

BBB NATIONAL PROGRAMS

THE DIRECT SELLING SELF-REGULATORY COUNCIL

Chalk Couture

Case No. 50-2021
Filed 10/29/2021

MONITORING INQUIRY

I. Company Description

Chalk Couture (or the “Company”) is a direct selling company headquartered in Draper, Utah that sells do-it-yourself (“DIY”) home decor products.

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.

A. Earnings Claims

This inquiry concerns earnings claims disseminated by the Company and its salesforce members. The representative claims that formed the basis of this inquiry were disseminated on Facebook and YouTube:

- “Would you like to have the opportunity to earn: some fun money? Make a full time income?”





Deaf DIY Crafty Jen

April 1 · 🌐

NO JOKES! Check out this amazing new starter kit that came out today!!!

Would you like to have the opportunity to earn:

- ✨ Some fun money?
- ✨ Make a full time income?
- ✨ Earn some incentive trips?
- ✨ Get 40% off all of the awesome products?
- ✨ Earn FREE product credits every month?
- ✨ Be part of a large Deaf/HoH Designer Team?

If so... contact me TODAY! Let's get you on board with Chalk Couture.

Links are in comment

- “part time or full time income,” “Make 25-40% commission,” “Make bonuses from \$500-\$2000 a month”



It's A Chalk Life with Angela Devore

March 5 · 🌐

...

Start a life you love.

Deciding to become an independent designer for Chalk Couture has been life changing for me! It has given me more confidence than I've ever known, helped with anxiety and decompress after a long day of work, all of my stress seems to vanish once I start creating!

I have made some amazing friends through this journey, both fellow designers and my customers and supporters.

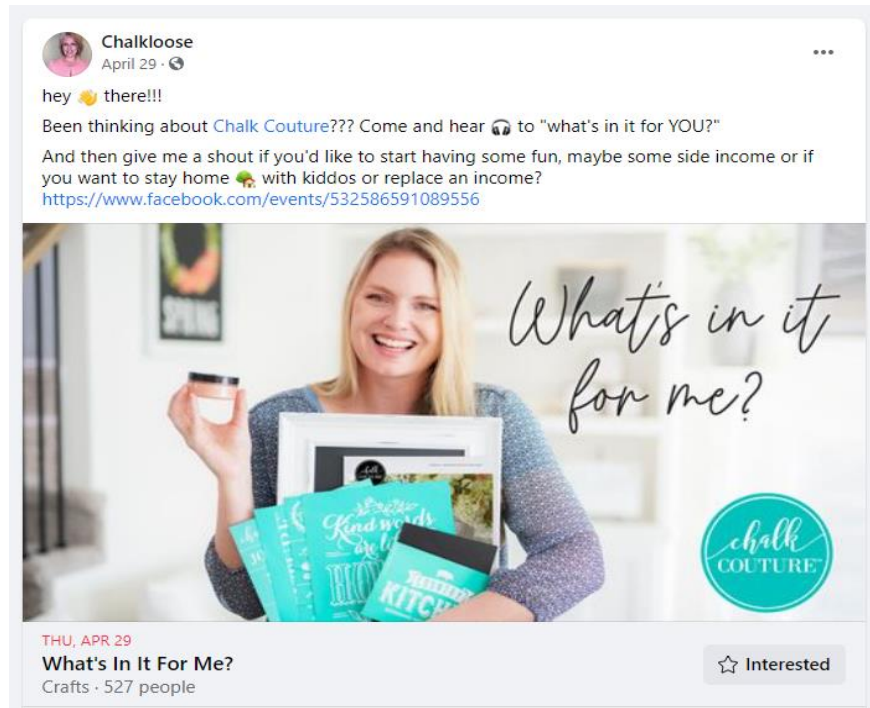
I have also earned a trip to leadership back in January, and that was AMAZING!

I am telling you all of this because the possibilities are endless! If you are wanting to do this just as a hobby to help destress, part time or full time income... in can be done!

Start a life you love!

I'd love to chat with you if you'd like to know more!

- “Maybe some side income or if you want to stay home with kiddos or replace an income?”



- “Whether you are looking to make a little or possibly replace your existing income, Chalk Couture could be what you have been looking and praying for. It has changed our lives so much.”



- “Maximize your earning potential” “Your potential for earning is unlimited” “To begin with, when you order products at your Designer Price and resell at retail, you typically earn 40% commission” “You’ll also earn a 25% commission on your online sales”



Chalk Couture™ Independent Designer: Maximizing Your Earning Potential

25,452 views • Feb 6, 2020

78 0 SHARE SAVE ...



