



## STATEMENT OF POLICIES AND PROCEDURES

1. Company. JIFU, LLC, hereinafter "Company," is a direct selling Company marketing products and services to the consumer through Members and Independent Distributors. The policies and procedures herein are applicable to all Members and Independent Distributors of the Company. Throughout this Statement, "Member" shall refer to persons who solely enlist with the Company for purpose accessing Company products and services at a fully discounted rates; and "Independent Distributors" refers to persons who enroll both to access such services above as well as take part in the JIFU Independent Distributor Pay Plan ("Pay Plan"). The term "Sponsor/Enroller" shall refer to any Independent Distributor who enrolls a Member or Independent Distributor directly below him or her in his or her enrollment organization as defined in the Pay Plan.
2. Independent Distributor. A Independent Distributor is a representative who has completed a Company application and agreement and has been accepted by the Company as a Independent Distributor.<sup>1</sup> The Company reserves the right to accept or reject anyone as a Independent Distributor.
3. Legal Ability. All Independent Distributors must be the age of an adult in the state in which they distribute Company products and services as such is defined for purposes of having the legal ability and right to enter into, enjoy rights of and be bound by contract.
4. Married/Divorced Independent Distributors. Unless waived by the Company upon application, the Company will consider each couple that is married, or a statutory domestic partnership, to be a single Independent Distributor. Neither husbands and wives, nor statutory domestic partners, may sponsor each other directly or indirectly, nor have different Sponsor/Enrollers. If one spouse or statutory domestic partner is already a Independent Distributor, the non-participating spouse or statutory domestic partner may elect to become a Independent Distributor, but must join the same Independent Distributor as his or her spouse or statutory domestic partner. The Company reserves the right to reject any applications for new Independent Distributors or applications for renewal. Should a husband/wife Independent Distributor divorce or statutory domestic partners dissolve, they should notify the Company as to how the Independent Distributor is to be managed thereafter. Otherwise, the Company will recognize the final judicial or adjudicatory disposition of the Independent Distributor. Upon determination of disposition, the Independent Distributor shall complete the "Divorce Independent Distributor Conversion Form," which shall be provided by calling Member service.

5. Independent Contractor. Independent Distributors are independent marketing representatives of the Company and are not to be considered purchasers of a franchise or a Independent Distributor. The agreement between the Company and its Independent Distributors does not create an employer\employee relationship, agency, partnership, or joint venture between the Company and the Independent Distributors. Each Independent Distributor shall hold harmless the Company from any claims, damages or liabilities arising out of Independent Distributor's business practices. Company Independent Distributors have no authority to bind the Company to any obligation. Each Independent Distributor is encouraged to set up his\her own hours and to determine his\her own methods of sale, so long as he\she complies with the policies and procedures of the Company.
  
6. Transaction Submission Integrity. It is essential to the success of the Company, its Independent Distributors and Members that submissions of transactions to the Company maintain integrity of communication. It is to be expected that all transactions submissions to the Company, including, but not limited to, Independent Distributor applications, Independent Distributor communication, Independent Distributor financial transactions and consumer transactions, be submitted by the individual or entity involved in the transaction. Third party submission of any and all transactions submissions is prohibited, other than as noted below. A Independent Distributor may not communicate any transactions submissions on behalf of another Independent Distributor, Independent Distributor applicant or Member. Unless waived by the Company, a Independent Distributor may not use his or her credit card or bank account on behalf of another individual or Independent Distributor. This rule is applicable to any and all forms of transactions submissions, including, but not limited to, online, telephone, fax, email, etc.

It is permissible for the Sponsor/Enroller to enroll a person through the Sponsor/Enroller's own replicated web site and pay for various fees with the applicant's credit card or debit card. Accurate contact information (telephone or cell phone) should accompany the new enrollee's application. In the event that the applicant does not have a credit card, their personal Sponsor/Enroller using his/her own credit card can place the order. However, the company reserves the right to verify all information provided by the new enrollee directly with that person before officially accepting that person as an authorized Independent Distributor. An active telephone number for the purpose of verification must accompany the submission of the applicant's paperwork and/or product order.

**Special Note:** Should the company, during the verification process, find out that these Independent Distributors were enrolled or purchased product or service without their specific permission then the Sponsor/Enroller who provided the information will be reprimanded.

7. Ethical Marketing Requirements. In the conduct of its business, the Independent Distributor shall safeguard and promote the reputation of the products and services of the Company and shall refrain from all conduct which might be harmful to such reputation of the Company or to the marketing of such products and services or inconsistent with the public interest, and shall

avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices. A Independent Distributor shall not interfere with, harass or undermine other Independent Distributors and, at all times, shall respect the privacy of other Independent Distributors. A Independent Distributor must not disparage the Company, its affiliate entities, other Company Independent Distributors, Company products and/or services, the marketing and Independent Distributor Pay Plans, or Company employees.

8. Double Dipping

JIFU Members and Independent Distributors typically hold one primary account. In certain instances, Distributors may be permitted to have more than one account, but only after company notification and after undergoing an audit for proper approval. This includes personal accounts set up with social security numbers (or other country ID), or an account set up with a business entity (ex. EIN). JIFU may refuse to grant you active status upon registration/enrollment. You may not use a social security number, username or email address that belongs to or is already being used by another person in the system. JIFU reserves the right to refuse accounts that could be construed as impersonating another person; that violates the intellectual property or other rights of any person; that is offensive; or that we reject for any other reason in our sole discretion. Maintaining these policies and procedures in good faith is paramount in building trust and confidence between JIFU and its Members and Distributors.

9. Retail Sales. The company's program is built upon retail sales to the ultimate consumer which includes Members. The company also recognizes that Independent Distributors may wish to purchase product or service in reasonable amounts for their own personal, business(es) or family use. For this reason, a retail sale for bonus purposes shall include sales to non-participants, as well as sales to Independent Distributors for personal or family use, which are not made for purposes of qualification or advancement.

10. Training and Supervising. Any Independent Distributor, who sponsors other Independent Distributors, must fulfill the obligation of performing a bona fide supervisory, distributing and selling function in the sale or delivery of product to the ultimate consumer and in the training of those sponsored. Independent Distributors must have ongoing contact, communication and management supervision with his or her sales organization. Examples of such supervision may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, training sessions, and accompanying individuals to Company training, sharing genealogy information with those enrolled. Independent Distributors should be able to provide evidence to the Company semiannually of ongoing fulfillment of Sponsor/Enroller responsibilities.

