

The U. S. Federal Trade Commission (FTC) proposed new rule "Trade Regulation Rule on Business Opportunities."

We understand that the FTC wishes to ensure that every prospect considering a business opportunity has all the information one needs to make an educated decision. We applaud this goal. We have always been committed, through Quixtar, to providing IBOs (Independent Business Owners) and prospects with complete and accurate information about our opportunity, so we fully support reasonable and responsible rules to help manage the expectations of prospects. Transparency and honesty at the act of prospecting serve as a solid foundation for our business.

We understand also that the FTC proposal targets fraudulent work-at-home schemes, pyramid schemes, and other "get-rich-quick" scams that try to disguise themselves as genuine business opportunities. A well-designed FTC rule would shut down bogus business opportunities while allowing Quixtar IBOs to continue to build successful independent businesses.

However, the proposed rule is based on the FTC's experience with fraudulent schemes and high-cost franchises. As such, the proposal is *off the mark*, containing some provisions that would place **crippling burdens** on every Quixtar independent business without benefiting prospects in the least.

This is how my business would be affected & solutions:

Problem 1:

Prospects would have to wait 7 days after receiving disclosures before they could register.

Solution: *Eliminate the waiting period*, at least for opportunities like Quixtar where a prospect can get his money back if not satisfied.

Problem 2:

We would be required to give every prospect a list of "references" – the names, addresses, and phone numbers of 10 other IBOs in the area – seven days before the prospect registers. This requirement would infringe on the privacy of every IBO whose name, address, and phone number was provided to prospects. It would also penalize the sponsor, who would be required to give his prospect contact information for 10 other IBOs, any of whom might be happy to register the prospect themselves!

Solution: *Eliminate the requirement to provide 10 references.*

Problem 3:

We would have to give every prospect a list of all lawsuits, arbitrations, or other legal claims for the past 10 years involving Quixtar or its IBOs where the plaintiff alleged fraud, misrepresentation, or unfair trade practices – regardless of whether or not the accusation was true. Among other problems, this requirement would open up Quixtar and other legitimate companies to false accusations. Meanwhile, **dishonest companies would simply ignore the rule.**

Solution: *Eliminate the requirement to disclose past litigation.*

Problem 4:

We would have to make a different disclosure for every income claim. This would include any examples we might use during an opportunity presentation to illustrate how the Plan works.

Solution: If disclosures are needed, require a simple, standard, easily understood disclosure such as "average monthly gross income for 'active' IBOs."

Problem 5:

We would be required to provide prospects with personal financial documents to back up ("substantiate") any income claim.

Solution: IBOs should possess substantiation for any claim but should not be required to disclose it except when required by the FTC and similar state agencies in an agency investigation.

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