

*Life Force International*  
**U.S. STATEMENT OF POLICIES AND PROCEDURES**

**CODE OF CONDUCT**

Life Force International (subsequently referred to as “LFI” or the “company”) has established the following code of conduct to guide the appropriate, efficient and ethical operation of LFI. We require our members to abide by the letter and spirit of this code that forms our contract with the member.

**1. Obligations of Members**

*LFI members will:*

- a. Conduct themselves in an ethical and professional manner;
- b. Sell the company’s products in accordance with the company’s compensation plan;
- c. Make it clear that success in LFI’s compensation plan is based on retail sales rather than sponsoring;
- d. Represent the compensation plan only as prescribed by LFI;
- e. Comply with applicable consumer protection laws and regulations; and
- f. Provide training, motivation and support to members in their organization.

*LFI members will not:*

- a. Engage in deceptive, unlawful, or unethical business or recruiting practices;
- b. Engage in high pressure selling or recruiting practices;
- c. Make misleading sales claims or guarantees concerning the company’s products;
- d. Make misleading claims or guarantees concerning potential earnings;
- e. Sponsor or enroll minors or persons who are not capable of making an informed decision;
- f. Conduct business activities in countries other than those approved by LFI;
- g. Purchase Business Volume on another member or customer’s account to qualify for any LFI bonus or commission;
- h. Seek in any way to violate or circumvent LFI policies.

**2. Obligations of LFI**

*The company will:*

- a. Conduct itself in an ethical and professional manner;
- b. Administer the policies and procedures of the company fairly, without prejudice or favor;
- c. Provide worldwide liability insurance on its products when used in accordance with the instructions on the label;
- d. Compensate members in accordance with LFI’s approved compensation plan;
- e. Process orders and ship products in a timely fashion;
- f. Provide members with the organization and volume information required to manage business activities; and
- g. Comply with all laws governing the sale and distribution of products and the compensation of participants.

*The company will not:*

- a. Guarantee success in LFI;
- b. Provide any commissions for the recruitment of others;
- c. Tolerate members pressuring prospects into purchasing large quantities of inventory;
- d. Tolerate misleading product claims;
- e. Tolerate members “stocking up” on products merely to obtain commissions;
- f. Advise members on their personal account management;
- g. Represent that there is any substitute for hard work and preparation;
- h. Tolerate members purchasing Business Volume, or soliciting other members to do so, on another member or customer account other than their own to qualify for any LFI bonus or commission. Violation of these policies may result in disciplinary measures listed in policy 40.

**3. Independent Status**

Members associated with LFI are independent members. If members do any business, they are responsible for determining and contracting their own business activities without company control or direction and are not an agent, employee, or legal representative of the company. Independent members are not authorized to incur any debt, expense or obligation on behalf of or for LFI nor bind LFI to any agreement or contract. Independent contractors have the following responsibilities:

- a. Abide by all laws, rules and regulations pertaining to the acquisition, receipt, holding, selling, distribution and advertising of LFI products and business opportunity;
- b. Be solely responsible for declaration and payment of any associated taxes or fees;
- c. Be solely responsible for any required disability or compensation insurance;
- d. Supply any equipment and tools necessary for operating their business, such as telephone, transportation, professional services, office supplies; and
- e. Provide their own place of business and determine their own work hours.

**ADMINISTRATIVE POLICIES**

**1. Becoming a Customer**

LFI defines customers as persons who simply wish to purchase products and choose not to participate in the LFI income opportunity. Anyone may become a customer at absolutely no cost whatsoever and purchase LFI products at low factory-direct prices. Alternatively, customers may purchase directly from their sponsor at a fair and equitable retail price. To become a customer, you must have a sponsor. Bonuses on customer purchases will be paid to the sponsoring organization.

Unlike members, customers do not need to provide LFI with their Social Security or Tax Identification number. For account management purposes, a customer will be assigned a computer-generated Identification Number that they should use when ordering products or making account inquiries. In addition, to remain active, a customer must purchase products at least once every twelve months. However, LFI reserves the right to accept or reject any customer at any time.

In the event a customer is registered under a business name, it is required to have the contact name for the owner/manager of the business entity.

Customers may elect to change their status and become a member at any time during the calendar month. Should a customer become a member, the placement and enrollment sponsors remain the same

**2. Becoming a Member**

Membership in LFI does not constitute the sale of a franchise or distributorship and no product purchase is required as a means to obtain the right to become an LFI member. A person may be awarded a membership as an individual, or in the form of a bona fide business entity such as a partnership or DBA.

Should a business entity register as a member, the point of contact for the business entity will be subject to the policies and procedures as if they were the member. In addition, there must be a contact name for the owner/manager of the business entity as well.