11. Company Retail/70 Percent Policy. The Company sales and marketing program is based upon retail sales to the ultimate consumer. Every aspect of the program is designed to assist our Independent Distributors in the marketing of fine products and services to the general consuming public. As a dual consumer safeguard, of the utmost importance to the Company is

the policy that Independent Distributors should purchase products and services in commercially reasonable quantities, and under no circumstances may Independent Distributors cause others to purchase products or services in amounts that are not reasonably expected to be sold to the consuming public or in unreasonable amounts for personal or family use. In furtherance of these policies, the Company has adopted specific rules on retail sales and retailing referenced as the Company retail/70 percent rules. In the interest of protecting the consumer and the opportunity of its Independent Distributors, the Company enforces this rule through a verification program.

#### Company Retail

a) Retail Rule.

Although the primary function of the Company is to sell products and services to the general consuming public, the Company realizes that its Independent Distributors may wish to purchase product for personal or family use in reasonable amounts. For this reason, the Company defines a retail sale to include sales to non-participants, as well as purchases for personal or family use in reasonable amounts, which are not made solely for purposes of qualification or advancement. This is a standard followed by leading direct selling companies. Notwithstanding this policy, the Company, in order to specifically further retail selling, has adopted a requirement that a Independent Distributor will not be eligible for bonuses or overrides unless he or she has made at least five (5) sales per month to non-participant retail Members.

b) Personal and Business Use.

A Member or Independent Distributor may not purchase additional Company products or services unless such Independent Distributor demonstrates to Company that the additional purchase is necessary for its personal, family, or for an appropriate business use.

12. Federal State and Local Taxes. All Independent Distributors are responsible for paying local, state and federal taxes due on earnings from commissions or any other earnings generated as a seller of Company products and services. The Company will collect sales tax on behalf of the Independent Distributor, then report and distribute applicable sales taxes to the taxing entity for the state in which the sale is made.

13. General Advertising and Marketing Restrictions. Company Independent Distributors shall not advertise Company products and services and/or marketing plans except as specifically approved by the Company. Company Independent Distributors agree to make no false or fraudulent representations about the Company, the products, the Company Distributor Member Pay Plan, or income potentials.

14. Initial Independent Distributor Enrollment Tools. All Independent Distributors are required to pay an enrollment fee as part of becoming a Company Independent Distributor. This represents

the costs borne by the Company for processing and direct costs related to enrollment and cost of services received upon enrollment. The enrollment tools are sold "at Company cost." This sum is not a service or franchise fee, but rather is strictly to offset costs incurred by the Company for educational and business materials required for a Independent Distributor of the Company.

15. Trademark, Trade Names, Advertising.

- a) The name of the Company and other names as may be adopted by the Company are proprietary trade names and trademarks of the Company. As such, these marks are of great value to the Company and are supplied to Independent Distributor for Independent Distributor's use only in an expressly authorized manner. Independent Distributor agrees not to advertise the Company products or services in any way other than the advertising or promotional materials made available to Independent Distributor by the Company. Independent Distributor agrees not to use any written, printed, recorded or any other material in advertising, promoting or describing the products or services or the Company marketing program, or in any other manner, any material which has not been copyrighted and supplied by the Company, unless such material has been submitted to the Company and approved in writing by the Company before being disseminated, published or displayed.
- b) The Independent Distributor, as an independent contractor, is fully responsible for all of his\her verbal and written statements made regarding the product or service, marketing program and Pay Plan, which are not expressly contained in writing in the current Independent Distributor agreement, and advertising or promotional materials supplied directly by the Company. Independent Distributor agrees to indemnify the Company and hold it harmless from any and all liability including judgments, civil penalties, refund, attorney fees, court costs or lost business incurred by the Company as a result of Independent Distributor's unauthorized representations.
- c) The Company will not permit the use of its copyrights, designs, logos, trade names, trademarks, etc. without its prior written permission.
- d) All Company materials, whether printed, on film, produced by sound recording, or on the internet, are copyrighted and may not be reproduced in whole or in part by Independent Distributors or any other person except as authorized by the Company. Permission to reproduce any materials will be considered only in extreme circumstances. Therefore, a Independent Distributor should not anticipate that approval will be granted.
- e) A Company Independent Distributor may not produce, use or distribute any information relative to the contents, characteristics or properties of Company

product or service, which has not been provided directly by the Company. This prohibition includes but is not limited to print, audio or video media.

- f) A Company Independent Distributor may not produce, sell or distribute literature, films or sound recordings, which are deceptively similar in nature to those produced, published and provided by the Company for its Independent Distributors. Nor may a Independent Distributor purchase, sell or distribute non-company materials which imply or suggest that said materials originate from the Company.
  - g) Any display ads or institutional or trademark advertising copy, other than covered in the foregoing rules, must be submitted to the Company and approved in writing by the Company prior to publication.
  - h) All advertising copy, direct mailing, radio, TV, newspaper and display copy must be approved in writing before being disseminated, published or displayed with the exception of blind ads where no reference is made to the Company name or product name.
16. Prior Agreements. By entering into this Agreement, a Member or Independent Distributors represents and warrants that agreeing and entering into the agreement to which the Member or Independent Distributor does not violate any other agreement or break the conditions of another agreement to which the Member or Independent Distributor is a party, nor breaches any confidential relationship between the Member or Independent Distributor and other parties. The Member or Independent Distributor agrees that he or she will not use for Company's benefit or disclose to Company any confidential information of any third party which the Member or Independent Distributor is prohibited by agreement (such as an agreement with another client) or otherwise from so using or disclosing such confidential information. The Member or Independent Distributor agrees to indemnify and hold Company harmless from all damages, expenses, costs (including reasonable attorneys' fees) and liabilities incurred in connection with, or resulting from, breach of this section. Further, Members and Independent Distributors are responsible to familiarize themselves with the Company's Policies and to act in a professional way that represents the Company's desire for all involved to edify other companies, other direct marketers and the entire direct sales industry.
17. Internet and Website Policy. The Company maintains an official corporate website. Independent Distributors are allowed to advertise on the internet through an approved Company program which allows Independent Distributors to use a personalized Web page choose from among Company home page designs that can be personalized with the Independent Distributor's message and the Independent Distributor's contact information. These websites link directly to the Company website giving the Independent Distributor a professional and Company-approved presence on the internet. Only these approved websites may be used by Independent Distributors. No Independent Distributor may independently design a website that uses the names, logos, product or service descriptions of the Company, nor may a Independent

Distributor use "blind" ads on the internet making product or income claims which are ultimately associated with Company products, services or the Company's Distributor Member Pay Plan. Any person using Company names, logos, trademarks, etc. on the internet or any other advertising medium, except as permitted by Company Policies and Procedures, shall be subject to immediate discipline, including termination of Independent Distributor status.

