

Arego Life™  
POLICIES & PROCEDURES

Policies and Compensation Plan Incorporated into Protégé Agreement; Amendments. These Policies and Procedures, in their present form and as amended at the sole discretion of Arego Life, LLC (hereafter “Arego” “Arego Life,” or the “Company”), are incorporated into the Arego Life Independent Protégé Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Arego Life Independent Protégé Agreement, the Policies and Procedures, the Arego Compensation Plan, and the Arego Business Entity Addendum (the Business Entity Addendum is only applicable to Protégés who enroll as a business entity). Independent Protégés shall be referred to herein as “Protégés.” The Company reserves the right to amend the Agreement at its discretion. Amendments shall be effective 30 days after notice and publication of the amended provisions in the Protégé’s Arego Office but amended policies shall not apply retroactively to conduct that occurred prior to the effective date of the amendment. A Protégé may cancel his/her Arego business at any time and for any reason.

Policies and Provisions Severable. If any provision of the Agreement, in its current form or as amended, is held void or unenforceable, only the void or unenforceable portion(s) of the provision shall be severed from the Agreement and the remaining provisions shall remain in effect. The severed provision shall be reformed so that it is in compliance with the law and reflects the purpose of the original provision as closely as possible. The existence of any claim or cause of

action of a Protégé against Arego shall not constitute a defense to Arego’s enforcement of any term or provision of the Agreement.

Term and Renewal of an Arego Business. The term of the Independent Protégé Agreement is one year from the date of enrollment. Independent Protégés (“Protégé”) must renew their Independent Protégé Agreement each year. Protégés will be reminded of their upcoming renewal through their Arego Offices. At that time, Protégés may elect to cancel their business. If a Protégé does not cancel, his or her business will be automatically renewed and the renewal fee will be charged to the credit card he/she has on file with the Company.

Independent Contractor Relationship. Protégés are independent contractors and not employees of Arego. In all written, graphic, or digital material used for Arego business purposes, Protégés must represent themselves as an “Arego Life™ Independent Protégé.” In verbal conversations with prospective Protégés and customers, Protégés must introduce themselves as an “Arego Life Independent Protégé.” Protégés shall not lead anyone to believe that they are employees of Arego Life.

General Conduct. Protégés shall safeguard and promote the good reputation of Arego and its products, and must avoid all illegal, deceptive, misleading, unethical or immoral conduct or practices, and must exhibit high moral character in their personal and professional conduct. Protégés shall not engage in any conduct that may damage the Company’s goodwill or reputation. While it is impossible to specify all misconduct

that would be contrary to this policy, and the following list is not a limitation on the standards of conduct to which Protégés must adhere pursuant to this policy, the following standards specifically apply to Protégés' activities:

Deceptive conduct is always prohibited. Protégés must ensure that their statements are truthful, fair, accurate, and are not misleading;

If a Protégé's Arego business is cancelled for any reason, the Protégé must discontinue using the Arego name, and all other Arego intellectual property, and all derivatives of such intellectual property, in postings on all Social Media, websites, or other promotional material. Protégés may not represent or imply that any state or federal government official, agency, or body has approved or endorses Arego, its program, or products. Protégés must not engage in any illegal, fraudulent, deceptive, or manipulative conduct in the course of their business or their personal lives that, in the Company's sole discretion, could damage the Company's reputation or the culture that exists within the field sales force.

**Social Media.** In addition to meeting all other requirements specified in these Policies, should a Protégé utilize any form of social media in connection with their Arego business, including but not limited to blogs, Facebook, Twitter, LinkedIn, YouTube, or Pinterest, the Protégé agrees to each of the following:

Protégés are responsible for the content of all material that they produce and all of their postings on any social media site, as well as all postings on any social media site that they own, operate, or control.

Protégés shall not make any social media postings, or link to or from any postings or other material that is sexually explicit, obscene, pornographic, offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise), is graphically violent, is solicitous of any unlawful behavior, that engages in personal attacks on any individual, group, or entity, or is in violation of any intellectual property rights of the Company or any third party.

No product sales or enrollments may occur on or through any social media site. To process sales or enrollments, a social media site must link only to the Protégé's Arego replicated website, Arego's corporate website or an official Arego corporate social media page.

It is each Protégé's responsibility to follow the social media site's terms of use. Any social media site that is directly or indirectly operated or controlled by a Protégé that is used to discuss or promote Arego's products, or the Arego opportunity may not link to any website, social media site, or site of any other nature that promotes the products, services, or business program of any direct selling company other than Arego.

During the term of this Agreement and for a period of 12 calendar months thereafter, a Protégé may not use any social media site on which they discuss or promote, or have discussed or promoted, the Arego business or Arego's products to directly or indirectly solicit anyone for another direct selling or network marketing program (collectively, "direct selling").

A Protégé shall not take any action on any social media site on which they dis-

cuss or present, or have discussed or presented, Arego's products or the Arego business that may reasonably be foreseen to draw an inquiry from Arego's Protégés relating to the Protégé's other direct selling business activities, services or products. Violation of this provision shall constitute a violation of the non-solicitation provision in Policy

If a Protégé creates a business page on any social media site to promote or relates to Arego, its products, or opportunity, the page may not promote or advertise the products or opportunity of any other network marketing business other than Arego and its products. If the Protégé's Arego business is cancelled for any reason or if the Protégé becomes inactive, the Protégé must deactivate the page.

