

FEDERAL TRADE COMMISSION

Project No. R511993

COMMENT

of

PLANET ANTARES, INC.

on the

REVISED NOTICE OF PROPOSED RULEMAKING

on the

BUSINESS OPPORTUNITY RULE

R511993

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Introduction

Planet Antares is pleased to provide these comments for the record in response to the Federal Trade Commission's ("Commission" or "FTC") invitation for interested parties to submit written comments regarding the Revised Notice of Proposed Rulemaking to amend 16 C.F.R. Part 437, the trade regulation rule governing the sale of business opportunities not covered by the amended Franchise Rule. Planet Antares is a company with a long history of innovation and leadership in its field. It welcomes the Commission's continuing efforts at eliminating fraud in the realm of business opportunities. However, for the sake of the company and the many consumers who depend on it for the services it provides, Planet Antares recommends that the Commission not promulgate the Rule in the form proposed.

This Comment explains why the proposal fails to pass the test the Commission has set for the promulgation of a trade regulation rule. If promulgated, the Proposed Rule would impose great costs across a broad swath of industries despite a rulemaking record that fails to demonstrate the prevalence of a problem and fails to offer a rationale that the remedy would target, much less reduce, the problem the Commission seeks to solve. The principal effect of the Proposed Rule would be to deprive many thousands of consumers of valuable information about investment opportunities and to reduce substantially the opportunities themselves. In a time of economic distress for millions of Americans, these are costs that they can ill afford. Against these costs, the Proposed Rule would do little to enhance the Commission's ability to police deception in the marketing of business opportunities.

Planet Antares commends the Commission for its careful analysis of the consequences of a rule for the multi-level marketing industry ("MLMs"). The same analysis, applied to other business opportunities, counsels that the Commission proceed in measured steps designed to address the specific problem that the Commission has identified – false and unsubstantiated claims about financial investments. If such claims are, in fact, prevalent in the marketing of business opportunities, the Commission should seek to restrict the claims themselves, not the opportunities for which the claims might be made. Accordingly, Planet Antares recommends against the promulgation of the Rule in its current form.

I. SUMMARY OF COMMENT

A. Business Opportunities Offer Valuable Benefits

Numerous comments and evolving definitions in this rulemaking process have demonstrated that a significant share of the billions of commercial communications every day promote business opportunities. As soon as consumers turn on the morning news, open the daily newspaper, or log on to the Internet, they see and hear information about working, saving, and investing. On their daily commutes, at their jobs, and during their spare time, consumers see and seek information about new and different ways to employ themselves and grow their savings. Books, seminars, and programs about jobs, investments, schools and other means of improving one's economic circumstances consistently top the best-seller lists and draw huge audiences. The opportunities range from complete career transformations offered by professional and trade schools, to discrete investment opportunities offered by real-estate and financial advisors, to job-seeking advice sold by publishers and consultants. Along the spectrum lies a vast variety of active and passive investments that give consumers opportunities to increase their savings and find satisfaction with their occupations. Planet Antares is one of the tens of thousands of companies in the market for such investments.

Planet Antares is the nation's largest seller of opportunities to invest in the business of promoting, placing, and operating vending machines. Purchasers from Planet Antares can select investment opportunities tailored to their means and demands. For most consumers, the selection is an opportunity to supplement a regular job with a modest investment of time and money. Eventually, some consumers decide that a business opportunity Planet Antares offers provides the satisfaction of a sole occupation. Planet Antares makes information, assistance, and support available to all of its consumers in order to enhance their investments.

Consumers regularly praise the extensive information and immediate support provided by Planet Antares, especially the part of the program designed to help a new investor start a vending machine business. As described in a sample of letters in the Appendix B, consumers report that without assistance such as market research identifying business locations, marketing materials to help with vending machine placement, and one-on-one coaching, they would not have experienced the success and satisfaction they achieved. Consumers are impressed with Planet Antares's professionalism and ability to "get [a] business up and running quickly."

Satisfied consumers range from recent purchasers, with less than a year of experience with Planet Antares, to investors who have been engaged with Planet Antares for more than a decade. The size of these consumers' commitments vary – from a part-time effort servicing a few machines to a large organization employing a staff servicing hundreds of machines. While the size and purpose of each investment vary, consumers consistently report that Planet Antares played a pivotal role in helping them achieve their goals.

Planet Antares's business opportunities offer consumers rewards beyond the financial. Many customers thank Planet Antares for the time that their vending businesses allowed them to spend with their families or pursue other interests. They recount past job experiences that prevented them from caring for family members or enjoying leisure activities. These consumers

found that their investment, with help from Planet Antares, allowed them to work fewer hours and create flexible work schedules, while still providing adequate income to support themselves and their families. Others found that their investments allowed them to retire early or supplement their retirement income to live more comfortably.

Many consumers testify to the personal satisfaction derived from their investments and their involvement in their businesses. Planet Antares's support system plays a crucial role in their success and happiness as a business opportunity investor. This assistance—ranging from mechanical support to keep vending machines in good working-order, to inventory control mechanisms, to helping customers find new locations for vending machines—allows Planet Antares's customers to, in turn, provide high levels of customer service to their own clients. Above all, consumers repeatedly mention that their investments would not have been a success without the help and support of Planet Antares.

Virtually absent from correspondence to Planet Antares are reports of the problems that the Proposed Rule seeks to prevent: misleading and unsubstantiated claims about potential earnings or assistance. Consumers attending the company's presentations bring skepticism and curiosity. Hardly anyone comes thinking that the opportunity requires minimal effort and involves no risk, but if they do, nobody leaves with that impression. In the many hours that consumers spend evaluating the pros and cons of an investment with Planet Antares, and before they ever invest in a program, they acquire ample information about both the rewards and the demands that the vending-machine business offers and imposes.

The Proposed Rule seeks to solve a problem that does not exist at Planet Antares or at any other honest enterprise. If the Proposed Rule were promulgated, however, there is no question it would harm the consumers who benefit from the services Planet Antares provides, and it would deprive many others of the opportunities that will not be offered by legitimate companies that cannot bear the costs of complying with the Rule. If the Rule is promulgated, it would offer little deterrence to enterprises bent on engaging in fraud. Ultimately, the Proposed Rule is unnecessary and counterproductive, because it is not necessary for honest businesses and not as effective as Section 5 for policing bad actors.

B. The Proposed Rule Would Fail to Achieve Its Intended Purpose

In assessing the Interim Proposed Rule (IPBOR) of 2006, the Commission reached a conclusion that will be difficult to escape in the assessment of the Revised Proposed Rule:

The Commission recognized that the extensive disclosures of the original Franchise Rule would entail disproportionate compliance costs for comparatively low-cost transactions involving the sale of business opportunities. Therefore, in an attempt to strike the proper balance, the Commission mitigated the compliance burden by including in the IPBOR substantially simplified and streamlined disclosure requirements.¹

¹ 73 Fed. Reg. 16,110, 16,113 (Mar. 26, 2008).

However, the streamlining did not fully achieve the Commission's purpose. Two key problems emerged with the IPBOR's breadth of coverage. First, [it] would have unintentionally swept in numerous commercial arrangements where there is little or no evidence that fraud is occurring. Second, the IPBOR would have imposed greater burdens on the MLM industry than other types of business opportunity sellers without sufficient countervailing benefits to consumers.²

In its reassessment in 2008, the Commission acknowledged the overwhelming majority of commenters' arguments that the Rule would have failed to prevent fraud and would have been devastating to legitimate MLM businesses. Considering the burdens the Rule would have placed on legitimate businesses, the Commission determined it would use Section 5, rather than a new rule, to challenge unfair or deceptive acts or practices in the MLM industry.³ That same analysis applies to Planet Antares and the rest of the legitimate business opportunity industry.

Planet Antares applauds the Commission's efforts evident in the revised proposal to reduce the unintended consequences of the original proposed Rule. Unfortunately, those efforts have only reduced the scale of the cost-benefit deficit that the Proposed Rule would run. The Commission has not yet addressed the basic defect: the original proposal targeted legitimate, rather than illegitimate, conduct. The Proposed Rule does the same. Ironically, the Proposed Rule targets most directly the most valuable aspect of a legitimate business opportunity – the assistance that is critical to consumers' success in a new endeavor – while exempting from its coverage one of the principal forms of fraud that inspired this rulemaking at the outset – the pyramid scheme masquerading as a legitimate business.

The same rationale that led the Commission to decide that it would address MLMs on a case-by-case basis, rather than through a rulemaking, should lead the Commission to address other business opportunities in the identical way. The Commission should rely on its Section 5 authority to address new frauds that may develop, rather than attempt to gather all potential, yet unknown, frauds under the umbrella of a rule that mandates specific business methods for legitimate businesses. If the Commission believes that Section 5, along with the plenary equitable relief now available against perpetrators of business opportunity deception, is not enough to deter the problem of deception, the Commission should craft a rule that raises the penalty for the deception itself. The Commission should not craft a rule that stands between legitimate companies and consumers looking for investment opportunities.

The Commission has made it clear in this rulemaking that it does not intend to impair the ability of consumers to take advantage of the benefits that business opportunities provide. Unfortunately, the Proposed Rule as currently structured would do just that for businesses that do not take the form of an MLM, and any rule with a similar structure would likely do the same. Exempting MLMs from the rule does not change that defect. As long as the Commission attempts to impose mandates to alter legitimate businesses that unscrupulous marketers try to emulate, the Commission will produce a rule that devastates legitimate businesses, diminishes the services they offer, and deprives consumers of the opportunities they demand.

² *Id.*

³ *Id.* at 16,114.

II. THE PROPOSED RULE FAILS TO SATISFY THE LEGAL STANDARD FOR RULEMAKING UNDER SECTION 18 OF THE FEDERAL TRADE COMMISSION ACT

A. Section 18 Imposes a Strict Legal Standard for a Rule

In order to promulgate or amend a trade regulation, the Commission must first evaluate the potentially unfair or deceptive practice and determine, through reliable evidence, that the following criteria are satisfied:⁴

1. The act or practice must be prevalent;
2. A significant harm must exist;
3. The proposed Rule must reduce that harm; and
4. The benefits of the Rule must exceed the costs.

B. The Record Lacks Reliable Evidence that the Proposed Rule Satisfies the Test

1. The Record Does not Demonstrate Prevalence of Harmful Deception in Business Opportunities

For good reasons, the Proposed Rule has been revised to exclude, among others, multi-level marketers (“MLMs”).⁵ As the Notice stated:

On the basis of its law enforcement experience and the rulemaking record, the Commission concludes that some MLMs engaged in unfair or deceptive acts or practices. These practices include operation of pyramid schemes and false or unsubstantiated earnings claims. It is beyond a doubt that where they occur, these practices cause significant consumer harm. . . . The further question as to whether such deceptive practices are prevalent, however, is elusive. It is difficult to gauge the incidence of such practices among MLMs.⁶

After the Commission concluded that some MLMs engaged in deceptive practices, such as operating as pyramid schemes, the Commission declined to subject MLMs to the Proposed Rule, and instead elected to proceed against deceptive MLMs on a case-by-case basis.⁷ The Commission’s rationale to exempt MLMs rested on in part on its conclusion that a large number of complaints – even thousands of complaints over many years – did not establish the required prevalence of deception. This assessment was a welcome revision to the Commission’s 2006

⁴ *Id.* at 16,117

⁵ *Id.* at 16,113.

⁶ *Id.* at 16,119.

⁷ *Id.*

conclusion that its law enforcement experience and complaint database established “prevalent and persistent problems” in business opportunities generally.⁸

The record cites no evidence in the rulemaking record indicating that the determination of deception in business opportunities other than MLMs requires anything less than the Commission concluded was appropriate for MLMs. Just as it is difficult to gauge the incidence of fraud among MLMs, the detection of deception in most complex transactions requires a fact specific inquiry, many business opportunities include numerous terms and conditions. Accordingly, a trade regulation rule is not the appropriate tool to prevent deception in the offering of business opportunities that do not take the form of MLMs.

The Commission’s conclusions regarding MLMs provide ample justification that business opportunities are not best addressed by a trade regulation rule. Legitimate companies know how to play by the applicable consumer protection laws, whether they choose to offer MLMs or other opportunities. Con artists will disregard a disclosure rule as easily as they disregard basic prohibitions against fraud, whether they masquerade as MLMs or other legitimate opportunities. Likewise, there is nothing in the rulemaking record to suggest that legitimate businesses are more likely to adopt an MLM model than a single-level model, or that purveyors of deception are more likely to pitch single levels rather than multiple levels of marketing. In short, there is no finding grounded in the rulemaking record to suggest that business opportunities outside the MLM model are more or less likely than MLMs to exhibit a high frequency of deception. This alone would disqualify the Proposed Rule under the Section 18 standard.

