

**BBB NATIONAL PROGRAMS, INC.**  
The Direct Selling Self-Regulatory Council

Case Number: 18-2020 – Monitoring Inquiry – Tranont

**COMPANY DESCRIPTION**

Tranont (or the “Company”) is a multi-level direct selling company based in Utah. Founded in 2014, the Company sells health and wellness products and financial products like estate plans, tax products, credit products, protection against identity theft and more.

**BASIS OF INQUIRY**

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

Specifically, DSSRC identified several core product claims and earnings claims as well as representations regarding bonuses and incentives that are being disseminated on social media Company Associates.

The representative claims that were the subject this inquiry are as follows:

A. Health-Related/ Disease Claims

- “JUST BEING REAL!!! WITH EYES EARS MIND WIDE OPEN!!! WHAT ARE YOU DOING TO PROTECT YOU & YOUR LOVE ONES???

What Am I Doing to Protect My Ohana?

Life👉👉Vibe👉👉Balance👉👉Restore👉👉Radiant👉👉Icaria Glow👉👉TechNo Boost👉👉  
CBD Fluid \*Not Oil\* Süthe👉👉Serene CBD Spray👉👉Releaf CBD Muscle Rub👉👉

If China Couldn't contain the Coronavirus do you think Hawaii can?  
Hell No!!! I'm not listening to our CDC or State!! You kidding me!! Am I scared??  
NO!! I'm just being REALLLLL!!!!

My Mom is 78 and is in the BEST HEALTH EVER with these Enzymes! As well as the rest of my Ohana..

I'm afraid for the newborns. But I got them covered👉👉

The last time I was sick? Was early June 2019 then I've started My Enzymes late June that's when I've joined "Tranont Health & Wealth" their products our 100% Organic all Natural Whole Plant! What I call Plant Medicine!👉👉👉  
Til this Day! I've NEVER GOTTIN SICK!

If I feel a cold coming on? I take extra Balance & Restore & Vibe & Sütthe! Bomb Gone!  
Love It!

ARE YOU COVERED? HOW ARE YOU PROTECTING YOUR OHANA  
(FAMILY)? ARE YOU PREPARED? DON'T WAIT! DO SOMETHING!!

Life 🌿🌿 Vibe 🌿🌿 Balance 🌿🌿 Restore 🌿🌿 Icaria Glow 🌿🌿 Radiant 🌿🌿 TechNo  
Boost 🌿🌿



## B. Earnings Claims and Bonus and Incentive Claims

- "Earn \$37,000 in bonuses your first year as a Business Builder"
- "Be a top performer and earn exclusive incentive trips and getaways"
- "Receive Monthly Leadership Bonuses up to \$50,000"

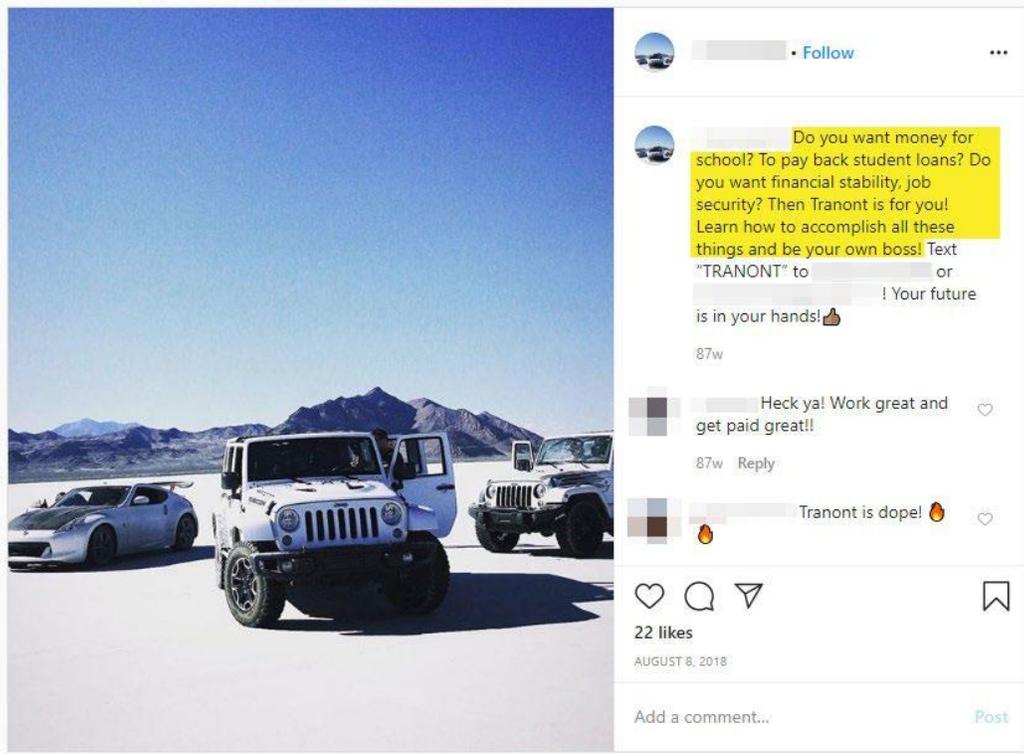
- "Get a \$500/mo Jeep® Bonus"

