**POLICIES AND PROCEDURES**

**1.0 INTRODUCTION**

**1.1 Mutual Commitment Statement**

[**FULL LEGAL COMPANY NAME**] (“hereafter as “[**COMPANY NAME**]” and/or the “Company”) recognizes the importance to the development of a long-term and mutually rewarding relationship with its business owners (“Distributor(s)”) and Customers. Integral to this objective, [**COMPANY NAME**] and its Distributors must acknowledge and respect the true nature of the relationship between one another and pledge mutual support towards the service of Customers.

A. In the spirit of mutual respect and understanding, [**COMPANY NAME**] pledges to:

I. Provide prompt, professional and courteous service and communications to all its Distributors and Customers;

II. Provide the highest level of quality products, at fair and reasonable prices;

III. Exchange or refund the purchase price of any product, service or membership as provided in the *Return Policy* described herein;

IV. Deliver orders promptly and accurately;

V. Pay commissions accurately and on a timely basis;

VI. Expedite orders or checks if an error or unreasonable delay occurs;

VII. Roll out new products and programs or implement changes in the Compensation Plan and/or these Policies and Procedures with Distributor input and planning;

VIII. Support, protect and defend the integrity of the [**COMPANY NAME**] opportunity; and

IX. Offer Distributors an opportunity to grow with [**COMPANY NAME**], and have such growth come by way of the principles of Servant Leadership.

B. In return, [**COMPANY NAME**] expects you as a Distributor to:

I. Conduct yourself in a professional, honest, and considerate manner;

II. Present Corporate and product information in an accurate and professional manner;

III. Present the Compensation Plan and *Return Policy* in a complete and accurate manner;

IV. Not make exaggerated income claims;

V. Make reasonable effort(s) to support, train and service Distributors and Customers in your downline;

VI. Refrain from cross-line recruiting, unhealthy competition or unethical business practices;

VII. Provide positive guidance and training to Distributors and Customers in your downline while exercising caution to avoid interference with the downline of other Distributors. As such, you should refrain from providing cross-line training to a Distributor or Customer in a different organization without first obtaining the consent of the applicable upline leader;

VIII. Support, protect, and defend the integrity of the [**COMPANY NAME**] opportunity;

IX. Accurately complete and submit the Distributor Agreement and any requested supporting documentation in a timely manner.

**1.2** [**COMPANY NAME**] **Policies and Compensation Plan Incorporated into the**

**Distributor Agreement**

A. Throughout these Policies and Procedures (hereafter, “Policies”), when the term “Agreement” is used, it collectively refers to the [**COMPANY NAME**] Agreement, these Policies, and the [**COMPANY NAME**] Compensation Plan.

B. It is the responsibility of the sponsoring Distributor to provide the most current version of these Policies (available on the [**COMPANY NAME**] website at [**INSERT HYPERLINK**]) and the [**COMPANY NAME**] Compensation Plan to each applicant prior to his, her and/or its execution of the Distributor Agreement.

**1.3 Purpose of Policies**

A. [**COMPANY NAME**] is a direct sales company that markets [**DESCRIBE TYPE OF PRODUCTS**] products through a network of business owners. To clearly define the relationship that exists between Distributors and the Company, and to explicitly set a standard for acceptable business conduct, [**COMPANY NAME**] has established these Policies.

B. Distributors must comply with the following: (i) all of the terms and conditions set forth in the Distributor Agreement, which [**COMPANY NAME**] may amend from time to time in its sole and absolute discretion; (ii) all federal, state, and/or local laws governing his, her and/or its [**COMPANY NAME**] business; and (iii) these Policies.

C. Distributors must review the information in these Policies carefully. Should you have any questions regarding a policy or rule, [**COMPANY NAME**] encourages you to seek an answer from your Sponsor or any other upline Distributor. If further clarification is needed, you can contact the Company Compliance Department.

**1.4 Changes, Amendments, and Modifications**

A. Because federal, state, and local laws, as well as the business environment, periodically change, [**COMPANY NAME**] reserves the right to amend the Agreement and its product prices in its sole and absolute discretion. Notification of amendments shall appear in Official Company Materials. ***This provision does NOT apply to the arbitration clause found in Section 12, which can only be modified via mutual consent.***

B. Any such amendment, change, or modification shall be effective immediately upon notice by one of the following methods:

I. Posting on the official [**COMPANY NAME**] website;

II. Electronic mail (e-mail); or

III. In writing through the Company newsletters or other forms of communication channels.

**1.5 Delays**

[**COMPANY NAME**] shall not be responsible for delays or failures in performance of its obligations when such failure is due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, transportation difficulties, riot, war, fire, and/or weather, curtailment of a source of supply, or government decrees or orders.

**1.6 Effective Date**

These Policies and Procedures shall become effective as of [**INSERT DATE**] (“Effective Date”) and, at such time, shall automatically supersede any prior Policies and Procedures (the “old Policies and Procedures”). On this Effective Date, the old Policies and Procedures shall cease to have any force or effect.

**2.0 BASIC PRINCIPLES**

**2.1 Becoming A[N]** [**COMPANY NAME**] **Distributor**

A. To become a distributor, an applicant must comply with the following requirements:

I. Be of the age of majority (not a minor) in his, her or its state of residence;

II. Reside or have a valid address in the United States or U.S. territory;

III. Have a valid taxpayer identification number (i.e. Social Security Number, Federal Tax ID Number, ITIN, etc.);

IV. Submit a properly completed and signed Distributor Agreement to [**COMPANY NAME**];

V. Not be an employee, spouse of an employee or related to an employee of the Company, and living in the same household as such Company employee.

**2.2 New Distributor Registration**

A. A new Distributor may self-enroll on the website of his, her or its Sponsor. In such event, instead of a physically signed Distributor Agreement, [**COMPANY NAME**] will accept the web-enrollment and completion of the Distributor Agreement through Distributor’s acceptance of the “electronic signature.” The electronic signature states the Distributor’s intent to accept the terms and conditions of the Distributor Agreement, and an understanding of these Policies. Please note that such electronic signature constitutes a legally binding agreement between the Distributor and [**COMPANY NAME**].

B. [**COMPANY NAME**] reserves the right to require signed paperwork for any account, regardless of origin.

C. If requested by the [**COMPANY NAME**], a signed Distributor Agreement must be received by the Company within [**INSERT NUMBER**] [**#**] days from the Distributor’s enrollment.

D. Signed documents, including, but not limited to, Distributor Agreements, are legally binding contracts which must not be altered, tampered with or changed in any manner after they have been signed. False or misleading information, forged signatures or alterations to any document, including business registration forms, made after a document has been signed may lead to sanctions, up to and including involuntary termination of the Distributor’s business.

**2.3 Rights Granted**

A. [**COMPANY NAME**] hereby grants you a non-exclusive right, based upon the terms and conditions contained in the Distributor Agreement and these Policies:

I. The right to purchase [**COMPANY NAME**] products;

II. Promote and sell [**COMPANY NAME**] products; and

III. Sponsor new Distributors and Customers in the United States and in countries where [**COMPANY NAME**] may become established after the Effective Date of these Policies.

**2.4 Identification Numbers**

A. Each Distributor must provide his or her Social Security Number, or its Federal Tax Identification Number, if located in the United States or any of its territories, to [**COMPANY NAME**] on the Distributor Agreement. Company reserves the right to withhold commission payments from any Distributor who fails to provide such information or who provides false information.

B. Upon enrollment, the Company will provide a [**COMPANY NAME**] Identification Number to the Distributor. This number will be used to place orders, structure organizations, and track commissions and bonuses.

**2.5 Renewals and Expiration of the Distributor Agreement**

**[SECTION ONLY APPPLICABLE IF COMPANY REQUIRES RENEWAL FEE]**

1. If the Distributor allows his, her or its Agreement to expire due to nonpayment, the Distributor will lose any and all rights to his, her or its downline organization unless the reactivation occurs within [**INSERT TIME**] (**#**) days following the expiration of the Agreement.

B. If the former Distributors reactivates within the (**#**)-day time limit (“Grace Period”), the Distributor will resume the rank and position held immediately prior to the expiration of the Agreement. However, such Distributor’s paid as level will not be restored unless he, she and/or an entity (“it”) qualifies at that payout level in the new month. The Distributor is not eligible to receive commissions for the time period that the Distributor’s business was expired.

C. Any Distributor who was terminated or whose Agreement has expired and lapsed the (**#**)-day Grace Period is not eligible to re-apply for a [**COMPANY NAME**] business for [**INSERT TIME**] (**#**) months following the expiration of the Distributor Agreement.

D. The downline of the expired Distributor will roll up to the immediate, active upline Sponsor.

**2.6 Business Entities**

A. A corporation, partnership, LLC, or trust (collectively referred to as a “Business Entity” or referred to as “it”) may apply to be a [**COMPANY NAME**] Distributor. This business and genealogy position will remain *temporary* until the proper documents are submitted. The Business Entity must submit one of the following documents: Certificate of Incorporation, Articles of Organization, Partnership Agreement or appropriate Trust documents. [**COMPANY NAME**] must receive these documents within [**INSERT TIME**] (**#**) days from the date one affixed a signature to the Distributor Agreement.

B. A[**N**] [**COMPANY NAME**] Distributor may change their status under the same Sponsor from an individual to a partnership, LLC, corporation, trust or from one type of business entity to another.

**2.7 Independent Business Relationship; Indemnification for Actions**

A. You are an independent contractor, and not a purchaser of a franchise or business opportunity. Therefore, your success solely depends upon your own independent efforts.

