

## **Independent Affiliate Policies and Procedures**

1. These Policies and Procedures, in their present form and as amended at the sole discretion of Global Domains International, Inc. (hereafter "GDI" or the "Company"), are incorporated into, and form an integral part of, the GDI Affiliate Agreement. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the GDI Affiliate Application and Terms and Conditions, these Policies and Procedures, the GDI Compensation Plan, and the GDI Business Entity Application (if applicable). These documents are incorporated by reference into the GDI Affiliate Agreement (all in their current form and as amended by GDI). It is the responsibility of each Affiliate to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures.
2. The Agreement constitutes the entire contract between GDI and the Affiliate. Any promises, representations, offers, or other communications not expressly set forth in the Agreement are of no force and effect.
3. GDI is a direct selling company that markets and distributes .WS international domain name registration services, internet-related services and products, and other products to consumers through Independent Affiliates. The policies and procedures herein are applicable to all Independent Affiliates of GDI (hereafter "Affiliates"). GDI Affiliates are required to comply with all of the terms and conditions set forth in the Agreement which GDI may amend at its sole discretion from time to time, as well as all federal, state, territorial, and local laws governing their GDI business and their conduct.
4. An Affiliate is one who has completed a GDI application and Affiliate Agreement and has been accepted by GDI as an Affiliate. GDI reserves the right to accept or reject anyone as an Affiliate.
5. To become a GDI Affiliate, each applicant must:
  - a. Be of the age of majority in his or her state or country of residence;
  - b. Have a valid Social Security or Federal Tax ID number (U.S. residents only); and,
  - c. Submit a properly completed Affiliate Application and Agreement to GDI.
6. GDI reserves the right to reject any applications for new Affiliates or applications for renewal.
7. Once an Affiliate Application and Agreement has been accepted by GDI, the benefits of the Compensation Plan and the Affiliate Agreement are available to the new Affiliate. These benefits include the right to:
  - a. Purchase GDI products and services at the Affiliate price;
  - b. Market and promote the sale of GDI products and services and profit from these sales;
  - c. Participate in the GDI Compensation Plan (receive bonuses and commissions, if eligible);
  - d. Sponsor other individuals as Affiliates into the GDI business and thereby, build a Sales Organization and progress through the GDI Compensation Plan;
  - e. Receive periodic GDI literature and other GDI communications;

f. Participate in GDI-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and

g. Participate in promotional and incentive contests and programs sponsored by GDI for its Affiliates.

8. The term of the Agreement is one month from the date of its acceptance by GDI and shall automatically renew for successive one-month terms unless cancelled as provided herein. I understand that either party may elect not to renew the Agreement by notifying the other party at least five (5) days prior to any monthly renewal date. If GDI elects not to renew the Agreement, such notice shall be emailed to Affiliate at the last email address provided by Affiliate to GDI. If I elect to not renew the Agreement, I understand that I must call (1) 760-602-3000 M-F 8-5 Pacific Time, and go through the cancellation process at least five (5) days prior to the monthly renewal date. Accounts not paid are subject to a minimum \$50 collection fee.

9. Independent Contractor Status. Affiliates are independent contractors and are not purchasers of a franchise or business opportunity. The Agreement between GDI and its Affiliates does not create an employer/employee relationship, agency, partnership, or joint venture between GDI and the Affiliates. AN AFFILIATE SHALL NOT BE TREATED AS AN EMPLOYEE FOR HIS OR HER SERVICES OR FOR FEDERAL OR STATE TAX PURPOSES. All Affiliates are responsible for paying local, state, and federal taxes due from all compensation earned as an Affiliate. GDI is not responsible for withholding, and shall not withhold or deduct from an Affiliate's bonuses and commissions, if any, FICA or taxes of any kind, unless withholding becomes legally required. Each Affiliate shall indemnify and hold GDI harmless from any claims, damages, or liabilities arising out of Affiliate's business practices. GDI Affiliates have no authority (express or implied) to bind GDI to any obligation. Affiliates are not authorized to and will not incur any debt, expense, obligation, or open any checking account on behalf of, for, or in the name of GDI. Each Affiliate agrees that he or she shall control the manner and means by which he or she operates his or her GDI business, and shall establish his or her own goals, hours, and determine his or her own methods of sale, so long as he or she complies with these Policies and Procedures and applicable law. Each Affiliate shall be solely responsible for paying all expenses incurred, including but not limited to travel, food, lodging, secretarial, office, long distance telephone, and other expenses.

