

# Global Resorts Network, LLC

## STATEMENT OF POLICIES

*and*

## PROCEDURES

*Effective February 2008*

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## **SECTION 1 - CORPORATE MISSION STATEMENT**

### **GRN Corporate Mission Statement**

**To provide our members with prompt and courteous service.**

**To keep the privacy of our members paramount.**

**To continuously shop the world to provide our members with the widest possible selection of vacation destinations at affordable prices.**

**To listen carefully to our members and their needs, and keep those needs foremost when expanding our services.**

## **SECTION 2 - INTRODUCTION**

### **2.1 - Policies and Compensation Plan Incorporated into Affiliate Agreement**

These Policies and Procedures, in their present form and as amended at the sole discretion of Global Resorts Network, LLC (hereafter “GRN” or the “Company”), are incorporated into, and form an integral part of, the GRN Affiliate Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the GRN Affiliate Application and Agreement, these Policies and Procedures, the GRN Marketing and Compensation Plan, and the GRN Business Entity Application (if applicable). These documents are incorporated by reference into the GRN Affiliate Agreement (all in their current form and as amended by GRN). It is the responsibility of each Affiliate to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures. When sponsoring or enrolling a new Affiliate, it is the responsibility of the sponsoring Affiliate to ensure that the applicant is provided with, or has online access to, the most current version of these Policies and Procedures and the GRN Marketing and Compensation Plan prior to his or her execution of the Affiliate Agreement.

### **2.2 - Purpose of Policies**

GRN is a direct sales company that markets Private Travel Club Memberships through Independent Affiliates. It is important to understand that your success and the success of your fellow Affiliates depends on the integrity of the men and women who market our products and services. To clearly define the relationship that exists between Affiliates and GRN, and to explicitly set a standard for acceptable business conduct, GRN has established the Agreement.

GRN Affiliates are required to comply with all of the Terms and Conditions set forth in the Agreement which GRN may amend at its sole discretion from time to time, as well as all federal, state, and local laws governing their GRN business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in this manual carefully. It explains and governs the relationship between you, as an

rule, do not hesitate to seek an answer from anyone in your upline or GRN.

### **2.3 - Changes to the Agreement**

Because federal, state, and local laws, as well as the business environment, periodically change, GRN reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Affiliate Agreement, an Affiliate agrees to abide by all amendments or modifications that GRN elects to make. Amendments shall be effective upon notice to all Affiliates that the Agreement has been modified. Notification of amendments shall be published in official GRN materials. The Company shall provide or make available to all Affiliates a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company's official web site; (2) electronic mail (e-mail); (3) inclusion in Company periodicals; (4) inclusion in product orders or bonus checks; or (5) special mailings. The continuation of an Affiliate's GRN business or an Affiliate's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

### **2.4 - Delays**

GRN 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.

### **2.5 - 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 and shall be construed as if such invalid, or unenforceable provision never comprised a part of the Agreement.

### **2.6 - 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 GRN to exercise any right or power under the Agreement or to insist upon strict compliance by an Affiliate with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of GRN's right to demand exact compliance with the Agreement. Waiver by GRN can be effectuated only in writing by an authorized officer of the Company. GRN's waiver of any particular breach by an Affiliate shall not affect or impair GRN's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Affiliate. Nor shall any delay or omission by GRN to exercise any right arising from a breach affect or impair GRN's rights as to that or any subsequent breach.

a defense to GRN's enforcement of any term or provision of the Agreement.

## **SECTION 3 -BECOMING AN AFFILIATE**

### **3.1 -Requirements to Become an Affiliate**

To become a GRN Affiliate, each applicant must:

**3.1.1** -Be of the age of majority in his or her state of residence;

**3.1.2** -Reside in the United States or U.S. Territories or any country that GRN has officially announced is open for business; In countries where GRN is has not officially announced it is open for business, Affiliates may join GRN and/or purchase GRN Travel Memberships, however, they may not advertise for sale, advertise to recruit other GRN Affiliates or resale GRN Travel Memberships in those countries.

**3.1.3** -If residing in the United States, have a valid Social Security or Federal Tax ID number;

**3.1.4** -Your Affiliate Application and Agreement will not be processed or approved until GRN receives your first referral of a sale which must be submitted through your free replicated website which is provided by GRN at no cost prior to your application be approved.

**3.1.5** -The application must be accepted and approved by GRN.

### **3.2 -No Product Purchase Required**

No person is required to purchase GRN products, services or sales aids, or to pay any charge or fee to become an Affiliate.

