Kelly Kenney
Hello-Health

July 31, 2006

RE: Business Opportunity Rule, R511993

Dear Sir/Madam,

I am writing in response to the proposed New Business Opportunity Rule R511993, if not modified, will be a significant impediment and burden to the network marketing industry. This new rule, although well-intended, represents a significant burden to the free market trade.

The proposed rule would require a de facto seven day waiting period to enroll new distributors. In essence, one would have to sell a person twice on the same business—even if the start-up fee is a mere $19.95. While I support some of the disclosures with modification, I am opposed to a seven-day waiting period because it is excessive burden to any company and distributor who would be required to document and follow-up on the process and an impediment to new business development.

The rule requires that any earnings claim statement made by the distributor or company to a prospect, whether written or oral, general or specific, be validated with a detailed "Earnings Claims Statement Required By Law." Additionally, the distributor would be required to provide written substantiation of any earnings claim made upon request. I support the disclosure of an average earnings income statement because it is good business practices to establish realistic expectations. However, I oppose being forced to provide written substantiation because it is an excessive burden considering the investment of money to enter into the business is nominal.

The rule also calls for the release of any information regarding prior litigation and civil or criminal legal actions involving misrepresentation, or unfair or deceptive practices, even if you were found innocent. In our lawsuit-happy culture, anyone can be sued for anything almost with impunity. Irregardless of the outcome, you would have to disclose it and explain it to a new business associate which is patently unfair. I would only support the disclosure of previous litigation of companies, executives, affiliated companies and the like involving fraud and misrepresentation *only if the party is found guilty*. If the defendant is found not guilty, the opposing parties agreed to settle without admission of guilt or the case is still pending, then it should not be necessary to disclose this information. If the parties agreed to settle without admission of guilt, there usually is some public document available, particularly if it involves a government agency and further disclosure therefore would be unnecessary. If a case is pending case, it shouldn't be commented upon.

Lastly, the rule *requires* the disclosure of a minimum of 10 purchasers closest to you. While it is a good practice to provide references of satisfied customers, this is a burden for small businesses and, as a requirement, is a violation of personal confidentiality. Unfortunately, requiring the release of this information can threaten the business relationship of the references who may be involved in other companies or businesses. In addition, it subjects these references to cross-marketing by competitors. I am recommending that contact information for purchasers be available upon request, that their availability be published on company materials, and that due to Internet-marketing, they not be limited to geographic proximity.

The network marketing industry is one of the few remaining opportunities for people to leverage their time and limited resources to earn additional income or to create a new career. Once scoffed at by investors, many network marketing companies are publicly traded on Wall Street including Herbalife, Nu Skin, Pre-Paid Legal Services, USANA and others. Network marketing is being used by blue-chip corporations including Citigroup, MCI and IBM. Top business management leaders and *New York Times* best-selling authors Robert Kiyosaki, Paul Zane Pilsner, and Steve Covey have

endorsed network marketing. Donald Trump even said in an interview once if he lost all his money tomorrow, the way he would rebuild his empire would be through network marketing.

The industry is also growing in popularity and contributes to the US economy. This growth should be encouraged. There are 13 million Americans involved in this network marketing industry today. Lastly, the network marketing industry contributes to our growing economy. Sales of products and services through network marketing are estimated at more than $29 billion in 2003.

I have been involved in the network marketing industry for 3 years now. My health has increased (I haven't been sick in 3 years) and I could have never gained the personal development from any regular "job". For the first year, I was involved because I wanted the benefit of using the products. Recently, I decided to get involved on a full time basis. This home based business is allowing me to build a career the way I want to as well as be a business owner without having to invest thousands of dollars first.

I understand and value the role of the FTC mission "to stand up for America's free market process and for its consumers, who benefit from competitive markets in which truthful information flows." However, I believe this proposed new rule exceeds what is necessary and needs significant modification. We live in a free market economy where people have the responsibility of making informed decisions based on best information. A better approach would be to provide consumers with objective criteria when analyzing a business opportunity and let an informed market proceed. I am in support of the disclosures should be made during the sales process without the requirement of a seven-day waiting period, only if modified as suggested.

Thank you, in advance, for reviewing and posting my comments.

Best regards,

Kelly Kenney