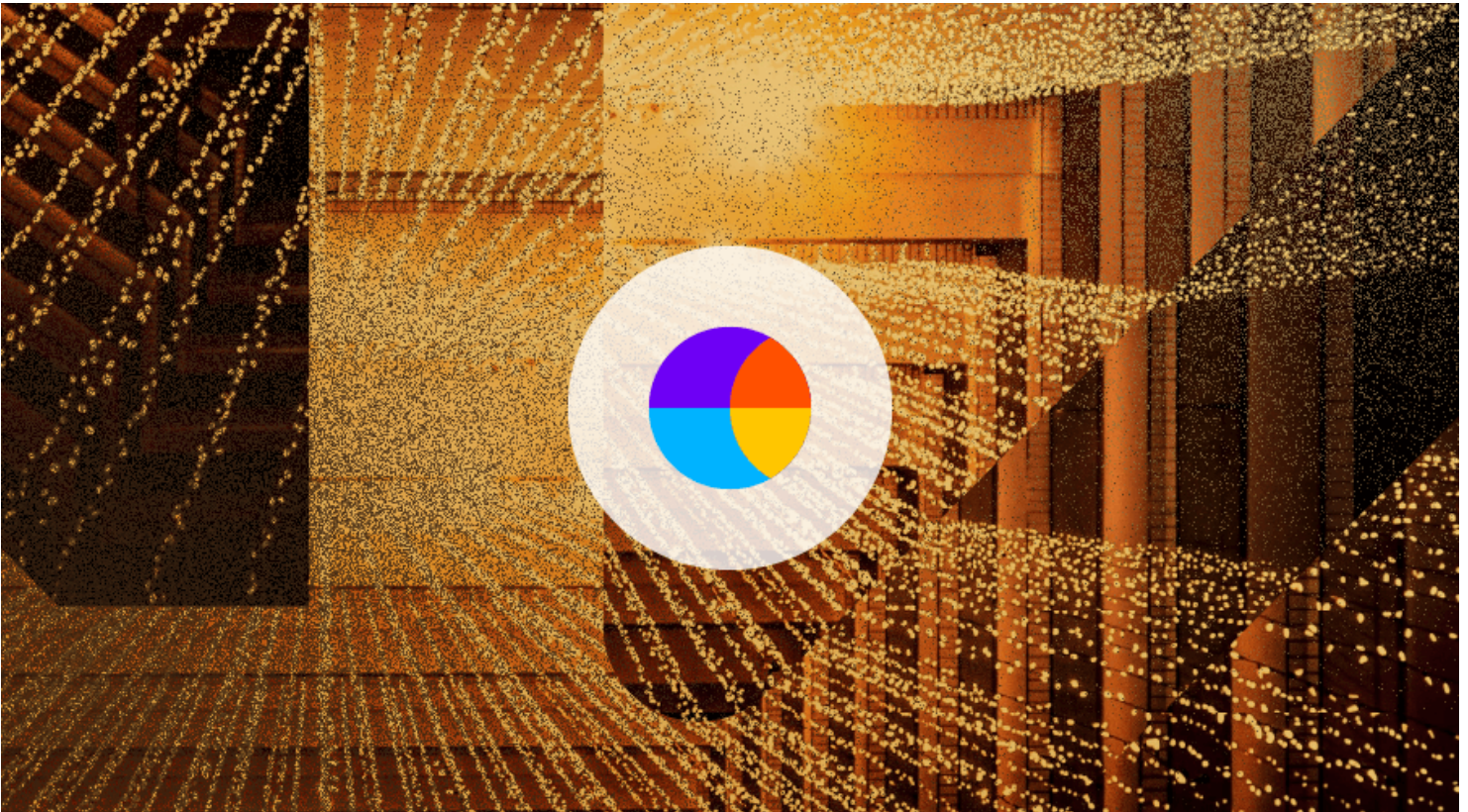


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# Case #168-2024: Monitoring Inquiry – Lifestyles USA

## BBB NATIONAL PROGRAMS

Direct Selling Self-Regulatory Council  
Case #168-2024: Monitoring Inquiry – Lifestyles USA

## Company Description

Lifestyles USA (“Lifestyles” or the “Company”) is a direct-selling company that sells nutritional supplements, skincare, weight management, and health/fitness/wellness products. The Company is headquartered in Vaughan, Ontario, and was founded in 1989.