To become a member and participate in the LFI compensation plan, an individual must:

- a. Agree to abide by the LFI policies and procedures;
- b. Be of legal contractual age in their state of residence;
- c. Have a sponsor;
- d. Provide LFI, by phone, email, internet, mail or fax, with their Social Security number or Tax Identification number; and
- e. Remain active by purchasing products at least once every six months.

If a registered member of LFI goes six months without making a purchase, at midnight on the last day of the sixth month of inactivity, the member will revert to a customer status. The member’s existing downline organization will roll up to the

immediate upline sponsor, and the enrollment sponsorship of any members who had been previously enrolled by the inactive member will be transferred to the member's enroller. As a converted customer, the individual will then have an additional six months to place an order before complete removal from LFI takes place. If a member calls after being changed to a customer to place an order, they will remain a customer unless they provide their social security number and request to become a member again. A member who upgrades back to member status after being changed to customer status due to inactivity will not re-obtain their previous downline organization.

Compliance with these requirements entitles a participant to lifetime membership. Membership is not transferable and cannot be sold or assigned without prior approval of LFI.

Although no product purchase is required to become a member, new member registrations over the telephone where the new member is not present, or registrations via the internet or utilizing any other electronic method where an individual cannot verify their intent to become a member, must include the following:

Full name, address (mailing and shipping), Social Security or Tax Identification number, complete telephone number, and both enrollment and placement sponsor's Identification Number. Incomplete electronic applications will be automatically rejected, whether sent via email, internet or fax.

Due to LFI's liberal application process, any registered member who has never placed an order may challenge the validity of their registration and request immediate termination without prejudice, and join under the member of their choice.

Registering members or customers without their permission is not allowed. Anyone caught registering an individual without the permission of the individual being registered shall be subject to the disciplinary measures listed in policy 40.

Although members are authorized to sponsor other members and enroll customers, LFI reserves the right to accept or reject any member.

### 3. Member Identification

Similar to customers, each member is assigned an Identification Number. This number is used to track sponsoring efforts, product purchases and bonus payments.

### 4. Voluntary Resignation

Members and customers may resign their membership at any time with a signed and dated letter indicating their intent to discontinue their LFI account. For a member terminating their position, any downline organization affected by the resignation shall be transferred to the resigning member's sponsor. Enrollment Sponsorship shall be transferred to the resigning member's enroller.

Once resigned, a formerly active member or customer may not reapply for a new account for three calendar months following the month in which the termination occurred, or unless they have received the signatures of the six previous upline sponsors. However, an individual can reregister, with no wait period, under the same sponsor as that of their resigned position. If a resigned member had achieved the rank of Platinum or higher, readmission as a customer or member requires the approval of a senior LFI Executive.

### 5. Beneficiaries

Upon death or incapacity, the benefits of this agreement shall inure to the member's heirs or successors in interest and the obligations and benefits of this policy shall be binding upon the respective successors.

In the event of death, the designated beneficiary will need to provide LFI with a certified copy of the final will and testament (or probate decision in absence of a will) along with a certified copy of the Death Certificate.

### 6. Second Business Position

Without exception, only members who have achieved the rank of Platinum in the LFI compensation plan may have a second business position in LFI under the following conditions:

- a. The second position may only be enrolled and placed first level to the first position;
- b. Members and customers originally sponsored under the first position with an enrollment date preceding the second position, may not be transferred to the second position;

- c. The second position must have a separate Social Security or Tax Identification number and it may be in the name of a spouse or bona fide business entity, but no HOUSEHOLD may have more than two business positions.

Failure to meet these may be subject to the disciplinary measures listed in policy 40.

### 7. Multiple Households at a Single Address

LFI has an obligation to ensure that the integrity of its multilevel organizational structure is protected from *stacking*, a manipulation of the compensation plan that negatively impacts upline sponsors. For example, when family members are chain-sponsored one after the other; upline commissions are negatively affected, even cut off. To prevent this situation, multiple households residing at the same address must be enrolled and placed front line to the original member residing at that address. For example, if parents and adult children are living at the same address, all family members must be sponsored front line to the original member of LFI residing at that address.

- a. Individual rent-paying tenants in the same building or residence are not considered a household.
- b. Roommates are not considered a household.

### 8. Sponsoring

Members have the right to recruit or sponsor others into an LFI business. Any member who sponsors other members must fulfill the obligation of performing bona fide supervisory, training and selling functions in the marketing of LFI products and program benefits. Firstly, sponsors should teach their organization that nutritional and dietary supplements are food products—not medicines. Secondly, during their marketing presentations, sponsors must not make exaggerated claims of financial rewards. Ultimately, sponsors are compensated for the products distributed through their sales and marketing organizations.