2. The Only Hallmark of a Fraudulent Business Opportunity is Fraud

The Commission has elected to focus on the business method used in many business opportunities, yet the harm the Commission seeks to prevent is not inherent in the business method itself. The harm is caused by *individual actors* that make false or unsubstantiated claims, and fail to provide meaningful opportunities to consumers. To focus on the business method used by business opportunities rather than on the targeted harm (fraud), the Proposed Rule would need to show that the business method is uniquely likely to allow fraud and misuse. This has not been shown.

a) Location Assistance is Not a Hallmark of Fraudulent Business Opportunities

One sentence in the Commission’s analysis of the Proposed Rule demonstrates the flaw in its approach:

Indeed, the Commission’s enforcement experience show that the offer of location assistance is the hallmark of fraudulent vending machine and rack display route opportunities⁹

⁸ 71 Fed. Reg. 19,054, 19059 (Apr. 12, 2006).

⁹ 73 Fed. Reg. at 16,123 (citation omitted).

Location assistance is not the hallmark of fraud. Such assistance is the hallmark of the most successful *legitimate* business opportunities. Declaring that location assistance is the hallmark of fraudulent vending opportunities is tantamount to identifying the sale of a product as the hallmark of fraudulent distribution opportunities, or the sale of education as the hallmark of fraudulent vocational training opportunities. A rule targeting a characteristic that is common to all companies in an industry, legitimate and otherwise, is a rule certain to sweep too far, certainly under the Section 18 standard.

A rule that targets location assistance, however, is even worse than a rule that merely identifies a common characteristic among transactions or investments. Location assistance is the hallmark of the most *successful* opportunities for consumers. To single out location assistance as a problem is tantamount to calling job-placement services the hallmark of fraudulent professional and vocational schools, or calling analyst reports the hallmark of fraudulent investment advice. Placing unique burdens on companies that offer such services would discourage precisely what makes many business opportunities, or continuing education or investment advice, valuable to consumers. It would discourage companies like Planet Antares from providing the services that consumers want most.

Neither the Commission’s law enforcement experience nor its rulemaking record have demonstrated that business opportunities are themselves inherently harmful. It is true that the Commission has at times challenged certain practices as deceptive.¹⁰ However, just as the record supports determining whether a particular MLM is operating a pyramid scheme requires a fact-based inquiry,¹¹ the same analysis leads to the conclusion that the Commission should continue to police fraudulent activity related to other business opportunities under its Section 5 authority.

Like the IPBOR, the current Proposed Rule would “unintentionally swe[ep] in numerous commercial arrangements where there is little or no evidence that fraud is occurring.”¹² The failure to identify prevalent or inherent harm in a business opportunity statutorily precludes the promulgation of the Proposed Rule. Furthermore, to require burdensome oversight for some businesses and to exempt others, when the rulemaking record fails to justify the difference in treatment, would be arbitrary and capricious.

3. The Proposed Rule is Likely to be Ineffective at Reducing the Harm of Fraud

Section 18 of the FTC Act also requires that the Commission provide reliable evidence that the Proposed Rule would effectively reduce the harm of fraud. The record assembled after the 2006 proposal did not deliver that evidence. As the Commission observed in 2008, with respect to the effectiveness of the earlier proposed rule:

Even if deceptive practices were established as prevalent in the MLM industry, however, the Commission has determined at this time that neither the [interim

¹⁰ *Id.*

¹¹ *Id.* at 16,119.

¹² *Id.* at 16,113.

proposed business opportunity rule] nor the alternative proposals that commenters advanced appear likely to be sufficiently effective to remedy these practices.¹³

In short, the Commission concluded that, “even if deceptive practices were established as prevalent in the MLM industry,” the Commission’s proposed solutions would not remedy the practices.¹⁴ This logic applies with even greater force to activities as varied as the business opportunities that remain covered by the Proposed Rule.

The difficulty of devising a rule that would specifically address the particular forms of deception that could occur in an MLM meant that a rule was not an effective solution to the problem of deception in that setting.¹⁵ Instead, the Commission concluded that determining whether an MLM company’s practices were deceptive would require “a fact-specific inquiry that depends on evaluating a number of factors.”¹⁶ Key to this analysis was the conclusion that deception in the context of a MLM depended on a fact-intensive inquiry, an exercise best handled case by case, rather than by application of a rule.

Also key was the observation of the obvious that the Commission received in numerous comments: disclosure rules are just as easy to violate as the existing rules prohibiting deception.¹⁷ Fraudulent enterprises are already deceiving consumers about their operations. Those who commit fraud are unlikely to comply with the disclosure requirements designed to help consumers detect the fraud. Existing law already prohibits the deception the Commission seeks to reduce with this rule, and additional regulation would not deter those who already break the law.¹⁸ Planet Antares agrees that these issues are best addressed by individual law enforcement actions, not a trade regulation rule.¹⁹

4. The Costs of the Proposed Rule Would Far Exceed the Benefits

As required, the Commission has estimated the costs to comply with the Proposed Rule.²⁰ The Commission states that due to computer data collection, “the costs of collecting information and recordkeeping requirements imposed by the [Proposed Rule] will be minimal.”²¹ Yet, the Commission’s estimates are not a realistic approximation of the total costs required for compliance. Business opportunity sellers that do make earnings claims, and those with a

¹³ *Id.* at 16,119.

¹⁴ *Id.*

¹⁵ 73 Fed. Reg. at 16,119; 71 Fed. Reg. 19,054 19,061,.

¹⁶ 73 Fed. Reg. at 16,119.

¹⁷ Although settled cases do not establish facts, publicly available complaints from the Commission’s and states’ business opportunity cases allege failure to make disclosures in virtually every case where a disclosure was required.

¹⁸ Comment, Success in Action, at 6-7 (Notice of Proposed Rulemaking). Of course a rule raising the penalty for fraud could be expected to deter it.

¹⁹ Comment, Primerica, at 33 (Notice of Proposed Rulemaking).

²⁰ 73 Fed. Reg. at 16,129.

²¹ *Id.*

significant number of lawsuits to disclose, will be required to spend many times than the three to five hours anticipated by the Commission to develop a Rule-compliant disclosure document.²² More importantly, the waiting period, the compelled discouragement of investors, and the mandated disclosure of previous purchasers would threaten the company and its customers, and would do the same to legitimate businesses never thought to be business-opportunity sellers.

Under the Proposed Rule, the form itself may be a streamlined document, but the supporting documents that must be disclosed in conjunction with the form could require collection of a tremendous amount of information. Additionally, the Commission does not take into consideration the costs associated with *securely* collecting, storing, and then distributing the purchaser information identified in the mandatory disclosures. This is surprising, especially given the personal nature of the information and the Commission's role as one of the nation's chief enforcers of the privacy and security of personal information.

Previous commenters raised the issue of costs,²³ but the record failed to adequately consider these comments in the cost-benefit analysis for the Proposed Rule. The analysis implies that cost estimates presented by MLM companies are not applicable to the business opportunities within the scope of the Proposed Rule, because MLM companies have been excluded from the Proposed Rule's coverage.²⁴ Yet the exclusion of these companies from the scope of the Proposed Rule does not make their cost estimates any less accurate or less applicable to the entities the Proposed Rule would cover, nor does the Commission dispute the validity of the MLM commenters' data.

Additionally, the costs affect not only the business opportunity seller, but also investors who are likely to experience higher expenses due to the partial pass-through of costs. By underestimating the costs of compliance, the record has failed to consider the true costs associated with the Proposed Rule. As these costs significantly exceed any marginal benefit that consumers may obtain from the Proposed Rule, the record fails to satisfy the cost-benefit analysis required to enact the regulation. Moreover, a full examination of the potential costs of the Proposed Rule must take into account the harm that the Proposed Rule would cause to investors. That harm would dwarf the potential benefits of the Proposed Rule.

III. THE PROPOSED RULE CAUSES HARM TO SELLERS AND COMPETITION

A. The Proposed Rule Would Have a Chilling Effect on Sales of Legitimate Business Opportunities

1. The Proposed Rule Would Reduce Demand for Legitimate Business Opportunities

The mandatory disclosures required under the Proposed Rule would reduce consumer demand for legitimate business opportunity investments. Survey evidence provided by previous commenters indicates that consumer interest in business opportunities dropped from 21% to 12%

²² *Id.* at 16,130.

²³ *See, e.g.*, Comment, Sonnenschein, at 5 (Notice of Proposed Rulemaking).

²⁴ 73 Fed. Reg. at 16,130 n.226.

when the elements of the IPBOR were included.²⁵ In one survey among direct sellers, there was an 85% reduction in potential purchasers when the elements of the IPBOR were included.²⁶ Evidence such as this suggests that the real effect of the Proposed Rule would be to eliminate business opportunities entirely. The elements of the IPBOR that cause these devastating effects remain in the Proposed Rule today.

2. The Seven Day Waiting Period to Execute a Contract Would Reduce Demand for Legitimate Business Opportunities

The Proposed Rule requires a seven day waiting period before a consumer can execute a contract to invest in a business opportunity. This restriction creates a severe disincentive to purchasing a business opportunity and would, therefore, reduce the demand for legitimate business opportunities. The Commission has already taken note of statistics showing that consumer interest drops 33%-57% when the seven-day waiting period is imposed.²⁷ Significantly larger expenditures by consumers (such as a car, a home, or any other investments, including very large investments) do not require such waiting periods. Regardless of the Commission's intent, the requirement of a waiting period imposes a government-created stigma on the entire business opportunity industry. Consumers will take away from the mere fact of a seven-day waiting period that the federal government believes there is something so gravely wrong with the investment that a consumer should not be allowed to make such a purchase without seven days of reflection.²⁸ No evidence in the rulemaking record supports this type of impediment to a business opportunity transaction.

In addition, there is no evidence that such a draconian measure would have any more benefit than less restrictive options. For example, the record offers no reason to distinguish a waiting period that prevents purchasers from executing a contract for a period of time from a cooling-off period that allows purchasers to cancel a contract during a certain period of time. While both options provide purchasers time to evaluate the investment in a zero-consequence environment, permitting purchasers to execute a contract and have the opportunity to obtain a refund within a stated period of time would avoid the scarlet letter of a statutory prohibition on executing a contract for the period. In fact, this solution may provide better protection for consumers, as they would have the opportunity to interact with the business opportunity seller. Use of a post-sale cancellation or refund policy would also be consistent with a number of state business opportunity laws.²⁹ Moreover, it would be consumer friendly, and would ease burdens on business opportunity providers, thus making these types of investments easier and safer for consumers.

²⁵ Comment, Quixtar, at 20 (Notice of Proposed Rulemaking).

²⁶ *Id.*

²⁷ 73 Fed. Reg. at 16,114.

²⁸ *See, e.g.*, Comment, Primerica, at 3 (Notice of Proposed Rulemaking).

²⁹ *See, e.g.*, Cal. Civ. Code § 1812.200 *et seq.* (Seller Assisted Marketing Plan Act); Iowa Code § 551A.1 *et seq.* (Iowa Business Opportunity Promotions); Ohio Rev. Code Ann. § 1334.01 *et seq.* (Ohio Business Opportunity Purchasers Protection Act).

The Commission has recognized the importance of refund offers. In the Proposed Rule, for example, the Commission reversed its earlier position by deciding against requiring business opportunities to disclose their refund histories to potential purchasers. Its rationale was to avoid prejudicing business opportunities that offer liberal refunds.³⁰ Additionally, the Commission imposed a three-day cooling-off period in its Door-to-Door Sales Rule.³¹ It is unnecessary for the Commission to employ more onerous sales restrictions for the business opportunity industry than for other contexts when the goals are the same. As commenters have pointed out, other consumer investments and purchases do not require a waiting period. Automobile loans for tens of thousands of dollars, creating a multi-year repayment obligation can be executed instantly, and even a consumer's pledge of her home as security for a loan is subject only to a three-day right of rescission.³² It is logical, therefore, for any regulation of business opportunities to rely on a cooling-off period, and one consistent with the three-day period of the Cooling Off Rule, rather than on a seven-day waiting period.

IV. MANDATED DISCLOSURE OF REFERENCES' PERSONAL INFORMATION WOULD DAMAGE SELLERS AND HARM PURCHASERS

The Proposed Rule's requirement to disclose to potential purchasers the ten closest customers is an illusory option for many sellers of business opportunities, including Planet Antares, because they offer opportunities in businesses that have no specific locations. Unlike restaurants, stores and other types of businesses that customers come to visit, distributors of vending machines go to their customers, wherever they may be. Accordingly, it is for all practical purposes impossible for business opportunity sellers like Planet Antares to identify the ten closest customers. The only option available to Planet Antares under the rule would be to provide the entire list of its customers, an option that the Commission has already recognized is unacceptable in comparable situations.³³ Moreover, the disclosure of such sensitive information would damage business opportunity sellers and harm potential purchasers as explained below.

A. The Proposed Rule Would Disclose Business Opportunity Sellers' Trade Secret

Customer lists hold great value for businesses. "It is beyond dispute that frequently the single most valuable asset of an enterprise is the relationship it has developed with its customers."³⁴ Because of this inherent economic value, businesses diligently seek to protect their customer lists from disclosure. Often this protection takes the form of a trade secret. The only way to maintain a trade secret is to prevent disclosure. For this reason, businesses develop internal policies regarding the use and protection of customer lists, and employees are often contractually prohibited from disclosing them. The Proposed Rule's mandatory disclosure would destroy this protection, causing the sellers to lose the competitive value associated with their previously protected trade secrets. There is no indication in the record that the Commission

³⁰ 73 Fed. Reg. at 16,126.

