

Michael P. Martin
Therapeutic In Nature

Saturday, July 8, 2006
Re: Business Opportunity Rule R511993

To Whom it may Concern:

I am writing regarding proposed Business Opportunity Rule R511993. While I respect the Federal Trade Commission's responsibility to protect the public from deceptive business practices, I believe specific sections of this rule to be onerous and detrimental to the furtherance of my business. In brief, the required tasks cast a 'guilty until proven innocent' pall upon the ethical and legitimate business opportunity I offer, dampening a potential buyer's interest and making a sale less likely.

The proposed law is aimed at weeding out fraud and deception, but it will make business so cumbersome that it will damage or destroy millions of virtuous establishments as well.

I have been a distributor of the products of Young Living Essential Oils for four years. I'm slowly building a loyal clientele, earning a growing supplemental income, and plan to make this my full-time profession when my commissions get high enough.

Young Living's products are premium quality, highly effective and well-received. As with any high-end product line, customer and distributor education are very important. The business model is Network Marketing, so I offer both products and business opportunities.

To become a distributor (i.e., buy the 'business opportunity'), one must purchase a fifty dollar Starter Kit, which consists of an attractive carrying case containing products, samples, and sales literature worth more than the purchase price. As with all products Young Living offers, the full purchase price is refunded if the buyer returns said product within thirty days. I don't see how anyone can get fleeced with a no-questions-asked, thirty day money-back guarantee. To date, I have had exactly one customer return products for a refund, because she found she was allergic to them.

The specific sections I object to are the following:

Seven Day Waiting Period: Would a bank, a law firm, or a grocery store stay in business if potential customers had to wait a week for their first transaction? Young Living's thirty day no-questions-asked money-back guarantee is a preferable alternative measure: let the buyer purchase right away, but have a full month to change her mind.

Litigation Information: The proposed rule calls for the release of any information regarding lawsuits involving misrepresentation or unfair or deceptive practices, regardless of whether the company was found innocent or not. Today, anyone can be sued for almost anything. It does not make sense to me that I would have to disclose these lawsuits unless Young Living were found guilty. Otherwise, this company and I are put at an unfair disadvantage even though the company has done nothing wrong. To release this information would be misleading to prospective distributors. I would propose altering the

rule to require release of convictions (rather than lawsuits) involving misrepresentation or unfair or deceptive practices.

References: The proposed rule requires the disclosure of a minimum of ten prior purchasers nearest to the prospective purchaser. In this day of identity theft, I am very uncomfortable giving out the personal information of individuals, particularly 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. Because Young Living distributorships are completely non-territorial, I simply would not know who the ten closest prior purchasers were, and would need to send the address of the prospective purchaser to Young Living headquarters and then wait to receive the list, a further delay and hindrance to business. I also think the following sentence required by the proposed rule will prevent many people from signing 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 be reluctant to share their personal information with individuals they may have never met.

Cancellation: Some people decide to stop purchasing from Young Living after a period of time or purchase very sporadically and lose their distributor status. As with any large business, this amounts to tens of thousands of individual customers who no longer order from them each year. Maintaining such lists and providing them to every potential distributor and wholesale customer would be an unrealistic burden.

Exemption: For about 25 years the FTC's Franchise Rule included only those opportunities that required a buyer to make a payment of at least \$500 within the first six months of operation. Any buyer making payments of less than \$500 within the first six months was exempt from further requirements. The April 12, 2006, proposed rule completely eliminates this \$500 exemption! In 1979, to justify the reasonable \$500 exemption, the FTC wisely said: "When the required investment to purchase a business opportunity is comparatively small, prospective purchasers face a relatively small financial risk." This is still true today. This exemption is necessary because without such an exemption, the proposed rule places an unreasonable burden on tens of thousands of Young Living distributors, like myself, and on millions of direct selling and network marketing distributors throughout the US. This would be devastating to the growth of my business and that of millions of Americans. I believe that the proposed application of this rule to my business constitutes an unjustified overreaching. Please reinstate at least a \$500 exemption.

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,

Michael P. Martin