

I have been a Quixtar-affiliated Independent Business Owner since April of 1999. I started my independent business for the purpose of gaining wholesale access to products in kind I was already purchasing. After 14 months, I began to share my own experience of saving money with my friends and family. Several of them wanted to support my business as customers, but did not want a business of their own. My new goal became talking to people in my larger sphere of influence and offering them the same opportunity, of accessing products for savings, that I had. I was successful in helping 14 people begin their business in the following year. 9 of these were wholesale businesses for purchase-savings only, the other 5 wanted to begin using this business model to make some extra money. What I found was that I enjoyed talking to people and helping them save, and possibly make money. What I gained, outside of additional income, were lifelong friends, invaluable association with quality leaders and people and an education in running a business online and offline. When I registered, I received printed agreements and disclosures and was told several times that there was no guarantee of making money, that some people simply enjoy the value of the savings. I was also given 3rd party reference material (testimonials from Partner Store officials, public figures, educators and other business owners) as well as the invitation to check out the Dun and Bradstreet rating and the Better Business Bureau reports relative to the corporation. I found all of these resources helpful in making my decision, and I offer the same, as well as some more current information available online to my prospective business owners.

I assure each person I talk to that this is definitely not a "get rich quick" plan, that it takes hard and consistent work to generate the more significant incomes. I point them to our own disclosure on the Business Plan that states the average income per Independent Business Owner.

For affiliation, a prospect will typically spend about \$120.00. This includes \$45 for the registration itself, \$20 to receive the monthly publications packet (optional), and approximately \$55 of sample products. Since the products are satisfaction guaranteed for 180 days - no questions asked - I remind them that they can get back all of their money should they decide to leave the business - The registration fee is prorated against the number of months they were active and registered, but I refund the entire fee to them, no questions asked.

THE RULE REQUIRES A 7-DAY WAITING PERIOD after a business presentation in order to register. THIS SHOULD BE ELIMINATED, AT LEAST IN BUSINESSES LIKE QUIXTAR WHERE THEIR TOTAL REGISTRATION FEE AND PRODUCT PURCHASES CAN BE 100% REFUNDED!

The only benefit I can see of this length of waiting period, is further time to check out the available references. I typically give a prospect 3 days to check out their concerns before I set a date for business registration. This seems to be sufficient.

The cost of this waiting period could be prohibitive for Business Owners like us, who mostly do in-person registration as opposed to over-the-phone, online registration. The personal touch gives us an opportunity to leave additional information and pickup our resources that can then be given to another prospect (CDs, DVDs, Books, etc..) If I have traveled to this prospect, and planned a turn around of 72 hours or less, this can be done over a weekend and only cost me one vacation day at work. To require a 7-day period would be costly as more of the introductory materials would need to be purchased and travel would need to happen at least twice in a typical registration. **THIS WOULD POSE AN INCREDIBLE BURDEN AND SEVERELY IMPEDE OUR ABILITY TO CONDUCT LEGITIMATE BUSINESS!**

In many cases these same people enjoy getting the information in front of their friends or families. These same friends - these same family members could not enjoy registering and receiving at least the savings benefits afforded by this business for 7 days. Many people take advantage of the ability to order gifts for various occasions and find the convenience and value Quixtar offers as a distinct advantage – an advantage they would quite probably take somewhere else if made to wait.

THE RULE REQUIRES A LIST OF ALL LITIGATION INVOLVING THE “SELLER, IT’S KEY PERSONNEL, AND IT’S REPRESENTATIVES... FOR THE PAST 10 YEARS” This requirement does not adequately define what a “seller” is. As worded, this may require an Independent Business Owner to list all litigation involving Quixtar (which is already public information and easily accessed) as well as any litigation against anyone in the entire Independent Business Owner force across the nation. This would not be limited to fraud, but as worded, cases that are irrelevant or are filed without merit. LITIGATION AGAINST A COMPANY IS AVAILABLE – LITIGATION AGAINST INDIVIDUALS IN A COMPANY IS IRRELEVANT. AS PRESENTLY STATED IN THE PROPOSED RULE, THESE INDIVIDUAL LITIGATIONS, SHOULD THEY EXIST, WOULD BE, IN THE CASE OF QUIXTAR, IMPOSSIBLE TO TRACE, LEGITIMIZE AND SUBSTATIATE. THIS IS AN INAPPROPRIATE INCLUSION IN THE RULE, IN MY OPINION – OR SHOULD BE LIMITED TO LITIGATION AGAINST THE OFFICERS OF THE CORPORATION – WHICH IS ALSO READILY AVAILABLE PUBLIC INFORMATION, FRIVOLOUS CHARGES INCLUDED (WHICH THERE ARE MANY).

THE RULE REQUIRING SPECIFIC EARNINGS DISCLOSURES. We already share that the average Independent Business Owner made \$118 in FY 2002 – this is given to them in print and is on every page of our printed, online and published Business Overview. The income I make is irrelevant except to say that I do not make ANY money by signing people up to participate in Quixtar - \$0. The volume my business creates is just that – MY BUSINESS – I make no claims, but do show them what we are allowed to share should they follow a prescribed pattern of activity over time.

ON THE REQUIREMENT FOR FINANCIAL SUBSTANTIATION. I MAKE NO CLAIMS THAT I CANNOT SUBSTANTIATE – I HAVE SHOWN COPIES OF PROFIT AND BONUS CHECKS DIRECTLY SENT US FROM THE QUIXTAR CORPORATION, BUT ONLY AS EXAMPLES AND ONLY WHEN ASKED ABOUT THEM. I do tell my prospects about setting up their financial records and bookkeeping and how it is to their advantage to keep business and household accounting completely separate. I also show them on paper what it costs to operate a Quixtar business monthly. I then help them figure out where the bonus structure and the monthly costs meet so they can operate a legitimate business with no money coming from their household budget. I do not include personal statements about what we are making, or how much we are making in our personal business. TO REQUIRE A PERSON TO SUBSTANTIATE CLAIMS THEY ARE MAKING ABOUT THEIR PERSONAL INCOME IS TOTALLY APPROPRIATE – TO DISCLOSE FINANCIAL STATEMENTS AND RECORDS WITHOUT HAVING MADE THESE CLAIMS IS NOT AT ALL APPROPRIATE. We attempt to make the presentation about them and what they need or wish to accomplish with an Independent Business – at that point, we can either help them or we can’t – and I have had both kinds of prospects across the table from me!

Robert Johnson

Quixtar-Affiliated Independent Business Owner