

BBB NATIONAL PROGRAMS

THE DIRECT SELLING SELF-REGULATORY COUNCIL

Daxen, Inc.

Case No. 52-2021

Filed 10/22/21

MONITORING INQUIRY

I. Company Description

Daxen, Inc. (“Daxen” or the “Company”) is a multi-level direct selling company located in Walnut, California. The Company’s product lines include dietary supplements, food and beverages, personal care products, skin care and cosmetics, household products, and a water treatment system.

II. Basis of Inquiry

The Direct Selling Self-Regulatory Council (“DSSRC”) is a national advertising self-regulation program administered by BBB National Programs. This inquiry was commenced by DSSRC pursuant to its ongoing independent monitoring of advertising and marketing claims in the direct selling industry.

This inquiry concerns product claims disseminated by the Company and its salesforce members. The representative claims that formed the basis of this inquiry were located on social media accounts of Company salesforce members. Those claims are set forth below:

A. Product Claims

- “HEALTH BENEFITS OF SPIRULINA
 1. RICH IN NUTRIENTS
 2. ENHANCE IMMUNE SYSTEM
 3. ANTI-INFLAMMATION
 4. LOWER BLOOD PRESSURE
 5. REDUCES CHOLESTEROL
 6. ANTI-ALLERGY
 7. PREVENT ANEMIA
 8. FOR WEIGHT LOSS
 9. LOWER BLOOD SUGAR
 10. ANTIOXIDANT
 11. ANTI-RADIATION

12. ENHANCE GUT HEALTH
13. GIVE STRENGTH AND ENERGY”



HEALTH BENEFITS OF SPIRULINA

1. RICH IN NUTRIENTS
2. ENHANCE IMMUNE SYSTEM
3. ANTI INFLAMMATION
4. LOWER BLOOD PRESSURE
5. REDUCE CHOLESTEROL
6. ANTI ALLERGY
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9. LOWER BLOOD SUGAR
10. ANTIOXIDANTS
11. ANTI RADIATION
12. ENHANCE GUT HEALTH
13. GIVE STRENGTH AND ENERGY



- - “Abdominal pain repeated diarrhea, constipation, etc.,
- Skin diseases like, acne eczema, psoriasis and mold or fungus
- Heart disease, store, bladder and other internal organs
- Hemorrhoids or almoranas
- Arthritis, gout at rayuma
- Diabetes
- High blood pressure
- Cancer and pain caused by cancer
- AIDs prevention
- Blockage of the vein
- Varicose Veins

- Kidney stones
 - Disease of a woman like irregular, weak or super powerful periods, can help women easily capture and difficult conceive
 - Trouble in urination and bowel movements
 - Losing or excess weight
 - Easily exhausted
 - Pain or numbness of foot, hands or body
 - Trouble sleeping
 - Headaches, migraine”
- “Daxenderma Extracts
Helps Prevent @ Cure:
- | | |
|---------------------|-----------------|
| High blood pressure | lung disease |
| Stroke | mumps |
| Diabetic | Alzheimer’s |
| Kidney failure | blurred vision |
| Goiter | Asthma |
| Liver Problems | Epilepsy |
| Tuberculosis | PCOS |
| Tumor | Liver Cirrhosis |
| Hepatitis | Cysts |
| Colon | Breast Cancer |
| Arthritis | Hyper acidity |
| Hemorrhoids | Sinusitis |
| Ulcer | Constipated |
| Gallstones | Malaria |
| Neurosis | Prostrate” |
- “Take rggl every day:

“RG & GL Helps Prevent:

High Blood Pressure	Myoma	Gerd
Stroke	Ulcer	Hyper Acidity
Uric Acid	Gall Stones	Constipated
Arthritis	Neurosis	Sinusitis
Hemorrhoids	Anemia	Blurred Vision
Diabetes	Leukemia	Epilepsy
Tuberculosis	Psoriasis	PCOS
Tumor	Cancer	Liver Cirrhosis
Hepatitis	Mumps	Cysts
Goiter	Asthma	Kidney,, Liver, Colon
Prostrate Problems	Alzheimer’s	Respiratory
Menstrual Problems	Varicose Veins	Digestive Problems"



Daxen Valenzuela

June 22 · 🌐

Take rggl every day..

