

## **AquaLyte for Life Code of Ethics**

As a customer of **AquaLyte for Life** I agree that:

- It is my responsibility to inform the Company if I have a problem with a product or service that I purchased;
- I have chosen upon my own free will to purchase the products and services that the company makes available;
- I will pay for the products that I order;
- I will adhere to the refund and cancelation policies that are outlined in section 61 and 62 of the Statement of policies.

As an Independent Business Owner (IBO) of the **AquaLyte for Life** I promise and agree that:

- I will abide by the Direct Sales Associates (DSA) code of ethics;
- I will be courteous and respectful to every person I contact in the course of my **AquaLyte for Life** business;
- I will be honest and fair in all of my dealings while conducting business as an **AquaLyte for Life** IBO;
- I will perform my professional activities in a way that will enhance my own reputation, the reputations of my business associates and prospects and the positive reputation of **AquaLyte for Life**;
- I will fulfill my leadership responsibilities as a sponsor by providing training, assistance, and otherwise supporting my personally sponsored IBOs and those in their organization;
- I will not willfully misrepresent **AquaLyte for Life's** products or Compensation Plan, nor will I knowingly engage in any other deceptive or illegal practice that could bring harm to **AquaLyte for Life** or myself;
- I will not make any claims of income, nor will I represent any products offered by **AquaLyte for Life** in a manner other than what is permitted by **AquaLyte for Life**;
- I am solely responsible as an IBO for all financial and/or legal obligations incurred by me in the course of my business as an IBO of **AquaLyte for Life**;
- I will respect the sponsor relationship of any IBO in **AquaLyte for Life** and will support the ethical activities of all IBOs throughout the organization.

## **STATEMENT OF POLICIES AND PROCEDURES**

1. **AquaLyte for Life**, hereinafter "Company" is a direct selling Company marketing a nutritional supplement product to the marketplace. **AquaLyte for Life** provides a replicated website to its members. The policies and procedures herein are applicable to all Members of the Team whether they are IBOs or Customers.
2. A Member is one who has completed a Team application and agreement (electronic, paper or fax) and has been accepted by the Company as a Member. The Company reserves the right to accept or reject anyone as a Member.
3. Everyone joins the Company as a customer. Any member of the Team who has not achieved IBO commission qualified status is considered a customer.
4. Upgrade – A member can achieve IBO commission qualified status by personally signing up one auto ship customer assigned to their IBO number (It can be the IBO) and sponsoring one IBO who has signed up one auto ship customer to their IBO number (It can be the IBO).
5. All Independent Business Owners must be of legal age in the state in which they distribute **AquaLyte for Life's** products. Only residents or legally registered business entities with legitimate and current mailing address and verifiable Social Security or Federal Taxpayer ID number(s) in the United States may become an IBO. **AquaLyte for Life** reserves the exclusive right to accept or reject anyone. The Company will consider each married couple a single Member, or husbands and wives may sponsor each other directly or indirectly or have different sponsors. If one spouse is already a Member, the nonparticipating spouse may elect to become a Member. The Company reserves the right to reject any applications for new Members. Should a husband/wife IBO divorce, they should notify the Company as to how the IBOship is to be managed thereafter. Otherwise, the Company will recognize the final judicial or adjudicatory disposition of the IBOship.
  - There are no age restrictions on being a customer but there are age restrictions on being an IBO. It is the policy of the Company to not allow minors (Under the age of 18yr.) to be IBOs. If minor attempts to sponsor someone before they reach the age of 18, the Company will change the sponsor to the minor's sponsor

(Provided the sponsor is of age). The minor can form a partnership with someone of age but the person of age must be listed as the principal member.

6. IBOs are independent marketing businesses of the Company and are not to be considered purchasers of a franchise or a subsidiary of the Company. The agreement between the Company and its IBOs does not create an employer\employee relationship, agency, partnership, or joint venture between the Company and the IBOs. Each IBO shall hold harmless the Company from any claims, damages or liabilities arising out of IBO's business practices. The Company IBOs have no authority to bind the Company to any obligation. Each IBO is encouraged to set up his\her own hours and to determine his\her own methods of sale, so long as he\she complies with the policies and procedures of the Company.
7. In the conduct of its business, the IBO shall safeguard and promote the reputation of the products of **AquaLyte for Life** and shall refrain from all conduct which might be harmful to such reputation of the Company or to the marketing of such products or inconsistent with the public interest, and shall avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.
8. The Company's programs are built upon retail sales to the ultimate consumer. The company also recognizes that the IBOs may wish to purchase products in reasonable amounts for their own personal or family use. For this reason, a retail sale for bonus purposes shall include sales to non-participants as well as sales to IBOs for personal or family use which are not made for purposes of qualification or advancement. It is the Company's policy, however, to strictly prohibit the purchase of product or large quantities of inventory in unreasonable amounts solely for the purpose of qualifying for bonuses or advancement in the marketing program. IBOs may not inventory load nor encourage others in the program to load up on inventory. IBOs must fulfill published personal and downline retail sales requirements, as well as supervisory responsibilities, to qualify for bonuses, overrides or advancements.
9. Any IBO, who sponsors other IBOs, must fulfill the obligation of performing a bona fide supervisory, distributing and selling function in the sale or delivery of product to the ultimate consumer and in the training of those sponsored. IBOs must have ongoing contact, communication and management supervision with his or her sales organization. Examples of such supervision may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, training sessions, and accompanying individuals to IBO training, sharing genealogy information with those sponsored. IBOs should be able to provide evidence to the Company semiannually of ongoing fulfillment of sponsor responsibilities.
10. Company Retail/70 Percent Policy. The Company's sales and marketing program is based upon retail sales to the ultimate consumer. Every aspect of the program is designed to assist our IBOs in the marketing of fine products and services to the general consuming public. As a dual consumer safeguard, of the utmost importance to the company is the policy that IBOs should purchase products in commercially reasonable quantities, and under no circumstances may IBOs cause others to purchase products in amounts that are not reasonably expected to be sold to the consuming public or in unreasonable amounts for personal or family use. In furtherance of these policies, the company has adopted specific rules on retail sales and retailing referenced as the Provider retail/70 percent rules. In the interest of protecting the consumer and the opportunity of its IBOs, the Company enforces this rule through a verification program.
  - Retail Rule. Although the primary function of the Company is to sell products to the general consuming public, the Company realizes that its IBOs may wish to purchase product for personal or family use in reasonable amounts. For this reason, the Company defines a retail sale to include sales to non-participants, as well as purchases for personal or family use in reasonable amounts, which are not made solely for purposes of qualification or advancement. This is a standard followed by leading direct selling companies.
  - 70 Percent Rule. As with other leading direct selling companies, the Company has adopted a 70 percent rule. Under this rule, Company IBOs may not order additional product unless they have sold or used for personal or family use at least 70 percent of previously purchased inventory-type product.
  - Retail Sales/70 Percent Rule Audit Verification Program. In its effort to support and enforce the retail sales/70 percent rule, the Company, on a quarterly basis will conduct random audit verification follow-ups. Representatives of the company will review IBOs data to further verify compliance with the retail sale/70 percent rule. IBOs websites will maintain records to assist Company representatives in their task and for IBOs to review.
11. Sales Volume Qualification by Order Taking. As with other leading direct selling companies, the Company has adopted minimum personal and group sales volume requirements. With respect to tangible products, which may be offered for purchase for resale, minimum sales volume requirements may also be fulfilled by taking orders from retail customers which will be fulfilled or drop-shipped by the company directly to the retail customer.

