

Jerilyn Spring & Steve Gelman

Re: Business Opportunity Rule R511993

Dear Representative Chairman Stearns or Secretary:

We are writing this letter because we are concerned about the proposed Business Opportunity Rule R511993. While we understand the responsibilities of the FTC to protect the public from "unfair and deceptive acts or practices," we believe that this proposed rule could prevent us from continuing as a PREFERRED CUSTOMER for Young Living Essential Oils.

There are specific sections in the proposed rule that will make it very difficult, if not impossible, for me to purchase Young Living's products.

I have been a Young Living preferred customer for more than four years. Starting four days after being hit by a falling tree and breaking several vertebrae in my neck I was introduced to Young Living Oils Raindrop Treatment. This is a massage treatment using 16 different Young Living single and blend oils. I was amazed at the immediate sense of well being I received from the treatment. I was able to hold off taking pain relievers for 8 hours instead of the usual 4. I continued with these treatments and found that they helped me heal from the multiple injuries I received.

Later on I became further involved by offering the product information I gleaned from this company's product to family, friends and acquaintances. Through Young Living I have developed leadership skills and cultivated many meaningful relationships. My friends and family members enjoy the health benefits of using the Young Living products daily and we are thrilled to have reasonable access to this company. The future of my family's health is dependent on the stability of the direct selling industry.

Here are some points I have problem with:

Seven-day Waiting Period. This is one of the most confusing and burdensome sections of the proposed rule is the seven-day waiting period to enroll new distributors. Young Living's new distributor Starter Kits cost only \$50.00, and each kit contains products, samples, training materials, etc., worth far more than the sale price. When a Starter Kit is purchased, the purchaser immediately becomes a distributor and is granted special discounted pricing on all orders. No commissions or other compensation is paid on these kits, and the company just covers its production costs. Having the proposed waiting period gives the impression that there might be something wrong with the company or the compensation plan.

I also think the seven day waiting period is unnecessary because Young Living fully refunds the \$50 cost if the customer decides to send it back. Requiring a seven-day waiting period before a distributor is allowed to even place an order would be destructive to the businesses of thousands of distributors who are building a business around Young Living's products.

When people buy other items (like TVs, cars, even firearms) that cost much more than \$50, they do not have to wait seven days.

Litigation Information. 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 or not. 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 the company was found guilty. Otherwise, the company is put at an unfair disadvantage even though they have done nothing wrong. To release this information would be misleading to prospective distributors.

References. The proposed rule requires the disclosure of a minimum of ten prior

purchases 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. Also, giving away this information could damage the business relationship of the references who may be involved in other companies or businesses including those of competitors. In order to get the list of the ten prior purchasers, I will need to send the address of the prospective purchaser to Young Living headquarters and then wait to receive the list.

I also think the following sentence required by the proposed rule will prevent many people from wanting to sign up as a distributor - "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. They will be reluctant to share their personal information with individuals they may have never met. Further, Young Living does not sell "business opportunities" in this fashion.

Cancellation. Some people decide to stop purchasing from a company after a period of time or purchase very sporadically and lose their distributor status. As with any large business, this amounts to tens of thousands of individual customers who no longer order from them each year. Maintaining such lists and providing them to every potential distributor and wholesale customer would be an unrealistic burden.

Exemption. For about 25 years the FTC Franchise Rule included only those opportunities that required a buyer to make a payment of at least \$500 within the first six months of operation. Any buyer making payments of less than \$500 within the first six months was exempt from further requirements. The April 12, 2006 proposed rule completely eliminates this \$500 exemption! IN 1979, to justify the reasonable \$500 exemption, the FTC wisely said: "When the required investment to purchase a business opportunity is comparatively small, prospective purchasers face a relatively small financial risk." This is still true today. This exemption is necessary because without such an exemption, the proposed rule places an unreasonable burden on tens of thousands of Young Living distributors, like me, and on millions of direct selling and network marketing distributors throughout the United States. This would be devastating to the growth of my business (and my retirement fund) and that of millions of Americans. I believe that the proposed application of this rule to my business constitutes an unjustified overreaching. Please reinstate at least a \$500 exemption.

I appreciate the work that the FTC does to protect consumers, yet I believe this proposed new rule has many unintended consequences and there are less burdensome alternatives available to achieving the goals of the FTC.

Thank you for your time in considering my comments.

Respectfully,

Jerilyn Spring