

CILI By Design

Policies and Procedures

Effective 02.01.2019

Contents

SECTION 1 - MISSION STATEMENT	1
SECTION 2 - INTRODUCTION	2
2.1 - PURPOSE OF THE MEMBER AGREEMENT AND THE POLICIES AND PROCEDURES	2
2.2 - POLICIES AND COMPENSATION PLAN INCORPORATED INTO MEMBER AGREEMENT	2
2.3 - CHANGES TO THE AGREEMENT	2
2.4 - POLICIES AND PROVISIONS SEVERABLE	3
2.5 - WAIVER	3
2.6 - COMPANY USE OF INFORMATION	3
SECTION 3 - BECOMING A MEMBER	4
3.1 - REQUIREMENTS TO BECOME A MEMBER	4
3.2 - MEMBERSHIP FEE	4
3.3 - MEMBER BENEFITS	4
3.4 - TERM AND RENEWAL OF YOUR CILI BUSINESS	5
SECTION 4 - OPERATING A SOCIAL WEALTH BUSINESS	6
4.1 - ADHERENCE TO THE CILI COMPENSATION PLAN	6
4.2 - ADVERTISING	6
4.2.1 - General	6
4.2.2 - Trademarks and Copyrights	7
4.2.3 - Media and Media Inquiries	8
4.2.4 - Unsolicited Email	8
4.2.4.1 - Requirements for All Commercial Email Messages	9
4.2.4.2 - Additional Requirements for Email Messages Sent to Wireless Devices	11
4.2.4.3 - Commercial Email Messages Sent on Behalf of Members	11
4.2.5 - Unsolicited Faxes	12
4.2.6 - Telephone Directory Listings	12
4.2.7 - Television and Radio Advertising	12
4.2.8 - Advertised Prices	12
4.3 - ONLINE CONDUCT	12
4.3.1 - Member Web Sites	12

4.3.2 - CILI Replicated Websites	13
4.3.3 - Registered External Website Content	14
4.3.4 - CILI Independent Member Disclosure	14
4.3.5 - Registered External Websites Must Exclusively Promote CILI	15
4.3.6 - eCommerce or Stock-and-Sell Retailing	15
4.3.7 - Registered External Website Termination	15
4.3.8 - Team Websites	15
4.3.9 - Domain Names, email Addresses and Online Aliases	16
4.3.10 - CILI Hotlinks	16
4.3.11 - Monetizing Websites	16
4.3.12 - Online Classifieds	16
4.3.13 - eBay / Online Auctions	17
4.3.14 - Online Retailing	17
4.3.15 - Banner Advertising	17
4.3.16 - Spam Linking	17
4.3.17 - Digital Media Submission (YouTube, iTunes, PhotoBucket etc.)	17
4.3.18 - Sponsored Links / Pay-Per-Click (PPC) Ads	18
4.3.19 - Domain Names and Email Addresses	18
4.3.20 - Social Media	18
4.4 - BUSINESS ENTITIES	19
4.4.1 - Removal of an Affiliated Party	19
4.4.2 - Changes to a Business Entity	20
4.5 - CHANGE OF SPONSOR	20
4.5.1 - Misplacement	20
4.5.2 - Termination and Re-application	21
4.5.3 - WAIVER OF CLAIMS	21
4.6 - UNAUTHORIZED CLAIMS AND ACTIONS	21
4.6.1 - Indemnification	21
4.6.2 - Product Claims	22
4.6.3 - Compensation Plan Claims	22
4.6.4 - Income Claims	23
4.7 - REPACKAGING AND RE-LABELING PROHIBITED	23
4.8 - COMMERCIAL OUTLETS	23
4.9 - MILITARY INSTALLATIONS	23
4.10 - TRADE SHOWS, EXPOSITIONS AND OTHER SALES FORUMS	25
4.11 - CONFLICTS OF INTEREST	25
4.11.1 - Crossline Recruiting	25
4.11.2 - Nonsolicitation	26
4.11.3 - Member Participation in Other Network Marketing Programs	26
4.11.4 - Confidential Information	27
4.12 - TARGETING OTHER DIRECT SELLERS	28
4.13 - Errors or Questions	29

4.14 - GOVERNMENTAL APPROVAL OR ENDORSEMENT	29
4.15 - HOLDING APPLICATIONS OR ORDERS	29
4.16 - INCOME TAXES.....	29
4.17 - INDEPENDENT CONTRACTOR STATUS	29
4.18 - INSURANCE	30
4.19 - INTERNATIONAL MARKETING	30
4.20 - EXCESS INVENTORY AND BONUS BUYING.....	30
4.21 - ADHERENCE TO LAWS, REGULATIONS AND THE AGREEMENT.....	30
4.22 - ONE CILI BUSINESS PER MEMBER AND PER HOUSEHOLD.....	31
4.23 - ACTIONS OF HOUSEHOLD MEMBERS OR AFFILIATED PARTIES.....	31
4.24 - ROLL-UP OF MARKETING ORGANIZATION	31
4.25 - SALE, TRANSFER OR ASSIGNMENT OF CILI BUSINESS	32
4.26 - SEPARATION OF A CILI BUSINESS.....	32
4.27 - SPONSORING ONLINE	34
4.28 - SUCCESSION.....	34
4.28.1 - Transfer Upon Death of a Member	34
4.28.2 - Transfer Upon Incapacitation of a Member.....	35
4.29 - TELEMARKETING TECHNIQUES	35
4.30 - BACK OFFICE ACCESS.....	36
4.31 - UNAUTHORIZED COMMUNICATION	36
SECTION 5 - RESPONSIBILITIES OF MEMBERS.....	37
5.1 - CHANGE OF ADDRESS, TELEPHONE, AND E-MAIL ADDRESSES	37
5.2 - CONTINUING DEVELOPMENT OBLIGATIONS.....	37
5.2.1 - Ongoing Training.....	37
5.2.2 - Increased Training Responsibilities	37
5.2.3 - Ongoing Sales Responsibilities.....	38
5.3 - NONDISPARAGEMENT.....	38
5.4 - PROVIDING DOCUMENTATION TO APPLICANTS	38
SECTION 6 - SALES REQUIREMENTS	39
6.1 - PRODUCT SALES	39
6.2 - NO TERRITORY RESTRICTIONS.....	39
6.3 - SALES RECEIPTS	39
SECTION 7 - BONUSES AND COMMISSIONS	41
7.1 - BONUS AND COMMISSION QUALIFICATIONS AND ACCRUAL.....	41
7.2 - ADJUSTMENT TO BONUSES AND COMMISSIONS.....	41
7.2.1 - Adjustments for Returned Products and Cancelled Services.....	41
7.2.2 - Hard Copy Commission Checks.....	41
7.2.3 - Tax Withholdings.....	42
7.3 - REPORTS.....	42

SECTION 8 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE	44
8.1 - PRODUCT GUARANTEE AND RESCISSION.....	44
8.2 - RESCISSION.....	44
8.2.1 - RETAIL CUSTOMERS	44
8.2.2 - VIP CUSTOMERS	45
8.2.3 - INFORMING CUSTOMERS	45
8.3 - RETURN OF INVENTORY AND SALES AIDS BY MEMBERS UPON TERMINATION.....	45
8.3.1 Montana Residents	46
8.4 - PROCEDURES FOR ALL RETURNS.....	46
SECTION 9 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS	48
9.1 - DISCIPLINARY SANCTIONS	48
9.2 - GRIEVANCES AND COMPLAINTS.....	49
9.3 - MEDIATION	49
9.4 - ARBITRATION	49
9.5 - GOVERNING LAW, JURISDICTION, AND VENUE.....	51
9.5.1 - LOUISIANA RESIDENTS	51
SECTION 10 - PAYMENTS.....	52
10.1 - RETURNED CHECKS	52
10.2 - RESTRICTIONS ON THIRD PARTY USE OF CREDIT CARDS AND BANK ACCOUNT ACCESS	52
10.3 - SALES TAXES.....	52
SECTION 11 - INACTIVITY, RECLASSIFICATION AND TERMINATION	53
11.1 - EFFECT OF TERMINATION.....	53
11.2 - TERMINATION DUE TO INACTIVITY.....	53
11.3 - INVOLUNTARY TERMINATION	53
11.4 - VOLUNTARY TERMINATION	54
11.5 - NON-RENEWAL	54
SECTION 12 - DEFINITIONS	55

SECTION 1 - MISSION STATEMENT

SECTION 2 - INTRODUCTION

2.1 - Purpose of the Member Agreement and the Policies and Procedures

The purposes of the Member Agreement and the Policies and Procedures include the following:

- ❖ To assist Members in building and protecting their businesses;
- ❖ To protect CILI and its Members from legal and regulatory risks;
- ❖ To establish standards of acceptable behavior;
- ❖ To set forth the rights, privileges, and obligations of CILI and its Members; and
- ❖ To define the relationship between CILI and its Members.

2.2 - Policies and Compensation Plan Incorporated into Member Agreement

These Policies and Procedures and the Compensation Plan, in their present form and as amended by CILI By Design, LLC (doing business as “CILI By Design”, and hereinafter “CILI” or the “Company”), are incorporated into, and form an integral part of, the CILI Independent Member Application and Agreement (“Member Agreement”). It is the responsibility of each Member to read, understand, adhere to, and insure that he or she is aware of and operating under the most current version of these Policies and Procedures. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the CILI Member Application and Agreement (including the Terms and Conditions), these Policies and Procedures, the CILI Compensation Plan, and the CILI Business Entity Addendum (if applicable). These documents are incorporated by reference into the CILI Member Agreement (all in their current form and as amended by CILI).

2.3 - Changes to the Agreement

CILI reserves the right to amend the Agreement, the Compensation Plan, and its prices in its sole and absolute discretion. By executing the Member Agreement, a Member agrees to abide by all amendments or modifications that CILI

elects to make. Amendments shall be effective thirty (30) days after publication of notice that the Agreement has been modified. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment. Notification of amendments shall be published by one or more of the following methods: (1) posting on the Company’s official web site; (2) electronic mail (e-mail); (3) posting in Members’ back-offices; (4) inclusion in Company periodicals; (5) inclusion in product orders or bonus checks; or (6) special mailings. The

continuation of a Member's CILI business, the acceptance of any benefits under the Agreement, or a Member's acceptance of bonuses or commissions constitutes acceptance of all amendments.

2.4 - Policies and Provisions Severable

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

2.5 - Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of CILI to exercise any right or power under the Agreement or to insist upon strict compliance by a Member with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of CILI's right to demand exact compliance with the Agreement. The existence of any claim or cause of action of a Member against CILI shall not constitute a defense to CILI's enforcement of any term or provision of the Agreement.

