

IonWays, LLC Policies and Procedures –

August 2011

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SUMMARY OF POLICIES AND PROCEDURES

Purpose of the Summary

The following summary of the IonWays, LLC Policies and Procedures provides a brief overview of certain key points. It is intended as a point of reference only; it is not a complete statement of Policies and Procedures and should not be used as a substitute for them.

Independent Authorized Distributor (IAD)'s are required to read and adhere to the terms of the full Policies (which follow below on Page #6). In the event of any dispute or grievance, the full text of the Policies shall govern.

Section 1 - Introduction

Every IonWays, LLC IAD must understand that the Policies and Procedures are part of their *Distributors and Dealers Agreement* with IonWays, LLC. The "*Distributors and Dealers Agreement*" expressly incorporates the Policies and Procedures, *Distributors and Dealers Application*, and the *IonWays Global Pay Plan*. As such, the *Distributors and Dealers Agreement* establishes the rules governing the conduct of business between IonWays, LLC and Independent IAD's.

Section 2 – Distributor's Bill of Rights

IonWays, LLC, Inc is a company founded on unique and valuable philosophies involving joint cooperation between the Company and its Distributors and Dealers. Part of this philosophy is found in our Distributor's Bill of Rights. An IAD Board of Representatives is mandated as well as specific framework to ensure that all decisions involving product and compensation are brought before this Board for review and input. IAD suspensions and terminations under the infractions listed in this Policies and Procedures are handled in a process manner involving the Compliance Team, which is comprised of The IonWays Compliance Officer and selected members of the Board. Other practices are outlined.

Section 3 - Becoming Independent Authorized Distributor (IAD's)

A prospective IAD must enroll online, review the Full IonWays, LLC Policies and Procedures and pay the required Distributor Fee. Specific eligibility requirements are found in the body of the Policies and Procedures.

Section 4 – Operating an IonWays, LLC IAD Business

IAD's must have integrity and conform to the standards of conduct described in Section 3. The following is a brief synopsis of the most critical aspects of these Policies.

Adherence to IonWays, LLC Policies and the Law:

I. IAD's must adhere to the Policies and Procedures of the *Distributors and Dealers Agreement*, as well as all laws, regulations, and ordinances.

II. Promoting the IonWays, LLC IonWays Global Pay Plan in any manner that is inconsistent with the Plan, as specifically set forth in official IonWays, LLC literature, is prohibited.

Advertising:

I. Only Manager and Executive Level and above Independent *IAD*'s may produce individual sales and marketing aids for use in promoting their IonWays, LLC businesses; however, they must obtain IonWays, LLC's prior written approval before using created promotional items.

II. IAD's must direct all media inquiries to IonWays, LLC's corporate office; IAD's are advised not to discuss IonWays, LLC with the media.

III. IAD's are not permitted to use IonWays, LLC's trademarks or copyrighted materials without first obtaining IonWays, LLC's written permission.

IV. IAD's must make legal and honest sales statements in promoting IonWays, LLC's products and programs.

V. IAD's may not make income claims or claims about the benefits of IonWays, LLC products other than those specifically contained in IonWays, LLC literature or on the IonWays, LLC company website.

VI. No IAD shall utilize SPAM or "Unsolicited Fax Blast" marketing, nor may an IAD violate

any State or Federal "Do Not Call" registry. Any such activity will result in termination and may result in additional civil or criminal charges against the IAD.

Protection of Trade Secrets and Non-competition:

I. The identity of IonWays, LLC's IAD's is a proprietary trade secret. IAD's must not disclose or distribute any IonWays, LLC Downline Genealogy Report to any third party.

II. IAD's may not recruit or enroll any other IonWays, LLC IAD's, not personally enrolled, into another direct sales, multilevel marketing, or network marketing business.

III. IAD's must not promote any other opportunity in conjunction with an IonWays, LLC event.

IV. Sales of products competing with those of IonWays, LLC to IonWays, LLC IAD's or Customers are prohibited.

Sales and Enrollment Activities:

I. Commercial retail establishments: IAD's may display and sell IonWays, LLC products in commercial outlets where the IAD personally mans the outlet. IonWays, LLC products may not be displayed together with other competing products that are similar or sold through other companies.

II. Internet retailing / Internet website/marketing platform sales: IAD's in good standing may (a) sell IonWays, LLC products; and (b) promote the IonWays, LLC distributorship program, on websites/other internet or electronic marketing platforms conforming to the following provisions. Non-compliance of any provision will result in disciplinary action from IonWays Compliance Division as detailed in Section 4.4.1 item d), up to and including termination of your IonWays Distributorship.

a) Any website or other internet-based web pages or web-marketing platforms displaying IonWays, LLC products or information relating to the IonWays, LLC distributorship program must conform to the IonWays Webpage Design Standards. The IonWays Webpage Design Standards can be found in the Resource Center section of your back office in the folder titled "IonWays Web Design Standards".

b) IonWays, LLC products being displayed with pricing shall be required to display the IonWays banner style logo (included in the Webpage Design Standards folder) that includes the tag-line "Authorized IonWays Distributor". Each page must use the approved web-copy and images included.

c) MAP (Minimum Advertised Pricing) Policy: Any page showing IonWays, LLC products with pricing must display the approved current IonWays, LLC retail pricing only and show no "special pricing", "specials", "sales", "promotions", "packages" or other unique propositions or offers.

Please refer to Section 4.4.1 for additional details regarding Item II.

III. Displays at trades shows and expositions are only permissible upon prior company written approval from the *IonWays Compliance Department*.

IV. Representing that any governmental agency (national or international) has approved of or endorsed IonWays, LLC is prohibited.

V. IAD's may engage in enrollment and sales activities only in countries in which IonWays, LLC is officially operating.

VI. IonWays, LLC products must be sold in their original containers. IAD's must not alter the packaging or labeling in any way.

IonWays, LLC Distributors and Dealers Services:

IAD's are not employees of IonWays, LLC. IAD's are independent contractors and must pay their own taxes as well as make appropriate contributions to any state, federal, territorial, or provincial unemployment or worker's compensation fund.

Transferring a Business:

I. IAD's cannot sell, assign, or transfer their business to any third party without IonWays, LLC's written approval – this approval will not be unreasonably withheld. The business must attain the rank of Manager and earn a minimum of 10 Pay Points before the position is eligible for transfer.

II. In the event of a divorce between spouses operating an IAD business or the dissolution of a business entity operating the same, the parties involved must determine who will be the recipient of the business. IonWays, LLC will not divide businesses or split commissions.

III. An IonWays, LLC business may be transferred by will or other testamentary instrument.

Distributors and Dealers Relationships and Interactions:

I. IAD's must not persuade or otherwise encourage or facilitate other IAD's to change lines of sponsorship or placement.

II. IAD's may be allowed to transfer lines of sponsorship only under very specific conditions:

1) Wait six (6) calendar months after voluntary cancellation before re-enrolling under a new line of sponsorship;

2) Cancel the original IAD Agreement in writing, be completely inactive for six (6) consecutive calendar months, and re-enroll under a new line of sponsorship. Any and all IAD downline organization previously created will remain under the first original sponsor.

Section 5 - Responsibilities of IAD's and Sponsors

IAD's are obligated to perform a bonafide supervisory function to ensure that their respective Downline Organizations are properly operating their IonWays, LLC business. IAD's must train, motivate, and supervise their Downline IAD's and continue to promote sales by generating new customers and servicing their existing customers. IAD's should report any observed violations of the *Distributors and Dealers* Agreement to their upline IAD Executive.

Section 6 - Sales Requirements

Product and Equipment sales to end consumers are the driving force behind the IonWays, LLC program. The purchase of more inventory than an IAD can reasonably resell or personally consume is strictly prohibited. IAD's must resell at least, seventy percent (70%) of their product or equipment orders to customers or end users before purchasing more product or equipment. IAD's must develop at least three (3) active

Retail Customers every three(3)months. IAD's must provide Retail Customers with a dated sales receipt at the time of delivery of merchandise. IAD's are free to sell IonWays, LLC products at whatever retail price they choose; IonWays, LLC's suggested retail price is a recommendation only. IAD's may not advertise in any media, electronic, print or otherwise, an IonWays equipment or product selling price that is less than the company's suggested retail. IAD's may not advertise total price reducing discounts involving "Free Shipping" or other similar incentives. IonWays, LLC's products may not be sold by any IAD on any online auction site.

Section 7 - Bonuses and Commissions

IAD's will be paid sales commissions and bonuses on a weekly basis as long as they qualify for commissions and bonuses under IonWays, LLC's IonWays Global Pay Plan and comply with the terms and conditions of their IAD Agreement. Commissions and bonuses are the result of product sales. Accordingly, commissions and bonuses will be adjusted when merchandise is returned for a refund. The sales volume attributable to returned product will be deducted from the Upline IAD's' Team Sales Volume either prior to or within the first two weeks from when the refund is given. If a sale is made and placed in an incorrect webstore, The selling IAD is given 90 days from the date of purchase to resolve this matter by contacting Customer Service. The matter will be researched and then once approved, BV, Commissions and Bonuses will be adjusted accordingly.

Section 8 - Product Guarantees, Returns, and Inventory Repurchase

IonWays, LLC warrants the quality of its products and will exchange any damaged or defective merchandise. IonWays, LLC offers a fourteen-day, 100%, money-back refund on merchandise sold to Retail Customers as a Retail Sale through the Distributor's or Dealer's official IonWays WebStore™. IAD's are also offered a fourteen-day, 80%, money-back guarantee on merchandise when returned to the company in like new re-saleable condition – this applies to First Sale or First Purchase Only. *ProPak equipment group purchases are never refundable under any circumstances because they are only available to Distributors and

Dealers who have had previous sales/purchases experience with IonWays and are never first sales/purchases. Returns for refunds in excess of \$100.00 by an IAD will result in a Voluntary Cancellation of his/her IAD Agreement. The products must be in resalable condition and in original packaging. Resigning IAD's may be entitled to additional buy-back provisions – see paragraph 8.2.3. All refunds are issued back to the original credit/debit card with which the product was purchased. Refunds are issued after the merchandise is received back and inspected by IonWays, LLC. In the case of a money order, cashier's or personal check used for payment, refund will be issued via a company check after merchandise is received back and inspected by IonWays, LLC.

Section 9 - Dispute Resolution and Disciplinary Proceedings

IAD's should attempt to resolve their own field related and organization disputes or seek assistance from their upline Executive IAD Advisory Board Member first. If the upline leadership cannot resolve the problem, he/she should send a written complaint to IonWays, LLC's Compliance Department.