18. Prohibition of Sales on Unauthorized Internet Sites. Except with written authorization from the Company, a Independent Distributor may not sell nor promote Company products on unauthorized internet sites, including, but not limited to auction sites such as eBay, nor internet shopping sites, nor internet malls.
19. Unsolicited Email. The Company does not permit Independent Distributors to send unsolicited commercial email to others unless such emails strictly comply with applicable laws and regulations including, without limitation, the federal CAN SPAM Act.

Any email sent by a Independent Distributor that promotes the Company, the Company opportunity or Company products and services must comply with the following:

- a) There must be a functioning return email address to the sender.
  - b) There must be a notice in the email that advises the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).
  - c) The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
  - d) The use of deceptive subject lines and/or false header information is prohibited.
  - e) All opt-out requests, whether received by email or regular mail, must be honored. If a Independent Distributor receives an opt-out request from a recipient of an email, the Independent Distributor must forward the opt-out request to the Company.
20. Unsolicited Faxes and Spam. Except as provided in this section, Independent Distributors may not use or transmit unsolicited faxes, mass email distribution, unsolicited email, or "spamming" or use an automatic telephone dialing system relative to the operation of their Company businesses. Unsolicited broadcast distribution of email or other distribution that may be defined as "bulk mail" or "SPAM" is strictly prohibited. Independent Distributors may send "general mailings" only to other Independent Distributors in their downline organizations and their direct up-line Sponsor/Enrollers. Any other bulk use of email is prohibited.

The term "automatic telephone dialing system" means equipment, which has the capacity to:

- a) Store or produce telephone numbers to be called, using a random or sequential number generator; and
- b) To dial such numbers.

The terms "unsolicited faxes" and "unsolicited email" mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting the Company, its products, its Distributor Member Pay Plan or any other aspect of the Company which is transmitted to any person, except that these terms do not include a fax or email:

- To any person with that person's prior express invitation or permission; or
- To any person with whom the Independent Distributor has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two-way communication between a Independent Distributor and a person, on the basis of:
  - (1) An inquiry, application, purchase or transaction by the person regarding products offered by such Independent Distributor; or
    - a. A personal or familial relationship, which relationship has not been previously terminated by either party.

21. Retail Establishments. Company products or services may only be displayed and sold in retail establishments where the nature of the business is to make appointments with Members (such as salons, doctors' offices, and health clubs where appointments are made for personal training or classes are scheduled) the sale of such products or services within such retail facilities must be conducted by a Independent Distributor and must be preceded by a discussion where the Independent Distributor introduces the prospect to the products or services and opportunity just as they would if they had met outside of the retail facility. Company produced literature, banners, or signage only may be displayed on a shelf, counter, or wall and must be displayed by itself. Products or services may not be sold from a shelf or taken from a display for purchase by a Member. Company products or services may not be sold in any retail establishment, even by appointment, if competitive products or services are sold in the establishment. A Independent Distributor, who seeks exemption from this rule, may contact the Company Member service department to seek specific written permission for a "retail" store method of distribution. From time to time, the Company may announce policies and rules that expand or contract restrictions on sales in retail establishments.

22. Trade Shows. With written authorization from the Company, Company products or services and opportunity may be displayed at trade shows by Independent Distributors. Request for participation in trade shows must be received in writing by the Company at least two weeks prior to the show. Written authorization from the Company must be received before participating in the trade show. Unless written authorization is secured from the Company, Company products or services and opportunity are the only products or services and/or opportunity that may be offered in the trade show booth. Only Company produced marketing materials may be displayed



or distributed. No Independent Distributor may sell or promote the Company's products or services or business opportunity at flea markets, swap meets, or garage sales.

23. International Sales. No independent Independent Distributor may export or sell directly or indirectly to others who export the Company's products, literature, sales aids or promotional material relating to the Company, its products or services or the Company's program from the United States or its possessions or territories to any other country. Members and Independent Distributors who choose to sponsor internationally may do so only in countries in which the Company has registered to operate its business and must comply fully with the Rules of Operation of a Company Independent Distributor in that country. Any violation of this rule constitutes a material breach of this contract and is grounds for immediate termination of the Independent Distributor.
24. Entities, Trusts and Assumed Business Names. The Company reserves the right to approve or disapprove Independent Distributor's change of business names, formation of partnerships, corporations, and trusts for tax, estate planning, and limited liability purposes. If the Company approves such a change by Independent Distributor, the organization's name and the names of the principals of the organization must appear on the Independent Distributor application/agreement along with a social security number or federal identification number. It is prohibited to make changes to attempt to circumvent or violate Company rules on raiding, solicitation, targeting, cross-sponsoring or interference.
25. Cancellation. The Independent Distributor agreement may be canceled at any time and for any reason by a Independent Distributor notifying the Company in writing of the election to cancel.
26. Non-Renewal. If a Independent Distributor elects not to renew his\her Independent Distributor agreement, all rights to bonuses, marketing position and wholesale purchases cease. The terminated Independent Distributor's sales organization shall be transferred to his\her Sponsor/Enroller.
27. Cancellation. Because the Company primarily provides services to Independent Distributors and their Members, it is unlikely that the Company can recoup any costs of providing such services through the return of products. Any Independent Distributor or Member may cancel enrollment or monthly cost of services at any time. A new enrollee may cancel his or her enrollment within seven (7) days of enrollment (for residents of the State of Montana, this period is fifteen (15) days). In order to prevent any "clawback" on commissions made to Independent Distributors, any enrollment or related Independent Distributor Distributor Member pay in the Distributor Member Pay Plan set forth in paragraph 26 below, any such bonuses shall be paid seven (7) days following the deadline for a Independent Distributor or Member to enroll. Any cancelling Independent Distributor or Member agrees to return his or her membership card to Company immediately upon termination.

