



paparazzi®

POLICIES AND PROCEDURES

Effective March 1, 2014

SECTION 1 – The Paparazzi Mission Statement

To change the lives of our Consultants and their customers by providing fashionable and affordable accessories, and by providing an opportunity to financially benefit their lives and the lives of their families in a positive way.

SECTION 2 – Introduction

2.1 Independent Consultant Agreement

The Independent Consultant Agreement comprises of the following items, any formal agreement to such Independent Consultant Agreement or any action representing Paparazzi as an Independent Consultant through the purchase of product at wholesale price, participation of the compensation plan, or the retail of any Paparazzi product constitutes an agreement to abide by the following articles:

- a. The Independent Consultant Agreement
- b. The Policies and Procedures (this document)
- c. The Paparazzi Compensation Plan

When referring to the Consultant Agreement or Agreement, it is referring to all of the documents and components as described above. All Independent Consultants of Paparazzi carry the responsibility to read all components of the Agreement, and to be compliant with all aspects of said Agreement. When sponsoring or enrolling a new Independent Consultant into Paparazzi, it likewise is their responsibility to become familiar with said Agreement and components thereof before signing the Independent Consultant Agreement or enrolling through an online form. It is the responsibility of all sponsoring Consultants to inform their new enrollments of the existence of these agreements, and that by enrolling as an Independent Consultant they are bound by such Agreements.

In this document or any component of the Agreement, when referring to Paparazzi as a corporate structure, and any entities incorporated therein, they will be referred to by either "Company" or "Paparazzi."

2.2 Purpose of the Policies and Procedures

The purpose of this Agreement and these Policies and Procedures is to define the relationship between the Independent Consultant, other Independent Consultants, and the Company, and to clearly articulate the expected behavior and acceptable business conduct of all parties involved. By agreeing to the Independent Consultant Agreement and its components, the Independent Consultant is required to comply with it and its components, as well as with all federal, state, and local laws governing the Independent Consultant's business activities.

If there are any questions in relation to the Independent Consultant Agreement all Independent Consultants have their sponsors, and the corporate Consultant Support staff available to help answer any questions.

2.3 Changes to the Agreement

Paparazzi reserves the right to amend the Agreement and any or all of its components, as well as its prices and commissionable volume levels, at its sole and absolute discretion. By executing or agreeing to the Consultant Agreement or any of its components, a Consultant agrees to abide by all amendments or modifications that Paparazzi elects to make. Amendments shall be effective upon notice (or a reasonable attempt to notify) to all Consultants that the Agreement or any of its components have been modified. Notification of amendments shall be published in any official capacity by Paparazzi. Paparazzi shall provide or make available to all Consultants a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company's official website; (2) electronic mail (e-mail); (3) inclusion in any Company publications; or (4) any special mailings. The continuation of a Consultant's Paparazzi business, activity, purchases, or sale of Paparazzi product, as well as any acceptance of bonuses or commissions constitutes acceptance and agreement of any and all amendments to the Agreement, any of its components, and the updated documents in their entirety.

If any amendments or modifications to this Agreement are not acceptable to the Consultant they have 20 (twenty) days from the Agreement's original publication date to notify the Company and request the termination of their Consultant Agreement.

2.4 Business Delays Beyond Paparazzi's Control

Paparazzi is not responsible for any or all delays or failures in the performance of its obligations when such performance is made commercially impractical due to circumstances beyond its reasonable control. This includes, without limitation,

strikes, labor difficulties, riot, war, fire, natural disasters, death, curtailment of a party's sources of supply, or government decrees or orders.

This also applies to third party vendors of Paparazzi and limitations within their services, including but not limited to delivery of packages or product, or any other feature, function, or service that is not expressly within the Companies control.

2.5 Invalid or Unenforceable Policies

If any part of the Agreement is held to be invalid or unenforceable, only that invalid or unenforceable portion may be removed and the remainder of the Agreement shall remain intact and in force.

2.6 Compliance Enforcement

The Company never gives up its right to insist on the Independent Consultants compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Paparazzi to exercise any right or power under the Agreement or to insist upon strict compliance by a Consultant 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 Paparazzi's right to demand exact compliance with the Agreement or any components thereof. Waiver by Paparazzi can be effectuated only in writing by an authorized officer of the Company. Paparazzi's waiver of any particular breach by a Consultant shall not affect or impair Paparazzi's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Consultant. Nor shall any delay or omission by Paparazzi to exercise any right arising from a breach affect or impair Paparazzi's rights as to that or any subsequent breach. The existence of any claim or cause of action of a Consultant against Paparazzi shall not constitute a defense to Paparazzi's enforcement of any term or provision of the Agreement.

Any action or enforcement taken by Paparazzi in relation to a compliance issue is address solely between Paparazzi and the parties involved. There is no requirement of notification to any other parties as to the outcome of such an investigation.

SECTION 3 – Becoming a Consultant

3.1 Requirements to Become a Consultant

To become a Paparazzi Consultant each applicant must:

- a. Be of the age of majority in your state of residence, or 18 years of age;
- b. Reside in the United States;
- c. Have a valid Social Security Number (SSN) or Federal Tax ID Number (EIN);
- d. Read and agree to abide by the company's Consultant Agreement and all components therefore;
- e. Remit payment of a Consultant Enrollment Fee;
- f. Complete and submit (physically or electronically) an Independent Consultant Application and Agreement to Paparazzi.

New Consultants may enroll online. An application with any secured or protected information, such as SSN or EIN and credit card information, represents the personal application and agreement for such actions from the principle of such secured information. An existing Paparazzi Consultant must not fill out, sign, or accept the agreement for another Paparazzi Consultant.

Paparazzi reserves the right to reject or deny any new Consultant Agreement or Application, and/or to reject any Agreement after its execution for any violation of policy as documented by the Agreement.

3.2 One Consultant Business Per Household / Vested Interest

To uphold the nature of the Paparazzi Compensation Plan, only one Consultant Business may be open per household. This includes only having one executed Consultant Agreement per family, married couple, or live-in resident of the domicile. A corporation or business is also considered a single unit, household, or domicile for the purpose of this Agreement.

This restriction also includes the limitation that no Consultant can have a vested interest in more than one Consultant's business or Paparazzi account, including but not limited to: order placing, account management, or any interest or action in a position with the Paparazzi Tree which may define, enhance, or create an increase in commissions as a result.

3.3 Consultant Enrollment Fee

Each Consultant is required to pay an enrollment fee of \$40 USD. This enrollment fee covers the cost associated with the data creation of their account within the Consultant Management software package, supports the costs associated with management and service, provides the licensing of the Paparazzi name as an Independent Consultant, and creates a financial vestment in association with the adherence to the Agreement. In exchange for

the Enrollment Fee, Paparazzi Consultants are free to use the Paparazzi brand in the distribution of their Paparazzi Inventory, and to purchase the Paparazzi product at a discounted wholesale price (see Section 3.4). The Enrollment Fee may be waived only if purchasing a Starter Kit during the initial enrollment process.

3.4 Consultant Benefits

After an Independent Consultant Application and Agreement has successfully been completed and accepted by Paparazzi, all the benefits from the Paparazzi program, including the product offering, marketing materials, and Compensation Plan are available to the Consultant. These benefits include:

- a.** The ability to purchase Paparazzi Accessories and products at wholesale price;
- b.** The ability to retail Paparazzi Accessories with the intention of earning a retail profit from the sale thereof;
- c.** The ability to hold house parties, larger parties, or promote larger shows under the Paparazzi name as an Independent Consultant;
- d.** The ability to participate in the Paparazzi Compensation Plan (receive bonuses and commissions, if eligible);
- e.** The ability to sponsor other Independent Consultants;
- f.** The ability to receive Paparazzi training and communication;
- g.** The ability to participate in Paparazzi sponsored events, services, trainings, motivational functions, and recognition programs;
- h.** The ability to participate in any promotional or incentive contests and programs sponsored by Paparazzi for its Consultants.

