



## **POLICIES AND PROCEDURES v1.0**

### **1.0 INTRODUCTION**

#### **1.1 Mutual Commitment Statement**

Laguna Blends USA Inc. (“hereafter as “MyClub8,” or the “Company”) recognizes that in order to develop a long-term and mutually rewarding relationship with its salespeople (“Members”) and Customers, MyClub8 and these Members must acknowledge and respect the true nature of their relationship and pledge complete and total support to Customers.

- A. In the spirit of mutual respect and understanding, MyClub8 is committed to:
  - I. Provide prompt, professional and courteous service and communications to all of its Members and Customers;
  - II. Provide the highest level of quality products, at fair and reasonable prices;
  - III. Exchange or refund the purchase price of any product or service as provided in our *Return Policy*;
  - IV. Deliver orders promptly and accurately;
  - V. Pay commissions accurately and on a timely basis;
  - VI. Expedite orders or checks if an error or unreasonable delay occurs;
  - VII. Roll out new products and programs with member input and planning;
  - VIII. Implement changes in the Compensation Plan or Policies and Procedures that affect the Member with input from members;
  - IX. Support, protect and defend the integrity of the MyClub8 business opportunity;
  - X. Offer members an opportunity to grow with MyClub8 with such growth guided by the principles of Servant Leadership.
- B. In return, MyClub8 expects that its members will:
  - I. Conduct themselves in a professional, honest, and considerate manner;

- II. Present MyClub8 Corporate and product information in an accurate and professional manner;
- III. Present the Compensation Plan and Return Policy in a complete and accurate manner;
- IV. Not make exaggerated income claims;
- V. Make reasonable effort(s) to support and train Members and Customers in their downline;
- VI. Not engage in cross-line recruiting, unhealthy competition or unethical business practices;
- VII. Provide positive guidance and training to Members and Customers in their downline while exercising caution to avoid interference with other downlines. As such, a member is discouraged from providing cross-line training to a Member or Customer in a different organization without first obtaining consent of the Member's or Customer's upline leader;
- VIII. Support, protect, and defend the integrity of the MyClub8 business opportunity;
- IX. Accurately complete and submit the Member Agreement and any requested supporting documentation in a timely manner.

**1.2 MyClub8 Policies and Compensation Plan Incorporated into the Member Agreement**

- A. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the MyClub8 Agreement, these Policies and Procedures, and the Company Compensation Plan.
- B. It is the responsibility of the Sponsoring Member to provide the most current version of these Policies and Procedures (available on the MyClub8 website, [www.myclub8.com](http://www.myclub8.com)) and the Company Compensation Plan to each applicant prior to his, her and/or its execution of a Member Agreement.

**1.3 Purpose of Policies**

- A. MyClub8 is a direct sales company that markets products and services through a network of business owners. To clearly define the relationship that exists between its members and MyClub8, and to explicitly set a standard for acceptable business conduct, MyClub8 has established these Policies and Procedures (“Policies”).
- B. MyClub8 Members are required to comply with: (i) all of the Terms and Conditions set forth in the Member Agreement, which MyClub8 may amend from time to time in its sole discretion; (ii) all federal, state, and/or local laws governing his, her and/or its MyClub8 business; and (iii) these Policies.
- C. MyClub8 Members must review the information in these Policies carefully. Should a Member have any questions regarding a policy or rule, the Member is encouraged to seek an answer from their Sponsor or any other upline Member. If further clarification is needed the Member may contact MyClub8 Customer Service.

#### **1.4 Changes, Amendments, and Modifications**

- A. Because federal, state, and local laws, as well as the business environment, periodically change, MyClub8 reserves the right to amend the Agreement and the prices in its MyClub8 Product Price List in its sole and absolute discretion. Notification of amendments shall appear in Official Company Materials. ***This provision does NOT apply to the arbitration clause found in Section 12, which can only be modified via mutual consent.***
- B. Any such amendment, change, or modification shall be effective immediately upon notice by one of the following methods:
  - I. Posting on the official MyClub8 website;
  - II. Electronic mail (e-mail); or
  - III. In writing through the MyClub8 newsletters or other MyClub8 communication channels.

#### **1.5 Delays**

MyClub8 shall not be responsible for delays or failures in performance of its obligations when such failure is due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, transportation difficulties, riot, war, fire and/or weather, curtailment of a source of supply, or government decrees or orders.

## **1.6 Effective Date**

These Policies shall become effective as of May 22, 2017, and, at such time, shall automatically supersede any prior Policies and Procedures (the “old Policies and Procedures”), and, on that date, the old Policies and Procedures shall cease to have any force or effect.

## **2.0 BASIC PRINCIPLES**

### **2.1 Becoming a MyClub8 Member**

- A. To become a Member, an applicant must comply with the following requirements:
  - I. Be of the age of majority (not a minor) in his or her state of residence;
  - II. Reside or have a valid address in the United States or a valid U.S. territory;
  - III. Have a valid taxpayer identification number (i.e. Social Security Number, Federal Tax ID Number, ITIN, etc.);
  - IV. Submit a properly completed and signed Member Agreement to MyClub8;
  - V. Not be a MyClub8 employee, the Spouse of a MyClub8 employee or related to an employee of MyClub8 and living in the same household as such MyClub8 employee.

### **2.2 New Member Registration**

- A. A potential new Member may self-enroll on the Sponsor’s website. In such event, instead of a physically signed Member Agreement, MyClub8 will accept the web-enrollment and Member Agreement by accepting the “electronic signature” stating the new Member has accepted the Terms and Conditions of such Member Agreement. Please note that such electronic signature constitutes a legally binding agreement between you and MyClub8.
- B. MyClub8 reserves the right to require signed paperwork for any account, regardless of origin.
- C. If requested the signed Member Agreement must be received by MyClub8 within fourteen (14) days of enrollment.

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

### **2.3 Rights Granted**

- A. MyClub8 hereby grants to the Member a non-exclusive right, based upon the Terms and Conditions contained in the Member Agreement and these Policies, to:
  - I. Purchase Company products and services;
  - II. Promote and sell Company products and services; and
  - III. Sell to Customers and Sponsor new Members in the United States.

### **2.4 Identification Numbers**

- A. Each member is required to provide his or her Social Security Number, or Federal Tax Identification Number, if located in the United States or any of its territories, to MyClub8 on the Member Agreement. MyClub8 reserves the right to withhold commission payments from any member who fails to provide such information or who provides false information.
- B. Upon enrollment, MyClub8 will provide a MyClub8 Identification Number to the Member. This number will be used to place orders, structure organizations, and track commissions and bonuses.

### **2.5 Renewals and Expiration of the Member Agreement**

- A. If the Member allows his or her Member Agreement to expire due to nonpayment, the member will lose any and all rights to his, her or its downline organization unless the member re-activates within sixty (60) days following the expiration of the Agreement.
- B. If the former Member re-activates within the 60-day time limit, the Member will resume the rank and position held immediately prior to the expiration of the Member Agreement. However, such Member's paid as level will not be restored unless he, she and/or an entity qualifies at that payout level in the new month. The Member is not

eligible to receive commissions for the time period that the Member's business was expired.

- C. Any Member who was terminated or whose Agreement has expired and lapsed the 60-day grace period is not eligible to re-apply for a MyClub8 business for twelve (12) months following the expiration of the Member Agreement.
- D. The downline of the expired Member will roll up to the immediate, active upline Sponsor.

## **2.6 Business Entities**

- A. A corporation, partnership, LLC, or trust (collectively referred to as a "Business Entity") may apply to be a MyClub8 Member. This Member business and position will remain *temporary* until the proper documents are submitted. The Business Entity must submit one of the following documents: Certificate of Incorporation, Articles of Organization, Partnership Agreement or appropriate Trust documents. MyClub8 must receive these documents within fourteen (14) days from the date the Member Agreement was signed.
- B. A MyClub8 Member may change their status under the same Sponsor from an individual to a partnership, LLC, corporation, trust or from one type of business entity to another.

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

- A. The MyClub8 Member is an independent contractor, and not a purchaser of a franchise or business opportunity. Therefore, each Member's success depends on his, her or its independent efforts.
- B. The Agreement between MyClub8 and its Members does not create an employer/employee relationship, agency, partnership, or joint venture between MyClub8 and the Member.
- C. A MyClub8 Member shall not be treated as an employee of MyClub8 for any purposes, including, without limitation, for federal or state tax purposes. All Members are responsible for paying local, state, and federal taxes due from all compensation earned as a Member of MyClub8. Any other compensation received by Members from MyClub8 will be governed by applicable U.S. tax laws (or the tax laws of any other applicable jurisdiction). The Member has no express or implied authority to bind MyClub8 to any obligation or to make any commitments by or on behalf of MyClub8.

