

# Multi-Level Marketing And “Direct Selling” Companies Received Over \$100 Million in PPP Money Despite False Claims About COVID-19 Treatments And Charges Of Deceptive Marketing

**SUMMARY:** An Accountable.US analysis found that while hundreds of thousands of small businesses have [closed](#) across the country, direct selling companies – which frequently utilize predatory multi-level marketing practices – received over \$106.4 million in PPP loans.

Several companies receiving these PPP loans have been warned by the Federal Trade Commission (FTC) about unlawful claims regarding the health benefits of their products in combatting COVID-19 and the amount of income participants could receive. These include:

- **Zurvita, Inc.**, which received [\\$1.39 Million](#) in forgivable PPP money just **weeks after receiving an [FTC warning letter](#) regarding social media posts that "unlawfully advertise that certain products treat or prevent [COVID-19]."**
- **Pruvit Ventures, Inc.**, which received [\\$719,251](#) in forgivable PPP money just over **a week before receiving an [FTC warning letter](#) regarding claims about its products effectiveness against COVID-19** and misrepresenting how much its business opportunity participants are likely to earn.
- **Total Life Changes, LLC**, which received [\\$977,200](#) in forgivable PPP money just over **a week after receiving an [FTC warning letter](#) regarding claims about its products effectiveness against COVID-19** and misrepresenting how much its business opportunity participants are likely to earn.

Two other companies receiving PPP loans have previously been cited for deceptive marketing and predatory business practices:

- **Vemma Nutrition Company**, a direct seller that received [\\$227,500](#) in PPP money, was **ordered to pay a \$238 million fine** that would be partially suspended with a smaller payment and the surrender of certain assets, while also prohibiting business practices that created a pyramid scheme.
- **Neora, LLC**, a company that received [\\$2.5 million](#) in PPP money, was **sued by the FTC in November 2019 for operating as a pyramid scheme**, while "deceptively promot[ing]" its supplements as cures for Alzheimer's disease, Parkinson's disease, and other neurological conditions and ailments.

The fact that so much money went to this industry is particularly troubling when [25% of adults and 46% of adults with lower income](#) have reported having trouble paying their bills. Members of minority communities reported even larger numbers with [43% of Black respondents and 37% of Hispanic respondents](#) reporting difficulties paying bills.

These businesses' ability to access PPP came after the Direct Sellers Association lobbied Congress to include measures beneficial to the industry in the Coronavirus Aid, Relief, and Economic Security Act (CARES Act) and any future stimulus relief.

**Multi-Level Marketing Is A "Distributions And Compensation" Method For Direct Sellers That Often Leaves Participants Spending More Money To Participate Than They Will Make Through Selling Products Or Recruiting Individuals – 99% Of People Involved In An MLM Company Are Estimated To Lose Money.**

**Multi-level Marketing (MLM) Is A "Distribution And Compensation Method" For Direct Sellers, With Many Predatory MLM Companies Compensating Its Salesforce For "Recruiting New Participants" As Opposed To "Selling Products And Services To Customers."**

**Multi-level Marketing Is A "Distribution And Compensation Method" For Direct Sellers.** "Direct selling encompasses a variety of distribution methods; multilevel marketing is one type of distribution and compensation method. Multi-level marketing is a type of direct selling recognized by the Federal Trade Commission and used by hundreds of companies, including some of world's best-known consumer brands." [Direct Selling Association, accessed [09/21/20](#)]

**Predatory Multilevel Marketing Companies Typically Compensate Its Salesforce For "Recruiting New Participants, Instead Of For Selling Products And Services To Customers."** "It is not synonymous with pyramid schemes, illegal business operations, unless the multi-level marketing company compensates members of its salesforce primarily for recruiting new participants, instead of for selling products and services to customers." [Direct Selling Association, accessed [09/21/20](#)]

**99% Of People Participating In MLM Companies Are Estimated To Lose Money.**

**According To The Consumer Awareness Institute, 99% Of People Who Participate In MLM Companies Lose Money.** "Multilevel marketing companies (MLMs) like Beachbody, which rely primarily on distributors like Baker instead of salaried staff to sell goods and services, have long been eyed with suspicion by regulators, and for good reason. The Consumer Awareness Institute, whose research has been posted on the website of the Federal Trade Commission (FTC), found that 99% of people who participate in them lose money." [Time, [07/09/20](#)]

**At Least 78 Direct Selling And Multilevel Marketing Companies Received \$106.489 Million Total In Forgivable PPP Money.**

**At Least 78 Direct Selling And Multilevel Marketing Companies Received \$106.489 Million In Forgivable PPP Money.**

Company	Date of Loan	PPP Loan Amount	Notes
Thirty-One Gifts, LLC	<a href="#">6/26/20</a>	\$10,000,000	<a href="#">Member of DSA</a>
Plexus Worldwide, LLC	<a href="#">4/4/20</a>	\$6,760,000	<a href="#">Listed as a top 100 direct seller by Direct Selling News</a>
Younique, LLC	<a href="#">4/9/20</a>	\$6,600,000	<a href="#">Member of DSA</a>
Nature's Sunshine Products, Inc.	<a href="#">4/14/20</a>	\$5,370,000	<a href="#">Member of DSA</a>
Jeunesse, LLC	<a href="#">4/13/20</a>	\$5,270,000	<a href="#">Member of DSA</a>
ASEA, LLC	<a href="#">4/16/20</a>	\$5,000,000	<a href="#">Listed as a top 100 direct seller by Direct Selling News</a>
Hy Cite Enterprises, LLC	<a href="#">4/10/20</a>	\$4,950,000	<a href="#">Member of DSA</a>

