> set-offs and legal claims, if any. For purposes of this Code, products shall not be considered "currently marketable" if returned for repurchase after the products' commercially reasonable usable or shelf-life period has passed; nor shall products be considered "currently marketable" if the company clearly discloses to salespeople prior to purchase that the products are seasonal, discontinued, or special promotion products and are not subject to the repurchase obligation.

Code Administrator Rogal congratulated the Board and the task force for its work in this last round of amendments, and once again voiced the recurring request that these amendments be suitably promoted to the membership. Since these amendments required some specific actions by member firms, such as placing statements in recruiting literature and contract forms, compliance depended on awareness of the amendments by each member company. Earlier, a survey questionnaire had been sent to all members in 1973 regarding their compliance with guarantee policies as spelled out by the Code at that time, though not all companies returned the questionnaire. Now, following the 1992 amendments, another compliance survey of all member companies was undertaken focusing on the buy-back provisions. Results verified that the member firms were aware of these requirements and had either attained compliance or were actively proceeding toward compliance.

The most recent version of the DSA Code of Ethics, incorporating all the amendments and changes as noted here, appears in Appendix F. In its first 22 years of life, the Code has been changed substantially, both in content and in organization. Additional provisions have extended Code coverage from consumer transactions to relationships between company and salesperson, the latter termed "consumers of the opportunity" by industry members because direct selling gives them the opportunity for success as entrepreneurs in their independent contractor status. The powers of the Administrator and the Association itself have been strengthened, and the Code is viewed by DSA members as a working and evolving tool.

The Future

How will the Code change in the future? There are still issues to be tackled that might produce Code amendments. One is the issue of proselyting, the "stealing" of one company's salesperson by another. The Direct Selling Association in the U.K. has a provision in its code of ethics dealing with this issue as follows: "A Member company shall neither promote nor endorse any direct or indirect recruitment activity offering employment or self employment to persons known to be working with another Member company and shall actively dissuade its salespeople from making such approaches."

Another issue is the internationalization of many DSA member firms, and the complexities

this produces from working under a variety of national regulations and legal structures. A substantial attempt to meet this challenge is the development of a World Code of Ethics under the auspices of the World Federation of Direct Selling Associations, a multinational organization whose members are direct selling associations in 40 countries as of 1994.

Still other changes are occurring in the industry, such as the increased use of telephone and direct mail as adjuncts to the direct selling method of distribution. The future holds many challenges for DSA members and its Association Executives in general as direct selling changes to accommodate the changing needs and behaviors in the marketplace, and it seems certain that the Code of Ethics and its accompanying regulations will continue to evolve in content to produce greater effectiveness and broader coverage of ethical issues and procedures as they become apparent.

POST SCRIPT

The development of the Direct Selling Association Code of Ethics is a story of many dimensions. One of these is the demonstration of how powerful is the marketplace and the business environment in general on corporate action and planning. Consumerism and its influence through private citizen action groups and government regulatory and legislative agencies were a major impetus to launch this Code of Ethics.

Another dimension involves the history of selling itself, and the multitude of image problems and shady stories that accompany it. Selling is the driving force of capitalism, and perhaps because of its essential role in business success it has been subject to much abuse (both real and imagined). Our society has evolved substantially from a *caveat emptor* to a *caveat vendor* orientation, giving buyers preferential treatment to sellers in many ways within the buying-selling exchange relationship. This evolution, whether perceived clearly or only felt intuitively, was and still is most likely bothersome to many in DSA who hold a strong belief in selling as a driving force of free enterprise.

A third dimension is legal. The nature of competition and the purposes of regulation to protect competition became clarified or at least more clearly interpreted during the time period covered by this history. This clarification was particularly pertinent to associations and their activities, as the boundaries of proper association cooperation, membership qualifications and sanctions became better defined and internal association political stresses and coalitions all came into play in reaction to these developments.

A fourth and obviously important dimension is ethical. Our society and particularly the business community began an ethical renaissance during the mid-twentieth century that has emerged beyond the talking stage to substantive actions in many cases, the DSA being one of them. Ethics is a hot topic as the 1990s roll on, but for many the action implications of ethical responsibility remain in a discussion state. What DSA did in this regard showed clearly that ethical actions can be beneficial to business success. In fact, when a demonstrated concern for ethics is coupled with a strong focus on selling as the central core of a business operation, the resulting partnership is a robust recipe for prosperity in business and society.

Finally, and perhaps most crucial, is the dimension of the people involved in this history. Leadership was essential to make the Code of Ethics come into being in this (or any) industry, and further leadership was necessary to make it a viable Code, one that truly impacted the actions and values of those it governed. Leadership is still evidenced today as the Code is practiced, debated, and revised, and its administration strengthened. DSA was blessed with strong leaders in its member companies, its association organization, and in its Code Administrators. They are undoubtedly the major key to its success.

Table 1. Findings From 1971 Study of Consumer Attitudes

Question	Percent of Respondents Who Agree	Percent of Respondents Who Disagree
Most manufacturers operate on the philosophy that the "consumer" is always right:	23.5%	60.8%
Most manufacturers are more interested in making profits than in serving consumers:	74.1	14.1
Over the past several years, the quality of most products has not improved:	50.0	37.8
Manufacturers' advertisements usually present a true picture of the products advertised:	20.3	66.9
In general, the quality of repair and maintenance service provided by manufacturers and dealers is getting better:	20.9	59.0
The problems of consumers are less serious now than in the past:	20.4	63.0
The problems of consumers are relatively less important when compared with the other questions and issues faced by the average family:	26.0	60.5
Ralph Nader and the work he has done on behalf of consumers has been an important force in changing the practices of business:	61.0	10.2
The government should exercise more responsibility for regulating the advertising, sales, and marketing activities of manufacturers:	68.3	19.2

Note: There were 40 statements in total in this study. Responses of "strongly agree" and "agree" are combined, as are responses of "strongly disagree" and "disagree". Respondents answering "uncertain" are omitted from this table.

Source: Barksdale and Darden (1972).