B. The Agreement between [**COMPANY NAME**] and its Distributors does not create an employer/employee relationship, agency, partnership, or joint venture relationship.

C. A[**N**] [**COMPANY NAME**] Distributor shall not be treated as an employee of [**COMPANY NAME**] for any purposes, including, without limitation, for federal or state tax purposes. All Distributors are responsible for paying local, state, federal taxes due from all compensation earned as a Distributor of [**COMPANY NAME**]. Any other compensation received by Distributors from the Company will be governed by applicable U.S. tax laws (or the tax laws of any other applicable jurisdiction). The Distributor has no express or implied authority to bind [**COMPANY NAME**] to any obligation or to make any commitments by or on behalf of [**COMPANY NAME**]. Each Distributor, whether acting as management of a Business Entity or represented as an individual, shall establish his, her or its own goals, hours, and methods of operation and sale, so long as he, she or it complies with the terms of the Agreement, these Policies, and applicable state and federal laws.

D. The [**COMPANY NAME**] Distributor is fully responsible for all of his, her or its verbal and written communications made regarding Company products and Compensation Plan not expressly contained within official Company materials. Distributors shall indemnify and hold harmless [**COMPANY NAME**], its directors, officers, employees, product suppliers and agents from any and against all liability including judgments, civil penalties, refunds, attorney fees and court costs incurred by [**COMPANY NAME**] as a result of the distributor’s unauthorized representations or actions. This provision shall survive the termination of the [**COMPANY NAME**] Distributor Agreement.

**2.8 Errors or Questions**

A. If a Distributor has questions about, or believes any errors have been made regarding commissions, bonuses, business reports, orders, or charges, the Distributor must notify [**COMPANY NAME**] in writing within [**INSERT TIME**] (**#**) days (“Reportable Time”) of the date of the error or incident in question. Any such errors, omissions or problems not reported within this Reportable Time shall be deemed waived by the Distributor.

**3.0** [**COMPANY NAME**]**’s DISTRIBUTOR RESPONSIBILITIES**

**3.1 Correct Addresses**

A. It is the responsibility of the Distributor or Customer to make sure [**COMPANY NAME**] has the correct shipping address before any orders are shipped.

B. A distributor or Customer will need to allow up to [**INSERT TIME**] (**#**) days for processing after any notice of address change is provided to the Company.

C. Company reserves the right to assess Distributors and/or Customers a $[**INSERT AMOUNT**] fee for returned shipments due to an incorrect shipping address.

**3.2 Training and Leadership**

A. Any [**COMPANY NAME**] Distributor who Sponsors another Distributor into the Company must perform an authentic assistance and training functions. This means Sponsoring Distributors should have ongoing contact and communication with those Distributors in their downline organizations. Examples of communication may include, but are not limited to, newsletters, written correspondence, telephone, contact, team calls, voice-mail, e-mail, personal meetings, accompaniment of downline distributors to Company-related meetings, training sessions and other [**COMPANY NAME**] functions.

B. A Sponsoring Distributor should monitor those distributors in their downline organizations to ensure that these Distributors do not make improper product or business claims, or engage in any other illegal or inappropriate conduct. Upon request, a Sponsoring Distributor should be able to provide documented evidence that supports the ongoing fulfillment of responsibilities.

C. Upline Distributors are encouraged to motivate and train new Distributors about [**COMPANY NAME**]’s products, effective sales techniques, the Company Compensation Plan and compliance with these Policies.

D. Marketing product(s) is a required activity in [**COMPANY NAME**], and the marketing and sale of product(s) must be emphasized in all recruiting presentations.

E. We emphasize and encourage all Distributors to sell [**COMPANY NAME**]’s products to Customers.

F. Use of Sales Aids. To promote both the products and the opportunity offered by [**COMPANY NAME**], Distributors must use Company produced sales aids and support materials. If Distributors develop their own sales aids and promotional materials, which includes Internet advertising, notwithstanding any good intentions, such Distributors may unintentionally violate any number of statutes or regulations which may affect the overall business of [**COMPANY NAME**]. These violations, although they may be relatively few in number, could jeopardize the [**COMPANY NAME**] opportunity for all. Accordingly, Distributors must submit all written sales aids, promotional materials, advertisements, websites and other literature to the Company for prior written approval before any use. Unless the Distributor receives this specific written approval to use the material(s), the request shall be deemed denied. All Distributors shall safeguard and promote the good reputation of [**COMPANY NAME**] and its products. The marketing and promotion of [**COMPANY NAME**], the [**COMPANY NAME**] opportunity, the Compensation Plan, and [**COMPANY NAME**] products shall be consistent with the public interest. ***You must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices***.

**3.3 Constructive Criticism; Ethics**

A. [**COMPANY NAME**] desires to provide its independent Distributors with the best products and services and Compensation Plan in the industry. Accordingly, the Company values constructive criticism and encourages the submission of written comments addressed to the Company Compliance Department.

B. Negative and disparaging comments about [**COMPANY NAME**], its products, or Compensation Plan made by Distributors serve no purpose other than to dampen the enthusiasm of other [**COMPANY NAME**] distributors. Distributors must never belittle [**COMPANY NAME**], other [**COMPANY NAME**] Distributors, [**COMPANY NAME**] products, the Compensation Plan, or [**COMPANY NAME**] directors, officers, or employees, product suppliers or agents. Such conduct represents a material breach of these Policies and may be subject to sanctions as deemed appropriate by the Company.

**C.** [**COMPANY NAME**] **endorses the following code of ethics:**

I. A [**COMPANY NAME**] Distributor must show fairness, tolerance, and respect to all people associated with the Company, regardless of race, gender, social class or religion, thereby fostering a “positive atmosphere” of teamwork, good morale and community spirit.

II. A Distributor shall strive to resolve business issues, including situations with upline and downline Distributors, by emphasizing tact, sensitivity, good will and taking care not to create additional problems.

III. Distributors must be honest, responsible, professional and conduct themselves with integrity.

IV. Distributors shall not make disparaging statements about [**COMPANY NAME**], other Distributors, Company employees, product suppliers or agents, products, services, sales and marketing campaigns, or the Compensation Plan, or make statements that unreasonably offend, mislead or coerce others.

D. [**COMPANY NAME**] may take appropriate action against a Distributor if it determines, in its sole discretion, that Distributor’s conduct is detrimental, disruptive, or injurious to the Company or to other Distributors.

**3.4 Reporting Policy Violation**

A. A Distributor who observes a policy violation by another Distributor should submit a written and signed letter (e-mail will not be accepted) of the violation directly to the Corporate office. The letter shall set forth the details of the incident as follows:

I. The nature of the violation;

II. Specific facts to support the allegations;

III. Dates;

IV. Number of occurrences;

V. Persons involved; and

VI. Supporting documentation

B. Once the matter has been presented to [**COMPANY NAME**], it will be researched thoroughly by the Compliance Department and appropriate action, if necessary, will be taken.

C. This section refers to the general reporting of policy violations as observed by other Distributors for the mutual effort to support, protect, and defend the integrity of the [**COMPANY NAME**] business and opportunity. If a Distributor has a grievance or complaint against another Distributor which directly relates to his, her or its [**COMPANY NAME**] business, the procedures set forth in these Policies must be followed.

**3.5 Sponsorship**

A. The Sponsor is the person who introduces a Distributor or Customer to [**COMPANY NAME**], helps them complete their enrollment, and supports and trains those in their downline.

B. [**COMPANY NAME**] recognizes the Sponsor as the name(s) shown on the first:

I. Physically signed Distributor Agreement on file; or

II. Electronically signed Distributor Agreement from the Corporate website or a Distributor’s replicated website.

C. A Distributor Agreement that contains notations such as “by phone” or the signatures of other individuals (i.e., Sponsors, spouses, relatives, or friends) is not valid and will not be accepted by [**COMPANY NAME**].

D. [**COMPANY NAME**] recognizes that each new prospect has the right to ultimately choose his or her own Sponsor, but the Company will not allow Distributors to engage in unethical sponsoring activities.

E. All active Distributors in good standing have the right to Sponsor and enroll others into [**COMPANY NAME**]. While engaged in sponsoring activities, it is not uncommon to encounter situations when more than one Distributor will approach the same prospect. It is the accepted courtesy that the new prospect will be sponsored by the first Distributor who presented a comprehensive introduction to Company products or the business opportunity.

F. A *Protected Prospect* is a guest of any [**COMPANY NAME**] Distributor or Customer who attended a Company event or conference call. For [**INSERT NUMBER**] (**#**) days following the event, a Protected Prospect cannot be solicited or sponsored by any other Company Distributor who attended the same event. A [**COMPANY NAME**] event can be defined as the following:

I. Any Company training session;

II. Conference call;

III. Fly-in meeting; or

IV. Presentation, including but not limited to a at home presentation, whether sponsored by the Company, a distributor, a Customer, or an agent or agency designated by the Company.

**3.6 Cross Sponsoring Prohibition**

A. “Cross sponsoring” is defined as the enrollment into a different line of sponsorship of an individual, or Business Entity, that already has a signed Distributor Agreement. Actual or attempted cross sponsoring is not allowed. If cross sponsoring is verified by [**COMPANY NAME**], sanctions up to and including termination of a Distributor’s business may be imposed.

B. The use of a spouse’s or relative’s name, trade names, assumed names, DBA names, corporation, partnership, trust, Federal ID numbers, or fictitious ID numbers to evade or circumvent this policy is not permitted.

C. This policy does not prohibit the transfer of a [**COMPANY NAME**] business in accordance with the Sale or Transfer Policy set forth later in these Policies.

