

**Nutraceutical Products Company  
Policies and Procedures**

1. **Nutraceutical Products Company** hereinafter "NUPRO", is a direct selling company marketing services and products to the consumer through Independent Distributors. The policies and procedures herein are applicable to all Independent Distributors of NUPRO.
2. **A Distributor** is one who has completed a NUPRO application and agreement and has been accepted by NUPRO as a Distributor. To be considered "active" and to be able to receive compensation you must meet the requirements stated in the compensation plan. NUPRO reserves the right to accept or reject anyone as a Distributor.
3. **Age.** All distributors must be 18 or the age of majority in the State in which they distribute NUPRO products.
4. **Independent Agents.** Distributors are independent marketing representatives and are not to be considered purchasers of a franchise or a distributorship. The agreement between NUPRO and its Distributors does not create an employer/employee relationship, agency, partnership, or joint venture between NUPRO and its Distributors. Each Distributor shall hold harmless NUPRO from any claims, damages or liabilities arising out of Distributors business practices. NUPRO Distributors have no authority to bind NUPRO to any obligation. Each Distributor is encouraged to set up his/her own working hours and to determine his/her own methods of sale, so long as he/she complies with the policies and procedures of NUPRO.
5. **Distributor Requirements.** Becoming a NUPRO Distributor requires purchasing a Distributor Kit, completing and signing the Distributor Application and sending it to the Corporate Office. You will then become a wholesale Distributor for as long as you purchase a minimum of 30 BV in products every month. If you do not purchase the minimum for three consecutive months you will be removed from the downline. In order to receive commission payments, you must purchase a minimum of 30 BV each month.
6. **Enrolling.** In addition to retailing the products, Distributors are encouraged to enroll others as Distributors. You then qualify to receive commissions and bonuses on the purchases of these distributors according to the marketing plan. You can enroll a new Distributor and place them in your first open position.
7. **Sponsoring.** When a newly enrolled Distributor is placed on your first level by you or your upline, you become that person's sponsor. The sponsor's purpose is to help the downline Distributors become successful as retailers, and/or sponsors. All Distributors have the right to sponsor others. In addition, every person has the ultimate right to choose his/her own sponsor. If two Distributors should claim to be the sponsor of the same new Distributor, NUPRO shall regard the first signed application received by the Corporate Office as controlling.
  - a. As a general rule, it is good practice to regard the first Distributor to meaningfully work with a prospective Distributor as having first claim to sponsorship. Basic tenets of common sense and consideration should govern.
  - b. A responsibility of sponsorship is to work with new Distributors, helping them learn the business and encouraging them during the critical early months.
  - c. Sponsors are not required to carry inventory of products or sales aids for new Distributors. Sponsors who do so, however, find building a major sales organization much easier because of the decreased response time in meeting a new Distributor's needs.
  - d. Members of the same family unit may not enter into more than one Distributor Agreement. A family unit is defined as a husband, wife and dependent children living at, or doing business at the same address. The Distributor Agreement is void if the Distributor or the family unit to which the Distributor belongs has previously signed a Distributor Agreement as an individual, under a corporate name, or other dba unless said Distributor Agreement is now expired or terminated.
8. **Sponsoring Structure.** The structure is a 2x5 expandable matrix that automatically expands by two new first level positions each time the third level of the current matrix fills.
9. **Sponsor's Duties.** Any Distributor who sponsors other Distributors must fulfill the obligation of performing a bona fide supervisory, distributing and selling function in the sale or delivery of product to the ultimate consumer and in the training of those sponsored. Distributors must have on-going contact, communication, and management supervision with their 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, accompanying individuals to NUPRO training, or sharing genealogy information with those sponsored. Distributors should be able to provide evidence to NUPRO of ongoing fulfillment of sponsor responsibilities.
10. **Business Entities.** An individual, partnership or corporation may be a Distributor. However, no individual may participate in more than one distributorship in any form without express written permission from NUPRO. Only in the most extreme and extraordinary circumstances will this be considered.
  - a. NUPRO reserves the right to approve or disapprove a Distributor's change of business name, formation of partnership, corporation, and trust. If NUPRO approves such a change by a Distributor, the organization's name and the names of the principals of the organization must appear on the Distributor application agreement along with a social security number or federal identification number.