Table 2. Prominent Individuals in the Consumer Movement

Charren, Betty: founded Action for Children's Television in 1968.

Claybrook, Joan: one of Nader's Raiders.

Denenberg, Herbert: critic of insurance industry in the 1970s.

Ditlow, Clarence: one of Nader's Raiders.

Furness, Betty: White House consumer advisor, late 1960s, and television commentator.

Green, Mark: one of Nader's Raiders.

Jacobson, Michael: one of Nader's Raiders.

Karpatkin, Rhoda: Executive Director of Consumers Union in 1970s.

Knauer, Virginia: director of Pennsylvania Consumer Protection Bureau in late 1960s, became White House consumer adviser in 1970s.

Magnuson, Warren: Chairman of Senate Commerce Committee in 1960s.

Morrison, Alan: director of Public Citizen Litigation Group in 1970s.

Myerson, Bess: Commissioner of Consumer Affairs, New York City, late 1960s.

Nader, Ralph: founder of many public interest organizations.

Pertschuk, Michael: chief counsel of the Senate Commerce Committee, chairman of the FTC in 1977.

Peterson, Esther: White House consumer advisor, mid-1960s.

Pittle, R. David: founder of Alliance for Consumer Protection in early 1970s.

Schultz, John: USC law professor who headed Nader's Raiders in their critique of the FTC in 1968-1969.

Warne, Colston: founder of Consumers Union in 1936; subsequently helped found the International Organization of Consumers Unions and the American Council on Consumer Interests.

Wolfe, Sidney: head of the Health Research Group in the 1970s.

Table 3. Federal Legislation Passed Prior to the Enactment of the DSA Code of Ethics in 1970.

Date	Act	Purpose
1890	Sherman Antitrust Act	To protect trade and commerce against unlawful restraints and monopolies, allowing the offenders to be prosecuted by federal government officials.
1906	Food, Drug, and Cosmetics Act	To prohibit adulteration and misbranding of food sold in interstate commerce.
1907	Meat Inspection Act	To inspect facilities that ship meat in interstate commerce; to destroy diseased meat and to stamp pure meat "U.S. Government Inspected".
1914	Clayton Act	To supplement the Sherman Act with specific provisions against price discrimination, tying and exclusive dealing contracts, and other specific illegal practices.
1914	Federal Trade Commission Act	To prohibit unfair methods of competition, and to establish the Federal Trade Commission to administer this act.
1918	Webb-Pomerene Act	To exempt export trade associations from the antitrust laws.
1927	Caustic Poison Act	To alleviate the problem of child consumption of dangerous products.
1934	Securities and Exchange Act	To regulate stock sales, and to establish the Securities and Exchange Commission to administer this act.
1936	Robinson-Patman Act	To amend the Clayton Act to prohibit certain types of price discrimination.
1937	Miller-Tydings Act	To amend the Sherman Act to allow sellers to abide by the terms of state fair trade laws.

continued

Table 3. Federal Legislation Passed Prior to the Enactment of the DSA Code of Ethics in 1970, cont'd.

Date	Act	Purpose
1938	Wheeler-Lea Act	To amend the Federal Trade Commission Act to extend protection to consumers from unfair or deceptive practices.
1938	Food, Drug, and Cosmetics Act	To amend the 1906 Act to clarify and strengthen the definitions of adulteration and misbranding.
1939	Wool Products Labeling Act	To protect manufacturers, merchants, and consumers against deception and unfair competition regarding articles made of wool.
1946	Lanham Act	To protect the rights of first users of brands or trademarks in interstate commerce.
1950	Cellar-Kefauver Act	To amend the Clayton Act to restrict monopolies created by purchase of assets other than stock of another firm.
1950	Oleomargarine Act	To prohibit the advertising of colored margarine that implied it was a dairy product.
1951	Fur Products Labeling Act	To protect consumers and industry members against false advertising and false invoicing of furs and fur products in interstate commerce.
1952	McGuire Act	To amend the Miller-Tydings Act to allow sellers in fair trade states to set resale prices for all resellers regardless of whether they signed an agreement to do so.
1953	Flammable Fabrics Act	To control the manufacturing, importing, or transporting for sale any wearing apparel that is highly flammable and dangerous when worn.
1956	Refrigerator Safety Act	To mandate refrigerator design to prevent children from becoming locked inside refrigerators.

continued

Table 3. Federal Legislation Passed Prior to the Enactment of the DSA Code of Ethics in 1970, cont'd.

Date	Act	Purpose
1957	Poultry Products Inspection Act	To provide for government supervision of poultry processing and inspection of poultry sold in interstate commerce.
1958	Textile Fiber Identification Act	To require disclosure on labels and advertising of all textile fibers not requiring labels under the Wool Act.
1958	Automobile Information Disclosure Act	To require automobile manufacturers to post suggested retail prices on all new passenger vehicles.
1960	Hazardous Substances Labeling Act	To require warnings on labels of all household products deemed hazardous by the Food and Drug Administration.
1966	Child Protection Act	To prevent the marketing of potentially harmful toys and articles intended for children.
1966	Cigarette Labeling and Advertising Act	To require a warning statement on the package of cigarettes sold in interstate commerce; and to eliminate the advertising of cigarettes on television.
1966	Fair Packaging and Labeling Act	To require on kitchen and bathroom products a label describing the nature and net quantity of contents, and the name and location of the producer.
1966	National Traffic and Motor Vehicle Safety Act	To issue safety standards for new and used motor vehicles and equipment.
1967	Flammable Fabrics Act	To amend the 1953 law to include interior furnishings, fabrics, and materials not previously covered.

continued

Table 3. Federal Legislation Passed Prior to the Enactment of the DSA Code of Ethics in 1970, cont'd.

Date	Act	Purpose
1968	Consumer Credit Protection Act	To require disclosure of credit terms, finance charges in dollars and percentage rates; to penalize for exorbitant credit charges.
1969	Fire Research and Safety Act	To cooperate with and assist public and private agencies in fire research and safety programs.
1969	Child Protection and Toy Safety Act	To amend the 1966 Act to require warning labels on potentially hazardous toys.

