

I am writing to express my concern with portions of the FTC's proposed rule regarding networking/MLM businesses. I understand that the FTC has an important, yet daunting task—to protect the average consumer from deception without penalizing those of us who are involved in a business of this type. Thank you for your willingness to tackle this task, and I appreciate you taking time to hear my thoughts and concerns.

My wife and I registered as Amway distributors in 1991. Then, in 1999, when Amway's founders launched the more future-oriented Quixtar business, we chose to shift our existing distributorship to that Internet-based model. We have had an excellent experience over the years doing business with Amway and with Quixtar as our contracting corporations.

The reason we chose to do this business was because I was working 70-80 hours a week as a youth minister in a local church. My wife, Linda, and I wanted to be able to have one of us stay home with our children. We were not led to believe this was a "get rich quick" opportunity; rather, we were given a realistic picture that, if we worked very hard for two to five years, it was possible to accomplish that goal.

When our first child was born in May of 1996, I was able to retire to be a full-time father, which I continued to do for seven years. In April of 2003 Linda was able to reduce hours in her human resources position to 15-20 hours per week. We now have two children, 10 and 8 years old, and we share the responsibility of home-schooling them. I have continued to do some youth ministry on a part-time basis since Linda cut her hours back. Our next goal is to bring her home from her part-time position. In order to do that we will have to help at least two more families create the same income as we have.

Here are my concerns and proposed solutions to some of the issues raised:

- **Regarding the seven day waiting period:**

This proposal would, in my experience, place an unnecessary burden on both the new IBO (Independent business Owner) and the upline mentor. Here is one example. We often build our business out of town in 2-3 day trips. If I was to fly to Phoenix to help a new IBO get started, it would waste thousands of dollars on extra trips because none of the prospects we showed our business plan to in Phoenix would be able to do anything until after I had gone. My new IBO would not have the knowledge and experience to start them right, so I would be forced to come back 7 days later. This would place an incredible financial burden on me.

I believe this rule is unnecessary and overly burdensome to us as IBO's, especially when Quixtar provides a money-back guarantee for 180 days, even for the registration product kit (approximately \$200). If a person should change their mind, they may simply return the product kit and inform the Quixtar corporation of their intention to exit the business and they will receive a full refund. A better solution would be to require every company to offer a similar guarantee as Quixtar offers.

- **Regarding the requirement to provide references:**

This would be an infringement on the privacy of those IBO's whose names and contact information were provided to the prospect. There is also potential that those references may attempt to sway the prospect to being involved in their organization. Finally, what would an IBO who is new in an area do to provide those local references? We believe it is very healthy for the prospect to meet IBO's already involved in the business. That is why we have regular meetings in an area to allow for interaction with others who are involved.

- **Regarding the requirement to provide a litigation list:**

This really is irrelevant to any prospect Linda and I work with personally, as we have never had any legal issues with any IBO's we have worked with. This could raise our prospects' suspicions about us since it could lead the prospect to assume we fall into the same category as those who have had litigation issues. Also, it would really not accomplish the goal to protect the prospect because dishonest companies would simply ignore the rule.

- **Regarding the requirement to provide earnings disclosures:**

As IBO's with Quixtar, we are already required to provide all prospects with our SA4400, which is a Sales and Marketing Plan which explains that "the average monthly income for an 'active' IBO last year was ..." All companies should simply be required to put something similar in every prospects' hands. That would accomplish the same thing without placing undue burden on those of us who are honest IBO's.

- **Regarding the requirement for personal financial substantiation:**

Although we understand that there are IBO's who may exaggerate their earnings, which bothers me, but we do not. To require us to produce proof of financial earnings would not accomplish the desired goal of protecting the prospect anyway. Again, dishonest people would find a way around it. Also, just because I make several thousand dollars a month would not mean the prospect will as well. It only shows the potential. If we were not that successful, it would not mean the prospect couldn't do better than us. Again, if a company offers a 180 day money back guarantee, this requirement becomes unnecessary because the prospect would realize the truth very quickly within that time period of working with the IBO who presented the opportunity.

Again, thank you for your time and consideration,

Troy and Linda Outka