28. Repayment of Commissions by Independent Distributor. The Company shall be entitled to repayment of any commission previously paid on a sale of product/service if the product/service purchase is cancelled or reversed or a refund paid for a terminated purchase. The Company shall recover the commission by adjustment on the next month's Independent Distributor check payment. In the event that no commission is available for adjustment in the following month, the Independent Distributor who has received the commission shall repay the commission paid on the "reversed sale" within 30 days of the Company's notice to repay. Company, at its discretion, may deduct such amounts from future commissions paid to a Independent Distributor under the Distributor Member Pay Plan.
29. Product/Service Price Changes. The Company shall be entitled to change product or service prices at any time and without notice, and to make changes in the statement of policy and procedures.
30. Each Independent Distributor shall comply with all state and local taxes and regulations governing the sale of Company products or services.
31. Notwithstanding the Company's longer retail Member guarantee policy, all retail sales must comply with the FTC Three-Day Cooling Off Rule, which requires statutory language and

notice of cancellation on the retail sales receipt. The three-day right of cancellation must be orally explained to the Member and the Member must receive two copies of the notice of cancellation form.

32. Prohibition on Raiding and Cross-Solicitation of Products or Other Direct Sales and/or Business Opportunities. The Company takes seriously its responsibility to protect the livelihood of its sales force and to the hard work invested to build a sales organization. Raiding and solicitation actions in which Independent Distributors seek to raid and solicit other Independent Distributors in the sales organization to non-company products and services and to other Direct Sales/business opportunities, severely undermines the marketing program of the Company, interferes with the relationship between the Company and its sales force and destroys the livelihood of other Independent Distributors who have worked hard to build their own business, the business of their sales force and benefits they have earned by helping to build a sales organization. Because Independent Distributors are independent contractors, they are free to engage in other businesses, including direct sales organizations unless such activities directly compete with the Company or are done in such a manner to undermine or raid the Company of Members or organizations built by other Independent Distributors.
33. On a periodic basis, the Company will supply data processing information and reports to the Independent Distributor, which will provide information concerning the Independent Distributor's downline sales organization, product purchases and product mix. The Independent Distributor agrees that such information is proprietary and confidential to the Company and is transmitted to the Independent Distributor in confidence. The Independent Distributor agrees that he or she will not disclose such information to any third party directly or indirectly, nor use the information to compete with the Company directly or indirectly during or after the term of the agreement. The Independent Distributor and the Company agree that, but for this agreement of confidentiality and non-disclosure, the Company would not provide the above confidential information to the Independent Distributor. A Independent Distributor seeking to sell his/her Independent Distributor must acknowledge and agree to this provision prior to the finalization of the sale of their Independent Distributor.
34. Vendor Confidentiality. The Company's business relationship with its vendors, manufacturers and suppliers is confidential. A Independent Distributor shall not contact, directly or indirectly, or speak to or communicate with any Independent Distributor of any supplier or manufacturer of the Company except at a Company sponsored event at which the Independent Distributor is present at the request of the Company. Violation of this regulation may result in termination and possible claims for damages if the vendor/manufacturer's association is compromised by the Independent Distributor contact.
35. A Independent Distributor shall take appropriate steps to safeguard the protection of all private information provided by a consumer, a prospective consumer and/or other Members and Independent Distributors.

36. Change in Status.

**Divorce/Dissolution:** Should a couple become divorced or enter into a dissolution, they agree to notify the Company as to who will assume responsibility for the Independent Distributor in one of the following manners:

- a) Written notarized agreement signed by both parties indicating who will retain the Independent Distributor.
- b) A court order delineating who receives custody over the Independent Distributor.
- c) Both parties may choose to retain their joint Independent Distributor and operate it as a partnership.

The divorced/dissolved Independent Distributor may apply for a new Independent Distributor without having to wait 12 months.

**Death:** Upon the death of a Independent Distributor, the rights and responsibilities of the Independent Distributor may be passed on to the rightfully legally documented heir as long as that person has filled out a new Independent Distributor application/agreement and completed the required training.

**Disability:** Should a Independent Distributor become disabled to the extent that he/she can no longer fulfill the required duties of the Company Independent Distributor, such disabled Independent Distributor's legal Independent Distributor or conservator shall:

- a) Contact the Company within thirty (30) days of the disability and advise the Company of the Independent Distributor's status and the plans for future management or cancellation of the Independent Distributor.
- b) Provide notarized or court confirmed copy of appointment as legal Independent Distributor or conservator.
- c) Provide notarized or court confirmed copy of document establishing right to administer the Company business.
- d) Should the legal Independent Distributor or conservator plan to continue the business of the Independent Distributor, then he/she shall fill out a new Independent Distributor application/agreement and receive the required training consistent with the disabled Independent Distributor's level at the time of disability.
- e) These requirements shall be satisfied within a deadline of six months.

37. Sale or Transfer. A Independent Distributor may not sell, assign or otherwise transfer his or her Independent Distributor, marketing position or other Independent Distributor rights without written application and approval by the Company. This paragraph is also applicable to transfer of any interest in an entity that owns a Independent Distributor, including but not

limited to corporation, partnership, trust or other non-individual entity. The potential buyer must be at the equivalent or higher rank as the selling Independent Distributor or have been a Company Independent Distributor for at least a one-year period prior to the sale. The Independent Distributor must be offered in writing first to the Independent Distributor's Sponsor/Enroller. If the Sponsor/Enroller declines the offer, the Independent Distributor may offer the Independent Distributor for sale to other qualified Company Independent Distributors, but only on the same terms and conditions as offered to the Sponsor/Enroller. A Independent Distributor who sells his or her Independent Distributor shall not be eligible to requalify as a Independent Distributor for a period of at least six months after the sale. The Company reserves the right to review the sale agreement and to verify waiver from the upline Sponsor/Enroller in the event the upline Sponsor/Enroller declines to purchase the Member Distributor.

A Independent Distributor may not add a co-applicant to their Independent Distributor and thereafter, remove their name from the Independent Distributor, as an effort to circumvent the Company's sale, assign, and delegate or merger procedure. The primary Independent Distributor must wait twelve (12) months after adding a co-applicant to the Independent Distributor before they are allowed to remove their name from the Independent Distributor. It is prohibited to use a sale or transfer to attempt to circumvent Company policy on raiding, soliciting, cross-sponsoring or interference.