### **3.3 - Affiliate Benefits**

Once an Affiliate Application and Agreement has been accepted by GRN, the benefits of the Marketing and Compensation Plan and the Affiliate Agreement are available to the new Affiliate. These benefits include the right to:

**3.3.1** -Sell GRN Memberships:

**3.3.2** -Participate in the GRN Marketing and Compensation Plan (receive bonuses and commissions, if eligible);

**3.3.3** -Sponsor other individuals as Customers, or Affiliates into the GRN business and thereby, build a marketing organization and progress through the GRN Marketing and Compensation Plan;

**3.3.4** -Receive periodic GRN literature and other GRN communications;

**3.3.5** -Participate in GRN-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and

**3.3.6** -Participate in promotional and incentive contests and programs sponsored by GRN for its Affiliates.

### **3.4 - Term and Renewal of Your GRN Business**

The term of the Affiliate Agreement is one year and is automatically renewed as long as one sale is made every 12 months after the first anniversary date of acceptance and approval by GRN. You will be provided with a replicated website prior to your Affiliate application being accepted. Your Affiliate application will be processed upon referring your first sale which must be submitted through the website provided to you. At that time, upon approval of your application, you will be given a business center in the company Affiliate genealogy.

There is an annual fee of \$100 for your website and online business management tools necessary to track your sales, organizational growth and commissions. After the first year as an Affiliate the annual renewal fee of \$100 must be paid within 30 days of the anniversary date, or be deducted from a commission check whichever comes first, in order to renew your replicated website and online management tools. For new members who join on or after March 1, 2008, the annual fee must be paid at the time of purchase of the membership.

Should the annual fee not be paid the delinquent Affiliate will lose his or her replicated website. If the Affiliate also owns a Resort Travel Membership the travel benefits are not affected and will remain in full force even if the annual Affiliate website and online business management tools renewal fee is not paid.

## **SECTION 4 - OPERATING A GRN BUSINESS**

### **4.1 – Adherence to the GRN Marketing and Compensation Plan**

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

### **4.2 - Advertising**

#### **4.2.1 - General**

All Affiliates shall safeguard and promote the good reputation of GRN and its products. The marketing and promotion of GRN, the GRN opportunity, the Marketing and Compensation Plan, and GRN products shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

To promote both the products and services, and the tremendous opportunity GRN offers, Affiliates should use the sales aids and support materials produced and/or authorized by GRN. The rationale behind this requirement is simple. GRN has carefully designed its products, Marketing and Compensation Plan, and promotional materials to ensure that each aspect of GRN is fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws. If GRN Affiliates were allowed to develop their own sales aids and promotional materials without guidance and approval of GRN, notwithstanding their integrity and good intentions, the likelihood that they would unintentionally violate any number of statutes or regulations affecting the GRN business is almost certain. These violations, although they may be relatively few in number, would jeopardize the GRN opportunity for all Affiliates.

Accordingly, Affiliates must submit all written sales aids, promotional materials, advertisements, and other literature (including proposed Internet advertising) to the Company for approval. Unless the Affiliate receives specific written approval to use the material, the request shall be deemed denied.

#### **4.2.2 - Affiliate Web Sites**

If an Affiliate desires to utilize an Internet web page to promote his or her business, he or she may do so through the Company's official web site, using official GRN templates. Alternatively, Affiliates may develop their own web pages, however, any Affiliate who does so: (a) must use the text of the Company's official web site; and (b) may not supplement the content of his or her web site with text from any source other than the Company. Affiliates who develop or publish their own web sites 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 - Domain Names**

Affiliates may not use or attempt to register any of GRN's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name.

### **4.2.4 -Trademarks and Copyrights**

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

### **4.2.5 - Media and Media Inquiries**

Affiliates must not attempt to respond to media inquiries regarding GRN, its products or services, or their independent GRN business. All inquiries by any type of media must be immediately referred directly to GRN management. This policy is designed to assure that accurate and consistent information is provided to the public as well as a proper public image.

### **4.2.6 -Unsolicited Email**

GRN does not permit Affiliates to send unsolicited commercial emails unless such emails strictly comply with applicable laws and regulations including, without limitation, the federal CAN SPAM Act. Any email sent by an Affiliate that promotes GRN, the GRN opportunity, or GRN products and services must comply with the following:

- i. There must be a functioning return email address to the sender.
- ii. 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 correspondences not be sent to him or her (a functioning "opt-out" notice)
- iii. The email must include the Affiliates physical mailing address
- iv. The email must clearly and conspicuously disclose that the message is an advertisement or solicitation.
- v. The use of deceptive subject lines and/or false header information is prohibited
- vi. All opt-out requests, whether received by email or regular mail, must be honored. If an Affiliate receives an opt-out request from a recipient of an email, the Affiliate must forward the opt-out request to the Company. GRN may periodically send commercial emails on behalf of Affiliates. By entering into the Affiliate Agreement, Affiliates agree that the Company may send such emails and that the Affiliates physical and email addresses will be included in such emails as outlined above. Affiliates shall honor opt-out requests generated as a result of such emails sent by the Company

#### **4.2.7 - Unsolicited Faxes**

Except as provided in this section, Affiliates may not use or transmit unsolicited faxes or where prohibited by law, use an automatic telephone dialing system relative to the operation of their GRN 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 terms "unsolicited faxes" means the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting GRN, its products, its compensation plan or any other aspect of the company which is transmitted to any person, except that these terms do not include a fax or e-mail: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Affiliate has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two way communication between an Affiliate and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Affiliate; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

#### **4.3 - Bonus Buying Prohibited**

Bonus buying is strictly and absolutely prohibited. "Bonus buying" includes: (a) the enrollment of individuals or entities without the knowledge of and/or execution of an Independent Affiliate Application and Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as an Affiliate or Customer; (c) the enrollment or attempted enrollment of non-existent individuals or entities as Affiliates or Customers ("phantoms"); (d) Purchasing GRN products or services on behalf of another Affiliate or Customer, or under another Affiliate's I.D. number, to qualify for commissions or bonuses; or (e) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide product or service purchases by end user consumers.

