

Statement of Policies and Procedures

SECTION 1 - CODE OF ETHICS

Cosway USA, Inc. ("eCosway") has made a commitment to provide products of the finest quality backed with good customer service. In turn, the company expects Independent Business Owners ("IBO") to reflect that image in their relationships with Consumers and other IBOs.

As an IBO you are generally free to operate your business as you see fit but it is to our mutual, long-term advantage if you accord to the highest standards of integrity and fair practice in your role as an eCosway IBO. The Code of Ethics, therefore, states:

As an IBO:

- I will conduct my business in an honest, ethical manner at all times.
- I will make no representations about the benefits and savings associated with eCosway's products or services other than those contained in officially-approved corporate literature and videos.
- I will provide support and encouragement to my introduced customers to ensure that their experience with eCosway is a successful one. I understand that it is important to provide follow-up service and support to the members of my network.
- I will motivate and actively work with IBOs in my network to help them build their eCosway business.
- I will refrain from exaggerating my personal income or the income potential in general and will stress to IBO candidates the level of effort required to succeed in the business.
- I will not abuse the goodwill of my association with eCosway to further and promote other business interests (particularly those which may be competitive to eCosway) without the prior written consent of eCosway
- I will not make disparaging remarks about other products, services, distributors, or companies; likewise, I will not willfully denigrate the activities or personalities of fellow eCosway IBOs.
- I will abide by all of the Policies and Procedures of eCosway as included herein, or as may be amended from time to time.
- I will represent myself as an IBO, and only will not mislead, or cause anyone to misled with other "titles".

SECTION 2 - INTRODUCTION

2.1 Policies and Compensation Plan Incorporated into Independent Business Owner Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of eCosway USA, Inc. (hereafter "eCosway" or the "Company"), are incorporated into, and form an integral part of, the eCosway Independent Business Owner Agreement. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the eCosway Independent Business Owner Application and Agreement, these Policies and Procedures, the eCosway Profit Plan, and the eCosway Business Entity Registration Form (if applicable). These documents are incorporated by reference into the eCosway Independent Business Owner Agreement (all in their current form and as amended by eCosway). It is the responsibility of each Independent Business Owner to read, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures. When sponsoring or enrolling a new Independent Business Owner, it is the responsibility of the sponsoring Independent Business Owner to ensure that the applicant is provided with, or has online access to, the most current version of these Policies and Procedures and the eCosway Profit Plan prior to his or her execution of the Independent Business Owner Agreement.

2.2 Changes to the Agreement

eCosway reserves the right to amend the Agreement and its prices and fees in its sole and absolute discretion. By signing the Independent Business Owner Agreement, an Independent Business Owner agrees to abide by all amendments or modifications that eCosway elects to make. Amendments shall be effective 7 days after publication of notice that the Agreement has been modified. Notification of amendments shall be published by one or more of the following methods: (1) posting on the Company's official web site; (2) electronic mail (e-mail); (3) fax-on-demand; (4) voice mail system broadcast; (5) inclusion in Company periodicals; (6) inclusion in product orders ; or (7) special mailings. The continuation of an Independent Business Owner's eCosway business or an Independent Business Owner's acceptance of Profits constitutes acceptance of any and all amendments.

2.3 Delays

eCosway 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.

2.4 Policies and Provisions Severable

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

2.5 Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of eCosway to exercise any right or power under the Agreement or to insist upon strict compliance by an Independent Business Owner 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 eCosway's right to demand exact compliance with the Agreement. Waiver by eCosway can be effectuated only in writing by an authorized officer of the Company. eCosway's waiver of any particular breach by an Independent Business Owner shall not affect or impair eCosway's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Independent Business Owner. Nor shall any delay or omission by eCosway to exercise any right arising from a breach affect or impair eCosway's rights as to that or any subsequent breach.

The existence of any claim or cause of action of an Independent Business Owner against eCosway shall not constitute a defense to eCosway's enforcement of any term or provision of the Agreement.

SECTION 3 - BECOMING AN INDEPENDENT BUSINESS OWNER

3.1 Requirements to Become an Independent Business Owner

To become an eCosway Independent Business Owner, each applicant must:

- a. Be of the age of majority in his or her state of residence;
- b. Reside in the United States, a U.S. Territory,
- c. Have a valid Social Security or Federal Tax ID number;
- d. Submit a properly completed Independent Business Owner Application and Agreement to eCosway either in hard copy or online format; and
- e. Submit an IRS Form W-9. If a valid Form W-9 is not received by the Company within 60 days from the date of the Applicant's enrollment, the enrollment process will not be finalized and the Applicant shall not be permitted to become an Independent Business Owner, to introduce VIP Shoppers and IBOs to shop at the eCosway stores and website or participate in the eCosway Profit Plan.
- f. Pay the annual subscription and support fee which includes a starter kit.

3.2 No Product Purchase Required

No person is required to purchase eCosway products to become an Independent Business Owner. In order to familiarize new Independent Business Owners with eCosway products, Special Sets with boosted eV are made available but purchase of these sets is not mandatory. If an Independent Business Owner terminates his or her Independent Business Owner Agreement pursuant to the terms of Section 8.3., he or she will be required to return the Starter Kit in resalable condition. Return of Special Sets is a separate consumer transaction not related to termination of the Independent Business Owner Agreement and is covered under the terms of Section 8.1

3.3 Independent Business Owner Benefits

Once an Independent Business Owner Application and Agreement has been accepted by eCosway, the benefits of the Profit Plan and the Independent Business Owner Agreement are available to the new Independent Business Owner. These benefits include the right to:

- a. Introduce VIP Shoppers and IBOs to shop at the eCosway stores and website;
- b. Participate in the eCosway Profit Plan (receive Profits, if eligible);
- c. Sponsor other individuals as VIP Shoppers or Independent Business Owners (collectively called "Members") into the eCosway business and thereby, build a network and generate profit according to the eCosway Profit Plan;
- d. Receive periodic eCosway literature and other eCosway communications;

- e. Participate in eCosway-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- f. Participate in promotional and incentive contests and programs organized by eCosway for its Independent Business Owners.

3.4 Term and Renewal of Your eCosway Business

The term of the Independent Business Owner Agreement is one calendar year from the date of its acceptance by eCosway (subject to prior termination or reclassification pursuant to Section 11). Independent Business Owners must renew their Independent Business Owner Agreement each year by paying an annual administration and support fee of \$30.00 on or during the 2 month period before the anniversary date of their Independent Business Owner Agreement. If the administration and support fee is not paid within 30 days after the expiration of the current term of the Independent Business Owner Agreement, the Independent Business Owner Agreement will be canceled.

3.5 Spouses Must Register in the Same Line of Sponsorship

Spouses may have their own separate IBO accounts, however in order to maintain the integrity of the Company's Profit Plan the second spouse to register must be sponsored either by the first spouse to register, or by another member in the network of the first spouse to register. If it comes to the Company's attention that the second spouse has violated this policy, even unknowingly, by registering under a member in a network other than the spouse's, that spouse's account and all accounts in his/her network shall be moved to the network of the spouse who registered first.

