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The Honorable Richard Hudson

U.S. House of Representatives

2112 Rayburn House Office Building

Washington, DC 20515

Dear Congressman Hudson:

For more than thirty years we have made our living in direct selling, where ordinary people have a real chance to build a business of their own, and the hope that comes with it. We have watched it happen again and again, for people with no special advantages: the factory worker, the single mother, the couple starting over late in life. This is our life's work, and it is the reason we are writing to you.

We are writing to ask you to carry the Direct Selling Clarity Act in the House: to introduce or lead it, and to help write one clear, national standard for our industry into federal law. We believe you are the right person in the House to make it law.

We came to you because few in Congress understand this work as you do. You co-chair the Congressional Direct Selling Caucus, and you represent families across North Carolina who earn their living exactly this way. You know that this is honest work done by honest people, and you know the difference between a legitimate direct selling company and a criminal pyramid scheme. Those who run real pyramid schemes prey on the hopeful, and they should be caught and punished.

By contrast, the millions of Americans building honest businesses in direct selling should be free to grow them on the same terms the law extends to every other enterprise in the country. A statement that is true, and can be proven true, is lawful

from a banker, a broker, or a real estate agent. Let a direct seller say the very same words, and it is treated as fraud waiting to be uncovered. We ask only for what every other honest business is granted without a second thought: to be presumed honest unless the facts, and not our profession, prove otherwise.

For over three decades we built our business by our company's standards and our honest understanding of what the government's guidance required, and in all that time it went unquestioned. Then, without warning, the standard we were judged by shifted to one we had never been given and could not have read, and enforcement followed.

This spring we resolved a matter with the Federal Trade Commission. We settled to put it behind us, admitting no wrongdoing, and we have not come to reopen it or to lay blame.

We are among the fortunate, in that we had the means and the stamina to see it through. Most families in this business would not. We are not doing this for ourselves. We are doing it for the woman across the kitchen table, building something to provide for her children, for the man who never finished high school, and for the family that had run out of every other option. They ask for nothing more than to stand equal before the law with everyone else who earns an honest living. So do we.

What our case revealed reaches far beyond our family. We were told that truthful descriptions of real income, and even photographs taken in our own home, amounted to false hope and deception. If honest speech and lawful images can be recast that way against a standard no one was ever given, then every honest seller in your district and across the country is exposed to the same thing.

This is no small corner of the economy. Direct selling puts more than \$100 billion a year into the American economy, over \$15 billion of it in federal, state, and local taxes, and supports 12.2 million participants, 5.4 million of them active entrepreneurs, with forecasters projecting the global market will reach roughly \$483 billion a year by 2035. An industry that size can be worn down one family at a time until Congress writes the standard into law.

This is why it must be written into law and not left to shifting interpretation that is enforced as though it were law.

The core language of the Federal Trade Commission Act dates to 1938, and in all the years since it has never defined legitimate direct selling or an illegal pyramid scheme. The standards that govern millions of Americans live in agency guidance and case-by-case enforcement that can shift with an administration and freeze without a vote.

The Supreme Court itself has reaffirmed that it is the courts, not the agencies, that decide what a statute means. But the courts speak only after the fact, and a ruling years later is no substitute for a clear rule that a person can read before they act.

It is simple. Congress writes the statute. Agencies enforce it. Courts interpret it. Only Congress can give this industry one durable national standard, the same under every administration, that no agency can quietly rewrite.

The Direct Selling Clarity Act draws both sides of the line in law, so that fraud is prosecuted harder and honest sellers have a standard they can meet. It creates a fair, disclosure-based path for truthful, substantiated statements about real results, so that telling the truth is never itself the offense. It weakens no part of enforcement. It makes dishonesty easier to punish and honesty easier to prove, and it asks only that direct selling be measured by the same standard as every other lawful business.

We have asked Senator Marsha Blackburn, who chairs the Senate subcommittee with jurisdiction over the Federal Trade Commission, to lead this bill in the Senate, and we are asking you to lead its companion in the House. Our hope is that your office and hers work from a single text, so that one standard moves through both chambers as one bill rather than two. We would gladly help connect your teams whenever you see fit.

We will make ourselves available whenever and however your office prefers, in Washington or by video, with the proposed text, the record behind every fact in this letter, and direct answers to any question your staff cares to ask.

Direct selling is capitalism at its most personal, built one relationship at a time. It offers ordinary people, whatever their background, a real chance to build something of their own.

A dream open to everyone deserves protection, and the only protection that endures is the law.

For more than thirty years we have asked people to believe that where you start need not be where you finish. That is the promise of America. We are asking you to write it into law.

Respectfully,

Steve Merritt

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