

**AVISAE**

# Business Rules of Conduct

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EFFECTIVE DECEMBER 6, 2013  
UNITED STATES

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## 1. Introduction

Avisae enthusiastically welcomes all who wish to establish an independent business or are already independent business owners and who wish to compliment their business-building efforts by utilizing the unique combination of products and services provided by Avisae. Avisae acknowledges and appreciates the significant time and resources required of the independent business owner that is required to create a successful and enduring independent business.

It is hoped that the following material will reflect Avisae's commitment to fostering relationships of trust and mutual respect while ensuring fairness, equality, and appropriate protections for the collective interests of both parties. It is Avisae's intent to create the most independent-business-friendly, productive, and rewarding business-building environment that will encourage a long and mutually rewarding working relationship together.

Avisae's proprietary business model integrates three complimentary and unique dimensions:

1. **Avisae Marketplace** - provides all of the traditional services found in most network marketing companies including: product development, compensation, hosting and support services, warehousing, shipping and distribution, legal, international support, etc.;

2. **Blue Ocean Success System (B.O.S.S.)** – a world class and proven business development training, education, skill development, support and recognition platform;

3. **Legacy Asset Advisers** – a financial and retirement planning solution that encourages and enables an IBOs ability to create financial assets for future access.

These three complimentary dimensions are advised and influenced by an independent trade association – made up of member Avisae Independent Business Owners and called the Blue Ocean Business Group (BOBG) – which ensures 1) all initiatives at Avisae have field relevance, input, and support, and 2) independent business owner's interests and rights are respectfully represented and protected.

The protection of the independent business of each Avisae Independent Business Owner is so important to Avisae that Avisae initiated and established a mutually binding, contractual relationship between Avisae and the Blue Ocean Business Group that requires the review of any and all material changes, as defined in the agreement, with the BOBG Board before final consideration and implementation. Such consideration for the protection of

rights and interests of the independent business owner are unprecedented in the channel commerce industry.

The Avisae Business Rules of Conduct ("Rules") have been incorporated into and made part of the Terms and Conditions of the Avisae Independent Business Owner Agreement. This Business Rules of Conduct, the Independent Business Owner Agreement, and the Avisae Financial Rewards Plan constitute the entire agreement ("Agreement") between Avisae ("Company") and the Independent Business Owner ("IBO"). The Agreement or any part thereof may be amended at any time at the sole discretion of the Company. Notification of amendments will be published through various mediums as noted in section 9.20.

An IBO's failure to comply with the provisions of these Rules or any of the referenced documents comprising the Agreement between the Company and an IBO may, at the sole discretion of the Company, result in any or all of the following: termination of the Agreement between Avisae and the Independent Business ("IB"), loss of the right to enroll other IBOs, loss of the right to receive a Bonus(s), loss of formal recognition by the Company, and suspension or termination of other rights and privileges. However, in an effort to give all IBOs fair due process in the event of an alleged Rule violation before any such action is taken, Avisae has established the Dispute Resolution process (see Section 17 – Dispute Resolution).

## 2. The Mission of Avisae

The mission of Avisae is to empower people across the globe to "become more" in every dimension of their lives – physically, emotionally, financially, and spiritually – and through a proven framework of leadership, education, and coaching coupled with an exceptional suite of products and services, enable individuals, families, and communities to realize the very best within, and thus experience enduring joy and fulfillment.

## 3. Avisae Company Values

Avisae will conduct business in such a way as to be a positive influence for good with each person, customer, IBO, employee, and vendor with whom we come in contact with by:

3.1. Maintaining a prioritized perspective on Providence, Family, Avisae, and Community;

3.2. Acknowledging our IBOs as the foundation of our success;

3.3. Conducting our business with absolute honesty and integrity;

3.4. Treating all people with kindness and respect;

3.5. Conducting our interactions with others in a spirit of service and caring;

- 3.6. Working hard and competently and managing the use of company resources wisely;
- 3.7. Fostering an uplifting work environment by smiling, laughing, and having fun;
- 3.8. Being grateful for success and giving recognition to others;
- 3.9. Being generous with those less fortunate in our community and around the world.

#### **4. Code of Ethics**

We are a values and principles-based company and pride ourselves on the quality and character of our IBOs. The following code of ethics helps ensure a uniform standard of excellence throughout our organization. You agree to practice the following ethical behavior when operating your IB. Each behavioral part of the Code of Ethics is material to the Agreement.

- 4.1. I will actively work to establish and maintain a retail customer base. I will provide support and encouragement to my Customers to ensure that their experience with Avisae is a successful one and will clearly state all terms of sale.
- 4.2. I will be respectful of every person I meet while operating my Avisae independent business.
- 4.3. At all times I will conduct myself and my business in an ethical, moral, legal, and financially sound manner.
- 4.4. I will not engage in activities that may bring disrepute to Avisae, any Avisae corporate officer or employee, myself, or other IBOs.
- 4.5. I will not make discouraging or disparaging claims toward Avisae or other Avisae IBOs. I will ensure that in all Avisae business dealings I will refrain from engaging in negative language and defamatory statements.
- 4.6. I will be truthful in my representation of Avisae Products and make no claims regarding the health benefits of Avisae Products that violate the law.
- 4.7. I will offer to provide follow-up service and support to my downline as is reasonably necessary to assist them in building a retail Customer base and a downline organization.
- 4.8. I will correctly represent the Avisae Financial Rewards Plan and the income potential represented therein. I understand I may not use my own income as an indication of others' potential success, or use compensation earnings as marketing materials. I further understand that I may only disclose my Avisae income to enroll a potential IBO(s) after I have given either a copy of the Income Disclosure Statement or link to an online copy, if any is published, to the potential IBO(s).

4.9. I shall make personal or telephone contact with potential applicants and Customers in a reasonable manner and during reasonable hours to avoid intrusiveness.

4.10. When making a sales presentation, I shall discontinue it immediately upon the request of the recipient.

4.11. I shall take appropriate steps to protect the private information of my Customers and downline.

4.12. I shall respect the lack of commercial experience of potential applicants and actual retail Customers and downline.

4.13. I shall not abuse the trust my retail Customers and downline place in me, nor shall I exploit their age, illness, lack of understanding or unfamiliarity with language.

4.14. I will abide by all of Avisae's Rules.

#### **5. Independent Business Owner Trade Association**

The Blue Ocean Business Group (BOBG), a non-profit trade association, is the voice of the Avisae IBO. Through its Executive Board, the BOBG provides an open channel of communication with the Company on all elements of the business which affect IBOs, taking an active role in its day-to-day operations and in shaping its future.

IBOs choose to become members of the BOBG at the time of enrollment. The BOBG is funded from a voluntary and modest dues assessed annually as part of the Avisae annual renewal fee. Although they may choose to "opt out," membership in the BOBG is strongly encouraged and will significantly enhance an IBO's experience and success with Avisae. When your business achieves a certain executive rank level as determined by the BOBG Executive Board, you become a voting member of the association, which also allows you to participate in selecting members to the governing Executive Board.

The BOBG also plays a significant role in the Dispute Resolution process (see Section 17: Dispute Resolution Procedures) by ensuring the rights of the IBO are properly protected and represented as guaranteed in the dispute resolution process.

#### **6. "Blue Ocean Success System" - Business Training, Education, and Support**

Education, training, and motivation are critically important to building a successful independent business. To educate you in the business and assist with your own training and motivation as well as teaching how to train and motivate others, Avisae, in conjunction with the Blue Ocean Business Group (BOBG), has created Blue Ocean Success System (B.O.S.S.), a separate training and skill

development framework or “System.” As advised by the BOBG, B.O.S.S. develops merchandising aids or Business Support Materials (BSM) and conducts education, training, skill development, and recognition events and provides a host of additional support services. All materials produced and distributed by Avisae and its B.O.S.S. are subject to its Satisfaction Guarantee and Buy-Back Rule.

Through B.O.S.S., Avisae has created a training and business education framework – with an evolving list of books, magazines, flip charts and other printed materials, audio tapes, video tapes or DVDs, software, websites or other online materials, internet services and other electronic media – all of which will be referred to as Business Support Materials (BSM). In addition, B.O.S.S. will organize and host rallies, meetings, and educational seminars. These resources in combination will provide IBOs with a rich, rewarding, unifying, and edifying learning experience that will compliment their efforts to ensure a successful and enduring business-building experience. Some IBOs earn additional income from the sale of these materials and the promotion of certain events apart from their earnings associated with the sale of other Avisae consumable products.

You may decide that the framework and materials provided by B.O.S.S. can help you build your business, or not. It’s your decision. No one may pressure or obligate you to subscribe to these materials or recurring events. Your own good judgment should guide you in deciding what is best for your IB, considering among other things the cost, benefit, and time commitment associated with the purchase and use of these materials. However, experience has demonstrated that those who elect to participate in such a framework are significantly advantaged over those who do not. We strongly encourage our IBOs to give thoughtful consideration to participation in B.O.S.S.

In an effort to create continuity and consistency of messaging, branding, and training content, Avisae has employed B.O.S.S. to create all of its BSM. Therefore, the production and distribution of any BSM outside of what is produced by or under the direction of B.O.S.S. is prohibited. IBOs are not permitted to create their own tools or other BSM. They can, however, petition their support teams to forward suggestions and ideas to the BOBG Board who will advise the B.O.S.S. on the creation or refinement of current or future BSM.

## 7. Agreement Changes

The Avisae business is dynamic, and from time to time the Rules and other Agreement terms need adjustment. In compliance with its Agreement with the BOBG, the Company will, prior to final action, submit to the BOBG Board for discussion, evaluation, and recommendation all

changes in the IB Agreement that materially affect IBOs. The BOBG represents the IBO at every level of the business. Every BOBG Board member is elected via annual ballot by all qualified Silver-ranked IBOs and above. The candidates are selected with regard to geographical and Line of Sponsorship representation.

After considering any BOBG Board input and making any modifications it deems appropriate, the Company will notify every IBO of the proposed change and solicit comments from IBOs by publishing it on Avisae.com or equivalent notice. The Company and the BOBG Board will consider any comments submitted during the 30 days following publication. Such changes shall become effective not less than 30 days after publication, except when it is necessary to shorten these time periods for a particular change. For example, a Rule may need to be changed immediately to comply with a new law or other government mandate, to protect IBOs from serious financial harm, or to protect the integrity of the Avisae Financial Rewards Plan. Rule changes have prospective effect only.

Except in the case of Rule 17. Dispute Resolution Procedures, final decision-making authority with respect to introducing and changing the Rules rests with the Company. IBOs can challenge the validity of any Rule or any changes to the Rules through the dispute resolution process described in Rule 17.

Any IBO who is unwilling to accept a Rule change can, if he or she wishes, resign or retire from the Avisae business within 30 days after publication. In the event an IBO elects to resign, the Company will refund, only after receiving a submitted resignation form from the resigning IBO, a pro rata share of the IBO’s registration fee for that year. The resigning IBO may sell his or her IB in accordance with Rule 9.18. In addition, the resigning IBO can return any unused, merchantable products purchased for personal use or for inventory within six months prior to resignation for a full refund, less a reasonable restocking charge.

Those IBOs who are unwilling to accept a Rule change but wish to continue receiving commission earnings, must:

- 6.1 Maintain monthly minimum activity requirements as outlined in the Avisae Financial Rewards Plan, and
- 6.2 Comply with the provisions of paragraph 9.10.

## 8. Definitions

**8.1. BLUE OCEAN BUSINESS GROUP (BOBG).** A trade association, independent of Avisae, which represents the interests of member IBOs to Avisae and which is governed by an Executive Board and various functional sub-committees. This trade association advises Avisae across every dimension of its suite of products and



services, including its Financial Rewards Plan, B.O.S.S., and these Business Rules of Conduct.

**8.2. BLUE OCEAN SUCCESS SYSTEM (B.O.S.S.).** A function within Avisae which hosts a framework or system for: education, training, mentoring, and personal development; planning and oversight of events, reward trips and recognition; development of a suite of tools and materials (i.e. books, CDs, DVDs, misc. electronic and mobile presentation materials) that support and enhance proven and successful business-building activities. B.O.S.S. is strongly influenced and advised by the Blue Ocean Business Group (BOBG).

**8.3. BONUSES.** Monies earned by you, as determined by the Personal Volume generated by your Product sales and the Group Volume of your Downline sales, as set forth in the Avisae Financial Rewards Plan.

**8.4. BUSINESS SUPPORT MATERIAL (BSM).** Official Avisae and B.O.S.S. produced and approved literature, audio or videotapes, and other support and business-building materials available for use by Avisae IBOs.

**8.5. CHANNEL COMMERCE.** For purposes of this Agreement, is interchangeable reference to multi-level marketing or network marketing with specific emphasis on creating three or more asset channels.

**8.6. COMMISSION VOLUME.** The point value assigned to Products sold for purposes of calculating Bonuses under the Avisae Financial Rewards Plan.

**8.7. CUSTOMER.** End Consumers of the Product, including your Retail Customers.

**8.8. ENROLLER.** An IBO who introduces an applicant to Avisae and is listed as the Enroller on the IBO Application.

**8.9. ENROLLMENT KIT.** A pre-defined selection of Avisae Products, training materials, business support literature, and enrollment fee that each new IBO optionally purchases unless prohibited by law.

**8.10. ENROLLMENT TREE.** The downline sales organization of IBOs you personally enroll and those IBOs that they personally enroll, etc.

**8.11. AVISAE FINANCIAL REWARDS PLAN.** The method by which you generate Bonuses and are compensated for sales Volume generated within your downline sales organization. The Avisae Financial Rewards Plan is described in Avisae's literature.

**8.12. GROUP VOLUME (GV).** The accumulation of one's Personal Volume (PV) and all the PV of IBOs within their group or Team Tree.

