Kenneth Leigh Breeze

June 15th, 2006

Federal Trade Commission/Office of the Secretary, Room H-135 (Annex W)
Re: Business Opportunity Rule, R511993
600 Pennsylvania Avenue, NW
Washington, DC 20580

Dear Federal Trade Commission,

I am referring to the proposed New Business Opportunity Rule R511993, if not modified, will be a significant impediment and burden to the network marketing industry in general and to our business in particular. It will not protect consumers from fraud. Being a Xango-distributor for only 3 months, I very much welcome the intention to protect us – the consumers and distributors – from fraudulent business „opportunities“ by proposing new business opportunity rules. These new rules, although well intended, represent a significant burden to the free market trade.

Please take my views on the issue into consideration:

1. Seven Day Waiting Period
In everyday business-reality, the 7-day waiting period is practiced times over. It will not add any consumer protection. We're not in the convincing business. We personally pass a long a message and information on a product or service that we have tested and found to be good enough to share with others. People are very skeptical and educated these days. They have heard and seen it all and filter out anything they are not interested in. Consumers research intensely and after many weeks, make an adequate decision. To open somebody's mind to a new product/service/business opportunity, is a delicate, learning and personal process in which consultants/distributors and prospects take time and effort in.
In essence, one would have to sell a person twice on the same business/product/service—even if the start-up fee is a mere $35.00. I am therefore opposed to a 7-day waiting period because it is excessive burden to any company and distributor who would be required to document and follow-up on the process and an impediment to new business development. It conveys suspicion among prospective purchasers when told that the FTC requires such a waiting period. This waiting period will inconvenience and "chill" enthusiastic individuals anxious to participate in the XanGo business opportunity. It destroys momentum, courage and enthusiasm, which is crucial to our business. It will also create tremendous inconvenience for those distributors who recruit on the road and in many cases (like ours), via Internet or phone to our international contacts worldwide. It will require gathering contact information and following up seven days later, assuming that all the disclosures were given at the time of the meeting. This waiting period suggests a level of risk that simply doesn't exist for XanGo and many other direct selling companies. XanGo requires a very minimal up-front financial investment, and XanGo has a

generous buyback policy (better than Europe), which presents little or no risk to a prospective purchaser.

2. List of Nearest References.
This requirement is overly burdensome and evokes confidentiality and privacy concerns for everyone involved. Being from Europe and having had the benefit of being protected by law against the disclosure of any private data or personal information, I very strongly oppose to this new rule. In our times of internet and identity theft, I would never give out names, addresses or phone numbers to people I do not know. I wouldn't want people handing out my data either. Logistically speaking, because you don't know where a prospective purchaser lives before meeting them, it will be difficult to have this information available to disclose until a later time. This will further prolong the seven-day waiting period. All distributors would have to agree, in writing, to have their names, addresses and telephone numbers disclosed to prospective purchasers for possible contacting. The disclosure of this information will not be limited to bona fide purchasers, but will have to be given to anyone who might be interested, including competitors and fraudulent companies. What if "prospects" show interest only to get addresses to use for their own fraudulent intentions? It would be very easy for a fraudulent company to provide a list of "references" that are involved in the fraudulent business, but very burdensome on legitimate direct selling businesses. I doubt that this rule would stop any fraudulent company to do what they intend to do. On the contrary, it would give them 'potential' to work on. No retail business is required to pass on private data, why should we? The reference information could then be used for any purpose. The required disclosure of this information will certainly discourage participation in the direct selling industry and will not be a significant deterrent to fraud businesses.

3. Earnings Claim Statement.
My experience is that nobody who is seriously interested in network marketing is interested in an "Earnings Claim Statement" of another person – they are first and foremost interested in the product/service. A viable business builder will experiment 1-6 months to experience his own realistic income possibilities. I support the disclosure of an average yearly earnings possibility by the network marketing company, because it is good business practices to establish realistic expectations. However, I oppose being forced to provide written substantiation, because it is an excessive burden considering the minimal money investment to enter into the business. Yet, I believe, this requirement will not deter fraud. A fraudulent company will not provide truthful data, while legitimate business opportunity sellers will have difficulty in meeting the proposed requirements.

I propose that the DSA and other associations, as an "official institution", would give out figures once a year to the public. Every distributor could use this official document – an easy and trustworthy way for both, the prospect and the distributor.

