

Catherine Hosek
Stampin' Up! Demonstrator

July 1, 2006

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

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. I believe that in its present form, it could prevent me from continuing as a Stampin' Up! demonstrator. I understand that part of the FTC's responsibility is to protect the public from "unfair and deceptive acts or practices," but some of the sections in the proposed rule will make it very difficult, if not impossible, for me to sell Stampin' Up! products.

One of the most confusing and burdensome sections of the proposed rule is the seven-day waiting period to enroll new demonstrators. This waiting period gives the impression that there might be something wrong with the plan. I also think this seven-day waiting period is unnecessary, because Stampin' Up! already has a policy under which they will repurchase all products, including sales kits, at 90 percent of their cost, for up to a year. Under this waiting period requirement, I would need to keep very detailed records when I first speak to someone about becoming a demonstrator for Stampin' Up! and then will have to send in many reports to Stampin'Up! headquarters. As a small independent seller, more reports and trying to be compliant with a complex set of rules just makes it that much harder to do business. Why is it that people can buy TVs, cars, and other items that cost much more than the mere \$195 for a Stampin' Up! starter kit, yet they do not have to wait seven days to reconsider their decision?

The proposed rule also calls for the release of any information regarding lawsuits involving misrepresentation, or unfair or deceptive practices. It does not matter if the company was found innocent. Today, anyone or any company can be sued for almost anything. It does not make sense to me that I would have to disclose these lawsuits unless Stampin'Up! is found guilty of something. Otherwise, Stampin'Up! and I are put at an unfair advantage even though we have done nothing wrong.

Finally, the proposed rule requires the disclosure of a minimum of 10 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 (without their approval) to strangers. In order to get the list of the 10 prior purchasers, I would need to send the address of the prospective purchaser to Stampin Up! headquarters and then wait for the list. I also think the following sentence required by the proposed rule will prevent many people from wanting to sign up as a salesperson "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, and about being targets of aggressive marketers. They will be reluctant to share their personal information with individuals they may have never met. Also, it could easily allow people who are competitors to steal confidential downline information, or enable others to market products or services to them on the basis of their being connected with direct selling, without their having requested such communications. Without any intention to offend someone, whoever wrote this proposed rule clearly does not understand the business of direct selling.

I have been a demonstrator for Stampin' Up! for more than 5 years. Originally, I became a demonstrator because I like stamping and wanted to earn some additional money. Now my family depends on this extra income to supplement our budget. It brings creativity worthwhile creativity and long-lasting personal friendships.

I appreciate the work of the FTC to protect consumers, but I believe this proposed new rule has many unintended consequences and that there are less burdensome alternatives available in achieving its goals. The FTC may understand many of the problems and abuses that may exist from time to time in the industry, as in many other industries, but it has clearly not gone to the effort to understand how our small independent direct selling businesses really work, and especially to understand how fragile they are. A complicated federal law, with a whole new set of legal requirements, may make it impossible for many of us to continue.

Thank you for your time in considering my comments.

Sincerely,

Catherine Hosek