

Go Back to Happy Health

# Policies and Procedures



Happy Health

An Opportunity  
For  
Health, Wealth And Happiness

## TABLE OF CONTENTS

### 1. INTRODUCTION (page 3)

- 1.1. Policies Incorporated into Distributor Application and Agreement
- 1.2. Purpose of Policies
- 1.3. Changes to the Distributor Agreement, Policies and Procedures, or Marketing and Compensation Plan
- 1.4. Delays
- 1.5. Policies and Provisions Severable
- 1.6. Titles Not Substantive
- 1.7. Waiver

### 2. BECOMING A DISTRIBUTOR (page 5)

- 2.1. Requirements to Become a Distributor
- 2.2. Inventory and Distributor Kit
- 2.3. New Distributor Registration by Telephone, Facsimile or Internet
- 2.4. Distributor Benefits
- 2.5. Material and Subscription Fee

### 3. OPERATING A BUSINESS (page 7)

- 3.1. Adherence to the Marketing and Compensation Plan
- 3.2. Advertising
- 3.3. Participation in Corporate Marketing Efforts
- 3.4. Telemarketing Techniques
- 3.5. Trademarks and Copyrights
- 3.6. Media and Media Inquiries
- 3.7. Business Entities
- 3.8. Changes to the Business
- 3.9. Addition of Co-Applicants
- 3.10. Change of Sponsor
- 3.11. Cancellation and Re-application
- 3.12. Indemnification for Unauthorized Claims and Actions
- 3.13. Product Claims
- 3.14. Income Claims
- 3.15. Commercial Outlets
- 3.16. Trade Shows, Expositions and Other Sales Forums
- 3.17. Conflicts of Interest / Nonsolicitation
- 3.18. Downline Activity Reports
- 3.19. Cross-Sponsoring
- 3.20. Errors or Questions
- 3.21. Excess Inventory Purchases Prohibited
- 3.22. Right of Publicity
- 3.23. Governmental Approval or Endorsement
- 3.24. Income Taxes
- 3.25. Independent Distributor Status
- 3.26. International Marketing
- 3.27. Adherence to Laws and Ordinances
- 3.28. Compliance with Laws and Ethical Standards
- 3.29. One Business Per Distributor
- 3.30. Actions of Household Members or Affiliated Individuals
- 3.31. Re-packaging and Re-labeling Prohibited
- 3.32. Requests for Additional Records
- 3.33. Roll-up of Marketing Organization
- 3.34. Sale, Transfer or Assignment of 4Life Business
- 3.35. Separation of a Business
- 3.36. Sponsoring
- 3.37. Transfer Upon Death of a Distributor
- 3.38. Transfer Upon Incapacitation of a Distributor

#### **4. RESPONSIBILITIES OF DISTRIBUTORS** (page 20)

- 4.1. Change of Address or Telephone
- 4.2. Continuing Development Obligations and Ongoing Training
- 4.3. Increased Training Responsibilities
- 4.4. Ongoing Sales Responsibilities
- 4.5. Non-disparagement
- 4.6. Providing Documentation to Applicants
- 4.7. Reporting Policy Violations

#### **5. SALES REQUIREMENTS** (page 22)

- 5.1. Product Sales
- 5.2. No Price or Territory Restrictions
- 5.3. Sales Receipts

#### **6. BONUSES AND COMMISSIONS** (page 23)

- 6.1. Bonus and Commission Qualifications
- 6.2. Adjustment to Bonuses and Commissions for Returned Products and Services
- 6.3. Unclaimed Commissions and Credits

#### **7. PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE** (page 24)

- 7.1. Product Guarantee
- 7.2. Returns by Distributors (Products Returned by Personal Retail Customers)
- 7.3. Return of Inventory and Sales Aids by Distributors
- 7.4. Procedures for All Returns

#### **8. DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS** (page 26)

- 8.1. Disciplinary Sanctions
- 8.2. Grievances and Complaints
- 8.3. Appeals of Sanctions
- 8.4. Arbitration
- 8.5. Governing Law, Jurisdiction and Venue

#### **9. ORDERING** (page 28)

- 9.1. Purchasing Products
- 9.2. General Order Policies
- 9.3. Shipping and Backorder Policy
- 9.4. Confirmation of Order

- 9.5. Payment and Shipping Deposits
- 9.6. Insufficient Funds
- 9.7. Returned Checks
- 9.8. Restrictions on Third Party Use of Credit Cards and Checking Account Access
- 9.9. Sales Taxes

#### **10. INACTIVITY AND CANCELLATION - TERMINATION** (page 30)

- 10.1. Effect of Cancellation and Termination
- 10.2. Cancellation Due to Inactivity
- 10.3. Involuntary Cancellation (Termination)
- 10.4. Voluntary Cancellation
- 10.5. Non-continuation

#### **DEFINITIONS** (page 32)

# 1. INTRODUCTION

## 1.1. POLICIES INCORPORATED INTO DISTRIBUTOR APPLICATION AND AGREEMENT

These Policies and Procedures (“Policies”), in their present form and as amended at the sole discretion of Research (hereafter or the “Company”), are incorporated into, and form an integral part of, the Distributor Application and Agreement (hereafter “Distributor Agreement”). Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Distributor Agreement, these Policies, and the Marketing and Compensation Plan. These documents are incorporated by reference into the Distributor Agreement (all in their current form and as amended by ). It is the responsibility of each distributor to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies. When sponsoring a new distributor, it is the responsibility of the

sponsoring distributor to provide the most current version of these Policies to the applicant prior to his or her execution of the Distributor Agreement.

## 1.2. PURPOSE OF POLICIES

distributors are required to comply with all of the Terms and Conditions set forth in the Agreement which may amend at its sole discretion from time to time, as well as all federal and state laws governing their business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in these Policies carefully. They explain and govern the relationship between you, as an independent distributor, and the Company.

## 1.3. CHANGES TO THE DISTRIBUTOR AGREEMENT, POLICIES AND PROCEDURES, OR MARKETING AND COMPENSATION PLAN

Because federal, state, and local laws, as well as the business environment, periodically change, reserves the right to amend the Agreement and the prices in its Product Price List in its sole and absolute discretion. By signing the Distributor Agreement, a distributor agrees to abide by all amendments or modifications that elects to make. Notification of amendments shall appear in Official Materials. Amendments shall be effective upon publication in Official Materials, including but not limited to, posting on e-mail distribution, publication in newsletter, product inserts, or any other commercially reasonable method. The continuation of a distributor’s business or a distributor’s acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

#### 1.4. DELAYS

shall not be responsible for delays and failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, flood, death, curtailment of a party's source of supply, or government decrees or orders.

#### 1.5. POLICIES AND PROVISIONS SEVERABLE

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid, or unenforceable provision never comprised a part of the Agreement.

