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Case #158-2024: Monitoring Inquiry – pawTree, LLC

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Direct Selling Self-Regulatory Council
Case #158-2024: Monitoring Inquiry – pawTree, LLC

Company Description

pawTree, LLC (“pawTree” or the “Company”) is a direct selling company that sells a range of products for cats and dogs, such as supplements, grooming supplies, and food. The Company is headquartered in Southlake, Texas and was founded in 2014.

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 product and income claims in the direct selling industry.

This inquiry included 18 earnings claims disseminated on Facebook, YouTube, TikTok, and LinkedIn. DSSRC was concerned that the representative claims below communicated the message that Company salesforce members can generally expect to earn significant income

from the pawTree business opportunity.

The earnings claims identified by DSSRC in this inquiry were as follows:

- “financial freedom”¹
- “🐾 I earn free trips to places like Cancun, Alaska Bahamas and puerto Vallarta etc 🌴 ”
- “thankful for the AMAZING TRIP & opportunity Pawtree has given us! 7 night Alaskan trip for FREE.”
- “You have the opportunity to earn a bonus up to \$1,000.00 this month. 1 thousand for 1 dollar! Join me and let me help you reach your goals!”
- “If you are looking to add or replace your income, now is an awesome time to do it!”
- “no cap on income, you can make as little or as much as you want
 - Description: You have imagined a debt-free life full of abundance.
- “*Financial freedom with a residual income ✅
- *NEVER having to worry about getting your bills paid ✅
- *Vacations with your family ✅
- *& fulfilling your desires ✅ ”
- “my income has almost doubled since June - woot!”
- “I was able to raise my family, stay home with my kids, and build a career and have career income on the side as well...maybe you’re one of those people that are thinking I want to get out of my job or maybe I just want an extra 200, 500, 1,000, extra dollars”
- and “there’s no income cap”
- copy stating “\$1,365 per month”
- copy stating “\$1,820 in monthly residual income”
- “I also know that my pawTree business deserves my attention and I have unlimited income opportunity there, plus it brings me much JOY.”
- “Image with copy stating “Earn up to \$25,000 in bonuses!”
- “no income caps”²
- Testimonial on presentation stating “Cathy worked over 25 years as a professional to earn a good pension. After working our pawTree business for only 3 ½ years, our pawTree monthly commissions have now exceeded her monthly pension check.”

Company Position

In responding to DSSRC’s Notice of Inquiry, the Company did not attempt to substantiate the claims. Rather, the Company stated that it was successful in having 14 of the 18 social media posts identified by DSSRC as communicating earnings claims removed from social media.

Analysis

DSSRC appreciated the good faith efforts of pawTree to remove all but four of the 18 social media posts at issue in this inquiry, including claims that business opportunity participants can replace their income, receive “financial freedom,” generally expect to earn “\$1,365, per month,” and see “no income cap” on the pawTree business opportunity.³

Section 6 of DSSRC's Guidance on Earnings Claims for the Direct Selling Industry (the “DSSRC Guidance”) specifies certain prohibited words and phrases when communicated to a general audience of prospective or current salesforce members. Prohibited expressions include “residual income,” “unlimited income,” “full-time income,” “replacement income,” “quit your job,” or any substantially similar statements. 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.”

As such, DSSRC agreed that the Company’s efforts to remove these posts were necessary and appropriate.

Although DSSRC was appreciative of the good faith intentions of pawTree to reach out to its salesforce members and have the social media posts at issue disabled, DSSRC remained concerned that the four identified social media posts, which include unsupported earnings claims, remain accessible online.

Accordingly, DSSRC recommends that pawTree attempt to reinitiate its communication with the individuals responsible for disseminating the social media posts that remain publicly available. If these individuals are active members of the Company's salesforce and do not comply with pawTree's request to remove the earnings claims in question, DSSRC recommends that the Company take necessary enforcement actions as outlined in its Policies & Procedures, which may involve suspending or terminating the accounts of these salesforce members.

Conversely, if the improper claims were made by an individual who was an active salesforce member when such claim was made but has since become an inactive salesforce member of the company, DSSRC acknowledges that the direct selling company may not be able to require such individual to remove a social media post. In that instance, DSSRC nonetheless recommends that the direct selling company provide copies of the correspondence sent to those individuals as a demonstration that it has made a bona fide good faith effort to have the improper claim removed. If the Company is unable to have the post removed, DSSRC suggests that the Company consider adding a comment on the post at issue to inform the public that the subject claim has not been authorized by the Company.

Lastly, If the subject claim by a former salesforce member is communicated on a website or platform without a reporting mechanism, DSSRC recommends that pawTree contact the website or platform in writing and request removal of the subject claim or post.

Conclusion

DSSRC appreciated the efforts of pawTree to remove or modify 14 of the 18 social media posts at issue in this inquiry and determined that the Company's actions were necessary and appropriate.

With respect to the remaining earnings claim posts at issue, DSSRC recommended that pawTree take further action to facilitate the removal of the posts and provide DSSRC with evidence documenting its good faith efforts.

Lastly, If the subject claim by a former or active salesforce member is communicated on a website or platform without a reporting mechanism, it was recommended that pawTree contact the website or platform in writing, request removal of the subject claim or post, and provide DSSRC with a copy of its correspondence with the platform.

Company Statement

PawTree, LLC has quickly taken action, and will continue to take action on, any instances of concern raised by the DSSRC by reaching out to the petPros (independent reps) responsible for the unauthorized posts and when appropriate contacting the platform where the claim was disseminated to request removal of the post. PawTree has already been successful with a majority of the claims at issue and removed from circulation and continues its efforts to have the remaining posts removed. PawTree has already provided DSSRC with a description of our efforts including copies of the correspondence that are sent to the petPros who disseminated the posts that were the subject of this inquiry.

In addition, PawTree has engaged with Bridgehead Collective to do a full audit of our website, onboarding process, enrollment flow, sales materials, training materials, and all things related to our compliance. We have made several changes based on their recommendations, including making changes to our enrollment pages on our website, and will continue to monitor and stay current if additional changes are needed in the future.

(Case #158, closed on 04/15/24)
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[1] The “financial freedom” claim was communicated by two different salesforce members in two separate social media posts.

[2] The same “No income caps” claim was disseminated by two different salesforce members in separate social media posts.

[3] The Company was successful in removing other posts that included “financial freedom” claims as well as a separate post which included the claim of “no income cap.”

5.10.24

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