

# **Direct Selling Association of New Zealand Code of Practice Annual Report - 2002**

## **Code Background**

In December of 1997 the Direct Selling Association of New Zealand (DSANZ) undertook the signing of our voluntary code of Practice with the Minister of Consumer Affairs setting in place a compliance requirement for DSANZ members and an Annual Report for the Calendar Year.

The Code was reviewed during this year and modified to include an anti-enticement clause and an extra territorial clause along with some minor amendments. This was ratified early in 2002.

This report tables the performance of the Code of Practice for the 2002 calendar year as prepared and presented to be presented at the Annual General meeting of the DSANZ on 21 May 2002.

## **Complaints**

**Total Complaints received - 10 (Ten)**

**Member complaints - Consumers (0)**

The DSA received no complaints from consumers about member companies during the 2002 year.

**Member complaints - Distributors/agents (1)**

The DSA received one complaint regarding stock returned and the resale price. This was not covered by the Code and the company was advised of the issue and given recommendations on possible actions to remedy the complaint. The distributor was advised of the invalidity of the complaint under the code.

**Member complaints – Member to Member (1)**

The DSA received a complaint substantiated by evidence supplied by a number of distributors of deliberate distributor poaching by a member company which is a prohibited practice under the code. The alleged offending member company was offered the option of defending its position but chose to deny the allegation initially and when confronted with supporting evidence acknowledged the action.

A 12 month suspension of membership was imposed as a penalty with the member given the option to apply for the suspension to be lifted at the end of the period by applying to the Executive. While stronger penalties were considered, the nature of the offence did not warrant the stronger action.

## **Non - Member Complaints - Eight (8)**

The DSANZ received Eight (8) complaints regarding non-member companies/organisations/individuals.

Two were complaints of illegal pyramid schemes and were deemed to be in breach of the Fair Trading Act. Formal complaints were despatched to the Commerce Commission on these schemes. These included Infinity Conceige and Netguard which were prosecuted. The DSA fielded a number of enquiries about these schemes in addition to the formal complaints and advised callers against any involvement. This included two threatening calls received from the principals who were subsequently prosecuted.

Four complaints related to door to door sales involving Vacuum cleaners but related to two separate companies. One is a long standing company for which complaints had been received in previous years. The second company was also complained about in the previous year and utilises similar sales tactics.

The first company is a DSA member in the US for which a formal complaint has been lodged previously with the US DSA under the extra territorial clause although we have no indication from the US of any action at present.

Two complaints related to computer sales of highly priced computers which were clearly second hand and would have breached the Fair Trading Act in the sales process. The consumers were advised of possible actions including disputes tribunal actions they could take against the company involved. This company has subsequently featured in media coverage for its activities and is not new to the DSA with enquires received over a several years although generally related to situations that were lawful but questionable ethically.

All complaints were by telephone and dealt with in a similar manner for speedy resolution with the exception of the Pyramid schemes which were notified to the Commerce Commission in writing.

### **An assessment of the total dollars involved is**

|  |          |                             |
|--|----------|-----------------------------|
| Member Companies -                             | \$0      |                             |
| Non-member companies/organisations/individuals | \$22,000 | (excluding pyramid schemes) |

Signed: \_\_\_\_\_  
Executive Director