More Income In More Ways:

 Make up to 35% commission on personal sales	 Share 9% of company-wide volume in Leadership Pools
 <div style="background-color: yellow; padding: 5px; width: fit-content; margin: 0 auto;">         Earn \$37,000 in bonuses your first year as a Business Builder       </div>	 <div style="background-color: yellow; padding: 5px; width: fit-content; margin: 0 auto;">         Be a top performer and earn exclusive incentive trips and getaways          2019 Incentive Trip Video       </div>
 <div style="background-color: yellow; padding: 5px; width: fit-content; margin: 0 auto;">         Receive Monthly Leadership Bonuses up to \$50,000       </div>	 Refer partner services for even more income
 <div style="background-color: yellow; padding: 5px; width: fit-content; margin: 0 auto;">         Get a \$500/mo Jeep® Bonus  <small>(Jeep® is a registered trademark of FCA US LLC.)</small> </div>	 <a href="#">Download Compensation Plan .PDF</a>

- YouTube video depicting incentive trip to Barcelona, Rome, Naples, Mallorca, Pisa, and Cannes
- "Get paid to drive a Jeep"; "residual income"; "#millionaire"; "#wealth"
- "So happy for this opportunity! Changing my life! "#puerto rico"; "#san juan"; "#paradise"; "#early retirement" #getpaidtodriveajep".
- "If you want a Jeep paid for or just want residual income and are serious then DM me and let's chat!"; "#financial freedom"; "#tranont"; "#financialfreedom"; "#wealth".
- "GET \$ A TO DRIVE A "; "#Jeep4you"; "#healthwealthcommunity"; "#financialfreedom" "#jeep4u"; "#tranont"; "#financial freedom"; "#wealth".
- "#recruiting"; "#millionairemindset"; "#6figureincome"; "#6figuresummer"
- "###financialfreedom"; "#changelives"
- "passive income"
- "Congrats on getting paid to drive YOUR NEW JEEP!!  
#Jeep #Tranont #financialfreedom"

- “Do you want money for school? To pay back student loans? Do you want financial stability, job security? Then Tranont is for you! Learn how to accomplish all these things and be your own boss!”



- “Featured jeep paid for by tranont driven by Dustin Earl! 🎁🎁🎁🎁🎁🎁🎁#tranont #jeep4free”
- “Get paid to drive a jeep”; “Blueberries can protect against cardiovascular disease, cancer, and accelerated aging.”
- “You would like to be paid up to \$ 600 per month for a Jeep plus extra money.”
- “Within his first 2 weeks he is extremely close to hitting the Jeep position. That means Tranont will literally pay him to drive a Jeep! 💎Don’t Be left behind! 🎁🎁 #Tranont#Whowantsone?”.
- “#milliondollar daddy”; “#Tranont”
- Who would have thought I could get my jeep paid for just after 3 months of joining @tranont 💎💎How you like those apple's lol hit me up if your interested in Getting your Jeep Paid 4 Every Month... #tranont”; “Driving a dope jeep for free and cashing checks on top of that.”

## COMPANY'S POSITION

Tranont informed DSSRC that it takes several steps in order to mitigate wrongful activity by its Associates. Specifically, the Company uses software that searches the internet in order to take down noncompliant posts. Tranont's software can be altered to specifically target suspect problem areas and when the Company finds problems regarding product or income claims, the compliance team reaches out to help educate and occasionally discipline Associates.

### A. Health-Related / Disease Claims:

Tranont stated that its products are not intended to diagnose treat, cure or prevent any disease and that the Company makes every effort to ensure that its products and marketing materials include accurate and non-misleading information. Tranont stated that it also consults with regulatory experts regarding the appropriate representations for its products.