3.5 Business Entities

Certain types of corporations or businesses can apply to be a Paparazzi Independent Consultant through the Independent Consultant Agreement. Business Entities are allowed to retail the product through any medium available to them (internet, retail store, etc.) as long as the retail or sales price to the end consumer is never lower (advertised or otherwise) than the suggested retail price per unit (\$5 USD). Any exceptions to the suggested retail price offering must be approved in writing by an authorized officer of Paparazzi, and will only be considered for show events. This is in an effort to protect the business of all Independent Consultants.

During the registration process, all policies still apply that are applicable from the Agreement. All persons, including Consultants, principles, and employees, of the

corporation or business entity are held to the "Vested Interest" clause in Section 3.2.

3.6 Identification

During the application process, the Independent Consultant must provide a Social Security Number or a Federal Identification Number to Paparazzi. Once the application is submitted and accepted, Paparazzi will assign a unique Consultant identification number. This will be used as the primary identifier of the Consultant account within Consultant Support, online applications, the tracking of orders, packages, and commissions processing and payments. These IDs and other identifying numbers should not be shared with others.

3.7 Maintaining Consultant Status

After the initial application process, maintaining an Independent Consultant status and placement within the Paparazzi Commission Tree Structure is contingent upon the following things:

- a. Adhering and maintaining all published policies, Agreements, and components thereof (be in good standing);
- b. Order at least 200 PV of inventory within the previous twelve (12) consecutive calendar months;
- c. Be up-to-date on any invoices, owing balances, or retractions.

If at any point any of the items documented above are not maintained, the account will be terminated, and the position will be removed from the Commission Tree structure. At which point the Consultant will lose all claim, rights, and privileges associated with the former position or account. If at any point a terminated Consultant wishes to re-engage as a Consultant of Paparazzi in good standing, the individual may reapply and pending approval may be re-enrolled into the organization. Reapplying Consultants will not be placed in previous locations or gain any of their former privileges associated with their former position.

3.8 Qualifications for Inclusion in Consultant Search

In order for a Consultant to be included in the Consultant Search function on the corporate website, that Consultant must have been active the prior month. To be considered active is to have purchased at least 50 PV of inventory within that month. Eligible Consultants are chosen at random in the search results and will not be listed in any particular order even if they meet the qualifications.

SECTION 4 – Consultant Relationship with Paparazzi

4.1 Independent Contractor Status

When a Consultant joins Paparazzi, they are an Independent Consultant, or Independent Contractor. They do not purchase a franchise or business opportunity, and the agreement between the Independent Consultant and Paparazzi does not create an employer/employee relationship, partnership, or joint venture. As a result, the Independent Consultant is solely responsible for paying all local, state, and federal taxes owed from any compensation earned, in the form of retail profits retained at the sale of all product or the bonus/commission plan offered by Paparazzi. Paparazzi will not withhold any FICA or taxes of any kind from any commission or bonuses paid out. Independent Consultants are in complete control of the means by which they operate their Paparazzi business. They will establish their own goals, hours, parties, shows, and methods of sale – within compliance with this Agreement and applicable laws. They are solely responsible for paying all expenses incurred in the development of their business and are not authorized to incur any debt or obligation on behalf of or in the name of Paparazzi or other Consultants or to open any financial account on behalf of, for, or in the name of Paparazzi. The success of their Paparazzi business is the sole responsibility of the Independent Consultant.

4.2 Income Taxes

As an Independent Contractor, Independent Consultants will receive an IRS Form 1099 (Non-employee Compensation) earnings statement to each U.S. resident that has earnings of over \$600 paid from Paparazzi in the previous calendar year.

The Independent Consultant is solely responsible for paying local, state, and federal taxes on any income generated as an Independent Consultant. A copy of all IRS Form 1099s that are generated as a result of the criteria above will be remitted and sent to the United States Internal Revenue Service for the applicable tax year. If at any point the Federal Tax Information (name, SSN, EIN, etc.) provided by the Independent Consultant is wrong or contains an error, Paparazzi may hold all future earnings until the error is rectified within Paparazzi's records and the correction is remitted to the IRS; in these circumstances, pending the severity of error, the Consultant may be subject to be liable for any fines incurred by excessive errors submitted to the IRS.

4.3 Reporting Errors

If at any time an Independent Consultant feels that there is an error made by Paparazzi in regards to data display, volume accumulation, commission calculation, order delivery, tree placement of Consultants, or any other error – the Consultant has 30 days to notify Paparazzi, in writing, or when the purported error or incident occurred. Failure to do so will waive Paparazzi's liability to correct, rectify, or make any adjustments for the issue in question.

4.4 Limitations of Liability

By signing or agreeing to the Independent Consultant Agreement or any component thereof, the Independent Contractor agrees to release, discharge, and hold harmless Paparazzi, and anyone directly affiliated with Paparazzi (employees, officers, etc.) from any loss or damages, including costs and fees, incurred or suffered by you as a result of:

- a.** The Independent Contractor's breach of the Agreement (including these policies);
- b.** The improper promotion or operations of the Paparazzi opportunity, business, or related activities;
- c.** Any incorrect data or information provided by a Consultant to Paparazzi;
- d.** Any incorrect data or display information displayed by the Virtual Office;
- e.** The Independent Contractors failure to provide any information to Paparazzi that may be necessary for Paparazzi to operate its business; or
- f.** The Independent Contractors failure to execute their personal business strategy.

4.5 Request for Records

A Consultant's request for physical copies of invoices, applications, downline reports or other records will require a review and approval by the compliance department and will be subject to a \$1.00 charge per page, as well as any applicable shipping charges.

4.6 Roll-Up of Downline Organization

When a vacancy occurs in a Downline Organization due to the voluntary termination of a Paparazzi business, all Consultants or positions shifts up one level in order to fill that vacancy within the organization. This process and the removal of the terminated position is at the sole discretion and approval of the

company, and may take up to three months to review. Roll-up of Downline Organization may not be approved in circumstances where there is any manipulation in the roll-up or termination process, or there is a significant rank advancement or commission increase that will occur as a result of such roll-up. In circumstances where Roll-up of the Downline Organization is not approved then the vacant position will still be terminated, and will remain empty until the company deems necessary.

When an account is terminated involuntarily by the Company, for any reason, and the original position had generated a Commission earning in excess of \$50, the position will not be removed from the organization and the proceeding downline will not be "rolled-up." This is due to the potential consequences as detailed above in such moves. The position will remain there, but be deemed inactive. As a result of Compression in the Paparazzi Compensation Plan it is anticipated that this activity will not negatively affect commission payout through the Unilevel program, however it will keep organizational leg structure intact, and minimize potential manipulation in the organization.

4.7 Sale, Transfer, or Assignment of a Paparazzi Business or Position

Although your Paparazzi business is privately owned and independently operated, the sale, transfer, or assignment of it is subject to certain limitations and corporate approval. If you wish to sell your Paparazzi business or position within the organization structure, you must receive written authorization from the Company, and the Company has first right to purchase the position. In order to sell, transfer, or assign a Paparazzi business, the following criteria must be met:

- a.** The line of sponsorship must always be maintained, and the business must continue on;
- b.** The organization must be protected, and an agreement must be signed from the departing Consultant that it will be protected for the next 24 months after the transaction – resulting in no contact, recruiting, or cross recruiting;
- c.** The departing Consultant agrees not to enroll as a Paparazzi Consultant for a period of no less than twelve months, or as a Consultant or distributor for any network marketing or direct sales company for a period of no less than six months;
- d.** The purchasing agent must not be a current, or have been a Consultant for the previous twelve months – must be new to Paparazzi;
- e.** The purchasing agent must enroll through the transaction as a new Consultant, signing the Agreement, and a new account created;
- f.** No history is transferable, only the position and location in tree;

- g.** Before the sale is finalized, it must be brought to Paparazzi's attention for approval;
- h.** All participants must have been in good standing for the previous twelve months;
- i.** A \$250 Transfer Fee must be paid prior to the approved transfer being processed.