**8.13. INCOME DISCLOSURE STATEMENT (IDS).** A representation Avisae may publish of the average earnings, by rank, of "active" Avisae IBOs used to

overview the generated income of Avisae IBOs participating in the Avisae business opportunity through the sale of Product as determined under the terms of the Avisae Financial Rewards Plan.

**8.14. INDEPENDENT BUSINESS ("IB").** The collective contractual terms in the Agreement granting to you the ability to purchase, sell, distribute, and promote the Products and Avisae business opportunity.

**8.15. INDEPENDENT BUSINESS OWNER ("IBO").** An independent contractor whose IB Application has been accepted by Avisae and who has agreed to present the Avisae business opportunity and to receive compensation for the distribution of Products and services.

**8.16. LOYALTY ORDER.** An automatic and monthly purchase of product using a saved preconfigured product order. Such recurring orders are awarded redeemable Loyalty Rewards Program points.

**8.17. LOYALTY REWARDS PROGRAM ("LRP").** A program which awards a certain number of points for specific events, programs, behaviors, achievements, etc. A Loyalty Order is an example of an event that is awarded Loyalty Reward Points depending on how long one has been "loyal" to a recurring, monthly order of products.

**8.18. PERSONAL VOLUME (PV).** The accumulation of one's personal CV and the CV of all their Retail Customers and Preferred Customers.

**8.19. PLACEMENT.** Your position within your Enroller's Team Tree (Team Placement Tree).

**8.20. PREFERRED CUSTOMER.** An individual who is enrolled as a Preferred Customer, maintains a Loyalty Order, is eligible for LRP points, and receives preferred customer pricing. A Preferred Customer is not an IBO.

**8.21. PRODUCTS.** Any commodity sold by us that has CV assigned to it.

**8.22. OPENED COUNTRY.** A country that we have officially opened for business using an OTG – On-the-ground or NFR – Not-for-resale model.

**8.23. RESALABLE.** Products shall be deemed "resalable" if each of the following elements is satisfied: (1) they are unopened and unused, (2) original packaging and labeling has not been altered or damaged, (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price, and (4) the Product contains current Avisae labeling. Any merchandise that is clearly identified at the time of sale as non-returnable, discontinued, or as a seasonal item, shall not be resalable.

**8.24. SOLICIT.** The act of directly encouraging, persuading, or influencing an individual to enroll as an Avisae IBO or as a distributor in a competing company.

**8.25. SPONSOR.** An IBO who is directly and physically above another IBO in the Team Tree.

**8.26. TEAM TREE (or TEAM PLACEMENT TREE).** The structure of your downline sales organization.

**8.27. VOLUME.** The point value assigned to Products sold for purposes of calculating Bonuses under the Avisae Financial Rewards Plan.

## **9. Becoming an Avisae Independent Business Owner**

**9.1. Requirements to Become an Avisae Independent Business Owner.** To become an Avisae IBO, you must:

**9.1.1.** If you are an individual, be 18 years old or the age of majority in the state or province in which you reside;

**9.1.2.** If you are a legal entity, be properly registered in your governing jurisdiction;

**9.1.3.** Reside in an Opened Country;

**9.1.4.** Provide, where allowed by law, evidence of identity in the form and manner as Avisae may require;

**9.1.5.** Submit a true, signed, (or signed electronically if submitting application online) accurate and properly completed IBO Application to Avisae; and

**9.1.6.** Pay the enrollment fee or purchase an optional Enrollment Kit, unless local law requires the purchase to be optional, in which case, it is not required.

**9.2. Application and Acceptance.** By signing the IBO Application and submitting it to us or completing the electronic online enrollment process, you are applying to become an Independent Business Owner of Avisae. Your application is accepted when we enter your application data into our database and if you are otherwise in compliance with the IBO Application. Upon acceptance, we will establish in the Enrollment Tree and the Team Tree an Independent Business ("IB"), and issue to you an identifying IBO identification number.

**9.2.1.** We reserve the right to reject any IBO Application. We will not accept inaccurate or false information. Incomplete, inaccurate, or unlawful IBO Applications are voidable by us.

**9.2.2.** You are responsible for informing us of any changes affecting the accuracy of your IBO Application and any subsequent information regarding the account information of your IB.

**9.3.** An Enrollment Kit is available and recommended to you as part of your enrollment.

**9.4. Territory.** Acceptance of your IBO Application authorizes you to resell Products and operate your IB in the country for which it is specified. If you desire to resell

Products in another country that we have officially opened, you must provide proof of residence in that country and submit a change of country request to the IBO Solutions Department. We may charge you a fee for this change. If you desire to enroll IBOs in a country we have officially opened, but you do not reside there, please see section 13. We do not grant exclusive territories to any IBO and Avisae reserves to itself the exclusive right to distribute its products in each global market; it may, in its sole discretion, grant licenses or enter into specific distribution Agreements with IBOs qualified to carry on business in a particular foreign market outside the IBOs country of primary residence.

**9.5. IBO Benefits.** Once your IBO Application has been accepted by us, the benefits of the IBO Agreement will be available to you as long as your IB is in full compliance with the Agreement, as defined herein. These benefits include the right to:

**9.5.1.** Sell Avisae Products in accordance with the Rules;

**9.5.2.** Participate in the Avisae Financial Rewards Plan (receive Bonuses, if eligible);

**9.5.3.** Enroll other persons;

**9.5.4.** Receive periodic Avisae and B.O.S.S. literature and other communications;

**9.5.5.** Participate in Avisae and B.O.S.S.-sponsored support, service, training, motivational, and recognition functions (upon payment of appropriate charges, if applicable and legally permissible); and

**9.5.6.** Participate in promotional and incentive contests and programs sponsored by Avisae and B.O.S.S.

**9.6. No Product Purchase Required.** No person is required to purchase our Products or Business Support Materials to become an IBO.

**9.7. Term.** The term of the Agreement is set forth in the IBO Application's terms and conditions. You may renew the Agreement per additional terms as set forth in the IBO Application.

**9.8. Termination.** The Agreement between you and us may be terminated as follows:

**9.8.1.** You may terminate the Agreement at any time, regardless of reason by submitting a notice in writing to Avisae at its principal business address, or via email to [cancel@avisae.com](mailto:cancel@avisae.com). The email notice must be from your email address of record and include your name, IBO identification number, and address. The written notice must also include your signature.

**9.8.2.** You may terminate the Agreement by failing to renew the Agreement on its anniversary date. In the

event of a rules infraction and after full application of the dispute resolution process, we may elect not to renew the Agreement upon its anniversary date.

**9.8.3.** We may also terminate your Agreement with the Company if you are in breach of the Agreement and have exhausted or refused provisions of the dispute resolution process (see Section 17 – Dispute Resolution Procedures). Prior to doing so we will give you a notice of the breach and an opportunity to cure within a reasonable time. An IBO will continue to receive earned commissions while due process of dispute resolution procedures are underway as long as the IBO maintains the minimum monthly activity requirements as defined in the Avisae Financial Rewards Plan.

**9.9. Effects of Termination.** When your Agreement with us is terminated, for whatever reason, your IBO rights as set forth in the Agreement also terminate. This includes the right to sell Products and the right to receive Commissions or other income resulting from the sales and other activities of your Downline. However, certain obligations herein survive termination, including those found in sections, and their subsections, 9.9, 9.19.4, 10.2.2, 10.2.3, 10.2.7.3, 10.2.7.4, 10.3.3, 10.3.5, 10.3.6, 11.3, 13.7, 15.4, and 17.

**9.10. Retirement or Disengagement by Non-Acceptance of Agreement.** You may elect to retire or disengage from actively building and supporting your IB and continue to earn residual commissions from the asset(s) you may have created without being required to agree to the entire Agreement. As a result, and with the exception of your ability to order product, all other IBO rights set forth in the Agreement will be suspended. However, in order to receive commission earnings and ensure protection of Avisae and other Avisae IBOs, certain obligations herein survive non-acceptance of the Agreement, including those found in sections, and their subsections: 9.18, 9.19, 10.2.2, 10.2.3, 10.3.3, 10.3.5, 10.3.6, 11.3, 13.7, 15.4, 17.

**9.11. Beneficial Interest.** You may not have a Beneficial Interest in more than one IB unless authorized by the Avisae Financial Rewards Plan. “Beneficial Interest” means a legal or equitable right—whether granted by law, Agreement, or practice—to direct, control, own, participate in or be the beneficiary of the direction, control, ownership, or participation of another person. Your spouse has a Beneficial Interest in your IB. Also, if you are a legal entity, then all possessing a right to control you, including but not limited to your shareholders, officers, directors, or your members or managers, as the case may be, possess a Beneficial Interest in your IB and may not hold a Beneficial Interest in another IB.

**9.11.1.** Normally, we deem all persons residing in your household as holding a Beneficial Interest in your IB. However, if you can provide adequate proof that another adult who is not a spouse is operating an IB separately from yours, we will waive this rule until circumstances change.

**9.11.2.** If you marry another IBO, no effect will be given to the provisions of this section and the two of you may maintain your IBO contracts separate and independent. If you are an IBO and receive the rights to another’s IBO contract or account upon death, we will waive the Beneficial Interest rule, subject to the succession rules herein.

**9.11.3.** If an IBO in your downline desires to become a Preferred Customer, he or she must terminate the IB and wait three (3) months before you can enroll him as your Preferred Customer.

**9.12. Succession and Incapacity.** If you bequeath your rights in your IB upon death, and such rights are given by a competent court upon your death, we will recognize the transfer to the successor if the successor provides proof that is acceptable to us and completes and delivers an amended IBO Application with such information as is necessary for us and the successor to carry on business. Otherwise, we will terminate your Agreement. If you are incapable of operating your IB due to incapacity, we will recognize your authorized agent to operate the IB during your incapacity. To do so, your authorized agent must provide proof of your incapacity and proof of his authority that is authentic and which we can verify to be lawful.

**9.13. Effects of Divorce and Legal Entity Dissolution.** We will not allow an IB to be partitioned or in any way divided in the event of divorce or company dissolution.

**9.13.1.** During the divorce or entity dissolution process, the parties must adopt one of the following methods of operation:

**9.13.1.1.** One of the parties may, with consent of the other(s), operate the Avisae business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners, or trustees authorize us to deal directly and solely with the other spouse or non-relinquishing shareholder, partner, or trustee.

**9.13.1.2.** The parties may continue to operate the IB on a “business-as-usual” basis, whereupon all compensation paid by us will be paid according to the status quo as it existed prior to the divorce or dissolution proceedings. This is the default procedure if the parties do not agree on the format set forth above.

**9.13.1.3.** We will not remove a party to an IB from the IBO account without that party's written permission and signature. Under no circumstances will the downline organization of divorcing spouses or a dissolving business entity be divided. Under no circumstances will we divide Bonuses between divorcing spouses or members of dissolving entities. We recognize only one downline organization. Bonuses shall always be issued to the same individual or entity.

**9.13.1.4.** If a former spouse has completely relinquished all rights in the IB pursuant to a divorce, he or she is thereafter free to enroll under any Sponsor without waiting six (6) calendar months (see section 10.2.7). In the case of a business entity dissolution, those holding a Beneficial Interest in the legal entity must wait six (6) calendar months from the date of the final dissolution before re-enrolling as an IBO. In either case, however, the former spouse or business affiliate shall have no rights to any IBOs in his or her former organization or to any former Customer and must develop the new business in the same manner as would any other new IBO.

#### **9.14. Changes Involving a Spouse and/or a Closely Held Company.**

**9.14.1.** The Right of First Refusal rules in section 9.19 shall not apply if an IBO desires to add or remove a spouse from the IB. [Examples: (1) Mrs. X is an IBO. She may add her husband, Mr. X, to the IB. She may not add an adult child, parent, or other relative, or an unrelated business partner. (2) Mrs. Y and Mr. Y are joint applicants on an IB. They divorce and by agreement, or court order, Mrs. Y retains all the rights to the IB and Mr. Y releases, or is ordered to release, all such rights.]

**9.14.2.** An IBO who is an individual may transfer his or her interest (and the spouse's interest, if applicable) to a legal entity that is 100% held by one or both spouses. (Example: XYZ, Inc. is 100% owned by Mr. A. The IB is in the name of XYZ, Inc. XYZ, Inc. may transfer its interest to Mr. A (and to Mrs. A if Mr. A agrees.)

**9.14.3.** An IBO that is a legal entity and 100% owned by an individual and/or his spouse may transfer its interest to the individual and/or the spouse. (Example: Mr. A is the sole name on an IB. He may transfer his rights to XYZ, Inc. if he is the sole shareholder (or he and his wife, Mrs. A, are the sole shareholders) of XYZ, Inc.)

**9.14.4.** To accomplish a transfer, the IBO must submit an amended IBO Application and,

**9.14.4.1.** if adding a spouse, a copy of their marriage certificate; or in the case of a common-law marriage, evidence that the couple has lived in cohabitation and have a written agreement between the two of

them acknowledging their common-law marriage relationship.

**9.14.4.2.** if removing a spouse or common-law marriage partner, a notarized copy of the signatures of both spouses or partners authorizing the removal;

**9.14.4.3.** if transferring to a legal entity, a certificate of good standing from the state of organization and a copy of Avisae's charter documents showing all the interest holders and management; and

**9.14.4.4.** if transferring from a legal entity to the individual and/or individual and spouse, an authorizing statement signed by an officer or director of the legal entity and signed by the individual (and spouse, if applicable).

**9.15. Change in Form of Legal Entity.** An IBO that is a legal entity and desires to change to another type of legal entity may do so as long as the Beneficial Interests in the legal entity do not change. All Beneficial Interest holders of the former legal entity must confirm with a notarized or other form of authenticated signature that they agree to the change. Also, an amended IBO Agreement must be submitted by the new legal entity with a notarized resolution of the new legal entity that it assumes the Agreement and all existing liabilities it may have with us. Members of the former entity are jointly and severally liable for any indebtedness or other obligation to Avisae.