For the term of three (3) years after sale or transfer, a Independent Distributor agrees that he/she shall not, directly or indirectly, disrupt, damage, impair or interfere with the business of Company, whether by way of interfering with, or raiding its employees or Independent Distributors, disrupting its relationship with Members, agents, Independent Distributors, Independent Distributors, suppliers, vendors or manufacturers or otherwise. "Disrupting" or "interfering" shall include, but not be limited to, direct or indirect solicitation or recruitment for other direct selling business opportunities or products or services of other direct selling companies. A Independent Distributor seeking to sell or transfer his/her Independent Distributor must acknowledge and agree to this provision prior to the finalization of the sale or transfer of their Independent Distributor.

38. This statement of policies and procedures is incorporated into the Members and Independent Distributor agreement and constitutes the entire agreement of the parties regarding their business relationship.
39. Right to Amend Policies and Procedures. The Company expressly reserves the right to alter or amend prices, Rules and Regulations, Policies and Procedures, product availability and Distributor Member Pay Plan. Upon notification, in writing, such amendments are automatically incorporated as part of the agreement between the Company and the Independent Distributor. Company communication of changes may include, but shall not be

limited to mail, email, fax, posting on the Company website, publication in company newsletters or magazines, etc.

40. Non-Individual Ownership. A partnership, limited liability company, or corporation may be a Independent Distributor. However, no individual may participate in more than one (1) Independent Distributor in any form without express written permission from the Company. Only in the most extreme and extraordinary circumstances will this be considered.

- a) A Independent Distributor may change status under the same Sponsor/Enroller from individual to partnership or corporation or from partnership to corporation with proper and complete documentation.
- b) To form a new Independent Distributor as a partnership or corporation or to change status to one of these forms of business, you must request a partnership/corporation form from the corporate home office. This form must be submitted detailing all partners, stockholders, officers or directors in the partnership or corporation. The partner or officer who submits the form must be authorized to enter into binding contracts on behalf of the partnership or corporation. In addition, by submitting the partnership/corporation form, you certify that no person with an interest in the business has had an interest in a Independent Distributor within three (3) months of the submission of the form (unless it is the continuation of an existing Independent Distributor that is changing its form of doing business).

41. Individual and Entity Ownership Information.

- a) An individual can have only one Independent Distributor in the Company. He/she may not own any other Independent Distributor, either individually or jointly, nor may he/she participate as a partner, owner, stockholder, trustee, director, or association member in more than one Independent Distributor in any form.
- b) An individual shall provide the Company with a Social Security Number or a Taxpayer Identification Number (TIN) on an IRS W-9 form or online through the enrollment process. No individual operating under a fictitious name and no partnership, corporation or other business entity may become a Company Independent Distributor without submitting an “Entity Information” form following enrollment of proprietorship, corporation, Limited Liability Corporation (LLC), trust or partnership.
  - (1) Proprietorship: A copy of fictitious name filing must be submitted, plus a W9 form.
  - (2) Corporation: Copies of articles of incorporation are required, including the page with state seals and notarization. These articles will show who the

principals are and prove validation of Federal ID Number/Business Number/E.I.N, plus a W-9 form.

- (3) LLC: IRS acceptance only. The name on the IRS acceptance is required to state the LLC in order to use it as an LLC, plus a W-9 form.
- (4) Trust: An affidavit of trust with the notarized copy of the power of attorney is necessary. If Federal ID Number is to be used and is not noted in the affidavit, an IRS acceptance will be required, plus a W-9 form.
- (5) Partnership: To register as a partner, complete the partnership portion of the Entity Information form, along with all signatures that apply, plus a W-9 form.

42. Entity Guarantee for Owners: Although Company has offered Independent Distributors the opportunity to conduct their Independent Distributor as corporate, LLC, trust or partnership entities, it is agreed that since the Independent Distributor entity is under the control of its owners or principals, the actions of individual owners or beneficiaries as they may affect Company and the Independent Distributor are also critical to Company's business. Therefore it is agreed that actions of the ownership entity shareholders, officers, directors, trustees, beneficiaries, agents, employees or other related or interested parties and the actions of such parties, which are in contravention to Company's policies shall be attributable to the corporate, LLC, trust or partnership entity.

In the event that any of the ownership entity shareholders, officers, directors, trustees, beneficiaries, agents, employees or other related parties shall terminate ownership interests in the Independent Distributor, any breaching actions by such parties that continue to have a beneficial financial interest, directly or indirectly, in the Independent Distributor shall be attributable to the Independent Distributor.

43. Members of Same Household; Responsibility. Members of Independent Distributor's household may operate together as one Company Independent Distributor, but may not become separate Company Independent Distributors unless expressly agreed to in writing by the Company. Household is defined as husband, wife, parties to a statutory recognized domestic partnership and dependents. Note: Children of legal age to contract and at least 18 years of age are not considered a part of their parents' household.

Company recognizes that members of the same household may belong to competing direct selling opportunities. Although the actions of the parties are normally in good faith, in some circumstances, there is an abuse of relationships in which the non-company household member is engaged in recruitment, solicitation or raiding of the Company sales organization. Since the household member that has an ownership interest in the Company Independent Distributor is in the best position to be responsible to prevent raiding or cross-sponsoring activity by their co-household member, the cross-recruiting activity of the non-company household member shall be attributed to the Company Independent Distributor, subjecting the Independent Distributor to discipline or termination.

44. It is agreed that Company is authorized to use Independent Distributor's name, photograph, video footage, personal story and/or likeness in advertising or promotional materials and Independent Distributor waives all claims for remuneration for such use.
45. Disciplinary Actions. A Independent Distributor's violation of any policies and procedures whether or not such violation ceases or is cured, the agreement, terms and conditions or any illegal, fraudulent, deceptive, or unethical business conduct may result, at the Company's sole discretion, in one or more of the following disciplinary actions:
- a) Issuance of a written warning or admonition.
  - b) Imposition of a fine, which may be imposed immediately or withheld from future commission checks.
  - c) Reassignment of all or part of a Independent Distributor's organization.
  - d) Suspension, which may result in termination or reinstatement with conditions or restrictions.
  - e) Termination of the Independent Distributor.
46. Right to Terminate. The Company reserves the right to terminate any Independent Distributor at any time for cause when it is determined that the Independent Distributor has violated the provisions of the Independent Distributor agreement, including the provisions of these policies and procedures as they may be amended or the provisions of applicable laws and standards of fair dealing. Such involuntary termination shall be made by the Company at its discretion. Upon an involuntary termination, the Company shall notify the Independent Distributor by mail at the latest address listed with the Company for the Independent Distributor. In the event of a termination, the terminated Independent Distributor agrees to immediately cease representing him/herself as a Independent Distributor.
47. Termination.
- a) When a decision is made to terminate a Independent Distributor, the Company will inform the Independent Distributor in writing that the Independent Distributor is terminated immediately, effective as of the date of the written notification. The termination notice will be sent by certified mail to the Independent Distributor's most recent address on file with the Company.
  - b) The Independent Distributor will have 15 days from the date of mailing of the certified letter in which to appeal the termination in writing, and provide written response to the finding of violations of Company agreement, policies and/or rules. The Independent Distributor's appeal and/or response correspondence must be received by the Company within 20 days of the Company's termination letter. If the appeal is not received within the 20-day period, the termination will be automatically deemed final.