- b. A distributorship may change status under the same sponsor from individual to partnership or corporation with proper and complete documentation.
  - c. To form a new distributorship as a partnership or corporation or to change status to one of these forms of business, you must complete a new distributor application form. You certify that no person with an interest in the business has had an interest in a distributorship within three months of the submission of the form unless it's the continuation of an existing distributorship that is changing its form of doing business.
- 11. Transfer of Sponsor.**
- a. Transfer is only and rarely permitted during the first thirty days after data entry into system and is actively discouraged. Maintaining the integrity of sponsorship is absolutely mandatory for success of the overall organization.
    - i. Transfers will generally be approved in three circumstances only:
      - (1) In the case of unethical sponsoring by the original sponsor. In such cases NUPRO will be the final authority.
      - (2) With the written approval of the immediate five (5) upline sponsors with notarized signatures.
      - (3) Resigning from NUPRO entirely and waiting six (6) months to reapply under a new sponsor.
    - ii. In cases of unethical sponsoring, the individual may be transferred without any downline Distributors being removed from the original sponsor.
  - b. **Cross Sponsoring.** Cross sponsoring is when an individual is sponsored into more than one organization. This is strictly prohibited and grounds for termination. An individual, whether using a company name or not, may be in only one line of sponsorship. The line of sponsorship begins with the FIRST time the individual enters NUPRO. The use of D.B.A.'s (assumed names), different identification numbers or any other method that is used to circumvent this rule is also prohibited. A distributor may only be in ONE organization. When a violation of the above is discovered, NUPRO will return all entitles in violation to the original (first) organization. We will also adjust commissions and/or bonuses to reflect the change.
  - c. **Transfer of Enrollee.** If you wish to "gift" one of your downline personnel with an enrollee you may only make that change within 30 days of original entry. The enrollee can ONLY be changed if the giftee is in the enroller's downline.
- 12. Money Back Guarantee.** If for any reason a retail customer is not completely satisfied with any NUPRO product, the Distributor who sold the product to the customer will replace it without charge, or refund the total purchase price upon its return within 30 days of purchase by the customer. NUPRO will replace or exchange for the Distributor any product returned to the Distributor by a customer. See Section 22 - Retail Returns.
- 13. Marketing Area.** Distributors may sell products and sponsor anywhere within the United States. There are no exclusive territories. Distributors may sell products through retail stores, such as privately owned Health Food Stores, Beauty Salons, and so forth. Distributors are encouraged to exhibit and sell products at fairs, malls and other public places.
- 14. Conduct.** In the conduct of his/her business, the Distributor shall safeguard and promote the reputation of the products of NUPRO. He/she shall refrain from all conduct which might be harmful to such reputation of NUPRO or to the marketing of such products, or be inconsistent with the public interest. He/she shall avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.
- 15. Personal Purchases.** NUPRO's program is built upon retail sales to the ultimate consumer. NUPRO recognizes that Distributors may wish to purchase NUPRO's products or services in reasonable amounts for their own personal consumption. Distributors must fulfill published personal and downline retail sales requirements, as well as supervisory responsibilities, to qualify for bonuses.
- 16. Representations.** NUPRO distributors shall not advertise NUPRO products and/or marketing plans except as specifically approved by NUPRO. NUPRO Distributors agree to make no false or fraudulent representation about NUPRO, the products, NUPRO compensation plan, or income potentials.
- 17. Distributor Kit.** All Distributors are required to purchase a Distributor Kit at the time of submission of their Distributor application to NUPRO. The Distributor Kit is sold at NUPRO cost which is not a service or franchise fee, but rather is strictly to offset cost incurred by NUPRO for educational and business materials required for an independent Distributor of NUPRO. No product purchase by the Distributor is required.
- 18. Distributor Reports.** A statement will be provided with the monthly checks. An array of real-time reports are available through the Back-Office Access option for a nominal monthly fee. Reports requested through customer service will be charged at \$15 per report. Hard-copy data processing fees must be paid at the time such services are requested. (e.g. genealogy reports generated by NUPRO).
- 19. Trademarks. Trade Names, Advertising.**
- a. The name of NUPRO and other names as may be adopted by NUPRO are proprietary trade names and trademarks of NUPRO. As such, these marks are of great value to NUPRO and are supplied to Distributor for Distributor's use only in an expressly authorized manner. Distributor agrees not to advertise NUPRO products in any way other than by the advertising and promotional materials made available to Distributor by NUPRO. Distributor agrees not to use any written, printed, recorded or other materials in advertising, promoting or describing the products of NUPRO, marketing program, or in any other manner, any material which has not been supplied by NUPRO, unless such material has been submitted to NUPRO and approved in writing by NUPRO before being distributed, published or displayed.