Each Member, whether acting as management of a Business Entity or represented as an individual, shall establish his, her or its own goals, hours, and methods of operation and sale, so long as he, she or it complies with the Terms of the Member Agreement, these Policies, and applicable state and federal laws.

- D. The MyClub8 Member is fully responsible for all of his, her or its verbal and written communications made regarding Company products, services, and the Compensation Plan that are not expressly contained within official Company Materials. Members shall indemnify and hold harmless MyClub8, its directors, officers, employees, product suppliers and agents from any and against all liability including judgments, civil penalties, refunds, attorney fees and court costs incurred by MyClub8 as a result of the Member's unauthorized representations or actions. This Provision shall survive the termination of the MyClub8 Member Agreement.

## **2.8 Insurance**

- A. Business Pursuits Coverage. MyClub8 encourages Members to arrange insurance coverage for their business. A homeowner's insurance policy does not cover business related injuries, or the theft of, or damage to, inventory or business equipment. Company Members need to contact their insurance agent to make certain their business property is protected. In most instances, this may be accomplished with a "Business Pursuit" endorsement to an existing homeowner's policy.

## **2.9 Errors or Questions**

- A. If a Member has questions about, or believes any errors have been made regarding commissions, bonuses, business reports, orders, or charges, the Member must notify the Company in writing within thirty (30) days of the date of the error or incident in question. Any such errors, omissions or problems not reported within 30 days shall be deemed waived by the Member.

## **3.0 MYCLUB8 MEMBER RESPONSIBILITIES**

### **3.1 Correct Addresses**

- A. It is the responsibility of the Member or Customer to make sure the Company has the correct shipping address before any orders are shipped.
- B. A Member or Customer will need to allow up to thirty (30) days for processing after the notice of address change has been received by MyClub8.

- C. A Member or Customer may be assessed a \$20 fee for returned shipments due to an incorrect shipping address.

### **3.2 Training and Leadership**

- A. Any MyClub8 Member who Sponsors another member into MyClub8 must perform an authentic assistance and training function to ensure his, her or its downline is properly operating the applicable MyClub8 business. Sponsoring Members should have ongoing contact and communication with the Members in their downline organizations. Examples of communication may include, but are not limited to, newsletters, written correspondence, telephone, contact, team calls, voice-mail, e-mail, personal meetings, accompaniment of downline Members to Company meetings, training sessions and any other related functions.
- B. A Sponsoring MyClub8 Member should monitor the Members in his, her or its downline organizations to ensure that downline Members do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, such Member should be able to provide documented evidence to MyClub8 of his, her or its ongoing fulfillment of the responsibilities of a Sponsor.
- C. Upline members are encouraged to motivate and train new members about MyClub8's products and services, effective sales techniques, the Company Compensation Plan and compliance with company Policies.
- D. Marketing product is a required activity in MyClub8 and must be emphasized in all recruiting presentations.
- F. We emphasize and encourage all Members to sell MyClub8's products and services to Customers.
- G. Use of Sales Aids. To promote both the products and the opportunity the Company offers, Members must use the sales aids and support materials produced by MyClub8. If MyClub8 Members develop their own sales aids and promotional materials, which include Internet advertising, notwithstanding good intentions, they may unintentionally violate any number of statutes or regulations affecting the MyClub8 business. These violations, although they may be relatively few in number could jeopardize the MyClub8 opportunity for all members. Accordingly, Members must submit all written sales aids, promotional materials, advertisements, websites and other literature to the Company for Company's approval prior to use. Unless the Member receives specific written approval to use the material, the request shall be deemed denied. All Members shall safeguard and promote the good reputation of MyClub8 and its products. The

marketing and promotion of MyClub8, the MyClub8 opportunity, the Compensation Plan, and Company products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

### **3.3 Constructive Criticism; Ethics**

- A. MyClub8 desires to provide its independent members with the best products and services and Compensation Plan in the industry. Accordingly, MyClub8 values constructive criticism and encourages the submission of written comments addressed to Company Compliance Department.
- B. Negative and disparaging comments about MyClub8, its products or Compensation Plan, by members, or disruptive behavior at MyClub8 meetings or events, serve no purpose other than to dampen the enthusiasm of other MyClub8 members. MyClub8 Members must not belittle MyClub8, other MyClub8 members, Company products or services, the Compensation Plan, or MyClub8 directors, officers, or employees, product suppliers or agents. Such conduct represents a material breach of these Policies and may be subject to sanctions as deemed appropriate by MyClub8.
- C. **MyClub8 endorses the following code of ethics:**
  - I. A MyClub8 Member must show fairness, tolerance, and respect to all people associated with MyClub8, regardless of race, gender, social class or religion, thereby fostering a “positive atmosphere” of teamwork, good morale and community spirit.
  - II. A Member shall strive to resolve business issues, including situations with upline and downline members, by emphasizing tact, sensitivity, good will and taking care not to create additional problems.
  - III. MyClub8 Members must be honest, responsible, professional and conduct themselves with integrity.
  - IV. MyClub8 Members shall not make disparaging statements about MyClub8, other members, MyClub8 employees, product suppliers or agents, products, services, sales and marketing campaigns, or the Compensation Plan, or make statements that unreasonably offend, mislead or coerce others.

- D. MyClub8 may take appropriate action against a Member if it determines, in its sole discretion, that a Member's conduct is detrimental, disruptive, or injurious to MyClub8 or to other members.

### **3.4 Reporting Policy Violation**

- A. A Member who observes a policy violation by another member should submit a written and signed letter (e-mail will not be accepted) of the violation directly to the MyClub8 Corporate office. The letter shall set forth the details of the incident as follows:
  - I. The nature of the violation;
  - II. Specific facts to support the allegations;
  - III. Dates;
  - IV. Number of occurrences;
  - V. Persons involved; and
  - VI. Supporting documentation
- B. Once the matter has been presented to MyClub8, it will be researched thoroughly by the Compliance Department and appropriate action will be taken if required.
- C. This section refers to the general reporting of Policy violations as observed by other members for the mutual effort to support, protect, and defend the integrity of the MyClub8 business and opportunity. If a Member has a grievance or complaint against another member which directly relates to his, her or its MyClub8 business, the Procedures set forth in these Policies must be followed.

### **3.5 Sponsorship**

- A. The Sponsor is the person who introduces a Member or Customer to MyClub8, helps them complete their enrollment, and supports and trains those in their downline.
- B. MyClub8 recognizes the Sponsor as the name(s) shown on the first:
  - I. Physically signed MyClub8 Member Agreement on file; or

- II. Electronically signed Member Agreement from a website or a MyClub8 member's website.
- C. A Member Agreement that contains notations such as "by phone" or the signatures of other individuals (i.e. Sponsors, Spouses, relatives, or friends) is not valid and will not be accepted by the Company.
- D. MyClub8 recognizes that each new prospect has the right to ultimately choose his, her or its own Sponsor, but MyClub8 will not allow members to engage in unethical sponsoring activities.
- E. All active members in good standing have the right to Sponsor and enroll others into MyClub8. While engaged in sponsoring activities, it is not uncommon to encounter situations when more than one member will approach the same prospect. It is the accepted courtesy that the new prospect will be sponsored by the first member who presented a comprehensive introduction to Company products or business opportunity.
- F. A *Protected Prospect* is a guest of any MyClub8 Member or Customer who attended a MyClub8 event or conference call. For sixty (60) days following the event, a Protected Prospect cannot be solicited or sponsored by any other MyClub8 member who attended the same event. A MyClub8 event can be defined as the following:
  - I. Any MyClub8 training session;
  - II. Conference call;
  - III. Fly-in meeting; or
  - IV. Presentation, including but not limited to a MyClub8 at home presentation, whether sponsored by MyClub8, a Member, a Customer, or an agent or agency designated by MyClub8.

### **3.6 Cross Sponsoring Prohibition**

- A. "Cross sponsoring" is defined as the enrollment into a different line of sponsorship of an individual, or Business Entity, that already has a signed Member Agreement. Actual or attempted cross sponsoring is not allowed. If cross sponsoring is verified by MyClub8, sanctions up to and including termination of a Member's business may be imposed.

- B. The use of a Spouse's or relative's name, trade names, assumed names, DBA names, corporation, partnership, trust, Federal ID numbers, or fictitious ID numbers to evade or circumvent this Policy is not permitted.
- C. This Policy does not prohibit the transfer of a MyClub8 business in accordance with MyClub8 Sale or Transfer Policy subsequently set forth in these Policies.

### **3.7 Adherence to the MyClub8 Compensation Plan**

- A. A Member must adhere to the Terms of the Company Compensation Plan as set forth in these Policies as well as in official Company literature. Deviation from the Compensation Plan is prohibited.
- B. A Member shall not offer the MyClub8 opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Company literature.
- C. A Member shall not require or encourage a current or prospective Customer or Member to participate in MyClub8 in any manner that varies from the Compensation Plan as set forth in official Company literature.
- D. A Member shall not require or encourage a current or prospective Customer or Member to make a purchase from or payment to any individual or other entity as a condition to participating in the Company Compensation Plan, other than such purchases or payments required to naturally build their business.

