



Statement of Policies and Procedures

Effective May 11, 2009

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SECTION 1 - INTRODUCTION

1.1 - Policies and Compensation Plan Incorporated into Associate Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of MAX, Inc. (hereafter “MAX” or the “Company”), are incorporated into, and form an integral part of, the MAX Associate Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the MAX Associate Application and Agreement, these Policies and Procedures, the MAX Marketing and Compensation Plan, and the MAX Business Entity Application (if applicable). These documents are incorporated by reference into the MAX Associate Agreement (all in their current form and as amended by MAX). It is the responsibility of each Associate 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 Associate, it is the responsibility of the sponsoring Associate to ensure that the applicant is provided with, or has online access to, the most current version of these Policies and Procedures and the MAX Marketing and Compensation Plan prior to his or her execution of the Associate Agreement.

1.2 - Purpose of Policies

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

MAX Associates are required to comply with all of the Terms and Conditions set forth in the Agreement, as well as all federal, state, and local laws governing their MAX 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 independent contractor and the Company. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from MAX.

1.3 - Changes to the Agreement

Because federal, state, and local laws, as well as the business environment, periodically change, MAX reserves the right to amend the Agreement and its prices in its sole and absolute discretion. By signing the Associate Agreement, an Associate agrees to abide by all amendments or modifications that MAX elects to make. Amendments shall be effective 30 days after publication of notice that the Agreement has been modified. Notification of amendments shall be published by one or more of the following methods: (1) posting on the Company’s official web site; (2) electronic mail (e-mail); (3) inclusion in Company periodicals; (4) inclusion in product orders or bonus checks; or (5) special mailings. The continuation of an Associate’s MAX business or an Associate’s acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

1.4 - Delays

MAX shall not be responsible for delays or failures in performance of its obligations when performance is made commer-

cially 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.

1.5 - 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. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

1.6 - 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 MAX to exercise any right or power under the Agreement or to insist upon strict compliance by an Associate 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 MAX's right to demand exact compliance with the Agreement. Waiver by MAX can be effectuated only in writing by an authorized officer of the Company. MAX's waiver of any particular breach by an Associate shall not affect or impair MAX's rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Associate. Nor shall any delay or omission by MAX to exercise any right arising from a breach affect or impair MAX's rights as to that or any subsequent breach.

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

SECTION 2 - BECOMING A DISTRIBUTOR

2.1 - Requirements to Become an Associate

To become a MAX Associate, each applicant must:

- Be of the age of majority in his or her state of residence;
- Reside in the United States or U.S. Territories or country that MAX has officially announced is open for business;
- Have a valid Social Security or Federal Tax ID number;
- Purchase a MAX Starter Kit (optional in North Dakota);
- Submit a properly completed Associate Application and Agreement to MAX either in hard copy or online format;
- Associates enrolling as a business entity must complete and submit a business entity Application and Agreement.

2.2 - Starter Kit and Product Purchases

No person is required to purchase MAX products to become an Associate. In order to familiarize new Associates with MAX products, services, sales techniques, sales aids, and other matters, the Company requires that they purchase a Starter Kit (optional in North Dakota). MAX will repurchase resalable kits from any Associate who terminates his or her Associate Agreement pursuant to the terms of Section 7.4.

2.3 - Associate Benefits

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

- Sell MAX products and services;
- Participate in the MAX Marketing and Compensation Plan (receive bonuses and commissions, if eligible);
- Sponsor other individuals as Customers or Associates into the MAX business and thereby, build a marketing organization and progress through the MAX Marketing and Compensation Plan;
- Receive periodic MAX literature and other MAX communications;
- Participate in MAX-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and;
- Participate in promotional and incentive contests and programs sponsored by MAX for its Associates.

2.4 - Term and Renewal of Your MAX Business

The term of the Associate Agreement is one year from the date of its acceptance by MAX (subject to reclassification for inactivity after six months pursuant to Section 10.2.) Associates must renew their Associate Agreement each year by paying an annual renewal fee of \$25.00 on or before the anniversary date of their Associate Agreement. If the renewal fee is

not paid within 30 days after the expiration of the current term of the Associate Agreement, the Associate Agreement will be canceled. Associates may elect to utilize the Automatic Renewal Program ("ARP"). Under the ARP, the renewal fee will be charged to the Associate's credit card on file with the Company.