Sources: Murray 1973; Stern and Eovaldi 1984; Wagner 1971; Weidenbaum 1979; Welch 1980.

Table 4. Findings From 1968 Study of Consumer Attitudes Toward Direct Selling in the Baltimore Area

	Percent of Respondents Who Answered:					
	Agree:			Disagree:		
Statement	Strongly	Some-what	Mildly	Mildly	Some-what	Strongly
Most direct selling programs are ethical and devoid of mis-representations or irregularities.	8.7	11.6	22.2	19.6	14.2	17.8
In most cases of mis-representation or misconduct by the salesman, the firm he represents would object strenuously to such behavior on his part	26.7	20.0	26.2	14.2	6.7	6.2
I find much convenience and comfort in buying in my own home.	4.0	7.1	14.2	19.6	14.2	40.0
Any unsolicited phone call or visit from an uninvited salesman is an invasion of my privacy and should be against the law.	29.8	10.2	13.8	22.2	8.4	15.6
Assuming I were available for employ-ment, under the proper circumstances I would consider a position as a direct salesperson.	4.0	3.1	6.7	9.3	10.7	65.8

Note: When the total of the percentages added across a row do not reach 100%, the difference reflects respondents who did not answer this question.

Source: Jolson 1970.

Table 5. Communication from Sarah Coventry to Its Sales Representatives in 1972 — An Example of How One Direct Selling Company Promoted the DSA Code of Ethics.

Sarah Coventry and

The Direct Selling Association

Sarah Coventry has long been a member of The Direct Selling Association. This group of leading direct-selling companies was originally founded for the purpose of combating unfavorable legislation, but as the industry grew, membership in the Association became a symbol of quality, service, ethics, progress and opportunity. Today, this organization is setting quality and service standards for its own members and for many outside industries. The D.S.A. "Code of Ethics" raises to a new high level the goals, the service and the ethics which are to be "guidelines" in dealing with the consumer.

Today, when a consumer opens her door to a direct seller - the D.S.A. is right there with her. It stands at her elbow with a code of ethics adopted by member companies to help keep the doorstep clear of unfair selling methods. In effect, the code is a guarantee to the consumer that members, all of whom sell goods or services direct to the home, are honor-bound to conduct business fairly and squarely, and will take steps to correct any improper practices that are brought to their attention.

Briefly, the code promises the consumer -

1. That products and services are accurately represented by such standards as price, grade, quality, make, value and performance.

2. That any guarantee that accompanies a sale is in writing, clearly spells out its provisions, and binds the seller to live up to its terms.

3. That a written receipt or order copy be given at the time of purchase or delivery specifying how much the customer must pay and giving the name and address of the salesperson or the firm whose products are being sold.

4. That the Code of Ethics doesn't just "pay lip service" to the consumer. So, if any member company, or any of its salespersons engages in any unlawful or deceptive selling tactics, it is reported to the D.S.A. You will note that "The Code" provides the means to deal with the problem quickly and effectively.

5. That a member company promptly investigate any consumer complaint of improper presentation of its goods or services and takes appropriate action to correct the situation.

6. That The Direct Selling Association itself, through an independent Code Administrator appointed by the Board of Directors, act on reported violations by member companies to correct actual violations. If such violations are substantiated, the complaint will be remedied and, where appropriate, violations are referred to government agency.

In a nutshell, this is the Sarah Coventry "Code of Ethics" and enclosed is your personal copy.

AL WINFREY
Executive Vice President

APPENDIX A

CONSUMER RELATIONS CODE OF THE NATIONAL ASSOCIATION OF DIRECT SELLING COMPANIES (Adopted December 13, 1940)

Preamble

The first and most important contribution and function of any type of system of marketing is the furnishing of satisfaction to the consuming or using customer. Consumer satisfaction and confidence is proof of the marketing function well performed.

In a system of marketing where there is an absence of personal contacts and relationships between the consumer and the merchandising concern, the satisfaction and confidence of the consumer is doubly important.

The National Association of Direct Selling Companies, believing that the direct-selling method of distribution imposes a special responsibility for the maintenance of a high standard of relations with consumers, has approved and will sponsor the following code:

1. Interpretation

The provisions of this code shall be interpreted in the furtherance of its spirit and purposes, having in mind the importance of consumer satisfaction, confidence and good will.

2. Definitions

(a) Direct Selling Operator. For the purposes of this Code a direct selling company or a direct selling operator is a person, firm or corporation dealing at any marketing level or levels in merchandise intended ultimately to reach the consumer through an "in person" sales contact, and direct selling operators as above defined shall be classed as hereinafter stated.

(b) Salesperson Type Operator. An operator of this type sells merchandise direct to the consumer at the retail level and occupies with the consumer the relation of buyer and seller.

(c) Dealer Type Operator. In case of operators of this type the consumer acquires the merchandise involved from a dealer trading on his own account, with which dealer the consumer occupies the relation of buyer and seller.

(d) Dealer. The word "dealer" means the person who, trading on his own account, makes the sale to the consumer in the case of the dealer type operation defined above.

(e) Salesperson. The word "salesperson" means the person who takes the order from the consumer in the case of a salesperson type operation as defined above, but when used in this code shall include dealers unless otherwise specifically provided or otherwise indicated by the context.

(f) Association. The word "Association" where used in this code means the National Association of Direct Selling Companies (Incorporated).

(g) Board of Directors. Whenever the word "board" or the expression "Board of Directors" is used in this code, it shall mean the Board of Directors of the Association.

(h) Emblem. Except where the context otherwise clearly indicates, the word "emblem" shall mean and include the emblem or seal adopted and used in connection with the carrying out of the purposes of this code.

(i) Consumer. Consumer means a person bona fidely purchasing merchandise through house-to-house personal contact methods for consumption or use and not for resale. It does not include salespersons or prospective salespersons purchasing sample or other merchandise for their own use, nor does it cover mail order purchase transactions.

