

Lynn Wagner  
Waiora USA, Inc.

June 25, 2006  
Re: Business Opportunity Rule R511993

Dear Sir or Madam:

I am writing this letter because I am concerned about the proposed Business Opportunity Rule R511993. While I understand the responsibilities of the FTC to protect the public from "unfair and deceptive acts or practices," I believe that this proposed rule could prevent me from continuing as a distributor for Waiora USA, Inc. There are specific sections in the proposed rule that will make it nearly impossible for me to sell Waiora's products. Like myself, the vast majority of Waiora distributors promote the purchase of product rather than any business opportunity.

I have been a distributor with Waiora for several months. I became involved with this company because I felt the products were exceptional. Later on, I became further involved so that I could earn additional income. My family and I enjoy the health benefits of using these products daily and are thrilled to be part of Waiora. We have come to rely on the income from my direct selling business. The future of my family is dependent on the stability of the direct selling industry.

**Seven-Day Waiting Period** One of the most confusing sections of the proposed rule is the seven-day waiting period to enroll new distributors. Waiora membership kits cost only \$29.95, and each kit contains training materials, etc., worth far more than the sale price. When a membership kit is purchased, the purchaser becomes a distributor and is granted special discounted pricing on all orders. No commissions or other compensation is paid on these kits, and the company just covers its production costs. Having this waiting period gives the impression that there might be something wrong with the company or the compensation plan. Requiring a seven-day waiting period before a distributor is allowed to even place an order would be destructive to the businesses of thousands of distributors who are building a business around Waiora's products. It would also be quite burdensome for me to keep such detailed records of when I spoke with every single person about Waiora, and it would create much unnecessary paperwork to send these reports to my company headquarters.

**Litigation Information** The proposed rule also calls for the release of any information regarding lawsuits involving misrepresentation or unfair or deceptive practices, regardless of whether the company was found innocent or not. It does not make sense to me that I would have to disclose these lawsuits unless Waiora was to be found guilty. Otherwise, this company and I are put at an unfair disadvantage even though the company has done nothing wrong. To release this information would be misleading to prospective distributors.

**References** The proposed rule requires the disclosure of a minimum of ten 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, particularly 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 ten prior purchasers, I would need to send the address of the prospective purchaser to Waiora headquarters and then wait to receive the list. I also think the following sentence required by the proposed rule will prevent many people from wanting to sign up as a distributor: "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. Further, Waiora simply does not sell "business opportunities" in this fashion.

**Cancellation** Some people decide to stop purchasing from Waiora after a period of time or purchase very sporadically and lose their distributor status. As with any large business, this amounts to tens of thousands of individual customers who no longer order from them each year. Maintaining such lists and providing them to every potential distributor and wholesale customer would be an unrealistic burden.

**Exemption** For about 25 years the FTC's Franchise Rule included only those opportunities that required a buyer to make a payment of at least \$500 within the first six months of operation. Any buyer making payments of less than \$500 within the first six months was exempt from further requirements. The April 12, 2006, proposed rule completely eliminates this \$500 exemption! In 1979, to justify the reasonable \$500 exemption, the FTC wisely said: "When the required investment to purchase a business opportunity is comparatively small, prospective purchasers face a relatively small financial risk." This is still true today. This exemption is necessary because without such an exemption, the proposed rule places an unreasonable burden on tens of thousands of Waiora distributors, like myself, and on millions of direct selling and network marketing distributors throughout the US. This would be devastating to the growth of my business and that of millions of Americans. I believe that the proposed application of this rule to my business constitutes an unjustified overreaching. Please reinstate at least a \$500 exemption.

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,

Lynn Wagner