Chalk Couture
25.3K subscribers

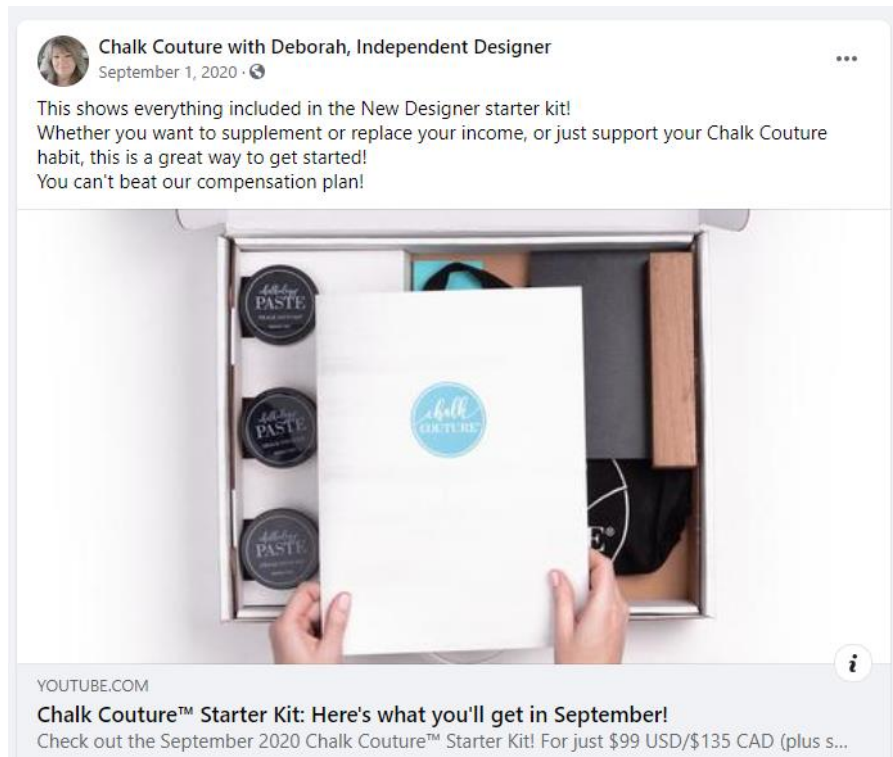
SUBSCRIBE

How much can I earn selling products as a Designer with Chalk Couture™?

Your potential for earning is literally unlimited. With hustle and heart, you can reach the sky. Most Designers who earn money through Chalk Couture do so by selling products. That's because our compensation plan is phenomenal. To begin with, when you order products at your Designer Price and resell at retail, you typically earn 40% commission—that's virtually unheard of in direct sales. You'll also earn a 25% commission on your online sales.

SHOW LESS

- “whether you want to supplement or replace your income, or just support your Chalk Couture habit”



- “If one of your goals is to earn money doing something you love – whether it’s residual income or a way to eventually leave your 9-5”



Join My Team!

January 1, 2020 / 0 Comments

Happy New Year! Today is January 1, 2020 – the start of a new year AND a new decade. As someone who’s lived through more than a few decades, the date seems a bit surreal!

The first day of the year is traditionally a day to focus on your goals and resolutions – it’s a fresh start, a new chapter in your book of life! **If one of your goals is to earn money doing something you love – whether it’s residual income or a way to eventually leave your 9-5 – I’d love to help you reach it!**

How, you ask? Why, by joining me in the hottest high-end DIY decor company in the industry, of course!

DSSRC informed the Company of its concern that such earnings claims may convey an unsupported message regarding the amount of income that can be typically earned through the Chalk Couture business opportunity.

III. Company's Position

Chalk Couture maintained that the claims DSSRC brought to its attention should be removed from circulation. The Company was responsive to DSSRC's inquiry and took prompt steps to address the claims at issue. The Company contacted the salesforce members that disseminated the six Facebook posts at issue. The Company was able to have three of the Facebook posts taken down. The Company was also able to have two additional posts modified to remove references to "Make a full time income?" and "if you want to stay home [] with kiddos or replace an income." One remaining Facebook post remains active and unmodified. The Company informed DSSRC that the post was disseminated by someone who is no longer affiliated with the Company. The Company informed DSSRC that it tried to contact the former salesforce member responsible for the remaining post multiple times but that person was not responsive to the Company's efforts. The Company also contacted Facebook to request removal of the post.

With respect to the YouTube video at issue as well as a link to the video, the Company informed DSSRC that the link is no longer live and that the video cannot be found on Chalk Couture's YouTube channel.

