

Magnetude Jewelry

POLICIES AND PROCEDURES v3.0

1.0 INTRODUCTION

1.1 Mutual Commitment Statement

Magnetude Jewelry (hereafter “Magnetude Jewelry” or the “Company”) recognizes that to accomplish the goal of providing outstanding products and services to retail customers (“Customers”), the Company and its independent sales representatives (“Gems”) must acknowledge and respect the true nature of the relationship between one another.

- A. In the spirit of this mutual respect and understanding, the Company pledges to:
 - I. Provide prompt, professional and courteous service, and communications to all its Gems, as well as their Customers;
 - II. Provide the highest level of quality products at fair and reasonable prices;
 - III. Deliver orders as promptly and accurately as possible;
 - IV. Pay commissions in a correct manner and on a timely basis;
 - V. Support, protect and defend the integrity of the Magnetude Jewelry sales opportunity; and
 - VI. Offer all Gems an opportunity to grow with the Company and have such growth come by way of principles founded upon integrity, honesty, and cordiality.
- B. In return, the Company expects all Gems to:
 - I. Conduct themselves in a professional, honest, and considerate manner – all the while upholding Magnetude Jewelry’s family-friendly values;
 - II. While conducting parties, adhere to an appropriate dress code and party hosting environments;
 - III. Present corporate and product information in an accurate and professional manner;
 - IV. Present the Compensation Plan and Return Policy in a complete and accurate manner;
 - V. Refrain from the use of any exaggerated income claims, or exaggerated health claims.

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- VI. Exert reasonable effort(s) to support and train downline Gems and Customers;
- VII. Refrain from cross-line recruiting, unhealthy competition, or unethical business practices;
- VIII. Provide positive guidance and training to downline Gems and Customers while simultaneously exercising caution to avoid any intentional or incidental interference with another's downline. As such, the Company discourages one from providing cross-line training to another Gem or Customer in a different organization without having first obtained the consent of the appropriate upline leader;
- IX. Support, protect, and defend the integrity of the Magnetude Jewelry sales opportunity; and
- X. Complete and submit the Consultant Agreement and any supporting documentation in an accurate and timely manner.

1.2 Magnetude Jewelry Policies and Compensation Plan Incorporated into the Consultant Agreement

- A. Throughout these Policies and Procedures, the term "Agreement" collectively refers to the Consultant Agreement, these Policies and Procedures, and the Company Compensation Plan.
- B. It is the responsibility of Magnetude Jewelry to provide the most current version of both these Policies and Procedures (available on our corporate website, <http://www.magnetudejewelry.com>) and the Company Compensation Plan to each applicant prior to his, her and/or its execution of the Consultant Agreement.

1.3 Purpose of Policies

- A. Magnetude Jewelry is a direct sales company that markets a beautiful array of jewelry through a network of independent business owners. To clearly define the relationship that exists between you and the Company and to explicitly establish a standard for acceptable business conduct, Magnetude Jewelry hereby puts forth these Policies and Procedures (hereafter, "Policies").
- B. As a consultant ("Gem"), you hereby agree to comply with the following: (i) all of the terms and conditions set forth in the Consultant Agreement, which the Company reserves the right to amend from time to time in its sole and absolute discretion; (ii) all federal, state, and/or local laws governing your Magnetude Jewelry business; and (iii) these Policies.

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- C. You must review the information in these Policies carefully. Should any questions regarding a policy or rule arise, you should seek an answer from your direct Sponsor. If further clarification is needed or your question goes unanswered, the Company encourages you to contact the Magnetude Jewelry Customer Service department.

1.4 Changes, Amendments, and Modifications

- A. Because federal, state, and local laws – as well as, the business environment -- periodically change, the Company reserves the right to amend the Consultant Agreement and the prices in its Product Listing (found on the corporate website) at its sole and absolute discretion. Notification of amendments shall appear in Official Magnetude Jewelry Materials. ***This provision does NOT apply to the arbitration clause found in Section 12, which can only be modified via mutual consent.***
- B. Any such amendment, change, or modification shall be effective immediately upon notice through one of the following methods:
 - I. Posting on the official corporate website;
 - II. Electronic mail (e-mail); or
 - III. In writing through Company newsletters and/or any other applicable Magnetude Jewelry communication channels.

1.5 Delays

Magnetude Jewelry shall not be responsible for delays or failures in performance of its obligations when such failure is due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, transportation difficulties, riot, war, fire, and/or weather, curtailment of a source of supply, or government decrees or orders.

1.6 Effective Date

These Policies shall become effective as of June 5, 2018 and, at such time, shall automatically supersede any prior Policies and Procedures (the “old Policies and Procedures”). On this date, the old Policies and Procedures shall cease to have any force or effect.

2.0 BASIC PRINCIPLES

2.1 Becoming a Gem

- A. To become a Gem, an applicant must fulfill the following requirements:
 - I. Be of the age of majority (not a minor) in her or his state of residence;

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- II. Reside and have a valid address in the United States or a U.S. territory;
- III. Have a valid taxpayer identification number (i.e., Social Security Number, Federal Tax ID Number, ITIN, etc.);
- IV. Submit a properly completed and signed Gem Agreement to Magnetude Jewelry;
- V. Purchase a non-commissionable Magnetude Jewelry Starter Kit; and
- VI. Not be a Magnetude Jewelry employee, the spouse of a Magnetude Jewelry employee and living in the same household as such Company employee.

2.2 New Gem Registration

- A. For a potential new Gem to enroll, she may enroll through either the Magnetude Jewelry website or the replicated website of another Gem. Enrollment is done through the acceptance of the web-enrollment and Consultant Agreement, as the new Gem must accept the “electronic signature.” This electronic signature signifies the acceptance of the terms and conditions of the Consultant Agreement. Please note that such electronic signature constitutes a legally binding agreement between you and the Company.
- B. Magnetude Jewelry reserves the right to require signed paperwork for any account, regardless of origin.
- C. If requested by the Company, the signed Consultant Agreement should be sent within seven (7) days of electronic receipt.
- D. Signed documents, including but not limited to, personal Consultant agreements, are legally binding contracts which must not be altered, tampered with, or changed in any manner after the affixture of a signature. False or misleading information, forged signatures, or alterations to any document (including business registration forms) made after a document has been signed may lead to sanctions up to and including involuntary termination of the Gem’s business.

2.3 Rights Granted

- A. Magnetude Jewelry hereby grants to you a non-exclusive right, based upon the terms and conditions contained in the Consultant Agreement and these Policies, to:
 - I. Purchase Magnetude Jewelry products;
 - II. Promote and sell Magnetude Jewelry products; and

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- III. Sponsor new Customers and Gems in the United States and in countries where Magnetude Jewelry may become established after the effective date of these Policies.

2.4 Identification Numbers

- A. You are required to provide your Social Security or Federal Tax Identification Number (if located in the United States or any of its territories) to the Company on the Consultant Agreement. The Company reserves the right to withhold commission payments from any Gem who fails to provide such information or who provides false information.
- B. Upon enrollment, Magnetude Jewelry will provide you with a Magnetude Jewelry Identification Number. This number will be used to place orders, structure organizations, and track commissions and bonuses.

2.5 Renewals and Expiration of the Distributor Agreement

- A. If the Distributor allows his, her or its Agreement to expire due to nonpayment, the Distributor will lose any and all rights to his, her or its downline organization unless the reactivation occurs within thirty **(30)** days following the expiration of the Agreement.
- B. If the former Distributors reactivates within the **(30)**-day time limit ("Grace Period"), the Distributor will resume the rank and position held immediately prior to the expiration of the Agreement. However, such Distributor's paid as level will not be restored unless he, she and/or an entity ("it") qualifies at that payout level in the new month. The Distributor is not eligible to receive commissions for the time period that the Distributor's business was expired.
- C. Any Distributor who was terminated or whose Agreement has expired and lapsed the **(30)**-day Grace Period is not eligible to re-apply for a Magnetude Jewelry business for six (6) months following the expiration of the Distributor Agreement.
- D. The downline of the expired Distributor will roll up to the immediate, active upline Sponsor; however, the new volume does not automatically qualify for the next title or rank.