2.6 - Company Use of Information

By submitting a Member Application and Agreement that is accepted by CILI, the Member consents to allow CILI, its affiliates, and any related company to: (a) process and utilize the information submitted in the Member Application and Agreement (as amended from time to time) for business purposes related to the CILI business; and (2) disclose, now or in the future, such Member information to companies which CILI may, from time to time, deal with to deliver information to a Member to improve its marketing, operational, and promotional efforts. A Member has the right to access his or her personal information via his or her respective back office, and to submit updates thereto.

SECTION 3 - BECOMING A MEMBER

3.1 - Requirements to Become a Member

To become a CILI Member, each applicant must:

- ❖ Be at least 18 years of age;
- ❖ Reside in the United States or U.S. Territories or country that CILI has officially announced is open for business;
- ❖ Provide CILI with his/her valid Social Security or Federal Tax ID number;
- ❖ Pay the Membership Fee (optional for residents of North Dakota); and
- ❖ Submit a properly completed Member Application and Agreement to CILI either in hard copy or online format.

CILI reserves the right to accept or reject any Member Application and Agreement for any reason or for no reason.

3.2 - Membership Fee

With the exception of the Membership Fee, no person is required to purchase CILI products, services or sales aids, or to pay any charge or fee to become a Member. In order to familiarize new Members with CILI products, services, sales techniques, sales aids, and other matters, the Company requires all Members to pay the Membership Fee.

3.3 - Member Benefits

Once a Member Application and Agreement has been accepted by CILI, the benefits of the Compensation Plan and the Member Agreement are available to the new Member. These benefits include the right to:

- ❖ Sell CILI products and services;
- ❖ Participate in the CILI Compensation Plan (receive bonuses and commissions, if eligible);
- ❖ Sponsor other individuals as Customers or Members into the Cili business and thereby, build a marketing organization and progress through the CILI Compensation Plan;
- ❖ Receive periodic CILI literature and other CILI communications;

- ❖ Participate in CILI-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- ❖ Participate in promotional and incentive contests and programs sponsored by CILI for its Members.

3.4 - Term and Renewal of Your CILI Business

The term of the Member Agreement is one year from the date of its acceptance by CILI (subject to reclassification for inactivity after six months pursuant to Section 11.2). Members must renew their Member Agreement each year by paying an annual renewal fee of \$39.95 on or before the anniversary date of their Member Agreement. If the renewal fee is not paid within thirty (30) days after the expiration of the current term of the Member Agreement, the Member Agreement will be automatically terminated. Members may elect to utilize the Automatic Renewal Program (“ARP”). Under the ARP, the renewal fee will be charged to the Member’s credit card on file with the Company. Members without a credit card or bank account must renew by phone or mail. CILI shall have the right in its sole and absolute discretion not to accept the Agreement or any renewal of it.

SECTION 4 - OPERATING A SOCIAL WEALTH BUSINESS

4.1 - Adherence to the CILI Compensation Plan

Members must adhere to the terms of the CILI Compensation Plan as set forth in official CILI literature. Members shall not offer the CILI opportunity through, or in combination with, any other system, program, sales tools, or method of marketing other than that specifically set forth in official CILI literature. Members shall not require or encourage other current or prospective Customers or Members to execute any agreement or contract other than official CILI agreements and contracts in order to become a CILI Member. Similarly, Members shall not require or encourage other current or prospective Customers or Members to make any purchase from, or payment to, any individual or other entity to participate in the CILI Compensation Plan other than those purchases or payments identified as recommended or required in official CILI documents or literature.

4.2 - Advertising

4.2.1 - General

All Members shall safeguard and promote the good reputation of CILI and its products. The marketing and promotion of CILI, the CILI opportunity, the Compensation Plan, and CILI products must avoid all discourteous, deceptive, misleading, unethical or immoral, or illegal conduct or practices.

To promote both the products and services, and the tremendous opportunity CILI offers, Members must use the sales aids, business tools, and support materials produced or approved by CILI. The Company has carefully designed its products, product labels, Compensation Plan, and promotional materials to ensure that they are promoted in a fair and truthful manner, that they are substantiated, and the materials comply with the legal requirements of federal and state laws.

Accordingly, Members may only advertise or promote their CILI business using approved tools, templates or images acquired through CILI. No approval is necessary to use these approved tools. If you wish to design your own online or offline marketing materials of any kind, your designs must be submitted to the CILI advertising department (adapproval@cili.com) for consideration and inclusion in the template/image library. Unless you receive specific written

approval from CILI to use such tools, the request shall be deemed denied. Go to the *Template Library* tab in your back office for guidelines and to access the library.

Members may not sell sales aids to other CILI Members. Therefore, Members who receive authorization from CILI to produce their own sales aids may not sell such material to any other CILI Member. Members may make approved material available to other Members free of charge if they wish, but may not charge other CILI Members for the material.

CILI further reserves the right to rescind approval for any sales tools, promotional materials, advertisements, or other literature, and Members waive all claims for damages or remuneration arising from or relating to such rescission.

4.2.2 - Trademarks and Copyrights

The name of CILI and other names as may be adopted by CILI are proprietary trade names, trademarks and service marks of CILI (collectively “marks”). As such, these marks are of great value to CILI and are supplied to Members for their use only in an expressly authorized manner. CILI will only allow the limited non-exclusive use of its marks, designs, or symbols, or any derivatives thereof, solely by a Member in the furtherance or operation of his or her CILI business, consistent with these Policies and Procedures. CILI will not allow the use of its marks, designs, or symbols, or any derivatives thereof, by any person, including CILI Members, in any manner without its prior, written permission.

The content of all Company sponsored events is copyrighted material. Members may not produce for sale or distribution any recorded Company events and speeches without written permission from Cili, nor may Members reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

As an independent Member, you may use the CILI name in the following manner

Member’s Name
Independent CILI Member

Example:

Alice Smith
Independent CILI Member

or

Alice Smith

CILI

Independent Member

Members may not use the name CILI in any form in your team name, a tagline, an external website name, your personal website address or extension, in an e-mail address, as a personal name, or as a nickname. Additionally, only use the phrase *Independent CILI Member* in your phone greeting or on your answering machine to clearly separate your independent CILI business from CILI, LLC. For example, you may not secure the domain name www.buycili.com, nor may you create an email address such as alicesmithsales@gmail.com.

4.2.2.1 - Independent CILI Member Logo

If you use a CILI logo in any communication, you must use the Independent Member version of the CILI logo. Using any other CILI logo requires written approval. Please see logo examples in your back office.

4.2.3 - Media and Media Inquiries

Members must not attempt to respond to media inquiries regarding CILI, its products or services, or their independent CILI business. All inquiries by any type of media must be immediately referred to CILI's Legal Department. This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

4.2.4 - Unsolicited Email

CILI does not permit Members to send unsolicited commercial emails unless such emails strictly comply with applicable state and federal laws and regulations including, without limitation, the federal CAN SPAM Act. The CAN-SPAM Act regulates the transmission of all commercial e-mail messages, not just unsolicited messages. A commercial e-mail message is defined as any e-mail that has a "primary purpose of . . . commercial advertisement or promotion of a commercial product or service." This includes commercial e-mails sent to business e-mail accounts, as well as those sent to individual consumers.

4.2.4.1 - Requirements for All Commercial Email Messages

The Mailing List

- ❖ The mailing list may include only persons who have affirmatively agreed (opted in) to receive commercial e-mail from you.
- ❖ The mailing list must not include any recipient who has previously asked not to receive commercial e-mail from the business (opted out).
- ❖ You must “scrub” the mailing list against available “do not e-mail” list at the last possible, commercially reasonable moment before the e-mail is sent.

The E-mail Message

- ❖ The message must include complete and accurate transmission and header information.
- ❖ The “From” line must identify your business as the sender. This does not have to include your business’s formal name, if any. For example, it may contain your business’s name, trade name, or product or service name. The key requirement is that the “From” line provide the recipient with enough information to understand who is sending the message.
- ❖ The “Subject” line must accurately describe the message’s content.
- ❖ The message must clearly include the business’s valid, current physical postal address. This address can be a:
 - street address;
 - post office box that the business has accurately registered with the US Postal Service; or
 - private mailbox that the business has accurately registered with a commercial mail receiving agency established pursuant to US Postal Service regulations.
- ❖ The message must disclose that it is an advertisement or solicitation unless the e-mail message is sent only to recipients who have affirmatively agreed (opted in) to receive these messages from the business.
- ❖ There must be a functioning return email address to the sender.
- ❖ The use of deceptive subject lines and/or false header information is prohibited.

The Opt-out Mechanism

- ❖ The message must clearly explain that the recipient may opt out of receiving future commercial messages from the business.
- ❖ The message must include either an e-mail address or other online mechanism that the recipient may use for this opt out. The mechanism must not require the recipient to:
 - do anything more than reply to the e-mail or visit a single web page to opt out;
 - make any payment or submit any personal information, including account information (other than e-mail address), to opt out; and
 - the opt-out mechanism must work for at least 30 days after the e-mail is sent.
- ❖ You must ensure that the explanation of how a recipient can opt out is easy to read and understand.
- ❖ You may include a menu of opt-out options that permit the recipient to select the types of commercial messages the recipient would like to continue receiving. However, one option must permit opting out of all commercial messages from you.
- ❖ You must honor all opt-out requests within ten business days.
- ❖ Opt-out requests do not expire. An opt-out is overridden only by the recipient's subsequent express (opt in) request to receive commercial e-mail.
- ❖ All opt-out requests, whether received by email or regular mail, must be honored. If you receive an opt-out request from a recipient of an email, you must forward the opt-out request to the Company.
- ❖ You may not sell, share or use a business's opt-out list for any reason other than to comply with the law.

Monitoring Opt-out Capabilities – If you use a third-party service provider you must implement procedures to ensure that your opt-out capabilities actually work. An example of a basic procedure to test the opt-out procedure is as follows:

- ❖ Establish e-mail accounts with several major private e-mail account providers (for example, Gmail, Yahoo, Hotmail, AOL, and so on) and add these e-mail addresses to the business's mailing list. For each e-mail address created for monitoring purposes, use the business's opt-out mechanism to remove the e-mail address from the mailing list.

- ❖ Repeat this procedure on a regular basis (for example, at least every two weeks).
- ❖ Examine the e-mail received by the monitoring e-mail account to confirm that the: the opt-out mechanism works; the opt-out request is honored within 10 business days; and the monitoring e-mail account no longer receives commercial messages from the business.
- ❖ If the monitoring and testing process reveals problems, the business should immediately fix the issues.

Third-party Marketing Affiliates or Service Providers - When using third-party service providers, including affiliate marketers you should ensure that the written contract with the service provider clearly sets out each party's responsibilities for compliance with the CAN-SPAM Act and includes appropriate and adequate remedies for noncompliance.