Section 10 - Ordering

Specific instructions on ordering IonWays, LLC products are contained in Section 10 of this manual. Refer to this section for answers to specific questions regarding ordering procedures, back-order policies, order confirmation, payment methods, and the Direct Retail Customer Program.

Section 11 - Payment & Shipping

You can pay for IonWays, LLC products with cashier's checks, money orders, credit cards or pre-approved financing.

Section 12 - Distributors and Dealers Services

IAD's should refer questions pertaining to accounts, orders, enrollments, Downline Organizations, or the IonWays Global Pay Plan to the Distributor Support Department (IAD Support). IAD's must report errors on commissions and orders to *Distributor Support* within thirty (30) days of the date of the error. IAD's must also update their online account for all account changes, such as a change of

address, email address, telephone contact information or the addition of a spouse to an application. Distributor Support should be contacted in writing through an emailed support ticket generated from the IAD's personal e-Office (back office) section of the IAD's official IonWays website (the Contact Admin tool).

Changes involving IAD name identification and tax and/or business classification can only be accomplished with written request and special company forms and/or supporting documentation as may be required.

Section 13 - Inactivity and Cancellation Policies

The IAD agreement may be canceled voluntarily by the Distributor or Dealer, or involuntarily by IonWays, LLC. An Distributor or Dealer may voluntarily cancel his/her IAD account where he/she (1) fails to pay the annual renewal fee; (2) gives IonWays, LLC written notice at any time, requesting that IonWays, LLC cancel the IAD's account; or (3) returns for refunds merchandise in excess of \$100.00. IonWays, LLC may involuntarily cancel an IAD's account if the IAD violates any section of the IAD Agreement.

Section 14 - Definitions

Know the terms and phrases used in these Policies and Procedures, the IonWays Global Pay Plan, and the *Distributors and Dealers Agreement*.

***NOTE:** Full and Complete Policies and Procedures starts on Page 6 below.

IONWAYS, LLC FULL AND COMPLETE POLICIES AND PROCEDURES

Section 1 - Introduction

1.1 Policies Incorporated into the Independent Authorized Distributor (IAD) Agreement

These Policies and Procedures, in their present form and as amended from time to time at IonWays, LLC's discretion, are incorporated into the IonWays, LLC IAD Agreement. It is the responsibility of each IAD to read, understand, adhere to, and ensure that he/she is aware of and operating under the most current version of

these Policies and Procedures. The most current version of the Policies and Procedures will be posted on the company website for continuing review by each IAD.

1.2 Purpose of Policies

In order to clearly define the relationship that exists between IAD's and IonWays, LLC, and to explicitly set a standard for acceptable business conduct, IonWays, LLC has established the IAD Application and Agreement, these Policies and Procedures, and the IonWays, LLC IonWays Global Pay Plan (hereinafter referred to as the "IAD Agreement"). More precisely, the IAD Agreement sets forth the respective rights and responsibilities of IonWays, LLC and the IAD in the sale of products to IAD's and their customers, and the activities relating to the enrollment and training of downline IAD's. Additionally, to assist IAD's in building their businesses, to protect those independent businesses, and to safeguard the opportunities that IonWays, LLC offers to everyone, the IAD Agreement establishes certain limits to ensure that IAD's do not inadvertently step outside the bounds of permissible and proper conduct. IonWays, LLC IAD's are required to comply with all of the terms and conditions set forth in the IAD Agreement, which IonWays, LLC may amend from time to time, as well as all laws and regulations governing IAD's *Distributors and Dealers* ships and IAD conduct. IonWays, LLC honors all federal, state, provincial, territorial, and local laws and regulations governing good business practices and requires IonWays, LLC IAD's to do the same. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and understand these Policies and Procedures. Please review the information in this manual carefully. It explains and governs the relationship between you as an Independent IAD and the Company.

1.3 Changes to the IAD Application and Agreement, Policies and Procedures, or IonWays Compensation Plan

Because federal, state, provincial, territorial, and local laws, as well as the business environment, periodically change, IonWays, LLC reserves the right to amend the terms and conditions of the IAD Agreement and its prices from time to time at its sole discretion with review by the *IAD*

Board of Representatives when possible, as in paragraph 2.2 herein.

By enrollment through the Online System, an IAD agrees to abide and be legally bound by all amendments or modifications that IonWays, LLC elects to make. Notification of amendments shall be published in official IonWays, LLC materials and posted on the company website.

Amendments shall be effective upon posting of the changes on the company website, which is available to all active IAD's. The continuation of an IAD's IonWays, LLC *Distributors and Dealers business* or an IAD's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

1.4 Delays

IonWays, LLC shall not be responsible for delays and failures in performing its obligations when the Company cannot complete its obligations due to circumstances beyond the Company's reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party's source of product supply, or government decrees or orders.

1.5 Policies and Provisions Severable

If any provision of the IAD Agreement as it currently exists or as may be amended is found to be invalid, illegal, or unenforceable for any reason, only the invalid provision will be severed from the IAD Agreement; the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid, illegal or unenforceable provision never comprised a part of the IAD Agreement.

1.6 Waiver

IonWays, LLC never forfeits its right to insist on IAD compliance with the IAD Agreement or with the applicable laws and regulations governing business conduct. IonWays, LLC's failure to exercise any right or power under the IAD Agreement or to insist upon strict IAD compliance with any obligation or provision thereof, shall not constitute a waiver of IonWays, LLC's right to demand exact compliance with the IAD Agreement. A waiver by IonWays, LLC can be effected only in writing by an authorized officer of IonWays, LLC. IonWays, LLC's waiver of any particular default by a IAD shall not affect

or impair IonWays, LLC's rights with respect to any subsequent default, nor shall it affect in any way the rights or obligations of any other IAD. Nor shall any delay or omission by IonWays, LLC to exercise any right arising from default affect or impair IonWays, LLC's rights as to that or any subsequent default.

Section 2 - Distributors and Dealers Bill of Rights

Our Network Marketing industry is built upon a volunteer force of *Independent Authorized Distributor* who build their businesses with their own assets and risks and the companies that shall endure and grow will do so, based on those *Distributors and Dealers* continuing to choose to become and remain involved. We as a team, both Company and *Distributors and Dealers* commit to a framework that will create a stronger relationship under the following processes:

2.1 An *Distributors and Dealers Board of Representatives* shall be created at Company inception and thereafter at the beginning of every calendar year for the purpose of insuring that the IAD's as a whole have proper representation in helping to guide the Company in matters which affect their livelihood. This Board shall be comprised of six (6) Distributors which the company deems, in its sole discretion, to exhibit leadership skills and ideals. To be eligible, an Distributor must have been active with the Company for a minimum of 6 months.

2.2 All decisions made by the company which materially affect the IAD force as to product and compensation or the timely delivery thereof shall be formally discussed with the *Distributors and Dealers Board of Representatives* prior to their implementation with every effort given to reach an equitable and profitable outcome for all.

2.3 IAD's retain sole and complete ownership interests in their *Distributors and Dealers* business and as such may sell or bequeath their *Distributors and Dealers* business to anyone they choose and for any amount that the parties agree to. The business must first achieve a rank of Manager and earn a minimum of 10 Pay Points. The company must approve the sale in writing, this approval not to be unreasonably withheld. Full disclosure/request for approval of

such sales will be made to the IonWays, LLC *Compliance Officer* 15 days prior to the proposed transaction

2.4 No IAD shall be terminated with the Company or their commission payments withheld for any reason without a discussion and input from the *Compliance Team (a joint task force involving the IonWays, LLC Compliance Officer and selected IAD Board Members)*, subject to substantiated violations of policies contained in this Policies and Procedures. The *Compliance Team* must within reason enforce in full and exercise appropriate punishments thereof according to the Policies and Procedures.

2.5 No Corporate Trainer, Field Trainer or company spokesperson outside of company owners ever shall be appointed over the field without discussion with the *Distributors and Dealers Board of Representatives*.

Section 3 - Becoming an Independent Authorized Distributor (IAD)

3.1 Requirements to Become an Independent *Distributor and Dealer* (IAD).

To become an IonWays, LLC IAD, each applicant must:

- a) Be of the age of majority in his/her state, province, or territory of residence;
- b) Reside in the United States, a territory thereof, or any other geographic area that IonWays, LLC has approved for business;
- c) Have a valid U.S. Social Security, Federal Tax ID Number, Canadian Social Insurance Number or a valid Tax ID number/designation as issued by the government of any other country where IonWays is officially conducting business.
- d) Purchase an IonWays, LLC IAD Online Website Package and thoroughly review its contents;
- e) Review and agree to be bound by the IonWays, LLC Policies and Procedures; and
- f) Submit a properly completed online enrollment form through the official website of their sponsor. The company reserves the right to reject any applications for new IAD's or applications for reinstatement.

3.2 IAD Online Website Package

No person is required to purchase IonWays, LLC equipment or products to become an IAD. To familiarize new IAD's with IonWays, LLC equipment, products, services, sales techniques, sales aids, and other matters, the company requires that new IAD's purchase an Online Website Package also referred to as a "WebStore™". Because this unique Marketing and Training Platform comes together with 12 months worth of hosting services and Distributor company support services, the fee for the purchase of this platform will not be refunded for any reason.

The IAD Online Website Package purchase price is not a service or franchise fee, but rather is solely to offset costs incurred by the company for website programming, annual hosting, ongoing updates, company provided IAD Support, informational materials and business tools which are provided for an IAD to market IonWays, LLC products and build a IonWays, LLC business. No IAD shall utilize SPAM or "Unsolicited Fax Blast" marketing, nor may an IAD violate any State or Federal "Do Not Call" registry. Any such activity will result in termination and may result in additional civil or criminal charges against the IAD.

3.2.1 Email Correspondence

As IonWays, LLC operates as an Internet company, its primary means of communication with each IAD is via email. Each IAD is responsible to monitor his/her own online business. When enrolling, each IAD consents to receiving email communications from IonWays, LLC. An IAD who "opts out" of receiving IonWays, LLC's email must be accountable for this action and in doing so agrees to hold IonWays, LLC harmless for any loss due to the lack of communication.

3.2.2 Welcome Kit

IonWays, LLC will mail to each IAD an IonWays Welcome Kit via USPS to the IAD's billing address on file. IonWays is not responsible for any lost or misdirected mail. If needed, replacement Welcome Kits can be sent to an IAD at a cost of \$29.95.

