

Federal Trade Commission  
Office of the Secretary, Room H-135 (Annex W)  
600 Pennsylvania Ave, NW  
Washington, D.C. 20580

June 25, 2006

RE: Business Opportunity Rule, R511993 –Claims made by Business Opportunities

Re: COMPLAINT PROCESS

We were informed that the F.T.C. is permitting the general public to offer their comments and feedback concerning the new proposed rules for Businesses that make “claims”—especially MLMs and similar ones.

We understand that you are going to require that these companies file some type of DISCLOSURE with the F.T.C. We think that this is a good idea, We are writing to support the idea of having some type of “checks” placed upon these “business opportunities, MLMs, and the Internet businesses”—which prey upon people with outrageous promises of “getting rich for doing very little work...” --- and “becoming financially independent”--- without any evidence, research, or proofs to substantiate their claims and promises.

Our group has researched many of these “home-based businesses” --Internet E-Z-Money deals-- - “ get rich quick plans” and MLMs. SOME OF THESE BUSINESSES ARE VERY GOOD.... And far too many are nothing but scams and rip-offs.

We are also aware that many of the organizations that represent MLMs and small businesses – such as **DSA**--- are extremely opposed to your proposed rule. We agree that some type of system should be instituted that does not unnecessarily punish regular, decent small businesses which have been in business for years and are GOOD. Common distributors should NOT be held responsible for the offerings, claims, promises, etc. of people who own the company and are legally liable anyway.

There are already many RULES & REGULATIONS that are in effect, but it seems that there needs to get a better way of INVESTIGATION, PROSECUTION, and stopping the bad deals, scams, and rip-offs that seem to be flourishing at the expense of all of us.

We understand their objections, but we think that the new Rule and Disclosures could be streamlined and simplified to accommodate both points of view. Having thousands (or millions) of distributors fill out such DISCLOSURES will only be a waste of paper ---and will be a futile effort and would probably cause businesses to lose distributors. The parties (owners, founders, CEO, etc.) who created the “opportunity” should be required to complete all F.T.C. DISCLOSURES and REGISTRATIONS.

**We want to offer the following suggestions from a consumer point of view:**

**SUGGESTIONS ---**

We think that the MOST IMPORTANT thing that will help fight against SCAMS and other fraudulent, deceptive business practices is to improve the COMPLAINT PROCESS.

MLM-type deals— where distributors are asked to recruit a lot of people --- do tend to present a problem because it seems that it is easy for the SCAM-ARTISTS to set up a deal where they appear to be legitimate...have some product, and convince innocent consumers that they can “get rich”—by having a big downline. SO...we think that more emphasis should be placed upon having these types of businesses REGISTER with the F.T.C.

**Some OPPORTUNITIES are good.** And those that are—should be permitted to do business, without any ridiculous over-kill on paperwork production...perhaps F.T.C. can have all MLM deals fill out a REGISTRATION FORM.

THEN... If a business has NO MAJOR COMPLAINTS against it--- no history of fraud, deception, scams, (etc.) then they should be able to simply file a very EASY SHORT FORM--- stating that and showing certain info about the company.

ONCE A COMPANY GETS several consumer complaints against it...THEN the F.T.C. can require that this company complete a full DISCLOSE and respond to the complaints.

WE ALSO SUGGEST that to keep it SIMPLE for the average consumer--- that the companies be required to provide a WRITTEN STATEMENT of no more than 2 pages--- stating their CLAIMS or DISCLAIMERS.

We also think that some type of SUMMARY STATEMENT should be provided to the Consumer on COMPANY BROCHURES—even if only in summary form of what they provide to the F.T.C.

### **SCAMS:**

Many of them are charging outrageous fees – just to join—and not giving the consumer (distributor, member, rep)—much of anything. The company makes tons of money doing that alone. And if the Rep does not earn anything--- TOO BAD...so sad...the consumer loses.

