

It is commendable that the FTC is making an effort to protect the non business-savvy public from investing in fraudulent business activities. In order to keep my comments on a professional level I will only make a slight suggestion that morality cannot be legislated. And tight rules attempting to protect people from themselves typically simply fuel those who work “outside the system”.

I am in my mid 30’s with a family and have business interest in three companies; two are in the Information Technology field, one is a Quixtar-affiliated Independent Business (IB). It would appear that the rule under question would have the most profound affect on my IB so I’ll narrow my comments to this company. I’ve been affiliated with Quixtar and its related entities for over 16 years. My introduction to the industry was through a stranger at the age of 18. Though I was young, good business sense required that I investigate the company and individuals I would be working with. At that time, The FTC was a helpful resource, as were the local and national Chambers of Commerce, BBB, etc. It was also common sense that the company I was considering would provide a refund within a reasonable period of time should things not play out as they appeared. And the company did have such a rule that made it seem relatively risk-free. While my financial statements were anything but stellar for several years, the business did eventually start to create a good cash flow and now allows us to raise our own children, send them to private schools, and diversify our portfolio.

For comparison, I recently invested over \$40,000 in a technology business idea and quit the security of employment to pursue this venture. No one was there to “protect” my interests or cause me to do the research I probably should have done on my own. And, acting in a hasty manner, I managed to lose a significant amount of time and money. My point in this illustration: that’s capitalism. To quote a song, “I could have missed the pain but I’d have had to miss the dance.” When this business tanked I didn’t look around for someone to sue or someone to blame. I simply noted my errors, dusted myself off, and went to work to pursue another business. This one is going well and has the right parameters for success.

Might I suggest that an organization as important as the Federal Trade Commission focus more on training young people the fundamentals of our economic system? A well educated would-be entrepreneur would never make business decisions that don’t check out ethically or legally. And they would understand the importance of calculated risk.

Items specific to your proposed rule:

1. 7-day waiting period. Implied. Financial investment aside, any reasonably intelligent person who values time would not commit to a business without serious consideration.
2. Provision of references. This is wasteful legislation. Any company can come up with a list of pet references. None would give you truly neutral people to call and “chat”.

3. "Litigation List". A company of any size always has pending litigation, whether substantiated or not. A more helpful rule would be one that made provision for a full refund of fees and investment for a specified duration or in perpetuity in the case of fraud.
4. Earnings disclosures. The last statistics I've read indicate that less than 3% of Americans are financially independent at age 65. I don't think we want to take this one very far or we'd have to require every business and educational entity to make the same disclosures.
5. Requirement for financial substantiation. He who carries the gift determines not its value. From personal experience as an IB, I'm glad I didn't see any financial statements of the individual who offered me the opportunity. In hindsight, he was not very credible. But the business itself checked out and I'm glad it has.

Thank you again for your consideration of these comments.