#### 1.6. TITLES NOT SUBSTANTIVE

The titles and headings in the Agreement are for reference purposes only, and do not constitute, and shall not be construed as, substantive terms of the Agreement.

#### 1.7. WAIVER

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of to exercise any right or power under the Agreement or to insist upon strict compliance by a distributor with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of right to demand exact compliance with the Agreement. Waiver by can be effectuated only in writing by an authorized officer of the Company. waiver of any particular breach by a distributor shall not affect or impair rights with respect to any subsequent breach, nor shall



it affect in any way the rights or obligations of any other distributor. Nor shall any delay or omission by to exercise any right arising from a breach affect or impair rights as to that or any subsequent breach.

The existence of any claim or cause of action of a distributor against shall not constitute a defense to enforcement of any term or provision of the Agreement.

## 2. BECOMING A DISTRIBUTOR

### 2.1. REQUIREMENTS TO BECOME A DISTRIBUTOR

To become a distributor, each applicant must:

- Be of the age of majority in his or her state of residence;
- Reside in the india or other countries which have been officially opened by
- Have a valid Social Security Number or Federal Tax Identification Number;
- Submit a properly completed and signed Distributor Agreement to (the Company reserves the right to reject any applications for new distributorships and Purchase a Distributor Kit.
- A person who is recognized as a minor in his or her state of residence may not be a distributor. Distributors shall not enroll or recruit minors into the program.

### 2.2. INVENTORY AND DISTRIBUTOR KIT

person is required to purchase products or services to become a distributor. However, to familiarize new distributors with products, services, sales techniques, sales aids, and other matters, the purchase of a Distributor Kit is required. will repurchase Resalable kits from any distributor who terminates his or her Distributor Agreement pursuant to the terms in the “Return of Inventory and Sales Aids by Distributors” section of these Policies.

### 2.3. NEW DISTRIBUTOR REGISTRATION BY TELEPHONE, FACSIMILE OR INTERNET

A Sponsor or the new distributor may call the Corporate Offices during regular business hours to receive a temporary Distributor Identification Number. (See the front of the Distributor Agreement for telephone numbers.) The caller must be able to provide all necessary Distributor

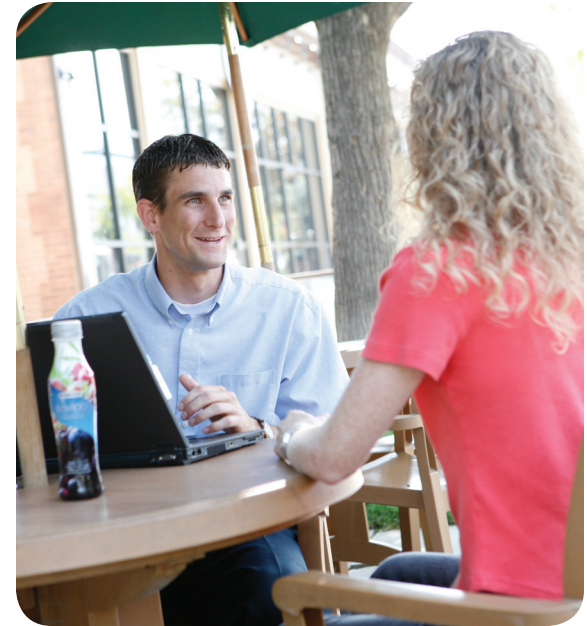
Agreement information over the telephone. An online, fax or original hard-copy of the Distributor Agreement must be received by the Company within thirty (30) days from the date of the telephone enrollment. If no application is received, the new enrollee’s Distributor Agreement will be cancelled. For purposes of the Agreement, signatures on applications submitted through these electronic methods shall be deemed original signatures. Faxed applications must include both the front and back of the Distributor Agreement. Volume generated through distributors enrolled over the telephone will not count toward qualification, or for contest purposes, if subsequently canceled for failure to submit an online, fax, or original hard-copy Distributor Agreement as stated above.

### 2.4. DISTRIBUTOR BENEFITS

Once a Distributor Agreement has been accepted the benefits of the Marketing and Compensation Plan and the Distributor Agreement are available to the new distributor. These benefits

**include the right to:**

- Purchase products and services at the wholesale price;
- Retail products or resell services, which are described in the product catalog, and profit from these sales;
- Participate in the Marketing and Compensation Plan (receive bonuses and commissions, if eligible);
- Sponsor other individuals as retail customers or distributors into the business and thereby build a Marketing Organization and progress through the Marketing and Compensation Plan;
- Receive periodic literature and other communications;
- Participate in sponsored support service training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- Participate in promotional and incentive contests and programs sponsored by for its distributors.



## 3. OPERATING A BUSINESS

### 3.1. ADHERENCE TO THE MARKETING AND COMPENSATION PLAN

Distributors must adhere to the terms of the Marketing and Compensation Plan as set forth in Official Materials. Distributors shall not offer the opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically stated in Official Materials. Distributors shall not require or encourage other current or prospective customers or distributors to participate in \_\_\_\_\_ in any manner that varies from the program as set forth in Official Materials. Distributors shall not require or encourage other current or prospective customers or distributors to execute any agreement or contract other than official agreements and contracts in order to become a distributor. Similarly, distributors shall not require or encourage other current or prospective customers or distributors to make any purchase from, or payment to, any

individual or other entity to participate in the Marketing and Compensation Plan other than those purchases or payments identified as recommended or required in Official Materials.

### 3.2. ADVERTISING

All distributors shall safeguard and promote the good reputation of 4Life and its products. The marketing and promotion of the opportunity, the Marketing and Compensation Plan, and \_\_\_\_\_ products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

\_\_\_\_\_ specifically prohibits the use of mass unsolicited telephone autodialing, faxing, e-mail (“spam”), and “boiler-room” telemarketing operations.

To promote both the products and the opportunity offers, distributors must use the sales aids and support materials produced by \_\_\_\_\_. If \_\_\_\_\_ distributors develop their own sales aids and promotional materials (which includes

Internet advertising), notwithstanding distributors’ good intentions, they may unintentionally violate any number of statutes or regulations affecting a business. These violations, although they may be relatively few in number, could jeopardize the opportunity for all distributors. Accordingly, distributors must submit all written sales aids, promotional materials, advertisements, websites and other literature to the Company for Company’s approval prior to use. Unless the distributor receives specific written approval to use the material, the request shall be deemed denied.

### 3.3. PARTICIPATION IN CORPORATE MARKETING EFFORTS

\_\_\_\_\_ encourages distributor participation in the Company’s marketing efforts and distributors may submit their marketing ideas to the Company. Likewise, distributors are encouraged to participate in all Company-sponsored telephone calls to interact and share ideas with Company



leadership as well as other distributors. All submissions to the Company, including those coming by way of verbal participation in Company-sponsored telephone calls, become the property of the Company. All Company-sponsored telephone calls are copyrighted material owned by 4Life and are intended for distributors' individual use. Any rebroadcast, reproduction or distribution of this copyrighted material without the express written consent of the Company is prohibited.

