

Jonathan & Daisy Freitas  
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522418-70155

July 8, 2006

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



Dear Federal Trade Commission:

I am writing this letter because I am concerned about the proposed Business Opportunity Rule R511993. I believe that in its present form, it could prevent me from continuing as a Market America Independent Distributor. I understand that part of the FTC's responsibilities is to protect the public from "unfair and deceptive acts or practices," but some of the sections in the proposed rule will make it very difficult if not impossible for me to sell Market America products and services.

My family of five derives a significant income from our business and we risk losing our home and livelihood. We are decent and law abiding citizens that would be put at risk to file bankruptcy. With three children, we are fearful of the future if this rule passes. We started our business over 7 years ago and believe in our company and our industry.

We know that there are many deceptive and deceitful companies out there, as in any industry. Market America reflects the honest and hard working individuals that we are in America.

I am very concerned about a few items:

1. 7 day waiting period: This will require that my new distributors wait 7 days to begin their business and gives the impression that our business is corrupt and deceptive. Market America is very concerned about the detailed information that we, as distributors, will have to submit to the company, as to the initial contact of a prospect. The amount of prospects that I speak to is 20+ new prospects a week. Of those, only 1 will become distributors. I will need to keep detailed records of over 1000 people in a year, with only 1-2% actually becoming distributors. I personally work my new prospects and do not allow them to join the company until they are committed and completely understand our business plan and the company mission/vision.
2. The proposed rule requires disclosure of a minimum of 10 prior purchasers nearest to the prospective purchaser. This is a VIOLATION of my state law of Hawaii. When someone makes a purchase of a product from a retail store, how would they feel about having to give the names of 10 people they know that also purchased that product. Traditional business would not be able to handle the damage to relationships this would create. I would not want to give my information to a stranger.
3. The proposed rule also calls for the release of any information regarding lawsuits. It does not matter if the company was found innocent. Today, anyone or any company can be

sued for almost anything. It does not make sense to me that I would have to disclose these lawsuits. Market America and I are put at an unfair disadvantage - even though Market America has done nothing wrong.

I believe in the work of the FTC in its crusade to protect consumers. Unfortunately, this proposed new rule has many negative consequences for small independent business owners like me.

Sincerely,

Jonathan & Daisy Freitas  


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Our independent distributor would then have to find a convenient time to meet with the prospect and present the prior purchaser list. To put the burden of this disclosure requirement in perspective, the vast majority of our distributors pursue the business on a part-time basis with the goal of making a second income each month. They may spend ten hours per week on Market America business activities. Many reach their business goal simply by earning an extra \$300 in a month. If distributors have to set up a special meeting for the sole purpose of presenting the list of ten prior purchasers, many of them may choose to stop recruiting any new distributors and focus on product sales only.

The required disclosure of information on ten prior purchasers also poses a competitive risk. Market America distributors cannot verify the "good faith" of every prospect. An unscrupulous competitor entering a given geographic area could simply feign interest in our business and obtain a list of people who recently purchased the Market America sales kit. Since the Market America cost-of-entry is so low, new distributors have very little keeping them attached to the company. They would be easy targets for competitive recruiting. Courts typically protect customer lists as a trade secret, but Rule 511993 would force Market America distributors to give up this information freely.

#### Seven-Day Waiting Period

Rule 511993 would require a seven-day waiting period for accepting the applications of new independent distributors. In order to comply with this provision, Market America would have to create a record of the date when a Market America representative first made contact with a prospective distributor. Market America has 125,000 distributors who talk to their friends, neighbors, and co-workers about the business on a daily basis. Thus, in a short period of time Market America would have to track hundreds of thousands, or even millions, of "first contacts" under Rule 511993, and the company would have to retain these records for three years. Here again, the administrative costs are not justified. Consumers frequently make purchases such as TVs, cars, and other items that cost substantially more than Market America's \$99.95 (refundable) sales kit fee without having to wait seven days. Why set the direct selling industry apart? The waiting period casts an unfair light on Market America's business plan and opportunity.

#### Disclosure of Prior Litigation

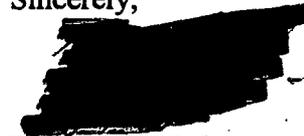
Rule 511993 would require Market America to disclose information regarding prior litigation and civil or criminal legal actions involving misrepresentation, or unfair or deceptive practices. The proposed rule requires disclosure regardless of the outcome of the litigation or criminal action. Market America has been sued without justification in the past, and we will likely be subject to frivolous suits in the future. How does it serve to protect consumers to receive disclosures of non-meritorious actions? Such disclosures could actually be deceptive to consumers if they give a negative impression where none is warranted. Shouldn't disclosures only serve to give accurate, helpful information?

Market America supports the FTC's efforts to protect consumers, but Rule 511993 has unintended consequences which could seriously harm legitimate businesses. There are

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less burdensome alternatives available for achieving the proposed rule's worthy goals. Market America requests that the FTC conduct hearings on Rule 511993 to investigate alternatives, including a minimum cost threshold for the provisions of the rule to apply and a consumer right to rescission. Thank you for considering our comments.

Sincerely,

A large black rectangular redaction box covers the signature area of the letter.

Edward S. Medina  
General Counsel for U.S. Operations