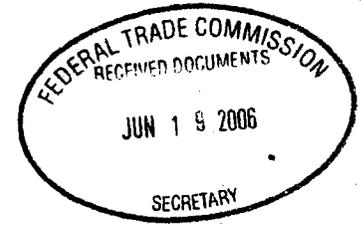




Carico International Inc.

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July 17, 2006

Federal Trade Commission
Office of the Secretary, Room H-135 (Annex W)
Re: Business Opportunity Rule, R511993
600 Pennsylvania Avenue, NW
Washington, DC 20580

RE: Business Opportunity Rule, R511993

Dear Sir or Madam:

On behalf of Carico International, Inc., and its thousands of independent contractors, this letter is written to express our concern about the proposed *New Business Opportunity Rule R511993*. In its present form, it could severely hurt our company, our independent contractors, and our industry. I can understand and appreciate that part of the FTC's responsibilities is to protect the public from "unfair and deceptive acts or practices," however; some of the sections in the proposed rule will make it very difficult if not impossible for our company, its independent contractors, and our industry to continue its business.

Carico International, Inc. was founded in 1967. We market housewares products such as China, Crystal, Tableware, Cutlery, Cookware, Air and Water Filtration systems. We have more than 5,000 independent sales people who depend on our company and its products for their livelihood and family's well being.

One of the most confusing and burdensome sections of the proposed rule is the *seven day waiting period* to enroll new sales consultants. Carico's sales kit only costs \$60.00 People make many purchases such as TVs, cars, and other items that cost much more than that and they do not have to wait seven-days. This waiting period creates the impression that there might be something wrong with the plan or program an independent contractor wishes to become engaged in. This seven-day waiting period is unnecessary, because Carico already adheres to a 90% buyback policy for all products, including sales kits, purchased by a salesperson within their last twelve months in the business. Under this proposed waiting period requirement, Carico will need to keep very detailed records of when its Sales Consultant first makes contact with a prospective purchaser and will then have to retain these documents for three years. The related administrative costs will be cumbersome, time consuming and very expensive.

The proposal to eliminate the existing *\$500 threshold* would mean Carico's plan would fall under FTC regulatory authority since the existing franchise rule will be eliminated and Carico would have to produce numerous pieces of documented materials in order to comply with the proposed rule.

The proposed rule calling for the release of **any** information about *prior litigation* and *civil or criminal legal actions*, which may involve misrepresentation, or unfair or deceptive practices, pays no

regard to a company having been found innocent. Anyone or any company can be sued for almost anything. We see little value in disclosing these lawsuits unless a company is found guilty. Otherwise, a company like Carico is put at an unfair advantage even though we have done **nothing** wrong. Additionally, it seems that anyone intent on bringing legal action against a direct selling company will add claims for misrepresentation into every complaint these days. Why should a prospective sales consultant, or anyone else, be concerned about litigation between a company and its software provider? Trade disputes between a company and its vendors could include claims for misrepresentation yet have nothing to do with the company's sales and marketing program and a sales consultant's opportunity to become engaged in the business.

The proposed rule regarding *earnings claims* requires direct sellers to gather information, time periods and demographic/geographic data from its independent sales people. We are concerned that this approach will be ineffective in preventing the targeted business opportunity fraud, since those perpetuating fraudulent business opportunities will not provide accurate data anyway. However, direct sellers such as Carico International, Inc., which would try to faithfully comply, will have the difficult if not impossible challenge of interpreting and meeting some of the proposed requirements.

The proposed *10 prior purchasers* rule requires disclosure of at least 10 of the company's product purchasers residing nearest to the prospective purchaser. Although Carico may be glad to provide references about its products and services, in these days of identity theft, we would be very uncomfortable giving out the personal information of any individual or product purchaser. Ironically, the requirement to provide references could result in privacy lawsuits, which under the proposed rule, we would have to report. Also, disseminating 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, Carico would need to obtain the address of the prospective purchaser, search our database for the geographically nearest existing sales consultant, use a software program or online service such as Mapquest to confirm these are the correct sales people, and then send these results to the sales consultant. This would be extremely cumbersome and impractical. The following sentence required by the proposed rule will prevent many people from wanting to be a salesperson "If you buy a business opportunity from the seller, your contact information can be disclosed in the future to other buyers." People are very concerned about their privacy and identity theft and so are we from a privacy litigation standpoint. Individuals will be reluctant to share their personal information with individuals they may have never met.

In closing, Carico International, Inc. appreciates the work of the FTC to protect consumers, but we believe this proposed new rule has many unintended consequences, which may destroy our business. We also believe that there are less burdensome alternatives available in achieving the consumer protection goals stated in the proposed rule.

Thank you for your time in considering our comments.

Sincerely,

Joseph DiCiaccio, Vice President
Carico International, Inc.