- c) If a Independent Distributor files a timely appeal of termination, the Company will review and reconsider the termination, consider any other appropriate action, and notify the Independent Distributor of its decision. The decision of the Company will be final and subject to no further review. In the event the termination is not rescinded, the termination will be effective as of the date of the Company's original termination notice.
48. Right to Sponsor/Enroller and Disputed Sponsorship/Enrollment. All Independent Distributors have the right to sponsor others. In addition, every person has the ultimate right to choose his/her own Sponsor/Enroller organization. If two Independent Distributors should claim to be the Sponsors/Enrollers of the same new Member or Independent Distributor, the Company shall regard the first application received by the corporate home office as controlling.
- a) As a general rule, it is good practice to regard the first Independent Distributor to meaningfully work with a prospective Independent Distributor as having first claim to sponsorship, but this is not necessarily controlling. Basic tenets of common sense and consideration should govern.
  - b) As a convenience to its Independent Distributors, the Company may provide various methods of registering or informing the Company of newly sponsored Independent Distributors, including online internet registration, telephone registration and facsimile registration. Until such time as the Company receives an application, either as hard copy or by facsimile, containing all appropriate information, as well as the signature of the proposed new Independent Distributor, the Company will only consider the internet, telephone or facsimile registration in the category of "intended" recognition of Sponsor/Enroller. Thus, although the Company is attempting to create some convenience for its sponsoring Independent Distributors, it is the responsibility of the sponsoring Independent Distributor to cause delivery to the Company of a completed and signed Independent Distributor agreement if the Sponsor/Enroller is to expect formal recognition as the official sponsoring Independent Distributor.
  - c) There is no "magic" involved in the Company or in any business. Those who sponsor widely but who do not help new Independent Distributors develop their business are met with limited success. Therefore, a responsibility of enrollment/sponsorship is to work with new Independent Distributors, helping them learn the business and encouraging them during the critical early months.
  - d) Sponsor/Enrollers are not required to carry inventory of products or sales aids for new Independent Distributors. When tangible product is involved, Independent Distributors who do so, however, find building a major sales organization much easier because of the decreased response time in meeting a new Independent Distributor's needs.
  - e) When soliciting a prospective Independent Distributor to join the Company's network program, the Independent Distributor must clearly explain the following:

- (1) Products: type, performance and quality of each product.
- (2) Distributor Member Pay Plan.
- (3) Policies and Procedures.
- (4) Independent Distributor's rights and duties.
- (5) Other important items that will affect the judgment of the prospective Independent Distributor.

49. Transfer of Sponsor/Enroller. Transfer is rarely permitted and is actively discouraged. Maintaining the integrity of sponsorship is absolutely mandatory for the success of the overall organization.

a) Transfers will generally be approved in three (3) circumstances only:

- (1) In the case of unethical sponsoring by the original Sponsor/Enroller. In such cases, the Company will be the final authority.

**(OR)**

- (2) Resigning from the Company entirely and waiting three (3) months to reapply under the new Sponsor/Enroller.

b) In cases of unethical sponsoring, the individual may be transferred with any downlines intact; in all other events, the individual alone is transferred without any downline Independent Distributors being removed from the original line of sponsorship.

50. To be eligible for commissions and bonuses under the Company Pay Plan, the Independent Distributor must comply with:

- a) Supervisory responsibility requirements as outlined herein.
- b) 70% rule on resale of wholesale product ordered, and
- c) Retail sales rule requiring sales to at least five (5) non-participant retail Members per month. The requirement that his/her downline has retailed product which has been purchased at wholesale.

51. Record Keeping. The Company encourages each independent Independent Distributor to keep accurate sales records. The program is based upon retail sales to the ultimate consumers; therefore, all forms of stockpiling or pyramiding are prohibited. Products and services are offered to Independent Distributors only for personal consumption and for resale to consumers.

52. Addenda and Differing State Laws. See specific addenda to Independent Distributor agreement for specific states as to statutory purchasing limitations, buyback rules and other restrictions, disclosures and additional Independent Distributor rights and responsibilities. In any state with a business opportunity statute, required expenditures during the first six months shall not exceed the statutory amount that initiates applicability of the state business opportunity statute.

53. Income Claims. No income claims, income projections nor income representations may be made to prospective Independent Distributors. Obviously, any false, deceptive or misleading claims regarding the opportunity or product\service are prohibited. In their enthusiasm, Independent Distributors are occasionally tempted to represent hypothetical income figures based upon the inherent power of network marketing as actual income projections. This is counterproductive, since new Independent Distributors may be quickly disappointed if their results are not as extensive or as rapid as a hypothetical model would suggest. The Company believes firmly that the income potential is great enough to be highly attractive in reality without resorting to artificial and unrealistic projections.
54. Representation of Status. In all cases, any reference the Independent Distributor makes to him/herself must clearly set forth the Independent Distributor's independent status. For example, if the Independent Distributor has a business telephone, the telephone may not be listed under the Company's name or in any other manner, which does not disclose the independent contractor status of the Independent Distributor.
55. Judgment and Tax Liens. The Company will comply fully with any court order or instruction/demand by any government taxing authorities within the United States and Canada that orders, instructs or demands the withholding of a Independent Distributor's earnings from his/her Independent Distributor with the Company.
56. Subpoenas Duces Tecum (Demands for Records). Assuming proper jurisdiction, the Company will comply with all subpoenas duces tecum demanding financial Distributor Member pay records of a Independent Distributor in his/her capacity as an independent contractor with the Company.
57. Requests for Records. The Company will comply fully with all requests for records accompanied by a properly prepared and signed authorization by the person whose records are being sought. The Company will comply fully with all requests for records by government agencies with the authority to request such records and accompanied by the requisite legal documentation.
58. Newspaper Advertisements. Some Independent Distributors use classified advertising in the newspapers to find prospects. The following rules apply:
- Must be approved by Company in writing.
  - No advertisement may imply that a "job" or "position" is available.
  - No specific income can be promised.
  - Advertisements must contain no misleading facts or distortions of the Company opportunity or product line.