Some of these scam-artists have learned to “dress up” their offers--- put up fancy websites, mail out fancy materials about “contests”---and they use all kinds of tricks to solicit payments. There are some scam-artists who start a business, solicit high sign-up fees--- get rich on that---and then shut down. Then they start another business and do the same thing. So—perhaps it would be good to include something that shows how many different “Opportunities” each business has interest in—when they were started, shut down, etc.

### **CONSEQUENCES???**

It seems that even though many complaints have been filed against some of these companies, and there are websites which have been set up to “expose” the scams, many of the scam artists are still walking the streets and setting up more scams. Because of the difficulty in getting action against many of these scam-artists.... some consumers have resorted to putting up websites in order to expose these people:

EXAMPLE --- [www.worldwidescam.com](http://www.worldwidescam.com)

FROM OUR EXPERIENCE...we have met many people who have made complaints to the Attorney Generals, to the F.T.C.—etc. , but for some reason, it takes “forever” to get something done against the scam artists. Supposedly--- running illegal scams is a felony...but many of these scam-artists are still out here.

## **BAD DEALS---**

One bad one that we know of was called: "STUDIO TRAFFIC"---  
Which was an Internet ad service--- (where they had people watching an array of ads on the Internet for pay) BUT after accumulating millions of dollars....they cheated thousands of people out of millions of dollars and then shut down and disappeared. One of our members was ripped off for thousands by STUDIO TRAFFIC. THE ONLY ADDRESS WE HAVE ON THEM IS:

Studio Pay  
7916 Oneida Trl.  
Bridgeport, NY 13030

There have been several of these similar "ad watching programs" that have used the same scam formula, accumulated millions of dollars and then shut down.

## ANOTHER EXAMPLE OF HOW CONSUMERS ARE VICTIMIZED:

We are asking about the CONSEQUENCES because some of the members of our committee have filed COMPLAINTS against a company called: ONPOINT DIRECT in Scottsdale, AZ.

[www.onpointdirect.com](http://www.onpointdirect.com)

A man named Bill Walsh has several letters from ATTORNEY GENERALS against him from previous deals in Illinois and Oregon. He ran illegal pyramid scams there and cheated people. Now he is in Arizona and Nevada running ONPOINT DIRECT...which is just another one of these deals where people PAY HIGH SIGN UP FEES... and get nothing but the "right to sell products."

Bill Walsh also has been openly making all kinds of FALSE CLAIMS – including – "earnings claims." He has told some of the member of our group that "they will get rich working with his company selling ink cartridges." However, he has no evidence, research or anything else that supports this claim. He gets upset and becomes hostile if you ask him questions.

He also tells people that if they pay the fee of \$995 – they will become "part owners of the company and founders." However, this is not true. There is no stock, and nothing else that gives the investor any LEGAL ownership rights. He has taken this fee from hundreds of people. One of the members of our committee asked how could HUNDREDS of people be "owners" without any stock or anything else that protects their investment. Bill Walsh became hostile and upset over the question.

## **HE IS VIOLATING MLM REGULATIONS all over the place—**

He has solicited \$995. from people all around the country and told them that they can be "FOUNDERS." However, for \$995 --the people do not get any product or anything except that position. This seems like an investment--BUT THERE IS NOT STOCK or any other legal documentation for such an investment--- but they are not calling it such, nor are they presenting any type of documents for investors.

They have been telling people all over Vegas, Atlanta, Scottsdale and in other States that ONPOINT is the "answer to their money problems"---and that people could make a ton of money and 'get rich' financially independent by joining their program and selling ink cartridges.

