

UNI|C.O.R.E.
Stephen George

Letter to the Federal Trade Commission concerning proposed rule

Friday, July 14, 2006

Greetings, FTC and Bureau of Consumer Protection.

It is my intention to join your efforts in keeping the marketplace clean and free of predators and to aid consumers in making well informed purchase decisions and protect them from predatory thieves. After reviewing the Federal Register / Vol. 71, No. 70, I found that, although there were many issues I agree with, there were some points that could be devastating to my business. These are just a few key points that I hope will help influence a decision in possibly separating the Quixtar Business Opportunity from other business opportunities and still offer protection against fraud.

I am an IBO (Independent Business Owner) in the Quixtar business. I was presented the Quixtar opportunity nearly a year ago today. I have shown very little profits from my business because I am not currently building it. I love the products and I purchase them at wholesale price and therefore see great savings. When I was shown this opportunity for the first time, I knew that I would not be able to start building it immediately, due to my living situation at the time, but I purchased the registration anyway so that I could buy the excellent products at wholesale. After a year has passed I have finally decided to build my business. That was when I saw the FTC proposed rule. I can only imagine how difficult it would be to try to convince a prospect to join me on my business venture if I had to disclose to them that for my entire first year I showed little to no profit. Even if I told them that I was not actively pursuing the business during my first year, they would probably use my first year in the business as a meter for their own success. This could be unfair to them as well as myself.

- The following comment points out that the proposed rule does not use the "type of assistance promised as part of the offer" as a basis of scope.

"Accordingly, the proposed Rule has no minimum cost threshold, no inventory exemption, and no limit on scope based on the type of assistance promised as part of the offer."

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However, the next two comments, taken from page 5 and 8, are clearly pointing out the lack of assistance given as if it were a deciding factor.

"Also, in contrast to franchises, many business opportunity programs have no continuing relationship between the buyer and seller, but are a one time purchase of packaged information."

"Many induce new recruits with the promise of an ongoing commercial relationship that will enable recruits to operate their own business selling various products or services.⁷⁵ Typically, they promise to provide recruits with promotional assistance.⁷⁶ Some also offer training.⁷⁷ Few, however, reveal their high drop-out rates, much less the fact that the vast majority of those who have joined the program—often 90 percent or more— will not recoup their investment."

I believe that it would be wise to choose if the assistance provided should be a factor or not. Personally, I strongly feel that it should be. Since most schemers would probably try to distance themselves from the consumers that they have preyed on as quickly as possible, it should make sense that the rule hold accountable the person or company promising to provide assistance.

- The next point is the unfair incidents that pyramid scams and fraudulent "businesses" are often associated with legitimate business opportunities such as Quixtar. "Further, unlike most franchises, many business opportunities are permeated with fraud.³² Perhaps one business opportunity and franchise consultant said it best when she described many business opportunity sellers as: Individuals who go from one business opportunity to the next, violating laws, committing frauds, taking funds without delivering what was promised only to shut down the operation within a year and move on to another one with new officers, new company names, and new products."

My experience with Quixtar has been nothing of this sort. As a consumer of their products, I have always received what I ordered in a very timely fashion. Also, who can ignore the length of time that Alticore (parent company of Quixtar, Amway, Access Business Group, and Nutrilite) has been in business, delivering products and opportunity internationally.

Unfortunately, when presenting this great opportunity to a prospect, the tendency is that they often believe I'm involved with one of these law violating pyramids. Thus, I lose a potential client or life long business partner and the prospect misses out on this excellent opportunity. This is unfair to both parties.

- This portion is in regards to the financial injury the consumer or prospect could incur given the chance they could not recoup their investment.

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I respect the consious effort to protect the consumer from financial injury and because of that I refund the buyer's money in full if they decide not to build the business.

- The requirement for a prospect to wait for 7 days before registering after reciving the information could be a stumbling block to themselves. In the Quixtar business, it is physically possible for a new prospect to register, start selling products, and register another person in their business all in the same day. It is the goal of each Quixtar IBO to help the prospect or consumer start making a profit as soon as possible.

- Finally, I come to the most difficult part of this proposed rule and that is the disclosure requirements. I already provide disclosure statements that are provided by Quixtar and approved by the FTC. To force myself or any other business associates to provide personal information and phone numbers of themselves and others to someone who is nearly a complete stranger is absurd. I provide enough information about myself and my personal contact information that if the person or persons, that I am prospecting at that time, happened to be a thief, they could do detrimental damage to myself and my business. I will not provide the unconsented information of 10 other persons and possibly open them to identy theft.

Also, instead of disclosing personal financial infomation, could a general financial diclosure be used such as a document showing the average monthly income of individuals involved in that business? I do not believe that a personal monthly income statement would help a prospect in deciding to join my business because my potencial is based on my own efforts and I may put more work in to my business then that person would or I might put less effort in to building my business than that person would. Instead, would it make sense to have a disclosure that shows the minimum and maximum projected income potential based on the amount of effort in sales and registration?

Thank you for taking the time to review my letter. I appreciate your persistency in fighting against this form of crime and protecting consumers and business owners. Please feel free to contact me if you have any questions.

Sincerely,

Stephen George