Paparazzi reserves the right to deny the transfer or sale of any organization at its sole discretion, request additional information, or documentation. Upon approval or denial, Paparazzi will give further directions or timeline associated with the decision.

4.8 Separation of a Business

In circumstances where joint owners or partners of a single position or Paparazzi business no longer wish to continue the business relationship due to separation or divorce – there must be a way to equitably continue the business as a single entity, in its current location, while minimizing any impact to any other business owners which may be formally or informally associated with the business in question. If such an action is not possible, then Paparazzi will involuntarily terminate the Consultant Agreement, and the position, account, or business entity will be terminated.

During any business separation or divorce proceedings, the following options are available in which Paparazzi will support:

- a.** One party, with consent of the other, continues to operate the business pursuant to the Agreement. All claimants on the position will deal directly with the party selected, and Paparazzi will deal and respond only to the selected account operator;
- b.** The parties may continue to operate the account as joint owners and partners.

In the event that the parties cannot come to a resolve for the dispute, Paparazzi will terminate the Consultant Agreement and execute its right to either terminate the position or take control of the account.

4.9 Transfer Upon Death of a Consultant

To affect a transfer upon the death of a Consultant, the claimant will need to provide the following:

- a. Copy of the death certificate;
- b. Notarized letter or legal instrument establishing the rightful successor; and
- c. Completion of a new Consultant Agreement.

4.10 Indemnification

A Consultant is fully responsible for all of his/her verbal and written actions or statements made regarding Paparazzi products and the Paparazzi Marketing and Compensation Opportunity that are not expressly contained with official Paparazzi materials. Consultants agree to indemnify Paparazzi and Paparazzi's directors, officers, agents, and employees and hold them harmless from any liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Paparazzi as a result of the Consultant's unauthorized representations or actions. This provision shall survive the termination of the Agreement.

4.11 Claims

Consultants may not make any claims in relation to the product or income generated by Paparazzi.

4.12 Consultant Support and Responsibilities to Retail Customers

Paparazzi offers Consultant Support for enrolled or enrolling Paparazzi Independent Consultants. Paparazzi does not offer Consultant Support to Retail Customers of Paparazzi Consultants. Consultants are expected to offer support and services and be a liaison between their customers and Paparazzi.

4.13 Paparazzi Right to Data

Paparazzi reserves the right to store acquired data from the Consultant. They also maintain the right to own, share, or display such data (excluding secure data) within reasonable means to increase the business of the Consultant, or the offering of Paparazzi. This right includes sharing contact information, general location information, success information, or any other reasonable data through appropriate mediums, such as the Paparazzi website, replicated sites, web based communication, letters, telephone, or other accepted mediums of communication.

Paparazzi commits to protect the integrity of such data to the full extent it is reasonably capable of doing, and to avoid selling or distributing any sensitive

information with organizations or persons that are in-line with the mission and goals of Paparazzi, or that is in the reasonable welfare of their Consultants.

4.14 Disparaging Remarks

Consultants may not use disparaging remarks in relation to Paparazzi corporate staff, employees, directors, officers, or any other Representative of Paparazzi, including but not limited to other Independent Consultants. Consultants are to conduct their business with positivity and in a manner that uplifts everyone. Comments made by Consultants which may be negative in nature that relate to others potentially damage their own business, the business of others, and the Paparazzi brand. Consultants should be courteous, polite, and always seek an amicable resolution to any disagreement or dispute.

Owners of social media sites, forums, blogs, or community pages, are responsible to ensure that all messaging and content by contributors to those pages remain positive, uplifting, and supportive of the Paparazzi business, operators, Consultants, and programs. All comments made on any such sites are the sole responsibility of the owner to monitor, and any violation or disparaging comments made on such forums, will also be the responsibility of the site owner or manager as if they were made by them directly.

SECTION 5 – Operating a Paparazzi Business

5.1 Adherence to the Paparazzi Marketing and Compensation Plan

Consultants must adhere to all published Paparazzi Marketing and Compensation Plan literature. Paparazzi Consultants may not offer Paparazzi products or opportunity in conjunction with any other system, program, or method of marketing other than that which is set forth in the published Paparazzi Marketing literature. Consultants may not enforce, require, or encourage Customers or Consultants to execute any agreement other than the official Independent Consultant Agreement.

5.2 General Advertising

Paparazzi Consultants shall safeguard and promote the good reputation of Paparazzi and its products. The marketing of Paparazzi products, opportunity, compensation plan, and marketing shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, slanderous, unethical or immoral conduct or practices.

Any personalized promotional material or advertising attempt must be approved by Paparazzi and its legal department to ensure that there are no claims or violations to the Paparazzi trademark, namesake, or other legal issues.

Consultants are not permitted at any time to make any income claims in relation to the Paparazzi opportunity. All labels, trademarks, logos, names or titles, must include the title "Independent Consultant" prominent enough to easily identify that the Consultant represents their own business and not Paparazzi as a whole or as a corporation.

5.3 Use of Paparazzi Name

Consultants may not use the Paparazzi name or any of its registered trademarks, names, services, or products in any personalized or personally owned businesses, webpage addresses, e-mail address domains, or internet domain registration.

Consultants, or anyone, may not use Paparazzi trademarks, designs, or symbols, without its express prior written permission. Consultants may not record Paparazzi sponsored Company events, speeches, conference calls, or any other event or function through any medium without the prior written consent from Paparazzi.

Consultants may only use the Paparazzi name in casual communication (i.e. social media communication, online forums, blogs, email addresses, etc.) under the following considerations: (1) it is with the intention of building their Paparazzi business, (2) when there are no plural terms used in the title of use of the Paparazzi name, so as to not represent a group of individuals, and (3) there is a specific individual identifier clearly indicating not only the use of it by an Independent Consultant, but which independent Consultant is using the term (such as Consultant Identification Number or name).

5.4 Paparazzi Brand

At no time may a Consultant re-label or remove the label of any Paparazzi product for retail sale. Such relabeling or repackaging would violate this Agreement and governing laws which could result in severe criminal penalties. Civil liabilities may also result when the persons using the products suffer any type of injury or their property is damaged as a consequence of the repackaging or relabeling of products.

Any media inquiries in relation to Paparazzi must be responded to by

Paparazzi's Communications Department and corporate headquarters, and Consultants should not attempt to respond to any inquiries without express written permission to do so.

5.5 Use of the Paparazzi Logo

At no time can any Consultant create or distribute any item or literature that contains the Paparazzi logo and brand that was not created by Paparazzi directly and distributed for that intended purpose.

Independent Consultants are free to use the "Paparazzi Independent Consultant" logo, which is available to all Consultants online; as long as they do not alter or distort the logo in any way. Consultants may make any tools, or accessories necessary for them to build their business using the Paparazzi Independent Consultant logo, for personal use or consumption. No Consultant may create and then sell, distribute, or promote, any items with the Independent Consultant logo to other Consultants, members of their teams, or anyone else.