#### **4.4 - Business Entities**

A corporation, partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be a GRN Affiliate by submitting its Certificate of Incorporation, Partnership Agreement or trust documents (these documents are collectively referred to as the "Entity Documents") to GRN, along with a properly completed Business Entity Registration form. A GRN business may change its status under the same sponsor from an individual to a partnership, 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 Affiliate Application and Agreement. The Business Entity Registration form must be signed by all of the shareholders, partners or trustees. Customers of the entity are jointly and severally liable for any indebtedness or other obligation to GRN.

## **4.5 - Changes to A GRN Business**

### **4.5.1 - General**

Each Affiliate must immediately notify GRN of all changes to the information contained on his or her Affiliate Application and Agreement. Affiliates may modify their existing Affiliate Agreement (i.e., change Social Security number to Federal I.D. number, or change the form of ownership from an individual proprietorship to a business entity owned by the Affiliate) by submitting a written request, a properly executed Affiliate Application and Agreement, and appropriate supporting documentation.

### **4.5.2 - Addition of Co-Applicants**

When adding a co-applicant (either an individual or a business entity) to an existing GRN business, the Company requires both a written request as well as a properly completed Affiliate Application and Agreement containing the applicant and coapplicant's Social Security Numbers and signatures. To prevent the circumvention of Section 4.26 (regarding transfers and assignments of GRN business), the original applicant must remain as a party to the original Affiliate Application and Agreement. If the original Affiliate wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 4.26. If this process is not followed, the business shall be canceled upon the withdrawal of the original Affiliate. All bonus and commission checks will be sent to the address of record of the original Affiliate. Please note that the modifications permitted within the scope of this paragraph *do not* include a change of sponsorship. Changes of sponsorship are not allowed and are addressed in Section 4.5.3, below. There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Affiliate Application and Agreement. GRN may, at its discretion, require notarized documents before implementing any changes to A GRN business. Please allow thirty (30) days after the receipt of the request by GRN for processing.

### **4.5.3 - Change of Sponsor**

To protect the integrity of all marketing organizations and safeguard the hard work of all Affiliates, GRN does not allow changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Affiliate and marketing organization.

### **4.5.4 - Cancellation and Re-application**

An Affiliate may legitimately change organizations by voluntarily canceling his or her GRN business and remaining inactive (*i.e.*, no purchases of GRN products for resale, no sales of GRN products, no sponsoring, no attendance at any GRN functions, participation in any other form of Affiliate activity, or operation of any other GRN business) for six (6) full calendar months. Following the six month period of inactivity, the former Affiliate may reapply under a new sponsor.

## **4.6 - Unauthorized Claims and Actions**

### **4.6.1 - Indemnification**

An Affiliate is fully responsible for all of his or her verbal and written statements made regarding GRN products, services, and the Marketing and Compensation Plan which are not expressly contained in official GRN materials. Affiliates agree to indemnify GRN and GRN'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 GRN as a result of the Affiliate's unauthorized representations or actions. This provision shall survive the termination of the Affiliate Agreement.

### **4.6.2 - Income Claims**

In their enthusiasm to enroll prospective Affiliates, some Affiliates are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counterproductive because new Affiliates may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. At GRN, we firmly believe that the GRN income potential is great enough to be highly attractive, without reporting the earnings of others.

Moreover, the Federal Trade Commission and several states have laws or regulations that regulate or even prohibit certain types of income claims and testimonials made by persons engaged in network marketing. While Affiliates may believe it beneficial to provide copies of checks, or to disclose the earnings of themselves or others, such approaches have legal consequences that can negatively impact GRN as well as the Affiliate making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because GRN Affiliates do not have the data necessary to comply with the legal requirements for making income claims, an Affiliate, when presenting or discussing the GRN opportunity or Marketing and Compensation Plan to a prospective Affiliate, may not make income projections, income claims, or disclose his or her GRN income (including the showing of checks, copies of checks, bank statements, or tax records).

#### **4.7 - Commercial Outlets**

GRN strongly encourages the retailing and selling of products and services through person to person contact. However, Affiliates may display or sell GRN products or literature in retail or service establishments that are not chain-stores and have 5 retail stores or less.

#### **4.8 - Trade Shows, Expositions and Other Sales Forums**

Affiliates may display and/or sell GRN products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Affiliates must contact the Affiliate Services department in writing for conditional approval, as GRN's policy is to authorize only one GRN business per event. Final approval will be granted to the first Affiliate who submits an official advertisement of the event, a copy of the contract signed by both the Affiliate 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 GRN management. GRN 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 GRN opportunity. Approval will not be given for swap meets, garage sales, flea markets or farmer's markets as these events are not conducive to the professional image GRN wishes to portray.