### **3.8 Adherence to Laws and Ordinances**

- A. Many cities and counties have laws regulating certain home-based businesses. In most cases, these ordinances do not apply to members because of the nature of the business. However, Members must check their local laws and obey the laws that do apply to them.
- B. A MyClub8 Member shall comply with all federal, state, and local laws and regulations in their conduct of his, her or its MyClub8 business.

### **3.9 Compliance with Applicable Income Tax Laws**

- A. MyClub8 will automatically provide a complete 1099 Miscellaneous Income Tax form (nonemployee compensation) to each US Member whose earnings for the year is at least \$600 or who has purchased more than \$5,000 of Company products for resale, or

who received trips, prizes or awards valued at \$600 or more. If earnings and purchases are less than stated above, IRS forms will be sent only at the request of the Member, and a minimum charge of \$20 may be assessed by MyClub8.

- B. A Member accepts sole responsibility for and agrees to pay all federal, state and local taxes on any income generated as an independent Member, and further agrees to indemnify Company from any failure to pay such tax amounts when due.
- C. If a Member's business is tax exempt, the Federal Tax Identification number must be provided to MyClub8 in writing.
- D. MyClub8 encourages all Members to consult with a tax advisor for additional information for their business.

### **3.10 One MyClub8 Business per Member**

- A. A Member may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one (1) MyClub8 business. No individual may have, operate or receive compensation from more than one MyClub8 businesses. Individuals of the same family unit may each enter into or have an interest in their own separate MyClub8 businesses, only if each subsequent family position is placed frontline to the first family member enrolled. A "family unit" is defined as Spouses and dependent children living at or doing business at the same address.

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

If any member of a Member's immediate household engages in any activity which, if performed by the Member, would violate any provision of the Agreement, such activity will be deemed a violation by the Member and MyClub8 may take disciplinary action pursuant to these Policies against the Member. Similarly, if any individual associated in any way with a corporation, partnership, LLC, trust or other entity (collectively "Business Entity") violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and MyClub8 may take disciplinary action against the Business Entity. Likewise, if a Member enrolls in MyClub8 as a Business Entity, each affiliated party of the Business Entity shall be personally and individually bound to, and must comply with, the Terms and Conditions of the Agreement.

### **3.12 Solicitation for Other Companies or Products**

- A. A MyClub8 Member may participate in other direct sales, multilevel, network marketing or relationship marketing business ventures or marketing opportunities.

However, during the Term of this Agreement and for one (1) year thereafter, a MyClub8 Member may not recruit any MyClub8 Member or Customer for any other direct sales or network marketing business, unless that Member or Customer was personally sponsored by such Member.

- B. The term “recruit” means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way (either directly or through a third party), another Member or Customer to enroll or participate in any direct sales or network marketing opportunity. This conduct represents recruiting even if the Member’s actions are in response to an inquiry made by another Member or Customer.
- C. During the term of this Agreement and for a period of six (6) months thereafter, any MyClub8 Member must not sell, or entice others to sell, any competing products or services, including training materials, to MyClub8 Customers or Members. Any product or service in the same category as a Company product or service is deemed to be competing (i.e., any competing product or service regardless of differences in cost or quality. This provision does not apply where professional services are the primary source of revenue and the product sales are secondary (e.g., doctor’s offices, clinics, health clubs, spas and beauty salons).
- D. However, a Member may sell non-competing products or services to MyClub8 Customers and Members that they personally sponsored.
- E. A Member may not display or bundle Company products or services, in sales literature, on a website or in sales meetings, with any other products or services to avoid confusing or misleading a prospective Customer or Member into believing there is a relationship between the MyClub8 and non-Company products and services.
- F. A MyClub8 Member may not offer any non-MyClub8 opportunity, products or services at any MyClub8 related meeting, seminar or convention, or immediately following a MyClub8 event.
- G. A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between MyClub8 and its Members and would inflict irreparable harm on MyClub8. In such event, MyClub8 may, at its sole discretion, impose any sanction it deems necessary and appropriate against such Member or such Member’s businesses including termination, or seek immediate injunctive relief without the necessity of posting a bond.

### **3.13 Presentation of the MyClub8 Opportunity**

- A. In presenting the MyClub8 opportunity to potential Customers and Members, a Member is required to comply with the following provisions:
- I. A Member shall not misquote or omit any significant material fact about the Compensation Plan.
  - II. A Member shall make it clear that the Compensation Plan is based upon sales of Company products and services and upon the sponsoring of other Members.
  - III. A Member shall make it clear that success can be achieved only through substantial independent efforts.
  - IV. A MyClub8 Member shall not make unauthorized income projections, claims, or guarantees while presenting or discussing the MyClub8 opportunity or Compensation Plan to prospective Members or Customers.
  - V. A Member may not make any claims regarding products or services of any products offered by MyClub8, except those contained in official Company literature.
  - VI. A Member may not use official MyClub8 material to promote the MyClub8 business opportunity in any country where MyClub8 has not established a “presence.”
  - VII. In an effort to conduct best business practices, MyClub8 has developed the Income Disclosure Statement (“IDS”). The MyClub8 IDS is designed to convey truthful, timely, and comprehensive information regarding the income that MyClub8 Members earn. In order to accomplish this objective, a copy of the IDS must be presented to all prospective members.

A copy of the IDS must be presented to a prospective member anytime the Compensation Plan is presented or discussed, or any type of income claim or earnings representation is made.

The terms “income claim” and/or “earnings representation” (collectively “income claim”) includes: (i) statements of average earnings; (ii) statements of non-average earnings; (iii) statements of earnings ranges; (iv) income testimonials; (v) lifestyle claims; and (vi) hypothetical claims. Examples of “statements of non-average earnings” include, “Our number one Member earned over a million dollars last year” or “Our average ranking Member makes five thousand per month.” An example of a “statement of earnings ranges” is “The

monthly income for our higher-ranking Members is ten thousand dollars on the low end to thirty thousand dollars a month on the high end.”

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

- A. MyClub8 Members may only purchase and re-sell Company products at the Company’s suggested resale prices. There are no exclusive territories granted to anyone. No franchise fees are applicable to a MyClub8 business.
- B. The MyClub8 program is built on sales to the ultimate consumer. MyClub8 encourages its Members to only purchase inventory that they and their family will personally consume, will be used as a sales tool, or will be resold to others for their ultimate consumption. Members must never attempt to influence any other member to buy more products than they can reasonably use or sell to retail Customers in a month.
- C. Each MyClub8 Member commits to personally use, sell, or use in business building at least 70% of every order placed with the Company prior to placing another order, and must be able to certify to such if demanded by the Company or by any regulatory agency. ***Purchasing product solely for the purpose of collecting bonuses or achieving rank is prohibited.*** MyClub8 retains the right to limit the amount of purchases you may make if, in our sole judgment, we believe those purchases are being made solely for qualification purposes instead of for consumption or resale.

## 4.0 ORDERING

### 4.1 General Order Policies

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

A Member shall not use another Member’s or Customer’s credit card or debit checking account to enroll in MyClub8 or purchase products or services without the account

holder's *written permission*. Such documentation must be kept by the Member indefinitely in case MyClub8 needs to reference this.

- B. Regarding an order with an invalid or incorrect payment, MyClub8 will attempt to contact the Member by phone, mail or e-mail in order to obtain another form of payment. If these attempts are unsuccessful after ten (10) business days, the order will be canceled.
- C. If a Member wants to move an order to another Member's position, he, she or it must have prior authorization, of all parties involved. MyClub8 will charge the Member a \$20 fee for processing.
- D. Prices are subject to change without notice.
- E. A Member or Customer who is a recipient of a damaged or incorrect order must notify MyClub8 within thirty (30) calendar days from receipt of the order and follow the Procedures as set forth in these Policies.

#### **4.2 Insufficient Funds**

- A. All checks returned for insufficient funds will be re-submitted for payment. A \$35 fee will be charged to the account of the Member or Customer for all returned checks and insufficient funds.
- B. Any outstanding balance owed to MyClub8 by a Member or Customer of the Member from NSF (non-sufficient funds) checks, returned check fees or insufficient fund fees (ACH) will be withheld by MyClub8 from a Member's future bonus and commission checks.
- C. All transactions involving returned checks or insufficient funds through ACH or credit card, which are not resolved in a timely manner by the member, constitute grounds for disciplinary sanctions.
- D. If a credit card order or automatic debit is declined the first time, the Customer or Member will be contacted for an alternate form of payment. If payment is declined a second time, the Customer or Member may be deemed ineligible to purchase Company products or services or participate in the monthly auto ship.

