

## Limbic Arc – Policies & Procedures

### CHAPTER 1 YOUR AFFILIATE BUSINESS

#### 1. BECOMING AN AFFILIATE

**1.1 APPLYING TO BECOME AN AFFILIATE.** You may apply to become an Independent Affiliate by completing the following steps: (a) Complete, sign, and return an online or hardcopy Affiliate Agreement to the Company; and (b) Obtain an online digital Business Portfolio. All information on how to complete an Affiliate Agreement and obtain a Business Portfolio can be received from your Sponsor. You are not required to purchase any Products or materials to become an Affiliate.

**1.2 ONE INDIVIDUAL PER AFFILIATE BUSINESS.** Only one individual may apply for an Affiliate Business and submit an Affiliate Agreement to the Company. If the individual also wants to include a spouse or Co-habitant on the Affiliate Agreement, then the spouse or Co-habitant may also be included on the Affiliate Agreement. Except for the addition of spouses or Co-habitants, if more than one Person wants to participate in an Affiliate Business, then the Persons must apply as a Business Entity as set forth in Section 1.10 of this Chapter 1.

**1.3 AGE REQUIREMENTS.** You must be at least 18 years old to become an Affiliate unless you qualify for the limited exception set forth in Section 1.4 below for certain minors.

**1.4 MINORS.** If you are a minor who is at least 16 years old, you may become an Affiliate if you submit a hard copy Affiliate Agreement signed by you and by your parent or legal guardian. Your parent or legal guardian will be required to supervise your activities. If your parent or legal guardian is an Affiliate, then

- your Affiliate Business is considered a second account separate from your parent or legal guardian's account;
- your parent or legal guardian must be your Sponsor; and
- your parent or legal guardian cannot have any Beneficial Interest in your Affiliate Business.

**1.5 LEGAL RESIDENCY.** Your Affiliate Agreement must be filed and maintained in the country where you are a legal resident or citizen and where you have a legal right to do the business. If you are unable to prove your legal residency, citizenship, or legal right to do business in the country where you have filed your Affiliate Agreement, the Company may declare your Affiliate Agreement void from its inception. You may only file to be an Affiliate in an Authorized Country.

**1.6 FORMER AFFILIATES.** If you have been an Affiliate you may only apply to become a new Affiliate under your original Sponsor unless you meet the criteria in Section 3.3 of this Chapter 1 for signing up under a new Sponsor.

**1.7 SPOUSES AND CO-HABITANTS.** If the spouse or Co-habitant of an Affiliate wants to become an Affiliate, the spouse or Co-habitant must be added to the Affiliate Business previously formed by the other spouse or Co-habitant. If the spouse or Co-habitant of a former Affiliate wants to become an Affiliate, then the spouse or Co-habitant must apply to become an Affiliate under the Sponsor of the spouse's or Co-habitant's former Affiliate Business unless the applicable inactive period regarding Business Activity of the former Affiliate has lapsed as set forth in Section 3.3 of this Chapter 1.

**1.8 ACCEPTANCE OF YOUR AFFILIATE AGREEMENT.** The Company reserves the right to reject any application for an Affiliate Business at its own discretion. You become an approved Affiliate upon the acceptance and processing of your Affiliate Agreement by the Company. In the event the Company gets more than one Affiliate Agreement from an applicant, the first Affiliate Agreement received at the corporate office is the one that determines who your Sponsor is.

**1.9 TAX PAYER IDENTIFICATION NUMBER.** You will be required to provide the Company with your tax identification number before you are eligible to receive a Bonus, or when otherwise required by the Company for tax or other purposes. This requirement also applies to spouses and Co-habitants who sign the Affiliate Agreement. In the event you sign up using a Business Entity, you must provide the tax identification number for the Business Entity and for each Participant in the Business Entity. The Company may also place a sales order or Bonus hold on your account until you provide your tax identification number and your tax identification number has been verified.

**1.10 BUSINESS ENTITIES.** A Business Entity may apply to become an Affiliate by completing, signing, and returning a Business Entity Form, signed by all the Participants, together with an Affiliate Agreement, and purchasing a Business Portfolio. In addition, the following other requirements apply to Business Entities:

- (a) Each Participant must be a citizen or legal resident and have the legal right to do business in the country where the Business Entity's Affiliate Agreement has been filed and must be able to provide proof of such. If the Business Entity is unable to provide this proof upon the Company's request, the Company may declare the Affiliate Agreement void from its inception. You should be aware that merely being listed as a member of a Business Entity does not necessarily grant you any legal right to do business;
- (b) Bonuses will be issued in the name of the Business Entity. The Company will not have any liability to you if the Business Entity or any Participant in the Business Entity fails to allocate and pay any portion of the Bonuses received by the Business Entity among the multiple Participants in the Business Entity, or for any incorrect allocation and payment; and
- (c) One Participant will be designated as the Primary Participant of the Business Entity and the Company may rely and act on any information provided by the Primary Participant.

**1.11 CHANGING TO A BUSINESS ENTITY.** If you want to change the form of your Affiliate Business from an individual to a Business Entity, you may do so at any time. This change is subject to any applicable legal requirements and requires the completion and delivery of a Business Entity Form to the Company.

**1.12 TEMPORARY ACCOUNTS.** When you apply by telephone a temporary account will be established. With a temporary account you must purchase a not-for-profit Business Portfolio with your first order of Products. You may operate a temporary account for up to 60 days. When you have set up a temporary account you are bound by all the provisions of the Contract. You may apply to make a temporary account permanent by submitting a hard copy of the Affiliate Agreement to the Company or as provided online. If any temporary account is not

made permanent within 60 days, sales order and Bonus holds may be placed on the account. If any temporary account is not made permanent within 90 days, it may be terminated.

## **2. PERSONAL INFORMATION**

**2.1 COLLECTION OF PERSONAL INFORMATION.** The Company is aware of and responsive to your concerns regarding how information about you is collected, used and shared as a result of your becoming an Affiliate. Limbic Arc respects your privacy and is committed to protecting the privacy of Affiliates. The Company collects from you and holds certain personal information about you in order to provide you with support, the benefits of being an Affiliate, and communicating with you regarding (i) Products and promotional offers, (ii) your Affiliate Business and Downline Organizations, (iii) Bonuses, and (iv) other relevant business issues. All information submitted by you will be held by the Company at its corporate headquarters in the United States, its regional headquarters, and/or its local affiliated companies in your Resident Country. You have the right to access and verify your personal information held by the Company by contacting the call center for your Resident Country.

**2.2 AUTHORIZATION TO USE YOUR PERSONAL INFORMATION.** You authorize the Company to: (a) transfer and disclose personal and/or confidential information, which (a) you have provided to the Company in connection with your Affiliate Business and Downline Organization, or (b) that has been developed as a result of your activity as an Affiliate, to (i) its parent and affiliated companies wherever located, (ii) your upline Affiliates when the Company determines it is appropriate, and (iii) applicable government agencies or regulatory bodies if required by law. You will have the option to block the transfer of certain information that may be provided to your upline Affiliates. (b) use your personal information for Affiliate recognition and the Company's Business Support Materials and Services unless you request in writing that the Company not do so. (c) use your personal information described above, and you further agree that any other disclosure of your personal information will be governed by Company's Privacy Policy, as it may be modified from time to time. The Company collects and uses your information pursuant to contract.

## **3. MAINTAINING YOUR AFFILIATE BUSINESS ACCOUNT**

### **3.1 KEEPING YOUR AFFILIATE AGREEMENT AND BUSINESS ENTITY FORM CURRENT**

- (a) As an Affiliate, it is your duty to keep the information contained in your Affiliate Agreement or Business Entity Form current and accurate. You must immediately inform the Company of any changes affecting the accuracy of information contained in these documents. The Company may terminate an Affiliate Business or declare an Affiliate Agreement void from its inception if the Company determines false or inaccurate information was provided. If you fail to update your Affiliate Agreement or Business Entity Form, holds may be placed on your account or other disciplinary action may be taken, including termination.
- (b) You must submit a new Affiliate Agreement or Business Entity Form with “Amended” written across the top to change your Affiliate Business information. Any amended Affiliate Agreement must be signed by you. A Business Entity’s amended Affiliate Agreement must be signed by the Primary Participant of the Business Entity. An amended Business Entity Form must be signed by all Participants of the Business Entity. The Company may charge a fee for processing changes to the Affiliate Agreement and Business Entity Form. The Company may refuse to accept any amendments.

**3.2 ADDING A NEW PARTICIPANT.** You may not allow a Person to engage in any Business Activity for, or have a Beneficial Interest in, your Affiliate Business, unless your Affiliate Business is a Business Entity and that Person has applied to become a Participant and such application has been accepted by the Company. The Company may reject any such application in its sole discretion. If the Company rejects the application, the Person may not participate in the Affiliate Business.

**3.3 STARTING AN AFFILIATE BUSINESS UNDER A NEW SPONSOR.** If you are a former Affiliate, you may establish a new Affiliate Business under a new Sponsor only if you have not engaged in any Business Activity (whether for your Affiliate Business or the Affiliate Business of another Person) in the six months previous if Star Rewards Level, or in the twenty-four months previous if Bronze Rewards Level or higher was reached. When the Company concludes that an inappropriate Sponsor change has occurred or has been solicited, the second-in-time Affiliate Business may be returned to and be merged with the first-in-time Affiliate Business and the Company may pursue other remedies listed in Chapter 6.

**3.4 ONE AFFILIATE BUSINESS PER INDIVIDUAL.** You are not allowed to have a Beneficial Interest in more than one Affiliate Business except as follows: (i) marriage of two Affiliates who each had an Affiliate Business prior to the marriage, (ii) inheritance of an Affiliate Business by an

existing Affiliate, or (iii) as otherwise approved in writing by the Company, at the sole and absolute discretion of the Company.

### 3.5 ACQUISITION OF BENEFICIAL INTEREST IN AND MERGER OF AFFILIATE BUSINESSES

- (a) Overview. Occasionally, an Affiliate wishes to form a partnership with another existing Affiliate and merge the two Affiliate Businesses or acquire a Beneficial Interest in an Affiliate Business. Except as provided in this Section 3.5, the formation of a partnership between Affiliates, the merger of Affiliate Businesses, or the acquisition of a Beneficial Interest in an Affiliate Business by an Affiliate who has engaged in any Business Activity, is prohibited.
- (b) Acquisition of Beneficial Interest. Except for those circumstances that may be approved by the Company in its sole and absolute discretion, if you have engaged in any Business Activity, you may not, at any time, acquire a Beneficial Interest in a pre-existing Affiliate Business under a different Sponsor (whether by purchase, merger, partnership, or otherwise) unless (i) you have terminated your Affiliate Business and had no Business Activity for the applicable inactive period described in Section 3.3 of this Chapter 1, and (ii) the Affiliate Agreement for the Affiliate Business in which you want to acquire a Beneficial Interest was submitted to the Company after the applicable inactive period for your Business Activity as described in (i) above. The prohibitions of this Subsection (b) supersede the provisions of subsection (c) of this Section 3.5.
- (c) Merger. The Company may, in its sole discretion, consider mergers of Affiliate Businesses in the following limited cases: (a) vertical mergers with (i) your immediate upline Sponsor, or (ii) an Affiliate that is on your first level; (b) horizontal mergers with another Affiliate Business, provided that (i) only one of the Affiliate Businesses is a Ruby Rewards Level or above, and (ii) both Affiliate Businesses have the same upline Sponsor; and (c) any other merger as may be approved by the Company in its sole and absolute discretion.
- (d) Company Review and Additional Requirements. In any case involving the proposed formation of a partnership, mergers, or acquisitions of a Beneficial Interest, the Company will, in its sole discretion, decide whether to approve a requested exception to these Policies & Procedures. During its review the Company may impose additional requirements that it deems necessary, including upline notifications and/or approvals.

