

From: Jason Lee

To: Federal Trade Commission/Office of the Secretary, Room H-135 (Annex W)
Re: Business Opportunity Rule, R511993
600 Pennsylvania Avenue, NW
Washington, DC 20580
RE: Business Opportunity Rule, R511993

Date: June 16, 2006

Dir Sir or Madam:

I am writing this letter because I am concerned about the proposed Business Opportunity Rule R511993. I believe that in this present form, it could prevent me from continuing as a Mannatech distributor. I understand that part of the FTC's responsibilities is to protect the public from "unfair and deceptive acts or practices," but some of the sections in the proposed rule will make it very difficult if not impossible for me to sell Mannatech products.

Before I continue to make my points, I would like to introduce myself. My name is Jason Lee, born and raised and educated in Virginia. After finishing college from Virginia Tech with a degree in Mechanical Engineering in May 2002, I decided I would rather be adventurous and start a business than to work for an employer five days a week, 9 to 5. Already having a few jobs as an engineer, I knew if I had to I could always go back to that if I needed.

The first company I started is a small computer service company, which I still run today. To start this company, named Tecknowlogy, LLC, I had to not only learn how to start and run a business but also to learn the skills needed to repair, build, and troubleshoot computers and working with customers. I did this by getting a tech job at Best Buy and sales position at Gateway and working closely with a friend to learn additional technical skills. Tecknowlogy, LLC started in the beginning of 2004 and continues today, even as I moved to Hawaii.

Late 2005, I got involved with another business opportunity, this time it was direct selling Mannatech products. For years I had been presented with other opportunities with direct selling, so I was familiar with the process of evaluating each opportunity. Like any other business venture, this one I did not rush and did my homework on the products, the company, and the market. Because of my experience of trying to hire employees for Tecknowlogy, LLC or hiring contractors, I understand the simplicity for an employer to hire and pay an additional worker based on commission, as it was setup as a franchise.

The direct selling payout structure allows a company to expand quickly without great risk in hiring employees.

Now there are a few comments I would like to present on how the new proposal would hinder my ability to grow my business.

Seven-day waiting period

One of the most confusing and burdensome sections of the proposed rule is the seven day waiting period to enroll new distributors. Mannatech's sales kit starts at only \$99 with no long term commitments. Actually, there is no sign up fee and the new distributor is paying for over \$99 worth of products to use for himself or herself or to resell. The new distributor is well aware that he or she has bought products and at the same time registered to receive commissions if he or she makes sales. Any waiting period is unreasonable, especially because Mannatech offers a return and refund policy. The new distributor is permitted to return everything and opt-out within the first 30 days and is given their money back. Having me as the recruiter and him as the new distributor wait seven days before any additional action can be taken only poses a burden to the growth of our businesses and will not add a level of protection to the new distributor's rights. I feel that the waiting period will only add complications and paperwork.

Litigation Information

The proposed rule also calls for the release of any information regarding lawsuits involving misrepresentation, or unfair or deceptive practices. I understand this section is designed to protect consumer from suspicious direct selling companies and that prospective consumer for products or the business opportunities or both should have the right to be informed of the company litigation history. However I believe that information shall be given on a volunteer basis or if it was requested. Providing all prospects with a "disclosure statement" will add an unnecessary burden on the business builder. Besides, I believe it is the sole responsibility of the potential distributor to do his or her own research and due diligence on the company they wish to get involved with, though I certainly will not withhold any information regarding any past litigations. I ask as an example, Are employers, say Ford Motor Company, required to disclose their recent litigations to a prospective engineering employee?

References

Finally, the proposed rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. I am glad to provide references, but it must be done with permission with the past purchasers. This requirement will require me to ask every purchaser to disclose their personal information to be shared with those they do not know. In this day of identity theft, I am very uncomfortable giving out the personal information of individuals (with their approval) to strangers. Also, giving away this information could damage the business relationship of the references who may be involved in other companies or businesses including those of competitors. In order to get a list of the 10 prior purchasers, I will need to send the address of the prospective purchaser to Mannatech headquarters and then wait for the list. I also think the following sentence required by the proposed rule will prevent many people from wanting to sign up

as a distributor “If you buy a business opportunity from the seller, your contact information can be disclosed in the future to other buyers.” People are very concerned about their privacy and identity theft. They will reluctant to share their personal information with individuals they may have never met.

I have been a Mannatech distributor for almost one year. I highly value the products and enjoy sharing the products with others. I am an entrepreneur and enjoy helping others start and build their own businesses. This business for me not only allows me to earn some additional money but also it allows me to share important information about living healthy and responsibly and inspiring other to achieve their own personal goals.

I appreciate the work of the FTC to protect consumers, but I believe this proposed new rule has many unintended consequences and that there are less burdensome alternatives available in achieving its goals. You have my permission to contact me for additional comments.

Thank you for your time and in considering my comments.

Sincerely,

Jason Lee