

NAME: **Gregory L. & Sandra E. Slovacek**  
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***RE: Business Opportunity Rule, 16 CFR Part 437***

**OUR INFORMATION:**

We have been independent business owners, first with Amway, and then with Quixtar, since September of 1995. During this time we have developed a multi-state network of distributors and have achieved up to the **1500 PV** level in this business.

The Quixtar business has provided us with the following:

- A modest, but *regular*, monthly income
- Access to quality products with a 100% money-back guarantee.
- The convenience of online shopping with home delivery.
- Association with a group of *very* positive, forward-looking individuals.

When we registered, we were promised an opportunity, one which would require effort and persistence and *would reward us in proportion to the work we did*. We were specifically told that this is not a “get-rich-quick” opportunity and were also told that the percentage of people who achieve substantial financial rewards is small – as it is in any other field of endeavor. However, the initial investment was small (compared to many other opportunities we had investigated). We have found the foregoing representations to completely forthcoming, candid and accurate.

We were also promised the help, support and guidance of our sponsors and upline of sponsorship. These promises, likewise, also have been kept. This help and support has been present throughout our time in this business, consisting of everything from e-mail and telephone consultation to having our upline meet with our prospects and answer their questions and concerns.

When we register other IBO’s, we provide them with the same information with which we were provided. The typical registration cost for a new IBO we register is \$60, which is fully refunded if they decide to leave the business within the first 30 days. ( We only have had one IBO decide not to continue with this business within the first thirty days, and her registration fees were *immediately* refunded to her, no questions asked.)

We are particularly concerned about the following aspects of the proposed legislation:

**The requirement to provide references:**

Making the provision of references a requirement violates the basic privacy and confidentiality of the Quixtar business. We would be personally unwilling to have our names on a list that *any* Quixtar IBO could use for reference purposes, although we willingly give our contact information to other members of *our* IBO organization for reference purposes.

We have followed a practice of introducing our prospects to other IBOs in our upline and downline line of sponsorship as we have developed our business – with the consent of both the prospect and the IBOs. We have a variety of formal and informal means of providing the introductions and references.

To give our prospects a list of “local” IBOs would be irrelevant in some cases – there are prospects who are more interested in references from their professional peer group, regardless of location, than in references from local IBOs.

A requirement for local references also prohibits business expansion into areas where there is not already an existing Quixtar business organization. This would greatly handicap our being able to introduce this business into such areas.

### **Requirement to provide a "Litigation List":**

This requirement is absurd. If network marketers are required to provide their prospects with a “litigation list,” then every doctor, lawyer, CPA, plumber, contractor, etc. should also be required to provide a list of all suits filed against him/her in the past 10 years to all prospective new customers. Moreover, in this litigious society, many baseless or nuisance lawsuits often are filed, only to be subsequently dismissed. However, this requirement would require reporting of such frivolous litigation. Further, the definitions section of the proposed rule is sufficiently vague as against *who* the suits were filed needed to be reported. While the proposed regulation repeatedly emphasizes a “minimal” reporting requirement, the rule as currently proposed would impose onerous requirements on every IBO: they, arguably, would have to know about *all* litigation not only against Quixtar, but against each and every IBO affiliated with Quixtar, regardless of whether any such IBOs are in that IBOs line of sponsorship or organization. This also would require IBOs to violate Quixtar’s very strict rules prohibiting “cross-lining” between IBO organizations. Simply, this portion of the proposed rule is both unworkable, as well as unnecessary, due to the built-in protections existing in Quixtar’s rigorously enforced Rules of Conduct for IBOs.

### **The requirement for specific earnings disclosures:**

The Quixtar corporation business rules require that prospects be given earnings information prior to registering. This is an adequate representation of what the “average” Quixtar IBO earns through his/her Quixtar business, which we are *required* to present (form SA-4400) to each prospective IBO. Further, each new IBO, on registering, is required to certify to Quixtar that such disclosures have been made, or the registration will not be processed. Consequently, at least as far as Quixtar is concerned, this provision of the proposed rule is wholly unnecessary.

In our over ten years as Amway/Quixtar IBOs, we have never had a prospect or new IBO complain that we had misrepresented the income opportunity of the business.

Thank you for your kind consideration of the foregoing comments regarding proposed ***Business Opportunity Rule, 16 CFR Part 437.***

Respectfully yours,

*Gregory L. Slovacek  
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