4.2.4.2 - Additional Requirements for Email Messages Sent to Wireless Devices

When sending commercial messages to wireless devices:

- ❖ Ensure that you have the recipient's prior, affirmative consent (opt in) to send the commercial message. The consent can be oral, written or electronic.
- ❖ Ask for consent in a way that involves no cost to the recipient, for example:
 - do not send the request to the wireless device; and
 - allow the recipient to respond in a way that involves no cost (such as an online, e-mail or postal mail sign-up).
- ❖ When seeking consent, make it clear that the recipient:
 - is agreeing to receive commercial e-mail on his wireless device;
 - may be charged to receive the e-mail; and
 - can revoke his consent at any time.

4.2.4.3 - Commercial Email Messages Sent on Behalf of Members

The CILI may periodically send commercial emails on behalf of Members. By entering into the Member Agreement, Member agrees that the Company may send such emails and that the Member's physical and email addresses will be included in such emails as outlined above. Members shall honor opt-out requests generated as a result of such emails sent by the Company.

4.2.5 - Unsolicited Faxes

Except as provided in this section, Members may not use or transmit unsolicited faxes in connection with their CILI business. The term "unsolicited faxes" means the transmission via telephone facsimile or computer of any material or information advertising or promoting CILI, its products, its compensation plan or any other aspect of the company which is transmitted to any person, except that these terms do not include a fax: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Member has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two way communication between a Member and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Member; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

4.2.6 - Telephone Directory Listings

Members may list themselves as an "Independent CILI Member" in the white or yellow pages of the telephone directory, or with online directories, under their own name. No Member may place telephone or online directory display ads using CILI's name or logo. Members may not answer the telephone by saying "CILI", "CILI Incorporated", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of CILI. If a Member wishes to post his/her name in a telephone or online directory, it must be listed in the following format:

Member's Name

Independent CILI Member

4.2.7 - Television and Radio Advertising

Members may not advertise on television and radio except with CILI's express written approval.

4.2.8 - Advertised Prices

Members may not create their own marketing or advertising material offering any CILI products at a price less than the retail price published on the Member's replicated website.

4.3 - Online Conduct

4.3.1 - Member Web Sites

If a Member desires to utilize an Internet web page to promote his or her business, he or

she may do so through the Company's official web site, using official CILI Replicated Website templates. Through their replicated websites, Members can take orders, enroll new Customers and Members, place Customers on the Autoship Program, as well as manage their CILI business. Alternatively, Members may develop their own External Registered Websites. However, any Member who wishes to develop his or her own External Registered Website must submit a properly completed External Website Registration Application and Agreement along with the proper website registration fee and receive the Company's prior written approval before the website goes live and is visible to any third party. Once a website is approved by CILI in writing, it is a "Registered External Website." Any changes to the Registered External Website must be submitted to CILI, and the Member must receive CILI's written authorization to make the change before going live with the change.

Members may create their own External Registered Websites, so long as the website and its content comply with the terms of CILI's Policies and Procedures and applicable laws. Members may not advertise, offer or sell CILI products at prices that are less than the Company's current published retail prices. It is the Member's obligation to ensure his or her online marketing activities are truthful, are not deceptive and do not mislead prospective or current Customers or Members in any way. Websites and web promotion activities and tactics that mislead or are deceptive, regardless of intent, will result in disciplinary action. Deceptive and misleading tactics include, but are not limited to, spam linking (or blog spam), deceptive or misleading search engine optimization ("SEO") tactics (e.g., deceptive or misleading metatags), deceptive or misleading click-through ads (i.e. having the display URL of a Pay-Per-Click ("PPC") campaign appear to be directed to an official CILI Corporate Site when it in fact goes elsewhere), unapproved banner ads, and unauthorized press releases. CILI will be the sole determinant of truthfulness and whether specific activities are misleading or deceptive.

4.3.2 - CILI Replicated Websites

Members receive a CILI Replicated Website subscription to facilitate online buying experience for their Customers and enrollments for prospective Customers and Members. Members are solely responsible and liable for the content they add to their Replicated Website and must regularly review the content to ensure it is accurate and relevant.

Members may not alter the branding, artwork, look, or feel of their Replicated Website, and may not use their Replicated Website to promote, market or sell non-CILI products, services or

income opportunities. Specifically, you may not alter the look (placement, sizing etc.) or functionality of the following:

- ❖ The CILI Independent Member Logo
- ❖ Your Name
- ❖ CILI Corporate Website Redirect Button
- ❖ Artwork, logos, or graphics
- ❖ Original text.

Because Replicated Websites reside on the CILI.com domain, CILI reserves the right to receive analytics and information regarding the usage of your website.

By default, your CILI Replicated Website URL is www.CILI.com/<distributorID#>. You must change this default ID and choose a uniquely identifiable website name that cannot:

- ❖ Be confused with other portions of the CILI corporate website;
- ❖ Confuse a reasonable person into thinking they have landed on a CILI corporate page;
- ❖ Be confused with any CILI name;
- ❖ Contain any discourteous, misleading, or off-color words or phrases that may damage CILI's image.

4.3.3 - Registered External Website Content

Members are solely responsible and liable for their own Registered External Website content, messaging, claims, and information and must ensure that it appropriately represents and enhances the CILI brand and adheres to CILI's Policies and Procedures. Additionally, Registered External Websites must not contain disingenuous popup ads or promotions or malicious code. Decisions and corrective actions in this area are at CILI's sole discretion.

4.3.4 - Cili Independent Member Disclosure

To avoid confusion, the following three elements must be prominently displayed at the top of every page of your Registered External Website:

- ❖ The CILI Independent Member Logo
- ❖ Your Name and Title

❖ CILI Corporate Website Redirect Button

Although CILI brand themes and images are desirable for consistency, anyone landing on any page of a Member's External Website must clearly understand that they are at an Independent Member site, and not a CILI Corporate page.

4.3.5 - Registered External Websites Must Exclusively Promote CILI

Your CILI Registered External Website must contain content and information that is exclusive to CILI. You may not advertise other products or services other than the CILI product line and the CILI opportunity.

4.3.6 - eCommerce or Stock-and-Sell Retailing

A Member's Registered External Website may offer CILI products for sale, and. Members may stock and sell CILI products through their Registered External Website, if they purchase CILI products through our Bulk Pricing Program. Please remember that all products purchased pursuant to the Bulk Pricing Program are not refundable to the Member, nor are they subject to the buy-back provisions of Section 8.3.

4.3.7 - Registered External Website Termination

In the event of the voluntary or involuntary termination of your Member Agreement, you must remove your Registered External Website from public view within three days and redirect (forward) all traffic from that domain to www.cili.com. Your external website may be transferred to another CILI Member, subject to CILlapproval, on a case-by-case basis.

4.3.8 - Team Websites

Members who have achieved the rank of C7 or higher may create their own Team Website, and Members who have achieved the rank of C4 or higher may create their own Facebook Team Website. You may use team websites for the purposes of connecting, communicating, training, education and sharing best practices among team members. Because these sites may contain sensitive and Company-specific information, these team websites must be password protected (for Team Websites) and may only be shared with members of your downline.

An eligible Member who wants to develop his or her own Team Website must submit a properly completed Team Website Registration Application and Agreement along with the proper website registration fee and receive the Company's prior written approval before the

website goes live and is visible to any third party. Once a Team Website is approved by CILI in writing, it is a “Registered Team Website.” Any changes to the Registered Team Website must be submitted to CILI, and the Member must receive CILI’s written authorization to make the change before going live with the change. Members who own or operate a Registered Team Website must provide CILI with a user ID and password to be able to access the website from time to time. Registered Team Websites must comply with the terms of CILI’s Policies and Procedures and applicable laws.

4.3.9 - Domain Names, email Addresses and Online Aliases

You are not allowed to use or register CILI or any of CILI’s trademarks, product names, or any derivatives, for any Internet domain name, email address, or online aliases. Additionally, you cannot use or register domain names, email addresses, and/or online aliases that could cause confusion, or be misleading or deceptive, in that they cause individuals to believe or assume the communication is from, or is the property of CILI. Examples of the improper use of CILI include, but are not limited to any form of CILI showing up as the sender of an email or examples such as:

www.myHealthbiz.com

www.HealthDreamTeam.com

www.goodhealth.com

www.HealthbyJaneDoe.com

www.HealthandMoney.net

www.HealthandWealthOpportunity.net

4.3.10 - CILI Hotlinks

When directing readers to your Registered External Website or replicated site it must be evident from a combination of the link, and the surrounding context, to a reasonable reader, that the link will be resolving to the site of an independent CILI Member. Attempts to mislead web traffic into believing they are going to a CILI corporate site, when in fact they *land* at a Member site (replicated or registered external) will not be allowed. The determination as to what is *misleading* or what constitutes a *reasonable reader* will be at CILI’s sole discretion.

4.3.11 - Monetizing Websites

Members may not monetize their Replicated Website or their Registered External Website through affiliate programs, pay-per-click or cost-per-impression advertising, selling ad space, accepting donations, accepting sponsored posts or articles, adSense, or similar programs.

4.3.12 - Online Classifieds

You may not use online classifieds (including Craigslist) to list, sell or retail specific CILI products or product bundles. You may use online classifieds (including Craigslist) for prospecting, recruiting, sponsoring and informing the public about the CILI income opportunity, provided CILI-approved templates/images are used. These templates will identify you as an Independent CILI Member. If a link or URL is provided, it must link to your Replicated Website or your Registered External Website.

4.3.13 - eBay / Online Auctions

CILI's products and services may not be listed on eBay, Craigslist or other online auctions or sales websites, nor may Members enlist or knowingly allow a third party to sell CILI products on eBay or other online auction websites. A Member who becomes aware, or should have reasonably become aware, that a third party to whom he or she sells CILI products on eBay or any other online auctions must immediately discontinue all sales to the third party.

4.3.14 - Online Retailing

Members may not list or sell CILI products on any online retail store or ecommerce site (such as Amazon), nor may you enlist or knowingly allow a third party to sell CILI products on any online retail store or ecommerce site without prior written approval from CILI. All CILI products sold online must be sold at the retail price established by CILI.

4.3.15 - Banner Advertising

You may place banner advertisements on a website provided you use CILI-approved templates and images. All banner advertisements must link to your Replicated Website or a Registered External Website. Members may not use blind ads (ads that do not disclose the identity of the Company) or web pages that make product or income claims that are ultimately associated with CILI products or the CILI opportunity.

4.3.16 - Spam Linking

Spam linking is defined as multiple consecutive submissions of the same or similar content into blogs, wikis, guest books, websites or other publicly accessible online discussion boards or forums and is not allowed. This includes blog spamming, blog comment spamming and/or spamdexing. Any comments you make on blogs, forums, guest books, etc., must be unique, informative and relevant.

