I. Company Description

Stella & DOT, LLC ("Stella & DOT" or the "Company") is a multi-level direct selling company that sells jewelry, bags, accessories, and women’s clothing. The Company was founded in 2004 and is located in Hillsborough, California.

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 earnings 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:

**Earnings Claims**

- “Home based businesses are providing 18 million Americans the opportunity to make a living or supplement their incomes to the tune of $34 billion a year. Join Stella & Dot and our team of 9000+ Stylists to enjoy financial freedom, flexibility, fashion, and to have more fun and joy in your life!”

- “Stella & Dot is more than a company. It’s a movement. A movement to empower women and give them financial freedom in an environment that is flexible, positive, supportive and of course, stylish!”

1 DSSRC notes that eight of the social media posts at issue were identified by DSSRC in its Notice of Inquiry and four additional social media posts were brought to the Company’s attention during the pendency of the inquiry.
In my 7 years as a stylist, I have seen women’s lives drastically changed not just because of the additional income their Stella & Dot gig provides, but because of the uplifting community of women they become a part of, the person development training we are given and the opportunity to do something we LOVE when and how we want to do it.”

• “What if I told you that Stella & Dot will literally pay you $40 to sign up this weekend AND give you $1000 worth of free product, $250 commission, and so many other perks?
I can’t believe I’ve been with this company just over 2.5 years and I can sit on this side of that signup button and tell you that this company has brought me financial freedom”

The Sparkle made me do it - Stella and Dot with Kim Cormier
August 30, 2019 •

What if I told you that Stella & Dot will literally pay you $40 to sign up this weekend AND give you $1000 worth of free product, $250 in commission, and so many other perks? 😊
What if I told you that you could meet incredible like-minded women who do this side gig as much or as little as they want and don’t have to pay a cent if they’re not active? 😊
What if I told you that you could have as much free clothing and jewelry that you wanted? 😊
What if I told you that this is all so doable for any woman? 😊
If I told you all of this, would you believe me if I said it is NOT too good to be true??!!! 😊
Well I’m here to tell you that it’s not too good to be true and it is everything I thought and more. I can’t believe I’ve been with this company just over 2.5 years and I can sit on this side of that signup button and tell you that this company has brought me financial freedom, friendships, joy, belonging, style, confidence, and a place where I can make other women feel good. I want this for all of you too!!! Don’t hesitate, and JUST. SAY. YES!!!
Want a big little side gig, that pays you to join?? Message me and let’s chat

I’m giving you an opportunity
TAKE IT OR LEAVE IT

All that time you spend on social media... why not start earning money for it?

Network marketing + good products + motivating woman supporting your journey =
• “If you would have asked me in August 2016 why I joined Stella & Dot as a stylists, I would have replied ‘to try to earn extra cash to afford my dream dog – a French Bulldog.’ Well, that goal was accomplished faster than I ever could have imagined. I placed a deposit on my Frenchie ‘Stella’ in November 2016 and in January 2017 she joined our family. From then on my ‘why’ has snowballed into #amillionreasons. Here are just a few...
* freedom to work wherever & whenever I want
* financial freedom for all of life’s ‘extras’
* opportunity to travel
What would you ‘why’ be? How could this sparkly side hustle change your life?” (DOWN)

• “FUN. FASHION. FRIENDS. FINANCIAL FREEDOM = Stella & Dot!”
  o Image with copy stating “MAKE MONEY AT HOME – HOUSE PARTIES”

• “Your Stella & Dot business will give you financial freedom, flexibility, fun, and style”

• “It’s no secret that Stella & Dot has brought so many amazing blessings into my life – friendships, financial freedom, and more empowerment than I ever thought possible...#FinancialFreedom”
• “I’ve been searching for right at 7 years for a fun, creative way to achieve financial freedom while at home with my littles.”

• “If you have followed me in my S&D journey over the last 4 years, you know full well that S&D has brought be nothing but joy and has given me that little extra "financial freedom" (and when I say little I mean $1000+ a month... sometimes $10,000+ a month - YUP!!! YOU HEARD CORRECT!!! $10,000!!!!!!!). You can have this too!”

• “Stella & Dot is my selfcare everyday!!! Community, connections, flexibility, financial freedom, product, fun and a little something just for me.”

• “July 2020
Sales Earnings Details
Monthly Earnings: $6,542.28”

Business will always change. I feel very thankful to have aligned myself with smart brands and amazing women. I work consistently because life and two college tuitions is no joke expensive. Again, thank you for choosing me as someone to follow and influence your buying needs/wants. This mama truly does a happy dance with each order.

If you know someone that might like to do what I do, I would be happy to answer questions they might have. May I also ask that we keep this info in this group? Feel free to add someone that might want to see it

DSSRC informed the Company of its concern that earnings claims such as these including claims of “financial freedom” may convey a message that the typical participant in the Company’s business opportunity will earn significant income.
III. Company’s Position

The Company did not attempt to provide support for the claims at issue in the social media posts identified by DSSRC and stated that, following receipt of the self-regulatory inquiry, it immediately attempted to contact the salesforce members who were responsible for the posts and requested that they be removed. The Company was able to have three of the twelve posts at issue disabled.²

In its reply to DSSRC, the Company noted that all of the social media posts identified by DSSRC were disseminated before 2020 and that almost all of the posts were communicated by salesforce members that were no longer active at Stella & DOT. The Company identified the date that each post was made and whether the post was made by an inactive or active salesforce member. The Company also provided written confirmation to DSSRC that it used its best efforts to contact both the salesforce members responsible for the posts originally identified by DSSRC, as well the salesforce members responsible for posts brought to the Company’s attention during the pendency of the inquiry.