3.3 Identification and Business Center (BC) Usernames

IonWays, LLC requires IAD's to provide their Social Security or Federal Taxpayer Identification Number upon enrollment through the Online System. IonWays, LLC uses this number to identify IAD's for tax purposes only.

Unique Sales Center usernames are chosen by the enrollee and issued at enrollment by the Online System and these names are used to place orders and to track commissions and bonuses.

3.4 New IAD Registration by the Online System

A Sponsor or the new IAD applicant must use the IonWays, LLC Online System to enroll and receive Retail Sales Center (BC) usernames and to receive an authorization for a new *Distributors and Dealers* business. The enrollee must provide the online system with all the necessary IAD Application and Agreement information. An IAD will receive an Online Website Package at this time using various approved payment methods. IonWays, LLC will ship any new optional equipment or product ordered to the new IAD. The new IAD will have all the rights and privileges of an IonWays IAD for a period of 12 months upon which the IAD may renew their *Distributors and Dealers* business for the next 12 months and so on.

3.5 Minors

A person who is recognized as a minor in his/her place of residence may not be an IonWays, LLC IAD.

3.6 IAD Benefits

Once IonWays, LLC accepts an IAD's Application and Agreement, the benefits of the IonWays Global Pay Plan and the IAD Agreement are available to the new IAD. These benefits include the right to:

- a) Purchase IonWays, LLC products and services (where applicable and available);
- b) Retail (sell) IonWays, LLC products or services and profit from these sales, both in person from existing inventory and remotely through the Online Website Package;
- c) Participate in the IonWays, LLC Global Pay Plan (receive bonuses and commissions, if eligible);

d) Sponsor other individuals as IAD's into the IonWays, LLC business and thereby build a Downline Organization and progress through the IonWays, LLC IonWays Pay Plan achievement levels;

e) Receive IonWays, LLC updates and other IonWays, LLC communications;

f) Participate in IonWays, LLC sponsored support, service, training, motivational, and recognition functions upon payment of appropriate charges, if applicable;

g) Participate in promotional and incentive contests and programs sponsored by IonWays, LLC for its IAD's.

3.7 Renewal of IAD's *Distributors and Dealers* business

IonWays, LLC charges IAD's an annual IAD's *Distributors and Dealers* ship renewal fee of \$49.95. IonWays, LLC will automatically charge the fee to the IAD's credit card on file with IonWays, LLC on the anniversary date of the IAD's application. IAD's without a credit card must renew by mail with a Money Order only. The payment of the annual renewal fee will:

a) Automatically renew your IonWays Online Website Package;

b) Renew your IAD Agreement and maintain your line of sponsorship and any downline sales organization; and

c) Continue your entitlement to participate in IonWays, LLC's IonWays Global Pay Plan; purchase IonWays, LLC products; enjoy IonWays, LLC service support programs; participate in company promotions, contests, and recognition, and attend Company events with appropriate fee.

3.7.1 Failure to Renew

Failure by an IAD to pay the annual renewal fee due in a timely fashion will render the IAD's WebStore™ inactive and Business Volume (BV) will cease to accumulate for this business center. Sometime after this, the IAD's website may no longer function and any BV accrued previously will expire. Once accrued BV is lost, it is lost forever and it cannot be regained.

Section 4 - Operating an IonWays, LLC *Distributors and Dealers Independent Business*

4.1 Adherence to the IonWays, LLC IonWays Global Pay Plan

IAD's must adhere to the terms of the IonWays, LLC IonWays Pay Global Plan as set forth in official IonWays, LLC company website and other materials. IAD's shall not offer the IonWays, LLC opportunity through any method of marketing that uses any non-company approved materials, including electronic media, internet based media, printed media or otherwise.

4.2 Advertising

4.2.1 In General

IAD's shall safeguard and promote the integrity and reputation of IonWays, LLC, its equipment, products and officers and employees in conducting their businesses. IAD marketing and promotion of IonWays, LLC, the IonWays, LLC opportunity, the IonWays Global Pay Plan, and IonWays, LLC's products shall be consistent with the public interest and must avoid all discourteous, deceptive, misleading, illegal, unethical or immoral conduct or practices.

Only Manager or Executive Level IAD's may produce individual sales, marketing, and support materials to promote their IonWays, LLC businesses providing they receive written approval from the company. All other IAD's may only use sales aids and support materials produced or approved by IonWays, LLC. Sales, marketing, and support materials include, but are not limited to, the Online Website Package and its contents, training and recruiting information, brochures, flyers, pamphlets, posters, postcards, letters, classified advertisements, etc. promoting IonWays, LLC's products and programs, as well as e-mail messages, voice mail message recordings, and Internet home pages and websites/ platforms used to publicize IonWays, LLC, its products, services, or IonWays Global Pay Plan or any other form of advertising electronic or otherwise.

Any Executive Level IAD who desires to create his/her own promotional and marketing materials must submit a copy of the proposed materials to IonWays, LLC for review and written approval before he/she may use the information to

promote his/her business or the IonWays, LLC opportunity. Upon receipt of the proposed promotional material, IonWays, LLC will review the information to determine the appropriateness of the material's form and content. IonWays, LLC will, within 14 days, promptly notify the IAD in writing regarding the Company's decision to approve or disapprove the material for use in promoting and supporting his/her IonWays, LLC business activities.

IAD's may not make arrangement for any outside vendor to be present at any IonWays, LLC function or event.

4.2.2 Television and Radio

IAD's may advertise on television and radio subject to IonWays, LLC's express approval, as in paragraph 4.2.1 above.

4.2.3 SPAM and Unauthorized Marketing Practices

No IAD shall utilize SPAM or "Unsolicited Fax Blast" marketing, nor may an IAD violate any State or Federal "Do Not Call" registry. Any such activity will result in termination and may result in additional civil or criminal charges against the IAD.

4.2.4 Media Inquiries

All IAD's must immediately refer any and all media inquiries regarding IonWays, LLC, Inc., its officers, shareholders, and employees to IonWays, LLC. This policy is designed to assure accurate and consistent information to the public, as well as a proper public image.

4.2.5 Trademarks and Copyrights

a) The IonWays, LLC name, logo and any IonWays, LLC materials and company website content and the Online Website Package are proprietary trade names, trademarks, and service marks of IonWays, LLC. As such, these marks are of great value to IonWays, LLC and are supplied to IAD's for their use only in an expressly authorized manner. Use of the IonWays, LLC name on any item not authorized or produced by the company is prohibited except where it also contains the following required statement displayed in a prominent fashion in conjunction with the IonWays name:

IAD's Name

IonWays, LLC
Independent Distributor (or Dealer)

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

b) IAD's may not record any IonWays, LLC function or event, or produce for sale any recorded company functions or events. IAD's may not reproduce or copy any presentation or speech by any IonWays, LLC spokesperson, representative, speaker, officer, or other IAD.

IAD's may not reproduce for either sale or personal use any recording of company-produced audio or video presentations.

c) IAD's may not publish or cause to be published in any printed or electronic media, the name, photograph or other image or likeness, copyrighted publications or other writings, or proprietary property of individuals who are Distributors with IonWays, LLC as spokespersons, officers, shareholders, or IAD's without first obtaining written authorization from the individual and IonWays, LLC.

4.3 IAD Claims and Representations

4.3.1 Product Claims

No claims as to therapeutic or curative properties of any equipment or products offered by IonWays, LLC may be made except those contained in official IonWays, LLC literature. In particular, no IAD may make any claim that IonWays, LLC 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 are such claims in violation of the IAD Agreement, but they also violate the laws and regulations of the United States and other jurisdictions.

4.3.2 Income Claims

IAD's may not make illegal income projections or income claims when presenting or discussing

the IonWays, LLC opportunity or IonWays Global Pay Plan to a prospective IAD or customer.

Hypothetical income examples that are used to explain the operation of the IonWays Global Pay Plan, and which are based solely upon mathematical projections, may be made to prospective IAD's, so long as the IAD who uses such hypothetical examples makes clear to the prospective IAD(s) that such earnings are hypothetical.

4.3.3 Refunds

IAD's may not offer any supplemental refunds on IAD enrollment fees or IonWays' equipment to prospective IAD's or customers beyond IonWays, LLC's stated policy. Misrepresentation of the IonWays' return or refund policy may result in disciplinary procedure, including suspension or termination of IAD account. Additionally, IonWays, LLC may retract commissions from an IAD offering any such refund IonWays, LLC honors.

4.4 Commercial Outlets

IAD's may sell IonWays, LLC products in commercial establishments so long as the IonWays, LLC products are not displayed together with competing / competitor's products. The owner or person who holds the IonWays Independent Distributor or Dealer status must be present at the business in all normal operating hours of the establishment and is the one actually making the sales of IonWays Equipment or Products

4.4.1 Internet Retailing / Internet Website/Marketing Platform Sales

IAD's in good standing may (a) sell IonWays, LLC products; and (b) promote the IonWays, LLC distributorship program, on websites/other internet or electronic marketing platforms conforming to the following provisions. Non-compliance of any provision will result in disciplinary action as defined in item d) of this section.

a) Any website or other internet-based webpages or web-marketing platforms displaying IonWays, LLC products or information relating to the IonWays, LLC distributorship program must conform to the IonWays Webpage

Design Standards. The IonWays Webpage Design Standards can be found in the Resource Center section of your back office in the folder titled "IonWays Web Design Standards".

b) IonWays, LLC products being displayed with pricing shall be required to display the IonWays banner style logo (included in the Webpage Design Standards folder) that includes the tag-line "Authorized IonWays Distributor". Each page must use the approved web-copy and images included. Each web page must conform as closely as possible to the design standards.

c) MAP (Minimum Advertised Pricing) Policy: Any page showing IonWays, LLC products with pricing must display the approved current IonWays, LLC retail pricing only and show no "special pricing", "specials", "sales", "promotions", "packages" or other unique propositions or offers.

d) Any violation of the IonWays Web Page design standards will result in the following disciplinary actions:

1) A formal verbal and /or written warning and demand to cease non-compliant practices from IonWays Compliance. The warning will require a response from the IAD within 48 hours;

2) Second Offense (or failure to comply with the First Offense demand to cease): Termination of IonWays Distributorship.

e) Any violation of Section 4.4.1 will result in a formal written warning from IonWays Compliance. The warning will require a response from the IAD within 48 hours of receipt. The Compliance Team will review the violation and response and render a decision on disciplinary action. Failure to respond to the written warning can result in immediate cancellation of IAD status and business position and withholding of any pending commissions.