### 3.4. TELEMARKETING TECHNIQUES

The use of any automated telephone solicitation equipment or "boiler-room" telemarketing operations in connection with the marketing or promotion of the Company's products or the opportunity, is prohibited.

### 3.5. TRADEMARKS AND COPYRIGHTS

The name of the Company and other names as may be adopted

trade names, trademarks and service marks of the Company. As such, these marks are of great value to the Company and are supplied to distributors for their use only in an expressly authorized manner. Use of the name or any form thereof, including their use as or within Internet domain names, on any item not produced by the Company is prohibited except as follows:

Distributor's Name  
Independent Research™ Distributor

If a distributor uses the name of the Company and/or any of the Company's products in his or her advertising, the distributor must identify the mark as the property of the Company. All distributors may list themselves as an "Independent Research Distributor" in the white or yellow pages of the telephone directory under their own name. No distributor may place telephone directory display ads using the name or logo. Distributors may not answer the telephone by saying the name of the Company or in any

other manner that would lead the caller to believe that he or she has reached the Corporate Offices of 4Life. Distributors may not produce for sale, or any other purpose, any recorded Company events and speeches without written permission from 4Life; nor may distributors reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations. In accordance with a distributor's strict adherence to the foregoing instruction on the use of 4Life's trademarks, 4Life grants to each distributor so adhering, a nonexclusive license to use said marks. Said license may be revoked at any time at the discretion of 4Life.

### 3.6. MEDIA AND MEDIA INQUIRIES

Distributors must not attempt to respond to media inquiries regarding 4Life, its products or services, or their independent 4Life business. All inquiries by any type of media must be immediately referred to 4Life's Corporate Offices.

## 3. OPERATING A BUSINESS

### 3.7. BUSINESS ENTITIES

A corporation, partnership or trust (collectively referred to in this section as a “Business Entity”) may apply to be a 4Life distributor by submitting Business Entity Information Form along with its Certificate of Incorporation, Articles of Organization, Partnership Agreement or trust documents (these documents are collectively referred to as the “Entity Documents”).

A business may change its status under the same Sponsor from an individual to a partnership, corporation or trust, or from one type of entity to another. To do so, the distributor(s) must provide the Entity Documents. The Distributor Application must be signed by all of the shareholders, partners or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation

### 3.8. CHANGES TO THE 4LIFE BUSINESS

Distributors must immediately notify all changes to the information contained on his or her Distributor Agreement. Distributors may modify their existing Distributor Agreement (i.e., change Social Security Number to Federal Tax Identification Number, or change the form of ownership from an individual proprietorship to a Business Entity owned by the distributor) by submitting a written request, a properly executed Distributor Agreement, and appropriate supporting documentation. Each business will receive a separate IRS Form 1099.

### 3.9. ADDITION OF CO-APPLICANTS

When adding a co-applicant (either an individual or a business entity) to an existing business, the Company requires a written request as well as a properly completed Distributor Agreement containing the applicant’s and co-applicant’s Social Security Numbers or

Federal Tax Identification Numbers and signatures. To prevent the circumvention of the “Sale, Transfer or Assignment of Business” section (regarding transfers and assignments business), the original applicant must remain as a party to the original Distributor Agreement. If the original distributor wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with the “Sale, Transfer or Assignment of Business” section of these Policies. If this process is not followed, the business shall be cancelled upon the withdrawal of the original distributor. All bonus and commission checks will be sent to the address of record of the original distributor. Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in “Change of Sponsor” section of these Policies and Procedures.

the written request and the completed Distributor Agreement. 4Life may, at its discretion, require notarized documents before implementing any changes to a business. Please allow thirty (30) days after the receipt of the request by for processing.

### 3.10. CHANGE OF SPONSOR

**The transfer of a business from one Sponsor to another is rarely permitted. Requests for change of sponsorship must be submitted in writing to Corporate Offices, and must include the reason for the transfer. Transfers will only be considered in the following three (3) circumstances:**

- Within ten (10) days of the enrollment date, the distributor seeking to transfer submits a properly completed Sponsorship and Enroller Transfer Form which includes the signature of the distributor seeking to transfer, the signature of the original Sponsor, and the signature of the original Enroller.
- In cases involving fraudulent inducement

or unethical sponsoring, a distributor may request that he or she be transferred to another organization with his or her entire Marketing Organization intact. All requests for transfer alleging fraudulent enrollment practices shall be evaluated on a case by case basis, and must be submitted to the Company in writing within sixty (60) days from the enrollment date. The request must include a detailed description of why the distributor believes his or her enrollment was fraudulently induced.

- The distributor seeking to transfer submits a properly completed and fully executed Sponsorship Transfer Form which includes the written approval of all parties whose income will be immediately affected by the transfer. Photocopied or facsimile signatures are not acceptable. All distributor signatures must be notarized. The distributor who requests the transfer must submit a fee for administrative charges and data processing. Transferring distributors must allow thirty (30) days after the

receipt of the Sponsorship Transfer Forms by processing and verifying change requests. A transferring distributor's downline shall remain in the original genealogy and shall not be moved with the transferring distributor; however, reserves the right to make Downline genealogy changes at its discretion for reasonable business purposes.

### 3.11. CANCELLATION AND RE-APPLICATION

A distributor may legitimately change organizations by voluntarily canceling his or her business and remaining inactive (i.e., no purchases of products for resale, no sales of 4Life products, no sponsoring, no attendance at any 4Life functions, participation in any other form of distributor activity, or operation of any other business) for six (6) full calendar months. Following the six-month period of inactivity, the former distributor may reapply under a new Sponsor.

## 3. OPERATING A BUSINESS

### 3.12. INDEMNIFICATION FOR UNAUTHORIZED CLAIMS AND ACTIONS

A distributor is fully responsible for all of his or her verbal and/or written statements made regarding products, services, and the Marketing and Compensation Plan which are not expressly contained in Official Materials. Distributors agree to indemnify and hold it harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs or lost business incurred by a result of the distributor's unauthorized representations or actions. This provision shall survive the cancellation of a distributor's Distributor Agreement.

### 3.13. PRODUCT CLAIMS

No claims as to any products offered by may be made except those contained in Official Materials. In particular, no distributor may make any claim that products are useful in the cure, treatment,

diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims.

### 3.14. INCOME CLAIMS

In their enthusiasm to enroll prospective distributors, some distributors are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counterproductive because new distributors may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. we firmly believe that the income potential is great enough to be highly attractive, without reporting the earnings of others. While distributors may believe it beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact as well as the distributor making the claim unless appropriate disclosures required by law are also made contemporaneously with the

income claim or earnings representation. Because distributors may not have the data necessary to comply with the legal requirements for making income claims, a distributor, when presenting or discussing the opportunity or Marketing and Compensation Plan to a prospective distributor, may not make income projections, income claims or disclose his or her income (including the showing of checks, copies of checks or bank statements).

