BBB NATIONAL PROGRAMS

THE DIRECT SELLING SELF-REGULATORY COUNCIL

Morinda, Inc.,	Case No. 60-2022
	Filed: 2/1/2022

MONITORING INQUIRY

I. Company Description

Founded in 1996, Morinda, Inc. ("Morinda" or the "Company") is a multi-level direct selling company based in Utah. Morinda's main product is a noni juice blend sold under the brand name Tahitian Noni. The Company also markets various dietary supplements, personal care products, and essential oils.

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 on its product website and by its salesforce members on social media. The representative claims that formed the basis of this inquiry are set forth below.

A. Product Claims

The below product claims originated from social media posts disseminated by Company salesforce members.

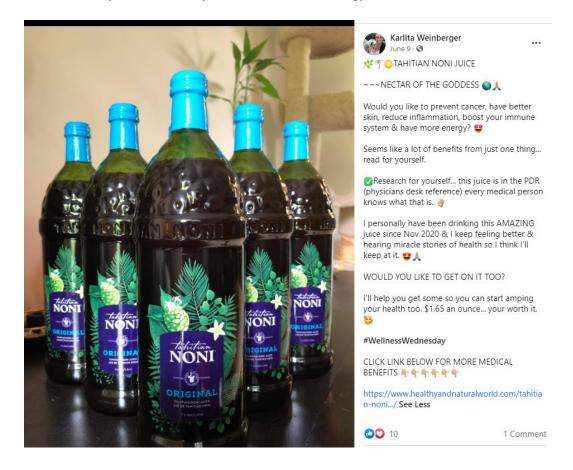
- "Noni is a tropical fruit that provides a number of health benefits. The Memorial Sloan-Kettering Cancer Center reports that Noni has antifungal and antitumor properties, has been suggested for potential use for prevention of atherosclerosis and a number of other health benefits."
- (Spanish language post) "Benefits of Moni Morinda: Helps Prevent Cancer

Helps Control Diabetes

Helps control Arthritis

Helps with Depression, fatigue and low energy."

• "Would you like to prevent cancer, have better skin, reduce inflammation, boost your immune system & have more energy"



• (Spanish language post) "Benefits and Preventions when consuming Tahitian Noni juice: (including but not limited to) fibromyalgia; pre-menstrual syndrome; allergies; arthritis; respiratory problems; chronic fatigue; hypertension; depression, improves skin, heart disease"



B. Earnings Claims

The below earning claims appeared on the company website:

- "MORINDA LIFE OFFERS FINANCIAL FREEDOM,"
- "Morinda's secure, reliable, proven compensation system has allowed hundreds, THOUSANDS, of people to retire early, persue dreams, pay off houses, send kids to college, take that dream vacation, or just give some extra breathing room every month. It's all thanks to the true residual income only offered through Morinda. Your financial freedom-however you define it- is our goal. Whether you want a few hundred bucks a month for some extra spending money, or a few hundred thousand so you can retire early, Morinda has the plan and the system in place that will help you get there"
- Depiction of Morinda salesforce members holding large checks for one million dollars
- There were also various messages of financial freedom communicated at https://morinda.com/en-vn/opportunity

III. Company's Position

Morinda explained that Tahitian Noni juice consists of a blend of pasteurized reconstituted noni puree (89%) mixed with grape and blueberry juice concentrates

(11%), which is pasteurized prior to bottling. The manufacturer's recommended serving size is 30 mL/day (1 ounce).

A. Product Claims

With respect to the product claims DSSRC identified to Morinda, the Company immediately removed the social media posts stating that "Noni is a tropical fruit that provides a number of health benefits. The Memorial Sloan-Kettering Cancer Center reports that Noni has antifungal and antitumor properties, has been suggested for potential use for prevention of atherosclerosis and a number of other health benefits" and "Would you like to prevent cancer, have better skin, reduce inflammation, boost your immune system & have more energy."

Morinda advised DSSRC that it sent several communications to the salesforce member responsible for the Spanish language "Benefits of Moni Morinda" post. The salesforce member did not respond to the Company's communications. Accordingly, Morinda suspended the ability of the salesforce member to order any additional product and sent another communication stating that the post must be taken down. Morinda informed DSSRC that the salesforce member lives in Peru, and that the Company's Peru Sales Manager has attempted to communicate with the salesforce member about the necessity of removing the post.

Morinda also stated that it has been unable to identify the salesforce member responsible for the Spanish language post "Benefits and Preventions when consuming Tahitian Noni juice." The Company sent two Facebook Messenger posts to the account requesting for the post to be taken down; however, according to Morinda, its take-down messages have not been read.¹

The Company committed to DSSRC to continue trying to contact both social media accounts through Facebook Messenger regarding the two Spanish language posts at issue.