### 9. International Sponsoring

Members may only sponsor people in countries where LFI is authorized to conduct business. Legal requirements differ for each country, so sponsors should not assume that membership requirements are the same worldwide. Some countries, for example, legally require both application forms and fees. International sponsors are subject to the policies and procedures set forth by LFI in each country where they build a marketing organization. Also, members should be aware that prices vary from country to country due to governing economic influences such as taxation, freight and importation duties.

LFI members must utilize only authorized distribution channels to build their marketing organizations. Members may not individually import, export or distribute LFI products or business building tools in any country. Violators of this policy shall be subject to the laws governing that country. Violators of this policy are likewise subject to the disciplinary measures listed in policy 40.

### 10. Lead Generation and Downline Building Services

Members should carefully consider whether to organize or participate in lead generation campaigns or downline building organizations. LFI does not endorse or guarantee success in such programs.

### 11. Direct Solicitation to LFI

From time to time, LFI may receive inquiries from the public about its products and opportunity. When this occurs, the company tries to ascertain whether the contact with the company resulted from a member's sponsoring/prospecting efforts. If so, the inquiring party will be referred to that member. Prospective members and customers, who have simply heard of LFI without any discoverable contact with a member, will be informed of their need to have a sponsor. Life Force will not distribute leads.

### 12. Inventory Loading and the 70% Rule

As an LFI member, primary emphasis should be placed on product sales and distribution to end-users. Members may purchase products for personal consumption and such sales are recognized as retail sales for end-user consumption. However, the company does not require its members to maintain an inventory and acts as a fulfillment house by servicing customers who purchase factory direct.

The company expressly prohibits purchases of products solely for bonus qualification. Any member found to be promoting inventory loading may be subject to the disciplinary actions listed in policy 40. LFI reserves the right to verify that inventory loading is not being practiced by randomly sampling those members receiving bonus checks. Members must certify that over 70% of previously purchased company products have been sold or consumed before further products can be ordered.

Members who are residents of Georgia, Indiana, Maine, North Dakota, Michigan, and West Virginia are limited to purchases of \$495.00 during their first 6 months

of membership. If purchase limits are established by other states, this policy shall be automatically modified to comply with the law.

### 13. Bonus Qualifications

Members must meet published personal retail sales requirements as well as supervisory responsibilities, to qualify for bonuses, advancements or incentives. These requirements are detailed in approved LFI literature and apply to each bonus period (calendar month).

All bonus errors must be reported within 60 days for review. LFI will not be responsible for any errors or omissions reported after 60 days.

### 14. Ordering Product

Using their Identification Number, members or customers may purchase products directly from LFI. We encourage members to order early in the month. All orders are credited to the calendar month in which they are received by LFI. Orders may be placed by telephone, mail, email, website, or fax. Orders may be paid in cash, by personal check, electronic debit, money order, postal order, cashier's check, Visa, MasterCard, American Express or Discover. When paying by credit card, please include the card number, expiration date and CVN/AVS number.

Email an order to: [lifeforce@lifeforce.net](mailto:lifeforce@lifeforce.net)

Fax an order to: 1-800-809-8208

Telephone an order to: 1-800-531-4877

### 15. Automatic Orders

When members and customers choose to have their products automatically shipped to them on the day of the month they specify, the members, the customers and LFI all save money. Both members and customers purchase products at low factory-direct prices from the company. Automatic order members and customers, however, enjoy an additional discount. We are able to offer this discount due to the improved efficiency automatic shipments promote. Furthermore, autoship members and customers are free to place additional orders and enjoy the same low autoship prices.

The automatic order program provides two options:

- a. Autoship – The products a member/customer designates will be automatically processed each month on the day they specify, regardless of any other orders they have placed during the month. The member/customer can change the order up to five business days prior to the processing date.
- b. Autoqualify – The member/customer must designate a minimum business volume order. This order will be activated only when the total business volume of all orders placed prior to the processing date is less than the established Autoqualify order on file. All Autoqualify orders are processed five business days prior to the end of the month. The member/customer can change the order up to five business days prior to this processing date.

When the processing date of an automatic order falls on a weekend or holiday, the order will be processed the previous business day. To sign up for Autoship or Autoqualify, simply call Customer Services at (800) 531-4877 and let them know. They will gladly help place the first Autoship or Autoqualify order and establish a processing date.

Automatic orders may be paid by electronic debit, Visa, MasterCard, American Express or Discover.

### 16. Autoship Cancellations

Automatic order cancellations must be received by LFI via phone, mail, email or fax at least five business days prior to the processing date. For prompt processing, request must include the Member/Customer Name and Identification Number. If an autoship package is returned or refused, the automatic order may be cancelled and the membership may be subject to the disciplinary measures listed in policy 40. The terminated member may not re-apply for membership for three calendar months following the month in which the termination occurred.