SECTION 4 - OPERATING AN ECOSWAY BUSINESS

4.1 Adherence to the eCosway Profit Plan

Independent Business Owners must adhere to the terms of the eCosway Profit Plan as set forth in official eCosway literature. Independent Business Owners shall not offer the eCosway opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official eCosway literature. Independent Business Owners shall not require or encourage other current or prospective VIP Shoppers or Independent Business Owners to execute any agreement or contract other than official eCosway agreements and contracts in order to become an eCosway Independent Business Owner. Similarly, Independent Business Owners shall not require or encourage other current or prospective VIP Shoppers or Independent Business Owners to make any purchase from, or payment to, any individual or other entity to participate in the eCosway Profit Plan other than those purchases or payments identified as recommended or required in official eCosway literature.

4.2 Advertising

4.2.1 General

All Independent Business Owners shall safeguard and promote the good reputation of eCosway and its products. The marketing and promotion of eCosway, the eCosway opportunity, the Profit Plan, and eCosway products and services and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

Independent Business Owner not allowed to represent themselves holding titles except IBO. (Such titles as Consultant, Manager or etc.) which can mislead.

To promote both the products and services, and the tremendous opportunity eCosway offers, Independent Business Owners must use the sales aids and support materials produced by eCosway. The Company has carefully designed its products, product labels, Profit Plan, and promotional materials to ensure that they are promoted in a fair and truthful manner, that they are substantiated, and that the materials comply with the requirements of federal and state laws.

Accordingly, Independent Business Owners must not produce their own literature, advertisements, sales aids and promotional materials, or Internet web pages. Independent Business Owners may submit any independently created sales aids, promotional materials, advertisements, and other literature to the Company for review and possible approval. Unless the Independent Business Owner receives specific written approval to use such tools, the request shall be deemed denied.

eCosway will not permit Independent Business Owners to sell sales aids to other eCosway Independent Business Owners. Therefore, Independent Business Owners who receive authorization from eCosway to produce their own sales aids may not sell such material to any other eCosway Independent Business Owner. Independent Business Owners may make approved material available to other Independent Business Owners free of charge

if they wish, but may not charge other eCosway Independent Business Owners for the material.

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

4.2.2 Independent Business Owner Web Sites

No Independent Business Owner may independently design a website that uses the names, logos, or product descriptions of eCosway or otherwise promotes (directly or indirectly) eCosway products or the eCosway opportunity. Nor may an Independent Business Owner use "blind" ads on the Internet that make product or income claims which are ultimately associated with eCosway products, the eCosway opportunity, or the eCosway Profit Plan. The use of any other Internet website or web page (including without limitation auction sites such as eBay) to in any way promote the sale of eCosway products, the eCosway opportunity, or the Profit Plan is a breach of the Agreement and may result in any of the disciplinary sanctions set forth in Section 9.1.

Alternatively, Independent Business Owners may develop their own web pages or websites. However, any Independent Business Owner who does so: (a) must use the text of the Company's official website; and (b) may not supplement the content of his or her website with text from any source other than the Company. Independent Business Owners who develop or publish their own websites must register their site(s) with the Company and receive written approval from the Company prior to the site(s) public availability. The failure to register constitutes a material breach of these policies and procedures.

4.2.3 Blogs, Chat Rooms, Social Networks, Online Auctions, and other Online Forums

Independent Business Owners shall not use online blogs, chat rooms, social networks, online auctions sites, or any other online forum to market, sell, advertise, promote, or discuss eCosway's products or services or the eCosway opportunity.

4.2.4 Domain Names and Email Addresses

Independent Business Owners may not use or attempt to register any of eCosway'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 Independent Business Owners 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.

4.2.5 Trademarks and Copyrights

eCosway will not allow the use of its trade names, trademarks, designs, or symbols by any person, including eCosway Independent Business Owners, without its prior, written permission. Independent Business Owners may not produce for sale or distribution any recorded Company events and speeches without written permission from eCosway nor may Independent Business Owners reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

4.2.6 Media and Media Inquiries

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

4.2.7 Unsolicited Email

Any email that specifically refers to eCosway, its names, logos, or products can only be sent to someone who has already requested to receive it (and you have the evidence to prove it). Even if it does not directly contain eCosway's names, logo, trademarks, etc. eCosway does not permit Independent Business Owners to send unsolicited commercial emails promoting eCosway's products or opportunity (even indirectly) unless such emails strictly comply with applicable laws and regulations including, without limitation, the federal CAN SPAM Act. Any email sent by an Independent Business Owner that might ultimately lead a person to eCosway must comply with the following:

- a. There must be a functioning return email address to the sender.
- b. There must be a notice in the email that advises the recipient that he or she may reply

to the email, via the functioning return email address, to request that future email solicitations or correspondence not be sent to him or her (a functioning "opt-out" notice).

- c. The email must include the Independent Business Owner's physical mailing address.
- d. The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- e. The use of deceptive subject lines and/or false header information is prohibited.
- f. All opt-out requests, whether received by email or regular mail, must be honored. If an Independent Business Owner receives an opt-out request from a recipient of an email, the Independent Business Owner must forward the opt-out request to the Company.

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

4.2.8 Unsolicited Faxes

Except as provided in this section, Independent Business Owners may not use or transmit unsolicited faxes or use an automatic telephone dialing system relative to the operation of their eCosway 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. The term "unsolicited faxes" means the transmission via telephone facsimile of any material or information advertising or promoting eCosway, its products, the Profit Plan or any other aspect of the company which is transmitted to any person, except that these terms do not include a fax: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Independent Business Owner 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 Independent Business Owner and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Independent Business Owner; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

4.2.9 Use of eCosway Trademarks and Trade Names

The name of eCosway and other names as may be adopted by eCosway are proprietary trade names, trademarks and service marks of eCosway. As such, these marks are of great value to eCosway and are supplied to Independent Business Owners for their use only in an expressly authorized manner. Use of the eCosway name on any item not produced by the Company is prohibited except as follows:

Independent Business Owner's Name
eCosway Independent Business Owner

4.2.10 Telephone Directory Listings

Independent Business Owners may list themselves as an "eCosway Independent Business Owner" in the white or yellow pages of the telephone directory under their own name. No Independent Business Owner may place telephone directory display ads using eCosway's name or logo. Independent Business Owners may not answer the telephone by saying "eCosway", "eCosway Incorporated", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of eCosway.

4.3 Profit Buying Prohibited

Profit buying is strictly and absolutely prohibited. "Profit buying" includes any mechanism or artifice to qualify for, incentives, prizes, commissions or profits that is not driven by bona fide product or service purchases by end user consumers.