(j) Member. When the word "member" is used in this code, it shall mean any concern participating in the benefits and obligations thereof.

3. Code Emblem

The Association shall adopt an emblem or seal for use in identifying the user as a signatory to this code.

4. Protection of Emblem

The Association shall take effective action and proceed against the misuse of unauthorized use of the code emblem.

5. Consumers' Bureau

The authority for the administration of this code is vested in the Board of Directors, which shall act through a Consumers' Bureau to be established by it. The Board shall appoint a manager of the Bureau, who shall be responsible only to the Board.

6. Appeals

In carrying out its duties and functions under this code, the Consumers' Bureau shall, at all times, be subject to the supervision, control and approval of the Board. Members disagreeing with determinations of the Consumers' Bureau may appeal to the Board. The Board shall establish machinery and procedures for the prompt handling of such appeals.

7. Documents For Consumers

Salesperson type operators shall furnish or cause to be furnished for the consumer a copy of the order or receipt which shall set forth the terms of the sales transactions and such document shall bear, among other things, the full name and address of the member and make provision for the signature and address of the salesperson and shall contain conspicuous notice to the purchaser of such limitations as may exist as to the salesperson's authority and any other information which the consumer would be entitled to ignore if not stated herein.
EXCEPTION: The provisions (or any part thereof) of this section may be waived by the Consumers' Bureau when deemed unnecessary to achieve and promote the spirit and purposes of this code.

8. Documents Consistent With Code Purpose

Orders, receipts or similar documents, furnished by salesperson type operators, representing transactions with consumers, shall contain no limitation of consumers' rights which is inconsistent with the terms or spirit of this code.

9. Warranties and Filing Thereof

Each member shall have some form of written warranty of its commodity or commodities. The full context of such warranty shall be on file with the Consumers' Bureau. If any change is made therein, the member shall promptly furnish the exact language of such change to the Consumers' Bureau.

The warranty given to consumers shall conform to the highest trade practice of warrantor's commodity group.

10. Character of Warranties

In all warranties to consumers, the complete conditions thereof shall be stated conspicuously as a direct part thereof and all terms shall be fair, simple, clear and free from ambiguity; and such warranties shall meet the standards of the Consumers' Bureau.

11. Adjustments

Members are expected to adjust their own complaints in accord with the spirit and purpose of this code whenever possible.

Where the Consumers' Bureau receives a complaint it shall immediately refer the same to the member for adjustment by the member as aforesaid. The member upon request of the Consumers' Bureau shall furnish to the bureau copies of adjustment correspondence passing between member and consumer.

Whenever a complaint cannot be adjusted pursuant to the above procedure, the complaint shall then be handled directly for adjustment with consumer by the Consumers' Bureau.

Member shall thereupon abide by the terms of whatever adjustment is determined by the Consumers' Bureau.

When a member puts into the hands of salespersons receipts which may be used fraudulently, the member shall assume responsibility for misuse of the same within the terms of the receipt.

Upon a proper determination that a consumer is entitled to an adjustment or a refund, and the member involved fails or refuses to make such adjustment or refund, the Consumers' Bureau is hereby empowered to make the appropriate refund and such member is obligated to promptly make reimbursement to the Consumers' Bureau to cover such outlay.

For the purpose of adjustments, a member warranty may be deemed as non-complied with where there is an unreasonable delay in delivery or offer to delivery to the consumer of ordered merchandise.

In the case of any consumer complaint which involves any question of breach of warranty, the Consumers' Bureau is hereby empowered to determine whether or not a breach has occurred.

Adjustment of complaints shall be made without delay whether handled by members or the Consumers' Bureau.

Nothing in this section shall be deemed to require a dealer type operator to assume the adjustment burden rightfully belonging to the dealer.

12. Adjustment Supervision and Instruction to Employees

Members shall establish and maintain a definite consumer adjustment policy consistent with the requirements of this code. This policy shall be set up in writing and kept before employees handling consumer complaints; and owners shall periodically check to see that their policy is being followed. A copy of this policy in writing shall be furnished to the Consumers' Bureau.

13. Complaints Against Non-Members

All complaints received by the Association or the Consumers' Bureau against non-members shall be handled by the Consumers' Bureau for adjustment pursuant to the policies of this code insofar as possible. For the general good of the entire industry, the Consumers' Bureau shall make

every effort to encourage non-members to make adjustments on the basis of this code.

14. Refunds

When a customer is entitled to a refund, it shall be made in full and shall include the entire amount paid for the merchandise and any shipping and transportation expense by way of freight, express or postal charges.

15. Filling of Orders

Salesperson type operators shall promptly fill consumer orders in exact accord with their terms. When a substitution is made, the merchandise so substituted must be of at least equal value to that ordered. Notice must be given to the customer that if he is not completely satisfied with the substitution, an exchange or refund will be made at his option and prompt request.
EXCEPTION. Where the right of substitution is reserved and is clearly stated as part of the order and/or consumer's order copy or receipt, the provision in the preceding paragraph requiring the giving of notice shall not apply.

16. Representations

Representations by members concerning merchandise which tend to mislead or deceive the customer in any material particular as to its use, content, quality, terms, price, or in any other manner is an unfair trade practice and when resulting in consumer dissatisfaction or loss of confidence, shall constitute a violation of this code and the Consumers' Bureau will then be empowered to take corrective action.

17. Publicizing Code Membership

Members shall within their respective available facilities publicize to their consumers and salespersons their connection with and policy of adherence to this code in some such means as stuffers in merchandise packages, or by advertising, literature, forms, documents or papers going to salespersons and consumers, or in any other manner satisfactory to the Consumers' Bureau.

18. Reporting Undesirables

Members shall report promptly to the Consumers' Bureau the names of their salespersons who have perpetrated any act detrimental to the maintenance of the full confidence of the consumer, and such reports shall also state the nature of the wrongful act.

19. Control of Undesirables

To further enhance the consumer's confidence in direct selling, members shall cooperate with the Association and the Consumers' Bureau in exploring all possible means and methods of apprehending and eliminating undesirable salespeople.