## 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 an investigation conducted early this year by a consumer advocacy group<sup>1</sup> of earnings claims disseminated by direct selling companies.

The DSSRC inquiry included 15 earnings claims. DSSRC was concerned that the representative claims below communicated the message that Company salesforce members can generally expect to earn significant income from the Lifestyles USA business opportunity. The social media posts were disseminated on Facebook, YouTube, and the Company website.<sup>2</sup>

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

#### *Earnings Claims*

- “The Lifestyles Compensation Plan is designed to pay you for your efforts. Whether you are building part-time income or a full-time business, the Compensation Plan is your road map to success and provides you with many rewards along the way...The sky is the limit on your earning potential”
- Image of a couple with a key to a large house with copy stating, “People around the world, just like you, are taking advantage of our proven Business Opportunity. Some are building new avenues of wealth and financial independence, while others are looking to supplement their income. Some are building new avenues of income... ..financial freedom...”
- “I can tell you that by becoming a Lifestyles Distributor, you are starting down the path to better health, unlimited wealth...”
- “The opportunity to enjoy freedom, to spend more time with your loved ones, unlimited earnings and promotions while building your own business.”
- “Lifestyles has created many millionaires around the world...improve both your health and your wealth”
- “What are YOUR dreams for the future?
  - Buy a new house?
  - Buy a new car?
  - Pay for education?
  - Travel the world?
  - With Lifestyles you can achieve your dreams!”
- “\$9,840US per month!”
- “Your path to BETTER HEALTH and FINANCIAL FREEDOM starts with your drive to succeed”
  - Image with copy stating, “Buy a new house!; Buy a new car!; Pay for education!; Travel the world!”
- “This is a big business that has the highest potential for common people to become a multi-millionaire with very minimal capital.”
- Image with copy stating, “Today, the Lifestyles vision for financial success and passion for wellness has changed the lives of millions of people around the world, delivering the promise of health and vitality, while creating countless millionaires and individuals who Live Better, Every Day”
- Images of a car with copy stating, “My first acquired asset was a Studio Type Condominium at Mandra Residences...after 6 months of doing Lifestyles business full time
  - #dreamcar”
- “As Company’s promised, do this Business in 3 to 5 years only. Then you will be one of the Lifestyles Millionaires”
- Image of check with the amount written (Sixteen Thousand Three Hundred Eighty Eight Pesos and Sixty Centavos) with copy stating “Month of May 20, 2022 out both income (sic)”
- Images of checks with copy stating “Thanks god for the past 3 years of pandemic, this blessings that we both receive 23,646.75 pesos”
- Images of checks with copy stating “...thank you my mentor Global highest income earner GMD Peng Mendoza; thank you team dreamers! Team GMD millionaires!!!”

#### **Company Position**

In responding to DSSRC’s Notice of Inquiry, the Company did not attempt to substantiate the claims that were the subject of this inquiry. Rather, the Company indicated that it requested the individuals responsible for the social media posts to remove or modify them and also made several modifications to its website.

The Company asserted that the social media posts identified by DSSRC are either very old, no longer visible, or were disseminated by Lifestyles salesforce members who reside outside the United States.

Regarding claims identified on the Lifestyles website, the Company informed DSSRC that its websites are primarily aimed at consumers and potential salesforce members in various overseas countries. The Company stated that it has minimal, if any, control over the content on websites other than its U.S. site.

The Company indicated to DSSRC that it modified the reference to “unlimited” wealth and changed the claim of “financial freedom” to “financial independence” on its U.S. website. Lifestyles also informed DSSRC that it removed the claim stating that “Lifestyles has created many millionaires around the world...improve both your health and your wealth” from its U.S. website.