### 3.15. COMMERCIAL OUTLETS

4Life strongly encourages the retailing and selling of its products and services through person to person contact. However, the Company recognizes that some distributors may find that selling products from small retail outlets may be beneficial. Therefore, distributors may sell products in small, individually owned retail outlets. products may not be sold in department stores, chain or franchised retail outlets, mass merchandising outlets, or any retail location with two thousand

(2,000) square feet or more of retail space. Distributors must obtain written authorization from 4Life prior to selling any products in a retail outlet, and retains the discretion to restrict its products from being sold in any retail location which it does not deem acceptable.

### 3.16. TRADE SHOWS, EXPOSITIONS AND OTHER SALES FORUMS

Distributors may display and/or sell products at trade shows and professional expositions. Distributors may not display and/or sell products at swap meets, garage sales, flea markets, farmer's markets or Internet auction sites without the prior written consent of the Company.

### 3.17. CONFLICTS OF INTEREST / NONSOLICITATION

distributors are free to participate in other multilevel or network marketing business ventures or marketing opportunities. However, during the term of this Agreement, distributors

may not recruit other distributors or customers for any other multilevel or network marketing business. During the term of this Agreement and, for a period of six (6) months following the cancellation thereof, a distributor or former distributor may not recruit any distributor or customer for another multilevel marketing business. Because network marketing is often conducted over the telephone and via the Internet through networks of individuals spanning the U.S. and internationally, any narrow geographic limitation on the scope of this non-solicitation policy would render it ineffective. Therefore, this policy shall apply to all countries where is officially open for business. The term "recruit" means actual or attempted solicitation, enrollment, encouragement or effort to influence in any way, either directly or through a third party, a distributor or customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. If the distributor or former distributor directly or

indirectly responds to an inquiry by a distributor, this also constitutes recruiting. Distributors may not display products or services with any other non-products or services. If operating from a physical retail location, products or services must be displayed separately from products or services. Distributors may not offer the opportunity, products or services to prospective or existing customers or distributors in conjunction with any non-program, opportunity, product or service. Distributors may not offer any non-4Life opportunity, products or services at any -related meeting, seminar or convention.

### 3.18. DOWNLINE ACTIVITY REPORTS

**All Downline Activity Reports and the information contained therein are confidential and constitute proprietary business trade secrets information belonging Downline Activity Reports are provided to distributors**

### 3. OPERATING A BUSINESS

in strictest confidence and are made available to distributors for the sole purpose of assisting distributors in working with their respective Marketing Organizations in the development of their business. Distributors should use their Downline Activity Reports to manage, motivate and train their Downline distributors. The distributor and agree that, but for this agreement of confidentiality and nondisclosure, would not provide Downline Activity Reports to the distributor. Accordingly, distributors shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- Use the information to compete with or for any purpose other than promoting his or her business; recruit or solicit any distributor or customer of listed on any report,

or in any manner attempt to influence or induce any distributor or customer of to alter their business relationship with

- Use or disclose to any person, partnership, association, corporation or other entity any information contained in any Downline Activity Report;
- Upon demand by the Company, any current or former distributor will return the original and all copies of Downline Activity Reports to the Company. The provisions of this policy shall survive the termination or cancellation of a distributor's Distributor Agreement with

#### 3.19. CROSS-SPONSORING

Actual or attempted cross-group sponsoring is strictly prohibited. "Cross-group sponsoring" is defined as the enrollment, indirect or otherwise, of an individual or entity that already has a current customer number or Distributor Agreement on file or who has had such an agreement within the

preceding six (6) calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, Federal Tax Identification Numbers or fictitious identification numbers to circumvent this policy is prohibited. This policy shall not prohibit the transfer business in accordance with the "Sale, Transfer or Assignment of Business" section of these Policies and Procedures.

#### 3.20. ERRORS OR QUESTIONS

If a distributor has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports or charges, the distributor must notify ----- within sixty (60) days of the date of the purported error or incident in question. will not be responsible for any errors, omissions or problems not reported within sixty (60) days.

### 3.21. EXCESS INVENTORY PURCHASES PROHIBITED

Distributors are not required to carry inventory of products or sales aids. Distributors who do so may find making retail sales and building a Marketing Organization somewhat easier because of the decreased response time in fulfilling customer orders or in meeting a new distributor's needs. Each distributor must make his or her own decision with regard to these matters. To ensure that distributors are not encumbered with excess inventory that they are unable to sell, such inventory may be returned upon the distributor's cancellation or termination pursuant to the "Return of Inventory and Sales Aids by Distributors" section of these Policies.

prohibits the purchase of products in unreasonable amounts solely for the purpose of qualifying for commissions, bonuses or advancement in the Marketing and Compensation Plan. Distributors may not purchase more inventory than they can reasonably resell or consume in a month, nor may they encourage others to do so.

### 3.22. RIGHT OF PUBLICITY

Distributors authorize to use their name, photograph, personal story and/or likeness in the Company's advertising and/or promotional materials and waive all claims for remuneration for such use.

### 3.23. GOVERNMENTAL APPROVAL OR ENDORSEMENT

Federal and state regulatory agencies and/or officials do not approve or endorse any direct selling or network marketing companies or programs. Therefore, distributors shall not represent or imply that or its Marketing and Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

### 3.24. INCOME TAXES

Every year, will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each resident as required by the

Internal Revenue Service. Each distributor is responsible for paying local, state and federal taxes on any income generated as an independent distributor. If a business is tax exempt, the Federal Tax Identification Number must be provided

### 3.25. INDEPENDENT DISTRIBUTOR STATUS

Distributors are independent distributors, and are not purchasers of a franchise or a business opportunity. its distributors does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the distributor. A distributor shall not be treated as an employee for his or her services or for Federal or State tax purposes. All distributors are responsible for paying local, state, and federal taxes due from all compensation earned as a distributor of the Company. The distributor has no authority (express or implied), to bind the Company to any obligation. Each distributor shall

### 3. OPERATING A BUSINESS

establish his or her own goals, hours and methods of sale, so long as he or she complies with the terms of the Distributor Agreement, these Policies, and applicable laws.

#### 3.26. INTERNATIONAL MARKETING

Because of critical legal and tax considerations, must limit the resale of products and services, and the presentation of the business opportunity to prospective customers and distributors located within the Territories and other authorized countries. Moreover, allowing a few distributors to conduct business in markets not yet opened would violate the concept of affording every distributor the equal opportunity to expand internationally. Accordingly, distributors are authorized to sell products and services, and enroll customers or distributors only in the countries in which is authorized to conduct business, as announced in

Official Company Materials. No distributor may sell, give, transfer, import, export or distribute products or sales aids in any unauthorized country. In addition, no distributor may, in any unauthorized country: (A) conduct sales, enrollment or training meetings; (B) enroll or attempt to enroll potential customers of distributors; or (C) conduct any other activity for the purpose of selling products, establishing a Marketing Organization, or promoting the opportunity.