RG & GL HELPS PREVENT:

Highblood	Myoma	Gerd
Stroke	Ulcer	Hyper Acidity
Uric Acid	Gallstones	Costipated
Arthritis	Neurosis	Sinusitis
Hemorrhoids	Anemia	Blurred Vision
Diabetes	Leukemia	Epilepsy
Tuberculosis	Psoriasis	PCOS
Tumor	Cancer	Liver Cirrhosis
Hepatitis	Mumps	Cysts
Goiter	Asthma	Kidney,Liver,Colon
Prostate Prob.	Alzheimers	Respiratory,
Menstrual Problem	Varicose Veins	Digestive Problem

Reshi Gano (RG)
Detoxifier / Cleanser

Ganocelium (GL)
Repair/Balancer

RG -Tumutulong na ilabas ang mga naipong TOXINS o chemicals sa ating katawan na nagiging sanhi ng pagkakasakit. Ilalabas sa pamamagitan ng pagpawis,pag-ihing at pag dumi o pagduwal ng plema.
Tumutulong upang palakas ang immune system upang

100% SATISFACTION HIGH QUALITY GUARANTEED

BSAP
FDA
TGA
ISO
GMP

- Daxen products prevent:

- Cancer
- Hypertension
- Arthritis
- Anti-Aging
- Nasal Problems
- Migraines
- Sinusitis
- Obesity
- Constipation
- Tuberculosis
- Tumor
- Hematoma
- Skin Rashes
- Varicose veins
- Peptic Ulcer
- High Blood Pressure
- High Cholesterol
- Cold and cough
- Chronic bronchitis

- Frequent Urination
- Urination difficulties
- Rheumatism
- Gastric hyperacidity
- Menstrual cramps
- Renal disease

Shortly after DSSRC sent its Notice of Inquiry to Daxen, which included the claims above, DSSRC identified four (4) additional social media posts listed below that were disseminated by Daxen salesforce members and included similar claims regarding the efficacy of Daxen products to treat serious health-related conditions as well as the ability of the typical Company salesforce member to earn significant income from the Daxen business opportunity.¹

- “Health benefits of Lingzhi Coffee:
 - Improve Blood Circulation
 - Reduces Cancer
 - Prevent Heart Disease
 - Prevent Depression
 - Prevent Alzheimer’s
 - Enhance Energy
 - Prevent Parkinson’s Disease
 - Prevent Diabetes
 - Prevent Stroke
 - Brain Tonic
 - Good Mood
 - Weight Loss
 - Remove Toxins
 - Improve Gut Health”²
- “Spirulina Cereal
Helps In Care of:
 - Anemia
 - Diabetes
 - Allergies
 - Malnutrition
 - Weight Loss
 - Provides Energy”
- “Power of rg and gl in health
 - Lung disease such as asthma, chronic bronchitis and emphysema
 - Liver disease such as hepatitis

¹ <https://www.facebook.com/jheryl.bryle/posts/1061785291014609>;
https://www.facebook.com/permalink.php?story_fbid=111284647955251&id=101119062305143;
<https://www.facebook.com/gelyn.arizon/posts/511094329872695>;
<https://www.facebook.com/gelyn.arizon/posts/511094329872695>

² This same copy was used on two social media posts from two different Daxen salesforce members.

- Intestinal disorder such as ulcer, dysentery and gastro enteritis
- Abdominal pain repeated diarrhea, constipation, etc.,
- Skin disease like acne, eczema, psoriasis and mold or fungus
- Heart disease stone, bladder, and other internal organs
- Hemorrhoids or almoranas
- Arthritis, gout at rayuma
- diabetes
- high blood pressure
- cancer and pain caused by cancer
- AIDs prevention
- Blockage of the veins
- Varicose veins
- Kidney stones

Company's Position

A. Product Claims

Daxen did not dispute that the claims in the social media posts identified by DSSRC should not have been disseminated. After its review of the posts at issue, Daxen indicated that all of the claims were communicated by the Company's independent contractors, almost all of whom were located overseas, and assured DSSRC that the posts would be removed.

