

June 30, 2006

Federal Trade Commission/Office of the Secretary
Room H-135 (Annex W)
600 Pennsylvania Avenue, NW
Washington DC 20580

Hogan Development Group
Willard and Jennifer Hogan

RE: Business Opportunity Rule, R511993

To Whom It May Concern:

As Independent Business Owners (IBOs) with the Quixtar Corporation we would like to applaud you for standing up for the American Consumer. For too many years there have been too few checks and balances in the system when it came to Multilevel and Direct-Sale business opportunities. Too many individuals have taken a good opportunity and tarnished it by creating fraudulent schemes for making money. It is unfortunate that honest and hard-working individuals must contend with those who would distort and misuse the trust of the American People. Creating a ruling that would require transparency and honesty during the act of prospecting can serve the American Consumer in numerous ways, but most importantly in the area of informed consent. There will always be the small percentage of individuals that will follow due-diligence and research, correctly, any opportunity to which they are exposed, but this ruling will serve to help those individuals that do not or cannot find this information on their own. However, as an IBO there are a few facets of this proposed ruling that we find to be unduly burdensome to both the IBO and the new prospect. Please allow us to elaborate by first introducing you to our personal Quixtar experience and then to address some specific issues related to the proposed rule.

Our story began in May of 2000. My husband (Optometrist) and I (Medical Research Director) became IBOs in affiliation with Quixtar and the World Wide Group. We were extremely skeptical of the Quixtar system at first, but unlike many, we researched the corporation, parent corporation (Alticor) and the individuals we would be working with before proceeding with our own business ownership. Truthfully, the honesty and transparency provided by the World Wide Group (WWG) was the key to our moving forward with business ownership. We were given more than enough information to make our decision, but due diligence required that we not take that information for granted, we wanted to see for ourselves (not from a glossy, 3-color pamphlet) what the business really had to offer. We have not reached all of our goals, to date, but that is not because Quixtar or WWG concealed information from us, it is entirely our lack of serious effort that has hindered our progress past our current status. When we registered as new IBOs we understood the time and effort it would take to build a successful business, that fact has never been concealed, nor do we conceal it from our prospects. If anything, we try to make our prospects understand that hard work is the only way to become successful. We have very good friends that have created larger business operations and it is their effort and honesty that has afforded them their lifestyle. Our business income is not substantial, however, income is not the most important item that we have received from our involvement with Quixtar and especially the WWG. We are thankful for the friendships that we have made and the entrepreneurship opportunity that the system provides, but the benefits go much deeper than the money. We have found our faith through the business, have developed ourselves and our marriage through the business (at seminars and through teaching tools), we have become better parents, children and siblings through the business. We have learned to meet other people's needs, reach out to our community, and touch lives through the business. We have learned that mercy without resources is just pity and that although volunteering your time can make a difference, volunteering your checkbook (when there is something in it to

volunteer) can make a much larger impact, in any arena. We have learned and taught that accountability and mentorship are two of the most important components to success. We did not learn these things from our college educations, we learned them from men and women that cared enough to show us their importance. The cost of registering (\$150) and the ongoing training expenses are minimal compared to the growth opportunities we have received.

While the proposed ruling will help this industry tremendously, it is imperative that the ruling contain guidelines that are pertinent to our industry while still protecting the consumer. Since there has never been a ruling such as this it is understandable that there may be some initial, prospective guidelines (created on your part) that would hinder our legitimate business.

The 7-Day Waiting Period: It is understandable that a waiting period be provided in an instance such as this, to allow an “out” for individuals experiencing “buyer’s remorse”. However, it is our policy to provide a 100% money back guarantee for up to 6 months if someone were to change their mind about owning their own franchise. Having a waiting period would hinder the forward progress of individuals that are ready to begin producing for their business. Ours is an exponential growth industry, if every new person had to wait 7 days to be able to register, then all of their prospects had to wait 7 days, and their prospect’s prospects had to wait 7 days, no one would ever get a business built. The time constraint would also grow exponentially. Profitability would also be hindered because volume movement through the new business would be delayed with each new prospect. Again, we offer 100% money back guarantees for all products, used or not. Business as we know it is based on momentum and excitement about the opportunity. Waiting periods would dampen the excitement and stop the momentum, thereby effectively destroying the ability to prosper. Money back guarantees are our way of giving the new prospect the “out” they need without ruining their chance at building momentum in their business.