12. All IBOs are responsible for paying local, state and federal taxes due on earnings from commissions or any other earnings generated as a seller of Company products.
13. Company IBOs shall not advertise Company products and/or marketing plans except as specifically approved by the Company. Company IBOs agree to make no false or fraudulent representations about the Company, the Company's compensation plan, or income potentials.
14. It is suggested that all potential IBOs purchase an Initial Product Purchase at the time of submission of their online application to the Company. It should be noted that, to become an IBO, product purchase is **not mandatory**. Volume discounts are applied to anticipated intended level of participation. Product points awarded are directly related to amount of product purchased which in turn is indicative of intended level of participation. This Initial Product Purchase is not a service or franchise fee, but rather is strictly for Customers to experience the products, show them as advertisement so the prospect can see what is available. The bonus points associated with the Initial Product Purchase relate only to the product portion and there are no points associated with website fees, service charges and administrative handling fees.
15. IBO. It should be noted that, to become an IBO, product purchase is **not mandatory**. To be considered an Active IBO, you must have two (2) sales per month to retail customers or at least \$49.90 sales per month to non-participant retail customers and have a total of at least 25.00 personal BV assigned to your IBO number. To facilitate the ability for someone to secure a position in the matrix without being an active auto ship customer, an applicant can request an IBO only position application from the Company. Once the Company receives the IBO spot only application with the \$19.95 processing fee, they will process it within 7 to 10 days. Once the application is processed, the applicant will be placed in the matrix and will have 60 days to become active or the spot will be terminated. To become active the applicant must sign up (via hard copy application) an auto ship customer that is assigned to the IBO. The applicant can request the application by emailing [support@aqualyteforlife.com](mailto:support@aqualyteforlife.com).
16. Matrix placement. All Members are placed in the matrix upon their application being processed. IBO applications with auto ship are processed automatically online. IBO only applications are processed in seven to ten days after the Company receives a hard copy application.
17. Trademark, Trade Names, Advertising.
  - The name of the Company and other names as may be adopted by the Company are proprietary trade names and trademarks of the Company. As such, these marks are of great value to the Company and are supplied to IBO for IBO's use only in an expressly authorized manner. IBO agrees not to advertise the Company or products in any way other than the advertising or promotional materials made available to IBO by the Company. IBO agrees not to use any written, printed, recorded or any other material in advertising, promoting or describing the Company's products, or the Company's marketing program, or in any other manner, any material which has not been copyrighted and supplied by the Company, unless such material has been submitted to the Company and approved in writing by the Company before being disseminated, published or displayed.
  - The IBO, as an independent contractor, is fully responsible for all of his\her verbal and written statements made regarding the product and marketing program which are not expressly contained in writing in the current IBO agreement, and advertising or promotional materials supplied directly by the Company. IBO agrees to indemnify the Company and hold them harmless from any and all liability including judgments, civil penalties, refund, attorney fees, court costs or lost business incurred by the Company as a result of IBO's unauthorized representations.
  - The Company will not permit the use of its copyrights, designs, logos, trade names, trademarks, etc. without its prior written permission.
  - All Company materials, whether printed, on film, produced by sound recording, or on the internet, are copyrighted and may not be reproduced in whole or in part by IBOs or any other person except as authorized by the Company. Permission to reproduce any materials will be considered only in extreme circumstances. Therefore, an IBO should not anticipate that approval will be granted.
  - An IBO may not produce, use or distribute any information relative to the contents, characteristics or properties of the Company or Company's products which has not been provided directly by the Company. This prohibition includes but is not limited to print, audio or video media.
  - An IBO may not produce, sell or distribute literature, films or sound recordings which are deceptively similar in nature to those produced, published and provided by the Company for its Independent Business Owners.

Nor may an IBO purchase, sell or distribute non-company materials which imply or suggest that said materials originate from the Company.