4.4.2 MAP Pricing Enforcement

Any violation of **IonWays Minimum Advertised Pricing Policy** in publicly advertised pricing (via

Internet, any form of advertisement, group mailing, posters, etc.) will result in clear and strictly enforced disciplinary procedure. **First Offense:** Verbal and written warning and demand to cease non-compliant practices; **Second Offense** (or failure to comply with the First Offense demand to cease): Termination of IonWays Distributorship.

4.5 Unauthorized Recruiting of IonWays, LLC IAD's Prohibited (Anti-Raiding Clause)

IonWays, LLC IAD's may participate in other direct selling or network marketing or multilevel marketing ventures (collectively, "multilevel marketing"), and IAD's may engage in selling activities related to non-IonWays, LLC products and services, if they desire to do so.

Although an IAD may elect to participate in another multilevel marketing opportunity, he/she is prohibited from unauthorized presentation or recruiting activities, which include the following:

a) Recruiting, presenting or attempting to enroll any *non-personally enrolled* IonWays, LLC IAD for other multilevel marketing business ventures, either directly or through a third party.

This includes, but is not limited to, presenting or assisting in the presentation of other multilevel marketing business ventures to any *non-personally enrolled* IonWays, LLC IAD;

b) Offering any competing non-IonWays, LLC products or opportunities in conjunction with the offering of IonWays, LLC products or business plan or at any IonWays, LLC meeting, seminar, convention, trip or other IonWays, LLC function. Violations of this policy are especially detrimental to the growth and sales of other IAD's IonWays, LLC Businesses and to IonWays, LLC's business and will not be tolerated.

4.5.1 Post Cancellation Solicitation Prohibited

A former IAD shall not directly or through a third party solicit any non-personally enrolled IonWays, LLC IAD to enroll in any direct sales, network marketing, or multilevel marketing program or opportunity for a period of six (6) months after the cancellation or termination of an individual or entity IAD Agreement. This provision shall survive the expiration of the IAD's

obligations to IonWays, LLC, pursuant to the IAD Agreement.

4.5.2 Downline Genealogy Reports

All Downline Genealogy Reports are confidential and constitute proprietary business trade secrets belonging to IonWays, LLC. Downline Genealogy Reports are made available to IAD's in strictest confidence for the sole purpose of assisting IAD's in developing their IonWays, LLC businesses through their respective downline organizations. IAD's should use their Downline Genealogy Reports to manage, motivate, and train their downline IAD's. The IAD and IonWays, LLC agree that, but for this agreement of confidentiality and nondisclosure, IonWays, LLC would not provide Downline Genealogy Reports to the IAD. During any term of the IAD Agreement and for a period of six (6) months after the termination or expiration of the IAD Agreement between IAD and IonWays, LLC, for any reason whatsoever, IAD shall not, on his/her own behalf or on behalf of any other person, partnership, association, corporation, or other entity:

a) Directly or indirectly disclose any information contained in any Downline Genealogy Report to any third party;

b) Use the information to compete with IonWays, LLC or for any purpose other than promoting IonWays, LLC;

c) Recruit or solicit any non-personally enrolled IAD of IonWays, LLC listed on any report or communication, or in any manner attempt to influence or induce any IAD of IonWays, LLC to alter their business relationship with IonWays, LLC; or

d) Use or disclose to any person, partnership, association, corporation, or other entity any information contained in any Downline Genealogy Report or Communication. This provision shall survive the termination or expiration of this Agreement. This particular policy will be strictly enforced in order to protect the rights of IAD's, both individually and collectively.

4.6 Corporations and Trusts

A corporation or trust (collectively referred to in this section as an "Entity") may apply to be a IonWays, LLC IAD by submitting its Certificate of

Corporation or trust documents (these documents are collectively referred to as the "Entity Documents") to IonWays, LLC, along with a properly completed Corporation Registration (Form #CR01).

A *Distributors and Dealers* business may change its status under the same sponsor from an individual to a corporation, or trust, or from one type of entity to another. To do so, the IAD(s) must provide the Entity Documents and submit a properly completed Corporation or trust Registration Form to IonWays, LLC. The Corporation or trust Registration Form must be signed by all of the shareholders, partners, trustees, or other individuals having an ownership interest in the business. Members of the Entity are jointly and severally liable for any indebtedness or other obligation to IonWays, LLC. It is the responsibility of those persons involved in the Entity to conform to the laws of the state in which their Entity is formed. IonWays, LLC reserves the right to approve or disapprove any IAD Application and Agreement submitted by an Entity, as well as any IAD Application and Agreement submitted by any current IAD(s) for the formation of an Entity for tax, estate planning, and limited liability purposes.

4.7 Deceptive Practices

All IonWays, LLC IAD's shall truthfully and fairly describe IonWays, LLC products, the IonWays, LLC opportunity, IonWays Global Pay Plan, and Policies and Procedures in all discussions with potential IAD's. This obligation of fair and complete disclosure shall include, without limitation, the following:

- a) An IAD may not engage in "bait and switch" advertising. Bait and switch advertising consists of any misleading or deceptive offer or practice by which a prospective customer or prospective IAD is lead to reasonably believe that the IAD is offering a product, service, or opportunity (e.g., employment) which the IAD in truth does not intend to or cannot offer.
- b) An IAD shall neither falsify nor omit any significant material fact about the IonWays, LLC IonWays Pay Plan.
- c) An IAD shall make clear that the IonWays, LLC IonWays Pay Plan is based on sales of IonWays, LLC products, and that IonWays, LLC IAD's will not be successful merely by

sponsoring other IAD's without regard to sales, and that no compensation is available from mere sponsorship of other IAD's.

d) An IAD shall not state that profits are guaranteed for any IonWays, LLC IAD. IAD's should explain that IonWays, LLC IAD's can expect to be successful only through substantial individual and team efforts.

e) An IAD shall not state that any regulatory, consumer, or business agency has approved or endorsed IonWays, LLC's IonWays Pay Plan or Products. These agencies do not permit the use of their names in any manner in connection with the advertising or sale of merchandise or services.

f) Neither federal, state, provincial or territorial regulatory agencies or officials approve or endorse any direct selling or network marketing companies or programs. Therefore, IAD's shall not represent or imply that IonWays, LLC or its IonWays Global Pay Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

g) No individual or entity may have an ownership interest or income earning interest of any kind in more than one (1) *Distributors and Dealers* business position. No individual or entity may create or use second positions to attempt to "block" or circumvent their sponsor from earning *Leadership Bonuses or Mentoring Bonuses*. Distributors do not earn Leadership Bonuses on their own purchases.

h) Husbands and wives may have separate Distributor and Dealer businesses but must have the same Sponsor or Enroller and be placed in the same organization line (same Team Side to sponsor).

4.8 Independent Contractor Status

IAD's are independent contractors and are not purchasers of a franchise or business opportunity. The agreement between IonWays, LLC and its IAD's does not create an employer/employee relationship, agency, partnership, or joint venture between the Company and the IAD. All IAD's are responsible for paying their own Sales Taxes. All IAD's are responsible for paying their own income and employment taxes. IAD's will not be treated as an employee for purposes of the Federal Unemployment Tax Act, the Federal Insurance

Contributions Act, the Social Security Act, state unemployment acts, state employment security acts, state worker compensation Acts, or the Canadian Social Insurance Act, and applicable federal, provincial, and/or territorial unemployment insurance acts, worker compensation acts, income tax acts, or any other federal, state, provincial, or territorial tax or obligation required of employers.

Each IAD is encouraged to establish his/her own goals, hours, and methods of sale, so long as he/she complies with applicable laws and the terms and conditions of the IAD Agreement.

4.9 Insurance

4.9.1 Business Pursuits Coverage

You may wish to arrange for adequate insurance coverage for your business. Your homeowner's insurance policy may not cover business-related injuries or the theft of or damage to product 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 homeowner's policy.

4.9.2 Product Liability Coverage

IonWays, LLC maintains insurance to protect the Company and IAD's against product liability claims. IonWays, LLC's product liability policy does not extend coverage to claims that arise as a result of a IAD's misconduct in marketing the products (see also Sections 4.3.1 and 4.3.2).

4.10 International

Because of critical legal and tax considerations, including compliance with foreign laws regarding product approval or registration; regulations regarding ingredients, labeling, and packaging; cautionary statements; protection of intellectual property; compliance with customs, tax, and direct selling laws; equipment or product and income representations; and literature content and language requirements, IonWays, LLC must limit the resale of IonWays, LLC products and services and the presentation of the IonWays, LLC business to prospective customers and IAD's located within the United States, its respective territories, and other approved jurisdictions. Moreover, allowing IAD's to conduct business in markets not yet opened by

IonWays, LLC would violate the concept of affording every IAD an equal opportunity to expand internationally. Accordingly, IAD's are only authorized to sell IonWays, LLC products and services and enroll Customers or IAD's in those countries in which IonWays, LLC has authorized Independent IAD's to conduct business, as announced from time to time in official company literature. IonWays, LLC products cannot be shipped into or sold in any unauthorized foreign country for the purpose of resale.

4.11 Lead Assignment Policy

Occasionally, prospects contact IonWays, LLC seeking information pertaining to the IonWays, LLC opportunity. If a prospect is familiar with an IAD in his/her area or is currently being serviced by an IonWays, LLC IAD, the Corporate Office will recommend the prospect continue contacting that IAD for product or as a sponsor. However, if the prospect is not familiar with an IAD, IonWays, LLC considers his/her as "unsolicited." The distribution system is intended to be fair and is structured to reward active IAD's. However, IonWays, LLC may utilize its sole discretion in making such assignments. IonWays, LLC will consider an IAD for leads based on these qualifications:

- a) Leadership status as well as Personal Sales Volume (PSV) within the past sixty (60) days;
- b) Sponsorship activity within the past sixty (60) days;
- c) Proximity to the prospect. When several IAD's qualify equally under the above requirements, leads will be rotated and/or divided among them, based upon the criteria stated herein and at the Company's sole discretion;
- d) IonWays, LLC will give strong consideration to those IAD's exhibiting field leadership as evidenced in conducting business meetings and training workshops.

4.12 Adherence to Laws and Ordinances

4.12.1 Local Ordinances

Many cities have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to IAD's because of the nature of their business. However, IAD's must obey those laws that do apply to them. If a

city or county official tells an IAD that an ordinance applies to him/her, the IAD shall be polite and cooperative and immediately send a copy of the ordinance to the Compliance Department of IonWays, LLC. In most cases there are exceptions to the ordinance that apply to IonWays, LLC IAD's.