ACN Communication Services, LLC	<a href="#">4/14/20</a>	\$4,660,000	<a href="#">Member of DSA</a>
Regal Ware, Inc.	<a href="#">4/27/20</a>	\$4,180,000	<a href="#">Member of DSA</a>
Truvision Health, LLC	<a href="#">4/14/20</a>	\$2,740,000	<a href="#">Business description matches a typical MLM</a>
Neora, LLC	<a href="#">4/8/20</a>	\$2,510,000	<a href="#">Member of DSA</a>
Smart Circle International, LLC	<a href="#">4/9/20</a>	\$2,160,000	<a href="#">Business description matches a typical MLM</a>
Stella & Dot, LLC	<a href="#">4/28/20</a>	\$1,950,000	<a href="#">Business description matches a typical MLM</a>
OneHope, Inc.	<a href="#">4/14/20</a>	\$1,930,000	<a href="#">Member of DSA</a>
NeoLife International, LLC	<a href="#">4/15/20</a>	\$1,870,000	<a href="#">Member of DSA</a>
PartyLite Gifts, Inc.	<a href="#">4/30/20</a>	\$1,770,000	<a href="#">Member of DSA</a>
World Financial Group	<a href="#">4/7/20</a>	\$1,760,000	<a href="#">MLM Group</a>
Premier Designs, Inc.	<a href="#">4/11/20</a>	\$1,750,000	<a href="#">Member of DSA</a>
Unicity International, Inc.	<a href="#">4/10/20</a>	\$1,650,000	<a href="#">Has been referred to as an MLM by the Consumer Awareness Institute</a>
Kynect Serviceco, LLC	<a href="#">4/14/20</a>	\$1,650,000	<a href="#">Member of DSA</a>
Kyani, Inc.	<a href="#">4/13/20</a>	\$1,610,000	<a href="#">Member of DSA</a>
Le-Vel Brands, LLC	<a href="#">5/3/20</a>	\$1,570,000	<a href="#">Labeled an MLM by TruthInAdvertising.org</a>
Zurvita, Inc.	<a href="#">5/1/20</a>	\$1,390,000	<a href="#">Member of DSA</a>
Perfectly Posh, LLC	<a href="#">4/10/20</a>	\$1,380,000	<a href="#">Labeled an MLM by MLMcompanies.org</a>
Younique Foundation	<a href="#">4/9/20</a>	\$1,370,000	<a href="#">Member of DSA</a>
Origami Owl Parent, LLC	<a href="#">4/14/20</a>	\$1,080,000	<a href="#">Member of DSA</a>
Enagic USA, Inc.	<a href="#">4/16/20</a>	\$1,070,000	<a href="#">Member of DSA</a>
Carico International, Inc.	<a href="#">4/13/20</a>	\$1,020,000	<a href="#">Member of DSA</a>
Total Life Changes, LLC	<a href="#">4/15/20</a>	\$977,200	<a href="#">Referred to as an MLM by the FTC</a>
Plunder Design, LLC	<a href="#">4/10/20</a>	\$902,800	<a href="#">Business description matches a typical MLM</a>
Reliv International, Inc.	<a href="#">4/20/20</a>	\$862,000	<a href="#">Member of DSA</a>
Close To My Heart, Inc.	<a href="#">4/27/20</a>	\$847,712	<a href="#">Business description matches a typical MLM</a>
Chalk Couture, LLC	<a href="#">5/3/20</a>	\$822,000	<a href="#">Business description matches a typical MLM</a>
Life's Abundance, Inc.	<a href="#">4/13/20</a>	\$755,000	<a href="#">Business description matches a typical MLM</a>
Send Out Cards, LLC	<a href="#">4/12/20</a>	\$732,682	<a href="#">Member of DSA</a>
Symmetry Financial Group, LLC	<a href="#">4/29/20</a>	\$730,900	<a href="#">Has been referred to as an MLM by the Consumer Awareness Institute</a>
New U Life Corporation	<a href="#">4/14/20</a>	\$727,962	<a href="#">Business description matches a typical MLM</a>
Pruvit Ventures, Inc.	<a href="#">4/15/20</a>	\$719,251	<a href="#">Listed as a top 100 direct seller by Direct Selling News</a>
Univera, Inc.	<a href="#">4/10/20</a>	\$670,691	<a href="#">Member of DSA</a>
Zilis, LLC	<a href="#">4/15/20</a>	\$607,495	<a href="#">Has been referred to as a CBD MLM company</a>
Noonday Holdings, LLC	<a href="#">4/9/20</a>	\$570,950	<a href="#">Member of DSA</a>
Ruby Ribbon, Inc.	<a href="#">4/27/20</a>	\$527,446	<a href="#">Business description matches a typical MLM</a>
Seacret Direct, LLC	<a href="#">4/13/20</a>	\$526,600	<a href="#">Listed as a top 100 direct seller by Direct Selling News</a>

