

Denise Lewis Premschak

July 15, 2006

Re: Business Opportunity Rule R511993

To Whom It May Concern:

I am writing this letter because I am concerned about the proposed Business Opportunity Rule R511993. While I understand the responsibilities of the FTC to protect the public from “unfair and deceptive acts or practices,” I believe that this proposed rule could prevent me from continuing as a distributor for LifeWave, LLC. There are specific sections in the proposed rule that will make it very difficult, if not impossible, for me to sell LifeWave products. Like myself, the vast majority of LifeWave distributors promote the purchase of product rather than any business opportunity.

I have been a distributor for this and other direct selling companies for several years. I became involved with this company because I felt the products were exceptional. Later on, I became further involved so that I could earn additional income. Through LifeWave, I have developed leadership skills and cultivated many meaningful relationships. My family and I enjoy the health benefits of using these products daily and are thrilled to be part of LifeWave. We have come to rely on the income from my direct selling business. The future of my family is dependent on the stability of the direct selling industry.

One of the most confusing sections of the proposed rule is the **Seven-Day Waiting Period** to enroll new distributors. To begin as a distributor with LifeWave, the cost is under \$100. The package contains products, sales and training materials, etc., worth far more than the sale price. When this package is purchased, the purchaser becomes a distributor and is granted special discounted pricing on all orders. Such a waiting period gives the impression that there might be something wrong with the company or the compensation plan. My company fully refund this 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 LifeWave's products. The unnecessary and cumbersome recordkeeping and paperwork would undoubtedly increase the cost to customers and distributors as well as to the company.

The proposed rule also calls for the release of **Litigation Information**, defined as any information regarding lawsuits involving misrepresentation or unfair or deceptive practices, regardless of whether 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 LifeWave was found guilty. Otherwise, this company and I are put at an unfair disadvantage even though the company has done nothing wrong. To release this information would be misleading to prospective distributors.

The proposed rule requires the disclosure of **References**, a minimum of ten prior purchasers 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, particularly 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 would need to send the address of the prospective purchaser to LifeWave 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, LifeWave simply does not sell “business opportunities” in this fashion.

Some people decide to stop purchasing (**Cancellation**) from LifeWave 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 choose not to order from them each year. Maintaining such lists and providing them to every potential distributor and wholesale customer would be an unrealistic burden.

For about 25 years the FTC's 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 thousands of LifeWave distributors, like myself, and on millions of direct selling and network marketing distributors throughout the US. This would be devastating to the growth of my business and that of millions of Americans. I believe that the proposed application of this rule to my business constitutes 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 your goals.

Thank you for your time in considering my comments.

Respectfully,



Independent Distributor and Consultant

Changing how People work, play, look and feel!

Management and Training Positions Open!