Tranont explained that every independent contractor is required to sign an Associate Agreement (the "Agreement") when they sign up with the Company. The Agreement spells out the different policies and procedures related to the sale and promotion of Tranont products. The Company provided several relevant provisions of the Agreement to DSSRC:

"...Claims and representations Concerning Tranont Products: Associates may not use, and Tranont does not support the use of any content that violates federal, state, province, or local laws, including those laws declared by the FDA and FTC and other regulatory bodies.

...Tranont is a values-based company that prides itself on the quality and character of its Associates. Thus, Tranont expects its Associates to conduct themselves in accordance with the highest standard of ethical behavior. The following guidelines help insure a uniform standard of excellence throughout our organization. Every Tranont Associate is expected to practice the following ethical behavior when acting in the name of the company. Violations of the Code of Ethics may subject the Associates to disciplinary action by the Company depending on the severity of the violation. The following guidelines help ensure a uniform standard of excellence throughout the Tranont organization:

"All Associates should: Be truthful in representations of Tranont Products and Services. Do not make exaggerated financial or product claims...All Associates should: Accurately teach and represent the Tranont Compensation Plan. Be honest in explaining the income one may earn under the Compensation Plan. Associates should not use their own income as an indication of other potential success or use compensation checks as marketing materials."

With respect to the disease claim identified by DSSRC, Tranont stated that its compliance department immediately reached out to the Associate who posted the improper claim and had the

claim removed. The Tranont compliance team reminded and educated the Associate of Tranont's policies regarding product claims.

#### B. Earnings Claims and Bonus and Incentive Claims

Tranont informed DSSRC that it takes every opportunity to train its leadership and Associates on how to abide by the law including monthly leadership calls where it discusses current compliance concerns, including product and income claims. Tranont also trains its salesforce at its bi-annual national conventions.

Tranont also made several revisions to its website regarding earnings claims.

The Company website states that "The ability to earn income under the Tranont compensation plan depends on many factors including an individual Associate's business, social and sales skills; personal ambition and activity; availability of time and financial resources; and access to a large network of business contracts. Tranont does not guarantee any particular level of income. Even Associates who dedicate a significant amount of time, effort, and personal funds may not achieve success."

With respect to the earnings claims at issue, the Company informed DSSRC that it reached out to its Associates with respect to every post that was brought to its attention and will continue dialog with the Associates until all of the posts are removed. Tranont asserted that it is doubling its efforts to educate its field and discipline repeat offenders where necessary.

### ANALYSIS

DSSRC acknowledged the steps taken by Tranont to address the claims DSSRC brought to its attention and noted the Company did not dispute the inaccuracy of the messages communicated by its salesforce.

#### A. Health-Related / Disease Claims

DSSRC confirmed that upon receipt of the inquiry the Tranont immediately reached out to the Associate responsible for the claim implying that its products can treat the coronavirus and had the post removed. In particular, DSSRC found that the removal of the disease claim was necessary and appropriate because the claim could be reasonably interpreted as an unsupported health-related drug claim. According to the World Health Organization, there are no current cures or direct treatments for the novel coronavirus. Additionally, the Centers for Disease Control and Prevention and the Food and Drug Administration have both stated that there are no approved vaccines, drugs, or investigational products currently available to treat or prevent COVID-19.

#### B. Earnings Claims and Bonus and Incentive Claims

Although DSSRC recognized the policies that Tranont has in place to address unauthorized earnings claims and appreciated the Company's actions to remove several of the unqualified income and bonus and incentive claims that were brought to its attention, DSSRC also determined

that, despite the Company's efforts, claims similar to those DSSRC brought to the Company's attention continue to proliferate.

According to the Federal Trade Commission (FTC), a company must have a reasonable basis for the claims it makes or disseminates to consumers about its business opportunity. A "reasonable basis" means objective evidence that supports the claim. If a company lacks such objective supporting evidence, the claims are likely deceptive. Some business opportunities may present themselves as a way for participants to get rich or lead a wealthy lifestyle. They may make such representations through words or through images such as expensive houses, luxury automobiles, and exotic vacations. If participants generally do not achieve these results, these representations likely would be false or misleading. Some claims may convey that participants, while not necessarily becoming wealthy, can achieve career-level or full-time income. They may represent through words or images that participants can earn thousands of dollars a month, quit their jobs, "fire" their bosses, or become stay-at-home parents. Here too, if participants generally do not achieve such results, these representations likely would be false or misleading.<sup>1</sup>

DSSRC has stated in previous decisions that a direct selling company is responsible for the claims and representations made by its distributors. Moreover, a direct selling company's representations and messaging concerning the business opportunity it offers must be truthful and non-misleading to avoid being deceptive under Section 5 of the FTC Act.<sup>2</sup> Moreover, in determining the implied claims that a reasonable person may interpret from a social media post, DSSRC will consider not only at an isolated word or claim but also the images and language (e.g., hashtags) that accompany the post as well as previous posts that have been made by a distributor.

