

Federal Trade Commission/ Via email at <https://secure.commentworks.com/>

Office of the Secretary, Room H-135 (Annex W)  
Re: Business Opportunity Rule, R511993 ftc-bizopNPR/  
600 Pennsylvania Avenue, NW  
Washington, D.C. 20580

Re: Business Opportunity Rule, R511993  
Ladies and Gentlemen:

I have very carefully reviewed this letter and it expresses clearly my reservations regarding the proposed rule. I have been involved with networking companies since 1974 and one thing is clear to me. Even very small changes to the marketing environment can have a major impact on ones ability to effectively build a business. I support your efforts to eliminate fraud and misrepresentation in marketing but considered fully these rules would have a counterproductive effect. My specific comments follow:

I am writing this letter because as an employee of a direct sales company, I am concerned about the proposed new business Opportunity Rule R511993. In its present form, I fear that it could severely hurt my employer, 4Life Research USA, LLC ("4Life'). I understand that part of the FTC's responsibility is to protect the public from "unfair and deceptive acts or practices," but some of the sections in the proposed rule will make it extremely difficult (if not impossible) and very costly for 4Life to continue its business.

4Life was founded in 1998. Since its beginning, 4Life has established itself as the world's leader in the development, production, and distribution of transfer factor immune support products. In 2003, 4Life was listed as the 15th fastest-growing, privately-held company in the US by Inc.

Magazine, and the company has continued to break sales records month after month. 4Life has many hard working and dedicated employees in the United States and several other countries.

One of the most confusing and burdensome sections of the proposed rule is the seven day waiting period to enroll new distributors. It is important for the FTC to understand the initial investment a distributor must make in order to become a 4Life independent distributor. 4Life's sales kits cost \$29.95. Consumers buy televisions, cars, and other items that cost much more than the price of a 4Life sales kit, and they do not have to wait seven days. I feel that this waiting period gives the impression that there might be something wrong with 4Life's compensation plan. I also think this seven day waiting period is unnecessary because 4Life already has a 90% buy-back policy for all products, including sales kits purchased by a salesperson within the last twelve months. Under the proposed waiting period requirement, 4Life's independent distributors will need to keep very detailed records about when they first make contact with a prospective purchaser and will then have to retain these documents for three years. The related administrative costs for 4Life will be very expensive.

Under the proposed rule, 4Life's plan would fall under FTC regulatory authority, since the existing \$500 threshold under the existing franchise rule will be eliminated and 4Life will be required to produce numerous pieces of documented materials in order to comply with the proposed rule.

The proposed rule also calls for the release of any information regarding lawsuits involving misrepresentation or unfair or deceptive practices, regardless of whether or

not the company was found innocent. In today's legal environment, anyone or any company can be sued for almost anything. I see little value in disclosing these lawsuits unless 4Life is found guilty. 4Life is put at an unfair advantage even though it has done nothing wrong. In addition, it seems that everyone throws claims for misrepresentation into every complaint these days. Should prospective distributors be concerned, for example, about litigation between the company and a software provider if their contract dispute contains a claim for misrepresentation? At the most, it seems appropriate to include only litigation that is related to the earning opportunity offered to a prospective distributor.

The proposed rule requires direct sales companies to gather distributor demographic/geographic data and earnings claims. I am concerned that this approach will be ineffective in preventing the targeted business opportunity fraud, since those perpetuating fraudulent business opportunities will not provide accurate data. Direct selling companies such as 4Life, which will try to faithfully comply, will have the difficult, if not impossible, challenge of interpreting and meeting some of the proposed requirements.

Finally, the proposed rule requires the disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. I believe that 4Life is glad to provide references, but in these days of identity theft, I know that I am very uncomfortable giving out the personal information of individuals to strangers. Ironically, the requirement to provide references may result in privacy lawsuits, which under the proposed rule, 4Life would have to report. Also, giving out this information without any controls on how it could be used will very likely and unfairly benefit 4Life's competitors. In order to

generate the list of the 10 prior purchasers, 4Life will need to obtain the address of the prospective purchaser, search our database for the geographically nearest existing independent distributors, use a software program or online service such as MapQuest to confirm these are the correct independent distributors, and then send these results to the prospective independent distributor—which is all very burdensome and expensive. The following sentence required by the proposed rule will prevent many people from wanting to sign up as an independent 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 and so is 4Life from a privacy litigation standpoint. Individuals will be reluctant to share their personal information with individuals they may have never met, and the growth of 4Life’s business will come to a standstill, which is a threat to my career.

I believe that 4Life has always acted as an ethical direct sales company that complies with all FTC regulations, and I appreciate the work of the FTC to protect consumers, but I believe this proposed new rule has many unintended consequences that will not only destroy the business that my co-workers and I have worked very hard to create, but also the businesses of all of 4Life’s U.S. independent distributors.

I hereby respectfully request that the proposed Business Opportunity Rule R511993 not be adopted; or, alternatively, create an exemption for direct selling companies.

Thank you for your consideration.

Very truly yours,

Kenneth H Wheaton