B. Earnings Claims

Shortly after its receipt of DSSRC's Notice of Inquiry, Morinda revised its website and removed the following two claims:

• "MORINDA LIFE OFFERS FINANCIAL FREEDOM" and

¹ There was no specific salesforce member identified in the "Benefits and Preventions when consuming Tahitian Noni juice" social media post at issue. Accordingly, the post was disseminated by entity named "Tahitian Noni Pro" that did not respond to Morinda's takedown requests.

• "Morinda's secure, reliable, proven compensation system has allowed hundreds, THOUSANDS, of people to retire early, persue dreams, pay off houses, send kids to college, take that dream vacation, or just give some extra breathing room every month. It's all thanks to the true residual income only offered through Morinda. Your financial freedom-however you define itis our goal. Whether you want a few hundred bucks a month for some extra spending money, or a few hundred thousand so you can retire early, Morinda has the plan and the system in place that will help you get there."

The Company also removed the depiction of Morinda salesforce members holding large checks for one million dollars as well as all claims referencing that Morinda salesforce members can achieve "financial freedom" through the Company's business opportunity.

IV. Analysis and Recommendation

DSSRC appreciated Morinda's participation in the self-regulatory forum and its good faith efforts to have two social media posts disabled as well as the revisions made to the Company website which, among other things, eliminated all depictions of salesforce members displaying checks of extraordinary sums of money and references to "financial freedom."

Morinda did not attempt to provide substantiation for the product and earnings claims at issue and, alternatively, took prompt action to facilitate removal of the social media posts and website claims. DSSRC concluded that these actions taken by 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.² It is well established that the evidentiary burden for health-related claims is competent and reliable scientific evidence. Competent and reliable scientific evidence, as defined by the Federal Trade Commission (FTC), includes, "tests, analyses, research, studies, or other evidence based on the expertise of professionals in the relevant area, that have been conducted and evaluated in an objective manner, by persons qualified to do so, using procedures generally accepted in the profession to yield accurate and reliable results."³

Accordingly, in the absence of reliable evidence supporting the message that the stated results can be generally expected by consumers, DSSRC determined that the

² 1984 FTC Policy Statement Regarding Advertising Substantiation https://www.ftc.gov/public-statements/1984/11/ftc-policy-statement-regarding-advertising-substantiation.

³ See See, e.g. Vital Basics, Inc., C-4107 (Consent April 26, 2004); see also In Re Schering Corp., 118 F.T.C. 1030, 1123 (1994).

health-related claims disseminated by Morinda salesforce members could not be supported in the context in which they were communicated by salesforce members.

DSSRC recognized that removing the social media posts that originated outside of the United States presented a greater challenge to the Company. As DSSRC has noted in previous self-regulatory inquiries, 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 salesforce member when such claim was made but that has since become an inactive salesforce member 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. Here, if either of the foreign salesforce members responsible for the posts are currently active Morinda salesforce members and continue to be unresponsive to the Company's take-down requests, Morinda should initiate steps to either suspend or terminate its business relationship with those individuals pursuant to the Company's policies and procedures.

Further, 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 efforts to utilize a mechanism for reporting trademark or copyright violations are unsuccessful or if the subject claim occurred on a website or platform without a reporting mechanism, DSSRC recommends that in addition to attempting to contact the individual as described above, the Company contact the website or platform in writing and request removal of the subject claim or post.

Here, DSSRC acknowledges that Morinda made a bona fide, good faith attempt to contact the individuals responsible for the dissemination of the posts and request that the posts be removed. In addition, DSSRC recommends that, if appropriate, the Company utilize Facebook's reporting mechanism for intellectual property violations, and contact the platform in writing, advising that the claim is false and inaccurate, and request removal of the post.

V. Conclusion

DSSRC recognized the good faith actions taken by Morinda in the spirit of voluntary self-regulation and the appropriate and prompt steps resulting in the discontinuation of two of the social media posts at issue and revision of its website to, among other things, eliminate any references to financial freedom. DSSRC also noted that it will

⁴ Le-Vel Brands (Case#57-2021); Gano Excel USA, Inc. (Case #30-2020); Daxen, Inc. (Case #52-2021).

continue to monitor the online and social media advertising for Morinda's products, and the claims made regarding the Company's business opportunity.

Further, 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 efforts to utilize a mechanism for reporting trademark or copyright violations are unsuccessful, DSSRC recommends that in addition to attempting to contact the salesforce members, the Company contact the website or platform in writing and request removal of the subject claim or post.

Lastly, if the salesforce members responsible for the posts are currently active Morinda salesforce members and have continued to be unresponsive to the Company's take-down requests, DSSRC recommended that Morinda initiate steps to either suspend or terminate its business relationship with those individuals.

Vi. Company Statement

"Morinda, Inc. (NewAge, Inc.) agrees to comply with the DSSRC's recommendations. We agree that the removal of the posts identified by DSSRC was necessary and appropriate, and we will continue our attempts to remove the two outstanding posts through contacting the social media platform. We appreciate the work that the DSSRC does to protect companies and the industry from the consequences of noncompliant advertising and marketing claims."

(Case No. 60-2022, PCM closed on 2/22/22) © 2022 BBB National Programs