### 17. Returned Remittances and Delinquent Payments

Returned checks and rejected payments constitute a breach of the agreement, and a service fee will be charged. It is strictly a customer or member's responsibility to keep their method of payment current. Expired credit cards, returned checks or insufficiently funded debit accounts may result in a loss of earnings. Orders will not be shipped and sales volume will not count if payment has not been collected.

Returned checks and rejected payments will result in a \$25.00 charge. A second returned check results in a further \$25.00 charge and loss of privilege to purchase by check.

Payments of returned checks and delinquent payments are to be made via money order, cashier's check or credit card only.

In the case of automatic orders, if payments are declined three consecutive months, the automatic order will be permanently cancelled.

### 18. Unauthorized Purchases

Any sponsor who registers a new customer or member without their authorization and then places an initial or automatic order for the new person without their permission, will be responsible for the purchase, all shipping and handling fees, and a 10% administration fee. Offenders are also subject to the disciplinary measures listed in policy 40.

### 19. Back Orders

If an item ordered is temporarily out of stock, the packing order will have the notation "Back Ordered" under the product description. Once the product is available, it will be shipped priority at no additional charge. Back ordered products are paid for when ordered. BUSINESS VOLUME is accrued for the bonus period in which the order was placed.

### 20. Order Errors

Members should notify LFI immediately of any errors or questions about orders or charges. All packages are accurately weighed and contents are recorded, however, in the unlikely event an item is missing from a package, contact the company within five business days of receipt, otherwise, it will be assumed that the complete order was received.

LFI will correct any charge errors that are reported within 60 days, but LFI will not be responsible for any errors, omissions or problems not reported within 60 days.

### 21. Shipping

Orders received and processed prior to 2:00 p.m. (PT) Monday to Friday should normally be shipped the same day. Orders received and processed after 2:00 p.m. (PT), on weekends, or on holidays should be shipped the next business day.

### 22. Postage Charges and Options

LFI has no minimum order restrictions. All orders are shipped via the carrier under contract with LFI and these charges are passed on to the end consumer. Alternative shipping options are available at the market rate. Ask a customer service representative for details.

### 23. Will Call Orders

Will Call orders are available at the Life Force distribution facility. All orders must be placed at the will call desk whether they are paid by credit card, electronic debit, cash, personal check or money order.

Members and customers who wish to receive their automatic order at the will call counter must select the Autoqualify option and place their qualifying will call order prior to the autoqualify processing date. Will call is not available for the Autoship option.

### 24. Change of Name, Business Name, and SSN/Tax ID Information

Members and customers are responsible for notifying LFI *in writing* by letter, email or fax of any change in their name, business name, SSN/Tax ID information, etc. Send letters to:

Life Force International  
2390 Boswell Road, Suite 100  
Chula Vista, CA 91914  
Email: [lifeforce@lifeforce.net](mailto:lifeforce@lifeforce.net)  
Fax: 1-800-809-8208 • Telephone: 1-800-531-4877

### 25. Checks and Business Management System

Bonus checks are mailed by LFI to members on the 10th day of each month for bonuses earned during the previous month. When the 10th day of the month falls on a weekend or national holiday, checks will be mailed on the next business day. Any checks for \$5.00 or less will be held and added to the next month's check. A Business Management System (BMS) will be printed for members receiving a bonus check. The BMS will show the calculation of a member's bonus in detail. Members should use their BMS as a tool to manage, supervise and train the members of their MARKETING ORGANIZATION.

The bank will not honor bonus checks that have not been cashed for more than 90 days. Members who are in possession of expired bonus checks will be issued a replacement check upon receipt by LFI of a written request from the member to

whom the original check was issued. The original check must accompany the replacement request. Lost checks require a \$15 stop payment and reissue fee.

#### **26. Customer Product Guarantee**

If a customer cancels an order placed directly with LFI within 72 hours of purchase, LFI will refund 100% of the purchase price, including shipping and handling fees and tax (if applicable). If the order has been shipped within this time period, return shipping fees are the responsibility of the customer. LFI will process these refunds within ten business days of receipt of the product(s).

If, after purchasing a Life Force product(s) and using it for a reasonable amount of time, and you are not completely satisfied, you shall receive a 100% refund or replacement, less shipping and handling costs when product(s) are returned either used or unused and received by LFI within 45 days of purchase date. Once LFI's shipping department receives the product(s), refunds will be issued within 30 days. Returns exceeding 45 days of the purchase date will not be honored, whether the product(s) is sealed or opened. Return shipping fees are the responsibility of the customer. Proof of purchase (invoice, copy of invoice, or invoice number) is required for all refunds and replacements. To maintain BV statistics, Life Force will not process returns on the last two business days of the month, but will instead process these returns on the first business day of the next month.

