

**Jennifer D. Smith**

July 5<sup>th</sup>, 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 am writing this letter to express my strong opposition to the proposed Business Opportunity Rule R511993. I understand that it is the responsibility of the Federal Trade Commission to protect the public from "unfair and deceptive acts or practices," but the rule as proposed would make it very difficult for me to operate my business as a Xango Independent Distributor.

One of the most burdensome sections of the proposed rule is the seven-day waiting period to enroll new distributors. Most of the people who sign an application do so to purchase Xango at a wholesale price. In other words, they are consumers of the products. If they later wish to they may build a business. There is no additional kit, fee or application required. The Xango Kit costs only \$35.00 This is far less than many, if not most, consumer purchases, from TVs to microwaves, none of which require a seven-day waiting period and Xango already has an excellent money back guarantee policy.

The proposed rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. There are many problems with this proposed requirement. I understand that those who sign up after the rule takes effect would be notified in writing but I believe that this would dissuade new people from signing up as distributors as they are concerned not only about identity theft, but also about their privacy. People today are understandably reluctant to share their personal information with individuals they may never have met.

Providing the ten references also could damage the businesses of numerous Xango distributors. Lower ranking distributors often are involved in more than one direct selling company. Providing a list to a potential recruit, who may already be a distributor for a competing direct selling company, may be an invitation to solicit existing distributors for such other opportunity.

The ten-reference requirement also is an administrative burden. In order to obtain the list of 10 prior purchasers, I will need to provide Xango with the prospective distributor's address, and then wait to receive the list of the 10 nearest distributors who became distributors within the past three years. Each prospective recruit will need a customized disclosure statement. This will result in a delay far longer than seven calendar days before any potential recruit can sign an application. In view of the fact that many people enter direct selling part-time to earn extra income for a specific goal, such as holiday purchases or a family vacation, the long wait, which the proposed rule will entail, may make the goal unattainable.

The proposed rule calls for the release of any information regarding lawsuits that allege misrepresentation, or unfair or deceptive practices over a ten-year period. It does not matter if the company was found innocent or not liable. Today, almost all business lawsuits contain claims of misrepresentation or unfair competition. It does not make sense to me that I would

have to disclose these lawsuits unless Xango, or its officers, directors or sales department employees, had been found guilty or liable.

I have been a Xango Distributor for more than 1 year now. Originally, I became a Xango Distributor because mangosteen juice helped alleviate the chronic pain and symptoms associated with my husband's multiple sclerosis. Now my Xango Distributorship allows me to work from home so I can care for my husband and children. My family and I depend upon this income for our livelihood.

While I appreciate the work of the FTC to protect consumers, I believe this proposed new rule has many unintended consequences for direct sellers and that there are less burdensome alternatives available to the agency to achieve its goals.

Thank you for your time in considering my comments.

Sincerely,

Jennifer D. Smith