4.4 Business Entities

A corporation, limited liability company (LLC), partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be an eCosway Independent Business Owner by submitting an Independent Business Owner Application and Agreement, a properly completed Business Entity Registration Form, and a properly completed IRS Form W-9 to eCosway. If an Independent Business Owner enrolls online, the Business Entity Registration Form and the IRS Form W-9 must be submitted to

eCosway within 60 days of the online enrollment. (If not received within the 60-day period, the Independent Business Owner Agreement shall be automatically terminated.) The Business Entity Registration Form must be signed by all of the shareholders, members, partners, trustees, or other parties with any ownership interest in, or management responsibilities for, the Business Entity (collectively "Affiliated Parties"). The Business Entity, as well as all Affiliated Parties, is individually, jointly and severally liable for any indebtedness to eCosway, compliance with the eCosway Policies and Procedures, the eCosway Independent Business Owner Agreement, and all other obligations to eCosway.

To prevent the circumvention of Sections 4.27 (regarding transfers and assignments of eCosway business) and 4.5 (regarding Sponsorship Changes), if any Affiliated Party wants to terminate his or her relationship with the Business Entity or eCosway, the Affiliated Party must terminate his or her affiliation with the Business Entity, notify eCosway in writing that he or she has terminated his/her affiliation with the Business Entity, and must comply with the provisions of Section 4.27. In addition, the party foregoing their interest in the Business Entity may not participate in any other eCosway business for three consecutive calendar months in accordance with Section 4.5.3. If the Business Entity wishes to bring on any new Affiliated Party, it must adhere to the requirements of Section 4.27.

The modifications permitted within the scope of this Section 4.4 *do not* include a change of sponsorship. Changes of sponsorship are addressed in Section 4.5, below.

4.4.1 Changes to a Business Entity

An eCosway business may change its status under the same sponsor from an individual to a partnership, LLC, corporation or trust, or from one type of entity to another. There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Independent Business Owner Application and Agreement. Such changes shall be processed only once per year and must be submitted by November 30 to become effective on January 1 of the following year. In addition, Independent Business Owners operating their eCosway businesses utilizing a business entity must notify eCosway of the addition or removal of any officers, directors, shareholders, managers, members or business associates of the business entity. eCosway may, at its discretion, require notarized documents before implementing any changes to an independent eCosway business. Please allow 30 days after the receipt of the request by eCosway for processing.

4.5 Change of Sponsor

To protect the integrity of all networks and safeguard the hard work of all Independent Business Owners, eCosway strongly prohibits changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Independent Business Owner and network. Accordingly, the transfer of an eCosway business from one sponsor to another is not permitted.

Requests for change of sponsorship must be submitted in writing to the Customer Services Department, and must include the reason for the transfer. Transfers will only be considered in the following three circumstances:

4.5.1 Misplacement

In cases in which the new Independent Business Owner is sponsored by someone other than the individual he or she was led to believe would be his or her Sponsor, an Independent Business Owner may request that he or she be transferred to another organization with his or her entire network intact. Requests for transfer under this policy will be evaluated on a case-by-case basis and must be made within 60 days from the date of enrollment. The Independent Business Owner requesting the change has the burden of proving that he or she was placed beneath the wrong sponsor. It is up to eCosway's discretion whether the requested change will be implemented.

4.5.2 Upline Approval

The Independent Business Owner seeking to transfer submits a properly completed and fully executed Sponsorship Transfer Form which includes the written approval of his or her immediate upline Independent Business Owners. Photocopied or facsimile signatures are not acceptable. All Independent Business Owner signatures must be notarized. The Independent Business Owner who requests the transfer must submit a fee of \$25.00 for administrative charges and data processing. If the transferring Independent Business Owner also wants to move any of the Independent Business Owners in his or her network, each downline Independent Business Owner must also obtain a properly completed Sponsorship Transfer Form and return it to eCosway with the \$25.00 change fee (i.e., the transferring Independent Business Owner and each Independent Business Owner in his or her network multiplied by \$25.00 is the cost to move a eCosway business.) Downline Independent Business Owners

will not be moved with the transferring Independent Business Owner unless all of the requirements of this paragraph are met. Transferring Independent Business Owners must allow thirty (30) days after the receipt of the Sponsorship Transfer Forms by eCosway for processing and **verifying** change requests.

In cases wherein the appropriate sponsorship change procedures have not been followed, and a network has been developed in the second branches developed by an Independent Business Owner, eCosway reserves the sole and exclusive right to determine the final disposition of the network. Resolving conflicts over the proper placement of a downline that has developed under an IBO or network that has improperly switched sponsors is often extremely difficult. Therefore, **INDEPENDENT BUSINESS OWNERS WAIVE ANY AND ALL CLAIMS AGAINST ECOSWAY THAT RELATE TO OR ARISE FROM ECOSWAY'S DECISION REGARDING THE DISPOSITION OF ANY NETWORK THAT DEVELOPS BELOW AN IBO OR NETWORK THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.**

4.5.3 Cancellation and Re-application

An Independent Business Owner may legitimately change sponsors by voluntarily cancelling his or her eCosway business and remaining inactive (*i.e.*, no purchases of eCosway products for resale, no sales of eCosway products, no sponsoring, no attendance at any eCosway functions, and no participation in any other form of Independent Business Owner activity or operation of any other eCosway business) for three (3) full calendar months. Following the three month period of inactivity, the former Independent Business Owner may reapply under a new Sponsor, however, the former Independent Business Owner's network will remain in the original line of sponsorship. eCosway will consider waiving the three month waiting period under exceptional circumstances. Such requests for waiver must be submitted to eCosway in writing.

4.6 Unauthorized Claims and Actions

4.6.1 Indemnification

An Independent Business Owner is fully responsible for all of his or her verbal and written statements made regarding eCosway products, services, and the Profit Plan which are not expressly contained in official eCosway materials. Independent Business Owners agree to indemnify eCosway and eCosway's directors, officers, employees, and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by eCosway as a result of the Independent Business Owner's unauthorized representations or actions. This provision shall survive the termination of the Independent Business Owner Agreement.

4.6.2 Product Claims

No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by eCosway may be made except those contained in official eCosway literature. In particular, no Independent Business Owner may make any claim that eCosway products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases.

4.6.3 Income Claims

Because eCosway Independent Business Owners do not have the data necessary to comply with the legal requirements for making income claims, an Independent Business Owner, when presenting or discussing the eCosway opportunity or Profit Plan to a prospective Independent Business Owner, may not make income projections, income claims, or disclose his or her eCosway income (including the showing of online statements, or any form or representation of checks, bank statements, or tax records). The terms "income claim" and/or "earnings representation", and "income projections" (collectively "income claim") include: (1) statements of average earnings, (2) statements of actual earnings, (3) statements of non-average or non-actual earnings (projected earnings), (4) statements of earning ranges, (5) income testimonials, (6) lifestyle claims, and (7) hypothetical claims.