³¹ 16 C.F.R. Part 429.

³² Comment, Primerica, at 18 (Notice of Proposed Rulemaking).

³³ 73 Fed. Reg. at 16,115.

³⁴ 1 Roger M. Milgram, Milgram on Trade Secrets § 1.09[7] (2004).

considered the impact of mandatory customer list disclosure on commerce, and the resulting harm to competition.

B. Disclosure of References' Personal Information Creates a Poaching List for Competitors

A business's customer list is one of the most valuable, and protected, assets for companies involved in any sales-related industry. Companies regularly protect these customer lists as trade secrets, and with non-disclosure agreements. Under the Proposed Rule, competitors posing as prospective purchasers, easily and lawfully could obtain a list of a business opportunity's investors, and then attempt to lure them away from their current investment to another business opportunity, thus irreparably harming the business opportunity seller.³⁵ Aside from the unwanted solicitations that publication of customer lists would invite, the mandated disclosure of this trade secret would destroy one of the most valuable assets a business opportunity seller possesses.

C. Mandated Disclosure of Purchasers' Investments in Business Opportunities Could Jeopardize Their Jobs

Many consumers who invest in business opportunities do so to obtain a second source of income. The disclosures mandated by the Proposed Rule could have a detrimental impact on the relationship between the consumer and his primary employer. Some employers may view this investment as an expression of dissatisfaction, disloyalty, or disengagement. These concerns could damage or destroy the consumer-employer relationship. There is no indication that the Commission considered this in crafting its Proposed Rule.

D. References are Potentially Biased Sources of Information

If the Commission intends the disclosure of references to provide opportunities for consumers to hear unbiased evaluations of the business opportunity,³⁶ the Proposed Rule does not account for references that would use the opportunity to their advantage—and the potential purchaser's disadvantage. References could easily disparage the business opportunity solely to discourage the consumer from investing. A reference may be concerned with preventing another entrant into the local market, and providing the consumer with negative responses regarding the investment would provide just such an opportunity to reduce competition in the reference's area.

If the purpose of using any and all previous purchasers as references may be to provide an unbiased sample of the business opportunity, this would be an unrealistic obligation. The focus should not be on bias, but rather on truthfulness. The Commission's Testimonial Guides—

³⁵ See, e.g., 73 Fed. Reg. at 16,115 (“[F]urnishing a list of distributor to every individual who inquires . . . ‘would be like requiring a salesman to introduce his customer to ten competing salesmen and then wait seven days before attempting to close a sale.’” (quoting Comment, Quixtar, at 31-32)).

³⁶ *Id.* at 16,126.

which arguably already address the use of references—call for truthful, not unbiased, advertising.³⁷

E. Lists of References Will Attract Con Artists and Criminals

The mandatory disclosure of previous purchasers under the Proposed Rule would provide any unscrupulous marketer with a list of persons that recently invested in a business opportunity. Their personal information, combined with readily available information about the company from which they purchased would provide a remarkably detailed profile of the customer's interests and resources. Con artists will regard these lists as fertile sources of potential targets of various schemes and scams. Surely, the Proposed Rule was not designed to increase the frequency of fraud, but by mandating the publication of investor lists, this provision would do just that. The legality of such mandated disclosures under federal and state law is discussed below. For present purposes, the financial harm that such disclosures would threaten should be compelling and beyond dispute, yet the record does not reflect any consideration of it.

F. Disclosure of References' Personal Information May Jeopardize the Personal Safety of References

Mandated disclosure of personal information puts customers at risk of more than financial harm. People who service vending machines handle cash currency as part of their daily routine. As they go from location to location, the amount of cash they carry increases. They often bring the cash home, where many also keep valuable equipment and inventory. It would be easy for any criminal with Internet access to take the list of vending machine distributors, to locate their homes and vehicles, and prey upon them and their families. The compelled disclosures of the Proposed Rule could thus result in a target list for criminal activity.

All of Planet Antares's distributors are aware of these risks and take measures to reduce them. For example, recognizing that their assistance is not risk free, most distributors decline to serve as references in their immediate vicinities. However, having one's personal information (including contact information) automatically shared with third parties should not be a condition of becoming a vending machine distributor. Yet, again, the record does not reflect any consideration of this effect of the Proposed Rule.

G. Disclosure of References' Personal Information Raises Competitive Concerns

The record fails to recognize that the mandatory disclosures under the Proposed Rule raise competitive concerns. A common characteristic of many business opportunities is that they establish individuals in independent, competing businesses. That is true of the customers of Planet Antares. The Proposed Rule would invite competitors to communicate with each other and with potential entrants into their markets, creating an environment ripe for collusion, price coordination, and market division, and thereby setting the stage for antitrust violations and other competitive concerns. No consideration of this unintended consequence appears in the record.

³⁷ 16 C.F.R. Part 255.

H. The Disclosures Under the Proposed Rule Create Additional Costs and Consumer Confusion Regarding State Disclosures

The Commission has already dismissed the possibility of combining federal disclosures with existing state business opportunity disclosures in a single document.³⁸ As a result, under the Proposed Rule, consumers may receive two sets of disclosures—federal and state. The information contained in these lengthy documents may be duplicative, adding to the burden on consumers. Additionally, the use of two sets of disclosures would likely cause increased consumer confusion, as consumers may not realize that each set of disclosures may include some information different from the other set of disclosures. Consumers may opt to read only one set of disclosures, thus limiting any purported value of mandatory disclosures.

V. DISCLOSURE OF REFERENCES' PERSONAL INFORMATION RAISES GENERAL PRIVACY AND DATA SECURITY CONCERNS

The Commission has not adequately considered many of the privacy and data security concerns raised by the mandated collection and disclosure of previous purchasers' personal information. The simple act of storing purchasers' personal information in a single location or document creates a target that is ripe for theft or improper disclosure.³⁹ The record notes that the MLM industry responded to the Commission's inquiry on whether the then-proposed Rule should provide an opt-out for reference personal information, but the record failed to consider those comments once it was determined that the Proposed Rule would not apply to MLM companies.⁴⁰

The persuasive arguments regarding the need for a reference opt-out are just as applicable to the business opportunity industry at large as they are to MLMs specifically. Eliminating a single industry from the scope of the Proposed Rule does not make the argument that references should have the opportunity to opt-out of disclosure of their personal information any less persuasive. The Commission cannot eliminate an industry from the Rule and then fail to assess comments from that industry that apply more generally. To do so would invite an argument that the Rule is arbitrary and capricious.

Additionally, many business opportunity sellers may have privacy policies in place that prohibit the sharing of purchasers' personal information, or at a minimum, provide purchasers with notice and an opportunity to opt-out of disclosure of their personal information.⁴¹ The Proposed Rule would conflict with such representations, forcing sellers to choose between facing a regulatory action for failure to comply with the Proposed Rule, or frustrating customers who prefer to keep their personal information private. A critical point is that the Proposed Rule removes consumer control from the equation. Consumer control has long been a touchstone of the Commission's stance on privacy-related matters, and it is troubling that the Commission

³⁸ 73 Fed. Reg. at 16,128.

³⁹ Comment, Primerica, at 2 (Notice of Proposed Rulemaking).

⁴⁰ 73 Fed. Reg. at 16,126.

⁴¹ *See, e.g.*, Comment, Quixtar, at 32-33 (Notice of Proposed Rulemaking).

would suggest a rule that eliminates consumer control as a condition for investing in a business opportunity.

VI. THE PROPOSED RULE CONFLICTS WITH THE EXISTING PRIVACY FRAMEWORK

A. Business Opportunity Sellers Who are “Financial Institutions” Cannot Comply with Both the Proposed Rule and the Gramm-Leach-Bliley Act

The Proposed Rule would compel a business opportunity seller to disclose its customer list, along with each customer’s name, city, state and telephone number, to a potential purchaser.⁴² This proposal was included in the original proposed rule, which resulted in industry comments on the potential privacy issues associated with such a disclosure. The Commission responded in its Revised Notice of Proposed Rulemaking that “the value to prospects of information about prior purchasers outweighs any potential detriment to prior purchasers of the disclosure of their contact information” because the information disclosed is “business,” not “consumer” information.⁴³ This analysis depends on a distinction that does not withstand scrutiny and represents a reversal of prior Commission policy.

The Commission explained that business opportunity purchasers “are entering the world of commerce and embarking upon the establishment of a business. Businesses generally hold themselves out as offering goods and services to the public.”⁴⁴ Federal law, according to the Commission “often focuses on privacy concerns affecting individuals, not businesses. For example . . . Congress enacted the Graham-Leach-Bliley [sic] Act to protect personal financial information of individual consumers but excluded from the ambit of the law the protection of information pertaining to businesses.”⁴⁵ This argument does not address the legal conflict the Proposed Rule would create.

Problematically, the record has failed to account for the fact that, despite being labeled “business opportunities,” many such purchases are not, necessarily, a source of employment. Rather, they are frequently purchased as active personal investments that are intended to provide a revenue stream to the purchaser, for his or her own personal, family or household needs. In this way, they are far closer to a purchase of real estate for personal investment purposes than they are to a second job. And, when the seller provides financing to the purchaser, which many sellers of business opportunities do, the seller can be held to be a “financial institution,” subject to the requirements of the Privacy of Consumer Financial Information Rule (the “Financial Privacy Rule”),⁴⁶ promulgated by the Commission in accordance with the Gramm-Leach-Bliley Act.⁴⁷

⁴² 73 Fed. Reg. at 16,135 (Proposed Rule § 437.3(a)(5)).

⁴³ 73 Fed Reg. at 16,127.

⁴⁴ *Id.*

⁴⁵ *Id.* n.210 (citations omitted).

⁴⁶ 16 C.F.R. Part 313. The Financial Privacy Rule defines a “customer” as an individual who has a continuing relationship with a financial institution from which it has obtained a

The Financial Privacy Rule prohibits a financial institution from sharing its customer's nonpublic personal information with a nonaffiliated third party, unless it has first given him or her notice of the proposed sharing and a reasonable opportunity to opt out of it, and the customer has not opted out.⁴⁸ The Financial Privacy Rule defines "nonpublic personal information" broadly.⁴⁹ It includes within that definition a list of names and addresses disclosed in a manner that indicates that any of the individuals on the list is a consumer of a financial institution.⁵⁰ In other words, the mere fact that a person is a customer of the financial institution is protected from disclosure under the Financial Privacy Rule. As the Commission explained in its Statement of Basis and Purpose for the final rule:

The Commission disagrees with those commenters who maintain that customer relationships should not be considered to be personally identifiable financial information. Information that a particular person has a customer relationship identifies that person, and thus is personally identifiable. This information also is financial, because it communicates that the person in question has a transaction involving a financial product or service with a financial institution. While this information could in certain cases be a matter of public record, that does not change the analysis of whether the information is personally identifiable financial information.⁵¹

The Commission chose to protect the disclosure of this type of information by requiring financial institutions to provide customers with the chance to opt out of sharing with unaffiliated third parties. The Proposed Rule, however, would compel the seller to disclose its customer list,

financial product or service ... that is to be used primarily for personal, family or household purposes." *Id.* at § 313.3(e)(1), (h), (i)(1).

⁴⁷ 15 U.S.C. § 6801 *et seq.*

⁴⁸ 16 C.F.R. § 313.10(a)(1). We note that state laws may impose more restrictive requirements. For example, California's Financial Privacy Act, Cal. Fin. Code § 4050 *et seq.*, requires a financial institution to obtain its customer's explicit (opt-in) consent prior to sharing his or her nonpublic personal information with any nonaffiliated third party. *Id.* § 4052.5. "Nonpublic personal information" includes the fact that an individual is or has been a customer of the financial institutions. *Id.* § 4052(a), (b)(3).

⁴⁹ "Nonpublic personal information" means "[p]ersonally identifiable financial information and any list, description or other grouping of consumers (and publicly available information pertaining to them) that is derived using any personally identifiable financial information that is not publicly available." 16 C.F.R. § 313.3(n). The definition of "personally identifiable financial information" is similarly broad. In sum, it includes any information that the consumer provides to the financial institution in obtaining a financial product or service from it, any information about the consumer that the financial institution obtains in the course of its transactions with him/her, and any other information the financial institution obtains about the consumer in connection with providing him/her with a product or service. *Id.* § 313.3(o)(1)(i)-(iii).

⁵⁰ *Id.* § 313.3(n)(3)(ii).

⁵¹ 65 Fed. Reg. 33,646, 33,657 (2000).

along with each customer's name, city and state, and telephone number,⁵² to any potential purchaser or anyone posing as a potential purchaser.⁵³ A seller that is a financial institution, therefore, would be required to violate the Financial Privacy Rule, and the important protections it affords individuals' information, by complying with the disclosure requirement.

