

## Response to FTC Notice of Proposed Rule Making for Business Opportunity

We have been IBO in the Quixtar business since its launch in 1999. Prior to that we were Amway distributors for over fifteen years. When I first saw the marketing plan on a visit to the East Coast I was finishing my MBA and was working for a major Fortune 50 company. My wife was a full time legal assistant. While we have not grown quickly we have steadily grown our business to the Ruby level which has allowed my wife to retire from a career as a legal assistant and has allowed me the freedom to work as an independent consultant without worrying about taking a regular full time job. We are currently on a growth path to Emerald which we expect to achieve by next year. At that level I expect to be able to retire from consulting.

From the very beginning of our business we have follow strict guideline as laid down by the company and our line of sponsorship. Even when I registered I was not allowed to make a decision for several days after seeing the marketing plan. I was also told that there was a money back guarantee if I was not satisfied. I was given disclosure material (SA-4400) to review the profit potential and I was told it was not a get rich quick scheme but a legitimate business. This same procedure is followed today when sharing our business with prospective IBOs. We try to set a follow up within a few days but realistically it can be a week or more before we get back together. Prospective IBOs are given a literature pack with a copy of the marketing plan.

It costs an IBO between \$150 and \$170 when they register depending on what type of product pack they choose. They can also choose to register without product. We have had people who have registered as IBOs and have decided to quit. After notifying the company they were given a full refund and were allowed to keep the product at no charge. We do not normally sell tools to a new IBO when they register.

In terms of specific rules proposals:

Seven day waiting period. - Prospective IBO are already given several days to make a decision and with the Internet, a great deal can be researched in a short period of time. I find this funny because I can go to any car dealer, sign a contract for a \$40,000 vehicle and have no right cancel to the contract even within the normal 3 day cancellation period allowed for almost any other contract.

References – Most prospective IBO are invited to some form of opportunity or training session before they register. There they are given the opportunity to meet many other IBO and get their opinion. Giving out the phone numbers of other IBO would be an intrusion on their privacy and would not prove anything because I certainly would not give out the name of someone that I knew was negative about the business. See car dealer analogy above.

Litigation list. – Anyone can sue anyone. It doesn't necessarily mean they are right. Again looking at cars, when I buy a car they never tell me how many time the dealer or manufacture has been sued. In fact, most car manufactures have been sued thousands of

times. Does that mean I should never buy a car? Also, who's litigation? Quixtar, Amway, my upline, their upline, their upline, etc? When I take a job the employee is not required to disclose anything about any litigation against them.

Earnings disclosure. We already disclose the income of an active IBO. Most business owners find that it takes time to turn a profit. This business is no different. We disclose our earnings by our life style. My wife is retired, I still work. When I retire it will imply I make more money than I did before. What about the new IBO who isn't making any money.

Financial substantiation - We already tell prospective IBOs the potential income through the literature we give them. No company that I have ever gone to work for has had to disclose their financial health. In fact one company was in such bad shape that they closed down several months after I started working for them. They did not have to disclose anything and their failure was a major impact to my income. Why should a Quixtar be required to do more. Again, what about the new IBO that isn't making any money yet?