4. Legal actions.
I would only support the disclosure of previous litigation of companies, executives, affiliated companies and the like involving fraud and misrepresentation only if the party is found guilty. If the defendant is found not guilty, the opposing parties agreed to settle without admission of guilt or the case is still pending, then it should not be necessary to disclose this information. If the parties agreed to settle without admission of guilt, there usually is some public document

available, particularly if it involves a government agency and further disclosure therefore would be unnecessary. If a case is a pending case, it shouldn't be commented upon.
Lastly, the rule requires the disclosure of a minimum of 10 purchasers closest to you. While it is a good practice to provide references of satisfied customers, this is a burden for small businesses and, as a requirement, is a violation of personal confidentiality. Also: beginners do not have 10 purchasers close to them – they are beginners. Unfortunately, requiring the release of this information can threaten the business relationship of the references, which may be involved in other companies or businesses. In addition, it subjects these references to cross- marketing by competitors. I am recommending that contact information for purchasers be available upon request, that their availability be published on company materials, and that due to Internet-marketing and worldwide contacts, they not be limited to geographic proximity.

5. Cancellation and refunds.
I am not sure, why this would be so important. Consumers cancel or ask for refunds for all sorts of reasons. The disclosure would definitely be misleading due to the fact that there are always distributors who join to achieve short-term objectives, leading to a high cancellation ratio that is not representative of the satisfaction of the average new purchaser. In retail, nobody receives information on product-consumer relations when purchasing. But that is another issue.

Closing Words
Why impose these obstacles to this business without resulting in any efficiency in protecting consumers? The bottom line is: a fraudulent company/distributor/consultant will not provide accurate data to a prospect. They will take advantage of these new suggested regulations. They will not protect the consumer.

Democracy and free trade are complex systems. We need to find specific regulations that do not harm/burden the "good ones" and make it close to impossible for "the bad ones". I would recommend looking into new rules for becoming a DSA member. To become a member of the DSA should be a "seal of approval" and a guarantee for everybody who intends to get involved in a Network Marketing business.

The network marketing industry is one of the few remaining opportunities for people to leverage their time and limited resources to earn additional income or to create a new career. This business model is giving millions a chance to set up their own "turnkey" business with a minimum risk (in our case 35 USD).

Many network-marketing companies are publicly traded on Wall Street including Herbalife, Nu Skin, Pre-Paid Legal Services, USANA and others. Blue-chip corporations including Citigroup, MCI and IBM are using network marketing. Top business management leaders and New York Times best-selling authors Richard Poe, Robert Kiyosaki, Paul Zane Pilzer, and Steve Covey have endorsed network marketing.

The industry is also growing in popularity worldwide and contributes to their respective economies. This growth should be encouraged. There are 13 million Americans involved in this network-marketing industry today. Sales of products and services through network marketing are estimated at more than $29 billion in 2003.

Network marketing is not just a business. It offers people the possibility to take responsibility, act, help people in their community, grow, teach, become health- conscious and financially independent. This home based business helps us significantly, and allows us to spend more time with our family while earning a residual income to secure our future.

I've been an employee, self-employed and a business owner. I've learned all the drawbacks from these business types. A sound, “turnkey” network-marketing company is the best thing that happened to the world in these times. Coming from Europe with the ever-growing job losses that will never come back. Health care and social security are or will be bankrupt. The world has and is changing fast. Network marketing is the way of the future for millions to get their life back and be in control for themselves. To cite a famous American politician "Don't ask how America can help you, ask yourself how you can help America". Well exactly that is happening with the network-marketing business model. More than ever can each individual start to take care of themselves and their families. It is the “American way”. It is what America is famous for. Change old systems, conquer the new, defy fear, hope and work for a new and better life.

I have only been involved in the network marketing industry for 3 months. Because of this business, I have met more people than in many years before. At first, I was involved because I wanted the benefit of using the products. Soon, I decided to get involved on a full time basis.

I understand and value the role of the FTC mission “to stand up for America’s free market process and for its consumers, who benefit from competitive markets in which truthful information flows.” However, I believe these proposed new rules exceed what is necessary, do not protect consumers and need significant modifications. We live in a free market economy where people have the responsibility of making informed decisions based on best information

Thank you, in advance, for reviewing and posting my comments.

Best regards, Kenneth & Christine Breeze