10. Indemnification. The Affiliate, as an independent contractor, is fully responsible for all of his or her verbal and written statements made regarding GDI product, services, Compensation Plan, and marketing program which are not expressly contained in writing in the current Affiliate Agreement, and advertising, or promotional materials supplied directly by GDI. Affiliate agrees to indemnify GDI and hold it harmless from any and all liability including judgments, civil penalties, refund, attorney fees, court costs, or lost business incurred by GDI as a result of Affiliate's unauthorized representations.

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

12. Any Affiliate who sponsors other Affiliates must fulfill the obligation of performing a bona fide supervisory function in the training of those sponsored. Affiliates 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 such individuals to GDI training. Affiliates should be able to provide evidence to GDI semi-annually of ongoing fulfillment of sponsor responsibilities.

13. The GDI sales and marketing program is based upon retail sales to the ultimate consumer. Affiliates agree that they shall not purchase Website products or services solely for the purpose of qualifying for the payment of bonuses or commissions, and further agree that they shall not encourage others to do so.

14. All Affiliates are responsible for paying local, state, and federal taxes due on earnings from commissions or any other earnings generated as a seller of GDI products and services. If a GDI business is tax exempt, the Federal tax identification number must be provided to GDI. Every year, GDI will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who had earnings of over \$600 in the previous calendar year.

#### 15. Advertising

a. In the conduct of his or her business, the Affiliate shall safeguard and promote the reputation of GDI and its products and services. The marketing and promotion of GDI, the GDI opportunity, the GDI Compensation Plan, and GDI products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

b. GDI Affiliates shall not advertise GDI products, services, and/or marketing plans except as specifically approved by GDI. GDI Affiliates agree to make no false or fraudulent representations about GDI, its products or services, the GDI Compensation Plan, or income potential.

c. Affiliate agrees not to advertise GDI products or services in any way other than through the use of advertising or promotional materials made available to Affiliate by GDI. Affiliate agrees not to use any written, printed, recorded, or any other material in advertising, promoting, or describing the product or services or the GDI marketing program, or in any other manner, any material which has not been copyrighted and supplied by GDI, unless such material has been submitted to GDI and approved in writing by GDI before being disseminated, published, or displayed.

d. All Affiliate-produced advertising copy, direct mailing, radio, TV, newspaper, and display copy that promotes GDI, its products or services or the GDI opportunity must be approved in writing before being disseminated, published, or displayed with the exception of blind ads where no reference is made to GDI or its products and services or opportunity.

#### 16. Trademarks, Trade Names, and Copyrights

a. The names Global Domains International, WebSite.ws, and other names as may be adopted by GDI are proprietary trade names and trademarks of GDI. As such, these marks are of great value to GDI and are supplied to Affiliate for Affiliate's use only in an expressly authorized manner.

b. Except as provided in these Policies and Procedures, GDI will not permit the use of its copyrights, designs, logos, trade names, trademarks, etc. without its prior written permission.

c. Use of the Global Domains International or WebSite.ws names on any item not produced by the Company is prohibited except as follows:

*Affiliate's Name*

Independent Global Domains International Affiliate

d. All Affiliates may list themselves as an "Independent Global Domains International Affiliate" in the white or yellow pages of the telephone directory under their own name. No Affiliate may place telephone directory display ads using and of The Company's trademarks, trade names or logos. Affiliates may not answer the telephone by saying "Global Domains International", "Global Domains", "WebSite.ws" or in any other manner that would lead the caller to believe that he or she has reached corporate offices of GDI.

e. All GDI 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 Affiliates or any other person except as authorized by GDI. Permission to reproduce any materials will be considered only in extreme circumstances. Therefore, an Affiliate should not anticipate that approval will be granted.

f. A GDI Affiliate may not produce, use or distribute any information relative to GDI products or services which has not been provided directly by GDI. This prohibition includes but is not limited to print, audio, or video media.

g. A GDI Affiliate may not produce, sell, or distribute literature, films, or sound recordings which are deceptively similar in nature to those produced, published, and provided by GDI for its Affiliates. Nor may an Affiliate purchase, sell, or distribute non-GDI materials which imply or suggest that said materials originate from GDI.

h. Any display ads or institutional or trademark advertising copy, other than covered in the foregoing rules, must be submitted to GDI and approved in writing by GDI prior to publication.

17. Internet and Website Policy. GDI maintains an official corporate web site. Affiliates are allowed to advertise on the Internet through an approved GDI program which allows Affiliates to choose from among GDI home page designs that can be personalized with the Affiliate's message and the Affiliate's contact information. These websites link directly to the GDI website giving the Affiliate a professional and GDI-approved presence on the internet. Only these approved web sites may be used by Affiliates. Any person using GDI's names, logos, trademarks, etc. on the Internet or any other advertising medium, except as permitted by these Policies and Procedures, shall be subject to immediate discipline, including termination of the Affiliate Agreement.