4.12.2 Compliance with Federal, State, Local, and Territorial Laws and Regulations

IAD's shall comply with all federal, state, local, provincial, and territorial laws and regulations in the conduct of their businesses. The violation or attempted violation of any such law or regulation shall be grounds for disciplinary action by IonWays, LLC and its *Distributors and Dealers Board of Representatives* as in paragraph 2.4 above.

4.13 Repackaging and Re-labeling Prohibited

IAD's may not re-label or alter the labels on any IonWays, LLC products, information, materials, or programs in any way. IAD's may not repackage or refill any IonWays, LLC products. IonWays, LLC products must be sold in their original containers only. Such re-labeling or repackaging would violate governing laws, which could result in severe criminal penalties. Civil liability may also result when the persons using the products suffer any type of injury or their property is damaged as a consequence of the repackaging or re-labeling of products.

4.14 Sale, Transfer, or Assignment of an IAD's *Distributors or Dealers* Business.

No IAD shall (by operation of law or otherwise) sell, transfer, or assign (collectively, "transfer") any of his/her rights in a IonWays, LLC IAD, or delegate his/her performance as a IonWays, LLC IAD, without the prior written consent of IonWays, LLC. Any unauthorized transfer will not be recognized by IonWays, LLC. IonWays, LLC reserves the right to review all terms of sale and insist upon additional terms and conditions prior to the approval of any proposed sale. If it is determined, in IonWays, LLC's and the *Distributors and Dealers Board's* discretion, that a IAD's *Distributors and Dealers* business was transferred in an effort to circumvent compliance with any terms and conditions of the IAD Agreement, the transfer shall be void and the *Distributors and Dealers* business shall revert to the transferring IAD, who shall be treated as if the transfer had never occurred from the

reversion day forward. IonWays, LLC shall not be liable to the original IAD for bonuses and commissions (if any) paid by IonWays, LLC in good faith to the transferee IAD. Where necessary, IonWays, LLC may take appropriate action to ensure compliance with the IAD Agreement. Such action may include, without limitation, involuntary cancellation. In the event that an IAD wishes to transfer his/her *Distributors and Dealers* business, IonWays, LLC has the right to approve the transfer once the business attains the rank of Manager and earns a minimum of 10 Pay Points. Such approval shall not be unreasonably withheld. IonWays, LLC will take the following factors into consideration:

a) The buyer must become a qualified IonWays, LLC IAD, by completing a Transfer of Business form and agreeing to comply with the IonWays, LLC Policies and Procedures.

b) Before any transfer will be approved by IonWays, LLC, any debt obligations the selling IAD has with IonWays, LLC must be satisfied.

c) The transferring IAD must be in good standing and not in violation of any of the terms of the IAD Agreement or these Policies and Procedures, to transfer his/her *Distributors and Dealers* business.

d) Prior to transferring a IonWays, LLC *Distributors and Dealers* business, the transferring IAD must notify the IonWays, LLC Distributor Support Department of his/her intent to transfer the *Distributors and Dealers* business.

e) The buyer must complete an IAD Application and Agreement and possess reasonable ability to satisfactorily perform the obligations of an IonWays, LLC IAD. The purchaser must agree to assume the obligations and position of the selling IAD.

4.15 Separation of an IAD's *Distributors and Dealers* business

IonWays, LLC IAD's sometimes operate their IonWays, LLC businesses as husband and wife partnerships, regular partnerships, corporations, or trusts. At such time as a marriage may end in divorce, a partnership, or a corporation, or trust (the latter two 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 IAD's either up or down the line of sponsorship. During the anticipation of a divorce, a partnership dissolution or Entity dissolution, the parties must adopt one of the following methods of operation:

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

b) The parties may continue to operate the IonWays, LLC business jointly on a "business-as-usual" basis, whereupon all compensation paid by IonWays, LLC will continue to be paid as set forth in the IAD Application and Agreement on file with IonWays, LLC. Under no circumstances will the Downline Organization of divorcing spouses, or that of an IAD's *Distributors and Dealers* business formerly operated by two or more individuals as any form of Entity, be divided. Similarly, under no circumstances will IonWays, LLC split commission and bonus payments between divorcing spouses or members of dissolving Entities. IonWays, LLC will recognize only one Downline Organization and will issue only one commission payment per *Distributors and Dealers* business per commission cycle. Commission payments shall always be issued to the same individual or entity.

If a former spouse or a former Entity owner has completely relinquished all rights in their original IonWays, LLC business, they are free thereafter to enroll under any sponsor of their choosing after meeting the required six (6) month waiting period. Such former spouse or partner shall have no rights to and must not try to recruit or entice any IAD's in their former organization. They must develop the new business in exactly the same fashion as would any other new IAD.

4.16 Succession

Upon the death or incapacitation of a IAD, his/her rights to commissions, bonuses, and Downline Organization, together with all IAD responsibilities, shall pass to his/her successors in interest upon the receipt of a written application by IonWays, LLC, compliance with

these Policies and Procedures, and approval by IonWays, LLC appropriate legal preparation must be completed to ensure that the transfer meets IonWays, LLC's requirements and applicable laws. Accordingly, an IAD should consult an attorney to assist his or her in the preparation of a will or trust. Whenever a IonWays, LLC IAD's *Distributors and Dealers* business is transferred by a will, other testamentary process, or trust, the successor acquires the right to collect all bonuses and commissions of the deceased IAD's Downline Organization, provided the minimum qualifications are met. The successor(s) must:

a) Execute an IAD Agreement;

b) Comply with these Policies and Procedures; and

c) Meet all of the qualifications for the deceased IAD' under the IonWays Global Pay Plan. The successor(s) are obligated to conduct the business in accordance with all of IonWays, LLC's marketing Policies and Procedures.

In order to affect the testamentary transfer of an IAD's *Distributors and Dealers* business, the successor must provide the following to IonWays, LLC: (1) an original death certificate; (2) a notarized copy of Letters Testamentary, the will, or other documentation establishing the successor's right to the IAD's *Distributors and Dealers* business; and (3) a completed and executed IAD Agreement.

In order to affect the transfer of a IAD's *Distributors and Dealers* business because of incapacity, the successor must provide the following to IonWays, LLC:

(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 the IAD's *Distributors and Dealers* business; and (3) a completed and executed IAD Agreement. Bonus and commission payments of an IAD's *Distributors and Dealers* business transferred pursuant to this section will be paid in a single check jointly to the devisees or transferees. The devisees or transferees must provide IonWays, LLC with an "address of record" to which all bonus and commission payments will be sent.

4.17 Income Taxes

Every year IonWays, LLC will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who had earnings of more than \$600 in the previous calendar year, or who made purchases during the previous calendar year in excess of \$5,000. Each IAD is responsible for paying federal, local, state, provincial, and territorial taxes on any income generated as an independent IAD. If an IAD's *Distributors and Dealers* business is tax exempt, the Federal Tax Identification Number must be provided to IonWays, LLC.

4.18 Territories

There are no exclusive territories for marketing IonWays, LLC products or services, nor shall any IAD imply or state that he/she has an exclusive territory to market IonWays, LLC products or services.

4.19 Trade Shows and Expositions

IAD's may, with upon company written approval, display and/or sell IonWays, LLC products at trade shows and expositions. All literature displayed at the event must be official IonWays, LLC or company approved literature and must clearly identify the individual(s) as an Independent *Distributor* or *Dealer* (IAD).

4.20 Transfer of Sponsorship

4.20.1 Conflicting Enrollments

Every prospective IAD has the ultimate right to choose his/her own Sponsor. As a general rule, the first IAD who does meaningful work with a prospective IAD is considered to have first claim to sponsorship. However, every prospective IAD has an absolute right to select their Sponsor using any criteria they themselves deem appropriate. Basic tenets of common sense and consideration should govern any dispute that may arise. In the event that a prospective IAD, or any IAD on behalf of a prospective IAD, creates more than one IAD identity with IonWays, LLC, listing a different Sponsor on each, the Company will only consider valid the first Online IAD Application and Agreement that it receives, accepts, and processes. If there is any question concerning the sponsorship of an IAD, the final decision will be made by IonWays, LLC and the *Distributors and Dealers Board of Representatives*.

4.20.2 Cross-line Raiding

Cross-line raiding is strictly prohibited. "Cross-line raiding" is defined as the enrollment of an individual or Entity that already has an Online IAD Agreement on file with IonWays, LLC, or who has had such an agreement within the preceding six (6) calendar months within a different line of sponsorship. The use of trade names, DBAs, assumed names, corporations, partnerships, trusts, social insurance numbers, tax IAD numbers, social security numbers, or fictitious IAD numbers or transfers to circumvent this policy is prohibited. IAD's may not demean, discredit, or invalidate other IonWays, LLC IAD's in an attempt to entice another IAD to become part of the first IAD's Downline Organization. If IonWays, LLC determines that an IAD has engaged in cross-line raiding, it may take any actions it deems appropriate to rectify the problems and inequities caused thereby. Any attempt to persuade a IonWays, LLC IAD to engage in cross-line raiding, terminate his/her IAD's *Distributors and Dealers* business, or otherwise violate this policy in order to become part of the persuading IAD's Downline Organization will result in disciplinary action, to include possible involuntary cancellation of the persuading IAD's Independent IonWays, LLC IAD's *Distributors and Dealers* business. This policy shall not prohibit the transfer of an IAD's *Distributors and Dealers* business in accordance with Section 4.14.

4.20.3 Cross-line Selling

Cross-line selling is strictly prohibited. "Cross-line selling" is defined as the action of selling products or services to an individual or Entity that already has an Online IAD Agreement on file with IonWays, LLC, or has had such an agreement within the preceding six (6) calendar months within a different line of sponsorship. The use of trade names, DBAs, assumed names, corporations, partnerships, trusts, social insurance numbers, tax IAD numbers, social security numbers, or fictitious IAD numbers or transfers to circumvent this policy is prohibited. IAD's may not demean, discredit, or invalidate other IonWays, LLC IAD's in an attempt to entice another IAD to purchase from the first IAD. If IonWays, LLC determines that an IAD has engaged in cross-line selling, it may take any actions it deems appropriate to rectify the problems and inequities caused thereby. Any attempt to persuade an IonWays, LLC IAD to

engage in cross-selling, terminate his/her IAD's Distributors and Dealers business, will result in disciplinary action, to include possible involuntary cancellation of the persuading IAD's Independent IonWays, LLC IAD's Distributors and Dealers business.

