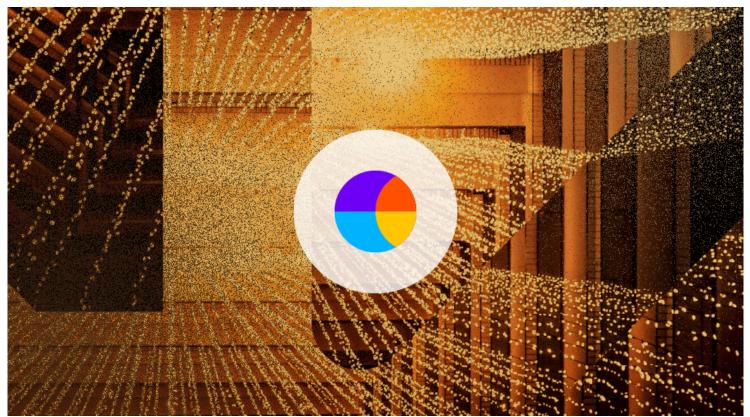
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Case #193-2025: Monitoring Inquiry - Zilis, LLC

BBB NATIONAL PROGRAMS

Direct Selling Self-Regulatory Council Case #193-2025: Monitoring Inquiry - Zilis, LLC

Company Description

Zilis, LLC ("Zilis" or the "Company") is a direct selling company founded in 2015 and headquartered in Argyle, Texas. Zilis is a health and wellness company that sells CBD (cannabidiol) products and related wellness solutions.

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 and marketing claims in the direct selling industry.

DSSRC was concerned that the earnings claims listed below overstate the amount of income that can be earned by the typical Zilis salesforce member and that the representative product performance claims communicate the message that Zilis' products are efficacious in addressing several health-related conditions.¹

Earnings Claims

- Do you have a backup plan in case you or maybe your spouse lost their job and you need those 2 incomes to pay bills? Do you have a peace of mind with your future?" (February 2024)
- "The stairway to success allows you to earn up to \$30,000 per week in the binary alone at the Black Diamond level in the business." (January 2020)
- "These cutting edge technologies are also cutting edge opportunities for doctors it's also a opportunity for your practice to generate a substantial side stream income." (August 2020)
- "We are empowering financial freedom!" (February 2024)
- "I know what a lot of You think about network marketing/social sharing/direct sales/whatever you prefer to call it. It's no secret...I used to think the same thing. "Pyramid scheme! It's not a real job. No one actually makes REAL money." Oh boy was I completely wrong! ... 80% of all Women that make 6 Figures do it in Direct Sales. Sign me up! ... The industry that will give Us our Goals and Dreams. The industry that has allowed me to create extra income for our household when we needed it more than ever. The industry that is allowing us to help others in their health & wellness journey. ... Plus Free cruise promos!" (July 2022)

Product Performance Claims

- "Let's find our together what you are needing. Maybe its better sleep, inflammation, more focus?" (May 2024)
- "ARE YOU...

Tired? Sluggish? Overweight? Needing More Time? Needing More Income?

DO YOU HAVE... High Blood Pressure? Aching Joints? Head Aches? Brian Fog? Anxiety?" (January 2024)

- "Zilis is a great company that makes products that can change your health for the good. I started taking CBD for my arthritis so imagine my surprise with my irritable bowels symptoms went away and then my arthritis got better." (August 2021)
- "My name is Ruth & I have multiple tumors in my uterus and the doctors want to do an operation to remove my entire womb so I have been taking all the remedies that people tell me for a long time.

NOTHING has helped me!! But since Star told me about UltraGlow & UltraShield (by ZILIS) and I started taking it I felt very good!! I don't know if it's my mind, but in 3 short days; I have energy again & I feel calm with no more anxiousness." (October 2022)

- "90 days ago A1C was 8.4...Monday it was 6.2. Lost 10 pounds on Glow over 45 days Fasting sugar normally in morning ranged 179-229...Monday morning fasting sugar was 126 Hands, shoulder joints, knees, lower back pain issues 99% gone." (January 2022)
- "Are you looking for relief from your aches and pains, muscle soreness, neck stiffness from stress or too long at the computer, headaches? I highly recommend Zilis' full spectrum Hemp CBD Topical. I am recovering from surgery that left me with some pretty significant bruising and a lot of soreness." (January 2020)
- "Rainy days don't get me down and do not cause me any pain anymore! "" " " (January 2022)
- "Our new Lishe our beauty line infused with CBD. Ultra Ice to support inflammation, Ultra Bliss to support your mood, Ultra CBD to support pain, anxiety, depression and more and a little something for the fur babies." (October 2021)
- "A double-Blind placebo-controlled clinical study.

Federally, funded by NIH (National Institute of Health) with the Mayo Clinic performing the 90-day study.

Deeper Sleep - 307% increase in deep sleep

Weight (December 2021)

• "I will go over with each individual, care takers, doctors or nursing home doctors what they are looking to improve on their patients or themselves, maybe their, weight, sleep, BP, A1C (blood sugar) stress, social anxieties, cognitive brain health, pain, mobility

issues, medications they are on, etc."

Company's Position

Upon its receipt of the Notice of Inquiry, Zilis immediately contacted DSSRC. Instead of attempting to substantiate the claims identified in the inquiry, the Company took steps to facilitate their removal.