## 4. TRANSFERRING AND TERMINATING YOUR AFFILIATE BUSINESS

4.1 TRANSFERRING AFFILIATE BUSINESSES. You may not transfer your Affiliate Business or any rights therein, unless you have received the prior written consent of the Company, which will not be unreasonably withheld. The Company will not consent to any proposed transfer if it determines that the proposed transfer is not substantive and is being done to avoid the requirements of these Policies & Procedures. The Company will not recognize any assignment, and the transferee will have no rights until the transfer has been approved by the Company. Any exceptions and waivers the Company has made to the Contract for the benefit of an Affiliate Business will terminate upon the transfer unless otherwise provided in a written agreement by the Company.

### 4.2 TRANSFERS UPON DEATH

- (a) Individuals. Upon your death, your Affiliate Business may be passed on to your heirs, or other beneficiaries whether by will, intestate succession, or otherwise. The transfer will be recognized by the Company when a court order or proper legal document addressing the transfer to a qualified transferee is submitted to the Company. The Company encourages you to make appropriate arrangements in consultation with an estate-planning attorney for the transfer of your Affiliate Business.
- (b) Participant in a Business Entity. If you are a Participant in a Business Entity, upon your death your interest in the Affiliate Business will be transferred according to the Business Entity's legal documents and applicable law governing the transfer, provided that all Persons of the transferee are qualified to hold an interest in an Affiliate Business under these Policies & Procedures. The transfer of your interest will be recognized by the Company when a court order or proper legal documents addressing the transfer to a qualified transferee are submitted to the Company.
- (c) During any time that an Affiliate Business may be temporarily without an owner, or a gap in ownership occurs due to probate or other court procedures, the upline Crown Diamond or above will be responsible for operating this Affiliate Business. As payment for their services, the upline Crown Diamond or above will be entitled to a service fee. This fee will be a dollar amount equal to 15 percent of the Affiliate Business' net Bonuses.

**4.3 DIVORCE.** In the event of a divorce, the Company will neither determine the division of nor divide an Affiliate Business or a Downline Organization. Generally, the Company will not divide Bonuses or other rewards. The Company may, however, in its sole discretion, on a case-by-case basis, divide Bonuses on a simple, fixed-percentage basis, pursuant to a court order or the written consent of both parties. IF THE COMPANY AGREES TO DIVIDE BONUSES ON A SIMPLE, FIXED PERCENTAGE BASIS, THE PARTIES TO THE AFFILIATE BUSINESS AGREE TO HOLD THE COMPANY HARMLESS FROM ANY AND ALL LIABILITIES, LOSSES, COSTS, DAMAGES, JUDGMENTS, OR EXPENSES, INCLUDING REASONABLE ATTORNEY'S FEES, RESULTING OR ARISING FROM, DIRECTLY OR INDIRECTLY, ANY ACTS OR OMISSIONS BY COMPANY IN DIVIDING THE BONUSES. The Company has the right to withhold Bonuses in the event of a dispute among spouses regarding an Affiliate Business. The Company may charge a fee to Affiliates each month as payment for its services in dividing Bonus payments.

**4.4 RIGHT TO TERMINATE.** You may terminate your Affiliate Business at any time. Please see Section 3.9 of Chapter 6 for details.



## CHAPTER 2 OPERATING YOUR BUSINESS

### 1. BUSINESS ETHICS

**1.1 DSA CODE OF ETHICS.** The Company adheres to the Code of Ethics of the Direct Selling Association (DSA). Along with the ethical guidelines of this Section, you must comply with the DSA Code of Ethics in your business operations. The DSA Code of Ethics can be found at [www.dsa.org](http://www.dsa.org).

**1.2 PURPOSE OF YOUR BUSINESS.** The primary purpose of your business and the Company is promote valuable software subscriptions to retail licensees. As part of this process you may sponsor other Affiliates in the business to build your sales organization. However, the recruitment of other Affiliates is not your primary focus, but rather an integral part of your fundamental obligation to sell Products and increase the sales of Products to retail customers by your Downline Organization.

**1.3 GENERAL ETHICS.** You must operate your Affiliate Business in an ethical, professional, and courteous manner. This means, among other things, the following:

- You must comply with the Contract and with applicable law.
- You must operate your Affiliate Business honestly.
- You should indicate to prospective customers and Affiliates who you are, why you have contacted them, and what Products you are selling.
- You may not make false or misleading claims about potential earnings under the Sales Compensation Plan or about the benefits of using the Company's Products.
- You may not pressure any Affiliates or prospective Affiliates to operate in a financially irresponsible way.
- You must not encourage or recommend that Affiliates or prospective Affiliates incur debt in order to participate in the business.
- You must explain how to cancel a software subscription.
- You must not represent to prospective Affiliates that they are required to purchase Products or Product packages to become Affiliates. Prospective Affiliates must be informed that they can license Company software without promoting the software to other potential customers.

1.4 NON DISPARAGEMENT. You may not make any misleading, unfair, inaccurate, or disparaging comparisons, claims, representations, or statements about:

- the Company;
- its Products, or commercial activities;
- other Persons;
- other companies (including competitors); or
- other companies' products, services, or commercial activities

1.5 HARASSMENT. You must operate your Affiliate Business in a manner that is free of harassment, intimidation, threats, and abuse. Harassment of any kind will not be tolerated, including, but not limited to, race, religion, physical and verbal abuse, or soliciting, encouraging, or consummating any inappropriate or unwelcome written, verbal, electronic or physical relationships, sexual advances, requests for sexual favors, or other physical, verbal, or visual behavior of a sexual nature, with another Affiliate, Company employee or customer.

1.6 NO CONTACT OF VENDORS OR SCIENTIFIC ADVISORY BOARD MEMBERS. You may not contact, either directly or indirectly, the Company's vendors, suppliers, scientific advisory board members, basic research partners, Universities, or any other advisors or consultants of the Company without the prior written consent of the Company.

1.7 ANTI-CORRUPTION. You must comply with all anti-corruption laws, including the Foreign Corrupt Practices Act ("FCPA"), in the countries in which the Company does business. The FCPA requires that you never directly or indirectly (i.e. through an agent) make a payment or gift with the purpose of influencing the acts or decisions of foreign officials. There are some limited exceptions to this rule. Because the rules and exceptions relating to anti-corruption are complex, you should consult with your own legal counsel regarding questions relating to compliance with the FCPA or anti-corruption laws.

1.8 MAINTAINING THE COMPANY'S REPUTATION. You will not act in any way, including your actions outside the scope of your Affiliate Business, which could be considered detrimental to the business or reputation of the Company or its Affiliates. The Company has the right to, in its sole discretion, determine what actions may be considered detrimental and take action against you according to Chapter 6.

**1.9 RECORDS REVIEW.** As a condition to participating as an Affiliate, you grant the Company the right to review any records related to your Affiliate Business in order to investigate whether you have been operating your Affiliate Business in compliance with these Policies & Procedures. The Company may request to review your Affiliate Business records at any time and for any reason. You must comply with any request to review your Affiliate Business records by promptly and completely making your true records available for review by the Company.

## **2. INDEPENDENT CONTRACTOR**

**2.1 AFFILIATES ARE INDEPENDENT CONTRACTORS.** You are an independent contractor. You are not an agent, employee, officer, partner, member, or joint-venturer with the Company, and you may not represent yourself as such. You agree that as an independent contractor, you:

- Are responsible for your own business decisions and must determine in your sole discretion, when you will work and the number of hours you will work;
- will be paid Bonuses based on sales and not the number of hours you work;
- Are subject to entrepreneurial risk and responsible for all losses that you incur as an Affiliate;
- Must pay your own license fees and any insurance premiums, and if required, obtain a federal employment identification number;
- Are responsible for all costs of your business including, but not limited to, travel, entertainment, office, clerical, legal, equipment, accounting, and general expenses without advances, reimbursement, or guarantee from the Company; and
- Will not be treated as an employee for federal or state tax purposes. If you meet a certain Compensation/Bonus threshold you will receive a Federal Internal Revenue Service form 1099 reflecting Bonuses that the Company has paid you in a calendar year.

**2.2 TAXES.** You must pay any self-employment taxes required by federal, state, and local laws, statutes, and regulations. You are responsible for the proper collection and payment of sales tax on retail sales if you claim an exemption from the Company's pre-collected sales tax program. You will receive an IRS Form 1099 reflecting relevant tax information related to your Affiliate Business.

**2.3 NO AUTHORITY TO ACT ON BEHALF OF COMPANY.** You have no authority to act on behalf of the Company. This includes, but is not limited to, any attempt to:

- register or reserve Company names, trademarks, trade names or Products;
- register URLs using the Company names, trademarks or trade names;
- register or secure approval for Products or business practices; or
- establish business or governmental contacts of any kind on the Company's behalf.

You must indemnify the Company for all costs and attorneys' fees incurred by the Company for any remedial action needed to exonerate the Company in the event that you improperly act on behalf of the Company. You must immediately assign to the Company any registration of Company names, trademarks, trade names, Products, or URLs registered or reserved in violation of this Section without the Company's reimbursement of any costs you incurred.

**2.4 DESIGNATION AS EMPLOYER PROHIBITED.** You may not identify the Company as your employer on loan applications, government forms, employment verification requests, applications for unemployment compensation or any other form or document.

### 3. SUBSCRIBING TO SOFTWARE

**3.4 METHODS OF SUBSCRIPTION.** All software subscriptions are handled through the Company's website, [limbicarc.com](http://limbicarc.com). Payment must be made by credit or debit card.

**3.6 PRICING CHANGES.** The Company maintains the right to change Product prices without prior notice.

**3.7 SUBMITTING SUBSCRIPTIONS IN THE NAME OF ANOTHER AFFILIATE.** You are prohibited from submitting subscriptions in the name of another Affiliate without the other Affiliate's prior written approval. You must provide a copy of written approvals to the Company upon request.

**3.8 PAYMENTS WITHOUT SUFFICIENT FUNDS.** If any credit card payment is reversed, you must immediately make payment to the Company for the full amount of the reversed payment. If you fail to promptly make such payment you are in breach of the Contract.

**3.9 USE OF ANOTHER INDIVIDUAL'S CREDIT OR DEBIT CARD.** You may not use another individual's card to subscribe to the Company's Products without the individual's prior written approval. You must provide a copy of written approvals to the Company upon request.

## **4. SOFTWARE SUBSCRIPTION REFUND POLICY**

### **4.1 REFUND POLICY**

- (a) Subscription services that are billed on a month-to-month basis may be cancelled at any time unless the terms of the contract provide otherwise. Any cancellation will take effect upon the scheduled date of what would have been your next billing. No refunds will be given for monthly subscription payments received, but the account will remain active for the rest of the billed month. Annual subscription services may also be cancelled at any time unless the terms of the contract provide otherwise. Refunds for any annual subscriptions will be prorated based on the number of full months remaining on the annual subscription.

5. [Reserved]

## **6. SALES COMPENSATION PLAN**

**6.1 SALES COMPENSATION PLAN.** A complete copy of the Sales Compensation Plan has been provided to you. The Sales Compensation Plan is a part of the Contract, and you are bound to its terms. The Sales Compensation Plan may be changed by the Company at any time with 30-days notice. A current copy of the Sales Compensation Plan may be found at [LimbicArc.com](http://LimbicArc.com).