**3.7 Adherence to the** [**COMPANY NAME**] **Compensation Plan**

A. A Distributor must adhere to the terms of the Company Compensation Plan as set forth in these Policies as well as in official Corporate literature. Deviation from the Compensation Plan is prohibited.

B. A Distributor shall not offer the [**COMPANY NAME**] opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Corporate literature.

C. A Distributor shall not require or encourage a current or prospective Customer or Distributor to participate in [**COMPANY NAME**] in any manner that varies from the Compensation Plan as set forth in official Corporate literature.

D. A Distributor shall not require or encourage a current or prospective Customer or Distributor to make a purchase from or payment to any individual or other entity as a condition to participating in the Company Compensation Plan, other than such purchases or payments required to naturally build their business.

**3.8 Adherence to Laws and Ordinances**

A. Many cities and counties have laws regulating certain home-based businesses. In most cases, these ordinances do not apply to Distributors because of the nature of the business. However, Distributors must check their local laws and obey the laws that do apply to them.

B. A [**COMPANY NAME**] Distributor shall comply with all federal, state, and local laws and regulations in their conduct of his or her business.

**3.9 Compliance with Applicable Income Tax Laws**

A. [**COMPANY NAME**] will automatically provide a complete 1099 Miscellaneous Income Tax form (nonemployee compensation) to each U.S. Distributor whose earnings for the year is at least $600, who has purchased more than $5,000 of [**COMPANY NAME**] products for resale, or who received trips, prizes or awards valued at $600 or more. If earnings and purchases are less than stated above, IRS forms will be sent only at the request of the Distributor, and a minimum charge of $20 may be assessed by the Company.

B. A Distributor accepts sole responsibility for and agrees to pay all federal, state, and local taxes on any income generated as an independent Distributor, and further agrees to indemnify the Company from any failure to pay such tax amounts when due.

C. If a Distributor’s business is tax exempt, the Federal Tax Identification number must be provided to [**COMPANY NAME**] in writing.

1. The Company encourages all Distributors to consult with a tax advisor for additional information for their business.

**3.10 One** [**COMPANY NAME**] **Business Per Distributor**

A. A Distributor may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one (1) [**COMPANY NAME**] business. No individual may have, operate or receive compensation from more than one [**COMPANY NAME**] businesses. Individuals of the same family unit may each enter in to or have an interest in their own separate [**COMPANY NAME**] businesses, only if each subsequent family position is placed frontline to the first family member enrolled. A “family unit” is defined as spouses and dependent children living at or doing business at the same address.

**3.11 Actions of Household Members or Affiliated Parties**

If any member of a Distributor’s immediate household engages in any activity which, if performed by the Distributor, would violate any provision of the Agreement, such activity will be deemed a violation of these Policies and Company may take disciplinary action pursuant to these Policies. Similarly, if any individual associated in any way with a corporation, partnership, LLC, trust or other entity (collectively “Business Entity”) violates the Agreement, such action(s) deemed a violation of these Policies and Company may take disciplinary action pursuant to these Policies. Likewise, if a Distributor enrolls in [**COMPANY NAME**] as a Business Entity, each affiliated party of the Business Entity shall be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

**3.12 Solicitation for Other Companies or Products**

A. A [**COMPANY NAME**] Distributor may participate in other direct sales, multilevel, network marketing or relationship marketing business ventures or marketing opportunities. However, during the term of this Agreement and for one (1) year thereafter, you may not recruit any [**COMPANY NAME**] Distributor or Customer for any other direct sales or network marketing business, unless that Distributor or Customer was personally sponsored by you.

B. The term “recruit” means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way (either directly or through a third party), another Distributor or Customer to enroll or participate in any direct sales or network marketing opportunity. This conduct represents recruiting even if the Distributor’s actions are in response to an inquiry made by another Distributor or Customer.

C. During the term of this Agreement and for a period of six (6) months thereafter, any [**COMPANY NAME**] Distributor must not sell, or entice others to sell, any competing products or services, including training materials, to [**COMPANY NAME**] Customers or Distributors. Any product or service in the same category as a [**COMPANY NAME**] product or service is deemed to be competing (i.e., any competing product or service regardless of differences in cost or quality. This provision does not apply where professional services are the primary source of revenue and the product sales are secondary).

D. However, you may sell non-competing products or services to [**COMPANY NAME**] Customers and Distributors that you personally sponsored.

E. A Distributor may not display or bundle [**COMPANY NAME**] products or services, in sales literature, on a website or in sales meetings, with any other products or services to avoid confusing or misleading a prospective Customer or Distributor into believing there is a relationship between [**COMPANY NAME**] and non-[**COMPANY NAME**] products and services.

F. A [**COMPANY NAME**] Distributor may not offer any non-[**COMPANY NAME**] opportunity, products or services at any Company-related meeting, seminar or convention, or immediately following a Company event.

G. A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between [**COMPANY NAME**] and its Distributors and would inflict irreparable harm on the Company. In such event, [**COMPANY NAME**] may, at its sole discretion, impose any sanction it deems necessary and appropriate against such Distributor or such Distributor’s business including termination, or seek immediate injunctive relief without the necessity of posting a bond.

**3.13 Presentation of the** [**COMPANY NAME**] **Opportunity**

A. In presenting the [**COMPANY NAME**] opportunity to potential Customers and Distributors, you must comply with the following provisions:

I. Refrain from misquoting or omitting any significant material fact about the Compensation Plan.

II. Make clear that the Compensation Plan is based upon sales of [**COMPANY NAME**] products and services.

III. Make clear that success can be achieved only through substantial independent efforts.

IV. Refrain from any unauthorized income projections, claims, or guarantees amidst any presentation or discussion of the [**COMPANY NAME**] opportunity or Compensation Plan to prospective Distributors or Customers.

V. Refrain from any product claims except those contained in official Corporate literature.

VI. Refrain from the use official Corporate material to promote the [**COMPANY NAME**] business opportunity in any country where [**COMPANY NAME**] has not established a “presence.”

VII. In an effort to conduct best business practices, [**COMPANY NAME**] has developed the Income Disclosure Statement (“IDS”). The Company IDS is designed to convey truthful, timely, and comprehensive information regarding the income that [**COMPANY NAME**] Distributors earn. In order to accomplish this objective, a copy of the IDS must be presented to all prospective Distributors.

A copy of the IDS must be presented to a prospective Distributor anytime the representation is made.

The terms “income claim” and/or “earnings representation” (collectively “income claim”) include the following: (i) statements of average earnings, (ii) statements of non-average earnings, (iii) statements of earnings ranges, (iv) income testimonials, (v) lifestyle claims, and (vi) hypothetical claims. Examples of “statements of non-average earnings” include, “Our number one Distributor earned over a million dollars last year” or “Our average ranking Distributor makes five thousand per month.” An example of a “statement of earnings ranges” is “The monthly income for our higher-ranking Distributors is ten thousand dollars on the low end to thirty thousand dollars a month on the high end.”

**3.14 Sales Requirements are Governed by the Compensation Plan**

A. [**COMPANY NAME**] Distributors may purchase Company products and then re-sell them at only the price specified by Company or by any/its product suppliers. There are no exclusive territories granted to anyone. No franchise fees are applicable to a [**COMPANY NAME**] business.

B. The [**COMPANY NAME**] program is built on sales to the ultimate consumer. Company encourages its Distributors to only purchase inventory that they and their family will personally consume, will be used as a sales tool, or will be resold to others for their ultimate consumption. Distributors must never attempt to influence any other Distributor to buy more products than they can reasonably use or sell to retail Customers in a month.

**4.0 ORDERING**

**4.1 General Order Policies**

A. “Bonus Buying” is strictly and absolutely prohibited. Bonus Buying includes the following: (i) the enrollment of individuals or entities without the knowledge of and/or execution of an Agreement by such individuals or Business Entities; (ii) the fraudulent enrollment of an individual or entity as a Distributor or Customer; (iii) the enrollment or attempted enrollment of non-existent individuals or Business Entities as Distributors or Customers (“phantoms”); (v) purchasing [**COMPANY NAME**] products on behalf of another Distributor or Customer, or under another Distributor’s or Customer’s ID number, to qualify for commissions or bonuses; (vi) purchasing excessive amounts of products that cannot reasonably be used or resold in a month; and/or (vii) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bona fide product or service purchases by end user consumers.

A Distributor shall not use another Distributor’s or Customer’s credit card or debit checking account to enroll in [**COMPANY NAME**] or purchase products without the account holder’s *written permission*. Such documentation must be kept by the Distributor indefinitely in case the Company needs to reference this.

B. Regarding an order with an invalid or incorrect payment, [**COMPANY NAME**] will attempt to contact the Distributor by phone, mail or e-mail in order to obtain another form of payment. If these attempts are unsuccessful after [**INSERT NUMBER**] (**#**) business days, the order will be canceled.

C. If a Distributor wants to move an order to another Distributor’s business, he or she must have prior authorization, of all parties involved. The Company will charge the Distributor a $[**INSERT AMOUNT**] fee for processing.

D. Prices are subject to change without notice.

E. A Distributor or Customer who is a recipient of a damaged or incorrect order must notify [**COMPANY NAME**] within [**INSERT NUMBER**] (**#**) calendar days from receipt of the order and follow the procedures as set forth in these Policies.

**4.2 Insufficient Funds**

A. All checks returned for insufficient funds will be re-submitted for payment. A $[**INSERT AMOUNT**] fee will be charged to the account of the Distributor or Customer for all returned checks and insufficient funds.