4.3.17 - Digital Media Submission (YouTube, iTunes, PhotoBucket etc.)

Members may upload, submit or publish CILI-related video, audio or photo content that they develop and create so long as it aligns with CILI's values, contributes to the CILI community greater good, and is in compliance with CILI's Policies and Procedures. All submissions must clearly identify you as an Independent CILI Member in the content itself and in the content description tag, must comply with all copyright/legal requirements, and must state that you are solely responsible for this content. Members may not upload, submit or publish any content (video, audio, presentations or any computer files) received from CILI or captured at official CILI events or in buildings owned, leased, or operated by CILI without prior written permission from CILI.

4.3.18 - Sponsored Links / Pay-Per-Click (PPC) Ads

Except as prohibited elsewhere within the Policies and Procedures, sponsored links or pay-per-click ads (PPC) are acceptable. The destination URL must be to the sponsoring Member's Replicated Website or to the sponsoring Member's Registered External Website. The display URL must also be to the sponsoring Member's Replicated Website or to the sponsoring Member's Registered External Website, and must not portray any URL that could lead the user to believe they are being directed to a CILI Corporate site, or be inappropriate or misleading in any way.

4.3.19 - Domain Names and Email Addresses

Except as set forth in the Member Website Application and Agreement, Members may not use or attempt to register any of CILI's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative of the foregoing, for any Internet domain name, email address, or social media name or address.

4.3.20 - Social Media

In addition to meeting all other requirements specified in these Policies and Procedures, should you utilize any form of social media, including but not limited to Facebook, Twitter, LinkedIn, YouTube, or Pinterest, you agree to each of the following:

- ❖ No product sales or enrollments may occur on any social media site. To generate sales, a social media site must link only to your CILI Replicated Website.
- ❖ It is your responsibility to follow the social media site's terms of use. If the social media site does not allow its site to be used for commercial activity, you must abide

by the site's terms of use.

- ❖ Any social media site that is directly or indirectly operated or controlled by a Member that is used to discuss or promote CILI's products or the CILI opportunity may not link to any website, social media site, or site of any other nature, other than the Member's CILI replicated website.
- ❖ During the term of this Agreement and for a period of 12 calendar months thereafter, a Member may not use any social media site on which they discuss or promote, or have discussed or promoted, the CILI business or CILI's products to directly or indirectly solicit CILI Members for another direct selling or network marketing program (collectively, "direct selling"). In furtherance of this provision, a Member shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other Members relating to the Member's other direct selling business activities. Violation of this provision shall constitute a violation of the non-solicitation provision in Section 4.11 (Conflicts of Interest) below.
- ❖ A Member may post or "pin" photographs of CILI products on a social media site, but only photos that are provided by CILI and downloaded from the Member's Back-Office may be used.

If a Member creates a business profile page on any social media site that promotes or relates to CILI, its products, or opportunity, the business profile page must relate exclusively to the Member's CILI business and CILI products. If the Member's CILI business is cancelled for any reason or if the Member becomes inactive, the Member must deactivate the business profile page.

4.4 - Business Entities

A corporation, limited liability company, partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be a CILI Member by submitting a Member Application and Agreement along with a properly completed Business Entity Registration Form and a properly completed IRS Form W-9. The Business Entity, as well as all shareholders, members, managers, partners, trustees, or other parties with any ownership (legal or equitable) interest in, or management responsibilities for, the Business Entity (collectively "Affiliated Parties") are individually, jointly and severally liable for any indebtedness to CILI, compliance with the CILI Policies and Procedures, the CILI Member Agreement, and other obligations to CILI.

4.4.1 - Removal of an Affiliated Party

To prevent the circumvention of Sections 4.25 (Sale, Transfer or Assignment of CILI Business) and 4.5, (Change of Sponsor), if any Affiliated Party wants to terminate his or her relationship with the Business Entity or CILI, the Affiliated Party must terminate his or her affiliation with the Business Entity, notify CILI in writing that he or she has terminated his/her affiliation with the Business Entity, and must comply with the provisions of Section 4.25 (Sale, Transfer or Assignment of CILI Business). In addition, the Affiliated Party foregoing their interest in the Business Entity may not participate in any other CILI business for six consecutive calendar months in accordance with Section 4.5.2 (Termination and Re-application). If the Business Entity wishes to bring on any new Affiliated Party, it must adhere to the requirements of Section 4.25 (Sale, Transfer or Assignment of CILI Business).

The modifications permitted within the scope of this paragraph *do not* include a change of sponsorship. Changes of sponsorship are addressed in Section 4.5 (Change of Sponsor), below. There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Member Application and Agreement. CILI may, at its discretion, require notarized documents before implementing any changes to a CILI business. Please allow thirty (30) days after the receipt of the request by CILI for processing.

4.4.2 - Changes to a Business Entity

Each Member must immediately notify CILI of all changes to type of business entity they utilize in operating their businesses and the addition or removal of business Affiliated Parties.

4.5 - Change of Sponsor

CILI strongly discourages changes in sponsorship. In order to protect all Sponsors, no Member may interfere with the relationship between another Member and his or her Sponsor in any way. A Member may not offer, entice, encourage, solicit, recruit, or otherwise influence or attempt to persuade another Member to change his or her Sponsor or line of sponsorship, either directly or indirectly. Accordingly, the transfer of a CILI business from one sponsor to another is rarely permitted. Requests for change of sponsorship must be submitted in writing to the Member Services Department, and must include the reason for the transfer. Transfers will only be considered in the following three circumstances:

4.5.1 - Misplacement

In cases in which the new Member is sponsored by someone other than the individual he or she was led to believe would be his or her Sponsor, a Member may request that he or she be

transferred to another organization with his or her entire marketing organization intact. Requests for transfer under this policy will be evaluated on a case-by-case basis and must be made within five (5) days from the date of enrollment. The Member requesting the change has the burden of proving that he or she was placed beneath the incorrect sponsor. It is up to CILI's discretion whether the requested change will be implemented.

4.5.2 - Termination and Re-application

A Member may legitimately change organizations by voluntarily canceling his or her CILI business and remaining inactive (*i.e.*, no purchases of CILI products for resale, no sales of CILI products, no sponsoring, no attendance at any CILI functions, participation in any other form of Member activity, or operation of any other CILI business, no income from the CILI business) for six (6) full calendar months. Following the six month period of inactivity, the former Member may reapply under a new sponsor, however, the former Member's downline will remain in their original line of sponsorship. CILI will consider waiving the six month waiting period under exceptional circumstances. Such requests for waiver must be submitted to CILI in writing. In the rare event the six month waiting period is waived, the transferring Member will pay a fee of One Hundred Dollars (\$100.00) for administrative charges and data processing.

4.5.3 - Waiver of Claims

In cases in which the appropriate sponsorship change procedures have not been followed, and a downline organization has been developed in the second business developed by a Member, CILI reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, **MEMBERS WAIVE ANY AND ALL CLAIMS AGAINST SOCIAL WEALTH, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM SOCIAL WEALTH'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.**

4.6 - Unauthorized Claims and Actions

4.6.1 - Indemnification

A Member is fully responsible for all of his or her verbal and written statements made

regarding CILI products, services, and the Compensation Plan that are not expressly contained in official CILI materials. This includes statements and representations made through all sources of communication media, whether person-to-person, in meetings, online, through Social Media, in print, or any other means of communication. Members agree to indemnify CILI and CILI's directors, officers, employees, and agents, and hold them harmless from all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by CILI as a result of the Member's unauthorized representations or actions. This provision shall survive the termination of the Member Agreement.

4.6.2 - Product Claims

No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by CILI may be made except those contained in official CILI literature. In particular, no Member may make any claim that CILI products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases or symptoms of diseases. Such statements can be perceived as drug claims, and they may lack adequate substantiation. Not only are such claims in violation of the Member Agreement, they also violate the laws and regulations of the United States and other jurisdictions.

4.6.3 - Compensation Plan Claims

When presenting or discussing the CILI Compensation Plan, you must make it clear to prospects that financial success with CILI requires commitment, effort, and sales skill. Conversely, you must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include:

- ❖ It's a turnkey system;
- ❖ The system will do the work for you;
- ❖ Just get in and your downline will build through spillover;
- ❖ Just join and I'll build your downline for you;
- ❖ The company does all the work for you;
- ❖ You don't have to sell anything; or
- ❖ All you have to do is buy your products every month.

The above are merely examples of improper representations about the Compensation Plan. It is important that you do not make these or any other representations that could lead a

prospect to believe that they can be successful as a CILI Member without commitment, effort, and sales skill.

4.6.4 - Income Claims

Because CILI Members do not have the data necessary to comply with the legal requirements for making income claims, a Member, when presenting or discussing the CILI opportunity or Compensation Plan to a prospective Member, may not make income projections, income claims, or disclose his or her CILI income (including, but not limited to, the showing of checks, copies of checks, bank statements, or tax records).

4.7 - Repackaging and Re-labeling Prohibited

CILI products may only be sold in their original packaging. Members may not repackage, re-label, or alter the labels on CILI products. Tampering with labels/packaging could be a violation of federal and state laws, and may result in civil or criminal liability. Members may affix a personalized sticker with your personal/contact information to each product or product container, as long as you do so without removing existing labels or covering any text, graphics, or other material on the product label.

4.8 - Commercial Outlets

Members may not sell CILI products from a commercial chain store outlet, nor may Members display or sell CILI products or literature in any chain retail or service establishment. Online auction and/or sales facilitation websites, including but not limited to eBay and Craig's List constitute Commercial Outlets, and may not be used to sell CILI products.

4.9 - Military Installations

The offer, promotion, or sale of the goods and services, or the offer and promotion of the CILI opportunity on a military installation is not a right – it is a privilege. Even if a Member *lives* on a military installation, he or she does not have the right to offer our products or opportunity to anyone on that installation without the permission of the installation Commander. For the purposes of the U.S. Navy personnel and Navy Regulations, the definition of an “installation” also includes U.S. Navy vessels.

Any Member who wants to offer, promote, or sell CILI products, or offer and promote the CILI opportunity (these activities will be collectively referred to as “commercial solicitation activities”) on a military installation must make an inquiry to the office of the installation

Commander to determine whether the Commander has granted permission for CILI Members to engage in such activities on the installation. If the Commander has not done so, the Member must contact CILI's offices to ask the Company to obtain the Commander's permission. Members are prohibited from seeking such permission from any installation Commander. If obtained, the permission to engage in commercial solicitation activities on a military installation is granted only for one particular installation.