#### **4.3 Sales Tax Obligation**

- A. The Member shall comply with all state and local taxes and regulations governing the sale of Company products and services.
- B. MyClub8 will collect and remit sales tax on member orders unless a Member furnishes MyClub8 with the appropriate Resale Tax Certificate form. When orders are placed with MyClub8, sales tax is prepaid based upon the suggested retail price. MyClub8 will remit the sales tax to the appropriate state and local jurisdictions. The Member may recover the sales tax when he, she or it makes a sale. MyClub8 Members are responsible for any additional sales taxes due on products marked up and sold at a higher price.
- C. MyClub8 encourages each Member to consult with a tax advisor for additional information for his, her or its business.

## **5.0 PAYMENT OF COMMISSIONS & BONUSES**

### **5.1 Bonus and Commission Qualifications**

- A. A Member must be active and in compliance with MyClub8 Policies to qualify for bonuses and commissions. So long as a Member complies with the Terms of the Agreement, MyClub8 shall pay commissions to such Member in accordance with the Compensation Plan.
- B. MyClub8 will not issue a payment to a Member without the receipt of a completed and signed MyClub8 Member Agreement or Electronic Authorization.
- C. MyClub8 reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$25.

### **5.2 Computation of Commissions and Discrepancies**

- A. In order to qualify to receive commissions and bonuses, a Member must be in good standing and comply with the Terms of the Agreement and these Policies. Commissions, bonuses, overrides, and achievement levels are calculated each month.
- B. A MyClub8 Member must review his, her or its monthly statement and bonus/commission reports promptly and report any discrepancies within thirty (30) days of receipt. After the 30-day “grace period” no additional requests will be considered for commission recalculations.

- C. For additional information on payment of commissions, please review the Company Compensation Plan.

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

- A. A Member receives bonuses and commissions based on the actual sales of products and services to end consumers and to members through product and service purchases. When a product or service is returned to MyClub8 for a refund from the end consumer or by a Member, the bonuses and commissions attributable to the returned product or service will be deducted from the Member who received bonuses or commissions on such sales. Deductions will occur in the month in which the refund is given and continue every pay period thereafter until the bonus/and or commission is recovered.
- B. In the event that a Member terminates his, her or its business, and the amounts of the bonuses or commissions attributable to the returned products or services have not yet been fully recovered by MyClub8, the remainder of the outstanding balance may be offset against any other amounts that may be owed by MyClub8 to the terminated Member.

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

MyClub8 offers a one hundred percent (100%) ninety (90) day money back guarantee for all Customers. If a Customer purchased a product or service and is not satisfied with the product or service, the Customer may request a refund from their member. If you are not 100% satisfied with our products, you may return the items for a refund if neither you nor we have terminated the Agreement and the products or services were purchased within twelve (12) months and remain in “Resalable Condition” (as defined in the Glossary section below). The refund shall be ninety percent (90%) of the purchase price. Shipping and handling charges incurred will not be refunded.

Upon cancellation of the Agreement, the Member may return all generic sales aids purchased within one (1) year from the date of cancellation for a refund if he, she or it is unable to sell or use the merchandise. A Member or may only return sales aids he, she or it personally purchased from the Company under his, her or it’s Member Identification Number, and which are in Resalable Condition. Any custom orders of printed sales aids (i.e., business cards, brochures, etc.) whereon the Member’s contact information is imbedded or hard printed, or has been added by the Member, are not able to be returned in Resalable Condition thus are nonrefundable. Upon MyClub8’s receipt of the products and sales aids, the Member will be reimbursed ninety percent (90%) of the net cost of the original purchase price(s), less shipping and handling charges. If the purchases were made through a credit card, the refund will be credited back to the same credit card account. The Company shall deduct from the reimbursement paid to the Member any commissions, bonuses, rebates or other incentives received by the Member which were associated with the merchandise that is returned.

## **6.1 Return Process**

- A. All returns, whether by a Customer or Member, must be made as follows:
  - I. Obtain Return Merchandise Authorization (“RMA”) from MyClub8;
  - II. Ship items to the address provided by MyClub8 customer service when you are given your RMA.
  - III. Provide a copy of the invoice with the returned products or service. Such invoice must reference the RMA and include the reason for the return.
  - IV. Ship back product in manufacturer’s box exactly as it was delivered.
- B. All returns must be shipped to MyClub8 pre-paid, as MyClub8 does not accept shipping collect packages. MyClub8 recommends shipping returned product by UPS or FedEx with tracking and insurance as risk of loss or damage in shipping of the returned product shall be borne solely by the Customer or Member. If returned product is not received at MyClub8 Distribution Center, it is the responsibility of the Customer or Member to trace the shipment and no credit will be applied.
- C. The return of \$500 or more of products accompanied by a request for a refund within a calendar year, by a Member, may constitute grounds for involuntary termination.

## **7.0 PRIVACY POLICY**

### **7.1 Introduction**

This Privacy Policy is to ensure that all Customers and Members understand and adhere to the Company’s basic principles of confidentiality.

### **7.2 Expectation of Privacy**

- A. MyClub8 recognizes and respects the importance its Customers and Members place on the privacy of their financial and personal information. MyClub8 will make reasonable efforts to safeguard the privacy of, and maintain the confidentiality of its Customers’ and Members’ financial and account information and nonpublic personal information.
- B. By entering into the Member Agreement, a Member authorizes MyClub8 to disclose his, her or its name and contact information to upline members solely for activities

related to the furtherance of the MyClub8 business. A Member hereby agrees to maintain the confidentiality and security of such information and to use it solely for the purpose of supporting and servicing his, her or its downline organization and conducting the MyClub8 business.

### **7.3 Employee Access to Information**

MyClub8 limits the number of employees who have access to Customers' and Members' nonpublic personal information.

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

- A. MyClub8 will not share non-public personal information or financial information about current or former Customers or Members with third parties, except as permitted or required by laws and regulations, court orders, or to serve the Customers' or Members' interests or to enforce its rights or obligations under these Policies, or Member's Agreement or with written permission from the accountholder on file.

## **8.0 PROPRIETARY INFORMATION AND TRADE SECRETS**

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

- A. By completing and signing the MyClub8 Member Agreement, the Member acknowledges that Business Reports, lists of Customer and Member names and contact information and any other information, which contain financial, scientific or other information both written or otherwise circulated by MyClub8 pertaining to the business of MyClub8 (collectively, "Reports"), are confidential and proprietary information and trade secrets belonging to MyClub8.

### **8.2 Obligation of Confidentiality**

- A. During the Term of the MyClub8 Member Agreement and for a period of five (5) years after the termination or expiration of the Member Agreement between the Member and MyClub8, the Member shall not:
  - I. Use the information in the Reports to compete with MyClub8 or for any purpose other than promoting his, her or its MyClub8 business;
  - II. Use or disclose to any person or entity any confidential information contained in the Reports, including the replication of the genealogy in another network marketing company.

### **8.3 Breach and Remedies**

- A. The Member acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to MyClub8 and to independent MyClub8 businesses. MyClub8 and its Members will be entitled to injunctive relief or to recover damages against any Member who violates this provision in any action to enforce its rights under this section. The prevailing party shall be entitled to an award of attorney's fees, court costs and expenses.

### **8.4 Return of Materials**

- A. Upon demand by MyClub8, any current or former Member will return the original and all copies of all "Reports" to MyClub8 together with any MyClub8 confidential information in such person's possession.

## **9.0 ADVERTISING, PROMOTIONAL MATERIAL, USE OF COMPANY NAMES AND TRADEMARKS**

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

- A. A MyClub8 Member may not re-label, re-package, refill, or alter labels of any MyClub8 product, or service, information, materials or program(s) in any way. Company products and services must only be sold in their original containers from MyClub8. Such re-labeling or re-packaging violates federal and state laws, which may result in criminal or civil penalties or liability.
- B. A MyClub8 Member shall not cause any MyClub8 product or service or any MyClub8 trade name to be sold or displayed in retail establishments except:
  - I. Where professional services are the primary source of revenue and the product sales are secondary (e.g., doctor's offices, clinics, health clubs, spas and beauty salons);
  - II. Where the retail establishment is owned or managed by the Member and the store does not exceed \$1 million in annual gross revenue, and there are 5 or fewer stores under common ownership of management.

- C. MyClub8 will permit Members to solicit and make Commercial Sales upon *prior written approval* from MyClub8. For the purpose of these Policies, the term “Commercial Sale” means the sale of:
  - I. Company products that equal or exceed \$5,000 in a single order;
  - II. Products sold to a third party who intends to resell the products to an end consumer.
- D. A Member may sell Company products and services and display the MyClub8 trade name at any appropriate display booth (such as trade shows) upon *prior written approval* from MyClub8.
- E. MyClub8 reserves the right to refuse authorization to participate at any function that it does not deem a suitable forum for the promotion of its products and services, or the MyClub8 opportunity.