**9.16. Change in Existing Beneficial Interest Holders of a Legal Entity.** Changes in the Beneficial Interest holders of a legal entity, whether by addition or replacement (but not removal or resignation) of a shareholder, director, officer, manager or member, are deemed to be a transfer of interest and are therefore subject to the right of first refusal procedures in section 9.19.

**9.17. Limitations.** Changes within the scope of these sections 9.17, 9.18, and 9.19 do not include a change of sponsorship, which is addressed in section 11.2 below. However, if such changes involve a change in the Beneficial Interest of an IB, the change is subject to the right of first refusal rules in subsection 9.19.

**9.18. Sale, Transfer, or Assignment of an Avisae Business.** Avisae discourages the sale of IBs, the transfer of partial interests in IBs, and the practice of partnering as a subterfuge for transferring interest. If an IBO wishes to sell, transfer, or assign (hereinafter in this section "sell" if used as a verb and "sale" if used as a noun) his or her whole or partial interest in an Avisae IB, the following criteria must be met:

**9.18.1.** The IB being sold must be paid at the rank of Silver Executive at the time the request for sale is made.

**9.18.2.** Except as allowed for Sponsors in section 9.19.1, the buying IBO may not currently have a

Beneficial Interest in an IB or have had a Beneficial Interest in an IB within the preceding six (6) months;

**9.18.3.** The selling IBO may not reapply to become an IBO under another Sponsor for a period of not less than six (6) months after the sale occurs.

**9.18.4.** The sale is subject to the Right of First Refusal rules in section 9.19.

**9.18.5.** Avisae must first give express written approval of the sale, which Avisae may grant or withhold in its sole discretion.

**9.19. Right of First Refusal (RFR).** All offers for the sale of an IB are subject to the rights of first refusal as described herein.

**9.19.1. Procedures.** If an IBO receives a Good Faith Offer (as hereinafter defined) to purchase his or her interest in an IB, the IBO shall first offer to sell such interest to Avisae on the same terms and conditions contained in the Good Faith Offer. The IBO shall deliver the Good Faith Offer in writing to Avisae, and Avisae shall have fifteen (15) business days in which to accept the offer. A "Good Faith Offer" is an arm's length written offer to purchase the IB rights and obligations by a Person that is not an IBO, which Avisae, in its sole discretion, determines to be a legitimate offer. Evidence of a legitimate offer may include, but is not limited to, cash or securities deposited into an escrow account, evidence of a loan commitment, and other substantial steps taken for the sole purpose of purchasing such IB rights and obligations. Avisae agrees to engage and solicit input from the BOBG Board of Directors on any proposed sale of an IB before it authorizes any such sale.

**9.19.1.1.** If Avisae fails to exercise its RFR within the fifteen (15) day time period, the IBO shall extend the same offer to his or her Enroller who is not in violation of the Agreement and who within the previous month qualified for earnings under the Avisae Financial Rewards Plan. The offer shall be on the same terms and conditions as those contained in the Good Faith Offer. Avisae shall convey the Good Faith Offer by providing written notice of the same to the Enroller. The Enroller shall have ten (10) business days in which to accept or reject such offer. If the Enroller qualifies and accepts the offer, he or she must provide written notice to Avisae upon acceptance and submit an application for the IB.

**9.19.1.2.** If the Enroller rejects or fails to accept the offer, the same procedures and requirements shall be applied to the next upline IBO in the Enrollment Tree and who has achieved the rank of Silver or above.

**9.19.1.3.** If that IBO rejects or fails to exercise his or her RFR within the time allotted, the IBO may complete the sale of his or her rights in the IB to the third party according to the same terms and conditions contained in the Good Faith Offer, provided, however, that the IBO complies with all other transferring procedures contained in this section and as may be established from time to time by Avisae.

**9.19.1.4.** This section shall apply to each new Good Faith Offer received by the IBO. This section shall not apply to changes as described in sections 9.12, 9.13, and 9.14.

**9.19.2. Line of Sponsorship.** No changes in line of sponsorship can result from the sale or transfer of an Avisae business.

**9.19.3. Business Rules and Conduct Department Approval.** Upon complete execution of the purchase and sale agreement and the new IBO Agreement, the parties must submit copies of the same to Avisae's Business Rules and Conduct Department for review and approval. Avisae may request additional documentation that may be necessary to analyze the transaction between the buyer and seller. Avisae's Business Rules and Conduct Department will, in its sole and absolute discretion, approve or deny the sale, transfer or assignment within three (3) days after its receipt of all necessary documents from the parties.

**9.19.4. Voidable Sales; Assumption of Obligations; Waiting Period.** If the seller sells, transfers, or assigns, or attempts to sell, transfer, or assign his or her IB upon terms different than those set forth in the offer to Avisae, such transfer shall be voidable at Avisae's option. Further, if the parties fail to obtain Avisae's approval for the transaction, Avisae may refuse to recognize the transfer. The purchaser of the existing IB will assume the obligations and position of the selling IBO. An IBO who sells his or her IB shall not be eligible to re-apply as an Avisae IBO for a period of at least six (6) full calendar months after the sale.

**9.20. Changes to the Agreement.** Notification of amendments shall be published in one or more of the following: (1) posting on Avisae's official web site, (2) electronic mail (email), (3) fax-on-demand, (4) voice mail system broadcast, (5) inclusion in Avisae periodicals, (6) inclusion in Product orders, or (7) special mailings. If you continue to Enroll IBOs and/or accept Bonuses from us, such actions shall constitute an acceptance of the amendments to the Agreement. In the event you choose not to accept changes to the agreement you may either terminate your IB or disengage or retire by following the provisions outlined in paragraph 9.10 – Retirement or Disengagement by Non-Acceptance of Agreement.

## 10. Operating Your Independent Business

**10.1. Independent Contractor Status.** You are an independent contractor. You are not an agent, employee, partner, or joint venture with Avisae. You may not represent yourself as anything other than an Independent Business Owner. You have no authority to bind Avisae to any obligation in any manner. Should you be deemed an agent by a competent agency or court in any jurisdiction in which you do business, you shall release us from any claim arising from such determination and indemnify and hold Avisae harmless respecting any claim, action, or liability.

**10.1.1.** As an independent contractor, you are responsible for paying your own self-employment taxes, income taxes, social benefits taxes, and any and all other taxes imposed by law in the country of your primary residence and in any country where you may conduct your IB upon an independent contractor basis pursuant to the terms of the Agreement allowing you to enroll other potential IBOs and distribute Product specifically intended for sale in a particular global market, and you shall indemnify us from any claims arising from your failure to pay such taxes or costs.

**10.1.2.** You agree to know and abide by all national, provincial, federal, state, local and municipal laws and regulations governing your activities as an IBO; you also agree to indemnify and hold harmless Avisae for any violation of such laws and regulations arising from your activities. You understand that Avisae is not liable to provide any legal or tax advices respecting your IB or your activities as an IBO; you will affirmatively seek out, obtain and be liable for your own tax and legal advices and liabilities respecting your IB and your activities as an IBO.

**10.1.3.** Your work hours, business expenditures, and business plans are not dictated by us and you shall make no printed or verbal representations that state or imply otherwise.

**10.1.4.** It is your responsibility and you agree to comply with all laws and the Agreement in the operation of your IB or the acquisition, receipt, holding, selling, distributing, or advertising of our Products or opportunity.

**10.1.5.** You also agree to be fully responsible for all of your verbal and/or written statements made regarding the Products, services, and the Avisae Financial Rewards Plan which are not expressly contained in Official Avisae Materials. You agree to indemnify us against any claims, damages, or other expenses, including attorneys' fees, arising from any representations or actions made by you that are outside the scope of the Agreement. The provisions of this section survive the termination of the Agreement.

## 10.2. Unfair Competition

**10.2.1. Non-solicitation during Agreement.** You are free to participate in other direct selling, multilevel, network marketing, channel commerce business ventures or marketing opportunities (collectively "channel commerce"). However, unless authorized in writing by an officer of Avisae, during the term of this Agreement, you shall not directly solicit or attempt to solicit other Avisae IBOs or Customers to any other channel commerce business, other than those you have personally enrolled. This includes general solicitations on your social networking site where your "friends" include persons not personally enrolled by you and who are IBOs. It also includes merely mentioning your participating in another Network Marketing business. If you participate in another channel commerce business, you agree that you shall operate your Avisae Independent Business entirely separate and apart from it. These restrictions do not apply, however, to existing IBOs who independently initiate inquiries with other IBOs or former IBOs about other channel commerce opportunities regardless of the line of sponsorship. Accordingly, if participating in another channel commerce business, you agree that:

**10.2.1.1.** You shall not display any non-Avisae Products and Sales Aids with, or in the same location as Avisae Products or Sales Aids;

**10.2.1.2.** You shall not offer any non-Avisae program, opportunity, product, or service in conjunction with the Avisae opportunity or Products to prospective or existing Customers or IBOs;

**10.2.1.3.** You shall not offer any non-Avisae opportunity, products, or services at any Avisae-related meeting, seminar or convention, or within two hours and a five mile (8 kilometers) radius of the Avisae event. If the Avisae meeting is held telephonically or on the Internet, any non-Avisae meeting must be at least two hours before or after the Avisae meeting, and on a different conference telephone number or Internet web address from the Avisae meeting.

**10.2.1.4.** You agree to not overstate your earnings to anyone and agree to limit your earnings representations to your last "paid as" rank.

**10.2.2. Non-solicitation after Termination.** For a period of twelve (12) calendar months following termination of the Agreement or such period as may be legally enforceable, with the exception of those IBOs you personally enrolled, you may not solicit any IBO for another channel commerce business. This includes general solicitations on your social networking site where your "friends" include persons not personally enrolled by you and who are IBOs. You and we

recognize that because channel commerce is conducted through networks of independent contractors in many countries, and business is commonly conducted via the Internet and telephone, an effort to narrowly limit the geographic scope of the non-solicitation provisions herein would render it wholly ineffective. Therefore, you and we agree that this non-solicitation provision shall apply to all markets in which Avisae conducts business. This subsection shall survive termination of the Agreement.

**10.2.3. Not Applicable to Trade Secrets.** Notwithstanding any other provision of this Agreement, you shall never use our trade secrets and confidential information, as further described herein, to solicit or attempt to solicit, whether directly or indirectly, other Avisae IBOs or Customers to any other channel commerce business.

**10.2.4. Sale of Competing Goods or Services.** While an IBO, you shall not sell, or attempt to sell, any programs, products, or services to Avisae IBOs that compete with our Products. Any program, product, service, or channel commerce opportunity in the same generic categories as our Product is deemed to be competing, regardless of differences in cost, quality or other distinguishing factors.

**10.2.5. Targeting Other Direct Sellers.** You agree to refrain from systematically targeting members of another channel commerce business to be an IBO. If any lawsuit, arbitration, or mediation is brought against you alleging that you engaged in such prohibited activity, you shall indemnify us against all claims, actions, suits, and demands arising from or related to the systematic targeting.

#### **10.2.6. Disparagement**

**10.2.6.1.** You shall not demean, discredit, defame, or make misleading comparisons with other companies, competitors of Avisae, IBO organizations, or IBOs in an attempt to promote our Products, or to entice another IBO to become part of your marketing organization, or to enroll in Avisae.

**10.2.6.2.** You shall not use financial enticements or other incentives to persuade an IBO to change his or her line of sponsorship.

**10.2.7. Line Switching, Cross Sponsoring, and Enticement.** You and we agree that maintaining the integrity of the line of sponsorship in an IB organization is fundamental to channel commerce. Accordingly, you agree to not engage in Line Switching, Cross-Sponsoring, and Enticement. "Line Switching" means applying for and becoming an IBO (a) when already an IBO, (b) when holding a Beneficial Interest in another IB; and/or (c) when less than six (6) months

have passed since having been an IBO or having held a Beneficial Interest in another IB. "Cross Sponsoring" means the enrollment of another IBO (including an IBO whose Agreement was terminated within the preceding six months or has Sponsored or purchased Product in the preceding six months) to a different line of sponsorship. "Enticement" means soliciting, encouraging, offering benefits, or in any way aiding another IBO, directly or indirectly, to Line Switch and/or Cross-Sponsor.

**10.2.7.1.** You shall not use a spouse's or relative's name, trade names, assumed or fictitious names, legal entities, false government issued identification numbers, or fictitious ID numbers to circumvent this rule.

**10.2.7.2.** Because Line Switching, Cross-Sponsoring, and Enticement can be so detrimental to us and to the IBOs involved, you have an affirmative obligation to notify us as soon as is reasonably possible if you know of or have reasonable grounds to suspect another IBO has breached these covenants.

**10.2.7.3.** Should you or another IBO breach these covenants, we may and in consultation with the BOBG, take any or all of the following actions:

**10.2.7.3.1.** terminate the IBs in breach;

**10.2.7.3.2.** terminate the IBs created as a result of Line Switching (the "Second in Time IB"); and leave the IBs enrolled by the Second-in-Time IBs in place and not change Sponsorship or Placement unless extenuating circumstances and fairness compel otherwise. However, we are under no obligation to do so and any move and the ultimate disposition of the organization remains within the sole discretion of Avisae.

**10.2.7.4.** You waive all claims and potential claims against us that arise from or relate to the disposition of such IBs. Avisae shall not have any liability respecting such activity or outcome.

