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[What Is BBB National Programs?](#)

1. [Home](#)
2. [Programs](#)
3. [Advertising Self-Regulation](#)
4. [Direct Selling Self-Regulatory Council \(DSSRC\)](#)
5. [Case Decisions](#)
6. [Case 151-2024: Administrative Closure – Ruby Ribbon](#)

Case #151-2024: Administrative Closure – Ruby Ribbon

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Direct Selling Self-Regulatory Council
Case #151-2024: Administrative Closure – Ruby Ribbon

Company Description

Ruby Ribbon ("Company") is a multi-level direct selling company located in Burlingame, CA that was founded in 2011 and sells shapewear, athleisure, and intimates.

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 included eight social media posts that communicated earnings claims and one post that communicated health-related 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 Ruby Ribbon business opportunity and that the Company's products are efficacious in addressing a serious health-related condition. The social media posts were disseminated on TikTok, Facebook, and LinkedIn.

The claims identified by DSSRC in this inquiry are outlined below.

Earnings Claims:

- [00:23] Being a Ruby Ribbon stylist has allowed me to quit my full-time job
- [00:09] they are earning 250k annually and residually
 - Copy superimposed on video stating "6-figure income earner"
- "I was in "social sharing" before Ruby Ribbon. I dabbled & earned part-time income. BUT ... I wanted more out of Ruby Ribbon. So after getting my first cami & seeing the potential ... I researched to find an Upline that was right for me!! I wanted someone who was working full-time, who had been doing it a few years, and who sold a lot!! I found my networking "mom" and she taught me how to get started.

26 months and 78 paychecks later ... I'm helping women do what I do!! Over 100 women have joined me and I can't wait to help more!! Whether you want to dabble and earn money to your nails done and add to your cami wardrobe OR earn your car payments ... whether you want to earn hundreds OR thousands each month ... I am here to help!!"

- "financial freedom"¹

Product Performance/Health-Related Claim

- "Does it really reduce chances of breast cancer?? YES!!!! The Material is very Breathable so limits sweat and allows the Mammary system to filter toxins"

Company Position

Upon receipt of DSSRC's inquiry, the Company promptly took corrective action to address the social media posts identified by DSSRC. The company immediately began reaching out to the salesforce members responsible for the social media posts to request that the claims be removed or modified. The Company's efforts resulted in the successful removal of all of the subject posts at issue in this inquiry.

Additionally, the company clarified that one of the posts at issue, referencing expectations of "250k" in annual earnings, was neither made by a Ruby Ribbon salesforce member nor was it referencing Ruby Ribbon as a company. As such, DSSRC recognized the company's lack of responsibility regarding the post made by the unaffiliated party and said the post will not be further considered for the purposes of this decision.

Administrative Closure

DSSRC acknowledged that the Company took prompt actions to effectuate removal of the posts at issue and determined Ruby Ribbon's efforts to be necessary and appropriate. As outlined in Section III of the DSSRC Policy and Procedures, DSSRC evaluates the truthfulness, accuracy, and substantiation of earnings and product claims made by direct selling companies and their salesforce members.

Section 6 of 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 ... [s]ome 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.'" DSSRC recognized the efforts of Ruby Ribbon to remove all of the "financial freedom" claims that were the subject of this inquiry and its commitment to advise its salesforce members to refrain from using the claim in a general context in future social media posts.

Similarly, DSSRC agreed with the Company's efforts to address DSSRC's concerns regarding the health-related product claim at issue. As noted in the Federal Trade Commission's (FTC) 2022 Health Products Compliance Guidance, the FTC's substantiation standard is a rigorous one, particularly when claims relate to health. The FTC has more specifically defined its standard for health-related claims as "tests, analyses, research, or studies that (1) have been conducted and evaluated in an objective manner by experts in the relevant disease, condition, or function to which the representation relates; and (2) are generally accepted in the profession to yield accurate and reliable results." In addition, the FTC requires that the research must be "sufficient in quality and quantity based on standards generally accepted in the relevant scientific fields, when considered in light of the entire body of relevant and reliable scientific evidence, to substantiate that the representation is true."

In the absence of reliable competent scientific evidence to support the health-related claims at issue, DSSRC agreed that Ruby Ribbon took the appropriate action to facilitate removal of the product performance claims that were communicated by its salesforce members.

DSSRC found that the Company made a bona fide, good-faith effort to address concerns by promptly removing all the identified posts. The inquiry was administratively closed based on the Company's demonstrated good faith actions in addressing the issues brought to its attention.

(Case #151, closed on 03/21/24)

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[1] “Financial freedom” appeared in five different posts from different salesforces members.

4.13.24

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