B. Any outstanding balance owed to [**COMPANY NAME**] by a Distributor or Customer of the Distributor from NSF (non-sufficient funds) checks, returned check fees or insufficient fund fees (ACH) will be withheld by [**COMPANY NAME**] from a Distributor’s future bonus and commission checks.

1. All transactions involving returned checks or insufficient funds through ACH or credit card, which are not resolved in a timely manner by the Distributor, constitute grounds for disciplinary sanctions.

D. If a credit card order or automatic debit is declined the first time, the Customer or Distributor will be contacted for an alternate form of payment. If payment is declined a second time, the Customer or Distributor may be deemed ineligible to purchase [**COMPANY NAME**] products in the future.

**4.3 Sales Tax Obligation**

A. The Distributor shall comply with all state and local taxes and regulations governing the sale of [**COMPANY NAME**] products.

B. [**COMPANY NAME**] will collect and remit sales tax on Distributor orders unless a Distributor furnishes the Company with the appropriate Resale Tax Certificate form. When orders are placed with the Company, sales tax is prepaid based upon the suggested retail price. [**COMPANY NAME**] will remit the sales tax to the appropriate state and local jurisdictions. The Distributor may recover the sales tax when he or she makes a sale. [**COMPANY NAME**] Distributors are responsible for any additional sales taxes due on products marked up and sold at a higher price.

**5.0 PAYMENT OF COMMISSIONS & BONUSES**

**5.1 Bonus and Commission Qualifications**

A. A Distributor must be active and in compliance with these Policies to qualify for bonuses and commissions. As long as a Distributor complies with the terms of the Agreement, the Company shall pay commissions in accordance with the Compensation Plan.

B. [**COMPANY NAME**] will not issue a payment to a Distributor without the receipt of a completed and signed Company Distributor Agreement and/or Electronic Authorization.

C. [**COMPANY NAME**] reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds $ **[INSERT AMOUNT**].

**5.2 Computation of Commissions and Discrepancies**

A. A [**COMPANY NAME**] Distributor must review his or her monthly statement and bonus/commission reports promptly and report any discrepancies within [**INSERT AMOUNT**] (**#**) days of receipt. After the [**INSERT #**]-day “grace period,” no additional requests will be considered for commission recalculations.

B. For additional information on payment of commissions, please review the Compensation Plan.

**5.3 Adjustments to Bonuses and Commissions for Returned Products**

A. A Distributor receives bonuses and commissions based on the actual sales of products to end consumers. When a product is returned to [**COMPANY NAME**] for a refund from the end consumer, the bonuses and commissions attributable to the returned product will be deducted from the Distributor who received bonuses or commissions on such sales. Deductions will occur in the month in which the refund is given and continue every pay period thereafter until the bonus/and or commission is recovered.

B. In the event that a Distributor terminates his or her business, and the amounts of the bonuses or commissions attributable to the returned products or services have not yet been fully recovered by the Company, the remainder of the outstanding balance may be offset against any other amounts that may be owed by [**COMPANY NAME**] to the former Distributor.

**6.0 SATISFACTION GUARANTEED AND RETURN OF SALES AIDS**

[**COMPANY NAME**] offers a one hundred percent (100%) [**INSERT AMOUNT**] (**#**) day money back guarantee for all Customers. If a Customer purchased a product and is not satisfied with the product, the Customer may request a refund from the Distributor who sold the product to the Customer. If you as a Distributor are not 100% satisfied with our products, you may return the items for a refund so long as the following conditions are met: (i) neither you nor we have terminated the Agreement; (ii) the products were purchased within [**INSERT AMOUNT**] (**#**) [**days/months**]; and (iii) the products remain in Resalable Condition (as defined in the Definitions section below). The refund shall be [**INSERT AMOUNT**] percent (**#**%) of the purchase price. Shipping and handling charges incurred will not be refunded.

Upon cancellation of the Agreement, the Distributor may return all generic sales aids purchased within one (1) year from the date of cancellation for a refund if he or she is unable to sell or use the merchandise. A Distributor may only return sales aids he or she: (i) personally purchased from the Company; (ii) are under his or her Distributor Identification Number; and (iii) and which are in Resalable Condition (as defined in the Definitions section below). Any custom orders of printed sales aids (e.g., business cards, brochures, etc.) whereon the Distributor’s contact information is imbedded, hard printed, or added by the Distributor, are not able in Resalable Condition and thus nonrefundable. Upon [**COMPANY NAME**]’s receipt of the products and sales aids, the Distributor will be reimbursed [**INSERT AMOUNT**] percent (**#**%) of the net cost of the original purchase price(s), less shipping and handling charges. If the purchases were made through a credit card, the refund will be credited back to the same credit card account. The Company shall deduct from the reimbursement paid to the Distributor any commissions, bonuses, rebates or other incentives received by the Distributor which were associated with the merchandise that is returned.

**6.1 Return Process**

A. All returns, whether by a Customer or Distributor, must be made as follows:

I. Obtain Return Merchandise Authorization (“RMA”) from [**COMPANY NAME**];

II. Ship items to the address provided by [**COMPANY NAME**] Customer Service Department when you are given your RMA.

III. Provide a copy of the invoice with the returned products. Such invoice must reference the RMA and include the reason for the return.

IV. Ship back product in manufacturer’s box exactly as it was delivered.

B. All returns must be shipped to [**COMPANY NAME**] pre-paid, as [**COMPANY NAME**] does not accept shipping collect packages. [**COMPANY NAME**] recommends shipping returned product by UPS or FedEx with tracking and insurance as risk of loss or damage in shipping of the returned product shall be borne solely by the Customer or Distributor. If returned product is not received at [**COMPANY NAME**] Distribution Center, it is the responsibility of the Customer or Distributor to trace the shipment. In these particular instances, no credit will be applied.

C. A Distributor’s return of $[**INSERT AMOUNT**] or more of products accompanied by a request for a refund within twelve (12) months may constitute grounds for involuntary termination.

**7.0 PRIVACY POLICY**

**7.1 Introduction**

This policy on privacy is to ensure that all Customers and Distributors understand and adhere to the basic principles of confidentiality.

**7.2 Expectation of Privacy**

A. [**COMPANY NAME**] recognizes and respects the importance its Customers and Distributors place on the privacy of their financial and personal information. [**COMPANY NAME**] will make reasonable efforts to safeguard the privacy of, and maintain the confidentiality of its Customers’ and Distributors’ financial and account information, as well as nonpublic personal information.

B. By entering into the Distributor Agreement, a Distributor authorizes [**COMPANY NAME**] to disclose his or her name and contact information to upline Distributors solely for activities related to the furtherance of the [**COMPANY NAME**] business. A Distributor hereby agrees to maintain the confidentiality and security of such information and to use it solely for the purpose of supporting and servicing his or her downline organization and conducting the [**COMPANY NAME**] business.

**7.3 Employee Access to Information**

[**COMPANY NAME**] limits the number of employees who have access to Customers’ and Distributors’ nonpublic personal information.

**7.4 Restrictions on the Disclosure of Account Information**

A. [**COMPANY NAME**] will not share non-public personal information or financial information about current or former Customers or Distributors with third parties, except as permitted or required by laws and regulations, court orders, or to serve the Customers’ or Distributors’ interests or to enforce its rights or obligations under these Policies, the Distributor Agreement, or with written permission from the accountholder on file.

**8.0 PROPRIETARY INFORMATION AND TRADE SECRETS**

**8.1 Business Reports, Lists, and Proprietary Information**

A. By completing and signing the Distributor Agreement, you acknowledge that Business Reports, lists of Customer and Distributor names and contact information, and any other information which contains financial, scientific or other information -- both written or otherwise -- circulated by the Company and pertaining to the business of [**COMPANY NAME**] (collectively, “Reports”), are confidential, proprietary information and trade secrets belonging to [**COMPANY NAME**].

**8.2 Obligation of Confidentiality**

A. During the Term of the Distributor Agreement and for a period of [**INSERT AMOUNT**] (**#**) years after the termination or expiration of the Distributor Agreement between the Distributor and [**COMPANY NAME**], the Distributor shall not:

I. Use the information in the Reports to compete with [**COMPANY NAME**] or for any purpose other than promoting his or her [**COMPANY NAME**] business;

II. Use or disclose to any person or entity any confidential information contained in the Reports, including the replication of the genealogy in another network marketing company.

**8.3 Breach and Remedies**

A. The Distributor acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to [**COMPANY NAME**] and its independent Distributors’ businesses. [**COMPANY NAME**] and its Distributors will be entitled to injunctive relief or to recover damages against any Distributor who violates this provision in any action to enforce its rights under this section. The prevailing party shall be entitled to an award of attorney’s fees, court costs and expenses.

**8.4 Return of Materials**

A. Upon demand, any current or former Distributor will return the original and all copies of all “Reports” to [**COMPANY NAME**] together with any Company confidential information in such person’s possession.

**9.0 ADVERTISING, PROMOTIONAL MATERIAL, USE OF COMPANY NAMES**

**AND TRADEMARKS**

**9.1 Labeling, Packaging, and Displaying Products**

A. A Distributor may not re-label, re-package, refill, or alter labels of any [**COMPANY NAME**] product information, materials or program(s) in any way. [**COMPANY NAME**] products must only be sold in their original containers from [**COMPANY NAME**]. Such re-labeling or re-packaging violates federal and state laws which may result in criminal or civil penalties or liability.

B. A [**COMPANY NAME**] Distributor shall not cause any Company products or any Company trade name to be sold or displayed in retail establishments unless Company grants Distributor *prior written approval*.