**6.2 EXCEPTIONS TO SALES COMPENSATION PLAN.** The Company, in its sole discretion, has the right to hold, maintain, or promote an Affiliate to any Rewards Level in the Sales Compensation Plan without regard to fulfillment of Rewards Level requirements, or waive any other obligation or requirement of the Sales Compensation Plan. Unless otherwise agreed in writing by the Company, the Company may terminate any exception granted pursuant to this Section 6.2 of this Chapter 2 at any time and for any reason.

**6.3 NO COMPENSATION FOR SPONSORING.** You do not receive any compensation for sponsoring other Affiliates. Your level of compensation will be based on your hard work, your sale of Products, and the sales of your Downline Organization.

**6.4 NO GUARANTEED INCOME.** You are neither guaranteed a specific income nor assured any level of profit or success. Generating meaningful compensation as an Affiliate requires considerable time, effort, and commitment to the business. You should operate your Affiliate Business in a financially responsible and businesslike manner—you should not (i) incur debt to purchase Products, (ii) quit your current employment until you are confident that you can afford to do so, and (iii) incur expenses that exceed the amount of your Bonuses. This is not a “get rich quick” program. Your profit comes only through the successful sale of Products and the sales of other Affiliates within your Downline Organization. Average Affiliate earnings at each level within the Sales Compensation Plan can be found at [LimbicArc.com](http://LimbicArc.com).

**6.5 MANIPULATION OF SALES COMPENSATION PLAN.** Maintaining the integrity of the Sales Compensation Plan is of vital importance to the Company. You must abide by the terms and conditions of the Sales Compensation Plan and you may not, in any form, use false identification numbers, false names, false Affiliate Businesses, engage in any other form of manipulation that violates the terms and conditions of the Sales Compensation Plan or its spirit and intent.

**6.6 BONUSES.** You may qualify to receive a Bonus under the Sales Compensation Plan, subject to the following:

- (a) You may not receive any Bonuses if you are in violation of the Contract;
- (b) The requirements for receiving a Bonus and the terms for determining the amount of the Bonus may be changed by the Company at any time upon 30 days' notice;
- (c) Bonuses may be paid by wire transfer, check, or any other method chosen by the Company;
- (d) No interest accrues on Bonuses when the payment of such has been delayed by the Company for any reason; and
- (e) The Company will pay no Bonuses until the aggregate accrued monthly Bonuses are equal to 10 dollars. If your Affiliate Business is terminated, any unpaid accrued Bonuses under the 10-dollar minimum will be forfeited.

6.7 REQUIRED RETAIL SALES; RETAIL SALES VERIFICATION. You are not eligible to receive a Bonus in any week in which you do not qualify as required by the Sales Compensation Plan.

6.8 TIMING. A software subscription is included in the Bonus qualification computations for a given week only if received by the Company on or before 11:59 on Friday of that week.

#### 6.9 BONUS RECOVERY

- (a) In addition to any other recovery rights provided in these Policies & Procedures, the Company has the right to require you to repay any Bonuses paid to you: (i) on Products refunded under the Company's refund policy; (ii) on Products that were mistakenly paid by the Company; or (iii) In the event you violate the provisions of Section 6.5 of this Chapter 2, in addition to any other remedies available to the company, the Company shall have the right to adjust your pin level and recalculate your Bonuses for the period in which such activities occurred by disregarding the volume from Products that were returned, that were purchased in order to maintain compensation levels, or any other activity that violate Section 6.5 of this Chapter 2. You must repay any Bonuses that were paid to you in excess of the adjusted Bonus that is calculated by the Company as set forth above.
- (b) If you are obligated to repay any Bonuses to the Company, the Company will have the right to recover such amount by (i) requiring a direct payment of the amount from you, or (ii) withholding the amount from your present or future Bonus payments.
- (c) Extension of the Company's refund policy, whether required by applicable law, or instances in which Affiliate misconduct, misrepresentation, or other extenuating circumstances necessitates a Company refund in excess of its stated refund policy, will be considered on a case-by-case basis. In the event the Company is required to make a refund that exceeds the terms of its refund policy, the Company may recoup Bonuses paid to you on those Products as well.

6.10 PAYMENT CORRECTIONS. It is your duty to make sure that the Bonuses paid to you are correct. If you discover an error in your payment you must notify the Company within 90 days after the receipt of your Bonus. If you fail to notify the Company of any errors or disputes with respect to a Bonus payment within this 90 day period, you will be deemed to have accepted the

payment as full and complete payment of any Bonuses earned during such Bonus period and you will have no further right to dispute the Bonus payment or seek payment of any additional Bonus.

## **7. PRODUCT LIABILITY CLAIMS AND INDEMNIFICATION**

**7.1 INDEMNIFICATION.** In the event of a product liability claim brought against you by a third party for a defective Product or for injury from use of a Product, the Company will indemnify and defend you from such claims, subject to the limitations described in Section 7.2 of this Chapter 2.

**7.2 REQUIREMENTS FOR INDEMNIFICATION.** In order to be indemnified, you must notify the Company of the claim in writing within 10 days of your receiving notice of the claim. The Company has no obligation to indemnify you if you have (a) violated the Contract; (b) repackaged, altered or misused the Product, or made claims or given instructions about the Product's safety, uses or benefits which are not included in the Company's current approved literature, warnings, or Product labels; or (c) settled or attempted to settle a claim without the Company's written approval. In addition, indemnification is conditioned upon you allowing the Company to assume the sole defense of the claim.

**7.3 INDEMNIFICATION BY YOU.** You agree to indemnify the Company from any claim by a third party that arises directly or indirectly because you have (a) violated the Contract; or (b) repackaged, altered or misused the Product, or made claims or given instructions about the Product's safety, uses or benefits which are not included in the Company's current approved literature, warnings, or Product labels.

## **8. SALES TAX**

**8.1 COMPANY COLLECTION OF STATE SALES TAX.** The Company provides the service of collecting state sales tax at the time of your purchase and remitting it to your state. The amount of sales tax is based upon the price of a Product, calculated at your local tax rate.

## **9. ASSOCIATING OTHER ORGANIZATIONS WITH THE COMPANY**





Phone: 801-877-5055  
Email: [support@limbicarc.com](mailto:support@limbicarc.com)  
Web: [LimbicArc.com](http://LimbicArc.com)

The Company's business opportunity is not based on race, gender, beliefs, or political affiliations. When you are training your Downline Organization, selling Products or promoting the business opportunity, you may not promote, advocate, sell, or include literature, books, or other material that promotes any other organization or individual, whether religious, political, business, or social, or that implies any association between the Company and any other organization. Company and Affiliate meetings, calls or any other functions may not be used as a forum to promote or express personal beliefs, other organizations, companies, events, or individuals

## CHAPTER 3 ADVERTISING

### 1. BUSINESS SUPPORT MATERIALS

**1.1 USE OF BUSINESS SUPPORT MATERIALS.** Subject to the exception in Section 4 of this Chapter regarding Crown Diamond Business Support Materials, you may only use Business Support Materials that have been produced and distributed by the Company for the promotion of the business, the Products and the Sales Compensation Plan, and you may not prepare or use your own Business Support Materials. In addition, because laws and regulations differ from country to country, you may only use Business Support Materials that have been specifically approved for use in that Authorized Country.

### 1.2 USE OF TRADEMARKS AND COPYRIGHTS

- (a) **Use of Company Trademarks and Copyrights.** The Company's trademarks and copyrights are valuable assets of the Company and the Company strictly regulates the use of these trademarks and copyrights to ensure that they do not lose their value to the Company or its Affiliates. You may not use the Company's trademarks, copyrights and other intellectual property rights, registered or otherwise, in any form except as specifically authorized by these Policies & Procedures or as otherwise approved in writing by the Company. The Company may prohibit the use of the Company's trademarks or copyrights in any Business Support Materials or other medium.
- (b) **Damages.** You are liable to the Company for any damages arising out of your misuse of the Company's trade names, trademarks, copyrights and other intellectual property rights, in any form except as specifically authorized by these Policies & Procedures or as otherwise approved in writing by the Company.

### 2. PRODUCT CLAIMS

**2.1 GENERAL LIMITATION.** You may only make the specific Product related claims and representations published in the Company's literature, and that have been approved by the Company for use in the Authorized Country where you are making the claims.

**2.2 NO MEDICAL CLAIMS.** You may not make medical claims, or state or imply that any Product is formulated, designed or approved by the Company or any regulatory authority to diagnose or treat any disease or medical condition. You also may not compare Products to drugs, or make drug or medical claims. Any such representations, claims or comparisons by you may result in your personal liability.

**2.3 NO FDA-APPROVED CLAIMS.** You should not state or imply that any Product is registered or approved by the United States Food and Drug Administration (“FDA”) or any other regulatory authority. The FDA does not require or grant specific approval for the Products that the Company sells. When making Product benefit claims or giving personal testimonials regarding nutritional Products that are “structure/function” claims, the claim or testimonial must be accompanied by the following disclaimer: “These statements have not been evaluated by the U.S. Food and Drug Administration or any other local authority. This product is not intended to diagnose, treat, cure, or prevent any disease.”

**2.4 BEFORE AND AFTER PHOTOGRAPHS.** Only those pictures and videos that have been approved by the Company may be used to demonstrate Product benefits.

**2.5 MODIFICATIONS TO PRODUCT PACKAGING.** You may not modify any labels, literature or instructions for use for any Product. You may not give instructions to use a Product in any way not described in the Company’s current approved literature. Any such modifications or instructions by you may result in your personal liability.

### **3. INCOME CLAIMS**

**3.1 NO MISLEADING INCOME CLAIMS.** It is important that all Affiliates are fully informed and have realistic expectations concerning the income opportunity associated with being an Affiliate. To help make sure all Affiliates have realistic expectations, you must comply with the provisions of this Section 3 in all aspects of your business activities. Most importantly, you may not make any claims, specific or implied, regarding the income opportunity that are false or misleading, including income guarantees of any kind. You may not exhibit actual or facsimile Bonus checks.

**3.2 REQUIREMENTS FOR LIFESTYLE AND INCOME CLAIMS.** You may only make lifestyle claims (e.g., my Limbic Arc business allowed me to buy a boat, quit my job, purchase a new

home, etc.) or claims regarding the level of Bonuses or income associated with your Limbic Arc business if the following conditions are met:

3.3 The information must be accurate and not misleading;

- (a) The information must be based on your experience and actual compensation level, or the experience and income level of Affiliates in your immediate upline or Downline Organization, or be consistent with information in Company Materials;
- (b) The compensation claim must be stated in a monthly or annual amount and the actual percentage of Affiliates earning that amount;
- (c) You must simultaneously disclose in immediate proximity to the compensation claim, the most recent Affiliate Compensation Summary;
- (d) You may not make any claim regarding the amount of time required to reach specific compensation levels without prior written approval from the Company;
- (e) If you make claims regarding “income” or “profit” rather than “bonuses” or “compensation” you must either net out the expenses you incurred in generating such income or disclose the amount of expenses that you incurred in generating such income; and
- (f) If you make claims regarding Bonus levels you must note that such amounts are gross amounts before the deduction of expenses associated with doing the business.

4. [Reserved]

**5. MASS MEDIA; GENERAL ADVERTISING**

5.1 PROMOTIONS UTILIZING MASS MEDIA PROHIBITED. You may not use any form of media or other mass communication advertising to promote the Products, including mass communication advertising on the Internet. This includes news stories or promotional pieces on TV shows, newscasts, entertainment shows, internet ads, etc. Products may be promoted only by personal contact or by literature produced and distributed by the Company or by Affiliates in accordance with these Policies & Procedures. You may place generic opportunity

advertisements in jurisdictions allowing that type of advertisement, but only in accordance with the Policies & Procedures of the Company.