#### **4.9 - Conflicts of Interest**

##### **4.9.1 - Nonsolicitation**

GRN Affiliates are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively "network marketing"). However, during the term of this Agreement, Affiliates may not recruit other GRN Affiliates for any other network marketing business with the exception of their personally sponsored frontline Affiliates. Following the cancellation of this Agreement, and for a period of six months thereafter, with the exception of an Affiliate's personally sponsored Affiliates who are also on his or her first downline level ("frontline"), a former Affiliate may not recruit any GRN Affiliate or Customer for another network marketing business. Affiliates 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, Affiliates and GRN agree that this non-solicitation provision shall apply to all markets in which GRN conducts business. The term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly or through a third party, another GRN Affiliate or Customer to enroll or participate in another network marketing opportunity.

Affiliates must not sell, or attempt to sell, any competing non-GRN programs, products or services to GRN Customers or Affiliates. Any program, product or services in the same generic category as GRN products or services is deemed to be competing, regardless of differences in cost, quality, or ingredient content.

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

#### **4.9.2 - Downline Activity (Genealogy) Reports**

Downline Activity Reports are available for Affiliate access and viewing at GRN's official web site. Affiliate access to their Downline Activity Reports is password protected. **All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to GRN.** Downline Activity Reports are provided to Affiliates in strictest confidence and are made available to Affiliates for the sole purpose of assisting Affiliates in working with their respective Downline Organizations in the development of their GRN business. Affiliates should use their Downline Activity Reports to assist, motivate, and train their downline Affiliates. The Affiliate and GRN agree that, but for this agreement of confidentiality and nondisclosure, GRN would not provide Downline Activity Reports to the Affiliate. An Affiliate shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

**4.9.2.1** -Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;  
her Downline Activity Report;

**4.9.2.3** -Use the information to compete with GRN or for any purpose other than promoting his or her GRN business;

**4.9.2.4** -Recruit or solicit any Affiliate or Customer of GRN listed on any report, or in any manner attempt to influence or induce any Affiliate or Preferred Customer of GRN, to alter their business relationship with GRN; or  
other entity any information contained in any Downline Activity Report.

copies of Downline Activity Reports to the Company.

#### **4.10 - Targeting Other Direct Sellers**

GRN does not condone Affiliates specifically or consciously targeting the sales force of another direct sales company to sell GRN products or to become Affiliates for GRN, nor does GRN condone Affiliates solicitation or enticement of Customers of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Affiliates 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 Affiliate alleging that he or she engaged in inappropriate recruiting activity of its sales force or Customers, GRN will not pay any of Affiliate's defense costs or legal fees, nor will GRN indemnify the Affiliate for any judgment, award, or settlement.

#### **4.11 - Cross-Sponsoring**

Actual or attempted cross sponsoring is strictly prohibited. "Cross sponsoring" is defined as the enrollment of an individual who or entity that already has a current Customer or Affiliate Agreement on file with GRN, or who has had such an agreement within the preceding six calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, or fictitious ID numbers to circumvent this policy is prohibited. Affiliates shall not demean, discredit or defame other GRN Affiliates in an attempt to entice another Affiliate to become part of the first Affiliate's marketing organization. This policy shall not prohibit the transfer of A GRN business in accordance with Section 4.26.

GRN may take disciplinary action against the Affiliate that changed organizations and/or those Affiliates who encouraged or participated in the Cross Sponsoring. GRN may also move all or part of the offending Affiliate's downline to his or her original downline organization if the Company deems it equitable and feasible to do so. However, GRN is under no obligation to move the Cross Sponsored Affiliate's downline organization, and the ultimate disposition of the organization remains within the sole discretion of GRN. **Affiliates waive all claims and causes of action against GRN arising from or relating to the disposition of the Cross Sponsored Affiliate's downline organization.**

#### **4.12 - Errors or Questions**

If an Affiliate has questions about or believes any errors have been made regarding commissions, bonuses, Downline Activity Reports, or charges, the Affiliate must notify GRN in writing within 60 days of the date of the purported error or incident in question. GRN will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

#### **4.13 - Governmental Approval or Endorsement**

Neither federal nor state regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Affiliates shall not represent or imply that GRN or its Marketing and Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

#### **4.14 - Holding Applications or Orders**

Affiliates must not manipulate enrollments of new applicants and purchases of products. All orders must be entered online by the customer through the GRN website of the sponsoring Affiliate.

#### **4.15 - Identification**

All Affiliates are required to provide their Social Security Number, or a Federal Employer Identification Number to GRN on the Affiliate Application and Agreement. Upon enrollment, the Company will provide a unique Affiliate Identification Number to the Affiliate by which he or she will be identified. This number will be used to place orders, and track commissions and bonuses.

#### **4.16 - Income Taxes**

Each Affiliate is responsible for paying local, state, and federal taxes on any income generated as an Independent Affiliate. If A GRN business is tax exempt, the Federal tax identification number must be provided to GRN. Every year, GRN 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.