#### 3.27. ADHERENCE TO LAWS AND ORDINANCES

Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to distributors because of the nature of their business. However, distributors must obey those laws that do apply to them. If a city or county official tells a distributor that an ordinance applies to him or her, the distributor shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance

Department In many cases there are exceptions to the ordinance that apply to distributors.

#### 3.28. COMPLIANCE WITH LAWS AND ETHICAL STANDARDS

Distributors shall comply with all federal, state and local laws and regulations in the conduct of their businesses. In connection with the operation of a distributor's business, the violation of any law, or any conduct that is unethical or, in 4Life's sole discretion, may tend to damage its reputation or goodwill, shall be grounds for disciplinary action.

#### 3.29. ONE 4LIFE BUSINESS PER DISTRIBUTOR

A distributor may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one business. No individual may have, operate or receive compensation from more than one business. Individuals of the same



family unit may each enter into or have an interest in their own separate 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.

### 3.30. ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED INDIVIDUALS

If any member of a distributor’s immediate household engages in any activity which, if performed by the distributor named on the application, would violate any provision of the Agreement, such activity will be deemed a violation by the distributor and may take disciplinary action pursuant to these Policies against the named distributor. Similarly, if any individual associated in any way with a corporation, partnership, trust or other entity (collectively “affiliated individual”) violates the Agreement, such action(s) will

be deemed a violation by the entity, may take disciplinary action against the entity.

### 3.31. REPACKAGING AND RE-LABELING PROHIBITED

Distributors may not repackage, re-label, refill or alter the labels on any products, information, materials or programs in any way. products must be sold in their original containers only. Such re-labeling or repackaging would likely violate federal and state laws, which could result in severe criminal penalties. You should also be aware that civil liability can arise when, as a consequence of the repackaging or re-labeling of products, the persons using the products suffer any type of injury or their property is damaged.

### 3.32. REQUESTS FOR ADDITIONAL RECORDS

Any request from a distributor for additional or replacement copies of invoices, applications or other records will require a fee per page per copy.

This fee covers the expense of mailing and time required to research files and make copies of the records.

### 3.33. ROLL-UP OF MARKETING ORGANIZATION

Upon cancellation of a distributor, all individuals on the first level of the canceling distributor shall move into the vacated position.

### 3.34. SALE, TRANSFER OR ASSIGNMENT OF 4LIFE BUSINESS

Although a business is a privately owned, independently operated business, the sale, transfer or assignment of a business is subject to certain limitations. Unless otherwise agreed to in writing, if a distributor wishes to sell his or her business, the following criteria must be met:

- The distributor shall offer the Company the right of first refusal to purchase the business on the same terms as it would be offered to any third party. If the

### 3. OPERATING A BUSINESS

Company purchases the business, it is up to the Company's discretion whether to retain the business or allow a roll-up to occur;

- Protection of the existing line of sponsorship must always be maintained so that the business continues to be operated in that line of sponsorship;
- A buyer or transferee must become a qualified distributor. If the buyer is an active distributor, he or she must first terminate his or her business and remain inactive for six (6) full calendar months before becoming eligible for a purchase, transfer, assignment or acquisition of any interest in the business;
- Before the sale, transfer or assignment can be finalized and approved by any debt obligations the selling distributor has must be satisfied;
- The selling distributor must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a

business;

- Prior to offering a business for sale, the selling distributor must notify Corporate Offices of his or her intent to sell the business.

#### 3.35. SEPARATION OF A BUSINESS

**Distributors sometimes operate their businesses as husband-wife partnerships, regular partnerships, corporations or trusts. At such time as a marriage may end in divorce, or a corporation, partnership or trust (the latter three entities are collectively referred to herein as "entities") may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other distributors and the Company, will involuntarily terminate the Distributor Agreement and roll-up**

**their entire Marketing Organization pursuant to the "Roll-Up of Marketing Organization" section of these Policies. During the pendency of a divorce or entity dissolution, the parties must adopt one of the following methods of operation:**

- One of the parties may, with written consent of the other(s), operate the business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee; or
- The parties may continue to operate the business jointly, whereupon all compensation paid will be paid in the joint names of the distributors or in the name of the entity to be divided as the parties may independently agree between themselves. If the parties elect neither of the foregoing, continue to pay commissions to the same

individual(s) to whom commissions were paid prior to the filing of the divorce or dissolution proceeding. Under no circumstances will the Marketing Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will split commission and bonus checks between divorcing spouses or members of dissolving entities. will recognize only one Marketing Organization and will issue only one commission check per business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business within six (6) months following the divorce filing or institution of dissolution proceedings, the Distributor Agreement shall be involuntarily canceled. If a former spouse has completely relinquished all rights in his or her original business, he or

she is thereafter free to enroll under any Sponsor of their choosing, and need not wait six (6) months before reapplying. If a former entity affiliate has completely relinquished all rights in his or her original business, he or she must remain inactive for six (6) full calendar months before becoming eligible for a purchase, transfer, assignment or acquisition of any interest in the 4Life business or before re-applying. In divorce and entity dissolution cases, the relinquishing party(s) shall have no rights to any distributors in their former organization or to any former retail customer. They must develop the new business in the same manner as would any other new distributor.

### 3.36. SPONSORING

All Active Distributors in good standing have the right to sponsor and enroll others into . Each prospective customer or distributor has the ultimate right to choose his or her own Sponsor. If two distributors claim to be the Sponsor of the same new

distributor or customer, the Company shall regard the first application received by the Company as controlling.

### 3.37. TRANSFER UPON DEATH OF A DISTRIBUTOR

**Upon the death of a distributor, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, a distributor should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased distributor's Marketing Organization provided the following qualifications are met. The successor(s) must:**

- Execute a Distributor Agreement;
- Provide an original death certificate and a notarized copy of the will or other

### 3. OPERATING A BUSINESS

instrument establishing the successor's right to the business;

- Comply with terms and provisions of the Agreement;
- Meet all of the qualifications for the deceased distributor's status;
- Form a business entity and acquire a Federal Tax Identification Number, if the business is bequeathed to or inherited by joint heirs. ' issue all bonus and commission checks and one IRS Form 1099 to the business entity.

The heirs must provide with an address of record to which all bonus and commission checks will be sent.

#### 3.38. TRANSFER UPON INCAPACITATION OF A DISTRIBUTOR

To effect a transfer of a business because of a distributor's incapacity, the successor must provide the following to (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's

right to administer the business; and (3) a completed Distributor Agreement executed by the trustee. The trustee must then:

- Execute a Distributor Agreement;
- Comply with terms and provisions of the Agreement;
- Meet all of the qualifications for the incapacitated distributor's status.