THEY ARE ALREADY VIOLATING THE LAWS AND RULES FOR OPERATING AN MLM--

**WE QUESTION HOW Bill Walsh CAN MAKE SUCH CLAIMS:**

**a) He has been in trouble previous in Illinois and Oregon with the A.G.s for running illegal pyramid scams. Complaints are on file in Nevada and Arizona A.G. also.**

**b) He is not offering any product that would warrant such big investments.**

**c) He is violating many F.T.C. regulations and MLM laws---such as paying "head-hunting fees" and charging outrageously high sign up fees.**

And if you do not sign up right away with the big bucks....these people try to put you on "guilt trips"---and say all kinds of ugly things---such as --"you are a loser."-- or--- " you ask too many questions" ---"you just don't want me to be successful and make money."--OR...some other put down remark.

It is very expensive just to sign up to be a sales person...\$595. just to get in to sell to businesses. And they have some "founders" deal for \$995. None of that money pays for any products, website, marketing materials, or anything like that. It only pays your way into the deal...

We found a letter on file at the STATE OF OREGON A.G.'s office regarding a person named **Bill Walsh**--who was shut down in 2004 for operating another pyramid scam. We believe this is the same man now in Scottsdale doing another one of his "money schemes."

We found a letter about another illegal pyramid sent to him from the Oregon Attorney General...

<http://www.doj.state.or.us/FinFraud/letters.htm>

Check this website, find the name BILL WALSH.

They are running a very slick "money scheme...like a money tree deal." When we asked a lot of questions about this, the man who was doing the meeting Bill Walsh--got perturbed---claimed that some people are 'negative'--- and did not want to answer. At the very least this is a ridiculous BUSINESS PLAN...and at the worst it is a FRAUDULENT SCAM...violating all the laws and regulations for MLMs and business.

The only people who will 'get rich' are the ones at the top--the owners and those getting the 'founder money.' Even if a distributor sells the Ink Cartridges...ONPOINT pays them a 20% commission and keeps 80%.

DISTRIBUTORS are required to pay more money for their website, for supplies, for ink cartridges, and for everything. Of course, they buy from Bill Walsh.

We also know that some of the people who have paid money to be FOUNDERS... have questionable activities in other scams...pyramid schemes, and such. He claims to be an MLM --- but is violating most of the MLM Regulations. In addition, there others who paid the top dollar to be "in the in-crowd"--- Michael Adams (lives in Las Vegas, NV and operates out of California also) is one man who did. He owns a computer services company. Mike has been soliciting people in Vegas and all over the country to pay this high fee to ONPOINT. Mike operates at this address:

**M. Adams**

Another FOUNDER of ONPOINT DIRECT is Frances Shults, who had a boyfriend --Tim Isaac---

last year that got investigated by the FBI and FDA over his activities in another company "Bionate" -- where he swindled many people out of money...in Vegas and in Phoenix. Frances is now working with the new SCAM – "On Point Direct."

She has been in and out of all types of deals—ranging from "debt relief" --- to pyramids, etc. Once there is a problem with one "MLM deal scam"--- these people just move to another and another.

Bill Walsh and the owners are making a ton of money on outrageous "sign up fees"—and giving the REPS virtually nothing---but the chance to be a salesman. Those fees do not include supplies, samples, products, a website or anything else.

WORSE... these people have the audacity to try to harass, pressure, slander and bother people who say "no" to joining the deal. ONPOINT DIRECT has all they symptoms and ear-marks of a PYRAMID SCAM, CULT, and con-game.

And he has other people who are helping him to run this scam—including Mr. Mike Adams, who has been antagonizing some of the members of our committee because the questioned the deal. Mike Adams has been actively promoting this silly scam deal in Nevada and California. THEY ARE MAKING ALL KINDS OF WILD CLAIMS...

- "You stand to make a ton of money selling these ink cartridges."
- "ONPOINT will help you become financially independent."
- "Recruit 30 people and you will be rich...."
- "FOUNDERS are part owners of the company and get many benefits.  
.....and on and on and on...."

Bill Walsh has had several of these businesses and shut them down after he took in BIG BUCKS.

**After several months of filing complaints**, we have received no justice. So what is the point in having these "consumer protection" agencies, rules, laws, and documents--- if they don't help the consumers ?