#### **4.17 - Independent Contractor Status**

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

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

Affiliate's Name Independent GRN  
Affiliate

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

#### **4.18 - International Marketing**

Because of critical legal and tax considerations, GRN must restrict the public advertising and public presentation of the GRN Travel Memberships and income opportunity to prospective Customers and Affiliates in countries that the Company has

not announced are officially open for business.

Accordingly, Affiliates are authorized to advertise the sale of GRN Travel Memberships, and enroll Customers or Affiliates in the countries in which GRN is authorized to conduct business, as announced in official Company literature. GRN sales aids cannot be shipped into or sold in any foreign country. Affiliates may sell, give or distribute sales aids only in their home country. In addition, no Affiliate may, in any unauthorized country: (a) conduct or advertise public sales, enrollment or training meetings; (b) conduct publicly any other activity for the purpose of selling GRN products, establishing a marketing organization, or promoting the GRN opportunity.

#### **4.19 - Adherence to Laws and Ordinances**

##### **4.19.1 - Local Ordinances**

Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Affiliates because of the nature of their business. However, Affiliates must obey those laws that do apply to them. If a city or county official tells an Affiliate that an ordinance applies to him or her, the Affiliate shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of GRN. In most cases there are exceptions to the ordinance that may apply to GRN Affiliates.

##### **4.19.2 - Compliance With Federal, State, Local Laws**

Affiliates shall comply with all federal, state, and local laws and regulations in the conduct of their businesses.

##### **4.20 - Minors**

A person who is recognized as a minor in his/her state of residence may not be a GRN Affiliate. Affiliates shall not enroll or recruit minors into the GRN program.

##### **4.21 - Requests for Records**

Any request from an Affiliate for copies of invoices, applications, downline 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.

##### **4.22 - Sale, Transfer or Assignment of GRN Business**

Although A GRN business is a privately owned, independently operated business, the sale, transfer or assignment of A GRN business is subject to certain limitations. If an Affiliate wishes to sell his or her GRN business, the following criteria must be met:

**4.22.1** -Protection of the existing line of sponsorship must always be maintained so that the GRN business continues to be operated in that line of sponsorship.

**4.22.2** -The buyer or transferee must become a qualified GRN Affiliate. If the buyer is an active GRN Affiliate, he or she must first terminate his or her GRN business and wait six calendar months before acquiring any interest in the new GRN business.

**4.22.3** -Before the sale, transfer or assignment can be finalized and approved by GRN, any debt obligations the selling Affiliate has with GRN must be satisfied.

**4.22.4** -The selling Affiliate must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign A GRN business.

Prior to selling A GRN business, the selling Affiliate must notify GRN's Management of his or her intent to sell the GRN business. No changes in line of sponsorship can result from the sale or transfer of A GRN business.

#### **4.23 - Separation of A GRN Business**

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

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

**4.23.1** -One of the parties may, with consent of the other(s), operate the GRN business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize GRN to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.

**4.23.2** -The parties may continue to operate the GRN business jointly on a "business-as-usual" basis, whereupon all compensation paid by GRN 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 Downline Organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will GRN split commission and bonus checks between divorcing spouses or Customers of dissolving entities. GRN will recognize only one Downline Organization and will issue only one commission check per GRN business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business, the Affiliate Agreement shall be involuntarily canceled.

If a former spouse or a former entity affiliate has completely relinquished all rights in

their original GRN business, they are thereafter free to enroll under any sponsor of their choosing. In such case, however, the former spouse or partner shall have no rights to any Affiliates in their former organization or to any former retail Customer. They must develop the new business in the same manner as would any other new Affiliate.

#### **4.24 - Sponsoring**

All active Affiliates in good standing have the right to sponsor and enroll others into GRN. Each prospective Customer or Affiliate has the ultimate right to choose his or her own Sponsor. If two Affiliates claim to be the Sponsor of the same new Affiliate or Customer, the Company shall regard the first application received by the Company as controlling and this shall be final.

#### **4.25 - Succession**

Upon the death or incapacitation of an Affiliate, 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 Affiliate should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever A GRN business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Affiliate's marketing organization provided the following qualifications are met. The successor(s) must:

**4.25.1** -Execute an Affiliate Agreement;

**4.25.2** -Comply with terms and provisions of the Agreement; and

**4.25.3** -Meet all of the qualifications for the deceased Affiliate's status.

**4.25.4** -Bonus and commission checks of A GRN business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide GRN with an "address of record" to which all bonus and commission checks will be sent;

**4.25.5** -If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer Identification number. GRN will issue all bonus and commission checks and one 1099 to the business entity.

#### **4.26 - Transfer Upon Death of an Affiliate**

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

#### **4.27 - Transfer Upon Incapacitation of an Affiliate**

To effectuate a transfer of A GRN business because of incapacity, the successor must provide the following to GRN: (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 GRN business; and (3) a completed Affiliate Agreement executed

by the trustee.