A lifestyle income claim typically includes statements (or pictures) involving large homes, luxury cars, exotic vacations, or other items suggesting or implying wealth. They also consist of references to the achievement of one's dreams, having everything one always wanted, and are phrased in terms of "opportunity" or "possibility" or "chance." Claims such as "My eCosway income exceeded my salary after six months in the business," or "Our eCosway business has allowed my wife to come home and be a full-time mom" also fall within the purview of "lifestyle" claims.

4.7 Trade Shows, Expositions and Other Sales Forums

Independent Business Owners may display and/or sell eCosway products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Independent Business Owners must contact the Independent Business Owner Services Department in writing for conditional approval, as eCosway's policy is to authorize only one eCosway business per event. Final approval will be granted to the first Independent Business Owner who submits an official advertisement of the event, a copy of the contract signed by both the Independent Business Owner and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Independent Business Owner Services Department. eCosway further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its products, services, or the eCosway opportunity.

4.8 Conflicts of Interest

4.8.1 Nonsolicitation

eCosway Independent Business Owners 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, Independent Business Owners may not directly or indirectly recruit or introduce other eCosway Independent Business Owners or VIP Shoppers into any other network marketing business.

Following the cancellation of an Independent Business Owner's Independent Business Owner Agreement, and for a period of three (3) calendar months thereafter, with the exception of an Independent Business Owner who was personally sponsored by the former Independent Business Owner, a former Independent Business Owner may not recruit any eCosway Independent Business Owner or VIP Shopper for another network marketing business. Independent Business Owners and the Company recognize that because network marketing is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Independent Business Owners and eCosway agree that this non-solicitation provision shall apply to all markets in which eCosway conducts business.

The term "recruit" means the actual or attempted introduction, sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another eCosway Independent Business Owner or VIP Shopper to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. The conduct described in the preceding sentence constitutes recruiting even if the Independent Business Owner's actions are in response to a written inquiry made by another Independent Business Owner or VIP Shopper.

4.8.2 Sale of Competing Goods or Services

Independent Business Owners must not sell, or attempt to sell, any competing non-eCosway programs, products or services to eCosway VIP Shoppers or Independent Business Owners. Any program, product or service in the same generic categories as eCosway products or services is deemed to be competing, regardless of differences in cost, quality, or other distinguishing factors.

4.8.3 Independent Business Owner Participation in Other Direct Selling Programs

If an Independent Business Owner is engaged in other non-eCosway direct selling programs, it is the responsibility of the Independent Business Owner to ensure that his or her eCosway business is operated entirely separate and apart from any other program in which the Independent Business Owner participates. To this end, the following must be adhered to:

- a. Independent Business Owners shall not display eCosway promotional materials, sales aids, products or services with or in the same location as any non-eCosway promotional materials, sales aids, products or services.
- b. Independent Business Owners shall not offer the eCosway opportunity, products or services to prospective or existing VIP Shoppers or Independent Business Owners in conjunction with any non-eCosway program, opportunity, product or service.
- c. Independent Business Owners may not offer any non-eCosway opportunity, products, services, or opportunity at any eCosway-related meeting, seminar or convention, or within two hours and a five mile radius of the eCosway event. If the eCosway meeting is held telephonically or on the internet, any non-eCosway meeting must be at least two hours before or after the eCosway meeting, and on a different conference telephone number or internet web address from the eCosway meeting.

4.8.4 Network Activity (Genealogy) Data

Network Activity Data is available for Independent Business Owner access and viewing at www.ecosway.com. Independent Business Owner Access to their Downline Activity Data is password protected. **All Network Activity Data and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to eCosway.** Network Activity Data is provided to Independent Business Owners in strictest confidence and are made available to Independent Business Owners for the sole purpose of assisting Independent Business Owners in managing their eCosway business. An Independent Business Owner shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- a. Directly or indirectly disclose any information contained in any Network Activity Data to any third party;
- b. Directly or indirectly disclose the password or other access code to his or her Network Activity Data;
- c. Use the information contained in any Network Activity Data to compete with eCosway or for any purpose other than promoting or supporting his or her eCosway business; or
- d. Recruit or solicit any Independent Business Owner or VIP Shopper listed on any Network Activity Data, or in any manner attempt to influence or induce any Independent Business Owner or VIP Shopper to alter their business relationship with eCosway.

Upon demand by the Company, any current or former Independent Business Owner will return any printed copies of Network Activity Data to the Company.

4.9 Targeting Other Direct Sellers

eCosway does not condone Independent Business Owners specifically or consciously targeting the sales force of another direct sales company to sell eCosway products or to become Independent Business Owners for eCosway, nor does eCosway condone Independent Business Owners' solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Independent Business Owners engage in such activity, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against an Independent Business Owner alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, eCosway will not pay any of Independent Business Owner's defense costs or legal fees, nor will eCosway indemnify the Independent Business Owner for any judgment, award, or settlement.

4.10 Cross-Sponsoring

Actual or attempted cross sponsoring is strictly prohibited. "Cross sponsoring" is defined as the enrollment or attempted enrollment of an individual who or entity that already has a current VIP Shopper or Independent Business Owner Agreement on file with eCosway, or who has had such an agreement within the preceding three (3) 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, fictitious ID numbers or any straw-man or other artifice to circumvent this policy is prohibited. Independent Business Owners shall not demean, discredit or defame other eCosway Independent Business Owners in an attempt to entice another Independent Business Owner to become part of the first Independent Business Owner's network. This policy shall not prohibit a sponsorship change in accordance with Section 4.5.

If Cross Sponsoring is discovered, it must be brought to the Company's attention immediately. eCosway may take disciplinary action against the Independent Business Owner that changed branches and/or those Independent Business Owners who encouraged or participated in the Cross Sponsoring. eCosway may also move all or part of the offending Independent Business Owner's new network to his or her original network position if the Company deems it equitable and feasible to do so. However, eCosway is under no obligation to move the Cross Sponsored Independent Business Owner's network and the ultimate disposition of the network remains within the sole discretion of eCosway. **Independent Business Owners waive all claims and causes of action against eCosway arising from or relating to the disposition of the Cross Sponsored Independent Business Owner's network.**

4.11 Errors or Questions

If an Independent Business Owner has questions about or believes any errors have been made regarding Profits, Network Activity Data, or charges, the Independent Business Owner must notify eCosway in writing within 60 days of the date of the purported error or incident in question. eCosway will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

4.12 Governmental Approval or Endorsement

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

4.13 Holding Applications or Orders

Independent Business Owners must not manipulate enrollments of new applicants and purchases of products. All Independent Business Owner Applications and Agreements, and product orders must be sent to eCosway within 72 hours from the time they are signed by an Independent Business Owner or placed by a customer, respectively.

4.14 Identification

All Independent Business Owners are required to provide their Social Security Number, or a Federal Employer Identification Number to eCosway on the Independent Business Owner Application and Agreement. Upon enrollment, the Company will provide a unique Independent Business Owner Identification Number to the Independent Business Owner by which he or she will be identified. This number will be used to place orders, and track Profit Payouts.

