



DIRECT SELLING ASSOCIATION

INDEPENDENT INVESTIGATION. INCREASED OVERSIGHT. ACTIVE MONITORING.

Direct Selling Self-Regulatory Council (DS-SRC)

FAQs

What is the DS-SRC?

DS-SRC is the new Direct Selling Self-Regulatory Council, a third-party self-regulatory program founded by the Direct Selling Association (DSA) and to be administered by the Council of Better Business Bureaus (CBBB) beginning on January 4, 2019.

The DS-SRC will monitor the entire U.S. direct selling industry and will embody these principles:

- Clear industry standards on issues such as product and earning representations;
- Identification of relevant best practices from other self-regulatory models;
- Creation of a process that both monitors and enforces strict business principles; and
- Enacts measures to raise the bar of excellence for DSA members and the entire direct selling channel.

What is the CBBB?

The Council for Better Business Bureaus (CBBB) is the network hub for BBB's in the U.S., Canada, and Mexico.

Why was the DS-SRC created?

The DS-SRC is a third-party, self-regulatory entity created as a result of deliberations of DSA's leadership, and dialogue with the Federal Trade Commission (FTC) to increase the oversight of the direct selling industry.

What is the purpose of the DS-SRC?

The purpose of the DS-SRC is to strengthen the direct selling industry with additional third-party, oversight, as well as articulate clear principles based on established business ethics set forth for more than five decades by the DSA.

What is the program foundation for the DS-SRC?



Comprehensive active monitoring of the direct selling marketplace, including websites and social media of both companies and the salesforce in the areas of income representations and product claims.



Independent investigation and reporting unresolved violations of non-compliant companies to the Federal Trade Commission.



Rigorous, competitive challenge process, enabling other companies to identify issues for the Direct Selling SRC.



Increased consumer protection that will compliment law enforcement with the hallmarks of successful self-regulation.

Why do we need the DS-SRC?

The DSA developed the DS-SRC with the CBBB for several reasons, including:

- Addressing marketplace conditions such as FTC actions, increased number of critics and increased risks arising from social media
- To address real and perceived issues with direct selling
- To help elevate the direct selling industry's reputation
- To respond to the FTC recommendation regarding strong self-regulation enforcement

Will the DS-SRC apply to DSA members and non-members alike?

Yes, the DS-SRC will apply to the entire direct selling industry, both DSA members and non-members.

Will DSA members have an advantage with the DS-SRC?

DSA members' compliance with the DSA Code of Ethics will help inform them of current standards and business ethics.

Will the DSA Code of Ethics program still be in place?

Yes, the DSA Code of Ethics program will be in place and will continue to maintain its code enforcement process for DSA members.

How will the DS-SRC be different from the DSA Code of Ethics?

The DS-SRC will be a complement to the DSA Code of Ethics. Additional resources to review marketplace activity will ensure higher activity levels of compliance with ethical business standards. Further, the DS-SRC will have higher levels of transparency as to the results of the self-regulatory process and apply to non-members.

Why did DSA choose to partner with CBBB and the Advertising Self-Regulatory Council (ASRC)?

The ASRC and CBBB are leaders in developing, managing and enforcing self-regulatory programs like the DS-SRC for other industries including:

- Council for Responsible Nutrition
- Children's Advertising Review Unit
- Digital Advertising Alliance

Will the DS-SRC change and adjust?

Yes, the program will be adjusted as necessary depending on DS-SRC findings and outcomes, changing market environment, and the regulatory climate throughout 2019 and beyond.

What relationship will exist between the DSA and the DS-SRC?

The DS-SRC may refer individual matters regarding member companies to the DSA Code Administrator, and the DSA Code Administrator may refer matters to the DS-SRC if a company's pattern or practice of complaints is identified. The DSA Code Administrator may also serve as a consultative resource. Further, the DS-SRC Executive Director may recommend amendments to the DSA Code of Ethics.

What issues will the DS-SRC review?

The DS-SRC will review product claims and income representations by direct selling companies and their salesforce members.

Will there be standards that the DS-SRC will utilize to evaluate claims?

Yes, it is likely the standards for these core issues will be evaluated using a combination of standards contained in the DSA Code of Ethics and Better Business Bureau Code of Advertising. Many of the standards of these Codes are grounded in federal law regarding marketing and advertising.

Will my company's plan be reviewed?

Yes, however, the frequency of the reviews of companies is still being determined.

What is the jurisdiction of the program?

The DS-SRC will review companies based on independent monitoring of the direct selling marketplace; matters referred by the DSA Code Administrator due to a pattern and practice of complaints identified, or pursuant to media reports, or matters identified by consumers; matters raised by competitors' challenges; inquiries received from distributors, customers and other users of direct selling companies products or services; and complaints from BBBs directed to the DS-SRC.

How will a company know it is being reviewed?

The company will receive a letter from the DS-SRC.

How will the DS-SRC affect or apply to my company's salesforce?

Actions of the salesforce can be imputed to a company, whereby if there is a pattern of non-compliant claims on social media for example, that content can be viewed as activity by the company.

Does participation in the DS-SRC review process or the issuance of a DS-SRC decision constitute a legal admission or finding?

No, the DS-SRC procedures clearly state that participation is not an admission of anything and that decisions are not legal findings.

Will there be confidentiality aspects to the DS-SRC program?

Yes, the proceedings are confidential except for publication of case decisions, press releases announcing disposition and referrals in the case of a non-responsiveness or non-compliance.

Will the DS-SRC program have fees?

Yes, competitive challenges will have a \$10,000 fee with a 50 percent discount for DSA members. DSA members will have free access to the library of DS-SRC decisions. Appeals will have a \$5,000 fee for all participants.

Will DSA members have a voice in the DS-SRC program?

Yes, DSA members have participated in the development of the program, its implementation and funding. They will also continue to help nurture and develop a direct relationship with the CBBB.

Where can I find more information in the DS-SRC?

Please visit www.dsa.org or www.ascreviews.org/ds-src-2/ for more information.