#### **4.28 - 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 GRN does not consider Affiliates to be “telemarketers” in the traditional sense of the word, these government regulations broadly define the term “telemarketer” and “telemarketing” so that your inadvertent action of calling someone whose telephone number is listed on the federal “do not call” registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties (up to \$11,000.00 per violation).

### **SECTION 5 - RESPONSIBILITIES OF AFFILIATES**

#### **5.1 - Change of Address or Telephone**

To ensure timely delivery of sales aids, support materials, and commission checks, it is critically important that the GRN’s files are current. Affiliates planning to move should send their new address and telephone numbers to GRN’s Corporate Offices to the attention of the Affiliate Services Department. To guarantee proper delivery, two weeks advance notice must be provided to GRN on all changes.

#### **5.2 - Continuing Development Obligations**

##### **5.2.1 - Ongoing Training**

Any Affiliate who sponsors another Affiliate into GRN must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her GRN business. Affiliates must have ongoing contact and communication with the Affiliates in their Downline Organizations. 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 Affiliates to GRN meetings, training sessions, and other functions. Upline Affiliates are also responsible to motivate and train new Affiliates in GRN product knowledge, effective sales techniques, the GRN Marketing and Compensation Plan, and compliance with Company Policies and Procedures. Communication with and the training of downline Affiliates must not, however, violate Section 4.2 (regarding the development of Affiliate-produced sales aids and promotional materials).

Affiliates must monitor the Affiliates in their Downline Organizations to ensure that downline Affiliates do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, every Affiliate should be able to provide documented evidence to GRN of his or her ongoing fulfillment of the responsibilities of a Sponsor.

##### **5.2.2 - Increased Training Responsibilities**

As Affiliates progress through the various levels of leadership, they will become

more experienced in sales techniques, product knowledge, and understanding of the GRN program. They will be called upon to share this knowledge with lesser experienced Affiliates within their organization.

### **5.2.3 - Ongoing Sales Responsibilities**

Regardless of their level of achievement, Affiliates 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**

and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to GRN management. Remember, to best serve you, we must hear from you! While GRN welcomes constructive input, negative comments and remarks made in the field by Affiliates about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other GRN Affiliates. For this reason, and to set the proper example for their downline, Affiliates must not disparage, demean, or make negative remarks about GRN, other GRN Affiliates, GRN's products, the Marketing and Compensation plan, or GRN's directors, officers, or employees.

### **5.4 - Providing Documentation to Applicants**

Compensation Plan to individuals whom they are sponsoring to become Affiliates before the applicant signs an Affiliate Agreement. Current Policies and Procedures can be viewed or printed from GRN's website.

### **5.5 - Reporting Policy Violations**

Affiliates observing a Policy violation by another Affiliate should submit a written report of the violation directly to the attention of the GRN 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 REQUIREMENTS**

### **6.1 - Product Sales**

The GRN Marketing and Compensation Plan is based on the sale of GRN Travel Memberships to end consumers. Affiliates must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement. The following sales requirements must be satisfied for Affiliates to be eligible for commissions:

**6.1.1** -Affiliates must satisfy the personal sales and group sales requirements to fulfill the requirements associated with their rank as specified in the GRN Marketing and Compensation Plan.

## **6.2 - No Territory Restrictions**

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

## **6.3 - Sales Receipts**

All sales must be made by directing customers to the GRN website. Customers are encouraged to print two copies of their purchase receipt. These receipts set forth the Customer Satisfaction Guarantee as well as any consumer protection rights afforded by federal or state law. Records documenting the purchases of Affiliates' Direct Customers will be maintained by GRN.

Remember to encourage customers to print two copies of the sales receipt. In addition, Affiliates must orally inform the buyer of his or her cancellation rights.

## **SECTION 7 - BONUSES AND COMMISSIONS**

### **7.1 - Bonus and Commission Qualifications**

An Affiliate must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as an Affiliate complies with the terms of the Agreement, GRN shall pay commissions to such Affiliate in accordance with the Marketing and Compensation plan.

### **7.2 - Adjustment to Bonuses and Commissions**

#### **7.2.1 - Adjustments for Returned Products and Services**

Affiliates receive bonuses and commissions based on the actual sales of products and services to end consumers. When a product is returned to GRN for a refund or is repurchased by the Company, the bonuses and commissions attributable to the returned or repurchased product(s) will be deducted, in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered, from the Affiliates who received bonuses and commissions on the sales of the refunded products. The Company may, at its discretion, accomplish this by deducting PSV points from Marketing Directors' future purchases and sales.

#### **7.2.2 - Other Deductions**

### **7.3 - Unclaimed Commissions and Credits**

Affiliates must deposit or cash commission and bonus checks within **six months** from their date of issuance. A check that is not cashed within six months will be void. After a check has been voided, the Affiliate may contact GRN and request that the check be reissued. There shall be a \$15.00 charge for reissuing a check. These charges shall be deducted from the balance owed to the Affiliate.

### **7.4 - Reports**

All information provided by GRN in online or telephonic downline activity reports, including but not limited to personal and group sales (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various

factors including the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; credit card and electronic check charge-backs; the information is not guaranteed by GRN or any persons creating or transmitting the information.