SECTION 3 - OPERATING A MAX BUSINESS

3.1 - Adherence to the MAX Marketing and Compensation Plan

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

3.2 - Advertising

3.2.1 - General

All Associates shall safeguard and promote the good reputation of MAX and its products. The marketing and promotion of MAX, the MAX opportunity, the Marketing and Compensation Plan, and MAX 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 MAX offers, Associates must use the sales tools and support materials produced by MAX. MAX has carefully designed its products, product labels, Marketing and Compensation Plan, and promotional materials to ensure that each aspect of MAX is fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws. If MAX Associates develop their own sales tools and promotional materials, or to promote MAX's products or the MAX opportunity on blog sites, social networks, or other forums, notwithstanding their integrity and good intentions, there is a considerable likelihood that they would unintentionally violate any number of statutes or regulations affecting a MAX business. These violations, although they may be relatively few in number, would jeopardize the MAX opportunity for all Associates. Accordingly, Associates must not produce their own literature, advertisements, sales tools and promotional materials, or Internet web pages.

3.2.2 - Associate Web Sites

If an Associate desires to utilize an Internet web page to promote his or her business, he or she must use an official MAX replicated website. No websites other than MAX provided replicated websites are permitted. Team Sites used for information and training are exempt.

3.2.3 - Online Auctions and other Online Forums

Associates may not sell MAX's products through online auction, barter, or brokerage sites, including but not limited to Craig's List and ebay.

3.2.4 - Domain Names

Associates may not use or attempt to register any of MAX's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative thereof, for any Internet domain name, URL or email address.

3.2.5 - Trademarks and Copyrights

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

3.2.6 - Media and Media Inquiries

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

3.2.7 - Unsolicited Email

MAX does not permit Associates 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 Associate that promotes MAX, the MAX opportunity, or MAX 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 correspondence not be sent to him or her (a functioning “opt-out” notice).
- iii. The email must include the Associate’s 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 Associate receives an opt-out request from a recipient of an email, the Associate must forward the opt-out request to the Company.

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

3.2.8 - Unsolicited Faxes

Except as provided in this section, Associates may not use or transmit unsolicited faxes or use an automatic telephone dialing system relative to the operation of their MAX 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 of any material or information advertising or promoting MAX, 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 Associate 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 Associate and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Associate; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

3.2.9 - Business Cards, Telephone Book Listings

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

Associate’s Name
Independent MAX Associate

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

3.3 - 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 Associate Application and Agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as an Associate or Customer; (c) the enrollment or attempted enrollment of non-existent individuals or entities as Associates or Customers (“phantoms”); (d) Purchasing MAX products or services on behalf of another Associate or Customer, or under another Associate’s or Customer’s I.D. number, to qualify for commissions or bonuses; (e) purchasing excessive amounts of goods or services that cannot reasonably be used or resold in a month; and/or (f) 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.

3.4 - Business Entities

A corporation, partnership or trust (collectively referred to in this section as a “Business Entity”) may apply to be a MAX

Associate by submitting a properly completed Business Entity Application and Agreement. Business Entity Applications must be submitted in hard copy and must bear the original signature of all partners, members, shareholders, or other individuals with any ownership interest in the MAX business; business entities may not enroll entirely online. A MAX 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 Associate Application and Agreement. The Business Entity Registration form must be signed by all of the shareholders, partners or trustees. Members of the entity are jointly and severally liable for any indebtedness or other obligation to MAX.

To prevent the circumvention of Section 3.26 (regarding transfers and assignments of MAX business), if an additional partner, shareholder, member, or other business entity affiliate is added to a business entity, the original applicant must remain as a party to the original Associate Application and Agreement. If the original Associate 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 3.26. If this process is not followed, the business shall be canceled upon the withdrawal of the original Associate. All bonus and commission checks will be sent to the address of record of the original Associate. Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section 3.5 below. There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Associate Application and Agreement. MAX may, at its discretion, require notarized documents before implementing any changes to a MAX business. Please allow thirty (30) days after the receipt of the request by MAX for processing.

3.4.1 - Changes to a Business Entity

Each Associate must immediately notify MAX of all changes to type of business entity they utilize in operating their businesses and the addition or removal of business associates. Changes shall be processed only once per year. All changes must be submitted by November 30 to become effective on January 1 of the following year.

3.5 - Change of Sponsor

To protect the integrity of all marketing organizations and safeguard the hard work of all Associates, MAX strongly discourages changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Associate and marketing organization. Accordingly, the transfer of a MAX business from one sponsor to another is rarely permitted.

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

3.5.1 - Misplacement

In cases in which the new Associate is sponsored by someone other than the individual he or she was led to believe would be his or her Sponsor, an Associate may request that he or she be transferred to another organization with his or her entire marketing organization intact. Requests for transfer under this policy will be evaluated on a case-by-case basis and must be made by 5:00 pm, Mountain Time, on or before the third business day following the date of the application. The request must be submitted to MAX on the 72-Hour Correction Request Form, available at www.maxgxl.com/forms. The Associate requesting the change has the burden of proving that he or she was placed beneath the wrong sponsor. It is up to MAX's discretion whether the requested change will be implemented.