20. Rewards for Arrest and Conviction

The Consumers' Bureau shall at its discretion offer, and pay, a reward for the apprehension and conviction of salespersons victimizing consumers or members.

21. Code Participation

Code participation shall be limited to active members of the National Association of Direct Selling Companies.

All members, under similar circumstances, shall have equal rights, privileges and obligations under the code.

22. Code Support by Members

A policy of code violation will promptly deprive it of its value and convert it into a trap for the consumer and a distinct disadvantage to members. Each member, therefore, hereby earnestly pledges its whole-hearted support and its firm intention to zealously refrain from, and assist in preventing, violations.

23. Penalty for Code Violations

Serious, substantial, or repeated violations of the code by a member shall be cause for termination of the right of participation in the code in any way. Termination of membership in such case shall be effected by a two-thirds vote of the Board, upon charges filed with the Board by the Consumers' Bureau, a copy of such charges being at the same time transmitted in the due course of the mails to the member involved. The accused shall be entitled to a hearing, the date of which shall be not less than ten days from the mailing of the charges, and the notice of the charges, as and when filed with the Board and transmitted to the accused, shall state the exact date and place of such hearing. The hearing shall be held before any one or more Directors appointed for that purpose by the President. The Consumers' Bureau and the accused may be represented at such hearing in person or in writing. Upon failure of the accused to appear, the Board may consider the charges as proven subject to such additional evidence or information as the Board may require.

In the case of any hearing which is not held before a majority of the Board, the Directors hearing the testimony shall promptly report their findings to the full Board, whereupon the members of the Board shall promptly vote for or against termination of membership. If the required majority of the Board votes in favor of termination, notice of such vote shall be forthwith given to the accused member and termination of membership shall occur on the third day after the mailing of such notice to the accused.

Charges shall not be filed against a member hereunder without the Consumers' Bureau having first obtained the consent of two or more members of the Executive Committee of the Association or three or more members of the Board.

The President of the Association, a majority of the Executive Committee, or three or more members of the Board may direct the Consumers' Bureau to file charges, and in such event, the procedure after filing charges pursuant hereto shall be the same as in the case of charges initiated by the Consumers' Bureau.

24. Establishment of Exceptions

Nothing contained in this code shall prohibit the making of exceptions to specific code requirements to meet the necessities and business requirements of the various commodity or type groups in the Association, where such exceptions do not tend to defeat the purposes of the code; provided, however, that such exceptions must be definitely established, codified and approved by the Board of Directors before becoming effective. Commodity and type groups shall assist the Consumers' Bureau and the Board of Directors in putting this provision into effect.

No provision of this code properly applicable to one type of operation shall be improperly applied to another type of operation. This question of application shall be determined by differences in the facts and circumstances existing in the different types and by the lack of necessity of application due to such differences.

Where advance deposits are received from the consumer as common practice, any provisions of this code applicable or pertinent to that subject matter shall be applied without regard to the type of operation of the member company involved.

25. Member-Consumer Relations

It is the express and declared understanding and purpose of the members participating in this code that the code deals exclusively with relations between members and consumers or users of merchandise dealt in; that any action by members in the adjustment of complaints with consumers shall be negotiated and handled directly by the member with the consumer with or without the aid or functioning of the Consumers' Bureau; that the code is not intended to nor shall operate as any character or measure of control of salespersons by members nor shall this code impose any

obligations upon salespersons; and that this code is not intended nor shall operate as a control in any way over salespersons or to establish or alter the nature of any relationship which may exist between members and their salespersons.

26. Amendments

This code may be amended by the same methods and vote as is required to pass or adopt motions or resolutions by members of the Association in convention assembled or by mail vote, except that after the code has been formally put into effect and operation amendment of the same may be made by a majority vote or assent of code members.

27. Adoption

This code shall be and become adopted and effective as to participating members by their written consent expressed either to the Consumers' Bureau or the Commissioner of the Association; or by signed approval of a copy of the code delivered to either of the above.

Sponsorship

The National Association of Direct Selling Companies, at its convention held December 13, 1940, Palmer House, Chicago, Illinois, by resolution unanimously adopted, approved the foregoing code for those of its members who desire to participate in its benefits and obligations and by resolution unanimously adopted, assumed its sponsorship and support of its administration and maintenance.

APPENDIX B

COMPANIES INCLUDED IN MEMBERSHIP LISTS OF THE DIRECT SELLING ASSOCIATION FOR SELECTED YEARS, 1970-1993

Company	Year: 70	74-75	80	84	85-86	90	93
Act II Jewelry-Lady Remington [**see also:** Beeline Fashions; and Studio Girl Cosmetics]		X	X		X	X	X
Advance Distributors, Inc.	X						
Adventure Unlimited			X				
A.I.M., Inc.			X				
Alcas Cutlery Corp.-CUTCO [**see also:** CUTCO-Alcas Corp.; and Wear-Ever Aluminum, Inc.]				X	X		
Alfa Metalcraft Corporation of America			X	X	X	X	X
Aloe Charm, Inc.				X			
Aloe Magic				X			
Aloette Cosmetics, Inc.						X	X
Alpen Tau, Inc.					X		
American Dream Int'l, Inc.				X	X		
Amer-i-can Fire & Safety Corp.					X	X	
American Future, Inc. [**formerly** American Foresight, Inc.]	X	X					
American Gold & Silver, Inc.					X		
American Handicrafts/ Merribee Needleart			X				

Company	Year: 70	74-75	80	84	85-86	90	93
American Horizons						X	
American Incentive to Read	X						
American Youth Sales Club	X						
John Amico Cosmetics, Inc.				X	X		
Amway Corporation	X	X	X	X	X	X	X
Anci Corporation		X					
Apco Fashionique, Inc.			X				
Apo International, Inc.		X					
Arbonne International, Inc.				X	X		
The Arrangement			X				
Artcraft Concepts, Inc. [**see also:** C.H. Stuart, Inc.]		X	X				
Artex Hobby Products, Inc.	X	X	X				
Art Finds International, Inc. [**see also:** Collectors Corner, Inc.]							X
Artistic Impressions, Inc.						X	X
Art Treasures Guild							X
Atlantic Industries, Inc.	X	X					
Avacare, Inc. [**see also:** Nutri-Metics International]			X	X	X	X	