5.6 Team Use of Consultant Logo and Team Services

The only exception to using and reselling an item with the Paparazzi Independent Consultant logo that will be considered will be for the purpose of team use, and only under the following considerations:

1. The Consultant creating, designing, and reselling the item has proven themselves capable both financially and through building a successful organization, and has reached the rank of A-Lister for a minimum of two consecutive months;
2. The qualified Consultant has also formally agreed to all terms within the Consultant Licensing Agreement (which can be requested once qualifications are met);
3. All items with the Paparazzi logo use the Paparazzi Independent Consultant logo, and also include an additional team logo prominently displayed on the item;
4. All items are submitted and approved by Paparazzi, before they are produced, created, generated, and sold to the general public; 5) All items are to be tasteful, and of quality.

Paparazzi reserves the right to deny any design on the grounds of brand protection. Consultants may not charge other Consultants or team members for any type of products, services, or training (material or immaterial) unless they have proved their ability to succeed with Paparazzi by reaching the rank of A-Lister for a minimum of two consecutive months, and have the express written approval of Paparazzi to do so through the approved Licensing Agreement.

In the event where there is a personal or team brand, or any other brand related to the business of a Consultant – at no time may that brand be seen to circumvent, replace, overshadow, or supersede the Paparazzi brand, in any forum, which may include but not be limited to online activity, shows or expositions, or any other related activity which is reasonably intended to build the Paparazzi brand.

5.7 International Sales

Consultants are only allowed to sell Paparazzi Products and Opportunity within the United States, and those countries which Paparazzi has announced they are officially launched in (currently only United States).

5.8 Consultant Release

By agreeing to the Agreement or any of its components, the Independent Consultant authorizes Paparazzi to use their name, testimonials, likeness, or experiences in Paparazzi advertising or promotional material with no remuneration. Further, any reproduction of any photos, images, testimonials, stories, conversations, or documentation that is created by Paparazzi or provided to the company is also authorized for reproduction in any form without remuneration.

5.9 Unsolicited Communication

Independent Consultants may not initiate any unsolicited communication (faxes, e-mails, phone, etc.) to anyone who they are not personally aware of (or to people they do not know).

5.10 Online Activity

Independent Consultants may not use any online forum (eBay, classifieds, Craigslist, or any other online retail tool) to bundle, distribute, or sell Paparazzi products. Independent Consultants are not allowed to use Mass EMailer or generate "SPAM" for their Paparazzi Business.

Social media or networking is permitted for the intention of developing a warm market, or networking with current associates, but is not permitted for the direct sale or distribution of Paparazzi product. Consultants are not allowed to recruit through any Paparazzi Corporate social media page, or through any social media page that does not directly belong to that Consultant. This also includes directly contacting someone through instant messages or e-mails that were found through a social media site not directly owned by that Consultant.

Violation of this policy can result in termination, as potential Consultants who are interested in doing Paparazzi can quickly become disinterested through heavy online recruiting activities.

Any and all online activity of Consultants with the intention of promoting Paparazzi must be appropriately designated as an "Independent Consultant."

5.11 Retailing or Reselling

After the initial product or inventory is purchased, no product can be resold or retailed for less than the suggested retail price (no product under \$5 USD). Any exceptions must be approved prior to the sale or event by an authorized Paparazzi officer in writing. Any activity in which the product is sold under the suggested retail price from any Consultants risks the program of all Consultants.

5.12 Recruiting or Enrolling Promotions

At no point may a Consultant advertise or promote an enrolling or recruiting promotion which discounts the price or value of the enrollment process. This includes, but is not limited to, offering discounted Enrollment Fees or Starter Kits, reimbursements, cash offers for enrollment, extra personal inventory, or anything else that is seen to increase the value or decrease the value of the enrollment process. This activity is often seen as an attempt to create an unfair advantage to other Consultants.

5.13 Parties, Fairs, Expositions, and Other Temporary Sales Forums

Parties, fairs, expositions, and other temporary sales forums represent good opportunities to both sell product and expose a population of people to the Paparazzi lifestyle, culture, product, and business opportunity. Paparazzi does not have any control over the business practices or the behaviors of the event organizers, hostess home environments, or managers at the event; and Paparazzi has no intention of mediating within these environments. Therefore, Paparazzi requests that all Consultants who wish to participate in these activities adhere to the following, and acknowledge the same through this Agreement:

- a.** All transactions are on a cash carry basis, or through an independently established merchant account provider. Paparazzi will not process charges, or accept funds on behalf of an Independent Consultant unless at a Paparazzi sponsored event and such is permitted. Paparazzi does not issue or accept any liability for the decline of charges, charge backs, lost cash, or any other transaction difficulties that may take place at such events. All transactions for retail product are the sole responsibility of the Independent Consultant.

- b.** Paparazzi does not offer or accept any liability insurance for any home party, meeting, booth, bazaar, seminar, show, or any other event or sales location initiated by the Independent Consultant. Such events are the Independent Consultant's meetings, and therefore all liabilities and ownership are the Consultant's responsibility.
- c.** Only one Paparazzi booth is allowed per show or event. It is the Consultants responsibility to check with the show managers or promoters to ensure that there are no Paparazzi Consultants contracted before you contract for any space.
- d.** Paparazzi show booths must exclusively offer Paparazzi Accessories. Paparazzi Accessories may not be mixed with any other products or offerings within a show booth.
- e.** The Consultant must make it known to the show managers and promoters that they are a Paparazzi Consultant and that they can be the only Paparazzi Consultant present. This must be done in writing, as well as the reception of such information from the show manager or promoter. Failure to obtain written acknowledgement from the show manager or promoter that they understand this policy minimizes the Consultant's ability to mediate any potential issues that may arise.
- f.** If there are any disputes in relation to this policy, and there is more than one Consultant selling Paparazzi products at a show, the challenging Consultant must take it up with the show promoter or manager that they contracted the space with in an effort to resolve the issue. Paparazzi will not mediate such disputes.
- g.** The Consultant may never offer a sale, deal, or promotion at a show which lowers the retail or sale value below the suggested retail value of \$5 per unit.
- h.** No competing jewelry or similar products may be offered alongside or in the same booth, as Paparazzi products in order to maintain its good name, and to minimize comparison with inferior products.
- i.** The Independent Consultant, or an agent thereof, must attend all hostess parties, home parties, show booths, or events that they are sponsoring or supporting (gaining retailing product at). The booth or party may never be left unattended at any time, or with someone who is not a Paparazzi Consultant.

It should be noted that only the Show Director has the ability to resolve any issues on the premises. As any concerns or issues are directed towards Paparazzi, it can only be in relation to a claim of policy violation, and the Consultant who has followed the policy as outlined above, and has their documentation dated and in writing will overrule. No circumstance, in which neither disputing party in relation to a policy violation has followed the above policy, will be considered by Paparazzi. A failure to comply with the policy as

outlined above, equates to failure to dispute or challenge another's right within the policy.

5.14 Change of Sponsor or Placement

To protect the integrity of all marketing organizations and the hard work of all Consultants within the organization, Paparazzi will seldom allow changes to the sponsorship or placement of another Consultant or organization. Maintaining the integrity of the sponsorship and placement trees is critical for the success of every Consultant and marketing organization. Accordingly, the transfer of a Paparazzi business from one position to another is rarely permitted.

Requests for a change of Sponsor or Placement within an organization must be submitted in writing to the Paparazzi Consultant Support Department in writing via email (sales@paparazziaccessories.com), and must include the reason for the request. Transfers will only be considered in the following circumstances:

- a. Cases involving fraudulent or unethical sponsoring. All requests of this nature must be made with 60 days of the alleged activity;
- b. Consultants may terminate their positions voluntarily, wait the required 12 (twelve) months, and then re-enroll within the desired organization; or
- c. The request is made and received within 72 hours of the initial enrollment or placement.

