

Ms. Crisette Ellis  
Mary Kay Independent National Sales Director

July 5, 2006

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

Dear Sir or Madam:

As a Mary Kay Independent National Sales Director, I am writing to express my concern about the proposed New Business Opportunity Rule R511993. I am very troubled about the impact this proposed rule would have on my Mary Kay business.

I have been a beauty consultant with Mary Kay Cosmetics for over 14 years now. I began my Mary Kay career in March of 1993 while I was 6 months pregnant with my 3<sup>rd</sup> child. I can remember as if it were yesterday being asked by another consultant to listen to the marketing plan. The Mary Kay marketing plan was shared with me and I was so excited about the potential for financial independence as well as the flexibility that it offered. Up until that time, I did not know that such a marketing plan existed; all I knew was that I did not want to go back to my corporate job after I had my baby. I knew that whatever part-time opportunity I would take, it would have to offer me the flexibility that I needed so that I could spend more time with my children. When I think about this new proposed rule, I have no doubt that it would have caused an unnecessary burden to the consultant who shared the opportunity with me. I truly believe that she would not have shared the opportunity with me had she been obligated to the 7 day waiting period, producing references, and litigation disclosures (just thinking about having to produce this information and explain it to potential consultants is making my head hurt). I have shared this awesome opportunity with countless women and I know it would have been a hindrance to me. I can only imagine what my life would be like if I were not a consultant with Mary Kay Cosmetics. Not only have I benefited financially from being a consultant but the intangible things I have gained from being associated with Mary Kay are just as important. My self confidence and self esteem have greatly improved. I have forged invaluable friendships all over the country just by being associated with this company. I am sure as you read this letter you can tell that I am passionate about Mary Kay Cosmetics and the opportunity that it affords everyone that is interested in becoming a consultant. I would hate to see Mary Kay penalized by these new proposed rules simply because of the poor ethics of other direct selling opportunities.

As Independent Beauty Consultants we offer Mary Kay to others attracted to these high ethics and principles seeking a career with independence, freedom, and the chance to fulfill the dream of owning their own business. Many start their Mary Kay business to

supplement their family income or help pay for holiday gifts. For others, it becomes a full-time career. This proposed new rule puts everything we've accomplished as entrepreneurs and small business owners at risk. Here's why:

#### **Seven-Day Waiting Period**

The seven-day waiting period provision of the proposed rule puts me at a competitive disadvantage in running my business and is unnecessary. The cost to begin Mary Kay and purchase a starter sales kit is only \$105. In fact, the starter sales kit can be returned for a full refund within 30 days of purchase. On a daily basis, Americans everywhere make purchases – whether it is clothes, cars, televisions or even a meal – without having to wait seven days. Our free market economy allows consumers to make their own choices and start new careers when and how they like. Mary Kay protects consumers by offering an unusually safe investment thanks to its 90% buyback policy for products purchased by an Independent Beauty Consultant within the last twelve months (100% if returned in the first 30 days). That's a rare deal in any business.

#### **References**

The proposed rule requires the disclosure of 10 individuals who have recently been approached with Mary Kay. I am glad to provide references, but this provision adds an unreasonable administrative burden and makes doing business unduly complicated and time-consuming. First, I am not aware of every individual in every area who has been approached by every Mary Kay Independent Beauty Consultant. That means I will need to send the address of every prospective Beauty Consultant to Mary Kay Inc. and wait for the list.

Second, I am very concerned about giving out the personal information of other individuals, without their permission, to strangers. In this day of identity theft and privacy concerns, people are guarded of their personal information. The way this rule is written will scare people away from a Mary Kay career and will hurt my business and that of the 750,000 Mary Kay Independent Beauty Consultants who sell Mary Kay skin care products.

#### **Litigation Disclosure**

Finally, the proposed rule calls for the release of any information regarding prior litigation and civil or criminal legal actions to our prospective Independent Beauty Consultants. This provision does not take into account frivolous lawsuits or cases where the company was found to have done nothing wrong.

I am a hard-working, honest and ethical woman who is running a successful and legitimate business. Disclosing lawsuits in which neither I nor Mary Kay have done anything wrong is truly unfair.

In closing, let me express my appreciation to the FTC for its work in protecting consumers. You are to be applauded for all that you do. But I believe the proposed new Business Opportunity Rule has many unintended consequences that will hurt me and others who are the smallest of the small business owners.

Like you, Mary Kay also celebrates the highest ideals, morals and ethical standards. Mary Kay Ash herself challenged us to "build corridors of honesty and of fairness, of sincerity and of right-dealings." She always said:

...the most valuable assets we carry with us are our integrity, our reputation, the good, honest name upon which we can build our future in business. Integrity is the calling card we leave behind when we are gone.

Thank you for your time and for considering my comments.

Sincerely

Crisette Ellis  
Mary Kay Independent National Sales Director