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Case #172-2024: Administrative Closure – Shaklee Corporation

BBB NATIONAL PROGRAMS

Direct Selling Self-Regulatory Council

Case #172-2024: Administrative Closure – Shaklee Corporation

Company Description

Shaklee Corporation (“Shaklee” or the “Company”) is a direct-selling company founded in 1956 and based in Pleasanton, CA. The Company markets natural nutritional supplements, beauty products, and household 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 process, which monitors advertising and marketing claims disseminated by direct selling companies and its salesforce members.

This inquiry concerned 10 earnings claims disseminated by Company salesforce members. The representative claims that formed the basis of this inquiry were communicated on Facebook, Instagram, and LinkedIn. Those claims are set forth below:

- “Good health is the key to a long, happy life. We have 1.2 million people world-wide, sharing products to help others transform their health & financial future. I help you achieve both extra income & full financial freedom.”
- “I help people get healthier, gain financial freedom, and reach their dreams! I'm looking for enthusiastic people who would like to own their own business to join my team.”
- “I also train those that are interested in helping others, that want time flexibility, would love to earn a car allowance, earn fabulous trips, and want to make a difference in their family, community and the world, to have their own wellness business as a career or as a secondary income.”
- “Just arrived last night from Playa del Carmen and still my heart and mind is in Mexico. When you are happy, time flies! I'm going to share in several parts, day by day, about this trip, because it happened a lot and everything was wonderful, worthy of sharing♥ An incentive trip of 8 days, 7 nights with my husband on a luxury room with a private bar, all expenses paid + private trip to and from the airport... absolutely amazing
Totally 5★
...Winning trips with all expenses paid has become a non-negotiable thing for me.
And Shaklee makes it very possible to qualify!
I have won more than 10 national and international trips, and if it is true that we can all save and travel, but when you do it Shaklee style, it is another level!
Once you try traveling with Shaklee, I promise you won't want to miss a trip!
We're headed to Cabo next year, do you want to come?
If you can believe it, you can achieve it!!
I am living proof of what Shaklee can do in your life!”
- “Potential for Higher Income - As entrepreneurs, our earning potential is not limited by a salary or hourly wage. We decide how much income we want and we work towards the targeted goals.”
- “Do you have a plan for achieving your Dreams?♥
 - A great question to ask yourself is...
 - If you keep doing what you're doing now, are you creating financial freedom?😞
 - Is there a better choice for you?
 - Another option...😁”
- “Many of the reasons shown here are why I am partnered with Shaklee! Do any of these resonate with you?
 - Financial Independence, more family time, debt free, \$30 - 50,000 monthly income, job security, \$3 - 5,000 part-time monthly income, new car, powerful tax advantage, e-commerce business, personal health, luxury travel, retirement, recognition and appreciation, be your own boss, a business legacy.”
- “How building a team brought financial independence”
- “Want Million\$ For Reason You Want Million\$?
 - Bonuses I Pay And \$100,000 Bonuses
 - You Can Earn Through Me: ASAP DM me 1. 😊”
- “In May, I was one of 24 VIP Elites that earned an all-expense paid trip to Mexico.
 - And yesterday, a chauffeured limo picked me up at the airport and brought us to the hotel here in KC, another perk.
 - And if that wasn't enough...I have Backstage Access, Meet & Greet, an Event Concierge, New Product Experience, VIP Seating...plus a free night at the hotel. 🦋🦋
 - I'm not telling this to brag, I just want people to know what's possible. And the best part is that I have helped so many people while achieving this goal. ♥ I have 8 partners here with me!!
 - Are you part of a network marketing company? A brand you believe in? A brand you love? A place where your corporate partners are REAL too...I can talk to them if I need support, and they respond! The earning potential, the support, the culture, the community...
 - I know some people have opinions about direct sales but for others, it's the perfect side gig or full-time income as it provides freedom, flexibility and so many others benefits.”