59. Business Cards and Stationery. Any printed materials, including business cards and stationery, must be approved by the Company in advance. Criteria for approving these materials will include a judgment regarding the quality of the materials as well as properly setting forth the independent status of the Independent Distributor.
60. Telemarketing Techniques. The Federal Trade Commission and the Federal Communications Commission 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. Although the Company does not consider Independent Distributors to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the term "telemarketer" and "telemarketing" so that your inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties.

Therefore, Independent Distributors must not engage in telemarketing in the operation of their Company businesses. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of a Company product or service, or to recruit them for the Company opportunity. "Cold calls" made to prospective Members or Independent Distributors that promote either Company products or services or the Company opportunity constitute telemarketing and are prohibited. However, a telephone call placed to a prospective Member or Independent Distributor (a "prospect") is permissible under the following situations:

- a) You may call family members, personal friends, and acquaintances. An "acquaintance" is someone with whom you have at least a recent first-hand relationship within the preceding three (3) months. Bear in mind, however, that if you make a habit of "card collecting" with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling "acquaintances," you must make such calls on an occasional basis only and not make this a routine practice.
- b) The prospect's personal inquiry or application regarding a product or service offered by the Independent Distributor, within the three (3) months immediately preceding the date of such a meeting.
- c) If the Independent Distributor has an established business relationship with the prospect. An "established business relationship" is a relationship between a Independent Distributor and a prospect based on the prospect's purchase, rental or lease of goods or services from the Independent Distributor, or a financial transaction between the prospect and the Independent Distributor within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.
- d) If the Independent Distributor receives written and signed permission from the prospect authorizing the Independent Distributor to call. The authorization must

specify the telephone number(s) which the Independent Distributor is authorized to call.

- e) In addition, Independent Distributors shall not use automatic telephone dialing systems relative to the operation of their Company businesses. The term "automatic telephone dialing system" means equipment which has the capacity to (a) store or produce telephone numbers to be called, using a random or sequential number generator, and (b) to dial such numbers.
61. Press Inquiries. Any inquiries by the media are to be referred immediately to the Company. This policy is to assure accuracy and consistent public image.
62. Social Networking. If done correctly and in compliance with Company policies, social networking may be useful in driving traffic to the official Company website and to Company authorized personal replicated websites of Independent Distributors and Independent Distributors. The following rules and guidelines, regarding social networking, are applicable:
- a) The Company encourages Independent Distributors to join online forums, discussion groups, blogs, and other forms of Internet communication for the purpose of communicating the benefits of Company products and opportunity. Internet social networking is similar to telephoning, emailing, and other technology-assisted communication: it is not a violation so long as it complies with the general policies and procedures governing claims and contacting. Social networks include such sites as Facebook, LinkedIn, Twitter, and so on. Additionally, there are social networks of like-minded persons. You may find social networks by doing a Google search using varying topics.
  - b) You must comply with the rules associated with websites and networks. For instance, some sites prohibit the marketing of financial opportunity or the selling of products. On such sites, you may instead choose to share your testimonial of benefits from the technology of the Company; or you may want to talk about how your life is improving. When others in the network hear your testimonial, they will naturally inquire ... and that is the opportunity to send them to your authorized Company website.
  - c) Upon notifying the Company compliance department via email for review, you may publish YouTube, Twitter and other communications. You must supply for content review a link to the material you have posted. In the event your material is found to be non-complying, you will be required to remove it within 24 hours.
  - d) The use of registered and trademarked Company names for social media links are prohibited unless waived by Company upon written approval.
  - e) If you are on facebook or other social networking sites, join our "Fans" or "Like our Page" or comparable pages. Here are some guidelines for you to follow as you use facebook, or other social networking sites, to grow your business online.

**1. Positive Steps to Help Your Business:**

- Post as much as you like to your wall.
- Comment as much as you like on your photos and links.
- Post as many links on your page.

**2. Activity to Avoid:**

- Do not send more than the allowed friend invites per day or your account may be deactivated.
- Do not post anything to someone's wall about the Company if they have asked you to stop.
- Do not send emails with links to anyone you do not know unless they have asked for the link.
- Do not post more than the allowed times per day to anyone else's walls, as deactivation may occur.

A Independent Distributor must treat Facebook or any other online forum just like real life but in the virtual space. Your property is your page while other people's pages are their property; and this "ownership" must be respected as if it were the real property of your neighbor. This simple approach will keep you out of trouble with social networking sites and help us maintain the integrity of the Company.

63. Internet Search Engine Optimization.

- a) Independent Distributors may use, reference, or incorporate the Company names and trademarks in approved Internet advertising.
- b) When participating in chat rooms and other social media, Company Independent Distributors may use approved Company language (as represented in the brochures, promotional and training materials of the Company and on the Company website) for the purpose of discussing the Company products and opportunity.
- c) Independent Distributors may use the language of approved Company literature for Internet advertising. Company trademarks, trade names, or product names, or any variations thereof, may not be used in search engines.
- d) Independent Distributors may communicate the benefits of Company products on the Internet and on search engines in appropriate categories.
- e) Independent Distributors may not use language that is sexually explicit, threatening, pornographic, violent or otherwise prohibited.
- f) In no way should any independent website or link give the impression of being the official website of the Company, rather than that of a Company Independent Distributor. All Internet advertising must clearly report that the ad is placed by a "Independent Distributor" of the Company.