**5.2 MEDIA INTERVIEWS.** You may not promote the Products or opportunity through interviews with the media, articles in publications, news reports, or any other public information, trade, or industry information source, unless specifically authorized, in writing, by the Company. This includes private, paid membership, or “closed group” publications. You may not speak to the media on the Company’s behalf and may not represent that you have been authorized by the Company to speak on its behalf. All media contacts or inquiries should be immediately referred to the Public Relations Department of the Company by calling 801-610-4176.

**5.3 PHONE BOOK ADVERTISING.** In order to advertise in the yellow pages or list your name in the white pages of a locally circulated directory in your area or via an internet telephone directory, you must have previously attained and currently enjoy active status as a Ruby-level or above, at the time the agreement for that listing is signed.

- In the white pages the advertisement is to be limited to two lines containing the words “Limbic Arc, Independent Affiliate, John Doe (your name),” and a telephone number. Neither bold print nor display advertisements are allowed. The advertisement must be in the Affiliate’s name only.
- In the yellow pages the advertisement must be placed under the category of “Wellness” or another Company approved category.

**5.4 DISTRIBUTING PROMOTIONAL MATERIALS.** All promotional materials, including, but not limited to, flyers and business cards, may be distributed through personal contact only. Promotional material may not be posted in public places, mass mailed or faxed, placed on parked cars, put in mail boxes, or disseminated by any other non-personal contact means.

## **6. TRADE SHOW POLICY**

**6.1 TRADE SHOW BOOTHS.** In general, you may not sell any Products of the Company or promote the Company’s opportunity at flea markets, swap meets, bazaars, supermarkets, exercise clubs, athletic leagues and games, malls or any other similar gatherings where the

opportunity or Products may be displayed. However, upon the prior written approval of the Company, an Diamond level Affiliate may rent a booth or set up an exhibit at a Company approved trade show or convention (“Convention”). If you are a Diamond level Affiliate who wants to set up a booth or exhibit at a Convention you must comply with the following requirements:

- (a) The Convention theme must be directly related to the Company business;
- (b) At least four weeks prior to the Convention, you must submit to the Company a proposal regarding the Convention and obtain prior written approval from the Company;
- (c) You may only use Company-produced Advertising Materials. The purchase of a Company produced independent Affiliate banner, to display in the booth, is required;
- (d) You may not reference the Company in any form of Advertising Material that implies that the Company is participating in the Convention. Instead, any Company-approved advertisement or promotional material must make specific reference to you as an independent Affiliate of the Company, including any maps or listings prepared by the sponsor of the Convention;
- (e) You may not use the Convention to promote any product, service, or business opportunity other than the Company’s business opportunity and Products;
- (f) During the Convention you must personally comply with the Policies & Procedures and you are responsible for (i) the actions of every individual who works in the booth at the Convention, (ii) all material distributed at the Convention, and (iii) all other aspects of participation in the Convention; and
- (g) In addition to the other remedies provided in the Policies & Procedures, the Company reserves the right to deny future Convention participation for any policy violation at a Convention.

## **7. INTERNET**

**7.1 USE OF THE INTERNET IN AFFILIATE BUSINESS.** You may use the Internet to promote the Company, including its Products, only if such use is specifically authorized by Sections 7.2 or 7.3 of these Policies & Procedures and is in compliance with all of the provisions of these

Policies & Procedures including Sections 2, 3, 4 and 5 of this Chapter 3, as well as the written guidelines for internet use established by the Company. All other uses of the Internet to promote the Company or its Products or its Sales Compensation Plan are prohibited.

7.2 PERMITTED INTERNET ACTIVITIES. All Affiliates may utilize the Internet as follows:

- (a) You are allowed to utilize Company produced Affiliate websites.
- (b) You may use generic (i) business opportunity websites, (ii) splash pages, or (iii) social media with links to Company websites. These generic pages may not contain the Company's trademarks or other copyrighted material and may not contain information on the Company, its Products or its business, or pictures of Products or corporate facilities/personnel. They also must not contain any false or misleading information.
- (c) You may use the internet, including social networking sites, blogs, social media and applications, and other sites that have content that is based on user participation and user generated content, forums, message boards, blogs, wikis and podcasts (e.g., Facebook, Twitter, Flickr etc.) to (1) communicate preliminary information about the Company or your involvement with the Company, (2) direct users to a Company Internet Marketing Site and (3) post Company produced Business Support Materials that have been approved by the Company for posting on personal blogs or social networking sites; provided, however, that such communication and use must be (i) incidental to the primary use of such forum, site, blog, board, wiki or podcast or other form of internet use, and (ii) may not be an Internet Marketing Site. The Company has the right to make the determination, in its sole discretion, whether your use of the Internet is permitted under this section or whether such use is a prohibited Internet Marketing Site. Additionally, you must comply with Company published guidelines governing use of the Internet. These guidelines may change from time to time and it is your responsibility to know the current guidelines and comply with them. In case of a violation, in addition to taking disciplinary action against you in accordance with Chapter 6 of these Policies & Procedures, the Company may require you to immediately remove any information or marketing site that is in violation of Company policies.

Examples of Permitted Uses: If you maintain a personal Facebook page where you post a variety of information, you could post information that that you are a Limbic Arc affiliate, information about Limbic Arc events you have participated in, and preliminary information about Limbic Arc, and direct readers to a Company Internet Marketing Site for more

information. If you maintain a personal blog or social network site, you may blog in a particular post that you are an Affiliate of Limbic Arc products, and that others can sign up as Affiliates, and to contact you if they are interested in discussing the business with you.

Examples of Non-Permitted Uses: A Facebook page that is primarily devoted to Limbic Arc, that includes posted marketing materials such as videos or before and after photos, or if it is fan page or similar page that utilizes the Company's trademarks, would be considered an Internet Marketing Site, and would be a violation of policy for Affiliates. A blog or social network site that is primarily about the Products or opportunity, i.e., that is the focus of your postings and discussions, that is titled with a Limbic Arc trademark or slogan, or utilizes marketing content, would be an Internet Marketing Site, and would be a violation of policy for Affiliates.

The foregoing examples are provided for illustration purposes only, and are not intended as an exhaustive list of permitted or non-permitted uses of the Internet or the conditions or factors the Company will consider in determining whether any particular use of the internet is an Internet Marketing Site.

**7.4 ADDITIONAL RESTRICTIONS ON INTERNET USE.** All Affiliate websites, and any other form of internet use allowed by these Policies, including internet video and audio, social media, and other sites that have content based on user participation and user generated content must comply with the following rules: (a) You may not use or distribute replicating websites; (b) You may not include any Company or third party intellectual property or proprietary information in the unique domain names/URL or meta-tags of your websites, on or in any other form of internet use, including but not limited to, tags, links, blog names, social networking sites, social media and applications, and other sites that have content based on user participation and user generated content, forums, message boards, blogs, wikis and podcasts (e.g., Facebook, YouTube, Twitter, Wikipedia, Flickr), or as "wallpaper;" (c) You may not register your website(s) with search engines or web directories using any Company or third- party owned intellectual property or any proprietary information (e.g., trademarks, trade names, trade secrets, and copyrighted material) without written permission from the owner; (d) You may not use sponsored links or pay for placement advertising with internet search engines and web directories; (e) You may promote your websites or pages through one-on-one personal contact only; and (f) You may provide links to your website or pages only from other websites that have been registered with the Company.



**7.5 INTERNET VIDEO AND AUDIO.** You are prohibited from posting any video or audio content created by, produced by, belonging to or relating to the (i) Company, its Products, Sales Compensation Plan or Affiliates, or (ii) you or any third party, on any website unless you have received prior written authorization from the Company or such posting is specifically permitted by this Section 7.5 of this Chapter 3. This prohibition includes, but is not limited to, video or audio recordings of Company personnel or Company or Affiliate sponsored events, meetings, training, or sales presentations.

**7.6 INTERNET SELLING.** Products may be sold on the internet only through Company websites and may not be sold through Affiliate websites of any kind or any other form of internet use, including internet video and audio, social networking sites, social media and applications, and other sites that have content based on user participation and user generated content, forums, message boards, blogs, wikis and podcasts (e.g., Facebook, YouTube, Twitter, Wikipedia, Flickr).

**7.7 SPAM.** You must comply with all laws regarding the sending of email messages, including the CAN- SPAM Act of 2003, and it is your duty to become and remain informed about the requirements of these laws. You are prohibited from sending unsolicited email regarding your website or Affiliate Business to individuals who have not specifically requested information regarding the Company's business opportunity or Products. In the event an individual who has formerly agreed to receive email information concerning the business opportunity and/or Products later requests that you cease sending the individual email, you must honor this request immediately.

## **8. LEAD GENERATION SERVICES; NO SPEAKING FEES**

**8.1 LEAD GENERATION SERVICES.** Before you sell, purchase, or use any lead in the promotion of the business, you must verify that the lead has been properly obtained and is legal for use in the area where you are contacting the identified lead. This includes but is not limited to ensuring the lead's compliance with "Do Not Call" lists in the country, state, or region where the lead's address is located. Any violation of laws related to leads is the sole responsibility of the persons providing and contacting the leads. The person committing the violation must indemnify the Company for any costs or damages arising from regulatory or personal challenges to the use of the lead.

**8.2 NO SPEAKING FEES; MEETINGS.** You may not charge a fee to speak at any Affiliate meeting. However, you may be reimbursed for your reasonable out-of-pocket expenses (e.g., travel, hotel, meals) that you incur in attending and speaking at a meeting. In the event you are putting on a meeting or other function, you may charge a fee to Affiliates attending the meeting or other function, but such fee must not be more than is necessary to cover the costs of such meeting or other function.

**9 NO RECORDING OF COMPANY EVENTS OR EMPLOYEES.** You may record any Company sponsored event, or any speech or other presentation made by an employee or other representative of the Company at any meeting, event or otherwise if it is only for your own private use, and is not posted, distributed, copied or broadcast in any format or media, and is not shown to any other Affiliates, prospective Affiliates or customers regardless of the setting. Except for recordings for private use as described in this Section 9, you may not record any Company sponsored event, record any speech or other presentation made by an employee or other representative of the Company at any meeting, event, or otherwise without the prior written consent of the Company

## **CHAPTER 4 SPONSORING**

### **1. BECOMING A SPONSOR**

**1.1 REQUIREMENTS.** You may only act as a Sponsor if you meet all the requirements and accept all the responsibilities described in the Contract.

**1.2 THE PLACEMENT OF NEW AFFILIATES.** You may refer Persons to become Affiliates of the Company by having them submit an Affiliate Agreement to the Company. Upon acceptance by the Company of the Affiliate Agreement form, applicants are placed directly below the Sponsor listed on the Affiliate Agreement. Although a newly sponsored Affiliate may be referred to as part your Downline Organization, this does not create in you any form of ownership interest in that Affiliate Business or with respect to any information regarding that Affiliate Business. All Affiliates are part of the Network, and the Network and any information regarding the Network are an asset that is owned solely by the Company and not the Sponsor.

**1.3 DISTRIBUTION OF COMPANY LEADS.** When the Company receives inquiries from individuals concerning the Company's Products or business opportunity, the Company refers these individuals to Affiliates according to its discretion.