C. [**COMPANY NAME**] will permit Distributors to solicit and make Commercial Sales upon *prior written approval* from the Company. For the purpose of these Policies, the term “Commercial Sale” means the sale of:

I. [**COMPANY NAME**] products that equal or exceed $5,000 in a single order;

II. Products sold to a third party who intends to resell the products to an end consumer.

1. A Distributor may sell Company products and display the Company trade name at any appropriate display booth (such as a trade show) only upon *prior written approval* from [**COMPANY NAME**].

E. [**COMPANY NAME**] reserves the right to refuse authorization to participate at any function that it does not deem a suitable forum for the promotion of its products or the Company opportunity.

**9.2 Use of Company Names and Protected Materials**

A. You must safeguard and promote the good reputation of [**COMPANY NAME**] and its products. The marketing and promotion of the Company, the Company opportunity, the Compensation Plan, and its products will be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct and practices.

B. All promotional materials supplied or created by [**COMPANY NAME**] must be used in their original form and cannot be changed, amended or altered except with prior written approval from the Company Compliance Department.

C. The name of [**COMPANY NAME**], each of its product names and other names that have been adopted by the Company in connection with its business are proprietary trade names, trademarks and service marks of [**COMPANY NAME**]. As such, these marks are of great value to [**COMPANY NAME**] and are supplied to Distributors for their use only in an expressly authorized manner.

D. A Distributor’s use of the name “[**COMPANY NAME**]” is restricted to protect the Company’s proprietary rights, ensuring that the Company protected names will not be lost or compromised by unauthorized use. Use of the [**COMPANY NAME**] name on any item not produced by the Company is prohibited except as follows:

I. [Your name], Independent [**COMPANY NAME**] Distributor

II. [Your name] Distributor of [**COMPANY NAME**] products.

E. Further procedures relating to the use of the [**COMPANY NAME**] name are as follows:

I. All stationary (i.e., letterhead, envelopes, and business cards) bearing the [**COMPANY NAME**] name or logo intended for use by the Distributor must be approved in writing by the Company Compliance Department.

II. Distributors may list “Independent [**COMPANY NAME**] Distributor or “[**COMPANY NAME**] Distributor” in the white pages of the telephone directory under his or her own name.

III. Distributors may not use the name “[**COMPANY NAME**]” or “[**COMPANY NAME**] Corporate Headquarters” in answering his or her telephone, creating a voice message or using an answering service, such as to give the impression to the caller that they have reached the corporate office.

F. Certain photos and graphic images used by [**COMPANY NAME**] in its advertising, packaging, and websites are the result of paid contracts with outside vendors that do not extend to Distributors. If you want to use these photos or graphic images, you must negotiate individual contracts with the vendors for a fee.

G. A [**COMPANY NAME**] Distributor shall not appear on or make use of television or radio, or make use of any other media to promote or discuss the Company or its programs, products or services without prior written permission from the Company Compliance Department.

H. A Distributor may not produce for sale or distribution any Company event or speech, nor may a Distributor reproduce Company audio or video clips for sale or for personal use without prior written permission from the Company Compliance Department.

I. [**COMPANY NAME**] reserves the right to rescind its prior approval of any sales aid or promotional material to comply with changing laws and regulations and may request the removal from the marketplace of such materials without financial obligation to the affected Distributor.

J. A Distributor shall not promote non-[**COMPANY NAME**] products in conjunction with [**COMPANY NAME**] products on the same websites or same advertisement without prior approval from the Company Compliance Department.

K. [**INCLUDE THIS IN IF OFFERING A DIETARY SUPPLEMENT]** Claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by [**COMPANY NAME**] may not be made except those contained in official Corporate literature. In particular, no Distributor may make any claim that [**COMPANY NAME**] products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate the Company policies, but also they potentially violate federal and state laws and regulations, including the federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act.

**9.3 E-mail Limitations**

A. Except as provided in this section, a Distributor may not use or transmit unsolicited email, mass email distribution, or “spamming” that advertises or promotes the operation of his or her [**COMPANY NAME**] business. The exceptions are:

I. E-mailing any person who has given prior permission or invitation;

II. E-mailing any person with whom the Distributor has established a prior business or personal relationship.

B. In all states where prohibited by law, a Distributor may not transmit, or cause to be transmitted through a third party, (by telephone, facsimile, computer or other device), an unsolicited advertisement to any equipment, which has the capacity to transcribe text or images from an electronic signal received over a regular telephone line, cable line, ISDN, T1 or any other signal carrying device, except as set forth in this section.

C. All e-mail or computer broadcasted documents subject to this provision shall include each of the following:

I. A clear and obvious identification that the e-mail message is an advertisement or solicitation. The words “advertisement” or “solicitation” should appear in the subject line of the message;

II. A clear return path or routing information;

III. The use of legal and proper domain name;

IV. A clear and obvious notice of the opportunity to decline to receive further commercial e-mail messages from the sender;

V. Unsubscribe or opt-out instructions should be the very first text in the body of the message box in the same size text as the majority of the message;

VI. The true and correct name of the sender, valid senders e-mail address, and a valid sender physical address;

VII. The date and time of the transmission;

VIII. Upon notification by recipient of his or her request not to receive further e-mailed documents, a [**COMPANY NAME**] Distributor shall not transmit any further documents to that recipient.

D. All e-mail or computer broadcasted documents subject to this provision shall not include any of the following;

I. Use of any third-party domain name without permission;

II. Sexually explicit materials.

**9.4 Internet, Replicated Website, and Social Media**

1. You may not use or attempt to register any of [**COMPANY NAME**]'s trade names, trademarks, service names, service marks, product names, URLs, advertising phrases, the Company’s name or any derivative thereof, for any purpose including, but not limited to, Internet domain names (URL), third party websites, e-mail addresses, web pages, or blogs.
2. You may not sell [**COMPANY NAME**] products or offer the business opportunity using “online auctions” or “online marketplaces” such as eBay®, Amazon, etc.
3. All Distributors may only have one (1) replicated website offered by [**COMPANY NAME**] and hosted on the Company’s servers. Distributors may use this replicated website to enroll new Distributors and offer Customers and Distributors alike the opportunity to buy Company products. [**COMPANY NAME**] does not allow a Distributor to create his or her own third-party website (i.e., a website not hosted on the Company servers).
4. Distributor understands that if he, she or it cancels its [**COMPANY NAME**] business, [**COMPANY NAME**] revokes the Distributor’s authorization to his, her or its replicated website and may cancel and/or re-direct all traffic to the Corporate site. Decisions and corrective actions in this area are at the Company’s sole discretion.
5. Social Media sites may not be used to sell or offer to sell [**COMPANY NAME**] products. PROFILES A DISTRIBUTOR GENERATES IN ANY SOCIAL COMMUNITY WHERE [**COMPANY NAME**] IS DISCUSSED OR MENTIONED MUST CLEARLY IDENTIFY THE DISTRIBUTOR AS A [**COMPANY NAME**] DISTRIBUTOR, and when a Distributor participates in those communities, one must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriateis at the Company’s sole discretion, and offending Distributors will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the [**COMPANY NAME**] approved library. If a link is provided, it must link to the posting Distributor’s replicated website.
6. Anonymous postings or use of an alias on any Social Media site is prohibited, and offending Distributors will be subject to disciplinary action.
7. Distributors may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Distributors create or leave must be useful, unique, relevant and specific to the blog’s article.
8. Distributors must disclose their full name on all Social Media postings, and conspicuously identify themselves as an independent Distributor for [**COMPANY NAME**]. Anonymous postings or use of an alias is prohibited.
9. Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the [**COMPANY NAME**] income opportunity, the Company’s products, and/or your biographical information and credentials.
10. Distributors are personally responsible for their postings and all other online activity that relates to [**COMPANY NAME**]. Therefore, even if a Distributor does not own or operate a blog or Social Media site, if a Distributor posts to any such site that relates to [**COMPANY NAME**] or which can be traced to [**COMPANY NAME**], the Distributor is responsible for the posting. Distributors are also responsible for postings which occur on any blog or Social Media site that the Distributor owns, operates, or controls.
11. As a Distributor, it is important you do not converse with any person who places a negative post against you, other Distributors, or the Company. Report negative posts to [**INSERT EMAIL ADDRESS**]. Responding to such negative posts often simply fuels a discussion with someone carrying a grudge that does not hold themselves to the same high standards as [**COMPANY NAME**], and therefore damages the reputation and goodwill of the Company and its Distributors.
12. The distinction between a Social Media site and a website may not be clear-cut, because some Social Media sites are particularly robust, the Company therefore reserves the sole and exclusive right to classify certain Social Media sites as third-party websites and require that Distributors using, or who wish to use, such sites adhere to the Company’s policies relating to third-party websites.
13. If your [**COMPANY NAME**] business is cancelled for any reason, you must discontinue using the Company name, and all of Company’s trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all Social Media sites that you utilize. If you post on any Social Media site on which you have previously identified yourself as an independent [**COMPANY NAME**] Distributor, you must conspicuously disclose that you are no longer an independent Distributor of [**COMPANY NAME**].
14. Failure to comply with these Policies for conducting business online may result in the Distributor losing their right to advertise and market [**COMPANY NAME**] products and the Company’s business opportunity online in addition to any other disciplinary action available under these Policies.

**9.5 Advertising and Promotional Materials**

A. You may not advertise any [**COMPANY NAME**] products at a price LESS than the highest Company published, established retail price of ONE offering of the [**COMPANY NAME**] product plus shipping, handling and applicable taxes. No special enticement advertising is allowed. This includes, but is not limited to, offers of a free Company business, free shipping, or other such offers that grant advantages beyond those available through the Company.

