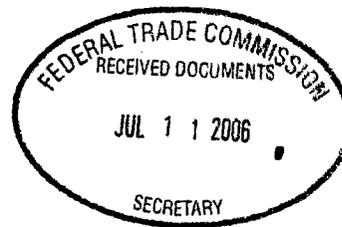




July 7, 2006

Federal Trade Commission/Office of the Secretary
Room H-135 (Annex W)
600 Pennsylvania Avenue, NW
Washington, DC 20580



RE: Business Opportunity Rule, R511993

Dear Sir or Madam:

We understand the Federal Trade Commission is accepting comment concerning the proposed Business Opportunity Rule R511993 (hereinafter referred to as "the Rule"). Mannatech would like to make the following comment.

By way of background, Mannatech Incorporated is a Texas-based corporation and wellness solutions provider that develops proprietary nutritional supplements, topical products and weight management products that are sold through a global network marketing system throughout the United States and the international markets of Canada, Australia, United Kingdom, Germany, Denmark, Japan, Taiwan, New Zealand, and South Korea. We have a dedicated independent contractor (Associate) force of approximately 510,000 and are a member of the Direct Selling Association. In 2005, Mannatech's annual net sales totaled approximately \$389 million. We provide individuals with an opportunity to earn extra money for specific goals and/or to supplement their family income.

Mannatech believes that the Rule, as it is currently drafted, could prevent Mannatech from continuing to operate as a direct selling company. Although Mannatech understands that the FTC is charged with protecting the public from "unfair and deceptive acts or practices," some portions of the Rule will make it very difficult if not impossible for Mannatech to continue to operate.

First, one of the most confusing and burdensome sections of the proposed rule is the seven day waiting period to enroll new Associates. Mannatech provides individuals several ways in which to enroll as a new Associate. Individuals may choose from a \$39, \$99, \$329 or \$1099 enrollment pack. When compared to other substantial purchases that an individual may make without such a waiting period, this requirement is not only onerous but implies that there is something wrong with the company or the products. In addition, this requirement is unnecessary as Mannatech provides a 90% buyback policy for all purchases within the last twelve months. Under this waiting period requirement, Mannatech will need to keep very detailed records when an Associate first makes contact with a prospective purchaser and will then have to retain these documents for three years. The related administrative costs will be very expensive.

In addition, we would like to address the broad definition of "business opportunity" under the proposed Rule. Under the proposed rule, Mannatech's plan would fall under FTC regulatory authority, since the existing \$500 threshold under existing franchise rule will be eliminated and Mannatech will now be

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required to produce numerous pieces of documented materials in order to comply with the proposed rule. We instead encourage the FTC to maintain a definition of a "business opportunity" that is consistent with the existing state business opportunity laws.

The requisite disclosures mandated by the Rule are unduly burdensome and could impact the manner in which Mannatech conducts its business, potentially even preventing Mannatech from continuing to operate.

The mandatory disclosure of legal actions involving misrepresentation or unfair or deceptive practices filed against the company within the previous ten (10) years should be limited to suits in which the company was found guilty. Companies can be sued at any time, whether or not there is merit to the allegations. Forcing companies to disclose all such litigation, regardless of the outcome, is tantamount to punishing the company for circumstances beyond its control.

Mannatech is also concerned about the mandatory recordation and disclosure of time periods, Associate demographic/geographic data and earnings claims as we believe this approach will be ineffective in preventing the targeted business opportunity fraud. It is likely that those perpetuating fraudulent business opportunities will not provide accurate data. However, direct sellers such as Mannatech, which will try to faithfully comply, will have the difficult if not impossible challenge of interpreting and meeting some of the proposed requirements.

Finally, Mannatech would like to address the mandatory disclosure of a minimum of ten prior purchasers nearest to the prospective purchaser. Although Mannatech is glad to provide references, we are concerned about distributing the personal information of our Associates (without their approval) to strangers; this amounts to both an intrusion of the individual's privacy rights and a litigation risk for Mannatech. In addition, giving out this information without any controls on how it could be used will very likely and unfairly benefit our competitors. In order to generate the list of the 10 prior purchasers, we will need to obtain the address of the prospective purchaser, search our database for the geographically nearest existing Mannatech Associates, use a software program or online mapping service to confirm these are the correct Associates, and then send these results to the prospective Associate. An individual would, understandably, be hesitant to register as an Associate if by doing so they are consenting to the distribution of such information.

The foregoing outlines Mannatech's concerns about the proposed Rule. On behalf of Mannatech, thank you for the opportunity to provide this comment.

Sincerely,

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