B. The Proposed Rule Conflicts with Privacy Obligations Under the California Constitution

A business opportunity seller operating in California could not simultaneously comply with the disclosure requirements under the Proposed Rule and the California Constitution, which provides that privacy is an inalienable right.⁵⁴ The California courts have evaluated the state constitutional right to privacy in the context of civil litigation disclosures, yet these decisions are equally controlling to the disclosures required under the Proposed Rule because both involve state-compelled disclosure.⁵⁵ In this regard, courts have regularly required consumers to receive notice and the opportunity to opt out of disclosure of their personal information. Even before the current concept of an opt-out existed, the courts recognized that an individual had the constitutional right to receive notice that her personal information may be disclosed, and the opportunity to protect that personal information, thus preventing disclosure.⁵⁶ Recently, the California Supreme Court examined the compelled disclosure of consumer personal information and determined that even in the context of disclosing information about consumers who had submitted product complaints, for the purposes of a class action pre-certification—presumably a benefit to the complaining consumers—the court required a notice and opt out regime.⁵⁷ Business opportunity sellers would therefore be unable to comply with the mandated disclosure of references under the Proposed Rule without violating the California Constitution, which, as interpreted by the courts, requires consumers to be provided with notice and an opportunity to opt out of having their personal information from being disclosed to a third party.

Additionally, a balancing of the intrusion on privacy imposed by the Proposed Rule against the interests supporting the Proposed Rule's disclosure requirements will ultimately result in protection of a previous purchaser's personal information. Most business opportunity

⁵² In its Statement of Basis and Purpose for the Financial Privacy Rule, the Commission explained that a financial institution should not assume that certain personal information is publicly available, "especially if a consumer has some measure of control over the public availability of the information." *Id.* The Commission noted that this is the case, for example, with telephone numbers. *Id.*

⁵³ 73 Fed. Reg. 16,110, 16,135 (proposing 16 C.F.R. § 437.3(a)(5)).

⁵⁴ CAL. CONST. art. 1, § 1.

⁵⁵ See *Lantz v. Superior Court*, 34 Cal. Rptr. 2d 358, 367 (Cal. Ct. App. 1994) ("Where discovery involves matters encompassed by the right to privacy, courts recognize that judicial discovery orders inevitably involve *state-compelled* disclosure. Therefore, in reviewing a party's resistance to a discovery order, based on the claim that it entrenches upon a constitutional right, we treat the compelled disclosure as a product of state action subject to constitutional constraints.").

⁵⁶ *Valley Bank of Nev. v. Superior Court*, 542 P.2d 977, 980 (Cal. 1975) (decided shortly after the California Constitution was amended to protect privacy as a fundamental right).

⁵⁷ *Pioneer Elecs. (USA), Inc. v. Superior Court*, 150 P.3d 198, 207 (Cal. 2007).

purchasers operate their investments out of their own home. Compelled disclosure of previous purchasers' personal information would therefore disclose residential contact information. The United States Supreme Court has recognized the privacy interests inherent in residential contact information, stating that "[a]n individual's interest in controlling the dissemination of information regarding personal matters does not dissolve simply because that information may be available to the public in some form."⁵⁸

VII. THE PROPOSED RULE IS SO BROAD THAT IT IS UNWORKABLE

A. The Earnings Claim Definition Is Too Broad

The Commission has revised the Proposed Rule so as to remove the making of earnings claims from the definition of business opportunity.⁵⁹ While this revision was beneficial, the earnings claim definition remains drafted so broadly that it is difficult to imagine how a business opportunity seller could avoid making an earnings claim. This overly broad definition of an earnings claim increases the amount of disclosure necessary for compliance.

B. The "Business Assistance" Definition Is Too Broad and Fails to Consider the Real Fraud

The Proposed Rule has been revised to exclude two types of "business assistance," yet the record fails to consider the real fraud associated with business assistance. The evaluation should not focus on whether business opportunity sellers provide purchasers with additional business assistance. In fact, these additional services should be encouraged (notably, in the Franchise Rule, the Commission has required that additional services be provided).⁶⁰ The evaluation should focus on the real fraud—the failure to provide meaningful business assistance once a promise has been made to do so—and not the provision of business assistance alone.

C. Educational Providers Are Still Within the Ambit of the Proposed Rule

Despite the Commission's attempts to exclude educational providers from the scope of the Proposed Rule, these entities may still fall within the definition of business opportunities. Under the Proposed Rule, an entity is a business opportunity if it solicits new business, the prospective purchaser makes a payment, and the seller provides an outlet or customers for the purchaser's goods or services.⁶¹ For example, many law schools tout the placement and earnings of their graduates in their applications and marketing materials. There is no doubt that students must pay for the school. Moreover, these schools use their placement and career services office to provide students with outlets for the students' services such as law firm, clerkship, and

⁵⁸ *United States Dep't of Defense v. Fed. Labor Relations Authority*, 510 U.S. 487, 500 (1994) (finding that "the privacy interest of bargaining unit employees in nondisclosure of their home addresses substantially outweighs the negligible FOIA-related public interest in disclosure," and "conclude[ing] that disclosure would constitute a 'clearly unwarranted invasion of personal privacy'" (quoting 5 U.S.C. § 552(b)(6)).

⁵⁹ 73 Fed. Reg. 16,110, 16,112-13.

⁶⁰ 43 Fed. Reg. 59,614, 59,706 (Franchise Rule).

⁶¹ 73 Fed. Reg. at 16,134 (proposing 16 C.F.R. § 437.1(a)(c)).

government employment. This simple offering would subject law schools and other educational providers that supply students with placement and career services to the requirements of the Proposed Rule. The Commission was prescient to ask for comment on this issue, because the rule has not yet accomplished the expressed desire to limit its terms to the circumstances it would target.

VIII. THE PROPOSED RULE WOULD VIOLATE EXISTING LAW

A. The Proposed Rule Would Violate the Administrative Procedures Act

The Administrative Procedures Act (“APA”) prohibits agency rulemaking that is arbitrary and capricious, and which does not observe the procedures required by law.⁶² Under a recent decision by the Court of Appeals for the D.C. Circuit, the Commission is obligated to estimate the costs pertinent to the effect of the Proposed Rule upon the FTC’s organic statute—in this instance, the FTC Act.⁶³ Although the Commission has provided an estimate of costs related to the mandatory disclosures under the Proposed Rule,⁶⁴ these costs do not serve as a reasonable basis for the actual costs that would be imposed upon business opportunity sellers.

For example, the Proposed Rule would require a seller to disclose either its entire customer list for the previous three years,⁶⁵ or provide a prospective purchaser with the contact information “of at least 10 purchasers within the past three years who are located nearest to the prospective purchaser’s location.”⁶⁶ The record fails to consider the business model that many business opportunities employ. Purchasers may choose to locate equipment obtained through a business opportunity at several locations, which may or may not be geographically located near the purchaser’s listed address. The Proposed Rule does not clearly identify whether sellers would be required to disclose only the contact information of previous purchasers—information that may be of little use to prospective purchasers, as the previous purchaser may be doing business in an area unrelated to his contact address—or whether sellers must contact all purchasers, determine the current location of equipment obtained through the business opportunity, and provide the contact information of previous purchasers doing business nearest to the prospective purchaser. While the latter may provide beneficial information to the prospective purchaser, the current cost estimates do not consider the large amount of time and costs associated with such disclosures.

The Commission has put sellers in the precarious position of choosing between disclosing their trade secrets—thereby destroying a protected competitive advantage—or potentially undertaking an enormous data collection project with large costs. While the Commission’s estimate of costs may not be perfect, that “does not excuse the Commission from its statutory

⁶² 5 U.S.C. § 706(2)(A), (D).

⁶³ *Chamber of Commerce of the United States of Am. v. SEC*, 412 F.3d 133, 413-44 (D.C. Cir. 2005)

⁶⁴ Business Opportunity Rule, 73 Fed. Reg. 16,110, 16,130 (revised notice of proposed rulemaking Mar. 26, 2008).

⁶⁵ 16 C.F.R. § 437.3(a)(5)(i) (proposed Mar. 26, 2008).

⁶⁶ 16 C.F.R. § 437.3(a)(5)(i) (proposed Mar. 26, 2008).

obligation to do what it can to apprise itself-and hence the public and the Congress-of the economic consequences of a proposed regulation before it decides whether to adopt the measure.”⁶⁷ Any such estimate must consider all of the costs, which the Commission has failed to do on this record. Further, as commenters have indicated, the Proposed Rule violates the APA because it lacks the appropriate nexus between the goals of the regulation, and the methods by which those goals are pursued.⁶⁸

B. The Proposed Rule Would Not Satisfy the Federal Trade Commission Act

The Proposed Rule fails to satisfy several statutory requirements under the Federal Trade Commission Act (“FTC Act”) including the Commission’s burden of proof, and the requirement to define prohibited acts with specificity.

1. The Proposed Rule Would Fail to Satisfy the Commission’s Statutory Burden of Proof

Under the FTC Act, the Commission must have substantive proof that the act or practice in issue is unfair or deceptive.⁶⁹ Yet, the record has failed to provide this evidence. The Commission attempts to support its position by citing evidence of abuse in work-at-home business offerings, but the record fails to provide substantial evidence that the targeted practices are prevalent in those or any other type of business opportunity.⁷⁰ Instead, under the Proposed Rule, the Commission presumes, without the authority to do so, that failure to provide certain disclosures are proof of a Section 5 violation.⁷¹ Additionally, the Proposed Rule lacks the appropriate nexus between the scope of the claimed fraudulent acts and the method of addressing those acts. By the Commission’s own assessment, there is insufficient evidence that the harms targeted for regulation are prevalent.⁷²

2. The Proposed Rule Would Target a Business Model Instead of Specific Deceptive Acts

The Commission notes in its Revised Notice of Proposed Rulemaking that the Proposed Rule is intended “[t]o attack other forms of business opportunity fraud—notably, work-at-home and pyramid schemes,” which were outside the scope of the original Franchise Rule and subject to enforcement only under Section 5 of the FTC Act.⁷³ The Act requires the Commission to

⁶⁷ *Chamber of Commerce of the United States of Am. v. SEC*, 412 F.3d 133, 144 (D.C. Cir. 2005).

⁶⁸ Comment, Success in Action, at 11 (Notice of Proposed Rulemaking).

⁶⁹ 15 U.S.C. § 45(n).

⁷⁰ 73 Fed. Reg. at 16,112; *see* Comment, Sonnenschein, at 15 (Notice of Proposed Rulemaking).

⁷¹ Success in Action, at 10 (Notice of Proposed Rulemaking).

⁷² 73 Fed. Reg. at 16,119.

⁷³ Business Opportunity Rule, 73 Fed. Reg. 16,110, 16,112 (revised notice of proposed rulemaking Mar. 26, 2008).

“define with specificity acts or practices which are unfair or deceptive acts.”⁷⁴ The Commission has not satisfied this statutory requirement, but rather lumps business opportunities together as if they are all uniform and all deceptive, whatever form they take. Instead of expressly defining the prohibited conduct, the Commission simply places severe restriction on use of a general business description, and then stigmatizes the thousands of such businesses with a disclosure suggesting their model is rife with unfair or deceptive act or practices.⁷⁵

Application of the Proposed Rule turns on a characteristic of a business, rather than on any propensity for fraud. A legitimate business opportunity seller would come within the ambit of the Proposed Rule simply by soliciting purchasers, requiring a payment to enter into the business opportunity, and providing locations or customers.⁷⁶ The Commission’s approach suggests that the offer to find locations or customers for a purchaser converts a sale – any sale – into a potentially—even likely—deceptive act, in need of regulation. Previous comments have also noted that instead of focusing on the hallmark characteristics of deceptive business practices, the Commission groups disparate investment opportunities together based on a few common elements of diverse business models, and makes industry wide assumptions based on a few previous FTC actions against pyramid schemes or other unfair business practices.⁷⁷

The hallmark of a deceptive practice is not the offer to find locations or customers, but the failure of an offer to be truthful or meaningful. Accordingly, the Proposed Rule’s proscriptions and disclosures should directly relate to the representations that the seller makes to prospective customers. Otherwise, any sale of a business opportunity would be regulated as a potential for fraud, imposing onerous disclosure obligations that are more akin to provisions from a consent decree than a trade regulation rule.

C. The Proposed Rule Would Be Unconstitutional Under the First Amendment

The mandatory disclosures required by the Proposed Rule are compelled speech that violates the First Amendment. The First Amendment “includes both the right to speak freely and the right to refrain from speaking at all.”⁷⁸ Yet, the Proposed Rule conflicts with this constitutional protection by prohibiting sellers from communicating truthful information and requiring them to advertise the Commission’s views on business opportunities to all prospective purchasers. Neither is permissible under the Constitution or consistent with prior Commission policy.⁷⁹

The Constitutional infirmities in the Proposed Rule stem directly from the decisions made repeatedly throughout the Commission’s analysis of comments to cover the many possible

⁷⁴ 15 U.S.C. § 57a(a)(1)(B).

