

Nancy Jo Ryan

July 17, 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

Dear Madam/Sir:

My name is Nancy Jo Ryan and I am a Consultant and National Executive Director with The Pampered Chef. I am writing this letter to let you know my concerns about proposed Business Opportunity Rule, R511993. Based on my understanding of the proposed rule, certain sections will hurt my Pampered Chef business as well as the business of other Pampered Chef consultants. I also believe that the proposed rule will make direct selling opportunities—including the opportunity offered by The Pampered Chef—less appealing to other people.

I started my Pampered Chef business in 1986 as a means to provide some additional income in order to buy Christmas gifts for my young children. I was attracted to The Pampered Chef because this type of job fit into the lifestyle of a young family. I needed to be able to make a descent income, but not want to leave my children in daycare or with a sitter. The Pampered Chef offered me the flexibility to raise my children AND contribute to our family's income at the same time. In my first month of business, I easily earned back my start up investment, which at the time was around \$400. Today the start up cost is only \$90. The day I received my kit was the day of my very first Show! I was so excited to get all of the products and to be able to use them right away!

My original plan was to quit The Pampered Chef once I had earned the money I needed for gifts, but I realized that these products were helping families learn how to easily and quickly prepare nutritious meals for their families. I enjoyed the people and the time commitment worked perfectly around my family's needs. So, I continued with The Pampered Chef in 1987 and eagerly shared this great opportunity with many other men and women, discovering that there were many others who wanted the kind of job that I had. By April 1<sup>st</sup>, I was promoted to a Director and quickly built a team of other eager Consultants. By the end of my fifth year, my team had grown so significantly, I was generating a significant income.. It was hard to believe that just five years earlier, I was just looking to earn some Christmas money!

I currently hold the title of National Executive Director with The Pampered Chef, which I achieved in the year 2001. This is the highest management level that a Consultant can achieve. Currently, I have 2 employees in my office who assist me with more than 30 Directors and 100 Consultants. In addition, we work indirectly with more than 2,000 consultants and directors of varying levels who are also a part of my sales team, which we call a "Cluster." These cluster members are located in 47 different states including Hawaii and Alaska.

I have personally enabled well over 200 people to try this business. The team has grown from the efforts of those people offering the opportunity to others. Through the years, I have seen many women

make significant contributions to their household's income. Some have been able to make their monthly car payment, send their children to college or purchase summer homes. Some are the primary breadwinners in their homes. I have seen single mothers enjoy the benefits of being independent as they earn a full-time income without having to leave their children for 40+ hours a week. Others decide to pursue the business more casually. Whatever they decide they want the business to be, the majority of our consultants have discovered how valuable they are and how much they have to offer because of their involvement with The Pampered Chef.

There is no need to have the Proposed Rule apply to companies like The Pampered Chef and to direct sellers like me. You may ask, "why?" The answer is simply this: The Pampered Chef is unlike other business opportunities. First of all, the start up cost is extremely low and the process to get started is very simple. To start a business, a person needs to enter into a Consultant Agreement and buy a Super Starter Kit containing products and business supplies enabling them to hold their first six shows. The Super Starter Kit is a mere \$90 as I mentioned before. What is the potential risk when a person signs an Agreement and purchases a kit? I would have to say there is no risk. The kitchen products alone that come with the Super Starter Kit have a much higher retail value. When you compare this to starting a franchise, it is obvious that the degree of risk is significantly different! Most franchises cost between \$30,000 and \$60,000 or more to get started and require financing, collateral, management skills and repayment ability. In my experience, a new consultant often earns back their \$90 investment very quickly. No loans. No credit approval. No using their home as collateral!

The Pampered Chef is diligent about following the guidelines set forth in the DSA Code of Ethics. Even if a person signs the agreement, purchases the kit and changes their mind, they are able to receive a 90% reimbursement for the value of unused products in the kit. This is clearly stated in the Consultant Agreement. Although I have had people sign up and never actually submit any sales, I cannot think of a time that someone wanted to return the products in their kit for a refund. They love the products and they know the value of what they have received.

The seven-day waiting period is confusing and doesn't make sense. I understand that under the proposed rule, people will not be able to become a Pampered Chef consultant, sign a Consultant Agreement or pay for a Starter Kit until 7 days after I give a potential recruit a written statement disclosing detailed information about the Company and the business opportunity. I believe requiring a waiting period will cast suspicion over the validity of our company and our products. The majority of my team consists of men and women who were already familiar with the quality of our products and the nature of our home presentations because they've had exposure to the business as either a host or guest at a Pampered Chef Show. Those who are interested in our business opportunity will wonder why they have to wait. A waiting period will cause a hardship for those who are unemployed and ready to join Pampered Chef to begin earning an income. It has been my experience that when a person approaches me with questions about The Pampered Chef, they have already contemplated their decision and their enthusiasm is high. They are ready to start and really don't want to wait. As it is, they are often anxious to wait a few days for their kit to ship! One of the key factors in the success of our new recruits is their excitement about getting started. Having to wait an additional 7 days would definitely have a negative impact on this. In today's society, people are busy. Once they have made a decision about something, they want to move forward with it.

