

# Matthew and Shanna Ryan

July 11, 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 with much concern that the FTC's proposed Business Opportunity Rule (R511993) as presently drafted could greatly hinder or even ruin my independent USANA Health Sciences business. My wife and I have dedicated the last 8 years of our lives to building a successful small business through the USANA opportunity. I understand and appreciate the FTC's responsibility to protect the public from "unfair and deceptive acts or practices," but I believe the rule goes too far in trying to protect the public by proposing certain unnecessary and burdensome requirements that will make it very difficult if not impossible for me to sell USANA products.

Currently, the proposed rule would impose a seven-day waiting period to enroll a new, independent, USANA Associate. I feel that this would cause a lot of confusion and tiresome amounts of tedious paperwork and record keeping to track the time between presentations and when a prospect would be allowed to sign up, as well as keep good records to turn into our corporate headquarters to show I am compliant with the regulations. Currently, to get started as a new Associate, the sales kit only costs \$49.95 (or \$19.95 for the electronic version). I know that I have spent much more than that without having to wait 7 days before I can make such a purchase. We purchase cars, furniture, homes, boats, etc., all which cost much more than \$49.95 and we are not required to wait at all. This waiting period gives the impression that there might be something wrong with USANA's business plan. Also, USANA already offers a 100% buyback policy for all products and sales kits within the first 30 days and a 90% buyback for products purchased within twelve months. When I make prospects aware of this, they are always impressed and feel secure that if they do change their mind, for whatever reason, they will be taken care of appropriately and with integrity.

The proposed rule also calls for the release of any information regarding lawsuits involving misrepresentation, or unfair or deceptive practices. My concern with this is that people sue each other and companies for almost any reason, no matter how absurd. Who would have ever thought someone would sue someone else because their coffee was hot....isn't it supposed to be hot?? I can understand the reasoning of this if a company has been found guilty of fraudulent behavior, but if the company has been found innocent, then there is really no reason that a frivolous claim or lawsuit should have to be disclosed. Otherwise, USANA and my independent USANA business are put at an unfair advantage because our prospects are misled to believe that USANA is guilty of wrong-doing even though USANA may have done nothing wrong.

Lastly, the proposed rule requires the company to disclose to each prospective independent USANA Associate the names and contact information of a minimum of 10 previously enrolled independent USANA Associates who live nearest to the prospective Associate. I am always happy to provide references. If a prospect asks me for references, I usually do one better and just call the reference directly and let them talk with them right away. I am hesitant, however, about giving out personal information of individuals that are part of my organization to a prospect, who is a stranger. A big

concern, of course, is identity theft. There is another risk that perhaps the prospect is not on the “up and up” and they are merely trying to obtain names and numbers of my business partners so they can try and enroll them in their network marketing company. USANA considers the names of its independent Associates to be confidential and trade secret information, and a requirement to disclose this information for this purpose makes it very difficult for USANA to protect its trade secret information and this could damage the company’s business. Also, the proposed Rule states the following: “If you buy a business opportunity from the seller, your contact information can be disclosed in the future to other buyers.” I know that if I am shopping online and it asks if my information can be shared or used for their marketing research, etc...I always say no. I know that if I were unable to say no to that, then I wouldn’t buy from them. I think that people are so concerned about the privacy of their information that if they were told their information would be shared with other prospective associates, this would prohibit them from getting involved at all.

I have been an independent USANA Associate for more than 9 years. Originally, I became a USANA Associate because I wanted to supplement my family’s income, and I found the products to be very beneficial to myself and others. Since that time, it has become our sole source of income that we rely on 100% to support our family. We have built our business with integrity and high moral standards and teach our team to do the same. We are proud to be associated with USANA Health Sciences because of the high standards that they follow in the production of their products and the ethics that they hold their Associates to that are conducting business for them. We have worked very hard to build our business to the point it is at and this proposed rule could seriously damage our livelihood. I know that this is the case for us, as well as many of our Associates and colleagues. It would be devastating for us to ever try and do anything but continue successfully building our USANA business.

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.

Thank you for your time in considering my comments.

Sincerely,

Matthew Ryan