It will be left to the sole discretion of Paparazzi whether any downline or team members may be moved in the process of such requests. At no time will a request be approved if it directly affects the ranking or significantly affects the monetary rewards from an organization (as a result of the move itself). There is a \$25 non-refundable fee to investigate any requested changes.

If at any time an Independent Consultant is deemed inactive for a period of three consecutive months, that Independent Consultant forfeits all rights to have their approval required for any requested changes within their organization, at the discretion of the Company.

5.15 Non-solicitation

Consultants may NOT participate in other direct selling opportunities (party planning, network marketing, and/or multilevel marketing) whose primary product line/offering competes with Paparazzi Accessories. This would include, but is not limited to: Necklaces, earrings, bracelets, rings, lanyards, headbands, and/or hair clips. If a Consultant has a question about a particular company and whether or not there is a conflict, it is the Consultant's obligation to contact the Paparazzi

Compliance Department via e-mail at compliance@paparazziaccessories.com for clarification. Failure to adhere to this policy and the continued participation within another competing company may result in disciplinary action being taken; this may include suspension or termination of the Consultant's account. In addition, during the term of this Agreement, and for 12 months after the termination of a Paparazzi Account, Consultants may not solicit, recruit, or attempt to recruit other Paparazzi Consultants to any other network marketing business.

Consultants must not sell, or attempt to sell, any competing non-Paparazzi products at any event where Paparazzi products are being sold. This includes but is not limited to jewelry, hair accessories, or other network marketing products.

Consultants may not display Paparazzi promotional material, signage, or literature in a way or fashion that may confuse or mislead a prospective customer or Consultant into believing there is a relationship between Paparazzi and non-Paparazzi products or services. Consultants may not offer the Paparazzi opportunity side by side, or in conjunction with, any non-Paparazzi opportunity, product, or service.

5.16 Downline Activity Reports (Genealogy)

Downline Activity Reports are available to Consultants to access and view their Paparazzi Sales Organization. These reports are available in the Paparazzi Back Office. These reports are property of Paparazzi, and therefore the information contained therein is confidential. The use of these reports outside the intended use of supporting and building a Paparazzi organization is in direct violation of this agreement, and may bring legal action upon the violating Consultant. A Consultant shall not, on his/her own behalf, or on the behalf of any other person, partnership, association, corporation or other entity:

- a. Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- b. Directly or indirectly disclose the password or access code to his/her Downline Activity Report, or to the Reports of any other Consultant;
- c. Use the information to compete with Paparazzi or for any purpose other than promoting his/her Paparazzi business;
- d. Recruit or solicit any Consultants or Customers of Paparazzi listed on any report, or in any manner attempt to influence or induce any Consultant of Paparazzi to alter their business relationship with Paparazzi; or

- e. Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Downline Activity Reports – including sponsorship or placement relationships.

Upon demand by Paparazzi, any current or former Consultant will return the original and all copies of any Downline Activity Reports to the Company.

5.17 Cross Sponsoring

Actual or attempted cross sponsoring is strictly prohibited. "Cross Sponsoring" is defined as the enrollment (or attempted enrollment) of an individual or entity which is already or has a current Independent Consultant Agreement on file, which has not expired or been terminated for the duration of 12 consecutive months. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, fictitious ID numbers, or any other artifice to circumvent this policy is prohibited. Consultants must not demean, discredit, or defame other Consultants in an attempt to entice another Consultant to become a part of a new organization with Paparazzi or within another company.

If cross sponsoring is discovered, it must be brought to the Company's attention immediately. Paparazzi will then conduct a compliance investigation, in which Paparazzi reserves the right to permanently terminate any agreements involved, rectify the organization as they deem appropriate, and potentially initiate legal action.

5.17.2 Cross-Company Recruiting

Any and all attempts, successful or unsuccessful, by any Consultant to Cross-Recruit current Paparazzi Consultants to any other multilevel, network marketing, or party planning companies and organizations, constitutes a violation of this agreement. This violation will result in immediate suspension of the Consultant's account followed by an investigation into the matter and, if warranted or deemed necessary by the Compliance Department, the termination of the Consultant's account.

5.18 Inventory Loading

Consultants must never purchase more products than they can reasonably use or sell to Retail Customers in a month, and therefore must not influence other Consultants to purchase more product than they can reasonably sell within a month. Not only will excess product not be returnable, it may be seen as Bonus Buying and a violation of Section 5.19.

5.19 Bonus Buying

Bonus Buying is strictly and absolutely prohibited. "Bonus Buying" involves any method of directly or indirectly maintaining or increasing a Consultants rank, volume, or commission level by purchasing products for which the Consultant does not have a bona fide need for personal use or bona fide reason or intent to resell within the next 30 days from the date of the order; or, placing orders personally with the intention of hitting or maintaining a rank, volume, or commission level. This also includes using multiple positions within the organization to achieve the goal of "buying" the bonus or achievement.

If it is determined by the Compliance Department that a Consultant is Bonus Buying, that Consultant may be subject to suspension, termination, loss of commissions, loss of rank, or temporary or permanent suspension of the return policy. Product determined to be used or purchased in an abusive manner (i.e. Bonus Buying) will not be allowed to be returned.

5.20 Fraudulent Behavior

Consultants, and the hosts they work with, are obligated to work in an ethical, fair, and honest manner. If a Consultant's behavior or interactions are dishonest or fraudulent in any way, they will be immediately suspended, investigated, and potentially terminated. It is also expected that Consultant uphold all agreements, contracts, or obligations entered into with any other party, through the course of building their Paparazzi business.

5.21 Owning Another Direct Sales Company

Consultants, nor their spouses/significant others, may be an owner/founder/partner or operate/manage another multilevel, network marketing, or party planning company organization.

SECTION 6 – RESPONSIBILITIES OF CONSULTANTS

6.1 Change of Address, Telephone, or Contact Information

To avoid any disruption in business practices, the Consultant is responsible to notify Paparazzi of any changes to the contact information provided on the Consultant's account. Most changes can be made online, but can also be done via phone through the Consultant Support Department. A Post Office Box ("P.O. Box") is acceptable for a billing address, but not acceptable for a Shipping Address, as inventory packages will NOT be shipped using the USPS and will NOT be delivered to a USPS P.O. Box unless a delivery confirmation

waiver is received. Paparazzi is not held liable for missing shipments, commission payments, or any action or delayed response as a result of inaccurate or outdated contact information on the Consultant's account. This includes name, billing address, shipping address, telephone numbers, texting numbers, email address, and any other means of communication possible.

6.2 Changes to the Agreement

It is the Consultant's responsibility to update or initiate any updates if there are any changes to the Agreement, including government ID numbers, applicant names, or business entities. These changes can be initiated through Consultant Support, and require a newly executed and completed Agreement submitted. There may be an additional \$25 fee to change principles, Business Entities, or taxable Government IDs on file.

6.3 Continuing Leadership

Any Consultant who sponsors another Consultant into Paparazzi must perform a bona fide assistance and training function to ensure that his/her organization is properly operating their Paparazzi business and that they are in full compliance with local and federal laws, and this Agreement. It is expected that Consultants will monitor the activities of their organizations and support full compliance with the Company's policies contained within this Agreement. In any circumstances, where it is discovered by a Consultant that a member of their team may be in violation to this Agreement, they are to do all within their power to bring them back into compliance with this Agreement; if that is not possible or completed, they are to notify Paparazzi Compliance Department immediately.

Consultants are expected to support, train, and mentor other Consultants in the organization to help them build success. It is expected that sponsoring Consultants be available to be contacted, attend meetings, and support their organizations. Failure to do so will result in a lack of personal success within the Company.