3.5.2 - Cancellation and Re-Application

An Associate may legitimately change organizations by voluntarily canceling his or her MAX business and remaining inactive (i.e., no purchases of MAX products for resale, no sales of MAX products, no sponsoring, no attendance at any MAX functions, participation in any other form of Associate activity, or operation of any other MAX business) for six (6) full calendar months. Following the six month period of inactivity, the former Associate may reapply under a new sponsor, however, the former Associate's downline will remain in their original line of sponsorship.

3.5.3 - Waiver of Claims for Unauthorized Organization Changes

In cases wherein the appropriate sponsorship change procedures have not been followed, and a downline organization has been developed in the second business developed by an Associate, MAX reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, DISTRIBUTORS WAIVE ANY AND ALL CLAIMS AGAINST MAX, ITS OFFICERS, DIRECTORS, OWNERS, AGENTS

AND EMPLOYEES THAT RELATE TO OR ARISE FROM MAX'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.

3.6 - Unauthorized Claims and Action

3.6.1 - Indemnification

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

3.6.2 - Product Claims

No claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by MAX may be made except those contained in official MAX literature. In particular, no Associate may make any claim that MAX products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only so such claims violate MAX policies, but they potentially violate federal and state laws and regulations, including the federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act.

3.6.3 - Income Claims

In their enthusiasm to enroll prospective Associates, some Associates are occasionally tempted to make income claims or earnings representations to demonstrate the inherent power of network marketing. This is counterproductive because new Associates may become disappointed very quickly if their results are not as extensive or as rapid as the results others have achieved. At MAX, we firmly believe that the MAX 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 Associates 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 MAX as well as the Associate making the claim unless appropriate disclosures required by law are also made contemporaneously with the income claim or earnings representation. Because MAX Associates do not have the data necessary to comply with the legal requirements for making income claims, an Associate, when presenting or discussing the MAX opportunity or Marketing and Compensation Plan to a prospective Associate, may not make income projections, income claims, or disclose his or her MAX income (including the showing of checks, copies of checks, bank statements, or tax records).

3.7 - Commercial Outlets

Associates may not sell Max products from a commercial outlet, nor may Associates display or sell Max products in any retail or service establishments where competitive products are displayed or sold.

3.8 - Trade Shows, Expositions and Other Sales Forums

Associates may display and/or sell MAX products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Associates must contact the Associate Services department in writing for conditional approval, as MAX's policy is to authorize only one MAX business per event. Final approval will be granted to the first Associate who submits an official advertisement of the event, a copy of the contract signed by both the Associate and the event official, and a receipt indicating that a deposit for the booth has been paid. Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Associate Services Department. MAX 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 MAX 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 MAX wishes to portray.

3.9 - Conflicts of Interest

3.9.1 - Nonsolicitation

MAX Associates 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, Associates may not directly or indirectly Recruit other MAX Associates or Customers for any other network marketing business.

Following the cancellation of an Associate's independent Associate Agreement, and for a period of six calendar months thereafter, with the exception of those Associates who are personally sponsored by the former Associate, a former Associate may not Recruit any MAX Associate or Customer for another network marketing business. Associates 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, Associates and MAX agree that this non-solicitation provision shall apply to all markets in which MAX conducts business.

The term "Recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another MAX Associate or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

3.9.2 - Sale of Competing Goods or Services

Associates must not sell, or attempt to sell, any competing non-MAX programs, products or services to MAX Customers or Associates. Any program, product or services in the same generic categories as MAX products or services is deemed to be competing, regardless of differences in cost, quality or other distinguishing factors.

3.9.3 - Associate Participation in Other Direct Selling Programs

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

- Associates shall not display MAX promotional material, sales aids, products or services with or in the same location as, any non-MAX promotional material or sales aids, products or services.
- Associates shall not offer the MAX opportunity, products or services to prospective or existing Customers or Associates in conjunction with any non-MAX program, opportunity, product or service.
- Associates may not offer any non-MAX opportunity, products, services or opportunity at any MAX-related meeting, seminar or convention, or within two hours and a five mile radius of the MAX event. If the MAX meeting is held telephonically or on the internet, any non-MAX meeting must be at least two hours before or after the MAX meeting, and on a different conference telephone number or internet web address from the MAX meeting.
- Max Associates cannot serve as a supplier, vendor or consultant for goods and services to Max International.
- Max Associates understand that Max Corporate decisions will be made by majority and no one owner or manager can make policy decisions or approval. Associates will not solicit one or more corporate officers or managers for special favors or exceptions.

3.9.4 - Downline Activity (Genealogy) Reports

MAX may, in its discretion, provide Associates with a downline genealogy report in conjunction with an Associate's replicated website. Access to a genealogy report is a privilege, and not a right. MAX reserves the right to deny Associates' access to a genealogy report at its sole discretion.