Team National, Inc.	<a href="#">4/14/20</a>	\$522,322	<a href="#">Member of DSA</a>
Yoli, LLC	<a href="#">5/3/20</a>	\$513,210	<a href="#">Business description matches a typical MLM</a>
Purehaven, LLC	<a href="#">4/28/20</a>	\$498,944	<a href="#">Member of DSA</a>
Nikken, Inc.	<a href="#">5/3/20</a>	\$468,557	<a href="#">Listed as a top 100 direct seller by Direct Selling News</a>
Peach Innovations, Inc.	<a href="#">4/27/20</a>	\$429,928	<a href="#">Business description matches a typical MLM</a>
1-800 Wineshop.com, inc.	<a href="#">5/1/20</a>	\$423,570	<a href="#">Member of DSA</a>
Gano Excel (USA), Inc.	<a href="#">4/14/20</a>	\$413,750	<a href="#">Member of DSA</a>
Vida Divina, LLC	<a href="#">5/1/20</a>	\$396,125	<a href="#">Listed as a top 100 direct seller by Direct Selling News</a>
Immunotec Research, Inc.	<a href="#">5/11/20</a>	\$353,700	<a href="#">Member of DSA</a>
Vantel International Pearls in the Oyster, Inc.	<a href="#">4/14/20</a>	\$349,990	<a href="#">Member of DSA</a>
Dot Dot Smile, LLC	<a href="#">5/3/20</a>	\$341,217	<a href="#">BBB.org complaints have referred to them as an MLM</a>
5Linx Holdings, Inc.	<a href="#">4/13/20</a>	\$333,289	<a href="#">MLM</a>
Wakaya Perfection, LLC	<a href="#">4/27/20</a>	\$315,700	<a href="#">Has been referred to as a CBD MLM company</a>
Rain International, LLC	<a href="#">4/15/20</a>	\$300,000	<a href="#">Business description matches a typical MLM</a>
Sabika, Inc.	<a href="#">4/10/20</a>	\$295,900	<a href="#">Member of DSA</a>
SimplyFun, LLC	<a href="#">4/28/20</a>	\$281,500	<a href="#">Member of DSA</a>
TraVerus Global, Inc.	<a href="#">5/9/20</a>	\$272,485	<a href="#">Has been referred to as an MLM by the Consumer Awareness Institute</a>
Vasayo, LLC	<a href="#">4/14/20</a>	\$272,322	<a href="#">Has been referred to as a CBD MLM company</a>
Piphany, Inc.	<a href="#">4/16/20</a>	\$267,000	<a href="#">Business description matches a typical MLM</a>
PM International, LLC	<a href="#">6/9/20</a>	\$260,704	<a href="#">Member of DSA</a>
Crunchi, LLC	<a href="#">4/15/20</a>	\$254,920	<a href="#">Refers to itself as an MLM</a>
Color Street, LLC	<a href="#">4/27/20</a>	\$243,964	<a href="#">Considered an MLM by TruthinAdvertising.org</a>
Makeup Eraser Group, LLC	<a href="#">4/15/20</a>	\$241,017	<a href="#">Business description matches a typical MLM</a>
Barefoot Books, Inc.	<a href="#">4/15/20</a>	\$240,932	<a href="#">Considered an MLM by TruthinAdvertising.org</a>
Revitalu International, LLC	<a href="#">4/9/20</a>	\$236,000	<a href="#">Business description matches a typical MLM</a>
Talk Fusion, Inc.	<a href="#">4/30/20</a>	\$233,000	<a href="#">Member of DSA</a>
Surge 365, LLC	<a href="#">4/14/20</a>	\$231,980	<a href="#">Business description matches a typical MLM</a>
Vemma Nutrition Company	<a href="#">4/14/20</a>	\$227,500	<a href="#">Has been referred to as an MLM by the FTC</a>
TOP Marketing Group, LLC	<a href="#">4/5/20</a>	\$219,900	<a href="#">Business description matches a typical MLM</a>
Initial Outfitters, Inc.	<a href="#">6/15/20</a>	\$209,100	<a href="#">Member of DSA</a>
Trades of Hope, LLC	<a href="#">4/13/20</a>	\$190,700	<a href="#">Member of DSA</a>
JBloom, LLC	<a href="#">4/5/20</a>	\$184,900	<a href="#">Member of DSA</a>
Lilla Rose, Inc.	<a href="#">5/1/20</a>	\$163,877	<a href="#">Business description matches a typical MLM</a>

EvolvHealth, LLC	<a href="#">4/9/20</a>	\$158,500	<a href="#">Referred to as an MLM in press release</a>
Initials, Inc.	<a href="#">4/13/20</a>	\$151,500	<a href="#">Member of DSA</a>
<b>TOTAL</b>		<b>\$106,498,692</b>	

**The Federal Trade Commission (FTC) Has Filed Several Lawsuits Against Deceptive Direct Sellers And Multilevel Marketing Companies That Have Led To Millions Paid In Settlements. During The Coronavirus Pandemic, The FTC Has Also Sent A Number Of Warning Letters To Companies Making False Claims Regarding Their Products Effectiveness Against COVID-19, As Well As How Much Money Businesses Participants Are Likely To Make.**