2.6 Business Entities

- A. A corporation, partnership, LLC, or trust (collectively referred to as a "Business Entity" or referred to as "it") may apply to be a Magnetude Jewelry Distributor. This business and genealogy position will remain *temporary* until the proper documents are submitted. The Business Entity must submit one of the following documents: Certificate of Incorporation, Articles of Organization, Partnership Agreement or appropriate Trust

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documents. Magnetude Jewelry must receive these documents within seven (7) days from the date one affixed a signature to the Distributor Agreement.

- B. A Magnetude Jewelry Distributor may change their status under the same Sponsor from an individual to a partnership, LLC, corporation, trust or from one type of business entity to another.

2.5 Independent Business Relationship; Indemnification for Actions

- A. A Gem is an independent contractor, and not a purchaser of a franchise or business opportunity. Therefore, your success depends entirely upon your own independent efforts.
- B. The Agreement between you and Magnetude Jewelry does not create an employer/employee relationship, agency, partnership, or joint venture.
- C. A Gem shall not be treated as an employee of Magnetude Jewelry for any purposes, including, without limitation, for federal or state tax purposes. All Gems are responsible for paying local, state, and federal taxes due from all compensation earned as Gems. Any other compensation received by Gems from the Company will be governed by applicable U.S. tax laws (or the tax laws of any other applicable jurisdiction). The Gem has no express or implied authority to bind Magnetude Jewelry to any obligation or to make any commitments by or on behalf of the Company. Each Gem shall establish his, her or its own goals, hours, and methods of operation and sale, so long as she/ or he complies with the terms of the Consultant Agreement, these Policies, and applicable state and federal laws.
- D. You are responsible for all verbal and written communications made regarding Magnetude Jewelry products, services, and the Compensation Plan that are not expressly contained within official Company Materials. You shall indemnify and hold harmless the Company, its directors, officers, employees, product suppliers and agents from any and against all liability including judgments, civil penalties, refunds, attorney fees and court costs incurred by Magnetude Jewelry as a result of your unauthorized representations or actions. This provision shall survive the termination of the Consultant Agreement.

2.6 Errors or Questions

If a Gem has questions about, or believes any errors have been made regarding commissions, bonuses, business reports, orders, or charges, she or he must notify Magnetude Jewelry in writing within thirty (30) days of the date of the error or incident in question. Any such errors, omissions or problems not reported within 30 days shall be deemed expressly waived.

3.0 RESPONSIBILITIES OF GEMS:

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3.1 Correct Addresses

- A. Prior to the shipment of any orders, it is the responsibility of either a Customer or Gem to make sure Magnetude Jewelry has the correct shipping address.
- B. A Customer or Gem will need to allow up to thirty (30) days for processing in the event of any notice of address change.
- C. A Customer or Gem may be assessed a \$20 fee for returned shipments due to an incorrect shipping address.

3.2 Training and Leadership

- A. Any Gem who Sponsors another Gem into the Company must genuinely help to teach and train her downline to ensure that her downline is properly operating her Magnetude Jewelry business. Sponsoring Gems should have ongoing contact and communication with those in their downline organizations. Examples of communication may include, but are not limited to, newsletters, written correspondence, telephone, contact, team calls, voice-mail, e-mail, personal meetings, accompaniment of downline Gems to Company meetings, training sessions and any other related functions.
- B. A Sponsoring Gem should monitor the Gems in her downline organizations to ensure that downline Gems do not make improper product or business claims, or engage in any illegal or inappropriate conduct. Upon request, such Gem should be able to provide documented evidence that supports her ongoing fulfillment of her responsibilities as a sponsoring upline.
- C. Upline Gems are encouraged to motivate and train new Gems about Magnetude Jewelry's products and services, effective sales techniques, the Company Compensation Plan and compliance with the Company Policies.
- D. Marketing product is a required activity in Magnetude Jewelry and must be emphasized in all recruiting presentations.
- E. We emphasize and encourage all Gems to sell Magnetude Jewelry's products and services to Customers. The Compensation Plan is based upon the sale of Company products to end consumers.
- F. Use of Sales Aids. To promote both the products and the opportunity Magnetude Jewelry offers, Gems must use the sales aids and support materials produced by Magnetude Jewelry. This includes but is not limited to any/all presenter sponsored giveaways. If Gems develop their own sales aids and promotional materials, which includes Internet advertising, notwithstanding any good intentions, they may unintentionally violate any number of statutes or regulations affecting the Magnetude Jewelry business. These violations, although they may be relatively few in number,

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could jeopardize the Magnetude Jewelry opportunity for all Gems. Accordingly, Gems must submit all written sales aids, promotional materials, advertisements, websites, presenter sponsored giveaways and other literature to the Company for Company's approval prior to use. Unless the Gem receives specific written approval to use the material, the request shall be deemed denied. All Gems shall safeguard and promote the good reputation of Magnetude Jewelry and its products. The marketing and promotion of Magnetude Jewelry, the Magnetude Jewelry sales opportunity, the Compensation Plan, and Magnetude Jewelry products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

3.3 Constructive Criticism; Ethics

- A. Magnetude Jewelry desires to provide its independent Gems with the best products and services and Compensation Plan in the industry. Accordingly, Magnetude Jewelry values constructive criticism and encourages the submission of comments addressed to info@magnetudejewelry.com.
- B. Negative and disparaging comments about Magnetude Jewelry, its products or Compensation Plan, by Gems made to Magnetude Jewelry, in the Field or at Magnetude Jewelry meetings or events, or disruptive behavior at Magnetude Jewelry meetings or events, serve no purpose other than to dampen the enthusiasm of other Gems. Gems must not belittle Magnetude Jewelry, other Gems, Magnetude Jewelry products, the Compensation Plan, or Magnetude Jewelry directors, officers, or employees, product suppliers or agents. Such conduct represents a material breach of these Policies and may be subject to sanctions as deemed appropriate by Magnetude Jewelry.
- C. **Magnetude Jewelry endorses the following code of ethics:**
 - I. A Gem must show fairness, tolerance, and respect to all people associated with the Company, regardless of race, gender, social class, sexual orientation or religion, thereby fostering a "positive atmosphere" of teamwork, good morale and community spirit. We will not tolerate gems with devious, mean spirited intentions or disruptive behaviors.
 - II. A Gem shall strive to resolve business issues, including situations with upline and downline Gems, by emphasizing tact, sensitivity, good will and taking care not to create additional problems.
 - III. Gems must be honest, responsible, professional and conduct themselves with integrity.
 - IV. Gems shall not make disparaging statements about Magnetude Jewelry, other Gems, Magnetude Jewelry employees, product suppliers or agents, products,

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services, sales and marketing campaigns, or the Compensation Plan, or make statements that unreasonably offend, mislead or coerce others.

- D. Magnetude Jewelry may take appropriate action against a Gem if it determines, in its sole discretion, that a Gem's conduct is detrimental, disruptive, or injurious to the Company or other Gems.

3.4 Reporting Policy Violation

- A. A Gem who observes a policy violation by another Gem should submit a written and signed letter or e-mail will be accepted of the violation directly to the Corporate office. The letter shall set forth the details of the incident as follows:
 - I. The nature of the violation;
 - II. Specific facts to support the allegations;
 - III. Dates;
 - IV. Number of occurrences;
 - V. Persons involved; and
 - VI. Supporting documentation
- B. Once the matter has been presented to Magnetude Jewelry, it will be researched thoroughly by the Compliance Department and appropriate action will be taken if required.
- C. This section refers to the general reporting of policy violations as observed by other Gems for the mutual effort to support, protect, and defend the integrity of the Magnetude Jewelry sales opportunity. If a Gem has a grievance or complaint against another Gem, which directly relates to his or her Magnetude Jewelry business, the procedures set forth in these Policies must be followed.

