

Dorsey and Pam Deaton

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Federal Trade Commission

Re: Proposed Rule Changes for Business Opportunities:

As a Ph.D. and retired professor of U. S. History and Government at a major university, I have long taught about the rise of consumer protection and the work of the FTC. I appreciate your role, but I have also taught about the benefits of free markets and the dangers of over-regulation. In your present proposal you have gone over the line of reason.. In trying to protect from a few unscrupulous opportunities you will drive thousands of honest workers out of business by the unreasonable burdens you place on them. There are already in place in most direct marketers enough **full disclosure**, **customer reporting** procedures and **refund guarantees** to take care of what you seek. Almost all of the larger opportunities are **self-policing** along your guidelines anyway. This is clearly a case of punishing millions to protect from a few crooks. If your rules go into effect, they will absolutely ruin the incomes of millions of honest business owners.

Thirty years ago as beginning teachers we were desperately in debt from stock losses, and joined the **Amway** business for \$12. We have worked every week since then, helping develop other distributors and serve our customers. We have been able to stay in teaching, educate our children and enjoy a secure lifestyle because of our part-time supplementary business. We have had thousands join our organization over the years, always with a money-back guarantee and full refunds if they changed their mind. Perhaps a few dozen actually did that; but for such a low entry fee and the benefits of personal savings and future activity the majority stayed with us. Very rarely, if ever, did anyone say they were misled. The FTC requirements we now follow with a SA4400 disclosure and verified averages have always been more than adequate.

A Seven-Day Waiting period? For a business that you can start for less than \$60, maybe \$150 with some samples? Ridiculous. Set a limit of \$500 or more if you want to catch the crooks. We get nothing as a sign-up fee. Why would be rush them into something? Most people want to "think it over" or "sleep on it" anyway. Trying to contact people multiple times with busy urban schedules and answering machines is difficult enough. Now you want to mandate it? Let it be on your conscience that you will burden millions.

Requirement to provide references to other owners in the area? In many areas there are no other business owners of that group, so a mandatory number is absurd. More importantly, you will be sending your prospect to talk to your "competitors." There is the potential for them being either stolen from you or intentionally discouraged from competing with the existing market. Where is this mandated in the American economy now?

Requirement to provide a litigation list? Where else does the government require this list of potential horrors and hearsay to prospects? In my thirty years I have never first-hand even heard of a lawsuit about the basic activity of our business. There have been fights between distributors over their petty side activities that grabbed attention. But in a society as litigious as ours, there will be lots of lawsuits, most without merit, but with lots of potential income for lawyers. To hand such a list of accusations and unsubstantiated charges is to paint the thousands of reputable owners with the antics of a few. What if all lawyers and government workers were identified closely with the rotten apples in your profession?

Earnings Disclosures? Quixtar already publishes the average earnings with all the government disclaimers you could want. Do you want me to show my checks to the prospects? In the beginning it would be disappointing because most businesses of all types start out with little or no income. As the business grows, delayed gratification and invested time and effort pay off; however, wage-earners who swap time for dollars would not be able to compare intelligently the potential. I have shown people my 1099's on occasion, but it's not something the average person would want to do. The principle at risk here nevertheless is the **Right to Privacy**. How about this? Let's all find out what the FTC staff lawyers make and get in benefits and tell others. To force personal disclosure in other areas violates Amendments V, XIV and a few other basic rights.

WHAT SHOULD THE FTC DO IN THIS CASE?

Punish the offenders and allow the rest to continue their business without totally foolish government mandates that would frustrate and hamper any normal business operation. State and federal anti-pyramiding and anti-fraud laws are in place and ample, watched by the existing agencies, including the SEC. The Direct Selling Association and the Better Business Bureau do their part in maintaining integrity in the industry. **There is absolutely no reason for such a stringent proposal** at this time. If you want to focus on something, focus on the unscrupulous business information on the internet.

I would be willing to testify if you require such.

Dorsey M. Deaton, Ph.D.