#### **27. Member Product Guarantee**

When a member purchases product(s) from LFI, the member shall receive a 100% refund or replacement, less shipping and handling, when product(s) are returned either used or unused and received by LFI within 45 days of the purchase date. After 45 days and before nine months, the member shall receive a 90% refund or replacement less shipping and handling, only when the product(s) are returned in reusable and resalable condition. Once LFI's shipping department receives the product(s), refunds will be issued within 30 days. Returns exceeding nine months of the purchase date will not be honored, whether the product(s) is sealed or opened. Return shipping fees are the responsibility of the member. Proof of purchase (invoice, copy of invoice, or invoice number) is required for all refunds and replacements. To maintain BV statistics, Life Force will not process returns on the last two business days of the month, but will instead process these returns on the first business day of the next month.

LFI will honor refund policies provided by any state or federal law applicable to the member (New Mexico, one year; Georgia, no time limitation; Massachusetts, no time limitation on monthly qualification purchases). LFI will clawback all bonuses and incentives paid to members relating to the purchase of the products being returned. Any refund requests may cancel the Independent Member Agreement at the option of LFI. However, in the following instances: Life Force will interpret the following actions as the member voluntarily resigning their membership; 1) A member makes three returns for refunds in a rolling 12-month period; or 2) A member or customer returns over \$300 worth of merchandise at any given time.

#### **28. Customer Purchase from Member**

When a customer makes a purchase from a member, the customer shall return the product to the member within 30 days for a 100% refund, exchange, or replacement. Members are required to honor the retail customer refund policy in a prompt and courteous manner. Failure to do so is a serious violation of company policy, and may result in disciplinary measures listed in policy 40.

#### **29. Displaying Products**

LFI strongly supports home-based businesses and personal product presentations. To maintain a standard of fairness, members may not stock or sell LFI products to retail outlets such as pharmacies, health food stores or supermarkets. Owners of retail establishments may be sponsored into LFI, but must conduct their LFI business outside the retail establishment. A small promotional display of literature is allowed on the sales counter.

LFI further prohibits the retail sale of products through on-line auction sites, including but not limited to currently operating commercial auction sites. This policy is necessary to protect the integrity of the company and the products, and is not intended to harm the member in any manner.

Members who have service-oriented offices, barber shops, beauty shops and health clubs are exceptions and will be allowed to display and sell products within their office, shop or club. Exterior signs or window displays advertising the company or its products will not be permitted at any location.

#### **29A. Resale Product Pricing**

Members are free to resell LFI products to customers at current market prices at their own discretion. However, at no time shall a member be permitted to

sell or market the sale of LFI products at any price below the Company "factory-direct prices." Factory-direct prices shall be defined as those prices regularly available from the Company, excluding Auto-ship pricing.

Violation of these policies may result in disciplinary measures listed in policy 40.

#### **30. Trademark, Service Mark and Trade Name Restrictions**

Members may not use, reproduce or disseminate the LFI trade name or logo or any trademark or service mark except in the use and dissemination of literature published and made available by LFI. This includes, but is not limited to, the acronym "LFI" the terms "Life Force" or "Life Force® International", the LFI logo, and all marks or slogans designating products or services offered by LFI.

Members may use the "Independent Member" logo developed by LFI on business cards, letterhead, envelopes and any approved advertising. This logo may only be used with LFI's products and not with any competitor's products or services.

#### **31. Media Inquiries**

It is LFI's policy to have a single spokesperson handle all inquiries from the media and all media relations. Therefore, members may not, for any reason, discuss their independent LFI business with the media nor act as spokespersons for LFI or talk to the media regarding LFI, its compensation plan, its products or services. It is in violation of this policy to provide any information to the media, regardless of whether the information is positive or negative, accurate or inaccurate. All inquiries from the media (whether radio, television or print) must be referred to LFI.

#### **32. Restrictions on Advertising**

Members who create, publish or distribute any literature, audio or video tapes, electronic media (including email, computer bulletin boards, websites, internet communications and telephone ads/messages), radio or television ads, materials or merchandise representing LFI, its products, services, compensation plan or business opportunity, other than that which is provided by LFI, or that which contains only information that is set forth in the then-current marketing materials of LFI, take full responsibility for the content of such advertising.

Each such promotional item independently created by an LFI member that promotes LFI, its products, services or compensations plan must contain the "Independent Member" logo (referred to in policy 30), the statement "Distribution within the U.S. market only," the FDA statement, "These statements have not been evaluated by the FDA. These products are not intended to diagnose, treat, cure, or prevent any disease," and the following disclaimer: "This [Insert type of advertising, e.g., "website", "brochure"] was prepared by an independent member and is neither approved nor adopted by Life Force International." The foregoing statements must appear on each promotional item in a manner that is both clear and conspicuous.

