

ROBERT E. OTTO CONSULTANT

July 13, 2006

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

Re: Business Opportunity Rule, R511993

Dear Sirs:

My background includes being a college graduate, a trained accountant, licensed as a Registered Representative and Principal by the National Association of Securities Dealers, Inc. (NASD) for most of 40 years and am a current Arbitration Panelist for the NASD.

I have been an Independent Business Owner (IBO) with Quixtar for thirty-four years. This business is now my **primary** source of income. I've reached every goal that I have set, **and worked on**, since registering as an IBO. Other than financial gains, there have been many other benefits of being in this particular business, such as sales training, personal growth and improved people skills to name a few. Most importantly, the integrity of the Corporation, and of other IBOs I have had personal contact with is un-paralleled, especially, when compared to my "career job".

The system that I teach for developing a solid successful business is designed to provide as much information as one can absorb. I continually work on keeping both me and other IBOs in my personal group as up to date as possible. Before a prospect is registered, they must convince me that they are truly serious and committed because I am also committing my time and effort to help them to reach their goals. Also, as implied above, I teach that the road to success, "without guarantees", is through consistent "hard work"!

When registering to invest in a business of their own, it will cost less than five hundred dollars (\$500.00) - - and if they are not satisfied, within thirty days, they get their money back!!!

Listed below are proposed requirements that would have a Direct Impact on my business:

1. Requirement For Financial Substantiation - - It is not in the best interest of the new registrant for me to inform them of my income. The idea is – they are starting a business of their own and their earnings will be based on the work they do. They must set their own standard to work toward. What I have done (earned), or not, is really immaterial to their success.
Secondly, I DO NOT reveal my income to anyone, other than the I.R.S., as it is not their business under any circumstances!
2. Requirement For Specific Earnings Disclosures - - Quixtar provides a published average monthly gross income for active IBOs for a specific period of time that I show and that Quixtar requires me to show to

every prospect. This disclosure is shown on most of the literature and brochures that I use. Anytime that I discuss earnings, it is done in generalities. No one can project what will happen in the future. Even if one knows where someone is in our business structure, it is impossible to describe their earnings because we do not know how the business was built. So, I speak only in generalities.

If I were required to make a separate disclosure for every example I used, other than this is an example, it would become ludicrous to say the least.

3. Requirement to Provide References - - Usually, before a person registers as an IBO, they will attend a group meeting to meet other IBOs and to become more familiar with the way the business works.

If I were to give a prospect a list of other IBOs to contact, the probabilities are that it would be a “stacked deck”. Not to deceive, but to protect my prospect. Would I refer them to someone in another organization and risk losing my prospect to another IBO in a different line of sponsorship for his benefit? **No!** Would I want someone to use me as a referral - Invading my productive time and Privacy?. **No!**

Within my organization, we have three (3) Week-end Seminars a year to which we encourage each and every IBO to attend. We want IBO's in our personal groups to be a part of our organization. They are in business for themselves – but not by themselves!!!

4. Requirement to Provide a “Litigation List” - - Does this mean that I would be required to list any litigation against me from the securities business? As the “seller”, does this include litigation against anyone that I am associated with? As a RR licensed through the NASD, I was required to disclose all such things. (I didn't have any) As an Arbitrator, it becomes very clear that less than 10% (a generality) of the people we see in arbitration actually disclose such information. I would suggest, based on my experience, that this probably would be ineffective.
5. Requirement of a 7-Day Waiting Period - - It is my experience that the process of registering a new IBO usually takes a week to ten (10) days - - with the initial meeting to get acquainted and establish their interest, the formal presentation of the overview of the business plan, the follow-up to get their commitment, the start-up to get them started right and providing them training materials to review between each meeting. I feel this requirement is completely unnecessary as I have stated above, I give my prospects plenty of time, provide adequate disclosures, and answer their questions in order for them to make an educated decision. This requirement not only has the potential to damage the growth of my business, but could potentially have damaging effects on my prospects that want to work and grow their Quixtar business NOW not seven days later!

PLEASE RE-CONSIDER ALL FIVE OF THESE POINTS - - DON'T KILL MY BUSINESS!!!

Thank you,

Bob Otto