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

- A. A MyClub8 Member must safeguard and promote the good reputation of MyClub8 and the products and services it markets. The marketing and promotion of MyClub8, the MyClub8 opportunity, the Compensation Plan, and Company products and services will be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct and practices.
- B. All promotional materials supplied or created by MyClub8 must be used in their original form and cannot be changed, amended or altered except with prior written approval from the Company Compliance Department.
- C. The name of MyClub8, each of its product and service names and other names that have been adopted by MyClub8 in connection with its business are proprietary trade names, trademarks and service marks of MyClub8. As such, these marks are of great value to MyClub8 and are supplied to members for their use only in an expressly authorized manner.
- D. A MyClub8 member’s use of the name “MyClub8” is restricted to protect MyClub8 proprietary rights, ensuring that the MyClub8 protected names will not be lost or compromised by unauthorized use. Use of the MyClub8 name on any item not produced by MyClub8 is prohibited except as follows:
  - I. [member’s name] Independent MyClub8 Member

- II. [member's name] Independent Member of Company products and services.
- E. Further procedures relating to the use of the MyClub8 name are as follows:
  - I. All stationary (i.e. letterhead, envelopes, and business cards) bearing the MyClub8 name or logo intended for use by the member must be approved in writing by the Company Compliance Department.
  - II. MyClub8 members may list "Independent MyClub8 Member or "MyClub8 Member" in the white pages of the telephone directory under his, her or its own name.
  - III. MyClub8 members may not use the name MyClub8 or MyClub8 in answering the telephone, creating a voice message or using an answering service, such as to give the impression to the caller that they have reached the corporate office. They may state, "Independent MyClub8 Member."
- F. Certain photos and graphic images used by MyClub8 in its advertising, packaging, and websites are the result of paid contracts with outside vendors that do not extend to members. If a member wants to use these photos or graphic images they must negotiate individual contracts with the vendors for a fee.
- G. A MyClub8 member shall not appear on or make use of television or radio, or make use of any other media to promote or discuss MyClub8 or its programs, products or services without prior written permission from the Company Compliance Department.
- H. A member may not produce for sale or distribution any Company event or speech, nor may a member reproduce MyClub8 audio or video clips for sale or for personal use without prior written permission from the MyClub8 Compliance Department.
- I. MyClub8 reserves the right to rescind its prior approval of any sales aid or promotional material to comply with changing laws and regulations and may request the removal from the marketplace of such materials without financial obligation to the affected member.
- J. A member shall not promote non-Company products or services in conjunction with Company products or services on the same websites or same advertisement without prior approval from Company Compliance Department.

- K. Claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by MyClub8 may not be made except those contained in official Company literature. In particular, no Member may make any claim that Company products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate MyClub8 policies, but also they potentially violate federal and state laws and regulations, including the federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act.

### **9.3 E-mail - Limitations**

- A. Except as provided in this section, a member may not use or transmit unsolicited email, mass email distribution, or “spamming” that advertises or promotes the operation of his, her or its MyClub8 business. The exceptions are:
  - I. E-mailing any person who has given prior permission or invitation;
  - II. E-mailing any person with whom the member has established a prior business or personal relationship.
- B. In all states where prohibited by law, a member may not transmit, or cause to be transmitted through a third party, (by telephone, facsimile, computer or other device), an unsolicited advertisement to any equipment, which has the capacity to transcribe text or images from an electronic signal received over a regular telephone line, cable line, ISDN, T1 or any other signal carrying device, except as set forth in this section.
- C. All e-mail or computer broadcasted documents subject to this provision shall include each of the following:
  - I. A clear and obvious identification that the e-mail message is an advertisement or solicitation. The words “advertisement” or “solicitation” should appear in the subject line of the message;
  - II. A clear return path or routing information;
  - III. The use of legal and proper domain name;
  - IV. A clear and obvious notice of the opportunity to decline to receive further commercial facsimile or e-mail messages from the sender;

- V. Unsubscribe or opt-out instructions should be the very first text in the body of the message box in the same size text as the majority of the message;
  - VI. The true and correct name of the sender, valid senders fax or e-mail address, and a valid sender physical address;
  - VII. The date and time of the transmission;
  - VIII. Upon notification by recipient of his, her or its request not to receive further faxed or e-mailed documents, a MyClub8 member shall not transmit any further documents to that recipient.
- D. All e-mail or computer broadcasted documents subject to this provision shall not include any of the following:
- I. Use of any third-party domain name without permission;
  - II. Sexually explicit materials.

#### **9.4 Internet and Third-Party Website Restrictions**

- A. A Member may not use or attempt to register any of MyClub8's trade names, trademarks, service names, service marks, product names, URLs, advertising phrases, the Company's name or any derivative thereof, for any purpose including, but not limited to, Internet domain names (URL), third party websites, e-mail addresses, web pages, or blogs.
- B. A MyClub8 Member may not sell Company products, services or offer the business opportunity using "online auctions," such as eBay®.
- C. All Members may have one (1) approved third-party website. A third-party website is a MyClub8-approved personal website that is hosted on non-MyClub8 servers and has no affiliation with MyClub8. Any Member who wishes to develop their own third-party website must submit a properly completed third-party website Application and Agreement along with the proper website registration fee and receive MyClub8's prior written approval before going live with their third-party website. Third-party websites may be used to promote your business and MyClub8's products so long as the third-party website adheres to MyClub8's advertising policies. Moreover, no orders may be placed through third-party websites, and no enrollments may occur through a third-party website. If you wish to use anythird-partywebsite, you must do the following:

- a. Identify yourself as a Member for MyClub8;
  - b. Use only the approved images and wording authorized by MyClub8;
  - c. Adhere to the branding, trademark, and image usage policies described in this document.
  - d. Adhere to any other provision regarding the use of a third-party website described in this document;
  - e. Agree to give the Compliance Department at MyClub8 access to the third-party website and, if the website is password protected, the Compliance Department must receive passwords or credentials allowing unlimited access.
  - f. Agree to modify your website to comply with current or future MyClub8 policies.
- D. All marketing materials used on a member's third-party website must be provided by MyClub8 or approved in writing by MyClub8.
- E. To avoid confusion, the following three elements must also be prominently displayed at the top of every page of your third-party website:
1. The MyClub8 Member Logo
  2. Your Name and Title
  3. MyClub8 Corporate Website Redirect Button
- F. A Member may not use third-party sites that contain materials copied from corporate sources (such as MyClub8 brochures, CDs, videos, tapes, events, presentations, and corporate websites). This Policy ensures brand consistency, allows Customers and Members to stay up-to-date with changing products, services and information, facilitates enrollment under the correct Sponsor, and assists in compliance with government regulations.
- G. Company products may be displayed with other products or services on a Member's third-party websiteso long as the other products and services are consistent with MyClub8 values and are not marketed or sold by a competing network-marketing company.
- H. If the independent business of a Member who has received authorization to create and post an third-party website is voluntarily or involuntarily canceled for any reason, or if MyClub8 revokes its authorization allowing the Member to maintain a third-party website, the Member shall assign the URL to his/her/its third-party website to the MyClub8 within three (3) days from the date of the cancellation and/or re-direct all traffic to the site as directed by the MyClub8. MyClub8 reserves the right to revoke any

Member's right to use a third-party website at any time if MyClub8 believes that such revocation is in the best interest of MyClub8, its members and Customers. Decisions and corrective actions in this area are at MyClub8's sole discretion.

- I. Social Media sites may not be used to sell or offer to sell Company products or services. PROFILES A MEMBER GENERATES IN ANY SOCIAL COMMUNITY WHERE MYCLUB8 IS DISCUSSED OR MENTIONED MUST CLEARLY IDENTIFY THE MEMBER AS A MYCLUB8 MEMBER, and when a Member participates in those communities, Members must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is in appropriate is at MyClub8's sole discretion, and offending Members will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the MyClub8 approved library. If a link is provided, it must link to the posting Member's Replicated website or an approved third-party website.
- J. Anonymous postings or use of an alias on any Social Media site is prohibited, and offending Members will be subject to disciplinary action.
- K. Members may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Members create or leave must be useful, unique, relevant and specific to the blog's article.
- L. Members must disclose their full name on all Social Media postings, and conspicuously identify themselves as an independent Member for MyClub8. Anonymous postings or use of an alias is prohibited.
- M. Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the MyClub8 income opportunity, MyClub8's products and services, and/or your biographical information and credentials.
- N. Members are personally responsible for their postings and all other online activity that relates to MyClub8. Therefore, even if a Member does not own or operate a blog or Social Media site, if a Member posts to any such site that relates to MyClub8 or which can be traced to MyClub8, the Member is responsible for the posting. Members are also responsible for postings which occur on any blog or Social Media site that the Member owns, operates, or controls.
- O. As a MyClub8 Member, it is important to not converse with any person who places a negative post against you, other Members, or MyClub8. Report negative posts to the Company Compliance Department. responding to such negative posts often simply

fuels a discussion with someone carrying a grudge that does not hold themselves to the same high standards as MyClub8, and therefore damages the reputation and goodwill of MyClub8.

