

FTC Ruling Response Letter

Dear Sirs,

These are my comments concerning Business Opportunity Rule R511993.

I would like to thank you for realizing that there are organizations and businesses that do need to be monitored so that people will not be taken advantage of, and steps need to be taken towards this purpose.

We (our family) have been involved with direct selling companies for over 15 years. Usually we have been consumers. However, recently we have become involved in a multi-level organization that is of high caliber. The management is outstanding and they do everything to ensure that the organization maintains a high level of integrity and standards and provides a high quality product. We have become involved as a means to allow us freedom of time, more money and enhancement of health to pursue our dreams and goals as a family.

Being involved in direct sales is encouraging me to develop my self-confidence as a speaker, as a leader, to meet more people and to grow as an individual. Also, to be able to help others to do the same is a very liberating and rewarding aspect of this business.

Again, we thank you for FTC consumer protection priorities in this ruling. However, we are extremely concerned about the impact on legitimate direct selling companies. We truly understand that there are fraudulent groups out there. However, this particular rule unfairly targets legitimate direct selling businesses by making the whole process cumbersome, tedious and violates people's privacy.

The seven-day waiting period aspect throws a negative light on the direct selling industry. In my mind, it would be like going to a store and deciding to purchase a small item under \$50.00 and having the sales clerk tell you that you have to wait for 7 days to actually purchase and receive the item. Direct sales investment costs for a sales kit are usually less than \$500.00. This aspect is not appropriate for the dollar value involved. The record keeping and the administrative problems to do this would be a nightmare, expensive and so unnecessary.

The \$500 business threshold is again not appropriate for the direct selling companies due to cost of their investment and their products. We would agree that it is an appropriate action or method for companies and franchises requiring a greater investment.

The Litigation Reporting requirements give such an inaccurate picture to a potential buyer of what has actually occurred. If there is to be litigation reporting the whole picture, including the outcome, should be included. Again, however, it would be very difficult to handle this administratively. The other aspect to this is that it would not stop an individual from falsely going into litigation.

The Earnings Claims requirement creates another administrative nightmare. To collect all the required data would be difficult.

References I believe should be supplied from a company when purchasing a high-ticket item of \$1000.00 or more. However, when an item is purchased of lower value, to supply 10 nearest existing sales people is very time consuming, impractical and unrealistic. Since our society has had to deal with the growing problem of identity theft, I would not participate in sharing out personal information. Even in retail stores, oftentimes they will ask for name and address for a cash purchase. This is considered a privacy issue also. The problem would be magnified a million times more. Also, for legitimate corporations to ensure that identity theft will not occur requires security implications that are vast, cumbersome, impractical and unreasonable.

There are many direct selling companies that have integrity, good management, and good business practices and are doing everything to ensure that people are not taken advantage of. However, most of the steps in this ruling are more appropriate for companies with higher cost items than the products that are usually sold by direct selling companies. Also, this ruling would make the process too cumbersome and ineffective for most of the legitimate direct sales companies. The fraudulent companies would be able to easily get around these rulings. Thus, defeating what you are trying to accomplish with this ruling.

Sincerely,

Carmella Payne