

RE: Business Opportunity Rule # R511993

It is a thrilling pleasure to live in a country that allows me to use my own God-given talent to pick and choose whether I wish to own a business or participate in a business opportunity. For over 200 years Americans have had the freedom to determine for themselves whether they want to accept the risk of a new business. This risk, in my case, has been for tens of thousands of dollars, and it has sometimes worked out well, and sometimes not. However, the decision was always mine, and I had to do my research prior to investing my money.

In addition, I have had the pleasure of participating in several Network Marketing businesses where my “investment” was predominantly less than \$50, and the risk was minor. This type of business, where a person becomes a distributor for a product, and where there is a possibility of making a small or large income without having to invest in property and be governed by management oversight is vastly different than purchasing a franchise or other business requiring the outlay of considerable funds.

I applaud your efforts to protect the American public from fraud, but your current proposed Rule #511993 goes much too far in the case of Network Marketing, and could, if implemented, put millions of Americans out of business.

I have been involved in Network Marketing for over 35 years, and my business contributes significantly to my family’s income. From this “pure” form of American business I have learned how to build and retain distributors without “forcing” my way upon their business practices. The ability to retain a distributor when you do not issue a guaranteed paycheck each week is indicative of a talent that needs to be developed by more Americans. To retain these people, I must lead them – not bully them, or order them to do things. I have to spend time assisting them in building their business in order for me to profit. This is the antithesis of the typical business model where management tends to hold down the performing employee for fear of losing him/her to a different department, or a manager’s fear of having that employee promoted over him. No employee can advance without the approval of management above them. In network Marketing the American dream is realized when the business structure allows anyone, regardless of race, religion, educational background, or particular job skills, to advance themselves at their own pace by working harder and smarter on their own terms.

No other business model allows this American right – the freedom to advance without permission of management.

Your Rule # R511993 unnecessary for the vast majority of Network Marketing companies because the amount and nature of the risk is far less than that of a franchise.

For instance, the seven day rule creates unacceptable delays in getting a new distributor started. And if this is to protect him from losing money, we could follow that thought to ridiculous ends. Think of the devastation to the restaurant industry if a waiting period of seven days was imposed on all meals over \$100. After all, you could get a really bad meal and be out the \$100. Yet I spent \$35 to become involved in the Network Marketing company called Xango, and I was given a great opportunity to make a substantial income. Which would be the greater loss?

Elimination of the \$500 threshold opens up a can of worms for very small transactions which will inundate companies and the FTC with compliance headaches. You simply cannot apply these rules to every transaction where a profit is expected to be made. There must be a buffer.

Reporting litigation is onerous, and literally impossible for most of us. Further, there is no provision for reporting the outcome of the litigation. If I want to put a company out of business, I can simply have a hundred (or maybe 1000) of my people file a lawsuit against my competitor. With no way for a prospective distributor to know the difference, it would devastate that company.

As for earnings claims, this is a can of worms for most companies due to the complex methods of calculating these figures. Averages will never tell the public the opportunity they have with a company. A new company has no averages and may be a very exciting proposition, while an old company, having been in business a longer time could have skewed information.

The most devastating rule of all is that of reporting the 10 nearest distributors to the prospect. How do I determine that? Are these distributors receiving the same kind of assistance I will be giving them so the comparison is fair? Should their privacy be invaded? Since a distributor has not signed a contract with me, will you allow a competitor to receive names and addresses of my people so they can recruit them from me? And can you tell me that these 10 distributors are representative of the success of others in the field?

Lastly, please keep in mind that most franchises and larger investment-driven opportunities are geographically limited. The Network Marketing industry is limited only by your imagination and the laws of various countries the company enters. When I present my opportunity to others, I show them how they can step away from their economically limited geographical area and build a worldwide business. America should be proud of companies like Xango who are keeping freedom alive in the workplace. It is time to assist them and not limit them.

The American people need to be protected from unscrupulous schemes, it is true. However, I encourage you to find ways to exempt this wonderful industry from onerous rules that will not have any other effect than making it an administrative nightmare to start your own business, and driving up the cost. It would be a shame to limit the American dream to only those few who have tens of thousands of dollars to invest. Find a way to exempt companies who follow all the current laws and who do not cause people to risk more money than a really good meal at a restaurant. Please consider being part of the solution instead of part of the problem for the little guy.

Sincerely,

Kenneth M Booster