3.5 Sponsorship

- A. The Sponsor is the person who introduces a Gem or Customer to Magnetude Jewelry, helps them complete their enrollment, and supports and trains those in their downline.
- B. Magnetude Jewelry recognizes the Sponsor as the name(s) shown on the first:
 - I. Physically signed Magnetude Jewelry Consultant Agreement on file; or

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- II. Electronically signed Consultant Agreement from a website or a Magnetude Jewelry Gem website.
- C. A Magnetude Jewelry Consultant Agreement that contains notations such as “by phone” or the signatures of other individuals (i.e., Sponsors, spouses, relatives, or friends) is not valid and will not be accepted by the Company.
- D. Magnetude Jewelry recognizes that each new prospect has the right to ultimately choose his or her own Sponsor, but Magnetude Jewelry will not allow Gems to engage in unethical sponsoring activities.
- E. All active Gems in good standing have the right to Sponsor and enroll others into Magnetude Jewelry. While engaged in sponsoring activities, it is not uncommon to encounter situations when more than one Gem will approach the same prospect. It is the accepted courtesy that the new prospect will be sponsored by the first Gem who presented a comprehensive introduction to Magnetude Jewelry products or business opportunity. Ultimately, it is the prospects decision to join under any sponsor.
- F. A *Protected Prospect* is a guest of any Gem or Customer who attended a Magnetude Jewelry event or conference call. For thirty (30) days following the event, a Protected Prospect cannot be solicited or sponsored by any other Gem who attended the same event. A Magnetude Jewelry event can be defined as the following:
 - I. Any Magnetude Jewelry training session;
 - II. Conference call;
 - III. Fly-in meeting; or
 - IV. Presentation, including but not limited to a Magnetude Jewelry at home presentation, whether sponsored by Magnetude Jewelry, Gem, a Customer, or an agent or agency designated by Magnetude Jewelry.

3.6 Cross Sponsoring Prohibition

- A. “Cross sponsoring” is defined as the enrollment into a different line of sponsorship of an individual that already has a signed Consultant Agreement. Actual or attempted cross sponsoring is not allowed. If cross sponsoring is verified by the Company, we may impose sanctions up to and including termination of a Gem’s business.
- B. The use of a Spouse’s or relative’s name, trade names, assumed names, DBA names, corporation, partnership, trust, Federal ID numbers, or fictitious ID numbers to evade or circumvent this Policy is not permitted.

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- C. This Policy does not prohibit the transfer of a Magnetude Jewelry business in accordance with the Sale or Transfer Policy set forth in these Policies.

3.7 Adherence to the Company Compensation Plan

- A. A Gem must adhere to the terms of the Company Compensation Plan as set forth in these Policies as well as in official Company literature. Deviation from the Compensation Plan is prohibited.
- B. A Gem shall not offer the Magnetude Jewelry opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Magnetude Jewelry literature.
- C. A Gem shall not require or encourage a current or prospective Customer or Gem to participate in Magnetude Jewelry in any manner that varies from the Compensation Plan as set forth in official Company literature.
- D. A Gem shall not require or encourage a current or prospective Customer or Gem to make a purchase from or payment to any individual or other entity as a condition to participating in the Company Compensation Plan, other than such purchases or payments required to naturally build their business.

3.8 Adherence to Laws and Ordinances

- A. Many cities and counties have laws regulating certain home-based businesses. In most cases, these ordinances do not apply to Gems because of the nature of the business. However, Gems must check their local laws and obey the laws that do apply to them.
- B. A Gem shall comply with all federal, state, and local laws and regulations in their conduct of a Magnetude Jewelry business.

3.9 Compliance with Applicable Income Tax Laws

- A. Magnetude Jewelry will automatically provide a complete 1099 Miscellaneous Income Tax form (nonemployee compensation) to each United States Gem whose earnings for the year is at least \$600 or who has purchased more than \$5,000 of Magnetude Jewelry products for resale, or who received trips, prizes or awards valued at \$600 or more. If earnings and purchases are less than stated above, IRS forms will be sent only at the request of the Gem, and a minimum charge of \$20 may be assessed by Magnetude Jewelry.
- B. A Gem accepts sole responsibility for and agrees to pay all federal, state, and local taxes on any income generated as an independent Gem, and further agrees to indemnify Company from any failure to pay such tax amounts when due.

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- C. If a Gem's business is tax exempt, the Federal Tax Identification number must be provided in writing to the Company.
- D. Magnetude Jewelry encourages all Gems to consult with a tax advisor for additional information for their business.

3.10 One Magnetude Jewelry Business Per Gem

- A. A Gem may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one (1) Magnetude Jewelry business. No individual may have, operate or receive compensation from more than one Magnetude Jewelry businesses. Individuals of the same family unit may each enter in to or have an interest in their own separate Magnetude Jewelry businesses, only if each subsequent family business is placed frontline to the first family member enrolled. A "family unit" is defined as spouses, dependent children or relatives living at or doing business at the same address.

3.11 Actions of Household Members or Affiliated Parties

If any member of a Gem's immediate household engages in any activity which, if performed by the Gem, would violate any provision of the Agreement, such activity will be deemed a violation by that Gem and the Company may take disciplinary action pursuant to these Policies against said Gem.

3.12 Solicitation for Other Companies or Products

- A. A Gem may participate in other non-competing direct sales, multilevel, network marketing or relationship marketing business ventures or marketing opportunities. However, representing other jewelry lines is not allowed. During the term of this Agreement and for one (1) year thereafter, a Gem may not recruit any other Gem or Customer for any other direct sales or network marketing business, unless that Gem or Customer was personally sponsored by such Gem.
- B. The term "recruit" means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way (either directly or through a third party), another Gem or Customer to enroll or participate in any direct sales or network marketing opportunity. This conduct represents recruiting even if the Gem's actions are in response to an inquiry made by another Gem or Customer.
- C. During the term of this Agreement and for a period of one year thereafter, any Magnetude Jewelry Gem must not sell, or entice others to sell, any competing products, including training materials, to Magnetude Jewelry Customers or Gems. Any product or service in the same category as a Magnetude Jewelry product or service is deemed to be competing (i.e., i.e., a direct sales company which sells jewelry regardless of differences in cost or quality).

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- D. However, a Gem may sell non-competing products to Magnetude Jewelry Customers and Gems that they personally sponsored.
- E. A Gem may not display or bundle Magnetude Jewelry products, in sales literature, on a website or in sales meetings, with any other products to avoid confusing or misleading a prospective Customer or Gems into believing there is a relationship between the Magnetude Jewelry and non-Magnetude Jewelry products and services.
- F. A Gem may not offer or represent any non-Magnetude Jewelry opportunity, products at any Magnetude Jewelry related parties/shows, meeting, seminar or convention, or immediately following a Company event.
- G. A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between Magnetude Jewelry and its Gems and would inflict irreparable harm on Magnetude Jewelry. In such event, the Company may, at its sole discretion, impose any sanction it deems necessary and appropriate against such Gem or such Gem's business including termination, or seek immediate injunctive relief without the necessity of posting a bond.

3.13 Presentation of the Magnetude Jewelry Opportunity

- A. In presenting the Magnetude Jewelry opportunity to potential Customers and Gems, you are required to comply with the following provisions:
 - I. You shall not misquote or omit any significant material fact about the Compensation Plan.
 - II. You shall make it clear that the Compensation Plan is based upon sales of Magnetude Jewelry products and services and upon the sponsoring of other Gems.
 - III. You shall make it clear that success can be achieved only through substantial independent efforts.
 - IV. You shall not make unauthorized income projections, claims, or guarantees while presenting or discussing the Magnetude Jewelry opportunity or Compensation Plan to prospective other Gems and Customers.
 - V. You may not make any claims regarding products offered by Magnetude Jewelry, except those contained in official Company literature.
 - VI. You may not use official Company material to promote the Magnetude Jewelry business opportunity in any country where Magnetude Jewelry has not established a "presence."

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- VII. You shall make use of the Magnetude Jewelry Income Disclosure Statement (“IDS”) as soon as it is introduced from the company.

In an effort to conduct best business practices, Magnetude Jewelry has developed an IDS. The Magnetude Jewelry IDS is designed to convey truthful, timely, and comprehensive information regarding the income that a Gem may earn. To accomplish this objective, a copy of the IDS must be presented to all prospective Gems.

A copy of the IDS must be presented to a prospective Gem anytime the Compensation Plan is presented or discussed, or any type of income claim or earnings representation is made.

The terms “income claim” and/or “earnings representation” (collectively “income claim”) includes the following: (i) statements of average earnings, (ii) statements of non-average earnings, (iii) statements of earnings ranges, (iv) income testimonials, (v) lifestyle claims, and (vi) hypothetical claims. Examples of “statements of non-average earnings” include, “Our number one Gem earned over a million dollars last year” or “Our average ranking Gem makes five thousand per month.” An example of a “statement of earnings ranges” is “The monthly income for our higher-ranking Gems is ten thousand dollars on the low end to thirty thousand dollars a month on the high end.”