- P. The distinction between a Social Media site and a website may not be clear-cut, because some Social Media sites are particularly robust, MyClub8 therefore reserves the sole and exclusive right to classify certain Social Media sites as third-party websites and require that Members using, or who wish to use, such sites adhere to the MyClub8's policies relating to third-party websites.
- Q. If your MyClub8 business is cancelled for any reason, you must discontinue using the MyClub8 name, and all of MyClub8's trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all Social Media sites that you utilize. If you post on any Social Media site on which you have previously identified yourself as an independent MyClub8 Member, you must conspicuously disclose that you are no longer an independent MyClub8 Member.
- R. Failure to comply with these Policies for conducting business online may result in the Member losing their right to advertise and market Company products, services and MyClub8's business opportunity online in addition to any other disciplinary action available under the Policies.

## **9.5 Advertising and Promotional Materials**

- A. You may not advertise any Company products or services at a price LESS than the highest company published, established retail price of ONE offering of the MyClub8 product or service plus shipping, handling and applicable taxes. No special enticement advertising is allowed. This includes, but is not limited to, offers of a free business, free shipping, or other such offers that grant advantages beyond those available through the Company.
- B. Advertising and all forms of communications must adhere to principles of honesty and propriety.
- C. All advertising, including, but not limited to, print, Internet, computer bulletin boards, television, radio, etc., are subject to prior written approval by the Company Compliance Department.
- D. All requests for approvals with respect to advertising must be directed in writing to the Company Compliance Department.

- E. MyClub8 approval is not required to place blind ads that do not mention MyClub8, its employees, any of its products, services, designs, symbols, programs, and trademarked, copyrighted, or otherwise protected materials.
- F. MyClub8 reserves the right to rescind its prior approval of submitted advertising or promotional materials in order to comply with changing laws and regulations, and may require the removal of such advertisements from the marketplace without obligation to the affected member.

## **9.6 Testimonial Permission**

- A. By signing the MyClub8 Member Agreement, a member gives MyClub8 permission to use his or her testimonial or image and likeness in corporate sales materials, including but not limited to print media, electronic media, audio and video. In consideration of being allowed to participate in the MyClub8 business opportunity, a Member waives any right to be compensated for the use of his or her testimonial or image and likeness even though MyClub8 may be paid for items or sales materials containing such image and likeness. In some cases, a Member's testimonial may appear in another Member's advertising materials. If a Member does not wish to participate in MyClub8 sales and marketing materials, he or she should provide a written notice to the Company Compliance Department to ensure that his or her testimonial or image and likeness will not be used in any corporate materials, corporate recognition pieces, advertising or recordings of annual events.

## **9.7 Telemarketing - Limitations**

- A. A MyClub8 Member must not engage in telemarketing in relation to the operation of the Member's MyClub8 business. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of Company products or services, or to recruit them for the MyClub8 opportunity.
- B. The Federal Trade Commission ("FTC") and the Federal Communications Commission ("FCC") each have laws that restrict telemarketing practices. Both Federal agencies, as well as a number of States have "do not call" regulations as part of their telemarketing laws.
- C. While a Member may not consider himself, herself or itself a "telemarketer" in the traditional sense, these regulations broadly define the term "telemarketer" and "telemarketing" so that the unintentional action of calling someone whose telephone number is listed on the Federal "Do Not Call" registry could cause the member to

violate the law. These regulations must not be taken lightly, as they carry significant penalties (up to \$11,000 per violation).

D. “Cold calls” or “state-to-state calls” made to prospective Customers or Members that promote either Company products, services or the MyClub8 opportunity is considered telemarketing and is prohibited.

E. Exceptions to Telemarketing Regulations

A MyClub8 Member may place telephone calls to prospective Customers or Members under the following limited situations:

I. If the Member has an established business relationship with the prospect;

II. In response to the prospect’s personal inquiry or application regarding a product or service offered by the MyClub8 Member, within three (3) months immediately before the date of such a call;

III. If the Member receives written and signed permission from the prospect authorizing the Member to call;

IV. If the call is to family members, personal friends, and acquaintances. However, if a Member makes a habit of collecting business cards from everyone he/she/it meets and subsequently calls them, the FTC may consider this a form of telemarketing that is not subject to this exemption;

V. MyClub8 Members engaged in calling “acquaintances,” must make such calls on an occasional basis only and not as a routine practice.

F. A Member shall not use automatic telephone dialing systems in the operation of his, her or its MyClub8 businesses.

G. Failure to abide by MyClub8 policies or regulations as set forth by the FTC and FCC regarding telemarketing may lead to sanctions against the member’s business, up to and including termination of the business.

H. By signing the Member Agreement, or by accepting commission checks, other payments or awards from MyClub8, a Member gives permission to MyClub8 and other Members to contact them as permitted under the Federal Do Not Call regulations.

- I. In the event a Member violates this section, MyClub8 reserves the right to institute legal proceedings to obtain monetary or equitable relief.

## **10.0 CHANGES TO A MEMBER'S BUSINESS**

### **10.1 Modification of the Member Agreement**

- A. A MyClub8 member may modify his, her or its existing Member Agreement (i.e., change a social security number to a Federal ID number, add a Spouse or partner to the account, or change the form of ownership from an individual to a Business Entity owned by the member) by submitting a written request, accompanied by a new Member Agreement and the Business Registration Form, if applicable, completed with fresh signatures (not a "crossed out" or "white-out" version of the first Agreement), and any appropriate supporting documentation.

### **10.2 Change Sponsor or Placement for Active Members**

- A. Maintaining the integrity of the organizational structure is mandatory for the success of MyClub8 and our independent members. As such, under exceptional circumstances at the discretion of the Company, a request to change placement may only be made within the first 30 days of initial enrollment as a member. Furthermore, such changes may only occur within the same organization.
- B. Sponsors may make "Placement changes" from one member to another for personally Sponsored (frontline) members during the first 30 days of enrollment.
- C. New members or their original Sponsor may request a change of Sponsor or Placement within the first 30 days of enrollment for the purpose of structuring an organization. The new Member Agreement must be received within the calendar month for commission calculations to be effective with the requested change.
- D. To change or correct the Sponsor, a member must comply with following procedures:
  - I. Submit a Sponsor Placement Transfer Form;
  - II. Submit a MyClub8 Member Agreement showing the correct Sponsor and Placement, and any appropriate supporting documentation;
  - III. The Member Agreement must be a new, completed document bearing "fresh" signatures, not a "crossed-out" or "white-out" version of the first Agreement.

- E. Upon approval, the member's downline, if any, will transfer with the member.
- F. If one transfer has already been made a \$20 fee will be assessed for the second and for each transfer thereafter.
- G. After the first 30 days from initial enrollment, MyClub8 will honor the Sponsor/ Placement as shown:
  - I. On the most recently signed Member Agreement on file; or
  - II. Self-enrolled on the website (i.e., electronically signed web Agreement).
- H. MyClub8 retains the right to approve or deny any requests to change Sponsor or Placement and to correct any errors related thereto at any time and in whatever manner it deems necessary.

### **10.3 Change Sponsor or Placement for Inactive Members**

- A. At the discretion of MyClub8, members who have neither sold nor ordered products or services for at least twelve (12) months, and who have not tendered a letter of resignation, are eligible to re-enroll in MyClub8 under the Sponsor/Placement of their choice.
- B. Upon written notice to MyClub8 that a former member wishes to re-enroll, MyClub8 will "compress" (close) the original account. A new MyClub8 ID number will then be issued to the former member.
- C. Such member does not retain former rank, downline, or rights to commission checks from his, her or its former organizations.
- D. MyClub8 reserves the right to correct Sponsor or Placement errors at any time and in whatever manner it deems necessary.

### **10.4 Change Organizations**

- A. If a MyClub8 Member wishes to transfer organizations, he, she or it must submit a letter of resignation to the Company Compliance Department and remain inactive (neither sell nor personally order) with or in MyClub8 for six (6) months from the receipt of the letter before being eligible to re-enroll under a different Sponsor/Placement.

- B. MyClub8 retains the right to approve or deny any request to re-enroll after a member's resignation.
- C. If re-enrollment is approved, the former member will be issued a new MyClub8 ID number and will be required to submit a new Member Agreement. The member will not be entitled to keep any former rank, downline, or rights to commission checks from any prior organization.
- D. Transfers may not be done outside of the original organization.