All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to MAX. Downline Activity Reports are provided to Associates in strictest confidence and are made available to Associates for the sole purpose of assisting Associates in working with their respective Downline Organizations in the development of their MAX business. Associates should use their Downline Activity Reports to assist, motivate, and train their downline Associates. The Associate and MAX agree that, but for this agreement of confidentiality and nondisclosure, MAX would not provide Downline Activity Reports to the Associate. Therefore, if a Downline Activity Report is provided to an Associate, the Associate shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- Directly or indirectly disclose any information contained in any Downline Activity Report to any third party;
- Directly or indirectly disclose the password or other access code to his or her Downline Activity Report;
- Use the information to compete with MAX or for any purpose other than promoting his or her MAX business;
- Recruit or solicit any Associate or Customer of MAX listed on any report, or in any manner attempt to influence or

- induce any Associate or Customer of MAX, to alter their business relationship with MAX; or
- Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Downline Activity Report.
- Upon demand by the Company, any current or former Associate will return the original and all copies of Downline Activity Reports to the Company.

3.10 - Targeting Other Direct Sellers

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

3.11 - 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 Associate Agreement on file with MAX, 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, fictitious ID numbers, any straw-man or other artifice to circumvent this policy is prohibited. Associates shall not demean, discredit or defame other MAX Associates in an attempt to entice another Associate to become part of the first Associate's marketing organization. This policy shall not prohibit the transfer of a MAX business in accordance with Section 3.5.

If Cross Sponsoring is discovered, it must be brought to the Company's attention immediately. MAX may take disciplinary action against the Associate that changed organizations and/or those Associates who encouraged or participated in the Cross Sponsoring. MAX may also move all or part of the offending Associate's downline to his or her original downline organization if the Company deems it equitable and feasible to do so. However, MAX is under no obligation to move the Cross Sponsored Associate's downline organization, and the ultimate disposition of the organization remains within the sole discretion of MAX. Associates waive all claims and causes of action against MAX, its officers, directors, owners, agents, and employees arising from or relating to the disposition of the Cross Sponsored Associate's downline organization.

3.12 - Errors or Questions

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

3.13 - 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, Associates shall not represent or imply that MAX or its Marketing and Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

3.14 - Holding Applications or Orders

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

3.15 - Identification

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

3.16 - Income Taxes

Each Associate is responsible for paying local, state, and federal taxes on any income generated as an Independent As-

sociate. If a MAX business is tax exempt, the Federal tax identification number must be provided to MAX. Every year, MAX 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. MAX reserves the right to make appropriate withholdings from any Associate's income if they provide an inaccurate social security number or Federal Tax Identification number.

3.16.1 - Non-U.S. Citizens Associates

If an Associate is not a United States citizen, the Associate must submit a form W8-BIN. Otherwise MAX will withhold the maximum amount allowed under the Internal Revenue Code or IRS Regulation.

3.17 - Independent Contractor Status

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

3.18 - Insurance

You may wish to arrange insurance coverage for your business. Your homeowner's insurance policy does not cover business-related injuries, or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain that your business property is protected. This can often be accomplished with a simple "Business Pursuit" endorsement attached to your present home owner's policy.

3.19 - International Marketing

MAX has published or will publish a policy manual for each country in which it conducts or will conduct business. Associates operating outside of the United States must comply with the policies of each country in which they operate. Copies of the international policy manuals are or will be available at www.maxgxl.com.

3.20 - Inventory Loading

Associates must never purchase more products than they can reasonably use or sell to retail customers in a month, and must not influence or attempt to influence any other Associate to buy more products than they can reasonably use or sell to retail customers in a month.

3.21 - Adherence to Laws and Ordinances

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

3.22 - Minors

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

3.23 - One MAX Business per Associate and per Household

An Associate may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one MAX business. No individual may have, operate or receive compensation from more than one MAX business. Individuals of the same family unit may not enter into or have an interest in more than one MAX Business. A "family unit" is defined as spouses and dependent children living at or doing business at the same address.

In order to maintain the integrity of the MAX Marketing and Compensation Plan, husbands and wives or common-law couples (collectively "spouses") who wish to become MAX Associates must be jointly sponsored as one MAX business. Spouses, regardless of whether one or both are signatories to the Associate Application and Agreement, may not own or operate any other MAX business, either individually or jointly, nor may they participate directly or indirectly (as a shareholder, partner, trustee, trust beneficiary, or any other legal or equitable ownership) in the ownership or management of

another MAX business in any form.

An exception to the one business per Associate rule will be considered on a case by case basis if two Associates marry or in cases of an Associate receiving an interest in another business through inheritance. Requests for exceptions to policy must be submitted in writing to the Compliance Department.

3.23.1 - Spouses With Separate Businesses Pre-Dating March 1, 2009

Spouses that each owned a MAX business prior to March 1, 2009 may retain their separate businesses. Notwithstanding this exemption, spouses may have a shared or joint interest in only one MAX business.

