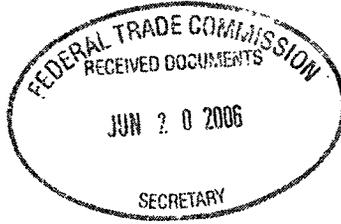


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Independent Distributor of
Young Living Essential Oils:
the real deal in aromatherapy
(Member ID: 185928)



Tom Anson
ANSON AROMATIC ESSENTIALS

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June 12, 2006

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

Re: Business Opportunity Rule, R511993

Dear Sir or Madam:

I'm writing this letter out of my serious concern over the proposed Business Opportunity Rule (R511993). While I understand that the FTC is responsible for protecting the public from "unfair and deceptive acts or practices", I believe this Rule is ill advised, and that the objectives could be better achieved by other means.

In its present form, the Business Opportunity Rule (R511993) appears to give no consideration to the *very nature* of direct marketing businesses, and would seem to exceed the FTC's mandate. I believe this because:

1. There seems to be the presumption that the nature of direct marketing businesses is – by definition – fraudulent, and that the public needs to be protected from them, unless they can be proven legitimate on a case-by-case basis.
2. There seems to be no consideration of the fact that the vast majority of such businesses are home-based and operated on a part-part-time basis (something like 10-20 hours per week). This Rule, as proposed, would create an unbearable burden for most of these current business owners. Furthermore, it would constitute a very powerful disincentive to new prospects who might be considering enrollment – something that would seriously undermine the stability and/or viability of such businesses. (Why? Because the one thing most are looking for is something simple that they can do in their spare time.)

Here is my concern: I believe that the Business Opportunity Rule (R511993) would be *devastating* to my family and me, both in terms of finances and health, and that the future of my family is dependent on the stability of the direct selling industry.

I have been severely disabled for over 36 years (since high school). Every attempt at holding a job in the marketplace has quickly ended in failure; everything required far more than I was physically able to muster on a day-to-day basis. But, in 1997, I was introduced to Young Living Essential Oils. Using the oils and nutritional supplements lifted my level of functionality to the point that, in August 2000 (thanks also to the Internet), I was able to start my own business.

I've worked very hard over the past six years (as my health permitted) building my business. Although I joined Young Living simply for the distributor discounts on product (with no intention of ever working the business), I found the products to be such a Godsend that I wanted to share them with others. And, because of my disability, there was a strong financial incentive to do so, as well. The oils gave me new capabilities, and the Internet gave me opportunity. And now, I'm finally getting positioned so that my Young Living business is becoming a significant part of my family's income. We've sacrificed a lot to get to this point, and most of our hopes for the future are tied to my direct selling business.

It would be hard to quantify the other benefits we've enjoyed because of our involvement with Young Living. My family has come to depend on the health benefits of using these products; but as importantly, through this business, I've developed many new skills and formed a network of valued relationships. Besides these, I have the added sense of the dignity that comes with doing valuable work and the opportunity to be of service to others.

On my website, the emphasis is on the marketing of beneficial products, not any business opportunity. This is something shared by the vast majority of Young Living distributors. Our primary concern is about health. But there is problem here: There are specific sections in the proposed Rule that will make it very difficult, if not *impossible*, for me to sell Young Living's products.

Furthermore, while it's not the *emphasis* of my business, the enrolling of new distributors is an important part of my income. The proposed Business Opportunity Rule (R511993) would make that virtually impossible.

In fact, as currently proposed, this Rule would force me to shut down my business. It would impose upon me requirements that I have neither the time nor energy to meet, and lack the financial resources to hire out. And losing my business now would create a significant hardship for my family and me.

Secondly, I believe that the vast majority of others in Young Living – or other direct selling businesses – would be equally hurt by this Rule. And, while I would feel for their loss at not being able to continue in their businesses, my chief concern would be the loss of access to the products and the misery that would ensue.

Following are some of my specific concerns about the Business Opportunity Rule (R511993).

The seven-day waiting period:

Because my business is conducted almost exclusively over the Internet, a seven-day waiting period to enroll new distributors would simply preclude my ability to enroll new distributors. My personal relationship with *everyone* in my downline began only after they had enrolled with Young Living, either as a customer or downline distributor. They found my website either through a search of the Internet or through ads I had placed in a professional journal.

