

GLOBAL MLM SOFTWARE

# CHECKLIST 2026

15 things every USA MLM company must have in place  
before the FTC comes looking

Based on FTC enforcement actions: April–May 2026

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## HOW TO USE THIS CHECKLIST

Review each item with your MLM software vendor before signing any contract

The FTC took three enforcement actions against MLM companies in April 2026 alone — Forever Living, Farmasi, and LifeWave — plus a \$795 million judgment against IM Mastery Academy in May. In every case, the common failure was the same: compliance policies without compliance systems. This checklist covers the 15 specific controls the FTC looks for at the software level. The final column shows which items Global MLM Software handles automatically.

#	COMPLIANCE ITEM	FTC REQUIREMENT	YOUR SOFTWARE	GLOBAL MLM SOFTWARE
1	<b>Automated Income Disclosure Statement (IDS) Generation</b>	IDS must be generated from live commission data — not a static annual PDF. Must include ALL participants including those who earned zero.		<b>AUTO</b>
2	<b>Zero-Earner Inclusion in IDS</b>	FTC explicitly requires that participants who earned nothing are included in the IDS and clearly disclosed. Excluding them constitutes misrepresentation.		<b>AUTO</b>
3	<b>Median Earnings Calculation</b>	FTC increasingly requires median earnings rather than averages, which can be skewed by top earners to misrepresent typical participant experience.		<b>AUTO</b>
4	<b>IDS Display Before Enrollment</b>	The IDS must be presented to every prospective distributor before they sign up. The system must log acknowledgment with a timestamp.		<b>AUTO</b>
5	<b>Retail-to-Recruit Ratio Monitoring</b>	Primary FTC pyramid scheme test: income must come primarily from retail sales to real consumers — not from recruiting new distributors.		<b>AUTO</b>
6	<b>Per-Distributor Retail Sales Tracking</b>	FTC benchmark: distributors should sell to at least 10 different retail customers per month. Software must track this per distributor in real time.		<b>AUTO</b>
7	<b>Earnings Claim Template Controls</b>	Company is liable for distributor earnings claims. Pre-approved marketing templates prevent non-compliant income claims from entering the market.		<b>AUTO</b>
8	<b>Distributor Social Media Content Monitoring</b>	FTC holds companies responsible for distributor earnings claims on social media (established in Wellington/Farmasi case, April 2026). Monitoring tools required.		<b>AUTO</b>
9	<b>3-Year Audit Trail — All Transactions</b>	Proposed FTC Earnings Claim Rule (Jan 2025) requires 3-year record retention. Every commission run, enrollment, and disclosure acknowledgment must be logged.		<b>AUTO</b>
10	<b>Audit Trail Export (FTC-Ready Format)</b>	Records must be exportable on demand in readable format for FTC review. Real-time export capability is the standard. Manual compilation is insufficient.		<b>AUTO</b>
11	<b>KYC (Know Your Customer) Verification</b>	Identity verification built into enrollment protects against fraud, money laundering, and ensures accurate IDS data. Increasingly expected in FTC inquiries.		<b>AUTO</b>
12	<b>1099-NEC Tax Reporting</b>	Distributors earning \$600+ annually must receive 1099-NEC forms. Failure creates IRS exposure alongside FTC risk. Must be generated automatically.		<b>AUTO</b>

#	COMPLIANCE ITEM	FTC REQUIREMENT	YOUR S OFTW ARE	GLOBAL MLM SOF TWARE
13	<b>CCPA-Compliant Data Handling</b>	California Consumer Privacy Act compliance is mandatory for any USA business processing consumer data. Covers consent, data requests, and deletion.		<b>AUTO</b>
14	<b>Inventory Buyback Policy Enforcement</b>	FTC requires legitimate MLMs to offer buyback of unsold inventory (min 90% of purchase price within 12 months in most states) to prevent inventory loading.		<b>AUTO</b>
15	<b>Cooling-Off Period Enforcement</b>	FTC's proposed Business Opportunity Rule update proposes a 7-day cooling-off period before new recruits can pay or join. Prepare by implementing system controls.		<b>PREP</b>

<b>AUTO</b>	Global MLM Software handles this automatically – no configuration required	<b>PREP</b>	Global MLM Software is building toward full automation – implementation guidance available
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**Ready to see all 15 items handled automatically?**

Book a free 30-minute demo. We'll walk through each compliance feature for your specific compensation plan and product category.

[\*\*globalmlmsolution.com/demo\*\*](https://globalmlmsolution.com/demo) **+1-765-896-5271**

*This checklist is for informational purposes only and does not constitute legal advice. Consult a qualified attorney specialising in FTC and direct selling law for advice specific to your business. All FTC case data referenced is based on public FTC press releases as of July 2026.*