Company	Year: 70	74-75	80	84	85-86	90	93
Avadyne, Inc.						X	
Avon Products, Inc.	X	X	X	X	X	X	X
Basket People Home Parties, Ltd.					X		
BeautiControl, Inc.	X			X	X		
Beeline Fashions, Inc. [**see also:** Act II Jewelry; and Studio Girl Cosmetics]	X	X	X				
Bel Kraft International, Ltd.			X				
Bestline Products, Inc.		X					
Better Living Products, Inc.				X	X		
Bible House, Inc.	X						
Biolink Laboratories, Inc.			X				
Blair Quality Products [**see also:** Chapstick Company]	X	X					
Bon Del Corporation				X			
Book of Life						X	X
Bose Corporation					X	X	X
Brandeis Decor Boutique		X	X				
Brite International					X	X	X
The Bron-Shoe Company	X			X	X	X	X
Cambridge Direct Sales							X

Company	Year: 70	74-75	80	84	85-86	90	93
Cameo Coutures, Inc.		X	X	X	X	X	X
Care Free International, Inc.			X				
Caroline Emmons [**see also:** Sarah Coventry, Inc.; C.H. Stuart & Co., Inc.]	X	X	X				
Catholic Publishers, Inc.	X						
Cattani of California			X	X	X		
Celebrity China Co.		X					
Celebrity, Inc.	X						
Century Metalcraft Corp.	X	X					
Ceres Cosmetics, Inc.				X	X		
Cernitin America, Inc.					X		
Chambre' Cosmetic Corporation			X	X	X	X	X
Chapstick Company [**see also:** Blair Quality Products]	X	X					
Charmay Corporation				X			
Cheerful Card Company	X						
Children's Records, Inc.	X						
Chlon International, Inc.				X	X		
Cleveland Institute of Electronics, Inc.							X

Company	Year: 70	74-75	80	84	85-86	90	93
Club Watermasters, Inc. (Regal Ware, Inc.)					X		
Collectors Corner, Inc. and Affiliates [**see also:** Art Finds International]						X	
Colonial Studios, Inc.	X						
Colony House (SMC Industries, Inc.)		X					
Columbia Jubilee Program	X						
Community World, Inc.			X				
CompuClub Marketing Group, Inc.				X			
Computerized Buying Network, Inc.						X	
Concept Now Cosmetics			X	X	X	X	
Con-Stan Industries, Inc. [**see also:** Nutri-Metics International]	X	X	X				
Consumer Express, Inc.					X		
Contempo Fashions (The Gearson Company)					X	X	X
Cooking the American Way (Division of House of Lloyd)							X
Coppercraft Guild		X	X				
Cordon Bleu, Inc.		X					
Country Beautiful Corporation			X				

Company	Year: 70	74-75	80	84	85-86	90	93
Country Home Collection						X	
Country Neighbors, Inc.							X
CraftAmerica, Inc.		X					
Creative Card Co.	X						
The Creative Circle			X	X	X		
Creative Expressions			X	X	X		
Creative Memories						X	X
Creative Universal, Inc.			X				
Crebel International Corp.							X
CUTCO-Alcas Corporation [**see also:** Alcas Cutlery Corp.-CUTCO; Wear-Ever Aluminum, Inc.]						X	X
Cyclo Manufacturing Company	X	X					
John H. Daniel Co.	X						
Debbie Howell Cosmetics				X	X		
Deborah Dow Creations	X						
Deco Plants Company			X				
Decora				X	X		
Dehohoba, Inc.			X				
Delano Granite, Inc.	X						

Company	Year: 70	74-75	80	84	85-86	90	93
D.E.L.T.A. International						X	
D-Line, Inc.		X					
Diamite Corporation				X	X	X	X
Discovery Toys, Inc.				X	X	X	X
Doehla Greeting Cards, Inc.	X						
Doncaster	X	X	X	X	X	X	X
Dudley Products, Inc.			X	X	X	X	X
Dynamics, Inc.			X				
Easterling Company, Inc.	X						
efe' Cosmetics, Ltd.						X	
Ecko Home Products Company						X	X
Elan Vital, Ltd.						X	
Electrolux Corporation	X	X		X	X	X	X
Elegant Cosmetics, Inc.				X			
Elements							X
Elmcraft-Chicago	X						
Elysee Scientific Cosmetics					X		
Emma Page Jewelry, Ltd.			X	X	X		
Emmeline Cosmetics Corp.				X	X		

Company	Year: 70	74-75	80	84	85-86	90	93
Encyclopaedia Britannica, Inc.		X	X	X	X	X	X
Energy Savers, Inc.						X	
Enhance Corporation			X				
Espree Cosmetics Corporation			X				
Family Record Plan, Inc.	X	X	X			X	
Fashion Dynamics				X	X		
Fashion Frocks, Inc.	X	X					
Fashion Two Twenty, Inc.	X	X	X	X	X		
Fiber-Seal International, Inc.			X				
Figurettes, Inc. [**became** Cameo Coutures]	X	X					
Financial Control Associates, Inc.							X
Finelle Cosmetics				X	X	X	X
Fortunate Corporation			X	X	X		
ForYou, Inc.						X	
Freedom Marketing Corporation					X		
The Fuller Brush Company	X	X	X	X	X	X	X
Furst-McNess Company	X						
Future Enterprises, Inc.		X					
Gateway (C.H. Stuart)		X					

