

To: The Federal Trade Commission  
From: Judith Bellows  
Re: Business Opportunity Rule, R511993  
Date: July 14<sup>th</sup>, 2006

I am writing to express my deep concerns about the proposed Business Opportunity Rule, R511993, and respectfully request that you reconsider many of its provisions. I hope and pray that my comments, along with those of others in the direct selling industry, will help you to realize that many of the rule's provisions would have a terribly damaging effect upon many wonderful direct selling businesses. I hope and pray that you will change and/or delete these provisions.

Thank you for your concern to protect American citizens from fraudulent schemes. At the same time, I want you to know that there are many direct selling businesses that are a huge blessing to American citizens as well as to the business owners. Many Americans (myself included) desire to have their own businesses and direct selling offers many the opportunity to do so — Shaklee, Mary Kay, MCI, Mannatech, etc.

Let me tell you about myself. I have been a computer programmer for over twenty years. However recently I have learned that my employer, the University of Colorado, may not have sufficient funds to pay my salary after the end of this month. A year ago, I was introduced to XanGo Juice by a very trustworthy friend, of highest integrity. I love it so much and have seen so many remarkable health benefits personally (and among many of my friends) that three months ago I decided to leave computer programming and become a XanGo distributor. I am so excited to be able to share this remarkable product, to help others with health and finances both! I do a great deal of volunteer work, so am delighted to be able to set my own hours, to earn money to support myself and also have time to volunteer, thus helping my community and my country.

If this rule goes into effect as currently stated, there is no way that many of us in legitimate direct selling businesses will be able to continue to succeed

Some of the provisions of this rule that particularly concern me are the following:

1. The 7-day waiting period: I love to tell people everywhere I go about this health and financial opportunity. The fee to become a distributor is only \$35 a year, so there is very little risk at all, and, many people, when they hear about it, want to sign up! Having to wait 7 days for many would greatly diminish their initial enthusiasm, allow time for doubts and fears to crowd out their excitement. In addition, all the information that the proposed rule requires would transform a very simple process (just 4 minutes to sign up) into an extremely cumbersome process of gathering all kinds of information (nearest sales people, earnings claims, litigation reports, etc.), so time-consuming for individual business owners that most would probably go out of business! (Also, all the reporting requirements would be a huge burden on the corporations, resulting in far higher overhead, administration costs.)
2. The requirement to supply to potential new distributors with the "ten nearest existing sales people": My main concern with this is the potential misuse of this information. Anyone could request this information from a distributor and use the names/addresses/phone numbers for any purpose, even dangerous purposes. I would not like a company to give out my personal data to strangers, nor would I want to sign up a potential new distributor knowing that their personal information without being able to guarantee confidentiality. Many would decline to join the company simply because they would not want their names given out. (Most of us in legitimate

direct selling businesses love to help each other and are more than willing to exchange names and numbers with others who might want help, but not give out our names to “just anyone.”) In addition, there is the risk of ID theft. On the other hand, fraudulent schemes could simply give the government false information!

3. The requirement to substantiate earnings claims as outlined in the proposed rule: While I totally agree that it is extremely important to tell the truth about potential earnings, I feel the proposed rule’s requirements would be extremely cumbersome and difficult to comply with. When asked about earning potential, I briefly tell potential distributors about what some others have accomplished, but always with the comment, “how much you earn depends upon your own effort and desire to share this with others”, and that I can make no guarantees. Since all it takes is \$35 to start a business, many people decide to try it and decide for themselves, which really is the best approach.
4. The litigation reporting: My concerns here are two-fold — primarily, although I believe there are very few valid lawsuits against legitimate direct selling businesses, as you know, anyone can take anyone to court these days and therefore there may be some disgruntled people who file a lawsuit against a good business which is later thrown out. Nevertheless, it would need to be reported. Such reporting could make potential distributors wary and suspicious, even though the corporation in question operates always with the highest of integrity! In addition, since the information would need to be current, gathering the information would be an unnecessary burden for both the corporations and the individual business owners.
5. The \$500 business threshold rule: My concern here is that it would force the majority of direct selling companies to comply with other provisions of this rule that are more fitting for businesses requiring a much larger investment than do most direct selling companies.

In summary, I love the direct selling industry and the opportunities many companies provide which allow average, hard-working Americans who desire to have their own businesses to succeed. I urge the FTC to reconsider and change the provisions of this proposed rule, so that wonderful companies of high integrity can continue to succeed and bless this nation.

Thank you very much for considering my comments. If you have any questions, please feel free to contact me.

Respectfully,

JLB