3.14 Sales Requirements are Governed by the Compensation Plan

- A. Gems may only purchase Magnetude Jewelry products and resell them at the manufacturer suggested retail price. There is no individual lowering of prices to undercut others. There are no exclusive territories granted to anyone. No franchise fees are applicable to a Magnetude Jewelry business.
- B. The Magnetude Jewelry program is built on sales to the ultimate consumer. Magnetude Jewelry encourages its Gems to only purchase inventory that they will personally consume, will be used as a sales tool, or will be resold. Gems must never attempt to influence any other Gem to buy more products than they can reasonably use or retail to Customers in a reasonable time period.

4.0 ORDERING

4.1 General Order Policies

- A. “Bonus Buying” is strictly and absolutely prohibited. Bonus Buying includes the following: (i) the enrollment of individuals or entities without the knowledge of and/or execution of an Agreement by such individuals or Business Entities; (ii) the fraudulent enrollment of an individual or entity as a Gem or Customer; (iii) the enrollment or attempted enrolment of non-existent individuals or Business Entities as Gems or

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Customers (“phantoms”); (iv) purchasing Magnetude Jewelry products on behalf of another Gem or Customer, or under another Gem’s or Customer’s ID number, to qualify for commissions or bonuses; (v) purchasing excessive amounts of products that cannot be used or resold in a reasonable time period; and/or (vi) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bona fide product or service purchases by end user consumers.

A Gem shall not use another Gem’s or Customer’s credit card or debit checking account to enroll in Magnetude Jewelry or purchase products without the account holder’s *written permission*. Such documentation must be kept by the Gem indefinitely in case the Company needs to reference this and/or requests proof.

- B. Prices are subject to change without notice.
- C. A Gem or Customer who is a recipient of a damaged or incorrect order must notify Magnetude Jewelry within thirty (30) calendar days from receipt of the order and the product will either be refunded or exchanged with free shipping. Returns for damaged goods after 30 days up to 6 months must follow the Procedures as set forth in these Policies and will get store credit.

4.2 Insufficient Funds

- A. All declined credit card charges will be re-submitted for payment. If a credit card order or automatic debit is declined the first time, the Gem will be contacted for an alternate form of payment.
- B. Any outstanding balance owed to Magnetude Jewelry by one of your downline Gems or Customers as a result of NSF (non-sufficient funds) checks, returned check fees or insufficient fund fees (ACH) or from disputed credit card charges will be withheld by Magnetude Jewelry from your future bonus and commission checks.
- C. All transactions involving returned checks or insufficient funds through ACH or credit card, which are not resolved in a timely manner by a Gem, constitute grounds for disciplinary sanctions.

4.3 Sales Tax Obligation

- A. A Gem shall comply with all state and local taxes and regulations governing the sale of Magnetude Jewelry products and services.
- B. Magnetude Jewelry will collect and remit sales tax on Gem orders. When orders are placed with Magnetude Jewelry, sales tax is prepaid based upon the suggested retail price. Magnetude Jewelry will remit the sales tax to the appropriate state and local jurisdictions. The Gem may recover the sales tax when he or she makes a sale. Gems

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are responsible for any additional sales taxes due on products marked up and sold at a higher price.

- C. Magnetude Jewelry encourages each Gem to consult with a tax advisor for additional information for his or her business.

5.0 PAYMENT OF COMMISSIONS & BONUSES

5.1 Bonus and Commission Qualifications

- A. A Gem must be active (as defined by the Compensation Plan) and in compliance with the Company Policies to qualify for bonuses and commissions. So long as a Gem complies with the terms of the Agreement, Magnetude Jewelry shall pay commissions to Gem in accordance with the Compensation Plan.
- B. Magnetude Jewelry will not issue a payment to a Gem without the receipt of a completed and signed Consultant Agreement or Electronic Authorization.
- C. Magnetude Jewelry reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$25.

5.2 Computation of Commissions and Discrepancies

- A. To qualify to receive commissions and bonuses, a Gem must be in good standing and comply with the terms of the Agreement and these Policies. Commissions, bonuses, overrides, and achievement levels are calculated each month.
- B. A Gem must review his or her weekly statement and bonus/commission reports promptly and report any discrepancies within thirty (30) days of receipt. After this 30-day “grace period,” no additional requests will be considered for commission recalculations.
- C. For additional information on payment of commissions, please review the Compensation Plan.

5.3 Adjustments to Bonuses and Commissions for Returned Products

- A. A Gem receives bonuses and commissions based on the actual sales of products and services to end consumers. When a product or service is returned to Magnetude Jewelry for a refund from the end consumer, the bonuses and commissions attributable to the returned product or service will be deducted from the Gem who received bonuses or commissions on that specific sale(s). Deductions will occur in the week in which the refund is given and continue every pay period thereafter until the bonus/and or commission is recovered.

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- B. In the event that a Gem terminates his or her business, and the amounts of the bonuses or commissions attributable to the returned products have not yet been fully recovered by Magnetude Jewelry, the remainder of the outstanding balance may be offset against any other amounts that may be owed to the terminated Gem.

6.0 SATISFACTION GUARANTEED, EXCHANGES AND RETURNS

Magnetude Jewelry offers a one hundred percent (100%) Thirty (30) day money back guarantee for all Customers and Gems. If a Customer purchased a product and is not satisfied with the product, the Customer may request a refund from the Gem who sold the product to the Customer. If you as a Distributor are not 100% satisfied with our products or sales aids, you have (30) thirty days to return the items for a full refund so long as the following conditions are met: (i) neither you nor we have terminated the Agreement; (ii) the products were purchased within thirty (30) days; and (iii) the products remain in Resalable Condition (as defined in the Definitions section below). The refund shall be 100 percent (100%) of the purchase price. Shipping and handling charges incurred will not be refunded. It is the responsibility of the gem to ship back the goods.

Magnetude Jewelry also offers Customers and Gems a ninety (90) day manufacturer's warranty for defects on all jewelry. 31 to 90 days from date of purchase, customer and gem is entitled to an exchange for merchandise. Customers and Gems are responsible for shipment fees for items sent back to the company for repairs and the company is responsible for shipment back. Should you need assistance with repairs, please contact the company.

To fill out a Jewelry Repair Form, please go to the following the procedures outlined in Section 6.1 below.

6.1 Return Process

- A. All returns, whether by a Customer or Gem, must be made as follows:
 - I. Fill out either a Jewelry Repair or Jewelry Exchange Form found at <http://www.magnetudejewelry.com/warrantyexchangeancellation.html>;
 - II. Ship items back to Magnetude Jewelry with the inclusion of the appropriate form with the reason for the return.
 - III. When a return is requested, the Gem must have a Return, Replace or Exchange - Merchandise Authorization (RMA) code. See the RMA form in the back office.
- B. All returns must be shipped to Magnetude Jewelry pre-paid, as Magnetude Jewelry does not accept shipping collect packages. Magnetude Jewelry recommends shipping returned product by USPS, UPS or FedEx with tracking and insurance as risk of loss or damage in shipping of the returned product shall be borne solely by the Customer or

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Gem. If returned product is not received, it is the responsibility of the Customer or Gem to trace the shipment and no credit will be applied.

- C. The return of \$250 or more of products accompanied by a request for a refund within thirty (30) calendar days by a Gem may constitute grounds for involuntary termination.
- D. For any other questions, please contact Magnetude Jewelry at info@magnetudejewelry.com

7.0 PRIVACY POLICY

7.1 Introduction

This policy is to ensure that all Customers and Gems understand and adhere to the basic principles of confidentiality.

7.2 Expectation of Privacy

- A. Magnetude Jewelry recognizes and respects the importance its Customers and Gems place on the privacy of their financial and personal information. Magnetude Jewelry will make reasonable efforts to safeguard the privacy of and maintain the confidentiality of its Customers' and Gems' financial and account information and nonpublic personal information.
- B. By entering into the Consultant Agreement, a Gem authorizes Magnetude Jewelry to disclose her or its name and contact information to upline Gems solely for activities related to the furtherance of the Magnetude Jewelry business. A Gem hereby agrees to maintain the confidentiality and security of such information and to use it solely for the purpose of supporting and servicing her or its downline organization.

7.3 Employee Access to Information

Magnetude Jewelry limits the number of employees who have access to Customers' and Gems' nonpublic personal information.

7.4 Restrictions on the Disclosure of Account Information

Magnetude Jewelry will not share non-public personal information or financial information about current or former Customers or Gems with third parties, except as permitted or required by laws and regulations, court orders, or to serve the Customers' or Gems' interests or to enforce its rights or obligations under these Policies, the Consultant Agreement, or with written permission from the accountholder on file.

