Company's business opportunity, including claims that the typical salesforce member could earn full-time income, unlimited income, and/or obtain financial freedom through the Company's business opportunity. The posts at issue were disseminated on Facebook and the Company website.

The representative claims identified by DSSRC in this inquiry were as follows:

- “💖 If you want to earn an extra income or a full-time income”
- “Interested in learning more about being a stylist for a side job or full time job?”
- “I have been blessed to work as a cabi stylist for 12 years and have always appreciated the flexibility and the ability to make an amazing income regardless of what economic downturns we see or what is happening in my personal life. If you, or a woman you know, are looking for something to replace an income or supplement an income cabi is a viable option!”
- “financial freedom”
- “Millions of women are leaving the traditional workforce in search of freedom, fun, friendship and to opportunity to earn a legitimate, full-time income with the most important element - flexibility. Cabi offers all that & more!...

\*Earn a \$500 cash bonus your Launch (1st) Season

\*Earn up to \$2,000 in cash bonuses 1st & 2nd Seasons...

Stylists have the ultimate flexibility to sell cabi as a side gig, full-time or part-time”

- “Whether you're looking to supplement or replace a full-time income, earning potential is the most important factor for your career. Here's why cabi makes good business sense. As a cabi Stylist, your earning has unlimited potential. This is a personalized earning opportunity you can scale up and down based on your season of life and your needs.”

### Company Position

Following its receipt of the DSSRC inquiry, Cabi promptly began contacting the individuals responsible for disseminating the social media posts to request that the claims be removed or modified. This resulted in the successful removal or modification of all of the claims at issue.

### Administrative Closing Summary

DSSRC appreciated the good faith actions taken by Cabi to effectuate the discontinuance of all of the earning-related social media posts at issue and determined the Company's actions to be necessary and appropriate.

More specifically, Section 6 of DSSRC's Guidance on Earnings Claims for the Direct Selling Industry states that some words or phrases, such as “unlimited income” and “full-time income” are prohibited when made to a general audience of prospective or current salesforce members. Other words or phrases such as “financial freedom” carry a particularly high risk of being misleading to consumers when communicated in a general context. In addition, Section 7 of DSSRC's Guidance on Earnings Claims for the Direct Selling Industry states that all earnings claims should be supported by substantiation demonstrating that the earnings communicated in the claim are accurate as to the individual or individuals depicted in the claim and that “atypical earnings claims should also be accompanied by a clear and conspicuous disclosure regarding the income that can be generally expected by the typical salesforce member in the depicted scenario.” Here, there is no evidence in the record that the typical salesforce member can “earn up to \$2,000 in cash bonuses 1st & 2nd Seasons” nor was such claim accompanied by a clear and conspicuous disclosure regarding the income that can be generally expected by the typical salesforce member. Accordingly, DSSRC concluded that the Company took the appropriate action to effectuate the removal of the social media posts at issue.

Based upon the Company's good faith efforts to address the claims identified in this inquiry, DSSRC administratively closed the inquiry.

(Administrative Closure #156, closed on 04/25/24)

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