DIRECT SELLING ASSOCIATION
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PREAMBLE
The Direct Selling Association, recognizing that companies engaged in direct selling assume certain responsibilities toward customers arising out of the personal-contact method of distribution of their products and services, hereby sets forth the basic fair and ethical principles and practices to which member companies of the Association will continue to adhere in the conduct of their business.

A. CODE OF CONDUCT

1. Deceptive or Unlawful Consumer or Recruiting Practices

a. No member company of the Association or independent salesperson for a member company shall engage in any deceptive, false, unethical or unlawful consumer or recruiting practice. Member companies shall ensure that no statements, promises or testimonials are made that are likely to mislead consumers or prospective independent salespeople.

b. Member companies and their independent salespeople must comply with all requirements of law. While this Code does not restate all legal obligations, compliance with all pertinent laws by member companies and their independent salespeople is a condition of acceptance by and continuing membership in DSA.

c. Member companies shall conduct their activities towards other members in compliance with this Code and all pertinent laws.

d. Information provided by member companies and their independent salespeople to prospective or current independent salespeople concerning the opportunity and related rights and obligations shall be accurate and complete. Member companies and their independent salespeople shall not make any factual representation to prospective independent salespeople that cannot be verified or make any promise that cannot be fulfilled. Member companies and their independent salespeople shall not present any selling opportunity to any prospective independent salesperson in a false, deceptive or misleading manner.

e. Member companies and their independent salespeople shall not induce a person to purchase products or services based upon the representation that a consumer can recover all or part of the purchase price by referring prospective consumers, if such reductions or recovery are violative of applicable referral sales laws.

f. Member companies shall provide to their independent salespeople either a written agreement to be signed by both the member company and the independent salesperson, or a written statement containing the essential details of the relationship between the independent salesperson and the member company. Member companies shall inform their independent salespeople of their legal obligations, including their responsibility to handle any applicable licenses, registrations and taxes.

g. Member companies shall provide their independent salespeople with periodic accounts including, as applicable, sales, purchases, details of earnings, commissions, bonuses, discounts, deliveries, cancellations and other relevant data, in accordance with the member company's arrangement with the independent salesperson. All monies due shall be paid and any withholdings made in a commercially reasonable manner.

h. Independent salespeople shall respect any lack of commercial experience of consumers. Independent salespeople shall not abuse the trust of individual consumers, or exploit a consumer's age, illness, handicap, lack of understanding or unfamiliarity with a language.

1.This section does not bring "proselytizing" or "salesforce raiding" disputes under the Code's jurisdiction, unless such disputes involve allegations of deceptive, unethical or unlawful recruiting practices or behaviors aimed at potential salespeople. In those cases, the section applies. As used in this section, "unethical" means violative of the U.S. DSA Code of Ethics

The DSA Code Administrator has the authority to make a determination of what is a deceptive, unlawful or unethical consumer or recruiting practice under the Code using prevailing legal standards as a guide. Compliance with any particular law, regulation or DSA Code of Ethics provision is not a defense to such a determination by the DSA Code Administrator that a practice is deceptive, unlawful or unethical. For example, in a sale to a consumer, compliance with the Federal Trade Commission Cooling-Off Rule does not bar the DSA Code Administrator from making a determination that a particular sales practice is deceptive, unlawful or unethical and that a refund or compensation is required.

2. Products, Services and Promotional Materials

a. The offer of products or services for sale by member companies of the Association shall be accurate and truthful as to price, grade, quality, make, value, performance, quantity, currency of model and availability. A consumer's order for products and services shall be fulfilled in a timely manner.

b. Member companies shall not make misleading comparisons of another company's direct selling opportunity, products or services. Any comparison must be based on facts that can be objectively substantiated. Member companies shall not denigrate any other member company, business, product or service – directly or by implication – in a false or misleading manner and shall not take unfair advantage of the goodwill attached to the trade name and symbol of any company, business, product or service.

c. Promotional literature, advertisements and mailings shall not contain product descriptions, claims, photos or illustrations that are false, deceptive or misleading. (Promotional literature shall contain the name and address or telephone number of the member company and may include the telephone number of the individual independent salesperson).

d. Independent salespeople shall offer consumers accurate information regarding: price, credit terms; terms of payment; a cooling-off period, including return policies; terms of guarantee; after-sales service; and delivery dates. Independent salespeople shall give understandable and accurate answers to questions from consumers. To the extent claims are made with respect to products, independent salespeople shall make only those product claims authorized by the member company.