**At Least Three Companies That Received Over \$3 Million In Forgivable PPP Money Received Warning Letters From The Federal Trade Commission (FTC) Regarding False Health Claims Relating to COVID-19.**

Name	Date of Loan	Loan Amount
Zurvita, Inc.	<a href="#">5/1/20</a>	\$1,390,000
Total Life Changes, LLC	<a href="#">4/15/20</a>	\$977,200
Pruvit Ventures, Inc.	<a href="#">4/15/20</a>	\$719,251

*Zurvita, Inc. Received \$1.39 Million In Forgivable PPP Money Just Weeks After Receiving An FTC Warning Letter Regarding Social Media Posts That "Unlawfully Advertise That Certain Products Treat Or Prevent [COVID-19]."*

**May 5, 2020: Zurvita, Inc. Received \$1,390,000 In Forgivable PPP Money.** [COVID Bailout Tracker, accessed [12/21/20](#)]

**April 24, 2020: The FTC Sent A Letter To Zurvita, Inc. Warning That Social Media Posts Made By The Company Or Its Representatives Had "Unlawfully Advertise[d] That Certain Products Treat Or Prevent [COVID-19]." "FTC staff has reviewed social media posts made by Zurvita, Inc. ('Zurvita') business opportunity participants or representatives that unlawfully advertise that certain products treat or prevent Coronavirus Disease 2019 (COVID-19). [...] It is unlawful under the FTC Act, 15 U.S.C. § 41 et seq., to advertise that a product can prevent, treat, or cure human disease unless you possess competent and reliable scientific evidence, including, when appropriate, well-controlled human clinical studies, substantiating that the claims are true at the time they are made."** [Letter from Federal Trade Commission to Zurvita, Inc. et. al., [04/24/20](#)]

*Pruvit Ventures, Inc. Received \$719,251 In Forgivable PPP Money Just Over A Week Before Receiving An FTC Warning Letter Regarding Claims About Its Products Effectiveness Against COVID-19 And Misrepresenting How Much Its Business Opportunity Participants Are Likely To Earn.*

**April 15, 2020: Pruvit Ventures, Inc. Received \$977,200 in Forgivable PPP Money.** [COVID Bailout Tracker, accessed [12/21/20](#)]

**April 24, 2020: The FTC Sent A Letter To Pruvit Ventures, Inc. Warning That Social Media Posts By The Company Or Its Representative Had "Unlawfully Advertise[d] That Certain Products Treat Or Prevent [COVID-19], While Also Misrepresenting The Amount Of Income Its Business Opportunity Participants Are Likely To Earn." "FTC staff has reviewed social media posts made by Pruvit Ventures, Inc. ('Pruvit') business opportunity participants or representatives that unlawfully advertise that certain products treat or**

prevent Coronavirus Disease 2019 (COVID-19) and misrepresent that consumers who become Pruvit business opportunity participants are likely to earn substantial income." [Letter from Federal Trade Commission to Pruvit Ventures, Inc. et. al., [04/24/20](#)]

*Total Life Changes, LLC Received \$977,200 In Forgivable PPP Money Just Over A Week After Receiving An FTC Warning Letter Regarding Claims About Its Products Effectiveness Against COVID-19 And Misrepresenting How Much Its Business Opportunity Participants Are Likely To Earn.*

**April 15, 2020: Total Life Changes, LLC Received \$719,251 In Forgivable PPP Money.** [COVID Bailout Tracker, accessed [12/21/20](#)]

**April 24, 2020: The FTC Sent A Letter To Total Life Changes, LLC Warning That Social Media Posts By The Company Or Its Representative Had "Unlawfully Advertise[d] That Certain Products Treat Or Prevent [COVID-19], While Also Misrepresenting The Amount Of Income Its Business Opportunity Participants Are Likely To Earn.** "FTC staff has reviewed social media posts made by Total Life Changes, LLC ('Total Life Changes') business opportunity participants or representatives that unlawfully advertise that certain products treat or prevent Coronavirus Disease 2019 (COVID-19) and misrepresent that consumers who become Total Life Changes business opportunity participants are likely to earn substantial income." [Letter from Federal Trade Commission to Total Life Changes, LLC et. al., [04/24/20](#)]

**In December 2016, Vemma Nutrition Company, A Direct Seller That Received \$227,500 In Forgivable PPP Money, Was Ordered To Pay A \$238 Million Fine That Would Be Partially Suspended With A Smaller Payment And The Surrender Of Certain Assets, While Also Prohibiting Business Practices That Created A Pyramid Scheme.**

**April 14, 2020: Vemma Nutrition Company Received \$227,500 In Forgivable PPP Money.** [COVID Bailout Tracker, accessed [12/21/20](#)]

**December 16, 2016: Vemma Nutrition Company Reached A Settlement With The FTC Following An August 2015 Enforcement Action Alleging The Company Operated As A Pyramid Scheme And "Encouraged Participants To Buy Products To Qualify For Bonuses And To Recruit Others To Do The Same."** "The FTC announced today that it had settled charges with multi-level marketer and seller of health and wellness drinks Vemma over allegations that it operated a pyramid scheme. The FTC initially filed the action in August 2015 in federal court in Arizona, alleging that Vemma encouraged participants to buy products to qualify for bonuses and to recruit others to do the same." [JDSupra, [12/16/16](#)]