Any Member who intends to engage in commercial solicitation activities on a military installation must be aware of and become completely familiar with the applicable military Regulation or Instruction. There are many activities that are permissible in a civilian environment that are not permissible on a military installation. Some of these activities include, but are not limited to:

- ❖ Solicitation during enlistment or induction processing or during basic combat training, and within the first half of the one station unit training cycle.
- ❖ Solicitation of "mass," "group," or "captive" audiences.
- ❖ Making appointments with or soliciting military personnel during their normally-scheduled duty hours.
- ❖ Soliciting without an appointment in areas used for housing or processing transient personnel, or soliciting in barracks areas used as quarters.
- ❖ Use of official military identification cards or vehicle decals by active duty, retired, or reserve members of the military services to gain access to Army installations for the purpose of soliciting. (When entering the installation for the purpose of solicitation, Members with military identification cards and/or installation vehicle decals must present documentation issued by the installation authorizing solicitations.)
- ❖ Offering rebates to promote transaction or to eliminate competition.
- ❖ Any oral or written representations which suggest or appear that the military branch sponsors or endorses the Company or its Members, or the goods, services, and commodities offered for sale.
- ❖ The designation of any agent or the use by any agent of titles (for example, "Battalion Insurance Counselor," "Unit Insurance Advisor," "Servicemen's Group Life Insurance Conversion Consultant") that in any manner states or implies any type of endorsement from the U.S. Government, the Armed Forces, or any State or Federal agency or Government entity.
- ❖ Entry into any unauthorized or restricted area.

- ❖ Distribution of literature other than to the person being interviewed.
- ❖ Contacting military personnel by calling a Government telephone, faxing to a Government fax machine, or sending e-mail to a Government computer, unless a pre-existing relation (that is, the military member is a current client or requested to be contacted) exists between the parties and the military member has not asked for the contact to be terminated.
- ❖ Soliciting door to door or without an appointment.

The foregoing items are not an all-inclusive list. There are many more prohibited activities that are addressed in the applicable military Regulation or Instruction. The violation of military Regulations or Instructions by one Member could jeopardize the ability of all CILI Members to engage in commercial solicitation activities on a particular military installation or even the entire branch of the military involved (e.g., Army, Air Force, Navy, Marines, or Coast Guard).

4.10 - Trade Shows, Expositions and Other Sales Forums

Members may display and/or sell CILI products at flea markets, trade shows and professional expositions. Before submitting a deposit to the event promoter, Members must contact the Member Services department in writing for conditional approval, as CILI's policy is to authorize only one CILI business per event. Final approval will be granted to the first Member who submits an official advertisement of the event, a copy of the contract signed by both the Member and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the customerservice@cilibydesign.com. CILI further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its products, services, or the CILI opportunity. Approval will not be given for swap meets, garage sales, or farmer's markets as these events are not conducive to the professional image CILI wishes to portray.

4.11 - Conflicts of Interest

4.11.1 - Crossline Recruiting

Members are prohibited from crossline recruiting. The use of a spouse or relative's name, trade names, DBAs, assumed names, entities, federal identification numbers, or fictitious identification numbers, or any other device or contrivance to circumvent this policy is prohibited. A Member shall not demean, discredit, or defame other CILI Members in an attempt to entice another customer, Member or prospective Member to become part of his or her organization.

For the purposes of this Section 4.11.1, the term “crossline recruiting” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any way, either directly, indirectly, or through a third party, another CILI Member or Customer to enroll, join, or otherwise participate in another CILI marketing organization, downline, or line of sponsorship other than the one in which he, she, or it originally enrolled.

4.11.2 - Nonsolicitation

CILI Members are free to participate in other direct selling, multilevel marketing, or network marketing entities, businesses, organizations, opportunities, or ventures (collectively referred to as a “network marketing business”). However, during the term of this Agreement, any renewal or extension hereof, and for a period of one year following the termination of a Member’s Independent Member Agreement, with the exception of a Member who is personally sponsored by the Member (or former Member, as may be applicable), a Member (or former Member) may not recruit any CILI Member or Customer for another network marketing business. Members and the Company recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Members and CILI agree that this non-solicitation provision shall apply nationwide throughout the United States and to all international markets in which Members are located. This provision shall survive the termination or expiration of the Member Agreement.

For the purposes of this Section 4.11.2, the term “recruit” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any way (either directly, indirectly, or through a third party) another CILI Member or Customer to: (1) enroll, join, or otherwise participate in another network marketing business; or (2) terminate or alter his or her business or contractual relationship with the CILI. The term “recruit” also includes the above activities in the event that the Member’s actions are in response to an inquiry made by another Member or Customer.

4.11.3 - Member Participation in Other Network Marketing Programs

If a Member is engaged in other non-CILI network marketing business, it is the responsibility of the Member to ensure that his or her CILI business is operated entirely separate and apart from any other network marketing business. To this end, the following must be

adhered to:

- ❖ Members must not sell, or attempt to sell, any competing non-CILI programs, products or services to CILI Customers or Members. Any program, product or services in the same generic categories as CILI products or services is deemed to be competing, regardless of differences in cost, quality or other distinguishing factors. This provision does not apply where professional services are the primary source of revenues and the product sales are secondary to the provision of such services (e.g., physician's offices, health clinics, health clubs, gyms, spas or beauty salons). However, a Member may sell non-competing products or services to CILI Customers or Members who are personally-sponsored.
- ❖ Members shall not display CILI promotional material, sales aids, products or services with or in the same location as, any non-CILI promotional material or sales aids, products or services.
- ❖ Members shall not offer the CILI opportunity, products or services to prospective or existing Customers or Members in conjunction with any non-CILI program, opportunity, product or service.
- ❖ Members may not offer any non-CILI opportunity, products, services or opportunity at any CILI-related meeting, seminar, convention, webinar, teleconference, or other function.

4.11.4 - Confidential Information

"Confidential Information" includes, but is not limited to, Downline Genealogy Reports, the identities of CILI customers and Members, contact information of CILI customers and Members, Members' personal and group sales volumes, Member rank and/or achievement levels, and other financial and business information. All Confidential Information (whether oral or in written or electronic form) is proprietary information of CILI and constitutes a business trade secret belonging to CILI. Confidential Information is, or may be available, to Members in their respective back-offices. Member access to such Confidential Information is password protected, and is confidential and constitutes proprietary information and business trade secrets belonging to CILI. Such Confidential Information is provided to Members in strictest confidence and is made available to Members for the sole purpose of assisting Members in working with their respective downline organizations in the development of their CILI business. Members may not use the reports for any purpose other than for developing, managing, or operating their CILI business. Where a Member participates in other multi-level marketing ventures, he/she is not eligible to

have access to Downline Genealogy Reports. Members should use the Confidential Information to assist, motivate, and train their downline Members. The Member and CILI agree that, but for this agreement of confidentiality and nondisclosure, CILI would not provide Confidential Information to the Member.

To protect the Confidential Information, Members shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- ❖ Directly or indirectly disclose any Confidential Information to any third party;
- ❖ Directly or indirectly disclose the password or other access code to his or her back-office;
- ❖ Use any Confidential Information to compete with CILI or for any purpose other than promoting his or her CILI business;
- ❖ Recruit or solicit any Member or Customer of CILI listed on any report or in the Member's back-office, or in any manner attempt to influence or induce any Member or Customer of CILI, to alter their business relationship with CILI; or
- ❖ Use or disclose to any person, partnership, association, corporation, or other entity any Confidential Information.

The obligation not to disclose Confidential Information shall survive cancellation or termination of the Agreement, and shall remain effective and binding irrespective of whether an Member's Agreement has been terminated, or whether the Member is or is not otherwise affiliated with the CILI. Upon nonrenewal or termination of the Agreement, Members must immediately discontinue all use of the Confidential Information and if requested by the CILI promptly return all materials in their possession to the CILI within five (5) business days of request at their own expense.

4.12 - Targeting Other Direct Sellers

CILI does not condone Members specifically or consciously targeting the sales force of another direct sales company to sell CILI products or to become Members for CILI, nor does CILI condone Members solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Members engage in such activity, 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 he or she engaged in inappropriate recruiting activity of its sales force or customers, CILI will not pay any of the Member's defense costs or legal fees, nor will CILI indemnify the Member for any judgment, award, or settlement.

4.13 - Errors or Questions

If a Member has questions about or believes any errors have been made regarding commissions, bonuses, genealogy lists, or charges, the Member must notify CILI in writing within 60 days of the date of the purported error or incident in question. CILI will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

4.14 - Governmental Approval or Endorsement

Neither federal nor state regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Members shall not represent or imply that CILI or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

4.15 - Holding Applications or Orders

Members must not manipulate enrollments of new applicants and purchases of products. Barring extenuating circumstances or company approval, all Member Applications and Agreements, and product orders must be submitted online within seventy-two (72) hours from the time they are signed by a Member or placed by a Customer, respectively."

4.16 - Income Taxes

Each Member is responsible for paying local, state, and federal taxes on any income generated as an Independent Member. Unfortunately, we cannot provide you with any personal tax advice. Please consult your own tax accountant, tax attorney, or other tax professional. If a Member's CILI business is tax exempt, the Federal tax identification number must be provided to CILI. Every year, CILI will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who: (1) Had earnings of over \$600 in the previous calendar year; or (2) Made purchases during the previous calendar year in excess of \$5,000.

4.17 - Independent Contractor Status

Members are independent contractors. The agreement between CILI and its Members does not create an employer/employee relationship, agency, partnership, or joint venture

between the Company and the Member. Members shall not be treated as an employee for his or her services or 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 the Company. The Member has no authority (expressed or implied), to bind the Company to any obligation. Each Member shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Member Agreement, these Policies and Procedures, and applicable laws.

4.18 - Insurance

You may wish to arrange insurance coverage for your business. Your homeowner's insurance policy does not cover business-related injuries, or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain that your business property is protected. This can often be accomplished with a simple "Business Pursuit" endorsement attached to your present home owner's policy.

4.19 - International Marketing

Members are authorized to sell CILI products and services, and enroll Customers or Members only in the countries in which CILI is authorized to conduct business, as announced in official Company literature. CILI products or sales aids may not be shipped into or sold in any foreign country. Members may sell, give, transfer, or distribute CILI products or sales aids only in their home country. In addition, no Member may, in any unauthorized country: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential Customers or Members; or (c) conduct any other activity for the purpose of selling CILI products, establishing a marketing organization, or promoting the CILI opportunity.

4.20 - Excess Inventory and Bonus Buying

Members must never purchase more products than they can reasonably use or sell to retail customers in a month, and must not influence or attempt to influence any other Member to buy more products than they can reasonably use or sell to retail customers in a month. In addition, bonus buying is strictly prohibited. Bonus buying includes any 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. Bonus buying includes, but is not limited to, purchasing products through a straw man or other artifice.