8.0 PROPRIETARY INFORMATION AND TRADE SECRETS

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8.1 Business Reports, Lists, and Proprietary Information

By completing and signing the Consultant Agreement, the Gem acknowledges that Business Reports, lists of Customer and Gem names and contact information and any other information, which contain financial, scientific or other information both written or otherwise circulated by Magnetude Jewelry pertaining to the business of Magnetude Jewelry (collectively, “Reports”), are confidential and proprietary information and trade secrets belonging to the Company.

8.2 Obligation of Confidentiality

- A. During the term of the Magnetude Jewelry Consultant Agreement and for a period of three (3) years after your termination or the Agreement’s expiration, you shall not:
 - I. Use the information in the Reports to compete with Magnetude Jewelry or for any purpose other than promoting his or her Magnetude Jewelry business;
 - II. Use or disclose to any person or entity any confidential information contained in the Reports, including the replication of the genealogy in another network marketing company.

8.3 Breach and Remedies

The Gem acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to Magnetude Jewelry and to independent Magnetude Jewelry businesses. Magnetude Jewelry and its Gems will be entitled to injunctive relief or to recover damages against any Gem who violates this provision in any action to enforce its rights under this section. The prevailing party shall be entitled to an award of attorney’s fees, court costs and expenses.

8.4 Return of Materials

Upon demand by Magnetude Jewelry, any current or former Gem will return the original and all copies of all “Reports” to Magnetude Jewelry together with any Magnetude Jewelry confidential information in such person’s possession.

9.0 ADVERTISING, PROMOTIONAL MATERIAL, USE OF COMPANY NAMES AND TRADEMARKS

9.1 Labeling, Packaging, and Displaying Products

- A. A Gem may **not** re-label, re-package, refill, or alter labels of any Magnetude Jewelry product, or service, information, materials, or program(s) in any way. Magnetude Jewelry products and services must only be sold in their original containers from Magnetude Jewelry. Such re-labeling or re-packaging violates federal and state laws, which may result in criminal or civil penalties or liability.

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- I. You agree to make no representations or claims about any products beyond those shown on product labels and/or in official Magnetude Jewelry literature.
- B. A Magnetude Jewelry Gem shall not cause any Magnetude Jewelry product or any Magnetude Jewelry trade name to be sold or displayed in large retail establishments, we do allow small retail shops to sell.
- C. Magnetude Jewelry will permit Gems to solicit and make Commercial Sales upon *prior written approval* from Magnetude Jewelry. For the purpose of these Policies, the term “Commercial Sale” means the sale of:
 - I. Magnetude Jewelry products that equal or exceed \$5,000 in a single order;
 - II. Products sold to a third party who intends to resell the products to an end consumer.
- D. A Gem may sell Magnetude Jewelry products and services and display the Magnetude Jewelry trade name at any appropriate display booth (such as trade shows) upon ***prior written approval*** from Magnetude Jewelry.
- E. Magnetude Jewelry reserves the right to refuse authorization to participate at any function that it does not deem a suitable forum for the promotion of its products and services, or the Magnetude Jewelry opportunity.

9.2 Use of Company Names and Protected Materials

- A. A Gem must safeguard and promote the good reputation of Magnetude Jewelry and the products and services it markets. The marketing and promotion of Magnetude Jewelry, the Magnetude Jewelry opportunity, the Compensation Plan, and Magnetude Jewelry products and services will be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct and practices.
- B. All promotional materials supplied or created by Magnetude Jewelry must be used in their original form and cannot be changed, amended or altered except with prior written approval from the Company Compliance Department.
- C. The name of Magnetude Jewelry, each of its product and service names and other names that have been adopted by Magnetude Jewelry in connection with its business are proprietary trade names, trademarks and service marks of Magnetude Jewelry. As such, these marks are of great value to Magnetude Jewelry and are supplied to Gems for their use only in an expressly authorized manner.
- D. A Gem’s use of the name “Magnetude Jewelry” is restricted to protect Magnetude Jewelry proprietary rights, ensuring that the Magnetude Jewelry protected names will

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not be lost or compromised by unauthorized use. Use of the Magnetude Jewelry name on any item not produced by Magnetude Jewelry is prohibited except as follows:

- I. [Consultant's name] Gem of Magnetude Jewelry; or
 - II. [Consultant's name] independent representative of Magnetude Jewelry.
- E. Further procedures relating to the use of the Magnetude Jewelry name are as follows:
- I. All stationary (i.e., letterhead, envelopes, and business cards) bearing the Magnetude Jewelry name or logo intended for use by the Gem must be approved in writing by the Company Compliance Department.
 - II. Gems may list "Consultant of Magnetude Jewelry" or "Gem of Magnetude Jewelry" in the white pages of the telephone directory or in any online directory under her or his own name.
 - III. Gems may not use the name "Magnetude Jewelry" or "Magnetude Jewelry Corporate" in answering the telephone, creating a voice messages or using an answering service, such as to give the impression to the caller that they have reached the corporate office. They may state, "Gem of Magnetude Jewelry."
- F. Certain photos and graphic images used by Magnetude Jewelry in its advertising, packaging, and websites are the result of paid contracts with outside vendors that do not extend to Gems. Gems are allowed to use photos from the Magnetude Jewelry website.
- G. A Gem shall not appear on or make use of television or radio or make use of any other media to promote or discuss Magnetude Jewelry or its programs, products without prior written permission from the Company Compliance Department.
- H. A Gem may not produce for sale or distribution any Company event or speech, nor may a Gem reproduce Magnetude Jewelry audio or video clips for sale or for personal use without prior written permission from the Company Compliance Department.
- I. Magnetude Jewelry reserves the right to rescind its prior approval of any sales aid or promotional material to comply with changing laws and regulations and may request the removal from the marketplace of such materials without financial obligation to the affected Gem.
- J. A Gem shall not promote non-Magnetude Jewelry products in conjunction with Magnetude Jewelry products on the same websites, same advertisement, or on shows without prior approval from Magnetude Jewelry Compliance.

9.3 E-mail Limitations

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- A. Except as provided in this section, a Gem may not use or transmit unsolicited email, mass email distribution, or “spamming” that advertises or promotes the operation of his or her Magnetude Jewelry business. The exceptions are:
 - I. E-mailing any person who has given prior permission or invitation;
 - II. E-mailing any person with whom the Gem has established a prior business or personal relationship.
- B. In all states where prohibited by law, a Gem may not transmit, or cause to be transmitted through a third party (by telephone, facsimile, computer or other device), an unsolicited advertisement to any equipment, which has the capacity to transcribe text or images from an electronic signal received over a regular telephone line, cable line, ISDN, T1 or any other signal carrying device, except as set forth in this section.
- C. All e-mail or computer broadcasted documents subject to this provision shall include each of the following:
 - I. A clear and obvious identification that the e-mail message is an advertisement or solicitation. The words “advertisement” or “solicitation” should appear in the subject line of the message;
 - II. A clear return path or routing information;
 - III. The use of legal and proper domain name;
 - IV. A clear and obvious notice of the opportunity to decline to receive further e-mail messages from the sender;
 - V. Unsubscribe or opt-out instructions should be the very first text in the body of the message box in the same size text as the majority of the message;
 - VI. The true and correct name of the sender, valid senders e-mail address, and a valid sender physical address;
 - VII. The date and time of the transmission;
 - VIII. Upon notification by recipient of his or her request not to receive further e-mailed documents, a Gem shall not transmit any further documents to that recipient.
- D. All e-mail or computer broadcasted documents subject to this provision shall not include any of the following:
 - I. Use of any third-party domain name without permission;

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II. Sexually explicit materials.