⁷⁵ This shortcoming was previously indicated to the Commission. *See* Comment, Primerica, at 4 (Notice of Proposed Rulemaking).

⁷⁶ 16 C.F.R. § 437.1(c) (proposed Mar. 26, 2008).

⁷⁷ Comment, Success In Action, at 2-3 (Notice of Proposed Rulemaking).

⁷⁸ *Wooley v. Maynard*, 430 U.S. 705, 714 (1977).

⁷⁹ William MacLeod, Elizabeth Brunins, Anna Kertesz, *Three Rules and a Constitution: Consumer Protection Finds Its Limits in Competition Policy*, 72 ANTITRUST L.J. 943 (2005).

expressions of fact and opinion that might be twisted by some sellers to deceive potential buyers. Thus, rather than prohibiting false earnings claims, the Proposed Rule would heavily regulate all claims that might in some fashion communicate something about earnings. Rather than prohibiting deceptive promises of locations, the Proposed Rule would regulate legitimate and helpful assistance in obtaining locations. Such broad prescriptions have failed to pass muster as relief in individual cases.⁸⁰ An effort to restrict truthful information to stop deceptive claims would fail by wider margins in the context of a rule covering countless industries and communications.

1. The Rule Cannot Prohibit the Communication of Truthful Information

Section 437.4 of the Proposed Rule specifies numerous requirements for the delivery of earnings claims. Whether those requirements would pass the Constitutional test that they be narrowly tailored to address the proposed harm is an issue that should be subject to an evidentiary proceeding.

A separate requirement that the Rule would impose can and should be rejected without any additional inquiry. Section 437.4(c) would prohibit the dissemination of industry financial information unless that information reflects the typical performance experience of the opportunity being offered. The Proposed Rule fails to cite any precedent for such sweeping censorship of truthful and valuable information, and it is unlikely that any valid precedent exists. Whether or not business opportunity sellers make earnings claims, information about the industry they are describing is essential to an understanding of the opportunity being offered. Imposing a prior restraint on communicating the context for whatever information they are describing does nothing more than deny an audience interested in information from acquiring the information they seek.

Describing the performance of an industry, is often a way to *distinguish* the experience that any individual might expect. Stock investors routinely study market indexes to learn how an individual investment compares. Home and car buyers study different offerings to see how a particular purchase might compare. Employers offer surveys of other companies to show recruits how their prospective jobs might compare. The Commission has long determined that the suppression of truthful information is not a sound method for dealing with deceptive delivery of information. The appropriate policy is to prohibit the deceptive claim, not to prohibit truthful information that might accompany the deception.

2. The Rule Cannot Require Sellers to Deliver Government's Opinions About Their Business

The approach of the Proposed Rule far exceeds any mandatory disclosures previously issued by the Commission in other trade regulations. It invites customers to call the Commission's toll-free number, where the callers hear opinions and advice as to why he or she should reexamine and reconsider the investment. While the Commission is entitled to have and express opinions about the industries it oversees, there is no basis for compelling business

⁸⁰ *Standard Oil Co. v. FTC*, 577 F.2d 653 (9th Cir. 1978); *Nat'l Comm'n on Egg Nutrition v. FTC*, 570 F.2d 157 (7th Cir. 1977).

opportunity sellers to refer prospective customers to the Commission for those views. The record here does not justify the requirement that an advertiser promote the government's views.⁸¹

D. The Proposed Rule Would Be Unconstitutional Under the Fifth Amendment

The United States Supreme Court has recognized trade secrets as a protected property interest under the Fifth Amendment of the Constitution.⁸² In addition to the harm to commerce that would result from compelled disclosure of customer lists, such disclosure would also destroy the trade secret, thereby taking the property from the business opportunity seller. The Commission cannot take a company's constitutionally protected trade secrets without just compensation.⁸³

IX. CONCLUSION AND REQUEST FOR HEARINGS

The Commission should not issue the Proposed Rule. As drafted, the Proposed Rule's premature attempts to address concerns that are already regulated by existing law, overreaches and sweeps in many legitimate business opportunities in an effort to target work-at-home and pyramid schemes, and would destroy many of the benefits that business opportunities offer consumers. Many of the disclosures mandated by the Proposed Rule raise serious concerns about harm to consumers and commerce generally. It is also troubling that the Commission has elected to propose a regulation that appears to disregard its own privacy framework by removing the element of consumer control. Lastly, the Proposed Rule would violate procedural requirements and the U.S. Constitution.

As provided for in the FTC Act, Planet Antares requests that the Commission either terminate the rulemaking or conduct evidentiary hearings to consider these important factors before issuing any final regulation.

⁸¹ 73 Fed. Reg. at 16,125 (noting that the Commission has "received hardly any commentary on the language used in the proposed form"); *id.* at 16,137 (Appendix Z to Part 437).

⁸² See U.S. CONST. amend V.; *Ruckelshaus v. Monsanto Co.*, 467 U.S. 986, 1003 (1984) (holding that trade secrets are property rights "protected by the Taking Clause of the Fifth Amendment").

⁸³ Notably, any regulation that violates a constitutional right also expressly violates the APA. 5 U.S.C. § 706(2)(B) (prohibiting regulations that are "contrary to constitutional right").

Appendix A

Planet Antares, Inc.
5700 Buckingham Pkwy
Suite 20
Culver City, CA 90230-6517

Planet Antares Inc., is the oldest and largest distributor of refreshment vending machines and services to the home-based vending operator in the United States today. Independent operators have placed thousands of Planet Antares' vending machines over the past twenty years, and their success is due in large part to the unique creation and continual research and improvement of every vending system Planet Antares offers. Recognized as the pioneering leader in small-venue vending machines and successful home-based vending business opportunities, Planet Antares continues to deliver innovative technologies, marketing assistance and distributor services that have reshaped the multi-billion dollar vended goods marketplace.

Included in these accomplishments is the creation of a whole class of secure yet portable snack and beverage vending machine lines, designed to be economically specific to the small office location, thus establishing a successful vending market niche for home-based businesses. Over the last 20 years, Planet Antares continual updating and improvement of its systems have resulted in:

- The first 6 ounce bottle vending mechanism for juice beverages.
- The first machine that integrates both a traditional can dispensing system and an adaptable water bottle column-type vending mechanism in the same machine.
- The first conversion kits for popular new bottle and can sizes
- Improved materials for vending bottles and cans
- Improved vending mechanism for odd-shaped vendible products
- Proprietary improved coin acceptance mechanisms for higher-price products.

Planet Antares recently completed a successful three-year-long development of another important core class of vending machines specific to the smaller venue — A Field Configurable Modular Vending Machine System. This patent-pending innovation provides a custom installation capability to economically improve customer satisfaction and vending sales volumes. It is the first vending machine known that can deliver wide variety of vendable products simply by mechanically connecting compact vending modules together on-site with a common master controller and cash acceptance system.

Additional activities include a four-year development and patent application of an entirely new class of low-cost gourmet hot-beverage dispensing machines specifically aimed at small venue vending locations. This machine delivers hot coffee and other delicious hot beverages, making it a natural addition to the successful, field-proven modular vending system.

Innovations such as these have helped provide Planet Antares' distributors with a tremendous market advantage through the wide variety of products they are able to offer to a large and expanding market for their equipment and services.

The evolution and growth of the United States to a service-oriented economy has created new jobs, new businesses and new locations for vending equipment — many opportunities too small for the traditional vending companies to serve. To quote the 1999 Census of the Industry - from *Vending Times*:

Breakthrough period...new talent brings burst of energy to the Vending Industry... Mom and Pop' operations enjoy real economic advantages when it comes to providing vending services to small accounts. When mom and pop are, in fact, imaginative and eager entrepreneurs, the whole vending industry stands to gain. New talent, bringing a new perspective to the marketplace...It is almost certain that future industry historians will look back on the mid- to late- 1990s as a Golden Age of vending. During this period, operators faced the paradox of intense demand for their services on the part of locations too small to be served profitably by traditional methods. These developments spurred the formation of new vending businesses.

As of 2006, "one person (or family-owned) operations employing one part-time employee and/or owner-only operations represented 45% of all vending operating companies [while those] employing one to three full-time employees or less (often operated out of the home) represent 67% of all vending operators on file in the United States." 2006 Census of the Industry- from *Vending Times*. For twenty years Planet Antares has led the industry in providing products and services to this vibrant sector.

Appendix B

Customers' Letters to Planet Antares

The letters in this appendix, written by Planet Antares customers, describe a variety of experiences ranging from consumers just beginning their relationship to customers who have built large businesses with the assistance of Planet Antares. As the accumulation of these experiences - each different from every other - should make clear, none is typical. Planet Antares offers incentives for distributors to report on their experiences. When existing distributors relate their experiences to prospective customers, the lack of typicality and the fact of compensation are clearly disclosed, in accordance with the Commission's guides on Endorsements and Testimonials.

These are the customers' voices. If the original words would have revealed personal identifiable information about the writer, that language was deleted (as shown by ellipsis) or changed (as shown by italics).

The letters appear in alphabetical order, according to the last name of the writer.

Planet Antares:

Thank you for the opportunity to become distributors with a company as reputable as you are at putting families, just like ours into business for themselves. Over the past ten years you have allowed us to grow a huge and successful business in vending. During the past ten years I often think of our relationship as a building block. Planet Antares gave and still gives us the tools; we simply put them to work.

Before we attended your presentation we knew we needed to make changes to our lifestyle, we just didn't know how we were going to achieve those changes. I can remember as I sat in the presentation how wonderful it all sounded, but I was somewhat hesitate. I was concerned about financing, locating the machines, and starting a business with no sense of a business background. Thank god *my husband* was with me! He was onboard immediately. He saw it as a simple business I could do on a part-time basis and build, eventually making it full-time for both of us. He was part of a large sales organization which took him away from me and the five daughter's forty out of fifty-two weeks a year. He was always gone. This was beginning to be a huge strain on our family and we knew we had to do something. Reality was, we didn't have choices at that time. He continued his job and I started the vending business with our girls. We worked hard, and with the help of your company were able to place our machines using the target mail system you had in place. We continued to locate machines at a rapid pace. After about six months I became confident in my business and began self promotion. This is a fun way to locate our machines. It gives me a chance to brag on our business and service. Our customers also like the personal touch. It is always good to put a face with a name. I still use both methods of locating. I like having the option!

Through the locating methods we were able to locate enough machines in a two year period of time allowing *my husband* to join us full-time. He was finally able to be home.

I contribute our success to our hard work and dedication, but it would be unfair not to contribute your excellent distributor support system as well. Their guidance in locating the equipment and in inventory control, as well as, how to buy and sale, and hints about common mistakes factored into the equation too!

During the past ten years I have had the opportunity not many women have been afforded, staying home with our children, while having a successful business at the same time. This is why I love our vending business. It's all about family for me. This business and your company have allowed our girls to receive a college education paid for, that otherwise, may have never been possible. It has been a rewarding experience to see what a difference having choices can make.

Our lives are forever changed. We have something not many people have, CHOICES, a peace not many have the opportunity to experience.

We look forward to the next ten years!

Sincerely,

Mr. and Mrs. A.

Planet Antares:

Hi my name is...and I've been associated with the Planet Antares family for about 18 months. I am writing to say what great marketing tools we have. Those color brochures and response cards are very impressive and have been instrumental in me placing all of my refreshment centers. The information included in the marketing packages answers a lot of the questions prospective customer have and actually seals the deal before the local distributor contacts the customer. It's great knowing that although I'm in business for myself, I have a team of people working to help me be successful.

Using the self-promoting method, I am able to contact local businesses that I frequently visit and establish relations with. It's very exciting to visit a business and be able to leave them a folder filled with snappy color photo of the actual machine that could be placed in their business. As we all know, looking and using professional looking marketing tools is half the battle in getting a new account.

Since placing my refreshment centers, I've been able to learn several ways to increase income. Different promotions such as taping instant lottery tickets to those slow moving products or having a special coin or mark on a lucky product where the customer will receive a gift basket of products you place in the refreshment center.

Providing excellent customer service is very important in a vending machine business. Things like providing the customer a speedy refund when they lose money or fixing the dollar bill changer when it jams and short changes the customer go a long way in providing a good relationship with the customers. I'm looking forward to providing myself a very comfortable income as I continue to build my business by providing excellent customer service to my current and future customers.

Ms. A.

Planet Antares:

My wife and I have been participating in this new world of Vending, through the help of Planet Antares, for about (7) months now, and have been truly amazed at how fast this business has taken off.

From the initial purchase of our first Refreshment Centers to the application of the location program, we have been pleasantly surprised by the efficiency and effectiveness of this entire program.

The Refreshment Center has proven to be everything that it has been advertised to be, from the compact and revolutionary style, to its dependability.

Once we describe the features and simplicity of our machines, and introduce the brochures of its unique design, most potential clients are immediately interested.

Last but not least, advertising through the postal system has proven to be very successful in our business building process. Being one who has never owned a business, the brochures, mailing labels, and the introductory letters to potential clients has been very professional and top notch.

