



# Premier Designs, Inc.



July 11, 2006

1551 Corporate Drive  
Irving, Texas 75038  
(972) 550-0955

Federal Trade Commission  
Office of the Secretary, Room H-135 (Annex W)  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

Re: Business Opportunity Rule R511993

Dear Madame/Sir,

I am writing you this letter to express my concerns about the proposed Business Opportunity Rule R511993. As President of Premier Designs, I have watched our company grow over the past 21 years from a small start-up in 1985 to a very successful mid-sized company. Our product is high fashion jewelry sold through home parties that we call "Home Shows". We obtained our success by hard work and adherence to four basic philosophies:

1. To honor God in all we do
2. To help people enrich their lives
3. To pursue excellence in service
4. To grow profitably.

We currently have 22,000 independent distributors (we call them Jewelers) who will hold approximately 340,000 "Home Shows", sell to approximately 3.5 million end customers, and will add approximately \$275 million in retail sales to the US economy this year. Our consolidated companies employ approximately 400 home office and manufacturing associates. We provide our employees with a generous health and benefit package.

We pride ourselves on providing excellent customer service for our independent Jewelers and their end customers. Our independent jewelers make money for their efforts and keep approximately half of their retail sales as gross profit. In addition we paid out over \$28 million in commissions to our independent Jewelers in 2005. We also provide an excellent limited warranty for our jewelry and have a no haggle "buy back" program for any of our distributors as recommended by the Direct Selling Association. Of the 10,000+ independent Jewelers who joined us in 2005, only 59 took advantage of the buy back program. Perhaps even more indicative of our service excellence is that annually approximately 52% of our independent Jewelers choose to renew their contract for an additional year.

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Premier Designs truly tries hard to "play by the rules" set forth by the various governing authorities and has always given extra effort to make sure we comply with the laws and guidelines that regulate our industry. We respect the work the FTC does to protect the American consumer. However, I fear the proposed rule changes will hamper Premier Designs' ability to grow and add new recruits.

The seven day waiting period seems onerous to me. With the protections provided by our buy back program, there is very little risk for a new independent Jeweler who chooses to join Premier Designs. This seems to be excessive on the FTC's part.

I am also concerned about the changes to the \$500 threshold under the existing franchise rules. This change would bring our company under the authority of the FTC and require us to generate numerous documented materials to comply with your guidelines. Again, as a businessman, I must question any practice that adds expense to our operations while not adding any additional value for our distributors.

The proposed rule calls for the release of any information regarding prior litigation and civil or criminal legal actions involving misrepresentations or unfair or deceptive practices. While we have had less than 5 such cases brought against our company in our 21 year history, the publication of these cases would only serve to confuse our potential new distributors. They would have a difficult time understanding that it is not unusual for a company of our size and longevity to have legal cases against it.

My final concern is the proposed rule that requires the disclosure of a minimum of 10 Jewelers nearest to the prospective new Jeweler. In these days of identity theft and privacy concerns, we think this requirement might actually prevent someone from joining our company out of fear of having their personal information published. There is also the arduous task of obtaining the information from the prospective buyer, documenting where they live, and then providing the list of the 10 closest Jewelers. Again this adds additional costs to our operation with limited benefits to the prospective new Jeweler.

Premier Designs appreciates the work of the FTC to protect consumers, but I believe this proposed new rule has many unintended consequences which may hinder our business. We also believe there are some less burdensome alternatives available in achieving the consumer protection goals stated in the proposed rules.

Thank you for your time in considering my comments. My staff and I would be happy to discuss this with you further should you desire any additional input.

Sincerely, / /

Andy Horner  
President and CEO  
Premier Designs, Inc.