- Any display ads or institutional or trademark advertising copy, other than covered in the foregoing rules, must be submitted to the Company and approved in writing by the Company prior to publication.
  - All advertising copy, direct mailing, radio, TV, newspaper and display copy must be approved in writing before being disseminated, published or displayed with the exception of blind ads where no reference is made to the Company or company's name or product name.
18. Internet and Website Policy. The Company maintains the official corporate websites. IBOs are not allowed to advertise on the internet. IBOs receive a replicated website that has an e-commerce facility for non-participant purchases, a back office for tracking all sales and sponsoring data, as well as an e-commerce facility for buying product at a wholesale price. No IBO may independently design a website that uses the names, logos, or product descriptions of the Company, nor may an IBO use "blind" ads on the internet making product or income claims which are ultimately associated with the Company or Company's products or the Company's compensation plan. Any person using the Company's name, logos, trademarks, etc. on the internet or any other advertising medium, except as permitted by the Company Rules and Regulations, shall be subject to immediate discipline, including the possibility of termination of IBO status.
  19. No Spam Policy. It is specific Company policy to prohibit unsolicited email (spamming) or information by facsimile relating to the Company's opportunity and products. The Company has a zero tolerance policy of spamming practices. IBOs who violate the Company's "no spam policy" are subject to termination, suspension or disciplinary action.
  20. Retail Establishments. Company products may only be displayed and sold in retail establishments where the nature of the business is to make appointments with customers (such as mechanic shops, body shops, etc.) the sale of such products within such retail facilities must be conducted by an IBO and must be preceded by a discussion where the IBO introduces the prospect to the products and opportunity just as they would if they had met outside of the retail facility. Company produced literature, banners, or signage only may be displayed on a shelf, counter, or wall and must be displayed by itself. Product may not be sold from a shelf or taken from a display for purchase by a customer.
  21. Trade Shows. With written authorization from the Company, Company products and opportunity may be displayed at trade shows by IBOs. Request for participation in trade shows must be received in writing by the Company at least two weeks prior to the show. Written authorization from the Company must be received before participating in the trade show. Company products and opportunity are the only products and/or opportunity that may be offered in the trade show booth. Only Company produced marketing materials may be displayed or distributed. No IBO may sell or promote the Company's products or business opportunity at flea markets, swap meets, or garage sales.
  22. International Sales. No IBO may export or sell directly or indirectly to others who export the Company's products, literature, sales aids or promotional material relating to the Company, its products or the Company's program from the United States or its possessions or territories to any other country. IBOs who choose to sponsor internationally may do so only in countries in which the Company have registered to operate its business and must comply fully with the Rules of Operation of the Company IBOship in that country. Any violation of this rule constitutes a material breach of this contract and is grounds for immediate termination of the IBOship.
  23. The Company reserves the right to approve or disapprove IBO's change of business names, formation of partnerships, corporations, and trusts for tax, estate planning, and limited liability purposes. If the Company approves such a change by the IBO, the organization's name and the names of the principals of the organization must appear on the IBO application agreement along with a social security number or federal identification number.
  24. The IBO agreement may be canceled at any time and for any reason by an IBO notifying the Company in writing or email of the election to cancel.
  25. If an IBO elects to terminate, all rights to commissions, bonuses, marketing position and wholesale purchases cease. The terminated IBO's sales organization shall be transferred to his\her sponsor.
  26. If the IBO has purchased products for inventory purposes or mandatory sales aids while the IBO agreement was in effect, all products in a resalable condition then in possession of the IBO, which have been purchased within 12 months of cancellation, shall be repurchased. The repurchase shall be at a price of not less than ninety percent (90%) of the original net cost to the participant returning such goods, taking into account any sales made by or through such participant prior to notification to the Company of the election to cancel. Buyback is 12 months in

- Massachusetts, Maryland, Montana, Georgia, Louisiana, Wyoming, Texas, Oklahoma and Puerto Rico. In addition, the company will honor statutory mandated buyback requirements of every jurisdiction.
27. The Company shall be entitled to change product prices at any time and without notice, and to make changes in the statement of policy and procedures.
  28. Each IBO shall comply with all state and local taxes and regulations governing the sale of Company and Provider products.
  29. Notwithstanding the Company's longer retail customer guarantee policy, all retail sales must comply with the FTC Three-Day Cooling off Rule which requires statutory language and notice of cancellation on the retail sales receipt. The three-day right of cancellation must be orally explained to the customer and the customer must receive two copies of the notice of cancellation form.
  30. IBO shall not sell to other Company IBOs, other than personally sponsored IBOs, non-company products or in any way promote to such IBOs opportunities in marketing programs of other companies. Such admissible promotion to designated personally sponsored IBOs may not take place on the occasion or at the place designated for or associated with Company business opportunity meetings or Company-related activity.
  31. On a periodic basis, the Company will supply data processing online information and reports to the IBO which will provide information to the IBO concerning the IBO's downline sales organization and product purchases. IBO agrees that such information is proprietary and confidential to the Company and is furnished to the IBO in confidence. The IBO agrees that he or she will not disclose such information to any third party directly or indirectly, nor use the information to compete with the company directly or indirectly. The IBO and the Company agree that, but for this agreement of confidentiality and nondisclosure, the Company would not provide the above confidential information to the IBO.
  32. Vendor Confidentiality. The Company's business relationship with its vendors, manufacturers and suppliers is confidential. An IBO shall not contact, directly or indirectly, or speak to or communicate with any representative of any supplier or manufacturer of the Company except at a Company sponsored event at which the representative is present at the request of the Company. Violation of this regulation may result in termination and possible claims for damages if the vendor/manufacturer's association is compromised by the IBO contact.
  33. Upon the death or incapacity of the IBO, his or her rights to bonuses and marketing position, together with IBO responsibilities, shall pass to his or her successors in interest upon written application and approval by the Company. The successor IBO must fulfill all responsibilities of the IBO.
  34. An IBO may not sell, assign or otherwise transfer his or her independent business, marketing position or other IBO rights without written application and approval by the Company. The potential buyer must be at the equivalent or higher rank as the selling IBO or have been a Company IBO for at least a one-year period prior to the sale. The independent business must be offered in writing first to the IBO's sponsor. If the sponsor declines the offer, the IBO may offer the independent business for sale to other qualified Company IBOs, but only on the same terms and conditions as offered to the sponsor. An IBO who sells his or her independent business shall not be eligible to re-qualify as an IBO for a period of at least six months after the sale. The Company reserves the right to review the sale agreement and to verify waiver from the upline sponsor in the event the upline sponsor declines to purchase the independent business.
  35. This statement of policies and procedures is incorporated into the IBO agreement and constitutes the entire agreement of the parties regarding their business relationship.
  36. The Company expressly reserves the right to alter or amend prices, Rules and Regulations, Policies and Procedures, product availability and compensation plan. Upon notification by email, posting on the corporate site or mailing to the most recent address listed by the IBO in the records of the Company, such amendments are automatically incorporated as part of the agreement between the Company and the members. IBOs will be given ten (10) day's notice of any material amendments.
  37. A partnership or corporation may be an IBO. However, no individual may participate in more than one (1) independent business in any form without express written permission from the Company. Only in the most extreme and extraordinary circumstances will this be considered.
    - An IBOship may change status under the same sponsor from individual to partnership or corporation or from partnership to corporation with proper and complete documentation.
    - To form a new IBOship as a partnership or corporation or to change status to one of these forms of business, you must request a partnership/corporation form from the corporate home office (or corporate web site). This form must be submitted detailing all partners, stockholders, officers or directors in the partnership or corporation. The partner or officer who submits the form must be authorized to enter into binding contracts on behalf of the partnership or corporation. In addition, by submitting the partnership/corporation form, you