1.&2. These sections cover communications about your own company or another company. For example, a distributor for company A makes misleading statements about company B and/or its products to consumers or prospective salespeople.

3. Terms of Sale

a. A written order or receipt shall be delivered to the consumer at or prior to the time of the initial sale. In the case of a sale made through the mail, telephone, Internet, or other non face-to-face means, a copy of the order form shall have been previously provided, be included in the initial order, or be provided in printable or downloadable form through the Internet. The order form must set forth clearly, legibly and unambiguously:

i. Terms and conditions of sale, including the total amount the consumer will be required to pay, including all interest, service charges and fees, and other costs and expenses as required by federal and state law;

ii. Identity of the member company and the independent salesperson, and contain the full name, permanent address and telephone number of the member company or the independent salesperson, and all material terms of the sale; and

iii. Terms of a guarantee or a warranty, details and any limitations of after-sales service, the name and address of the guarantor, the length of the guarantee, and the remedial action available to the consumer. Alternatively, this information may be provided with other accompanying literature provided with the product or service.

b. Member companies and their salespeople shall offer a written, clearly stated cooling off period permitting the consumer to withdraw from a purchase order within a minimum of three days from the date of the purchase transaction and receive a full refund of the purchase price.

c. Member companies and their independent salespeople offering a right of return, whether or not conditioned upon certain events, shall provide it in writing.

4. Warranties and Guarantees

The terms of any warranty or guarantee offered by the seller in connection with the sale shall be furnished to the buyer in a manner that fully conforms to federal and state warranty and guarantee laws and regulations. The manufacturer, distributor and/or seller shall fully and promptly perform in accordance with the terms of all warranties and guarantees offered to consumers.

5. Identification and Privacy

a. At the beginning of sales presentations independent salespeople shall truthfully and clearly identify themselves, their company, the nature of their company's products or services, and the reason for the solicitation. Contact with the consumer shall be made in a polite manner and during reasonable hours. A demonstration or sales presentation shall stop upon the consumer's request.

b. Member companies and independent salespeople shall take appropriate steps to safeguard the protection of all private information provided by a consumer, a prospective consumer, or other independent salespeople.

6. Pyramid Schemes

For the purpose of this Code, pyramid or endless chain schemes shall be considered consumer transactions actionable under this Code. The Code Administrator shall determine whether such pyramid or endless chain schemes constitute a violation of this Code in accordance with applicable federal, state and/or local law or regulation.

6. The definition of an "illegal pyramid" is based upon existing standards of law as reflected in In the matter of Amway, 93 FTC 618 (1979) and the anti-pyramid laws of Kentucky, Louisiana, Montana, Oklahoma, and Texas.In accordance with these laws, member companies shall remunerate direct sellers primarily on the basis of sales of products, including services, purchased by any person for actual use or consumption. Such remuneration may include compensation based on sales to individual direct sellers for their own actual use or consumption.

7. Inventory Purchases

a. Any member company with a marketing plan that involves selling products directly or indirectly to independent salespeople shall clearly state, in its recruiting literature, sales manual, or contract with the independent salespeople, that the company will repurchase on reasonable commercial terms currently marketable inventory,

in the possession of that salesperson and purchased by that salesperson for resale prior to the date of termination of the salesperson's business relationship with the company or its independent salespeople. For purposes of this Code, "reasonable commercial terms" shall include the repurchase of marketable inventory within twelve (12) months from the salesperson's date of purchase at not less than 90 percent of the salesperson's original net cost less appropriate set offs and legal claims, if any. For purposes of this Code, products shall not be considered "currently marketable" if returned for repurchase after the products' commercially reasonable usable or shelf life period has passed; nor shall products be considered "currently marketable" if the company clearly discloses to salespeople prior to purchase that the products are seasonal, discontinued or special promotion products and are not subject to the repurchase obligation.