### **10.5 Unethical Sponsoring**

- A. Unethical sponsoring activities include, but are not limited to, enticing, bidding or engaging in unhealthy competition in trying to acquire a prospect or new member from another member or influencing another member to transfer to a different sponsor.
- B. Allegations of unethical sponsoring must be reported in writing to the Company Compliance Department within the first 90 days of enrollment. If the reports are substantiated, MyClub8 may transfer the member or the member's downline to another sponsor, Placement or organization without approval from the current up-line Sponsor or Placement members. MyClub8 remains the final authority in such cases.
- C. MyClub8 prohibits the act of "Stacking." Stacking is the unauthorized manipulation of the MyClub8 compensation system and/or the marketing plan in order to trigger commissions or cause a promotion off a downline member in an unearned manner. One example of stacking occurs when a Sponsor places participants under an inactive downline without his or her knowledge in order to trigger unearned qualification for commissioning. Stacking is unethical and unacceptable behavior, and as such, it is a punishable offense with measures up to and including the termination of all members' positions and/or entities found to be directly involved.
- D. Should members engage in solicitation and/or enticement of salespeople of another direct sales company to sell or distribute Company products and services to, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against a member alleging that they engaged in inappropriate recruiting activity of another company's sales force or customers, MyClub8 will not pay any of member's defense costs or legal fees, nor will MyClub8 indemnify the member for any judgment, award, or settlement.

### **10.6 Sell, Assign or Delegate Ownership**

- A. In order to preserve the integrity of the hierarchical structure, it is necessary for MyClub8 to place restrictions on the transfer, assignment, or sale of a business.
- B. A MyClub8 member may not sell or assign his, her or its rights or delegate his, her or its position as a member without *prior written approval* by MyClub8, which approval will not be unreasonably withheld. Any attempted sale, assignment, or delegation without such approval may be voided at the discretion of MyClub8.
- C. Should the sale be approved by MyClub8, the Buyer assumes the position of the Seller at the current qualified title, but at the current “paid as” rank, at the time of the sale and acquires the Seller’s Downline.
- D. To request corporate authorization for a sale or transfer of a MyClub8 business, the following items must be submitted to the Company Compliance Department:
  - I. A Sale/Transfer of Business Form properly completed, with the requisite signatures.
  - II. A copy of the Sales Agreement signed and dated by both Buyer and Seller.
  - III. A MyClub8 Member Agreement completed and signed by the Buyer;
  - IV. Payment of the \$100 administration fee;
  - V. Any additional supporting documentation requested by MyClub8.
- E. Any debt obligations that either Seller or Buyer may have with MyClub8 must be satisfied prior to the approval of the sale or transfer by MyClub8.
- F. A MyClub8 member who sells his, her or its business is not eligible to re-enroll as a MyClub8 member in any organization for six (6) full calendar months following the date of the sale except as otherwise expressly set forth in these Policies.

### **10.7 Separating a MyClub8 Business**

- A. Pending a divorce or dissolution of a partnership or other business entity, the parties must adopt one of the following methods of operation;
  - I. One of the parties may, with the written consent of the other(s), operate the MyClub8 business whereby the relinquishing Spouse, shareholders, partners,

members or trustees authorize MyClub8 to deal directly and solely with the other Spouse, non-relinquishing shareholder, partner, member or trustee;

- II. The parties may continue to operate the MyClub8 business jointly on a “business as usual” basis, whereupon all compensation paid by MyClub8 will be paid in the name designated as the members or in the name of the entity to be divided, as the parties may independently agree between them. If no name is stipulated, MyClub8 will pay compensation to the name on record and in such event, the member named on the account shall indemnify MyClub8 from any claims from the other business owner(s) or the other Spouse with respect to such payment.
- B. MyClub8 recognizes only one Downline organization and will issue only one commission check per MyClub8 business per commission cycle. Under no circumstances will the Downline of an organization be divided, nor will MyClub8 split commission and/or bonus checks.
  - C. If a relinquishing Spouse, partner or owner of the business has completely relinquished (“Relinquishing Party”), in writing, all rights to the original MyClub8 business, he or she may immediately thereafter re-enroll under the Sponsor and Placement of his or her choice. In such cases, however, the Relinquishing Party shall have no rights to, and shall not solicit, any Member or active Customer in the former organization, and must develop a new business in the same manner as any other new MyClub8 Member. A Member in the Relinquishing Party’s former Downline who wishes to transfer to the Relinquishing Party’s new organization or to any other organization, must comply with the requirements in Section 12.5.

## **10.8 Succession**

- A. Upon the death or incapacity of a Member, the Member’s business may be passed on to his or her legal successors in interest (successor). Whenever a MyClub8 business is transferred by will or other testamentary process, the successor acquires the right to collect all bonuses and commissions of the deceased Member’s sales organization. The successor must:
  - I. Complete and sign a new MyClub8 Member Agreement;
  - II. Comply with the Terms and provisions of the Member Agreement; and
  - III. Meet all of the qualifications for the last rank achieved by the former Member.

- B. Bonus and commission checks of a MyClub8 business transferred based on this section will be paid in a single check to the successor. The successor must provide MyClub8 with an “address of record” to which all bonus and commission Payments will be sent. Payments will be based on the current performance of the business, not the highest rank or volume achieved.
- C. If the business is bequeathed to joint devisees (successors), they must form a business entity and acquire a Federal taxpayer identification number. MyClub8 will issue all bonus and commission payments and one 1099 Miscellaneous Income Tax form to the managing business entity only.
- D. Appropriate legal documentation must be submitted to Company Compliance Department to ensure the transfer is done properly. To affect a testamentary transfer of a MyClub8 business, the successor must provide the following to Company Compliance Department:
  - I. A certified copy of the death certificate; and
  - II. A notarized copy of the will or other appropriate legal documentation establishing the successor’s right to the MyClub8 business.
- E. To complete a transfer of the MyClub8 business because of incapacity, the successor must provide the following to the Company Compliance Department:
  - I. A notarized copy of an appointment as trustee:
  - II. A notarized copy of the trust document or other appropriate legal documentation establishing the trustee’s right to administer the MyClub8 business; and
  - III. A completed Member Agreement executed by the trustee.
- F. If the successor is already an existing member, MyClub8 will allow such member to keep his, her or its own business plus the inherited business active for up to six (6) months. By the end of the 6-month period, the member must have compressed (if applicable), sold or otherwise transferred either the existing business or the inherited business.
- G. If the successor wishes to terminate the MyClub8 business, he, she or it must submit a notarized statement stating the desire to terminate the business, along with a certified copy of the death certificate, appointment as trustee, and/or any other appropriate legal documentation.

- H. Upon written request, MyClub8 may grant a one (1) month bereavement waiver and pay out at the last “paid as” rank.

### **10.9 Resignation/Voluntary Termination**

- A. A Member may immediately terminate his, her or its business by submitting a written notice or email to the Company Compliance Department. The written notice must include the following:
  - I. The Member’s intent to resign;
  - II. Date of resignation;
  - III. MyClub8 Identification Number;
  - III. Reason for resigning; and
  - V. Signature.
- B. A MyClub8 Member may not use resignation as a way to immediately change Sponsor and Placement. Instead, the Member who has voluntarily resigned is not eligible to reapply for a business or have any financial interest in a or any MyClub8 business for six (6) months from the receipt of the written notice of resignation.

### **10.10 Involuntary Termination**

- A. MyClub8 reserves the right to terminate a Member’s business for, but not limited to, the following reasons:
  - I. Violation of any Terms or Conditions of the Member Agreement;
  - II. Violation of any provision in these Policies;
  - III. Violation of any provision in the Compensation Plan;
  - IV. Violation of any applicable law, ordinance, or regulation regarding the MyClub8 business;
  - V. Engaging in unethical business practices or violating standards of fair dealing;  
or

- VI. Returning over \$500 worth of products, services and/or sales tools for a refund within a twelve (12) month period.
- B. MyClub8 will notify the Member in writing *by certified mail*, at his, her or its last known address of its intent to terminate the Member's business and the reasons for termination. The Member will have fifteen (15) calendar days from the date of mailing of such notice to respond in writing to the allegations or claims constituting cause for termination as stated in the notice. MyClub8 will then have thirty (30) calendar days from the date of receipt of the Member's response to render a final decision as to termination.
- C. If a decision is made by MyClub8 to terminate the Member's business, MyClub8 will inform the Member in writing that the business is terminated effective as of the date of the written notification. The Member will then have fifteen (15) calendar days from the date of mailing of such notice to appeal the termination in writing. MyClub8 must receive the Member's written appeal within twenty (20) calendar days of the date of the MyClub8 termination letter. If the written appeal is not received within this time period, the termination will be considered final.
- D. If the Member does file a timely appeal of termination, MyClub8 will review its decision, along with any other information it may deem relevant, reconsider any other appropriate action, and notify the Member of its decision. The decision of MyClub8 is then considered final and not subject to further review.
- E. If the termination is not rescinded, the termination will be effective as of the date of the original termination notice by MyClub8. The former Member shall thereafter be prohibited from using the names, marks or signs, labels, stationery, advertising, or business material referring to or relating to any Company products or services. MyClub8 will notify the active Upline Sponsor within ten (10) days after termination. The organization of the terminated Member will "roll up" to the active Upline Sponsor on record.
- F. The MyClub8 Member who is involuntarily terminated by MyClub8 may not reapply for a business, either under his, her or its present name or any other name or entity, without the *express written consent of an officer of MyClub8*, following a review by the *Company Compliance Department*. In any event, such Member may not re-apply for a business for twelve (12) months from the date of termination.