Protégés shall respect the privacy of other social media users. Protégés shall not engage in abusive social media practices including but not limited to harvesting or trolling for connections, shaming or bullying others.

Protégé Web Sites and Mobile Applications. Protégés may/may not create their own websites or mobile applications to promote their Arego business or Arego's products and services. Official Arego supplied replicated websites, and Company supplied mobile applications (if applicable) are the only online forum through which Arego products may be sold and new Arego Protégé enrollments may be transacted (prohibited online forums include, but are not limited to, Protégés' external websites, online auctions and classified listings). Notwithstanding the foregoing, Protégés may create one external website to promote their Arego business and Arego products, but such

external website must comply with the following:

External websites may not take and/or process product or service orders, sales or enrollments.

The external site must be directed to the Protégé's replicated website to process sales and/or enrollments.

All external websites must clearly and conspicuously identify the Protégé who is operating the external website, and must clearly and conspicuously disclose that he/she is a Arego Independent Protégé, and that the site is not Arego's corporate website. Websites that do not identify the promoter of the site and/or that he/she is promoting Arego's products or the Arego opportunity (so called "blind" websites), are not permitted.

Upon cancellation of an independent Protégé's Arego Agreement for any reason, the former Protégé must immediately remove the external site from the internet;

The external website must exclusively promote Arego's products and Arego's opportunity.

Prior to going live with an external website, the Protégé must submit a beta site to the Company for review and receive the Company's written authorization to use the website. Following approval, any amendments to the Site must also be submitted to the Company and receive written approval before going live.

Arego reserves the right to rescind approval for any approved external website, and Protégés waive all claims against Arego, its officers, directors, owners, employees, and agents for damages, expenses, costs, or remuneration of any other nature arising from or relating to such rescission.

Protégé Created Marketing Methods, Advertising, and Promotional Material (Sales Tools). To ensure that the Sales Tools are not deceptive, contain only substantiated claims, and properly identify Arego's trademarks and copyrights, all Protégé created Sales Tools must be submitted to the Company and receive written approval before they can be used or made public. Protégés who receive written authorization from Arego to produce and publish Sales Tools may make approved Sales Tools available to other Protégés free of charge if they wish, but may not sell the Sales Tools to other Arego Protégés (any sale or attempt to sell Sales Tools to another Protégé will result in the termination of the offending Protégé's Arego business). Arego reserves the right to rescind approval for any approved Sales Tools, and Protégés waive all claims against Arego, its officers, directors, owners, employees, and agents for damages, expenses, costs, or remuneration of any other nature arising from or relating to such rescission. Approved Sales Tools will be posted in the Marketing Library section of Protégés' Arego Offices, and will be available for all Protégés' use free of charge. The Protégé(s) who created the Sales Tools grants Arego and other Independent Protégés an irrevocable license to use the Sales Tools for Arego business purposes at its discretion, and waives all claims, including but not limited to intellectual property right claims, and/or claims for remuneration against Arego, its officers, directors, owners, agents, and other Independent Protégés for such posting and/or use of the Sales Tools.

OR

Protégés must use only Arego approved sales aids, advertising, promotional materials, and marketing methods (collectively "Sales Tools") when promoting the Arego business or Arego's products or services. These materials are available in the Document Library of Protégé's Arego Office.

Approved Sales Tools will be posted in the Document Library section in Protégés' Arego Offices and will be made available to all Protégés free of charge. The Protégé who submitted the Sales Tool to the Company waives all claims to remuneration for such use and grants Arego an irrevocable license to use the Sales Tools as the Company deems appropriate.

Trademarks and Copyrights. The name "Arego" and other names as may be adopted by the Company are proprietary trade names, trademarks and service marks of Arego. The Company grants Protégés a limited license to use its trademarks and trade names in promotional media for so long as the Protégé's Agreement is in effect. Upon cancellation of a Protégé's Agreement for any reason, the license shall expire and the Protégé shall immediately discontinue all use of the Company's trademarks and trade names. Under no circumstances may a Protégé use any of Arego's trademarks or trade names in any email address, website domain name, social media handle, social media name or address, or in any unapproved Sales Tools.

Arego commonly puts on live and recorded events as well as webinars and telephone conference calls. During these events Company executives, Protégés, and guests appear and speak. The con-

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**Comment [1]:** If you elect to use this option, understand that it reserves considerable control over Protégés such that it can be used as evidence of an employment relationship.

tent of such events is copyrighted material that is owned exclusively by the Company. Protégés may not record company functions for any reason, whether such event is live, a webinar, via conference call, or delivered through any other medium.

In addition, Company produced Sales Tools, videos, audios, podcasts, and printed material is also copyrighted. Protégés shall not copy any such materials for their personal or business use without the Company's prior written approval.