18. Domain Names and Email Addresses. Affiliates may not use or attempt to register any of The Company's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name. Nor may Affiliates incorporate or attempt to incorporate any of the Company's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, into any electronic mail address.

19. Trade Shows. With written authorization from GDI, GDI products and services, and the GDI opportunity may be displayed at trade shows by Affiliates. Request for participation in trade shows must be received in writing to GDI at least one week prior to the show. Written authorization from GDI must be received before participating in the trade show. Only GDI produced marketing materials may be displayed or distributed.

20. GDI reserves the right to approve or disapprove Affiliate's change of business names, formation of partnerships, corporations, and trusts for tax, estate planning, and limited liability purposes. If GDI approves such a change by Affiliate, the organization's name and the names of the principals of the organization must appear on the Affiliate application Agreement along with a social security number or federal identification number.

21. Upon termination of the Affiliate Agreement, GDI will repurchase sales aids in the possession of the Affiliate as follows: If the Affiliate has purchased GDI-produced sales aids while the Affiliate agreement was in effect, all such sales aids in resalable condition then in possession of the Affiliate, which have been purchased within 12 months of termination, 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 sales aids. In addition, GDI will honor statutory mandated buyback requirements of every jurisdiction.

22. Each Affiliate shall comply with all state and local statutes, laws, regulations and ordinances governing the sale of GDI products and services.

23. GDI Affiliates are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively "network marketing"). However, during the term of this Agreement, Affiliates may not recruit other GDI Affiliates or domain name, email and web site customers for any other network marketing business. Following the termination of this Agreement, and for a period of six months thereafter, a former Affiliate may not recruit any GDI Affiliate or Customer for another network marketing business if: 1) that Affiliate or Customer was in the former Affiliate's Sales Organization; or 2) the former Affiliate met, developed a relationship with, or gained knowledge of the Affiliate or Customer by virtue of their mutual participation in GDI. The term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly or through a third party, another GDI Affiliate or customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. This conduct constitutes recruiting even if the Affiliate's actions are in response to an inquiry made by another Affiliate or Customer.

Affiliates must not sell, or attempt to sell, any competing non-GDI products or services to GDI Customers or Affiliates. Any product or service in the same generic category as a GDI product or service is deemed to be competing (e.g., any domain name registration or web site hosting service is in the same generic category as The Company's products and services, and is therefore a competing product or service.).

Affiliates may not display GDI products or services with any other products or services in a fashion that might in any way confuse or mislead a prospective customer or Affiliate into believing there is a relationship between the GDI and non-GDI products or services. Affiliates may not offer the GDI opportunity, products or services to prospective or existing Customers or Affiliates in conjunction with any non-GDI program, opportunity, product or service. Affiliates may not offer any non-GDI opportunity, products or services at any GDI-related meeting, seminar or convention, or immediately following such event.

24. On a periodic basis, GDI will supply data processing and downline activity information and reports to the Affiliate which will provide information to the Affiliate concerning the Affiliate's downline sales organization and product and service purchases and sales. **All such information and reports, and the information contained therein, are confidential and constitute proprietary information and business trade secrets belonging to GDI.** Affiliate agrees that such information is transmitted to the Affiliate in confidence and solely for the purpose of assisting the Affiliate in managing and developing his or her downline sales organization. The Affiliate agrees that he or she will not disclose such information to any third party directly or indirectly, nor use the information to compete with GDI directly or indirectly. The Affiliate and GDI agree that, but for this agreement of confidentiality and nondisclosure, GDI would not provide the above confidential information to the Affiliate.

25. All information provided by GDI in online or telephonic data processing and downline activity reports, including but not limited to personal and group sales volume (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors including the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; refunded products or services; credit card

and electronic check charge-backs; the information is not guaranteed by GDI or any persons creating or transmitting the information.

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

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

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

26. Vendor Confidentiality. GDI's business relationship with its vendors, manufacturers, and suppliers is confidential. An Affiliate shall not contact, directly or indirectly, or speak to or communicate with any representative of any supplier or manufacturer of GDI except at a GDI sponsored event at which the representative is present at the request of GDI. Violation of this regulation may result in termination and possible claims for damages if the vendor/manufacturer's association is compromised by the Affiliate contact.

27. Upon the death or incapacity of the Affiliate, his or her rights, together with Affiliate responsibilities, shall pass to his or her successors in interest upon written application and approval by GDI. The successor Affiliate must fulfill all responsibilities of the Affiliate. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Whenever a GDI business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased or incapacitated Affiliate's Sales Organization provided the following qualifications are met. The successor(s) must:

- a. Execute an Affiliate Agreement;
- b. Comply with terms and provisions of the Agreement; and
- c. Meet all of the qualifications for the deceased or incapacitated Affiliate's status.