Once again, I want to point out that the start up kit for The Pampered Chef is only \$90. As a consumer, I have ordered items priced higher than \$90 on the internet and not had to wait for 7 days to be sure I was making the right choice! If I order a \$2,000 computer on line, I receive a \$2,000 computer. When someone orders a \$90 Pampered Chef Starter Kit, they receive more than twice that value in products plus business materials. The entire kit is valued at over \$350! Again I ask you, "Where is the risk?"

The proposed disclosure document is confusing as well. Based on my experience, this will further confuse people considering The Pampered Chef opportunity. The disclosure is unnecessary and burdensome. Among other things, the proposed rule requires me to provide a disclosure relating to lawsuits involving the Company and references. In addition, under the proposed rule, I would need to have a person sign and date a receipt showing that he or she received the disclosure and then I would need to send a copy of the signed receipt to The Pampered Chef (electronically or otherwise) and the Company would be required to keep it.

This process would amount to burdensome busy work. Not only would this step delay the process of helping a person get their business started, but the average person joining The Pampered Chef would have no need for this type of information. It would not be useful to them. Ours is a simple business. The start up process is simple. The seven-day waiting period and the disclosure document just add extra steps that really have little or no meaning to the average Pampered Chef Consultant. Although many of our Consultants have college degrees, I am not one of them. I would have found this legal jargon intimidating had it been required when I joined. Had something like that stopped me from joining The Pampered Chef, I would have missed out on an opportunity of a lifetime. I would certainly hate to see that happen to someone else. We don't require college degrees to become successful in this company. To burden new consultants with this type of information is senseless.

Under the proposed rule, the Company will need to give me a list of lawsuits involving the Company and I will need to identify lawsuits in which I was involved in over the last ten years, and those lawsuits would be identified as part of the Disclosure Document. I believe this would be very misleading to a new recruit. It could cause concern that lawsuits are an everyday occurrence in our business, which has not been my experience in the past 20 years. The Disclosure Document would create a misrepresentation of what is true. The way I conduct my Pampered Chef business and the way I represent the Pampered Chef opportunity has never been questioned or challenged in any lawsuit. This list does not identify only cases in which the Company or I were found guilty of fraud or misrepresentation of The Pampered Chef business opportunity. The reality is that people sue for just about anything these days – from no prize in the Cracker Jack box to hot coffee held between one's legs! Listing ALL lawsuits is an unfair representation of The Pampered Chef opportunity. It taints our Company's outstanding reputation. What would be the point of providing unnecessary, misleading and confusing information to a new recruit? How, if at all, would this help a recruit decide whether to become a Pampered Chef Consultant?

Under the proposed rule, I would need to give a new recruit contact information including name, telephone number, city, state and zip code for at least ten consultants located closest to the recruit. In order for me to do this, I would need access to the entire database of consultants who are with the Pampered Chef. It would be a tedious and time-consuming effort to research and assemble a list of the 10 closest consultants. Frequent calls to Home Office Staff would be required each month in order to obtain the most current information. Potential recruits always are offered the opportunity to attend a cluster meeting or a Pampered Chef Show in order to obtain more information about the dynamics of

our business. New recruits are encouraged to attend these meetings as well as view shows of their Director and/or other consultants as part of their initial training experience. I have always taken great pride in the fact that our address list and database are never published or shared publicly. My team appreciates the confidentiality and the idea of “handing out names” concerns me. We are all inundated with unwanted solicitations as it is. What if these names are provided to a potential recruit who decides to join another direct sales company? They could conceivably use that list to solicit business of another nature. If providing address lists were a requirement, I wouldn’t be able to do so without contacting each person on that list either in writing or with a phone call to alert them that their name had been shared with an individual thinking about our business. Once again, this would create burdensome “busy work” that would require hours of time which would be better spent working with my team and my clients.

I understand that under the Proposed Rule, I would need to have a person sign and date a receipt showing that he or she received the disclosure and then I would need to send a copy of the signed receipt to The Pampered Chef (electronically or otherwise) and the Company would be required to keep it. Once again, when added to the other requirements suggested, this step just adds one more thing to the long list of additional busy work already mentioned. Once a person has joined our Company, we will then need to spend time training them on all of these additional requirements. I honestly believe this will inhibit people from wanting to grow their businesses because the requirements in this proposed system are confusing and time-consuming. Many would not discover their full potential to earn income and develop new skills.

Thank you for considering my comments. If you have any questions or would like to learn more about my Pampered Chef business, please feel free to contact me.

Very truly yours,

Nancy Jo Ryan  
National Executive Director  
The Pampered Chef