

**Club Sea Breeze, LLC**  
**Policies and Procedures**

1. **Becoming an Associate.** An applicant becomes an Associate of CSB when both of the following requirements are completed:
  - a. The applicant pays the annual CSB Associate fee of 29.97 for hosting of a replicated website, back office business tracking system at Company cost (not for resale); and
  - b. The applicant's completed online Application.

CSB reserves the right to decline any Associate Application, including the application of any person who has had a financial interest of any kind in any CSB Associate Business under a different enroller in the preceding six months.

2. **Legal age.** Associates must be of legal age in the state or province of their residence.
3. **Associate rights.** All Associates are authorized to sell CSB products and services, and to participate in the CSB compensation plan. All Associates may enroll new Associates.
4. **No purchase required.** No person is required to purchase any CSB products or services. The only purchase required of new Associate is to pay for the annual fee for hosting of an Associate replicated website and the back office business tracking system at Company cost.
5. **Married couples.** Married couples who both wish to participate as Independent Associates must complete a separate online application. If married couple chooses to share a CSB Associate Business and they divorce or separate, CSB will continue to pay commissions, overrides and bonuses as before the divorce or separation until it receives written notice, signed by both parties or by a court decree specifying how future commissions, overrides and bonuses should be paid.
6. **Simultaneous interests.** Associates and their spouses or dependents may not have a financial interest in more than one Associate Business without the written consent of CSB. For example, neither a shareholder of a corporation that is a CSB Associate, nor a partner of a partnership that is an CSB Associate may become an CSB Associate individually.
7. **Corporate, partnership and trust documents required.** Corporations, Partnerships and Trusts may apply to become Associates of CSB only when the Associate Application and Agreement is accompanied by copies of:
  - a) Articles of incorporation, partnership agreement or trust documents as filed with the State.
  - b) Corporate applicants must disclose a complete list of all directors, officers, and shareholders involved in the corporation. Partnerships must disclose all general and limited partners. Trusts must disclose the trustee and beneficiary.

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- c) Proof must be provided of a Federal ID Number and a copy of the Annual Certification from the Secretary of State of the State of Trust, Partnership Registration or Incorporation.
  - d) Shareholders, partners, beneficiaries and trustees, directors and officers, as applicable, agree to remain personally liable to CSB and bound by its rules and regulations.
8. **Fictitious and assumed names prohibited.** A person or entity may not apply as an Associate using a fictitious or assumed name.
9. **Independent Contractor status.** All Associates are independent contractors with CSB, and not franchisees, joint ventures, partners, employees, or agents of CSB. Associates are strictly prohibited from stating or implying, whether orally or in writing that they are franchisees, joint ventures, partners, employees, or agents of CSB. Associates may not bind CSB to any obligation.
10. **Annual renewal.** All Associates must renew their Associate Business annually. The annual renewal fee is due on the anniversary of an Associate's application to CSB. Although the responsibility for renewing rests with each Associate, CSB will remind Associates when their renewal is due. Any Associate not renewing by the renewal date shall be deemed to have voluntarily terminated their Associate Business, and thereby forfeited the Associate Business, all sponsorship rights, position earned, and any future compensation.
11. **Indemnity.** Associates agree to indemnify and hold harmless CSB, its shareholders, employees, agents, and successors in interest from and against any claim, demand, liability, loss, cost, or expense, including, but not limited to, attorney's fees arising or alleged to arise in connection with the Associate Business, and any matter related to the Associate's performance under the Associate Agreement.
12. **Taxes.** Associates will be treated as independent contractors for all federal or state tax purposes. As independent contractors, Associates will not be treated as employees, franchisees, joint ventures, partners, or agents with respect to the Internal Revenue Code, Social Security Act, Federal Unemployment Tax Act, state unemployment acts, or any other federal, state, or local statute, ordinance, rule, or regulation.
13. **Legal compliance.** All Associates shall comply with all federal and state statutes and regulations and local ordinances and regulations concerning the operation of their businesses. All Associates are responsible for their own managerial decisions and expenditures, including all estimated income and self-employment taxes. At the end of

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each calendar year, CSB will issue an IRS Form 1099-MISC for non-employee compensation for Associates as required by law within the USA.