Bonus and commission checks of a GDI business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide GDI with an "address of record" to which all bonus and commission checks will be sent. If the business is bequeathed to joint devisees, they must

form a business entity and acquire a federal taxpayer Identification number. GDI will issue all bonus and commission checks and one 1099 to the business entity.

**Transfer upon Death.** To effect a testamentary transfer of a GDI business, the successor must provide the following to GDI: (1) an original death certificate; (2) a notarized copy of the will or other instrument establishing the successor's right to the GDI business; and (3) a completed and executed Affiliate Agreement.

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

28. An Affiliate may not sell, assign, or otherwise transfer his or her GDI business or Affiliate Agreement, or other Affiliate rights without written application and approval by GDI. The potential buyer must be at the equivalent or higher rank as the selling Affiliate or have been a GDI Affiliate for at least one year period prior to the sale. The selling Affiliate must first offer, in writing, the business to the Affiliate's sponsor. If the sponsor declines the offer, the Affiliate may offer the business for sale to other qualified GDI Affiliates, but only on the same terms and conditions as offered to the sponsor. If the Sponsor purchases the business, the purchased business will merge with the Sponsor's existing business. If another GDI Affiliate purchases the business, he or she must first terminate his or her existing GDI business. An Affiliate who sells his or her GDI shall not be eligible to re-enroll as an Affiliate for a period of at least six months after the sale. GDI 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 business.

Before the sale, transfer or assignment can be finalized and approved by GDI, any debt obligations the selling Affiliate has with GDI must be satisfied. The selling Affiliate must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a GDI business. No changes in line of sponsorship can result from the sale or transfer of a GDI business—the purchased business may not be transferred to another line of sponsorship.

29. **Separation of a GDI Business.** GDI Affiliates sometimes operate their GDI businesses as husband-wife partnerships, regular partnerships, limited liability companies, corporations, or trusts. At such time as a marriage may end in divorce or a corporation, limited liability company, partnership or trust (the latter four entities are collectively referred to herein as "entities") may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship. If the separating parties fail to provide for the best interests of other Affiliates and the Company, GDI will involuntarily terminate the Agreement.

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

- a. One of the parties may, with consent of the other(s), operate the GDI business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize GDI to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.
- b. The parties may continue to operate the GDI business jointly on a "business-as-usual" basis, whereupon all compensation paid by GDI will be paid in the joint names of the Affiliates or in the name of the entity to be divided as the parties may independently agree between themselves.

If the parties cannot mutually agree on how the business shall be allocated during the pendency of a divorce or dissolution, the Company shall treat the business according to the status quo as existed prior to the filing of the divorce or dissolution.

Under no circumstances will the Sales Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will GDI split commission and bonus checks between divorcing spouses or members of dissolving entities. GDI will recognize only one Sales Organization and will issue only one commission check per GDI business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business, the Affiliate Agreement shall be involuntarily terminated.

If a former spouse or a former entity affiliate has completely relinquished all rights in their original GDI business, they are thereafter free to enroll under any sponsor of their choosing, so long as they meet the three (3) month waiting period. In such case, however, the former spouse or partner shall have no rights to any Affiliates in their former organization or to any former retail customer. They must develop the new business in the same manner as would any other new Affiliate.

30. GDI expressly reserves the right to alter or amend prices, Rules and Regulations, Policies and Procedures, product or service availability and Compensation Plan. GDI shall notify all Affiliates of any such amendments by posting the amended document to the Affiliate web site log-in process. Upon such notification, such amendments are automatically incorporated as part of the agreement between GDI and the Affiliate.

31. Account holder names cannot be changed. If any Affiliate wishes to have a different name listed on the account, the Affiliate must resign from GDI entirely and wait fourteen (14) days to reapply using with a new account name. Downlines are non-transferable and any pending commissions and bonuses will be forfeited.

32. A partnership, limited liability company, or corporation may be an Affiliate. However, no individual may have an interest, legal or equitable, in more than one (1) GDI business or Affiliate Agreement in any form without express written permission from GDI. Only in the most extreme and extraordinary circumstances will this be considered.

a. If a partnership, limited liability company or corporation wishes to apply to become an Affiliate, or if an existing Affiliate wishes to change status to one of these forms of business, the applicant or existing Affiliate must request a partnership/corporation form from the corporate home office. This form must be submitted detailing all partners, members and/or managers, stockholders, officers, and directors in the partnership, limited liability company, or corporation. The partner, member, manager or officer who submits the form must be authorized to enter into binding contracts on behalf of the partnership, limited liability company or corporation. In addition, by submitting the partnership or corporation form, the applicant or Affiliate certify that no person with an interest in the business has had an interest in another GDI business within the three (3) month period preceding the date of the submission of the form (unless it is the continuation of an existing GDI business that is changing its form of doing business).