**Sales Outlets.** To support the Company's direct selling distribution channel and to protect the independent contractor relationship, Protégés agree that they will not sell Arego products in any wholesale, warehouse, or discount establishment, or any online auction or buy-sell site (including but not limited to ebay) without prior written approval from Arego. Notwithstanding the foregoing, Protégés may display and sell Arego products at professional trade shows.

**Service Related Establishments.** Protégés may promote and sell Arego products in service-related establishments. A service-related establishment is one whose primary revenue is earned by providing personal service rather than by selling products. Such establishments include offices of doctors, dentists and other health professionals; health clubs or fitness centers; beauty salons; and any other business where customer use of the establishment is controlled by membership or appointment. Arego reserves the right to make the final determination as to whether an establishment is service-

related or is a proper place for the sale of its products.

**Change of Sponsor.** The only means by which a Protégé may legitimately change his/her sponsor are by:

Voluntarily canceling his/her Arego business in writing and remaining inactive for six (6) full calendar months. Following the six calendar month period of inactivity, the former Protégé may reapply under a new sponsor. The Protégé will lose all rights to his/her former downline organization upon his/her cancellation; or  
Submitting a written request to the Company at \_\_\_\_\_ for a change of sponsor. The Protégé requesting the transfer must also submit written and signed transfer authorization forms from his/her immediate \_\_\_\_\_ upline Protégés.

**Waiver of Claims.** In cases wherein a Protégé improperly changes his/her sponsor, Arego reserves the sole and exclusive right to determine the final disposition of the downline organization that was developed by the Protégé in his/her second line of sponsorship. **DISTRIBUTORS WAIVE ANY AND ALL CLAIMS AGAINST AREGO, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM AREGO'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW A DISTRIBUTOR WHO HAS IMPROPERLY CHANGED HIS/HER SPONSOR.**

**Product Claims.** Protégés must not make claims, including but not limited to tes-

testimonials, about Arego's products or services that are not contained in official Arego literature or posted on Arego's official website. Under no circumstances shall any Protégé state or imply that any Arego product is useful in the diagnosis, treatment, cure, or prevention of any disease, illness, injury, or other medical condition.

**Weight Loss Testimonials.** If a Protégé makes a weight loss testimonial in connection with Arego's products, the Protégé must adhere to each of the following:

The Protégé making the testimonial must clearly and conspicuously disclose that he/she is an independent Protégé for Arego;

The testimonial must be true and accurate, and must disclose all additional material information that impacted his/her weight loss (e.g., changes in lifestyle or exercise habits, use of diet pills, etc.); The testimonial must clearly and conspicuously disclose the generally expected results for those who go on the Arego program. The generally expected results are posted on the Arego website at [www.yyyy.com/results](http://www.yyyy.com/results);

No testimonial may be made relating to use of the Company's products and their impact on the any weight-related illness suffered by the individual making the testimonial, including but not limited to diabetes claims and cholesterol reduction claims.

**Income Claims.** When presenting or discussing the Arego opportunity or Compensation Plan to a prospective Protégé, Protégés may not make income projections, income claims, income testimonials, or disclose their Arego income (in-

cluding, but not limited to, the showing of checks, copies of checks, bank statements, or tax records), or the income of any other Arego Protégé. Nor may Protégés make "lifestyle" income claims. A "lifestyle" income claim is a statement or depiction that infers or states that the Protégé is able to enjoy a luxurious or successful lifestyle due to the income they earn from their Arego business. Examples of prohibited lifestyle claims include, but are not limited to, representations (either through audio or visual medium) that a Protégé was able to quit his/her job, acquire expensive or luxury material possessions, or travel to exotic or expensive destinations.

**Compensation Plan and Program Claims.** When presenting or discussing the Arego compensation plan, you must make it clear to prospects that financial success in Arego requires commitment, effort, and sales skill. Conversely, you must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include, but are not limited to:

It's a turnkey system.  
The system will do the work for you.  
Just get in and your downline will build through spillover.  
Just join and I'll build your downline for you.  
The Company does all the work for you.  
You don't have to sell anything.  
All you have to do is buy your products every month.

The above are just examples of improper representations about the compensation plan and the Company's program. It is important that you do not make these, or

any other representations, that could lead a prospect to believe that they can be successful as a Protégé without commitment, effort, and sales skill.

**Media Inquiries.** Protégés must not interact with the media regarding the Arego business or products. All inquiries from the media, including radio, television, print, online, or any other medium, shall be directed to Arego's marketing department.

**Nonsolicitation.** Arego Protégés are free to participate in other network marketing programs. However, during the term of this Agreement and for one year thereafter, with the exception of a Protégé's personally sponsored downline Protégés, a Protégé may not directly or indirectly Recruit other Arego Protégés for any other network marketing business. The term "Recruit" means the direct or indirect, actual or attempted, sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, another Arego Protégé to enroll or participate in another network marketing opportunity. This conduct constitutes Recruiting even if the Protégé's actions are in response to an inquiry made by another Protégé or customer.