- g) Independent Distributors may use words from approved Company advertising as "key words" for the purpose of having communications found by search engines.
- h) With the exception of the Independent Distributor's authorized hosted Company website, the use of the Company name within a URL address/domain name, directory, file name, e-mail address, or any derivative thereof, is not permitted by way of example, but not limited to the varying derivatives of the name of the Company that use the Company name in the URL or domain name. Company Independent Distributors may not use any domain name or email address that includes any reference, whether abbreviated or not, to the Company name, products or services, except in connection with the Company Independent Distributor's authorized replicated Company website.
- i) Company Independent Distributors may not publish, post, or distribute any material on their websites or in conversation or postings on the Internet, including blogs and social networking in connection with the Company that is defamatory, libelous, disparaging, threatening, offensive, harassing, abusive, obscene, pornographic, in violation of applicable law or that inhibits others from enjoying the Company's main website or the Company Independent Distributors' websites.
- j) Determination of whether a link is objectionable is solely at the discretion of the Company.
- k) Independent Distributors may not use tactics such as "cloaking" or other deceptive means on the Independent Distributors' web pages (*For example: Cloaking in Google terms means designing a website so that search engines see one thing and visitors see another.*)
- l) As a practical matter, Company Independent Distributors should make sure that any advertising through digital media, such as the Internet and email, is fully compliant with Company policies and procedures, Internet Compliance Department and existing laws and regulations.
- m) Company Independent Distributors may not sell or advertise products over the Internet through independently designed shopping carts or websites that use the names, logos, product or income testimonials, Distributor Member Pay Plan or product description(s) of the Company. Independent Distributors may send "general mailings" only to Independent Distributors in their downline organizations and their direct upline enrolls. Any other bulk use of email is prohibited by the Company and will result in immediate discipline, which may result in termination of Independent Distributor rights and benefits and the loss of Independent Distributor rights, including sales organizations and Distributor Member pay. Various kinds of prohibited emails – either bulk or individual – include, but are not limited to the following:
  - (1) Totally Unsolicited or Blind Mass Email. Many "lists" that can be purchased for distribution over the Internet have been illicitly compiled and result in completely unsolicited information being sent to uninterested parties. Since the expense is so low to distribute to these lists, they are even more prevalent than bulk-mailings through traditional channels. Any use of a list not

specifically approved by **the** Company or compiled from a legitimate genealogical listing of the emailer's downline organization is subject to immediate discipline.

- (2) Hidden Approval Mass Email. Sites that garner approval by having hidden, discreet or non-prominent "buttons" that are selected by default rather than choice are illegal. For instance, if it is necessary to de-select approval to keep from being added to a list (rather than requesting to be added), the resulting list is illegal. Many supposedly "approved lists" have in fact been gathered illicitly through this means.
- (3) Third Party Approval for Mass Email. Companies that gather approval from inquiries, then sell the lists to third parties where the person giving approval is not informed that a third party will contact them, compile illegal lists. These companies frequently distribute too many third parties who "bury" the user with many emails.
- (4) Legal and Ethical Email Communication. Email is by its nature personal and mutual: An appropriate Company email is a communication in which both parties are interested. Rather than requiring denial to terminate ("If you want your name removed from this list ..."), it requires consent to initiate. Any email communication which violates this premise is potentially illegal and subjects the author to disciplinary review.
- (5) Specifically Illegal Practices: False Reply-To Address. Any attempt to disguise the identity of the emailer will be taken as evidence for the intent of fraud and subject the sender to immediate discipline.
- (6) Linking. No links may be made from an Independent Independent Distributor website, except as provided or authorized by the Company. Authorized links include:
  - Links made to a Company Independent Distributor website for the purpose of Company communication, so long as such communication does not violate the terms and conditions of this agreement and such agreements as a Company Independent Distributor has with the Company.
  - Links from blogs and social networking sites joined for the purpose of networking, marketing, sponsoring, and selling the Company products. The trademarks, names, and identities of the Company are for the exclusive use and licensing of the Company. The purpose of the Company licensing of Independent Distributor sites is to supervise and control the content by which Company products and opportunity are marketed. Any effort to circumvent this authorization and supervision will be regarded as a violation of the rules and regulations and subject to immediate discipline, and social network and/or



participating in the conversations of blogs must conform to these standards.

- n) Lawful use of the Internet. The Company supports all laws and regulations regarding use of the Internet, the Worldwide Web, and all other communication technologies. Any person associated with the Company program found in violation of said rules and regulations, including, but not limited to spamming (unsolicited bulk contact using the Internet), etc., is subject to immediate discipline.
  - o) Internet Banner Advertising, etc. Banner advertising is bound by the same policies and procedures affecting other forms of advertising and must conform to general policies and procedures.
64. No Federal or State Endorsement. Federal and state regulatory agencies rarely approve or endorse direct selling programs. Therefore, Independent Distributors may not represent that the Company's program has been approved or endorsed by any governmental agency.
65. Indemnification and Hold Harmless. The independent Independent Distributor hereby indemnifies and releases Company, its officers, directors, agents and assigns and holds harmless from and against the full amount of any and all claims, causes of action, judicial and administrative proceedings suits, charges, liabilities, losses, damages, costs and expenses, including without limitation court costs and reasonable fees and expenses of attorneys and consultants, which are or may be made, filed or assessed against Company at any time arising out of Independent Distributor's business operations and representations made by Independent Distributor in the operation of his/her business, arising from the following:
- a) Violation and/or lack of compliance with terms of the Independent Distributor agreement, policies and procedures, rules and regulations, marketing program manual or guidelines or any other directive from the Company as to method and manner of operation of the independent Independent Distributor business;
  - b) Engaging in any conduct not authorized by the Company in the Company market program;
  - c) Any fraud, negligence or willful misconduct in the operation of the independent Independent Distributor business;
  - d) Misrepresentation or unauthorized representation regarding the Company's product or service, marketing opportunity or potential or the Company's marketing program;
  - e) Failure to adhere to any federal, state or local law, regulation, ordinance and/or any order or rule issue by any court of appropriate jurisdiction;
  - f) Engaging in any action which exceeds the scope of authority to the Independent Distributor as granted by the Company;
  - g) Engaging in any activity over which Company has no effective control as to the actions of the Independent Distributor.
  - h) Engaging in the general business operations of Independent Distributor's business.

66. Waiver. The Company never gives up its right to insist on compliance with these rules or with the applicable laws governing the conduct of a business. This is true in all cases, both specifically expressed and implied, unless an officer of the Company who is authorized to bind the Company in contracts or agreements specifies in writing that the Company waives any of these provisions. In addition, any time the Company gives permission for a breach of the rules, that permission does not extend to future breaches. This provision deals with the concept of "waiver," and the parties agree that the Company does not waive any of its rights under any circumstances short of the written confirmation alluded to above.
67. Governing Law. This agreement shall be governed by the laws of the state of Idaho, and all claims, disputes and other matters between the parties of this agreement shall be brought in Ada County, Boise, Idaho.
68. Partial Validity. Should any portion of these Policies and Procedures, of the Independent Distributor's application and agreement, or of any other instruments referred to herein or issued by the Company be declared invalid by a court of competent jurisdiction, the balance of such rules, applications, or instruments shall remain in full force and effect.