**As Part Of The Settlement, The FTC Imposed A \$238 Million Judgment Against The Company, Which Could Be "Partially Suspended Upon Payment Of \$470,136 And The Surrender Of Certain Real Estate And Business Assets," While A Separate Order Against A Vemma Affiliate Imposed A "Judgment Of More Than \$6.7 Million" That Would Be "Partially Suspended Upon Payment Of \$1.2 Million."** "The order imposes a \$238 million judgment against Vemma, which will be partially suspended upon payment of \$470,136 and the surrender of certain real estate and business assets. A separate order was entered against Vemma affiliate Tom Alkazin and his wife, Bethany Alkazin, which imposes a judgment of more than \$6.7 million, although it will be partially suspended upon payment of \$1.2 million." [JDSupra, [12/16/16](#)]

**The Settlement Also Barred Vemma From Using MLM Business Practices By Prohibiting It From "Paying An Affiliate Unless A Majority Of That Affiliate's Revenue Comes From Sales To Real Customers Rather Than Other Distributors."** "Under a settlement with the Federal Trade Commission, Arizona-based Vemma Nutrition Company will end the business practices that the FTC alleged created a pyramid scheme. The multi-level marketing (MLM) company, which sells health and wellness drinks through a network of distributors called 'affiliates,' will be prohibited under a federal court order from paying an affiliate unless a majority of that affiliate's revenue comes from sales to real customers rather than other distributors.

The order also bars Vemma from making deceptive income claims and unsubstantiated health claims." [Federal Trade Commission, [12/15/16](#)]

**In November 2019, The FTC Filed A Lawsuit Against Neora, LLC, A Company That Received \$4,180,000 In Forgivable PPP Money, Alleging It Operated As A Pyramid Scheme, While "Deceptively Promot[ing]" Its Supplements As Cures For Alzheimer's Disease, Parkinson's Disease, And Other Neurological Conditions And Ailments.**

**April 8, 2020: Neora, LLC Received \$4,180,000 In Forgivable PPP Money.** [COVID Bailout Tracker, accessed [12/21/20](#)]

**November 1, 2019: The FTC Filed A Lawsuit Against Neora, LLC And Its CEO "Alleging That The Company Operates As An Illegal Pyramid Scheme And Falsely Promises Recruits They Will Achieve Financial Independence If They Join The Scheme."** "The Federal Trade Commission sued the multi-level marketer Neora, LLC, formerly known as Nerium International, LLC, and its Chief Executive Officer, Jeffrey Olson, alleging that the company operates as an illegal pyramid scheme and falsely promises recruits they will achieve financial independence if they join the scheme." [Federal Trade Commission, [11/01/19](#)]

**The Lawsuit Also Alleged That Neora Had "Deceptively Promot[ed]" Its Supplements As A Treatment For Concussions, Chronic Traumatic Encephalopathy, Alzheimer's Disease, And Parkinson's Disease.** "The lawsuit also alleges that defendants deceptively promote "EHT" supplements as an antidote to concussions and chronic traumatic encephalopathy caused by repetitive brain trauma, as well as Alzheimer's disease and Parkinson's disease. The FTC is seeking to permanently stop the defendants' deceptive practices and return money to consumers." [Federal Trade Commission, [11/01/19](#)]

**During The Coronavirus Pandemic, The Direct Selling Association And The Direct Selling Caucus Have Worked Together To Ensure Proposals Beneficial To The Direct Selling Industry Were Included In The CARES Act And Will Be Included In Subsequent Relief Legislation.**

**The Direct Selling Association Specifically Lobbied Congress On The CARES Act And After Its Passage Praised The Bill For "Mitigat[ing] Any Financial Hardship On Direct Sellers Across The Country From The COVID-19 Crisis" While "Provid[ing] Government Resources For Companies And Salespeople."**

*In The First Half Of 2020, The Direct Selling Association Specifically Lobbied Congress On The CARES Act And Other Legislation Benefiting Direct Sellers.*

**In The First Quarter Of 2020, The Direct Selling Association Lobbied Congress On The CARES Act And Legislation Related To Direct Selling Including The Preserving Direct Seller Independence Act, The Modern Worker Empowerment Act, And The New Gig Act.** [Direct Selling Association Lobbying Report, [04/15/20](#)]

**In The Second Quarter Of 2020, The Direct Selling Association Lobbied Congress On The CARES Act And Legislation Related To Direct Selling, Including The Preserving Direct Seller Independence Act, The Modern Worker Empowerment Act, And The New Gig Act.** [Direct Selling Association Lobbying Report, [07/07/20](#)]

*After Passage Of The CARES Act, The Direct Selling Association Praised Congress For "Mitigat[Ing] Any Financial Hardship On Direct Sellers Across The Country From The COVID-19 Crisis," While "Provid[ing] Government Resources For Companies And Salespeople."*

