

July 17, 2006

Re: Business Opportunity Rule R511993

To Whom It May Concern:

I have been involved with XanGo as an independent XanGo distributor for three years. I have been very impressed with the high level of integrity of the founders of XanGo and of the way the company is run. I was first introduced to the direct sales business model as a child, when my parents became involved with one of the first direct sales companies. Growing up in that environment taught me about the importance of free enterprise, and I learned valuable skills which have served me in my adult life, such as people skills, presentation skills, goal-setting, and leadership skills.

Being involved with XanGo has been a very positive experience for me, as the product has greatly helped me with my health (I was diagnosed with two chronic, potentially life-threatening illnesses when I was in college) and the business has allowed me to work from home and generate income when I was too ill to work outside the home. XanGo has given me hope again that I will be able to achieve my goals of financial independence after many years of having to rely on the financial support of my parents due to my chronic health conditions and inability to work consistently in the past. XanGo has provided me with the vehicle to be self-sufficient and a productive member of society, which is worth more to me than I can express to you in words.

I appreciate the FTC's mission to protect consumers from fraudulent business practices, as I am aware that there are many unethical people in the world that have unfortunately used the MLM sales model to deceive and defraud people. However, after closely studying this Business Opportunity Rule, I feel that it will have a greater negative effect on the legitimate direct selling companies such as XanGo than on the fraudulent ones. Being forced to follow the disclosure requirements will have a devastating effect on my business.

One of the disclosure requirements I am most concerned about is the Seven Day Waiting Period. I don't understand why this is necessary in XanGo's case when there is no risk to a potential purchaser, as XanGo offers a 100% money-back guarantee on a purchaser's initial order. Most of my first-time customers want to be able to purchase and receive the product as soon as possible, and having to wait seven days will be a great inconvenience for them, and would probably cost me many sales. As far as potential distributors, this waiting period suggests a level of risk that simply doesn't exist in XanGo, as the distributor sign-up fee is only \$35. While I never pressure people and I encourage them to take their time and gather as much information as they need before deciding to purchase XanGo or to become a XanGo distributor, I feel that this mandatory waiting period will cause an air of suspicion among both potential customers and distributors and will have a "cooling off" effect on my enthusiastic prospects who are eager to sign up as distributors. This will, in turn, greatly hinder my ability to generate sales and sponsor new distributors.

Another disclosure requirement I am very concerned about is the requirement for the list of nearest references. I feel that this requirement is overly burdensome and evokes confidentiality and privacy concerns for all involved. I do not feel comfortable having my name, address, and telephone number disclosed to other XanGo distributors' prospective purchasers (who would be strangers to me) for possible contacting and I know that most of my customers and distributors feel the same way. Also, I do not like the idea that a competitor could pose as a potential purchaser, thereby getting the contact information of people in my downline, and using it to try to recruit them into the competitor's company. This disclosure requirement would hurt my business by upsetting my current distributors and customers and discouraging potential distributors and customers from getting involved because of their desire to not share their contact information with strangers. I do not feel that this requirement would be a significant deterrent to fraudulent businesses, as it would be easy for a fraudulent company to provide a list of fraudulent "references."

I understand that the FTC has good intentions behind this rule, as it is intended to protect all citizens from hurtful and fraudulent schemes. However, if adopted, this rule would have a devastating impact on my XanGo business and on all of the legitimate companies in the direct sales industry, an industry which has provided over 13.6 million individuals the opportunity to start their own business and achieve their goals and dreams. I urge you not to adopt this rule, but to modify it so that it targets the fraudulent groups without hurting the legitimate and ethical companies and distributors who are contributing to the betterment of humankind through free enterprise in this country and around the world.

Thank you.

Sincerely,  
Serena Goldsmith