- b. The Distributor, as an independent contractor, is fully responsible for all of his/her verbal and written statements made regarding the products and marketing program, which are not expressly contained in writing in the current Distributor agreement, and advertising or promotional materials supplied directly by NUPRO. Distributor agrees to indemnify NUPRO and hold it harmless from any and all liability including but not limited to judgments, civil penalties, refunds, attorney fees, court costs or lost business incurred by NUPRO as a result of Distributor's unauthorized representations.
- c. NUPRO will not permit the use of its copyrights, designs, logos, trade names, trademarks, etc. without its prior written permission.
- d. All NUPRO materials, whether printed, on film, on tape, on computer disk, or produced by sound recording, are copyrighted and may not be reproduced by Distributors or any other person except as authorized by NUPRO.
- e. A NUPRO Distributor may not produce, use or distribute any information relative to the contents, characteristics or properties of NUPRO products which has not been provided directly by NUPRO. This prohibition includes but is not limited to, print, audio or video media or web site.
- f. A NUPRO Distributor may not produce, use or distribute literature, samples, films or sound recordings which are deceptively similar in nature to those produced, published and provided by NUPRO for its Distributors. A Distributor may not purchase, sell or distribute non-NUPRO materials which imply or suggest that said materials originate from NUPRO.
- g. Any display ads or institutional or trademarked advertising copy, other than covered in the foregoing rules, must be submitted to NUPRO and approved in writing by NUPRO prior to publication.
- h. All advertising copy, direct mailing, radio, television, newspaper and display copy must be approved in writing before being distributed, published or displayed with exception of blind ads where no reference is made to the NUPRO name or product name.
- i. No claim as to therapeutic or curative properties about the products may be made except those officially approved in writing by NUPRO or as contained in the NUPRO literature. In particular, no Distributor may make any claim that the NUPRO products are useful in the diagnosis, treatment, prevention or cure of any disease. You may say, however, that using NUPRO products may improve the overall, general health of the body and that the body is capable of healing itself. All product materials and advertising must have the following statement:

**This(These) statement(s) has(have) not been evaluated by the Food and Drug Administration.**

**This(These) product(s) is(are) not intended to diagnose, treat, cure or prevent any disease.**

**20. Cancellation.** The Independent Distributor agreement may be canceled at anytime and for any reason by a Distributor notifying NUPRO in writing of the election to cancel. If a Distributor cancels his or her Distributor agreement, all rights to bonuses, marketing position and wholesale purchases cease. The terminated Distributor's downline shall be transferred to his/her sponsor.

**21. Distributor Return Policy.** NUPRO return policy:

- a. Before returning any product or sales aids to NUPRO it is absolutely mandatory that you receive a Return Authorization Number from the Customer Service Department at the Corporate Office.
- b. Merchandise returned without the number will be rejected by the Receiving Department. The return authorization number must be placed on the outside of all cases returned.
- c. NUPRO will accept returned products and sales aids provided:
  - i. The products are unopened.
  - ii. The products and sales aids are in resalable and reusable condition.
  - iii. The merchandise is returned within twelve (12) months of the date of purchase.
  - iv. Products and sales aids are redelivered to the company's Corporate Office within ten (10) days of the return being approved.
  - v. A properly completed Refund Authorization Form must be included.
- d. When Distributor is terminated by NUPRO, re-delivery will be at NUPRO's expense. When a Distributor resigns or cancels, re-delivery will be at his/ her expense.
- e. A 10% restocking fee will apply to all returns. In the event NUPRO is unable to deduct commissions previously paid to upline Sponsors, these amounts will be deductible from the resigning Distributor. Also, the return of such merchandise will result in the adjustment of previously earned commissions by the resigning Distributor.