With out a doubt, none of this could have reached the level that it has with out the help and assistance of our Business Builder Representative and Planet Antares...So here's a Big Thank You from *our company*...small and still growing!

Sincerely,

Mr. A.

Planet Antares:

We would just like to thank you for all you have done for us over these past years. Little did we realize back in 1991 when we looked at this business opportunity what role it would play in our life. We had planned to make our business our early retirement income. When *my husband* found himself prematurely unemployed..., our business became vital income. Thank God we had it. Our success would not have been possible without the support we received from your company, especially in the beginning. With no knowledge about the vending business, it was comforting to know that help was on the other end of the phone. We could not have done this without all your assistance. The marketing help and follow ups we received to locate our machines proved very successful, even though we easily found a couple locations ourselves. In fact the marketing program works so well that we have utilized it over the years when we have expanded our business, along with self promotion materials. Your staff has always gone the extra mile to help us whenever we have needed it. Success is never achieved by oneself. We cannot thank you enough!

Today we are in our retirement years, and our vending business is our career even though it is only part time. We don't miss the corporate world either. This business has meant more than just income. We have met so many wonderful people, some who have become good friends as well. We are looking forward to moving into our newly built dream house, expanding our business some more, and meeting new people.

Thank you for helping make our dreams possible!

Mr. and Mrs. B.

Planet Antares:

My wife And I would like to take a minute of your time to thank you and Planet Antares for providing the opportunity for us to start our own business. I only wish we had known of you when we first started looking for a business we could get started from home this easy and fast. You and the staff of personnel have been the best we have had the pleasure of dealing with. As promised you have provided all the support, friendly help and high quality equipment we could ask for. We are very pleased with the materials you provide to be mailed to potential sites. The brochures are perfect and The quality is super. All of the people I have provided them to comment about them being so colorful and really catch their eye With this material I have placed my original five machines plus the first added machine.

I am a retired...and have been looking for about 30 years to find what planet Antares has provided to us. This is exactly what I needed, something with a good income that we can do together and fills in the spare time I now have. I can't think of any home owned business I would like better. Providing a needed service, getting to meet new people and getting paid too!!!. Again THANK YOU for all that you are and what you have made so easy and fun for us.

Sincerely,

Mr. and Mrs. B.

Planet Antares:

I..., started our vending machine business in March of 2007. The name of our business is.... We now have a total of 8 refreshment centers.

Everything Planet Antares told us about the vending business is true. With the material that Planet Antares have supplied us with and the self promoting, have really helped us get our business up and running, also in our spare time we go to various business and explain what we have to offer, and get clients that way.

We have replaced some coke-cola and pepsi machines, due to the refreshment center being compact and very unique.

We enjoy going out and restocking our machines and most of all collecting the money.

Mr. and Mrs. B.

Planet Antares:

The vending business has offered me complete financial freedom. I have known planet Antares for well over 20 years. You have done more for me than I ever expected. Always offering to help with new ways and product.

Planet Antares has out performed my wildest dreams. I had dealt with a lot of companies before Antares with my former position. Not one of them came close to being helpful as Antares.

I found that it was very easy to get location by calling on the company personally. First you are not asking for money and I love to talk and make people at ease. But if you are not comfortable doing calls use Planet Antares assistance that is so easy just takes a little longer.

I love being in the business because there is no pressure and you get to know the people by being there every week. Its just like being one big family. I also enjoy being outside and stop sometimes and catch a big sale.

The only worry *my husband* says he has is to live long enough to spend all the money he had made being in business.

God Bless

Mr. and Mrs. C.

Planet Antares:

Hello my name is...and I'm with.... I always wanted my own business especially vending. I went to a Seminar with Planet Antares. I was a little hesitant but took the chance. Their service was better than what I expected. They helped me get all of my locations. With two of them...and...I mailed the fliers. They followed up and got me the locations. My third customer...they send them a letter and I followed up. I am very happy with these customers and they like my service since I cater to their needs. Now I have two more locations pending and I am planning on purchasing four more machines.

Thank You Planet Antares for this opportunity.

Sincerely,

Mr. C.

Planet Antares:

I would like to tell about my first year in the Vending Machine business with Planet Antares and their tremendous help. I attended a seminar by Planet Antares and I was quite impressed with their Refreshment Units. I started out in their program without any prior vending machine experience by purchasing eight units. I was a little nervous at first but I knew that the company would support me all the way and they did. I also had no mechanical background which was not a problem since my coach walked me through every situation step by step.

I started with eight units and went right out to businesses to get my locations. The marketing materials that the company provided were very professional and effective. I received a number of postcards back from my mailings and placed my units with the help of the business builder department. I also followed their advice by going door-to-door to businesses and talking to friends about my new vending business. Another method was phone calling to the businesses. Sometimes it would take several follow up calls and a lot of persistence but it did pay off.

I wanted to learn all that I could about vending so I attended a big Vending Trade show in my area when I first started. I networked with other people in the business and even received a referral for the placement of two large vending machines. My current locations do tell me how pleased they are with my service and they give me referrals. It does help if you keep your ears open to the needs of the businesses. Try to provide them with what they ask you for because you will have a much better vending experience.

I have had to move twelve of my original placements due to low sales but I realized that is a necessary part of the vending business. I also know that the Vending Software is a necessity for this business because you can have a much better handle on your vending inventory, machines and locations. The support people at Planet Antares are always there for you to answer your questions and help walk you through any challenging situation. I have experienced a number of situation with my units but now I can handle anything that arises.

I have not even reached my first year anniversary yet and I have 20 refreshment units and four larger vending machines. I have been able to learn how to service the large vending machines also. I plan on increasing my numbers of refreshment units as the demand warrants and you just never knows when you will hit your next jackpot of a location. It can be a very rewarding experience and you are providing a service that people love. Good Luck and enjoy your vending experience.

Ms. C.

Planet Antares:

It was great to hear from you this afternoon. We certainly appreciate your interest in our business.

We have placed all 6 of our snack centers and are busy every week with servicing them and seeing approximately 50-60% profit of all sales.

All 6 centers were easily placed thru the mailout which made it pleasant to meet and work with the business owners. One of them was placed after several months of the secretary keeping the card on her desk!

We are finding that the snack centers have higher sales if we make sure there are 20+ employees that have access to them. We have relocated two of snack centers to veterinary offices that have a high volume of customers and larger work forces. These changes have proven to be beneficial to our business.

Again, thank you for your call this afternoon and we look forward to growing our business as profits allow us.

Sincerely,

Mr. D.

Planet Antares:

Approximately six (6) years ago, I was managing...stores here in *my home state* and my wife was *working*. Life was great... but my mother...*became ill* and had to come live with us.

I soon realized that I needed to find something, in the way of a job, that didn't require me to be away from home for a long period of time. I was fortunate to find my vending business.

I started with three (3) refreshment centers and placed them utilizing the target mail provided by Planet Antares. Since then, I have grown to a total fourteen (14) refreshment centers just through referrals.

From the very beginning, Planet Antares has given me the best support possible. If I needed questions answered or assistance, Antares was there for me. The company has done all that it said it would for me. If I was asked to rate planet Antares support, on a scale from 1 to 10... I would rate them as a 10 ½.

Becoming a Distributor was the best decision I could have made under the circumstances. I love being in this business working with people. Presently, I am 74 years young and totally enjoying my business. Believe me, if I didn't enjoy vending, I would not still be doing it at my young age.

Mr. D.

Planet Antares:

I started my own business..., thanks to the help of your company. I have eight vending machines at seven locations. Each location has a snack machine and beverage machine. I located my equipment through your program with the offered discounts for multiple purchases.

Locations came easy with the help of the marketing material and locating program. Your company provided the marketing material and addresses of possible locations. I put the marketing material in envelopes and mailed them to prospective customers. After a few weeks, if that long, I had responses to the mailings.

To increase income at my locations, I make sure to stock my machines with the items my customers want. I will sometimes make two rows of a product that is a “best seller”. Due to the recent increase in fuel, I have increased product prices.

I have also created a website for my business as a way of self —*my website* is a site that gives prospective customers information about my services, products and a contact number to reach me. I have received several calls and emails with the addition of this website. I also use magnets with the business name and contact information and place them on the machine.

Thank you for your help in my success,

Ms. G.

Planet Antares:

I've really enjoyed my experience starting my vending business. I currently have 3 units with 2 more on the way. I get nothing but positive feed back from my customers about the units. Once people see the machines and use them they like the units. The size and the mechanics are the most talked about features.

Machine placement was an exciting ordeal because I enjoy talking to people, but I'm not a Salesman. My coach really made me feel calm and confident, and pretty soon description of the machines became second nature. to place the machines I used various methods. I would walk into different bussiness and explain what I was doing and the services I would provide. another method I used, I would ride past bussinesses and if I didn't see a store in the area I would go in the bussiness and talk to the persons in charge about the machine5 and placement.

Once I had all the units placed, I listened to the people in the bussinesses about what they wanted in the units. I also placed menus on the sides of all the units and people filled them out and it increased sales for me by 20%!

The best method I use to promote my bussiness is talking to friends and relatives about their vending whereabouts at their jobs. After making sure it is okay I go into their place of employment and solicit my machines This works very well. My new units that I'm waiting for are already placed using this method! Thanks planet Antares for the enjoyable experience!

Sincerely,

Mr. H.

Planet Antares:

I just wanted to take a few minutes to thank everyone at Planet Antares for the wonderful job they have done and the tremendous experience I have had over the last thirteen years! The vending business has been a “Godsend” which came at just the right time in my life and filled my needs just perfectly. I can honestly tell you that without the vending business and Planet Antares my life would not be what it is today!

I had moved from *one state to another* just a few months prior to getting into the program. At the time, I was single.... I had a girlfriend...whom I wanted to marry but did not have anything secure and stable to offer a potential wife. My chosen career has never been what you might call, dependable. You see, I am a professional vocal coach, singer and choral director. I have been an opera singer...for over six years. This is my passion and who I am so I never want to give it up. Unfortunately, I could not always make a living doing what I love to do even when I was single and I certainly would not expect a wife and possible future children to depend on that. However, I didn't want to give it up either because that would mean giving up who I am! So, I had a choice. I could give up who I am and get a “real job”, I could continue as I was and never have a family, OR I could get into some kind of business that could not only provide security for me and my family but could ALSO give me enough control over my time that I could keep doing the things that I love. It was during this most life determining dilemma that Planet Antares introduced me to the vending business. I really did not think that a business existed that could give me BOTH security AND time, but vending has really fit the bill.

About a year after getting into the Planet Antares program I did get married and brought my wife to live with me in *my city*. About three years later we bought a home and about a year after that we were blessed with our son. I am able to take care of them, put clothes on their backs, food in their stomachs, gas in our cars, a roof over their heads and all of life's necessities while still being able to enjoy time with them and still being able to do the things I love to do. I am having my proverbial cake and eating it too! I feel quite confident that without vending I would either be still single in that same apartment, or I would be stuck in a “real job” like all the other men in my neighborhood. Yeesh!

I have to say, that one of the nicest surprises about my whole experience is the fact that you at Planet Antares have absolutely lived up to all you have said you would do and when you said you would do it! I feel very fortunate to have actually found a company that is willing to buck the common trend of apathy other companies have for their clients and really cares about my success. I know that I could not have done what I have done without your help and program, especially in locating my machines! I am the first to admit that I am NOT a salesman. I can stand in front of thousands of people and speak or sing with no problem, but ask me to go knock on someone's door and I freeze up! The target mailer system was an enormous help to me in locating my first machines. The idea that my coach actually called the locations for me took a lot of the pressure off of me and made it so that I did not have to do any “selling”. I now get my locations primarily from referrals and my own networking and find it fairly easy to get locations if I just have the nerve to open my mouth and ASK! Your promotional materials make the process so much easier as they make me look as if I am an actual professional and really know what I am doing! I have never felt as if had to sell anybody on my business.

I appreciate that this is a real business which takes a lot of hard work to make it run as a real business should. Without your help and program I never could have done it.

I love the vending business. Not because I enjoy putting Snicker after Snicker after Snicker... (ad infinitum) into vending machines, (which I admit, after nearly thirteen years can get a bit tedious) but because it has given me the security and control over my time that I have needed to create the life I am now living. I hate to think what my life might be like today if I had not been introduced to your program.

Thank you, thank you, thank you for being my right choice at my right time!

Sincerely,

Mr. H.

Planet Antares:

My name is.... I am the owner of *a vending company* here *in my home state*. We were retired due to my husband illness.

One day in the mail came this offer from Antares corporation to start a small business with vending machines to tell the truth I was not interested but my husband wanted to attend your seminar so we did. Your company had my attention right from the start. So four years ago this September We started a small business.

I love meeting our customers. We look forward each week to go out and service our machines. Our customers have given us many letters thanking us for our friendly service and we have been told by a few of our companies that we are the best service they have had in the last ten years.

I have been in business before but have never had a business like this. There is no renting of office space or leases to be held too. We work very hard trying to make a name for our selves. I no one very important thing when you are in businesses you must make a name that shouts respect and confidence when they hear your name. You must stand behind your products and service.