6.4 Providing Documentation

When enrolling a new Consultant, the sponsoring Consultant must be able to provide or ensure that they have access to, and have reviewed, the latest version of the Policies and Procedures, the Compensation Plan, and the Distributor Agreement before the new Consultant signs the Independent Consultant Agreement, or completes the process online.

6.5 Reporting Obligation

All Consultants have an obligation to report any policy violation that they may witness or be aware of to the Paparazzi Compliance Department. Failure to do so may result in compliance actions taken against them.

6.6 Laws and Ordinances

All Consultants must be aware of, and adhere to any local or federal laws and ordinances that may affect or be a part of their Paparazzi business or sales activities.

6.7 Federal Regulations

Certain federal regulations govern the direct sale of inventory, which includes Paparazzi Accessories. In order to comply with those regulations, Consultants must ensure the following information is provided on all sales receipts at each transaction:

- a. Date of transaction;
- b. Product issued (units purchased);
- c. Name and Address of selling Consultant; and
- d. Signature of purchaser, indicating receipt of product.

They must also be aware of the Consultant's return policy of the product.

Consultants are required to issue sales receipts for the retail purchase of Paparazzi product, as well as to keep a copy for themselves for no less than two years from the transaction documented.

6.8 Adherence to Hostess Rewards Program

The success of any party planning organization rests with the success of the Hostess. "Hostess" refers to someone who has agreed to hold a party for their friends and associates, and have invited a Paparazzi Consultant to offer product at their home. Incentivizing a Hostess to hold a party at their home is key to the success of any organization. Therefore, Paparazzi has outlined the following as the minimum amount of compensation offered to Hostesses for hosting the party:

- a. All Consultants are obligated to offer a 5% credit to the Hostess for the retail sales generated at their hosted party; preferably to be selected out

of the inventory at the party. The credit is determined from Retail Sales (not profit), and is exchanged for Retail Price (\$5 USD).

To support and augment the cost for the Consultant to adhere to this minimum offering for their Hostess, Paparazzi has supplemented many of the Party Packs with additional units which may be used to fill this obligation.

Paparazzi strongly encourages Independent Consultants to increase and enhance their Hostess Rewards program for their own Hostesses – understanding that the more excited the Hostess is, the more excited the customers are, and the more sales are generated.

6.9 Reception of Product

When an order is received, it is the Consultant's responsibility to do an immediate inventory of the product delivered to determine if there are any damaged or missing pieces from the invoiced order. Failure to notify Paparazzi within three business days of confirmed delivery of the shipment will cancel your right to request a return. Any pieces that may be received that can be reasonably corrected using the provided "Repair Kit" within the Starter Kit, will not be considered returnable.

6.10 Holding or Manipulation of Enrollments or Orders

A Consultant must never hold or manipulate the timing of an Independent Consultants enrollment or order. Doing so will result in the conclusion that such actions are in conjunction with "Bonus Buying" (see Section 5.19), and will be subject to a compliance review. Doing so also postpones the activity of the new Independent Consultant, and can damper an opportunity for them to succeed.

6.11 Actions of Household Members

If a member of a Consultant's immediate household engages in activities that violate the Agreement (including these Policies), the Consultant will be considered to be in violation of the Agreement. This section also applies to any member of a business entity that is a business representative of Paparazzi as a Consultant.

6.12 Business Insurance

Paparazzi does not provide or offer any form of business or liability insurance for the Consultant's business. Consultants are free to purchase such insurance for their business. Homeowners or automobile coverage usually does not provide coverage for any type of business related injury, theft, or damage.

SECTION 7 – Bonuses and Commissions

7.1 Bonuses and Commissions

A Consultant must be active (with a minimum of 50 PV in inventory monthly inventory purchases), in good standing, and in compliance with the Agreement to qualify for bonuses and commissions. So long as the Consultant complies with the terms of the Agreement, Paparazzi shall pay commissions to qualified Consultants in accordance with the Marketing and Compensation plan and their qualifications. If at any time during a month a Consultant account is suspended for compliance or policy issues, their commission check for that month will be held until a final decision is reached by the compliance department. If it is found that there was no violation, the check will be issued at that time. If the account is terminated as a result of proven violations, the commission will not be paid.

The minimum amount for which Paparazzi will issue a check or deposit is \$20.00 (after a \$2.50 commission processing fee). If a Consultant's earnings for the month is less than the required amount, those funds will be placed on their account to be added to the next commission payout cycle and paid once the minimum amount has accumulated.

7.2 Commission Times

Commissions are only paid in the form of checks or direct deposit, and are paid as a whole payment in relation to the activity within the last previously closed commission period. Commission Periods (and Qualification Periods) begin the first day of every calendar month at 12:00 AM EST, and conclude the evening of the last day of every calendar month at 11:59 PM EST. After a commission period is closed, a monthly audit and commission calculation begins. Final commission calculations will be posted (via the internet based Back Office) around the 10th of the month, and the checks mailed and deposits made no later than the 20th day of the following month for which the commissions are being processed for. Commission checks are only mailed to the Mailing Address on file, and are printed only to the name which is the Primary Name on file (personal or business).

7.3 Compensation Plan Adjustment

Paparazzi reserves the right to make any adjustments necessary to the Compensation Plan at its sole discretion with 30 days prior notice in writing. Such notice would be made via e-mail, and through any notifications on the web-based Back Office.

7.4 Bonus Adjustments from Returns

In the event that a commission has been issued on the sale of product that is eventually returned or on inventory that is accepted back by Paparazzi, any bonuses or commissions that were calculated and paid on the initial sale of the inventory or products will be deducted from the month in which the refund or return took place. This may continue for subsequent months until the paid commissions are recovered from all Consultants up the tree which may have earned commissions from the initial sales of the refunded inventory.

7.5 Bonus and Volume Reports

All information provided by Paparazzi over the phone, online, or through any type of 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 the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit cards and payments, returned product or inventory, credit cards and payment method charge backs, the information is not guaranteed by Paparazzi or any person creating or transmitting the information. All sales volume information is provided "as is" without warranties, expressed 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, Paparazzi and/or other persons creating or transmitting the information will in no event be liable to any Consultant or anyone else for any direct, indirect, consequential, incidental, special or punitive damages that arise out of the use of or access to 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 Paparazzi 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, Paparazzi or other persons creating or transmitting the information shall have no responsibility or liability or other theory with respect to any subject matter of this agreement OR terms and conditions related thereto.

Access to and use of the Paparazzi online and telephone reporting services and the Consultant's reliance upon such information is at the Consultant's own risk. If the Consultant is dissatisfied with the accuracy or quality of the information, their

sole and exclusive remedy is to discontinue use of and access to Paparazzi's online and telephone reporting services and their reliance upon the information.

7.6 Compensation Plan Calculations

All calculations within the Paparazzi Compensation Plan (qualification and bonus calculations) are based off of the Personal or Product Volume (PV) accumulated within such account or organization. This includes all ranks, commissions, bonuses, rebates, promotions, or any other form of rewards offered by Paparazzi within or outside of the Paparazzi Compensation Plan.

Paparazzi Compensation Plan is audited monthly in an attempt to ensure accuracy. Any errors that are discovered are to be reported to Consultant Support within 30 days of the publication of the Commission run. Paparazzi has no responsibility in relation to any issues that are not reported within that 30 day period. Paparazzi does all due diligence to ensure accuracy in all calculations and payouts.