## 4. RESPONSIBILITIES OF DISTRIBUTORS

### 4.1. CHANGE OF ADDRESS OR TELEPHONE

To ensure timely delivery of products, support materials and commission checks, it is critically important that files are current. Street addresses are required for shipping since UPS cannot deliver to a post office box. Distributors planning to move should send their new address and telephone number to Corporate Offices to the attention of the Distributors Services Department. To guarantee proper delivery, two (2) weeks advance notice must be provided to 4Life on all changes.

### 4.2. CONTINUING DEVELOPMENT OBLIGATIONS AND ONGOING TRAINING

Any distributor who is the Sponsor or Enroller of another distributor must perform a bona fide supervisory function to ensure that his or her Downline is properly operating his or her business. Distributors must have ongoing contact, communication and management

supervision with the distributors in their Marketing Organizations. Examples of such contact and supervision may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of Downline distributors to meetings, training sessions, and other functions. Upline distributors are also responsible to motivate and train new distributors in product knowledge, effective sales techniques, the Marketing and Compensation Plan, and compliance with Company Policies.

### 4.3. INCREASED TRAINING RESPONSIBILITIES

As distributors progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the program. They will be called upon to share this knowledge with lesser experienced distributors within their Marketing Organization.

### 4.4. ONGOING SALES RESPONSIBILITIES

Regardless of their level of achievement, distributors have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing their existing customers.

### 4.5. NONDISPARAGEMENT

provide its independent distributors with superior products, compensation plan and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to Distributor Services Department. While welcomes constructive input, negative comments and remarks made by distributors about the Company, its products or compensation plan serve no purpose other than to sour the enthusiasm of other distributors. For this reason, and to set the proper example for their Downline Organization, distributors must not disparage, demean

## 4. RESPONSIBILITIES OF DISTRIBUTORS

or make negative remarks about other distributors, products, the Marketing and Compensation Plan, or directors, officers or employees.

### 4.6. PROVIDING DOCUMENTATION TO APPLICANTS

Distributors must provide the most current version of the Policies and the Marketing and Compensation Plan to individuals whom they are sponsoring to become distributors before the applicant signs a Distributor Agreement. Additional copies of the Policies can be acquired

### 4.7. REPORTING POLICY VIOLATIONS

Distributors observing a violation of the Policies by another distributor should submit a written report of the violation directly to the attention of the Compliance Department. Details of

the incident such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.



## 5. SALES REQUIREMENTS

### 5.1. PRODUCT SALES

The Marketing and Compensation Plan is based upon the sale of products and services to end consumers. Distributors must fulfill personal and Marketing Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement. At least seventy percent (70%) of a distributor's total monthly Personal Life Point Volume must be sold to personal retail customers.

### 5.2. NO PRICE OR TERRITORY RESTRICTIONS

Distributors are not required to sell 4Life products at the suggested retail prices set forth on the Product Price List. Distributors may sell 4Life products at any price they choose. There are no exclusive territories granted to anyone. No franchise fees are required. Any distributor who advertises and/or offers to sell brand products at a price less than the wholesale

price ("wholesale price" being defined as the amount of a single container of product designated in the Product Price List as published and modified from time to time) will be terminated, without any cure period.

### 5.3. SALES RECEIPTS

If a distributor sells any product from his or her inventory, he or she must give the customer a copy of a retail sales receipt at the time of the sale. Distributors must maintain all retail sales receipts for a period of two (2) years and furnish them to the Company's request. Records documenting the purchases of Distributors' Preferred Customers will be maintained

## 6. BONUSES AND COMMISSIONS

### 6.1. BONUS AND COMMISSION QUALIFICATIONS

A distributor must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a distributor complies with the terms of the Agreement, \_\_\_\_\_ pay commissions to such distributor in accordance with the Marketing and Compensation Plan. The minimum amount for which \_\_\_\_\_ will issue a check is determined by the Company. If a distributor's bonuses and commissions do not equal or exceed the minimum amount, the Company will accrue the commissions and bonuses until they reach the minimum amount. A check will be issued once this amount has been accrued.

### 6.2. ADJUSTMENT TO BONUSES AND COMMISSIONS FOR RETURNED PRODUCTS AND SERVICES

Distributors receive bonuses and commissions based on the actual sales of products to end consumers. When a product is returned to \_\_\_\_\_ a refund or is repurchased by the Company, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted, in the month in which the refund is given or will be withheld from any bonus, commission or other amount owed by the Company. Deductions will continue every pay period thereafter until the commission is recovered from the distributors who received bonuses and commissions on the sales of the refunded goods.

### 6.3. UNCLAIMED COMMISSIONS AND CREDITS

Distributors must deposit or cash commission and bonus checks within six (6) months from their date of issuance. A check that remains uncashed after six (6) months will be void. After a check has been voided, \_\_\_\_\_ credit the distributor's account. There shall be a \_\_\_\_\_ charge for such a transaction; plus a \_\_\_\_\_ monthly maintenance fee. Any other issued credit (other than a voided check) that remains unused after six (6) months will incur a \_\_\_\_\_ monthly maintenance fee.



## 7. PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

### 7.1. PRODUCT GUARANTEE

offers a one hundred percent (100%) 30-day money back satisfaction guarantee (less shipping charges) to all retail customers. If a customer purchased a product from a distributor, the customer must return the product to that distributor for a refund, replacement or exchange. If a customer purchased the product directly from the Company, the product should be returned directly to the Company.

If a distributor is unsatisfied with any product purchased for personal use, the distributor may return the product within thirty (30) days from the date of purchase for a one hundred percent (100%) refund, a replacement or exchange (less shipping charges). This guarantee is limited to in any 12-month period. If a distributor wishes to return merchandise exceeding \$300 in any 12-month period, the return will be deemed an inventory repurchase and the Company shall repurchase the inventory pursuant to the terms in the "Return of Inventory and Sales Aids by

Distributors" section of these Policies, and the distributor's Distributor Agreement shall be canceled.

### 7.2. RETURNS BY DISTRIBUTORS (PRODUCTS RETURNED BY PERSONAL RETAIL CUSTOMERS)

If a personal retail customer returns a product to the distributor from whom it was purchased, the distributor may return it to the Company for an exchange or replacement (the distributor returning the product is responsible for all shipping charges).

### 7.3. RETURN OF INVENTORY AND SALES AIDS BY DISTRIBUTORS

Upon cancellation of a distributor's Distributor Agreement, the distributor may return inventory and 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 products and sales aids he or she personally purchased from the Company under his or her Distributor Identification Number, and which are in Resalable condition. Upon receipt of the products and sales aids, the distributor will be reimbursed ninety percent (90%) of the net cost of the original purchase price(s), less shipping charges. If the purchases were made through a credit card, the refund will be credited back to the same 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.