Company	Year: 70	74-75	80	84	85-86	90	93
Geni Inc. (Avon Products, Inc.)			X				
Golden Pride/Rawleigh, Inc.				X	X	X	X
Gold Marketing Associates							X
Good Will, Inc.		X	X				
Grace Unlimited Cosmetics, Inc.			X				
Great American Health & Nutrition, Inc.					X		
Grolier Incorporated		X	X	X	X		
The Hanover Shoe, Inc.	X	X	X	X	X	X	
Health-Mor, Inc.	X	X		X	X		
Heart and Home, Inc.						X	
Heart of America Corporation			X				
Herbalife International				X	X	X	X
Heritage	X						
Heritage Corporation of America				X			
Highlights for Children, Inc.	X	X	X	X	X	X	X
Hillestad International, Inc.						X	
Homcare	X						
Home Accents Unlimited, Inc.				X			
Home Decorating Associates, Inc.			X				

Company	Year: 70	74-75	80	84	85-86	90	93
Home Interiors & Gifts, Inc.		X	X	X	X	X	X
Homemakers Guild of America	X	X					
Home Reference Library, Inc.	X						
Home Start Inc.			X				
Hostess Choice					X		
House of Lloyd, Inc.				X	X	X	X
Hy Cite Corporation			X				
I.A.P. Industries, Inc.			X				
Ideal Snacks				X	X		
Impressions					X		
Ingrid at Home				X			
Interior Design Nutritional Division of Nu Skin International							X
International Hostess Enterprises, Inc.	X						
Jackie Brown, Inc.			X				
Jafra Cosmetics International		X	X	X	X	X	X
Japan Life America Corporation							X
Jene Corporation			X				
Jeunique International, Inc.							X

Company	Year: 70	74-75	80	84	85-86	90	93
Judy-Lee Jewels	X						
Just America						X	X
Kal-son House, Inc.				X	X		
Kare-Mor International, Inc.							X
The Kirby Company	X	X	X	X	X	X	X
Kitchen Fair				X	X	X	X
Lady Love Cosmetics			X	X	X	X	X
L'Arome (U.S.A.) Inc.							X
Laura Lynn Cosmetics, Inc.			X	X	X		
Learner's World				X	X		
Learnex Ltd., Inc.				X	X		
Legacy International, Inc.				X			
John W. Lewis Enterprises, Inc.		X	X				
Lisa Jewels Company	X	X					
Living Homes, Inc.			X				
The Longaberger Company						X	X
Lucky Heart Cosmetics, Inc.	X	X	X	X	X		X
Luzier, Inc.	X	X		X			
Lynell's Skin Care, Inc.				X			

Company	Year: 70	74-75	80	84	85-86	90	93
Magik Maid				X	X		
Marjo, Inc.		X					
Marlow Hall, Inc.				X	X		
Martin Research Corp.			X				
Mary Catherine, Inc.				X	X		
Mary Kay Cosmetics, Inc.		X	X	X	X	X	X
Mason Shoe Manufacturing Co.	X	X	X	X	X		
Masterguard Corporation		X	X				
Matol Botanical International							X
Maya Cosmetics and Skin Care Company, Inc.					X		
McConnon & Company	X	X	X	X	X		
Mega-Trend, Inc.					X		
Melaleuca, Inc.							X
Meredith Corporation			X				
Milkmaid Cosmetics, Inc.		X					
Minnesota Woolen Company	X	X					
Miracle Maid				X	X	X	
Moorman Manufacturing Company	X	X	X				
Multiples at Home							X

Company	Year: 70	74-75	80	84	85-86	90	93
Muscle Dynamics Fitness Network, Inc.							X
National Book, Inc.	X						
National Photographers Album Company	X	X	X				
Naturalife International			X				
Natural Impressions Corp.				X	X		
Natural World, Inc.							X
Nature's Sunshine Products, Inc.			X	X		X	
Natus Corporation						X	X
NeoCare Laboratories, Inc.							X
Neo-Life Company of America		X	X	X	X	X	X
Nightengale-Conant Corp.	X						
Nikken, Inc.							X
Nobility-Prestige Co. [**see also:** C.H. Stuart & Co., Inc.]	X						
Noevir, Inc.				X	X	X	X
NonPerre' International, Inc.							X
NSA (National Safety Associates, Inc.						X	X
NUSAS [**see also:** SASCO Cosmetics]						X	

Company	Year: 70	74-75	80	84	85-86	90	93
Nu Skin International, Inc.							X
Nutri-Metics Internat'l (USA) Inc. [**see also:** Avacare, Inc.; and, Con-Stan Industries, Inc.]				X	X	X	X
Olan Mills, Inc.	X						
Olde Worlde Products, Inc.			X				
Omnitrition International, Inc.							X
Oriflame Corporation		X	X	X	X	X	X
Ovation Cosmetics, Inc.			X				
Owen Industries, Inc.			X				
Packard Shirt Manufacturing Corporation	X						
The Pampered Chef, Ltd.						X	X
Paradise Jewelry, Inc.			X	X			
PartyLite Gifts, Inc.			X	X	X	X	X
Passeport		X					
Pathway Products Corporation	X						
The Pennyrich Corporation		X					
Perfume Originals, Inc.				X	X		
The Personal Place				X			
Personal Resource System, Inc.				X	X		

Company	Year: 70	74-75	80	84	85-86	90	93
Petra Fashions, Inc.					X		
Pieroth Brothers, Inc.			X				
PlantMinder, Inc.				X			
The Playhouse Company, Inc.	X						
Pola U.S.A., Inc.		X	X	X	X	X	X
Positive Living Products			X				
Premier Designs, Inc.							X
Prestige Products, Inc.			X				
Primerica Financial Services							X
Princess House, Inc.		X	X	X	X	X	X
Pro-Ag Inc.						X	
The Process Corporation	X						
PRO-MA Systems (U.S.A), Inc.						X	X
Pure Life Systems, Inc.							X
The Puro Co., Inc.	X						
Queen's-Way to Fashion, Inc.	X	X	X	X	X		
RACHAeL Cosmetics, Inc.						X	X
The W.T. Rawleigh Company [**see also:** Golden Pride]	X	X	X	X	X		
Realsilk, Inc.	X	X					