9.4 Internet and Third-Party Website Restrictions

- A. A Gem may not use or attempt to register any of Magnetude Jewelry's trade names, trademarks, service names, service marks, product names, URLs, advertising phrases, the Company's name or any derivative thereof, for any purpose including, but not limited to, Internet domain names (URL), third party websites, e-mail addresses, web pages, or blogs.
- B. A Gem may not sell Magnetude Jewelry products, services or offer the business opportunity using "online auctions," such as eBay®.
- C. All Gems may have one (1) approved website. This is the Gem's replicated website ("Replicated Website") hosted by Magnetude Jewelry servers. No Gem may develop their own third party websites.
- D. Social Media sites may be used to sell or offer to sell Magnetude Jewelry products. PROFILES THAT A GEM GENERATES IN ANY SOCIAL COMMUNITY WHERE MAGNETUDE JEWELRY IS DISCUSSED OR MENTIONED MUST CLEARLY IDENTIFY THE GEM AS AN INDEPENDENT CONSULTANT, and when a Gem participates in those communities, they must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is in appropriate is at the Company's sole discretion, and offending Gems will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the Magnetude Jewelry approved library. If a link is provided, it must link to the posting Gem's Replicated Website.
- E. Anonymous postings or use of an alias on any Social Media site is prohibited, and offending Gems will be subject to disciplinary action.
- F. Gems may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Gems create, or leave must be useful, unique, relevant and specific to the blog's article.
- G. Gems must disclose their name on all Social Media postings, and conspicuously identify themselves as an independent sales consultant for Magnetude Jewelry. Anonymous postings or use of an alias is prohibited.
- H. Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the Magnetude Jewelry sales opportunity, Magnetude Jewelry's products, and/or your personal, and biographical information and/or credentials.

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- I. Gems are personally responsible for their postings and all other online activity that relates to the Company. Therefore, even if a Gem does not own or operate a blog or Social Media site, if a Gem posts to any such site that relates to Magnetude Jewelry or which can be traced to Magnetude Jewelry, the Gem is responsible for the posting. Gems are also responsible for postings which occur on any blog or Social Media site that the Gem owns, operates, or controls.
- J. As a Gem, it is important not to converse with any person who places a negative post against you, other Gems, or Magnetude Jewelry. Report negative posts to the Company Compliance Department. Responding to such negative posts often simply fuels a discussion with someone carrying a grudge that does not hold themselves to the same high standards as Magnetude Jewelry, and therefore damages the reputation and goodwill of Magnetude Jewelry.
- K. The distinction between a Social Media site and a website may not be clear-cut, because some Social Media sites are particularly robust, Magnetude Jewelry therefore reserves the sole and exclusive right to classify certain Social Media sites as third-party websites and require that Gems using, or who wish to use, must get prior permission from Magnetude Jewelry.
- L. If your Magnetude Jewelry business is cancelled for any reason, you must discontinue using the Magnetude Jewelry name, and all of Magnetude Jewelry's trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all Social Media sites that you utilize. If you post on any Social Media site on which you have previously identified yourself as an independent consultant of Magnetude Jewelry, you must conspicuously disclose that you are no longer a Gem.
- M. Failure to comply with these Policies for conducting business online may result in the Gem losing their right to advertise and market Magnetude Jewelry products, services and Magnetude Jewelry's business opportunity online in addition to any other disciplinary action available under these Policies.

9.5 Advertising and Promotional Materials

- A. No special enticement advertising is allowed. This includes, but is not limited to, offers of a free Magnetude Jewelry business, free shipping, or other such offers that grant advantages beyond those available through the Company.
- B. Advertising and all forms of communications must adhere to principles of honesty and propriety.
- C. **All advertising, including, but not limited to, print, Internet, computer bulletin boards, television, radio, etc., are subject to prior Company written approval.**

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- D. Magnetude Jewelry approval is not required to place blind ads that do not mention Magnetude Jewelry, its employees, any of its products, services, designs, symbols, programs, and trademarked, copyrighted, or otherwise protected materials.
- E. Magnetude Jewelry reserves the right to rescind its prior approval of submitted advertising or promotional materials in order to comply with changing laws and regulations and may require the removal of such advertisements from the marketplace without obligation to the affected Gem.

9.6 Testimonial Permission

- A. By signing the Consultant Agreement, a Gem gives Magnetude Jewelry permission to use his or her testimonial or image and likeness in corporate sales materials, including but not limited to print media, electronic media, audio and video. In consideration of being allowed to participate in the Magnetude Jewelry business opportunity, a Gem waives any right to be compensated for the use of his or her testimonial or image and likeness even though Magnetude Jewelry may be paid for items or sales materials containing such image and likeness. In some cases, a Gem's testimonial may appear in another Gem's advertising materials. If a Gem does not wish to participate in Magnetude Jewelry sales and marketing materials, he or she should provide a written notice to the Company Compliance Department to ensure that his or her testimonial or image and likeness will not be used in any corporate materials, corporate recognition pieces, advertising or recordings of annual events.

9.7 Telemarketing - Limitations

- A. A Gem must not engage in telemarketing in relation to the operation of the Gem's business. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of Magnetude Jewelry products, or to recruit them for the Magnetude Jewelry opportunity.
- B. The Federal Trade Commission ("FTC") and the Federal Communications Commission ("FCC") each have laws that restrict telemarketing practices. Both Federal agencies, as well as a number of states have "do not call" regulations as part of their telemarketing laws.
- C. While a Gem may not consider himself or herself a "telemarketer" in the traditional sense, these regulations broadly define the term "telemarketer" and "telemarketing" so that the unintentional action of calling someone whose telephone number is listed on the Federal "Do Not Call" registry could cause the Gem to violate the law. These regulations must not be taken lightly, as they carry significant penalties (up to \$11,000 per violation).

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- D. “Cold calls” or “state-to-state calls” made to prospective Customers or Gems that promote either Magnetude Jewelry products, services or the Magnetude Jewelry opportunity is considered telemarketing and is prohibited.

- E. Exceptions to Telemarketing Regulations

A Magnetude Jewelry Gem may place telephone calls to prospective Customers or Gems under the following limited situations:

- I. If the Gem has an established business relationship with the prospect;
 - II. In response to the prospect’s personal inquiry or application regarding a product or service offered by the Gem within three (3) months immediately before the date of such a call;
 - III. If the Gem receives written and signed permission from the prospect authorizing the Gem to call;
 - IV. If the call is to family members, personal friends, and acquaintances. However, if a Gem makes a habit of collecting business cards from everyone he/she meets and subsequently calls them, the FTC may consider this a form of telemarketing that is not subject to this exemption;
 - V. Gems engaged in calling “acquaintances,” must make such calls on an occasional basis only and not as a routine practice.
- F. A Gem shall not use automatic telephone dialing systems in the operation of his or her Magnetude Jewelry businesses.
 - G. Failure to abide by Magnetude Jewelry policies or regulations as set forth by the FTC and FCC regarding telemarketing may lead to sanctions against the Gem’s business, up to and including termination of the business.
 - H. By signing the Consultant Agreement, or by accepting commission checks, other payments or awards from Magnetude Jewelry, a Gem gives permission to Magnetude Jewelry and other Gems to contact them as permitted under the Federal Do Not Call regulations.
 - I. In the event a Gem violates this section, Magnetude Jewelry reserves the right to institute legal proceedings to obtain monetary or equitable relief.

10.0 CHANGES TO A GEM’S MAGNETUDE BUSINESS

10.1 Modification of the Gem Agreement

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- A. A Gem may modify his or her existing Consultant Agreement (i.e., change a social security number to a Federal ID number, or add a spouse or partner to the account by submitting a written request, accompanied by a new Consultant Agreement completed with fresh signatures (not a “crossed out” or “white-out” version of the first Agreement), and any appropriate supporting documentation.

10.2 Unethical Sponsoring

- A. Unethical sponsoring activities include, but are not limited to, enticing, bidding or engaging in unhealthy competition in trying to acquire a prospect or new Gem from another Gem or influencing another Gem to transfer to a different sponsor.
- B. Allegations of unethical sponsoring must be reported in writing to the Company Compliance Department within the first 90 days of enrollment. If the reports are substantiated, Magnetude Jewelry may transfer the Gem or the Gem’s downline to another sponsor, Placement or organization without approval from the current up-line Sponsor or Placement Gem. Magnetude Jewelry remains the final authority in such cases.
- C. Magnetude Jewelry prohibits the act of “Stacking.” Stacking is the unauthorized manipulation of the Magnetude Jewelry compensation system and/or the marketing plan in order to trigger commissions or cause a promotion off a downline Gem in an unearned manner. One example of stacking occurs when a Sponsor places a participant under an inactive downline without his or her knowledge in order to trigger unearned qualification for commissioning. Stacking is unethical and unacceptable behavior, and as such, it is a punishable offense with measures up to and including the termination of the businesses of all individuals and/or entities found to be directly involved.
- D. Should Gems engage in solicitation and/or enticement of members of another direct sales company to sell or distribute Magnetude Jewelry products and services to, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against a Gem alleging that they engaged in inappropriate recruiting activity of another company’s sales force or Customers, Magnetude Jewelry will not pay any of Gem’s defense costs or legal fees, nor will Magnetude Jewelry indemnify the Gem for any judgment, award, or settlement.