4.15 Income Taxes

Each Independent Business Owner is responsible for paying local, state and federal taxes on any income generated as an Independent Business Owner. If an eCosway business is tax exempt, the Federal tax identification number must be provided to eCosway. Every year, eCosway will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who: 1) Had earnings of over \$600 in the previous calendar year; or 2) Made purchases during the previous calendar year in excess of \$5,000.

4.16 Independent Contractor Status

Independent Business Owners are independent contractors, and are not purchasers of a franchise or a business opportunity. The agreement between eCosway and its Independent Business Owners does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the Independent Business Owner. Independent Business Owners shall not be treated as an employee for his or her services or for Federal or State tax purposes. All Independent Business Owners are responsible for paying local, state, and federal taxes due from all profit earned as an Independent Business Owner of the Company. The Independent Business Owner has no authority (expressed or implied), to bind the Company to any obligation. Each Independent Business Owner shall establish his or her own goals, hours, and methods of sale, so long as he or she complies with the terms of the Independent Business Owner Agreement, these Policies and Procedures, and applicable laws.

4.17 Insurance

An Independent Business Owner may wish to arrange insurance coverage for his or her eCosway business. Homeowner's insurance policies generally do not cover business-related injuries, or the theft of or damage to inventory or business equipment. It may be prudent to ask an Insurance agent to help to help ensure that any business property is protected by adding a simple "Business Pursuit" endorsement to one's home owner's policy.

4.18 International Marketing

Because of critical legal and tax considerations, eCosway must limit the resale of eCosway products and services, and the presentation of the eCosway business to prospective customers and Independent Business Owners located within the United States and U.S. Territories and those other countries that the Company has announced are officially opened for business. Moreover, allowing a few Independent Business Owners to conduct business in markets not yet opened by eCosway would violate the concept of affording every Independent Business Owner the equal opportunity to expand internationally.

Accordingly, Independent Business Owners are authorized to introduce VIP Shoppers and Independent Business Owners to shop at the eCosway stores and website, and enroll VIP Shoppers or Independent Business Owners only in the countries in which eCosway is authorized to conduct business, as announced in official Company literature and website. eCosway products or sales aids cannot be shipped into or sold in any foreign country. Independent Business Owners may introduce, sell, give, transfer, or distribute eCosway products or sales aids only in their home country. In addition, no Independent Business Owner may, in any unauthorized country:

(a) introduce VIP Shoppers and Independent Business Owners to shop at the eCosway stores and website, enrollment or training meetings; (b) enroll or attempt to enroll potential customers or Independent Business Owners; or (c) conduct any other activity for the purpose of introducing VIP Shoppers and Independent Business Owners to shop at the eCosway stores and website, establish a network, or promote the eCosway opportunity.

4.19 Inventory Loading

Independent Business Owners must never purchase more products than they can reasonably use in a reasonable period of time.

4.20 Adherence to Laws and Ordinances

Independent Business Owners shall comply with all federal, state, and local laws and regulations in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Independent Business Owners because of the nature of their business. However, Independent Business Owners must obey those laws that do apply to them. If a city or county official tells a Independent Business Owner that an ordinance applies to him or her, the Independent Business Owner shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of eCosway. In many cases there are exceptions to the ordinance that may apply to eCosway Independent Business Owners.

4.21 Minors

A person who is recognized as a minor in his/her state of residence may not be an eCosway Independent Business Owner. Independent Business Owners shall not enroll or recruit minors into the eCosway program.

4.22 Requests for Records

Any request from an Independent Business Owner for copies of invoices, applications, Network Activity Reports, or other records will require a fee of \$1.00 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of the records.

4.23 Roll-up of Network Branches

When a vacancy occurs in a network due to the termination of an eCosway business, each Independent Business Owner in the first generation immediately below the terminated Independent Business Owner on the date of the cancellation (referred to in this Section as a "First Generation Independent Business Owner") will have the opportunity to qualify to roll up into the position of the terminated Independent Business Owner provided the First Generation Independent Business Owner has not been in violation of the terms of the eCosway Independent Business Owner Application and Agreement or any eCosway policy within the previous 12 months.

4.24 Sale, Transfer or Assignment of eCosway Business

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

- a. eCosway must be offered the right of first refusal to purchase the business under the same terms pursuant to which the Independent Business Owner receives a bona fide offer from a third-party purchaser.
- b. The buyer or transferee must become a qualified eCosway Independent Business Owner. If the buyer is an active eCosway Independent Business Owner, he or she must first terminate his or her eCosway business and wait three (3) calendar months before acquiring any interest in a different eCosway business.
- c. Before the sale, transfer or assignment can be finalized and approved by eCosway, any debt obligations the selling party has with eCosway must be satisfied.
- d. The selling party must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign an eCosway business.

Prior to selling an eCosway business or a Business Entity interest, the selling party must notify eCosway's Compliance Department in writing and advise of his or her intent to sell the eCosway business or the Business Entity interest. The selling party must receive written approval from the Compliance Department before proceeding with the sale. eCosway reserves the right to request additional documentation that may be necessary to analyze the transaction between the buyer and seller. No changes in line of sponsorship can result from the sale or transfer of an eCosway business.

4.25 Separation of an eCosway Business

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

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

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

Under no circumstances will the network or eCosway account of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will eCosway split Profit Payout between divorcing spouses or members of dissolving entities. eCosway will recognize only one account and will issue only one commission payment per eCosway business per commission cycle. Commission payments 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 in a timely fashion as determined by the Company, the Independent Business Owner Agreement shall be involuntarily canceled.

If a former spouse has completely relinquished all rights in the original eCosway business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting three (3) calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait three (3) calendar months from the date of the final dissolution before re-enrolling as an Independent Business Owner. In either case, the former spouse or business affiliate shall have no rights to any Independent Business Owners in their former network or to any former retail customer. They must develop the new business in the same manner as would any other new Independent Business Owner.

4.26 **Sponsoring**

All active Independent Business Owners in good standing have the right to sponsor and enroll others into eCosway. Each prospective VIP Shopper or Independent Business Owner has the ultimate right to choose his or her own Sponsor. If two Independent Business Owners claim to be the Sponsor of the same new Independent Business Owner or VIP Shopper, the Company shall regard the first application received by the Company as controlling.

4.27 **Sponsoring Online**

When sponsoring a new Independent Business Owner through the online enrollment process, the Sponsor may assist the applicant in filling-out the online application materials. However, the applicant must personally review and agree to the online application and agreement terms and conditions, eCosway's Policies and Procedures, and the eCosway Profit Plan. The Sponsor may not fill-out the online application and agreement on behalf of the applicant or agree to these materials on behalf of the applicant.

