

Comments to FTC on proposed Direct Selling Rules

by Johnathan Grant

I have been an Independent Business Owner (IBO) with Quixtar for quite a while. I signed up back when it was still called Amway.

My experience has been that while it has not proven to be a very good business opportunity for me, I still think it has some potential. I do like the Quixtar products quite well, and I feel the company provides high quality and good customer service. I do have a few friends who buy Quixtar products from me primarily due to the high quality and the fact that I give them personal service, however since they are friends, I usually sell to them at my distributor cost, meaning I only make a small commission of around \$10 each month (including commissions on both my personal use purchases and my sales to others).

I understand that the FTC is considering implementing new rules regarding direct selling opportunities. I think this is generally a good idea - but I do have some suggestions.

I have no problem with the suggested 7 day waiting period. I think overall it is a good idea, and would help ensure that only those who are interested in pursuing the business side of Quixtar would sign up for it. (Ideally, the remainder might just sign up as clients, and purchase some products.) My concern is that it not require extra paperwork and "red tape" to ensure compliance with this

rule. I think it should also be okay to have a potential IBO fill out most of the required information, either in paper or online, then 7 days later, they could be sent an e-mail or a postcard to remind them to supply payment information if they want to go ahead with the opportunity. This way, it would be clear which IBO ought to receive commissions on the sales of the new IBO, and yet the new IBO would not need to provide any form of payment until the 7 day period was over.

Considering the proposed requirement to provide references, I think this should be modified. While I think it would be okay to provide prospective IBOs with a list of other IBOs before they register, there needs to be a way to ensure that the original IBO who did the prospecting "legwork" gets appropriate sales commission credit on the new IBO if or when he/she signs up. Also, I do very much feel it would be a violation of privacy to have my name and address and other information placed on a list that might be handed out to many potential IBOs. I also feel that should a new prospect want to meet other IBOs, the Professional Development Programs associated with some lines of sponsorship often have many meetings in nearly any area. These meetings are generally free for those who are considering joining the Quixtar business. Furthermore, IBOs in my line of sponsorship have personally assured me that if a new prospect wanted to meet them, they would be happy to arrange a suitable time and place, and they would be happy to discuss any business questions the prospect may have. I think if there must be such a "list" requirement of references, that it should ideally consist of

IBOs who have consented to have their information listed, and those who consent should not be required to give all their personal information. For example, while I would not be willing to give my home address and telephone number, I would probably be willing, if asked, to give my name, email address, and a toll-free business voicemail number I maintain. These are ways that a prospect could contact me to discuss my experiences in the Quixtar business that would not infringe on my family life or privacy.

I think the requirement to have a litigation list is not entirely unreasonable, but I don't want "nuisance suits" listed on it. Only lawsuits that were found by a court of law to be against Quixtar or one of its distributors should be listed. If a lawsuit was filed, but Quixtar or a distributor was found innocent, I don't see the merit of requiring its disclosure. I think it would be reasonable to provide a list of lawsuits settled out of court and/or arbitration claims and their outcomes upon the prospect's request. Further, I think that information about lawsuits involving most any company is not hard to research for those who are interested to know.

Since I don't make outrageous claims to prospects (or, indeed, anyone, as far as I know) about my Quixtar income, I would not have a problem showing prospects Quixtar-specific records (like, say, printouts / downloads of my Quixtar bonus statements for the past year). I do think, however, that being required to produce my tax return on demand would certainly be an invasion of privacy. I earn income from other activities unrelated to

Quixtar, and as long as I don't claim that income is related to Quixtar, I don't think it is relevant to a prospect considering starting a Quixtar business.