Company Position

Upon receipt of the inquiry, Shaklee promptly contacted DSSRC to reiterate that the Company has always been committed to ensuring that its business opportunities and products are marketed with the highest ethical standards and in full compliance with all applicable laws and regulations. Shaklee provided DSSRC with a copy of its “Policies and Procedures Guide for US Ambassadors – The Statement of Privileges and Responsibilities” (“the Policies”) and called DSSRC’s attention to Chapter 3, which addresses and prohibits any deceptive income claims and deceptive lifestyle claims.

Shaklee took immediate steps to eliminate the unauthorized claims. More specifically, the Shaklee Compliance Team contacted each US Ambassador the same day it received DSSRC’s Notice of Inquiry to alert the Ambassador that their post was flagged as an improper claim

and asked each Ambassador to immediately remove the post. If the Ambassadors were not available by telephone, the Company left a detailed message explaining that the claims were impermissible pursuant to Company Policies.

Shaklee's compliance team continued to make follow-up calls and send emails until the posts were removed.

Shaklee removed nine of the 10 posts brought to its attention by DSSRC.¹ The lone post that the Company could not remove was disseminated by a Shaklee Ambassador who passed away.

Shaklee also advised DSSRC that it actively educates its field regarding how to communicate proper claims and provides several training publications to its field, including but not limited to:

- Say This, Not That – Shaklee Opportunity
- Say This, Not That – Shaklee Products
- Improper Claims Training Presentation
- The Shaklee Business Opportunity

Additionally, DSSRC was informed that Shaklee has two training modules called Compliance Training Product Claims and Compliance Training Income Claims that are found on the Shaklee mobile share app. Shaklee also regularly participates in weekly Field-facing Zoom "office hours" to review and answer questions regarding compliance matters.

Shaklee stated that it requires its average earnings disclaimer be read aloud during every field meeting where income, lifestyle, or compensation plan claims are made.

Finally, Shaklee advised DSSRC that it has engaged with an independent, third-party monitoring service since 2020. The monitoring software is designed to assist Shaklee's regular compliance efforts by sweeping websites and social media platforms for improper claims made by Shaklee Ambassadors.²

Administrative Closing Summary

DSSRC acknowledged and appreciated the good faith actions of Shaklee to promptly remove the social media posts at issue to address DSSRC's concerns. The efforts of the Company resulted in the removal of nine of 10 social media posts brought to its attention.

Pursuant to the DSSRC Guidance on Earnings Claims for the Direct Selling Industry ("the DSSRC Guidance"), DSSRC cautions direct selling companies and their independent salesforce members against the use of any words or images communicating that a direct selling business opportunity will result in earnings beyond what can be generally expected by the typical salesforce member in the depicted circumstances. Moreover, section 6(c) of the DSSRC Guidance, notes that "... 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." Section 6 of the DSSRC Guidance further states that "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.'"

Lastly, with respect to social media posts referencing Company incentives, the DSSRC Guidance specifically notes that for purposes of a DSSRC inquiry, representations that salesforce members may earn or have earned company-sponsored incentives, including lifestyle purchases and vacations or other rewards, are considered earnings claims and if the direct selling company does not have substantiation that the experience of the individual making the claim or who is the subject of the claim is representative of what the audience will generally expect to achieve, the advertisement (e.g., social media post) should clearly and conspicuously disclose the generally expected results in the depicted circumstance.

Accordingly, DSSRC determined that the efforts taken by Shaklee to address DSSRC's concerns in this inquiry were necessary and appropriate.

Based upon Shaklee's good faith actions, DSSRC administratively closed its inquiry.

(Case #172, closed on 8/13/24)
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[1] The Company noted that eight social media posts were removed within five days of receipt of the DSSRC letter. One post from Malasia was removed shortly thereafter.

[2] Shaklee asserted that even though nearly all the claims identified by DSSRC in the flagged Shaklee Ambassador's posts were already listed as prohibited key words, the third-party monitoring software did not find or flag these posts for Shaklee Compliance to address. This discrepancy was immediately addressed with the monitoring company.

September 10, 2024

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