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

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

## **SECTION 8 -PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE**

### **8.1 - Product Guarantee**

GRN offers a 100% 3 day money-back satisfaction guarantee to all Customers, retail Customers, and Affiliates. A retail Customer who makes a purchase of \$25.00 or more has three business days (72 hours) after the sale or execution of a contract to cancel the order and receive a

full refund consistent with the cancellation notice on the order form. When an Affiliate makes a sale or takes an order from a retail Customer who cancels or requests a refund within the 72 hour period, the Affiliate must promptly refund the Customer's money as long as the products are returned to the Affiliate in substantially as good condition as when received. Additionally, Affiliates must orally inform Customers of their right to rescind a purchase or an order within 72 hours, and ensure that the date of the order or purchase is entered on the order form. All retail Customers must be provided with two copies of an official GRN sales receipt at the time of the sale. The back of the receipt provides the Customer with written notice of his or her rights to cancel the sales agreement.

## **8.2 - Return of Sales Aids by Affiliates**

Upon cancellation of an Affiliate's Agreement, the Affiliate may return his or her sales aids held in his or her inventory for a refund. Affiliates may only return sales aids that he or she personally purchased and which are in Resalable condition. Upon receipt of resalable sales aids, the Affiliate will be reimbursed 90% of the net cost of the original purchase price(s). Shipping charges incurred by an Affiliate when the sales aids 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.

### **8.2.1 - Montana Residents**

A Montana resident may cancel his or her Affiliate Agreement within 15 days from the date of enrollment.

## **8.3 - Procedures for all Sales Aids Returns**

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

**8.3.1** -All merchandise must be returned by the Affiliate or Customer who purchased it directly from GRN.

**8.3.2** -All products to be returned must have a Return Authorization Number which is obtained by calling the Affiliate Services Department. This Return Authorization Number must be written on each carton returned.

**8.3.3** -The return is accompanied by:

**8.3.3.1** -a completed and signed Consumer Return Form; and

**8.3.3.2** -a copy of the original dated retail sales receipt.

**8.3.4** -The best and most economical means of shipping is suggested. All returns must be shipped to GRN shipping pre-paid. GRN does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Affiliate. If returned product is not received by the Company's Distribution Center, it is the responsibility of the Affiliate 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 Affiliate that, in the sole discretion of the Company may damage its reputation or goodwill, may result, at GRN's discretion, in one or more of the following corrective measures:

- Issuance of a written warning or admonition;
- Requiring the Affiliate to take immediate corrective measures;
- Imposition of a fine, which may be withheld from bonus and commission checks;
- Loss of rights to one or more bonus and commission checks;
- GRN may withhold from an Affiliate all or part of the Affiliate's bonuses and commissions during the period that GRN is investigating any conduct allegedly violative of the Agreement. If an Affiliate's business is canceled for disciplinary reasons, the Affiliate will not be entitled to recover any commissions withheld during the investigation period;
- Suspension of the individual's Affiliate Agreement for one or more pay periods;
- Involuntary termination of the offender's Affiliate Agreement;
- Any other measure expressly allowed within any provision of the Agreement or which GRN deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Affiliate's policy violation or contractual breach;
- In situations deemed appropriate by GRN, the Company may institute legal proceedings for monetary and/or equitable relief.

**9.2 - Grievances and Complaints** When an Affiliate has a grievance or complaint with another Affiliate regarding any practice or conduct in relationship to their respective GRN businesses, the complaining Affiliate 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 cannot be resolved, it must be reported in writing to the Affiliate Services Department at the Company. The Affiliate Services Department will review the facts and attempt to resolve it.

### 9.3 - Arbitration

**Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.**

Affiliates waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Phoenix, Arizona. All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected

from the panel which the American Arbitration Panel provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement.

Nothing in these Policies and Procedures shall prevent GRN 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 GRN'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.

#### **9.4 - Governing Law, Jurisdiction and Venue**

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Maricopa County, State of Arizona. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Arizona shall govern all other matters relating to or arising from the Agreement. Notwithstanding the foregoing, and the arbitration provision in paragraph 9.3, residents of the State of Louisiana shall be entitled to bring an action against GRN in their home forum and pursuant to Louisiana law.

### **SECTION 10 - PAYMENT AND SHIPPING**

#### **10.1 - Returned Checks**

All checks returned by an Affiliate's bank for insufficient funds will be re-submitted for payment. A \$25.00 returned check fee will be charged to the account of the Affiliate. After receiving a returned check from a Customer or an Affiliate, *all future orders must be paid by bank wire, money order or cashier's check. Any outstanding balance owed to GRN by an Affiliate for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.*

### **SECTION 11 - INACTIVITY AND CANCELLATION**

#### **11.1 - Effect of Cancellation**

So long as an Affiliate remains active and complies with the terms of the Affiliate Agreement and these Policies and Procedures, GRN shall pay commissions to such Affiliate in accordance with the Marketing and Compensation Plan. An Affiliate's bonuses and commissions constitute the entire consideration for the Affiliate's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following an Affiliate's non-renewal of his or her Affiliate Agreement, cancellation for inactivity, or voluntary or involuntary cancellation of his or her Affiliate Agreement (all of these methods are collectively referred to as "cancellation"), the former Affiliate shall have no right, title, claim or interest to the marketing organization which he or she operated, or any commission or bonus from the sales generated by the organization.