4.20.4 Permissible Methods of Transferring Lines of Sponsorship

To protect the integrity of all Downline Organizations and safeguard the hard work of all IAD's, IonWays, LLC prohibits changes in sponsorship except in the following cases:

a) Where an IAD has fraudulently induced a new IAD to enroll in IonWays, LLC or has otherwise unethically sponsored a new IAD. IonWays, LLC and the *Distributors and Dealers Board of Representatives* will review allegations of fraudulent inducement and unethical sponsoring and make a final determination whether the IAD will be permitted to transfer to another line of sponsorship. In cases involving fraudulent inducement or unethical sponsoring, IonWays, LLC reserves the right to permit the IAD to transfer with his/her entire Downline Organization intact to another line of sponsorship.

b) An IAD may voluntarily cancel his/her IAD *Distributors and Dealers* business in writing and reapply after six (6) full calendar months for a new IAD *Distributors and Dealers* business under another line of sponsorship. The date on which IonWays, LLC receives the IAD's written cancellation notice establishes the start date for accumulating the six-full-calendar-month period. Upon receipt by IonWays, LLC of an IAD's cancellation notice, the IAD forfeits all rights to the IAD's and Web-based Retail Customers under his/her previous line of sponsorship, as well as any bonuses or commissions accruing from their sales volume. The canceling IAD's downline IAD's and Web-based Retail Customers will remain in the Downline Organization of the Sponsor of the terminating IAD.

Section 5 - Responsibilities of IAD's and Sponsors

5.1 Ongoing Supervision, Training and Sales

Any IAD who sponsors another IAD into IonWays, LLC must perform a bonafide

supervisory function to ensure that his/her downline is properly operating his/her IonWays, LLC business. IAD's must have ongoing contact, communication, and management supervision with the IAD's in their downline organizations. Examples of such contact and supervision may include, but are not limited to, newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline IAD's to IonWays, LLC meetings, training sessions, and other functions. Upline IAD's are also responsible to motivate and train new IAD's in IonWays, LLC product knowledge, effective sales techniques, the IonWays, LLC IonWays Global Pay Plan, and these Policies and Procedures. As an IAD progresses through the various levels of leadership, his/her responsibilities to train and motivate downline IAD's will increase.

IAD's must monitor the IAD's in their Downline Organizations to ensure that downline IAD's do not make improper product or business claims or engage in any illegal or inappropriate conduct. Upon request, every IAD should provide documented evidence to IonWays, LLC of his/her ongoing fulfillment of sponsorship responsibilities. IAD's also have continuing obligation to personally promote sales through new and existing customers.

As an Executive, training is essential for the continued growth of the downline, therefore, each Executive is required to either host or be a guest speaker bi-annually or as the schedule allows on a Thursday and following Saturday conference call. If an Executive chooses not to participate in this requirement, they will lose all of their Executive bonuses for a period of 60 days from their scheduled date of the call. Executives may switch their dates with other Executives if their scheduled date is inconvenient. The company must be informed of the switched dates prior to the scheduled call.

5.2 Maligning

In setting the proper example for their downline, IAD's must not malign other IonWays, LLC IAD's, IonWays, LLC's Products, IonWays, LLC's Suppliers or agents, the IonWays Global Pay Plan, the IonWays, LLC Owners, Officers or the Company's employees.

5.3 Reporting Policy Violations

IAD's observing a policy violation by another IAD should bring the violation directly to the attention of the IonWays, LLC upline *Distributors and Dealers Board of Representatives* member. 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 Equipment and Product Sales

The IonWays, LLC IonWays Pay Plan is based upon the sale of IonWays, LLC equipment, products and services to end consumers. IAD's must fulfill specified personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in these Policies and Procedures) in order to be eligible for bonuses, commissions, and advancement to higher levels of achievement. The following sales requirements must be satisfied in order for IAD's to be eligible for commissions:

- a) A minimum of seventy percent (70%) of an IAD's orders must be sold to Retail or Retail Direct Customers or to end users. The sales volume of a Web-based Retail Customers shall be included with the sales volume of the IAD's retail sales for the purposes of determining compliance with the 70% requirement. IAD's may not purchase additional product until at least seventy percent (70%) of the previous order has been sold to end consumers.
- b) IAD's must develop or service at least three (3) customers every rolling three (3) calendar months. These customers can be either Retail Customers or Web-based Retail Customers, or any combination of the two.
- c) IAD's must attain 700 Personal Sales Volume (PSV) every six (6) months in order to continue to hold and store downline volume. Business Volume (BV) from personal WebStore™ sales never diminishes.
- d) IAD's are required to furnish their Retail Customers with a receipt (Form# RR01) which specifies the date of sale, the amount of sale, the items purchased, and the IonWays, LLC satisfaction guarantee. IAD's must maintain all retail sales receipts for a period of eighteen (18) months and furnish them to IonWays, LLC at the

Company's request. Records detailing the purchases of IAD's Web-based Retail customers will be maintained by IonWays, LLC.

e) Special processes will be used to track qualification for *ProPak* ordering privileges. Distributors must have two separate personal referral sales made through their own *WebStore*™ BEFORE able to order *ProPaks*. Accurate copies of Retail Receipts for these qualifying sales must be retained by the selling Distributors and Distributors may be required to provide these copies to IonWays, LLC if requested for verification.

6.2 Retail Customer Sales and Advertising Pricing Limitations

IAD's may sell IonWays, LLC Products at any price they choose but they must not advertise by any method whatsoever retail pricing that is less than the current IonWays, LLC Retail pricing, as shown on the IonWays, LLC corporate website. This applies to print advertising, radio advertising, Television advertising, internet based advertising, electronic mail or by any other method whatsoever.

Under no circumstances may an IonWays, LLC IAD sell any IonWays products or equipment on any online auction site. An IAD's failure to comply with this rule may result in the immediate involuntary cancellation of his/her IAD Agreement.

6.2.1 IAD's may not advertise total price reducing discounts involving "Free Shipping", "special pricing", "specials", "sales", "savings", "promotions", "packages", or other unique proposition offers or incentives in an attempt to circumvent paragraph 6.2 above.

However, due to varying state and provincial laws, sales tax should be charged and paid to the Government by IAD's as may be required by their local laws and ordinances if such Sales Tax is not already collected when purchased from IonWays, LLC.

All IAD's must provide their Retail Customers with an official IonWays, LLC sales receipt. These receipts outline the Customer Refund Warranty for IonWays, LLC products, as well as any consumer protection rights.

6.3 Excessive Purchases of Inventory Prohibited

IonWays, LLC strictly prohibits the purchase of products in unreasonable amounts solely for the purpose of qualifying for commissions, bonuses, or advancement in the IonWays Pay Plan. IAD's may not purchase more than they can reasonably resell or consume in any calendar month, nor encourage others to do so. IAD's are not required to carry inventory of products or sales aids other than the purchase of the Online Marketing Website and Platform and mandatory media kit for \$79 plus shipping and handling. IAD's who do so may find making retail sales and building a Downline Organization somewhat easier because of the decreased response time in filling customer orders or in meeting a new IAD's needs. Each IAD must make his/her own decision with regard to these matters.

6.4 Deposits

No monies should be paid to or accepted by an IAD for a sale except at the time of product delivery. IAD's should not accept monies from Retail Customers to be held for deposit in anticipation of future deliveries. IAD's should not accept cash for another Distributor's purchase to be paid via the company's Pay by Western Union transfer feature.

Section 7 - Bonuses and Commissions

7.1 Bonus and Commission Cycles

IonWays, LLC pays commissions daily and typically makes them available for electronic payment 14 days after the commissions are earned. An IAD must review his/her commissions and report any errors or discrepancies to IonWays, LLC within thirty (30) days from the date of the commission. Errors or discrepancies which are not brought to IonWays, LLC's attention within the thirty-day period will be deemed waived by the IAD.

IAD's may not apply uncollected commissions toward any IonWays purchase.

7.2 Adjustment of Bonuses and Commissions

IAD's receive bonuses and commissions based on the actual sales of products to end consumers. When a product is returned to IonWays, LLC for a refund, the Sales Volume attributable to the returned or repurchased product(s) will be deducted from the Personal Sales Volume (PSV) of the returning IAD and Business Volume (BV) of the returning IAD and

all upline IAD's, as well as from the monthly Global Leadership Bonus Pool. Immediate Commissions and Leadership Bonuses will also be retracted. These reductions will occur upon issuance of the RMA. IonWays, LLC reserves the right to black a Distributor from sweeping Available Commissions while an RMA is in process.

7.3 Unclaimed Commissions and Credits

IAD's must collect commission and bonus payments within six (6) months of their available date. Payments that remain uncollected after six months may be voided.

Section 8 - Product Guarantees, Returns, and Inventory Repurchase

8.1 Product Exchange Guarantee

IonWays, LLC warrants the quality of its products and shall exchange any defective product. Anyone returning a damaged or defective product must contact IonWays Distributor Support at (775) 324-2400 or via the Contact Admin tool in your eOffice to complete a Tech Ticket.

The IonWays, LLC Lifetime Warranty (Limited) begins on the original purchase date. The IonWays warranty covers the purchase for LIFE on all ionizer parts (not accessories) and 100% of labor costs in the first 5 years. After the 5 years, the purchaser is responsible for any labor costs to a maximum of \$199. IonWays will cover all shipping costs for 1 year, and then the return shipping for up to 5 years from the original date of purchase. After that, the purchaser is responsible for all shipping costs. Items that have not been assigned an RMA number will not be accepted. Labor is billed at \$60/hr., to a maximum of \$199 per occurrence. Average repair time is less than one hour. Minimum charge is \$60. This warranty only covers failures due to defects in materials and workmanship which occur during normal use. This warranty does not cover damage which occurs in return shipment, or failures which are caused by products not supplied by the warrantor, damage due to mineral build up, or failures which result from accident, misuse, abuse, neglect, mishandling, faulty installation, misapplication, improper insertion of consumables, set-up adjustments, maladjustment of consumer controls, improper operation or maintenance,

alteration, modification, power line surge, improper voltage supply, commercial use, or service by anyone other than an IonWays authorized repair facility, or damage attributable to acts of God. There are no express warranties except as listed above. The warrantor is not responsible for incidental or consequential damage; for damages arising out of the use of any unauthorized attachment; or for damages resulting from the use of the product with a defective water faucet. This warranty does not cover repairs caused by customer neglect or environmental damage including, but not limited to mineral build-up caused by hard water. It is the IAD's responsibility to inform and educate their down line and customers concerning appropriate pre-filtration precautions. All express and implied warranties, including the warranties of merchantability and fitness for particular purpose, are limited to the applicable warranty period. Repair and/or replacement will be at the final discretion of IonWays.