**22. Retail Returns.** With respect to refunds on the return of products sold to retail customers by Distributors, the selling Distributor is responsible to make such a refund. You must receive a Return Authorization Number from the Customer Service Department and complete the Retail Exchange Form. NUPRO will, in turn, reimburse the Distributor with product if the following are received:

- a. Signed statement from the retail customer identifying the reasons for their dissatisfaction.
- b. A copy of the original retail sales receipt.
- c. A copy of the signed refund receipt.
- d. The unused portion of the product.

- e. NUPRO must be notified of such a return within seven (7) days of the Distributor's refund to the customer. Cash refunds from NUPRO will not be made on merchandise returned by retail customers.
- f. Retail Exchange Form, unused product and copies of receipts must be returned to NUPRO's Corporate Office within ten (10) days of the return being approved.

**23. Damaged Returns.** Damaged products or sales aids will be replaced by like merchandise if:

- a. Customer Service is notified at the time the damaged merchandise is received by the Distributor, and
- b. The merchandise is received by NUPRO within fifteen (15) days of Distributor's receipt of the merchandise.

**Ordering & Shipping**

**24. Order Forms.** Products and sales aids are available online. Order forms are found in each Distributor Kit. These Distributor Order Forms may be photocopied as needed. Shipments to Hawaii, Alaska and U.S. Virgin Islands are Priority Mail, 2nd Day Air or Overnight delivery.

**25. Means of Payment for Orders.** Payment (personal check, money order, cashier's check, Discover, Visa, MasterCard or American Express) must accompany each order. C.O.D. shipments are not allowed. No order will be shipped without advance receipt of payment. Returned checks for non-sufficient funds will be charged a fee and may cause to terminate a distributorship.

**26. Cut off Date.** Orders must be received by phone, fax, email or BackOffice, at the corporate office on the last business day of the month by 8:00 P.M. MST to qualify for monthly commissions, bonuses and other compensation.

**27. Telephone Orders.** The Order Department (800) 704-8910 will only accept calls for the placement of orders. All other calls should be directed to Customer Service at (303) 660-0562. To simplify the ordering procedure, NUPRO requests, that Distributors fill out an Order Form BEFORE calling the order desk. Telephone orders will only be accepted if payment is made with a valid credit card or previously approved check-by-phone/fax accepted by NUPRO.

To further expedite telephone orders please follow these steps:

- a. Prepare on the appropriate order form all necessary information prior to making the call:
  - i. Your Distributor ID number
  - ii. Cardholder's name, credit card number, the date of the expiration and security panel number.
  - iii. All pertinent shipping information
  - iv. Contents of order
- b. DO NOT mail a copy of your order when placing telephone orders.
- c. It is the Distributor's responsibility to verify with the order processor the ship-to address, quantity of product ordered, method of shipping, credit card information, etc.

**28. Orders & Applications**

- a. Fax Orders or application. For your convenience, you can Fax your order to us at (303) 660-6351. Distributor applications are also accepted by fax, so the fastest way for a new Distributor to become registered and have an order shipped is by faxing the application and the order at the same time. Remember to sign all credit card FAX orders or complete the Check Authorization Form for Bank Draft.
- b. Internet Orders and applications. You may register a new Distributor or a new Distributor may register him/herself via the Internet. The sender must be able to provide all necessary Distributor Agreement information before submitting an application to the Internet. A new Distributor Kit and product may be ordered at this time using a valid credit card or authorized bank draft. NUPRO will ship the Distributor Kit and Products to the new Distributor. The new Distributors I.D. # and authorization will be valid for thirty (30) days, pending receipt of the original Distributor Application and Agreement by NUPRO\*. Once the original Distributor Application and Agreement is received at the NUPRO Corporate office, the new Distributor Agreement will be extended, and the Distributor mailed a welcome letter containing a confirmed, authorization ID number.

\*If the new Distributor Application and Agreement is not received within the provisional thirty (30) day time period, the temporary authorization shall expire, the I.D. will be canceled, and the Distributor Application and Agreement will be automatically terminated.

