

Gayle M. McGovern

August 4, 2006

To Whom It May Concern,

I am writing this letter because I am concerned about the proposed Business Opportunity Rule R511993. I believe that in its present form, it could prevent me from continuing as an advisor with Lia Sophia. I am very proud of the way Lia Sophia and I myself handle our business in an ethical manner. This includes recruiting, or in my case, potential recruits.

The direct sales industry represents a huge portion of the workforce today and has gained respect and acknowledgement both in the business world and the consumers' world through hard work, dedication to our business, honesty, and integrity. Your proposed ruling asserts that direct sales as a general industry is unethical and underhanded by imposing waiting periods for sign ups and disclosure of private and personal information to the public. There are so many who have paved the way in direct sales by proving their dedication, honesty, and hard work developing careers for themselves and others. Your proposed ruling directly undermines their efforts.

The income I receive from my position as an advisor for Lia Sophia goes a long way in contributing to the financial stability of our family. It has given me the opportunity to work towards paying off substantial debt rather than following in the footsteps of so many others that revert to bankruptcy. I am proud of being able to pay my debts as I am the one that accrued them. Without the direct sales industry and the profits it provides, I am not sure that I could continue to pay down my debt.

Beyond the obvious profits, one of the things that attracted me to the direct sales industry, and Lia Sophia in particular, was the low-risk or no risk start up fee. I believe erasing the \$500 threshold exemption for opportunities is detrimental to each company offering such.

For example, our start up cost is only \$99 (soon to be \$149) and Lia Sophia has always put honesty and integrity first. We present an opportunity with no false promises or misguided statements. Our start up fee is not one that will bankrupt a family in the way a distributorship sale for thousands of dollars might. Your proposed rule puts our opportunity in the same category as buying a franchise/distributorship for from a business.

One of the most confusing and burdensome sections of the proposed rule is the seven-day

waiting period to enroll new advisors. People buy TVs, cars, and other items that cost much more than our \$149 start up cost and they do not have to wait seven days! This waiting period gives the impression that there might be something wrong with the company or the compensation plan. I also think this seven-day waiting period is unnecessary, because our company already has a 90% buyback policy for all products including sales kits purchased by a salesperson within the last twelve months. Under this waiting period requirement, I will need to keep very detailed records when I first speak to someone about Lia Sophia and will then need to send in many reports to my company headquarters.

Finally, the proposed rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. I am glad to provide references, but in this day of identity theft, I am very uncomfortable giving out the personal information of individuals (without their approval) to strangers. Also, giving away this information could damage the business relationship of the references who may be involved in other companies or businesses including those of competitors. In order to get the list of the 10 prior purchasers, I will need to send the address of the prospective purchaser to Lia Sophia headquarters and then wait for the list. I also think the following sentence required by the proposed rule will prevent many people from wanting to sign up as a salesperson - "If you buy a business opportunity from the seller, your contact information can be disclosed in the future to other buyers." People are very concerned about their privacy and identity theft. They will be reluctant to share their personal information with individuals they may have never met.

I fully respect the need to protect consumers from fraudulent business practices. However, requiring this protection to be at the expense of my business and business opportunities is unacceptable. Not only will this ruling be detrimental to each of the honest and reputable companies and its advisors or consultants, but it also comes at the expense being passed on to our customers from increased paperwork and forms required - even to inquire into our business opportunity! Who is going to pay for these forms and disclosures? Our customers, through increased prices due to an increased expense of doing business.

Perhaps assigning an 800 number to the FTC for individuals to call and get a "rating" of the company they are joining, similar to the Better Business Bureau, would be prudent. Then this number could be required to be printed in 12-pt font on any opportunity information and applications. It is certainly an alternative to requiring additional forms, disclosures, and waiting periods.

I believe safe guarding the consumer is prudent and necessary. So is the requirement that each consumer be held responsible to meet the FTC halfway when deciding to take an advantage of an opportunity.

I sincerely request that you read each and every letter you receive regarding this matter not only from business owners like me but from the DSA and DSWA and the companies just like Lia Sophia who they represent.

Sincerely,

Gayle M. McGovern
Lia Sophia Advisor and Career Developer