14. **Associate identification number.** All Associates residing within the USA will be required to provide a Social Security number or Federal ID number, and CSB will use this number until such time as an Associate identification number is assigned and for all government reporting purposes. While respecting the rights of the “un-numbered” living within the USA, CSB chooses, as a right of contract, to only enter into agreements with those who are willing to provide a taxpayer identification number. Those living outside of the USA will not be required to provide a taxpayer identification number.
15. **Other products and services.** Associates are not restricted from selling the products and services of other companies. However, promotion of products, services or income opportunities of other direct selling companies, to CSB customers or to those Associates not part of an Associates own sales organization is strictly prohibited. Any Associate found in violation of this rule risks suspension or termination of their Associate agreement.
16. **No exclusive territories.** There are no exclusive territories for marketing or enrolling purposes, nor shall any Associate imply or state that he or she does have an exclusive territory. There are no geographical limitations on Associate enrolling.
17. **Enrolling not compensated.** CSB Associates may enroll other Associates into the CSB program. However, Associates are compensated only on business volume (customer sales) and never for enrolling additional participants into the program.
18. **Multiple applications.** If one applicant submits multiple Applications, only the first completed form to be received by CSB will be accepted. CSB reserves the right to resolve such disputes.
19. **Obligations of Enrollers.** Associates who choose to enroll are required to assure the adequate training of their enrolled Associates. “Adequate training” includes (but is not limited to) education regarding CSB policies and procedures, compensation plan, product information, sound business practices, sales strategies, and ethical behavior. An enroller must maintain an ongoing, professional leadership association with Associates in his/her organization and must fulfill the obligation of performing as a bona fide sales mentor or sales trainer in the sale or delivery of products to the ultimate consumer. Examples of such supervision may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, training sessions, accompanying individuals to CSB training, and sharing genealogy information with those enrolled. Associates should be able to provide evidence to CSB upon request of ongoing fulfillment of enroller responsibilities.

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20. **Transferring sponsorship.** A transfer request, without group, will be considered if done prior to the current matrix cycling and upon the approval of CSB. The final approval and determination rests with CSB, whose decision will take into account the overall good of the CSB organization. An administrative fee may be charged for changing the corporate records.
21. **Voluntary termination.** An Associate may voluntarily terminate his or her Associate Business by failing to renew when applicable or upon written notice to CSB. Voluntary termination is effective upon receipt of such notice by CSB at its home office. An Associate who terminates his or her Associate Business may reapply after waiting six months from termination.
22. **Involuntary Termination or Suspension Of An Associate** may be involuntarily suspended or terminated by CSB for violating any of the terms of this Agreement or the provisions of any applicable laws. In ordinary cases, the Company will comply with the following procedures before taking such action:
- a. Complaint(s) by one Associate against another Associate regarding any alleged violation(s) will be accepted only if sent to the CSB home office in writing signed in ink. No phone or email complaints will be accepted.
  - b. Normally, the first determination by the Company that an Associate has committed a violation of the policies or procedures will result in a warning by telephone call to the Associate. The occurrence and substance of this phone call will be documented and kept in Company records.
  - c. A second violation will result in a written reprimand or disciplinary letter to be delivered by email and certified mail or courier to the violating Associate. Such disciplinary action may include partial or temporary suspension of commissions.
  - d. Upon a third violation, the Company may terminate the Associate. Notification of such proposed action will be made via certified mail or courier to the Associate citing evidence of the violations. Should no response be provided by the Associate within 15 days from the date of the notification letter, the termination will, upon Company decision, become final.
  - e. In any situation where the Associate has committed a violation that results in notification, complaint, or demand from state or federal regulatory authorities (e.g. FTC, FDA, or AG) the Company reserves the right and option to omit the foregoing procedure and to immediately terminate the Associate upon even a first violation.
  - f. The terminated Associate must immediately cease representing himself/herself as an Associate, and will be barred from reapplying as an Associate with CSB for one year. Where applicable state law on termination of an Associate is inconsistent with Company policy, such state law shall govern.

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23. **Appeals** An involuntarily terminated Associate may appeal the termination by submitting a letter of appeal, stating the grounds of the appeal. This letter must be sent U. S. Mail or private delivery service RETURN RECEIPT REQUESTED and must be received by CSB within 15 days of the date of mailing of the Company's initial termination notice. If the Company has not received a letter of appeal by that deadline, the involuntary termination shall automatically become final.

If an Associate files a timely appeal, CSB will, in its sole discretion, review and reconsider the termination and notify the Associate of its decision. The decision of the Company shall

be final and subject to no further review. If the appeal is denied, the termination shall remain in effect as of the date of the Company's original termination notice.

24. **Effect of suspension.** Should CSB deem it necessary to suspend an Associate, such suspension could mean that the Associate may not have the right to represent themselves as an Associate of CSB and that any commissions, royalty overrides, or bonuses due will be held by CSB pending resolution. At the discretion of the Company, products and services may be purchased by a suspended Associate at wholesale. However, should termination result, product and services may be purchased only from another CSB Associate.

