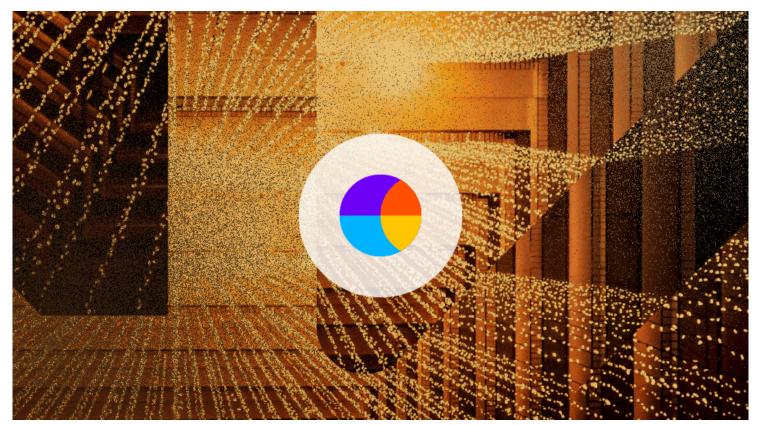
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# Case #118-2023: Administrative Closure - Daxen, Inc.

#### **BBB NATIONAL PROGRAMS**

Direct Selling Self-Regulatory Council Case #118-2023: Administrative Closure – Daxen, Inc.

#### **Company Description**

Daxen, Inc. ("Daxen, or the "Company") is a multi-level direct selling company 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 advertising and marketing claims in the direct selling industry.

#### **Product Performance Claims:**

This inquiry concerns representative product performance claims disseminated on social media accounts of Company salesforce members. DSSRC informed the Company of its concern that such claims may be reasonably interpreted as conveying an unsupported message that Daxen's products are effective in addressing serious health-related conditions, including but not limited to cancer, premenstrual cycle symptoms, diabetes, and high cholesterol and high blood pressure.

The representative product performance claims that are the basis of the DSSRC inquiry are set forth below:

• "SURVIVING THE DYING STATE OF '3-6 MONTHS-TO-LIVE' having diagnosed with 4th stage Breast and Colon Cancer, this Teacher from Notre Dame of Dadiangas University is 10X stronger than you can imagine!

For 20 long years she sufferred well enough from asthma, pneumonia, high blood, diabetes, urinary stones and myoma operation (name them she has them all ). But the best years of her life came when she was freed from maintaining 7 kinds of Doctor's med and shifted to 7 kinds of DXN supplements & beverages -- the RG, GL, Spirulina, Roselle, Spica tea, Lingzhi 3in1 and Black coffee.

Tita del, as she is fondly called, is declared CANCER-FREE! Next year she will be celebrating her 4TH TIME 18 years of age! Kaloka! This 71-year old grandma is an SSS. "1"

"\*\*CYSTS, FIBROMONAL PROBLEMS\*\*...

It generates anti-tumor activity. It destroys cancer cells and reduces myomas until they disappear, balances the functioning of the body.

Ganoderma strengthens the membrane of the cancer cell by preventing it from spreading.

It has the ability to inhibit blood clots without the side effects of modern medicine, which demonstrates the value of their contribution to myomas or fibromes...

DXN's Maca Vita Coffee (6 in 1) allows cleaning the hormonal system, strengthening the reproductive system, prevents breast and cervical cancer. Helps get rid of myomas, cysts, normalizes menstruation and avoids menopause symptoms. Detoxifies the body, benefiting all systems and also helps to remove fat."

- Image with copy stating "Fights fatigue; boost immunity; relives stress; lower cholesterol; improves memory; stimulates circulation; reduce inflammation; Suitable even: Diabetes, Acidic, High Blood"
- "Financing and strengthening of the immune system:

Cordyceps is supposed to increase the number of the Natural Killer Cells, which are responsible for the body defense against viruses and bacteria.

Some trials show that the fungus works effectively in the leukemia stricken individuals.

Improving sexual function:

in men and increasing libido by stimulating the production of sex hormones. Cordyceps may also be a means for fighting female infertility.

Building muscles and improving physical performance:

Those Chinese athletes, who use Cordyceps, tend to show better results than the other sportsmen.

Providing anti-aging and fatigue reducing effects:

The fungus works as an antioxidant and increases cellular formation, especially in the elderly patients. It also promotes more restful sleep, soothes the nervous system, and reduces anxiety, thus working as a sedative.

Improving the respiratory function:

Cordyceps shows good results in fighting against cough, chronic bronchitis and asthma, since it relaxes bronchial walls and has anti-inflammatory properties.

Enhancing cellular oxygen uptake:

This benefits all the body systems, giving them more energy and vitality.

Benefiting vascular system by improving circulation, regulating blood pressure, and strengthening the heart muscle.

Protecting liver and kidneys:

Cordyceps improves blood flow to these organs (as well as to the others), which results in their better activity and ability to fight the diseases, including Hepatitis and chronic kidney disease."