Lifestyles noted that it has drafted reminder messages to all of its Lifestyles USA distributors regarding the correct use of earnings claims as well as ensuring that PowerPoint presentations are approved by corporate with respect to both earnings and product claims.

Lastly, the Company informed DSSRC that it has a dedicated staff to monitor social media sites for any unauthorized claims and to listen to salesforce members' calls to ensure compliance with industry guidelines.

## Analysis

### *Earnings Claims Appearing on the Lifestyles Website*

Preliminarily, DSSRC recognized that Lifestyles created separate and distinct webpages for 17 different countries, including the United States.<sup>3</sup> Pursuant to the DSSRC Policies and Procedures, DSSRC's jurisdiction is limited to social media posts and website claims that originate in the United States and/or are targeted to consumers and potential salesforce members residing in the United States.<sup>4</sup> During the pendency of the inquiry, Lifestyles informed DSSRC that the three following claims identified by DSSRC originated from the Lifestyles website, which are specifically targeted to an Israeli audience.

- "I can tell you that by becoming a Lifestyle Distributor, you are starting down the path to better health, unlimited wealth..."
- "The opportunity to enjoy freedom, to spend more time with your loved ones, unlimited earnings and promotions while building your own business."
- "Lifestyles has created many millionaires around the world...improve both your health and your wealth"

Accordingly, DSSRC agreed with Lifestyles that claims made on a website not intended for the US market are outside of DSSRC's jurisdictional purview and, as such, were not included in this analysis. Notwithstanding this conclusion and recognizing that DSSRC cannot compel a direct selling company to address concerns that originate from websites that are not intended for US consumers and potential salesforce members, DSSRC expressed its concern to Lifestyles regarding claims of "unlimited wealth" regardless of the country where the claim may appear. As such, DSSRC encourages Lifestyles to consider facilitating the removal of this claim (and other unsupported claims suggesting that the typical Lifestyles salesforce member will earn significant income) from other country-specific websites.

With respect to the remaining claims that appeared on the Lifestyles US website, DSSRC appreciated the actions of the Company to remove the "financial freedom" claim (i.e., "Your path to better health and financial freedom starts with your drive to succeed") and the reference to "unlimited wealth." However, DSSRC remained concerned about the Company's modifications to these claims.

Section 6 of the DSSRC's Guidance on Earnings Claims for the Direct Selling Industry states that "[W]hile DSSRC will evaluate any claim based upon the context in which the claim appears and the potential net impression of such claim to the audience, some words and phrases are prohibited when made to a general audience of prospective or current salesforce members. Such words and phrases include statements such as "quit your job," "be set for life," "make more money than you ever have imagined or thought possible," "unlimited income," "full-time income," "replacement income," "career-level income," or any substantially similar statements or representations. Some words or phrases carry a particularly high risk of being misleading to consumers when communicated in a general context. Such words and phrases include but are not limited to "financial freedom" and "time freedom."<sup>5</sup>

With respect to the Company's modified claim that participants in the Lifestyles business opportunity can achieve "financial independence," DSSRC concluded that a reasonable consumer would not make a distinction between a claim of "financial freedom" and one of "financial independence."

Accordingly, DSSRC determined that statements promising that Lifestyles business opportunity participants will achieve "financial independence" from the direct selling opportunity create unrealistic expectations regarding the amount of income generally expected by the typical salesforce member participating in the Company's business opportunity and should be discontinued.

DSSRC also recommended that the Company remove references on the website stating or implying that the typical Lifestyles salesforce member can build "wealth" from participating in the Company's business opportunity. It was determined that allusions to "wealth" could be reasonably interpreted by prospective salesforce members to mean that they will earn significant income.<sup>6</sup>

Further contributing to DSSRC's determination that potential salesforce members would be interpreting claims on the Lifestyles website to mean that the typical salesforce member will earn significant income from the Company's business opportunity is the prominent image featured on the webpage of a young couple with keys to a large house, which appears directly above the "financial independence" language.