4.28 **Succession**

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

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

The devisee(s) must provide eCosway with an "address of record" to which all Profit Payouts will be sent. If the business is bequeathed to joint devisees, they must form a business entity and acquire a Federal Taxpayer Identification Number. eCosway will issue all Profit Payouts and one 1099 to the business entity.

4.28.1 **Transfer Upon Death of an Independent Business Owner**

To effectuate a testamentary transfer of a eCosway business, the executor of the estate of the deceased Independent Business Owner must provide the following to eCosway: (1) an

original death certificate; (2) a notarized copy of the will or other instrument establishing the successor's (or successors') right to the eCosway business; (3) certified letters testamentary or a letter of administration appointing the executor; and (4) written instructions from the authorized executor to eCosway specifying to whom the business and income should be transferred.

4.28.2 Transfer Upon Incapacitation of an Independent Business Owner

To effectuate a transfer of an eCosway business because of incapacity, the successor must provide the following to eCosway: (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 subject eCosway business; and (3) a completed Independent Business Owner Agreement executed by the trustee.

4.29 Telemarketing Techniques

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. Although eCosway does not consider Independent Business Owners to be "telemarketers" in the traditional sense of the word, these government regulations broadly define the term "telemarketer" and "telemarketing" so that inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause violation of the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (up to \$11,000.00 per violation).

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

- a. If the Independent Business Owner has an established business relationship with the prospect. An "established business relationship" is a relationship between an Independent Business Owner and a prospect based on the prospect's purchase, rental, or lease of goods or services from the Independent Business Owner, or a financial transaction between the prospect and the Independent Business Owner, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.
- b. The prospect's personal inquiry or application regarding a product or service offered by the Independent Business Owner, within the three (3) months immediately preceding the date of such a call.
- c. If the Independent Business Owner receives written and signed permission from the prospect authorizing the Independent Business Owner to call. The authorization must specify the telephone number(s) which the Independent Business Owner is authorized to call.
- d. An Independent Business Owner may call family members, personal friends, and acquaintances. An "acquaintance" is someone with whom you have at least a recent first-hand relationship within the preceding three months. Bear in mind, however, that if you engage in "card collecting" with everyone you meet and subsequently call them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling "acquaintances," you must make such calls on an occasional basis only and not make this a routine practice.
- e. In addition, Independent Business Owners shall not use automatic telephone dialing systems relative to the operation of their eCosway 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.

4.30 Online Office Access

eCosway makes online offices available to its Independent Business Owners. Online offices provide Independent Business Owners access to confidential and proprietary information that may be used solely and exclusively to manage an Independent Business Owner's eCosway business. However, access to an online office is a privilege, and not a right. eCosway reserves the right to deny Independent Business Owners' access to the online office at its sole discretion.

SECTION 5 - RESPONSIBILITIES OF INDEPENDENT BUSINESS OWNERS

5.1 Change of Contact Information

To ensure timely delivery of products, support materials, and and profit payouts, it is critically important that the eCosway's files are current. Street addresses are required for shipping. Independent Business Owners planning to change their contact information or move must update their contact information via the Online Office function at the eCosway website **or** send their new contact information to eCosway's Corporate Offices to the attention of the Customer Services Department. To guarantee proper delivery, two weeks advance notice must be provided to eCosway on all changes.

5.2 Continuing Development Obligations

5.2.1 Ongoing Training

Any Independent Business Owner who sponsors another Independent Business Owner into eCosway must perform a bona fide assistance and training function to ensure that his or her network members are properly operating their eCosway businesses. Independent Business Owners must have ongoing contact and communication with the Independent Business Owners in their network. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Independent Business Owners to eCosway meetings, training sessions, and other functions. Upline Independent Business Owners are also responsible to motivate and train new Independent Business Owners in eCosway product knowledge, effective sales techniques, the eCosway Profit Plan, and compliance with Company Policies and Procedures. Communication with and the training of downline Independent Business Owners must not, however, violate Section 4.2 (regarding the development of Independent Business Owner-produced sales aids and promotional materials).

Independent Business Owners should monitor the Independent Business Owners in their network to guard against downline Independent Business Owners making improper product or business claims, or engaging in any illegal or inappropriate conduct.

5.2.2 Increased Training Responsibilities

As Independent Business Owners progress, they will become more experienced in sales techniques, product knowledge, and understanding of the eCosway program. They will be called upon to share this knowledge with lesser experienced Independent Business Owners within their network.

5.2.3 Ongoing Sales Responsibilities

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

5.3 Nondisparagement

eCosway wants to provide its Independent Business Owners with the best products, profit plan, and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Customer Service Department. Remember, to best serve you, we must hear from you! While eCosway welcomes constructive input, negative comments and remarks made in the field by Independent Business Owners about the Company, its products, or Profit Plan serve no purpose other than to sour the enthusiasm of other eCosway Independent Business Owners. For this reason, and to set the proper example for their network members, Independent Business Owners must not disparage, demean, or make negative remarks about eCosway, other eCosway Independent Business Owners, eCosway's products, the Profit Plan, or eCosway's directors, officers, or employees.

5.4 Providing Documentation to Applicants

Independent Business Owners must provide the most current version of the Policies and Procedures and the Profit Plan to individuals whom they are sponsoring to become Independent Business Owners before the applicant signs an Independent Business Owner Agreement. Additional copies of Policies and Procedures and Profit Plan can be downloaded from eCosway's website.

5.5 Reporting Policy Violations

Independent Business Owners observing a Policy violation by another Independent Business Owner should submit a written report of the violation directly to the attention of the eCosway Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

SECTION 6 - SALES VOLUME REQUIREMENTS

6.1 Product Sales Business Volume

The eCosway Profit Plan is based on the total business volume from sale of eCosway products and services to end consumers. Independent Business Owners must fulfill personal sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for Profit Payout. The following sales requirements must be satisfied for Independent Business Owners to be eligible for commissions:

- a. Independent Business Owners must satisfy the Personal Volume and Qualification Unit (QU) requirements as specified in the eCosway Profit Plan. "Personal Volume" includes purchases made by the Independent Business Owner and purchases made by the Independent Business Owner's VIP Shoppers and Shoppers.

6.2 No Territory Restrictions

There are no exclusive territories granted to anyone. No franchise fees are required.

SECTION 7 - PROFIT PAYOUT

7.1 Profit Payout Qualifications

An Independent Business Owner must be active and in compliance with the Agreement to qualify for Profit Payout. So long as an Independent Business Owner complies with the terms of the Agreement, eCosway shall pay commissions to such Independent Business Owner in accordance with the Profit Plan. There is no minimum profit amount required for eCosway to do a direct deposit into the IBO's bank account, but in order to justify any bank transfer fees and/or currency exchange losses, most people prefer to accrue \$100 or more before requesting a transfer.