SECTION 8 – Payment & Sales Tax

8.1 Insufficient Funds

It is the Consultants responsibility to ensure that there are sufficient funds through the approved transaction type or credit card. If the funds or credit is not available, the system may not accept the Consultant's order, or the orders of their organization. If the order payment is not resolved by the end of the commission period, the order will be canceled, and any lost commissions, qualifications, or business as a result of the lost order is the sole responsibility and liability of the Consultant.

8.2 Sales Tax

In states where the Paparazzi products are subject to sales tax, the Consultant is charged for the sales tax at the full Retail Sales amount at the time of the wholesale purchase of inventory. This is intended to ensure that each state tax agency is made whole on any potential sales from the transactions of that wholesale product. The sales tax is charged at the local level of the location where the order is shipped. Paparazzi collects these taxes at the time of wholesale inventory purchase and remits it to the state on behalf of the Retail Sale that the Consultant may now have.

This also allows the Paparazzi Consultant the option of charging their local taxes on their Customer transactions and recuperate that cost, or absorbing it into

their business structure; while at the same time not bringing any uncovered sales tax liability on Paparazzi or the Consultant.

Paparazzi is required to remit sales tax this way.

8.3 Automated Payment Processing

In the circumstance where Paparazzi offers a payment package for any event or experience ticket, the Consultant agrees to the terms proposed through the payment process. Tickets for Paparazzi events, shows, or trainings are non-refundable. All Consultants must pay the full amount of the ticket after they have registered for the event, regardless of whether they attend or not. All automatic recurring payments, as designated and agreed to by the Consultant upon registration, must be completed and the ticket must be paid in full.

SECTION 9 – Warranties, Guarantees, Returns, and Repurchases

9.1 Manufacturer Defects

Paparazzi only warrants against manufacturer defects. Consultants are required to inventory their product within three days upon receipt and immediately report any defective products (in accordance with Section 6.9). There are times when small pieces of jewelry may be loose (i.e. jump rings) and only need a small adjustment; these are not manufacturer defects. Consultants are expected to report any issues to Consultant Support, and describe the issue to identify what might be done to resolve the issue. If indeed, it is determined that there is a manufacturer defect, the Consultant Support Representative will approve an RMA (Return Merchandise Authorization) Number for the defective pieces ONLY. Upon receipt either a replacement (if available) will be sent, a similar replacement, or credit will be issued for that piece. Product that is returned under this policy must be received by Paparazzi within 15 days of notification, or 18 day from the receipt of the order. Any product received outside of this window will not be considered for a return, exchange, or refund.

9.2 No Warranty of Used Product

Paparazzi does not guarantee or warranty its product after it is removed from the packaging and/or used. Paparazzi Accessories are fashionable, trendy, and inexpensive. There is no intention or claim at the time of retail purchase of any life of the product, guarantee, or warranty. Consultants are encouraged to have their own satisfaction offerings within their own business, but to never offer any type of product life guarantee by Paparazzi. Used or opened product will not be returnable to Paparazzi, whether by a Retail Customer or an Independent

Consultant, unless the product falls under the manufacturer defects mentioned in Section 9.1.

9.3 Purchase Policy

Any Consultant who has an active account may purchase Paparazzi product as inventory to resell. Purchased Paparazzi product is the inventory of the Consultant, and is their responsibility to sell or move. Consultants should not purchase more than they reasonably believe they can resell. Upon purchase and opening of the product the Consultant accepts the responsibility to sell that product, and remove any liability of Paparazzi to make any retail sales on their behalf. Product purchased for inventory carries no warranties (see Section 9.2) and in most circumstances may not be returned (see Section 9.4) and the purchasing Consultant accepts those liabilities.

9.4 Return Policy

As a result of the nature of the Paparazzi business, excess inventory from a show or a house party is not returnable. In relation to the nature of Paparazzi, fashion trends, and rotating inventory, once the product is purchased and is delivered that item is not returnable unless it falls under the guidelines of "Manufacturer Defects" (see Section 9.1), and is identified within three days of receipt. Once a product package is no longer offered, returned inventory is no longer available to be restocked and therefore resold. Any excess products from a show or party that the Consultant may have ordered, are encouraged to be used at the next party or show or as Hostess Gifts. As a result of the fast change of fashion, the potential handling of the product, and the inability to track single pieces, or to resell returned kits that have already rotated out of the online catalogue, most jewelry that has been received may not be considered resalable, and therefore should not be requested to be returned.

Any and all volume from the returned product will be retracted from the sales organization if within a current commission period, or any commissions issued would be retracted back from the upline per Section 7.4.

9.5 Return of Enrollment

Consultants have 30 days from the time of their enrollment to select not to be a Consultant with Paparazzi. As long as Paparazzi is notified of within the first 30 days from the time of their initial enrollment, Paparazzi will refund their enrollment fee of \$40 (if applicable), or allow any unopened, unused, or undisplayed product to be returned with the use of an RMA Number.

Returning items must be received no later than 15 days from notification, or 45 days from initial enrollment date (whichever comes first). Returning product is at the expense of the Consultant.

9.6 Inventory Buy Back

In the event that a Consultant wishes to terminate their account, and request that any remaining inventory be purchased back by Paparazzi only unused, not previously displayed, unopened, never previously worn, and only those with the original Paparazzi tags would be considered for inventory buy back. **Items that don't carry PV are not eligible for buy back.** In such an event, the inventory buy back, as a result of the changing world of fashion, will be at a discounted rate of \$2 per acceptable unit piece (with a retracted 2 PV for each unit). Acceptable pieces will be determined at the sole discretion of Paparazzi and only after review and inspection upon the return. An RMA number issued and approved by Consultant Support is required prior to any Inventory Buy Back returns taking place – or the Inventory Buy Back will not be honored. The full accumulation of the returned product volume will be retracted from the organization as in Section 7.4, and the most recent commissions which may have been earned by the terminating Consultant may be retracted or removed from the returning funds as a result of the retracting volume which may have qualified them within the Paparazzi Compensation Plan for previous awarded bonuses.

9.7 Refused Deliveries

In any circumstance where a Paparazzi Inventory order is refused at the door and returned to Paparazzi, the ordering Consultant will be liable for a \$15.00 refusal fee (issued by the delivering service) as well as a 10% restocking fee to restock the unopened inventory.

9.8 Business Protect Autoship Process

In the event that Paparazzi offers a Business Protect Autoship, the Consultant acknowledges that it is an optional service, and is in no form required by this document, literature, or training. This offering is only designed to help Consultants who actively opt into the program ensure that they are doing the following:

- a)** Achieve their minimum level of Personal Volume (PV) to maximize their potential earnings;
- b)** Maintain new inventory through ensuring regular inventory shipments, the size of which are specifically designated by the Consultant.

Due to the nature of fashion as well as Paparazzi's inventory process, when a Business Protect Autoship Package is selected by the Consultant, the Consultant acknowledges the following:

- a)** There is no guarantee, option, or perception that any single piece, accessory, or item will be part of the Business Protect Package;
- b)** That each package is selected with the intent to increase inventory of the Consultant by the specified amount, not to increase any particular item or accessory, and that a Consultant has the potential of getting any piece which has previously been offered by Paparazzi;
- c)** That due to the nature and purpose of the Business Protect Autoship, Business Protect Packages are non refundable, returnable, or disputable, for any reason, including but not limited to: selection of items received, color of items received, ration of any particular accessory, or satisfaction of the items received. Only item that fall under the guidelines of a Manufacturer Defect and falls under the considerations of Section 9.1 will be able to request an RMA.

Autoships must be cancelled three full business days previous to their scheduled processing date in order to ensure that any changes within the system take effect before they are processed for the month. Any Autoships that are processed and ordered that are in the system three days prior to the date is the responsibility of the Consultant which received the order, and is non-returnable. We encourage all Consultants to be aware of the process of the Business Protect Autoship process and how it will be conducted. Any returns (as detailed above) which are approved will be shipped back at the expense of the Consultant.

