

Lori L. Thornhill

June 12, 2006

Dear Sir or Madam:

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 an Independent Mary Kay Beauty 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 sell Mary Kay products.

I have been an Independent Mary Kay Beauty Consultant for more than 5 years. Originally, I became a beauty consultant in my company because I felt the products were exceptional and I wanted to earn some additional income, in addition to purchasing my products at cost. Now, I am a single mom and am supplementing my income with income from my Mary Kay business. The future of my family is dependent on the stability of the direct selling industry as I am looking to leave my current job in the next 6 months to one year.

One of the most confusing and burdensome sections of the proposed rule is the seven-day waiting period to enroll new consultants. Mary Kay's sales kit only costs \$100.00. People buy TVs, cars, and 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 Mary Kay already has a 90% buyback policy for all 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 Mary Kay and would then be required to submit many reports to the company headquarters.

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 Mary Kay is found guilty. Otherwise, Mary Kay and I are put at an unfair advantage even though Mary Kay 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. 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 Mary Kay headquarters and then wait for the list. Additionally, considering the Mary Kay doesn't have any territories the fact that there are 10 other Mary Kay ladies nearby isn't any reason for concern when accepting this business opportunity. 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.

I appreciate the work that the FTC does to protect consumers, yet I believe this proposed new rule has many unintended consequences and there are less burdensome alternatives available to achieving your goals.

Thank you for your time in considering my comments.

Respectfully,
Lori L. Thornhill