33. Corporate, Limited Liability Company and Partnership Guarantee for Owners. Although GDI has offered Affiliates the opportunity to enroll as a corporation, limited liability company, or partnership, it is agreed that since the entity is under the control of its owners or principals, the actions of individual owners as they may affect GDI and the subject GDI business are also critical to The Company's business. Therefore, it is agreed that actions of corporate shareholders, officers, directors, agents, or employees, the actions of limited liability company members, managers, or employees, and the actions of partnership partners, agents, or employees, which are in contravention of any term of the Agreement shall be attributable to the corporate or partnership entity.

34. Actions of Household Members. If any member of an Affiliate's immediate household engages in any activity which, if performed by the Affiliate, would violate any provision of the Agreement, such activity will be deemed a violation by the Affiliate and GDI may take disciplinary action pursuant to the Agreement against the Affiliate.

35. Disciplinary Actions. An Affiliate's violation of any term of the Agreement 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:

- a. Issuance of a written warning or admonition;
- b. Imposition of a fine, which may be imposed immediately or withheld from future commission checks;
- c. Reassignment of all or part of an Affiliate's organization;
- d. Suspension, which may result in termination or reinstatement with conditions or restrictions; or
- e. Termination of the Affiliate Agreement.

36. Termination.

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

Following the termination of the Agreement, the former Affiliate shall not hold himself or herself out as a GDI Affiliate and shall not have the right to sell GDI products or services. An Affiliate whose Affiliate Agreement is terminated shall receive commissions and bonuses only for the last full pay period he or she was active prior to termination (less any amounts withheld during an investigation preceding an involuntary termination).

b. Involuntary Termination. GDI reserves the right to terminate any Affiliate at any time for cause when it is determined that the Affiliate has violated any provision of the 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 GDI at its discretion. Upon an involuntary termination, GDI shall notify the Affiliate by email or mail at the latest address listed with GDI for the Affiliate. In the event of a termination, the terminated Affiliate agrees to immediately cease representing himself or herself as an Affiliate.

When a decision is made to terminate an Affiliate, GDI will inform the Affiliate in writing that the Affiliate is terminated immediately, effective as of the date of the notification. The termination notice will be sent by mail or email to the Affiliate's address on file with GDI.

c. Appeal of Involuntary Termination. An Affiliate whose Agreement is involuntarily terminated will have 15 days from the date of notice of termination in which to appeal the termination. The Affiliate's appeal correspondence must be sent by regular mail and received by GDI within 20 days of the notice of termination. If the appeal is not received within the 20 day period, the termination will be automatically deemed final.

If an Affiliate files a timely appeal of termination, GDI will review and reconsider the termination, consider any other appropriate action, and notify the Affiliate of its decision. The decision of GDI 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 original termination notice.

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

e. Voluntary Termination. A participant in this network marketing plan has a right to terminate the Agreement at any time, regardless of reason. Notice of Termination may be submitted in writing to the Company at its principal business address. The written notice must include the Affiliate's signature, printed name, address, and Affiliate I.D. Number. Alternatively, an Affiliate may call the Company at (1) 760-602-3000 M-F 8-5 Pacific Time and go through the cancellation.

f. Non-Renewal. An Affiliate may also voluntarily terminate his or her Affiliate Agreement by electing not to renew the Agreement as provided in Section 8.

37. Roll-Up of Sales Organization. When a vacancy occurs in a Sales Organization due to the termination of a GDI business, each Affiliate in the first level immediately below the terminated Affiliate on the date of the termination will be moved to the first level ("front line") of the terminated Affiliate's sponsor. For example, if A sponsors B, and B sponsors C1, C2, and C3, if B terminates her business, C1, C2, and C3 will "roll-up" to A and become part of A's first level.

38. All Affiliates have the right to sponsor others. In addition, every person has the ultimate right to choose his or her own sponsor. If two Affiliates should claim to be the sponsors of the same new Affiliate, GDI shall regard the first application received by the corporate home office as controlling.

a. As a general rule, it is good practice to regard the first Affiliate to meaningfully work with a prospective Affiliate as having first claim to sponsorship, but this is not necessarily controlling. Basic tenets of common sense and consideration should govern.

b. As a convenience to its Affiliates, GDI may provide various methods of registering or informing GDI of newly sponsored Affiliates, including online registration, telephone registration, and facsimile registration. Until such time as GDI receives an application, either as hard copy or by facsimile, containing all appropriate information, as well as the signature of the proposed new Affiliate, GDI will only consider the incomplete telephone or facsimile registration in the category of "intended" registration. Thus, although GDI is attempting to create some convenience for its sponsoring Affiliates, it is the responsibility of the sponsoring Affiliate to cause delivery to GDI of a completed and signed Affiliate agreement if the sponsor is to expect recognition as the official sponsoring Affiliate.

c. There is no "magic" involved in GDI or in any business. Those who sponsor widely but who do not help new Affiliates develop their business meet with limited success. Therefore, a responsibility of sponsorship is to work with new Affiliates, helping them learn the business and encouraging them during the critical early months.

d. Sponsors are not required to carry inventory of sales aids for new Affiliates. Affiliates who do so, however, find building a major sales organization much easier because of the decreased response time in meeting a new Affiliate's needs.

