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Case #140-2023: Administrative Closure – Younique, LLC

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Direct Selling Self-Regulatory Council
Case #140-2023: Administrative Closure – Younique, LLC

Company Description

Younique, LLC (or the “Company”) is a direct-selling company based in Utah that sells beauty 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 their salesforce members.

This inquiry concerned 12 earnings claims disseminated on social media by Company salesforce members. DSSRC was concerned that the posts communicated non-representative claims regarding the income the typical salesforce member could earn from the Company's business opportunity. More specifically, DSSRC was concerned that certain social media posts and claims may be interpreted as meaning that the Company's opportunity will result in a substantial or significant income. The representative earnings claims contained four unqualified references to incentive trips and bonuses earned. In addition, five claims referenced achieving "financial freedom."

Company's Position

Younique promptly acknowledged receipt of DSSRC's Notice of Inquiry and informed DSSRC that it immediately began working to remedy the claims at issue by contacting salesforce members to remove the posts or contact the platforms on which the claims were posted to request that they be removed. The Company did not attempt to substantiate the claims DSSRC brought to its attention.

The Company informed DSSRC that it contacted each of the salesforce members responsible for the claims at issue for the removal of their posts. All posts were successfully removed or modified to address DSSRC's concerns except for one which DSSRC believed conveyed an incentive trip claim via imagery and the use of a hashtag. DSSRC recommended that the company consider removing the claim or adding an appropriate disclosure. The Company informed DSSRC that it was developing a disclosure to be used in connection with any social media posts for company trips and was also using its software to identify more social media posts that make claims via hashtags. The Company also demonstrated that it took appropriate action to attempt to contact the former salesforce member for the removal of the claim.

Analysis

As noted in section 1 of the DSSRC Guidance on Earnings Claims for the Direct Selling Industry, it is misleading for a direct selling company and/or its salesforce members to make any earnings claims unless the direct selling company and/or its salesforce members: (A) have a reasonable basis for the claim at the time the claim is made; and (B) have documentation that substantiates the claim at the time the claim is made.¹

For purposes of a DSSRC inquiry, 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, however, are prohibited when made to a general audience of prospective or current salesforce members. Such words and phrases include "unlimited income," "full-time income," "replacement 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

Here, DSSRC determined that the prompt actions taken by the Company to facilitate removal of the earnings claims at issue in this inquiry were necessary and appropriate. DSSRC also appreciated the Company's commitment to develop a disclosure to be used in connection with any social media posts for company trips and to use software to identify more social media posts that make claims via hashtags.

Administrative Closing Summary

Based upon the Company's good faith efforts to address the claims identified in this inquiry, DSSRC administratively closed the inquiry.

(Case No. 140 closed on 12/11/23)
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[1] See DSSRC Guidance on Earnings Claims for the Direct Selling Industry at <https://bbbprograms.org/programs/all-programs/dssrc>.

[2] *Id* at Section 2