



UNITED STATES OF AMERICA
Federal Trade Commission
WASHINGTON, D.C. 20580

June 5, 2020
Via Electronic Mail

Melaleuca Inc.
c/o Jay Cobb, Senior Counsel
4609 West 65th South,
Idaho Falls, Idaho 83402

**Warning Regarding Earnings Claims Related to Coronavirus
Disease 2019 (COVID-19)**

Dear Mr. Cobb:

FTC staff has reviewed social media posts made by Melaleuca Inc. (“Melaleuca”) business opportunity participants or representatives that unlawfully misrepresent that consumers who become Melaleuca business opportunity participants are likely to earn substantial income. This letter is to provide you with information about laws and regulations enforced by the Federal Trade Commission (“FTC”) that may bear upon your business activities, including the activities of your business opportunity participants and representatives.

Some examples of earnings claims made by your business opportunity participants or representatives include:

- “[B]efore you say ‘ that’s not enough money’, please consider EVERY DIRECTOR at Melaleuca has been getting a paycheck through this entire pandemic/crisis!... If everybody is spending \$100/month... @ 20% = \$20/customer x 20 customers = \$400/month income – FOREVER.... This income will NEVER go away!”
- “Need money? Have you considered shareholders of big retail stores are not missing a paycheck bc you are still shopping with them? Want to bank some of those profits for yourself? Let’s do it! Initial investment about \$20!... Don’t think this is a good investment? This company has survived the recession of ‘08 and has now grown to a \$2 Billion per year in sales! It is recession proof bc you need and use everything you buy! You need 8 friends that want to make money. You earn \$500 next month - doesn’t sound like much BUT you will get another paycheck every month when those same friends/family shop again - residual income! Private message me to learn more. This is a huge opportunity for the common man to bank some of those shareholder profits!”

Representations about a business opportunity, including earnings claims, violate Section 5 of the FTC Act, 15 U.S.C. § 41 *et seq.*, if they are false, misleading, or unsubstantiated and material to consumers. Express and implied earnings claims must be truthful and non-misleading

to avoid being deceptive, which means that claims about the potential to achieve a wealthy lifestyle, career-level income, or significant income are false or misleading if business opportunity participants generally do not achieve such results. Even truthful testimonials from participants who do earn significant income or more will likely be misleading unless the advertising also makes clear the amount earned or lost by most participants. Your business opportunity participants and representatives must immediately cease making all express and implied earnings claims that would be false or misleading to current or prospective participants.

You are responsible for the claims of your business opportunity participants and representatives. As the FTC stated in the January 2019 [Business Guidance Concerning Multi-Level Marketing](#), the compensation structure of a Multi-Level Marketing entity (“MLM”) may create incentives for its participants to make certain representations to current or prospective participants. “As a consequence, an MLM should (i) direct its participants not to make false, misleading, or unsubstantiated representations and (ii) monitor its participants so they don’t make false, misleading, or unsubstantiated representations.”

You are advised to review all claims relating to your business opportunity and immediately cease, and require your business opportunity participants and representatives to cease, making claims that are not supported by the evidence or substantiation described above.

Within 48 hours, please send reply via email to COVID-19-Task-Force@ftc.gov describing the specific actions you have taken to address the FTC’s concerns. If you have any questions regarding compliance with the FTC Act, please contact us at COVID-19-Task-Force@ftc.gov.

Sincerely,

Federal Trade Commission Staff