The very nature of the Internet is such that it would be impossible for me to comply with a seven-day waiting period. A prospect simply does a search, gathers the information he or she needs to make an informed decision (to whatever degree he or she feels the need to be informed, which generally depends upon his or her individual business goals), and then follows the link to the enrollment page. It is only after the enrollment process, in most cases, that I'm directly brought into the picture.

Customers that have come to me through my website, who later enroll with Young Living as distributors, generally do so for the product discounts. Most have no intention of working a business; and if, at some point, they do make any sales or enroll downline distributors, it usually involves family or friends. The primary issue is sharing products that they enjoy and have helped them.

I think it's important to note that, for the vast majority of those who join Young Living, the idea is not to amass a huge fortune. While there are some who achieve a high level of success in this business, most who enroll as distributors (who have the intention of working a business) are looking for supplemental income that would allow a parent to stay home with the children. (When Young Living did an infomercial this past year, that was the target market.) This, in my opinion, puts Young Living in a different class altogether than the kinds of schemes that call for a seven-day waiting period.

While there are some business opportunities out there that present some significant concerns (I've been caught in one of them), it's not a legitimate solution to lump them all together under a single Rule. For example, a person can enroll as a Young Living distributor for absolutely no cost. He or she can maintain that status for up to a year, building a downline of customers and/or distributors, without paying out anything or purchasing any product. At this point, he or she cannot buy product at wholesale or earn commissions, but it offers a no-cost way to see if the business might be a viable option. I have a few in my downline who are doing exactly that.

If a new distributor wants to buy product at wholesale or earn commissions, Young Living requires the purchase of a Starter Kit. The cost of the basic kit is only \$50, and contains products, samples and training materials worth far more than the sale price. The enroller receives no commission or other compensation for the Kit, and the company just covers its production costs. Enrollment and the purchase of a Starter Kit is so economical

and without obligation that some of my customers enroll and buy the Kit just for the discounted prices on products they would purchase anyway.

Furthermore, Young Living fully refunds this cost if the customer decides to return the Kit. It is a totally risk-free matter.

Given these facts, a seven-day waiting period is wholly unnecessary. It offers no protection to the consumer; it only feeds the presumption that there is something essentially fraudulent about this kind of business.

Also, 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 Young Living's products.

Given the part-time nature of most of these home-based businesses, most distributors would also find it quite burdensome to keep the detailed records required by this Rule. Tracking when they spoke with prospects about Young Living and sending these reports to the company headquarters would also create a lot of unnecessary paperwork. It would overwhelm many already in the business and would prove to be a powerful disincentive to enrollment for anyone looking for a simple home-based business they can work in their spare time – the very thing that most people are looking for in this type of business.

Litigation Information:

The proposed Rule also requires the release of any information regarding lawsuits involving misrepresentation, or unfair or deceptive practices, regardless of the outcome of the suit. Given today's environment, where anyone or any company can be sued for almost anything, disclosure of these lawsuits doesn't make sense unless Young Living was actually found guilty of wrongdoing. Releasing this information, in the absence of finding of wrongdoing, would be in itself a *de facto* misrepresentation, and would tend to be misleading to prospective distributors, presenting a strong disincentive to enroll with the company.

References:

The proposed Rule also requires the disclosure of a minimum of ten prior (business opportunity) purchasers nearest to the prospective purchaser or, in the case of those (like me) with websites, a list of all purchasers.

This is simply a deal-breaker.

While I have no problem with providing references, as proposed, this Rule presents two critical problems:

1. The vast majority of purchasers do not buy into a business opportunity in order to work a business. They are interested in the distributor discount on products. The majority of those remaining, while having some interest in enjoying the benefits

of having a home-based business, lack the motivation to do the things that making such a business a success demands. Requiring a company to list such people as references would be wholly inappropriate, because it would offer the prospective purchaser no information of value.

2. While it might be true that nothing would be required by this Rule that isn't already available in phone books, in this day of identity theft, I have no doubt that most in my organization would resign if they knew that I would be listing their personal information on my website or giving it out to prospects. And based on my contact with those who purchase product from my website, very few would even consider the business opportunity if they knew that their personal information would be given to anyone else, under any circumstances. That is the kind of information that people demand that I safeguard. Failure to do so will kill a business – especially an Internet-based business like mine.

