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

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Dear Sir/Madam,

I am writing in response to the proposed New Business Opportunity Rule R511993. If not modified, my fear is that it will be a significant impediment and burden to the network marketing industry. I've worked as a lobbyist on state legislation for over twenty years, so I understand the desire to protect the public, but this new rule would place a significant burden on free market trade.

If adopted the proposed rule would require a de facto seven day waiting period to enroll new distributors. Do we place this kind of restriction on car sales? Do we tell the public they have to wait a week before they can drive a \$30,000.00 car off the lot because the government is afraid they might be acting under impulse and haven't clearly thought through their purchase decision? No. Car dealers would throw a pitched fit if you tried to impose such a rule on them. Many network marketing companies have an introductory or start-up fee for as little as \$19.95 because they understand that people need time to investigate and try their products. Many offer a grace period of 30 days to return product, just as many car dealerships have a 3 to 10 day return policy. For this reason I support some of the disclosures with modification, but I am opposed to a seven-day waiting period because it is excessive burden to any company and/or distributor who would be required to document and follow-up on the process and an impediment to new business development.

It is my understanding that the rule requires that any earnings claim statement made by the distributor or company to a prospect, whether written or oral, general or specific, be validated with a detailed "Earnings Claims Statement Required By Law." Additionally, the distributor would be required to provide written substantiation of any earnings claim made upon request. I support the disclosure of an average earnings income statement 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 investment of money to enter into the business is nominal."

The rule also calls for the release of any information regarding prior litigation and civil or criminal legal actions involving misrepresentation, or unfair or deceptive practices, even if you were found innocent. What car dealership do we impose this rule on? How many of them do you suppose have been hauled into court in our lawsuit-happy culture? Plenty. Anyone can be sued for anything almost with impunity. 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 pending case, it shouldn't be commented upon.

It is also my understanding that the rule would *require* the disclosure of a minimum of 10 purchasers closest to you. Do you require this of a car dealership? While it's their option to provide references of satisfied customers, this is a burden for small businesses and, as a requirement, is a violation of personal confidentiality. Releasing this kind of information can threaten the business relationships of people who

are involved in other companies or businesses. It would also subject them to cross-marketing by competitors. I would recommend that contact information of purchasers be available only by their permission. Besides, how do you supply the names of 10 purchasers if you're just getting started? Who wants to be the first if they know their name will be published?

With the use of the internet there are many ways to investigate legitimate companies, as well as to sort out those who have complaints against them. We have a saying in America of "Buyer beware" because it is the buyers obligation to investigate. There are plenty of magazines and news columns that are written just for the network marketing industry to help guide individuals who are looking for ways to supplement their income. You need to allow the industry to develop these avenues on their own instead of becoming yet another heavy-handed regulating agency of the government. I'm sure you're well aware that there are over 13 million Americans involved in the network marketing industry today. That's 13 million Americans that you will be imposing mountains of red-tape, tedious paperwork and a "kill-joy" 7-day "waiting period" on. It'll be just one more way of letting the American people know that once we lived in a free society, but no longer. Now our every move, our every thought, our every venture is restricted by how the government allows us to proceed. That's not how our founding fathers envisioned free enterprise.

The network marketing industry is the greatest expression of freedom in America that we have left. It is an expression of what made this nation great - the courage and will to try something new - to take a risk. There are no guarantees in business, nor are there limits. So while big gas companies are pocketing 60% profits this year, there are many of us that hold on to the hope, that we too can be a part of the "American Dream" and there is yet an opportunity for us to participate in this nation's system of free trade. Please, don't take that away.

I appreciate the role of the FTC to protect American consumers. I've actively participated in Colorado's state legislature and understand the need for government regulation. However, I believe this proposed new rule exceeds what is necessary and needs significant modification. A better approach would be to provide consumers with objective criteria when analyzing a business opportunity and let an informed market proceed. I am in support of the disclosures that should be made during the sales process but without the requirement of a seven-day waiting period and only if modified as suggested.

Thank you for considering my comments.

-Best regards,

Jeanne Bignall