3.23.2 - Adult Children in the Household

The children of an Associate who have reached the age of 18 and who reside in the household of an Associate may have their own business. However, such child must be the bona fide owner and operator of the business, and all orders and fees must be paid through a credit card that is in the name of the child.

3.24 - Actions of Household Members or Affiliated Individuals

If any member of an Associate's immediate household engages in any activity which, if performed by the Associate, would violate any provision of the Agreement, such activity will be deemed a violation by the Associate and MAX may take disciplinary action pursuant to the Statement of Policies against the Associate. Similarly, if any individual associated in any way with a corporation, partnership, trust or other business entity (collectively "affiliated individual") violates the Agreement, such action(s) will be deemed a violation by the business entity, and MAX may take disciplinary action against the entity. Likewise, if an Associate enrolls in MAX as a business entity, each shareholder, officer, member, partner, or other individual or entity with an ownership interest or management responsibility in the independent business shall be personally and individually bound to, and must comply with, the terms and conditions of the Agreement, and MAX may take disciplinary action jointly and severally against each such individual with an ownership interest.

3.25 - Requests for Records

Any request from an Associate 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.

3.26 - Sale, Transfer, Assignment or Alteration of Ownership Interest of MAX Business

Although a MAX business is a privately owned, independently operated business, the sale, transfer, assignment, or alteration of ownership interest (e.g. adding a partner) of a MAX business is subject to certain limitations. If an Associate wishes to sell his or her MAX business, the following criteria must be met:

- Protection of the existing line of sponsorship must always be maintained so that the MAX business continues to be operated in that line of sponsorship.
- The buyer or transferee must become a qualified MAX Associate. If the buyer is an active MAX Associate, he or she must first terminate his or her MAX business before acquiring any interest in a different MAX business.
- Before the sale, transfer or assignment can be finalized and approved by MAX, any debt obligations the selling Associate has with MAX must be satisfied.
- The selling Associate 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 MAX business.
- A Max business can be sold as long as the following criteria are met:
 - a. Max business must be at a silver or higher rank for three consecutive months immediately prior to the sale.
 - b. The Max business for sale cannot have a qualified Gold or higher executive in the downline enrollment tree.
- While Max will not withhold approval of sale or transfer unreasonably, Max reserves the right to prevent such sale if sale imperils Max business and/or to negotiate transfer or sale of Associate's position to Max itself.

Prior to selling a MAX business, the selling Associate must notify MAX's Associate Services Department of his or her intent to sell the MAX business. No changes in line of sponsorship can result from the sale or transfer of a MAX business. An Associate may not sell, transfer or assign individual business centers; if a business is sold, transferred or assigned, all business centers must be included in the transaction. The selling Associate must submit a properly completed Transfer of Ownership Form and a \$150.00 transfer fee to MAX to initiate the transfer process.

3.27 - Separation of a MAX Business

MAX Associates sometimes operate their MAX 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 enti-

ties 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 Associates and the Company in a timely fashion, MAX will involuntarily terminate the Associate Agreement.

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

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

3.27.2 - The parties may continue to operate the MAX business jointly on a “business-as-usual” basis, whereupon all compensation paid by MAX 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 MAX split commission and bonus checks between divorcing spouses or members of dissolving entities. MAX will recognize only one Downline Organization and will issue only one commission check per MAX 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 in a timely fashion as determined by the Company, the Associate Agreement shall be involuntarily canceled.

If a former spouse has completely relinquished all rights in the original MAX business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as an Associate. In either case however, the former spouse or business affiliate shall have no rights to any Associates 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 Associate.

3.28 - Sponsoring

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

3.29 - Succession

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

- Execute an Associate Agreement;
- Comply with terms and provisions of the Agreement; and
- Meet all of the qualifications for the deceased Associate’s status.
- Bonus and commission checks of a MAX business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide MAX with an “address of record” to which all bonus and commission checks will be sent;
- If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer identification number. MAX will issue all bonus and commission checks and one 1099 to the business entity.

3.29.1 - Transfer Upon Death of an Associate

To effect a testamentary transfer of a MAX business, the executor of the estate must provide the following to MAX: (1) an original death certificate; (2) certified letters testamentary or a letter of administration appointing an executor; (3) instructions from the authorized executor to MAX specifying to whom the business and income should be transferred; and (4) a completed Associate Agreement executed by the beneficiary.

3.29.2 - Transfer Upon Incapacitation of an Associate

To effectuate a transfer of a MAX business because of incapacity, the successor must provide the following to MAX: (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 MAX business; and (3) a completed Associate Agreement executed by the trustee.

3.30 - 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 MAX does not consider Associates 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).