Another, less critical, problem with providing lists of purchasers to prospects is that many people represent themselves as prospects when they are really trying to recruit you to their own business. Under these circumstances, giving out the personal information of prior purchasers would subject them to spam attacks or other unwelcome solicitation, and could undermine the integrity of a whole organization. Those with direct sales businesses should not be required to offer up their organizations as leads to others with business opportunities to sell (a very valuable commodity in itself that I would be required to provide to my competition for free).

And since my business is conducted mostly on the Internet, I would be required by this Rule to provide a national list of purchasers. In order to do this, I would need to send my request for this information to Young Living headquarters, wait for the information to be sent back to me, revise and format my webpage and upload it to the server. Given the rate at which Young Living is growing, this requirement in itself could become my full-time occupation.

Cancellation:

Given the nature of this kind of business, references to “cancellation” can be very misleading, and documenting such “cancellations” would be an overwhelming task.

I've had quite a number of people enroll in my downline who never purchased anything, despite my best efforts to provide support. Quite a few others made one purchase, never to be heard from again. Others, for some reason, might purchase product for a period of time after enrollment, then stop, or make only sporadic purchases of product. This is a very common experience.

In any of these situations, having to document each instance as “a cancellation” would be very misleading, for while there may have been an enrollment, there was never any business activity – nor the serious intention of having any business activity. In such situations, the purchaser loses his or her distributor *status* – although the business *reality* remains unchanged.

In most instances, the choice to no longer purchase product or continue in the business opportunity does not reflect – in any way – on the quality of the products or the nature of Young Living or the business. Requiring a company to document the bare fact of a “cancellation”, without taking into consideration the significance of that choice by that person, is very misleading and highly prejudicial. This requirement does not fit the nature of this kind of business. Young Living is not like a franchise. For most who purchase this business opportunity, it is much more like a lemonade stand than a McDonald’s franchise.

And besides the misleading nature of documenting such “cancellations”, maintaining such a list and providing it to every potential distributor and wholesale customer would be an unrealistic burden. As with *any* large business, there are tens of thousands of individual customers who – for one reason or another, or for no particular reason at all – discontinue ordering product from Young Living each year.

Exemption:

The FTC’s Franchise Rule, adopted in 1979, 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 FTC, in justifying this exemption, stated, “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. Nonetheless, this exemption would be completely eliminated under the proposed Rule.

But, by lumping all business opportunities together under this proposed Rule, regardless of the enrollment costs involved, the FTC places an unreasonable burden upon me and the tens of thousands of other Young Living distributors, as well as on millions of direct selling and network marketing distributors throughout the US.

The elimination of this exemption would simply force me to shut down my business. It would also have devastating effects on the viability and growth of millions of other American home-based businesses. To apply this Rule to my business ignores the very nature of that business and presents an unjustified overreaching of the FTC’s mandate for consumer protection.

Please reinstate at least a \$500 exemption.

Conclusion:

While I appreciate the FTC’s work in protecting consumers, I believe this proposed new Rule would have many unintended consequences, and that there are less burdensome alternatives available to achieving your goals.

One possibility might be to upgrade the FTC’s website to include information on what to look for in a legitimate business opportunity (which should be scaled according to the investment required and the business objectives of the purchaser), and BBB-like

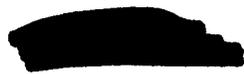
information about business opportunities that have a demonstrated pattern of misrepresentation, or unfair or deceptive practices. Make the website a resource for consumers interested in starting their own business.

Once the website is updated with this information, doing public service announcements that inform the public about the availability of this information could be very helpful for those looking for a business opportunity, and would probably cost much less than processing all of the paperwork required by the proposed Rule.

It would also be helpful to make the FTC's website more intuitive and user-friendly. Creating forms on the website that make reporting problems with businesses a simpler, more transparent process – with options that clearly apply to the given situation – could prove very helpful to consumers.

Thank you for your time in considering my comments.

Respectfully,

A black rectangular redaction box covering the signature of Tom Anson.

Tom Anson
Anson Aromatic Essentials
<http://www.██████████.com>