**An Affiliate whose business is cancelled will lose all rights as an Affiliate. This includes the right to sell GRN products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Affiliate's former downline sales organization. In the event of cancellation, Affiliates agree to waive all rights they may have, including but not limited to property rights, to their former downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former downline organization.**

Following an Affiliate's cancellation of his or her Affiliate Agreement, the former Affiliate shall not hold himself or herself out as a GRN Affiliate and shall not have the right to sell GRN products or services. An Affiliate whose Affiliate Agreement is canceled shall receive commissions and bonuses 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**

Affiliates who personally produce less than 1 sale per 12 month period following the anniversary of their first earned commission will thus become "inactive", and his or her Affiliate Agreement shall be canceled for inactivity. The cancellation will become effective on the day following the last day of the 12<sup>th</sup> month of inactivity. Written confirmation of the cancellation will not be provided by GRN. The Affiliate will then be re-classified as a Customer.

### **11.3 - Involuntary Cancellation**

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

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

### **11.4 Termination of Membership by Member**

Members have the right to cancel their membership for any reason within 3 days from purchase date, 5 days from purchase date in Alaska. Request for cancellation must be sent to Global Resorts Network either by e-mail to [support@globalresortsnetwork.com](mailto:support@globalresortsnetwork.com), by fax to 623 434-7488 or by phone at 623 434-7485 during regular business hours (8:00am – 5:00pm Arizona Time).

If a membership sold by Global Resorts Network is cancelled within the time limit the member that is canceling is entitled to a full refund of the purchase price less a 10% processing fee/restocking charge. The refund will be in the form of a business check sent by regular mail within 7 business days. Members may cancel their memberships at anytime after the initial cancellation period (3 days) but they will not be entitled to a

#### **11.4 - Non-renewal**

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

### **SECTION 12 - DEFINITIONS**

**Active Customer** — A Customer who purchases a GRN Membership which is current and in effect.

**Active Affiliate** — An Affiliate who satisfies the minimum Personal Sales requirements, as set forth in the GRN Marketing and Compensation Plan, to ensure that he or she is eligible to receive bonuses and commissions.

**Agreement** - The contract between the Company and each Affiliate includes the Affiliate Application and Agreement, the GRN Policies and Procedures, the GRN Marketing and Compensation Plan, and the Business Entity Form (where appropriate), all in their current form and as amended by GRN in its sole discretion. These documents are collectively referred to as the "Agreement."

**Cancel** — The termination of an Affiliate's business. Cancellation may be either voluntary, involuntary, through non-renewal or inactivity.

**Downline** — See "*Marketing Organization*" below.

**Downline Activity Report** — A monthly report generated by GRN that provides critical data relating to the identities of Affiliates, sales information, and enrollment activity of each Affiliate's Marketing Organization. This report contains confidential and trade secret information which is proprietary to GRN.

**Downline Leg** — Each one of the individuals enrolled immediately underneath you and their respective marketing organizations represents one "leg" in your marketing organization.

**les** — The commissionable value of GRN products or services sold by an Affiliate's Marketing Organization. (Affiliate Kits and sales aids have no Sales Volume.)

**Immediate Household** — Heads of household and dependent family Customers residing

in the same house.

**Level** — The layers of downline Customers and Affiliates in a particular Affiliate’s Marketing Organization. This term refers to the relationship of an Affiliate relative to a particular upline Affiliate, determined by the number of Affiliates 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.

**Marketing Organization** — The Customers and Affiliates sponsored below a particular Affiliate.

**Customer** — An individual who purchases GRN products from an Affiliate but who is not a participant in the GRN compensation plan.

**Official GRN Material** — Literature, audio or video tapes, and other materials developed, printed, published and distributed by GRN to Affiliates.

**Personal Production** — Moving GRN products or services to an end consumer for personal use.

**Rank** — The “title” that an Affiliate has achieved pursuant to the GRN Marketing and Compensation Plan.

**Recruit** — For purposes of GRN’s Conflict of Interest Policy (Section 4.7), the term “recruit” means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly or through a third party, another GRN Affiliate or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

**Resalable** — 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; 4) it is returned to GRN within one year from the date of purchase; 5) the product contains current GRN 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 Marketing Organization left by an Affiliate whose Affiliate Agreement has been canceled is filled.

**Sponsor** — An Affiliate who enrolls a Customer or another Affiliate into the Company, and is listed as the Sponsor on the Affiliate Application and Agreement. The act of enrolling others and training them to become Affiliates is called “sponsoring.”

**Upline** — This term refers to the Affiliate or Affiliates above a particular Affiliate in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that

links any particular Affiliate to the Company.