certify that no person with an interest in the business has had an interest in an IBOship within three (3) months of the submission of the form (unless it is the continuation of an existing IBOship that is changing its form of doing business).

38. Corporate and Partnership Guarantee for Owners. Although the Company has offered IBOs the opportunity to conduct their IBOship as corporate or partnership entities, it is agreed that since the IBOship entity is under the control of its owners or principals, the actions of individual owners as they may affect the Company and the IBOship are also critical to the Company's business. Therefore, it is agreed that actions of corporate shareholders, officers, directors, agents or employees and the actions of partnership partners, agents or employees, which are in contravention to the Company's policies shall be attributable to the corporate or partnership entity.
39. Disciplinary Actions. An IBO's violation of any policies and procedures, the agreement, terms and conditions or any illegal, fraudulent, deceptive, or unethical business conduct may result, at the Company's discretion, in one or more of the following disciplinary actions:
- Issuance of a written warning or admonition.
  - Imposition of a fine, which may be imposed immediately or withheld from future commission checks.
  - Reassignment of all or part of an IBO's organization.
  - Suspension, which may result in termination or reinstatement with conditions or restrictions.
  - Termination of the IBO.
40. The Company reserves the right to terminate any IBOship at any time for cause when it is determined that the IBO has violated the provisions of the IBO agreement, including the provisions of these policies and procedures as they may be amended or the provisions of applicable laws and standards of fair dealing. Such involuntary termination shall be made by the Company at its discretion. Upon an involuntary termination, the Company shall notify the IBO by mail or email at the latest address listed with the Company for the IBO and close down the IBO's access to their account. In the event of a termination, the terminated IBO agrees to immediately cease representing him/herself as an IBO.
- 41. If an IBO fails to remain active, the IBO will be considered inactive and not qualify for any IBO compensation for that month. If an IBO fails to remain active for two consecutive months, they are considered comprehensively inactive and will be terminated at the end of the month.**
- If an auto ship customer's payment fails to process on their recurring date, it will be retried 2 days later. If the payment fails again, we will retry one more time, 1 day later. If the payment does not go through after the third attempt, the auto ship is canceled and deemed to be an inactive auto ship customer. The customer will have to go into their back office to reactivate their auto ship after the auto ship has been canceled. If an IBO does not have an active auto ship customer assigned to their IBO number, the IBO is considered inactive.
42. Termination.
- When a decision is made to terminate a Member based on comprehensive inactivity, the Company will inform the Member by email that the Member is terminated immediately, effective as of the date of the written notification. The termination notice will be sent by email to the Member's address on file with the Company.
  - The Member will have 15 days from the date of the email in which to appeal the termination in writing. The Member's appeal correspondence must be received by the Team within 20 days of the Company's termination email. If the appeal is not received within the 20-day period, the termination will be automatically deemed final.
  - If a Member files a timely appeal of termination, the Company will review and reconsider the termination, consider any other appropriate action, and notify the Member of its decision. The decision of the Company will be final and subject to no further review. In the event the termination is not rescinded, the termination will be effective as of the date of the Company's original termination notice.
  - In the event of a termination, the Company will keep the Matrix pure. The Company will use its judgment to fill the open spot due to the termination using the following guidelines:
    1. We will always keep the organization together. We will never take a Member that was in someone's organization and move them out. We will structure the matrix after a termination to keep its 2 leg purity. The Company has the final say in the restructuring of a leg after a termination.
43. All Members have the right to sponsor others. In addition, every person has the ultimate right to choose his/her own sponsor. If two Members should claim to be the sponsors of the same new Member, the Company shall regard the first application received by the corporate home office as controlling.
- As a general rule, it is good practice to regard the first Member to meaningfully work with a prospective Member as having first claim to sponsorship, but this is not necessarily controlling. Basic tenets of common sense and consideration should govern.
  - As a convenience to its Members, the Company may provide various methods of registering or informing the Company of newly sponsored Members, including telephone registration, internet and facsimile registration. Until such time as

the Company receives an application, either as hard copy, electronically or by facsimile, containing all appropriate information, as well as the signature of the proposed new Member, the Company will only consider the incomplete telephone, electronic or facsimile registration in the category of "intended" registration. Thus, although the Company is attempting to create some convenience for its sponsoring Members, it is the responsibility of the sponsoring Member to cause delivery to the Company of a completed and signed Member agreement if the sponsor is to expect recognition as the official sponsoring Member.