### **2. RESPONSIBILITIES OF A SPONSOR**

**2.1 TRAINING OF DOWNLINE ORGANIZATION.** You must supervise, train, support, and have on-going communication with (i) any Affiliate that you sponsor, and (ii) your Downline Organization in a manner consistent with the terms of the Contract. Your responsibilities include, but are not limited to:

- (a) Provide regular retail sales and organizational training, guidance, and encouragement to your Downline Organization;
- (b) Exercise your best efforts to make sure that all Affiliates in your Downline Organization properly understand and comply with the terms and conditions of the Contract and applicable national and local laws, ordinances, and regulations;

- (c) Intervene in any disputes arising between a customer and any of your Downline Organization and attempt to resolve the disputes promptly and amicably;
- (d) Maintain contact with your Downline Organization and be available to answer questions;
- (e) Provide training to ensure that the Product sales and opportunity meetings conducted by your Downline Organization are conducted in accordance with the Contract, current Company literature, and in accordance with any applicable laws, ordinances, and regulations;
- (f) Monitor the activities of those you personally sponsor and those in your Downline Organization and work in good faith with the Company to prevent the violation of these Policies & Procedures and manipulation of the Sales Compensation Plan;
- (g) Supervise and assist your Downline Organization's efforts to sell the Company's Products to retail customers; and
- (h) Cooperate with the Company regarding investigations of your Downline Organization, and, upon request from the Company, provide all relevant information pertaining to any investigation.

**2.2 LINE SWITCHING.** You may not encourage, entice, or otherwise assist another Affiliate to transfer to a different Sponsor. To do so constitutes an unwarranted and unreasonable interference with the contractual relationship between the Company and its Affiliates. This prohibition includes, but is not limited to, offering financial or other tangible incentives for another Affiliate to terminate an existing Affiliate Business and then re-sign under a different Sponsor. You agree that a violation of this rule inflicts irreparable harm on the Company and agree that injunctive relief is an appropriate remedy to prevent that harm. The Company may also impose penalties on any Affiliate Business that solicits or entices an existing Affiliate to change lines of sponsorship.

**2.3 CORRECT INFORMATION ON COMPANY FORMS.** You may not encourage or assist any Affiliate or prospective Affiliate to provide false or inaccurate information in their Affiliate Agreement or any other Company form.

**2.4 YOUR DOWNLINE ORGANIZATION'S COMMUNICATION WITH THE COMPANY.** You may not discourage, attempt to prevent or prevent, for any reason, any Affiliate from directly

contacting the Company, or the Company from directly contacting any Affiliate. It is your duty to facilitate communication between any Affiliate in your Downline Organization and the Company at the request of an Affiliate in your Downline Organization or at the request of the Company.

### 3. INTERNATIONAL BUSINESS

3.1 INTERNATIONAL BUSINESS. Subject to the Contract, you may conduct business activity as an Affiliate in any Authorized Country. If the country is an Unopened Country, then you are limited to providing business cards and conducting, organizing or participating in meetings where the number of attendees at any given meeting, including you, does not exceed five. You may not use flyers, cold calling, mass emailing, advertising or mass soliciting of any kind in order to promote attendance at these meetings. In Unopened Countries you may not:

- (a) Import or facilitate the importation of, sell, gift, or distribute in any manner, Company Products or Product samples;
- (b) Place any type of advertisement or distribute any promotional materials regarding the Company, its Products or the opportunity, except for any Company Approved Business Support Materials that the Company may have specifically authorized for distribution in a designated Unopened Country;
- (c) Solicit or negotiate any agreement for the purpose of committing a citizen or resident of an Unopened Country to the opportunity, a specific Sponsor or specific line of sponsorship. Furthermore, Affiliates may not sign up citizens or residents of Unopened Countries in an Authorized Country or by using Affiliate Agreement forms from an Authorized Country, unless the citizen or resident of the Unopened Country has, at the time of sign up, permanent residence and the legal authorization to work in the Authorized Country. It is the Sponsor's responsibility to ensure compliance with residency and work authorization requirements. Membership or participation in, or ownership of a corporation, partnership or other legal entity in an Authorized Country does not by itself fulfill the residency or legal authorization to work requirements. If a Participant in an Affiliate Business fails to provide verification of residency and work authorization when requested by the Company, the Company may, at its election,

declare an Affiliate Agreement void from its inception;

- (d) Accept money or other consideration, or be involved in any financial transaction with any prospective Affiliate either personally or through an agent, for purposes relating to the Company's Products or the opportunity, including renting, leasing or purchasing facilities for the purpose of promoting or conducting Company-related business, or (e) Promote, facilitate or conduct any type of activity which exceeds the limitations set forth in these Policies & Procedures or which the Company, in its sole discretion, deems to be contradictory to the Company's business or ethical interests in international expansion.

**3.2 MEETINGS IN AN AUTHORIZED COUNTRY WITH ATTENDEES FROM AN UNOPENED COUNTRY.** If you have a meeting in an Authorized Country with people who are visiting from an Unopened Country, those people visiting from the Unopened Country are subject to all the restrictions that arise out of their residence or citizenship in an Unopened Country. This means, among other things, that they may not submit an Affiliate Agreement to become Affiliates or purchase Product for import (including for personal use).

**3.3 THE INTERNATIONAL SPONSOR AGREEMENT.** If you wish to conduct business in an Authorized Country that is not your Resident Country, you must comply with all applicable laws of that specific Authorized Country, including but not limited to, all immigration, visa, and registration requirements. In addition, prior to conducting any Business Activity in an Authorized Country that is not your Resident Country, you must sign an International Sponsor Agreement if you did not already sign one when you submitted your Affiliate Agreement. The Company, in its sole discretion, reserves the right to reject or revoke your authorization as an International Sponsor in any Authorized Country. When you sign an International Sponsor Agreement; the Company grants to you the right to sponsor new Affiliates in an Authorized Country other than your Resident Country. The International Sponsor Agreement does not grant to you the right to market Products in any Authorized Country other than your Resident Country.

**3.4 CHINA.** The Company's business model in China is different from the business model used in any other country. China is not an Authorized Country and before conducting business there you must know and comply with all the current rules and conditions that the Company has in place for operating in China.

**3.5 EXPRESS PROHIBITION OF PRE-MARKETING IN CERTAIN COUNTRIES.** The Company reserves the right to designate certain countries wherein all pre-marketing conduct is expressly prohibited. It is your responsibility, prior to each instance of conducting pre-market opening activities in an Unopened Country, to verify through current contact with the Company that the country in which you plan to conduct those activities is not a prohibited country.

**3.6 REMEDIES.** In addition to other remedies allowed by the Contract, if you fail to comply with any provision of Section 3 in this Chapter 4, you may be prohibited from participating in the affected international market for a period deemed appropriate by the Company and may be subject to the remedies set forth in Chapter 6. This prohibition could include but is not limited to the following: restricting your right to sponsor new Affiliates in the affected international market; prohibiting the payment of Bonuses to you and your upline on volume you have generated by your Downline Organization in the respective international market. In all markets, for a period of up to one year, you may not be entitled to privileges traditionally afforded Affiliates such as recognition at corporate events or in corporate literature.

**3.7 PETITION FOR PERMISSION TO PARTICIPATE.** If you have been unable to participate in a market because of non-compliance with Section 3 of this Chapter 4, you must petition the Company in writing for written permission to participate in the market after the period of prohibition has passed. **3.8 NO WAIVER** The provisions of Section 3 of this Chapter 4 do not waive the Company's rights as set forth elsewhere in these Policies & Procedures or in the Contract.

## CHAPTER 5 RESTRICTIVE COVENANTS

1 OWNERSHIP OF NETWORK. You acknowledge and agree that: (i) the Network is protected as a valuable, proprietary, trade secret asset that is owned by the Company; (ii) the Network has been developed for the exclusive benefit of the Company and Affiliates as they promote authorized business activities and Products of the Company through the Network; (iii) the protection of the Network is fundamental to the ongoing success of both the Company and its Affiliates; and (iv) a violation of your obligations under this Chapter 5 inflicts irreparable harm to the Network, to the Company and to fellow Affiliates. Based on the foregoing, you agree that the breach of your obligations under Chapter 5 of these Policies & Procedures would constitute an unwarranted and unreasonable interference with the contractual relationship between the Company, its Affiliates and customers, and damage the competitive business interest and integrity of the Company and Network.

### 2.1 NON-SOLICITATION

- (a) Sale of Third-Party Products and Services. You may not, in any manner, directly or indirectly, promote, market or sell the products or services of another Business Entity or Individual to the Network unless you have a pre-existing business relationship with that Affiliate prior to one of you becoming an Affiliate. For example, if you own a hair salon, and as an Affiliate you sponsor one of your customers, who then becomes an Affiliate, then you may continue selling your customer your services and hair products from your salon. Notwithstanding the foregoing, you may not offer third-party products, services or opportunities in conjunction with the sale of Products, or package third-party products, services or opportunities with Products, or offer or promote third-party products, services or opportunities at Company or Affiliate meetings, calls or any other Company-related functions without the prior written consent of the Company.
- (b) Recruit to another Direct Sales Company. You may not, in any manner, directly or indirectly, recruit, solicit, or sponsor any Affiliate or customer, to (i) form a relationship with, (ii) promote, sell or purchase the products or services of, (iii) participate as a salesperson of, (iv) or otherwise associate with, a Direct Sales Company, or encourage any Affiliate or customer to do so or to terminate their relationship with the Company.
- (c) Survival of Obligation. Your obligations under this Subsection survive for a period of two years from the date of your resignation, termination, transfer or other change in



ownership status of your Affiliate Business. (d) Injunctive Relief. In addition to other compensatory damage awards to the Company, temporary and permanent injunctive relief is an appropriate remedy to prevent further damage to the Network and the Company.

## 2.2 EXCLUSIVITY

- (a) You acknowledge and agree that an Affiliate or Affiliate Business, and any Person who has a Beneficial Interest in the Affiliate Business (including spouses and Co-habitants), which has achieved the pin level of Ruby or higher, is being compensated, publicly recognized and otherwise promoted by the Company as a key Affiliate leader. As an Affiliate with a Ruby or higher pin level, you are reasonably expected to exclusively sell Company Products, train Affiliates in your Downline Organization, and promote the Company's business. Therefore, as a condition to receiving ongoing compensation in your Downline Organization, and recognition as a Ruby-level or higher leader at Company events, you may not be engaged in any Business Development Activity for any other Direct Sales Company.
- (b) If you engage in Business Development Activity for any other Direct Sales Company while you are an Affiliate with a pin level of Ruby or higher, then your Affiliate Business will not be eligible to receive any Bonus on your Downline Organization during any period in which you, your spouse, your Co-habitant, or any Person with a Beneficial Interest in your Affiliate Business, (i) engage in any Business Development Activity, or (ii) maintain a Beneficial Interest in any form with respect to such Direct Sales Company, regardless of the number of Affiliates in your Downline Organization.
- (c) Within 5 business days of the first engagement in any Business Development Activity for any other Direct Sales Company, you agree to notify the Company that you, your spouse, your Co-habitant, or any Person with a Beneficial Interest in your Affiliate Business, is engaged in such Business Development Activity. You further agree that upon engaging in such Business Development Activity, you will no longer be eligible to Bonuses. You further agree that you (i) will be liable to refund to the Company any such Bonuses paid to you during any period following your engagement in any such Business Development Activity whether or not you provide the notice to the Company as required by this paragraph (c), and (ii) the Company will have the right to recover any such amount by offsetting such liability against any other Bonuses, past, present or

future, that may be payable to you under the Sales Compensation Plan. Failure to notify the Company of your engagement in any Business Development Activity for any other Direct Sales Company will be considered a violation of these Policies & Procedures and may result in other action being taken by the Company, including termination of your Affiliate Business.