**10.2.8. Unethical Activity.** You agree to be ethical and professional at all times when conducting your Avisae Independent Business. Accordingly, you agree that you will not, nor will you encourage or in any way condone IBOs in your Downline to participate in unethical activity. Examples of unethical activities include, but are not limited to the following, some of which are further described in these Rules:

**10.2.8.1.** Making unapproved claims about the Product;

**10.2.8.2.** Making unapproved income claims; misrepresenting Avisae's Income Disclosure Statement.

**10.2.8.3.** Making false statements or misrepresentation of any kind, including but not limited to: untruthful or misleading representations or sales offers relating to the quality, availability, grade, price, terms of payment, refund rights, guarantees, or performance of the Products;

**10.2.8.4.** Making disparaging comments;

**10.2.8.5.** Causing Product sales in Retail Establishments;

**10.2.8.6.** Use of another Distributor's credit card without express written permission;

**10.2.8.7.** Unauthorized use of our Confidential Information;

**10.2.8.8.** Line Switching, Cross-Sponsoring, or Enticement;

**10.2.8.9.** Failure to comply with the sales and promotional activity requirements;

**10.2.8.10.** Engaging in unauthorized premarket activity;

**10.2.8.11.** Violating the rules for conducting business in a Not For Resale market; or attempting to or importing Product into a country or market without the express written approval of Avisae; offering the business opportunity to any third party in any country where Avisae does not have a corporate business presence and prior to doing any such activities or carry on any business in any country without a written agreement expressly outlining the terms and rights of Avisae and yourself respecting such activities.

**10.2.8.12.** Personal conduct that discredits Avisae and/or its IBOs;

**10.2.8.13.** Violating the laws of your jurisdiction that pertain to your IB;

**10.2.8.14.** Breaching the Code of Ethics; or the laws of any jurisdiction in which you may be authorized by Avisae to carry on business activities.

**10.2.8.15.** Breaching the Agreement.

**10.3. Activity Reports.** We desire to protect you, other IBOs and Avisae from unfair and inappropriate competition. We provide you access and viewing of certain activity reports through your Back Office. The activity reports and any other IBO list, including but not limited to all IBOs; organization lists; names; addresses; email addresses; and telephone numbers contained in the Avisae database, in any form, including, but not limited to, hard copies, electronic or digital media (collectively the "Activity Reports") are our confidential and proprietary property. We have derived, compiled, configured, and currently maintain the Activity Reports

through the expenditure of considerable time, effort, and monetary resources. Activity Reports, in present and future forms and as amended from time to time, constitute commercially advantageous proprietary assets and trade secrets of Avisae, which you shall hold confidential. You and we agree that—but for this agreement of confidentiality and nondisclosure—we would not provide Activity Reports to you. Your right to disclose the Activity Reports and information contained therein and other IBO information maintained by us is expressly reserved by us and may be denied at our discretion.

**10.3.1. Purpose.** Activity Reports are made available to you on a limited basis and for the sole purpose of assisting you in working with your downline organization in the development of your Avisae business. You may use your Activity Reports to assist, motivate, and train your downline organization.

**10.3.2. Limited use.** Your access to your Activity Reports is password protected. Activity Reports are provided to you in strictest confidence. Such Activity Reports shall not be disclosed by you to any third party or used for purposes other than in the performance of your obligations under the Agreement and for our benefit without our prior written consent. You agree and recognize that any unauthorized use or disclosure of an Activity Report constitutes misuse, misappropriation, and a violation of the IBO Agreement and most certainly will cause irreparable harm to us.

**10.3.3. No Improper Disclosure.** You shall not, on your own behalf, or on behalf of any other person:

**10.3.3.1.** Directly or indirectly disclose any information contained in any Activity Report to any third party;

**10.3.3.2.** Directly or indirectly disclose the password or other access code to your Activity Report;

**10.3.3.3.** Use the information to compete with us or for any purpose other than promoting your Avisae business;

**10.3.3.4.** Solicit any IBO listed on any Activity Report or in any manner attempt to influence or induce any IBO to alter his or her business relationship with Avisae, except as may be allowed in this Agreement.

**10.3.4. Former Relationships.** Avisae acknowledges that relationships between IBOs may have existed prior to or outside the existence of Activity Reports, and therefore are not subject to the restrictions contained in this section for those you may have personally enrolled (9.4). However, irrespective of earlier or former relationships, IBOs remain subject to the



restrictions contained in section 9.3 regarding unfair competition and other sections respecting confidential information and trade secrets. Notwithstanding the above, limited information on an Activity Report known to you prior to this Agreement respecting other IBO's is not considered in violation of the Sections herein, so long as such information was obtained in the normal course of a business or personal relationship. However, you agree that such information will not be used to harm or disrupt Avisae in any manner and you are limited in the Solicitation of any such IBO to those whom you have personally enrolled.

**10.3.4.1.** Avisae acknowledges the influence of leaders and the continuation of former relationships. In the event an Avisae IBO pursues additional or other business opportunities outside of Avisae, they are not precluded from responding to inquiries of other IBOs regarding such opportunities or interests even when such inquiries come from those they have not personally enrolled. Example: IBO "A" decides to pursue other opportunities while maintaining an active IB with Avisae. In time, IBO "B" who was not enrolled by IBO "A," seeks information about IBO "A's" other business interests. In time, IBO "B" elects to join/participate in IBO "A's" other business interest. Such a scenario is not a violation of the Agreement as long as IBO "A" is not the initiator of such discussion with those he/she did not personally sponsor.

**10.3.5. Return.** Upon our demand and always upon termination of the Agreement, you shall return to us the original, and all copies of any Activity Reports and any confidential or trade secret information in any medium taken therefrom (whether paper or electronic) that is in your possession or subject to your control.

**10.3.6. Breach.** In the event you breach any of the covenants of this subsection on Activity Reports, we may terminate your Agreement with the Company and we may seek injunctive relief to prevent irreparable harm to us or any of our IBOs. You agree that any such breach constitutes a material breach, which causes irreparable harm to Avisae, and you agree to not dispute the obtaining of a Temporary Restraining Order to minimize such harm. We may also pursue all appropriate remedies under applicable law to protect our rights to Activity Reports; any failure to pursue such remedies will not constitute a waiver of those rights.

**10.3.7. No Warranty of Information.** All information provided by us, including but not limited to personal and group sales volume (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors—including but not limited to the inherent possibility of

human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; credit card; and electronic check charge-backs—the information is not guaranteed by us or any persons creating or transmitting the information. To the extent allowed by law, ALL PERSONAL AND GROUP SALES VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NON INFRINGEMENT. TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, WE AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO YOU OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL, OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND GROUP SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS OR BONUSES, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF WE OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, WE OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY, OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

**10.4. Identification.** Upon enrolling, or at our discretion, you shall, if permitted by law, provide us your government-issued ID number and/or a copy thereof. Upon enrollment, we will provide you a unique IBO identification number. We will use this number to track all your business with us.

**10.5. Product Packaging and Liability.** Under no circumstances shall you re-label, or in any way alter or repackage the Products. Products are to be sold in their original packaging only.

**10.6. Insurance.** Avisae does not extend coverage under any of its rules to IBOs. If you use your personal property (e.g., car or computer) or your home for business use, such property may not be covered for loss or damage and you release us from any claims arising from or related to the operation of your IB.

**10.7. Reporting Rule Violations.** To assist us in maintaining a level playing field for all IBOs and to maintain the integrity and longevity of Avisae, you agree to report violations of the Rules immediately to our Business Rules and Conduct Department, complete with all supporting evidence and pertinent information. Our Business Rules and Conduct Department can at times more effectively enforce the Rules when disclosing the source of the allegations; however, the Business Rules and Conduct Department will honor all requests for confidentiality.

**10.8. Corporate Tours.** You may visit Avisae's corporate owned facilities only at designated times. You must make an appointment in advance to arrange any such visit. At the time of the visit, you are immediately required to sign in at the front desk, and must be accompanied at all times by an Avisae employee.

**10.9. Correct Information.** We may periodically request that you update your account information, which you agree to do in a reasonable amount of time.

**10.10. Release for use of Photo, Audio, or Video Image, and/or testimonial Endorsement.** We may take photos, audio or video recordings, or written or verbal statements of you at Avisae events or may request the same directly from you. You agree to and hereby grant us the absolute and irrevocable right and permission, to use, re-use, amend, edit, broadcast, rebroadcast, publish, or republish any such photo, audio, video, or endorsement, in all or in part, individually or in conjunction with any other photograph or video, or any other endorsement, in any current or future medium and for any purpose whatsoever, including (but not by way of limitation) marketing, advertising, promotion, and/or publicity; and to copyright such photograph and/or video, in the original or as republished, in the name of Avisae, or in any other name. Regardless of any other Agreements or contracts you may have with any other entity, you agree that any use by us as set forth in this section shall be royalty free, is a work made for hire, and is not subject to any other claim. You agree to defend and indemnify us against any claims by any other party arising out of our use of the rights granted herein. You confirm that the information you may give as a testimonial endorsement, or as represented in a photograph, video or audio is true and accurate to the best of your knowledge. You waive any right you may have to inspect or approve the finished or unfinished product(s), the advertising copy, printed, recorded, photographic or video matter which may be used in connection with it or any use that may be made of it.

## 11. Enrollments

### 11.1. Enroller Responsibilities

**11.1.1. Disclosure.** You must provide the most current version of the Avisae Business Rules of Conduct, the Income Disclosure Statement, if published, and the Avisae Financial Rewards Plan to potential applicants you are enrolling before the applicant signs an IBO Agreement or submits an electronic signature through the online enrollment process. Copies of the Business Rules of Conduct, the Income Disclosure Statement, and the Avisae Financial Rewards Plan can be downloaded from your Back Office web site.

**11.1.2. Assistance.** You may assist an applicant in the online enrollment process; however, the applicant must agree to the terms and conditions of the Agreement agreeing personally to be bound by all the terms of the Agreement and by clicking to submit the applicant's electronic signature on the completed application.

**11.1.3. Purchase.** If enrolling an applicant, you may purchase an Enrollment Kit or pay the enrollment fee only if authorized by the applicant. For Product purchases, please see section 15.3.

**11.2. Enroller, or Sponsor/Placement Change.** We highly discourage Enroller/Sponsor or Placement changes. However, we recognize such changes are occasionally beneficial. Accordingly, we permit the following exceptions:

**11.2.1. Change of Enroller.** To change an Enroller, you must submit an Enroller Change Request Form to our Business Rules and Conduct Department within seven (7) calendar days from the date of enrollment. The form requires signatures of the Enrollee and Enroller. After seven (7) calendar days, any such change request will then require the signatures of the affected Enrollee, the Enroller, and the first upline Silver Executive or above in the Enrollment Tree. We may require authentication of the signatures.

**11.2.2. Change of Sponsor/Placement.** To change placement or Sponsor, one must submit a Request to Change Sponsor/Placement Form to Avisae's Business Rules and Conduct Department within seven (7) calendar days from the date of initial placement. The form requires the signature of the current Enroller. After seven (7) calendar days of initial placement, any such change request will then require the signatures of the affected IBO, the Sponsor, the Enroller, and the first upline Silver Executive or above in the Enrollment Tree. We may require authentication of the signatures.

**11.2.3.** We reserve the discretion to approve or deny a request for a change of Enroller or Sponsor/Placement, which approval may not be unreasonably withheld.

**11.3. Re-application.** If you are not in breach of the Agreement, you may change your Sponsor by voluntarily terminating your Agreement or remaining inactive (i.e.,

no purchases of Avisae Products, no sales of Avisae Products, no Sponsoring, no attendance at any Avisae functions, no participation in any other form of IBO activity, nor operation of any other Avisae business) for six (6) full consecutive calendar months. Following the six (6) month period of inactivity or termination, you may reapply under a new Sponsor. If your Agreement was terminated by us for breach, you must wait eighteen (18) months to reapply.

## **12. Promoting the Products and Opportunity**

**12.1.** Because many aspects of the Avisae opportunity and the Products are regulated, compliance with advertising law is important for the longevity of your business and ours. We make every effort to comply with advertising law and expect the same from you. This section describes Product and opportunity claims that you may make, and the limitations. It also explains the types and methods of advertising you may choose to use in building your Avisae business.

### **12.2. Claims, Sales and Promotional Activity.**

**12.2.1. Product Claims.** You may make claims about the Products that are in the official Avisae Business Support Material (BSM) of the country for which it is approved. You shall not make claims about the Product that are not in the BSM.

**12.2.2. Opportunity Claims.** See Addendum A.

**12.2.3. Sales and Promotional Conduct.**

**12.2.3.1.** You shall not use misleading, deceptive or unfair sales practices when promoting the Product and/or Avisae opportunity.

**12.2.3.2.** At the initiation of the sales presentation, you shall, without request, truthfully and clearly identify yourself, the identity of Avisae, the nature of our Products, and the purpose of your sales presentation to the prospective Customer or applicant.

**12.3. Limitations on Offering.** You shall not offer the Avisae opportunity through, or in combination with any other compensation plan or placement program, other than as specifically set forth in the BSM. Further, you shall not require or encourage other current or prospective IBOs to participate in Avisae in any manner that varies from the program as set forth in official Avisae BSM. Regardless of your rank, you shall not require or encourage other current or prospective IBOs to execute any Agreement, or membership, other than those offered by Avisae, in order to become an Avisae IBO. Similarly, you shall not require or encourage other current or prospective IBOs to make any purchase from, or payment to, any individual or other entity to participate in the Avisae Financial Rewards Plan other than those

purchases or payments identified as recommended or required in the BSM and only insofar as they are permissible under the applicable law(s).

**12.4. Limitations on Subject Matter.** You may not produce for sale or distribution any recorded Avisae or B.O.S.S. events and speeches without our written permission. You also may not reproduce for sale or for personal use any recording of Avisae or B.O.S.S.-produced audio or video presentations.

**12.4.1. Copyrighted Materials.** All of our literature, audiotapes, videotapes, Internet web site material, and programs are copyrighted by us and may be duplicated only by obtaining our prior written consent.

**12.4.2. Proprietary Names.** You may not use our employee names or our trademarks, names, logos, trade dress or trade names, or any distinctive phrases used by us to promote your business prior to receiving our written permission. If such permission is granted, then as we change or abandon any of our trademarks or trade names, you agree to also change or abandon such trademarks or trade names. To protect our proprietary rights, you may not obtain, through filing for a patent, trademark, Internet domain name, or copyright, any right, title, or interest in or to our names, trademarks, logos, or trade names and those of our Products.

