

B. Payne
July 12, 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

To Whom It May Concern:

I am writing this letter to voice my concern over the proposed Business Opportunity Rule, R511993. Before I explain my concern, I do want to say thank you for what you are trying to attempt with this rule: the safety from and prevention of fraudulent business practices. Too many people take advantage of things like “loopholes” or “MLM’s” to make some quick cash. Protection does need to be in place for the people who could get scammed by illegitimate business opportunities.

Unfortunately, the proposed rule, the Business Opportunity Rule, R511993, paints all similar business models with the same brush. Network marketing and direct selling are valid business models, including the MLM model. People may take advantage of them sometimes, but there are many more people who use them like any other business—like any other income. I am one of them. Now, I have just started into the network marketing business, but I am with a reputable company (and there are many) called XanGo™.

Now, like all legitimate companies using the same business model, there are several things that must happen in order for them to work. Just like there are certain things that must be in place for a sole proprietorship or a partnership, as well as things that guarantee failure. In the network marketing business (we are talking about legitimate businesses):

1. Acting fast is a key. What drives the company forward is the enthusiasm of the customers and the distributors. I have seen that those with whom you follow up quickly with are the ones most likely still “on-fire” for the product or opportunity or benefits. This would happen because of the proposed Seven-Day Waiting Period. A customer being told that the FTC requires such a period may become very suspicious. Another drawback of this proposed period is illustrated in the following example.

A distributor is in another city than where they live. They meet a person there who gets excited about the product and opportunity and wants to sign up. The distributor is only in town for one day, and the person wants to do it now. But now they have to wait seven days, which is impractical for the person and the distributor, and also it casts a negative perspective on the opportunity. Not only would they have to wait that amount of time, but they would also have to wait the seven days *after* they had received a copy of the disclosures.

2. Also, using the above example, the disclosure they would have to read would have to include the information proposed in the Business Opportunity Rule, R511993. It would have to include all the unnecessary paperwork, including records of all the cancellations or refunds (verbal or written) from the last several years (which numbers are misleading of customer satisfaction, or actual unsatisfying purchases); records of all the litigation concerning fraud, misrepresentation, etc. over the last ten years *without providing a way to disclose the outcome of the litigation*, even if it was an irrelevant case or if the case was won; earnings claims, which would be difficult to collect all of the data necessary, and those who *were* practicing fraud would only give fraudulent numbers anyway, and the legitimate companies or distributors *would* give accurate data; and listing the “ten nearest existing sales people,” which is impractical for several reasons, including the person interested may be in a different state or country than the distributor, the distributor may travel at some point, and also, all of those “ten nearest existing sales people” would lose their privacy and safety or be at risk of identity theft (which the company would then be liable for) because there is no guarantee that the person requesting the information is legitimately interested, or if they are a competitor, identity thief, or anyone else. It is too unsafe in this day and age for that kind of free sharing of information.
3. Finally, the removal of the \$500 business threshold from the Franchise rule puts almost of all direct selling companies into the same business bracket as companies that need higher investments and have different and necessary rules. Those same rules should not apply to the direct selling companies because they are not the same kind of business. Direct selling companies, like XanGo™, usually do not require high investments to join, just the price of the direct selling or distributor kit. The proposed Business Opportunity Rule, R511993 forces those companies to comply with rules that are only valid for larger investments (such as the seven day waiting period, or the list of refunds or cancellations).

The direct selling model is enabling me to achieve financial stability. It is the same thing as to me as I started a business of my own, except I don't have to keep a large warehouse, pay hundreds of employees, or have a large office. I can do it from the comfort of my home, and I can follow my dreams. Please consider these things before passing the new rule. The Business Opportunity Rule, R511993 can be dangerous in the wrong hands. I understand what, who, and how it is trying to protect, but at the same time, it has the power to hurt a lot of people. It could be very devastating for the hundreds of thousands of people like me, while trying to protect us from those who would abuse the rule anyway.

Thank you so much for your time and consideration.

Sincerely,

B. Payne