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

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

SECTION 4 - RESPONSIBILITIES OF DISTRIBUTORS

4.1 - Change of Address, Telephone, and Email Addresses

To ensure timely delivery of products, support materials, and commission checks, it is critically important that the MAX's files are current. Street addresses are required for shipping since UPS cannot deliver to a post office box. Associates planning to change their e-mail address or move must send their new address and telephone numbers to MAX's Corporate Offices to the attention of the Associate Services Department. To guarantee proper delivery, two weeks advance notice must be provided to MAX on all changes.

4.2 - Continuing Development Obligations

4.2.1 - Ongoing Training

Regardless of their level of achievement, Associates have an ongoing obligation to continue to personally promote sales by generating new customers and servicing their existing customers.

4.2.2 - Increased Training Responsibilities

As Associates progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the MAX program. They will be called upon to share this knowledge with lesser experienced Associates within their organization.

4.2.3 - Ongoing Sales Responsibilities

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

4.3 - Nondisparagement

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

4.4 - Providing Documentation to Applicants

Associates must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Associates before the applicant signs an Associate Agreement. Additional copies of Policies and Procedures can be downloaded from MAX's website.

4.5 - Reporting Policy Violations

Associates observing a Policy violation by another Associate should submit a written report of the violation directly to the attention of the MAX 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 5 - SALES REQUIREMENTS

5.1 - Product Sales

The MAX Marketing and Compensation Plan is based on the sale of MAX products and services to end consumers. Associates must satisfy the Personal Commissionable Volume requirements associated with their rank as specified in the MAX Marketing and Compensation Plan. "Personal Commissionable Volume" includes purchases made by the Associate and purchases made by the Associate's personal customers and Preferred Customers.

5.2 - No Territory Restrictions

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

5.3 - Sales Receipts

All Associates must provide their retail customers with two copies of a sales receipt at the time of the sale. Associates must maintain all retail sales receipts for a period of two years and furnish them to MAX at the Company's request. Records documenting the purchases of Associates' Preferred Customers will be maintained by MAX.

Remember that customers must receive two copies of the sales receipt. In addition, Associates must orally inform the buyer of his or her cancellation rights.

SECTION 6 - BONUSES AND COMMISSIONS

6.1 - Bonus and Commission Qualifications

An Associate must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as an Associate complies with the terms of the Agreement, MAX shall pay commissions to such Associate in accordance with the Marketing and Compensation plan. The minimum amount for which MAX will issue a check is \$10.00. If an Associate's bonuses and commissions do not equal or exceed \$10.00, the Company will accrue the commissions and bonuses

until they total \$10.00. A check will be issued once \$10.00 has been accrued.

6.2 - Adjustment to Bonuses and Commissions

6.2.1 - Adjustments for Returned Products

Associates receive bonuses and commissions based on the actual sales of products and services to end consumers. When a product is returned to MAX 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 upline Associates who received bonuses and commissions on the sales of the refunded products.

6.3 - Reports

All information provided by MAX in online or telephonic downline activity reports, including but not limited to Personal Commissionable Volume (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors including but not limited to 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 MAX or any persons creating or transmitting the information.

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

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, MAX AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY DISTRIBUTOR 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 MAX 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, MAX 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 MAX' online and telephone reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is". If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to MAX' online and telephone reporting services and your reliance upon the information.

SECTION 7 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

7.1 - Product Guarantee

MAX offers a 30-day money-back satisfaction guarantee (less shipping charges and fees) to all Customers and Associates. If for any reason a Customer or Associate is dissatisfied with any MAX product, he or she may return the unused portion of the product to max for a full refund (less shipping charges) within 30 days from the date of purchase. Following this 30 day period, returned items must be in Resalable (see definition of "Resalable" in Section 11) condition and will be subject to an additional 10% restocking fee. This product satisfaction guarantee applies only to MAX products and does not apply to starter kits or sales aids purchased by Associates. Starter Kits and sales aids are subject to the refund provisions in Section 7.4, below.

If an Associate returns \$300.00 or more of merchandise for a refund in any 12 consecutive month period (excluding damaged merchandise, which will be replaced), the return(s) constitute an inventory repurchase and MAX will repurchase the goods pursuant to the terms of Section 7.4. and cancel the Associate Agreement.

7.2 - Returns by Retail Customers

MAX offers, through its Associates, a 100% 30 day money-back guarantee to all retail customers. Every Associate is bound to honor the retail customer guarantee. If, for any reason, a retail customer is dissatisfied with any MAX product, the retail customer may return the unused portion of the product to the Associate from whom it was purchased, within 30 days, for a replacement, exchange or a full refund of the purchase price (including shipping costs).

