

From: Gary Kanady

To: Federal Trade Commission

Re: Proposed "Trade Regulation Rule on Business Opportunities"

I have been a Quixtar/Amway Independent Business Owner since 1981. My association with Amway and Quixtar has been of tremendous benefit to me and my family.

While I have not been a "superstar" who became wealthy through the business, it has rewarded me very well in proportion to the effort I have put into it. In 1993, for example, I lost my job and was out of work for nine months. Were it not for the residual income from my "modest" Amway business, I would have lost my house to foreclosure. Because of Amway, we came through the crisis intact.

In 1997, our Amway residual income enabled my wife to retire from her job with the largest realty relocation company in the USA. Because of Amway/Quixtar income, my wife was able to spend more time with our grandchildren and help my mother through rehabilitation following a serious automobile accident. We were able to have my mother move in with us permanently because of the residual income from Quixtar.

Since the advent of Quixtar, our income has continued to provide us with a good supplement to our income. As Quixtar "Achievers," we take an annual paid vacation with business friends at Quixtar's expense. We also get the annual achiever's bonus of \$10,000 in addition to the monthly performance bonuses. Overall, we are very happy with the results Amway and Quixtar have provided to us. Our next goal in the business is to reach the Emerald level, which should allow me to retire from my full-time job.

The above benefits are only part of the story. Our association with other IBOs and with the Amway/Quixtar philosophy has changed our lives in a positive way. I am a retired Navy Captain who was used to the total authority that comes with submarine command. The principles upon which Amway and Quixtar are founded have made a tremendous difference to me personally and have improved my relationship with my wife, my children, my friends, and my grandchildren.

While I applaud your efforts to prevent abuses in our industry, I'd like to offer the following observations about how we operate so you don't throw out the baby with the bathwater:

- When I registered with Amway, I understood it was my responsibility to check the opportunity out for myself. I didn't expect the federal government to "protect" me from fraud.
- Nonetheless, I found the people who registered me more than willing to answer all my questions. I received answers to all my questions, including interviews with other submarine officers who were IBOs. I received no pressure to rush my registration.
- I also recognized that the investment associated with registration was so small that the risk was minimal.
- Nobody forced me to buy expensive tools or pay exorbitant fees. I found that Amway (and its successor, Quixtar) already had strict rules in effect to prevent such abuses.
- I have always made sure that the people I register understand that this is not a "get rich quick" business and that it requires work to succeed. I also teach them to pass this on to

others so nobody has any regrets about registering and so we eliminate prospects who are looking for something for nothing. When I present (and teach) the marketing Plan, I emphasize (as I was taught to do) that there are two things that must be included:

- There are no guarantees of success. Success requires work. (I was encouraged when my sponsor admitted this to me before I registered. It showed me he was being honest with me.)
- The numeric portion of the marketing plan must be presented exactly as approved by Quixtar. No claims can be made except those included in the approved plan. This includes the average monthly income for active IBOs as published by Quixtar.
- My policy has always been aligned with the Away/Quixtar policy of “satisfaction guaranteed.” If someone changes their mind about registration, I make sure they get all their money back, even if it is not technically covered under the corporate guarantee.

Regarding the specific provisions of your proposed rules:

1. The requirement for a seven-day waiting period makes sense where the investment is substantial and there is no guarantee of a full refund. Neither is the case for Quixtar or for the IBOs with whom I associate, who follow Quixtar’s rules to the letter. I don’t believe this would offer significant benefits to prospective IBOs.
 - If you must impose a waiting period, you should set a threshold on registration fees and money-back guarantees so you don’t encumber companies like Quixtar who have bent over backward to avoid fraudulent claims, large fees, and unfair practices.
 - The opportunity we offer is so different from the conventional mindset of the individual citizen that it takes some courage to believe in it and to accept it. There are many who scoff at our approach to business because it is not of the traditional mold.
 - We make it easy to start and easy to quit so we can give everyone who wants an opportunity to see our operation from the inside, with nothing to hide, so they can make a commitment based on the full picture with virtually no risk.
 - We offer them an opportunity to see that it really works and can work fast. We have seen many cases where young people generate significant income in a period of a few weeks because there is no risk and no waiting, so they can proceed as fast as they want.
 - I believe a waiting period would hamper this kind of progress and example, limiting the opportunity for people to get a complete picture of this unusual business opportunity.
2. The requirement to provide references:
 - As I said above, we make it easy to start, easy to quit to prevent abuses and to accommodate people who change their minds.
 - We provide a chance at our weekly business seminars for prospects to meet IBOs in our organizations without restrictions on whom they talk to or what they ask.

- As I understand the proposed FTC requirement, we already meet it through our business seminars. I would have no clue as to how to accomplish it otherwise without invading the privacy of other IBOs. Our main challenge is to counteract false information on the Internet, not to control our IBOs from making false claims or promises.
3. The requirement to provide a "litigation list":
- Settled cases are a matter of public record. Unsettled cases may or may not have merit. If we represented a major investment or a major risk, there might be some merit in providing a list of settled cases. The typical multi-level operation poses no such risks.
 - Litigation against one IBO on one IBO organization shouldn't reflect on other IBOs or IBO organizations that are not guilty of the malpractices covered in the litigation.
 - As I suggested above, if this requirement were to be imposed, I would recommend
 - Setting a monetary risk threshold far above what the typical multi-level marketing program asks
 - Only requiring it for settled cases that involve Quixtar, the IBO themselves, or the IBO organization to which they belong.
4. The requirement for specific earnings disclosures:
- Quixtar limits such disclosures to those approved by Quixtar. We follow that rule and present the Quixtar Marketing Plan as it is approved by the corporation.
 - Any other examples we use in explaining the plan are based on the plan itself, are just the result of applying math to different organizational structures, and should not require further substantiation.
5. The requirement for financial substantiation:
- My personal income is substitutable because I file income tax returns and document my income. A new IBO's income doesn't depend on mine. It depends on his/her own efforts as described in the approved Quixtar Marketing Plan. I carefully explain to prospective IBOs that their income may be more or less than mine, depending on the structure and business volume of their own organization.
 - I avoid specific income disclosures and tell them honestly about the general impact on my lifestyle (wife retirement, etc.).