

From: Cary & Kathy Hise, Independent Business Owners (#1002557) powered by Quixtar.

We have been IBOs for over 7 years actually have ownership of an International Business through Alticor – parent organization to Quixtar. This has placed us in and around this compensation model for many more years and many different perspectives. In short, the ability to build our own business powered by Quixtar has been the single greatest experience of our professional lives. We have been able to achieve incomes that are high levels of income, very predictable incomes and bonuses, and has followed the plan we were presented. Additionally, our business has provided a venue for us to grow and become more financially literate. With a background in Science and not in business – our Quixtar powered business has enable us the ‘literacy’ to start three other successful businesses. Due in direct experience to the nature of building our IBO business – we went in to our other ‘traditional’ businesses with full knowledge of the sacrifice, hard work, and delayed gratification principles versus a ‘get rich quick’ mentality. We have always known, and likewise teach, that any business will require long periods of effort and the Quixtar model is no different. The registration process is less than \$200.00 and we make a personal guarantee, backed by Quixtar, to fully reimburse any person that registers and decides later that they want to be unregistered. In seven years of registering hundreds of IBOs, we have had only two people that exercised that right.

We support an informed approach by consumers as they approach their decisions about involvement as IBO’s powered by Quixtar. However, it appears that some of the proposed rules would unnecessary burden on Quixtar IBOs instead of stopping other counterfeit business opportunities that operate in a deceptive manner. It would seem to make more sense to bring the rules to an enforceable standard, which parallel the current Quixtar model of informing prospects. Since Quixtar IBOs are currently having success in the areas of concern, the FTC, by following the Quixtar model of informing prospects, would have a set of rules that could be enforceable and monitored for success. To penalize Quixtar IBOs in an attempt to stop deceptive opportunities hurts the entire industry. It is logical to first bring the industry up to the successful Quixtar standards instead of creating rules that currently have no measure of success or enforceability.

Our concerns with regard to the proposed FTC rule are as follows:

1. A 7 day waiting period to register, after receiving disclosures, penalizes Quixtar IBOs who offer a money back guarantee if a new person is not satisfied.

Solution: Eliminate the 7 day waiting period. In lieu of any type of a waiting period the FTC should standardize a money back guarantee clause, which would be an enforceable alternative to any waiting periods. Any “waiting period” rule would be very difficult to monitor or enforce.

2. Providing prospects a list of 10 references with contact information certainly compromises privacy issues for IBOs. I know of tens if not hundreds of examples over the last 7 years whereby people want some level of autonomy and privacy protection. In today’s world of the identity thievery, this could even open up libel and slander issues? Such references could also create a situation where prospects are lost to the referenced IBO. What if the IBO lives in an area with no immediate 10 references to list?

Solution: Eliminate the requirement of IBO references. If the FTC requires a reference, that reference should be directed to the contracting corporation, which in our case would

be Quixtar. The contracting corporation could employ a panel of people to field reference type questions.

3. Giving prospects a list of lawsuits or other legal claims would create an extremely unfair practice. Frivolous lawsuits in this country are already moving at an epidemic rate and this scenario would encourage even more. IBO's already have access to the IBOAI board which defines arbitration rules, etc. Truth can be totally left out of any lawsuit simply by the choice of an overly litigious society. This type of approach would start to favor certain demographics who could afford/not afford genuine legal process upon genuine legal wrongdoings. Furthermore, any lawsuit that has not seen court or at least arbitration will be littered with unfounded statements and conclusions. How would IBOs get access to such a list of litigation and who would be required to update the list? As far as we know, General Motors, Walmart, McDonalds, etc. are businesses that are not required to unveil legal allegations to consumers who are partnered with them in their commerce models. Therefore, why should we?

Solution: Eliminate the requirement to disclose past litigation. Litigation is necessary to resolve disputes and if there is a dispute between a prospect and the working IBO or Quixtar, the prospect should not register on his or her own merit.

4 & 5. Disclosure of specific earnings will again have serious impact on confidentiality and security issues to IBO's. Earning as an IBO powered by Quixtar are directly proportional to time and effort involved. Specific earning disclosures and income potential is something that we currently do as Quixtar IBOs. We handout the SA-4400 and discuss in detail the average monthly gross incomes of active IBOs. To provide more information to a prospect would just be confusing. Besides, the true earning potential is directly proportional to the amount of work and commitment an IBO is willing to put forth and not what someone else has done.

Solution: If disclosures remain a must, then require a simple standardized form similar to what we are currently using in our "average monthly gross income for 'active' IBOs."