**General**

**29. Lost Shipments.** Before assuming that an order is lost, wait a minimum of 14 working days for mail orders, 7 working days for telephone, Internet or FAX orders, and 4 working days for express orders. After the suggested waiting period, please notify the Customer Service Department at (800) 704-8910 or (303) 660-0562.

**30. Back Orders.** If any ordered NUPRO products or sales aids are temporarily out of stock, the Distributor will receive a "Back Order" notice with his or her shipment. When new inventory arrives, back orders are always filled first.

**31. Bonus Checks.** Bonus Checks are mailed by the 20th of the month, following purchase month.

**32. Downline Reports.** When requested, the Distributor will receive a printout showing the purchases of each Distributor in his/her group. For this report, the Distributor will be charged \$15 per report. This fee will be payable at time of request. These reports are available on the Internet and are included in the Back Office Access charge.

- 33. Change of Address.** Distributors must advise NUPRO in writing of any changes of mailing address, shipping address, phone number, FAX number or e-mail address.
- 34. Insurance.**
- Liability insurance: NUPRO carries full product liability insurance as protection against claims arising from possible defects in its products.
  - Casualty insurance: Distributors are responsible for protecting their inventory of products and sales aids against loss. Distributors are advised to consult with their insurance agent on all insurance matters.
- 35. Sales Taxes.** Each Distributor shall comply with all state and local taxes and regulations governing the sale of NUPRO products.
- 36. Income Taxes.** All Distributors are responsible for paying local, state and federal income taxes due to earnings from the retail sales, commissions and bonuses generated as a Distributor of NUPRO products.
- 37. Confidentiality.** On a periodic basis, NUPRO will report to the Distributor information about the Distributor's downline sales organization and its product purchases. Distributor agrees that such information is proprietary and confidential to the Company and is transmitted to the Distributor in confidence. The Distributor agrees that he/she will not disclose such information to any third party directly or indirectly, nor use the information to compete with NUPRO directly or indirectly. The Distributor and NUPRO agree that but for this agreement of confidentiality and non-disclosure, NUPRO would not provide the above confidential information to the Distributor.
- 38. Death.** Upon the death or incapacity of the Distributor, his/her rights to bonuses and marketing position, together with Distributor responsibilities, shall pass to his/her successors in interest upon written application and approval by NUPRO. The successor Distributor must fulfill all responsibilities of the Distributor.
- 39. A Distributor may not sell,** assign or otherwise transfer his/her distributorship, marketing position or other Distributor rights without written application and approval by NUPRO. First choice of a sold Distributorship shall always be to the Distributor's Enroller. If he/she declines, it may be sold elsewhere. (Keep in mind that no NUPRO Distributor may hold more than one downline at any given time.) A Distributor who sells his/her distributorship shall not be eligible to re-qualify as a Distributor for a period of at least six (6) months after the sale. NUPRO reserves the right to review the sales agreement and to verify waiver from the upline Enroller in the event he/she declines to purchase the distributorship.
- 40. Changes.** NUPRO expressly reserves the right to alter or amend Prices, Bonus Values, Terms and Conditions, Policies and Procedures, product availability and Compensation Plan. Upon notification by mailing to the most recent address listed by the Distributor in the records of NUPRO, such amendments are automatically incorporated as part of the agreement between NUPRO and the Distributor.
- 41. Cause for Termination.**
- NUPRO reserves the right to terminate any distributorship at any time for cause when it is determined that the Distributor has violated the provisions of the Distributor 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. In addition, cause may be any action which infringes upon the good name or reputation of NUPRO or activities which can be construed as harmful to the company. Such involuntary termination shall be made by NUPRO at its discretion.
  - Distributors who wish to return product for refund instead of exchange after bonuses have been paid upline, shall be considered as requesting termination and this act shall be considered as grounds for termination. Upon an involuntary termination, NUPRO shall notify the Distributor by certified mail, return receipt requested, at the latest address listed with NUPRO for the Distributor. In the event of a termination, the terminated Distributor agrees to immediately cease representing him/herself as a Distributor.
- 42. Termination.** When a decision is made to terminate a distributorship, NUPRO will inform the Distributor in writing that the distributorship is terminated immediately, effective as of the date of the written notification. The termination notice will be sent by certified mail, return receipt requested, to the Distributor's address on file with NUPRO.
- The Distributor will have 15 days from the date of the mailing of the certified letter in which to appeal the termination in writing. The Distributor's appeal correspondence must be received by NUPRO within 20 days of NUPRO's termination letter. If the appeal is not received within the 20 day period, the termination will be automatically deemed final.
  - If a Distributor files a timely appeal of termination, NUPRO will review and reconsider the termination, consider any other appropriate action, and notify the Distributor of its decision. The decision of NUPRO will be final and subject to no further review. In the event the appeal is denied, the termination will be effective as of the date of NUPRO's original termination notice.