If a Protégé is engaged in other non-Arego business or Network Marketing program, it is the responsibility of the Protégé to ensure that his or her Arego business is operated entirely separate and apart from all other businesses and/or Network Marketing programs. To this end, the Protégé must not:

Display Arego promotional material, sales aids, or products with or in the same location as, any non-Arego promo-

tional material or sales aids, products or services (Pinterest and similar social media sites are exempt from this policy).

Offer the Arego opportunity, products or services to prospective or existing customers or Protégés in conjunction with any non-Arego program, opportunity or products.

Offer, discuss, or display any non-Arego opportunity, products, services or opportunity at any Arego-related trunk-show, meeting, seminar, convention, webinar, teleconference, or other function.

**Handling Personal Information.** If you receive Personal Information from or about prospective Protégés or customers, it is your responsibility to maintain its security. You should shred or irreversibly delete the Personal Information of others once you no longer need it. Personal Information is information that identifies, or permits you to contact, an individual. It includes a customer's, potential customers, Protégés and prospective Protégés' name, address, email address, phone number, credit card information, social security or tax identification number and other information associated with these details.

**Confidential Information.** "Confidential Information" includes, but is not limited to, the identities, contact information, and/or sales information relating to Arego's Protégés and/or customers: (a) that is contained in or derived from any Protégés' respective Arego Office; (b) that is derived from any reports issued by Arego to Protégés to assist them in operating and managing their Arego business; and/or (c) to which a Protégé would not have access or would not have

acquired but for his/her affiliation with Arego. Confidential Information constitutes proprietary business trade secrets belonging exclusively to Arego and is provided to Protégés in strict confidence. Confidential Information shall not be directly or indirectly disclosed to any third party nor used for any purpose other than Protégé's use in building and managing his/her Independent Arego business.

**Product Inventory & Bonus Buying.** Protégés may not carry an inventory of Arego products for resale. All products are direct shipped from the Company to the customer. In addition, bonus buying is strictly prohibited. Bonus buying is the purchase of merchandise for any reason other than bona fide resale or use, or any mechanism or artifice to qualify for rank advancement or maintenance, incentives, prizes, commissions or bonuses that are not driven by bona fide product purchases by end user consumers for actual use.

**Limitations on Protégé and Household Businesses.** Protégés may own, operate, control, or have an interest in, only one Arego business, and there may be only one Arego business in a household. A "household" is defined as spouses or couples, and dependent children of one or both spouses or couples, living in the same home of the spouses or member of the couple, as well as dependent children of either spouse or member of the couple, while attending school away from home.

**Actions of Affiliated Parties and Household Members.** The term "Business Entity" shall mean any corporation, partnership, limited liability company, trust or

other entity that owns or operates a Arego independent business. The term "Affiliated Party" shall mean any individual, partnership, trust, limited liability company, or other entity that has an ownership interest in, or management responsibility for, a Business Entity.

A Business Entity and each Affiliated Party must comply with the Agreement. If a Business Entity and/or any Affiliated Party violates the Agreement, Arego may take disciplinary action against the Business Entity and/or against any or all of the Affiliated Parties. In addition, if a household family member of a Protégé engages in conduct that would be a violation of the Agreement, the conduct of the household family member may be imputed to the Protégé.

**Tampering With Product Packaging.** Arego products must be sold in their original packaging. Protégés shall not alter the original packaging or labeling.

**Negative Comments.** Complaints and concerns about Arego should be directed to the customer Service Department. Protégés must not disparage, demean, or make negative remarks to third parties or other Protégés about Arego, its owners, officers, directors, management, other Arego Protégés, the Marketing and Compensation plan, or Arego's directors, officers, or employees. Disputes or disagreements between any Protégé and Arego shall be resolved through the dispute resolution process, and the Company and Protégés agree specifically not to demean, discredit, or criticize one another on the Internet or any other public forum.

Adjustment to Bonuses and Commissions. Compensation stemming from product sales is fully earned when the applicable return, repurchase, and chargeback periods applicable to product sales have all expired. If a product is returned to Arego for a refund or is repurchased by the Company, or a chargeback occurs, the compensation attributable to the returned or repurchased product(s) will be recovered by the Company. Unearned compensation will be deducted, in the month in which the refund is issued or the chargeback occurs, and continuing every pay period thereafter until the commission is recovered, from the upline Protégés who received bonuses and commissions on the sales of the refunded products.

Aregó reserves the right to withhold or reduce any Protégé's compensation as it deems necessary to comply with any garnishment or court order directing Arego to retain, hold, or redirect such compensation to a third party.

Return of Merchandise and Sales Aids by Protégés Upon Cancellation or Termination. Upon cancellation or termination of a Protégé's Agreement, the Protégé may return products and Sales Tools that he or she personally purchased from Arego within 12 months prior to the date of cancellation (the one year limitation shall not apply to residents of Maryland, Massachusetts, Wyoming and Puerto Rico) so long as the goods are in currently marketable condition. The goods must be returned within 30 days from the date of the Protégé's cancellation or termination. Upon the Company's receipt of returned goods and confirmation that they are in currently marketable condition, the Protégé will

be reimbursed 90% of the net cost of the original purchase price(s). Shipping and handling charges will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. Goods are in "currently marketable condition" if they are unopened and unused and packaging and labeling has not been altered or damaged. Merchandise that is clearly identified at the time of sale as nonreturnable, closeout, discontinued, or as a seasonal item, or which has passed its commercially reasonable usable or shelf-life, is not in currently marketable condition. Back Office and Replicated website fees are not refundable except as may be required under applicable state law.