### **12.5. Internet Advertising.**

**12.5.1. IBO Web sites.** If you desire to utilize an Internet web page to promote your Avisae business, you may do so through Avisae's official web site, or if available, through Avisae-approved replicating web sites only.

**12.5.2. Online Auctions Prohibited; Blogs, Chat Rooms, Social Networks, and other Online Forums Permitted.**

**12.5.2.1.** You shall absolutely refrain from selling Products on an Internet auction site. You agree that this provision is material to the Agreement and if you breach it you agree that we may terminate the Agreement you have with Avisae without notice.

**12.5.2.2.** Upon completion of a Compliance Training course, you may post text and videos on or in blogs, chat rooms, social networking sites, video websites, to market, sell, advertise, promote, or discuss Avisae's Products or services, or the Avisae opportunity, subject to the following:

**12.5.2.2.1.** All text postings must include your name and ID number.

**12.5.2.2.2.** video must include a clear image of your name and ID number.

**12.5.2.2.3.** All claims comply with section 12.2 above; additionally, you must disclose that you are a compensated IBO of our Products.

**12.5.2.2.4.** The Videos must be approved in advance by our Business Rules and Conduct Department.

**12.5.2.2.5.** You must use the Avisae Independent Business Owner logo/image in conjunction with your posting.

**12.5.2.2.6.** If your posting contains images or references to a celebrity or copyrighted material, you must have express written consent from the owner of the image or copyrighted material and provide such consent to Avisae upon request.

**12.5.2.2.7.** All postings must contain business opportunity content only. Product names may be mentioned, but no testimonials or further discussion of the Products is allowed. The posting may refer the viewer to the Avisae website or your authorized replicating website.

**12.5.3.** Names and Email Addresses. You may not use or attempt to register or sell any of Avisae's trade names, trademarks, service names, service marks, Product names, or any derivative thereof, for any Internet domain name or email address.

**12.6. Other Sales Media.** Avisae Products may not be sold or promoted through catalogs or other mass sales mediums, such as magazines, infomercials, television, radio, or other related sales media, unless approved by us. You may advertise with a vehicle wrap, using only images approved by us. To begin this process, please contact the Business Rules and Conduct Department at [BusinessConductandRules@Avisae.com](mailto:BusinessConductandRules@Avisae.com). We will not release the approved images to you, but to your graphics designer. Once the design has been completed and prior to wrapping the vehicle, a picture of the vehicle and the end design must be submitted for a final approval.

**12.7. Retail Establishments.** You may not sell or promote Products through retail establishments except as stated herein. A retail establishment is any fixed location where the primary business is to sell products to the public.

**12.7.1.** You may sell Products and through service establishments. These service establishments must require a membership and/or appointment, and the services performed must be health and wellness related. Advertising in a service establishment is limited to BSM, which may be displayed only in the private membership and/or appointment area of the establishment. They may not be displayed in waiting rooms and similar, public areas, etc.

**12.8. Trade Shows, Expositions, and Other Sales Forums.** Avisae provides a Trade Show Request Form in the IBO's Back Office, or upon request through the IBO Solutions Department. IBOs may display and/or sell ONLY Avisae Products at trade shows and professional expositions, with prior written approval from the Business Rules and Conduct Department. Requests are approved on a first-submitted, first-served basis, and a maximum of one representation per event is allowed. Only one event per IBO at a time is permitted. At the completion of each event, an additional request may be made. Avisae further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of the Products or opportunity. Approval will not be given for swap meets, garage sales, flea markets, or farmer's markets as these events are not conducive to the professional image Avisae wishes to portray.

**12.9. Generic Business Advertisements.** If you advertise in a newspaper or other advertising mediums, the following rules apply:

**12.9.1.** No advertisement may imply that a job, position, salary, or any type of employment is allowed.

**12.9.2.** No advertisement may promote, represent, or imply salaried positions, management positions, hourly wages, full or part-time employment, or guaranteed incomes. The Avisae opportunity is not employment, and may not be presented as such. Terms such as "manager trainee," "management positions available," "travel provided," "call for interview," "positions available," "now hiring," and other misleading statements are not allowed.

**12.9.3.** No specific income can be promised or implied, and any references to compensation must use the word "Bonuses" to indicate the independent contractor status of IBOs.

**12.9.4.** Advertisements may not contain references to Avisae or our Products (i.e., no product mention, no use of Avisae logo, no health claims).

**12.9.5.** You may not use any of Avisae's trademarks or trade names in any advertising.

**12.10. Email and Fax Communication.** Avisae does not permit IBOs to send unsolicited emails unless such emails strictly comply with applicable laws. Please see Addendum A for country-specific rules.

**12.10.1.** Requirements. Any email sent by you that promotes Avisae, the Avisae opportunity, or the Products, must comply with the following:

**12.10.1.1.** There must be a functioning return email address to the sender.

**12.10.1.2.** There must be a notice in the email that advises the recipient that he or she may reply to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning “opt-out” notice).

**12.10.1.3.** The email must include your physical mailing address.

**12.10.1.4.** The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.

**12.10.1.5.** The use of deceptive subject lines and/or false header information is prohibited.

**12.10.1.6.** All opt-out requests, whether received by email or regular mail, must be honored within two (2) business days.

**12.10.2.** Consent to Receive Emails. We may periodically send commercial emails on behalf of IBOs. By entering into the Agreement, you agree that we may send such emails and that the IBO’s physical and email addresses will be included in such emails as outlined above. You shall honor opt-out requests generated as a result of such emails sent by Avisae.

**12.10.3.** No Unsolicited Fax and Phone Advertising. Except as provided in this section, you may not use or transmit unsolicited faxes or use an automatic telephone dialing system relative to the operation of your Avisae business.

**12.11. Phone Use.** You may not answer the telephone by saying “Avisae,” “Avisae Incorporated,” or by any other manner that would lead the caller to believe that he or she had reached Avisae’s company offices. You may only represent that you are an Avisae IBO.

**12.12. Correspondence.** All correspondence and approved business cards relating to or in connection with your Avisae business shall contain your name followed by the term “Independent Business Owner.”

**12.13. Media and Media Inquiries.** You must not initiate any interaction with the media or attempt to respond to media inquiries regarding Avisae, its Products or services, or your independent Avisae business. All inquiries by any type of media must be immediately referred to Avisae’s Communications department at [media@Avisae.com](mailto:media@Avisae.com). Additionally, you may not draft, publish, post on the Internet, or otherwise dispense verbal or written Avisae-related press releases or statements to the media. This rule is designed to ensure that accurate and consistent information is provided to the public and to maintain the desired public image.

## 13. Conducting Business Internationally

Avisae owns any and all worldwide distribution rights to the Avisae Products and opportunity. We may choose to open certain countries from time to time and may grant to IBOs in its discretion limited rights to enroll potential IBOs and to, if lawful, distribute Product in those countries. You shall not enroll IBOs outside of our Opened Countries. Also, you shall not distribute Products in any country other than your home country of enrollment – your country of primary residence. Additionally, because of important business, legal, and tax considerations, you shall not resell Products to Customers and IBOs outside of your home country of enrollment. Also, to preserve our rights, you may never secure or attempt to secure approval for our Products or business practices; register or reserve Avisae names, trademarks, trade names, or Internet domain names; or establish any kind of business or governmental contact on behalf of Avisae. Your breach of any of these provisions shall require you to indemnify us against any claims, demands, actions, judgments, fines, and penalties. Any IBO attempting to register Avisae marks shall be in material breach of the Agreement, and may, after review, be subject to termination.

**13.1. Business Models.** We operate under one of two models in those countries in which we have chosen to do business:

**13.1.1.** On the Ground (OTG). This is a fully operational business model. Products are properly labeled and legalized for resale in the country. Product is purchased in local currency and Bonuses may be paid in local currency. Product, Marketing, and B.O.S.S. material specific to the country is available for IBOs residing in that country.

**13.1.2.** Not for Resale (NFR). This is a model of limited activity. Residents of an NFR market may enroll to purchase Product for personal consumption only. They may not sell, distribute, or gift the Product in any way to persons outside their household. They purchase Product from our U.S. or designated office and may receive Bonuses in U.S. currency where allowable by law.

**13.2. Qualifications.** To enroll IBOs outside your home country of enrollment, your IB must be in good standing; you must request, read, and comply with the Business Rules of Conduct and such other guides as we may have available for the Opened Country; and you must be approved and sign a binding agreement respecting each country where you may be authorized to carry on your IB – you are always and solely responsible be aware of local requirements and laws and govern yourself accordingly. Avisae may require you to pay an international

administration fee for each OTG and NFR country in which you wish to enroll IBOs.

**13.3. Enrolling IBOs in an Opened Country.** Your compliance with this section protects us, you, and our collective ability to conduct business in selected countries. Violation of these rules may result in governmental regulatory action, which may include severe fines, confiscation of property, closure of business operations, or even imprisonment. You agree to indemnify and hold harmless Avisae for any action you may take that contravenes or does not comply with local laws in the jurisdiction where you perform such illegal action. Accordingly:

**13.3.1.** You shall not engage in blind prospecting without our prior written approval. Many countries have strict privacy laws that forbid blind solicitations. Also, many local laws forbid advertising for leads.

**13.3.2.** You may not advertise for leads without the prior written consent of our designated officer or employee.

**13.3.3.** You shall not import any Product into a market for which that Product is not officially approved. Products are labeled and sometimes formulated for specific countries.

**13.3.4.** You shall not distribute Avisae or B.O.S.S. BSM not approved for the country in which it is intended. Promotional statements from one country's literature may not be appropriate or legal in another country.

**13.3.5.** You do not have the right to sell Products in an Opened Country that is not your home country of enrollment. That right is reserved to IBOs residing and enrolled in the Opened Country (if OTG). To avoid adverse tax consequences and restitution requirements, you should refer Product sales to your downline residing in the Opened Country.

**13.3.6.** You may not send any unauthorized Products to another country. Products to be sold in an Opened Country must be obtained directly from that country's local Avisae office or warehouse.

**13.3.7.** You may not seek or participate in media coverage of any kind without prior written approval from us.

**13.3.8.** You may not misrepresent Products or the Avisae opportunity in the country.

**13.3.9.** You may not make claims or guarantees of specific earnings potential. You may not make unlawful health claims about our Products.

**13.3.10.** You must comply with the Rules of both the country in which you enrolled and the Opened Country(s) in which you desire to do business.

**13.3.11.** You must understand and comply with the laws of the Opened Country.

**13.4. Pre-Market Activity in a Country Announced for OTG Operations.** You may not engage in any business activity in an unopened country unless we make a general announcement to all qualifying IBOs. Such general announcement will specify the limited business activities permissible in the unopened market, including the date when pre-market activity may commence and the scope of the pre-market activity. Non-compliance with covenants of this subsection or the limitations set forth in the general announcements may result in termination of the Agreement.

**13.4.1.** In unopened countries where pre-market activity has been authorized, the use of financial incentives offered by an Avisae IBO, either directly or indirectly through another Avisae IBO or a non Avisae distributor, with the intent to solicit potential IBOs that have already been solicited by another Avisae IBO, is strictly prohibited.

**13.5. Enrolling IBOs in a Not for Resale Country.** In an NFR country, we permit persons to import Products for personal consumption only. Accordingly, these Rules are applicable to Enrolled persons residing in an NFR market, and in addition you agree to all specific guidelines for each specific NFR market and you shall not sell, offer to sell, distribute, import, or gift Products in an NFR market, nor shall you encourage, aid or abet a person to do the same. Meetings must be limited to explaining the Avisae opportunity and Enrolling IBOs pursuant to specific guidelines for each NFR market.

**13.6. Monthly Processing Fee.** A monthly processing fee may be charged for each country in which you conduct your Avisae business, if legally permissible.

**13.7. Earnings.** There may be specific withholding requirements in your home country; when required, we will deduct such withholdings from your earnings and remit them to the appropriate government agency.

**13.8. Indemnification.** You are fully responsible for all verbal and written statements you make regarding our Products, services, and the Avisae Financial Rewards Plan which are not expressly contained in our Official Avisae Materials.

**13.8.1.** You agree to defend, indemnify, and hold harmless Avisae and Avisae's directors, officers, employees, and agents, from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Avisae as a result of your unauthorized representations or actions in any and all jurisdictions where you may make such representations or action. This provision shall survive the termination of the Agreement.

**13.8.2.** Subject to the limitations set forth in this provision, we shall defend you from claims made by third-party Customers alleging injury from use of a Product or injury due to a defective Product. You must promptly notify us in writing of any such claim, no later than five (5) days from the date of first receipt of the third-party claimant's notice alleging injury; failure to so notify us shall alleviate any obligation of Avisae respecting such claim. You must allow Avisae to assume the sole and absolute discretion respecting the defense of the claim, and use and choice of counsel as a condition to our obligation to defend you.

**13.8.3. Foreign Corrupt Practices Act (FCPA).** All Avisae IBOs must comply with the United States Foreign Corrupt Practices Act. A person or organization is guilty of violating the FCPA if there is:

**13.8.3.1.** a payment, offer, authorization, or promise to pay money or anything of value

**13.8.3.2.** to a foreign government official (including a party official or manager of a state-owned concern), or to any other person, knowing that the payment or promise will be passed on to a foreign official

**13.8.3.3.** with a corrupt motive

**13.8.3.4.** for the purpose of (i) influencing any act or decision of that person, (ii) inducing such person to do or omit any action in violation of his lawful duty, (iii) securing an improper advantage, or (iv) inducing such person to use his influence to affect an official act or decision

**13.8.3.5.** in order to assist in obtaining or retaining business for or with, or directing any business to, any person.