7a. The purpose of the buyback is to eliminate the potential harm of "inventory loading;" i.e., the practice of loading up salespeople with inventory they are unable or unlikely to be able to sell or use within a reasonable time period. Inventory loading has historically been accomplished by giving sellers financial incentives for sales without regard to ultimate sales to or use by actual consumers. The repurchase provisions of the Code are meant to deter inventory loading and to protect distributors from financial harm which might result from inventory loading.

"Inventory" is considered to include both tangible and intangible product; i.e., both goods and services. "Current marketability" of inventory shall be determined on the basis of the specific condition of the product. Factors to be considered by the Code Administrator when determining "current marketability" are condition of the goods and whether or not the products have been used or opened.

Changes in marketplace demand, product formulation, or labeling are not sufficient grounds for a claim by the company that a product is no longer "marketable." Nor does the ingestible nature of certain products limit per se the current marketability of those products. Government regulation which may arguably restrict or limit the ultimate resalability of a product does not limit its "current marketability" for purposes of the Code.

State statutes mandate that certain buyback provisions required by law must be described in a direct seller's contract. While acknowledging that the contract is probably the most effective place for such information, the DSA Code allows for placement of the provision in either "recruiting literature or contract." The DSA Code is meant to emphasize that the disclosure must be in writing and be clearly stated. Wherever disclosed, the buyback requirement shall be construed as a contractual obligation of the company.

A company shall not place any unreasonable (e.g., procedural) impediments in the way of salespeople seeking to sell back products to the company.

The buyback process should be as efficient as possible and designed to facilitate buyback of products. The buyback provisions apply to all terminating distributors who otherwise qualify for such repurchase, including distributors who are not new to a particular company, or those who have left a company to sell for another company.

b. Any member company with a marketing plan which requires independent salespeople to purchase company-produced promotional materials, sales aids or kits shall clearly state, in its recruiting literature, sales manual or contract with the independent salespeople, that the company will repurchase these items on reasonable commercial terms.

Any member company with a marketing plan which provides its independent salespeople with any financial benefit related to the sales of company-produced promotional materials, sales aids or kits shall clearly state, in its recruiting literature, sales manual or contract with the independent salespeople, that the company will repurchase, on reasonable commercial terms, currently marketable company-produced promotional materials, sales aids or kits.

A member company shall clearly state in its recruiting literature, sales manual or contract with the independent salespeople if any items not otherwise covered by this Section are ineligible for repurchase by the company.

7b. 1998 amendments made it clear that sales aids, kits and promotional materials, while not inventory or necessarily intended for resale, are subject to the repurchase requirement if a company requires their purchase or if there is a financial incentive associated with their sale. It was recognized that "loading" of these items can cause the same harm to plan participants as loading of "inventory."

With respect to the final paragraph of Section 7b., disclosure of an item's eligibility or ineligibility for the buyback is key. Provided that repurchase is not required by this Code provision, for those items a company chooses not to repurchase, the company should clearly and conspicuously disclose to the buyer that the items are not subject to the repurchase requirement. Under such disclosure, a refusal to take an item back will not constitute a violation providing the member is acting in good faith and not attempting to evade the repurchase requirement.

8. Earnings Representations

No member company shall misrepresent the actual or potential sales or earnings of its independent salespeople. Any earnings or sales representations that are made by member companies shall be based on documented facts.

8. There is ample legal precedent in the form of FTC decisions to afford guidance on the subject of earnings representations. While not controlling, these precedents should be used by the Code Administrator in making determinations as to the substantiation of company earnings claims.

The Code's simple prohibition of misrepresentations was intended, in part, to avoid unduly encumbering start-up companies that have little or no actual earnings history with their compensation plan or established companies that are testing or launching new compensation plans. The prohibition approach is meant to require that companies in these circumstances need only ensure that their promotional literature and public statements clearly indicate that the compensation plan is new and that any charts, illustrations and stated examples of income under the plan are potential in nature and not based upon the actual performance of any individual(s).

9. Inventory Loading

A member company shall not require or encourage an independent salesperson to purchase inventory in an amount which unreasonably exceeds that which can be expected to be resold and/or consumed within a reasonable period of time. Member companies shall take reasonable steps to ensure that independent salespeople receiving compensation for downline sales volume are consuming, using or reselling the products and services they purchase in order to qualify to receive compensation.

