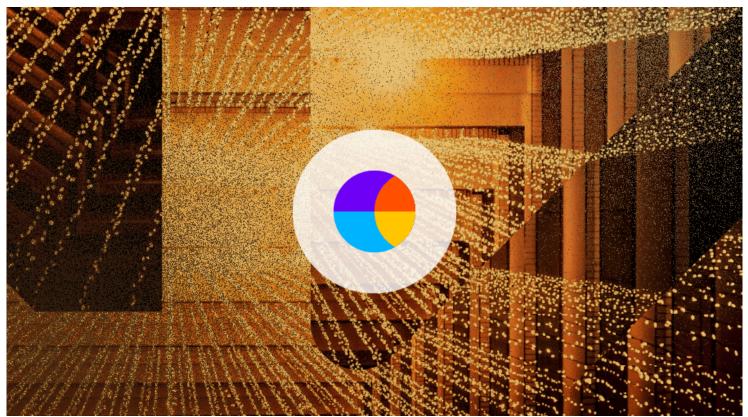
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Case #133-2023: Government Referral – Sweet Minerals, LLC

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Direct Selling Self-Regulatory Council Case #133-2023: Government Referral – Sweet Minerals, LLC

Company Description

Sweet Minerals, LLC ("Sweet Minerals" or the "Company") is a direct selling company based in Pasadena, Maryland. The company was founded in 2011 and markets makeup, personal care, skin care, and cosmetic 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 in the direct selling marketplace and pertains to income claims and product performance claims disseminated by the Company and its salesforce members.

The representative claims that formed the basis of this inquiry are set forth below:

Earnings Claims

- "Unlimited income"
- "part-time or full-time income"
- "✓ Grow a team and earn recurring monthly income if desired!
 - ...win prizes such as past trips to Cancun, Montego Bay and Punta Cana with the Sweet Minerals team!"
- "I have made over \$500 cash in my wallet, over \$600 free makeup money, and all kinds of free goodies in less than 90 days!!

Product Performance Claims

- "I have in the past had dermatitis...I had tried all kinds of creams from the doctors and everything but nothing ever healed it...now that I'm using healthy products that are natural it has actually transformed my skin to be absolutely amazing."
- "I was diagnosed with Rosacea at 24, and have struggled for many years to find relief. Over the course of a few weeks wearing the Sweet Minerals makeup, I noticed a remarkable decrease in the frequency and intensity of my skin flare ups and irritation"

Company's Non-Participation in the DSSRC Process

On June 23, 2023, DSSRC sent a Notice of Inquiry by email and USPS 2-day mail to Sweet Minerals at its Pasadena headquarters. After the Company failed to respond within 15 business days, DSSRC continued to try to contact the Company and sent a 10-day notice by email and USPS 2-day mail on September 12, 2023, indicating that, if the Company failed to provide a response to DSSRC regarding the claims and issue within 10 business days, the matter would be referred to the appropriate government agency. Although Sweet Minerals does not provide a contact telephone number on its official website (www.sweetminerals.com), DSSRC was able to identify a telephone number for the Company and left several voice mail messages alerting the Company about the self-regulatory inquiry and explaining the ramifications of not responding to DSSRC,

Notwithstanding the additional opportunities to respond to DSSRC's inquiry, the Company did not provide a response to DSSRC inquiry.

Referral to the Government

DSSRC determined that the subject claims being disseminated by Sweet Minerals' salesforce members on social media expressly and inaccurately claimed that Company's sales force members can earn full time and/or unlimited income; that the typical salesforce members will receive free trips by participating in the Company's business opportunity; and that Sweet Minerals' products can effectively treat serious skin conditions such as rosacea and dermatitis.

As stated in section 13 of the Federal Trade Commission's (FTC) 2018 Business Guidance concerning Multi-Level Marketers, some business opportunities may claim that participants, while not necessarily becoming wealthy, can achieve career-level income. They may represent through words or images that participants can earn thousands of dollars a month, quit their jobs, "fire their bosses," or become stay-at-home parents. If participants generally do not achieve such results, these representations likely would be false or misleading to current or prospective participants.¹

Moreover, section 6 of the DSSRC Earnings Claim Guidance for the direct selling industry, while 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," "career-level income," or any substantially similar statements or representations. Other terms, such as "passive income" and "residual income," are prohibited when they convey that income can be continuously earned by salesforce members with little or no ongoing effort.²

With respect to the product performance claims at issue, the FTC's Health Products Compliance Guidance states that when applied to claims about the efficacy or safety of health-related products, the FTC applies a substantiation standard of "competent and reliable scientific evidence." The FTC has more specifically defined that standard 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."

Accordingly, DSSRC determined that it is incumbent on Sweet Minerals to demonstrate that it possesses competent and reliable scientific evidence to support claims regarding the effectiveness of its products to treat serious skin conditions. Regrettably, the Company failed to respond to DSSRC's efforts to engage the Company in the direct selling industry's self-regulatory forum.

In accordance with section (V)(C)(4) of the DSSRC Policies and Procedures, in the event the company whose marketing is the subject of a DSSRC inquiry fails to participate in the self-regulatory process, DSSRC may refer the matter to an appropriate government agency for review and possible law enforcement action.

Accordingly, based upon Sweet Minerals' failure to respond to the self-regulatory inquiry and address DSSRC's concerns, this matter has been referred this matter to the Federal Trade Commission and the Maryland Attorneys General Office.

(Case No. 133-2023. Closed on 10/05/23)

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- [1] See https://www.ftc.gov/business-guidance/resources/business-guidance-concerning-multi-level-marketing
- [2] See section 6 of the DSSRC Earnings claim Guidance for the Direct Selling Industry.
- [3] See https://www.ftc.gov/system/files/ftc_gov/pdf/Health-Products-Compliance-Guidance.pdf.
- [4] See, e.g., Roca Labs Final Order at 12-13; FTC v. Sunrise Nutraceuticals, No. 9:15-cv-81567-DMM (S.D. Fla. 2016) (final stipulated judgment involving supplement purported to eliminate symptoms of opiate withdrawal); Lumos Labs, Inc., No. 3:16-cv-00001-sk (N.D. Cal. 2016) (final stipulated judgment involving online brain training games purported to provide cognitive benefits); FTC v. Keyview Labs, Inc., No. 8:15-cv-1047 (C.D. Cal. 2015) (final stipulated judgment involving supplement purported to improve memory)

October 25, 2023

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