## 14. Retail Sales and Ordering

**14.1. Selling to End Consumers.** The Avisae opportunity is built on selling Products and distributing Products to end consumers. Your primary opportunity as an IBO is to develop and maintain Customers. We also allow you to purchase Product that you may use as a sales tool and that you and your family may consume. You agree to not purchase more Product than what you can resell to your Customers in a reasonable period of time.

**14.2. Participation in the Avisae Financial Rewards Plan.** You must fulfill the following sales requirements to be eligible for participating in the Avisae Financial Rewards Plan.

**14.2.1.** Each order you place must comply with the 70% rule as set forth in Section 15.1.

**14.2.2.** You must sell Products to at least five Customers each month.

**14.2.3.** Your IB must be in full compliance with the Agreement.

**14.2.4.** Sales Receipts. When making a sale to a Customer, you must provide him or her with an official Avisae sales receipt at or prior to the time of the initial sale and every sale thereafter, pursuant to Addendum B. These receipts may set forth any consumer rights afforded by law for retail sales in each specific jurisdiction. You must also verbally inform the Customer of his or her cancellation rights, if any, as set forth on the official sales receipt.

**14.2.4.1.** Approved sales receipts are found in your Back Office "Document Library." When making the sale, you must complete the information required on the sales receipt, including the items ordered, the transaction amount, and the Customer's name, address, and telephone number. You must keep a copy of the sales receipt for your records.

**14.2.4.2.** You must keep copies of all Retail Sales Receipts on file for at least four years. You are required to pay any applicable transactional taxes, if required by law. We will maintain documentation for orders placed directly to Avisae by your Customers.

**14.2.5.** Customer Satisfaction Guarantee. As an IBO of Avisae Products, you shall offer to each Customer a 100%, 30-day money-back guarantee for all Product sales. You are required to honor the terms of the Customer satisfaction guarantee and the cancellation and refund policies stated on the Retail Customer Receipt, which is set forth in Addendum B.

## 15. Product Ordering

**15.1. The 70% Rule.** You shall personally sell, consume, or use in business building at least 70% of the Product from every order placed with Avisae prior to placing another order. You agree to validate to such uses if required by Avisae or by any regulatory agency. No Bonuses may be paid to any Distributor unless it is based on Product sales and the sale of Avisae Products to end-users.

**15.2. Buying Rank Prohibited.** Purchasing Product for the purpose of earning Bonuses or achieving rank is prohibited. We retain the right to limit the amount of purchases you may make if we reasonably believe those purchases are being made solely for rank and other qualification purposes instead of for resale or business building. We may by right revoke a rank advancement if it was earned in violation of this rule.

**15.3. Restricted Ordering Practices.** You shall not order Product through any IB other than one in which

you have a Beneficial Interest unless you have prior written permission to do so from the IBO; this written permission must be on file with us. If you violate the provisions of this section, we may restrict or deduct the Volume and Bonuses paid to you and to all IBOs who earned such Bonuses. The deduction of Volume and Bonuses will occur in the month in which the related sales occur, and shall continue every commission period thereafter until all Volume and Bonuses are recovered from you and the IBOs who received compensation from such sales.

**15.4. Return of Product and Business Support Material.** See Addendum B.

**15.5. Product Abandonment.** An order transaction is considered complete only when the order has been paid for and delivery method has been satisfied. If these conditions are not met within 90 days from the date of order, we reserve the right to determine the final outcome of the order and you release us from any further obligation or liability.

**15.6. Pickup Center Orders.** We do not permit any individual or IBO to pick up another IBO's will-call order without properly substantiated picture ID.

**15.7. Returned Checks.** All checks returned by your bank for insufficient funds will be re-submitted for payment. Where lawful, a returned check fee will be charged to your account. After receiving a returned check from you or your Customer, all future orders must be paid by credit card, money order, or cashier's check. Any outstanding balance owed us by you for Non-Sufficient Fund checks and returned check fees will be withheld from your account, though our failure to withhold does not relieve you of your obligation to pay. The fee is due upon placement of the debt on your account with us.

**15.8. Restrictions on Third Party Use of Credit Cards and Checking Account Access.** You may not facilitate any Avisae purchase using a credit card or payment method other than your own unless we have on file an official Avisae Authorization Letter prior to the transaction. The form authorization letter is found in the Document Library of your Back Office.

**15.9. Sales/Transaction Taxes.** See Addendum A.

**15.10. Loyalty Ordering.** Loyalty Ordering is our automatic ordering program and is part of the Loyalty Rewards Program. While enrollment is optional, Loyalty Ordering ensures that you have (1) an adequate inventory with which you can service your Retail Customers, (2) adequate Product for demonstrations and sampling purposes; and (3) if desired, adequate inventory for personal use. The Loyalty Order program eliminates the inconvenience of placing monthly orders manually.

**15.10.1. Cycle.** Loyalty orders run on a calendar month cycle. Your order may not be processed on the same day or date every month, but rather on a sliding calendar. A calendar is provided in every IBO's Back Office so you can track when your next Loyalty Order is scheduled to run. The date of your Loyalty Order shipment can be changed in the Back Office or by calling the Avisae IBO Solutions department

**15.10.2. Loyalty Order Status.** You may modify, deactivate, or reactivate your Loyalty Order profile at any time. However, any modification or cancellation must be submitted at least three (3) business days prior to the next Loyalty Order shipment date. Requests made after that may not be effective until the following shipment date.

## 16. Bonuses

**16.1. Bonus Qualifications.** As an IBO, you are entitled to receive Bonuses from us pursuant to the currently published Avisae Financial Rewards Plan if you are in compliance with the terms of the Agreement. IBOs who are involved in the Dispute Resolution process (see Section 17 – Dispute Resolution Procedure), are entitled to Bonuses unless Avisae and the BOBG jointly feel a continuation of disputed activity or behavior causes continued irreparable damage to the Company or other IBOs and thus warrants temporary or permanent suspension of bonus payments.

**16.2. No Earning Guarantee.** You are neither guaranteed a specific income nor assured any level of profit or success. Your profit and success can come only through the successful retail sale, use, and consumption of our Products and the retail sales, use, and consumption of our Products by other IBOs in your downline.

**16.3. Payment.** We will pay your earned commissions by the 15<sup>th</sup> of the month following the close of a commission period. For business accounts, we will pay to the business listed on the account; otherwise we will pay to the primary account holder. Without prejudice to our right of termination, we may suspend or revoke payment if you are in breach of any term or condition of the Agreement. We may also debit your account if you owe us money.

**16.4. Bonus Buying Prohibited.** Bonus buying is strictly and absolutely prohibited. Bonus buying includes: (1) the enrollment of individuals or entities without the knowledge of and/or execution of an IBO Application by such individuals or entities; (2) the fraudulent enrollment of an individual or entity as a IBO or Customer; (3) the enrollment or attempted enrollment of non-existent individuals or entities as IBOs or Customers ("phantoms"); (4) purchasing Products on behalf of another IBO or Customer, unless authorized herein, or through another IBO's or Customer's ID number, to qualify for Bonuses; (5) purchasing excessive amounts of



goods or services that cannot reasonably be used or resold in a month; and/or (6) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, or Bonuses that is not driven by bona fide Product purchases by end user consumers.

**16.5. Adjustments to Bonuses.** When a Product is returned to us for a refund, the Bonuses attributable to the returned Product(s) will be deducted from the commission period in which the refund is given, and continuing every pay period thereafter until the Bonus is recovered from the IBOs who received Bonuses on the sales of the refunded Products.

**16.6. Errors or Questions.** If you have questions about or believe any errors have been made regarding Bonuses, activity reports, or charges, you must notify us in writing within sixty (60) days of the date of the purported error or incident in question. We will not be responsible for any errors, omissions, or problems not reported to Avisae within sixty (60) days.

**16.7. Processing and Other Fees.** We may deduct from your Avisae Financial Rewards Plan earnings or charge you a reasonable processing fee for computer processing and other customer services. If you request special services, we may charge an hourly fee with a one-hour minimum or a flat fee. We will quote you the fee prior to initiating the services.

## 17. Dispute Resolution Procedures

Avisae and its IBOs agree to resolve all claims and disputes arising out of or relating to an IB, the Avisae Financial Rewards Plan or the Rules, as well as disputes involving Business Support Materials (BSM). IBOs and Avisae agree to submit any such dispute with (1) an IBO, a former IBO, or any such IBO's officers, directors, agents, or employees; or (2) Avisae LLC and any parent, subsidiary, affiliate, predecessor, or successor thereof, or any of their officers, directors, agents, or employees, to the dispute resolution procedures in this Rule 17., including Conciliation (Rule 17.2.) and, if necessary, Arbitration (Rule 17.3.). Rule 17 is reciprocal and applies to Avisae and IBOs.

The only exception is when the claim made by an IBO or the Company is for a debt on account for product or services provided by the Company to or on behalf of the IBO or the IBO's IB, and the only parties to that claim are the Company and the IBO and/or the IBO's IB, and the total value of the claim is less than \$10,000.00. In such cases the IBO or the Company may elect to pursue the claim in any court of competent jurisdiction including small claims court. In all other cases the parties will resolve the dispute as provided for under these Rules, up to and including binding arbitration if necessary.

This Rule 17 and its subparts shall be amended only by

mutual agreement between the Company and the BOBG Board, and such amendments shall not be retroactively applied to any dispute known to the Company or the BOBG Board at the time of amendment.

IBOs and the Company, when involved in the dispute resolution process as parties, witnesses or otherwise, will not disclose to any other person not directly involved in the dispute resolution process (a) the substance of, or basis for, the claim or dispute; (b) the content of any testimony or other information obtained through the dispute resolution process; or (c) the resolution (whether voluntary or not) of any matter that is subject to the dispute resolution process. However, nothing in these Rules shall preclude a party from, in good faith, investigating a claim or defense, including interviewing witnesses and otherwise engaging in discovery.

The Company, the BOBG, and IBOs agree that, to the fullest extent allowed by applicable law, the Arbitrator referred to in Rule 17.3. below shall have exclusive authority to resolve any dispute relating to the enforceability of these Rules or the Avisae Financial Rewards Plan or any agreement concerning BSM, including (but not limited to) jurisdictional and arbitrability disputes, disputes over the formation, existence, validity, interpretation or scope of the agreement under which arbitration is sought, and disputes concerning who are proper parties to the arbitration. The arbitrator has the authority to determine jurisdiction and arbitrability issues as a preliminary matter.

### 17.1. Dispute Resolution Process

Complying with the Rules is essential for preserving a strong and viable business for IBOs and the Company. Infractions usually occur because the IBO involved has not clearly understood or been aware of the applicable Rules. If an IBO has any questions about the proper interpretation, or application of the Rules in a particular case, he or she should call the Business Rules and Conduct Department for assistance and clarification.

**17.1.1.** When the Company detects a potential Rules violation, it will first investigate as appropriate. Before taking enforcement action, the Company shall contact the IBO in an effort to achieve mediation and voluntary compliance. If these discussions do not resolve the issue, the Company may take any Rules enforcement action authorized by the IBO Contract to achieve compliance with the Rules. Such actions include, but are not limited to, one or any combination of the following:

**17.1.1.1.** A written admonishment or warning to an IBO, an IBO's Personal Group, or part or all of an IBO's Line of Sponsorship clarifying the meaning and application of a Rule and advising continued

violation could result in more severe remedies or sanctions.

**17.1.1.2.** Censuring or retraining of an IBO, an IBO's Personal Group, or part or all of an IBO's Line of Sponsorship, with expenses of retraining charged to the IBO(s), as appropriate.

**17.1.1.3.** Suspending some or all of the rights of an IBO for a specified period of time, or until certain conditions have been satisfied. A general suspension shall prohibit IBOs from holding themselves out as IBOs and from engaging in any activity of an IBO with the exception that they may continue to pay bonus checks and supply product downline, purchase product for their personal consumption or to fulfill any regular standing orders, or engage in the buyback of product.

**17.1.1.4.** Withdrawing or denying an award, trip, or pin recognition for a specified period of time, or until certain conditions have been satisfied.

**17.1.1.5.** Withholding bonus monies within provisions as outlined in paragraph 15.1.

**17.1.1.6.** Compensatory remedies, as appropriate, to compensate injured or aggrieved IBOs, or including, but not limited to, reimbursement for expenses, repayment of bonuses, buyback of products, etc.

**17.1.1.7.** Transferring an IBO, a leg, or entire group to the next IBO upline.

**17.1.1.8.** Terminating the registration of the IBO, with or without the option (at the Company's discretion) to sell the IB within a specified period of time.

**17.1.2.** If any dispute remains between the IBO and the Company after the Company has taken Rules enforcement action, the dispute shall be submitted to Conciliation as described below.

**17.1.3.** When an IBO detects a potential Rules violation by another IBO, the first step is normally to discuss the issue with that IBO. Most violations are caused simply by a lack of information, and pointing out the appropriate Rule may be enough to end the matter. However, if discussion does not resolve the issue, or if the IBO who detected the potential violation is not comfortable discussing it with that other IBO, the complaining IBO should contact or file a complaint with the Company's Business Rules and Conduct Department. The complaint should explain, in as much detail as possible, which Rule has been violated, who has violated it, and how. The complaint should be supported by letters, statements, or other materials that support the allegation of a Rules violation. The Company will examine the situation, investigate as appropriate, and take appropriate Rules enforcement

or corrective action if necessary. If any dispute remains unresolved, the dispute shall be submitted to Conciliation as described below.

**17.1.4.** An IBO who wishes to challenge the validity of a Rule or other term of the IBO Contract shall first contact the Company in an effort to resolve the issue. If the IBO is not satisfied with the Company's response, he or she shall invoke the Dispute Resolution Procedures outlined below in order to resolve the matter.