Satisfaction Promise. Arego offers a money back promise on products returned within 30 days from the date of sale less shipping charges (not applicable to Arego Back Packs). THIS SATISFACTION PROMISE APPLIES ONLY TO PRODUCTS PURCHASED DIRECTLY AREGO LIFE OR THROUGH AN INDEPENDENT AREGO LIFE PROTÉGÉ. IT DOES NOT APPLY TO PRODUCTS PURCHASED ON EBAY, AMAZON, OR OTHER SOURCE.

Aregó reserves the right to cancel the independent business of any Protégé that it reasonably believes is abusing the refund policy. If Arego believes that a Protégé is abusing the satisfaction promise, the refund request will constitute the Protégé's voluntary cancellation of her Protégé Agreement, the refund will be processed as an inventory repurchase, and the Protégé's Arego Life business will be cancelled.

Montana Residents. A Montana resident may cancel his or her Protégé Agreement within 15 days from the date of enrollment and may return his or her sales kit within such time period and is entitled to a full refund for the sales kit and for any other consideration he/she paid in such time period to participate in the program.

Disciplinary Sanctions. Violation of the Agreement, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Protégé that the Company reasonably believes may damage its reputation or goodwill, may result in the suspension or termination of the Protégé's Arego business, and/or any other disciplinary measure that Arego deems appropriate to address the misconduct. In situations deemed appropriate by Arego, the Company may institute legal proceedings for monetary and/or equitable relief.

Indemnification. Protégés agree to indemnify Arego for any and all costs, expenses, consumer reimbursements, fines, sanctions, damages, settlements or payments of any other nature that Arego incurs resulting from or relating to any act or omission by Protégé that is illegal, fraudulent, deceptive, negligent, unethical, or in violation of the Agreement. Arego may elect to exercise its indemnification rights through withholding any compensation due the Protégé. This right of setoff shall not constitute Arego's exclusive means of recovering or collecting funds due Arego pursuant to its right to indemnification.

Effect of Cancellation. A Protégé whose business is cancelled for any reason will lose all Protégé rights, benefits and

privileges. This includes the right to represent yourself as an Independent Arego Protégé, to sell Arego products and services and the right to receive commissions, bonuses, or other income resulting from his/her own sales and the sales and other activities of the Protégé and the Protégé's former downline sales organization. There is no whole or partial refund for tangible sales kits that are not currently marketable, Arego Office, Arego Marketing Center or renewal fees if a Protégé's business is cancelled.

Voluntary Cancellation. A participant in this network-marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address or by cancelling his/her business through the Arego Office. The written notice must include the Protégé's signature, printed name, address, and Protégé I.D. Number. If a Protégé is also on the Autoship program, the Protégé's Autoship order shall continue unless the Protégé also specifically requests that his or her Autoship Agreement also be canceled. A Protégé may also voluntarily cancel his/her Arego business by failing to renew the Agreement on its annual anniversary date or by withdrawing consent to contract electronically.

Cancellation for Inactivity. If a Protégé fails to earn a commission for six consecutive months, his/her Protégé Agreement and Arego business will be cancelled for inactivity. If a Protégé is also on the Autoship program, the Protégé's Autoship order shall continue unless the Protégé also specifically requests that his or her Autoship Agreement also be canceled. The buyer shall then be classified as a retail customer.

**Business Transfers.** Protégés in good standing who wish to sell or transfer their business must receive Arego's prior written approval before the business may be transferred. Requests to transfer a business must be submitted in writing to the Compliance Department at support@aregolife.com. It is within Arego's discretion whether to allow a business sale or transfer, but such authorization shall not be unreasonably withheld. However, no business that is on disciplinary probation, suspension, or under disciplinary investigation may be transferred unless and until the disciplinary matter is resolved. Prior to transferring a business to a third party, the Protégé must offer Arego the right of first refusal to purchase the business on the same terms as negotiated with a third party. The Company shall have ten days to exercise its right of first refusal.

**Transfer Upon a Protégé's Death.** A Protégé may devise his/her business to his/her heirs. Because Arego cannot divide commissions among multiple beneficiaries or transferees, the beneficiaries or transferees must form a business entity (corporation, LLC, partnership, etc.), and Arego will transfer the business and issue commissions to the business entity. In the case of a business transfer via testamentary instrument, the beneficiary of the business must provide Arego with certified letters testamentary and written instructions of the trustee of the estate, or an order of the court, that provides direction on the proper disposition of the business. The beneficiary must also execute and submit to the Company a Arego Protégé Agreement within 30 days from the date on which the business is trans-

ferred by the estate to the beneficiary or the business will be cancelled.