IV. Analysis And Recommendation

As stated in the DSSRC Guidance for Earnings Claim in the Direct Selling Industry (the “DSSRC Earnings Claims Guidance”), a direct selling company is responsible for the earnings claims made by its salesforce members.³ DSSRC appreciated the efforts of Stella & DOT to have three of the twelve posts at issue removed from Facebook, an action which DSSRC determined was necessary and appropriate.

While DSSRC was appreciative of Stella & DOT’s efforts to have the three posts removed, it was nonetheless concerned that the remaining posts communicated the message that Stella & DOT salesforce members participating in the Company’s business opportunity could earn significant income, which is not representative of earnings that could be generally expected by the typical Stella & DOT salesforce member.

All but one of the posts at issue included the claim that potential salesforce members can achieve financial freedom by participating in the Stella & DOT business opportunity (the other post indicated that a Company salesforce received monthly earnings of $6,542.28). As noted in section 5 of the DSSRC Earnings Claims

² More specifically, Stella & DOT removed the claims stating: “It’s no secret that Stella & Dot has brought so many amazing blessings into my life – friendships, financial freedom, and more empowerment than I ever thought possible...#FinancialFreedom”; “FINANCIAL FREEDOM = STELLA & DOT,” and “*freedom to work wherever & whenever I want; financial freedom for all of life’s ‘extras’; *opportunity to travel. What would you ‘why’ be? How could this sparkly side hustle change your life?”
Guidance, while DSSRC will evaluate any claim based upon the context in which the claim appears and the potential net impression of such claim to the audience, some words and phrases commonly used in earnings claims can carry a particularly high risk of being misleading to consumers. Such words and phrases include claims such as “financial freedom,” “full-time income,” “replacement income,” “residual income,” and “career-level income.” Stella & DOT chose not to provide earnings data to DSSRC to support the earnings representations communicated by its salesforce members and, instead, attempted to have the posts removed in their entirety.

DSSRC recognized that most of the posts identified were several years old, were disseminated by inactive salesforce members, and that Stella & DOT may not be able to require the former distributors to remove such claims. Nevertheless, as DSSRC has stated in several previous inquiries, when a company is made aware of a problematic claim that was made by an inactive salesforce member it is expected that the direct selling company will make a good faith effort to contact that individual and request that the inaccurate post be disabled.

With respect to the active salesforce members responsible for the claims at issue, the Company indicated to DSSRC that it has attempted to contact individuals to have the posts removed. DSSRC acknowledged that three of the five posts which were made by active Stella & DOT salesforce members were removed. However, DSSRC notes that two posts that were disseminated by active Company salesforce members remain publicly available (i.e., “What if I told you that Stella & Dot will …give you $1000 worth of free product…What if I told you that you could have as much free clothing and jewelry that you wanted ……this company has brought me financial freedom.” and “Your Stella & Dot business will give you financial freedom, flexibility”).

Stella & DOT indicated to DSSRC that it would continue its efforts to contact the active salesforce members responsible for the remaining posts and should these salesforce members continue to be unresponsive or fail to adhere to the Company’s request to remove the posts, the Company is prepared to take enforcement action against the salesforce members pursuant to Stella & DOT’s Policy & Procedures, which may include the suspension and termination of their accounts.

It is a long-held principle of advertising law that a Company must have substantiation for any reasonable interpretation of its advertising claims. Accordingly, in the omission of any sales data indicating that Company salesforce members typically earn significant income from the Stella & DOT business opportunity, DSSRC recommended that the remaining posts at issue be removed.

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4 Id.
5 Young Living Essential Oils, LLC (Case #13-2020) and Chalk Couture (Case #50-2021)
6 See ACH Food Companies, Inc. (Mazola Pure Cooking Spray), Report #4539, NAD/CARU Case Reports (August 2006) Swiss Research, Inc. (Sugar Sweetener) Report # 4442, NAD Case Reports (January 2006); Colgate-Palmolive Company (Murphy Soft Wipes), Report # 4431, NAD Case Reports (December 2005).
Moreover, if the Company is not successful in its attempts to have salesforce members remove the posts, DSSRC further recommends that the Company utilize the social media platform’s reporting mechanism for intellectual property violations and, if necessary, also contact the platform in writing and request removal of the remaining social media posts.

V. Conclusion

While DSSRC appreciated the actions taken by Stella & DOT to remove three of the twelve posts that were brought to its attention during this inquiry, it nevertheless remained concerned that claims stating that salesforce members could achieve “financial freedom” or earn significant income through the Stella & DOT business opportunity were not be supported by the Company, as Stella & DOT chose not to provide support for the earnings claim at issue and, instead, attempted to contact the salesforce members responsible for the remaining social media posts to have them removed.

DSSRC recommended that if the social media posts that remain publicly accessible were communicated by active Stella & DOT salesforce members, the Company should avail itself of the appropriate enforcement provisions in its Policy & Procedures to address the concerns at issue.

In addition, DSSRC recommended that the Company utilize the social media platform’s reporting mechanism for intellectual property violations and, if necessary, also contact the platform in writing and request removal of the remaining social media posts.

DSSRC will continue to monitor the status of those posts which remain publicly accessible and, if necessary, request that the Company provide further information regarding its efforts to have the posts removed.

VI. Company Statement

“We have reached out to all owners of these posts and asked them to remove them. Almost all of the salesforce members are no longer active with the company and have not responded. We will continue to make every effort to remove all false claims by any past or current ambassador for all of Stella & DOT brands.”

(Case No. 72-2022, closed on June 3, 2022)
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