

Kelly E. Schroeder
Stampin' Up! Independent Demonstrator

July 1, 2006

Dear Sir or Madam:

I am writing this letter because I am concerned about the proposed Business Opportunity Rule R511993. I believe that in its present form, it could seriously impact my business as a Stampin' Up! Demonstrator. I understand that part of the FTC's responsibilities is to protect the public from "unfair and deceptive acts or practices," yet some of the sections in the proposed rule will make it very difficult, if not impossible, for me to sell Stampin' Up!'s products.

I have been a Stampin' Up! Demonstrator for nearly 4 years. I chose to join the company because I felt that the products were great and I wanted to earn some additional income. No one that I spoke to about this business made any promises of income to be made. My business, when I really work it, contributes to my family's income. Even when I choose to slow down my business efforts and enjoy the discounts that I receive on my stamping and scrapbooking supplies, I am able to provide support to my customers and my one downline. My business was a lifeline for me when personal trials drove me into a depression. I believe that some of the provisions in the proposed rule endanger the stability of many legitimate home-based direct-marketing companies, and will impact our nation's economy negatively, but in all honesty I believe that this ruling may extract a personal toll on many demonstrators who need the same lifeline.

One of the most confusing and burdensome sections of the proposed rule is the seven-day waiting period to sign up new demonstrators. Stampin' Up!'s starter kit costs only \$199! When I went into Best Buy a few weeks ago and spent over \$2000 on a television, I did not have to wait 7 days!! In my opinion, imposing a waiting period gives the impression that there might be something wrong with the company or with the way that the compensation plan is structured. Stampin' Up! is a legitimate direct selling company because they make money from the sale of paper-crafting products, including stamps and accessories, not from "dues" or monies collected from new recruits. Stampin' Up! has strict rules regarding cash and carry sales – the only thing we can cash and carry are catalogs, so stockpiling of inventory is not necessary nor is it encouraged. The starter kit contains actual merchandise which new demonstrators may use to recoup their investment through hosting workshops or which they may use as paper crafters on a variety of projects. Because Stampin' Up! works through the party plan, the emphasis is on building strong and lasting relationships with customers. No claims are ever made as to how much a person will make; my success is determined by how diligently I work my business. An override commission is paid directly by the company based upon downline activity; no payment is received from the downline. I also think this seven-day waiting period is unnecessary, because Stampin' Up! already has a buyback policy of 90% for new, unused product from the starter kit within the first 12 months. Under the proposed waiting period requirement, I will need to keep very detailed

records when I first speak to someone about the Stampin' Up! opportunity and will then need to send in many reports to my company headquarters.

The proposed rule also calls for the release of **any** information regarding lawsuits involving misrepresentation, or unfair or deceptive practices. It does not matter if the company was found innocent. Today, anyone or any company can be sued for almost anything. It does not make sense to me that I would have to disclose these lawsuits unless Stampin' Up! is found guilty. Otherwise, Stampin' Up! and I are put at an unfair advantage even though Stampin' Up! has done **nothing** wrong.

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 in this day of identity theft, I am very uncomfortable giving out the personal information of individuals (without 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 the list of the 10 prior purchasers, I will need to send the address of the prospective purchaser to Stampin' Up! 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 salesperson - "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 be reluctant to share their personal information with individuals they may have never met.

I appreciate the work that the FTC does to protect consumers, yet I believe this proposed new rule has many unintended consequences and there are less burdensome alternatives available to achieving your goals.

Thank you for your time in considering my comments.

Respectfully,