39. Change of Sponsor. The change of sponsorship from one Sponsor to another is rarely permitted and is actively discouraged. Maintaining the integrity of sponsorship is absolutely mandatory for the success of the overall organization.

a. Transfers will generally be approved in two (2) circumstances only: (1) In the case of unethical sponsoring by the original sponsor. In such cases, GDI will be the final authority. (2) With the written approval of the immediate five (5) upline sponsors.

b. In cases of unethical sponsoring, the individual may be transferred with any downlines intact; in all other events, the individual alone is transferred without any downline Affiliates being removed from the original line of sponsorship.

40. Cross-Sponsoring. Actual or attempted cross-sponsoring is strictly prohibited. "Cross-sponsoring" is defined as the enrollment of an individual who or entity that already has a current Affiliate Agreement on file with GDI, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, or fictitious ID numbers to circumvent this policy is prohibited. Affiliates shall not demean, discredit or defame other GDI Affiliates in an attempt to entice another Affiliate to become part of the first Affiliate's Sales Organization. This policy shall not prohibit the transfer of a GDI business in accordance with Section 31. In the event an Affiliate has engaged in cross-sponsoring, it shall be entirely within the Company's discretion where in the genealogical structure the cross sponsored organization in question shall be placed or otherwise handled. Because equities often exist in favor of both upline organizations, **AFFILIATES WAIVE ANY AND ALL CLAIMS AND CAUSES OF ACTION AGAINST THE COMPANY FOR ITS DECISION REGARDING THE FINAL DISPOSITION OF THE CROSS SPONSORED ORGANIZATION.**

41. The GDI Compensation Plan is based upon the sale of GDI products and services to end consumers. Affiliates must fulfill personal and Sales Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement.

42. An Affiliate must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as an Affiliate complies with the terms of the Agreement, GDI shall pay bonuses and commissions to such Affiliate in accordance with the Compensation Plan. Affiliates may elect to receive commission payments by check, through PayPal, or through bank wire.

a. Payment by Check. If an Affiliate chooses to receive commission payments by check, he or she may choose a minimum check ranging between \$10.00 and \$250.00. If a minimum of \$10.00, \$25.00 or \$50.00 is selected, a \$3.00 check processing fee will be charged. Therefore, if the Affiliate has selected a minimum of \$10.00 and the commissions do not equal or exceed \$13.00, the Company will accrue the commissions until they total \$13.00 and a check for \$10.00 will be issued. If an Affiliate selects a minimum of \$100.00 or more, no check fee will be imposed. In that event, if the Affiliate's commissions

do not equal or exceed \$100.00, the Company will accrue the commissions until they total at least \$100.00 and a commission check will be issued. GDI is not responsible for lost or stolen checks.

b. PayPal. If an Affiliate chooses to receive his or her commission payments through PayPal, there will be a minimum \$3.00 fee imposed and the Affiliate must accrue at least \$13.00 in commissions before payment through PayPal will be made. If the Affiliate's commissions do not equal or exceed \$13.00, the Company will accrue the commissions until they total at least \$13.00 and payment through PayPal will be made to the Affiliate. For payments between \$10.00 and \$99.00, the fee is \$3.00. For payments of \$100.00 or more, the fee is 3% of the amount paid.

c. Bank Wire. If an Affiliate chooses the bank wire option, the minimum amount that the Company will wire is \$25.00 and there is a flat \$15.00 wire fee. If an Affiliate's commissions do not equal or exceed \$40.00, the Company will accrue the commissions until they total at least \$40.00 and the bank wire will be made and the \$15.00 wire fee deducted.

43. Affiliates must deposit or cash commission and bonus checks within **six months** from their date of issuance. A check that remains uncashed after six months will be void. There shall be a \$29.00 charge for reissuing a check, and a \$10.00 fee for each notice that is sent to the Affiliate. These charges shall be deducted from the balance owed to the Affiliate.

