

TO: Federal Trade Commission

FROM: John Ashby

DATE: January 18, 2011

RE: Multi-level Marketing (MLM)

I was introduced to MLM as a youth, as my parents were distributors with Amway. Though my parents failed to profit from this, I did not personally suffer from their misfortune. However, their experience left a distinct impression on me and ever since I have paid close attention to individuals who involve themselves in MLM. It has been over 25 years since my first exposure to MLM, but I have yet to know someone who has successfully built and sustained a profitable business in MLM. One could justify that as poor peer group selection on my part, but I find it statistically difficult to conclude that MLM is a viable industry, as a very few, if any, actually profit.

Given my interest with MLM, I have found the research of Jon M. Taylor to be astounding. I have a background in statistics with a BS degree in mathematics from Utah State University and a fifteen year career as an actuary. I find Mr. Taylor's work to be supportable and credible. Mr. Taylor's work on MLM is extensive, but I base my conclusions on my personal review of Chapter 7 in Mr. Taylor's e-book "A Case (for and) Against Multi-level Marketing." While I have not reviewed the basis for the assumptions made by Dr. Taylor (which seem to fairly represent the MLM) or the source data from his case study of NuSkin, I have examined the calculations in Exhibits 1 and 2 of Chapter 7—MLM's Abysmal Numbers. His calculations are materially correct and support his argument that over 99% of recruits to MLM companies will fail—compelling evidence, indeed.