**Business Distribution Upon Divorce.** Arego is not able to divide commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in divorce cases, any settlement or divorce decree must award the business in its entirety to one party. Arego will recognize as the owner of the business the former spouse to who is awarded the business pursuant to a legally binding settlement agreement or decree of the court. The former spouse who receives the Arego business must also execute and submit a Arego Protégé Agreement within 30 days from the date on which the divorce becomes final or the business will be cancelled.

**Dissolution of a Business Entity.** Arego is not able to divide commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in the event that a business entity that operates a Arego business dissolves, the owners of the business entity must instruct the Company on the identity of the proper party who is to receive the business. The Arego business must be awarded to a single individual or entity that was previously recognized by the Company as an owner of the business entity; the Company cannot divide the business among multiple parties or issue separate commission payments. If the business entity wishes to sell or transfer its Arego business, it must do so pursuant to Policy 36. In addition, the recipient of the Arego business must also execute and submit a Arego Protégé Agreement to the Company within 30 days from the date of the dissolution of

the business entity or the Arego business will be cancelled.

**Assignment and Delegation by Arego.** Arego shall not assign its rights in the Agreement of any individual Protégé to any third-party without the written consent of the Protégé. Notwithstanding the foregoing, if the assets of Arego, or a controlling ownership interest in Arego, is transferred to a third party, Arego may assign its rights and delegate its duties and obligations under the Agreement to such third party as part of the sale or transfer.

**Inducing Protégés to Violate the Agreement.** Protégés shall not induce, encourage, or assist another Protégé to violate the Agreement.

**Reporting Errors.** If a Protégé believes that Arego has made an error in his/her compensation, the structure or organization of his/her genealogy, or any other error that impacts the Protégé's income, he/she must report it to the Company in writing within 60 days from the date on which the mistake occurred. While Arego shall use its best efforts to correct errors reported more than 60 days after the date of the error, Arego shall not be responsible to make changes or remunerate Protégés for losses for mistakes that are reported more than 60 days after the mistake occurs.

**International Activities.** Protégés may not sell Arego products or conduct business activities of any nature in any foreign country that the Company has not announced is officially open for business.

## Dispute Resolution

**Stages of Dispute Resolution & General Dispute Resolution Procedures.** Disputes between the Company and a Protégé(s) that arise from or relate to the Agreement, the business operated by the Protégé, or the opportunity offered by the Company shall be resolved according to the three-step procedure of (a) informal negotiation; (b) non-binding mediation; and (c) trial before a court for claims under \$50,000.00 so long as equitable relief is not sought (except as set forth below), or binding arbitration if the claim is for \$50,000.00 or more or if equitable relief is claimed. IF A CLAIM SEEKS DAMAGES FOR \$50,000.00 OR MORE, OR SEEKS EQUITABLE RELIEF (EXCEPT AS SET FORTH BELOW), THE PARTIES AGREE TO RESOLVE THE DISPUTE THROUGH BINDING ARBITRATION AND WAIVE CLAIMS TO A TRIAL BEFORE ANY COURT OR JURY. The following shall apply to all proceedings under this dispute resolution policy:

Any claim a party has against the other must be brought within one year from the date on which the act or omission giving rise to the claim occurred. In cases in which informal negotiation is required, once informal negotiation is requested in writing the one-year limitation of actions provisions in this policy shall be tolled until the completion of the mediation phase of this policy and for ten calendar days thereafter.

At no time prior to the negotiation and mediation procedures below are completed shall either party initiate arbitration or litigation related to this Agreement or the business except as may be specified otherwise in this dispute resolution policy.

All offers, promises, conduct and statements, whether oral or written, made in the course of the negotiation and/or mediation by any of the parties, their agents, employees, experts and attorneys are confidential, privileged and inadmissible for any purpose, including impeachment, in arbitration or other proceeding involving the parties, provided that evidence that is otherwise admissible or discoverable shall not be rendered inadmissible or non-discoverable as a result of its use in the negotiation and/or mediation.

Informal negotiations and mediation shall occur in Dallas, Texas unless the parties mutually agree on another forum. Informal negotiations and mediation shall take place telephonically if either party requests such.

Each party shall be responsible for its own attorney's fees, expert, professional and witness fees incurred in pursuing any claim, regardless of the forum.

If litigation is filed in court the action may be brought in the jurisdiction in which either party resides or has its principal place of business.

If arbitration is filed all arbitration proceedings shall be held in Dallas, Texas.

**Step 1 - Informal Negotiation.** The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement or the Company's business promptly by negotiation between the aggrieved Protégé(s) and executives of the Company who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this Agreement. A party may, at its election, choose to be accompanied in such negotiation by an attorney. If one party elects to have its at-

torney present, the other party must also agree to have its attorney present if that party has retained counsel.

To institute the negotiation process, either party may give the other party written notice of any dispute not resolved in the normal course of business. Within 10 days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and response shall include with reasonable particularity (a) a statement of each party's position and a summary of arguments supporting that position, and (b) the name and title of the executive and attorney who will accompany that party (if applicable), or the name of the Protégé and his/her attorney (if applicable) who will accompany him/her in the negotiation. Within 20 days after delivery of the notice, the parties and the attorneys (as applicable) of both parties shall meet at a mutually acceptable time and place. Such meeting may occur telephonically if one party requests that the meeting be held telephonically.

