

June 16, 2006

To Whom It May Concern:

I want to first state that I appreciate what the FTC is doing to hold unscrupulous direct selling companies accountable for their actions. Those type of companies give the whole industry a bad name. However, the purpose of this communication is to express my concern over the proposed FTC ruling in question, in regards to the negative impact it will have on legitimate direct selling businesses.

I have been with my direct selling company for about one year. The amount of personal growth I have experienced as a result of being involved with Xango has been enormous. I have never been involved with a company that has all of its members seeking to help one another in addition to the assistance from the corporate office. The direct selling industry has given me a way to learn what it takes to be an entrepreneur and subsequently be my own boss. Having spent long hours away from home in the corporate world for a few years and in public education for over twenty years, I am now able to work from the comfort of my home and spend quality time with my family as a result of the opportunity afforded me by the direct selling industry.

One of my main concerns, regarding the proposed rule, is the stipulation that the names, phone numbers, addresses for the “10 nearest existing sales people” be provided to potential customers. I can see a real problem with privacy issues. Who will want to join a company that shares its customers/distributors personal information with anyone? Also, what would prevent the members of an unscrupulous company, or a competitor for that matter, from getting personal information on the members of your organization, under the guise of inquiring about your opportunity? And finally, I believe it would be almost impossible to even find the names of ten people in the area of the potential customer (I am calling individuals all over the US), not to mention the time involved (I call hundreds of people each week) in matching potential customer to customers in their region. Some type of huge database would have to be put together as well.

Which brings me to my next concern. If, as the rule states, that an “earnings claim statement” is to accompany any stated or implied range/level of earnings made by the company or distributor, then another complex database would need to be compiled. It would have to include information regarding the length of time a person was in the organization to account for attrition, their location information and their earnings. All this information would have to be interwoven to give an accurate indication of actual earnings in a prescribed time period and account for individuals passively and actively working the business. And once again, what is to prevent unscrupulous companies from providing inaccurate information? Also, I don’t see how this rule will deter fraud, especially since the word “earnings” is broadly defined. I am not in any way trying to say that earning claims should not be substantiated, but I don’t believe that legitimate companies should be negatively impacted from a ruling that is meant to deter fraud initiated by unscrupulous companies and its members.

Finally, the seven day waiting period, required by the ruling, would have a detrimental impact on my business. Just telling a potential customer that they are required to wait seven days according to the FTC would place a suspicious cloud over direct marketing opportunities in general and drive potential customers away. My company, Xango, has an excellent return policy (as do many other direct selling companies) in place and the start-up costs are very low compared to the industry in general. So the “risk level” is innately low without the need to impose any additional “risk” protections.

In closing, It is my hope that the information I am providing will assist the FTC in instituting measures that will deter the efforts of unscrupulous direct selling companies without adversely affecting legitimate companies like the company I represent and the numerous other legitimate companies that provide ordinary citizens a chance to participate and prosper in free enterprise.

I want to thank, in advance, the commission members involved in deciding on the ruling in question for their careful consideration of the concerns expressed above.