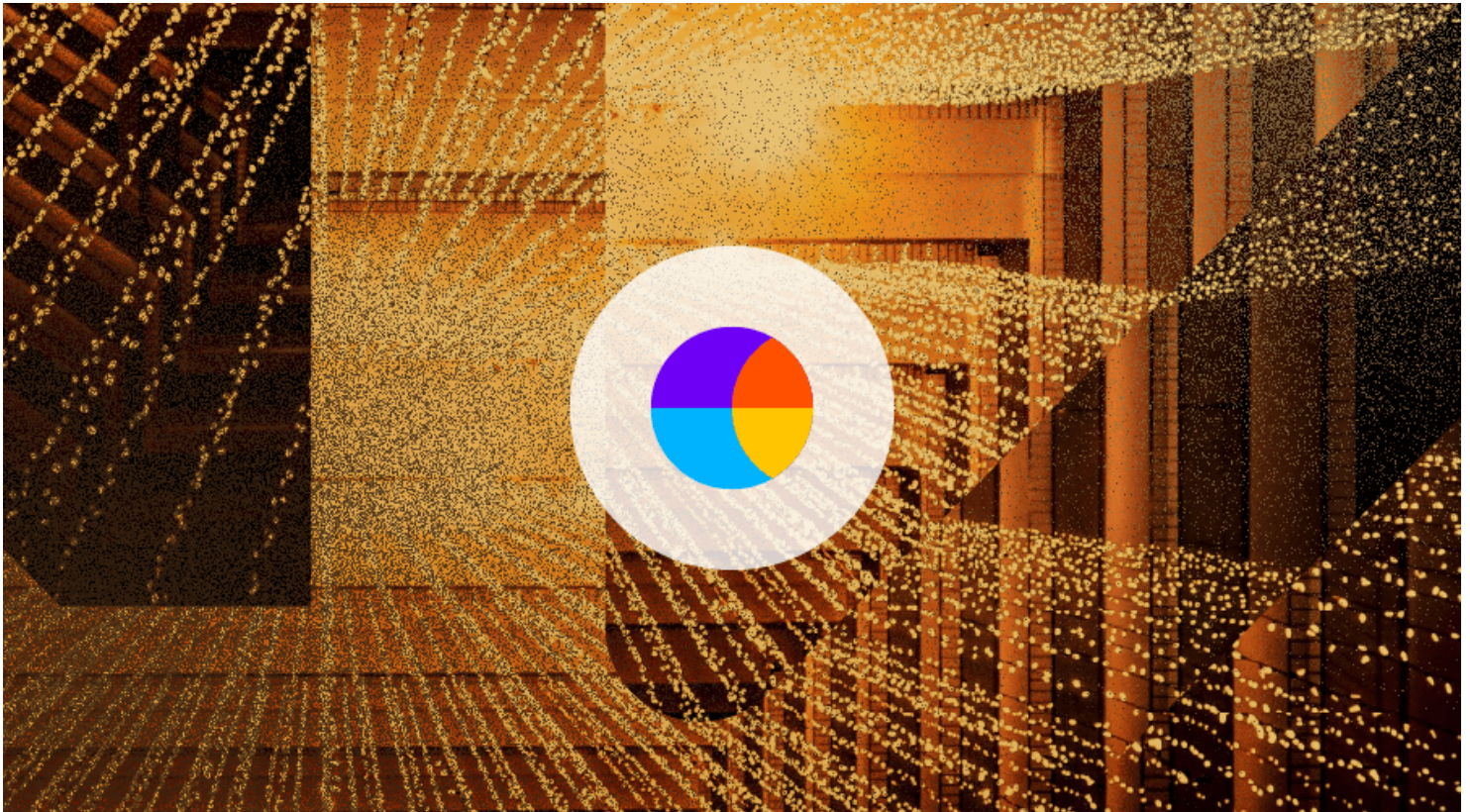


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# Case #175-2024: Administrative Closure – DXN USA

## BBB NATIONAL PROGRAMS

Direct Selling Self-Regulatory Council  
Case #175-2024: Administrative Closure – DXN USA

### Company Description

DXN USA (“DXN” or the “Company”) is a subsidiary of DXN Holdings Bhd, a multi-level direct selling company that was founded in 1993, and located in Walnut, California. The Company’s product lines include dietary supplements, cosmetics, specialty beverages, and personal care products.

### Basis of Inquiry

The Direct Selling Self-Regulatory Council (“DSSRC”) is a national advertising self-regulation program administered by BBB National Programs. This inquiry was commenced by DSSRC pursuant to its ongoing independent monitoring of product and income claims in the direct selling industry and to further explore the findings of an evaluation of the Company’s income claims previously conducted by a non-governmental organization (“NGO”).<sup>1</sup>

This inquiry concerned 12 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, generational wealth, “lifetime income” and/or obtain financial freedom

through the Company's business opportunity. The posts at issue were disseminated on various social media platforms.

### **Company Position**

The Company promptly responded to DSSRC's inquiry and began contacting the individuals responsible for disseminating the social media posts to request that the claims be removed. In its initial response to the Notice of Inquiry, DXN shared a spreadsheet with DSSRC that documented the remedial actions taken by the Company and the status of its efforts to remove the identified claims. Notably, all of the claims identified were disseminated in foreign countries.<sup>2</sup> While the claims originated outside the United States, the Company was nonetheless successful in having 10 of the 12 posts identified in this inquiry removed from social media. With respect to the two social media posts that remain publicly available, the Company informed DSSRC that it contacted its foreign affiliates to request removal of the posts but that, despite its good faith efforts, the removal of such posts remained outside of DXN's control.

### **Administrative Closing Summary**

DSSRC acknowledged DXN's effort to effectuate the discontinuance of 10 of the 12 social media posts at issue in this inquiry and determined the Company's actions to be necessary and appropriate. DSSRC also acknowledged the Company's efforts to request removal of the two foreign posts that remain publicly available.

Given the Company's efforts to effectuate removal of 10 of the 12 social media posts at issue in this inquiry as well as its efforts to request removal of the two foreign posts that remain publicly available, DSSRC administratively closed this inquiry.<sup>3</sup>

While DSSRC recognizes that a direct selling company located in the United States may be limited in its ability to effectuate removal of claims that originate in foreign countries, DSSRC nonetheless urges direct selling companies to be mindful of the claims being disseminated in the marketplace to ensure that they are compliant with the Company's policies and adhere to the law and regulations in the applicable jurisdiction.

(Administrative Closure #175, closed on 09/26/24)

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[1] <https://truthinadvertising.org/>

[2] According to the Company's information, the claims originated in India, Spain, Hungary, Pakistan, Oman, Philippines, Bangladesh, and Qatar.

[3] DSSRC's Policies and Procedures state, in part, that "Generally, DSSRC will administratively close an inquiry that involves social media posts that originate outside of the United States..."

October 11, 2024

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