### **ADDITIONAL SUGGESTIONS:**

The problem of FALSE PROMISES is not limited to the MLMs and Internet businesses !

This Rule should not be limited to "MLMs"--- it should include ANY BUSINESS THAT MAKES CLAIMS to "offer financial rewards, income, compensation, etc."

**Most of the huge insurance companies are just as bad as many of the MLM scams. They sell "policies" that are suppose to compensate people for injuries and damages, but for the most part--- they don't pay up.**

WE STRONGLY SUGGEST THAT YOU include all business that make big claims about what they offer !! ... We are wondering if these Rules would also apply to the major INSURANCE COMPANIES that continuously MAKE FRAUDULENT CLAIMS... put out FALSE ADVERTISIING... violate the rights of people.

### **WHY ARE INSURANCE COMPANIES PERMITTED TO DEFRAUD SO MANY PEOPLE?**

FOR MORE INFO ABOUT THIS MAJOR CONSUMER PROBLEM...

[www.badfaithinsurance.org](http://www.badfaithinsurance.org)

**We have the following suggestions:**

- 1) Businesses (MLMs and similar) making “claims of “helping folks to get rich” (and similar) should be required to fill out a SIMPLE REGISTRATION FROM WITH FTC...required to be filed by the main owners and founders only.
- 2) FTC should require that said business that makes CLAIMS that people can “earn tons of money”--- “build assets”--- “earn big income”—and similar—that these companies make available to the customers said “SUPPORTING proofs” of these claims.
- 3) FTC should require some type of supporting evidence or explanation, disclaimer—(etc.) and that this document or statement BE PUBLISHED in the COMPANY LITERATURE or ON BROCHURES--- clearly explaining why a company charges any fees of an amount more than \$200 for signing up, joining, or becoming a distributor.
- 4) **ANY AND ALL CLAIMS MADE** should be explained—whether it is “*earnings*” or for “*company ownership*”--- or for “*fast bucks*”--- or for “*quick cure*” ..ALL CLAIMS.
- 5) **FTC should make is clear as to what the consequences are for fraud, deception, scams, etc.**
- 6) FTC should require MLMs and similar groups that require people to recruit other, to build Downline structures--- to show supporting evidence that it can be reasonably accomplished and how much it will cost to do it.
- 7) Once a BUSINESS OPPORTUNITY has several complaints of “fraud” filed against it ---then EXTENSIVE information about that company should be Registered in a DISCLOSURE for the F.T.C.

#### **REGARDING DISCLOSURE OF PREVIOUS CUSTOMERS:**

The idea or proposal to list the names & addresses of previous clients or people who bought the “opportunity” is not really necessary, may represent an infringement upon their privacy rights, and will not help stop fraud and scams much. The F.T.C. should consider only requiring general data and statistics:

FOR EXAMPLE: Month, date, number of sales, costs

The same for reporting “income” derived --- just simply require that companies report on a QUARTERLY BASIS the STATISTICS, with dates, months, etc. ...such as ---

--- During the month of \_\_\_\_\_ there were 19 distributors who earned \$\_\_\_\_\_.

#### **REGARDING PREVIOUS COMPLAINTS:**

In reference to reporting or disclosing other complaints, legal cases...we strongly suggest that this reporting be limited to ONLY proven COURT cases of fraud, any “**cease and desist**” letters from Attorney Generals, documentation of arbitration and Court Rulings against the company for BUSINESS FRAUD.... and similar information that shows that the company is or was ‘GUILTY’ of something.

Most companies that have lots of customers—will have some complaints. But if they are not related to ANY AND ALL FRAUD, BUSINESS DECEPTION...(and similar) –there is not a need to have such info on this DISCLOSURE.