In addition to its efforts to address the specific social media posts identified by DSSRC, Chalk Couture also advised DSSRC that it has taken and will take additional steps in the future to educate salesforce members on making marketing and earnings claims. Such steps include:

- Educating the Company's top representatives to ensure that they know the Company's policies and can help support the Company's efforts by working with their teams directly;
- Discussing the Company's policies with the Company's entire field base in a weekly email communication, and;
- Addressing the Company's policies with the Chalk Couture's entire field base on two different Facebook Live videos and post reminders to the group.

In addition, Chalk Couture stated that its compliance team will monitor the social media accounts of its salesforce members for any potential issues to ensure the Company can have the social media posts and/or videos removed quickly, and to educate the Company's salesforce.

IV. Analysis and Recommendation

A. Earnings Claims

DSSRC appreciated Chalk Couture's good faith actions to remove several claims on social media sites which DSSRC determined communicated claims that prospective participants in the Chalk Couture business opportunity can typically earn significant and/or unlimited income. DSSRC determined removal of such claims to be necessary and appropriate.¹

As to the remaining Facebook post made by a former salesforce member, DSSRC acknowledged the Company's efforts to contact the former salesforce member and request removal of the post. When a direct selling company such as Chalk Couture is made aware of an improper product or income claim that was made by an individual that 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 the former distributor to remove such claim.² In that instance, DSSRC nonetheless recommends that the direct selling company make a bona fide good faith effort to have the improper claim removed. DSSRC determined that actions similar to Chalk Couture attempting to contact the former salesforce member in writing requesting the removal of the post would constitute a bona fide good faith attempt with respect to removing improper claims made by distributors that have since become inactive distributors. If the social media platform where the subject post was made provides a mechanism for reporting trademark or copyright violations, DSSRC recommends that the direct selling company promptly utilize such mechanism and seek removal of the subject claims and posts. 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 recommends that in addition to contacting the former distributor in writing as described above, the Company contact the website or platform in writing and request removal of the subject claim or post. Accordingly, DSSRC determined that the Company's request to Facebook to remove the post was necessary and appropriate.

With respect to the YouTube video at issue, while DSSRC appreciated the Company's good faith efforts to remove the YouTube video from the public domain by listing it as "private," DSSRC remained concerned that the video

¹ DSSRC also determined that the modification of two additional posts to remove references to "Make a full time income?" and "if you want to stay home [] with kiddos or replace an income" to be necessary and appropriate.

² Young Living Essential Oils, LLC (Case #13-2020)

may nevertheless be re-purposed to a select group of potential downline salesforce members. As DSSRC noted in a recent matter involving videos that were designated as “private” by a direct selling company, “[w]hile the videos are no longer available on the internet to a general audience of consumers, DSSRC cautioned the Company that because these videos included claims that were unrepresentative and not appropriately qualified, these videos should not be disseminated to even a limited audience in the context in which they were originally communicated on the Company’s public YouTube channel.”³ Accordingly, with respect to private or password protected videos, DSSRC recommended that the Company take appropriate steps to assure that the YouTube videos cannot be shared or redistributed and, as such, determined that any videos designated as “private” should be disabled in their entirety to ensure that the video claims are not shared in their original context with even a limited audience.

V. Conclusion

DSSRC recognized Chalk Couture’s good faith actions to remove several Facebook posts which DSSRC determined could be interpreted as communicating that prospective participants in the Chalk Couture business opportunity can typically can earn significant and/or unlimited income. DSSRC determined that the removal of such posts was necessary and appropriate.

With respect to improper claims made by distributors that later became inactive distributors, DSSRC recommends that, promptly upon learning of such a claim, the Company make a bona fide good faith effort to contact the former distributor to request that the improper claim be removed. DSSRC also recommends that the Company take additional steps to remove such claims from the marketplace including utilizing the mechanism that websites and social media platforms may have for removal of trademark or copyright violations. If the subject claim by a former distributor occurs on a website or platform without a reporting mechanism, DSSRC recommends that the Company should also contact the website or platform in writing and request removal of the subject claim or post. Accordingly, DSSRC determined that the Company’s request to Facebook to remove the post was necessary and appropriate.

With respect to the YouTube video that Chalk Couture designated as “private”, DSSRC recommended that the Company take further action to disable the video to ensure that it cannot be shared or redistributed.

³ LurraLife, LLC (Case 27-2020)

VI. Company Statement

Chalk Couture™ takes consumer protection very seriously. As a company, we want to avoid any possible misunderstanding regarding the income potential that comes from being a Designer at Chalk Couture. We have worked diligently to have all identified income posts removed or altered to fit the appropriate verbiage when discussing the Chalk Couture opportunity. We have educated our Designers via weekly emails and social media posts to ensure they know how to talk about the opportunity, and how they can share it. The Company does provide a comprehensive compensation plan that shows how to achieve income while not promising any income potential.

(Case No. 50-2021 HJS, closed on 10/29/2021)

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