**17.1.5.** All IBOs, whether they are parties to the dispute or not, are required to respond to inquiries and otherwise cooperate in a timely fashion with any investigation conducted by the Company. Failure to respond to inquiries or to otherwise cooperate in a timely fashion is a breach of the IBO's Agreement and may result in the Company taking action against the IB.

## **17.2. Conciliation**

All disputes that are not resolved by the procedures described in Rule 17.1 shall be submitted to Conciliation. The Conciliation procedures are designed to resolve disputes efficiently in a non-confrontational setting, through education, persuasion, mediation, and conciliation. The Conciliation requirement is reciprocal and applies to Avisae and IBOs. The party first seeking resolution shall commence Conciliation by providing notice to the other parties and the Company. In cases where the BOBG will be involved in the Conciliation, notice will also be given to the BOBG and the BOBG Hearing Panel Chairperson. IBOs who use the BOBG shall provide notice using a Request for Conciliation Form filed with the Avisae Business Rules and Conduct Department.

**17.2.1.** The first step in Conciliation is non-binding mediation. The BOBG Executive Board provides experienced IBOs who are available to serve as mediators ("BOBG Mediator").

**17.2.1.1.** In case where the IBOs involved in the dispute do not wish to involve a BOBG Mediator, the mediation will take place with an independent neutral mediator acceptable to all parties.

**17.2.1.2.** In all instances under Rule 17.2.1., if the parties cannot agree on a mediator, they shall authorize the American Arbitration Association (AAA) to select a mediator.

**17.2.2.** The mediation shall take place within 30 days of the notice of Conciliation. The parties may agree to extend this date by 30 days. In addition, on a request of a party, the mediator may extend the deadline for not more than an additional 30 days. All parties must appear in person or, if authorized by the mediator, by telephone.

**17.2.3.** The mediation proceeding is confidential and

not open to the public; but any participant may, if he or she chooses, be accompanied by an attorney or another personal representative, such as an upline IBO or a friend or family member, as long as the representative agrees to respect the confidentiality of the process.

**17.2.4.** Mediation involving only IBOs, or involving the Company and one or more IBOs all of whom are below the level of qualified Silver Executive, will take place reasonably close to the residence of the IBOs involved, unless the parties agree otherwise.

**17.2.5.** Mediation involving the Company and one or more IBOs qualified at the Silver level or above will take place in Salt Lake City, Utah, unless the parties agree otherwise.

**17.2.6.** The costs of the mediator will be shared pro rata by the parties involved.

**17.2.7.** Failure by the Company or any disputing IBO to participate in good faith is a breach of the IBO Agreement, and the breaching party shall reimburse the other parties for any expense directly caused by the breach, as determined by the mediator.

**17.2.8.** The mediator shall within two weeks following the mediation provide the parties with a written statement summarizing any agreement between the parties resolving their disputes and, for any dispute not settled, declaring that the parties are at impasse. The mediator may, at his/her discretion, recommend a resolution for any dispute not settled in the mediation. Within two weeks of receiving this summary, each party shall state in writing whether or not it agrees with any recommendation by the mediator, in whole or in part.

**17.2.9.** If any part of the dispute is not resolved by mediation, any IBO who is a party to the remaining dispute may request a Hearing Panel; except that any dispute involving a challenge to the validity of any Rule or other term of the IBO Agreement, or any challenge to the impartiality of the Hearing Panel itself may, at the challenging party's option, go directly to arbitration without a Hearing Panel.

**17.2.10.** Any party to a dispute not resolved by mediation may, within four weeks after the mediator's written statement pursuant to Rule 17.2.8., file a Request for Hearing Panel Form with the Business Rules and Conduct Department or the Hearing Panel Chairperson. Upon receipt of a request, the matter is scheduled for the next Hearing Panel session, which shall be not more than 60 days following the request. The parties are strongly encouraged to attend the hearing in person, but are not required to do so. Should the parties choose to attend in person, they are responsible for all their own costs associated with

travel, food, accommodations, and other expenses. While not required to attend in person, all IBOs who receive notice of the hearing are required to participate in the hearing unless excused by the Hearing Panel Chairperson or his/her designee for the hearing.

**17.2.11.** The Hearing Panel is comprised of three members of the BOBG Board. The BOBG Board Executive Committee selects the Hearing Panel Chairperson and an alternate. The Executive Committee selects the Panel members and alternates who serve on the Hearing Panel. The Hearing Panel Chairperson makes sure that no Panel member presents a conflict of interest with respect to the matters over which the Panel presides. Once selected, the Panel members are barred from discussing the dispute with anyone before the date of the hearing. Each Panel member and the parties involved receive a copy of the enforcement and conciliation file developed by the Company and the Hearing Panel Chairperson.

**17.2.12.** The Chairperson of the Panel is empowered to control the conduct of the hearing and to administer oaths, or have the court reporter administer oaths, to any witnesses. A transcript is made of each hearing. At the hearing, each party may present any information it desires, including individual testimony or documentary evidence. The formal rules of evidence do not apply. The Parties shall exchange all documents on which they intend to rely during the hearing at least 10 days in advance of the hearing. In addition, parties must submit to the Panel all documents on which they intend to rely in proving or defending their claim at least 10 days in advance of the hearing, to allow the Panel to review and consider them. If a party does not submit such documents in a timely fashion, the Hearing Panel Chairperson may refuse to allow their introduction. The Panel Chairperson may refuse to permit lengthy discussions or introductory material deemed irrelevant or unnecessary to the resolution.

**17.2.13.** When a voluntary resolution does not occur, the Hearing Panel, within approximately two weeks of receiving the transcript, will issue to the parties and the Company a written statement of facts relating to the issues and a non-binding recommendation for resolution, including, if appropriate, the imposition of certain sanctions. Within two weeks of receiving that recommendation each party shall inform the Panel and the other parties in writing whether that party (a) accepts the recommended resolution in its entirety; (b) accepts some specific portions of the recommended resolution and rejects the others; or (c) rejects the recommended resolution in its entirety. Any party may demand arbitration of any unresolved dispute under Rule 17.3. below.

## **17.3. Arbitration.**

All disputes not resolved through the process described in Rules 17.1. and 17.2. above shall be settled in arbitration as stated below. The arbitration award shall be final and binding and judgment thereon may be entered by any court of competent jurisdiction. The State of Utah is the place of origin of this Agreement, and is where Avisae accepted the offer of an Applicant to become an IBO and where the IBO entered into the Agreement with Avisae. The Agreement is therefore governed by and to be construed in accordance with the laws of the State of Utah without reference to the conflict of laws and principles thereof, and the arbitration provisions herein are governed by the Utah Uniform Arbitration Act, Utah Code Ann. Sections 78-31a-101, et seq. (the "Act"), except as such requirements may be specifically varied and modified by the terms set forth herein.

**17.3.1.** The arbitration requirement is reciprocal and applies to the Company and IBOs.

**17.3.2.** Nothing in these Rules prevents the Company or an IBO from seeking temporary or preliminary injunctive relief from a court of competent jurisdiction when in good faith they believe it is necessary in order to preserve the status quo while Conciliation or arbitration is proceeding. Claims seeking to enjoin conduct by the Company shall be filed only in the Circuit Court for Salt Lake County, Utah, or the U.S. District Court in Salt Lake City, Utah. Claims seeking to enjoin conduct by an IBO may be filed only in the state or federal court where the IBO resides or has a principal place of business. Claims seeking to enjoin conduct by multiple IBOs acting in concert may be filed in the state or federal court where the upline IBO, or the most IBOs, reside or have a principal place of business.

**17.3.3.** The complaining party may file a demand for arbitration with either JAMS or AAA. If any other party objects to JAMS within 10 days of the filing of the demand for arbitration, the complaining party must refile the arbitration demand with the AAA. The arbitration will be commenced and conducted in accordance with the JAMS or AAA (whichever is ultimately chosen) fee schedules and commercial arbitration rules, with the modifications and clarifications specified in this Rule 17.3. The JAMS or AAA commercial arbitration rules and Rules of Conduct in effect on the date of the commencement of an arbitration will apply to that arbitration. If there is any conflict between the JAMS or AAA arbitration rules and this Rule 17.3. or any of its subparts, Rule 17.3. shall apply.

**17.3.4.** Demand for arbitration shall be made within one year after the claim arose, but in no event after the date when the initiation of legal proceedings would

have been barred by the applicable statute of limitations. The one-year period or any shorter statutory limitations period shall be tolled during the Conciliation process described in Rule 17.2., provided that Conciliation shall not revive any limitations period that has expired before the time a party invokes Rule 17.2.

**17.3.5.** If IBOs become involved in a claim or dispute under the arbitration rules, they will not disclose to any other person not directly involved in the conciliation or arbitration process (a) the substance of, or basis for, the claim; (b) the content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery; or (c) the terms or amount of any arbitration award.

**17.3.6.** However, nothing in these Rules shall preclude a party from, in good faith, investigating a claim or defense, including interviewing witnesses and otherwise engaging in discovery.

**17.3.7.** Unless all parties agree otherwise, a single arbitrator shall be chosen, and Arbitrator candidates must have at least five years' experience as a state or federal judge or as a full-time ADR professional, including substantial experience in commercial arbitration.

**17.3.8.** To reduce the time and expense of the arbitration, the arbitrator will not provide a statement of reasons for his or her award unless requested to do so by all parties. The arbitrator's award shall be limited to deciding the rights and responsibilities of the parties in the specific dispute being arbitrated.

**17.3.9.** No party to this Agreement shall assert any claim as a class, collective, or representative action if (a) the amount of the party's individual claim exceeds \$1,000, or (b) the claiming party, if an IBO, has attained the status of Silver Executive rank either in the current fiscal year or any prior period. This subparagraph shall be enforceable when the applicable law permits reasonable class action waivers and shall have no effect when the applicable law prohibits class action waivers as a matter of law. In any case, the class action waiver provision, as well as any other provision of Rule 17., is severable in the event any court finds it unenforceable or inapplicable in a particular case.

**17.3.10.** Class action claims are not arbitrable under these Rules under any circumstances; but in the event a court declines to certify a class, all individual plaintiffs shall resolve any and all remaining claims in arbitration.

**17.3.11.** Notwithstanding any discovery provisions in the JAMS or AAA commercial arbitration rules incorporated in paragraph 17.3.3. above, no discovery shall occur in an arbitration under these Rules unless

and until specifically authorized by the arbitrator. The arbitrator shall decide the amount, scope, and timing of discovery as appropriate in each case. In addition, before requiring any discovery, the parties shall agree on an appropriate confidentiality order consistent with the IBO Contract. If the parties fail to agree, the arbitrator shall impose appropriate confidentiality requirements on parties and witnesses.

## 18. Enforcement of Rules

The Company reserves the sole right to enforce the Rules, and to sanction violating IBOs as necessary in order to preserve the goals and integrity of the Company's business plans. The Business Rules and Conduct Department shall have the authority to enforce the Business Rules of Conduct. In order to promote compliance with these Rules, the Business Rules and Conduct Department shall have the right to impose various sanctions including, but not limited to, those listed below.

**18.1.** A written admonishment or warning to an IBO, an IBO's Personal Group, or part or all of an IBO's Line of Sponsorship clarifying the meaning and application of a Rule and advising continued violation could result in more severe remedies or sanctions.

**18.2.** Censuring or retraining of an IBO, an IBO's Personal Group, or part or all of an IBO's Line of Sponsorship, with expenses of retraining charged to the IBO(s), as appropriate.

**18.3.** Suspending some or all of the rights of an IBO for specified periods of time, or until certain conditions have been satisfied. A general suspension shall prohibit IBOs from holding themselves out as IBOs and from engaging in any activity of an IBO with the exception that they may continue to pay bonus checks and supply product downline, purchase product for their personal consumption or to fulfill any regular standing customer orders, or engage in the buy-back of product.

**18.4.** Withdrawing or denying an award, trip, or pin recognition for a specified period of time, or until certain conditions have been satisfied.

**18.5.** Withholding bonus monies.

**18.6.** Compensatory remedies, as appropriate, to compensate injured or aggrieved IBOs, or including, but not limited to, reimbursement for expenses, repayment of bonuses, buy-back of products, etc.

**18.7.** Transferring an IBO, a leg, or entire group to the next IBO upline.

**18.8.** Terminating the IBO's business, with option to sell within a specified period of time.

**18.9.** Terminating the Agreement between the IBO and

the company.

**18.10.** Any sanctions imposed by the Company shall remain confidential between the sanctioned party and the Company, except to the extent that the sanctions involve a third party's business.

**18.11.** In the event that an IBO feels that the Company through its sanctions has improperly deprived him or her of a substantial and material property right, such IBO shall have the right to appeal such decision in accordance with the Conciliation and Enforcement procedures outlined herein.

## ADDENDUM A – United States

**A.1 ADVERTISED PRICE.** You may not advertise any Avisae Products at a price LESS than the highest Avisae-published, established price for individual product units plus shipping and applicable taxes. No special enticement advertising is allowed. This includes but is not limited to offers of free membership, free shipping, or other such offers that grant advantages beyond those available through Avisae.

**A.2 SALES PROMOTION AND SPONSOR TRAINING.** Regardless of your level of achievement, you have an ongoing obligation to continue to personally promote sales through the generation of new Customers and through servicing existing Customers. You are also responsible to motivate and train your new downline in Product knowledge, effective sales techniques, the Avisae Financial Rewards Plan, and compliance with these Rules. Additionally, you must provide bona fide assistance and training to IBOs you Sponsor to ensure that your downline IBOs are properly operating their Avisae businesses.