LFI strongly encourages members to use LFI sanctioned materials. With the exception of selected media, submission of independently created material is voluntary. LFI is available to provide input and assistance to members who wish to submit for review any independently created promotional materials, however fees may apply. Guidelines are provided on the Company website to assist members in ensuring independent materials are within compliance.

Members who wish to create audio or video tapes, electronic media, including radio or television ads, are required to submit the material to LFI for review prior to the use or release of the material.

Members who wish to create a website on which product orders are taken are required to submit the website to LFI for review prior to the activation of the website (see policy 33). In addition, to the above requirements, all member created websites must clearly display the Life Force Independent logo combined with the statement "Life Force Independent Member" on the opening page of the website.

Violation of this policy could cause misrepresentations or other legal improprieties in the display, advertisement or promotion of LFI products, services or marketing plan which could be injurious to our image, reputation, and standing with various regulatory agencies. A member who creates and uses promotional materials outside compliance and company guidelines could be held personally liable and will be subject to the disciplinary measures listed in policy 40.

#### **33. Websites and the Internet**

Life Force members may create websites that promote LFI, its products, services or compensation plan, however must meet the requirements set forth in policy 32.

Members who create a website on which product orders are taken are required to submit the website for review to LFI prior to the activation of the site. Additional requirements may apply for those websites that collect lead information or are

replicating. The entire web site must be submitted, including all links, artwork, and autoresponders.

Links to LFI's official web site must be authorized by the Company prior to setup.

Spamming to Internet users is prohibited. Violation of these policies may result in disciplinary measures listed in policy 40.

#### **34. Proprietary Information and Trade Secrets**

By joining LFI, an Independent Member acknowledges that all membership information contained in any report provided by LFI (including electronic access) that includes names, addresses and telephone numbers of other LFI members, is LFI's proprietary trade secret information. The member agrees not to disclose such information to any third party or use such information for non-LFI purposes. The member acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to LFI and to independent LFI businesses. LFI and its independent members will be entitled to injunctive relief to prevent violation of this policy. If litigation or arbitration is required to obtain injunctive relief or to recover damages, the prevailing party shall be entitled to an award of legal fees and expenses.

#### **35. Poaching**

LFI prohibits current and former members, either directly or through a third party, from promoting another company's business during an LFI-sponsored activity or any activity promoted as such. Members shall not solicit members to any other REFERRAL MARKETING, network marketing or direct sales business except those members they personally sponsored. Violation of this policy by a member constitutes voluntary resignation and cancellation of their Independent Member status, effective the date of the violation, and the forfeiture of all bonuses payable for and after the calendar month in which the violation occurred. If LFI pays any bonuses for and after the calendar month in which the violation occurred, these shall be refunded to LFI. Any cross sponsorship or cross recruiting is strictly prohibited, and may result in disciplinary measures listed in policy 40.

Violations of this policy are especially detrimental to the growth and sales of other independent members' businesses and to LFI's business. Therefore, LFI may seek and obtain from the violating member damages for violations of this policy. If litigation or arbitration is undertaken to recover bonuses or damages as specified herein, the prevailing party shall be entitled to an award of legal fees and expenses.

#### **36. Enrollment and Placement Sponsor Changes**

It is highly recommended that all new members be placed on the first level of their Enrollment Sponsor upon sign-up, meaning that the Enrollment Sponsor and Placement Sponsor is the same person. Any placement of a new member or customer other than on the first level will be considered the Enrollment Sponsor's one placement for that member or customer. Upon sign-up, a member or customer understands that his or her Enrollment Sponsor may change his or her Placement Sponsor following the guidelines below.

All Enrollment and Placement Sponsor changes or transfers must be sent to Life Force International in writing on the specified form.

All members agree that the decision to allow or disallow a transfer of Enrollment or Placement Sponsorship, whether the required approvals have been obtained, will be at LFI's sole discretion.

#### **37A. New Enrollee Placement Change**

An Enrollment Sponsor will have three full calendar months from the new member's sign-up date to place that first level member and his/her downline on a lower level in the Enrollment Sponsor's downline organization. The same three calendar month time period applies for customer placement changes. For example: If a new member or customer joined on January 15<sup>th</sup>, the Enroller would have until the last day of April to place that new member or customer anywhere in their downline.

Any downline that the new member has generated during the initial three calendar month period, and up until the change is made in the genealogy, will be moved with them in the event of a placement change.

Enrollment sponsorship may also be permanently transferred to the new Placement Sponsor during the initial three-month period. This is optional and must occur at the time of Placement Sponsor change. After the initial three full calendar month period, enrollment sponsorship cannot be transferred. However, in the event that a member or customer's Enrollment Sponsor resigns or terminates, Enrollment Sponsorship will be transferred to the resigning member's Enroller.

