

From:

James Pollock

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

Dear FTC People:

I am writing this letter because I am concerned that the FTC's proposed Business Opportunity Rule (R511993) as presently drafted could greatly hinder or even ruin my independent USANA Health Sciences business—a successful small business to which I have dedicated a lot of time and energy to build. I understand and appreciate the FTC's responsibility to protect the public from "unfair and deceptive acts or practices," but I believe the rule goes too far in trying to protect the public by proposing certain unnecessary and burdensome requirements that will make it very difficult if not impossible for me to sell USANA products.

The proposed rule requires the company to disclose to each prospective independent USANA Associate the names and contact information of a minimum of 10 previously enrolled independent USANA Associates who live nearest to the prospective Associate. 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, sharing this type of information with business prospects who may be involved in other network marketing businesses creates an opportunity for those prospects to recruit enrolled USANA Associates away from the USANA opportunity. USANA considers the names of its independent Associates to be confidential and trade secret information, and a requirement to disclose this information for this purpose makes it very difficult for USANA to protect its trade secret information and this could damage the company's business. Moreover, in order to get the list of the 10 previously enrolled independent Associates, I will need to send the address of the prospective Associate to USANA headquarters and then wait for the list. This will make recruiting prospects for the USANA opportunity a very slow and tedious process. I also think the following sentence required by the proposed Rule will prevent many people from wanting to sign up as an independent USANA Associate, "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 the privacy of their personal information and the potential for identity theft. They will be reluctant to share their personal information with individuals they may have never met.

One of the most confusing and burdensome sections of the proposed rule is the seven-day waiting period to enroll new independent USANA Associates. USANA's sales kit only costs \$49.95 (or \$19.95 for the electronic version). People buy TVs, cars, and other items that cost much more than that, and they do not have to wait

seven-days. This waiting period gives the impression that there might be something wrong with USANA's business plan. I also think this seven-day waiting period is unnecessary, because USANA already has a 100% buyback policy for all products including sales kits purchased by a salesperson within the initial 30 days and a 90% buyback for products purchased within the last twelve months. Under this waiting period requirement, I will need to keep very detailed records of when I first speak to someone about USANA and will then have to send in many reports to USANA 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 any reason. It does not make sense to me that I would have to disclose these lawsuits, unless USANA is found guilty. Otherwise, USANA and my independent USANA business are put at an unfair advantage because potential independent USANA Associates are misled to believe that USANA is guilty of wrong-doing even though USANA may have done **nothing** wrong.

My wife and I have been an independent USANA Associate for nearly 10 years. Originally, she became a USANA Associate because she liked the USANA products, and she decided to get involved with the opportunity to earn some additional money. Now many in our family, including daughters and a niece depend on this extra income to supplement our income.

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.

Thank you for your time in considering my comments.

Sincerely,

James Pollock

July 4, 2006