### A.3 OPPORTUNITY CLAIMS.

a. Business Opportunity Specific Claims. Do not use the term "business opportunity." Use the terms "income opportunity," "financial opportunity," or "home-based opportunity." When discussing the Avisae opportunity, you must mention that the purchase of tools is optional. The word "free" should never be used to describe Avisae products—regardless of how they're obtained. When blogging or posting online or promoting Avisae in any forum, you must always disclose your relationship to Avisae, i.e., that you are an Independent Business Owner and representative of Avisae products.

b. Loyalty Orders. Position the Loyalty Order Program as a great way to ensure you never run out of product to service your customers, to share with prospects, and to personally consume. Do not position the Loyalty Order Program as a way to remain active or qualify for compensation. Example: "Neither a product order nor participation in the Loyalty Order program are required to become an IBO, activate, or remain active. Both are optional." You MUST indicate that the Loyalty Order

program is optional for becoming an IBO AND for earning compensation.

c. Purchasing Requirements. Do not and you may not impose personal purchase requirements. Do not require an IBO to purchase a minimum amount of product. You may say that an IBO must generate a certain amount of personal volume to qualify for earnings under the Avisae Financial Rewards Plan.

d. Income Claims. Any income presentations (in person or on paper) must include a line stating, if the IDS is published: "Please see the Avisae Income Disclosure Statement at the end of this document or at [www.Avisae.com](http://www.Avisae.com) for complete information regarding the earnings of Avisae IBOs." Also, avoid and do not use words like "millions" and instead use non-financial phrases. Use terms like "income-creating" rather than "wealth-creating." Do not use the term "passive income."

e. Avisae Financial Rewards Plan.

1) Any income presentations (in person or on paper) must include a line stating, if the IDS is published: "Please see the Avisae Income Disclosure Statement at the end of this document or at [www.Avisae.com](http://www.Avisae.com) for complete information regarding the earnings of Avisae IBOs."

2) Use terms such as "generated" when describing PV sales. Use wording like "Build teams that duplicate by helping your personally sponsored IBOs build their businesses."

3) Regarding Rank Advancements, either is acceptable:

1. To qualify for the following ranks one must be active with 100 or more of personally generated points during the qualifying month.
2. Be active with 100 or more personally generated points during the qualifying month.

4) Avoid the words "investment" or "invest." It's okay to talk about investing time or effort—but not money. Accordingly, use words like "cost" or "expenditure" to describe the IBO Enrollment Kit.

#### **A.4 INCOME DISCLOSURE STATEMENT.**

a. Purpose of the Income Disclosure Statement as the Company may decide to generate and publish. Avisae's corporate ethics compel us to do not merely what is legally required, but rather, to conduct the absolute best business practices. To this end, we develop an Income Disclosure Statement ("IDS") which may be reviewed and published from time to time. The Avisae IDS is designed to convey truthful, timely, and comprehensive information regarding the income that Avisae IBOs earn. In order to accomplish this objective, a copy of the IDS, if published by Avisae, must be presented to all prospective IBOs.

Copies of the IDS may be printed or downloaded without charge from the corporate web site.

b. Definition and Examples. The terms "income claim" and/or "earnings representation" (collectively "income claim") include: (1) statements of average earnings, (2) statements of non-average earnings, (3) statements of earnings ranges, (4) income testimonials, (5) lifestyle claims, and (6) hypothetical claims. Examples of "statements of non-average earnings" include, "Our number one IBO earned XXX dollars last year" or "Our average Silver Executive makes XXX per month." An example of a "statement of earnings ranges" is "The monthly income for Ruby Executives is XXX on the low end to YYY on the high end."

1) A lifestyle income claim typically includes statements (or pictures) involving large homes, luxury cars, exotic vacations, or other items suggesting or implying wealth. They also consist of references to the achievement of one's dreams, having everything one always wanted, and are phrased in terms of "opportunity" or "possibility" or "chance." Claims such as "My Avisae income exceeded my salary after six months in the business," or "Our Avisae business has allowed my wife to come home and be a full-time mom" also fall within the purview of "lifestyle" claims.

2) A hypothetical income claim exists when you attempt to explain the operation of the Avisae Financial Rewards Plan through the use of a hypothetical example and make certain assumptions regarding the: (1) number of IBOs Sponsored, (2) number of downline IBOs, (3) average product volume per IBO, and (4) total organizational volume. Additionally, processing these assumptions through the Avisae Financial Rewards Plan yields income figures which constitute income claims.

c. Policy. In any non-public meeting (e.g., a home meeting, one-on-one, regardless of venue) with a prospective IBO or IBOs in which the Avisae Financial Rewards Plan is discussed or any type of income claim is made, you must provide the prospect(s) with a copy of the IDS. In any meeting that is open to the public in which the Avisae Financial Rewards Plan is discussed or any type of income claims is made, you must provide every prospective IBO with a copy of the IDS and you must display at least one (3 x 5 foot poster board) in the front of the room in reasonably close proximity to the presenter(s). In any meeting in which any type of video display is utilized (e.g., monitor, television, projector) a slide of the IDS must be displayed continuously throughout the duration of any discussion of the Avisae Financial Rewards Plan or the making of an income claim.

#### **A.5 TAXES.**

a. Avisae will collect and remit sales or other appropriate tax based on the retail price of products purchased by you unless otherwise required by law. The sales tax is based upon the tax rate in the jurisdiction to which the Product is shipped. For your retail sales, if you submit to us a current Sales Tax Exemption Certificate (STEC) from your resident state, we will not charge or collect sales tax on your orders shipped to that state unless prohibited by law. You will be responsible for tracking and reporting all sales and sales taxes due for retail sales. Sales tax on orders placed before we receive a STEC will not be reimbursed. If you provide us a STEC, you agree to indemnify and hold Avisae harmless from any liability that Avisae incurs as a result of your failure to collect or remit sales taxes. If an Avisae business is tax exempt, the Federal tax identification number must be provided to Avisae.

b. Every year, Avisae will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each non-corporate U.S. resident who: (1) Had earnings of over \$600 in the previous calendar year or (2) made purchases during the previous calendar year in excess of \$5,000.

**A.6 Governmental Approval or Endorsement.** Neither government agencies nor their officials approve or endorse any channel commerce companies or products. Therefore, you shall not represent or imply that Avisae, its Products, or its Financial Rewards Plan have been approved, endorsed, or otherwise sanctioned by any government agency or official.

**A.7 Telemarketing.** You agree to know and abide by all federal, state, and local regulations pertaining to your sales activities, including telemarketing activities.

**A.8 Silver Covenants Regarding Competition.** This section applies to IBOs who have reached the rank of Silver Executive or higher and supersedes any inconsistent provisions of sections 10.2.1 and 10.2.2.

a. Definitions. For purposes of this section only, the terms listed below shall have the following meanings:

- 1) "Competitor" means any person or entity who now or in the future directly or indirectly competes with Avisae, including any multi-level marketing company.
- 2) "IBO Lists" means all IBOs, organization lists, names, addresses, emails addresses, marketing information, financial and bonus information, and telephone numbers contained in the Avisae database, in any form, including, but not limited to hard copies, electronic or digital media. Limited use of IBO lists are defined elsewhere in the Section 9.4 covering Activity Reports
- 3) "Personally Enrolled" means those IBOs personally introduced, registered and personally enrolled by IBO into IBO's personal enrollment tree and included in IBO

Lists in the Avisae database upon the signing of an IBO Agreement with Avisae.

b. **Covenant Not To Compete.** You are not restricted from engaging in the business of any Competitor except as set forth in subsections c and d herein. If during the term of this Agreement you engage in the business of a competitor as an independent IBO, principal, or investor, you will continue to be entitled to all commissions or bonuses as defined in the then current Avisae Financial Rewards Plan if you are otherwise entitled to it; however, you will forego and forfeit any and all incentive trips or other forms of recognition.

c. **Non-Solicitation.** You covenant and agree that during the term of this Agreement and for a period of two years from its termination, you will not contact, solicit, or assist in the solicitation, directly or indirectly, of any IBOs in the Territory, except those IBOs that are your Personally Enrolled or who are contained in the IBO Lists as defined above, for any Competitor of Avisae.

d. **Non-Disclosure.** You covenant and agree that you will not use or disclose, divulge, or communicate to any person or entity, for any purpose or reason whatsoever, the IBO Lists or other proprietary property of Avisae by any means, directly or indirectly, through any manner whatsoever. The IBO Lists are confidential and are the proprietary property and trade secrets of Avisae. The IBO Lists are for your exclusive and limited use to facilitate the training, support, and servicing of your organization for furtherance of Avisae related business only. You agree to hold confidential and not disclose any IBO List or portion thereof in any manner to any third person or entity and to limit use of the IBO List to its intended scope of furthering the Avisae business. You agree to return to Avisae any IBO List or portion thereof or copies thereof in any medium. This provision shall survive the termination of this Agreement.

e. **Enforceability and Severability.** It is the desire and intent of the parties that the provisions of this section be enforced to the fullest extent permissible under the laws and public policies applied in the applicable jurisdiction. Accordingly, if any particular provision of this section shall be adjudicated to be invalid or unenforceable, it is the specific intent and agreement of the parties hereto that such provision shall be deemed amended to delete therefrom the portion thus adjudicated to be invalid or unenforceable. In addition, if the scope of any restriction or covenant contained in this section is too broad to permit enforcement thereof to its fullest extent, then it is the specific intent and agreement of the parties that such restriction or covenant shall be enforced to the maximum extent permitted by law, and I and Avisae hereby consent and agree that such scope shall be judicially modified accordingly in any proceeding brought to enforce such

restriction. The terms, conditions, and obligations of this Section shall survive any termination of this Agreement.

## **ADDENDUM B**

**B.1 Return of Product upon Termination.** If you voluntarily terminate the Agreement, you may return Currently Marketable Products in your inventory for a refund. You may only return Products that you personally purchased from us for resale (purchases from third parties are not subject to refund). "Currently Marketable" means that the Products are returned within twelve (12) months of purchase and are in Resalable condition; however, Products shall not be considered Currently Marketable if returned for repurchase after the Products' commercially reasonable usable or shelf life period has passed; nor shall Products be considered Currently Marketable if we clearly disclose to you prior to purchase that the Products are seasonal, discontinued, or special promotion Products and are not subject to the repurchase obligation. Upon receipt of Currently Marketable Products, we will reimburse you 90% of the net cost of the original purchase price(s) as otherwise required by law. Shipping and handling charges incurred by you when the Products were purchased will not be refunded.

**B.2 Return of Enrollment Kit upon Termination.** If you voluntarily terminate the Agreement, you may return the Enrollment Kit for a refund if (a) you personally purchased it from us or from another IBO and (b) you return it within one year of purchase and (c) it is Currently Marketable. Upon receipt of the Enrollment Kit, we will reimburse you 90% of the net cost of the original purchase price(s), or as otherwise required by law. Shipping and handling charges incurred by you when the Enrollment Kit was purchased will not be refunded.

**B.3 No Refund for non-Required Sales Tools.** We will not refund non-required Sales Tools other than the Enrollment Kit and any other required Sales Tools as described in paragraph B.2.

**B.4 Return of Product—No Termination.** If you are not 100% satisfied with our Products, you may return them for a refund if neither you nor we have terminated the Agreement and the Products were purchased within ninety (90) days and are in resalable condition. The refund shall be 90% of the purchase price. Shipping and handling charges incurred by you when the Products were purchased will not be refunded.

**B.5 Refused Products.** If you order Products and then refuse delivery, your order is subject to the restocking fee and other procedures for returns herein, and we may charge you for the return shipping costs.

**B.6 Refund Procedures.** To receive a refund, you must comply with the following:

a. Obtain a Return Merchandise Authorization (RMA) number by calling the IBO Solutions department. This RMA number must be written on each carton returned. RMA's are valid for 30 days from the date of issue.

b. Proper shipping carton(s) and packing materials are to be used in packaging the Product(s) being returned for replacement. All returns must be shipped to Avisae pre-paid. Avisae does not accept shipping-collect packages. The risk of loss in shipping for returned Product shall be borne by you. If returned Product is not received by Avisae's Distribution Center, it is your responsibility to trace the shipment.

c. If you are sending Product that was returned to you by your Retail Customer, the Product must be received by us within ten (10) days from the date on which your Retail Customer returned the Product to you and it must be accompanied by a copy of the sales receipt you gave to the Customer at the time of the sale.

**B.7 Refunds to Customers.** If you resell Product directly to your Customer, you must provide the Customer a full refund of all monies paid if the Customer returns the Product to you within thirty (30) days of the sales transaction. We will replace to you up to one-half of the used portion of the returned Product.

**B.8 Cancellation Notice.** You must give your Customer two copies of an official Avisae sales receipt (one to keep and one to send). The sales receipt should be dated and show your name and address. The sales receipt must be in the same language that is used in the sales presentation. The following cancellation notice appears on the sales receipt and must be given verbally by you when making a retail sale to a Customer. You must comply with its terms.



NOTICE OF CANCELLATION

[ENTER DATE OF TRANSACTION] \_\_\_\_\_

You may CANCEL this transaction, without any Penalty or Obligation, within THREE BUSINESS DAYS from the above date.

If you cancel, any property traded in, any payments made by you under the Agreement or sale, and any negotiable instrument executed by you will be returned within 10 BUSINESS DAYS following receipt by the seller of your Cancellation Notice, and any security interest arising out of the transaction will be cancelled.

If you cancel, you must make available to the seller, at your residence, any goods delivered to you under this Agreement or sale, or you may, if you wish, comply with the instructions of the seller regarding how to return shipment of the goods at the seller's expense and risk.

If you do make the goods available to the seller and the seller does not pick them up within 20 days of the date of your Cancellation Notice, you may retain or dispose of the goods without any further obligation. If you fail to make the goods available to the seller, or if you agree to return the goods to the seller and fail to do so, then you remain liable for the performance of all obligations under the Agreement.

To cancel this transaction, mail or deliver a signed and dated copy of this Cancellation Notice, or any other written notice, or send a telegram to:

Name of IBO's

Address of IBO's place of business

NO LATER THAN MIDNIGHT OF \_\_\_\_\_.

(date)

I hereby cancel this transaction.

\_\_\_\_\_

Customer Signature