The placement change request must be submitted on the New Enrollee Placement Change Form, and must include the Enrollment Sponsor's signature. The placement change form must be received by Life Force no later than midnight on the last day of the third full calendar month from the new enrollee's date of registration.

All Placement or Enroller changes will occur between the 10<sup>th</sup> and the 22<sup>nd</sup> of the month. Placement change forms received before the 22<sup>nd</sup> of the month will have the placement change occur in that same month. Placement changes received after the 22<sup>nd</sup> will be processed the following month.

#### **37B. Platinum and Above Annual Placement Change**

The Enrollment Sponsor of the transferring member must be a Platinum or above in the month prior to requesting the change. Both the new Placement Sponsor of the transferred member and the Enrollment Sponsor must be on a minimum of 100 BV Autoship.

The Enrollment Sponsor may place a member along with his/her downline on a lower level in the Enrollment Sponsor's downline organization. This move can only be made if the organization to be moved has between 4,000 and 9,999 BV within six levels of uncompressed volume for the month previous to when the change will be processed. In addition, the volume of the organization to be moved must be equal to or less volume than the member under which the organization will be placed. This means that the new Placement Sponsor's organization must have a greater total group volume than the organization being moved under him/her. Organizations with greater than 9,999 total group volume for the month prior will not be permitted to move. Only one of these moves will be allowed in any 12-month period.

The placement change must be submitted on the Annual Placement Change Form and must include the notarized signatures of the current six direct upline members, the Enrollment Sponsor submitting the request, and the transferring member.

Any annual placement changes will be made between the 10<sup>th</sup> and 22<sup>nd</sup> of the month.

Refer to the Sponsor Change Processing Deadline and Notary Policy below for additional details.

#### **37C. Changes in Upline Placement Sponsor**

An individual member may request to change their Placement Sponsor at any time. Upon approval by LFI, the member requesting an upline placement sponsor change will receive a new LFI identification number. The member's existing downline organization will roll up to the immediate previous sponsor, and the enrollment sponsorship of any members who had been previously enrolled by the transferring member will be transferred to the resigning member's Enroller.

The upline placement change must be submitted on the Upline Placement Change Form and must include the notarized signatures of the Enrollment Sponsor and the current six direct upline members.

Refer to the Sponsor Change Processing Deadline and Notary Policy below for additional details.

#### **Sponsor Change Processing Deadline**

Transfer requests will be accepted at all times, however changes will only occur between the 10<sup>th</sup> and 22<sup>nd</sup> of any calendar month. Any changes received after the 22<sup>nd</sup> of any calendar month will be effective for the following month. All members agree that the decision to allow or disallow a transfer of sponsorship, and whether the required approvals have been obtained, will be at LFI's sole discretion.

If a signature or required notary stamp is missing when LFI receives the documents, the deadline of the 22<sup>nd</sup> will not be extended. The corrected form will be reviewed for the following month. Any changes that have not been received in complete form will be sent back to the Enrollment Sponsor listed on the form.

#### **Upline Sponsor Signature Policy**

If an Enrollment Sponsor, after a reasonable amount of time (or "after a reasonable attempt"), cannot obtain one of the six direct upline notarized signatures required for Platinum and Above Annual Placement Change (Policy 37B) or a Change in Upline Placement Sponsor (Policy 37C), the following steps shall be taken;

1. LFI will send a certified letter to the unresponsive upline sponsor requesting his/her response to the Placement Change request within ten business days from the day of receipt.
2. If no response is received by LFI within ten business days, LFI will allow the notarized signature of the next upline sponsor in the upline signature tree (above six levels) to replace the unresponsive upline sponsor's signature for that move.

3. LFI will send a second certified letter to the unresponsive upline sponsor regarding future notarized requests for Placement Changes. If no response is received by LFI within 30 days, the upline sponsor will be permanently removed from the upline signature tree and their signature would not be required for any future placement change requests that require the six direct upline signatures.

Any member found promoting any other referral marketing, network marketing, or direct sales business constitutes voluntary resignation and cancellation of their right to withhold their notarized signature on a Platinum and Above Annual Placement Change or a Change in Upline Placement Sponsor request.

#### **Notary Policy**

If a notary has any connection or interest in a change being processed that requires notarized signatures, he or she may not be the notary used for the required signatures. The signing member must commission a notary in the same state that the documents are signed and notarized. In addition, each notarized signature must be stamped and dated the day it is witnessed.

#### **38. Sale of an Independent Membership**

An Independent Member may not sell, assign or otherwise transfer their Independent Membership, marketing position, or any other Independent Member rights without the prior written approval of LFI. Prior to the sale, LFI requires that a request for sale of membership be forwarded to the LFI Home Office. LFI will then provide a packet to the Independent Member, which includes a form and instructions on how to proceed with the sale. Prior to approval, LFI requires that all documents of sale be signed and notarized by all parties, and that they be submitted to LFI.