**2.3 CONFIDENTIAL INFORMATION.** As a result of your position as an Affiliate, you have access to Confidential Information that you acknowledge to be proprietary, highly sensitive and valuable to the Company's business, which information is available to you solely and exclusively for purposes of furthering the sale of Company Products and prospecting, training and sponsoring third parties who wish to become Affiliates, and to further build and promote your business. You and the Company agree and acknowledge that, but for your agreement of confidentiality and nondisclosure, the Company would not make Confidential Information available to you. During any term of the Affiliate Agreement, and for a period of four years after the termination or expiration of the Affiliate Agreement, you will not, for any reason, on your own behalf, or on behalf of any other Person:

- Disclose any Confidential Information related to or contained in the Network to any third party directly or indirectly;
- Disclose, directly or indirectly, the password or other access code to the Network;
- Use the Confidential Information to compete with the Company, or for any purpose other than promoting the Company;
- Solicit any Affiliate or customer of the Company or of the Network, or in any manner attempt to influence or induce any Affiliate or customer of the Company, to alter their business relationship with the Company;
- Use or disclose to any Person any Confidential Information related to or contained in the Network that was obtained while your Affiliate Agreement was in effect; or
- Recruit or attempt to recruit an existing Affiliate for another Direct Sales Company. Upon non-renewal, resignation or termination of your Affiliate Business, you will promptly destroy or return to the Company all Confidential Information. The obligations of this Section 1.3 will survive the termination or expiration of the Affiliate Agreement.

**2.4 CONFIDENTIALITY OF AFFILIATE BUSINESS INFORMATION.** As a result of your position as an Affiliate, you may, at the sole discretion of the Company, be provided access to

information about other Affiliate Businesses and their Downline Organizations for the sole purpose of allowing you to provide business support to these Affiliate Businesses and their Downline Organizations. This information is highly confidential, and you may not disclose information about an Affiliate Business and his Downline Organization to other Affiliates or to any other party. By accessing such information, you expressly agree to these restrictions and acknowledge that, but for your agreement of confidentiality and nondisclosure, the Company would not make such information about other Affiliate Businesses and their Downline Organizations available to you.

**2.5 NON-DISPARAGEMENT.** In consideration of the Company's recognition, Bonuses, and other compensation that you receive as an Affiliate, you will not disparage the Company, or any other company or person, including but not limited to other Affiliates, the Company's Products, the Sales Compensation Plan, the Policies & Procedures or Company employees. Disparagement may result in termination of your Affiliate Business.

**2.6 REMEDIES.** You acknowledge that the Company would suffer irreparable harm as a result of any unauthorized disclosure or use of Confidential Information, including the Network, or recruiting current Affiliates for another Direct Sales Company in violation of Section 1.1 of this Chapter 5, and that monetary damages are insufficient to compensate the Company for such harm. Therefore, if you are in breach of any of the requirements of this Chapter 5, the Company is entitled to an injunction or temporary restraining order without prior notice to you, restraining any unauthorized disclosure or use of Confidential Information, which relief may be in addition to any other available legal remedy, including damages. In any such action, if the Company prevails, you agree that you will reimburse the Company for its costs and reasonable attorneys' fees incurred in connection with taking the necessary legal action. As to the Company, you waive all bonding requirements otherwise applicable to a temporary restraining order and/or Injunction.

**2.7 ENFORCEABILITY.** In the event that any provision of this Chapter 5 should ever be deemed or adjudged by a court of competent jurisdiction or an arbitrator with proper jurisdiction, to exceed the limitations permitted by applicable law, then the remaining provisions will nevertheless be valid and enforceable to the maximum extent allowable as determined by such court or arbitrator, and such provisions will be reformed to the maximum allowable limitations as determined by such court or arbitrator. The remainder of the prohibitions and protections in this Chapter 5 will remain in full force and effect.

## CHAPTER 6 ENFORCEMENT OF CONTRACT

1. **THE CONTRACT.** You agree that the relationship between you and the Company is based entirely on the written Contract. The Contract may be amended by the Company as provided in these Policies & Procedures. You may not amend the Contract unless the amendment is in writing and signed by you and the Company. Neither you nor the Company may claim that the Contract (i) has been altered or amended by any practice or course of dealing or course of action, (ii) has been modified or amended verbally by an officer or employee of the Company, or (iii) that there is a quasi-contract or an implied in fact contract between you and the Company.

2. **ACTS OF PARTICIPANTS IN AN AFFILIATE BUSINESS.** The acts of any Participant, spouse, partner or agent of an Affiliate will be considered to be the acts of the Affiliate Business and subject to the terms and conditions of the Contract.

### 3. PROCEDURES FOR INVESTIGATION, DISCIPLINE AND TERMINATION

3.1 **REPORTS OF ALLEGED VIOLATIONS.** All reports of violations must be in writing and sent to the attention of the Company's Affiliate Compliance Review Committee (DCRC) by an individual who has personal knowledge of the alleged violation. The Company may also investigate an alleged violation of which it becomes aware of through its own independent resources or internal investigations. The Company may take action on its internal investigations at any time and is not bound by the time limits set forth in Section 3.2 of this Chapter 6.

3.2 **TIME LIMIT FOR REPORTS OF VIOLATIONS IN ORDER TO PREVENT STALE CLAIMS FROM DISRUPTING THE BUSINESS ACTIVITIES OF AFFILIATE BUSINESSES AND THE COMPANY, THE COMPANY WILL NOT TAKE ACTION ON ANY ALLEGED VIOLATION OF THE TERMS AND CONDITIONS OF THE CONTRACT NOT SUBMITTED IN WRITING TO THE COMPANY'S DCRC, WITHIN TWO YEARS OF THE FIRST OCCURRENCE OF THE ALLEGED VIOLATION. ALLEGED VIOLATIONS WILL BE REFERRED TO AS "DISPUTES," WHICH IS FURTHER DEFINED IN THE GLOSSARY OF DEFINED TERMS IN ADDENDUM A.**

3.3 **BALANCE OF RIGHTS OF PRIVACY.** The Company's investigative procedures and Dispute resolution process is intended to balance your rights of privacy and the rights of other Affiliates and the rights of the Company. Therefore, until the Dispute has been submitted to arbitration,

all information and evidence received by the Company will be released only to you and other Affiliates involved in the Dispute as the Company deems necessary. Before releasing any information, the Company will consider (i) the complexity of the Dispute; (ii) the duty to balance privacy rights and disclosure obligations. If the Dispute is referred to arbitration, all information and evidence will be made available in accordance with the rules and procedures for arbitration of Disputes described in Chapter 7.

**3.4 PROCEDURE.** Your rights under the Contract depend on you meeting all of your obligations under the Contract. If the Company determines that you have breached the terms of the Contract, then based on the nature of the Dispute, the Company, in its sole discretion, may proceed as follows: (i) immediately terminate your Affiliate Business or take any other appropriate action as provided in Section 3.7 of this Chapter 6; (ii) proceed directly to arbitration in accordance with Chapter 7, or (iii) process the alleged Dispute according to the following procedures: (a) **Written Notice.** You will receive written notice from the Company that you are or may be in violation of the Contract. (b) **Responses and Company Prohibitions.** You will have 10 business days from the date of the written notice during which you may present in writing all the information that you consider relevant to the alleged Dispute. You may provide information about individuals that have relevant information, together with their names and addresses, other appropriate contact information, and copies of all relevant documents. If you fail to respond to the written notice or fail to provide all relevant facts and information, the Company may take action that it deems appropriate. The Company has the right to prohibit the activities of your Affiliate Business (placing Product orders, sponsoring, receiving Bonuses, etc.) from the time the written notice is sent you until a final decision issued. (c) **DCRC.** The Company will review any information submitted by you within the 10-day period or by collateral sources and any information that the Company has independently discovered. The DCRC will make a final decision regarding the Dispute and the action that the Company will take, if any, and will send you a copy of the decision of the DCRC. The Company may, at its sole option, send a copy of the decision of the DCRC to other interested parties.

**3.5 AFFILIATE COMPLIANCE APPEALS COMMITTEE (DCAC).** If the Company takes immediate action as provided in Section 3.7 of this Chapter 6, or the DCRC has issued a decision regarding the Dispute, then you will have 10 business days from the date of the written notice to submit in writing your appeal to the DCAC. Your written notice should include a description of your objection to the Company's immediate action or the DCRC decision. Within 90 days of receipt of your written 24 Enforcement of Contract 6 notice, the DCAC will

review your appeal and provide written notice (i) of its final decision, (ii) that its review will require additional time, or (iii) that the matter should proceed directly to arbitration under Chapter 7. If the DCAC has decided that the matter should proceed directly to arbitration, and you do not desire to participate in the arbitration, then you will still be bound by the decision in the arbitration. When the DCAC has made a final decision, it will send you written notice and you will have 60 days from the date of the DCAC decision to request arbitration of the DCAC decision.

**3.6 COMPANY ACTIONS FOR BREACH OF CONTRACT.** Once the Company determines that a breach of the Contract has occurred, the Company may, in its sole discretion, terminate your Contract. In addition to, or in lieu of terminating your Contract, the Company may take any other action it deems appropriate, including any or all of the following: (a) Notify you in writing of the Company's concerns and of the Company's intent to discontinue your rights under the Contract if your non-performance continues; (b) Suspend your rights under the Contract; (c) Monitor your future performance over a specified period of time; (d) Identify specific actions you must take to correct your non-performance and require you to provide the Company with a written description of what you intend to do to meet your Contractual obligations; (e) Stop performing the Company's obligations under the Contract and suspend your privileges under the Contract, including, without limitation, terminating or suspending your right to receive awards, terminating your right to be recognized at corporate events or in corporate media (publications, videos, etc.), terminating your right to participate in Company sponsored events or Affiliate sponsored events, terminating your right to place orders for Company Products, terminating your right to receive promotions within the Sales Compensation Plan, or terminating your right to participate as an International Sponsor; reducing your pin title and terminating your right to receive Bonuses on volumes on one or more levels of your Downline Organization; terminating your status or eligibility to be recognized and compensated under the Sale Compensation Plan; (f) Reduce the payment of all or any part of your Bonuses you have earned from sales made by you or all or any part of your Downline Organization; (g) Reassign all or part of your Downline Organization to a different Sponsor; (h) Recover from your Affiliate Business any damages caused by the breach; (i) Take any action that the Company deems appropriate to protect the Company and its Network; and (j) Seek injunctive relief or any other remedies available by law.

**3.7 IMMEDIATE ACTION.** If the Company determines, in its sole discretion, that a Dispute requires immediate action, or the Company has previously notified you that it will take

immediate action for violations or actions similar to those described in such notice, then the Company may take any immediate action or remedy that it deems appropriate, including termination of your Affiliate Business, or your right to receive any Bonuses. The Company will provide you with written notice of its action. You will have 10 business days to appeal the Company's action as provided in this Chapter 6.

**3.8 REMEDIES.** The Company reserves the right, at its sole discretion, to exercise any remedy available to it. Any failure or delay by the Company in exercising such remedies will not operate as a waiver of such remedies.

