

Business Opportunity Rule #522418-04681

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COMMENTER:

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STATE:

TX

INITIATIVE NAME:

Business Opportunity Rule

I am a Quixtar IBO. I believe Quixtar, together with the affiliated Amway business, to be the largest multi-level business in the world. There has been a "tool", or "system" scam that has been cleverly covered up over the past several decades. The advent of the Internet has made some inroads to revealing this scam, but much more needs to be done. First, the definition of "tool" or "system" used in this context includes the books, tapes/CD's and various functions put on by the higher level, or "kingpin" IBO's. The co-founder of the Amway business, Rich DeVos, made 2 recordings in 1983, called "Directly Speaking" (a play on words, Directly means to be an upfront discussion, but Direct also was a mid-level that has since been replaced by the term Platinum), which complained about the tool scam perpetrated by the "kingpins". The "kingpins" typically make the bulk of their income from the tools and then display their lavish lifestyles, as if the income was from the Amway/Quixtar business. The rules need to include a provision for the "kingpins" to disclose their line of sponsorship average income (which will be slightly to moderately different for most lines of sponsorship) made via the Amway/Quixtar business versus the tool "business". This does not have to be in dollars, it could be by percentage of income. For example, the average for a Diamond level for a particular line of sponsorship may be 70% tools and 30% Amway/Quixtar products/services income. I believe one of the main reasons Amway/Quixtar did not follow through with cleaning up this situation over the past 23+ years (the corporation was probably aware of the issue well before 1983) is because their product volume, and therefore corporate profits, would have been severely and negatively impacted, probably to the level that would have put them out of business. The reason for this, I believe, is the "kingpins" either directly or indirectly threatened to leave this corporation and join another product business with their tool systems. Therefore, the tool scam problem has remained to this day. Note there are rules that state purchase of tools are optional, but the level of support evaporates if an IBO is not involved in purchasing the tools, even though there is a rule that states lack of support is not supposed to occur. In fact, the common statement is "tools are optional, but so is success". Note that I fully believe a system is necessary for ANY business to succeed to any significant scale, it is the tool profits I see as the major problem. The fix is to lower tool prices. I have been involved with Quixtar for 13 years, the first 12 of which I purchased the tools. The information provided is the tip of the iceberg regarding the details I am aware of and much of which can easily be found on the Internet. Note most of the lawsuits brought over the past couple of decades did not involve the Amway/Quixtar products and

services business, they involved the tool scam "business". The tool systems make most IBO's operate in a net loss, and the higher pins benefit to tremendous levels at the expense, both literally and figuratively, of the vast majority of the lower level IBO's. These facts are not widely known by IBO's or prospects, but need to be disclosed to stop the abuse. You have initiated a golden opportunity to correct a severe problem with this business and others that may have similar abuse issues, I strongly recommend you make the above described tool versus product income known to every IBO and prospect, in a simple and easy to understand format. This is the single largest problem facing this business, and probably others like it. It needs to be fixed, please use the full force of the Federal Trade Commission to correct this wrong. Please find attached a letter I wrote to the corporation over a year ago, and discussed with high level Quixtar executives. Thank you for the opportunity to respond to the proposed rule making.