- There is no "magic" involved in the Company or in any business. Those who sponsor widely but who do not help new IBOs develop their business meet with limited success. Therefore, a responsibility of sponsorship is to work with new IBOs, helping them learn the business and encouraging them during the critical early months.
  - Sponsors are ***not*** required to carry inventory of products or sales aids for new IBOs. IBOs who do so, however, find building a major sales organization much easier because of the decreased response time in meeting a new IBO's needs.
44. Transfer of Sponsorship. Transfer is rarely permitted and is actively discouraged. Maintaining the integrity of sponsorship is absolutely mandatory for the success of the overall organization.
- Transfers will generally be approved in three (3) circumstances only:
    1. In the case of unethical sponsoring by the original sponsor. In such cases, the Company will be the final authority.
    2. With the written approval of the immediate five (5) upline sponsors.
    3. Resigning from the Company entirely and waiting three (3) months to reapply under the new sponsor.
  - In cases of unethical sponsoring, the individual may be transferred with all downline IBOs intact; in all other events, the individual alone is transferred without any downline Members being removed from the original line of sponsorship.
45. To be eligible for monthly override commissions and bonuses, the IBO must comply with:
- Supervisory responsibility requirements as outlined herein.
  - 70% rule on resale of wholesale product ordered, and
  - Retail sales rule requiring sales to at least two (2) retail customers per month or at least \$49.90 in retail sales per Provider and have at least 25.00 personal BV.
  - The requirement that his/her downline has retailed product which has been purchased at wholesale.
46. The Company encourages each IBO to review sales records on their website's back office. The program is based upon retail sales to the ultimate consumers; therefore, all forms of stockpiling or pyramiding are prohibited. Products are offered to IBOs only for personal consumption and for resale to consumers.
47. Cumulative purchases during the first six months are limited to less than \$500 in Georgia, Louisiana, Indiana and Michigan. See specific addenda to Member agreement for specific states as to statutory purchasing limitations, buyback rules and other restrictions, disclosures and additional IBO rights and responsibilities.
48. Income Claims. No income claims, income projections nor income representations may be made to prospective IBOs. Obviously, any false, deceptive or misleading claims regarding the opportunity or product/service are prohibited. In their enthusiasm, IBOs are occasionally tempted to represent hypothetical income figures based upon the inherent power of network marketing as actual income projections. This is counter-productive, since new Members may be quickly disappointed if their results are not as extensive or as rapid as a hypothetical model would suggest. The Company believes firmly that the income potential is great enough to be highly attractive in reality without resorting to artificial and unrealistic projections.
49. Representation of Status. In all cases, any reference the IBO makes to himself/herself must clearly set forth the IBO's independent status. For example, if the IBO has a business telephone, the telephone may not be listed under the Company's name or in any other manner which does not disclose the independent contractor status of the IBO.
50. Newspaper Advertisements. Some IBOs use classified advertising in the newspapers to find prospects. The following rules apply:
- No advertisement may imply that a "job" or "position" is available.
  - No specific income can be promised.
  - Advertisements must contain no misleading facts or distortions of the Company, opportunity or product line.
51. Business Cards and Stationery. Any printed materials, including business cards and stationery, must be approved by the Company in advance. Criteria for approving these materials will include a judgment regarding the quality of the materials as well as properly setting forth the independent status of the IBO.
52. Telephone Solicitation. The use of the Company's name or copyrighted materials may not be made with automatic calling devices or "boiler room" operations either to solicit IBOs or retail customers. The use of these methods in ways that are legal and are the equivalent of the "blind ads" alluded to above cannot be regulated by the Company.