B. Advertising and all forms of communications must adhere to principles of honesty and propriety.

C. All advertising, including, but not limited to, print, Internet, computer bulletin boards, television, radio, etc., are subject to prior written approval by the Company Compliance Department.

D. All requests for approvals with respect to advertising must be directed in writing to the Company Compliance Department.

E. Prior Company approval is not required to place blind ads that do not mention [**COMPANY NAME**], its employees, any of its products, services, designs, symbols, programs, and trademarked, copyrighted, or otherwise protected materials.

F. [**COMPANY NAME**] reserves the right to rescind its prior approval of submitted advertising or promotional materials in order to comply with changing laws and regulations, and may require the removal of such advertisements from the marketplace without obligation to the affected distributor.

**9.6 Testimonial Permission**

A. By signing the [**COMPANY NAME**] Distributor Agreement, you give the Company permission to use your testimonial or image and likeness in corporate sales materials, including but not limited to print media, electronic media, audio and video. In consideration of being allowed to participate in the [**COMPANY NAME**] opportunity, you waive any right to be compensated for the use of your testimonial or image and likeness even though [**COMPANY NAME**] may be paid for items or sales materials containing such image and likeness. In some cases, a Distributor’s testimonial may appear in another Distributor’s advertising materials. If you do not wish to participate in the Company’s sales and marketing materials, you should provide a written notice to the Company Compliance Department to ensure that your testimonial or image and likeness will not be used in any corporate materials, corporate recognition pieces, advertising or recordings of annual events.

**9.7 Telemarketing - Limitations**

A. A [**COMPANY NAME**] Distributor must not engage in telemarketing in relation to the operation of the Distributor’s business. The term “telemarketing” means the placing of one or more telephone calls to an individual or entity to induce the purchase of [**COMPANY NAME**] products, or to recruit them for the [**COMPANY NAME**] opportunity.

B. The Federal Trade Commission (“FTC”) and the Federal Communications Commission (“FCC”) each have laws that restrict telemarketing practices. Both Federal agencies, as well as a number of states, have “do not call” regulations as part of their telemarketing laws.

C. While a Distributor may not consider himself or herself a “telemarketer” in the traditional sense, these regulations broadly define the term “telemarketer” and “telemarketing” so that the unintentional action of calling someone whose telephone number is listed on the Federal “Do Not Call” registry could cause the Distributor to violate the law. These regulations must not be taken lightly, as they carry significant penalties (up to $11,000 per violation).

D. “Cold calls” or “state-to-state calls” made to prospective Customers or Distributors that promote either the Company products or the [**COMPANY NAME**] opportunity is considered telemarketing and is prohibited.

E. Exceptions to Telemarketing Regulations

A [**COMPANY NAME**] Distributor may place telephone calls to prospective Customers or Distributors only under the following limited situations:

1. If the Distributor has an established business relationship with the prospect;
2. In response to the prospect’s personal inquiry or application regarding a product offered by the [**COMPANY NAME**] Distributor within three (3) months immediately before the date of such a call;
3. If the Distributor receives written and signed permission from the prospect authorizing the Distributor to call;
4. If the call is to family members, personal friends, and acquaintances. However, if a Distributor makes a habit of collecting business cards from everyone he/she meets and subsequently calls them, the FTC may consider this a form of telemarketing that is not subject to this exemption;

V. [**COMPANY NAME**] Distributors engaged in calling “acquaintances,” must make such calls on an occasional basis only and not as a routine practice.

F. A Distributor shall not use automatic telephone dialing systems in the operation of his or her businesses.

G. Failure to abide by [**COMPANY NAME**] policies or regulations as set forth by the FTC and FCC regarding telemarketing may lead to sanctions against the Distributor’s business, up to and including termination of the business.

H. By signing the Distributor Agreement, or by accepting commission checks, other payments or awards from [**COMPANY NAME**], a Distributor gives permission to [**COMPANY NAME**] and other Distributors to contact them as permitted under the Federal Do Not Call regulations.

I. In the event a Distributor violates this section, [**COMPANY NAME**] reserves the right to institute legal proceedings to obtain monetary or equitable relief.

**10.0 CHANGES TO A DISTRIBUTOR’S BUSINESS**

**10.1 Modification of the Distributor Agreement**

A [**COMPANY NAME**] Distributor may modify his or her existing Distributor Agreement (i.e., change a social security number to a Federal ID number, add a spouse or partner to the account, or change the form of ownership from an individual to a Business Entity owned by the Distributor) by submitting a written request, accompanied by a new Distributor Agreement and the Business Registration Form, if applicable, completed with fresh signatures (not a “crossed out” or “white-out” version of the first Agreement), and any appropriate supporting documentation.

**10.2 Change Sponsor or Placement for Active Distributors**

**[DELETE IF NOT APPLICABLE TO YOUR BUSINESS]**

A. Maintaining the integrity of the organizational structure is mandatory for the success of [**COMPANY NAME**] and our independent Distributors. As such, under exceptional circumstances at the discretion of the Company, a request to change placement may only be made within the first 30 days of initial enrollment as a Distributor. Furthermore, such changes may only occur within the same organization.

B. Sponsors may make “Placement changes” from one Distributor to another for personally Sponsored (frontline) Distributors during the first 30 days of enrollment.

C. New Distributors or their original Sponsor may request a change of Sponsor or Placement within the first 30 days of enrollment for the purpose of structuring an organization. The new Distributor Agreement must be received within the calendar month for commission calculations to be effective with the requested change.

D. To change or correct the Sponsor, a Distributor must comply with following procedures:

I. Submit a Sponsor Placement Transfer Form;

II. Submit a [**COMPANY NAME**] Distributor Agreement showing the correct Sponsor and Placement, and any appropriate supporting documentation;

III. The Distributor Agreement must be a new, completed document bearing “fresh” signatures, not a “crossed-out” or “white-out” version of the first Agreement.

E. Upon approval, the Distributor’s downline, if any, will transfer with the Distributor.

F. If one transfer has already been made a $[**INSERT PRICE**] fee will be assessed for the second and for each transfer thereafter.

G. After the first 30 days from initial enrollment, [**COMPANY NAME**] will honor the Sponsor/Placement as shown:

I. On the most recently signed Distributor Agreement on file; or

II. Self-enrolled on the website (i.e., electronically signed web Agreement).

H. [**COMPANY NAME**] retains the right to approve or deny any requests to change Sponsor or Placement, and to correct any errors related thereto at any time and in whatever manner it deems necessary.

**10.3 Change Sponsor or Placement for Inactive Distributors**

**[DELETE IF NOT APPLICABLE TO YOUR BUSINESS]**

A. At the discretion of [**COMPANY NAME**], Distributors who have not neither ordered nor sold products in the past twelve (12) months, and who have not tendered a letter of resignation, are eligible to re-enroll in [**COMPANY NAME**] under the Sponsor/Placement of their choice.

B. Upon written notice to [**COMPANY NAME**] that a former Distributor wishes to re-enroll, [**COMPANY NAME**] will “compress” (close) the original account. A new Company ID number will then be issued to the former Distributor.

C. Such Distributor does not retain former rank, downline, or rights to commission checks from his or her former organizations.

D. [**COMPANY NAME**] reserves the right to correct Sponsor or Placement errors at any time and in whatever manner it deems necessary.

**10.4 Change Organizations**

**[DELETE IF NOT APPLICABLE TO YOUR BUSINESS]**

A. If a [**COMPANY NAME**] Distributor wishes to transfer organizations, he or she must submit a letter of resignation to the Company Customer Service Department and remain inactive (neither place orders nor sell product) with or in the Company for six (6) months from the receipt of the letter before being eligible to re-enroll under a different Sponsor/Placement.

B. [**COMPANY NAME**] retains the right to approve or deny any request to re-enroll after a Distributor’s resignation.

C. If re-enrollment is approved, the former Distributor will be issued a new Company ID number and will be required to submit a new Distributor Agreement. The Distributor will not be entitled to keep any former rank, downline, or rights to commission checks from any prior organization.

D. Transfers may not be done outside of the original organization.

**10.5 Unethical Sponsoring**

1. Unethical sponsoring activities include, but are not limited to, enticing, bidding or engaging in unhealthy competition in trying to acquire a prospect or new Distributor from another Distributor or influencing another Distributor to transfer to a different sponsor.
2. Allegations of unethical sponsoring must be reported in writing to the Company Compliance Department within the first 90 days of enrollment. If the reports are substantiated, [**COMPANY NAME**] may transfer the Distributor or the Distributor’s downline to another sponsor, Placement or organization without approval from the current up-line Sponsor or Placement Distributors. Understand that [**COMPANY NAME**] remains the final authority in all such cases.
3. The Company prohibits the act of “Stacking.” Stacking is the unauthorized manipulation of the [**COMPANY NAME**] compensation system and/or the marketing plan in order to trigger commissions or cause a promotion off a downline Distributor in an unearned manner. One example of stacking occurs when a Sponsor places participants under an inactive downline without his or her knowledge in order to trigger unearned qualification for commissioning. Stacking is unethical and unacceptable behavior, and as such, it is a punishable offense with measures up to and including the termination of Distributor’s positions and businesses of all individuals and/or entities found to be directly involved.
4. Should Distributors engage in solicitation and/or enticement of members of another direct sales company to sell or distribute [**COMPANY NAME**] products to, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against a Distributor alleging that they engaged in inappropriate recruiting activity of another company’s sales force or Customers, [**COMPANY NAME**] will not pay any of Distributor’s defense costs or legal fees, nor will the Company indemnify the Distributor for any judgment, award, or settlement.

