

Mr. Don Clark
Office of the Secretary
Federal Trade Commission
Room H-135 (Annex W)
600 Pennsylvania Ave., N.W.
Washington, D.C. 20580

RE: Business Opportunity Rule, R511993

Dear Secretary Clark:

My name is Dan Defeo and I am a Primerica Financial Services Representative. I am writing to let you know that I am against the proposed business opportunity rule. In 1992, I was a sophomore in college and already \$40,000 in debt from student loans. I decided that going further and further into debt was not for me. I knew of Primerica through a family member and in July of 1993, I started working as a representative to supplement the income I earned as an automotive mechanic. By October of 1993, I was making enough with Primerica that I was able to quit my job as a mechanic and dedicated myself full-time to building my financial services business. Nearly thirteen years later, I now run a successful business and have reached financial goals that were simply impossible in my former job. I have also trained hundreds of other representatives and delivered valuable financial services to hundreds of clients. However, I strongly believe that the proposed business opportunity rule would severely limit my ability to continue to grow my business and that it would also unfairly scare people away from even considering the Primerica opportunity.

When I learned about the rule, one of my first thoughts was that it shouldn't even apply to Primerica. Part of the Primerica system is to encourage new people to become licensed representatives, but I do not think of that as selling a business. To get started the person completes an application and pays a nominal fee. A small part of the \$199 fee goes toward administrative costs and the rest is applied to the cost of getting a life insurance license. So for the most part, the recruit is paying to get an insurance license. For the fee, recruits get to attend a certified study course, take the licensing exam and get a license if they pass the test. The license is not tied to Primerica and that person can take their license and sell for any insurance company. If I had gone out on my own and studied for the test, paid all the fees and gotten my license nobody would think that I bought a business opportunity. People who get their license through Primerica are no different and shouldn't be caught up in this proposed rule. I would also point out that I do not receive any part of the fee and I never receive any compensation for recruiting. Recruiting benefits me only if the recruit gets licensed and sells a life insurance policy or one of our other financial products to a customer.

The litigation disclosure is also a problem. I have never been involved in any litigation regarding recruiting or accused of wrongdoing related to recruiting.

However, because Primerica is a member of Citigroup, I will have to provide each recruit with a massive litigation disclosure. Most if not all of the information would be irrelevant, but just showing it to the recruit runs the risk that it would make the recruit think there is some kind of problem when in fact there is not. Having to disclose all of that litigation would be a huge burden and an enormous cost to me as an independent business owner.

The disclosure of refund statistics creates a similar issue. One the great thing about Primerica is that the opportunity is open to people from all backgrounds and the average person can try it at a very low cost. If recruits have a change of heart before starting the life insurance licensing program they can get most of the fee back. If a recruit leaves after going through licensing, there is no refund but that person will have a valid license and can go get appointed with another company. People have many valid reasons for changing their minds. I should not be penalized for this. Unfortunately, this is exactly what the refund disclosure will do. Furthermore, Primerica's refund policy also makes the 7-day waiting period unnecessary.

It also seems strange to me that as a financial services professional working in a highly regulated business I can sell a million dollar life policy or mutual fund investment of hundreds of thousands of dollars with no waiting period. However, if I want to encourage someone to try out the Primerica business at a cost of less than \$200, a 7-day waiting period would apply. Furthermore, if I wanted to start a landscaping business, I would have to go into debt for thousands of dollars to buy equipment with no guarantee that I would ever make enough to succeed. Primerica on the other hand, gave me the chance to build a business as a financial services professional with little up front cost or financial risk.

I understand and appreciate the FTC's commitment to fighting fraud and protecting people from scam artists. However, under the proposed rule the scam artists will simply lie or will have nothing to disclose because they are fly by night operations. On the other hand, I will suffer from the rule and so will other honest hardworking Primerica representatives. My business is built on hard work and integrity. Success in Primerica is not easy and it does not come overnight. I make this clear to ever person I recruit. There is no place for deception in my business because my success is tied to the success of the people that join my business.

Sincerely,

Dan Defeo