As noted by the Federal Trade Commission (FTC) and other industry thought leaders, most salesforce members earn, at best, no more than modest or supplemental income from participating in a direct selling business opportunity, and many lose money. In its Business Guidance Concerning Multi-Level Marketing, the FTC states, "Some MLMs and MLM participants may present the MLM as a way for participants to get rich or lead a wealthy lifestyle. They may convey such representations through words or images such as houses, automobiles, and luxury vacations. These are implied earnings claims, and such claims are deceptive if participants generally do not achieve such results."<sup>7</sup>

Consequently, DSSRC recommended that the Company remove this image from the Lifestyles USA website.

While DSSRC recognized the good faith effort of Lifestyles to remove the “*the sky is the limit*” claim from the Lifestyles USA website, it remained concerned with reference to “*full-time business*” on the same webpage. More specifically, DSSRC determined that it would not be unreasonable for potential salesforce members to interpret this statement to mean that by choosing to work full-time (e.g., 40 hours per week), the typical Lifestyles USA salesforce member can generally expect to receive full-time (i.e., career-level) income. DSSRC noted that this interpretation could be misleading, as an overwhelming majority of the Company's salesforce members do not earn such income levels. Therefore, it was recommended that the Company discontinue the reference on its website stating that the Lifestyles Compensation Plan will “pay for the efforts” of building a “full-time business” or modify the language to clarify the realistic earning potential for the typical salesforce member.<sup>8</sup>

### *Claims Appearing in Social Media*

Almost all of the ten social media posts identified by DSSRC in this inquiry appeared to originate from non-US residents (e.g., Philippines). DSSRC appreciated Lifestyles' efforts to remove six of the posts, and it was concluded that the Company made a good faith effort to address its concerns and that Lifestyles' actions were necessary and appropriate.

The social media claims that remain publicly accessible are as follows:

- “Global highest income earner GMD Peng Mendoza 💖 thank you team dreamers! team GMD millionaires!!!”
- “Today, the Lifestyles vision for financial success and passion for wellness has changed the lives of millions of people around the world, delivering the promise of health and vitality, while creating countless millionaires and individuals who Live Better, Every Day”
- Images of checks with copy stating “Thanks god for the past 3 years of pandemic, this blessings that we both receive 23,646.75 pesos”
- “What are YOUR dreams for the future?”

Buy a new house?

Buy a new car?

Pay for education?

Travel the world?

With Lifestyles you can achieve you dreams!”

DSSRC recognizes that the first three claims listed above were identified in social media posts that originated outside of the United States and acknowledges the challenge of compelling overseas individuals to remove the posts – particularly those no longer affiliated with the Company.

Nevertheless, DSSRC will request that a direct selling company make a good faith effort to remove the claims and provide DSSRC with copies of its correspondence to those individuals who were responsible for the posts as a demonstration of its commitment to promoting truthful and accurate claim dissemination.

Despite requests to Lifestyles for correspondence with salesforce members responsible for the posts, the Company did not submit the requested communications to DSSRC. Nevertheless, based upon the fact that Lifestyles was able to remove six of the posts at issue, which were disseminated by individuals who reside outside of the United States, it was clear to DSSRC that the Company made a bona fide attempt to remove the claims. DSSRC encourages Lifestyles to continue its attempts to reconcile the posts.

Regarding the last claim listed above, which was identified on YouTube, it was unclear to DSSRC if this post originated overseas as it was attributable to Lifestyles LGN. DSSRC determined that the post creates an expectation for potential salesforce members that they will be able to earn enough income from the Lifestyles business opportunity to buy a new house, a new car, and travel the world. As noted earlier in this decision, the typical direct-selling salesforce member earns, at best, no more than modest or supplemental income, and direct-selling companies should not present the MLM opportunity as a way for participants to get rich or lead a wealthy lifestyle.

DSSRC recommended that Lifestyles remove this video from YouTube and, should it be unsuccessful, demonstrate to DSSRC that it has made a good faith effort to do so.