Providing References for Prospects: When applying for a career position or job it is the job-seeker that must provide the references not the prospective employer, the same is true for public franchising, why would this industry require different? While providing references might seem like an incredibly useful tool for new prospects it may actually create the opposite of the desired affect. Unless the references were from the direct line of sponsorship into which the prospect would be registering (those individuals they would be working with), requesting references of other area IBOs would create an environment where different lines of sponsorship would be vying for the registration of that prospect and would eventually jeopardize the relationship between IBO and prospect. This is a two-fold problem. Firstly, the individual IBO that initially contacted the prospect, spent time and money explaining the business model and training the new prospect would then have to offer that prospect the names of other IBOs in the area, thereby allowing other IBOs the opportunity to “one-up” the original IBO and encourage the prospect to register under their line of sponsorship. Second, as with any industry, you would have individual IBOs that would use this portion of the ruling incorrectly and to their distinct advantage. There would be IBOs that would use the reference requirement as their only way of obtaining new prospects, and while this is not only unfair it is very poor business practice and would soon tarnish this ruling. When working with a new prospect we attempt to put that prospect in contact with as many of the IBOs that we work with directly, either through training sessions or small meetings. This allows the prospect to interview our line of sponsorship without jeopardizing our hard-earned relationship with that prospect.

Providing a Litigation List: In our very litigious society this is quite unnecessary. Our judicial system has created a monster in unwarranted suits. If this requirement is retained in the ruling there should be a provision that only those cases having “merit” meaning, having been found in favor of the Prosecution (disgruntled former IBO or prospect), would be required to be

disclosed. All other cases, essentially those with no merit or findings against the Defense, would not have to be listed. A provision with this stipulation would give the prospect only the information pertinent to their decision, not extraneous trifle and allegations that would only serve to confuse and jeopardize the tentative IBO-Prospect relationship.

Specific Earning Disclosures: Explaining any concept to someone outside their field of expertise requires examples. When prospecting a new IBO we use two forms called the Business Overview (BOV) and SA-4400 to legitimize the earnings statements that we make. The forms use a standard example of earnings and it is this example that we use always. The BOV shows the earnings potential and the SA-4400 explains the terms and definitions behind that example. The entire earning potential is listed out in detail for the prospect to see. We are required to provide both the BOV and SA-4400 to our prospects as part of our Business Information System. Because we use only one example our line of sponsorship does not run into issues with illegitimate claims for earning. Requiring the entire industry to have a simple, standard income earnings statement, such as ours, would remove any possibility of fraud, provided the standard was reviewed and approved by the FTC.

Requirements for Financial Substantiation: Our industry is based on personal commitment and motivation; our earnings are a direct reflection of our work habits, teaching ability and goals. Our work habits, our goals and our earnings have no bearing, no consequence and no influence over our prospects or sponsored IBOs. Because our line of sponsorship uses only one example for income earnings it is not necessary to substantiate our individual incomes. How well we perform is no indicator of how well our IBOs and prospects will perform. The equalizer in our industry (in our affiliation specifically, WWG) is that any IBO or prospect can, with a better work habit and goal, out perform their sponsor when it comes to earnings. The better you are at teaching the business the better chance you have of helping your sponsored IBOs achieve their goals, which may be larger than your own. Substantiating your income may even hinder your prospects or sponsored IBOs, take for example this situation: Your new prospect is extremely sharp and good at outside sales. You on the other hand are not as good at outside sales. Your prospect's ability to earn a larger and faster income should not be hampered by your inability to do the same, so why should you disclose and substantiate an income that would only serve to hinder your IBOs progress? If we showed you the "standard" income earning statement in our BOV and SA-4400 (this being the average monthly gross income for Active IBOs) and it was a certain number and then showed you our own income earned (that may be lower than the average) wouldn't that hinder your progress? Of course. We use the average because it gives our prospects a good idea of what to expect, and as with any average we teach our prospects that there are those that exist above and below the norm.

It is important to understand that there will be bad pennies in any field (law, medicine, car sales); we are as honest as possible, allow our prospects to take as much time as they need, offer as much information as possible, answer all their questions to the best of our ability (and get help from our line of sponsorship when we can't), spend time and money to help and train our prospects and only in the end does it pay off. We have a vested interest in the prosperity of our prospects, our compensation plan protects the prospect from being swindled and that is the genius behind our segment (WWG) of the industry. A ruling by your organization can help to remove the fraudulent users of our system, but the ruling must be applicable to our system for it to work. Thank you for wishing to protect the consumer and for allowing those of us in the industry to have a voice.

Sincerely,

Willard and Jennifer Hogan, IBOs