Daxen stated that compliance with Federal Trade Commission (FTC) and Food and Drug Administration (FDA) rules and regulations have always been of paramount importance to the Company. The Company further stated that when salesforce members enroll as a Daxen affiliate, they agree to abide by the Company's Policy and Procedures which prohibit any unauthorized representations regarding the ability of Daxen products to treat health-related conditions.

The Company stated that all but one of the social media posts that DSSRC brought to its attention have been permanently removed. With respect to the remaining publicly accessible post, Daxen informed DSSRC that the post originated overseas and that the Company has made a good faith effort to address its concerns by attempting to contact the salesforce member responsible for the post to have it taken down. The Company stated that although it has been unsuccessful in locating the salesforce member, it will continue its efforts to have the post disabled.

III. Analysis and Recommendation

A. *Product Claims*

DSSRC determined that the product performance claims that were identified in this inquiry communicate that the use of Daxen products can treat or prevent serious health-related conditions including, but not limited to cancer, diabetes, allergies, AIDs, asthma, arthritis, obesity, and Alzheimer's disease.

DSSRC identified nine social media posts made by Company salesforce members³ communicating that the Company's products can effectively treat a number of health-related conditions. Daxen did not attempt to support the claims and acknowledged that the statements made by salesforce members were not authorized by the Company. The Company also informed DSSRC that the social media posts at issue originated from salesforce members located overseas.

DSSRC acknowledged the good faith actions taken by Daxen to promptly contact its salesforce members and have the social media posts removed when contacted by DSSRC. DSSRC determined that the actions of the Company were necessary and appropriate.

It is a fundamental principle of advertising law that an advertiser has the burden to possess a reasonable basis for any substantive claims communicated by its advertising at the time the claims are disseminated and that all health-related claims must be supported by competent and reliable scientific evidence.⁴ In addition, an advertiser has an obligation to support any express or implied claims that may be reasonably interpreted by consumers.⁵

When a direct selling company is made aware of improper product (or income) claims that were made by an individual that was not within its geographical control or who was an active distributor when such claim was made but that has since become an inactive distributor of the company, DSSRC acknowledges that the direct selling company may not be able to require such salesforce members to remove a social media post. In that instance, DSSRC nonetheless recommends that the direct selling company make a bona fide good faith effort to have the improper claim removed.⁶

Here, despite several requests by DSSRC, Daxen did not provide information indicating if the salesforce member responsible for the remaining post was an

³ Including the four additional social media posts that DSSRC recently identified which were footnoted in the Basis of Inquiry.

⁴ 1983 FTC Policy Statement Regarding Advertising Substantiation

⁵ See CCA Industries, Inc., (Nutra Nail Green Tea Treatment), Report #4805, NAD/CARU Case Reports (February 2008), quoting Freeman Beauty Labs (Renewance Anti-Aging Chemical Peel), Report #4543R, NAD/CARU Case Reports (September 2006).

⁶ See Case Number: DSSRC Case #30-2020. Gano Excel USA, Inc.

active or inactive sales member and did not provide DSSRC with a copy of the take-down requests and/or termination letters that were sent to the salesforce member as a demonstration of the Company's due diligence and good faith efforts to address DSSRC's concerns and remove the problematic claims from circulation.

In addition, in past inquiries DSSRC recommended that if the social media platform where the subject post was made provides a mechanism for reporting trademark or copyright violations, the direct selling company should promptly utilize such mechanism and seek removal of the subject claims and posts if appropriate.⁷ If the subject claim that came to the attention of the direct selling company occurred on a website or platform without a reporting mechanism, DSSRC has recommended that in addition to contacting the former salesforce member in writing as described above, the Company contact the website or platform in writing and request removal of the subject claim or post.⁸

Despite the Company's representation that it contacted its salesforce member asking that the improper post be removed, DSSRC did not receive written confirmation of such request and, as such, could not confirm the Company's due diligence and good faith effort to address DSSRC's concerns with respect to the remaining post.