- 43. Eligibility for Commissions and Bonuses.** To be eligible, the Distributor must comply with:
- a. Supervisory responsibility requirements as outlined herein.
  - b. 70% of previously purchased product must be consumed or resold before re-ordering that product and the order form must so indicate.
  - c. The requirement that his/her downline has retailed product which has been purchased at wholesale prices.
  - d. Fulfill other specific requirements as stated in the compensation plan.
- 44. Records.** NUPRO encourages each Distributor to keep accurate sales records. The program is based upon retail sales to the ultimate consumers; therefore, all forms of stockpiling or pyramiding are actively discouraged. Products are offered to Distributors only for personal consumption and for resale to customers.
- 45. Income Claims.** No false or misleading income projections may be made to prospective Distributors.
- 46. Representation of Status.** In all cases, any reference the Distributor makes to him/herself must clearly state the Distributor's independent status. For example, if the Distributor has a business telephone, the phone may not be listed under NUPRO's name or in any other manner which does not disclose the independent contractor status of the Distributor.
- 47. Business Cards and Stationary.** Any printed materials, including business cards and stationary must be approved by NUPRO 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 Distributor. Whenever possible, NUPRO encourages its Distributors to purchase their business cards through NUPRO as the logo and approved card layout are already in place and the materials readily available.
- 48. Telephone Solicitation.** The use of NUPRO's name or copyrighted materials may not be made with automatic calling devices or "boiler room" operations either to solicit Distributors or retail customers.
- 49. Press Inquiries.** Any inquiries by the media are to be referred immediately to NUPRO. This policy is to assure accuracy and consistent public image.
- 50. Government Approval.** Federal and state regulatory agencies do not approve or endorse direct selling programs or nutritional products. Therefore, Distributors may not represent that the NUPRO program has been approved or endorsed by any governmental agency.
- 51. Waiver.** NUPRO never gives up its right to insist on compliance with these rules or with the applicable laws governing the conduct of a business. This is true in all cases, both specifically expressed or implied, unless an officer of NUPRO, who is authorized to bind NUPRO in contracts or agreements, specifies in writing that NUPRO waives any of these provisions. In addition, any time that NUPRO gives permission for a breach of the rules, that permission does not extend to future breaches. This provision deals with the concept of "waiver" and the parties agree that NUPRO does not waive any of its rights under any circumstances except as provided for in this paragraph.
- 52. Governing Law.** These rules are reasonably related to the laws of the State of Colorado and shall be governed in all respects thereby. The parties agree that jurisdiction and venue shall lie with the place of acceptance of the Distributor application, the State of Colorado.
- 53. Partial Validity.** Should any portion of these rules and regulations, of the Distributor's Application and Agreement, or of any other instruments referred to herein or issued by NUPRO, be declared invalid by a court of competent jurisdiction, the balance of such rules, applications or instruments shall remain in full force and effect.
- 54. This Agreement** shall be interpreted under the laws of the State of Colorado. In the event of dispute between Distributor and NUPRO, such dispute shall be exclusively resolved by binding arbitration under the Commercial Rules of the American Arbitration Association with arbitration to occur in Castle Rock, Colorado. Judgment upon award rendered by the arbitrators may be entered in any court having jurisdiction thereof.
- 55. This Statement of policies and procedures** is incorporated into the independent distributorship agreement and constitutes the entire agreement of the parties regarding their business relationship.