## 7. PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

### 7.4. PROCEDURES FOR ALL RETURNS

The following procedures apply to all returns for refund, repurchase or exchange:

- All merchandise must be returned by the distributor or customer who purchased it directly
- All products to be returned must have a Return Authorization Number which will be obtained by calling the Distributor Services Department. This Return Authorization Number must be written on each carton returned. The return must be accompanied by:
- A copy of the original dated retail sales receipt (if product was returned to the distributor by a retail customer); and
- The unused portion of the product in its original container. Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement. All returns must be shipped to shipping pre-paid.

shipping-collect packages. The risk of loss in shipping for returned product shall be on the distributor. It is the sole responsibility of the distributor to trace, insure or otherwise confirm that the Company has received the shipment. If a distributor is returning merchandise to that was returned to him or her by a personal retail customer, the product must be received within ten (10) days from the date on which the retail customer returned the merchandise to the distributor, and must be accompanied by the sales receipt the distributor gave to the customer at the time of the sale. No refund or replacement of product will be made if the conditions of these rules are not met.



## 8. DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

### 8.1. DISCIPLINARY SANCTIONS

Violation of the Agreement, these Policies, or any illegal, fraudulent, deceptive or unethical business conduct by a distributor may result, discretion, in one or more of the following corrective measures:

- Issuance of a written warning or admonition;
- Requiring the distributor to take immediate corrective measures;
- Loss of privileges, including but not limited to loss of voicemail privileges;
- Loss of rights to one or more bonus and commission checks;
- \_\_\_\_\_ withhold from a distributor all or part of the distributor's bonuses and commissions during the period that \_\_\_\_\_ investigating any conduct allegedly violative of the Agreement. If a distributor's business is canceled for disciplinary reasons, the distributor will not be entitled to recover any commissions withheld during the investigation period;

- Suspension of the individual's Distributor Agreement for one or more pay periods;
- Involuntary cancellation of the offender's Distributor Agreement;
- Any other measure expressly allowed within any provision of the Agreement or which \_\_\_\_\_ deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the distributor's Policy violation or contractual breach; and/or
- In situations deemed appropriate by \_\_\_\_\_ the Company may institute legal proceedings for monetary and/or equitable relief.

### 8.2. GRIEVANCES AND COMPLAINTS

When a distributor has a grievance or complaint with another distributor regarding any practice or conduct in relationship to their respective businesses, the complaining distributor should report, in writing, to the Compliance Department at the Company.

### 8.3. APPEALS OF SANCTIONS

Following the issuance of a sanction (other than a suspension pending an investigation), the disciplined distributor may appeal the sanction to the Company. The distributor's appeal must be in writing and received by \_\_\_\_\_ Compliance Department within fifteen (15) days from the date of \_\_\_\_\_ sanction notice. If the appeal is not received \_\_\_\_\_ within the fifteen (15) day period, the sanction will be final. The distributor must submit all supporting documentation with his or her appeal correspondence and specify in full detail the reasons why he or she believes the Company's initial determination was erroneous. If the distributor files a timely appeal of the sanction, the Company will review and reconsider the cancellation, consider any other appropriate action and notify the distributor in writing of its decision.

## 8. DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

### 8.4. ARBITRATION

Any legal cause of action arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Distributors waive all rights to trial by jury or to any court.

unless the laws of the state in which a distributor resides expressly require the application of its laws, in which case the arbitration shall be held in the capital city of that state.

All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel that the American Arbitration Panel provides.

Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement.

Nothing in the Agreement shall prevent from applying to and 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 interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

### 8.5. GOVERNING LAW, JURISDICTION AND VENUE

Jurisdiction and venue of any matter not subject to arbitration shall reside

unless the laws of the state in which a distributor resides expressly require the application of its laws, in which case that state's law shall govern all issues relating to jurisdiction and venue. The Federal Arbitration Act shall govern all matters relating to arbitration. The laws of the State of Utah shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which a distributor resides expressly require the application of its laws.

## 9. ORDERING

### 9.1. PURCHASING PRODUCTS

Each distributor should purchase his or her products directly. If a distributor purchases products from another distributor or any other source, the purchasing distributor will not receive the Personal Life Point Volume associated with that purchase. Purchases made from authorized LP Centers are excepted from this policy.

### 9.2. GENERAL ORDER POLICIES

On mail orders with invalid or incorrect payment, attempt to contact the distributor by phone, and/or mail to try to obtain another payment. If these attempts are unsuccessful after five (5) working days, the order will be returned unprocessed. No C.O.D. orders will be accepted. maintains no minimum order requirements. Orders for products and sales aids may be combined.

### 9.3. SHIPPING AND BACKORDER POLICY

normally ship products within one (1) day from the date on which it receives an order. expeditiously ship any part of an order currently in stock. If, however, an ordered item is out-of-stock, it will be placed on backorder and sent when receives additional inventory. Distributors will be charged and given Personal Life Point Volume on backordered items unless notified on the invoice that the product has been discontinued. will notify distributors and customers if items are backordered and are not expected to ship within thirty (30) days from the date of the order. An estimated shipping date will also be provided. Backordered items may be canceled upon a distributor's request. Distributors may request a refund, credit on account, or replacement merchandise for canceled backorders. If a refund is requested, the distributor's Personal Life Point Volume will be decreased by the amount of the refund in the month and

bonuses withheld in a subsequent month in which the refund is issued.

### 9.4. CONFIRMATION OF ORDER

A distributor and/or recipient of an order must confirm that the product received matches the product listed on the shipping invoice, and is free of damage. Failure to notify any shipping discrepancy or damage within thirty (30) days of shipment will cancel a distributor's right to request a correction.

### 9.5. PAYMENT AND SHIPPING DEPOSITS

No monies should be paid to or accepted by a distributor for a sale to a personal retail customer except at the time of product delivery. Distributors should not accept monies from retail customers to be held for deposit in anticipation of future deliveries.

### 9.6. INSUFFICIENT FUNDS

It is the responsibility of each distributor to ensure that there are sufficient funds

## 9. ORDERING

or credit available in his or her account to cover the monthly Autoship order. is not required to contact distributors in regard to orders canceled due to insufficient funds or credit. This may result in a distributor's failure to meet his or her Personal Life Point Volume requirements for the month.

### 9.7. RETURNED CHECKS

All checks returned by a distributor's bank for insufficient funds will be re-submitted for payment. A returned check fee will be charged to the account of the distributor. After receiving a returned check from a customer or a distributor, all future orders must be paid by credit card, money order or cashier's check. Any outstanding balance owed by a distributor for NSF checks and returned check fees may be withheld from subsequent bonus and commission checks or collected in any other manner deemed appropriate. Reinstatement of payment by check shall be at the discretion

### 9.8. RESTRICTIONS ON THIRD PARTY USE OF CREDIT CARDS AND CHECKING ACCOUNT ACCESS

Distributors shall not permit other distributors or customers to use his or her credit card, or permit debits to their checking accounts, to enroll or to make purchases from the Company.