10.3 Sell, Assign or Delegate Ownership

- A. To preserve the integrity of the hierarchical structure, it is necessary for Magnetude Jewelry to place restrictions on the transfer, assignment, or sale of a business.
- B. A Magnetude Jewelry Gem may not sell or assign his or her rights or delegate his or her business as a Gem *without prior written approval by the Company*, which approval will

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not be unreasonably withheld. Any attempted sale, assignment, or delegation without such approval may be voided at the discretion of Magnetude Jewelry.

- C. Should the sale be approved by the Company, the Buyer assumes the business of the Seller at the current qualified title. To be paid at that title, it is the new owners responsibility to maintain the qualifications of that title.
- D. To request corporate authorization for a sale or transfer of a Magnetude Jewelry business, the following items must be submitted to the Company Compliance Department:
 - I. A Sale/Transfer of business Form properly completed, with the requisite signatures.
 - II. A copy of the Sales Agreement signed and dated by both Buyer and Seller.
 - III. A Magnetude Jewelry Consultant Agreement completed and signed by the Buyer;
 - IV. Payment of the \$100 administration fee;
 - V. Any additional supporting documentation requested by Magnetude Jewelry.
- E. Any debt obligations that either Seller or Buyer may have with Magnetude Jewelry must be satisfied prior to the approval of the sale or transfer by Magnetude Jewelry.
- F. A Magnetude Jewelry Gem who sells his or her business is not eligible to re-enroll as a Magnetude Jewelry Gem in any organization for six (6) full calendar months following the date of the sale except as otherwise expressly set forth in these Policies.

10.4 Separating a Magnetude Jewelry Business

- A. Pending a divorce, the parties must adopt one of the following methods of operation:
 - I. One of the parties may, with the written consent of the other(s), operate the Magnetude Jewelry business whereby the relinquishing spouse authorizes Magnetude Jewelry to deal directly and solely with the other spouse; or
 - II. The parties may continue to operate the Magnetude Jewelry business jointly on a “business as usual” basis, whereupon all compensation paid by Magnetude Jewelry will be paid in the name designated as the Gems or in the name of the entity to be divided, as the parties may independently agree between them. If no name is stipulated, Magnetude Jewelry will pay compensation to the name on record and in such event, the Gem named on the account shall indemnify

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Magnetude Jewelry from any claims from the other spouse with respect to such payment.

- B. Magnetude Jewelry recognizes only one downline organization and will issue only one commission check per Magnetude Jewelry business per commission cycle. Under no circumstances will the downline of an organization be divided, nor will Magnetude Jewelry split commission and/or bonus checks.
- C. If a relinquishing spouse has completely relinquished (“Relinquishing Party”), in writing, all rights to the original Magnetude Jewelry business, he or she may immediately thereafter re-enroll under the Sponsor and Placement of his or her choice. In such cases, however, the Relinquishing Party shall have no rights to, and shall not solicit, any Gem or active Customer in the former organization, and must develop a new business in the same manner as any other new Magnetude Jewelry Gem. A Gem in the Relinquishing Party’s former Downline who wishes to transfer to the Relinquishing Party’s new organization or to any other organization, must comply with the requirements in Section 12.5.

10.5 Succession

- A. Upon the death or incapacity of a Gem, the Gem’s business may be passed on to her or his legal successors in interest (successor). Whenever a Magnetude Jewelry business is transferred by will or other testamentary process, the successor acquires the right to collect all bonuses and commissions of the deceased Gem’s sales organization. The successor must:
 - I. Complete and sign a new Magnetude Jewelry Consultant Agreement;
 - II. Comply with the terms and provisions of the Consultant Agreement; and
 - III. Meet all of the qualifications for the last rank achieved by the former Gem.
- B. Bonus and commission checks of a Magnetude Jewelry business transferred based on this section will be paid in a single check to the successor. The successor must provide Magnetude Jewelry with an “address of record” to which all bonus and commission Payments will be sent. Payments will be based on the current performance of the business, not the highest rank or volume achieved.
- C. Appropriate legal documentation must be submitted to Company Compliance Department to ensure the transfer is done properly. To affect a testamentary transfer of a Magnetude Jewelry business, the successor must provide the following to Company Compliance Department:
 - I. A certified copy of the death certificate; and

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- II. A notarized copy of the will or other appropriate legal documentation establishing the successor's right to the Magnetude Jewelry business.
- D. To complete a transfer of the Magnetude Jewelry business because of incapacity, the successor must provide the following to the Company Compliance Department:
 - I. A notarized copy of an appointment as trustee;
 - II. A notarized copy of the trust document or other appropriate legal documentation establishing the trustee's right to administer the Magnetude Jewelry business; and
 - III. A completed Consultant Agreement executed by the trustee.
- E. If the successor is already an existing Gem, Magnetude Jewelry will allow such Gem to keep his or her own business plus the inherited business active for up to six (6) months. By the end of the 6-month period, the Gem must have compressed (if applicable), sold or otherwise transferred either the existing business or the inherited business.
- F. If the successor wishes to terminate the Magnetude Jewelry business, he or she must submit a notarized statement stating the desire to terminate the business, along with a certified copy of the death certificate, appointment as trustee, and/or any other appropriate legal documentation.
- G. Upon written request, Magnetude Jewelry may grant a one (1) month bereavement waiver and pay out at the last "paid as" rank.

10.6 Resignation/Voluntary Termination

- A. A Gem may immediately terminate his or her business by submitting a written notice or email to the Company Compliance Department. The written notice must include the following:
 - I. The Gem's intent to resign;
 - II. Date of resignation;
 - III. Magnetude Jewelry Identification Number;
 - III. Reason for resigning; and
 - V. Signature.
- B. A Gem may not use resignation as a way to immediately change Sponsor and Placement. Instead, the Gem who has voluntarily resigned is not eligible to reapply for a

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business or have any financial interest in a or any Magnetude Jewelry business for six (6) months from the receipt of the written notice of resignation.

10.7 Involuntary Termination

- A. Magnetude Jewelry reserves the right to terminate a Gem's business for, but not limited to, the following reasons:
 - I. Violation of any terms or conditions of the Consultant Agreement;
 - II. Violation of any provision in these Policies;
 - III. Violation of any provision in the Compensation Plan;
 - IV. Violation of any applicable law, ordinance, or regulation regarding the Magnetude Jewelry business; or
 - V. Engaging in unethical business practices or violating standards of fair dealing.
- B. Magnetude Jewelry will notify the Gem via email at her/his last known email address of its intent to terminate the Gem's business and the reasons for termination.
- C. After notice of termination, a Gem may appeal the termination, but Magnetude Jewelry can deny such appeal and proceed with termination in its sole and absolute discretion.
- D. If the termination is not rescinded, the termination will be effective as of the date of the original termination notice by Magnetude Jewelry. The former Gem shall thereafter be prohibited from using the names, marks or signs, labels, stationery, advertising, or business material referring to or relating to any Magnetude Jewelry products. Magnetude Jewelry will notify the active Upline Sponsor within ten (10) days after termination. The organization of the terminated Gem will "roll up" to the active Upline Sponsor on record.
- E. The Magnetude Jewelry Gem who is involuntarily terminated by Magnetude Jewelry may not reapply for a business, either under his or her present name or any other name or entity, without the *express written consent of an officer of Magnetude Jewelry following a review by Company Compliance Department*. In any event, such Gem may not re-apply for a business for twelve (12) months from the date of termination.

10.8 Effect of Cancellation

- A. Following a Gem's cancellation for inactivity or voluntary or involuntary termination (collectively, a "cancellation") such Gem:

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- I. Shall have no right, title, claim or interest to any commission or bonus from the sales generated by the Gem's former organization or any other payments in association with the Gem's former independent business;
- II. Effectively waives any and all claims to property rights or any interest in or to the Gem's former downline organization;
- III. Shall receive commissions and bonuses only for the last full pay period in which he or she was active prior to cancellation, less any amounts withheld during an investigation preceding an involuntary cancellation, and less any other amounts owed to Magnetude Jewelry.