While DSSRC acknowledges that most of the posts that were at issue in this inquiry were disseminated by Company salesforce members located outside of the United States, DSSRC remains concerned by the aggressive claims that continue to proliferate indicating that Daxen products can treat serious health-related and disease conditions and that these posts remain accessible by consumers (and potential recruits) residing in the United States. Further, despite the prompt actions taken by Daxen to remove the claims once they were identified by DSSRC, DSSRC remains troubled by the ongoing communication of these claims by Daxen's foreign salesforce members and what appears to be a failure of Daxen's overseas entities to appropriately monitor the messages being communicated by its salesforce members.

Should DSSRC continue to identify social media posts that include claims stating that Daxen products can treat or provide relief from the type of health-related conditions at issue in this inquiry, it will commence a compliance inquiry with the Company to evaluate that steps have been taken by the Company (including providing salesforce members with access to proper training) to ensure that Daxen salesforce members are not disseminating inaccurate and unauthorized product performance and earnings claims.

In conclusion, based upon the aggressive and unsupported health-related claims communicated in the social media posts at issue, DSSRC recommends that Daxen

⁷ See doTERRA International, LLC., DSSRC Case No. 17-2021

⁸ See Young Living Essential Oils, LLC, DSSRC Case No. 3-2020

take all necessary steps to contact the salesforce members who disseminated the posts and request that they be removed. Further, should the Company be unable to contact these salesforce members, it is incumbent on Daxen to demonstrate to DSSRC (e.g., through the production of written communications) that it has exercised the necessary due diligence and good faith efforts to contact the salesforce members responsible for the posts and request that they be taken down or, alternatively, contact the social media platform in question to request removal of the claims and report any intellectual property violations and request removal of the claims.

IV. Conclusion

DSSRC acknowledged the good faith actions taken by Daxen to promptly contact its salesforce members and have certain challenged social media posts removed. DSSRC also noted that the actions taken by the Company were necessary and appropriate. With respect to the remaining social media posts that are still publicly available, DSSRC recommends that Daxen take the necessary steps to contact the salesforce members who disseminated the posts and request that the posts be removed. Should the Company be unable to contact these salesforce members, Daxen should be prepared to demonstrate to DSSRC that it has exercised the necessary due diligence and good faith efforts to have the posts taken down or, alternatively, contact the social media platform in question to request removal of the posts and report any intellectual property violations.

V. Company Statement

“Daxen will adhere to the determinations and recommendations provided by the DSSRC. Daxen is committed to maintaining only authorized and valid representations from its distributors and its representatives.

Daxen has been and is continually working diligently to ensure that its members abide by Daxen’s Policies and Procedures which prohibit unauthorized representations regarding income and product claims. Recently, Daxen was able to remove multiple posts that were referenced in the letter provided by the DSSRC (under footnote 2). Daxen also regularly makes a concerted effort to inform social media platforms to eliminate unauthorized posts and users as soon as Daxen becomes aware of these individuals and posts.

When Daxen is unable to contact or identify the makers of unauthorized posts that illegitimately use Daxen’s title, Daxen contacts the social media platform’s help/resources department to inform them that such posts and users are not affiliated with Daxen and must be removed from that social media platform. Additionally, Daxen has prepared an international, company-wide statement to inform all of its branch managers that regardless of which nation its representatives’ posts are coming from, Daxen representatives must adhere to the rules of Daxen’s Policies and Procedures and the guidelines of the FTC, and that

the managers must suspend or terminate representatives who do not follow these protocols.

Daxen fully intends to continue performing these remedial actions and will provide the DSSRC with more evidence and written confirmations of the steps and efforts taken to eliminate unauthorized posts that come from overseas or from individuals who are not members of Daxen.”

(Case No. 51, closed on 11/10/21)

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