8.1.1 Product Registration

Each IonWays machine has a serial number assigned and that is distributed with the customer's order at time of purchase. It is the IAD's responsibility to provide corrected product registration information to IonWays in the event of any transferred ownership of an IonWays unit. Failure to do so may result in delays of any repairs to an ionizer.

8.1.2 Warranty Date

The IonWays warranty period begins on the original purchase date (the date an order is shipped from IonWays, LLC) of the unit from IonWays. This warranty date remains unchanged if units are transferred or resold at a later time.

8.1.3 Equipment Installation

IonWays, LLC is not responsible for the actions or expense of any professional hired or any amateur used to install the IonWays equipment.

8.2 Fourteen (14) Day Return Policy

8.2.1 Retail Customers

IonWays, LLC obligates its IAD's to honor the Company's 100%, unconditional, 14-day, money-back guarantee to all Retail Customers.

If for any reason a Retail Customer is dissatisfied with any IonWays, LLC product, he/she may return the product to the IAD from whom the product was purchased within fourteen (14) days from the date of purchase for a replacement, exchange, or full refund of the purchase price. If the Retail Customer requests a refund, the IAD who sold the product to the Retail Customer must immediately refund the Retail Customer's purchase price. (Retail Customers must return merchandise to the IAD who sold it to them; IonWays, LLC will not accept returned merchandise directly from Retail Customers. The IAD, in turn, should contact IonWays Distributor Support, as detailed in paragraph 8.3. IonWays, LLC will then replace the returned merchandise with like product and ship it to the IAD via UPS ground service. Faster delivery methods may be available, but will be at the IAD's expense.

8.2.2 Web-based Retail Customers

IonWays, LLC offers Web-based Retail Customers a 100% 14-day, money back guarantee on their initial retail product order. If for any reason a Web-based Retail Customer is dissatisfied with any IonWays, LLC equipment or product purchase, he/she may return that product to the Company within fourteen (14) days for replacement, exchange, or full refund of the purchase price. For all other returns, the Company shall repurchase the inventory pursuant to the terms of Section 8.3. In addition, the Company will adjust the appropriate IAD's Personal (PSV) and Business Volume (BV) and Distributor commissions pursuant to Section 7.2.

8.2.3 Independent Authorized Distributor (IAD's)

IonWays, LLC agrees to repurchase from a resigning or terminating IAD all unencumbered products and sales aids purchased by the *Distributors and Dealers* from the Company within the previous one year, which are unused and in commercially resalable condition and its original packaging, for not less than 80 percent of the actual amount paid by the IAD for the products and sales aids which are being returned. IonWays, LLC will honor all terms of state buy-back laws in Georgia, Louisiana, Maryland, Massachusetts, Montana, Puerto Rico, Oklahoma, Texas and Wyoming. Additionally, Montana IAD's who cancel within 15 days are entitled to a 100% refund of any consideration given to participate.

Products or Equipment other than the very first purchase from an Distributor's *WebStore*™ are considered certified as sold under the "70% Rule" are no longer subject to buy-back.

ProPak equipment group purchases are never refundable under any circumstances because they are only available to Distributors and Dealers who have had previous sales experience and purchases with IonWays and are never first sales.

Returns with a value exceeding \$100 by an IAD will result in a voluntary cancellation of his/her IAD Agreement.

8.3 Procedure for All Returns, Replacements and Repurchases

In order to receive a refund, exchange, or replacement, an IAD or Web-based Retail Customer must:

a) Call the IonWays, LLC Distributor Support Department at: Tel: (775) 324-2400 to obtain a Return Authorization Number (RMA #). The RMA # must be clearly written on each carton returned. Products that are returned without the RMA# will be refused by the Distribution Center and returned to the sender.

b) Return the product with the original packing slip to as directed in the RMA packing instructions sent to you by IonWays.

c) 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. Return orders must be tracked and traceable and this responsibility falls with the returning individual. All returns must be shipped to IonWays, LLC shipping pre-paid as IonWays, LLC is responsible for the shipping charges for warranty issues only. IonWays, LLC does not accept shipping-collect packages.

The risk of loss in shipping returned product shall be borne by the IAD making the return. If returned product is not received by the Company's Distribution Center, it is the responsibility of the IAD making the return to trace the shipment.

d) If an IAD returns merchandise to IonWays, LLC that was returned to his/her by a Retail Customer, IonWays, LLC must receive the

product within ten (10) days from the date on which the Retail Customer returned the merchandise to the IAD. The return must be clearly marked with an RMA # and accompanied by:

1) A completed and signed Customer Product Return (Form #RPR01);

2) A copy of the original dated Retail Sales Receipt (Form #RR01); and

3) The unused portion of the product in its original container.

e) Only the Web-based Retail Customer or IAD who originally ordered merchandise directly from IonWays, LLC may return the merchandise to the Company.

f) IAD's are encouraged to use a traceable means of transport, as IonWays, LLC is not responsible for items lost in transit.

g) IonWays, LLC will contact Customers prior for consent prior to incurring any labor costs for repair work done in Years 4 and 5.

Section 9 - Dispute Resolution and Disciplinary Proceedings

9.1 Disputes between Independent Authorized Distributor (IAD's)

9.1.1 Grievances and Complaints

When an IAD has a grievance or complaint with another IAD regarding any practice or conduct in relationship to their respective IonWays, LLC businesses, the complaining IAD should first discuss the problem with the other IAD. If this does not resolve the problem, the complaining IAD should report the problem to his/her upline *Distributors and Dealers Board of Representatives* member to resolve the issue at the sales organization level. If the matter cannot be resolved, it must be reported in writing to the IonWays, LLC Distributor Support Department. The Distributor Support Department and perhaps the *Distributors and Dealers Board of Representatives* will review the complaint and make a final decision.

The complaint should identify specific instances of alleged improper conduct and, to the greatest extent possible, identify the relevant dates on which the event(s) complained of took place, the

location(s) where they occurred, and all persons who have firsthand knowledge of the improper conduct.

9.1.2 Compliance Team Review

Upon receipt of a written complaint, the IonWays, LLC Distributor Support Department and the *Distributors and Dealers Board of Representatives* (hereinafter referred to as the *Compliance Team*) will investigate the matter, review the applicable policies, and render a decision on how the dispute shall be resolved. The *Compliance Team* may also issue disciplinary sanctions consistent with the provisions of Section 9.3.

9.2 Disputes between IonWays, LLC and its *Independent Authorized Distributor* (IAD's)

9.2.1 Arbitration

All disputes and claims relating to IonWays, LLC, its IonWays Global Pay Plan, its equipment, products, the rights and obligations of its IAD's and IonWays, LLC, or any other claim or cause of action relating to product purchase(s) or performance, either of an IAD or of IonWays, LLC under the IAD Agreement, shall be settled totally and finally by arbitration in Reno, Nevada. There shall be one arbitrator, an attorney at law with expertise in transactional law (there being a strong preference for an attorney knowledgeable in the direct selling industry), selected from the panel which the American Arbitration Panel provides and the *Distributors and Dealers Board of Representatives* or its representative(s). 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 upon the parties and may, if need be, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitrate shall survive any cancellation or expiration of the IAD Agreement. Nothing in these Policies and Procedures shall prevent IonWays, LLC from applying to and obtaining from any court having jurisdiction a writ of attachment, temporary injunction, preliminary injunction, permanent injunction, or other available relief to safeguard and protect IonWays, LLC's interests.

The existence of any IAD claim or cause of action against IonWays, LLC does not preclude IonWays, LLC from enforcing the IAD's

covenants and agreements contained in the IAD Agreement. Louisiana residents may arbitrate in New Orleans.

9.2.2 Jurisdiction, Venue, and Choice of Law

Jurisdiction and venue of any matter not subject to arbitration shall reside in Washoe County, Nevada or in the United States District Court, in and for the District of Nevada. By signing the IAD Application Agreement, all IAD's consent to jurisdiction within these two forums. The law of the State of North Carolina shall govern disputes involving the IAD Agreement. Louisiana residents may choose Louisiana law and jurisdiction.

9.3 Disciplinary Actions

All of the Policies in the IAD Agreement are material terms to the agreement between IonWays, LLC and each IAD. Violation of any of the terms and conditions of the IAD Agreement, or any illegal, fraudulent, deceptive, or unethical business conduct by a IAD may result, at IonWays, LLC's or the *Compliance Team's* discretion, in one or more of the following corrective measures up to and including immediate termination:

- a) Issuance of a written warning or admonition;
- b) Denial of advancement or recognition awards;
- c) Imposition of a fine, which may be imposed immediately or withheld from bonus and commission payments;
- d) Loss of rights to one or more bonus and commission payments;
- e) Suspension of the individual's IAD Agreement for one or more months or other time frames;
- f) Cancellation of the individual's IAD Agreement;
- g) Collection and destruction of improper advertising materials;
- h) Discontinuance of any non-company approved IAD advertising campaign;
- i) Any other measure expressly stated within the IAD Agreement; or
- j) Any other measure which IonWays, LLC deems appropriate to equitably resolve injuries

to other IAD's or to IonWays, LLC caused partially or exclusively by the IAD's policy violation or contractual breach.

Section 10 - Ordering

10.1 Ordering Methods

All IAD's and Web-based Retail customers must order through the online system through an existing IonWays, LLC IAD Online Website Platform. When using the online system, be prepared to present information including your ship to address and phone number and payment method information. The Online system will review your order, allowing you to make changes. If you fail to make corrections prior to the conclusion of your online order, the order cannot be changed or added to at a later time. Payment methods are by Credit Card or mail in money order payment for initial IAD activation and initial product order.

10.2 IonWays, LLC Autoship Program

IAD's in good standing may participate in the IonWays, LLC Autoship Program. To enroll in this program, follow instructions provided on the Online system, identifying the commissionable products you wish IonWays, LLC to automatically send to you each calendar month on your anniversary enrollment date. The account on file from which you authorize payment will be automatically charged the amount of the order plus applicable shipping fees and sales tax, if applicable. IAD's must ensure that they have adequate funds in their account for the week prior to placing their Autoship order. Only commissionable products may be purchased under the Autoship Program.