11.0 DISCIPLINARY SANCTIONS

11.1 Imposition of Disciplinary Action – Purpose

It is the spirit of Magnetude Jewelry that integrity and fairness should pervade among its Gems, thereby providing everyone with an equal opportunity to build a successful business. Therefore, Magnetude Jewelry reserves the right to impose disciplinary sanctions at any time, when it has determined that a Gem has violated the Agreement or any of these Policies or the Compensation Plan as they may be amended from time to time by Magnetude Jewelry.

11.2 Consequences and Remedies of Breach

- A. Disciplinary actions may include one or more of the following:
 - I. Monitoring a Gem's conduct over a specified period of time to assure compliance;
 - II. Issuance of a written warning or requiring the Gem to take immediate corrective action;
 - III. Imposition of a fine (which may be imposed immediately or withheld from future commission payments) or the withholding of commission payments ("Commission Hold") until the matter causing the Commission Hold is resolved or until Magnetude Jewelry receives adequate additional assurances from the Gem to ensure future compliance;
 - IV. Suspension from participation in Company or Gem events, rewards, or recognition;
 - V. Suspension of the Consultant Agreement and Gem business for one or more pay periods;
 - VI. Involuntary termination of the Consultant's Agreement and Gem business;

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VII. Any other measure which Magnetude Jewelry deems feasible and appropriate to justly resolve injuries caused by the Gem's policy violation(s) or contractual breach(es); OR

VIII. Legal proceedings for monetary or equitable relief.

12.0 DISPUTE RESOLUTION

12.1 Grievances

- A. If a Magnetude Jewelry Gem has a grievance or complaint against another Gem regarding any practice or conduct relating to their respective Magnetude Jewelry businesses, he or she is encouraged to resolve the issue directly with the other party. If an agreement cannot be reached, it must be reported directly to the Company Compliance Department as outlined below in this Section.
- B. The Company Compliance Department will be the final authority on settling such grievance or complaint and its written decision shall be final and binding on the Gems involved.
- C. Magnetude Jewelry will confine its involvement to disputes regarding Magnetude Jewelry business matters only. Magnetude Jewelry will not decide issues that involve personality conflicts or unprofessional conduct by or between Gems outside the context of a Magnetude Jewelry business. These issues go beyond the scope of Magnetude Jewelry and may not be used to justify a Sponsor or Placement change or a transfer to another Magnetude Jewelry organization.
- D. Magnetude Jewelry does not consider, enforce, or mediate third party agreements between Gems, nor does it provide names, funding, or advice for obtaining outside legal counsel.
- E. Process for Grievances:
 - I. The Magnetude Jewelry Gem should submit a written letter of complaint (e-mail will not be accepted) directly to the Company Compliance Department. The letter shall set forth the details of the incident as follows:
 - a. The nature of the violation;
 - b. Specific facts to support the allegations;
 - c. Dates;
 - d. Number of occurrences;
 - e. Persons involved; and
 - f. Supporting documentation.

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- II. Upon receipt of the written complaint, Magnetude Jewelry will conduct an investigation according to the following procedures:
 - a. The Compliance Department will send an acknowledgment of receipt to the complaining Gem;
 - b. The Compliance Department will provide a verbal or written notice of the allegation to the Gem under investigation;
 - c. The Compliance Department will thoroughly investigate the complaint, consider all the submitted information it deems relevant, including information from collateral sources. Due to the unique nature of each situation, determinations of the appropriate remedy will be on a case by case basis, and the length of time to reach a resolution will vary.
 - d. During the course of the investigation, the Compliance Department will only provide periodic updates simply stating that the investigation is ongoing. No other information will be released during this time. Gem calls, letters, and requests for “progress reports” during the course of the investigation will not be answered or returned.
- F. Magnetude Jewelry will make a final decision and timely notify the Gem(s) involved.

12.2 Arbitration

- A. **Any controversy or claim arising out of or relating to the Magnetude Jewelry Consultant Agreement, these Policies (or a breach thereof), the Gem’s business or any dispute between Magnetude Jewelry and the Gem, shall be settled by binding and confidential arbitration administered by the American Arbitration Association under its commercial arbitration rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.** Any such arbitration shall be held in Nashville, Tennessee. There shall be one arbitrator, who shall have expertise in business law transactions and who shall be knowledgeable in the direct selling industry, selected from a panel provided by the American Arbitration Association.
- B. The prevailing party in any such arbitration shall be entitled to receive from the losing party, all costs and expenses of arbitration, including reasonable attorney’s fees and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to judgment in any court of competent jurisdiction.
- C. This agreement to arbitration shall survive any termination or expiration of the Consultant Agreement.
- D. Nothing in these Policies shall prevent Magnetude Jewelry from applying for or obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect Magnetude Jewelry interests or its Confidential Information prior

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to, during or following the filing of an arbitration or other proceeding, or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

- E. **NO CLASS ACTION, OR OTHER REPRESENTATIVE ACTION OR PRIVATE ATTORNEY GENERAL ACTION OR JOINDER OR CONSOLIDATION OF ANY CLAIM WITH A CLAIM OF ANOTHER PERSON OR CLASS OF CLAIMANTS SHALL BE ALLOWABLE.**
- F. These Policies and any arbitration involving a Gem and Magnetude Jewelry shall be governed by and construed in accordance with the laws of the state of California, without reference to its principles of conflict of laws.

12.3 Severability

If any provision of these Policies and Procedures is found to be invalid, or unenforceable for any reason, only the invalid provision shall be severed. The remaining terms and provisions hereof shall remain in full force and shall be construed as if such invalid or unenforceable provision never had comprised a part of these Policies.

12.4 Waiver

- A. Only an officer of Magnetude Jewelry can, in writing, affect a waiver of the Magnetude Jewelry Policies and Procedures. Magnetude Jewelry's waiver of any particular breach by a Gem shall not affect Magnetude Jewelry's rights with respect to any subsequent breach, nor shall it affect the rights or obligations of any other Gem.
- B. The existence of any claim or cause of action of a Gem against Magnetude Jewelry shall not constitute a defense to Magnetude Jewelry's enforcement of any term or provision of these Policies.

12.5 Successors and Claims

The agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

13.0 GOVERNING LAW

These Policies and Procedures shall be governed by and construed in accordance with the Laws of the State of California and the exclusive jurisdiction of the United States courts.

14.0 GLOSSARY OF TERMS

ACTIVE GEM: A Gem who satisfies the minimum volume requirement as set forth in the Compensation Plan, to ensure that they are eligible to receive bonuses and commissions.

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AGREEMENT: The contract between the Company and each Gem, which includes: (i) the Consultant Agreement, (ii) these Policies and Procedures, and (iii) the Company Compensation Plan, all in their current form and as amended by Magnetude Jewelry in its sole discretion. These documents are collectively referred to as the “Agreement.”

CANCEL: The termination of a Gem’s business. Cancellation may be either voluntary or involuntary.

COMPENSATION PLAN: The guidelines and referenced literature for describing how Gems can generate commissions and bonuses.

CUSTOMER: A Customer who purchases Magnetude Jewelry products and does not engage in building a business or retailing product.

GEM: An individual who purchases product, generates retail sales and business building commissions.

LINE OF SPONSORSHIP (LOS): A report generated by Magnetude Jewelry that provides critical data relating to the identities of Gems, sales information, and enrollment activity of each Gem’s organization. This report contains confidential and trade secret information which is proprietary to Magnetude Jewelry.

ORGANIZATION: The Customers and Gems placed below a particular Gem.

OFFICIAL MAGNETUDE JEWELRY MATERIAL: Literature, audio or video tapes, and other materials developed, printed, published, and distributed by Magnetude Jewelry to Gems.

PLACEMENT: Your position inside your Sponsor’s organization.

RECRUIT: For purposes of Magnetude Jewelry’s Conflict of Interest Policy, the term “Recruit” means the actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Gem or Customer to enroll or participate in another multilevel marketing, network marketing, or direct sales opportunity.

SPONSOR: A Gem who enrolls a Customer or another Gem into the Company and is listed as the Sponsor on the Consultant Agreement. The act of enrolling others and training them to become Gems is called “sponsoring.”

UPLINE: This term refers to the Gem or Gems above a particular Gem in a sponsorship line up to the Company. It is the line of sponsors that links any particular Gem to the Company.