**10.6 Sell, Assign or Delegate Ownership**

A. In order to preserve the integrity of the hierarchical structure, it is necessary for [**COMPANY NAME**] to place restrictions on the transfer, assignment, or sale of a business.

B. A [**COMPANY NAME**] Distributor may not sell or assign his or her rights or delegate his or her position as a Distributor without *prior written approval* by [**COMPANY NAME**], which approval will not be unreasonably withheld. Any attempted sale, assignment, or delegation without such approval may be voided at the discretion of [**COMPANY NAME**].

C. Should the sale be approved by [**COMPANY NAME**], the Buyer assumes the position of the Seller at the current qualified title, but at the current “paid as” rank, at the time of the sale and acquires the Seller’s Downline.

D. To request corporate authorization for a sale or transfer of a [**COMPANY NAME**] business, the following items must be submitted to the Company Compliance Department:

1. A Sale/Transfer of Business Form properly completed, with the requisite signatures.
2. A copy of the Sales Agreement signed and dated by both Buyer and Seller.
3. A [**COMPANY NAME**] Distributor Agreement completed and signed by the Buyer;
4. Payment of the $[**INSERT AMOUNT**] administration fee;

V. Any additional supporting documentation requested by [**COMPANY NAME**].

E. Any debt obligations that either Seller or Buyer may have with [**COMPANY NAME**] must be satisfied prior to the approval of the sale or transfer by the Company.

F. A [**COMPANY NAME**] Distributor who sells his or her business is not eligible to re-enroll as a [**COMPANY NAME**] Distributor in any organization for six (6) full calendar months following the date of the sale except as otherwise expressly set forth in these Policies.

**10.7 Separating a** [**COMPANY NAME**] **Business**

A. Pending a divorce or dissolution of a partnership or other business entity, the parties must adopt one of the following methods of operation:

1. One of the parties may, with the written consent of the other(s), operate the [**COMPANY NAME**] business whereby the relinquishing spouse, shareholders, partners, members or trustees authorize [**COMPANY NAME**] to deal directly and solely with the other spouse, non-relinquishing shareholder, partner, member or trustee;

II. The parties may continue to operate the [**COMPANY NAME**] business jointly on a “business as usual” basis, whereupon all compensation paid by the Company will be paid in the name designated as the Distributors or in the name of the entity to be divided, as the parties may independently agree between them. If no name is stipulated, [**COMPANY NAME**] will pay compensation to the name on record and in such event, the Distributor named on the account shall indemnify [**COMPANY NAME**] from any claims from the other business owner(s) or the other spouse with respect to such payment.

B. [**COMPANY NAME**] recognizes only one downline organization and will issue only one commission check per [**COMPANY NAME**] business per commission cycle. Under no circumstances will the downline of an organization be divided, nor will [**COMPANY NAME**] split commission and/or bonus checks.

C. If a relinquishing spouse, partner or owner of the business has completely relinquished (“Relinquishing Party”), in writing, all rights to the original [**COMPANY NAME**] business, he or she may immediately thereafter re-enroll under the Sponsor and Placement of his or her choice. In such cases, however, the Relinquishing Party shall have no rights to, and shall not solicit, any Distributor or Customer in the former organization, and must develop a new business in the same manner as any other new [**COMPANY NAME**] Distributor. A Distributor in the Relinquishing Party’s former Downline who wishes to transfer to the Relinquishing Party’s new organization or to any other organization, must comply with the requirements in Section 12.5.

**10.8 Succession**

A. Upon the death or incapacity of a Distributor, the Distributor’s business may be passed on to his or her legal successors in interest (successor). Whenever a [**COMPANY NAME**] business is transferred by will or other testamentary process, the successor acquires the right to collect all bonuses and commissions of the deceased Distributor’s sales organization. The successor must:

1. Complete and sign a new [**COMPANY NAME**] Distributor Agreement;
2. Comply with the terms and provisions of the Distributor Agreement; and

III. Meet all of the qualifications for the last rank achieved by the former Distributor.

B. Bonus and commission checks of a [**COMPANY NAME**] business transferred based on this section will be paid in a single check to the successor. The successor must provide [**COMPANY NAME**] with an “address of record” to which all bonus and commission Payments will be sent. Payments will be based on the current performance of the business, not the highest rank or volume achieved.

C. If the business is bequeathed to joint devisees (successors), they must form a business entity and acquire a Federal taxpayer identification number. [**COMPANY NAME**] will issue all bonus and commission payments and one 1099 Miscellaneous Income Tax form to the managing business entity only.

D. Appropriate legal documentation must be submitted to the Company Compliance Department to ensure the transfer is done properly. To affect a testamentary transfer of a [**COMPANY NAME**] business, the successor must provide the following to the Company Compliance Department:

1. A certified copy of the death certificate; and

II. A notarized copy of the will or other appropriate legal documentation establishing the successor’s right to the [**COMPANY NAME**] business.

E. To complete a transfer of the [**COMPANY NAME**] business because of incapacity, the successor must provide the following to the Company Compliance Department:

1. A notarized copy of an appointment as trustee;

II. A notarized copy of the trust document or other appropriate legal documentation establishing the trustee’s right to administer the [**COMPANY NAME**] business; and

III. A completed Distributor Agreement executed by the trustee.

F. If the successor is already an existing Distributor, [**COMPANY NAME**] will allow such Distributor to keep his or her own business plus the inherited business active for up to six (6) months. By the end of the 6-month period, the Distributor must have compressed (if applicable), sold or otherwise transferred either the existing business or the inherited business.

G. If the successor wishes to terminate the [**COMPANY NAME**] business, he or she must submit a notarized statement stating the desire to terminate the business, along with a certified copy of the death certificate, appointment as trustee, and/or any other appropriate legal documentation.

H. Upon written request, [**COMPANY NAME**] may grant a one (1) month bereavement waiver and pay out at the last “paid as” rank.

**10.9 Resignation/Voluntary Termination**

A. A Distributor may immediately terminate his or her business by submitting a written notice or email to the Company Compliance Department. The written notice must include the following:

1. The Distributor’s intent to resign;
2. Date of resignation;

III. [**COMPANY NAME**] Identification Number;

IV. Reason for resigning; and

V. Signature.

B. A [**COMPANY NAME**] Distributor may not use resignation as a way to immediately change Sponsor and Placement. Instead, the Distributor who has voluntarily resigned is not eligible to reapply for a business or have any financial interest in a or any [**COMPANY NAME**] business for six (6) months from the receipt of the written notice of resignation.

**10.10 Involuntary Termination**

A. [**COMPANY NAME**] reserves the right to terminate a Distributor’s business for, but not limited to, the following reasons:

1. Violation of any terms or conditions of the Distributor Agreement;
2. Violation of any provision in these Policies;
3. Violation of any provision in the Compensation Plan;
4. Violation of any applicable law, ordinance, or regulation regarding the [**COMPANY NAME**] business;
5. Engaging in unethical business practices or violating standards of fair dealing; or

VI. Returning over $[**INSERT AMOUNT**] worth of products, services and/or sales tools for a refund within a twelve (12) month period.

B. [**COMPANY NAME**] will notify the Distributor in writing via mail or e-mail, at his or her last known address of its intent to terminate the Distributor’s business and the reasons for termination. The Distributor will have [**INSERT AMOUNT**] (**#**) calendar days from the date of mailing of such notice to respond in writing to the allegations or claims constituting cause for termination as stated in the notice. [**COMPANY NAME**] will then have [**INSERT AMOUNT**] (**#**) calendar days from the date of receipt of the Distributor’s response to render a final decision as to termination.

C. If a decision is made by [**COMPANY NAME**] to terminate the Distributor’s business, [**COMPANY NAME**] will inform the Distributor in writing that the business is terminated effective as of the date of the written notification. The Distributor will then have [**INSERT AMOUNT**] (**#**) calendar days from the date of mailing of such notice to appeal the termination in writing. [**COMPANY NAME**] must receive the Distributor’s written appeal within [**INSERT AMOUNT**] (**#**) calendar days of the date of the [**COMPANY NAME**] termination letter. If the written appeal is not received within this time period, the termination will be considered final.

D. If the Distributor does file a timely appeal of termination, [**COMPANY NAME**] will review its decision, along with any other information it may deem relevant, reconsider any other appropriate action, and notify the Distributor of its decision. The decision of [**COMPANY NAME**] is then considered final and not subject to further review.

E. If the termination is not rescinded, the termination will be effective as of the date of the original termination notice by [**COMPANY NAME**]. The former Distributor shall thereafter be prohibited from using the names, marks or signs, labels, stationery, advertising, or business material referring to or relating to any [**COMPANY NAME**] products. [**COMPANY NAME**] will notify the active upline Sponsor within [**INSERT AMOUNT**] (**#**) days after termination. The organization of the terminated Distributor will “roll up” to the active upline Sponsor on record.

F. The [**COMPANY NAME**] Distributor who is involuntarily terminated by [**COMPANY NAME**] may not reapply for a business, either under his or her present name or any other name or entity, without the *express written consent of an officer of* [**COMPANY NAME**], following *a review by the Company Compliance Committee*. In any event, such Distributor may not re-apply for a business for twelve (12) months from the date of termination.