**The Direct Selling Association Praised Congress For Passing The CARES Act As It Would "Mitigate Any Financial Hardship On Direct Sellers Across The Country From The COVID-19 Crisis" While "Provid[ing] Government Resources For Companies And Salespeople."** The Direct Selling Association (DSA) applauds Congress for passing the Coronavirus Aid, Relief, and Economic Security (CARES) Act that would mitigate any financial hardship on direct sellers across the country from the COVID-19 crisis. The bill would provide government resources for companies and salespeople. [...] Under the legislation, salespeople and companies should be able to access a variety of benefits, including unemployment compensation which has been extended to independent contractors. They would also be eligible to access loans from the federal government" [Direct Selling Association, [03/27/20](#)]

**Right After The CARES Act Was Passed, The Direct Selling Association And The Direct Selling Caucus, A Congressional Caucus Dedicated To Issues Impacting The Direct Selling Industry, Began Lobbying Congressional Leaders To Include Certain Proposals Benefiting The Industry In Any Future Coronavirus Stimulus Bill – With The Direct Selling Caucus's Congressional Letter Matching The Association's Letter Nearly Verbatim.**

*As Negotiations Surrounding Follow-Up Legislations Began To Start, The Direct Selling Caucus, A Congressional Caucus Focused On Policy Issues Impacting The Direct Selling Industry, Wrote To Congressional Leaders Urging They Include Certain Proposals Benefiting Direct Sellers In Any Future Coronavirus Stimulus Bill.*

**June 25, 2020: Members Of The Direct Selling Caucus Wrote To Congressional Leaders Urging They Include Provisions Beneficial To The Direct Selling Industry Into Any Coronavirus Stimulus Bill Following The CARES Act.** "We appreciate your leadership over the past months to ensure Congress quickly passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide an economic lifeline for millions of Americans. As Co-Chairmen of the Congressional Direct Selling Caucus, we write to urge inclusion of policies in the next stimulus that will help millions of Americans across the country." [Letter from Direct Selling Caucus to Speaker Pelosi et. al., [06/24/20](#)]

**The Direct Selling Caucus Proposed A Future Coronavirus Stimulus Bill "Waive Self-Employment Taxes On All 1099 Filers For One Year."** "We would like to propose three policies that would help sustain direct sellers in the short and long term: [...] Waive self-employment taxes on all 1099 filers for one year" [Letter from Direct Selling Caucus to Speaker Pelosi et. al., [06/24/20](#)]

**The Direct Selling Caucus Also Recommended A Future Coronavirus Stimulus Bill "Increas[e] Tax Credit Or Allowance For Telework Or Work-From-Home Expenses."** "We would like to propose three policies that would help sustain direct sellers in the short and long term: [...] Increased tax credit or allowance for telework or work-from-home expenses (including business startup and operational expenses) that can be claimed by self-employed individuals or companies incurring expense to enable their employees or contractors to work from home" [Letter from Direct Selling Caucus to Speaker Pelosi et. al., [06/24/20](#)]

**The Direct Selling Caucus Is A Bipartisan Congressional Caucus Dedicated To "Build[Ing] Greater Awareness About Direct Selling And Policy Issues Relevant To The Over 20 Million Americans Involved In Direct Selling.** "On September 29, 2015, U.S. Representatives Marsha Blackburn (R-TN) and Marc Veasey (D-TX) announced the formation of the Congressional Direct Selling Caucus. A bipartisan forum to build greater awareness about direct selling and policy issues relevant to the over 20 million Americans involved in direct selling." [Direct Selling Association, accessed [09/23/20](#)]



*This June 2020 Letter Sent By The Direct Selling Caucus Was Nearly An Identical Match To An April 2020 Letter From The Direct Selling Caucus Recommending Proposals To Be Included In Future Coronavirus Stimulus Legislation.*

**April 13, 2020: The Direct Selling Association Wrote To Congressional Leaders Urging Proposals Be Included In Future Coronavirus Stimulus That Would "Waive Self-Employment Taxes On All 1099 Filers For One Year," "Increase Tax Credit Or Allowance For Telework Or Work-From-Home Expenses," And Bar Temporary Expanded Benefits From Being Used To Determine Employee Status.**

"The Direct Selling Association (DSA) appreciates your leadership to ensure Congress quickly passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act to provide an economic lifeline for millions of Americans. I am writing to urge that you include additional economic relief to small businesses in a future stimulus package." [Letter from Direct Selling Association to Speaker Pelosi et. al., [04/13/20](#)]

**One Recommendation Made By The Direct Selling Association And The Direct Selling Caucus Related To Temporary Benefits And Employment Relationships Was Reflected In The Draft Release Of The Senate Republican's "Delivering Immediate Relief To America's Families, Schools And Small Businesses Act."**

**The Direct Selling Caucus and The Direct Selling Association Recommended That An Independent Contractor's Access To "Temporary Expanded Benefits Under The CARES Act" Not Be Used In To Determine Employee Status.** "We would like to propose three policies that would help sustain direct sellers in the short and long term: [...] If an independent contractor accesses temporary expanded benefits under the CARES Act, this cannot be used in future actions to determine employee status" [Letter from Direct Selling Caucus to Speaker Pelosi et. al., [06/24/20](#)]

**This Language Was Replicated In A Draft Release Of The Senate Republican's "Delivering Immediate Relief To America's Families, Schools And Small Businesses Act," Which Stated "Temporary Assistance Due To Coronavirus, Including Financial Assistance Or Other Health And Safety Benefits" Would Not "Constitute Evidence Of A Joint Employment Relationship Or Employment Relationship."**