In addition, DSSRC has also noted in previous decisions that an advertisement containing an endorsement relating the experience of one or more consumers on a central or key attribute of a product or service also will likely be interpreted as representing that the endorser's experience is representative of what consumers will generally achieve with the advertised product or service in actual, albeit variable, conditions of use. Therefore, an advertiser should possess and rely upon adequate substantiation for this representation. If the advertiser does not have substantiation that the endorser's experience is representative of what consumers will generally achieve, the advertisement should clearly and conspicuously disclose the generally expected performance in the depicted circumstances, and the advertiser must possess adequate substantiation for that representation. 16 CFR § 255.2(b).<sup>3</sup>

Some words and phrases commonly used in earnings claims carry a particularly high risk of being of being misleading to consumers. Such words and phrases include claims such as "financial freedom," "residual income," and "passive income." Such terms are often used in hashtags and when high-risk terms are used in this context it does not diminish the potential for the representation from being misleading.

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<sup>1</sup> FTC Business Guidance Concerning Multi-Level Marketing, January 2018.

<sup>2</sup> See WildTree, Inc., DSSRC Case # 1-2019.

<sup>3</sup> See MyDailyChoice, Inc. DBA HempWorx, DSSRC Case # 9-2020 and Team National, Inc., DSSRC Case # 3-2019.

Here, DSSRC determined that the use of two unqualified claims in particular were representative of the type of statements that proliferate on social media posts being disseminated by Tramont Associates and concluded that these claims communicate an inaccurate message to consumers. The first claim is that incoming Associates will achieve “financial freedom” as a result of the Tranont business opportunity. It is a fundamental principle of advertising that an advertiser has the burden to support any reasonable interpretation of its advertising claims.<sup>4</sup> The term “financial freedom” is likely interpreted subjectively by consumers and can mean different things to different people depending on the context in which the term is presented in an advertisement or social media post. DSSRC determined that for a claim of financial freedom in the context of direct selling one reasonable consumer takeaway is for that claim to be interpreted synonymously with financial independence. Specifically, meaning that an individual has earned (or has the potential to earn) enough income to, for example, take the vacation of their dreams, purchase a house, pay for their children’s or grandchildren’s college and/or retire early. While it is not inconceivable that a small percentage of Tranont Associates can achieve such financial freedom, there has been no evidence provided by Tranont that earning income of this amount could be generally expected by the typical Associate.

Accordingly, DSSRC recommended that Tranont remove any unqualified references being communicated by its Associates on social media posts implying that its Associates can achieve “financial freedom.”

DSSRC also identified a number of claims by Tranont Associates on social media stating that the Associates “Get Paid to Drive a Jeep” as an incentive offered by Tranont. In some cases, a “financial freedom” claim and a “Get Paid to Drive a Jeep” appeared together in one post. ] appear together. For example, one social media post from a Tranont Associate states “**GET PAID \$600 A MONTH TO DRIVE A NEW JEEP**”; “#Jeep4you”; “#healthwealthcommunity”; “#financialfreedom”. Similarly, another post from a Tranont Associate states “If you want a Jeep paid for or just want residual income and are serious then DM me and let’s chat!”; “#financialfreedom”; “#tranont”; “#financialfreedom”; “#wealth”.”