44. Adjustments to Bonuses and Commissions. Affiliates receive bonuses and commissions based on the actual sales of products and services to end consumers. In the event GDI issues a refund for a product or service, the bonuses and commissions attributable to the refunded product or service will be deducted, in the month in which the refund is given, and continuing every pay period thereafter until the commissions and bonuses are recovered from the Affiliates who received bonuses and commissions on the sales of the refunded product or service.

45. Income Claims. No income claims, income projections, nor income representations may be made to prospective Affiliates. Obviously, any false, deceptive, or misleading claims regarding the opportunity or products and services are prohibited. In their enthusiasm, Affiliates 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 Affiliates may be quickly disappointed if their results are not as extensive or as rapid as a hypothetical model would suggest. GDI believes firmly that the income potential is great enough to be highly attractive in reality without resorting to artificial and unrealistic projections.

46. Business Cards and Stationery. Any printed materials, including business cards and stationery, must be approved by GDI 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 Affiliate.

47. Telemarketing. Affiliates must not engage in telemarketing relative to the operation of their GDI businesses. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of a GDI product or service, or to recruit them for the GDI opportunity. "Cold calls" made to prospective customers or Affiliates that promote either The Company's products or services or the GDI opportunity constitute telemarketing and are prohibited.

Notwithstanding the foregoing, an Affiliate may place telephone call(s) to a prospective customer or Affiliate (a "prospect") under the following limited situations:

a. If the Affiliate has an established business relationship with the prospect. An "established business relationship" is a relationship between an Affiliate and a prospect based on:

- i. The prospect's purchase, rental, or lease of goods or services from the Affiliate within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service; or
  - ii. A financial transaction between the prospect and the Affiliate within the eighteen (18) months immediately preceding the date of such a call.
- b. The prospect's personal inquiry or application regarding a product or service offered by the Affiliate, within the three (3) months immediately preceding the date of such a call.
- c. If the Affiliate receives written and signed permission from the prospect authorizing the Affiliate to call. The authorization must specify the telephone number(s) which the Affiliate is authorized to call.
- d. Affiliates may call family members, personal friends, and acquaintances. An "acquaintance" is someone with whom an Affiliate has at least a recent first-hand relationship (*i.e.*, the Affiliate recently personally met him or her). Bear in mind, however, that if an Affiliate makes a habit of "card collecting" everyone he or she meets and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if Affiliates engage in calling "acquaintances," the Affiliate must make such calls on an occasional basis only and not as a routine practice.
- e. In addition, Affiliates shall not use automatic telephone dialing systems relative to the operation of their GDI businesses. The term "automatic telephone dialing system" means equipment which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers.

#### 48. Unsolicited Faxes and Commercial Emails.

- a. Unsolicited Faxes. Except as provided in this section, Affiliates may not use or transmit unsolicited faxes relative to the operation of their GDI businesses. The term "unsolicited faxes" means the transmission via telephone facsimile of any material or information advertising or promoting GDI, its products or services, its Compensation Plan or any other aspect of the company which is transmitted to any person, except that the term does not include a fax sent: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Affiliate has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two way communication between an Affiliate and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products or services offered by such Affiliate; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.
- b. Unsolicited Emails. GDI does not permit Affiliates to send unsolicited commercial emails unless such emails strictly comply with applicable laws and regulations including, without limitation, the federal CAN SPAM Act. Any email sent by an Affiliate that promotes GDI, the GDI opportunity, or GDI products and services must comply with the following:
  - i. There must be a functioning return email address to the sender.
  - ii. The email must include the Affiliate's physical mailing address.
  - iii. The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
  - iv. The use of deceptive subject lines and/or false header information is prohibited.

- v. All email sent (including, but in no way limited to anything you reply to) with any mention of or linking in any way to our products, services, offering, or anything whatsoever tied to our company must include the direct link to our Global Remove Database. You may include other removal links in your messages, but they cannot use in place of our link. Failure to clearly include our removal link is a direct violation of our Anti-Spam policies. The proper link to use along with working examples can be found in the FAQ sections of our WebSite.
- vi. All email sent, (including, but in no way limited to anything you reply to), with any mention of or linking in any way to our products, services, offerings, or anything whatsoever tied to our company must be fully compliant with the Can-Spam Act. They must also be fully compliant with all our additional anti-Spam requirements as outlined above. Failure to comply with all our anti-Spam requirements even if your message is Can-Spam compliant is a direct violation of our Anti-Spam policies.

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

49. Press Inquiries. Any inquiries by the media are to be referred immediately to GDI. This policy is to assure accuracy and consistent public image.

50. Neither federal nor state regulatory agencies nor officials approve or endorse any direct selling program. Therefore, Affiliates may not represent that the GDI program or the GDI Compensation Plan has been approved, endorsed or otherwise sanctioned by any governmental agency.

