

July 14, 2006

RE: Business Opportunity Rule, R511993

Dear Sir or Madam:

I am writing this letter to comment on the proposed New Business Opportunity Rule R511993. I am quite concerned about the broad negative impact that it would have on our company, Dudley Products Inc, and the entire direct sales industry.

Dudley Products Inc is a 39 year old African-American owned company that manufactures and distributes hair care products and cosmetics throughout the U.S and abroad. The company was founded by my parents, Joe and Eunice Dudley. They began selling products from house to house in Brooklyn, NY. Direct Sales enabled them to build a multi-million dollar company, primarily serving the African-American community, with their initial investment of only \$10. Our products are sold directly to cosmetologists, barbers, and salon owners who use them in their salons as well as sell them to their customers. Additionally, the company has a party plan division that gives men and women the opportunity to earn products, prizes, and their desired income. Presently, there are over 800 beauty advisors (salespeople) in this program. Our motto is "Changing Lives by Changing Faces".

Certain sections of the New Business Opportunity Rule R511993, as it is written, would be onerous and burdensome to our company. I appreciate and understand the FTC's duty to protect the consumer from 'unfair and deceptive' trade practices. However, I am concerned that the rule is too broad and restrictive for legitimate direct selling companies such as ours. The following provisions are the ones that concern us the most.

Seven Day Waiting Period

The seven day waiting period to enroll new salespeople is particularly troublesome because it gives the impression that our company is inherently trying to deceive the person. Many new salespeople are excited about joining and are anxious to start immediately sharing our products and opportunity with others. This seven day waiting period will surely dampen their spirits and encourage them not to get involved with direct sales. Additionally, as a member of the Direct Selling Association, we adhere to our rules of ethics which require us to buy back 90% of all products including our sales kits,

purchased by a salesperson within the last 12 months, if necessary. In fact, we take it a step further and will buy back any unused kit at any time from one of our salespeople and give them a full refund. To require the existing salesperson to wait seven days before a new person can enroll would give her the arduous task of keeping very detailed records of every prospecting conversation. Many of our Beauty Advisors would choose not to recruit if they had to follow these rules.

References

The section that requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser would be a very heavy burden on our company. It would be quite difficult to maintain and obtain that information on a daily basis especially since it changes daily. Additionally, the language that requires the prospective and existing salesperson's contact information to be provided raises a variety of privacy issues. Some of our beauty advisors enjoy the program but do not wish to have their information given out to strangers. Many of them are concerned about information that is already required by the government. To add to the existing regulations would cause some of our salespeople to terminate their relationship with us.

Elimination of the threshold

The elimination of the \$500 threshold would change our business operations by subjecting the company to various rules and regulations that seem unsuitable for a minor amount of money. Our sales kits range from \$50 -\$150 and most of it is retail products. This small investment in consumable products would be treated the same as a 1 million dollar investment for a fast food franchise.

Please reconsider the entire rule as it is written. I applaud the FTC for taking the initiative to continue to protect the consumer from unfair and deceptive trade practices. However, this Business Opportunity Rule, R511993 will have such a negative impact on Dudley Products, Inc. that we would be forced to rethink the direct sales industry. As a member of DSA, the Direct Selling Association, which represents many direct selling companies, please consider their comments and suggestions in developing less stringent alternatives of consumer protection.

Thank you for your time in considering these comments.

Sincerely,

Ursula Dudley Oglesby
COO
Dudley Products, Inc.