• Image listing health claims including, but not limited to "Anti-Depressant; Anti-HIV/AIDS; Anti-Diabetes; Anti-Cancer; Anti-Cholesterol; Insomnia; Eye Diseases; Hypertension; Liver Disease (Hepa A & B); Osteoporosis; Cirrhosis; Ulcer/Gastritis; Pancreatitis; Anemia; Menopause; Mental Retardation; Goiter; Asthma; Arthritis; Gout; Prostate Cancer"

- "HEALTH BENEFITS:
  - **☑** Boost Immunity
  - ✓ Rich in Antioxidants
  - Fight the growth of Cancer cells
  - ✓ Improve Brain function
  - ✓ Improve Digestion
  - ▼ Relieve Constipation
  - ✓ Treat Insomnia & anxiety
  - Regulate Blood Pressure
  - Improve Bone Strength"
- "Cancer: Coffee might have anti-cancer properties. Last year, researchers found that coffee drinkers were 50% less likely to get liver cancer than nondrinkers. A few studies have found ties to lower rates of colon, breast, and rectal cancers.

Cholesterol: Two substances in coffee — kahweol and cafestol — raise cholesterol levels. Paper filters capture these substances, but that doesn't help the many people who now drink non-filtered coffee drinks, such as lattes. Researchers have also found a link between cholesterol increases and decaffeinated coffee, possibly because of the type of bean used to make certain decaffeinated coffees.

Diabetes: Heavy coffee drinkers may be half as likely to get diabetes as light drinkers or nondrinkers. Coffee may contain chemicals that lower blood sugar. A coffee habit may also increase your resting metabolism rate, which could help keep diabetes at bay.

Parkinson's disease: Coffee seems to protect men, but not women, against Parkinson's disease. One possible explanation for the sex difference may be that estrogen and caffeine need the same enzymes to be metabolized, and estrogen captures those enzymes"

#### **Company's Position**

Daxen noted that seven of the eight posts identified by DSSRC originated outside of the United States. Notwithstanding, the Company did not dispute that the social media posts that DSSRC brought to its attention were not appropriate and were a violation of the Company's Policy & Procedures. Daxen was responsive to DSSRC's inquiry and took immediate steps to have the posts at issue removed. Accordingly, Daxen contacted the salesforce members responsible for the posts and effectuated removal of six of the eight social media posts.

Daxen informed DSSRC that the two remaining posts from 2019 and 2020 originated in the Philippines and that the individuals responsible for the posts notified Facebook to inform them that they had forgotten their passwords and requested that the posts be removed. The Company provided DSSRC with correspondence from the Philippines Ministry of Social Services and Development which advised the Company that it would continue working with the salesforce members and the platform to facilitate the removal of the posts.

### **Analysis and Recommendation**

It is well established that health-related claims must be supported by competent and reliable scientific evidence.<sup>2</sup> The FTC generally defines competent and reliable scientific evidence as "test, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area that has been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results."<sup>3</sup>

DSSRC acknowledged Daxen's prompt actions in this inquiry which resulted in six of the eight Facebook posts being taken down. DSSRC determined the removal of such claims to be necessary and appropriate.

DSSRC recognized that the Facebook posts that were the subject of the inquiry and which remain publicly available originated outside of the United States. As DSSRC has noted in previous inquiries, when a direct selling company is made aware of improper product or income claims that were made by an individual that was not within its geographical control or who was an active distributor when such claim was made but that has since become an inactive distributor of the company, DSSRC acknowledges that the direct selling company may not be able to require such salesforce members to remove a social media post. In that instance, DSSRC nonetheless recommends that the direct selling company make a bona fide, good faith effort to have the improper claim removed.

DSSRC determined that Daxen had made a good faith effort to address its concerns regarding the two remaining social media posts by communicating with the salesforce members responsible for disseminating the claims and working with the Philippiines Ministry of Social Services and Development to encourage Facebook to remove the posts from the public domain.

#### Conclusion

DSSRC recognized Daxen's bona fide efforts to remove six of the eight Facebook posts at issue in this inquiry. DSSRC also determined that the Company made a good faith effort to effectuate the removal of the two social media posts that remain publicly available.

Based upon the actions taken by Daxen to address DSSRC's concerns, DSSRC administratively closed the inquiry,

(Case No. 118, closed on 5/25/23) © 2023 BBB National Programs.

[1] The identical post was identified twice by DSSRC in two separate hyperlinks and were disseminated by two different individuals.

[2] <u>VGH Solutions Inc. (Dr. Ho's Circulation Promoter)</u>, Report #6404, *NAD/CARU Case Reports* (September 2020); Molekule Inc. (Molekule MH1 Air Purifier), Report #6314, NAD/CARU Case Reports (October 2019); Triumph Pharmaceuticals Inc. (SmartMouth Dry Mouth Products), Report #6190, NAD/CARU Case Reports (June 2018); Good Health Naturally, LLC (Serranol Supplements), Report #5441, NAD/CARU Case Reports (March 2012); Nature's Cure, Inc. (2 -Part Acne Treatment), Report #4797, NAD/CARU Case Reports (February 2008).

[3] FTC Health Products Compliance Guidance at 12-22 Health-Products-Compliance-Guidance.pdf

June 04, 2023

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