Antares is a wonderful company to have behind you your employees are always there to support you and help in anyway they can.

Sincerely,

Mrs. H.

Planet Antares:

Just a note to tell you about our Business....

My husband and I joined the Antares team of winners in the summer of 2006. *My husband* initially was introduced to Antares through a personal invitation that he accepted. I was not able to join him because it was a Saturday and I ALWAYS worked on the weekends. We followed up with a very polite, professional gentleman...and he patiently explained every piece of paper that *my husband* had brought home from the presentation so I could get the best possible understanding of who Antares is, what they do and how they support you and your business in almost every way imaginable.

Sometime before we started our own vending business, *my husband* and I discussed in length about our future, and how time was flying by. Did we feel CERTAIN we would be ready?? Or would the stress of income, or lack of it drive us to an early grave This brought us to our final decision of using some of our "retirement funds" toward investing in a business that was backed by a GREAT track record AND PEOPLE with INTEGRITY.

We knew NOTHING about the vending machine business or any other business for that fact so we opted for the "business plan" from Antares which includes our choice of zip-codes, mailing out the strikingly colorful bi-fold and having Antares experienced professional sales people make the initial contact and pre-qualify the interested sites. Within hours we would receive all the pertinent information and take it from there, deciding whether or not this would be a great location for us. We were in contact with our business Coach...almost on a daily basis. She ALWAYS gave us encouragement and advice that made cents, LOTS & LOTS of cents!

Well, approaching the summer of 2008, we have 14 machines in business and they're the MOST RELIABLE employees you could ever hope for! They do their job 99.9% of the time 24/7. All of our Customers' are absolutely thrilled with their Antares vending machines, the fact they take up such a small space, give change for dollar bills, use minimum electricity, and run very quiet. Most impressive though is the fact that they can have Coke, Pepsi and orange juice all side by side!! Just through "word of mouth" we have a waiting list for future machines.

With the economy being what is nowadays, folks may not be able to afford that \$75.00 bicycle or \$7,500.00 boat BUT they CAN (&DO) afford .75 cents worth of comfort food. I've found that when sales plateau on any particular snack or drink I replace it with a "new" item and WHOOSH!! sales go up!!

Do it all over again?? YOU BET!! Only 25 years sooner!

Sincerely,

Mr. J and Mrs. S.

Planet Antares:

My decision to become a Planet Antares distributor has had a positive impact on my life for the following reasons:

- a) Allowed me to resign from a stressful working environment...and build a substantial business with lucrative hours.
- b) Enabled me to pursue areas of interest such as volunteer work, educational enrichment and become more involved with church activities.
- c) Take advantage of the multitude of tax benefits available for small business owners.
- d) Contribute to a retirement plan through my business enabling me to obtain financial security.

The customer support from Planet Antares has been a contributing factor to my success. If I had any questions/concerns – it was just a phone call – I never felt that I was out there alone. I followed the program and in turn Planet Antares fulfilled their promises to me. It was a two-way street. I received the assistance I needed to get my business up and running – the more successful I was the more successful Planet Antares would be.

My initial locations derived from the Target mail program provided by Planet Antares. Expansion of my business was through self-promotion and referral. My motto is to treat my customers as I would like to be treated, therefore acquiring new locations was not difficult. My locations are so pleased with my service, they recommend to others – which is always a gratifying way to grow a business.

What I enjoy most about this business is that flexible time schedule and that I am “out and about” – rather than sitting in a cubicle. This business is “Recession Proof” because people will always have money to place in a vending machine if they are hungry and thirsty – its an impulse purchase.

I have been a distributor for 16 years and my satisfaction with this business is validated by the fact that upon relocating to a new area – I started my business all over again.

I enjoy owning a small business that can be operated out of my home, with flexible hours, and no requirement for employees. It’s just a “common-sense service oriented” business, and I thank Planet Antares for inviting me to their presentation and selecting me to become a distributor.

Ms. L.

Planet Antares:

I've tried a number of business opportunities over the years, but none of them were as easy as they sounded - until this one. Finally I found something that worked as advertised! The mailings were very professionally done and provided me with plenty of leads to get my business started. I was a little overwhelmed at first with all of the information given to me, but my questions were always answered promptly and the business has gotten easier and easier as I've gone along. I'm learning more all the time about which products and locations work the best to maximize profitability. I feel like a vending pro after only being in the business for six months, and I owe it to Planet Antares for getting me started.

Sincerely,

Mr. L.

Planet Antares:

I just want to let you know that we are enjoying our business. We just started it a few months ago, and it has been very easy with all the help you have given us. The brochures and all the printed materials has been very helpful when presenting it to customers. The mailers are just terrific and so easy, all I did was stuff the envelope and stick the address on them. The list of business were very helpful and they did the job. We have placed our machines and they are doing fine. It is real helpful to let customers know that you will try to put things that they want in the machines if you can get them. Also it is good to change the product every now and then. Remember to always keep it updated and you will have a great business without much time involved.

Thank you for all your help and all the others also

Sincerely,

Ms. L.

Planet Antares:

Having been laid-off..., I found myself searching for a new employment opportunity. My wife had given up her job...four years prior to stay home with our children and so that I could maximize my career. One of us or both of us needed to find employment to support our family of four....

After much sole searching and after considering many other opportunities, my wife and I attended a Planet Antares seminar to see if we were candidates for a vending business. After several meetings, we decided we wanted to get into the business and Planet Antares representatives approved us a *hometown* base of operation.

My wife and I received our first shipment of Refreshment Centers in August of 2007. We have carefully followed the Planet Antares program and have grown our business to 42 vending machines (20 Refreshment Centers and 2 Snack Machines). How did we do it? We did an initial mailing and we were diligent with following all leads. We also made sales calls to local businesses armed with our Antares brochures. We networked with family and friends who also became excited about our new business venture and were eager to help identify possible locations and make some initial contacts to open doors. We have machines placed at our children's school, our church, the car dealership where we get our autos serviced, our bank, the local airport where my wife works part-time, our community clubhouse in the neighborhood where we live and many other locations.

Some of our favorite things about our business are that we are more in control our careers, our financial success and family time. In this business, the harder you work and the more machines you get placed, the more money you make You are not dependent on your boss recognizing your hard work and convincing his boss that you deserve a promotion. In addition, it's nice to have flexibility in scheduling your work hours so that you can spend more time as a family and as a Dad I can be more involved in my sons' activities. Last year, I was assistant coach for my sons' baseball team. This is something that I would have never had time for if I hadn't made the decision to own my own business.

Planet Antares has been a good option for our family. I would tell anyone interested in getting into the business to follow the program, trust your coach and you will succeed.

Mr. M.

Planet Antares:

A little update on my vending business:

I retired earlier than planned to be home with my wife that had started having health problems.

While looking at the vending business, the numbers just made sense to me where I could get an operator to service and care for the machines while I could be with my wife. This was my number one priority. Creating another income stream looked like a good thing for me.

Now..., the business and the income has become even more important because I can go spend time with my wife on a daily bases while the machines do the work.

Thanks, Planet Antares, for the opportunity to become a successful owner of a vending business.

Sincerely,

Mr. M.

Planet Antares:

Thank you for the phone call today. I was going to call you soon anyway. I need some more self-promotion folders, if you could send them to me.

Also I wanted to thank you. Both you and *my coach*, for all your help and support you have given me in getting this whole business started. My wife...and I were pleasantly surprised to find we were able to place all 8 of our drink and snack machines so quickly with your help. And with little self-promotion we needed to buy a 9th machine right away to keep up. I feel like I've only scratched the surface. I'm learning all I can right now about the machines and how they work. I test vend everything I'm selling to make sure I have no problems. The machines have worked great. No problems at all and all my customers are happy. It is just amazing how great it is to be doing this as my job. When I go to service the machines, it's like I going to see friends. There is no better feeling than going into a business and all the people smile at you and say here comes the candy man. They always know who I am. Plus they always remember my name. I was able to come up with a cool business name. *My business name* just sticks in their memory, which is what I wanted it to. I always have samples in my pockets and give them something on the way by. I had a person the other day tell me, they love it when I come in because it makes their day. Keeping them happy keeps me happy. I ask, every so often, if they would like to see something else new in the machines. I get many suggestions and then that's what I put in them the next time I come to service the machine. It doesn't take long to find out what sells and what doesn't. One thing I learned so far if it doesn't sell inside a week or two, get it out of the machine and try something else.

It's a great job. Working with Planet Antares has been great also. They have done everything they said they would. Their help and support are 2nd to none. I feel blessed to be part of this company. And the best thing is (I'M JUST GETTING STARTED) I first got my machines on February the 22nd and I have come this far in such a short time. Today is MAY the 21st everything is up and running. I could not have done this on my own. With your help and help from above, things are going well and can only get better. Thank you so much for your help and all that Planet Antares does to make sure new Distributors, like myself, have all they need to succeed.

Sincerely,

Mr. M.

Planet Antares:

Just wanted to take the time to let you know how we are doing. The business is changing our lives as we grow it. It is helping us to become more financially independent.

We found in the early period when we started that the company responded to any and all questions or requests by us. We have been completely satisfied with the Company and it's people. They have been more than helpful.

We have not had a great deal of difficulty getting locations. Using the direct mailer got us started. We did some door knocking ourselves with people we knew and got some locations through those efforts. As we have grown we have gotten some locations through referrals as well.

We enjoy being in this business. We are having a lot of fun. It allows us to make our own hours to actually work. With the new Office Deli we are very excited and will continue our growth in a more aggressive way. We think the office Deli is the Lamborghini of the vending business.

Regards,

Mr. N. and Mr. N.

Planet Antares:

As per our phone conversation today, here are some of the ways I have setup and run my distributorship business.

I service my customers at least four days a week. I visit the majority of my customers once a week. Then I visit those who have higher volumes, which need to be visited and refilled twice a week. I also have two general areas of service. One area is serviced on Mondays and the other area is serviced on Tuesdays. Then the volume users I visited on Monday, I revisit on Thursday. The Tuesday volume users I revisit on Friday. This seems to work best for me.

We have made many cold calls in different areas of our county. We have visited different business from small to large and I have found the medium sized business seem to be the best customers for our machines. Most of the businesses I visited have been manufacturing or distributorship facilities in nature. I have visited many locations with no results, but of course I have had some success also by just being there at the right time. However, I have had a few that I initially spoke with who were satisfied at the time with their particular machines. However, at a later date they have called and asked me to come out and talk with them regarding the refreshment center. The revisit usually concludes with a new install pending.

I have talked with schools also. At this time I have two schools, which have my refreshment centers. The refreshment centers are placed in the teachers lounge rather than out in the open areas with the children. In *my state*, we have a moratorium on vending machines, which vend drinks and snacks to our children. But there is no moratorium for their adult teachers. There is one other consideration however, which is the extended amount of time the schools may not be in session. But if you can work with or around that problem, you could have a reasonable vending location. The Planet Antares people do help out by supplying us with lists of different companies in zip code locations of our choosing. I have some reasonable success from his method too.

I have been in business with Planet Antares for approximately a year now. At this time I currently have eleven refreshment centers installed in different locations around the *my county*. Of course some locations are doing better than others, which gives me the challenge of locating other locations, which will yield higher volumes for each center.

Mr. N.

Planet Antares:

Before getting into the vending business, I was...working as much as 75 hours a week, and under a tremendous amount of stress. I don't have to work 75 hours a week, and have no stress since I've been in the vending business.

Planet Antares did everything they said they would, and more. If they hadn't been there for me, I wouldn't have been in this business for 20 years.

When you become a distributor, they will take you by the hand and tell you what to do, when to do it, and how to do it step by step. They are good at what they do. That's why they have been in business for 21 years. Their success is not an accident.

I have never had any trouble finding locations. When I started 20 years ago, I...had several contacts. I have used the locating system, and it was great! All of my growth has come from referrals. Referrals are the life blood of every business. You do a good job, and people will recommend you to others. The self-promotion packages are excellent for securing referred locations. They are so professional, and no other vending company can compete with this promotion.

I truly enjoy being in the vending business, if I wasn't, I wouldn't have been in it for 20 years. At the age of 62, I only do things I enjoy.

Respectfully,

Mr. P.

Planet Antares:

This business has given me the opportunity to do a lot of things and not have to have a lot of things — simply put — no employees, no receivables, no workman's compensation, no long hours, no stress! Makes my life a lot more fun!

I have found your company to be professional and I felt you had my best interest at heart. I always talked to a real live person and I gained a lot of confidence knowing I wasn't out there on my own. You as a company had all the answers and you were just a phone call away. As time as passed, you have become very good in the supporting role of my business.

As I gained experience in the business, the more opportunities I began to realize. The mailing system worked great and in a couple of months, I felt comfortable and confident in presenting myself to other businesses

I love this business! It is ideal for what I wanted to accomplish. Week after week, the cash is always there. I'm only driving eight miles and I find the business to be very time efficient. I simply put in the machines the products the customer wants, smile and take the cash home!

Thanks for listening!

Mr. P.