Otherwise, there could possibly be a ton of reports about irrelevant, silly, ridiculous complaints about petty issues, such as: —

*“ I went to their meeting and I did not like the Hotel room where we met....”*

*“I read their book but did not like the cover design..”*

*....”the shoes did not fit....”--- “ My package was lost in the mail, etc. ”*

*“They promised that I would make money if I read their newsletter....”*

We don't need to know if the CEO had 3 traffic tickets or similar irrelevant info. These petty types of complaints would serve no purpose in investigating FRAUD or much else.

### **SUMMARY:**

**THE RESPONSIBILITY for filing REGISTRATIONS, DISCLOSURES, PROOFS, etc. should lie on the shoulders of the OWNERS, managers, CEO, etc. of all MLM companies, insurance providers, ---and other business that offer any types of “promises” of compensation, wealth, or an“ opportunity to get rich.” (and similar financial claims).**

PERHAPS the F.T.C. can make a requirement that the OWNERS of any business that CLAIMS (or promises, offers, guarantees, etc.) that their distributors or participants in all MLM – type deals REGISTER with the F.T.C.--- via completing a FORM. The main information that should be helpful is that concerning the owners or staff who are offering this “FANTASTIC MONEY-MAKING DEAL”---

Above all—we want to know what the consequences are to these “opportunities that simply do not comply, that presently do and continue to “rip-off” people...and what can consumers do about it ???

**Will there be a BETTER COMPLAINT PROCESS instituted for investigations ?**

Sincerely,

Dr. M. Miller  
**BUSINESS RESEARCH ASSOC.**

Federal Trade Commission

Office of the Secretary, Room H-135 (Annex W)  
600 Pennsylvania Ave, NW  
Washington, D.C. 20580

June 11, 2006

RE: **New Rule** Business Opportunity Rule, R511993

We were informed that the F.T.C. is permitting the general public to offer their comments and feedback concerning the new proposed rules for Businesses that make “claims”—especially MLMs and similar ones.

We understand that you are going to require that these companies file some type of DISCLOSURE with the F.T.C. We think that this is a good idea, but more importantly, we want to know what the CONSEQUENCES are for companies that are already frauding people and who may fail to provide such documents.

We are writing this letter because many people have complained to us that they have concerns that this new rule will HURT innocent business people. Many people who are operating HOME-BASED MLM type business are very upset and concerned that there is an “over – kill” in the requests for paperwork and documents. They think that these new rules will put such a heavy burden upon common people –that they will simply not do any business at all.

Perhaps this request for documents can be SIMPLIFIED and consolidated and--- RESPONSIBILITY for producing the DISCLOSURES placed upon the shoulders of the COMPANY offering the ‘OPPORTUNITY’--- and required on a QUARTERLY BASIS....not on the individual distributors, members or Reps. Or that it be required on the basis of when the CLAIMS & other info changes significantly.

We also think that some type of SUMMARY STATEMENT should be provided to the Consumer—even if only in summary form of what they provide to the F.T.C.

**WE WOULD SUGGEST THAT there not be so much of a constant request for documentation**—certainly not on a monthly basis from the DISTRIBUTORS or REPS. We think that the only LEGAL DISCLOSURES that would serve the purposes of this rule would be those that relate to BUSINESS CRIMES---deception, fraud, misrepresentations, etc.

**We think that the most important issues that should be “disclosed” are—**

- 1) What “CLAIMS” (promises, guarantees) are being made by the company.
  - a. Earnings or profit claims
  - b. Other forms of compensation—e.g. bonuses, property, cars, etc.
  - c. Product value to the market
  - d. ...any other claims, promises, guarantees (or the like)
- 2) How much in earnings does the company claim that a person can earn?
- 3) What evidence, proofs, research, or actual people can the company show that substantiates or supports the “claims that reps earn a lot of money.”
- 4) Are there any “disclaimers” --- explain.
- 5) The name and address of all other businesses operated or owned by the same owners of each company.

**BUSINESS RESEARCH ASSOCIATES;**