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## More confusion on direct selling harms consumers

By Joseph N. Mariano

At an event on Capitol Hill celebrating the contributions of direct selling consultants, a single mother of two, who got divorced and went bankrupt eight years ago, tearfully told me direct selling had changed her life, pulling her and her family back from the brink of disaster. Her story isn't so unique among members of our community. In fact, more than 500 direct selling consultants representing 20 companies, 32 states and the District of Columbia are here in Washington, DC this week to share with members of Congress compelling, personal stories about how direct selling has improved their lives.

It's disappointing but not surprising that **Robert FitzPatrick** and a group calling itself the International Coalition of Consumer Advocates (ICCA) is spreading a new round of misinformation about direct selling at the same time we are continuing to help policymakers appreciate its value through the personal stories of dynamic individuals. On behalf of the DSA, our nearly 200 member companies and the more than 18 million Americans who are involved in and benefit from the direct selling channel, I would like to set the record straight.

To our knowledge, ICCA is an extremely loose affiliation of long-time direct selling opponents with FitzPatrick at the helm. His well-documented agenda of fear mongering and lack of credibility on direct selling issues has remained constant for years. Ironically, FitzPatrick claims that ICCA does not lobby or profit financially from its work, even though its members routinely attack direct selling in forums designed to aide investors, such as *Seeking Alpha*. If consumer protection was truly at the heart of ICCA, it would attempt to reach the general public where it actually resides, not where investment pros go for insight into billion-dollar decisions. Furthermore, FitzPatrick is critical of short sellers, which he says harm the public interest, yet it is he and his ICCA cohorts who are partially responsible for aiding the irresponsible tactics of Pershing Square.

At the heart of FitzPatrick's other claims is a belief that direct selling is illegitimate and does not provide a broad-based income opportunity. ICCA members may not like companies that compensate participants for their sales and the sales of others within their organization, but that does not make the entire direct selling channel illegitimate. On the contrary, those involved in direct selling benefit by being able to purchase products at a discount, supplement their income, work when they want to, or, with substantial effort, build a bigger business.

Average earnings are routinely blown out of proportion by critics like ICCA members who fail to appreciate these many different motivations for becoming involved in direct selling. It's a part-time pursuit for many; a smaller number put in the effort that is required to build a business and a sales organization that is capable of generating a sizable income.

FitzPatrick also fails to appreciate that everyone – DSA included – benefits when pyramid schemes are prosecuted to the fullest extent of the law. DSA and the Direct Selling Education Foundation (DSEF) enjoy a productive working relationship with regulators and law enforcement at the federal and state levels and set best-in class self-regulatory standards that challenge the entire channel to improve when it comes to ethics and consumer protection. In fact, DSA turns away a sizeable number of applicant companies each year because they do not meet the high standards set forth by our Code of Ethics, which has been in force since 1970 and was recently strengthened.

It is unfortunate that a group of individuals professing to act in the public interest continues to confuse policymakers and consumers by blindly associating a high-performing retail channel benefitting millions with illegitimate behavior. If any DSA member company is determined to have violated our Code of Ethics, we will not hesitate to take enforcement action that could include termination from the Association, in addition to any remedies prescribed by the courts.

Plenty of government and non-profit consumer advocate organizations offer resources that help people make prudent decisions about direct selling companies. Dismissing all of direct selling as illegitimate is not only irresponsible, it also fails to protect consumers. In an economy that increasingly values opportunities for meaningful, independent work, this latest round of tirades against direct selling appear dated and out of touch.

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