"Notwithstanding any other provision of Federal or State law, including any covered Federal employment law (as defined in section 2181(a)), the Labor Management Relations Act, 1947 (29 U.S.C. 141 et seq.), the Employment Retirement Income Security Act of 1974 (29 U.S.C. 12 1001 et seq.), and the Family and Medical Leave Act of 1993 (29 U.S.C. 2601 et seq.), it shall not constitute evidence of a joint employment relationship or employment relationship for any employer to provide or require, for an employee of another employer or for an independent contractor, any of the following: [...] Temporary assistance due to coronavirus, including financial assistance or other health and safety benefits. [S. 178 - Delivering Immediate Relief To America's Families, Schools And Small Businesses Act, accessed [09/22/20](#)]

**The Board Of Directors For The Direct Selling Association, The Industry Trade Group For The Direct Selling Industry, Includes Executives From 6 MLM Companies That Received Over \$21.2 Million In PPP Or EIDL Loans.**

**The Direct Selling Association (DSA) Represents The Direct Selling Industry.**

**The Direct Selling Association (DSA) Is The National Trade Association For Direct Sellers, "Companies That Market Products And Services Directly To Consumers Through An Independent, Entrepreneurial Salesforce."** "Direct Selling Association (DSA) is the national trade association for companies that market products and services directly to consumers through an independent, entrepreneurial salesforce. DSA serves to promote, protect and police the direct selling industry while helping direct selling companies and their independent salesforce become more successful." [Direct Selling Association, accessed [09/21/20](#)]

## **6 MLM Companies That Received Over \$21.2 Million In PPP or EIDL Loans Are Represented On The Direct Selling Association (DSA) Board Of Directors.**

<b>Company</b>	<b>Date of Loan</b>	<b>Loan Amount</b>
Thirty-One Gifts, LLC	<a href="#">6/26/20</a>	\$10,000,000
Hy Cite Enterprises, LLC	<a href="#">4/10/20</a>	\$4,950,000
Regal Ware, Inc.	<a href="#">4/27/20</a>	\$4,180,000
Kynect Serviceco, LLC	<a href="#">4/14/20</a>	\$1,650,000
1-800 Wineshop.com, inc.	<a href="#">5/1/20</a>	\$423,570
Dudley Beauty Corp, LLC	<a href="#">5/23/20</a>	\$150,000*

\*Small Business Administration Economic Injury Disaster Loan (EIDL)

*Cindy Monroe, Co-Founder And CEO Of Thirty-One Gifts, Serves On The Direct Selling Association's Board Of Directors.*

**Cindy Monroe Is The Co-Founder And CEO Of Thirty-One Gifts.** "[Cindy] Monroe is co-founder and CEO of Thirty-One Gifts, a Columbus, Ohio, direct sales company with about 1,000 full-time employees and nearly 70,000 independent sales consultants spread across all 50 states and Canada." [Chattanooga Times Free Press, [05/01/19](#)]

- **Cindy Monroe Serves On The Direct Selling Association's Board Of Directors.** [Direct Selling Association, accessed [09/23/20](#)]

*Erik Johnson, Chairman And CEO Of Hy Cite Enterprises, Serves On The Direct Selling Association's Board Of Directors.*

**Erik Johnson Is The Chairman And CEO Of Hy Cite Enterprises.** "Erik Johnson has been with Hy Cite since 1995, when he began his career as Vice President of Operations. [...] He is currently the Chairman and CEO of Hy Cite Enterprises, LLC." [Hy Cite Enterprises, accessed [09/23/20](#)]

- **Erik Johnson Serves On The Direct Selling Association's Board Of Directors.** [Direct Selling Association, accessed [09/23/20](#)]

*Both Jeffrey Reigle, President And CEO Of Regal Ware, And Ryan Reigle, Group Vice President Of Regal Ware's "Premier Product And Brand," Serve On The Direct Selling Association's Board Of Directors.*

**Jeffrey Reigle Is The President And CEO Of Regal Ware.** "Jeffrey A. Reigle, President & Chief Executive Officer [...] Jeffrey A. Reigle represents the third generation of Reigles to lead the company." [Regal Ware, Inc., accessed [09/23/20](#)]

- **Jeffrey Reigle Serves On The Direct Selling Association's Board Of Directors And Chairs its Diversty & Empowerment Council.** [Direct Selling Association, accessed [09/23/20](#)]

**Ryan Reigle Is The Group Vice President Of Saladmaster, The "Premier Product And Brand Of Regal Ware, Inc."** "Saladmaster is the premier product and brand of Regal Ware, Inc. We have been growing globally for over 70 years. 'When lives are changed, there's no limit to how big Saladmaster can become.' – Ryan Reigle, Group Vice President" [Saladmaster, accessed [09/23/20](#)]

- **Ryan Reigle Serves On The Direct Selling Association's Board Of Directors.** [Direct Selling Association, accessed [09/23/20](#)]

*Steve Fisher, Executive Vice President And Chief Sales Officer Of Kynect, Ltd., Serves On The Direct Selling Association's Board Of Directors.*

**Steve Fisher Is The Executive Vice President And Chief Sales Officer Of Kynect, Ltd., Located At The Same Address As Kynect Serviceco, LLC.** [Kynect, Ltd., [09/23/20](#)]

