

Tracey Gingras  
Lia Sophia Jewelry

July 17, 2006

Dear Sir or Madam:

I am writing this letter because I am very concerned about the proposed Business Opportunity Rule R511993. I strongly believe that in its present form, it could prevent me from continuing as a Lia Sophia Advisor. I understand that part of the FTC's responsibilities is to protect the public from "unfair and deceptive acts or practices", yet some of the sections in the proposed rule will make it very difficult, if not impossible, for me to continue with Lia Sophia.

I am a Region Manager with Lia Sophia. I have been selling their exceptional products for 4 years. I started this business as a part time job to supplement my income. Now, after four years, this is my full time career. I rely on the income from this business to pay my bills and support my family. My family's future relies on the stability of the direct selling industry.

The proposed rule requires a seven day waiting period to enroll new advisors. My demonstrations are complete at the end of the evening, and guests expect to receive their items within 2 weeks of purchase. The waiting period will not only delay orders to customers, it will delay my income as well. Furthermore, monthly promotions and sales will be more difficult to track and earn, if we need to "hold" shows for 7 days before submittal. The starter kit is only \$149. People can buy much more expensive items online or at stores and they do not have to wait 7 days to get them. I feel this waiting period is unnecessary, especially since the company has a 90% buyback policy for all starter kits. It also gives the impression that there might something wrong with the company or its compensation plan. I currently have over 160 advisors and managers on my team. Under this waiting period requirement, I will have to track when I speak to someone about selling, keep very detailed reports and send these reports to my company headquarters. This means that now the home office will have to employ people to track and organize these reports and compile and mail them to the FTC. This will require increased payroll at the company which I am sure will be passed down to the advisors. So essentially, we will be doing a lot more paperwork and will be charged more from the company to cover their expenses. This is a lose/lose situation from the advisor end. Furthermore, new recruits have excitement and enthusiasm when they first begin their businesses and making them wait could also cause this to fizzle, please revisit this portion of the rule.

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. In today's world, anyone can be sued for almost anything. I agreed that we should disclose lawsuits if the company is guilty, but not any lawsuit.

Just disclosing any lawsuit puts the direct selling company at a disadvantage even though nothing has been done wrong.

Finally, the proposed rule requires the disclosure of a minimum of 10 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 (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 10 prior purchasers, I will need to send the address of the prospective purchaser to Lia Sophia headquarters and then wait for the list. I also think the following sentence required by the proposed rule will prevent many people from wanting to sign up as a salesperson - "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.

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. I love my job with Lia Sophia and love the direct sales industry. Please consider changing the areas mentioned.

Thank you for your time in considering my comments.

Sincerely,

Tracey Gingras  
Region Manager  
Lia Sophia Jewelry