

My wife and I have been independent business owners affiliated with Amway and Quixtar for ten years. When my wife and I began our business, we were fully informed of details and given sufficient time to review literature and information. We have employed the same business plan with candidates, attempting to weed out individuals who are only looking to "get rich quick" and focusing on candidates who are seeking long term business relationships. Although many candidates do not have a business ownership backgrounds, all would like to become an independent business owner and because we desire a long term relationship, candidness up front is very important.

Registration and a product introduction package to become an independent business owner cost less than \$160.00 (that was the same amount it cost us when we started up 10 years ago). I have reviewed the FTC's proposed Business Opportunity Rule.

I believe the rule as proposed has an unnecessary negative impact on small businesses, like mine, and should be modified. Further, I believe that the goal of the rule will not be accomplished without modification of the rule. More specifically, the proposed rule does not adequately define who the "seller" is, for the rule to reach its goal. Currently, the rule defines "seller" as:

**A person who offers for sale or sells a business opportunity.**

This vague and ambiguous definition will cause either widespread non-compliance and/or unnecessary costs. The commission should revise this definition. Perhaps also, since there are so many types of businesses which this rule effects, in fairness to those legitimate businesses, the definition of "seller" should not be all inclusive. Having such definitions, which do not properly instruct those to whom it applies is contrary to good legislation is leaves it to the courts to deal with. For example, under the current definition, if I am the speaker at a business meeting containing 40 independent business owners (some of which I may have no financial interest in their businesses) and 15 candidates, some I may have a financial interest in their success, others I may not, am I the seller, simply because I presented the information? If it was someone else speaking and I had a candidate present, am I the seller as well as the speaker presenting the business opportunity? What about Quixtar?

This definition is particularly important, based on the types of disclosures the proposed rule includes. One example is legal actions over the past 10 years (is that for the person presenting a business plan, me personally or corporately, and/or for Quixtar)? The lawsuit rule also opens the door to a multitude of frivolous lawsuits against legitimate companies, simply to require more reporting. Further complicating this, is inconsistencies in state laws allowing recovery of litigation attorneys fees and costs for frivolous lawsuits verses others which provide very little, if any relief to defendants in that regard. Under the proposed rule, 10 frivolous lawsuits filed against Quixtar would require my reporting...also in theory, under the definition of "seller" my reporting could include Quixtar and every independent business owner using Quixtar. More than just the disclosures, but that definition completely controls other definitions like the term "affiliate".

With respect to other changes that will materially effect my business in a negative manner, I suggest that the 7-day waiting period is not necessary for businesses that offer a money back guarantee, especially, businesses like mine which has a start up fee of approximately \$160. With respect to the list of 10 references. If the purpose of the rule is to reduce fraud, what does providing a list of 10 references within a particular business assist in the reduction of fraud. Logic would tell you if fraud is the manner the business is conducted, the business could provide 10 other people who were willing to commit fraud also. Not only does this proposed rule infringe upon the privacy of other independent business owners, it also causes an effect where a stranger effects my business. My business, like many people is to supplement their income. These types of rules would cause undue hardship without preventing fraud. Disclosures with respect to income also cause an unnecessary burden, without accomplishing your goal of fraud prevention. Currently we use preprinted literature and disclosures. This literature provides average incomes for various levels of business, with a specific business example and has been approved by Quixtar. Further, Quixtar provides materials and all informational forms have a average IBO income disclosure. I submit that disclosures as stated by the proposed rule should be limited to require a simple, standard, easily understood disclosure such as "average monthly gross income for 'active' IBOs..."