7.3 - Right of Rescission

A retail customer who makes a purchase of \$25.00 or more from an Associate has three business days (72 hours, excluding Sundays and legal holidays) 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 (5 business days for Alaska residents). When an Associate makes a sale, enrolls a new Associate, or takes an order from a retail customer who cancels or requests a refund within the 72 hour period, the Associate must promptly refund the customer's money as long as the products and/or sales kit are returned to the Associate in substantially as good condition as when received. Additionally, Associates must orally inform customers of their right to rescind a purchase or an order within 72 hours (5 business days for Alaska residents), and ensure that the date of the order, enrollment, or purchase is entered on the order form and/or Associate Application and Agreement. All retail customers must be provided with two copies of a sales receipt at the time of the sale.

7.4 - Return of Inventory and Sales Aids by Associates Upon Cancellation

Upon cancellation of an Associate's Agreement, the Associate may return his or her Starter Kit and any products and sales aids held in his or her inventory for a refund. Associates may only return Starter Kits, products and sales aids that he or she personally purchased from MAX (purchases from other Associates or third parties are not subject to refund) and which are in Resalable (see Definition of "Resalable" in Section 11) condition and which have been purchased within one year prior to the date of cancellation. Upon receipt of a Resalable Starter Kit and/or Resalable products and sales aids, the Associate will be reimbursed 90% of the net cost of the original purchase price(s). Shipping charges incurred by an Associate when the Starter Kit, products or 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. If an Associate was paid a commission based on a product(s) that he or she purchased, and such product(s) is subsequently returned for a refund, the commission that was paid based on that product purchase will be deducted from the amount of the refund.

7.4.1 - Montana Residents

A Montana resident may cancel his or her Associate Agreement within 15 days from the date of enrollment, and may return his or her starter kit for a full refund within such time period.

7.5 - Procedures for All Returns

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

- All merchandise must be returned by the Associate or customer who purchased it directly from MAX.
- All products to be returned must have a Return Authorization Number which is obtained by calling the Associate Services Department. This Return Authorization Number must be written on each carton returned.
- The return is accompanied by:
 - A completed and signed Consumer Return Form;
 - A copy of the original dated retail sales receipt; and
 - The unused portion of the product in its original container.
- Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to MAX shipping pre-paid. MAX does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Associate. If returned product is not received by the Company's Distribution Center, it is the responsibility of the Associate to trace the shipment.
- If an Associate is returning merchandise to MAX that was returned to him or her by a personal retail customer, the product must be received by MAX within ten (10) days from the date on which the retail customer returned the merchandise to the Associate, and must be accompanied by the sales receipt the Associate gave to the customer at the time of the sale.

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

SECTION 8 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

8.1 - 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 Associate that, in the sole discretion of the Company may damage its reputation or goodwill (such damaging act or omission need not be related to the Associate's MAX business), may result, at MAX's discretion, in one or more of the following corrective measures:

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

8.2 - Grievances and Complaints

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

8.3 - Mediation

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

8.4 - Arbitration

If mediation is unsuccessful, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Associates waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in Salt Lake City, Utah. 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.

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

8.5 - Governing Law, Jurisdiction and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Salt Lake County, State of Utah. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Utah shall govern all other matters relating to or arising from the Agreement. Notwithstanding the foregoing, and the arbitration provision in Section 8.4 residents of the State of Louisiana shall be entitled to bring an action against MAX in their home forum and pursuant to Louisiana law.

SECTION 9 - PAYMENT AND SHIPPING

9.1 - Returned Checks

All checks returned by an Associate'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 Associate. After receiving a returned check from a customer or an Associate, all future orders must be paid by Credit Card, money order or cashier's check. Any outstanding balance owed to MAX by an Associate for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.

9.2 - Restriction on Third Party Use of Credit Cards and Checking Account Access.

Associates shall not permit other Associates or customers to use his or her credit card, or permit debits to their checking accounts, to enroll or to make purchases from the company, without written permission submitted to the company.

Credit Card Abuse or credit card charge backs, Associate Agreement may be immediately cancelled.

9.3 - Sales Taxes

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

By virtue of its business operations, MAX is required to charge sales taxes on all purchases made by Associates and Customers, and remit the taxes charged to the respective states. Accordingly, MAX will collect and remit sales taxes on behalf of Associates, based on the suggested retail price of the products, according to applicable tax rates in the state or province to which the shipment is destined. If an Associate has submitted, and MAX has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Associate. Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by MAX is not retroactive.

Preferred Customers are not allowed to resale product and agree that they are the end consumer of the product.

SECTION 10 - INACTIVITY AND CANCELLATION

10.1 - Effect of Cancellation

So long as an Associate remains active and complies with the terms of the Associate Agreement and these Policies and Procedures, MAX shall pay commissions to such Associate in accordance with the Marketing and Compensation Plan. An Associate's bonuses and commissions constitute the entire consideration for the Associate's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following an Associate's non-renewal of his or her Associate Agreement, cancellation for inactivity, or voluntary or involuntary cancellation of his or her Associate Agreement (all of these methods are collectively referred to as "cancellation"), the former Associate 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 Associate whose business is cancelled will lose all rights as an Associate. This includes the right to sell MAX products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Associate's former downline sales organization. In the event of cancellation, Associates 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 Associate's cancellation of his or her Associate Agreement, the former Associate shall not hold himself or herself out as a MAX Associate and shall not have the right to sell MAX products or services. An Associate whose Associate 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).

