

07/17/06

To: Federal Trade Commission/Office of the Secretary

Room H-135 (Annex W)

600 Pennsylvania Avenue

NW Washington, DC 20580

From: Frank van de Groep Distributor for Wellness International Network, Ltd.

Re: Business Opportunity Rule, R511993

Dear Sir or Madam:

I am writing this letter to express my strong opposition to the proposed Business Opportunity Rule R511993. I understand that it is the responsibility of the Federal Trade Commission to protect the public from "unfair and deceptive acts or practices," but the rule as proposed would make it very difficult for me to operate my business as an independent distributor for Wellness International Network, Ltd. (WIN).

One of the most confusing and burdensome sections of the proposed rule is the seven-day waiting period to enroll new distributors. Although WIN requires a completed distributor application for distributors to sell products, the personal purchase of product is strictly optional. WIN's System for Success costs only \$99 and provides valuable marketing and communication tools - weekly newsletters, quarterly magazines, a personal website and shopping cart to name a few of the benefits. The cost of WIN's application fee is far less than many, if not most, consumer purchases, from TVs to all manner of household appliances, none of which require a seven-day waiting period and do not provide an opportunity for a person to become a business owner.

The proposed rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. There are many problems with this proposed requirement. In this day of identity theft, I am uncomfortable giving out the personal information of other WIN distributors, without their knowledge or consent, to strangers. I understand that those who sign up after the rule takes effect would be told in writing "If you buy a business opportunity from the seller, your contact information can be disclosed in the future to other buyers." I believe that this would dissuade new people from signing up as distributors as they are concerned not only about identity theft, but also about their privacy. People today are understandably reluctant to share their personal information with individuals they may never have met.

Providing the ten references also could damage the businesses of numerous WIN distributors. Lower ranking distributors often are sometimes involved in more than one direct-selling company. Providing a list to a potential recruit — who may already be a

distributor for a competing, direct-selling company — may be an invitation to solicit existing distributors for such other opportunities. The ten reference requirement also is an administrative burden. In order to obtain the list of 10 prior purchasers, I will need to provide WIN with the prospective distributor's address, and then wait to receive the list of the 10 nearest distributors who became distributors within the past three years. Each prospective recruit will need a customized disclosure statement. This will result in a delay far longer than seven calendar days before any potential recruit can sign an application. In view of the fact that many people enter direct selling part-time to earn extra income for a specific goal, such as holiday purchases or a family vacation; the long wait which the proposed rule will entail may make the goal unattainable.

The proposed rule calls for the release of any information regarding lawsuits that allege misrepresentation or unfair or deceptive practices over a ten-year period. It does not matter if the company was found innocent or not liable. Today, almost all business lawsuits contain claims of misrepresentation or unfair competition. It does not make sense to me that I would have to disclose these lawsuits unless WIN, or its officers, directors or sales department employees, have been found guilty or liable. Otherwise, fourteen-year old companies such as WIN and their distributors would be placed at a disadvantage compared to start-up, direct-selling companies, which may not yet have experienced litigation but which are far more likely to have legal issues surrounding their opportunities.

I have been a WIN distributor for more than 3 years. Originally, I became a WIN distributor because I love the company's nutritional and personal care products and wanted to earn some additional income with my own business. Now I depend upon this extra income for our livelihood.

While I appreciate the work of the FTC to protect consumers, I believe this proposed new rule has many unintended consequences for direct sellers and that there are less burdensome alternatives available to the agency to achieve its goals.

Thank you for your time in considering my comments.