25. **Effect of termination.** In the event an Associate is terminated, effective with such termination the Associate can no longer sell CSB products and services, or enroll other Associates. The Associate also loses all rights to commissions, bonuses, and all other benefits.

26. **Limits on transferability or sale** An Associate may sell, assign, or transfer his or her Associate Business to a non-CSB Associate, but first must grant the immediate sponsor a right of first refusal. No sale, assignment, or transfer of any Associate Business shall be effective without the prior written approval of CSB whose approval will not be unreasonably withheld. If it is determined in the Company's sole discretion that the Associate Business was transferred in an effort to circumvent compliance with this Agreement, the transfer shall be declared null and void, and the Associate entity shall revert back to the transferring Associate, who shall be treated as if the transfer had never occurred from the reversion day forward. An administrative fee may be charged for changing the corporate records. There will be an administrative transfer fee of \$50 for changing corporate records and computer system.

27. **Vendor relationships.** No Associate shall contact, directly or indirectly, or speak to or communicate with any representative of any supplier or manufacturer of CSB, except as arranged by CSB. Violation of this rule may result in termination of Associate benefits and possible claims for damages if the vendor relationship is compromised by the Associate contact.

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28. **Confidentiality Agreement.** Information contained in any genealogy or downline report provided to an Associate by CSB is proprietary and confidential to CSB, and is transmitted to the Associate in strictest confidence. The Associate agrees that he or she will not disclose any such information to any third party directly or indirectly, nor use the information to compete with CSB or for any purpose other than promoting the CSB income opportunity. The Associate and CSB agree that, but for this agreement of confidentiality and non-disclosure, CSB would not provide the information to the Associate. Any Associate who is found to be in violation of this rule risks suspension or termination. CSB reserves the right to seek damages to the fullest extent of the law.
29. **Succession.** Upon the death of an Associate, the Associate Business shall pass by will or intestate succession, as provided by law. CSB will require the successor in interest to sign and be bound by the then current Associate Agreement. The successor shall then be entitled to all the rights and subject to all the obligations, just as any other CSB Associate.
30. **Trademarks.** The name CSB and the names of all CSB products and services are the registered or unregistered trademarks of and owned by CSB. Only CSB is authorized to produce and market products and literature under these trademarks. Use of the CSB name on any item not produced or authorized by CSB is prohibited.
31. **Imprinted checks.** CSB Associates are not permitted to use the CSB trade name or any of its trademarks on their business or personal checking accounts. However, Associates may imprint their CSB business checks as being an "Independent Associate of CSB products."
32. **Yellow and white page listing.** Associates are not permitted to use the CSB trade name or trademarks in advertising their telephone or fax numbers in the white or yellow page sections of the telephone book.
33. **Imprinted business cards or letterheads.** CSB Associates are not permitted to incorporate into their own business card or letterhead graphics any CSB trade name or trademarks. Only the approved CSB graphics version and wording are permitted, and letterhead must be ordered either from CSB directly or from an CSB approved source.
34. **Company literature.** Only official CSB literature may be used in presenting CSB products, services and the CSB income opportunity. Company literature may not be duplicated or reprinted without prior written permission from CSB. All promotional material of any nature, including electronic, must be approved in advance and in writing by CSB.
35. **Media interviews.** Associates are prohibited from granting radio, television, newspaper, or magazine interviews, or using public appearances, public speaking engagements, or making any type of statement to the public media to publicize CSB, its products, services or their individual CSB business except with the express, written approval of CSB. All media contacts

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and inquiries must be coordinated through the approval and representation of an CSB Corporate Representative.

**36. Internet and web site policy.**

- a) No Associate may independently design or publish a web site that uses the names, logos, or product descriptions of CSB without written permission from CSB.
- b) No Associate may use "blind" ads on the Internet making product or income opportunity representations that are or may be associated with CSB.
- c) No Associate may under any circumstance use the Internet for the purpose of indiscriminate "bulk" or unsolicited mailing, generally known as "spamming."
- d) No Associate may violate any local, state, or federal laws regarding the Internet or any generally accepted ethical codes of Internet conduct.

**37. Independent communications.** Associates, as independent contractors, are encouraged to distribute information and direction to their respective downlines. CSB encourages the use of newsletters, training workshops, and other organizational programs. Associates must identify their personal communications as such, and not give the impression that such communications are the official communications of CSB.