9. See, Code Explanatory §7a. regarding inventory loading.

10. Payment of Fees

Neither member companies nor their independent salespeople shall ask individuals to assume unreasonably high entrance fees, training fees, franchise fees, fees for promotional materials or other fees related solely to the right to participate in the direct selling business. Any fees charged to become an independent salesperson shall relate directly to the value of materials, products or services provided in return.

10. High entrance fees can be an element of pyramid schemes, in which individuals are encouraged to expend large upfront costs, without receiving product of like value. These fees then become the mechanism driving the pyramid and placing participants at risk of financial harm. Some state laws have requirements that fees be returned similar to the repurchase provisions delineated in Code §7a. The Code eliminates the harm of large fees by prohibiting unreasonably high fees. The Code Administrator is empowered to determine when a fee is "unreasonably high." For example, if a refund is offered for only a portion of an entrance fee, to cover what

could be described as inventory, and there is nothing else given or received for the balance of the entrance fee, such as a training program, that portion of the entrance fee may be deemed to be unreasonably high by the Code Administrator. This Code section reinforces the provision in Code Part B. Responsibilities and Duties requiring companies to address the Code violations of their independent contractor salesforce.

11. Training and Materials

a. Member companies shall provide adequate training to enable independent salespeople to operate ethically.

b. Member companies shall prohibit their independent salespeople from marketing or requiring the purchase by others of any materials that are inconsistent with the member company's policies and procedures.

c. Independent salespeople selling member company-approved promotional or training materials, whether in hard copy or electronic form, shall:

i. Use only materials that comply with the same standards used by the member company,
ii. Not make the purchase of such materials a requirement of other independent salespeople,
iii. Provide such materials at not more than the price at which similar material is available generally in the marketplace, and
iv. Offer a written return policy that is the same as the return policy of the member company the independent salesperson represents.

d. Member companies shall take diligent, reasonable steps to ensure that promotional or training materials produced by their independent salespeople comply with the provisions of this Code and are not false, misleading or deceptive.

B. RESPONSIBILITIES AND DUTIES

1. Prompt Investigation and No Independent Contractor Defense

a. Member companies shall establish, publicize and implement complaint handling procedures to ensure prompt resolution of all complaints.

b. In the event any consumer shall complain that the salesperson or representative offering for sale the products or services of a member company has engaged in any improper course of conduct pertaining to the sales presentation of its goods or services, the member company shall promptly investigate the complaint and shall take such steps as it may find appropriate and necessary under the circumstances to cause the redress of any wrongs which its investigation discloses to have been committed.

c. Member companies will be considered responsible for Code violations by their solicitors and representatives where the Administrator finds, after considering all the facts, that a violation of the Code has occurred. For the purposes of this Code, in the interest of fostering consumer protection, companies shall voluntarily not raise the independent contractor status of salespersons distributing their products or services under its trademark or trade name as a defense against Code violation allegations and such action shall not be construed to be a waiver of the companies' right to raise such defense under any other circumstance.

d. The members subscribing to this Code recognize that its success will require diligence in creating an awareness among their employees and/or the independent wholesalers and retailers marketing the member's products or services of the member's obligations under the Code. No subscribing party shall in any way attempt to persuade, induce or coerce another party to breach this Code, and the subscribers hereto agree that the inducing of the breach of this Code is considered a violation of the Code.

e. Individual salespeople are not bound directly by this Code, but as a condition of participation in a member company's distribution system, shall be required by the member company with whom they are affiliated to adhere to rules of conduct meeting the standards of this Code.

f. This Code is not law but its obligations require a level of ethical behavior from member companies and independent salespeople that is consistent with applicable legal requirements. Failure to comply with this Code does not create any civil law responsibility or liability. When a company leaves the DSA membership, a company is no longer bound by this Code. However, the provisions of this Code remain applicable to events or transactions that occurred during the time a company was a member of DSA.