4.21 - Adherence to Laws, Regulations and the Agreement

Members must comply with all federal, state, and local laws, regulations, ordinances, codes, and the terms of the Agreement in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Members because of the nature of their business. However, Members must obey those laws that do apply to them. If a city or county official tells a Member that an ordinance applies to him or her, the Member shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of CILI. In addition, Members must not recommend, encourage or teach other Members to violate federal, state, or local laws, regulations, ordinances, codes, or the terms of the Agreement in the operation of their CILI business.

4.22 - One CILI Business Per Member and Per Household

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

Individuals of the same Household may maintain, own, and operate their own CILI Business. A "Household" is defined as spouses, domestic partner (as defined in 5 C.F.R. § 875.213) and dependent adult children living at or doing business at the same address. In the event that two or more members of the same Household elect to become Members, they must both be enrolled by the same person.

4.23 - 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 CILI may take disciplinary action pursuant to the these Policies and Procedures against the Member. Similarly, if any individual associated in any way with a corporation, partnership, limited liability company, trust or other entity (collectively "Business Entity") violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and CILI may take disciplinary action against the Business Entity. Likewise, if a Member enrolls in CILI 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.

4.24 - Roll-up of Marketing Organization

When a vacancy occurs in a Marketing Organization due to the termination of a CILI business, no Members above or below the terminated Member will be moved into the position of the terminated Member's sponsor. The position occupied by the terminated Member shall remain permanently vacant. The Company reserves the right to place another Member in the terminated position.

4.25 - Sale, Transfer or Assignment of CILI Business

Although a CILI business is a privately owned and independently operated business, the sale, transfer or assignment of a CILI business, and the sale, transfer, or assignment of an interest in a Business Entity that owns or operates a CILI business, is subject to certain limitations. If a Member wishes to sell his or her CILI business, or interest in a Business Entity that owns or operates a CILI business, the following criteria must be met:

- ❖ The selling Member must offer CILI the right of first refusal to purchase the business on the same terms as agreed upon with a third-party buyer. CILI shall have fifteen days from the date of receipt of the written offer from the seller to exercise its right of first refusal.
- ❖ The buyer or transferee must become a qualified CILI Member. If the buyer is an active CILI Member, he or she must first terminate his or her CILI business and wait six calendar months before acquiring any interest in a different CILI business;
- ❖ Before the sale, transfer or assignment can be finalized and approved by CILI, any debt obligations the selling party has with CILI must be satisfied.
- ❖ The selling party must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a CILI business.

Prior to selling an independent CILI business or Business Entity interest, the selling Member must notify CILI's Compliance Department in writing and advise of his or her intent to sell his/her CILI business or Business Entity interest. The selling Member must also receive written approval from the Compliance Department before proceeding with the sale. No changes in line of sponsorship can result from the sale or transfer of a CILI business. In the event that a Member transfers, assigns, or sells his or her CILI business without the express written approval of the Compliance Department, such transfer, assignment, or sale shall be voidable in the sole and absolute discretion of CILI.

4.26 - Separation of a CILI Business

CILI Members sometimes operate their CILI businesses as husband-wife partnerships, regular partnerships, limited liability companies, corporations, trusts, or other Business Entities. At such time as a marriage may end in divorce or a corporation, limited liability company, partnership, trust or other Business Entity may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship.

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

- ❖ One of the parties may, with consent of the other(s), operate the CILI business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize CILI to deal directly and solely with the other spouse or non-relinquishing shareholder, member, partner, or trustee.
- ❖ The parties may continue to operate the CILI business jointly on a “business-as-usual” basis, whereupon all compensation paid by CILI will be paid according to the status quo as it existed prior to the divorce filing or dissolution proceedings. This is the default procedure if the parties do not agree on the format set forth above.

Under no circumstances will the downline organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will CILI split commission and bonus checks between divorcing spouses or members of dissolving entities. CILI will recognize only one downline organization and will issue only one commission check per CILI business per commission cycle. Commission checks shall always be issued to the same individual or entity.

If a former spouse has completely relinquished all rights in the original CILI business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as a Member. In either case, the former spouse or business affiliate shall have no rights to any Members in their former organization or to any former Customer. They must develop the new business in the same manner as would any other new Member.

4.27 - Sponsoring Online

When sponsoring a new Member through the online enrollment process, the sponsor may assist the new applicant in filling out the enrollment materials. *However, the applicant must personally review and agree to the online application and agreement, CILI's Policies and Procedures, and the CILI Compensation Plan. The sponsor may not fill out the online Member Application and Agreement on behalf of the applicant and agree to these materials on behalf of the applicant.*

4.28 - Succession

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

- ❖ Execute a Member Agreement;
- ❖ Comply with terms and provisions of the Agreement;
- ❖ Meet all of the qualifications for the deceased Member's status;
- ❖ The devisee must provide CILI with an "address of record" to which all bonus and commission checks will be sent;
- ❖ If the business is bequeathed to joint devisees, they must form a business entity and acquire a Federal Taxpayer Identification Number. CILI will issue all bonus and commission checks and one 1099 to the business entity.

4.28.1 - Transfer Upon Death of a Member

To effect a testamentary transfer of a CILI business, the executor of the estate must provide the following to CILI: (1) an original death certificate; (2) certified letters testamentary or a letter of administration appointing an executor; and (3) written instructions from the authorized executor to CILI specifying to whom the business and income should be transferred.

4.28.2 - Transfer Upon Incapacitation of a Member

To effectuate a transfer of a CILI business because of incapacity, the successor must provide the following to CILI: (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the CILI business; and (3) a completed Member Agreement executed by the trustee.

4.29 - Telemarketing Techniques

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. Although CILI does not consider Members to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the term "telemarketer" and "telemarketing" so that your inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties.

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

- ❖ If the Member has an established business relationship with the prospect. An "established business relationship" is a relationship between a Member and a prospect based on the prospect's purchase, rental, or lease of goods or services from the Member, or a financial transaction between the prospect and the Member, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.
- ❖ The prospect's personal inquiry or application regarding a product or service offered by the Member, within the three (3) months immediately preceding the date of such a call.
- ❖ If the Member receives written and signed permission from the prospect authorizing the Member to call. The authorization must specify the telephone number(s) which

the Member is authorized to call.

- ❖ You may call family members, personal friends, and acquaintances. An “acquaintance” is someone with whom you have at least a recent first-hand relationship within the preceding three months. Bear in mind, however, that if you engage in “card collecting” with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling “acquaintances,” you must make such calls on an occasional basis only and not make this a routine practice.
- ❖ Members shall not use automatic telephone dialing systems or software relative to the operation of their CILI businesses.
- ❖ Members shall not place or initiate any outbound telephone call to any person that delivers any pre-recorded message (a “robocall”) regarding or relating to the CILI products, services or opportunity.

4.30 - Back Office Access

CILI makes online back offices available to its Members. Back offices provide Members access to confidential and proprietary information that may be used solely and exclusively to promote the development of a Member’s CILI business and to increase sales of CILI products. However, access to a back office is a privilege, and not a right. CILI reserves the right to deny Members’ access to the back office at its sole discretion.

4.31 - Unauthorized Communication

In the excitement and enthusiasm of working his or her CILI business, a Member may want to contact the Company’s vendors, suppliers, consultants or advisors with questions or ideas. Because of the confidential and/or trade secret information they possess, any such communication without the Company’s prior written consent is strictly prohibited. Moreover, vendors, suppliers, consultants and advisors are often not set up to handle a large volume of contacts. Equally important, we must respect their rights to privacy. Questions regarding any vendors, suppliers, consultants and advisors must be directed to Field Support. The violation of this policy will constitute grounds for immediate termination.

SECTION 5 - RESPONSIBILITIES OF MEMBERS

5.1 - Change of Address, Telephone, and E-Mail Addresses

To ensure timely delivery of products, support materials, commission, and tax documents, it is important that the CILI's files are current. Street addresses are required for shipping since UPS and FedEx cannot deliver to a post office box. Members planning to change their e-mail address or move must send their new address and telephone numbers to CILI's Corporate Offices to the attention of the Member Services Department. To guarantee proper delivery, two weeks advance notice must be provided to CILI on all changes. In the alternative, a Member's whose contact information changes may amend their contact information through their Member Back Office.

5.2 - Continuing Development Obligations

5.2.1 - Ongoing Training

Any Member who sponsors another Member into CILI must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her CILI business. Members must have ongoing contact and communication with the Members in their Downline Organizations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Members to CILI meetings, training sessions, and other functions. Upline Members are also responsible to motivate and train new Members in CILI product knowledge, effective sales techniques, the CILI Compensation Plan, and compliance with Company Policies and Procedures and applicable laws. Communication with and the training of downline Members must not, however, violate Sections 4.1 and/or 4.2 (regarding the development of Member-produced sales aids and promotional materials).

Members should monitor the Members in their Downline Organizations to guard against downline Members making improper product or business claims, violation of the Policies and Procedures, or engaging in any illegal or inappropriate conduct.

5.2.2 - Increased Training Responsibilities

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

organization.

5.2.3 - Ongoing Sales Responsibilities

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

5.3 - Nondisparagement

CILI wants to provide its independent Members with the best products, compensation plan, and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Marketing Department. Remember, to best serve you, we must hear from you! While CILI welcomes constructive input, negative comments and remarks made in the field by Members about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other CILI Members. For this reason, and to set the proper example for their downline, Members must not disparage, demean, or make negative remarks about CILI, other CILI Members, CILI's products, the Marketing and Compensation plan, or CILI's directors, officers, or employees.

5.4 - Providing Documentation to Applicants

Members must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Members before the applicant signs a Member Agreement, or ensure that they have online access to these materials.

SECTION 6 - SALES REQUIREMENTS

6.1 - Product Sales

The CILI Compensation Plan is based on the sale of CILI products and services to end consumers. Members must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement. The following sales requirements must be satisfied for Members to be eligible for commissions:

- ❖ Members must satisfy the Personal Sales Volume, and specific Team & Enrollment Tree Business Volume requirements associated with their rank as defined in the CILI By Design Compensation Plan. “Personal Sales Volume” includes purchases made by the Member and purchases made by the Member’s personal Customers, and the members Customer’s Customers. “Business Volume” shall include the total Sales Volume of all Members in his or her marketing organization, but shall not include the Member’s Personal Sales Volume;
- ❖ As set forth in the CILI By Design Compensation Plan, a portion of each Member’s monthly Personal Sales Volume must be sold to personal retail customers (see comp plan for specifics by rank); and
- ❖ Members must acquire and maintain a specific number of personal retail customers per rank as stipulated in the CILI By Design Compensation Plan.

6.2 - No Territory Restrictions

There are no exclusive territories granted to anyone.

