

July 13, 2006

Re: Business Opportunity Rule, 16 CFR Part 4370

To the Commissioners,

I'm not always one to write in about regulations and law-making in our country, but I feel this situation warrants my time and action, especially because it could devastate my entire network marketing industry.

First, let me commend your efforts to want to actively reduce scams and fraudulent business opportunities in our country. As an active online marketer and network marketer myself who adheres to all of the current laws, I see my fair share of "junk" online. Your efforts to reduce the frauds are appreciated.

However, I am **extremely concerned** about the proposed Business Opportunity Rule. The proposed requirements would have a severely negative impact on my industry, and they show a lack of understanding as to the scope of the effect they would have.

There are many problems and costs tied to the implementation of this idea. Not to mention it will cause a great deal of harm to both legitimate businesses and consumers alike.

A few of my biggest concerns are:

1) The requirements to disclose the 10 closest current or past distributors/associates a company has so that a prospect could contact those references.

While it is well within a citizen's rights to do their own due diligence and ask for references, it's **not** within the government's right to mandate a company hand over the private information of its law-abiding associates/distributors (who are in essence its employees).

That would be negligent because of the personal safety issues it raises, plus the identity theft possibilities and privacy violations it would create.

2) The earnings claims disclosure.

In reality, the "average" person in America never does much with the opportunities they are given. I have thousands of customers the world over, and only a small percentage actually take action on the information and tools they have at their fingertips.

I've been using earnings claims disclosures in my business since the start, and I think they are important. But I disagree with the requirements of this proposed rule. A simple "Results are not typical, and every business has inherent risk. You could lose all of your investment and never see results"-type statement should suffice.

To require a company or distributor/associate to give all of the "special characteristics" and circumstances this law is trying to impose is not realistic. The most important distinguishing factor in someone's success with a company is between his or her ears. It has **nothing** to do with where he lives, his friends or the size of his bank account. The majority of success stories in America over the last 200 years will attest to this.

Our country is founded on an entrepreneurial spirit and calculated risk-taking (in fact, all business in our country started with an entrepreneur who took a leap of faith and risk...often battling the opposition of family and friends). **This proposed rule, in essence, is the government trying to do the thinking for us and our consumers.**

3) The number of people who have canceled within 2 years.

Other industries are not required to disclose "refund rates" and "cancellation rates" - so why should our industry be targeted for this?

Forgetting the logistical nightmare this would create between a company and its sales force, this is not a reflection of the legitimacy of the opportunity presented. Instead, it's more of a reflection of the people who had an opportunity and did nothing with it. This is also a privacy violation of private companies and distributors/associates.

4) A list of legal actions over the last 10 years.

While clear of any charges, I feel my personal legal history (assuming I'm not the owner of the company) should not matter to a prospect or be disclosed.

And while I do agree that a company should be required to disclose the lawsuits they have LOST, this proposed rule would make no distinction. In our litigious society, people sue for a wide variety of reasons (many unfounded). The way this part of the proposed rule currently stands, merely having been sued (even if it was thrown out of court or the company was found "not guilty") would be tarnish the company's record.

Only lawsuits the company lost should be a matter of public record. What happened to "innocent until proven guilty"? **The FTC shouldn't overrule that foundation of our country for the network marketing industry.**

5) The "7 day cooling off" period.

Again, only a small percentage of people will take action on an opportunity and start their own business or home business. **To require a waiting period before they can do this is irresponsible to both the prospect and our economy.**

By trying to pass this regulation, again you are trying to have the government do the thinking for people and taking freedom of choice away from us.

This is simply wrong.

I am very concerned to see political appointees, not elected officials, trying to pass "laws" that will have a dramatic impact on my freedoms, my profits and the success of my industry (which has well over 1,000 companies and over 10 million direct sellers, not the small number of companies as stated in the proposed rule).

Make no mistake, **these proposed anti-business regulations will have little or no effect on the dishonest people in our country.** They won't use any "disclosure documents" or follow any of these "rules" because they are deceptive to begin with. Plus, the average citizen won't have any knowledge of these proposed rules.

That means the only effect this will have is to severely and negatively impact the privacy and profits of the honest business owners in this industry.

I was quite surprised at the problems this ruling will create, and urge you in the strongest possible terms to reconsider its implementation in light of these problems.

I thank you for your time and consideration.

Respectfully,

Chris Zavadowski

cc: George Allen, Senator, VA
cc: John Warner, Senator, VA
cc: Tom Davis, Representative, VA