

July 11, 2006

Reference: Business Opportunity Rule R511993

Gentlemen:

I became an Independent Distributor for Xango a little over one year ago. At first I became excited about the possibility of helping some people address some of their health issues because I saw how the product helped me. I eventually became excited about the business potential as I saw my business grow. I was adding income to my household as well as developing additional direct sales expertise plus public speaking skills and leadership skills.

Why do I feel so strongly about the direct sales business? Well, because this is the only business opportunity that the little guy can get involved in for a very minimal investment and he has the potential with a lot of hard work to develop a very substantial business for his future. In this day of future Social Security problems, where else can a person build a business with the potential for weekly, monthly, quarterly incomes as well as future residual income in the future. My current retail businesses don't have the same potential, and I have invested about \$300,000 in them over the last 27 years.

I greatly appreciate and understand the FTC's mission of cleaning up the Direct Sales Industry. In my opinion your methods will drive out the people who may desperately need this method to augment their retirement income and leave the unethical sharks to operate in their same unethical way. I do not think this was your reason for creating R511993.

Some of my concerns are as follows:

1. A seven day waiting period tells the average person I can't trust this person: "Why is he telling me about a seven day waiting period, he must be a crook." Whereas the unethical person just forgets about the seven day waiting period and closes the sale. How do we the little new business people possibly keep track of this waiting period and how do we document it.
2. The \$500 business threshold forces most of the direct selling companies to comply with other provisions of the proposed rule that are more appropriate for businesses requiring a greater investment than most direct selling companies get. Are you not hurting the companies that require the smaller up front investment and therefore the least amount of an individual's investment capital base.
3. Your idea of litigation reporting sounds good but a small business person has no way to collect this information to generate the report. If we did, some how, collect the information it would serve little purpose since the report does not give you the outcome of the litigation. The litigious society of today would turn this requirement into a lawyers target of the good guys for some how

doing it and the “bad apples” would just ignore this requirement anyway.

4. In regards to the earnings claims again the good distributors like myself never use this practice and the bad ones will always use them with impunity. For the good guys to meet your requirement, they would expose themselves to the possibility of privacy concerns if we were to supply this data and the bad ones would continue with the practice anyway.
5. As far as references, again I ask you how can I possibly find out the 10 nearest existing sales people. With the current Privacy Information Act I would become a legal target. This same information used by an unethical person could lead to identity theft.

In closing I would like to state that this industry has allowed almost 14 Million people to try their hand at private free enterprise; and sure most failed - just like at the end of the fifth year all those people who started a retail business as I did twenty seven years ago- also failed. There is always a risk in any business venture but that’s the nature of the beast. At least they had their shot and this is the only industry that will give them this affordable opportunity. I believe your good intentions could destroy the ‘American Dream’ for many Americans and only the other world countries will have this opportunity. This would be a shame. Please review you program – get with the leaders of this industry for ideas how you can take some action to get at the few “bad apples”. The ball is in your court.

Very truly yours,