

July 17, 2006

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

From: Eric van de Straat, Distributor for Wellness International Network, Ltd.

Re: Business Opportunity Rule, R511993

Dear Sir or Madam:

I am writing in response to the proposed New Business Opportunity Rule R511993. If passed, this rule would be a significant burden to the network marketing industry. The new rule, although well-intended, represents a serious encumbrance to the free market trade that would do more harm than good to hardworking American entrepreneurs.

**Seven-day waiting period.** The proposed rule would require a de facto seven-day waiting period to enroll new distributors. In essence, one would have to sell a person twice on the same business—even if the application start-up fee is as little as \$19.95 to \$99. While I support some of the disclosures with modification, I am opposed to a seven-day waiting period because it is an excessive burden to any company and distributor who would be required to document and follow-up on the process and an impediment to new business development.

**Litigation disclosure.** The rule also calls for the release of any information regarding prior litigation and civil or criminal legal actions involving misrepresentation, or unfair or deceptive practices, even if the distributor and/or company was found innocent. In our lawsuit-happy culture, anyone can be sued for anything almost with impunity. Irregardless of the outcome, you would have to disclose the tainted information and explain it to a new business associate which is patently unfair. I would support the disclosure of previous litigation of companies, executives, affiliated companies and the like involving fraud and misrepresentation only if the party is found guilty. If the defendant is found not guilty, the opposing parties agreed to settle without admission of guilt or the case is still pending, then it should not be necessary to disclose this information. If the parties agreed to settle without admission of guilt, there usually is some public document available, particularly if it involves a government agency and further disclosure therefore would be unnecessary. If a case is pending, it shouldn't be commented upon.

**References.** Lastly, the rule requires the disclosure of a minimum of 10 purchasers closest to you. While it is a good practice to provide references of satisfied customers, this is a burden for small businesses and, as a requirement, is a violation of personal confidentiality. Unfortunately, requiring the release of this information can threaten the business relationship of the references who may be involved in other companies or businesses. In addition, it subjects these references to cross-marketing by competitors. I am recommending that contact information for purchasers be available upon request, that their availability be published on company materials, and that due to Internet-marketing, they not be limited to geographic proximity.

The network-marketing industry is one of the few remaining opportunities for people to leverage their time and limited resources to earn additional income or to create a new career. Once scoffed at by investors, many network-marketing companies are publicly traded on Wall Street including Herbalife, Nu Skin, Pre-Paid Legal Services, USANA among others. Network marketing is being used by blue-chip corporations including Citigroup, MCI and IBM. Top business management leaders and *New York Times* best-selling authors Robert Kiyosaki, Paul Zane Pilzer, and Steve Covey have endorsed network marketing. The industry is also growing in popularity and contributes to the U.S. economy. This growth should be encouraged. Today, there are 13 million Americans involved in the network-marketing industry. Lastly, the network-marketing industry contributes to our growing economy. Sales of products and services through network marketing are estimated at more than \$29 billion in 2003.

While I appreciate the work of the FTC to protect consumers, I believe this proposed new rule has many unintended consequences for direct sellers and that there are less burdensome alternatives available to the agency to achieve its goals. In summary, I believe this proposed new rule exceeds what is necessary and should not be passed. We live in a free market economy where people have the responsibility of making informed decisions based on best information. A better approach would be to provide consumers with objective criteria when analyzing a business opportunity and let the individual determine if they wish to proceed -- understanding that nothing in life is guaranteed and success is ultimately up to them.

Thank you, in advance, for reviewing and posting my comments.

Yours Sincerely,

Eric van de Straat