

Simon J. Evans, PhD

Office of the Secretary, Room H-135
Federal Trade Commission Office
600 Pennsylvania Ave, NW
Washington, DC 20580

Re: Business Opportunity rule, R511993

Dear FTC Officials,

I am an independent representative of a network marketing company and am writing you regarding pending legislation regulating the direct sales industry. I am actively engaged in the direct sales industry and work with a highly reputable company that promotes healthy lifestyles in the United States and throughout the world and that has contributed immense philanthropic efforts to ensure access to healthy living.

As I understand it, the FTC is currently considering revisions to regulations of the direct sales industry that will significantly impact the ability of independent representatives to grow their businesses and promote the products associated with their businesses. I address each of these proposed changes below and provide my own position as an active network marketer.

- 1. A proposed 7 day waiting period impeding individuals from aligning with a network marketing company.** I believe that this suggested amendment is excessive and will have a huge negative impact on the growth of several legitimate, publicly traded U.S. companies. Individuals in the United States should be free to make their own business decisions as long as they are dealing with legitimate, law-biding transactions, without unnecessary legislation. This proposed amendment will slow the growth rate of U.S. companies attempting to compete in the international market and will put undue restraint on the small American business owners that are so necessary for our economic success. The direct sales industry is responsible for tens of billions of dollars of sales in the U.S. alone and much more world-wide. This statistic would be sure to decrease for U.S. companies if this amendment is approved.
- 2. Proposed written earnings statements.** This amendment proposes that individuals recruiting into the direct sales industry must provide written earnings statements upon request. I believe that legitimate companies have a responsibility to produce an average earnings statement for their distributors; however, written substantiation of that statement is an excessive burden on the independent distributor. Also, for young companies and for start-up independent retailers there is not sufficient history to produce a reliable earnings statement. In summary, an average earnings statement should be made available by a company after a

reasonable time period of business operations but excessive substantiation of that statement by independent distributors should not be required.

- 3. Disclosure of previous litigation.** This amendment proposes that any previous litigation involving the company must be disclosed *even* if the company was found not guilty. In today's society anyone is susceptible to law suits even if they have done nothing wrong. The disclosure of previous litigation should be made mandatory ONLY if the company or company's executives were found guilty. Also, with free access to information any consumer has the ability and responsibility to investigate any company that they intend to do business with. This burden should not be placed on the honest and ethical independent business person.
- 4. Providing business references.** This amendment proposes the requirement for independent distributors to supply 10 business references. This requirement violates privacy on several levels and can jeopardize future business relationships with the references. Any consumer can decide for him or herself what level of detail is required for them to feel comfortable entering into a business relationship. This absolutely should not be mandated by government regulations. Any legitimate business owner will have the capability to provide references without the need for legislation on this matter. Also, this amendment has language in it that deals with proximity of references. In the days of internet business technology geographical proximity is meaningless. This amendment should not be approved.
- 5. Disclosure of cancellation or refund policy.** This amendment is a good addition to consumer protection. No legitimate business will have a problem disclosing their policies.
- 6. Statistics on cancellation and refund policies.** This amendment is also a good addition because it speaks to the quality of a company's products or services and is valuable information for the consumer.

In summary, the network marketing/direct sales industries provide an incredible opportunity for people with little financial resources to build a business that can accelerate their financial health. Unfortunately the industry has been over-scrutinized due to the unethical activity a small percent of active network marketers. This has undoubtedly prompted the FTC to propose the regulation discussed above. However, some of these proposals would cripple the ability of the honest and ethical individual to succeed.

Personally, the network marketing industry has provided me with a huge amount of personal growth and opened me up to an entire world of positive and ethical business practices that I did not know existed. My background is in scientific academic research. Although I am highly educated, my experience with the network marketing industry has given my additional education in the ability to positively impact society in ways that I

was completely ignorant to before. I feel that adoption of some of the above proposals would deny many people the ability to experience personal and financial growth and would have a significant negative impact on the growth of the American society. This is supported by the fact that top business professionals and economic advisors have strongly endorsed the network marketing industry.

Sincerely,

Simon J. Evans, PhD