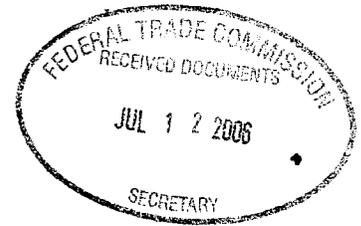


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**July 04, 2006**

**Federal Trade Commission/Office of the Secretary, Room H-135 (Annex W)**  
Re: Business Opportunity Rule, R511993  
600 Pennsylvania Avenue, NW  
Washington, DC 20580

**RE: Business Opportunity Rule, R511993**

**Dear Sir/Madam,**

This letter is in regards to the proposed "New Business Opportunity Rule R51 1993". I am opposed to this rule and any type of additional regulation as there are already enough regulations and laws that are not being enforced as it is.

**As you are probably getting moderate opposition to this proposal, I stand that basic business practices and standard rules and regulations are enough to enforce proper conduct in this or any other business.**

Additional regulations, and laws are not going to prevent or retard criminal activity and actions from occurring, enforcement is. All additional regulations are going to do is drive legitimate businesses out of the United States to other countries. We already see this happening with other industries in this country from excessive taxation and regulations.

All the regulations and laws governing publicly held utilities like Enron, did not prevent the principles of that corporation from conducting one of the biggest scams in this country from occurring with 1,000s of individuals being financially hurt and in some cases destroyed. It was enforcement that made these criminals pay for their actions. But additional regulations are not going to prevent future misconduct from occurring, only enforcement.

Let's assume the new regulations are in force and a new company opens doors and follows your new regulations. After 6 months of running with 10,000 distributors they illegitimately charge everyone's credit cards \$500 then close up and disappear? No amount of regulations is going to prevent this. Only enforcement. And this scenario is already illegal to do.

What about an off shore company like MTT (More Than Traffic). This is a real scenario and they are not under FTC regulations because they are in the UK. They have convinced over 10,000 people to pay for their services, (Search Engine Traffic), with a guarantee to make over \$100,000 within 4 months. The cost is \$169.00 for this service. With or without your new regulations they could do this. They have not delivered and it appears that they have no intentions to deliver. They have bilked the public for more than 1.5 million dollars.

The problem is not an industry that needs greater regulations. The problem is a sector of the public that believes anything they hear and if a company looks like they are following the new proposed regulations, you are making the advent of future scams greater by appearing legitimate and this will actual make things worse. What needs to be done is enforcement of existing laws.

I have been on the Internet since 1992. I have sold goods and services through online ads, AOL classifieds and auctions. I have also been involved in the MLM industry since about that time as

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well. I have been ripped off more times than succeeded by MLM companies. I have also been involved with legitimate companies and still am.

I also own a technology development company. For years we built back office systems for the MLM industry. 90% of the MLM companies we did work for defaulted in paying us. After 10 years of being a provider of legitimate online technology with direct services to individuals as well as private labeled systems to the industry, we decided to make our services available as a 3 level affiliate program. Prior to this our services had no compensation associated with our service.

We did this because we got fed up with the lack of ethics with most of the companies in the MLM market. We launched this new service 18 months ago. Membership is free. Our entry level system is also free, just like software. If after using our free service you like the results, you can upgrade to the fully functional system at a legitimate charge based on what we charged for the previous years we sold our services for without paying commissions.

70% of our paying subscribers are using our service for the benefits of our service, not the affiliate opportunity. **NOTE: You must first verify who you are, login into our free service, and use it, before you can upgrade to pay for our premium service. (This is similar in some ways to your proposed regulation of a 7-day waiting period). I oppose the 7 day waiting period, because, it will be impossible to regulate with illegitimate companies.** However, it is a good idea, and good ideas will become standards with legitimate companies without regulations.

Earnings claims are already regulated. To add to this regulation doesn't assure they will be true. **I oppose further regulation and find this additional regulation to be cumbersome and excessive.**

**Litigation disclosure is unnecessary.** Enforcement of existing law is. **Many companies and individuals who have lost to illegal operational litigation are often barred from conducting further business in this industry. Strict enforcement of these court ordered bans are all that is necessary.** Furthermore, requiring the disclosure of pending or dismissed litigation is damaging and unfair.

**Requiring references is good business, but should not be regulated.** We teach and uphold that anyone looking at doing business, regardless, should check the references of the company the prospect is considering doing business with. Just like hiring a Real Estate agent or buying a car, the buyer should have the good sense to do the background checking. **Regulating this will not prevent fraud.** Regulating this will cause privacy violations and undo hardship on both the company and the distributors.

**Statistics of cancellations and refunds.** This regulation is unfair and unnecessary. What other industry has this regulation imposed on them? Does AOL disclose the fact that 80% of there subscribers cancel within one year? Will insurance companies have to disclose this next? What value does this represent, other than to cause undo concern. Cancellations are a part of business, but to make this a forced regulation will only cause harm to the industry.

**Disclosure of cancellation or refund policy.** This is standard policy with almost every legitimate company already. It is also required by most merchant accounts. To make this an added regulation will only cause greater bureaucratic cost and is not necessary as the industry self regulates this already.

The network marketing industry is one of the few remaining opportunities for people to leverage their time and limited resources to earn additional income or to create a new career. Once scoffed at by investors, many network marketing companies are publicly traded on Wall Street including Herbalife, Nu Skin, Pre-Paid Legal Services, USANA and others. Network marketing is being used by blue-chip corporations including Citigroup, MCI and IBM. Top business

management leaders and *New York Times* best-selling authors Robert Kiyosaki, Paul Zane Pilsner, and Steve Covey have endorsed network marketing.

**The industry is also growing in popularity and contributes to the US economy.** This growth should be encouraged. There are 13 million Americans involved in this network marketing industry today. Lastly, the network marketing industry contributes to our growing economy. Sales of products and services through network marketing are estimated at more than \$29 billion in 2003. **Creating undo regulations will motivate many companies to consider moving their operations out of the US. Your proposed regulations will only contribute to this trend and cause the continued loss of US jobs.**

I understand and value the role of the FTC mission "to stand up for America's free market process and for its consumers, who benefit from competitive markets in which truthful information flows". However, these proposed new rules exceeds what is necessary. What is necessary is enforcement of existing law. We live in a free market economy where people have the responsibility of making informed decisions based on best information. A better approach would be to provide consumers with objective criteria when analyzing a business opportunity and let an informed market proceed. I am in support that disclosures should be made during the sales process, but without the regulations you are proposing.

**I have been in this industry for over 14 years.** The majority of the people I have gotten to know are good, honest, hard working people. **There is a minority of predators on the Internet and this industry. But proper law enforcement is all that should be required for the existing laws we have right now, to punish the predators.**

Thank you, in advance, for reviewing and posting my comments.

Best regards,

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CEO  
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Endorsed Bv.

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