6.3 - Sales Receipts

All Members must provide their retail (non-online) customers with two copies of an official CILI sales receipt at the time of the sale. These receipts set forth the Customer Satisfaction Guarantee as well as any consumer protection rights afforded by federal or state law. Members must maintain all retail sales receipts for sales to their retail customers for a period of two years and furnish them to CILI at the Company’s request. Records documenting the purchases of Members’ VIP Customers will be maintained by CILI. The Company will provide sales receipts to all customers who purchase from a Member’s replicated website.

Remember that customers must receive two copies of the sales receipt. In addition, Members must orally inform the buyer of his or her cancellation rights.

SECTION 7 - BONUSES AND COMMISSIONS

7.1 - Bonus and Commission Qualifications and Accrual

A Member must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Member complies with the terms of the Agreement, CILI shall pay commissions to such Member in accordance with the Marketing and Compensation plan. The minimum amount for which CILI will issue a commission is \$25.00. If a Member's bonuses and commissions do not equal or exceed \$25.00, the Company will accrue the commissions and bonuses until they total \$25.00. Payment will be issued once \$25.00 has been accrued. Notwithstanding the foregoing, all commissions owed a Member, regardless of the amount accrued, will be paid at the end of each fiscal year or upon the termination of a Member's business.

7.2 - Adjustment to Bonuses and Commissions

7.2.1 - Adjustments for Returned Products and Cancelled Services

Members receive bonuses, commissions, or overrides based on the actual sales of products and services to end consumers. When a service is cancelled or a product is returned to CILI for a refund or is repurchased by the Company, any of the following may occur at the Company's discretion: (1) the bonuses, commissions, or overrides attributable to the returned or repurchased product(s) or cancelled service will be deducted from payments to the Member and upline Members who received bonuses, commissions, or overrides on the sales of the refunded product(s) or cancelled service, in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered; (2) the Member or upline Members who earned bonuses, commissions, or overrides based on the sale of the returned product(s) or cancelled service will have the corresponding points deducted from their Group Volume in the next month and all subsequent months until it is completely recovered; or (3) the bonuses, commissions, or overrides attributable to the returned or repurchased product(s) or cancelled service may be deducted from any refunds or credits to the Member who received the bonuses, commissions, or overrides on the sales of the refunded product(s) or cancelled service.

7.2.2 - Hard Copy Commission Checks

The Company pays commissions via direct deposit into Members' bank accounts or via direct payment onto a Company provided debit card. There is no charge for direct deposit. A

Member may also request a hard-copy. The Company will deduct a \$5.00 processing fee from each hard-copy commission check issued.

7.2.3 - Tax Withholdings

If a Member fails to provide his or her correct tax identification number, CILI will deduct the necessary withholdings from the Member's commission checks as required by law.

7.3 - Reports

All information provided by CILI in downline activity reports, including but not limited to personal and group sales volume (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors including but not limited to the inherent possibility of human, digital, and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; credit card and electronic check charge-backs; the information is not guaranteed by CILI or any persons creating or transmitting the information.

ALL PERSONAL AND GROUP SALES VOLUME INFORMATION IS PROVIDED "AS IS" WITHOUT WARRANTIES, EXPRESS OR IMPLIED, OR REPRESENTATIONS OF ANY KIND WHATSOEVER. IN PARTICULAR BUT WITHOUT LIMITATION THERE SHALL BE NO WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR USE, OR NON-INFRINGEMENT.

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, CILI BY DESIGN AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY MEMBER OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND/OR GROUP SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF CILI BY DESIGN OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, CILI BY DESIGN OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR

OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of CILI's online and telephone reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is". If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to CILI's online and telephone reporting services and your reliance upon the information.

SECTION 8 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

8.1 - Product Guarantee and Rescission

CILI offers a 100% thirty (30) day money-back satisfaction guarantee (less shipping charges) to all VIP Customers, retail customers, and Members. Products shipped directly to a VIP Customer by the Company must be returned to the Company and the refund will be issued to the Customer by the Company. Products delivered to a retail customer by a Member must be returned to the selling Member, and it shall be the responsibility of the Member to issue the refund to his or her retail customer. Every Member is bound to honor the retail customer guarantee. If, for any reason, a retail customer is dissatisfied with any CILI product or service, the retail customer may return the unused portion of the product to the Member from whom it was purchased, within thirty (30) days, for a replacement, exchange or a full refund of the purchase price (less shipping costs). This product satisfaction guarantee does not apply to products damaged by abuse or misuse, and shipping costs are not refundable.

If a Member returns more than five hundred dollars (\$500.00) for a refund in any 12 consecutive month period, the request will constitute the Member's voluntary termination of his/her Member Agreement, and the refund will be processed as an inventory repurchase pursuant to Section 8.3, and the Member's Agreement will be terminated and his or her CILI business will be cancelled.

8.2 - Rescission

8.2.1 - Retail Customers

Federal and state law requires that a retail customer who makes a purchase of \$25.00 or more has three business days (excluding Sundays and legal holidays) (5 business days for Alaska residents and 15 business days in North Dakota for Individuals age 65 and older) after the sale or execution of a contract to cancel the order and receive a full refund consistent with the cancellation notice on the order form or sales receipt. When a Member makes a sale or takes an order from a retail customer who cancels or requests a refund within the three business day period, the Member must promptly refund the customer's money as long as the products are returned to the Member in substantially as good condition as when received (five business days for Alaska residents).

8.2.2 - VIP Customers

Members notify their VIP Customers that they have three business days (excluding Sundays and legal holidays) (5 business days for Alaska residents and 15 business days in North Dakota for Individuals age 65 and older) within which to cancel their purchase and receive a full refund upon return of the products in substantially as good condition as when they were delivered. Members should also notify their VIP Customers about these time limits at the time they enroll as a VIP Customer and place their first order. Products shipped directly to a VIP Customer by the Company must be returned to the Company and the refund will be issued to the Customer by the Company. VIP Customers may contact the Company for a “call tag” that will provide return shipping back to the Company at no cost to the Customer.

8.2.3 - Informing Customers

Members **MUST** verbally inform their customers (retail and VIP) of this right of rescission, they **MUST** provide their retail customers with TWO copies of a retail receipt at the time of the sale, and **MUST** point out this cancellation right stated on the receipt. If a Customer places an order online, the Company will provide the Customer with the receipt. Members must ensure that the date of the order or purchase is entered on the Retail Sales Receipt. All retail customers must be provided with two copies of an official CILI Retail Sales Receipt at the time of the sale. The back of the receipt provides the customer with written notice of his or her rights to cancel the sales agreement.

8.3 - Return of Inventory and Sales Aids by Members Upon Termination

Upon termination of a Member’s Agreement, the Member may return products and sales aids that he or she personally purchased from CILI (purchases from other Members or third parties are not subject to refund) that are in Resalable (see Definition of “Resalable” below) condition and which have been purchased within one year prior to the date of termination. Upon receipt of resalable products and sales aids, the Member will be reimbursed 90% of the net cost of the original purchase price(s). Neither shipping and handling charges incurred by a Member when the products or sales aids were purchased, nor return shipping fees, will be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. If a Member was paid a commission, rebate, or any other form of compensation based on a product(s) that he or she purchased, and such product(s) is/are subsequently returned for a refund, the commission, rebate, or any other form of compensation that was paid based on that product purchase will be deducted from the amount of the refund.

Products and Sales aids shall be deemed "resalable" if each of the following elements is satisfied:

(1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) they are still in CILI's current inventory; (5) the expiration date(s) for any returned products has not passed; and (6) they are returned to CILI within one year from the date of purchase. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable. Replicated Website fees are not refundable except as required by applicable state law.

8.3.1 Montana Residents

A Montana resident may cancel his or her Member Agreement within 15 days from the date of enrollment, and will receive a full refund of the Membership Fee within such time period.

8.4 - Procedures for All Returns

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

- ❖ All items must be returned by the Member or customer who purchased it directly from CILI.
- ❖ All items to be returned must have a Return Authorization Number which is obtained by calling the Member Services Department. This Return Authorization Number must be written on each carton returned.
- ❖ The return is accompanied by:
 - The original packing slip with the completed (and signed Consumer Return information, if applicable);
 - The unused portion of the item(s) in its/their original container.
- ❖ Proper shipping carton(s) and packing materials are to be used in packaging the items(s) being returned, and the best and most economical means of shipping is suggested. All returns must be shipped to CILI shipping pre-paid. CILI does not accept shipping-collect packages. The risk of loss in shipping for returned items shall be on the Member. If the returned items are not received by the Company's Distribution Center, it is the responsibility of the Member to trace the shipment.
- ❖ If a Member is returning merchandise to CILI that was returned to him or her by a personal retail customer, the product must be received by CILI within ten (10) days from the date on which the retail customer returned the merchandise to the Member, and must be accompanied by the sales receipt the Member gave to the customer at the time of the sale.

No refund or replacement of any items will be made if the conditions of these rules are not met.

SECTION 9 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

9.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, violation of any common law duty, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Member that, in the sole discretion of the Company may damage its reputation or goodwill (such damaging act or omission need not be related to the Member's CILI business), may result, at CILI's discretion, in one or more of the following corrective measures:

- ❖ Issuance of a written warning or admonition;
- ❖ Requiring the Member to take immediate corrective measures;
- ❖ Imposition of a fine, which may be withheld from bonus and commission checks;
- ❖ Loss of rights to one or more bonus and commission checks;
- ❖ CILI may withhold from a Member all or part of the Member's bonuses and commissions during the period that CILI is investigating any conduct allegedly violative of the Agreement. If a Member's business is canceled for disciplinary reasons, the Member will not be entitled to recover any commissions withheld during the investigation period;
- ❖ Suspension of the individual's Member Agreement for one or more pay periods;
- ❖ Permanent or temporary loss of, or reduction in, the current and/or lifetime rank of a Member (which may subsequently be re-earned by the Member);
- ❖ Transfer or removal of some or all of a Member's downline Members from the offending Member's downline organization.
- ❖ Involuntary termination of the offender's Member Agreement;
- ❖ Suspension and/or termination of the offending Member's CILI website or website access;
- ❖ Any other measure expressly allowed within any provision of the Agreement or which CILI deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Member's policy violation or contractual breach;
- ❖ In situations deemed appropriate by CILI, the Company may institute legal proceedings for monetary and/or equitable relief.

9.2 - Grievances and Complaints

When a Member has a grievance or complaint with another Member regarding any practice or conduct in relationship to their respective CILI businesses, the complaining Member should first report the problem to his or her Sponsor who should review the matter and try to resolve it with the other party's upline sponsor. If the matter involves interpretation or violation of Company policy, it must be reported in writing to the Member Services Department at the Company. The Member Services Department will review the facts and attempt to resolve it.

9.3 - Mediation

Prior to instituting an arbitration, the parties shall meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. The mediation shall occur within 60 days from the date on which the mediator is appointed. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party shall pay its own attorneys' fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Las Vegas, Nevada, and shall last no more than two business days.