2. Required Code Communication

a. All member companies are required to publicize DSA's Code of Ethics to its salespeople and consumers. At a minimum, member companies must have one of the following:

i. an inclusion on the company's web site of DSA's Code of Ethics with a step-by-step explanation as to how to file a complaint; or
ii. a prominent link from the company's web site to DSA's Code of Ethics web page; or
iii. an inclusion of the company's Code of Ethics, or its complainant process, in its web site, or with an explanation of how a complainant may appeal to the DSA Code Administrator in the event the complainant is not satisfied with the resolution under the company code, or the company's complaint process, with a reference to the web site of DSA's Code of Ethics.

a. The link should be clear and conspicuous. The location of the link on the company's web site should be prominent so as to be accessible and visible to salespeople and the consumer; companies should place the link on a web page which is commonly accessed by salespeople and consumers. Inclusion of a statement, such as, "We are proud members of the Direct Selling Association. To view the Code of Ethics by which we abide please click here," is also ideal. Companies should specifically link to either www.dsa.org/ethics/ or www.dsa.org/ethics/code/.

b. All member companies, after submission of their program, are required to state annually, along with paying their dues, that the program remains effective or indicate any change.

3. Code Responsibility Officer

Each member company and pending member company is required to designate a DSA Code Responsibility Officer. The Code Responsibility Officer is responsible for facilitating compliance with the Code by their company and responding to inquiries by the DSA Code Administrator. He or she will also serve as the primary contact at the member company for communicating the principles of the DSA Code of Ethics to their independent salespeople, company employees, customers and the general public.

4. Extraterritorial Effect

Each member company shall comply with the World Federation of Direct Selling Associations' Code of Conduct with regard to direct selling activities outside of the United States to the extent that the WFDSA Code is not inconsistent with U.S. law, unless those activities fall under the jurisdiction of the code of conduct of another country's DSA to which the member company also belongs.

C. ADMINISTRATION

1. Interpretation and Execution

The Board of Directors of the Direct Selling Association shall appoint a Code Administrator to serve for a fixed term to be set by the Board prior to appointment. The Board shall have the authority to discharge the Administrator for cause only. The Board shall provide sufficient authority to enable the Administrator to properly discharge the responsibilities entrusted to the Administrator under this Code.

The Administrator will be responsible directly and solely to the Board. The Board of Directors will establish all regulations necessary to administer the provisions of this Code.

2. Code Administrator

a. The Administrator shall be a person of recognized integrity, knowledgeable in the industry, and of a stature that will command respect by the industry and from the public. He shall appoint a staff adequate and competent to assist him in the discharge of his duties. During his term of office, neither the Administrator nor any member of his staff shall be an officer, director, employee, or substantial stockholder in any member or affiliate of the DSA. The Administrator shall disclose all holdings of stock in any member company prior to appointment and shall also disclose any subsequent purchases of such stock to the Board of Directors. The Administrator shall also have the same rights of indemnification as the Directors and Officers have under the bylaws of the Direct Selling Association.

b. The Administrator shall establish, publish and implement transparent complaint handling procedures to ensure prompt resolution of all complaints.

c. The Administrator, in accordance with the regulations established by the Board of Directors as provided herein, shall hear and determine all charges against members subscribing hereto, affording such members or persons an opportunity to be heard fully. The Administrator shall have the power to originate any proceedings, and shall at all times have the full cooperation of all members.

3. Procedure

a. The Administrator shall determine whether a violation of the Code has occurred in accordance with the regulations promulgated hereunder. The Administrator shall answer as promptly as possible all queries posed by members relating to the Code and its application, and, when appropriate, may suggest, for consideration by the Board of Directors, new regulations, definitions, or other implementations to make the Code more effective.

b. If, in the judgment of the Code Administrator, a complaint is beyond the Administrator's scope of expertise or resources, the Code Administrator may decline to exercise jurisdiction in the matter and may, in his or her discretion, recommend to the complainant another forum in which the complaint can be addressed.

c. The Administrator shall undertake through his office to maintain and improve all relations with better business bureaus and other organizations, both private and public, with a view toward improving the industry's relations with the public and receiving information from such organizations relating to the industry's sales activities.