### 9.9. SALES TAXES

By virtue of its business operations, is required to charge sales taxes on all purchases made by distributors and customers, and remit the taxes charged to the respective states. Accordingly, will collect and remit sales taxes on behalf of distributors, based on the suggested retail price of the products, according to applicable tax rates in the state to which the shipment is destined. If a distributor has submitted, and has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and

remitting sales taxes to the appropriate authorities shall be that of the distributor. Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted is not retroactive.



## 10. INACTIVITY AND CANCELLATION/TERMINATION

### 10.1. EFFECT OF CANCELLATION AND TERMINATION

So long as a distributor remains active and complies with the terms of the Distributor Agreement and these Policies, shall pay commissions to such distributor in accordance with the Marketing and Compensation Plan. A distributor's bonuses and commissions constitute the entire consideration for the distributor's efforts in generating sales and all activities related to generating sales (including, but not limited to, building a Marketing Organization). Following a distributor's non-continuation of his or her Distributor Agreement, cancellation for inactivity, or voluntary or involuntary cancellation (termination) of his or her Distributor Agreement (all of these methods are collectively referred to as "Cancellation"), the former distributor shall have no right, title, claim or interest to the Downline Marketing Organization which he or she operated, or any commission or bonus from the sales generated by the Marketing

Organization. Distributors waive any and all rights, including, but not limited to, property rights, in the Marketing Organization which they may have had. Following a distributor's cancellation of his or her Distributor Agreement, the former distributor shall not hold himself or herself out as a distributor and shall not have the right to sell products or services. A distributor whose Distributor Agreement is cancelled shall receive commissions and bonuses only for the last full pay period he or she worked prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

### 10.2. CANCELLATION DUE TO INACTIVITY

It is the distributor's responsibility to lead his or her Marketing Organization with the proper example in personal production of sales to end consumers. Without this proper example and leadership, the distributor will lose his or her right to receive commissions from sales generated through his or her Marketing

Organization. Therefore, distributors who personally produce less than the required Personal Life Point Volume as specified in the Marketing and Compensation Plan for any pay period will not receive a commission for the sales generated through their Marketing Organization for that pay period. If a distributor has not fulfilled his or her personal sales requirements for a period of six (6) consecutive calendar months (and thus becomes "inactive"), his or her Distributor Agreement shall be canceled for inactivity on the day following the last day of the sixth month of inactivity. Written confirmation of the cancellation will not be provided

### 10.3. INVOLUNTARY CANCELLATION (TERMINATION)

A distributor's violation of any of the terms of the Agreement, including any amendments that may be made in its sole discretion, may result in any of the sanctions listed in the Agreement, including, but not limited

## 10. INACTIVITY AND CANCELLATION/TERMINATION

to, the involuntary cancellation of his or her Distributor Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed or delivered to an express courier, addressed to the distributor's last known address or that of his or her attorney, or when the distributor receives actual notice of cancellation, whichever occurs first. reserves the right to withhold and/or permanently retain funds and prevent any roll-up depending on the individual circumstances surrounding each case.

### 10.4. VOLUNTARY CANCELLATION

A participant in this multilevel marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. The written notice must include the distributor's signature, printed name, address and Distributor Identification Number. If a canceling distributor is also on the Autoship program, his or her Autoship

will also be canceled. If he or she wishes to remain an Autoship customer, he or she must contact Distributor Services Department to establish a customer account.

### 10.5. NON-CONTINUATION

A distributor may also voluntarily cancel his or her Distributor Agreement by failing to pay the material and subscription fee on the Agreement on its anniversary date.



## DEFINITIONS

### ACTIVE DISTRIBUTOR

A distributor who satisfies the minimum Personal Life Point Volume requirements, as set forth in the Marketing and Compensation Plan, to ensure that a Distributor Agreement remains in force.

### AGREEMENT

The contract between the Company and each distributor includes the Distributor Agreement, the 4Life Policies and Procedures, and the Marketing and Compensation Plan, all in their current form and as amended in its sole discretion. These documents are collectively referred to as the “Agreement.”

### AUTOSHIP CUSTOMER

A customer who has executed a Customer Agreement and who agrees to purchase a specified package of products and services each calendar month.

### COMMISSIONABLE PRODUCTS/SERVICES

All products and services on which commissions and bonuses are paid. Distributor Kits and sales aids are not commissionable products.

### COMPANY

The term “Company” as it is used throughout the Agreement

### DOWNLINE

See “Marketing Organization.”

### DOWNLINE ACTIVITY REPORT

A monthly report generated by that provides critical data relating to the identities of distributors, sales information and enrollment activity of each distributor’s

Marketing Organization. This report contains confidential and trade secret information which is proprietary

### ENROLLER

A distributor who personally recruits another distributor and places the new distributor in his or her Downline. The Enroller of a new distributor may also be the new distributor’s Sponsor.

### GROUP LIFE POINT VOLUME

The commissionable value of products generated by a distributor’s Marketing Organization. Group Life Point Volume includes the Personal Life Point Volume of the subject distributor. (Distributor Kits and sales aids have no Life Point Volume.)

### IMMEDIATE HOUSEHOLD

Heads of household and dependent family members residing in the same house.

## DEFINITIONS

### LEVEL

The layers of downline customers and distributors in a particular distributor's Marketing Organization. This term refers to the relationship of a distributor relative to a particular upline distributor, determined by the number of distributors between them who are related by sponsorship. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A's fourth level.

### LIFE POINTS

Every commissionable product is assigned a point value. Distributor commissions are based on the total point value of products sold by each distributor and his or her Marketing Organization.

### LINE

Also called leg. A part of your Downline that starts with someone sponsored by you and continues below that sponsorship.

### MARKETING ORGANIZATION

Customers and distributors below a particular distributor.

### OFFICIAL 4LIFE MATERIALS

Literature, audio or video tapes, and other materials developed, printed, published and/or distributed by distributors.

### PERSONAL LIFE POINT VOLUME

The commissionable value of services and products sold in a volume period: (1) by the Company to a distributor; and (2) by the Company to the distributor's personally enrolled direct and Autoship customers.

### QUALIFIED RANK

The term "Qualified Rank" refers to the current rank of a distributor, as determined by the Marketing and Compensation Plan, for any volume period. To be considered "Qualified" relative to a particular rank, a distributor must meet the

criteria set forth in the Marketing and Compensation Plan for his or her respective rank.

### RESALABLE

Products and sales aids are "Resalable" if each of the following elements are satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) the product and packaging are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) products are returned within one (1) year from the date of purchase; (5) the product expiration date has not elapsed. Any merchandise that was identified at the time of sale as non-returnable, discontinued, or as a seasonal item, shall not be resalable.

### SPONSOR

The distributor who is your direct upline. The Sponsor of a new distributor may also be the new distributor's Enroller.



## HAPPY HEALTH

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