9.4 - Arbitration

If mediation is unsuccessful, **any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration. The Parties waive all rights to trial by jury or to any court.** The arbitration shall be filed with, and administered by, the American Arbitration Association ("AAA") or JAMS Endispute ("JAMS") under their respective rules and procedures. The *Commercial Arbitration Rules and Mediation Procedures* of the AAA are available on the AAA's website at www.adr.org. The *Streamlined Arbitration Rules & Procedures* are available on the JAMS website at www.jamsadr.com. Copies of AAA's *Commercial Arbitration Rules and Mediation Procedures* or JAM's *Streamlined Arbitration Rules & Procedures* will also be emailed to Members upon request to CILI's Legal Department.

Notwithstanding the rules of the AAA or JAMS, the following shall apply to all Arbitration actions:

- ❖ The Federal Rules of Evidence shall apply in all cases;

- ❖ The Parties shall be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure;
- ❖ The Parties shall be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure;
- ❖ The arbitration shall occur within 180 days from the date on which the arbitrator is appointed, and shall last no more than five business days;
- ❖ The Parties shall be allotted equal time to present their respective cases, including cross-examinations.

All arbitration proceedings shall be held in Las Vegas, Nevada. There shall be one arbitrator selected from the panel that the Alternate Dispute Resolution service provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The arbitration shall occur within 180 days from the date on which the arbitration is filed, and shall last no more than five business days. The parties shall be allotted equal time to present their respective cases. The decision of the arbitrator shall be final and binding on the parties and may if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive the cancellation or termination of the Agreement.

The parties and the arbitrator shall maintain the confidentiality of the entire arbitration process and shall not disclose to any person not directly involved in the arbitration process:

- ❖ The substance of, or basis for, the controversy, dispute, or claim;
- ❖ The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration;
- ❖ The terms or amount of any arbitration award;
- ❖ The rulings of the arbitrator on the procedural and/or substantive issues involved in the case.

Notwithstanding the foregoing, nothing in these Policies and Procedures shall prevent either party from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect its intellectual property rights, and/or to enforce its rights under the non-solicitation provision of the Agreement.

9.5 - Governing Law, Jurisdiction, and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Clark County, State of Nevada. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Nevada shall govern all other matters relating to or arising from the Agreement.

9.5.1 - Louisiana Residents

Notwithstanding the foregoing, and the arbitration provision in Section 9.4, residents of the State of Louisiana shall be entitled to bring an action against CILI in their home forum and pursuant to Louisiana law.

SECTION 10 - PAYMENTS

10.1 - Returned Checks

All checks returned by a Member's bank for insufficient funds will be re-submitted for payment. A \$25.00 returned check fee will be charged to the account of the Member. After receiving a returned check from a customer or a Member, all future orders must be paid by Credit Card, money order or cashier's check. Any outstanding balance owed to CILI by a Member for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.

10.2 - Restrictions on Third Party Use of Credit Cards and Bank Account Access

A Member shall not permit other Members or Customers to use his or her credit card, or permit debits to his or her checking or savings account, to enroll in or to make purchases from the Company. A Member shall not use the credit card or debit card of a third party, or make debits to the checking or savings account of a third party, to enroll in or to make purchases from the Company.

10.3 - Sales Taxes

CILI is required to charge sales taxes on all purchases made by Members and Customers, and remit the taxes charged to the respective states. Accordingly, CILI will collect and remit sales taxes on behalf of Members, based on the suggested retail price of the products, according to applicable tax rates in the state or province to which the shipment is destined. If a Member has submitted, and CILI has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Member (unless the state in question does not accept a Sales Tax Exemption Certificate and Sales Tax Registration License from a direct selling independent contractor). Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by CILI is not retroactive.

SECTION 11 - INACTIVITY, RECLASSIFICATION AND TERMINATION

11.1 - Effect of Termination

So long as a Member remains active and complies with the terms of the Member Agreement and these Policies and Procedures, CILI shall pay commissions to such Member in accordance with the Compensation Plan. A Member's bonuses and commissions constitute the entire consideration for the Member's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following a Member's non-renewal of his or her Member Agreement, termination for inactivity, or voluntary or involuntary termination of his or her Member Agreement (all of these methods are collectively referred to as "termination"), the former Member shall have no right, title, claim or interest to the marketing organization which he or she operated, or any commission or bonus from the sales generated by the organization. **A Member whose business is cancelled will lose all rights as a Member. This includes the right to sell CILI products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Member's former downline sales organization. In the event of termination, Members agree to waive all rights they may have, including but not limited to property rights, to their former downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former downline organization.**

Following a Member's termination of his or her Member Agreement, the former Member shall not hold himself or herself out as a CILI Member and shall not have the right to sell CILI products or services. A Member whose business is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to termination (less any amounts withheld during an investigation preceding an involuntary termination).

11.2 - Termination Due to Inactivity

If a Member fails to personally generate any PSV for six (6) consecutive months, his or her Member Agreement shall be canceled for inactivity.

11.3 - Involuntary Termination

A Member's violation of any of the terms of the Agreement, including any amendments that may be made by CILI in its sole discretion, may result in any of the sanctions listed in Section

9.1, including the involuntary termination of his or her Member Agreement. Termination shall be effective on the date on which written notice is mailed, emailed, faxed, or delivered to an express courier, to the Member's last known address, email address, or fax number, or to his/her attorney, or when the Member receives actual notice of termination, whichever occurs first.

CILI reserves the right to terminate all Member Agreements upon thirty (30) days written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; or (3) terminate distribution of its products via direct selling.

11.4 - Voluntary Termination

A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Termination must be submitted in writing to the Company at its principal business address. The written notice must include the Member's signature, printed name, address, and Member I.D. Number. In addition to written termination, Members who have consented to Electronic Contracting will cancel their Member Agreement should they withdraw their consent to contract electronically.

11.5 - Non-renewal

A Member may also voluntarily cancel his or her Member Agreement by failing to renew the Agreement on its anniversary date or by failing to pay his/her annual renewal fee. The Company may also elect not to renew a Member's Agreement upon its anniversary date.

SECTION 12 - DEFINITIONS

Active Customer – An Online Customer who has placed an order during the last 4 weeks.

Active Member — A Member who has qualified at least once during the preceding 6 Rank Qualifying Periods (see Qualified Member).

Active Rank — The term “active rank” refers to the current rank of a Member, as determined by the CILI Compensation Plan, for a particular pay period. To be considered “active” relative to a particular rank, a Member must meet the criteria set forth in the CILI Compensation Plan for his or her respective rank. *(See the definition of “Rank” below.)*

Affiliated Party - A shareholder, member, partner, manager, trustee, or other parties with any ownership interest in, or management responsibilities for, a Business Entity.

Agreement - The contract between the Company and each Member includes the Member Application and Agreement Terms and Conditions, the CILI Policies and Procedures, the CILI Compensation Plan, and the Business Entity Addendum (where appropriate), all in their current form and as amended by CILI in its sole discretion. These documents are collectively referred to as the “Agreement.”

Cancel — The termination of a Member's business. Termination may be either voluntary, involuntary, through non-renewal or inactivity.

Customer — A non-Member who purchases products at retail price directly from a Member.

Downline - All Members enrolled below a Member both personally and by the upline.

Downline Leg — Each one of the individuals personally enrolled immediately underneath you and their respective marketing organizations represents one “leg” in your marketing organization.

Easy Order — An automatic, recurring, monthly order (auto-ship) purchased by Members and/or Customers. Customers and Members who are on monthly Easy Order are VIPs and qualify for savings in the form of discounts, free products, frequent buyer points, etc.. as deemed viable by

the company. Note - additional, or non-autoship orders do not supersede or cancel future Easy Orders.

Enroll — The act of introducing a prospective Member to CILI and assisting them to execute a Member Application and Agreement and thereby become a CILI Member. (Also see the definition of “Sponsor.”) These activities are called “enrolling.”

Enroller — The person who enrolls a prospective Member into CILI.

Group Volume — The commissionable value of services and products purchased by the Customers and Members in the downline of a particular Member.

Immediate Household — Spouses, heads-of-household, and dependent family members residing in the same residence.

Level — The layers of downline Customers and Members in a particular Member’s downline. This term refers to the relationship of a Member relative to a particular upline Member, determined by the number of Members between them who are related by sponsorship. For example, if A enrolls B, who enrolls C, who enrolls D, who enrolls E, then E is on A’s fourth level.

Member — An individual who or entity that has executed a Member Application and Agreement that has been accepted by CILI and purchased a membership.

Official CILI Material — Literature, audio or video tapes, websites, and other materials developed, printed, published and/or distributed by CILI to Members.

Online Customer — A non-Member who buys products at retail price, online from a Member’s replicated site.

Personal Production — Moving CILI products or services to an end consumer for actual use.

Personal Sales Volume or “PSV” — All BV (Business Volume) purchased by a Member combined with all BV purchased by a Member’s personal Customers, their customers and so forth in a RQP (Rank Qualifying Period).

Qualified Member — A Member who has 65 PSV (Personal Sales Volume) in standard orders or 50 PSV in Easy Order (autoship) BV within in the RQP. Only Qualified Members are eligible to earn bonuses.

Rank — The “title” that a Member holds pursuant to the CILI Compensation Plan. “Title Rank” refers to the highest rank a Member has achieved in the CILI compensation plan at any time. “Paid As” rank refers to the rank at which a Member is qualified to earn commissions and bonuses during the current pay period.

Recruit — For purposes of CILI’s Conflict of Interest Policy (Section 4.11), the term “Recruit” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another CILI Member or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

Registered External Website – A Member’s CILI-approved personal website that is hosted on non-CILI servers and has no official affiliation with CILI.

Replicated Website – A website provided by CILI to Members which utilizes website templates developed by CILI.

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

Retail Customer – An individual who or entity that purchases CILI products or services from or through a Member, but who is not a VIP Customer, a Member.

Retail Sales – Sales to a Retail Customer.

Social Media - Any type of online media that invites, expedites or permits conversation, comment,

rating, and/or user generated content, as opposed to traditional media, which delivers content but does not allow readers/viewers/listeners to participate in the creation or development of content, or the comment or response to content. Examples of Social Media include, but are not limited to, blogs, chat rooms, Facebook, MySpace, Twitter, LinkedIn, Delicious, and YouTube.

Sponsor — A Member under whom an Enroller places a new Member or Customer, and is listed as the Sponsor on the Member or Customer Application and Agreement.

Upline - The enroller of a Member and all Members above the Member. Also known as the line of support.

VIP Customer — An Online Customer who signs up for Easy Order, an automatic, recurring, monthly retail order (auto-ship) program.

VIP Member — A Member who signs up for Easy Order, an automatic, recurring, monthly retail order (auto-ship) program.