**3.9 TERMINATION OF YOUR CONTRACT.** (a) Subject to the conditions of this Section 3.9 of Chapter 6, (i) you may terminate your Affiliate Business at any time by providing the Company with a signed written notice of termination; (ii) the Company may terminate your Affiliate Business as provided in this Chapter 6; and (iii) the Company may terminate your Affiliate Business without notice if you have not engaged in any Business Activity on your account for a period of 12 or more consecutive months. (b) If you terminate your Affiliate Business, then termination becomes effective on whichever is later: (i) the date the Company receives your written notice of termination, or (ii) the date specified in your written notice. (c) Termination of your Affiliate Business results in the loss of all rights and benefits as an Affiliate, including the permanent loss of your Downline Organization. After your Affiliate Business has been terminated, whether by you or the Company, you may apply to become an Affiliate again by submitting to the Company a new Affiliate Agreement. The requirement that you must submit a new Affiliate Agreement is mandatory regardless of whether you are applying to be an Affiliate under your former Sponsor or a new Sponsor. (d) Upon termination of an Affiliate Business for whatever reason, if there is any pending investigation of, and/or unresolved legal issue related to the Affiliate Business, which includes any alleged breach or actual breach of the Contract, then the Downline Organization may not roll up until all pending investigations and/or legal issues have been resolved by the Company and all penalties have been fully satisfied. (e) The obligations of the Contract described in Chapter 5 will survive the cancellation, termination or expiration of the Contract. Any other provisions, or parts thereof, which, by their nature, should survive cancellation, termination, or expiration will also survive.



## CHAPTER 7 ARBITRATION

1. **WHAT IS MANDATORY ARBITRATION.** In order to expedite the resolution of all Disputes, the Company has instituted a mandatory arbitration procedure. Arbitration is the referral of a Dispute to an impartial third party selected by you, the Company and any other Affiliates involved in the Dispute.

An arbitrator acts as a judge, listens to the parties' evidence, and renders a binding decision. The arbitrator's decision is a judgment that is enforceable in a court of law. The object of arbitration is the final disposition of differences of the parties in a faster, less expensive, and perhaps less formal manner than is available in ordinary court proceedings.

2. **ARBITRATION IS MANDATORY AND BINDING AS TO ALL DISPUTES YOU AND THE COMPANY AGREE THAT MANDATORY AND BINDING ARBITRATION IS THE SOLE MEANS TO RESOLVE ANY AND ALL DISPUTES. YOU WAIVE ALL RIGHTS TO JURY OR COURT TRIALS TO RESOLVE A DISPUTE. THE ARBITRATION IS FINAL AND THE DECISION CANNOT BE APPEALED. UTAH WILL BE THE EXCLUSIVE VENUE FOR ARBITRATION OF ALL DISPUTES.**

3. **DEFINITION OF A DISPUTE.** The definition of a "Dispute" is found in the Glossary of Defined Terms in Addendum A. For your convenience, the definition is also provided in this Section 3: A "Dispute" means "ANY AND ALL PAST, PRESENT OR FUTURE CLAIMS, DISPUTES, CAUSES OF ACTION OR COMPLAINTS, WHETHER BASED IN CONTRACT, TORT, STATUTE, LAW, PRODUCT LIABILITY, EQUITY, OR ANY OTHER CAUSE OF ACTION, (I) ARISING UNDER OR RELATED TO THIS CONTRACT, (II) BETWEEN YOU AND OTHER AFFILIATES ARISING OUT OF OR RELATED TO AN AFFILIATE BUSINESS, OR YOUR BUSINESS RELATIONSHIPS AS INDEPENDENT CONTRACTORS OF THE COMPANY, (III) BETWEEN YOU AND THE COMPANY, (IV) RELATED TO THE COMPANY OR ITS PAST OR PRESENT AFFILIATED ENTITIES, THEIR OWNERS, DIRECTORS, OFFICERS, EMPLOYEES, INVESTORS, OR VENDORS, (V) RELATED TO THE PRODUCTS, (VI) REGARDING THE COMPANY'S RESOLUTION OF ANY OTHER MATTER THAT IMPACTS YOUR AFFILIATE BUSINESS, OR THAT ARISES OUT OF OR IS RELATED TO THE COMPANY'S BUSINESS, INCLUDING YOUR DISAGREEMENT WITH THE COMPANY'S DISCIPLINARY ACTIONS OR INTERPRETATION OF THE CONTRACT."



4. **MEDIATION.** Mediation is a process whereby a neutral third party attempts to resolve a Dispute between contending parties. The object of the mediator is to increase the parties' mutual understanding of the Dispute and persuade them to adjust their positions towards each other and hopefully reconcile the Dispute. If all the parties that participated in the DCRC proceeding agree to mediation, then the Company will facilitate a mediation that will be held in Salt Lake City, Utah at the offices of the Company's outside counsel. The mediation will be conducted in the English language. All fees and costs of the mediation will be borne equally by the parties in the mediation. If not all the parties agree to the mediation, then the Dispute will be submitted to arbitration as provided in this Chapter 7.

5 **REQUEST FOR ARBITRATION.** For easy reference, all parties that participated in the DCAC proceeding, and that will participate in the arbitration, including the Company, may be referred to as "Participants" in this Chapter 7. Within 60 days from the date of the DCAC' decision, any Participant, who is not satisfied with the DCRC' decision, will notify, in writing, all the other Participants in the DCAC proceeding that the Participant requests that the Dispute be referred to arbitration before a neutral third party arbitrator ("Petition for Arbitration"). Failure to submit a timely Petition for Arbitration will constitute acceptance of the DCAC decision and the Participant agrees to abide by the terms of the decision. Within a reasonable time after receipt of the Petition for Arbitration, the Company, through its outside counsel, will contact all the Participants regarding an arbitration date and provide a list of potential arbitrators.

## 6. ARBITRATION PROCEDURE

6.1 **RULES OF ARBITRATION; LOCATION.** The arbitration will be conducted by a professional arbitrator that has been agreed to by the Participants. The arbitration will be conducted in accordance with the Utah Uniform Arbitration Act. The arbitration will be held Utah in the offices of Company or Company's outside counsel.

6.2 **DISCOVERY.** The arbitrator will have the discretion to order a pre-arbitration exchange of information by the Participants, including but not limited to, production of requested documents, exchange of summaries of testimony of proposed witnesses, and the depositions of witnesses and the Participants. Additionally, subject to the approval of the selected arbitrator, the Participants may submit a pre-arbitration brief outlining the legal causes of action and factual background.

6.3 DATE OF ARBITRATION. Unless all the Participants agree to extend the date of the arbitration, the arbitration will take place no later than six months after the date of the Petition for Arbitration. 6.4 LANGUAGE The arbitration will be conducted in the English language, but at the request and expense of the requesting Participant, documents and testimonies will be translated into the requesting Participant's preferred language.

6.5 NO CLASS ACTIONS. No Dispute will be adjudicated, in arbitration or any other judicial proceeding, as a class action.

6.6 PERMITTED ATTENDEES. Each Participant in the arbitration is limited to the attendance of the Participant, those individuals appearing on the Participant's Affiliate Agreement, and no more than two attorneys per Participant.

6.7 FEES AND EXPENSES OF ARBITRATOR. All fees and expenses of the arbitrator will be borne equally by the Participants in the arbitration.

#### 6.8 AWARDS

- (a) The arbitration will be final and binding. It will be a full resolution of all claims and disputes between the Participants in the arbitration. Judgment upon the award rendered by the arbitrator may be entered in any court within the state of Utah. All upline Affiliates and Downline Organizations of the Participants will be bound by the final arbitration award.
- (b) Any award by the arbitrator will be in writing and based on the application of the strict rules of law to the facts before the arbitrator. The arbitrator is authorized to award a Participant any sums that are deemed proper for the time, expense, and trouble of arbitration including arbitration fees and attorney's fees. Punitive damages, however, will not be allowed in any Dispute. NEITHER ANY PARTICIPANT NOR THE COMPANY, NOR ANY OF THE COMPANY'S RELATED ENTITIES, OFFICERS, DIRECTORS, EMPLOYEES, INVESTORS, OR VENDORS, WILL HAVE ANY LIABILITY FOR ANY PUNITIVE, INCIDENTAL, CONSEQUENTIAL, SPECIAL OR INDIRECT DAMAGES, INCLUDING LOSS OF FUTURE REVENUE OR INCOME, OR LOSS OF BUSINESS REPUTATION OR OPPORTUNITY RELATING TO THE BREACH OR ALLEGED BREACH OF THE CONTRACT OR FOR ANY ACT, OMISSION, OR OTHER CONDUCT ARISING OUT OF THE PARTICIPANT'S STATUS AS AN INDEPENDENT CONTRACTOR AND AFFILIATE OF THE COMPANY'S PRODUCTS.

6.9 CONFIDENTIALITY. All arbitration proceedings will be closed to the public and confidential. Except as may be required by law and the Company's use of an arbitrator's award as precedence for deciding future Disputes, neither a Participant nor the arbitrator may disclose the existence, content, or results of any arbitration without the prior written consent of all the Participants.

6.10 ENFORCEMENT OF AWARD; INJUNCTIVE RELIEF. Notwithstanding this arbitration policy, any Participant may apply to a court of competent jurisdiction in the county and state of Utah in the United States, or in any other jurisdiction as necessary (i) to enforce an arbitration award or the injunctive relief granted by an arbitrator, or (ii) to seek a temporary restraining order, preliminary injunction, or other injunctive relief before, during the pendency of, or after a decision in any arbitration proceeding. The institution of any action in a court for equitable relief, or to enforce an arbitration award or order, will not constitute a waiver of the obligation of any Participant to submit any Dispute to arbitration.

6.11 SURVIVAL. Your agreement to arbitrate will survive any termination or expiration of the Contract or any other agreements between you and the Company.

7 THIRD-PARTY CLAIMS. In order to protect the Company, its assets, and its reputation from claims or disputes created by outside (non-Affiliate) third parties, the Company requires the following: if any Affiliate is charged with any infringement of any proprietary right of any outside third party (who is not an Affiliate) arising from any of the Company's proprietary assets, or if the Affiliate becomes the subject of any claim or suit related to that Affiliate's business-related conduct or any other action that directly or indirectly negatively affects or puts the Company, its reputation, or any of its tangible or intangible assets at risk, the affected Affiliate will immediately notify the Company. The Company may, at its own expense and upon reasonable notice, take whatever action it deems necessary (including, but not limited to, controlling any litigation or settlement discussion related thereto) to protect itself, its reputation, and its tangible and intangible property. The Affiliate will take no action related to that claim and suit, unless the Company consents, which consent will not unreasonably be withheld.

## CHAPTER 8 GENERAL TERMS

### 1. GENERAL TERMS

**1.1 CONTRACT CHANGES.** The Company expressly reserves the right to make any modifications to the Contract upon 30 days' notice by publication on the Company's websites, normal channels of communication with Affiliates, or as provided in Section 1.6 of this Chapter 8. You agree that 30 days after such notice, any modification becomes effective and is automatically incorporated into the Contract between you and the Company as an effective and binding provision. By continuing to act as an Affiliate, engaging in any Business Activity, or accepting any Bonus after the modifications have become effective, you acknowledge acceptance of the new Contract terms.

**1.2 WAIVERS AND EXCEPTIONS.** The Company reserves the right, in its sole discretion, to waive a breach of, or make an exception to, any provision of the Contract. Any waiver by the Company of a breach of any provision of the Contract or any exception made by the Company of any provision of the Contract must be in writing and will not be construed as a waiver of any subsequent or additional breach or an exception for any other Person. Any right or prerogative of the Company under the Contract may be exercised at the Company's sole discretion. Any exception made by the Company, or any failure or delay by the Company in exercising any right or prerogative under the Contract will not operate as a future exception or waiver of that right or prerogative.