Planet Antares:

Six years ago, I was at a crossroads. I was 59 years old and not financially prepared to meet my goal for retirement. I felt trapped on the corporate treadmill of the 8-5 job. I was at the top of my pay grade and looking at zero advancement opportunities, but I still needed a job to meet the monthly obligations necessary to live in the world today. I had heard self-employment constituted a growing part of the job market. I had also heard that, as a fledgling business owner today, there would be a lot of scary pit-falls blocking your success.

Overcoming this dilemma is what your Company does so well. The company knew exactly what needed to be done to get my business up and running quickly. By following the company support program guidelines and tips, I was able to navigate a smooth road to my own success. The targeted mail flyer program was successful and produced speedy results in locating and identifying quality placement opportunities for the vending machines. And, after being in business about a year, “word of mouth” vending locations started coming my way.

Business owners and managers, tired of handling vending complaints day after day, heard about my vending business and called asking for help in solving their problem. Dependable vending machines and a good customer service ethic helped to build the business rapidly.

Now, I’ve left “Corporate America” behind. I enjoy being in charge of my life and livelihood. I am no longer obligated 40 hours or more a week to someone else. The vending business uses just a fraction of the time and the hours are very flexible. Just a few hours spent weekly on the vending business easily fits around whatever events are happening in my life.

I love having this type of freedom. I’m very happy I chose this road when! was at the intersection!

Sincerely,

Ms. R.

Planet Antares:

Planet Antares has been like an energy boost in our life. We had been trying to think of something to fill a time & financial void after *my husband* retired from *his job*.. We thought about many things but nothing seemed to fit. Then we received an invite to an Antares Seminar about their Revolutionary Compact Refreshment Center and decided to attend. After viewing and hearing the plan, *my husband* looked at me & I looked at him and we know this was a fit for us...Yeah!

We ordered 3 machines, we wanted 5, and should have ordered 5 but at the time we wanted to pay cash so we settled for 3. We've been in the business now approximately 19 months and have grown to 11 machines. We were like children, excited and waiting for instruction. We gave Antares 5 area codes we wanted to service and they began a well devised marketing plan. We received an easy to read and understand Distributor Manuel along with Self-Promotional Brochures, Forms, Menus, Mailing Labels, The ABC's of Vending Video, and other informational sheets. We can say the colorful advertisements were so well designed and very eye catching. Wow! To see all those name brand snacks and beverages live and in outstanding color had to be a brilliant marketing strategy. (Made you want to start eating now!). All the information Antares sent was very helpful in getting us started. We sent out mailers, then waited for call backs. The waiting was probably the hardest part but the good part was being able to place the machines at a location of our approval. They even gave us a rep that followed our progress and many times had a helpful suggestion to move us forward.

We are looking forward to being able to pickup more Antares machines only. Others have tried to sell us other manufactures but we like Planet Antares, the only way to go. Hopefully we have shared a little of our success story and oh, one of *my husband's* favorite sayings when he goes and collects the money from the machines is: I Just Love pickin up "Cold Cash" Smile

Sincerely yours,

Mr. and Mrs. S.

Planet Antares:

My wife and I started our vending business with Planet Antares in 1998, locating our first three (3) Refreshment Centers using their locating system. She ran and grew the business with the help of our coach to ten (10) machines the first year. We continued to steadily grow our business and hit twenty-two (22) Refreshment Centers at the end of year two. At that point, we made the decision that I would quit my full-time job, to focus my attention on our growing vending business and with that, left my seventy-hour a week job.

Each year, we basically doubled the size of our business and in year six, found ourselves with 141 machines. We accomplished this by way of multiple mailings in our marketing area, as well as practicing self promotion, as taught to us by our coach. In year 10 of our business, the company introduced the Office Deli and our family is very excited to once again begin expanding our business with this revolutionary machine.

Our coach has been very supportive and helpful answering any questions in a prompt and knowledgeable manner. After all, they've been doing it for over 20 years.

The professional attitude, first class printed materials, locating system and technical support were invaluable, particularly when we first got started.

Having our own family business has allowed us to spend more quality time together as a family and for that, we will always be grateful.

Best Regards,

Mr. S.

Planet Antares:

As we approach the ten year anniversary of *our company*, we wanted to share some of our experiences in the vending business with all of you.

Little did I know when I went to a presentation those many years ago, that the vending business would afford me so many opportunities, as well as free my wife, an RN, from the bondage of the 50 hour work week.. working nights, holidays, and weekends. Having this business, something to call my own, has supported me through difficult times. When I was downsized from my *job*, I wasn't in the same bind as my colleagues across the country. You see I had my own business... a steady cash flow and a way to support my family as I searched for a new job. As we grew our business, my wife was more than happy to switch her full time job from nursing to vending. Only full time in our vending world meant a flexible work week of 22 hours versus that of the 50 hour work week away from home! What a relief to have her home to get my son off to school as well as be there for all his school activities! A priceless move!

I don't want to give the impression that we could have just jumped into this business on our own. We never had to muddle through alone. We've had the resources of Planet Antares, and over 9 years of great coaching by *our coach* at our finger tips! Planet Antares didn't just "drop kick" us into business...they took us on a guided tour! We are exceptionally thrilled with all the support we've been given on our road to success. Thank you.

We're often asked how difficult it is to find locations for our vending machines. For us the answer is simple.., it isn't! We've utilized the Planet Antares Target Mailer System on several occasions. Each time with increasingly better results, and in each case we received more great location options than we actually had machines on hand! What a great position to be in!

There is nothing like the sense of accomplishment that we feel from being in a customer service business. We've met wonderful people, developed great relationships with our accounts, and best of all given ourselves the opportunity to make as much money as we choose to make, not what someone else tells us that we're going to make! It's funny, my wife and I have three college degrees between us, yet we find our greatest joy and potential for growth in the vending business. What have we learned... this business isn't brain surgery... it's quite simply good customer service.

Sincerely,

Mr. S.

Planet Antares:

“Working 9 to 5... what a way to make a living!” These are just a few words to a Dolly Parton song that totally described my entire life! Hi, my name is...and ever since I was 15 years old, I wanted to be a part of the clerical profession. I type 92 wpm, I learned shorthand, studied word-processing, data entry, dictation, computers, etc... and became very proficient at what I do.

But sweetie, I tell ya, but the age of 40 I had had enough of hearing “..., type this, fax this, copy this, run this over to the printers, etc.....In other words, becoming very tired and fed-up with others telling me what to do. I was also frustrated with making money for someone else and having very little for myself!!

Well, thank goodness I received an invitation to attend a seminar about achieving my own financial freedom. I felt as if this seminar was the answer to my prayers! Here I was,... struggling from paycheck to paycheck. And...I needed something to allow me more time to spend with my daughter and yet provide enough income for me and my child to live on I thought here was a chance for me to take control of my own destiny. Take back my own life!!

I am so glad this business came along! It literally has changed my life tremendously! It frees up my time, so that I can do other things, and yet provides enough income to where I no longer work at a dead-end job for someone else. I’m the Boss! And I fill my machines when I’m ready, which is usually after my soap operas go off!

Another pleasant surprise about the business was how much help the company provided! They were extremely supportive! I used their Target-mailer program to get locations in the beginning...and it worked so well I had to turn some locations down! What a great problem to have! But honey, I tell ya, it completely blew my away that this company promised great customer service and they actually delivered!

...That’s why I so enjoy being in this business. It has completely turned my life around. I honestly feel that doing this business has been the absolute best decision I’ve ever made in my entire life!...

I would like to thank Planet Antares so much for this opportunity! It has been a blessing to be a part of this program. It has truly been a wonderful experience for me. Thank you again and may God continue to bless you all!!!

Sincerely,

Ms. S.

Planet Antares:

When we attended the seminar we had no idea the impact this business would have on our lives. Our initial intent was to start a small side business to help fund college accounts for our five children.... In the meantime, we have worked our business and *my husband* has been full time in vending for fifteen years. Probably the biggest advantage to this business is not only the income but the flexibility of our time. Five children who all were/are three season athletes' translates into many ball games and running around to different courts and fields. We were there.

From the beginning, Planet Antares was there for us too. They supported us locating machines, answering troubleshooting questions and keeping us updated on products and advances in the industry. We located our first machines from the mailing which helped jump start the self promotion process. They screened the potential accounts to see if it was a good fit and then passed the information to us. The nice part was that they made the initial contact. After a while we knew exactly what we were looking for in a location and landed a few on our own.

We truly cannot imagine doing anything else but vending. This opportunity has allowed us to make a good income, take vacations when we want, have incredible flexibility with our time, be our own boss and spend time with family. There has not been an area in our lives that has not felt the positive effect of being in vending with Planet Antares.

Respectfully,

Mr. and Mrs. S.

Planet Antares:

Our business started in September of 2007. At the beginning, we bought 3 machines and now after eight months we have seven machines, all placed in locations. We are looking to buy at least ten more by the end of this year.

The marketing material has helped. However, the mailers did not work for us as we expected. Therefore we started using the nice brochures to do our own self marketing which helped us to place all our seven machines.

To increase our income we have been offering an exceptional customer service, giving free bees every once in a while. Also asking employees if the products in the machines are their favorite.

Our technique for self-promotion was meeting business owners through connections, talking about what we do at every opportunity and asking for referrals.

Thanks,

Mr. S.

Planet Antares:

We purchase our machines right before the Holidays. This caused a delay on the placement of the machines but once the Holidays were over we had our machines in locations within a month and half.

The first machine was placed in location as a result of our mailings and the terrific marketing materials provided by Planet Antares. The second location was through personal efforts but with the help of the marketing materials provided by Planet Antares. I visited various locations and within a week placed the machine at *a location near my home..*

The first location has not turned out as profitable as we had hoped but through changes in the snacks and drinks in the refreshment center we have improved the income for that location. However we have found that traffic for that location was not as strong as the office manager at that location led us to believe and therefore the income projections were wrong and we are currently looking for a new location.

The second location was immediately bringing in better income than the first. What we have found is that as the temperature gets warmer and people learn about the snacks and drinks available the income is improving. Also rotating or changing snacks and drinks until finding the right combination for that location is the key to our success..

We are still learning the business and our goal is to have each machine doing a minimum of \$100 per week once we achieve that goal we will be buying additional equipment.

Mr. T.

Planet Antares:

Owning my own business has allowed me the freedom to set my hours around my kids' busy schedules. They are also involved in the business, which provides us with quality time together. This company provided not only exceptional machines and promotional material, but technical support as well. They were also there for me emotionally when I first started and was very nervous.

Even after 2 years, they are still just a call away. In the beginning, it was such a relief for me to know they would tell me what to do and make the locating calls for me. Now they have taught me to feel self-confident so I can talk to the new locations I get as referrals and through self-promotions.

I love my business, and these new machines (Office Delis) are taking us to a new income level. I am proud of what my family and I have created with the company's help and support. I look forward to continued growth and success.

Thanks to you and your team, especially my Coach....

Sincerely,

Ms. Y.

Planet Antares:

Happiness and Quality of Life with Antares

The business did not only change my life for the best but also changed my whole families' life. Today my daughters are well versed in entrepreneurship which they never would have learned anywhere else. From the "quality of life" side, we control our time, we spend more quality time together, have frequent and excellent holidays that we could have never afforded in the past. When we are vending, we are a team that works together to complete all the tasks from buying the product right through to counting and depositing the money. Even spending it!

We have worked with the company for over 7 years and they have delivered on every thing they ever promised plus some. As long as we followed their direction, our journey in this business venture went in a positive manner. Whether it was labels or advice, the support has been invaluable. During the onset and development of our business, they were instrumental in guiding us with business paperwork, machine instructions and placement tips.

Even after 3 years in the business, we called the company and they sent out more mailers for us to do it again to see if we could find new locations

The company's performance has been 110%. They have gone to every effort when we were in need of any items. Fedex items over night at no charge, working with service techs for instructions or problem solving or just sending out their "vending news update".

Locations came along pretty easy, as there are so many places available out there in the target marketplace.

We initially followed their proven methods of the mailers and we received 6 locations right away. After they were installed and we were now comfortable with our knowledge of the machines, we grabbed a pile of the "self promotional brochures" (and of course a couple of bags of those little chocolate bars) then did a "blitz" of a business area or street that we would target. That netted us another 8 locations, so we now had our first buy of 14 machines placed. Funny part was that after they were all placed, we received more mailers back. We then evaluated our locations and moved some machines to the better locations we had just received.

We find the vending business is fun. It is more like a social hour as we go in to our locations and the people have really built a rapport with us. They are always looking to see what is new in the machine, they find it exciting to find and try new products. In some of my locations the people like to be sure our business is doing well and having good sales in their location and they ask if there is any way that they can help us. They come to expect to see you on a regular basis, and if for some chance you miss a day or week, I even had some locations call to see if I was OK and not sick. It must be that smiling face and greetings that I bring into every location, and maybe the odd free bag of chips or chocolate bar, that they come to relate to. Besides the financial and especially the tax benefits, it is a great business to be in.

As far as home-based business, the tax benefits have got me tax refunds for the past seven years.

Mr. Z.