**10.11 Effect of Cancellation**

A. Following a Distributor’s cancellation for inactivity or voluntary or involuntary termination (collectively, a “cancellation”) such Distributor:

1. Shall have no right, title, claim or interest to any commission or bonus from the sales generated by the Distributor’s former organization or any other payments in association with the Distributor’s former independent business;
2. Effectively waives any and all claims to property rights or any interest in or to the Distributor’s former downline organization;

III. Shall receive commissions and bonuses only for the last full pay period in which he or she was active prior to cancellation, less any amounts withheld during an investigation preceding an involuntary cancellation, and less any other amounts owed to [**COMPANY NAME**].

**11.0 DISCIPLINARY SANCTIONS**

**11.1 Imposition of Disciplinary Action - Purpose**

It is the spirit of [**COMPANY NAME**] that integrity and fairness should pervade among its Distributors, thereby providing everyone with an equal opportunity to build a successful business. Therefore, the Company reserves the right to impose disciplinary sanctions at any time, when it has determined that a Distributor has violated the Agreement, these Policies, or the Compensation Plan as they may be amended from time to time by [**COMPANY NAME**].

**11.2 Consequences and Remedies of Breach**

A. Disciplinary actions may include one or more of the following:

1. Monitoring a Distributor’s conduct over a specified period of time to assure compliance;
2. Issuance of a written warning or requiring the Distributor to take immediate corrective action;
3. Imposition of a fine (which may be imposed immediately or withheld from future commission payments) or the withholding of commission payments (“Commission Hold”) until the matter causing the Commission Hold is resolved or until [**COMPANY NAME**] receives adequate additional assurances from the Distributor to ensure future compliance;
4. Suspension from participation in Company or Distributor events, rewards, or recognition;
5. Suspension of the [**COMPANY NAME**] Distributor Agreement and business for one or more pay periods;
6. Involuntary termination of the Distributor’s Agreement and business;
7. Any other measure which [**COMPANY NAME**] deems feasible and appropriate to justly resolve injuries caused by the Distributor’s violation of these Policies or a contractual breach; OR

VIII. Legal proceedings for monetary or equitable relief.

**12.0 DISPUTE RESOLUTION**

**12.1 Grievances**

A. If a «[**COMPANY NAME**] Distributor has a grievance or complaint against another Distributor regarding any practice or conduct relating to their respective businesses, he or she is encouraged to resolve the issue directly with the other party. If an agreement cannot be reached, it must be reported directly to the Company Compliance Department as outlined below in this Section.

B. The Company Compliance Department will be the final authority on settling such grievance or complaint and its written decision shall be final and binding on the Distributors involved.

C. [**COMPANY NAME**] will confine its involvement to disputes regarding [**COMPANY NAME**] business matters only. The Company will not decide issues that involve personality conflicts or unprofessional conduct by or between Distributors outside the context of a [**COMPANY NAME**] business. These issues go beyond the scope of the Company and may not be used to justify a Sponsor or Placement change or a transfer to another [**COMPANY NAME**] organization.

D. [**COMPANY NAME**] does not consider, enforce, or mediate third party agreements between Distributors, nor does it provide names, funding, or advice for obtaining outside legal counsel.

E. Process for Grievances:

I. The [**COMPANY NAME**] Distributor should submit a written letter of complaint (via mail or e-mail) directly to the Company Compliance Department. The letter shall set forth the details of the incident as follows:

a. The nature of the violation;

b. Specific facts to support the allegations;

c. Dates;

d. Number of occurrences;

e. Persons involved; and

f. Supporting documentation.

II. Upon receipt of the written complaint, [**COMPANY NAME**] will conduct an investigation according to the following procedures:

a. The Compliance Department will send an acknowledgment of receipt to the complaining Distributor;

b. The Compliance Department will provide a verbal or written notice of the allegation to the Distributor under investigation. If a written notice is sent to the Distributor, he or she will have [**INSERT NUMBER**] (**#**) business days from the date of the notification letter to present all information relating to the incident for review by [**COMPANY NAME**].

c. The Compliance Department will thoroughly investigate the complaint, consider all the submitted information it deems relevant, including information from collateral sources. Due to the unique nature of each situation, determinations of the appropriate remedy will be on a case by case basis, and the length of time to reach a resolution will vary.

d. During the course of the investigation, the Compliance Department will only provide periodic updates simply stating that the investigation is ongoing. No other information will be released during this time. Distributor calls, letters, and requests for “progress reports” during the course of the investigation will not be answered or returned.

F. [**COMPANY NAME**] will make a final decision and timely notify the Distributors involved.

**12.2 Arbitration**

A. **Any controversy or claim arising out of or relating to the** [**COMPANY NAME**] **Distributor Agreement or these Policies (or the breach thereof), the Distributor’s business, or any dispute between** [**COMPANY NAME**] **and the Distributor, shall be settled by binding and confidential arbitration administered by the American Arbitration Association under its commercial arbitration rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.** Any such arbitration shall be held in [**INSERT CITY**], [**INSERT STATE**]. There shall be one arbitrator, who shall have expertise in business law transactions and who shall be knowledgeable in the direct selling industry, selected from a panel provided by the American Arbitration Association.

B. The prevailing party in any such arbitration shall be entitled to receive from the losing party, all costs and expenses of arbitration, including reasonable attorney’s fees and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to judgment in any court of competent jurisdiction.

C. This agreement to arbitration shall survive any termination or expiration of the Distributor Agreement.

D. Nothing in these Policies shall prevent [**COMPANY NAME**] from applying for or obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect the Company’s interests or its Confidential Information prior to, during or following the filing of an arbitration or other proceeding, or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

E. **NO CLASS ACTION, OR OTHER REPRESENTATIVE ACTION OR PRIVATE ATTORNEY GENERAL ACTION OR JOINDER OR CONSOLIDATION OF ANY CLAIM WITH A CLAIM OF ANOTHER PERSON OR CLASS OF CLAIMANTS SHALL BE ALLOWABLE.**

F. These Policies and any arbitration involving a Distributor and [**COMPANY NAME**] shall be governed by and construed in accordance with the laws of the state of [**INSERT STATE**], without reference to its principles of conflict of laws.

**12.3 Severability**

A. If any provision of these Policies is found to be invalid, or unenforceable for any reason, only the invalid provision shall be severed. The remaining terms and provisions hereof shall remain in full force and shall be construed as if such invalid or unenforceable provision never had comprised a part of these Policies.

**13.4 Waiver**

A. Only an officer of [**COMPANY NAME**] can, in writing, affect a waiver of these Policies. [**COMPANY NAME**]'s waiver of any particular breach by a Distributor shall not affect [**COMPANY NAME**]’s rights with respect to any subsequent breach, nor shall it affect the rights or obligations of any other Distributor.

B. The existence of any claim or cause of action of a Distributor against [**COMPANY NAME**] shall not constitute a defense to [**COMPANY NAME**]'s enforcement of any term or provision of these Policies.

**12.5 Successors and Claims**

The agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

**13.0 GOVERNING LAW**

These Policies and Procedures shall be governed by and construed in accordance with the Laws of the State of [**INSERT STATE**] and the exclusive jurisdiction of the United States courts.

**14.0** [**COMPANY NAME**] **GLOSSARY OF TERMS**

ACTIVE DISTRIBUTOR: A distributor who satisfies the minimum volume requirements, as set forth in the Compensation Plan, to ensure that they are eligible to receive bonuses and commissions.

AGREEMENT: The contract between the Company and each Distributor, which includes: (i) the Distributor Agreement; (ii) the [**COMPANY NAME**] Policies and Procedures; and (iii) the [**COMPANY NAME**] Compensation Plan, all in their current form and as amended by [**COMPANY NAME**] in its sole discretion. These documents are collectively referred to as the “Agreement.”

CANCEL: The termination of a Distributor’s business. Cancellation may be either voluntary, involuntary [or through non-renewal (*if there is a renewal fee – if not delete “or through non-renewal*].

COMPENSATION PLAN: The guidelines and referenced literature for describing how Distributors can generate commissions and bonuses.

CUSTOMER: A Customer who purchases [**COMPANY NAME**] products and does not engage in building a business or retailing product.

DISTRIBUTOR: An individual who purchases product, generates retail sales and business building commissions.

LINE OF SPONSORSHIP (LOS): A report generated by [**COMPANY NAME**] that provides critical data relating to the identities of Distributors, sales information, and enrollment activity of each Distributor’s organization. This report contains confidential and trade secret information which is proprietary to [**COMPANY NAME**].

ORGANIZATION: The Customers and Distributors placed below a particular Distributor.

OFFICIAL CoRPORATE MATERIAL: Literature, audio or video tapes, and other materials developed, printed, published, and distributed by [**COMPANY NAME**] to its Distributors.

PLACEMENT: Your position inside your Sponsor’s organization.

RECRUIT: For purposes of [**COMPANY NAME**]’s Conflict of Interest Policy, the term “Recruit” means the actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another [**COMPANY NAME**] Distributor or Customer to enrol or participate in another multilevel marketing, network marketing, or direct sales opportunity.

RESALABLE CONDITION: Products shall be deemed in “Resalable Condition” if each of the following elements is satisfied: (i) products are unopened and unused; (ii) products’ original packaging and labelling has not been altered or damaged; (iii) products are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; and (iv) the products contain current [**COMPANY NAME**] labelling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable.

SPONSOR: A distributor who enrolls a Customer or another Distributor into the Company, and is listed as the Sponsor on the Distributor Agreement. The act of enrolling others and training them to become Distributors is called “sponsoring.”

UPLINE: This term refers to the Distributor or Distributors above a particular Distributor in a sponsorship line up to the Company. It is the line of sponsors that links any particular Distributor to the Company.