- **Steve Fisher Serves On The Direct Selling Association's Board Of Directors.** [Direct Selling Association, accessed [09/23/20](#)]

*Jane Creed, President And CEO Of Wineshop At Home, Also Known As 1-800 WineShop.Com, Inc., Serves On The Direct Selling Association's Board Of Directors.*

**Jane Creed Is The President And CEO Of Wineshop At Home, Also Known As 1-800 WineShop.Com, Inc.** "Jane Creed's direct selling and food & wine experience spans over 20 years. Prior to becoming WineShop At Home's Chief Executive Officer and President, she spent 9 years as a Senior Vice President with The Pampered Chef Ltd., and was part of the executive team that helped that company grow from \$220 million to almost a billion-dollar company and become acquired by Berkshire Hathaway." [WineShop at Home, accessed [09/23/20](#)]

- **Jane Creed Serves On The Direct Selling Association's Board Of Directors And Chairs Its Education Committee.** [Direct Selling Association, accessed [09/23/20](#)]

*Ursula Dudley Oglesby, CEO Of Dudley Beauty Corp, LLC, Serves On The Direct Selling Association's Board Of Directors.*

**Ursula Dudley Oglesby Is The CEO Of Dudley Beauty Corp, LLC.** "The Dudley brand began in 1967 when Joe and Eunice Dudley, co-founders, made a commitment to offer high quality products. Today, Ursula Dudley Oglesby, CEO, continues this legacy." [Dudley Beauty Corp, LLC, accessed [09/23/20](#)]

- **Ursula Dudley Oglesby Serves On The Direct Selling Association's Board Of Directors.** [Direct Selling Association, accessed [09/23/20](#)]

**MLM's, Which Have Historically Benefited From Financial Recessions, Have Positioned Themselves As "Alternatives" To Gig Economy Jobs That Have Been Impacted By COVID-19. A Survey By The Direct Selling Association Even Found That 59% Of Respondents Believed COVID-19 Has Had A "'Positive' Impact On Their 2020 Revenue."**

**A Survey Conducted By The Direct Selling Association Found That 59% Of Respondents Believe COVID-19 Has Had A "'Positive' Impact On Their 2020 Revenue."**

**A June Survey Conducted By The Direct Selling Association Found That "51% Of The 51 Companies That Participated [...] Said COVID-19 Has Had A 'Positive' Impact On Their 2020 Revenue" – This Figure Then Increased To 59% In A Subsequent Survey.** "And with so many people out of work, there's an eager audience. The Direct Selling Association (DSA), the trade group representing MLMs, says that 51% of the 51 companies that participated in a survey in early June said COVID-19 has had a "positive" impact on their 2020 revenue; 59% reported the same in a later survey. DSA president Joseph Mariano says some sellers have inflated the potential rewards of investing in their companies." [Time, [07/09/20](#)]

## **MLM's Historically Benefit From Financial Recessions, With The Number Of MLM Sellers Increasing During The Great Recession From "15.1 Million In 2008 To 18.2 Million In 2014."**

**MLMs Have Historically Benefited From Financial Recessions With The Number Of MLM Sellers Increasing From "15.1 Million In 2008 To 18.2 Million In 2014."** "But recessions tend to be good for MLMs, and this recession shows no sign of abating as new COVID-19 outbreaks slow reopenings. During the 2007–09 Great Recession, the number of MLM sellers began rising and went from 15.1 million in 2008 to 18.2 million in 2014, according to a DSA report." [Time, [07/09/20](#)]

## **During The COVID-19 Pandemic, MLM's Have Positioned Themselves As "Alternatives" To Gig Economy Jobs Such As UBER, Instacart, And DoorDash, That Have Been Negatively Impacted By Social Distancing Measures Or "Flooded With New Workers."**

**MLMs Have Positioned Themselves As "Alternatives To The Gig Economy," Which, In The Case Of UBER, Have Been Negatively Impacted By Social Distancing Measures, Or Like Instacart And DoorDash, Are "Flooded With New Workers, Driving Down Gig Pay."** "MLMs fashion themselves as alternatives to the gig economy, which has been hit hard by COVID-19; apps like Uber are suffering as people avoid shared transport, while others, like Instacart and DoorDash, are flooded with new workers, driving down gig pay. The MLM world implies a glamorous and safer alternative, and its prime target is women, who have been hit especially hard in this recession. Their service-sector jobs were the first to go when restaurants, bars, hotels and casinos closed, and when babysitting and housekeeping jobs ended." [Time, [07/09/20](#)]

## **Methodology**

*NOTE: This document is intended to highlight direct sellers and multi-level marketing companies that received substantial PPP loans, while the industry is benefiting from the COVID-19 pandemic and has a history of deceptive, predatory business practices.*

*Direct sellers and multi-level marketing companies were identified by their membership in the Direct Sellers Association, as well as internet searches through Google, Nexis, and other available websites. These companies were then searched through Accountable.US's COVIDBAILOUTTRACKER.com website and documented in the included table.*

*Research related to enforcement actions and legal settlements were found through similar internet searches, with a particular focus on items relating to the Federal Trade Commissions, the government body largely dedicated to monitoring and regulating the multi-level marketing industry.*