10.3 Purchasing IonWays, LLC Products

Each IAD must purchase his/her products directly from their own IonWays, LLC Business Center in order to receive the sales volume credits distributed with that purchase.

10.4 Back Order Policy

As a general rule, IonWays, LLC will not back-order out-of-stock items. However, IonWays, LLC may back order Autoship items, if necessary.

10.5 Shipping Discrepancies

Failure to notify IonWays, LLC of any shipping discrepancy or damage within thirty (30) days of shipment will cancel an IAD's right to request a correction. Contact Distributor Support at (775) 324-2400 or via the Contact Admin tool for assistance in resolving any shipping issues.

Section 11 - Payment and Shipping

11.1 Methods of Payment

IonWays, LLC will accept, provided that all eligibility requirements are satisfied, the following forms of payment for orders: Cashier's checks, money orders, credit cards or pre-approved financing.

IAD's may not apply uncollected commissions toward any IonWays purchase.

11.2 Insufficient Funds and Declined Credit Cards

All Electronic checks returned by an IAD's bank for insufficient funds will be resubmitted for payment. A \$35.00 returned check fee will be charged to the account of the IAD. Any outstanding balance owed to IonWays, LLC by an IAD for insufficient funds, any returned-check fees, or declined credit-card charges will be withheld from subsequent bonus and commission payments. It is each IAD's responsibility to ensure that his/her credit limit or account balance is sufficient to pay for his/her IonWays, LLC purchases. It is not IonWays, LLC's responsibility to contact IAD's in regard to orders canceled due to insufficient funds or declined credit.

11.3 Credit Card Sales

IonWays, LLC cautions IAD's from processing International sales from individuals or parties unknown to them. IonWays, LLC is not responsible for loss to an IAD due to credit card fraud.

Section 12 – IAD Account Information Updates

12.1 Change of Address or Telephone Number

In order to ensure timely delivery of products, support materials, and commission payments, it is critically important that IonWays, LLC's files be current. Street addresses are required for shipping, since couriers cannot deliver to a post

office box. IAD's planning to move must update their personal information section located within their IonWays, LLC Online Website e-Office area. In order that IonWays, LLC can guarantee proper delivery, three days advance notice must be provided to IonWays, LLC on all changes.

12.2 Changes to the IAD's *Distributors and Dealers* Business

Each IAD is responsible to immediately update their own personal account information section of their own e-office area of their IonWays, LLC Online Website with any changes to the information contained on the IAD's Application and Agreement. IAD's may modify their existing IAD account information as far as address change, telephone number contact change or email address change. In failing to do so, the IAD agrees to hold IonWays, LLC harmless for any potential loss due to the lack of communication. The Social Security number or Federal I.D. number, account name change or a change in the form of ownership from an individual proprietorship to a business entity (owned by the IAD) can only be changed by submitting a written request, which must include a new properly executed IAD Application and Agreement, and appropriate supporting documentation.

12.3 Downline Genealogy Reports and Commission Statements

12.3.1 Downline Genealogy Reports

Downline Genealogy Reports are available within the e-office area of the IAD's Online Website Platform. Downline Genealogy Reports contain trade secret information which is proprietary to IonWays, LLC, Inc. Refer to section 4.5.2 for restrictions on using these reports.

12.3.2 Commission Statements

Commission Statements are available for all active IAD's earning a commission or bonus payment and are available to view within the IAD's eOffice of their official company website platform.

12.4 Errors or Questions

In the event an IAD has questions about or believes that any errors have been made regarding commissions, bonuses, Downline

Genealogy Reports, orders, or charges, the IAD must notify IonWays, LLC within thirty (30) days of the date of the purported error or incident in question.

IonWays, LLC will not be responsible for any error, omission, or problem not reported within thirty days.

Genealogy placement errors must be reported within 24 hours and may be adjusted only if no other enrollments or Business Volume have attached to the Business Center. IonWays, LLC has the right to refuse to make any genealogy change requested.

12.5 Resolving Problems

IAD's should refer their questions regarding orders, shipments, commissions and bonuses, and sales and IonWays Pay Plan issues by telephone or mail to IonWays, LLC's Distributor Support Department.

Mailing Address:
IonWays, LLC
ATTN: Distributor Support Department
8745 Technology Way, Ste C
Reno, Nevada 89521
Tel: (775)324-2400

Section 13 - Inactivity and Cancellation Policies

13.1 Inactivity

IAD's who do not meet the Personal Sales Volume (PSV) requirements specified in the IonWays, LLC IonWays Global Pay Plan for any rolling calendar month or other commission period will not receive a commission for the sales generated through their Downline Organization for the next calendar month or until qualifications are met. Any commission earned until qualification is met will be permanently forfeited.

13.2 Involuntary Cancellation

An IAD's violation of any of the terms of the IAD Agreement, including any amendments which may be made by IonWays, LLC in its sole discretion from time to time, constitutes a material breach of the IAD Agreement and may result in IonWays, LLC or the IonWays, LLC *Compliance Team's* option, in any of the

Disciplinary Actions listed in Section 9.3, including cancellation of his/her IAD *Distributors and Dealers* business. Involuntary Cancellation of an IAD's *Distributors and Dealers* business will result in the IAD's loss of all rights to his/her Downline Organization and any bonuses and commissions generated thereby. An IAD whose Agreement is involuntarily cancelled shall receive commissions and bonuses only for the last full calendar week and last full calendar month prior to termination. When an IAD's *Distributors and Dealers* business is involuntarily cancelled by breach of this agreement, the IAD will be notified by certified mail at the address on file with the Company. Cancellation is effective on the date on which written notice is mailed via certified mail, return receipt requested, to the IAD's last known address or when the IAD receives actual notice of cancellation, whichever occurs first. In the event of such Involuntary Cancellation, the IAD must immediately cease representing himself/herself as an IonWays, LLC IAD. The IAD may appeal the termination to the IonWays, LLC *Compliance Team*. The IAD's appeal must be in writing and must be received by the company within fifteen (15) calendar days of the date of IonWays, LLC's cancellation letter.

If IonWays, LLC does not receive the appeal within the fifteen-day period, the cancellation will be final. The IAD must submit all supporting documentation with his/her appeal correspondence. The written appeal will be reviewed by the IonWays, LLC *Compliance Team*. If the IAD files a timely appeal of termination, the IonWays, LLC *Compliance Team* will review and reconsider the termination, consider any other appropriate action, and notify the IAD in writing of its decision. This decision of the IonWays, LLC *Compliance Team* will be final. An IAD whose IAD Agreement is involuntarily canceled may reapply to become an IAD six (6) calendar months from the date of cancellation. Any such IAD wishing to reapply must submit a letter to the IonWays, LLC *Compliance Team* setting forth the reasons why he/she believes IonWays, LLC should allow him or her to operate an IAD *Distributors and Dealers* business. It is within IonWays, LLC's sole discretion whether to permit such an individual to again operate an IonWays, LLC business.

13.3 Voluntary Cancellation

13.3.1 Written Cancellation

An IAD may cancel his/her Agreement with IonWays, LLC at any time and for any reason by providing written notice to IonWays, LLC indicating his/her intent to discontinue his/her Agreement. The written notice must include the IAD's signature, printed name, address, and other appropriate identification.

13.3.2 Voluntary Cancellation for IAD Returns

An IAD who returns merchandise in excess of \$100.00 for refunds (other than validated retail customer returns within the 30-day Retail Customer return rule) may voluntarily cancel his/her IAD *Distributors and Dealers* business.

13.4 Effects of Cancellation

Following an IAD's voluntary or involuntary cancellation, such former IAD shall have no right, title, claim, or interest to the Downline Organization which he/she operated or any bonus and/or commission from the sales generated by the organization. Following a IAD's voluntary or involuntary cancellation, the former IAD shall not hold himself or herself out as a IonWays, LLC IAD, shall not have the right to sell IonWays, LLC products or services, must remove any IonWays, LLC sign from public view, and must discontinue using any other materials bearing any IonWays, LLC logo, trademark, or service marks. An IAD who has voluntarily canceled will receive commissions and bonuses only for the last full calendar week prior to his/her cancellation. An IAD whose Agreement is involuntarily canceled will receive commissions and bonuses only for the last full calendar week prior to cancellation.

Section 14 - Definitions

Definition of Terms

Active IAD - An IAD who satisfies the minimum Personal Sales Volume requirements as set forth in the IonWays, LLC IonWays Global Pay Plan.

Business Center (BC) - The term "Business Center" is defined in the IonWays, LLC IonWays Global Pay Plan.

Business Volume (BV) – The commissionable value assigned to a particular IonWays, LLC Product.

Cancellation - Termination of an individual's IAD Agreement. Cancellation may be either voluntary or involuntary.

Involuntary Cancellation - The termination of an IAD's Agreement, which is initiated by the IonWays, LLC *Compliance Team*.

Voluntary Cancellation - The termination of an IAD Agreement instituted by the IAD who elects to discontinue his/her affiliation with IonWays, LLC for any reason or for IAD returns under the scope of paragraph 13.3.2.

Commissionable Equipment and Products - All IonWays, LLC products on which commissions and bonuses are paid.

Company - The term "Company" as it is used throughout these Policies and Procedures, and in all IonWays, LLC literature, means IonWays, LLC.

Independent Authorized Distributor (IAD) - An individual who has executed an IAD Application and Agreement which has been accepted by IonWays, LLC or has enrolled online. IAD's are required to meet certain qualifications and are responsible for the training, motivation, support, and development of the IAD's in their respective Downline Sales Organizations. IAD's are entitled to purchase IonWays, LLC products directly from the Company and sell IonWays, LLC Products to Retail Customers, Web-based Retail customers and enroll new IAD's, and take part in all Company IAD programs.

IAD Agreement - The term IAD Agreement, as used in the Policies and Procedures, refers to the IAD Application and Agreement, IonWays, LLC's Policies and Procedures, and the IonWays Global Pay Plan.

Downline Organization - The individuals enrolled under one side of a Sales Center and their respective Downline Sales Organizations represent one "team" in your Downline Sales Organization.

End Consumer or Customer - A person who purchases IonWays, LLC products for the purpose of personally using them.

Genealogy Report - A report generated by the IonWays, LLC Online Website Platform that provides critical data relating to the identities of IAD's and sales information of each IAD's Downline Organization. This report contains proprietary trade secret information. (See Section 4.5.2).

Purchase Date – The date that an order is shipped from IonWays, LLC.