D. REGULATIONS FOR ENFORCEMENT OF DSA CODE OF ETHICS

1. Receipt of Complaint

Upon receipt of a complaint from a bona fide consumer or where the Administrator has reason to believe that a member has violated the Code of Ethics, the Administrator shall forward a copy of the complaint, if any, to the accused member together with a letter notifying the member that a preliminary investigation of a specified possible violation pursuant to Section 3 is being conducted and requesting the member's cooperation in supplying necessary information, documentation and explanatory comment. If a written complaint is not the basis of the Administrator's investigation, then the Administrator shall provide written notice as to the basis of his reason to

believe that a violation has occurred. Further, the Code Administrator shall honor any requests for confidential treatment of the identity of the complaining party made by that party.

2. Cooperation with the Code Administrator

In the event a member refuses to cooperate with the Administrator and refuses to supply necessary information, documentation and explanatory comment, the Administrator shall serve upon the member, by registered mail, a notice affording the member an opportunity to appear before the Appeals Review Panel on a certain date to show cause why its membership in the Direct Selling Association should not be terminated. In the event the member refuses to cooperate with the Administrator or to request a review by the Appeals Review Panel, the DSA Board of Directors, or a designated part thereof, may vote to terminate the membership of the member.

3. Informal Investigation and Disposition Procedure

a. The Administrator shall conduct a preliminary investigation, making such investigative contacts as are necessary to reach an informed decision as to the alleged Code violation. If the Administrator determines, after the informal investigation, that there is no need for further action or that the Code violation allegation lacks merit, further investigation and administrative action on the matter shall terminate and the complaining party shall be so notified.

b. The Administrator may, at his discretion, remedy an alleged Code violaion through informal, oral and written communication with the accused member company.

c. If the Administrator determines that the allegation has sufficient merit, in that the apparent violations are of such a nature, scope or frequency so as to require remedial action pursuant to Part E and that the best interests of consumers, the association and the direct selling industry require remedial action, he shall notify the member of his decision, the reasoning and facts which produced it, and the nature of the remedy he believes should be effected. The Administrator's notice shall offer the member an opportunity to voluntarily consent to accept the suggested remedies without the necessity of a Section 4 hearing. If the member desires to dispose of the matter in this informal manner it will, within 20 days, advise the Administrator, in writing, of its willingness to consent. The letter to the Administrator may state that the member's willingness to consent does not constitute an admission or belief that the Code has been violated.

4. Appeals Review Panel

An Appeals Review Panel consisting of five representatives from active member companies shall be selected by the Executive Committee of DSA's Board of Directors. Each member shall serve for a term of three years. The five members shall be selected in a manner that represents a cross-section of the industry. When an appeal is made by a member company, the Chairman of the DSA Board of Directors shall select three of the five members of the Appeals Review Panel to constitute a three-person panel to review the appeal, and shall name one of them Chairman of that panel. When possible, no company of the three shall sell a product that specifically competes with the Appellant, and every effort shall be made to avoid conflicts in selecting the panel. If for any reason, a member of the panel cannot fulfill his or her duties or fill out a term for any reason, the Chairman of the Board of DSA can replace that person with a new appointment for the remainder of the unfulfilled term with the concurrence of the Executive Committee.

5. Appeals Review Procedure

a. If a member company objects to the imposition of a remedial action by the Administrator, it shall have a right to request a review of the Administrator's decision by the Appeals Review Panel. A member company must make such a request in writing submitted to the Administrator within 14 days of being notified of the remedial action by the Administrator. Within 10 days of receiving such a request, the Administrator shall notify the Chairman of the

Board of DSA who, at that time, shall select the three-person panel in accordance with Section 4 above. That selection shall take place within 30 days of the member's request for the review.

b. As soon as the panel has been selected, the Administrator shall inform the Appellant of the names of the panelists, including the name of the chairman of the panel. Within 14 days of that notification, the Administrator shall send a copy of the Complaint and all relevant documents, including an explanation of the basis of the decision to impose remedial action, to the panelists with copies to the Appellant. Upon receipt of such information, the Appellant shall have 14 days to file with the panel its reasons for arguing that remedial action should not be imposed along with any additional documents that are relevant. Copies of that information should also be sent to the Administrator.

c. Once the information has been received by the panelists from both the Administrator and the member company, the panel will complete its review within 30 days or as soon thereafter as practicable. The panel shall decide whether the Administrator's decision to impose remedial action was reasonable under all of the facts and circumstances involved and shall either confirm the Administrator's decision, overrule it or impose a lesser sanction under Part E. The panel shall be free to contact the Administrator and the Appellant and any other persons who may be relevant witnesses to the Complaint, formally or informally as deemed appropriate. A decision by the panel shall be final and shall be promptly communicated both to the Administrator and the Appellant. The costs involved in the appeal such as costs of photocopying, telephone, fax and mailing, shall be borne by the Appellant.