Unless otherwise agreed in writing by the negotiating parties, mediation may be commenced one business day following the close of the negotiation phase described above. The negotiation phase is "closed" when one party notifies the other in writing that it considers the negotiation "closed." Such closure shall not preclude continuing or later negotiations if desired by both parties.

**Step 2 – Mediation.** If the parties are unsuccessful in resolving their dispute through good faith negotiation, they shall seek to resolve the dispute through mediation. If a party elects to pursue mediation, the party shall submit a writ-

ten request for mediation to the other party within 10 calendar days after the negotiation phase is completed. The parties shall have 10 calendar days following such request to select a mutually acceptable mediator. If the parties cannot agree on a mutually acceptable mediator, they shall apply to JAMS to have a neutral mediator appointed.

Mediation shall be conducted within 20 calendar days from the date on which the mediator is selected or appointed or as otherwise agreed upon by the parties and the mediator.

Unless otherwise agreed upon by the parties, the mediation shall be closed no later than 30 calendar days following the completion of the meeting between the mediator and the parties.

Step 3(a) – Claims for under \$50,000.00 with no claim for equitable relief. Claims for less than \$50,000.00 and in which equitable relief is NOT sought may be brought pursuant to the arbitration policy below if the parties agree. If the parties do not agree, a claim may be brought before the small claims or district courts in the county in which either party resides or has its principal place of business.

Step 3(b) – Claims for \$50,000.00 or more or claims seeking equitable relief - Confidential Arbitration. If a claim seeks \$50,000.00 or more, or seeks equitable relief, and the parties do not successfully resolve their dispute through the negotiation and mediation procedures above, the dispute shall be resolved through binding confidential arbitration as set forth below.

Step 3(c) - Public Equitable Relief. If public equitable relief is authorized by federal or state statute, the parties agree that an action may be brought before the district court in the county in which either party resides or has its principal place of business so long as: (a) the relief sought is limited to public equitable relief that is authorized by federal or state statute; and (b) the public equitable relief is unavailable through arbitration proceedings. The confidentiality provisions and corresponding liquidated damage provisions for breach of confidentiality provision contained in this dispute resolution policy shall remain in effect for claims and actions asserted under this Step 3(c) unless an action is brought before a court as specifically permitted pursuant to this subsection and the disclosure is related solely to material that is not filed with the court under seal.

JAMS to Administer Arbitration. The arbitration shall be filed with, and administered by JAMS in accordance with its Comprehensive Rules and Procedures, which are available on JAMS' website at

<http://www.jamsadr.com/rulesclauses/xpqGC.aspx?xpST=RulesClauses>. Copies of JAMS Rules and Procedures will also be emailed to Protégés upon request to Arego's customer Service Department. Notwithstanding the rules of JAMS, unless otherwise stipulated by the Parties, the following shall apply to all Arbitration actions:

The Federal Rules of Evidence shall apply in all cases;

The Parties shall be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure;

The Parties shall be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure;

The arbitration hearing shall commence no later than 365 days from the date on which the arbitrator is appointed, and shall last no more than five business days;

The Parties shall be allotted equal time to present their respective cases;

An Arbitrator's Award will consist of a written statement stating the disposition of each claim. The award will also provide a concise written statement of the essential findings and conclusions on which the award is based;

Any dispute relating to whether the dispute is subject to arbitration shall be decided by through arbitration.

Confidentiality. With the exception of discussing the claims with bona fide witnesses to the dispute, neither party shall verbally or in writing discuss, publish, or otherwise disseminate the claims, allegations, merits, evidence, positions, pleadings, testimony, rulings, awards, orders, issues, or any other aspect of the dispute to any third party, including but not limited to disclosure on the internet or on any social media or blog platform, prior to, during, or after any phase of the dispute resolution process unless a specific exemption contained in this dispute resolution policy applies.

Liquidated Damages for Breach of the Confidentiality Obligation. If a Party violates its confidentiality obligations under this arbitration policy, the non-

breaching party shall incur significant damages to its reputation and goodwill that shall not be readily calculable. Therefore, if a Party, its attorneys, agents, or a proxy of a party breaches the confidentiality provision of this dispute resolution policy, the following shall apply:

The non-breaching party shall be entitled to liquidated damages in the amount of \$10,000.00 per violation, or \$50,000 per violation if the disclosure is published on the internet, including but not limited to disclosure on any website or on any social media forum. Every disclosure of each claim, allegation, pleading, or other prohibited disclosure shall constitute a separate violation. Notwithstanding this confidentiality and liquidated damage provision, nothing herein shall limit the right or ability of a Party to disclose evidence, claims or allegations relating to the dispute to any individual who is, or who may be, a bona fide witness to the dispute. The Parties agree that this liquidated damage amount is reasonable and waive all claims and defenses that it constitutes a penalty; AND

Breach of the confidentiality provision by disseminating or publishing information described in subparagraph c. above through any form of mass media (including but not limited to posting on the Internet or on any social media platform) by a party, a party's agent, or a party's proxy shall constitute an act of wanton and gross bad faith, and shall constitute a waiver of the breaching party's right to pursue the claim(s) and/or defense(s) against the non-breaching party, and shall entitle the non-breaching party to a default judgment against the breaching party.

