

We have been a Quixtar Independent Business Owner since September, 1999. When my wife and I started our business, it was to purchase quality products at a good price and centralize our on-line purchasing into one website, similar to Amazon.com's evolution. We have recently started to actively build a large business.

With the assistance of the Worldwide Dreambuilders training organization, we have embarked upon a program of building a solid, long-term business with our Quixtar membership.

Our Quixtar business has simplified many of our purchasing decisions – from gift-giving at the holidays to everyday items such as toothpaste and detergents. While we have begun to generate some income, the convenience of shopping at Quixtar and the high-quality caliber of the people we have encountered from their organization have made our affiliation a good one. Besides the excellent shopping experience, the money potential is attractive as well.

When we registered with Quixtar, we had been affiliated with the Amway Corporation. We understood the compensation structure for this business very well. Having been an manufacturer's sales representative, I thought it was a very well defined program. The compensation structure is outstanding and we have never been lied to, which has happened in previous sales jobs working for various manufacturers.

With Quixtar and Worldwide Dreambuilders, I have a great set of sales and sponsoring tools that are made available to use. They are professional and make it very clear that this truly is a business and not some fraudulent Ponzi scheme.

When I sponsor new people, I like the fact that there is a money-back guarantee. I use the same information that was presented to me. I have been told that we all stick to the approved script because it is in accordance with an agreement made between Quixtar's predecessor and the FTC. The literature is very specific about how the income streams are generated.

During the presentation of the business plan, it is made very clear that a reasonable individual who follows the plan can expect to grow. It is made clear that success can be measured in many ways, but the financial success is a long-term process and not “make a million dollars by registering and not doing anything else.

I find the “average IBO” disclaimer to be disingenuous because an average IBO is defined as someone who showed up to a meeting or thought about buying something. By that definition, a business would have to classify a customer as someone who looked through window and never entered the store, let alone buy something.

When a prospect registers as an IBO, we charge the standard Quixtar enrollment fees, which comes to approximately \$50 or so (once tax is added) They also purchase a pre-packaged introduction pack for about another \$60.

If they have an interest in building a business, the addition support materials cost about \$100 initially and about \$100 monthly for their on-going overhead. All of this explained in the business plan presentation.

If they choose to be a customer, then there is no fee for that level of participation. They are registered as a retail customer and can begin to shop right away. All of the product return guarantees are afforded to customers and

IBO's alike. We don't believe a seven-day waiting period is necessary because we have a full money-back guarantee if someone chooses not to participate.

We have heard that your initial proposal includes a requirement to list 10 concurrent IBO references. We believe this is a bad idea because we, as independent contractors 1) don't want to give our prospects to our competition; and 2) it would be a privacy issue to give out information about other independent contractors (IBO). We urge you to eliminate this piece as anti-competitive.

All of our new IBOs meet other IBOs at regional meetings which happen quarterly in our local area. Additionally, our mentors come in and do pro-bona presentations to support our efforts to grow. New IBO's can attend all of these and interact with our IBOs and those of sister lines of affiliation.

Your litigation list requirement is a little vague and confusing. I own my own business. I file a Schedule C. I have never had a lawsuit filed against me. So, since I have no affiliation with Quixtar, other than to order product, would I have to carry all of Quixtar's baggage into my business? What about spurious and frivolous lawsuits? What about lawsuits filed against other IBO's in other parts of the country? Y

our definition of a seller is rather vague. If I draw your litigation list to a logical parallel, then if a heart surgeon were to use a shunt by a particular manufacturer, would they be required to list all litigation against that supplier? What about criminal lawsuits, which include convictions of manslaughter due to business practices(viz., Guidant Corporation)?

Do you require Amazon.com or Wal-Mart to offer their customers a comparable litigation list for themselves AND their suppliers? Does this make sense? Of course not. And it doesn't make sense for us, either.

With regard to specific earnings disclosures, we use an approved document, a WSA-4400, which spells out income potential. Since scenarios differ drastically, there are three standard scenarios that show an example of how income is made.

The example is not the most profitable scenario possible. It reflects a long-term growth plan that includes more than one level of participation. If only one layer were used, the income potential would be closer to \$85,000 instead of \$50-60,000. I think any claim that is made should have a basis in reasonable fact.

I think Quixtar and Worldwide Dreambuilders have provided us with appropriate and factual materials that do just that. I encourage you to require this type of written disclosure for every opportunity.

In response to your financial substantiation requirement. We stay away from providing information about our specific situation. It would be meaningless to our prospects. We don't use our personal story to "sell" anything. The reason for this is that every situation is different. While we are proud of our Quixtar business, we don't believe it is appropriate to force us to disclose our personal information. We are not public figures and don't intend to be public figures. As such, we are entitled to our privacy.

Thank you for considering this when you draft your legislation.

Richard S. & Virginia B. Stodola