6. Codes of Ethics of Member Companies

a. Approval by Administrator:

i. If a complaint is against a member company that has a code of ethics, which has been registered with the DSA Code of Ethics Administrator, and the Administrator has issued an opinion that the company code is compatible with DSA's Code of Ethics, the Complainant must first exhaust all remedies under the company code of ethics before filing a complaint with DSA's Code Administrator. If the Complainant has exhausted those remedies and is of the opinion that the company's disposition of the Complaint was unsatisfactory the Complainant can appeal the company's decision to the DSA Code Administrator. The Complainant must first notify the company of the intent to appeal to DSA. The Complainant must also forward all relevant documentation from the company code proceeding to DSA's Administrator.

ii. After receiving such an appeal, the Administrator shall confer with the company to obtain any additional information concerning the matter as well as an expla-nation for the company's decision. The Administrator shall decide whether the company's resolution of the complaint was reasonable under all of the facts and circumstances involved. If the Administrator decides in the negative, the Administrator shall work with the company in an effort to resolve the matter satisfactorily to all parties. If the Administrator finds that the member company will not cooperate in that effort, the Administrator can impose remedial action in accordance with DSA's Code of Ethics. The Complainant shall bear all costs of an appeal from a decision under a company code, including such costs as photocopying, telephone, fax and mailing charges.

b. Alternative Enforcement Process: In certain instances, a member company may provide a process whereby complaints can be addressed and which provide an equally acceptable vehicle for complaint resolution. In such instances—provided the process has been formally reviewed and approved by the DSA Code Administrator—the member company's process may be substituted for, and the member company relieved of, adherence to the provision of Section D. Regulations for Enforcement of the DSA Code of Ethics. In order for a member company's enforcement process to be approved as an alternative to Section D, the process must contain all the following elements:

i. The company has adopted an investigation and review process that substantially mirrors that presented in Section D and contains at more than one level the formal review of complaints regarding its salespersons or representatives;

ii. The company has adopted an appeal process to the steps outlined in Paragraph 1 above that includes review by a neutral and competent third party, as approved by the DSA Code of Ethics Administrator;
iii. The company offers a satisfaction guarantee or the equivalent on product sales to consumers who are not salespersons or representatives of the member company; and
iv. The company advises its salespersons or representatives of the dispute resolution process in a sufficiently transparent manner including notices on its Web site and in appropriate literature.

c. If a member company meets the above requirements of paragraph b., DSA will indicate on its Web site that the member company's Code of Ethics is an approved alternative taking precedence over the DSA's Code of Ethics Section D – Regulations for Enforcement of the DSA Code of Ethics.

d. Those companies that are on the Company Code Alternative list will be exempt from the required publication provisions of Section B.2 of the Code and will not have to show on their Web sites or in separate literature that complaints against the company should be filed with the DSA Code of Ethics Administrator. The DSA Code of Ethics Web site will indicate, however, that all member companies are subject to all other provisions of the DSA Code of Ethics. Further, if the DSA Code of Ethics Administrator finds that any company on the Alternative list has failed to comply with the requirements for such a listing the Administrator may remove that company from the list.

E. POWERS OF THE ADMINISTRATOR

1. Remedies

If, pursuant to the hearing provided for in Part D Section 3, the Administrator determines that the accused member has committed a Code of Ethics violation or violations, the Administrator is hereby empowered to impose the following remedies, either individually or concurrently, upon the accused member:

a. Require complete restitution to the complainant of monies paid for the accused member's products, which were the subject of the Code complaint;

b. Require the replacement or repair of any accused member's product, the sale of which was the source of the Code complaint;

c. Require the payment of a voluntary contribution to a special assessment fund which shall be used for purposes of publicizing and disseminating the Code and related information. The contribution may range up to $1,000 per violation of the Code.

d. Require the accused member to submit to the Administrator a written commitment to abide by the DSA Code of Ethics in future transactions and to exercise due diligence to assure there will be no recurrence of the practice leading to the subject Code complaint.

e. Require the cancellation of orders, return of products purchased, cancellation or termination of the contractual relationship with the independent salesperson or other remedies.