51. Non-Disparagement. GDI values the constructive criticisms and comments of Affiliates. All such comments should be submitted by email to [abuse@wsdomains.ws](mailto:abuse@wsdomains.ws). While GDI welcomes constructive input, negative comments and remarks made in the field by Affiliates about the Company, its products and services, or Compensation Plan serve no purpose other than to sour the enthusiasm of other GDI Affiliates. For this reason, and to set the proper example for their downline, Affiliates must not disparage, demean, or make negative remarks about GDI, other GDI Affiliates, GDI products and services, the Compensation Plan, or The Company's directors, officers, or employees.

52. Affiliates observing a Policy violation by another Affiliate should submit a written report of the violation directly to the attention of the GDI Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

53. Waiver. GDI never gives up its right to insist on compliance with these rules or with the applicable laws governing the conduct of an Affiliate's GDI business. No failure of GDI to exercise any right or power under the Agreement or to insist upon strict compliance by an Affiliate with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of The Company's right to demand exact compliance with the Agreement. Waiver by GDI can be affected only in writing by an authorized officer of the Company. The Company's waiver of any particular breach by an Affiliate shall not affect or impair Its rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Affiliate. Nor shall any delay or omission by GDI to exercise any right arising from a breach affect or impair its rights as to that or any subsequent breach.

The existence of any claim or cause of action of an Affiliate against GDI shall not constitute a defense to the enforcement of any term or provision of the Agreement by GDI.

54. Breach. Registrant agrees that failure to abide by any provision of this Agreement, the Dispute Policy or the Terms of Use, Registrant's willful provision of inaccurate, unreliable, or false information at any time, Registrant's failure to update Registrant's information to keep it current, complete or accurate, or Registrant's failure to respond for over ten (10) calendar days to inquiries from GDI concerning the accuracy of the contact details associated with Registrant's domain name registration or use of GDI's service(s) shall be deemed by GDI to be a material breach by Registrant. GDI may provide a written notice, describing the breach, to Registrant. If, within ten (10) calendar days of the date of mailing of such notice, Registrant fails to provide evidence, which is reasonably satisfactory to GDI, that it has not breached its obligations, then GDI may delete Registrant's registration of its domain name and/or terminate the other service(s) of GDI that Registrant is using without further notice. Any such breach by Registrant shall not be deemed to be excused simply because GDI did not act earlier in response to that breach, or any other breach, by Registrant. GDI shall not be obligated to refund any fees paid by Registrant if GDI terminates this Agreement.

55. Representations and Warranties. Registrant represents and warrants by submitting this Agreement that: (1) to the best of Registrant's knowledge and belief, the information submitted to GDI by Registrant or Registrant's Agent is true and correct, and that any future changes to this information will be provided to GDI in a timely manner according to the domain name and other applicable modification procedures in place at that time; (2) to the best of Registrant's knowledge and belief, neither the registration of Registrant's domain name nor the manner in which Registrant intends to use such domain name will directly or indirectly infringe the legal rights of a third party; (3) Registrant has all requisite power and authority to execute this Agreement and to perform Registrant's obligations hereunder; (4) Registrant is of legal age to enter into this Agreement; and (5) with respect to the Forwarding Service only, Registrant has the necessary rights to use the Forwarding Service to forward, point, alias or resolve Registrant's domain name(s) to the other domain name designated by Registrant in ordering such Forwarding Service. Registrant agrees that use of GDI's service(s) is solely at Registrant's own risk. Registrant further agrees that all of GDI's service(s) are provided on an "as is" and "as available" basis. Any breach of any of these representations and warranties by Registrant will constitute a material breach of this Agreement.

56. Arbitration. **Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.** Affiliates waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in the City of San Diego, California, unless the laws of the state in which an Affiliate resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel which the American Arbitration Panel provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement.

Nothing in these Policies and Procedures shall prevent GDI from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect The Company's interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

57. Governing Law, Jurisdiction and Venue. Jurisdiction and venue of any matter not subject to arbitration shall reside in San Diego County, State of California unless the laws of the state in which an Affiliate resides expressly require the application of its laws. The Federal Arbitration Act shall govern all

matters relating to arbitration. The law of the State of California shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which an Affiliate resides expressly require the application of its laws.

58. Louisiana Residents. Notwithstanding the foregoing, Louisiana residents may bring an action against the Company with jurisdiction and venue as provided by Louisiana law.

59. Partial Validity. If any provision of the Agreement, in its current form or as may be amended, be declared invalid or unenforceable by a court of competent jurisdiction, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect, and shall be construed as if such invalid or unenforceable provision never comprised a part of the Agreement.

60. Delays. GDI shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party's source of supply, or government decrees or orders.

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Print Name

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Affiliate Signature

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Username