#### **10.11 Effect of Cancellation**

- A. Following a Members' cancellation for inactivity or voluntary or involuntary termination (collectively, a "cancellation") such Member:
  - I. Shall have no right, title, claim or interest to any commission or bonus from the sales generated by the Member's former organization or any other payments in association with the Member's former independent business;
  - II. Effectively waives any and all claims to property rights or any interest in or to the Member's former Downline organization;
  - III. Shall receive commissions and bonuses only for the last full pay period in which he, she or it was active prior to cancellation, less any amounts withheld during an investigation preceding an involuntary cancellation, and less any other amounts owed to MyClub8.

## **11.0 DISCIPLINARY SANCTIONS**

### **11.1 Imposition of Disciplinary Action - Purpose**

- A. It is the spirit of MyClub8 that integrity and fairness should pervade among its Members, thereby providing everyone with an equal opportunity to build a successful business. Therefore, MyClub8 reserves the right to impose disciplinary sanctions at any time, when it has determined that a member has violated the Agreement or any of these Policies or the Compensation Plan as they may be amended from time to time by MyClub8.

### **11.2 Consequences and Remedies of Breach**

- A. Disciplinary actions may include one or more of the following:
  - I. Monitoring a member's conduct over a specified period of time to assure compliance;
  - II. Issuance of a written warning or requiring the member to take immediate corrective action;
  - III. Imposition of a fine (which may be imposed immediately or withheld from future commission payments) or the withholding of commission payments ("Commission Hold") until the matter causing the Commission Hold is resolved or until MyClub8 receives adequate additional assurances from the member to ensure future compliance;

- IV. Suspension from participation in Company or member events, rewards, or recognition;
- V. Suspension of the MyClub8 Member Agreement and business for one or more pay periods;
- VI. Involuntary termination of the Member's Agreement and business;
- VII. Any other measure which MyClub8 deems feasible and appropriate to justly resolve injuries caused by the Member's Policy violation or contractual breach;  
OR
- VIII. Legal proceedings for monetary or equitable relief.

## **12.0 DISPUTE RESOLUTION**

### **12.1 Grievances**

- A. If a MyClub8 Member has a grievance or complaint against another Member regarding any practice or conduct relating to their respective MyClub8 businesses, he, she or it is encouraged to resolve the issue directly with the other party. If an agreement cannot be reached, it must be reported directly to the MyClub8 Compliance Department as outlined below in this Section.
- B. The MyClub8 Compliance Department will be the final authority on settling such grievance or complaint and its written decision shall be final and binding on the members involved.
- C. MyClub8 will confine its involvement to disputes regarding MyClub8 business matters only. MyClub8 will not decide issues that involve personality conflicts or unprofessional conduct by or between members outside the context of a MyClub8 business. These issues go beyond the scope of MyClub8 and may not be used to justify a Sponsor or Placement change or a transfer to another MyClub8 organization.
- D. MyClub8 does not consider, enforce, or mediate third party agreements between members, nor does it provide names, funding, or advice for obtaining outside legal counsel.
- E. Process for Grievances:

- I. The MyClub8 Member should submit a written letter of complaint (e-mail will not be accepted) directly to the MyClub8 Compliance Department. The letter shall set forth the details of the incident as follows:
  - a. The nature of the violation;
  - b. Specific facts to support the allegations;
  - c. Dates;
  - d. Number of occurrences;
  - e. Persons involved; and
  - f. Supporting documentation.
  
- II. Upon receipt of the written complaint, MyClub8 will conduct an investigation according to the following procedures:
  - a. The Compliance Department will send an acknowledgment of receipt to the complaining Member;
  - b. The Compliance Department will provide a verbal or written notice of the allegation to the Member under investigation. If a written notice is sent to the Member, he, she or it will have ten (10) business days from the date of the notification letter to present all information relating to the incident for review by MyClub8.
  - c. The Compliance Department will thoroughly investigate the complaint, consider all the submitted information it deems relevant, including information from collateral sources. Due to the unique nature of each situation, determinations of the appropriate remedy will be on a case by case basis, and the length of time to reach a resolution will vary.
  - d. During the course of the investigation, the Compliance Department will only provide periodic updates simply stating that the investigation is ongoing. No other information will be released during this time. Member calls, letters, and requests for “progress reports” during the course of the investigation will not be answered or returned.
  
- E. MyClub8 will make a final decision and timely notify the MyClub8 members involved.

## 12.2 Arbitration

- A. **Any controversy or claim arising out of or relating to the MyClub8 Member Agreement, these Policies, or the breach thereof, the Member’s business or any dispute between MyClub8 and the Member, shall be settled by binding and confidential arbitration administered by the American Arbitration Association under its commercial arbitration rules, and judgment on the award rendered by**

**the arbitrator may be entered in any court having jurisdiction thereof.** Any such arbitration shall be held in Escondido, California. There shall be one arbitrator, who shall have expertise in business law transactions and who shall be knowledgeable in the direct selling industry, selected from a panel provided by the American Arbitration Association.

- B. The prevailing party in any such arbitration shall be entitled to receive from the losing party, all costs and expenses of arbitration, including reasonable attorney's fees and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to judgment in any court of competent jurisdiction.
- C. This agreement to arbitration shall survive any termination or expiration of the Member Agreement.
- D. Nothing in these Policies shall prevent MyClub8 from applying for or obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect MyClub8 interests or its Confidential Information prior to, during or following the filing of an arbitration or other proceeding, or pending the rendition of a decision or award in connection with any arbitration or other proceeding.
- E. **NO CLASS ACTION, OR OTHER REPRESENTATIVE ACTION OR PRIVATE ATTORNEY GENERAL ACTION OR JOINDER OR CONSOLIDATION OF ANY CLAIM WITH A CLAIM OF ANOTHER PERSON OR CLASS OF CLAIMANTS SHALL BE ALLOWABLE.**
- F. These Policies and any arbitration involving a Member and MyClub8 shall be governed by and construed in accordance with the laws of the state of California, without reference to its principles of conflict of laws.

### **12.3 Severability**

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

### **12.4 Waiver**

- A. Only an officer of MyClub8 can, in writing, affect a waiver of the MyClub8 Policies. MyClub8's waiver of any particular breach by a Member shall not affect MyClub8's

rights with respect to any subsequent breach, nor shall it affect the rights or obligations of any other Member.

- B. The existence of any claim or cause of action of a Member against MyClub8 shall not constitute a defense to MyClub8's enforcement of any term or provision of these Policies.

## **12.5 Successors and Claims**

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

## **13.0 GOVERNING LAW**

These Policies shall be governed by and construed in accordance with the Laws of the State of California and the exclusive jurisdiction of the United States courts.

## **14.0 MYCLUB8 GLOSSARY OF TERMS**

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

**AGREEMENT:** The contract between the Company and each Member, which includes the following: (i) the Member Agreement; (ii) the Company Policies and Procedures; and (iii) the Company Compensation Plan, all in their current form and as amended by MyClub8 in its sole discretion. These documents are collectively referred to as the "Agreement."

**CANCEL:** The termination of a Member's business. Cancellation may be either voluntary, involuntary, or through non-renewal.

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

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

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

**LINE OF SPONSORSHIP (LOS):** A report generated by MyClub8 that provides critical data relating to the identities of Members, sales information, and enrollment activity of each Member's

organization. This report contains confidential and trade secret information which is proprietary to MyClub8.

**ORGANIZATION:** The Customers and Members placed below a particular Member.

**OFFICIAL MYCLUB8 MATERIAL:** Literature, audio or video tapes, and other materials developed, printed, published, and distributed by MyClub8 to Members.

**PLACEMENT:** Your position inside your Sponsor's organization.

**RECRUIT:** For purposes of MyClub8's Conflict of Interest Policy, the term "Recruit" means the actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another MyClub8 Member or Customer to enroll or participate in another multilevel marketing, network marketing, or direct sales opportunity.

**RESALABLE CONDITION:** Products shall be deemed in "Resalable Condition" if each of the following elements is satisfied: (i) they are unopened and unused; (ii) original packaging and labelling has not been altered or damaged; (iii) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; and (iv) the product contains current MyClub8 labelling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable.

**SPONSOR:** A Member who enrolls a Customer, Retailer, or another member into the Company, and is listed as the Sponsor on the Member Agreement. The act of enrolling others and training them to become a member is called "sponsoring."

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