53. Press Inquiries. Any inquiries by the media are to be referred immediately to the Company. This policy is to assure accuracy and consistent public image.
54. Federal and state regulatory agencies rarely approve or endorse direct selling programs. Therefore, IBOs may not represent that the Company's program has been approved or endorsed by any governmental agency.
55. Waiver. The Company never gives up its right to insist on compliance with these rules or with the applicable laws governing the conduct of a business. This is true in all cases, both specifically expressed and implied, unless an officer of the Company who is authorized to bind the Company in contracts or agreements specifies in writing that the Company waives any of these provisions. In addition, any time the Company gives permission for a breach of the rules, that permission does not extend to future breaches. This provision deals with the concept of "waiver," and the parties agree that the Company does not waive any of its rights under any circumstances short of the written confirmation alluded to above.
56. Governing Law. These rules are reasonably related to the laws of the **State of Iowa** and shall be governed in all respects thereby. The parties agree that jurisdiction and venue shall lie with the place of acceptance of the IBO application, the **State of Iowa**.
57. Partial Validity. Should any portion of these Rules and Regulations, of the IBO's application and agreement, or of any other instruments referred to herein or issued by the Company be declared invalid by a court of competent jurisdiction, the balance of such rules, applications, or instruments shall remain in full force and effect.
58. Printed Reports. The Company has been designed to operate in a paperless method and has provided optional online Personal Web Center and Virtual Administration Office to IBOs. Additional fees will be charged for all printed reports requested by the IBO.
59. Meetings, Seminars and Conventions. The Company allows its IBOs to build their businesses in whatever fashion they see fit, provided they are in compliance with the Company's policies.
60. **Marketing and Compensation Plan.**
- An IBO must remain active and in compliance with the Agreement to qualify for bonuses and commissions. So long as an IBO complies with the terms of the Agreement, the Company shall pay commissions and bonuses to such IBO in accordance with the marketing and compensation plan.
  - Only Active Commission Qualified IBOs receives commissions and bonuses.
  - An IBO is neither guaranteed a specific income nor assured any level of profit or success. An IBO's profit and success can come only through the successful sale of products or services to customers and other IBOs within the IBO's Business Organization. All success is based on the efforts of the IBO and other factors outside of the Company's control.
  - Without affecting an IBO's right to retail profits based on his sale of products or services, an IBO can receive compensation only if, on a monthly basis, he fulfills all requirements of the Sales Compensation Plans, including but not limited to, customer sales, and is not in default of any material obligations under the Contract. An IBO must be active through the 14th of the following month in order to qualify for and to be paid commissions for the preceding month.
  - The Company requires an IBO to set up a monthly recurring auto ship of not less than 25.00 BV to be considered an active IBO. The recurring charge is automatically processed based on the original day of the month of signing up. If the Customer originally signed up on the 1<sup>st</sup> through the 25<sup>th</sup> of the month, then the automatic recurring billing will be the same day of the month, every month. If the Customer originally signed up on the 25<sup>th</sup> through the end of the month, then the automatic recurring billing will occur on the 25<sup>th</sup> of every month. **Any charge-back received by the Company through its merchant service is considered a cancellation and will result in instant termination.** Customers are responsible for any charges incurred which are due to their credit/debit Card Company or banks for insufficient funds, interest or any charges incurred when processing auto ship payments.
    - All Auto ship recurring payments by default are set to draft from the IBO's eWallet. If the eWallet does not have enough funds to honor the draft, the IBO's secondary payment method will be processed.
  - Any payment, which is not supported by sufficient funds, constitutes a breach of the Contract. A service fee of \$30 will be charged. If acceptable payment is not promptly made, the Business Volume of the order will be withdrawn. The Company is not responsible for any back charges incurred by the Customer for insufficient funds.
  - The Company reserves the right to recoup any commissions or bonuses paid to any IBOs on products or services:
    - Returned under the Company's refund policy or exceptions thereto.

- Returned in relation to any incident of IBO misconduct, including but not limited to unauthorized or misleading representations made either in connection with the offer or sale of any product or service, the opportunity or operation of the Sales Compensation Plans, the Company operations and/or practices.
- In recouping payments, the Company, in its sole discretion, may require direct payment from an affected IBO or offset the amount of the recoupment against any present or future Commissions and Bonuses.
- Commissions and bonuses are paid electronically to the name of the company or individual listed in the User Profile area of the Team Virtual Admin Center. All tax information is sent to the IBO address on file. IBOs must report any change of address by updating their information in all areas provided online.
- The commission/bonus payment represents the final calculated amount of commissions and bonuses that the IBO qualified for during the Commission/Bonus Period. Matrix commissions are paid on the 15th of following month in which they were earned. Fast Start, Retail Bonuses and their matching bonuses are paid one week in arrears on the following Friday. All payments shall be binding and final upon deposit in the eWallet. Commission/bonus payments will only be issued provided all qualifications are met. Any disputes in the amount of a Commission/bonus payment must be submitted in writing within 15 calendar days of issuance.
- All commission/bonus payments will be issued to the IBOs eWallet. The IBO can request the funds to be transferred out of their eWallet via check or globalXchange at any time. (There could be fees on eWallet maintenance and transactions.) The IBO can also use their eWallet to purchase their auto ship and additional products from the company.
- If an IBO is terminated, a \$5.00 monthly maintenance fee will be charged to their eWallet.
- To the extent required by law, the Company will send notification of an IBO's Commission/Bonus payments to relevant tax authorities.
- **Two Genealogies in One**
  - AquaLyte for Life allows IBOs to earn income on both their true group (A Unilevel) and the 2 X 8 Matrix (A team effort where IBOs are systematically placed from left to right; from top to bottom, first in first filled per level.) This hybrid comp plan provides the IBO the best of both worlds; rewarding them for their individual effort and at the same time creating a great environment for team building.
- **Active IBO Status**
  - An IBO who has at least 1 active auto ship customer assigned to their IBO number (The auto ship customer can be the IBO).
- **Commission Qualified IBO Status**
  - An active IBO who has sponsored at least 1 active IBO.
- **Retail Commissions (Paid Weekly)**
  - All active IBOs can earn a 30% commission on the **Commission BV of non auto ship** orders assigned to their IBO number.
  - In addition to the aggressive 30% commissions on the BV of sales to non auto ship sales, you can offer wholesale pricing for large quantity purchases.
- **Fast Start Bonuses (Paid Weekly on True Group)**
  - AquaLyte for Life also offers a Fast Start Bonus program that is designed to give IBOs the ability to generate fast income and earn one time commissions upon **IBO and Customer** enrollment by offering valuable products that the new IBO can use to kick start their business.
  - As new **IBOs** set up their auto ship **and new Customers place their first orders**, the first order does not generate sales volume that is paid out through the 2 X 8 matrix. (All subsequent orders will generate BV that is paid out through the 2 X 8 matrix, but the first auto ship transaction **of a new IBO and the first order that is placed by a new Customer will generate BV** that is paid out to the Fast Start program).
  - The Fast Start program is paid out to the true group (personal sponsoring tree), not the 2 X 8 Matrix.
  - As long as you maintain an active Commission Qualified IBO status, you will receive the full commission payment on the Fast Start program through 8 levels of your personal sponsoring tree. On the 1st level you will receive 15% of the **Fast Start BV**, on the 2nd level you will receive 4% of the **Fast Start BV**, on the 3rd level you will receive 2% of the **Fast Start BV**, on the 4th level you will receive 2% of the **Fast Start BV**, on the 5th level you will

receive 2% of the **Fast Start BV**, on the 6th level you will receive 2% of the **Fast Start BV**, on the 7th level you will receive 2% of the **Fast Start BV**, and on the 8th level you will receive 2% of the **Fast Start BV**.

