

Kathy Yellets

July 17, 2006

Federal Trade Commission/Office of the Secretary, Room H-125 (Annex W)  
Re: Business Opportunity Rule R571993  
600 Pennsylvania Ave., NW  
Washington, DC 20580

Dear Madam/Sir:

My name is Kathy Yellets, and I'm an Executive Director with The Pampered Chef.

The purpose of this letter is to share my concerns regarding the proposed Business Opportunity Rule, R571993. Based on what I've read and understand about this proposed ruling, certain sections will adversely affect my Pampered Chef business and the business of other Pampered Chef consultants. I also believe that this proposed rule will affect, in a negative way, the opportunity for those wanting to join The Pampered Chef as well as other direct selling companies.

I started my business with The Pampered Chef in 1994 to simply have a 'hobby' of sorts and to earn some additional income to offset the costs associated with building a home. The information provided in our brochures gave me a sense of comfort knowing why Doris Christopher started this business and why. While the start up cost of \$90 wasn't necessarily an issue for me at that time, looking back I have come to understand that the cost of starting your own business with a direct sales company can oftentimes be the deciding factor when moving forward. One of the things that created a 'no risk' option for me and my husband Dean was the fact that there was no inventory that we had to manage.

Over the past 12 years, I've been able to take a starter kit and build a million dollar business with over 400 consultants world-wide. The fact that each consultant still starts with the same kit and has several avenues in which to create an opportunity for financial 'relief' from life's unexpected expenses, is such a blessing. The invitation that is presented to others and accepted allows each of us in this business to feel a sense of accomplishment and continued encouragement for what we are providing to others simply by "just asking".

While reviewing this proposed rule, I would ask you to ask yourself how it could/should apply to us. The Pampered Chef is unlike any other business opportunities; you would simply have a look at others in the franchise industry such as McDonalds and the answer to why we should not be grouped in with these is very obvious.

When a consultant purchases a kit, the cost of the kit is lower than the total retail value of all of the products in the kit, so the risk to these consultants is minimal, in any. Our consultants have the opportunity, though I'm not aware of any who have decided to go with this option, of returning the kit and receiving 90% for the value of the unused products (the reason, I believe no one returns the kit is they absolutely LOVE the products).

The Seven Day Waiting Period is confusing to the way we conduct our business. Its draws an analogy to something similar to purchasing a weapon where a background check has to be accomplished before that individual can move forward with their purchase. Everyone understands the reasoning behind this because the product that is being purchased can fall into the hands of someone who isn't 'worthy' of owning a gun. How will this 'wait' make new consultants feel about something that we advertise as a fun and possibly life-changing experience?

The Disclosure Document is confusing, unnecessary and adds a layer of burden that for most of the types of individuals that come through our door of opportunity, will be a deterrent and cause for most to have 'second thoughts' by not understanding the signature process. Most of the women that are on my team, wouldn't have felt the need to have anyone other than perhaps their husband in on the decision making process and with this proposed

document, some might wonder if they need legal advice when they see the word 'lawsuit'. I wonder if some of us will be comfortable enough to professionally represent this aspect of the recruiting process.

As I read the proposed Rule relating to references, I'm curious how the 10 consultants would be determined and how would this information be updated to ensure accuracy for timely turnaround. Currently, we have a network of peers who we contact for information regarding consultants who live in a close proximity of each other for networking and training purposes. One of my other concerns from working in a Corporate setting, specifically a personnel dept of a well-known computer company, is that references are never given out without permission and even then, you have to be careful as to the information you receive and even use from those references. So how accurate would we expect this information to be?

The bottom line in this proposed ruling seems to me to be quite a bit of concerns, time-consuming record keeping and additional layers of useless information that will impact us in such a way that it could change the tone of our business. We pride ourselves by the way our opportunity is viewed by those looking to add some additional income and not dramatically change their family's dynamics like most 'jobs' do.

I thank you for this opportunity to share my concerns and please, if you have any questions or would like to learn more about my Pampered Chef business, I would be delighted to hear from you.

Very truly yours,

Kathy Yellets