

July 10, 2006

Mr. Don Clark
Office of the Secretary
Federal Trade Commission
Room H-135 (Annex W)
600 Pennsylvania Ave., N.W.
Washington, D.C. 20580

RE: Business Opportunity Rule, R511993

Dear Secretary Clark:

My name is Wallace Murphy and I am an independent contractor with Primerica Financial Services. I live and work in Covington, Kentucky – a small town close to Cincinnati, OH. As is probably true in most small towns, the opportunity for economic advancement in a traditional employment setting here is extremely difficult to achieve.

I was fortunate in that I had reached a high-point in my career at a relatively young age. As a Registered Respiratory Therapist, I was working as the department head in our local hospital and my wife, as a pharmacist, was the department head for the hospital pharmacy. Despite our “successful” careers, we were aware that any further growth in our respective areas would be limited – there wasn’t much further we could grow. And we both still had to work full-time jobs in order to make ends meet. We knew we wanted to build our own business, but the start-up costs associated with our other business ideas (starting a restaurant or opening a “mom and pop” pharmacy) prevented us from taking the step towards business entrepreneurship.

My mother-in-law was aware of our frustrations and introduced us to Primerica Financial Services. We joined Primerica in 1981 and have worked full-time in this business since becoming licensed to sell the financial products available through Primerica – including our life insurance license and securities licenses.

Primerica appealed to us for so many important reasons. My wife’s father passed away at the age of 36, leaving behind a wife with young children. No one could have predicted he would pass away at such a young age, and, with insufficient life insurance coverage, he left his family financially vulnerable. My own parents struggled financially. My father worked for the Kentucky Highway Department for 31 years – never earning more than \$14,500 per year. Of this meager income, he paid an astounding \$2200/year in life insurance premiums for a cash value policy. They had no opportunity to save for their retirement. Through Primerica, we recognized an opportunity to make sure other families did not struggle as ours did. And as a result of our success in this business, we are

now able to financially support my parents – something we could never have afforded through our previous careers.

As Primerica representatives in our community, we are extremely well respected and are long-time members of the Chamber of Commerce and the Northern Kentucky Builders Association. We have maintained our business office for 25 years and now work in one of the premier office locations in our area. We are often called upon by the Chamber and others to participate in job fairs in our community. Unfortunately, as traditional industries close down or transfer out of town, they leave behind a growing unemployment problem. Our business has provided hundreds of local residents an opportunity to earn extra money as they search for new positions or provided them with a new career alternative.

I am very concerned about the FTC's proposed rule on business opportunities because I believe that it almost criminalizes the good work that I, and other Primerica representatives, do for our families and our communities. In addition to having a devastating impact on my business – including an overwhelming and almost impossible-to-manage administrative burden – it will negatively stigmatize my business in a way that my competitors will not be affected. I am being penalized because I work for myself and not as an employee for Primerica or any other financial services company.

Here are the potential consequences that I foresee with this rule:

1. **Seven-day rule**: My business grows because I have the ability to introduce our company and its business model to others and they can also join the company if the fit is right for them. There are numerous factors that must be taken into account when someone makes a decision to join a business opportunity. The decision is already daunting and potential recruits are already intimidated by the scope of work that will be involved in becoming a licensed and successful representative. The seven-day rule will effectively send a message to potential recruits that Primerica is a dangerous proposition and that the government is requiring them to think about this decision for seven days (where they're not required to wait even one day to purchase a gun or to make a \$50,000 investment into a mutual fund).

My business and my livelihood is severely jeopardized because this rule will stigmatize my business as one that cannot be trusted.

2. **Disclosure Statement**: The proposed rule appears to be a direct attempt by the FTC to discourage individuals from participating in business opportunities. The disclosure statement that the FTC wants to impose on small businesses is worse even than the disclosures required by the FDA on drug advertisements. I do not see the makers of specific drugs citing their litigation history. And what greater risk than one that involves our bodies and our health? The disclosure statement, as a comprehensive listing of everything

that can go wrong, will certainly be an effective means to discourage all prospective representatives from joining Primerica. Is this the FTC's intent?

Business opportunities do work! We are not fraudsters! I am living proof that success cannot only be defined through traditional employee / employer relationships. In fact, as we quickly shift from a W-2 to a 1099 society, more and more individuals are interested in going into business for themselves. Business opportunities such as ours are the perfect solution for so many of them. Why must we scare them all away before they can give themselves a chance?

The disclosure requirement seems to be a broad stroke of incrimination on our entire industry. Is this fair if it is not warranted?

3. **Ten references:** There are over 100,000 Primerica representatives in all states and probably most cities in the US. I do not have access to the names and telephone numbers of representatives who do not work under me because this is considered confidential information by our company. Also, I believe that reference lists will become solicitation lists for competitors who will "poach" these representatives to join their businesses. Obtaining a list of the ten most "local" representatives or of all representatives would not only prove to be an administrative nightmare, but would leave identified representatives vulnerable to numerous contacts – not only by the potential recruits – but also by others interested in contacting them regarding a business opportunity. Will representatives waive their "Do Not Call" rights when their number is placed on the disclosure or made available via a Web site? If the numbers are mobile telephone numbers, representatives will be required to pay for every call placed to them. The costs associated with this requirement are extremely high and burdensome to each individual representative – the one recruiting and the one whose name is listed as a reference.

Reference lists will more readily be used as solicitation lists by competitors than relied upon by already suspecting potential recruits to learn about the business opportunity.

It is my belief that the honorable intention of the FTC was to regulate a small segment of fraudsters. Unfortunately, as drafted, the proposed business opportunity rule will negatively impact small businesses across America. Thank you for this opportunity to comment on this important proposed rule.

Sincerely,

Wallace G. Murphy