The Company explained that it aims to improve the lives of its customers through natural hemp-derived CBD products and that it trains its salesforce members to emphasize the quality of their ingredients and formulations.

The Company stated that it's committed to maintaining regulatory compliance across its operations, particularly in the rapidly evolving CBD industry.

Zilis noted that it has earned the U.S. Hemp Authority® Certification, which signifies adherence to stringent industry standards and best practices, providing consumers with confidence in their products and provides training and resources to its independent salesforce, known as Ambassadors, to ensure they understand and comply with regulatory requirements, particularly concerning product claims and marketing practices.

Zilis informed DSSRC that it monitors marketing materials and social media posts of its Ambassadors to ensure compliance with regulatory standards, taking corrective action when necessary to address non-compliant claims or representations. Moreover, the Company asserted that it maintains comprehensive policies and procedures that outline compliance expectations for its Ambassadors, including guidelines on product claims and marketing practices.

As a result of its efforts, Zilis was successful in disabling or modifying all of the product and earnings claims that were the subject of the inquiry.

Administratively Closed Resolution

DSSRC appreciated the good faith actions taken by the Company to address its concerns and concluded that its efforts to remove the claims at issue were necessary and appropriate.

Earnings Claims

According to the Federal Trade Commission's (FTC) Business Guidance on Multi-Level Marketing, any representations made by an MLM or its participants about the business opportunity, including earnings claims, must comply with Section 5 of the FTC Act. This means that if the claims are significant to consumers and are false, misleading, or lack substantiation, they violate the Act. Earnings claims should accurately reflect what the typical salesforce member can generally expect to earn from the business opportunity. MLMs or participants making income claims must have a reasonable basis for these claims at the time they are made, supported by reliable, empirical evidence rather than subjective beliefs or personal anecdotes. Making claims without proper supporting evidence is considered deceptive²

In previous self-regulatory inquiries, DSSRC has similarly stated that it is misleading for a direct selling company or its salesforce members to make earnings claims unless they have a reasonable basis for the claim at the time it is made and possess documentation to substantiate the claim at that time.

More specifically, the Direct Selling Self-Regulatory Council Guidance on Earnings Claims in the Direct Selling Industry ("the DSSRC Earnings Claims Guidance"), states that earnings claims must be backed by evidence showing that the earnings mentioned are accurate for the individuals depicted. If the earnings are not typical, there should be a clear and conspicuous (i.e., noticeable) disclosure in close proximity to the claim regarding the income that a typical salesforce member can generally expect to receive in the given scenario. Additionally, these claims should always be truthful and not misleading.

The DSSRC Earnings Claims Guidance also 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," "full-time income," "replacement income," "career-level income," or any substantially similar statements or representations. In addition, certain words or phrases can be particularly misleading to consumers when used in a general context such as "financial freedom."

Product Performance Claims

Marketers must ensure that product claims are not only truthful and accurate but also backed by sufficient evidence, as outlined in the FTC's Health Products Compliance Guidance. FTC regulations require advertisers to establish a reasonable basis for their claims before sharing them with the public. The determination of what constitutes a reasonable basis depends on the specifics of the claim, its

presentation within the overall context of the advertisement, and any qualifying language used. As noted in past DSSRC inquiries, the FTC applies a particularly rigorous substantiation standard to health-related claims.

For health-related product claims regarding efficacy or safety, the FTC requires "competent and reliable scientific evidence" as support. This standard has been defined as tests, analyses, research, or studies that meet two key criteria: (1) they must be conducted and evaluated objectively by experts in the relevant disease, condition, or function to which the representation relates, and (2) they must be widely recognized within the profession as producing accurate and reliable results. Furthermore, the FTC mandates that the research be of sufficient quality and quantity, aligning with standards generally accepted in the relevant scientific disciplines, and evaluated in the context of the complete body of reliable scientific evidence, to verify the accuracy of the claim.

In conclusion, DSSRC determined that Zilis made a concerted, good-faith effort to address the concerns in this inquiry by removing and/or adequately modifying all of the claims that were at issue. As a result of these actions, DSSRC administratively closed the inquiry.

Conclusion

DSSRC administratively closed the inquiry based upon Zilis' good-faith actions to remove and/or modify all of the claims that were brought to its attention.

Company Statement

"Zilis is extremely grateful for the work of the DSSRC and the opportunity that we have had to interact with it. We want to profoundly thank the organization for its invaluable assistance in helping the company and its Consultants to comply with U.S. regulatory requirements.

It is unfortunate that U.S. federal and state regulatory agencies do not see themselves as do the majority of their counterparts in developed nations, and that is as providers of guidance to businesses with respect to regulatory compliance. For this reason, we view the DSSRC as an invaluably important partner to Zilis and to the entire direct selling industry. Zilis wants to also recognize the work of the DSSRC to protect consumers and the marketplace, as well as helping to contribute to a level playing field for all direct selling companies.

We encourage all direct sellers to welcome the involvement of the DSSRC to help their companies pursue excellence in the regulatory compliance arena."

(Case No. 193, Closed on 12/19/24) ©2025. BBB National Programs

- [1] The claims identified by DSSRC in this inquiry were communicated on Facebook and YouTube.
- [2] Section 13 at https://www.ftc.gov/business-guidance/resources/business-guidance-concerning-multi-level-marketing#deceptive.

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