

I am writing in extreme concern that MLM will be exempted from the Business Opportunity Rule. I personally believe that this industry is a borderline scam at best and needs MORE oversight than everyone else-NOT LESS. With a industry wide 99.9% loss rate average, MLM in my opinion is the absolute worst business opportunity/faux franchise there is.

As someone with a sociology degree, I have spent 4 years of my life studying how inequality exists in society. I have been approached several times about joining these bogus MLM ventures and I have also spent countless hours reading the painstaking research of both Robert Fitzpatrick and in particular Dr. Jon Taylor. From everything that I have seen regarding the high proportion of losses and the vast number of victims produced, MLM is capitalism's most malignant component. This is because, a large proportion of the people I have personally seen involved in MLM are the people that are the most destitute, and have been given a false hope of getting rich because they were sold on a near impossible dream, rather than just merely selling product they are representing. MLM's are using an economic recession to exploit the desperation people are experiencing. If this is not predatory, than I don't know what is.

Many new MLM's are popping up everywhere, as a bad economy makes it easier sell to recruits. It is also a win/win for the MLM because it is cheaper to have a companies distributors shouldering the cost of a marketing campaign than the actual founders. Because consultants are told that they are working for themselves, they will work many, many unpaid hours and even accept losing money all in the name of financial freedom. This is not unlike how the food industry exploits farmers. This is why you never see Kraft or General mills owning their own farms. "Why buy the Cow, when you are getting the milk for free". This is why the emphasis in a MLM recruitment campaign is always about the "opportunity" and never about the product. IN fact, very little product is ever sold to anyone, just the dream of wealth and resources. This is so much so, that the product doesn't even seem relevant in a MLM recruitment campaign.

In a recent California class action lawsuit against Amway (that resulted in a 50 million dollar settlement) it was discovered that less than 5% of Amway's sales come from outside the consultant base or "business opportunity". This is not only far worst than what anyone thought, but, should properly demonstrate my statement on how little product is sold to anyone outside the MLM. This is all because new recruits that are being

brought into MLM companies have to make purchases of overpriced products of often questionable quality to qualify for their commission at the end of the month. In this flawed system, nobody is hurt more by this more than the poor.

The people at the lower end of the socio economic scale are at a distinct disadvantage in MLM because they often don't have the professional polished image look of success and people skills needed to sell such an opportunity to others and can least afford to take a financial loss. These people often lack the proper social connections with wealthier people who can most afford to buy the expensive hyped up products. They lack the education to research and see past the smoke and mirrors to make an informed decision about how it is mathematically impossible for MLM to be even profitable for the vast majority, let alone acquire them riches.

When unpolished persons as described in the previous paragraph, join a MLM, they are very quickly pushed towards the expensive educational tapes that only those at the top of the recruiting chain are allowed to sell. Dr. Jon Talyor describes this as a "Pyramid Scheme within a Pyramid Scheme". These individuals are now spending money they will never recoup.

Those that wish to take this even a step further will "Fake it until they make it". In MLM, this means if you are not wealthy, you pretend that you are, to entice others to join- which means going into debt buying things you cannot afford. I have heard about people who buy BMW's which they have to live in, to falsely impress upon new recruits that they can acquire such wealth if they only work hard and in their chained network. This is why MLM proliferates debt problems, ruins friendships and marriages, and causes a whole host of other social problems. In MLM, nobody ever admits they are not making money, as this would counter their efforts to recruit other no money making consultants in the hopes of one day making money off their efforts. This is the destructive cycle people get caught up in.

In closing, the MLM industry has little to do with "Direct Selling" and the business opportunities they promote is not as innocuous as children's lemonade stands on the side of the road as the industry would have many believe. When you make your money off a downline and an upline makes their money off of YOU that is a Pyramid Scheme where the product is just a FRONT.

I implore all involved in the decision to exempt MLM from the Business Opportunity rule to study Dr. Jon Taylor's years of research and do their own analysis. Talk to the accountants who see countless clients lose money. Talk to the victims. Most importantly talk to your own conscience before making a decision that could be detrimental to the well being of so many

unsuspecting victims.

Thank you for your time and consideration.

Stephen Bruce O'Handley