2. Case Closed

If the Administrator determines that there has been compliance with all imposed remedies in a particular case, he shall close the matter.

3. Refusal to Comply

If a member refuses to voluntarily comply with any remedy imposed by the Administrator, and has not requested a review by the Appeals Review Panel, the DSA Board of Directors, or designated part thereof, may conclude that the member should be suspended or terminated from membership in the Association. In that event the Administrator shall notify the member of such a decision by registered mail and shall remind the member of its right to have the Administrator's original decision reviewed by the Appeals Review Panel in accordance with Part D Section 5 (Appeals Review Procedure) of this Code.

4. Appeal for Reinstatement After Suspension or Termination

If the suspension or termination is not appealed, or if it is confirmed by the Appeals Review Panel, a suspended member, after at least ninety days, and a terminated member, after at least one year, may request the opportunity to have its suspension or termination reviewed by the Appeals Review Panel, which may in its discretion reinstate membership.

5. Referral to State or Federal Agency

In the event a member is suspended or terminated, and continues to refuse to comply with any remedy imposed by the Administrator within 30 days after suspension or termination, the Administrator may then consult with independent legal counsel to determine whether the facts that have been ascertained amount to a violation of state or federal law. If it is determined that such a violation may have occurred, the Administrator shall so notify the accused member by certified or registered mail, return receipt requested, and if appropriate action has not been taken by the accused member, and communicated to the Administrator after 15 days following such notice, the Administrator may submit the relevant data concerning the complaint to the appropriate federal or local agency.

F. RESTRICTIONS

1.Conferring with Others

At no time during an investigation or the hearing of charges against a member shall the Administrator or member of the Appeals Review Panel confer with anyone at any time concerning any alleged violation of the Code, except as provided herein and as may be necessary to conduct the investigation and hold a hearing. Any information ascertained during an investigation or hearing shall be treated as confidential, except in cases where the accused member has been determined to have violated federal, state or local statutes. At no time during the investigation or the hearing of charges shall the Administrator or a member of the Appeals Review Panel confer with a competitor of the member alleged to be in violation of the Code, except when it may be necessary to call a competitor concerning the facts, in which case the competitor shall be used only for the purpose of discussing the facts. At no time shall a competitor participate in the Administrator's or in the Appeals Review Panel's disposition of a complaint.

2. Documents

Upon request by the Administrator to any member, all documents directly relating to an alleged violation shall be delivered to the Administrator. Any such information obtained by the Administrator shall be held in confidence in accord with the terms of these regulations and the Code. Whenever the Administrator, either by his own determination or pursuant to a decision by the Appeals Review Panel, terminates an action which was begun under the Code, a record of the member accused shall be wiped clean and all documents, memoranda or other written material shall either be destroyed or returned, as may be deemed appropriate by the Administrator, except to the extent necessary for defending a legal challenge to the Administrator's or Appeals Review Panel's handling of a matter, or for submitting relevant data concerning a complaint to a local, state or federal agency. At no time during proceedings under this Code regulation or under the Code shall the Administrator or member of the Appeals Review Panel either unilaterally or through the DSA issue a press release concerning allegations or findings of a violation of the Code unless specifically authorized to do so by the Executive Committee of DSA's Board of Directors.

3. Pending Members of DSA

Nothing in Part F shall prevent the Administrator from notifying, at his discretion, DSA staff members of any alleged violations of the Code that have come to his attention and which may have a bearing on a DSA pending member's qualifications for active membership.

G. RESIGNATION

Resignation from the Association by an accused company prior to completion of any proceedings constituted under this Code shall not be grounds for termination of said proceedings, and a determination as to the Code violation shall be rendered by the Administrator at his or her discretion, irrespective of the accused company's continued membership in the Association or participation in the complaint resolution proceedings.

H. AMENDMENTS

This Code may be amended by vote of two thirds of the Board of Directors.

As Adopted
June 15, 1970

As Amended
by Board of Directors through
December 7, 2011