10.2 - Cancellation Due to Inactivity

If an Associate has not purchased product or have qualifying (PV) personal volume for six consecutive months (and thus become "inactive"), his or her Associate Agreement shall be canceled for inactivity.

10.3 - Involuntary Cancellation

An Associate's violation of any of the terms of the Agreement, including any amendments that may be made by MAX in its sole discretion, may result in any of the sanctions listed in Section 8.1, including the involuntary cancellation of his or her Associate Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed, or delivered to an express courier, to the Associate's last known address (or fax number), or to his/her attorney, or when the Associate receives actual notice of cancellation, whichever occurs first.

MAX reserves the right to terminate all Associate 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.

10.4 - Voluntary Cancellation

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

10.5 - Non-renewal

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

SECTION 11 - DEFINITIONS

Active Associate — An Associate who satisfies the minimum Personal Commissionable Volume requirements, as set forth in the MAX Plan, to ensure that he or she is eligible to receive bonuses and commissions. To remain an Active Associate, the Associate must have made a product purchase at least once every six consecutive months.

Active Rank — The term "active rank" refers to the current rank of an Associate, as determined by the MAX Plan, for any month. To be considered "active" relative to a particular rank, an Associate must meet the criteria set forth in the MAX Plan for his or her respective rank.

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

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

Downline Activity Report — A report generated by MAX, and available on in an Associate's replicated website, that provides critical data relating to the identities of Associates, sales information, and enrollment activity of each Associate's Marketing Organization. This report contains confidential and trade secret information which is proprietary to MAX.

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

Official MAX Material — Literature, audio or video tapes, and other materials developed, printed, published and distributed by MAX or its authorized re-sellers to Associates.

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

Personal Commissionable Volume (PSV) — The commissionable value of products sold in a calendar month: (1) by the Company to an Associate; and (2) by the Company to the Associate's personally enrolled Customers.

Rank — The "title" that an Associate has achieved pursuant to the MAX Marketing and Compensation Plan.

Recruit — For purposes of MAX's Conflict of Interest Policy (Section 3.10), the term "Recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another MAX Associate or Customer to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

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

Retail Customer — An individual who purchases MAX products from an Associate but who is not a participant in the MAX Plan.

Retail Customer — An individual or entity that purchases MAX products or services, but who is not an Associate, or an immediate household family member of an Associate.

Retail Sales — Sales to a Retail Customer. If a sale is made to a customer who subsequently submits a MAX Associate Agreement within 30 days from the date of the sale, or if an immediate household family member of the Customer submits a MAX Associate Agreement within 30 days of the sale, such sale shall not constitute a Retail Sale. An Associate's personal purchases from MAX do not constitute Retail Sales.

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

Starter Kit — A selection of MAX training materials and business support literature that each new Independent Marketing Associate is required to purchase (optional in North Dakota). The Starter Kit is sold to Associates at the Company's cost.

Upline — This term refers to the Associate or Associates above a particular Associate in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular Associate to the Company.

NOTES

1. Every page of a genealogy report (downline activity report) should have a header or footer that indicates the confidential nature of the report. For example:

All Associate genealogy reports are confidential, proprietary information of MAX, and constitute a business trade secret belonging to MAX. Genealogy reports may only be used in accordance with and for the limited purposes set forth in the MAX Policies and Procedures.

If your printer has the ability to print the header in a different color, like red, it would be a good idea to do so. If not, perhaps you can alter the size or type style of the font (e.g., bold and italics) to draw attention to the clause.

2. You need to implement a procedure to ensure that notice of all modifications of the Policies and Procedures is given to all Associates. Otherwise, any changes that are made will not be enforceable.

3. If you will not require Associates to purchase a Starter Kit, you must ensure that they receive a copy of these Policies and Procedures when they execute an Associate Application and Agreement.
4. On all forms containing Social Security numbers or credit card purchases (e.g., Associate Application, Auto-Ship Agreements, and Order Forms), ensure that only the forms going to the Company contain Social Security numbers or credit card information. The remaining copies should have those boxes “blacked-out.”
5. Ensure that MIS programs the order entry and Auto-Ship screens to check for the existence of the same credit card or checking account.
6. Ensure that MIS programs the new Associate screen to check for the existence of the same address.
7. Ensure that MIS programs the system to recapture commissions paid out if products are returned.
8. If you are using a binary compensation plan, make sure that the term “Business Center” is defined in the marketing and compensation plan.