

Comments on
Proposed Business Opportunity Rule R551993

submitted by:
James D. Courtney

July 5, 2006

Ladies and Gentlemen:

I was an Amway distributor from about April 1979 through December 1979 in the Dexter Yager line of sponsorship. In January 1980, I resigned my distributorship, waited a mandatory three months, and rejoined with a “more successful” line of sponsorship in the Bill Britt organization. I remained active in the organization from 1980 through 1995 when I sold my organization to my sponsor and resigned from “the business”.

During my activity period, I attained the level of silver producer with one leg surpassing me to achieve profit sharing direct distributor status. This organization went on to grow to a size of several thousand people.

I was, in the words of Eric Hoffer, a “true believer”. The reason I resigned was quite simple: I found out by doing some simple research on the web (I got access in 1995) that I had been systematically and consistently lied to for fifteen years. I had always been told that the source of income that supported the lavish lifestyles that were held up as examples of success was solely from the elaborate and arcane bonus system designed by Amway—bonuses that were available to anyone who did the work and achieved the required sales volume of products through the organization.

The truth and fact of the matter is quite different: most of the large incomes made by the “big pins” came from sales of cassette tapes, motivational books and fees to attend “training sessions conducted by the big pin distributors. I recall even finding the websites for Dexter Yager and Bill Britt’s cassette tape duplicating businesses that offered cassette tapes (with or without a recorded message) for as little as fifty five cents each in quantities of 5,000 or greater. Distributors like myself were paying \$7.00 each for these tapes with a recorded training or motivational message on them. We were also told that no one in the organization was making any money on the sale of these materials. There is a business behind the business, called the tool business, that is largely invisible to the prospective or new distributor that was the source of the real money in Amway. Had I known this at the beginning, I would not have entered the business. The harm done to me included:

- lost time with my wife (deceased in 1991 from juvenile diabetes)
- lost time with my daughter as she suffered through several heart surgeries

- needless and substantial expense from purchases of tapes and books that I was told were necessary to my success
- a divided mind from a career perspective that affected my job performance and ultimately my job income
- loss of trust in organizational institutions
- impaired ability to make or enjoy close relationships with non-family members

I admire the efforts of the FTC to impose some reasonable limits on business practices of the host corporations that spawn networks of free enterprisers. However, I plead with your organization to consider some kind of action that would completely stop the deceptive practices of the individual distributors regarding the true source of their income. I would venture to guess that if some legal instrument was in place that compelled distributors to disclose the source of their income (products, motivational materials, etc.) it would materially affect the ability of these organizations to grow and prosper from the ignorance of the ordinary consumer looking for an honest opportunity. This in turn would quite possibly reduce the volume of grievances that cross your desks every month.

sincerely,

James Courtney