**1.3 INTEGRATED CONTRACT.** The Contract is the final expression of the understanding and agreement between you and the Company concerning all matters touched upon in the Contract and supersedes all prior and contemporaneous agreements of understanding (both oral and written) between the parties. The Contract invalidates all prior notes, memoranda, demonstrations, discussions and descriptions relating to the subject matter of the Contract. The Contract may not be altered or amended except as provided in these Policies & Procedures. The existence of the Contract may not be contradicted by evidence of any alleged prior contemporaneous oral or written agreement. Should any discrepancy exist between the terms of the Contract and verbal representations made to you by any Company employee or another Affiliate, the express written terms and requirements of the Contract will prevail.

**1.4 SEVERABILITY.** Any provision of the Contract that is prohibited, judicially invalidated, or otherwise rendered unenforceable in any jurisdiction is ineffective only to the extent of the prohibition, invalidation, or unenforceability in that jurisdiction, and only within that jurisdiction. Any prohibited, judicially invalidated or unenforceable provision of the Contract will not invalidate or render unenforceable any other provision of the Contract, nor will that provision of the Contract be invalidated or rendered unenforceable in any other jurisdiction.

**1.5 GOVERNING LAW/JURISDICTION.** Utah will be the exclusive venue for arbitration or any other resolution of any Disputes. The place of origin of the Contract is the State of Utah, USA, and the Contract will be governed by, construed in accordance with, and interpreted pursuant to the laws of the State of Utah, USA, without giving effect to its rules regarding choice of laws. The exclusive venue for any and all Disputes, including the validity of provisions regarding arbitration, place of venue, and jurisdiction, will be in Salt Lake County, Utah. You consent to the personal jurisdiction of any court within the State of Utah and waive any objection to improper venue.

**1.6 NOTICES.** Unless otherwise provided in the Contract, any notice or other communications requested or permitted to be given under the Contract will be in writing and will be delivered personally, transmitted by facsimile or sent by first class, certified (or registered) or express mail, postage prepaid. Unless otherwise provided in the Contract, notices will be deemed given when delivered personally, or if transmitted by facsimile, one day after the date of that facsimile, or if mailed, five days after the date of mailing to the address of the Company's headquarters at 1172 W 700 N STE 300, Lindon, UT 84042 or to the Affiliate's address as provided on the Affiliate Agreement, unless notice of an address change has been received by the Company.

**1.7 SUCCESSORS AND CLAIMS.** The Contract will be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

**1.8 HEADINGS.** The headings in the Contract are for convenience of reference only and will not limit or otherwise affect any of the terms or provisions of the Contract.

**1.9 INTERNAL REFERENCES.** All references to Sections or Chapters herein refer to Sections or Chapters of these Policies & Procedures unless otherwise indicated.

**1.10 PLURALITY AND GENDER.** All words will be deemed to include the plural as well as the singular and to include all genders.

**1.11 TRANSLATIONS.** In the event that any discrepancies exist between the English version of the Contract and any translation thereof, the English version will be controlling.

## **DEFINED TERMS**

**ADVERTISING MATERIAL.** Any electronic, printed, oral presentation or other material used in the offer or sale of Products, recruitment of prospective Affiliates, or training of Affiliates, which makes reference to the Company, the Products, the Sales Compensation Plan, or the trade names or logos, and may include Personalized Advertising Material.

**AUTHORIZED COUNTRY.** Any country designated in writing by the Company as officially opened for business for all Affiliates.

**BENEFICIAL INTEREST.** As to Affiliate Businesses: Any interest whatsoever, whether it is direct or indirect, including but not limited to any ownership interest, rights to present or future benefits, financial or otherwise, rights to go on Company sponsored trips and other events, rights to purchase Products at wholesale prices, recognition of any type or other tangible or intangible benefits associated with an Affiliate Business. An individual has a Beneficial Interest in the Affiliate Business of a spouse or Co-habitant. If a Person is or should be listed on the Business Entity Form of a Business Entity, he is considered to have a Beneficial Interest in such Business Entity's Affiliate Business. Any individual with a Beneficial Interest in a Business Entity will be deemed to have Beneficial Interest in the Affiliate Business. As to a Direct Sales Company: Any interest whatsoever, whether it is direct or indirect, including but not limited to any ownership interest, rights to present or future benefits, financial or otherwise, rights to go on Direct Sales Company sponsored trips and other events, rights to purchase the products of a Direct Sales Company at wholesale prices, recognition of any type or other tangible or intangible benefits associated with an affiliate business of a Direct Sales Company. An individual has a Beneficial Interest in a Direct Sales Company Affiliate business of (i) a spouse or Co-habitant, or (ii) a Business Entity if the individual has a Beneficial Interest in the Business Entity.

**BUSINESS ACTIVITY.** Any activity that benefits, promotes or assists the business of an Affiliate Business, including signing an Affiliate Agreement, purchasing Products from or returning Products to the Company, sponsoring and/or recruiting new Affiliates, use of credit cards, shipping services, or any other activities that the Company, in its sole discretion, determines to be a material promotion of the Company's business.

**BUSINESS DEVELOPMENT ACTIVITY.** Any activity that benefits, promotes, assists, or supports in any way the business, development, sales, or sponsorship of another Direct Sales Company, including but not limited to, selling products or services, promoting the business opportunity, appearing on behalf of the Direct Sales Company or one of its representatives, allowing your name to be used to market the Direct Sales Company, its products, services or opportunity, sponsoring or recruiting on behalf of the Direct Sales Company, acting as a member of the board of directors, as an officer, or a representative or affiliate of the Direct Sales Company, an ownership interest, or any other beneficial interest, whether the interest is direct or indirect.

**BUSINESS ENTITY.** Any business entity such as a corporation, partnership, limited liability company, trust, or other form of business organization legally formed under the laws of the jurisdiction in which it was organized.

**BUSINESS ENTITY FORM.** A supplemental document considered part of the Affiliate Agreement. The Business Entity Form must be completed and signed by a Business Entity applying to become an Affiliate, as well as each Participant in the Business Entity. The Business Entity Form must list all Persons who are partners, shareholders, principals, officers, directors, members or anyone else with a Beneficial Interest in the Business Entity.

**BUSINESS SUPPORT MATERIALS.** Any electronic, printed, audio or video presentation or other material used in the offer or sale of Products, recruitment of prospective Affiliates or training of Affiliates, which makes reference to the Company, its Products, the Sales Compensation Plan or its trade names.

**BUSINESS SUPPORT MATERIALS AND SERVICES.** This term is used to refer to Business Support Materials and Business Support Services together.

**BUSINESS SUPPORT SERVICES.** Any services or business tools supporting the offer or sale of the Company's Products, recruitment of prospective Affiliates, or the training of Affiliates.

**CO-HABITANT.** A person who is living with an Affiliate as if a spouse of the Affiliate, but is not legally married.

**COMPANY.** Limbic Arc LLC and its affiliated entities.

**COMPANY APPROVED BUSINESS SUPPORT MATERIALS.** Marketing materials designated in writing by the Company as approved for use in specific countries.

**CONFIDENTIAL INFORMATION.** All private, confidential and/or proprietary information disclosed to or discovered by you regarding the Company including, without limitation, intellectual property rights, trade secrets, the Network, personal information, sales volumes and genealogy, manuals, protocols, policies, procedures, marketing, and strategic information, computer software, training materials, nonpublic financial information, and any copies, notes or abstracts of any such information, or any other information that the Company considers proprietary, highly sensitive, or valuable to its business.

**CONTRACT.** The agreement between an Affiliate and the Company composed of the following: these Policies & Procedures, the Sales Compensation Plan, Affiliate Agreement, Business Entity Forms, supplemental services, International Sponsor Agreement, Product Purchase Agreement, Arbitration Agreement, and other international agreements (collectively, the “Contract”). The Contract is the complete and only agreement between the Company and an Affiliate. DCAC Affiliate Compliance Appeals Committee whose duties are described in Chapter 6. DCRC Affiliate Compliance Review Committee whose duties are described in Chapter 6.

**DIRECT SALES COMPANY.** A company that uses a sales force of independent contractors who sell products and services and that compensates the independent contractors through a single-level or multi-level compensation plan for (i) their own sales, and/or (ii) the sales of other independent contractors who have signed up under the independent contractors to distribute the same products and services.

**DISPUTE.** Defined in Section 3 of Chapter 7.



**AFFILIATE.** An independent contractor authorized by the Company under the Contract subscribe to Company software or purchase Company Products, recruit other Affiliates, and receive Bonuses in accordance with the requirements of the Sales Compensation Plan. A Affiliate's relationship to the Company is governed by the Contract.

**AFFILIATE AGREEMENT.** The Affiliate application and agreement, and if applicable, the Business Entity Form, that must be completed and submitted to the Company in order to apply to become an Affiliate.

**AFFILIATE ORGANIZATION.** Any organization established by an Affiliate that offers sales support, motivational or training material, website subscriptions, Business Support Materials and Services, training courses, recognition events, leads or other business promotion tools to a specific group of affiliates.

**AFFILIATE BUSINESS.** The affiliate account created when either an individual or a Business Entity enters into a contractual relationship with the Company.

**DOWNLINE ORGANIZATION.** A group of Affiliates either directly sponsored or linked in a direct chain of sponsorship in the sales organization of a particular Affiliate.

**INTERNATIONAL SPONSOR.** An Affiliate in good standing, authorized under an International Sponsor Agreement to act as a Sponsor in an Authorized Country outside the country, territory, or other political jurisdiction in which that Affiliate first established an Affiliate Business with the Company.

**INTERNET MARKETING SITE.** An "Internet Marketing Site" is any a location on the Web that is (a) used primarily (or to which a significant portion is used) to post or communicate information about the Company, its Products, or the Sales Compensation Plan/income opportunity, or (b) that contains "internet marketing materials." Internet marketing materials shall mean marketing materials concerning the Company, its Products, or the Sales Compensation Plan/income opportunity that have not been produced by the Company and approved for posting on personal blogs, Facebook pages and social networking sites. 31 Addendum A Glossary of Defined Terms.

**NETWORK.** The Affiliate and customer network of the Company and all compilations of various lists describing that network or members thereof, including but not limited to, any and all contact or personal information collected by the Company regarding the Affiliates and customers.

**NON-RESIDENT COUNTRY.** An Authorized Country other than your Resident Country.

**PARTICIPANT.** Any Person who has a Beneficial Interest in a Business Entity or Affiliate Business.

**PERSON.** An individual or Business Entity.

**PERSONALIZED ADVERTISING MATERIAL.** Business cards, letterhead, stationery, envelopes, note pads, self-stick labels, name badges or Direct Selling Association cards imprinted with the Company names or logos and an Affiliate's name, address, telephone number and other personal contact information.

**POLICIES AND PROCEDURES.** The policies governing how an Affiliate is to conduct his business as set forth in this document (including Supplemental Policies) and defining the rights and relationships of the parties.

**PRODUCTS.** The products and services of the Company.

**RESIDENT COUNTRY.** If you are an individual, then it is the country, territory, or other political jurisdiction in which you are a citizen or a lawful permanent resident and whose country's Affiliate Agreement you have executed. If you are a Business Entity, such as a corporation, partnership, limited liability company, or any other form of business organization, then it is the country, territory, or other political jurisdiction in which you are legally formed under the laws of your Resident Country, and each member of the Business Entity has proper legal authorization to conduct business in the Resident country, and whose country's Affiliate Agreement you have executed.

**SALES COMPENSATION PLAN.** The specific plan utilized by the Company that outlines the details and requirements of the compensation structure for Affiliates.



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**SPONSOR.** an Affiliate Business under which another Affiliate Business is originally placed after it has applied to become an Affiliate.

**UNOPENED COUNTRY.** Any country that is not an Authorized Country. URL A Uniform Resource Locator or web address.