### **Conclusion**

During the pendency of the inquiry, Lifestyles informed DSSRC that three of the claims that were the subject of the inquiry originated from a Lifestyles website targeted to an Israeli audience. DSSRC agreed with Lifestyles that claims made on a website not intended for the US market are outside of DSSRC's jurisdictional purview and, as such, were not included in this analysis.

With respect to the claims that appeared on the Lifestyles US website, DSSRC appreciated the actions of the Company to remove the “financial freedom” and “unlimited wealth” claims but remained concerned with the Company's modifications of these claims.

DSSRC determined that the modified claim promising that salesforce members can achieve “financial independence” from the Lifestyles business opportunity should similarly be discontinued.

DSSRC also recommended that the Company remove references on the Lifestyles USA website stating or implying that the typical Lifestyles salesforce member can build “wealth” from participating in the Company’s business opportunity, as well as the image featured on the Opportunity webpage showing a young couple with keys to a large house. Additionally, DSSRC recognized the actions of Lifestyles to remove the “*the sky is the limit*” claim from the Lifestyles USA website as necessary and appropriate but recommended that the Company discontinue the reference that the Lifestyles Compensation Plan will “pay for the efforts” of building a “full-time business” or modify the language to clarify the realistic earning potential for the typical salesforce member.

Regarding claims that were identified on social media, Lifestyles successfully removed six of the posts. DSSRC recognized the challenge of compelling individuals located overseas to remove the remaining posts but, nevertheless, requested that Lifestyles continue its good faith effort remove the claims and provide DSSRC with copies of its correspondence to those individuals responsible for the posts.

Regarding the one YouTube post, DSSRC determined that the post created an expectation for potential salesforce members that they will be able to earn enough income from the Lifestyles business opportunity to live a lavish lifestyle. As such, DSSRC recommended that Lifestyles remove this video from YouTube and, should it be unsuccessful, demonstrate to DSSRC that it has made a good faith effort to disable the video.

### Company Statement

“Lifestyles USA acknowledges the modifications recommended by DSSRC regarding the Lifestyles USA website and salesforce members’ social media accounts and is committed to addressing these promptly.

As DSSRC confirmed, the majority of the statements and claims at issue in this inquiry originated outside of the USA. As noted in the DSSRC report, Lifestyles Global Network created separate and distinct webpages for 16 different countries that were not intended for the US market and are outside of DSSRC’s jurisdiction. We trust that by addressing the few remaining concerns of DSSRC, Lifestyles USA has complied with DSSRC’s recommendations.

We appreciate the opportunity to rectify these matters and continue our efforts to uphold the standards of the direct selling industry.”

(Case #168, closed on 07/09/24)  
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[1] <https://truthinadvertising.org/>

[2] <https://www.lifestyles.net/us-en/>

[3] When individuals visit the Lifestyles landing page, they are provided with drop-down options to proceed to one of the 17 country landing pages.

[4] More specifically, section V(D)(1) of the DSSRC Policies and Procedures states that DSSRC will administratively close an inquiry that involves social media posts that originate outside of the United States and/or involve a small number of social posts that a direct selling company takes immediate action to remove and which DSSRC

Determines they are not indicative of a significant pattern of problematic behavior from the Company and/or its salesforce members.

[5] [https://bbbnbp-bbbp-stf-use1-01.s3.amazonaws.com/docs/default-source/dssrc/dssrc\\_guidanceonearningsclaimsforthedirectsellingindustry.pdf](https://bbbnbp-bbbp-stf-use1-01.s3.amazonaws.com/docs/default-source/dssrc/dssrc_guidanceonearningsclaimsforthedirectsellingindustry.pdf)

[6] Merriam-Webster dictionary defines “wealth” as a great amount of money or possessions.

[7] See section 15 at <https://www.ftc.gov/business-guidance/resources/business-guidance-concerning-multi-level-marketing>

[8] DSSRC also notes that even truthful testimonials from participants who do manage to earn significant income are more likely to be misleading unless the advertising also clarifies the amount most participants earned or lost.



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