7.2 Adjustment to Profits & Points

7.2.1 Adjustments for Returned Products and Canceled Services

Independent Business Owners receive Profit Payout based on the actual business volume of products and services to end consumers. When a product is returned to eCosway for a refund or repurchase, or a service is canceled and the customer is entitled to a refund, the Profit Payout attributable to the returned or repurchased product or the refunded service will be deducted, in the month in which the refund is given and continuing every pay period thereafter until the Profit Payout is recovered, from the Independent Business Owners who received Profit Payout on the sales of the refunded product or canceled service.

7.2.2 Direct Deposit Profit Payout

The Company pays Profits via direct deposit. There is no charge from eCosway for such direct deposits (although there may be a charge from the receiving bank). The Company does not pay via checks nor does it not entertain requests for payments by hard-copy checks.

7.2.3 Tax Withholdings

If an Independent Business Owner fails to submit an IRS Form W-9, eCosway will deduct necessary back-up withholdings from the Independent Business Owner's Profit Payout as required by law.

7.3 Reports

All information provided by eCosway in online or telephonic Network Activity Data, including but not limited to personal and network volume (or any part thereof), and new branch activity is believed to be accurate and reliable. Nevertheless, due to various factors including, but not limited to, the inherent possibility of human, digital, and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; credit card and electronic check charge-backs; the information is not guaranteed by eCosway or any persons creating or transmitting the information.

ALL PERSONAL AND NETWORK 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, ECOSWAY AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY INDEPENDENT BUSINESS OWNER OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND/OR GROUP SALES VOLUME INFORMATION (INCLUDING BUT

NOT LIMITED TO LOST PROFITS, PROFITS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF ECOSWAY 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, ECOSWAY 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, PRODUCT LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of eCosway's online information is at an Independent Business Owner's own risk. All such information is provided to you "as is". If an Independent Business Owner is dissatisfied with the accuracy or quality of the information, the sole and exclusive remedy is to discontinue use of and access to eCosway's online information.

SECTION 8 - PRODUCT GUARANTEES, RETURNS

8.1 Product Guarantee

eCosway offers a 100% 30-day money-back satisfaction guarantee (less shipping charges) to all VIP Shoppers, retail customers, and Independent Business Owners for return of resalable products (except for Special eV Sets which carry a 15-day money-back guarantee).

In order to receive a refund of return of products from eCosway pursuant to this policy, the following requirements must be met:

- a. The items being returned must have been personally purchased by the Independent Business Owner from eCosway (purchases from other Independent Business Owners or third parties are not subject to refund);
- b. The items must be in Resalable condition.

Upon receipt of the resalable product, the Independent Business Owner will be reimbursed 100% of a refund of the product purchased value 15 or 30 days from the date of purchase (Less Shipping Charges). Shipping charges incurred by an Independent Business Owner when the items were purchased will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. If an Independent Business Owner was paid a Profit based on a product that he or she purchased, and such product is subsequently returned for a refund, the Profit that was paid to the Independent Business Owner based on that product purchase will be deducted from the amount of the refund.

Products and Sales aids shall be deemed "Resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; and 4) they are returned to eCosway within the permitted time period from the date of purchase; 5) the product contains current eCosway labeling. Any merchandise that is clearly identified at the time of sale as non returnable, discontinued, or as a seasonal item, shall not be Resalable.

8.2 Return of Starter Kit by Independent Business Owners Upon Cancellation

Upon cancellation of an Independent Business Owner's Agreement within 5 days of joining, the Independent Business Owner may return his or her Starter Kit in resalable condition for a refund of the joining fee (minus any shipping charges).

8.2.1 Montana

A Montana resident may cancel his or her Independent Business Owner Agreement within 15 days from the date of enrollment, and may return his or her Starter Kit for a full refund of joining fee within such time period (minus any shipping charges).

8.3 Procedures for All Returns

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

1. All merchandise must be returned by the Independent Business Owner or customer who purchased it directly from eCosway.
2. All products to be returned must have a Return Authorization Number which is obtained by calling the Customer Services Department. This Return Authorization Number must be written on each carton returned.

3. The return is accompanied by:
 - i. a completed and signed Product Return Form;
 - ii. a copy of the original dated retail sales receipt; and
 - iii. the unused portion of the product in its original container.
4. Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to eCosway with shipping pre-paid. eCosway does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Independent Business Owner. If returned product is not received by the Company's Distribution Center, it is the responsibility of the Independent Business Owner to trace the shipment.

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

SECTION 9 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

9.1 Disciplinary Sanctions

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

- a. Issuance of a written warning or admonition;
- b. Requiring the Independent Business Owner to take immediate corrective measures;
- c. Imposition of a fine, which may be withheld from Profit Payout ;
- d. Loss of rights to Profit Payout;
- e. eCosway may withhold from an Independent Business Owner all or part of the Independent Business Owner's Profit Payout during the period that eCosway is investigating any conduct allegedly violative of the Agreement. If an Independent Business Owner's business is terminated for disciplinary reasons, the Independent Business Owner will not be entitled to recover any profits withheld during the investigation period;
- f. Suspension of the individual's Independent Business Owner Agreement for one or more pay periods;
- g. Suspension and/or termination of the offending Independent Business Owner's eCosway website or website access;
- h. Involuntary termination of the offender's Independent Business Owner Agreement; or
- i. Any other measure expressly allowed within any provision of the Agreement or which eCosway deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Independent Business Owner's policy violation or contractual breach.

In situations deemed appropriate by eCosway, the Company may institute legal proceedings for monetary and/or equitable relief.

9.2 Grievances and Complaints

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

9.3 Mediation

Prior to instituting an arbitration as provided in Section 9.4 below, the parties shall meet in good faith and attempt to resolve any dispute arising from or relating to the Agreement through non-binding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party shall pay its own attorneys fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation shall be held in the City of Irvine, California, and shall last no more than two business days.

9.4 Arbitration

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement,

or the breach thereof, shall be settled by arbitration 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. Independent Business Owners waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in the City of Irvine, California, unless the laws of the state in which an Independent Business Owner 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, and the Federal Rules of Evidence shall apply. 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 Association 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.

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

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

Notwithstanding the foregoing, nothing in these Policies and Procedures shall prevent eCosway 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 eCosway'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.

9.5 Governing Law, Jurisdiction and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Orange County, State of California. 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.

9.5.1 Louisiana Residents

Notwithstanding the foregoing and the mediation and arbitration provisions in Sections 9.3 and 9.4, residents of the State of Louisiana shall be entitled to bring an action against eCosway in their home forum and pursuant to Louisiana law.

SECTION 10 - PAYMENT AND SHIPPING

10.1 Restrictions on Third Party Use of Credit Cards and Checking Account Access

An Independent Business Owner shall not permit other Independent Business Owners or VIP Shoppers to use his or her credit card, or permit debits to his or her checking accounts, to enroll or to make purchases from the Company.