The Offer of Sale of the Independent Membership must first be offered in writing\* to the Independent Member's direct placement sponsor as a first right of refusal. A copy of this offer must be forwarded to the LFI Home Office. The direct placement sponsor must be Platinum or above who does not already hold a second position (see policy 6). In the event that the direct sponsor doesn't respond within 72 hours from the time of first request by seller, LFI will attempt to contact the direct upline. The direct upline will then have 72 hours to contact LFI with refusal. If the direct placement sponsor declines the offer, or is not eligible to accept it, and sends their refusal to LFI in writing,\* or is non-responsive, the Independent Member may offer this position to anyone, on the same terms and conditions as were offered to the direct placement sponsor. If the transaction is completed and approved by LFI, the organization that is sold/purchased will remain in its original position in the LFI genealogy. All members agree that the decision to allow a sale of membership, and whether the required approvals have been obtained, will be at LFI's sole discretion.

The sale, transfer or assignment of the majority of voting shares in a Corporate Independent Membership is deemed a sale of an Independent Membership and is subject to the same requirements.

In all cases, LFI reserves the right to review and approve the entire transaction including, but not limited to, the "offer to sell."

A member who has sold their membership may not reapply for membership or purchase another position for three calendar months following the month in which the original membership was sold, or unless they have received the signatures of the six previous upline sponsors.

It is a violation of LFI policy to solicit or compensate a downline Independent Member to voluntarily resign his/her Independent Membership solely for the purpose of advancement in the Compensation Plan.

\*All correspondence must be signed and officially notarized.

#### **39. Member/Employee Relations**

Company employees are trained to be courteous and professional in all contact with the public. Should a member ever receive less than this from company personnel, they should document the situation and forward it to an executive staff member for immediate review.

Members are expected to extend these same courtesies when dealing with corporate office staff, via telephone, internet or in person. Company employees are not required to endure any abuse. Whenever they feel this is occurring, they are to turn the call over to a supervisor. If this is not possible they are to politely end the conversation and document the incident. This documentation will also be forwarded to company executives for review. In severe circumstances offending members may be subject to the disciplinary measures listed in policy 40.

#### **40. Disciplinary Measures**

All of the policies in this Statement of Policies, which constitutes the Independent Member Agreement, and any other agreements entered into by and between LFI and the members are material terms to the agreement between LFI and the members. Any violation of the terms and conditions entered into by and between LFI and the members or the Statement of Policies or any illegal, fraudulent, deceptive or unethical business conduct by a member may result, at LFI's discretion, in one or more of the following corrective measures:

- a. Issuance of a written warning;
- b. Imposition of a fine to be withheld from future commission checks;
- c. Suspension or termination of current and future commission checks;
- d. Reassignment of all or part of their marketing organization;
- e. Suspension of their independent member agreement;
- f. Termination of their independent member agreement;
- g. Any other measure expressly stated within the policies set forth in the Statement of Policies.

Should a member be terminated for cause, any rollups will be at the sole discretion of LFI. Should a terminated member wish to re-apply for membership, approval from a senior Executive will be required.

#### **41. Indemnity**

Each member shall hold the company harmless for any claims, damages, or liabilities arising from the member's misrepresentation, negligence or failure to follow these policies and procedures.

#### **42. Statutory Precedence**

LFI's Statement of Policies is subject to the prevailing laws governing our industry. These laws take precedence over any item included herein.

#### **43. Program Modifications**

In order to maintain a viable business and to comply with governing laws and economic conditions, LFI has the sole right and discretion to modify its compensation plan, product line, pricing or policies without notice. Such modifications shall be immediate.

#### **GLOSSARY OF TERMS**

**IDENTIFICATION NUMBER** – The computer-generated number used by LFI to establish a genealogy, track sponsoring efforts, purchased products and generates bonus payments.

**HOUSEHOLD** – Lifetime partners, immediate family (parents, children, or spouse) or dependents residing at the same address.

**REFERRAL MARKETING** – A method of marketing whereby members refer customers and other members they enroll directly to LFI for product purchases. Both members and customers enjoy the same factory-direct pricing, but only members are compensated for promoting LFI and for building a marketing organization.

**BUSINESS VOLUME** – The volume assigned to product purchases used to calculate bonuses and award incentives.

**BUSINESS MANAGEMENT SYSTEM (BMS)** – The accounting record LFI prepares monthly that tracks purchase activities for a marketing organization.

**MARKETING ORGANIZATION** – All levels of individuals and business entities for which LFI provides compensation.

**ENROLLMENT SPONSOR** – A member of LFI who personally enrolls other individuals as a member or customer.

**PLACEMENT SPONSOR** – A member or customer's immediate upline.