SECTION 10 – Dispute Resolution and Disciplinary Proceedings

10.1 Disciplinary Sanctions

A Consultant's violation of the Agreement, any of its components, these Policies and Procedures, or the 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 Consultant that, in the sole discretion of the Company may damage its reputation or goodwill, may result, at Paparazzi's discretion, in one or more of the following measures being imposed on the Consultant:

- a. Issuance of a written warning;
- b. Requirement that the Consultant take immediate corrective measures;

- c. Imposition of a fine, which may be withheld from bonus and commission checks;
- d. Loss of rights to one or more bonus and commission checks;
- e. Paparazzi may withhold from a Consultant all or part of the Consultant's bonuses and commissions during any period of investigation involving an alleged violation of the Agreement. If the Consultants business is terminated for disciplinary reasons they will lose all rights and will not be entitled to recover any held commissions;
- f. Suspension of the individual's Agreement for one or more pay periods;
- g. Involuntary termination of the offender's Agreement;
- h. Any other measure expressly allowed within any provision of the agreement;
- i. In situations deemed appropriate by Paparazzi, the Company may institute legal proceedings for monetary and/or equitable relief.

In the event that a written warning is issued, with specific request of compliance or action, such agreed to terms between Paparazzi and the disciplined Consultants are considered an appended agreement to their Consultant Agreement, and a violation of such terms may warrant, at Paparazzi's full discretion, any or all of the actions detailed above.

All disciplinary actions are considered confidential and should not be discussed without uninvolved parties. Resolutions and outcomes are not required to be made public knowledge.

10.2 Grievances and Complaints

When a Consultant has a grievance or complaint with another Consultant regarding any practice or conduct in relationship to their respective Paparazzi business, the complaining Consultant should first report the problem to his/her Sponsor who should review the matter and try to resolve it with the other party's upline sponsor. If the matter cannot be resolved, it must be reported in writing to the Consultant Support Department. The Consultant Support Department will review the facts and resolve the issue at the sole discretion of the Compliance Department.

10.3 Arbitration and Jurisdiction

Any dispute or claim arising from or relating to the Agreement (including these Policies and Procedures), or any other claim or grievance against Paparazzi in any form whatsoever, including but not limited to, economic losses, personal injury, property damage, will be subject to mediation at Paparazzi's corporate address using a neutral mediator of Paparazzi's choosing. In the event that

Paparazzi and the Independent Consultant are unable to resolve their dispute through mediation, Paparazzi and the Independent Consultant will be subject to final and binding arbitration to be held in Salt Lake City, Utah.

The arbitration will take place before a panel of three arbitrators to be selected as follows: the Independent Consultant shall select one arbitrator, Paparazzi shall select one arbitrator, and the selected arbitrators will select the third arbitrator. The third arbitrator shall be an attorney. The party initiating the arbitration will identify its arbitrator in its written demand for arbitration to the other party. The other party shall identify its arbitrator within five (5) days of receipt of the notification of intent to arbitrate, and the third arbitrator must be selected within five (5) days of the appointment of the second arbitrator. Paparazzi shall pay the fees of its selected arbitrator, the Independent Consultant shall pay the fees of his/her selected arbitrator, and Paparazzi and the Independent Consultant shall pay equal shares of the third arbitrator's fees. The dispute will be subject to rules of arbitration agreed upon by the majority vote of the arbitrators and will be communicated to the party within ten (10) days after the arbitration panel has been completed.

The prevailing party in any arbitration proceeding shall be entitled to receive from the losing party all costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrators shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. The decision of the arbitrators shall be final, and there shall be no right to appeal such decisions in any court or judicial system. This agreement to arbitrate shall survive any termination or expiration of the Agreement.

Nothing in these Policies and Procedures shall prevent Paparazzi 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 Paparazzi's interest prior to, during, or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

Additionally, any dispute a Consultant has with Paparazzi for any act or omission relating to or arising from this Agreement, must be brought within one year from the date of the alleged misconduct and by accepting this Agreement, said Consultant waive all claims that any other statute of limitation applies.

Further, by accepting this agreement, the Consultant agrees and covenants not to file suit against Paparazzi, any of its affiliates, subsidiaries, officers, directors, or

employees for any claim or grievance the Consultant may have arising from the status as an Independent Consultant of Paparazzi.

Jurisdiction and venue of any matter not subject to arbitration shall reside in Washington County, in the state of Utah unless the laws of the state in which the Consultant resides expressly require the application of its laws, in which case that state's law shall govern all issues related to jurisdiction and venue. The Federal Arbitration Act shall govern all matters relating to arbitration. The laws of the State of Utah shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which a Consultant resides expressly require the application of its laws.

10.4 Product Liability Claims

Paparazzi maintains insurance to protect the Company against product liability claims. Paparazzi's insurance policy contains a "Vendors Endorsement" which extends the coverage to Independent Consultants so long as they are marketing Paparazzi products in accordance with applicable laws and regulations and the Agreement. Paparazzi's product liability policy does not extend coverage to claims that arise as a result of a Consultant's misconduct in marketing, reselling, or representing the product or company.

SECTION 11 – Inactivity and Cancellation

11.1 Voluntary or Involuntary Cancellation

As long as the Consultant remains current, and complies with the terms of the Agreement and these Policies and Procedures, Paparazzi will continue to pay the Consultant all earned bonuses and commissions in accordance with the Compensation Plan. Bonuses and commissions constitute the entire reward for the Consultants efforts in generating sales and all activities related – including building and support of a Downline Organization.

If a Consultant fails to meet the minimum inventory purchases or sales requirement for a period of twelve consecutive months (with less than 200 PV), or if the Agreement is voluntarily or involuntarily terminated, the Consultant shall be deemed to have waived all their rights, title, claim, privileges, or interest to the Downline Organization that they operated, and to any bonuses or commissions for the sales generated from that organization. Additionally, the Consultant will lose the right to represent Paparazzi, the right to sell Paparazzi products and the right to receive any further compensation, bonuses, commissions, or other income resulting from Paparazzi activities.

11.2 Cancellation Due to Inactivity

In order to keep a Consultants Agreement and account active, the Consultant must have accumulated at least 200 PV in personal purchases or inventory purchases within a rolling 12 consecutive month window. If at any time the Consultant has 12 consecutive months where no orders have been placed which accumulate to the 200 PV minimum, the Agreement will be canceled; the account and position terminated, and the measures in Section 11.1 will take effect. Paparazzi will not provide or issue any written confirmation of the cancellation.

11.3 Voluntary Cancellation

The Consultant has the right to cancel their Consultant Agreement at any time, regardless of reason. Cancellation must be submitted in writing to Consultant Support. Any cancellation notice must include name, address, Paparazzi Consultant ID, and a signature of the primary account representative. At the conclusion of the Agreement, all Sections which specifically denote a life beyond the Agreement are still enforceable.

11.4 Involuntary Cancellation

Any violation of the terms of the Agreement, including any amendment that may be made by Paparazzi at its sole discretion, may result in any of the sanctions listed in Section 10.1, including involuntary termination or cancellation of the Agreement at the sole discretion of Paparazzi.

Paparazzi reserves the right to cancel any or all Consultant Agreements upon thirty (30) days written notice in the event that it elects to.

In any circumstance where there is an Involuntary Cancellation of an Agreement on a position which previously had generated a minimum of \$50 from the Compensation Plan; that account will be terminated, but will not be removed from the Paparazzi Organization Tree – maintaining the current structure of the organization, and protecting the integrity of the original organization (see Section 4.6 for further detail).