10.2 Sales Taxes

In designing the eCosway opportunity, one of our guiding philosophies has been to free Independent Business Owners from as many administrative, operational, and logistical tasks as possible. In doing so, Independent Business Owners are free to concentrate on those activities that directly affect their incomes, namely product sales and enrollment activities. To these ends, eCosway relieves Independent Business Owners of the burdens of collecting and remitting sales taxes, filing sales tax reports, and keeping records relative to sales taxes.

By virtue of its business operations, eCosway is required to collect and remit sales taxes on all purchases made by Independent Business Owners and VIP Shoppers, according to applicable tax rates in the state or province to which the shipment is destined or which the store is.

SECTION 11 - INACTIVITY, RECLASSIFICATION, & CANCELLATION

11.1 Effect of Cancellation

So long as an Independent Business Owner remains active and complies with the terms of the Independent Business Owner Agreement and these Policies and Procedures, eCosway shall pay profits to

such Independent Business Owner in accordance with the Profit Plan. An Independent Business Owner's Profit Payout constitute the entire consideration for the Independent Business Owner's efforts in generating sales and all activities related to generating sales (including building a network). Following an Independent Business Owner's non-renewal of his or her Independent Business Owner Agreement, cancellation for inactivity, or voluntary or involuntary cancellation of his or her Independent Business Owner Agreement (all of these methods are collectively referred to as "cancellation"), the former Independent Business Owner shall have no right, title, claim or interest to the eCosway account or business which he or she operated, or Profit from the sales generated by the network he or she built. **An Independent Business Owner whose business is canceled will lose all rights as an Independent Business Owner. This includes the right to introduce VIP Shoppers and Independent Business Owners to shop at the eCosway stores and website and the right to receive future Profits, or other income resulting from the business volumes and other activities of the Independent Business Owner's former network. In the event of cancellation, Independent Business Owners agree to waive all rights they may have, including but not limited to property rights, to their former network and to any Profits, or other remuneration derived from the business volumes and other activities of his or her former eCosway business.**

Following an Independent Business Owner's cancellation of his or her Independent Business Owner Agreement, the former Independent Business Owner shall not hold himself or herself out as an eCosway Independent Business Owner and shall not have the right **to introduce VIP Shoppers and Independent Business Owners to shop at the eCosway stores and website**. An Independent Business Owner whose Independent Business Owner Agreement is canceled shall receive Profit Payout only for the last full pay period he or she was active prior to cancellation (less any amounts withheld during an investigation preceding an involuntary cancellation).

11.2 Cancellation Due to Inactivity

If an Independent Business Owner has not earned a Profit for six consecutive months (and thus become "inactive"), his or her Independent Business Owner Agreement shall be canceled for inactivity.

11.2.1 Reclassification Following Cancellation Due to Inactivity

If an Independent Business Owner's Agreement is canceled due to inactivity, he or she shall be reclassified as a VIP Shopper and will be entitled to purchase products and services at the VIP Shopper price.

11.3 Involuntary Cancellation

An Independent Business Owner's violation of any of the terms of the Agreement, including any amendments that may be made by eCosway in its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary cancellation of his or her Independent Business Owner Agreement. Cancellation shall be effective on the date on which written notice is mailed, emailed, faxed, or delivered to an express courier for delivery, to the Independent Business Owner's last known address, email address, or fax number, or to his or her attorney, or when the Independent Business Owner receives actual notice of cancellation, whichever occurs first.

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

11.4 Voluntary Cancellation

A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address. The written notice must include the Independent Business Owner's signature, printed name, address, and Independent Business Owner I.D. Number.

11.5 Non-renewal

An Independent Business Owner may also voluntarily cancel his or her Independent Business Owner Agreement by failing to renew the Agreement on its anniversary date. The Company may also elect not to renew an Independent Business Owner's Agreement upon its anniversary date.

SECTION 12 - DEFINITIONS

Active Independent Business Owner - An Independent Business Owner (IBO) who satisfies the minimum Personal Sales Volume requirements, as set forth in the eCosway Profit Plan, to ensure that he or she is eligible to receive Profit Payout for a particular month.

Agreement - The contract between the Company and each Independent Business Owner includes the

Independent Business Owner Application and Agreement, the eCosway Policies and Procedures, the eCosway Profit Plan, and the Business Entity Registration Form (where appropriate), all in their current form and as amended by eCosway in its sole discretion. These documents are collectively referred to as the "Agreement."

Cancel - The termination of an Independent Business Owner's business. Cancellation may be either voluntary, involuntary, through non-renewal or inactivity.

Introduce or Recruit - For purposes of eCosway's Conflict of Interest Policy (Section 4.8), the term "introduce" or "recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another eCosway Independent Business Owner or VIP Shopper to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity. Except in California, the foregoing conduct constitutes recruiting even if the Independent Business Owner's actions are in response to an inquiry by another Independent Business Owner or VIP Shopper.

Introducer or Sponsor - An Independent Business Owner under whom an enroller places a new Independent Business Owner or VIP Shopper, and is listed as the sponsor on the Independent Business Owner or VIP Shopper Application and Agreement.

Level - The layer of downline VIP Shoppers and Independent Business Owners in a particular Independent Business Owner's network. This term refers to the relationship of an Independent Business Owner relative to a particular upline Independent Business Owner, determined by the number of Independent Business Owners between them who are related by sponsorship. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A's fourth level.

Network - An IBO's network consists of all VIP Shoppers and Independent Business Owners introduced down an unlimited number of referral levels from the original IBO.

Network or Downline Activity Data - Online data generated by eCosway that provides critical data relating to, sales information, and enrollment activity of each Independent Business Owner's network. This report contains confidential and trade secret information which is proprietary to eCosway.

Official eCosway Material - Literature, audio or video tapes, website and other materials developed, printed, published and distributed by eCosway to Independent Business Owners.

Personal Branch Volume or Personal Volume - An Independent Business Owner's Personal Volume includes the commissionable value of products purchased in a month: (1) by the Independent Business Owner; and (2) by the Independent Business Owner's personally enrolled VIP Shoppers or website customers.

Resalable - Products shall be deemed "Resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) they are returned to eCosway within the permitted time period from the date of purchase.; and 5) the product contains current eCosway labeling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be Resalable.

Roll-Up - The method by which a vacancy in a network left by an Independent Business Owner whose Independent Business Owner Agreement has been canceled is filled.

Starter Kit - A selection of eCosway training materials and business support literature that each new Independent Business Owner receives upon joining and paying the first year annual support fee.

Upline - This term refers to the Independent Business Owner or Independent Business Owners above a particular Independent Business Owner in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular Independent Business Owner to the Company.

VIP Shopper - An individual or entity that joins eCosway to make purchases and enjoy discounts on eCosway products with an introduction from an Independent Business Owner or another VIP Shopper, but who is not an Independent Business Owner. An Active VIP Shopper is a VIP Shopper who purchases eCosway products and whose account has been paid for the ensuing year.

Your IBO Branches - Each IBO introduced and directly connected to you in the network represents one "branch" in your total network.

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