Emergency Relief. Either party may bring an action before JAMS seeking emergency relief to protect its intellectual property rights, including but not limited to protecting its rights pursuant to the non-solicitation provisions of these policies. A claim or cause of action seeking emergency relief shall be brought pursuant to the Emergency Relief Procedures in JAMS Comprehensive Rules and Procedures, available at <https://www.jamsadr.com/rules-comprehensive-arbitration/#Rule%202>, or by contacting the company at \_\_\_\_\_ . The parties agree that any violation of the Nonsolicitation (policy 19) or Confidential Information (policy 21) provisions of these policies shall entitle Arego to emergency and permanent equitable relief because: (a) there shall be no adequate remedy at law; (b) Arego shall suffer immediate and irreparable harm should such policies be breached; and (c) if emergency and permanent equitable relief is not granted, the injury to Arego shall outweigh the potential harm to Protégé if emergency and/or permanent equitable relief is granted.

Disputes Not Subject the Three-Step Dispute Resolution Procedure. A party need not go through the informal negotiation or mediation steps in the following situations:

Action to Enforce Arbitration Award or Order. Either party may bring an action in a court properly vested with jurisdiction to enforce an Arbitration award or order, including but not limited to an order for emergency relief.

Petitions for Emergency Relief. If a party deems it necessary to seek emergency relief to protect its interests, it may seek emergency relief as set forth in this arbitration policy without engaging in the negotiation or mediation process set forth above. Notwithstanding the foregoing, the parties are encouraged, but not required, to engage in negotiation and or mediation concurrently with any pending request for emergency relief.

Public Equitable Relief. If public equitable relief is authorized by federal or state statute, an action may be brought before a court properly vested with jurisdiction over the parties so long as: (a) the relief sought is limited to public equitable relief that is authorized by federal or state statute; and (b) the public equitable relief is unavailable through arbitration proceedings.

Disciplinary Sanctions. The Company shall not be required to engage in the three-step dispute resolution process prior to imposing disciplinary sanctions for violation of the Agreement.

Remedies. Remedies available to you under U.S. federal laws, and the state and local laws of your state, shall remain available to you in any arbitration proceeding.

Class Action Waiver. All disputes, whether pursued through arbitration or before the courts, that arise from or relate to the Agreement, that arise from or relate to the Arego business, or that arise from or relate to the relationship between the parties, shall be brought and proceed on an individual basis. The parties waive their rights to pursue any action against the other party and/or their

respective owners, officers, directors and agents, on a class or consolidated basis. You may opt out of this class action waiver if you wish by submitting written notice to the Company of your desire to opt out within 30 days from the date on which you enroll as a Protégé. Submit your written opt-out notice to the Company at support@aregolife.com.

**Governing Law.** The Federal Arbitration Act shall govern all matters relating to arbitration. Except as is otherwise specifically referenced in these policies, the law of the State of Texas, without regard to principals of conflicts of laws, shall govern all other matters relating to or arising from the Agreement, the business, the relationship between the parties, or any other claim between the Parties. Notwithstanding the foregoing, if a dispute is brought in a small claims court properly vested with jurisdiction, the law of the state in which the small claims court resides shall apply.

**Damages for Wrongful Termination.** In any case which arises from or relates to the wrongful termination of a Protégé's Agreement and/or independent business, the parties agree that damages will be extremely difficult to ascertain. Therefore, the parties stipulate that if the involuntary termination of a Protégé's Agreement and/or loss of their independent business is proven and held to be wrongful under any theory of law, Protégé's sole remedy shall be liquidated damages calculated as follows:

For Protégés earning up to \$10,000.00 in the 12 calendar months prior to termination, liquidated damages shall be in the amount of her gross compensation that he/she earned pursuant to Arego's Com-

pensation Plan in the twelve (12) months immediately preceding the termination. For Protégés earning between \$10,000.01 and \$25,000.00 during the 12 calendar months prior to termination, liquidated damages shall be in the amount of her gross compensation that he/she earned pursuant to Arego's Compensation Plan in the twenty-four (24) months immediately preceding the termination.

For Protégés earning more than \$25,000.00 in the 12 calendar months prior to termination, liquidated damages shall be in the amount of her gross compensation that he/she earned pursuant to Arego's Compensation Plan in the thirty-six (36) months immediately preceding the termination.

**Damage Waiver.** In any action arising from or relating to the Agreement, the parties waive all claims for incidental and/or consequential damages, even if the other party has been apprised of the likelihood of such damage. The parties further waive all claims to exemplary and punitive damages. Nothing in this policy shall restrict or limit a Party's right to recover liquidated damages as set forth in these Policies.

**Louisiana Residents.** The dispute resolution provisions in these Policies shall apply to Louisiana residents with the exception that Louisiana residents may bring arbitration against Arego in his/her home forum and pursuant to Louisiana law.