A previous DSSRC inquiry involved a social media claim post by a direct selling distributor which stated “...we’ve put together an aggressive VIP Auto Club to let our affiliates drive away in the car of their dreams!” MyDailyChoice, Inc. DBA HempWorx, DSSRC Case No 9-2020. DSSRC found that claims regarding a company incentive (in the absence of a clear and conspicuous disclosure indicating otherwise) can be reasonably interpreted by consumers as meaning that all incoming plan participants will immediately become eligible to receive the claimed incentive. In that inquiry, DSSRC referenced Section 8a(b) of the Direct Selling Association’s Code of Ethics in that case which states that, “Gross or net income or profits, including but not limited to representations that either explicitly or implicitly suggest that lifestyle purchases—including homes, vehicles, vacations and the like—are related to income earned.” DSSRC determined that if distributors cannot generally expect to receive bonuses and incentives (e.g., “dream cars” “2% Global Bonus Pool” etc.) that are communicated in advertising and marketing materials, the company should disclose that the depicted the percentage of distributors

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<sup>4</sup> JP Morgan Chase & Co. (Chase Ink Charge Cards), Report #5174, NAD/CARU Case Reports (May 2010); Green Chef, Inc. (Green Chef Healthy Meal Kit Delivery Service), Report #427, ERSP Case Reports (September 2018)

that are eligible to receive such rewards.<sup>5</sup> The FTC has also expressed its reservations with direct selling companies making “financial freedom” claims in recent enforcement actions<sup>6</sup>

Here, DSSRC similarly determined that claims made by Tranont Associates on social media stating “Get Paid to Drive a Jeep” – particularly when accompanied by references to financial freedom – reasonably communicate to consumers that the typical Tranont Associate will not only receive a Company Jeep, but will get paid to drive it. As such, DSSRC concluded that if Associates cannot generally expect the incentive (e.g., receiving a company stipend to drive a Tranont jeep), the company and its Associates should disclose the percentage of Associates have received such an incentive. Accordingly, DSSRC recommended that all of the social media posts at issue which pertain to Associates receiving Tranont Jeeps and money to drive them should be removed in the unqualified context in which they appear.

DSSRC also concluded that several of the hashtags used in the Tranont social media posts that remain active were inappropriate. One Tranont Associate uses the hashtag #milliondollar daddy next to a pictures of him with a Tranont Jeep. Other hashtags that DSSRC brought to the Company’s attention that are still being used in social media include “#millionairemindset”; “#6figureincome”; “#6figuresummer”; “#financialfreedom” and “#passiveincome” and “#wealth.” DSSRC recommend that posts using these hashtags be removed by Tranont.

DSSRC lastly noted that there are several express income claims communicated in social media posts by Tranont Associates and determined that some of the income claims and lifestyle claims at issue were so extraordinary that they cannot be qualified by a disclosure of generally expected results. For example, one post identified by DSSRC and that remains active depicts a father and son “...that have made 7 figures together” selling Tranont products and services. While DSSRC recognizes that the potential does exist for Tranont Associates to earn supplemental income, earning a seven-figure income appears so unlikely and extraordinary for a typical Tranont Associate that DSSRC recommends that the post be removed in its entirety.

In sum, DSSRC recognized that Tranont has made a concerted effort to reach out and address unauthorized income and incentive claims communicated by its Associates. Importantly, the Company immediately addressed the Youtube video posted by its Associate which suggested that Tranont products could effectively treat the corona virus. Although the health-related claim did appear to emanate from an isolated post and DSSRC did not identify similar coronavirus treatment claims being made by Associates of the Company, DSSRC will continue to closely monitor the health-related product performance claims being communicated by Tranont and its Associates.

DSSRC will also continue to monitor the status of still-existing social media posts and videos which communicate unqualified claims that Tranont Associates can achieve financial freedom, receive payments from the Company to drive a Tranont-sponsored Jeep and hashtags which make reference to atypical and extraordinary income. Should DSSRC determine that such

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<sup>5</sup> [MyDailyChoice, Inc. DBA HempWorx, DSSRC Case No 9-2020](#)

<sup>6</sup> *FTC v. AdvoCare International, L.P.*, Case No. 4:19-cv-00715 (E.D. Tex. Oct. 2, 2019) and *FTC v. Neora, LLC*, Case No. 19-19699 (U.S. District Court, District of New Jersey Nov. 11 2019).

claims continue to remain active, it will promptly initiate a compliance inquiry and request that Tranont demonstrate the good-faith attempt that it has taken to remedy DSSRC's concerns.

### **COMPANY STATEMENT**

Tranont accepts the DSSRC's findings and recommendations. Tranont's team reached out on every post that the DSSRC brought to our attention. Tranont is doubling its efforts to educate its field and discipline repeat offenders where necessary. Tranont has great respect for the direct selling community and will continue to do its part to ensure that this opportunity remains for all in our industry.

(Case No. 18-2020, closed on 4/24/2020)

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