- **Matching Fast Start Bonuses** (Paid Weekly on True Group)
  - As long as you maintain an active IBO Qualified status, you will receive a 50% matching bonus of the Fast Start Bonuses paid to your personally sponsored IBOs and 50% matching bonus of the Fast Start Bonuses paid to their personally sponsored IBOs.
- In addition to the retail profits (Profits the IBO can make by buying the products at wholesale and selling at retail.) you can earn as an IBO, once you have achieved active Commission Qualified IBO status, you will start to receive commissions on all members BV (Business Volume) in your 2 X 8 Matrix. BV is assigned to the products sold. For example the \$24.95 AquaLyte auto ship is assigned 25.00BV.
- This is a forced Matrix that is filled from left to right; from top to bottom, first in first filled per level.
- **Matrix Commissions** (Paid Monthly on Forced Matrix) [TEAM BUILDING]
  - As long as you maintain an active Commission Qualified IBO status, you will receive the full commission payment on the 2 X 8 Matrix. On the 1st level you will receive 1% of the BV, on the 2nd level you will receive 1% of the BV, on the 3rd level you will receive 1% of the BV, on the 4th level you will receive 8% of the BV, on the 5th level you will receive 1% of the BV, on the 6th level you will receive 1% of the BV, on the 7th level you will receive 6% of the BV, and on the 8th level you will receive 12% of the BV.
- **Matching Bonuses** (Paid Monthly on True Group)
  - In addition to earning commissions, you can also qualify for matching bonuses on all of your personally sponsored IBO's commission and on all of their personally sponsored IBO's commissions through 8 levels of your personal sponsoring tree.
    - **Director** - As an Active Commission Qualified IBO with at least 25 personal BV on auto ship, if you maintain 3 Active Customers you will receive a 20% match on the Matrix commissions paid to every one of your personally sponsored commission qualified IBOs.
    - **Builder** - As an Active Commission Qualified IBO with at least 50 personal BV on auto ship, if you maintain 5 Active Customers, you will receive a 40% match on the commissions paid to every one of your personally sponsored commission qualified IBOs and a 10% match on all of your 2nd generation of personally sponsored commission qualified IBOs.
    - **Producer** - As an Active Commission Qualified IBO with 100 personal BV on auto ship, if you maintain 7 Active Customers, you will receive a 40% match on the commissions paid to every one of your personally sponsored commission qualified IBOs, a 10% match on all of your 2nd generation of personally sponsored commission qualified IBOs and a 10% match on all of your 3rd generation of personally sponsored commission qualified IBOs.
    - **Achiever** - As an Active Commission Qualified IBO with 100 personal BV on auto ship, if you maintain 10 Active Customers, you will receive a 40% match on the commissions paid to every one of your personally sponsored commission qualified IBOs, a 10% match on all of your 2nd generation of personally sponsored commission qualified IBOs, a 10% match on all of your 3rd generation of personally sponsored commission qualified IBOs and a 10% match on all of your 4th generation of personally sponsored commission qualified IBOs.
    - **Executive** - As an Active Commission Qualified IBO with 100 personal BV on auto ship, if you maintain 15 Active Customers, you will receive a 40% match on the commissions paid to every one of your personally sponsored commission qualified IBOs, a 10% match on all of your 2nd generation of personally sponsored commission qualified IBOs, a 10% match on all of your 3rd generation of personally sponsored commission qualified IBO, a 10% match on all of your 4th generation of personally sponsored commission qualified IBOs and a 10% match on all of your 5th generation of personally sponsored commission qualified IBOs.
    - **Presidential**- As an Active Commission Qualified IBO with 100 personal BV on auto ship, if you maintain 25 Active Customers, you will receive a 40% match on the commissions paid to every one of your personally sponsored commission qualified IBOs, a 10% match on all of your 2nd generation, a 10% match on all of your 3rd generation, a 10% match on all of your 4th generation, a 10% match on all of your 5th generation and a 10% match on all of your 6th generation of personally sponsored commission qualified IBOs.

- **Executive Presidential-** As an Active Commission Qualified IBO with 100 personal BV on auto ship, if you maintain 40 Active Customers, you will receive a 40% match on the commissions paid to every one of your personally sponsored commission qualified IBOs, a 10% match on all of your 2nd generation, a 10% match on all of your 3rd generation, a 10% match on all of your 4th generation, a 10% match on all of your 5th generation, a 10% match on all of your 6th generation, a 5% match on all of your 7th generation and a 5% match on all of your 8th generation of personally sponsored commission qualified IBOs.

- **Leadership Pools**

- As an Active Achiever Qualified IBO with at least 2,500 Group Volume (GV) through 12 levels of your Matrix, you will qualify for the Leadership Pool.
- The company will allocate 5% of the total Matrix BV on a monthly basis to the Leadership Pool. Leadership pool qualifiers earn shares based on their achievement.
- 1 share for the IBO who has an active Achiever Rank with at least 2,500 GV through 12 levels of their Matrix, an additional 2 shares for the IBO who has an active Achiever Rank with at least 5,000 GV through their 2 X 15 Matrix, an additional 4 shares for the IBO who has an active Achiever Rank with at least 10,000 GV through 12 levels of their Matrix, and an additional 8 shares for the IBO who has an active Achiever Rank with at least 25,000 GV through 12 levels of their Matrix.
- The Leadership Pool is divided by the total number of shares issued to establish the Share Value. Each qualifier is paid a Leadership Pool Bonus that is equal to the Share Value multiplied by the total number of shares earned.