Company	Year: 70	74-75	80	84	85-86	90	93
Regal Ware, Inc.	X	X	X	X	X	X	X
Reliv', Inc.							X
Rena-Ware Distributors, Inc.	X	X	X	X	X	X	X
Renn Enterprises, Ltd.	X	X					
Rexair, Inc.						X	X
Rexall Showcase International							X
Rich Plan Corporation		X				X	X
Rickshaw Imports					X	X	X
Rose Joyce Cosmetics			X	X	X		
Rose Marie Collection Group, Inc. [**formerly** WeCare Distributors]						X	X
Royal American Food Company				X	X		
Royal Bodycare, Inc.							X
Royal Designs, Inc.				X	X		
Rubbermaid Party Plan, Inc.		X	X				
Saladmaster		X	X	X	X	X	X
Sarah Coventry, Inc. [**see also:** Caroline Emmons; and C.H. Stuart, Inc.]	X	X	X	X			
SASCO Cosmetics, Inc. [**see also:** NUSAS]			X	X	X		
Shaklee Corporation	X	X	X	X	X	X	X

Company	Year: 70	74-75	80	84	85-86	90	93
Sharex				X	X		
Sherman, Clay & Company		X					
Silvan Eve				X	X		
Society Corporation	X	X	X	X	X	X	X
The Solutions Company							X
The Southwestern Company [**see also:** Winning Edge]	X	X	X	X	X	X	X
The Sovera Company	X						
Spencer Incorporated	X	X					
Sportron International, Inc.							X
Stanhome, Inc.	X	X	X	X	X	X	X
Stark Brothers Nurseries & Orchards Co.	X	X					
Steelco Stainless Steel, Inc.	X						
STEP's Adventures with the 3R's				X	X		
Sterling Health Services Corp.				X	X		
Stonegate China Company	X						
C.H. Stuart & Co., Inc. [**see also:** Artcraft Concepts; Caroline Emmons; Nobility-Prestige Co.; and Sarah Coventry, Inc.]	X						
The Stuart McGuire Company, Inc.	X	X	X	X	X		

Company	Year: 70	74-75	80	84	85-86	90	93
Studio Girl Cosmetics, Inc. [**see also:** Act II Jewelry; and Beeline Fashions, Inc.)	X	X	X				
Success Motivation Institute, Inc.	X						
Sunasu International, Inc.			X				
Sunrider International							X
Sybil's				X	X		
Symbra*Ette, Inc.		X					
Tammey Jewels, Inc.		X					
Tandy Home Education Systems				X	X		
TCC International, Ltd.				X	X		
Tiara Exclusives			X	X	X	X	X
Time-Life Libraries, Inc.	X	X	X	X	X	X	X
Tomorrow's Treasures, Inc.				X	X	X	
Tri-Chem, Inc.	X	X	X	X	X	X	X
Tupperware	X	X				X	X
Undercover Wear, Inc.			X				
United Consumers Club, Inc.			X	X	X	X	X
United Laboritories of America, Inc.			X	X	X	X	
United Safety & Security, Inc.			X				

Company	Year: 70	74-75	80	84	85-86	90	93
Usborne Books at Home							X
U.S. Safety & Engineering Corp.		X	X	X	X	X	X
Vanda Beauty Counselor	X	X					
Verve Corporation			X				
Vis-A-Vis, Inc.			X				
Vita Craft Corporation	X	X	X	X	X	X	X
Viva America Marketing, Inc.						X	X
Viviane Woodard Corporation		X					
The Vollrath Company			X				
Vorwerk USA, Inc.			X	X	X	X	
Water Resources International, Inc.					X	X	
Watkins Products, Inc.	X	X	X	X	X	X	X
Weapons Corporation of America			X				
Wear-Ever Aluminum, Inc. [**see also:** Alcas Cutlery Corp.-CUTCO; CUTCO-Alcas Corp.]	X	X	X				
The West Bend Company	X	X	X	X	X	X	X
Wheatonware	X	X					
Wholesale Warehousing Industries							X

Company	Year: 70	74-75	80	84	85-86	90	93
Winning Edge [**see also:** The Southwestern Company]						X	X
The Workshops of Gerald E. Henn							X
World Book, Inc.	X	X	X	X	X	X	X
World Gift Co., Inc.		X					
World Odyssey					X		
World of Elegance, Ltd.			X				
Yanbal Laboratories, Inc.					X	X	
Yellow Ribbon				X			
Younique Creations					X		
Zondervan Book of Life			X	X	X		
Annual Membership Totals:	**90**	**88**	**117**	**115**	**125**	**95**	**105**

Notes: 1. The **Annual Membership Totals** reflect that two or more company names may be listed under one membership.

2. References to "**see also**" reflect multiple company names sharing one membership and/or changed names of the same company.

APPENDIX C

THE RIGHT THING TO DO: A CREDO OF BUSINESS RESPONSIBILITY

(Developed jointly by the National Better Business Bureau, Inc. and the National Association of Direct Selling Companies, 1969)

Voluntary adherence to high ethical standards preserves integrity and fairness in the direct selling industry, its manufacturers, distributors, and salesmen. Faithful compliance with these standards will increase public confidence in the direct selling industry and thereby help to protect the consumer and legitimate business from unfair and deceptive practices.

Direct selling includes all persons, firms, corporations and organizations engaged in the sale or offering for sale of any kind of product by direct personal contact with consumer-purchasers, or prospective consumer-purchasers, at their home or other places not on the premises of the suppliers or sellers. It excludes those retail establishments that distribute primarily through stores, but also employ in-home selling techniques.

The National Association of Direct Selling Companies and the National Better Business Bureau jointly endorse this program of standards and urge others engaged in direct selling to adhere to them.

Scope

These standards apply to oral representations made for the purpose of selling or including the sale of commodities or services marketed by the direct selling process. They also apply to advertisements and advertising promotion in any form.

Accuracy

1. All statements, written or oral, by industry members, shall be accurate, free of the capacity to mislead or deceive the consumer and shall reveal material facts, the concealment of which might cause customers to be mislead.

Competition

2. All statements, whether written or oral, by industry members, shall offer merchandise or service on its merits and refrain from attacking competitors or disparaging their products, services or method of doing business.