

Amy Schram

June 10, 2006

To Whom It May Concern::

I am writing this letter because I am concerned about the proposed Business Opportunity Rule R511993. I believe that in its present form, it could prevent me from continuing as a Pampered Chef Consultant. I understand that part of the FTC's responsibilities is to protect the public from "unfair and deceptive acts or practices," yet some of the sections in the proposed rule will make it very difficult, if not impossible, for me to work my business effectively and successfully.

I have been a Pampered Chef Consultant for more than 7 years. I was a customer of The Pampered Chef for several years before joining the company so I was confident in the product itself. Originally, I became a Consultant in my company because I wanted to get out of the house a few nights a month while earning some additional income. Now, with my children getting older, my family relies on the income I bring in through my direct selling business to pay bills and save for college. This is not a hobby, this is my career. The future of my family is dependent on the stability of the direct selling industry.

One of the most confusing and burdensome sections of the proposed rule is the seven-day waiting period to enroll new Consultants, Distributors, etc. Pampered Chef's starter kit only costs \$90. People buy TVs, automobiles, even cellular phone plans as well as other items that cost much more and they do not have to wait seven days. This waiting period gives the impression that there might be something wrong with the company or the compensation plan. I also think this seven-day waiting period is unnecessary, because The Pampered Chef already has a 90% buyback policy for all unused products, including sales kits purchased by a salesperson within the last twelve months. Under this waiting period requirement, I will need to keep very detailed records when I first speak to someone about The Pampered Chef and will then need to send in many reports to my company headquarters. These added steps will cost more in labor for the company which will, in turn, be passed on to the consumer...MY CUSTOMERS! The Pampered Chef prides itself not only on their business opportunity, but the products we sell, because whether you are a customer or a consultant, our mission is to bring families back to the table. These proposed changes would, I believe, affect the legitimacy of our mission and create an unfair shadow of doubt.

The proposed rule also calls for the release of **any** information regarding lawsuits involving misrepresentation, or unfair or deceptive practices. It does not matter if the company was found innocent. Today, anyone or any company can be sued for almost anything. It does not make sense to me that I would have to disclose these lawsuits unless The Pampered Chef is found guilty. Otherwise, The Pampered Chef and I are put at an unfair advantage even though The Pampered Chef has done **nothing** wrong.

Finally, the proposed rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. I am glad to provide references, but in this day of identity theft, I am very uncomfortable giving out the personal information of individuals (without their approval) to strangers. This also opens the doors for identity theft villains to disguise themselves as prospective consultants simply to obtain this information. Also, giving away this information could damage the business

relationship of the references who may be involved in other companies or businesses including those of competitors. In order to get the list of the 10 prior purchasers, I will need to send the address of the prospective purchaser to The Pampered Chef headquarters and then wait for the list. I also think the following sentence required by the proposed rule will prevent many people from wanting to sign up as a salesperson - "If you buy a business opportunity from the seller, your contact information can be disclosed in the future to other buyers." People are very concerned about their privacy and identity theft. They will be reluctant to share their personal information with individuals they may have never met. In addition, after over 9 years in the direct-selling industry, I can tell you that many consultants come and go for many reasons and those reasons are as broad and diverse as the consultants themselves. Many consultants do not even fulfill their commitment to the "company" they bought the starter kit from and yet no one seems to be interested in protecting the honest companies from this kind of dishonesty. I have had former consultants quit just because they wanted to move on and others quit offering excuses that it just didn't work for them, when in fact, they did not work for their business. I have even had consultants terminated by the company because of their unethical or illegal practices and you want me to provide their name on a reference list?! It would be unfair to provide the last ten references based on this information. This is also a concern for me when it comes to income disclosure. I have no problem whatsoever in providing my personal income information, but I think it is wrong to provide earnings of others, even in generalities. In the direct selling industry, our income is based on how much we sell and that is based on how much we are willing to work. I want to be sure my potential team members know what they are *capable* of earning and I provide this information accompanied by what would be expected of them in terms of work habits.

As a consumer, I am appreciative of the work that the FTC does to protect all consumers, yet I believe this proposed new rule has many unintended consequences and there are less burdensome alternatives available to achieving your goals. I love the Direct Selling Industry and the freedoms my business provides me and my family. These proposed changes will dramatically impact how I do business and how my business benefits my home. PLEASE TAKE A CLOSER LOOK and AVOID PUNISHING those of us who work so hard with THE LEGITIMATE BUSINESSES OUT THERE!!!

Thank you for your time in considering my comments.

Respectfully,

Amy J Schram