

PRESS RELEASE

DSA President Joseph N. Mariano Responds to Seeking Alpha Post

September 23, 2015

As a platform for investment research, the opinions presented via Seeking Alpha inform countless decisions, large and small, taken by corporations, government and the public. It is therefore important that contributors act in good faith to get the facts right.

I am concerned that Bill Keep, one of your frequent contributors, has chosen to co-opt Seeking Alpha into a mouthpiece for attacks against direct selling, one of the oldest ways that Americans choose to work independently, typically on a part-time basis. By showing blatant disregard for the facts about DSA and direct selling with little to no accountability for his mis-statements, Keep diminishes Seeking Alpha's credibility and jeopardizes the ability of millions to supplement their income through rewarding, independent work. This is particularly troubling when considering how the workplace continues to change and "gig economy" opportunities like direct selling are valued now more than ever, thanks to the flexibility and convenience they offer.

In his article "Vemma: College Cheer Followed by Investor Worry," posted earlier today, Keep:

1. Implies that Vemma received a DSA award for ethics, **when in fact no such accolade was ever bestowed upon the company. In fact, DSA does not give an ETHOS Award to members for ethics.**
2. States that DSA tried to 'distance' itself from Fortune Hi-Tech Marketing and BurnLounge, because they were pyramid schemes. **DSA did not need to do so, because neither company was ever a DSA member. Fortune Hi-Tech Marketing applied for membership and was never accepted; BurnLounge never attempted to apply for membership. Fortune Hi-Tech Marketing withdrew in 2011, because it did not meet DSA's high standards for membership. DSA embraces the U.S. Appellate Court's decision in the BurnLounge case, because it provides useful guidance on what constitutes a pyramid scheme: an emphasis on rewarding salespeople for recruiting additional salespeople instead of for selling products.** This and other court decisions, as well as legislation at the state level, could help policymakers and regulators gain more clarity on what constitutes a pyramid scheme under federal law.
3. States that a former DSA General Counsel defended Fortune Hi-Tech Marketing and BurnLounge. **This is entirely false. Unfounded accusations such as this unfairly damage DSA's reputation by implying that the Association defends schemes. DSA challenges every company using the direct selling channel to adopt the highest standards of business ethics and consumer protection. Our Code of Ethics explicitly bans pyramid schemes and sets standards for ethics and consumer protection that lead the industry.**

If clarity on what constitutes pyramid schemes in federal law is really what Keep is after, then it is hard to see how irresponsible, 'guilty-before-proven-innocent' rhetoric that direct selling companies like Vemma and Herbalife are schemes helps his position. On the contrary, such irresponsible mud-slinging only serves to confuse the issues – and Seeking Alpha readers – even more. It is ironic for someone who says he is acting in the name of consumer protection to try to destroy a retail sales channel that affords opportunity and a better life to millions.

Categories:

I have additional questions, who can I contact?

You may contact [Paul Skowronek](#), DSA's Senior Vice President, Public Affairs, at (202) 416-6404.
