

IN REFERENCE TO BUSINESS OPPORTUNITY RULE R511993

I have been an Independent Business Owner for nearly 18 years. First with Amway and then Quixtar when its business model was launched in Sept. 1999.

My wife and I have accomplished the level of Founders Emerald giving our family a low six figure income for the past 16 years. Most important is the positive change in our life style where we have time together as a family (because of the multilevel marketing business model) which was not the case when I was in a traditional business.

We were presented this opportunity by a friend whom we trusted. It cost \$85 to register. We did not fully understand the business concept. However, the business plan and numbers made sense to me and I understood to develop any business would take time, knowledge and work. Today when I sponsor someone I make sure they understand that success will take time, knowledge and work. Also, I supply all kinds of financial information about Quixtar and how the income is generated, the SA4400 and corporate info on the website to investigate.

My fear is that if the proposals outlined in Business Opportunity Rule R511993 are adopted, my business which has taken 18 years to build, would go down the tube. My business is not broken and therefore does not need fixing.

MY REACTION TO SOME OF YOUR SPECIFIC PROPOSALS:

1. Seven day waiting period:

Most of the people I register as IBO's take 2 or 3 days to review the information and do due diligence before signing up. However, some get in immediately because it makes sense to them and they know and trust me. Within a couple of days we are sharing the opportunity and registering their friends as we begin to build their businesses. A seven day waiting period would destroy this momentum and enthusiasm which is critical to getting off to a strong start.

2. References:

I never give out names, addresses and phone numbers of people in my business. I respect their privacy. Some don't want anyone to know that they have a secondary source of income...especially their employer. IBO's meet other IBO's at home meetings, previews and seminars and will build relationships personally that way and can share information if they wish.

3. Litigation list:

Impossible and irrelevant. This is as if I decided to go to school to study law. But first I want the school to tell me how many people have quit, how many did not pass the bar, how many committed fraud and were disbarred, how many were jailed during the past 10 years etc., etc. What would any of that have to do with the possibility of my becoming a competent, successful lawyer?

4. Earnings disclosure:

We in Quixtar already have that and it is quite transparent.

5. Financial substantiation:

The only people who know my annual income is my spouse, my accountant, the IRS and myself. My income is my personal business just as it always has been in any business endeavor I have been involved with. How about you?

Finally, I see nothing in your proposals that will improve my business but instead, possibly ruin it. I appreciate the fact that you are trying to eliminate the fraudulent, get-rich-quick scams and pyramid schemes but, in my opinion, if the Quixtar business model was used as the example for all legal multi-level businesses, there would be no problem.

Suggest you not only look at our business plan, but our code of ethics, the transparency of how income and incentives are calculated and reported and the long term integrity and reputation of the people who launched and built this business over the past 40 or so years, and maybe you will realize that our business structure could be “the litmus test” for the industry.

Thank you for your consideration.

Richard V. Lombardi