- **Re-Entry Bonus**

- Once you have personally sponsored 5 Commission Qualified IBOs and your personal BV is at least 100 BV and your Matrix is filled through the 5th Level, you can strategically re-enter on your 6th level, with company approval. (If your main position does not maintain the Re-Entry qualifications, your re-entry position will only pay 50%).
- Your new reentry position will offer the same exact compensation as your initial position. (Including a reentry bonus)

61. **Cancel customer recurring charges:** If a customer wishes to cancel the recurring charges of the auto ship they must notify the company at least 72hr prior to their recurring billing date. This date is determined based on the day of the month of purchasing their initial auto ship. If the customer originally signed up on the 1<sup>st</sup> through the 25<sup>th</sup> of the month, then the automatic recurring billing will occur on that date of every month. If the customer originally signed up on the 25<sup>th</sup> through the end of the month, then the automatic recurring billing will occur on the 25<sup>th</sup> of every month. The company will cancel the customer within 72 hr of the request. The auto ship information is located in the back office of the customer.

62. **Refund policy.** In the event a customer wishes to request a refund, it follows these guidelines:

- We will offer a 30 day 100% money back guarantee, provided the customer requests the refund within the 30 days of your first auto ship order being processed and the product must be returned within 14 days of the request. The refund will be paid back to the customer within 30 days of the product being returned in resalable condition. There are no refunds for unsalable returns. All recurring auto ship orders and additional product orders can be returned for a refund. The time frames for request to return and physical return of the recurring auto ship orders and additional product orders are the same as the initial auto ship. If the Company deems the return to be unscrupulous, there could be a 15% restocking fee assessed to each of those returns.
- There are no partial refunds

63. **Purchase not required to an IBO.** In the event a person wishes to be an IBO and does not want to go on auto ship, it follows these guidelines:

- Non purchasing IBOs must request a hard copy IBO only application and a Non IBO auto ship form from the corporate office at: AquaLyte for Life, 1850 E 53<sup>rd</sup> Street Suite 2, Davenport, IA 52807 (Please include \$19.95 processing fee with the filled application.)
- After the IBO only position is filled, the IBO will have two months to set up an active auto ship using the Non IBO auto ship form. If the IBO only position has not met this requirement, the IBO only position is terminated from the matrix.

## SECTION 1: DEFINITIONS

**Active:** A Member who has an active auto ship assigned to their IBO number.

**Authorized Country:** any country designated in writing by the Company as officially opened for business to all IBOs.

**Bonuses:** additional compensation paid by the Company to an IBO over and above the commissions

**Business Organization:** a group of Customers and IBOs either directly sponsored or signed by those in a direct chain of sponsorship by other IBOs in the organization of a particular IBO.

**Business Volume:** the value of products and/or services purchased by an IBO and their Customers in one calendar month. This is the value the Company uses to calculate commissions.

**Commission Qualified IBO:** an active IBO that has at least two personally enrolled active Customers and at least 25 personal BV

**Company: AquaLyte for Life**

**Company Approved Sales Aids:** marketing materials approved for use in specific countries designated in writing by the.

**Contract:** the agreement between a Member and the Team composed of these Policies and Procedures, the Sales Compensation Plans, Terms & Conditions and other forms required by the Company.

**Comprehensively inactive:** when an IBO has gone two months in a row without an active auto ship assigned to their IBO number.

**Corporation:** any business entity such as a corporation, partnership, limited liability Company, or other form of business organization legally formed under the laws of the state in which it was organized.

**Customer:** a person who is purchasing a product or service for personal consumption.

**Forced Matrix:** the process by which the Members are placed within the organization The Company fills from left to right and from top to bottom, first in first filled by level.

**Fulfillment Center:** a product warehouse and distribution facility either independently owned or operated by the Company.

**IBO:** an individual, corporation, partnership or other legal entity who acts as an independent contractor authorized by the Company to purchase and retail products and services, recruit other Members, and receive compensation in accordance with the requirements of the Sales Compensation Plans. An IBO's relationship to the Company is governed by the Contract.

**Inactive:** when an IBO does not have an active auto ship customer assigned to their IBO number.

**Match:** An amount calculated based on Matrix commissions and Fast Start and Retail Bonuses.

**Matrix Commissions:** compensation paid by the Company to a Qualified IBO based on the (BV) Business Volume of their 2 by 8 matrix. Commission pay periods are calculated on a calendar-month.

**Member:** a term that encompasses all people in **AquaLyte for Life**; it includes Customers and IBOs.

**Personal Enroller:** a Member who enrolls another Member within their Business Organization. (Matrix)

**Personal Sponsoring Tree:** The IBOs true group. All personally enrolled IBOs, and their personally enrolled IBOs, and their personally enrolled IBOs, and so on...

**Personalized Sales Aid:** business cards, letterhead, stationery, envelopes, note pads, self-stick labels, name badges or imprinted with the Company name or logos and an IBO's name, address, telephone number, other personal contact information, etc.

**Placement Sponsor:** a Member's immediate up-line Member in the business organization. (Matrix)

**Policies and Procedures:** the policies governing how an IBO is to conduct his business as set forth in this document (including Supplemental Policies) and defining all rights and relationships of the parties.

**Sales Aid:** any material used in the offer or sale of products or services, recruitment of prospective Members, or training of IBOs, which makes reference to the Company, the products, the Sales Compensation Plans, or the trade names or logos.

**Sales Compensation Plans:** the specific plan utilized by the Company that outlines the details and requirements of the compensation structure for IBOs of the Company.

**Terminated:** The Company reserves the right to terminate any Member who is comprehensively inactive.