**38. Associate training.** Associates are responsible for providing training to the Associates they enroll. Training assistance is provided in the CSB Start-Up kit and in additional video and audio materials. Also, each Associate receives periodic CSB publications that includes ongoing training and product and services information. Further, Associates may attend local and regional training workshops for Associates, and participate in CSB-originated national training conference calls.

**39. Endorsements.** No endorsements of any kind, including by CSB officers, may be alleged, except as expressly communicated in CSB literature or approved in writing.

**40. Copying prohibited.** Associates shall not copy for sale or personal use audio or video taped material detailing the CSB income opportunity or product or service presentations, events, or speeches, including conference calls without written permission from CSB. CSB may seek injunctive relief or damages from the violator for the unauthorized use of CSB copyrights, trademarks, and materials. Video or audio taping of CSB meetings and conferences is strictly prohibited. Still photography is allowable at the discretion of the meeting host.

**41. Telephone answering.** Associates may not answer the telephone by saying "CSB," or in any other manner that would lead the caller to believe that he or she has reached the corporate offices of CSB.

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42. **Repackaging and relabeling prohibited.** Associates may not repackage or re-label any CSB products, services or materials in any way.
43. **Associate Application and Agreement.** Commissions and Overrides cannot be paid until a completed Associate Application and Agreement has been received and accepted by CSB. Commissions are paid ONLY on the sale of CSB products and services. No commissions are paid on the purchase of the Associate annual fee for the replicated website and the Associate back office system, which is sold at Company cost.
44. **Calendar period.** Commissions, matrix overrides are calculated immediately but paid out on a calendar weekly basis, while leadership bonuses and leadership advancements calculated and paid out on a calendar month basis.
45. **Commissions and matrix overrides payment date.** Commissions are paid out on Wednesday for commission and matrix overrides earned and the prior week ending Sunday midnight.
46. **Check processing fees:** 4.00 for hardcopy checks mailed within USA & Canada; 18.00 for hardcopy checks using overnight delivery service, 50.00 for electronic wire transfers.
47. **Commission payments.** Refer to the compensation plan.
48. **Multiple personal CSB membership purchases prohibited.** The CSB program depends on, and requires, retail sales to the ultimate consumer. CSB recognizes that Associates may wish to purchase CSB Membership and CSB Money Manager (not required) for their own use and benefit. However, CSB strictly prohibits the purchase of multiple CSB Memberships and CSB Money Manager simply to obtain more Profit Centers (PC) within the compensation plan. All PC beyond an Associate's first PC must be earned with a CSB Membership retail sale (see compensation plan).
49. **Sales requirement to participate in matrix overrides.** The Company requires an Associate to either purchase a personal CSB Membership for their own use OR make one CSB Membership retail sale before he/she can earn a PC to be added to the matrix.
50. **Sales tax.** For purchases made from the Company, CSB collects and remits applicable state tax which may be due on the suggested selling price of those products and/or materials which are subject to tax. The applicable rate of tax due is based on the address to which the product and/or materials is shipped. Associates who request a tax-exempt purchase for resale from CSB (not permitted in all states) must provide the Company with a copy of their valid and current resale exemption certificate showing a resale tax number. This number must appear on all orders placed with CSB. The Associate must then collect the tax from his/her retail customer and remit it to the proper state and local taxing authority. All

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Associates must pay tax to the Company on their personal purchases made for personal use and consumption. As an Associate you agree to abide by the rules and procedures as set forth in the sales tax collection agreements that the Company may enter into with the various states and local jurisdictions.

51. **Retail outlets.** CSB products may not be sold to or in, or be displayed by any retail outlet, including, but not limited to, flea markets or swap meets, shopping mall booths or restaurants. Exceptions require prior written approval.
52. **Price changes.** All CSB product and literature prices are subject to change without notice.
53. **Retail customer returns.** Due to the nature of our CSB Membership all CSB Membership retail sales or sales to other Associates for personal use will be considered final upon payment acceptance and approval. However, if extenuating circumstances exist that require a refund, commissions and overrides may be adjusted appropriately.
54. **Buyer's right to cancel.** Federal law empowers a buyer to cancel certain sales without penalty prior to midnight of the third business day after the transaction. This rule covers retail consumer sales of \$25 or more that occur away from the seller's main office. The CSB Sales Order form contains all legally required notices. It must be signed by the buyer and two copies must be given to the buyer on every sale. In addition, the Associate must orally inform the buyer of the three-day right to cancel at the time the buyer signs the contract of sale or purchases the goods. With regard to products, in all cases where the customer, at his or her sole discretion, deems the Retail Customer Returns policy, stated above, more favorable, that policy shall apply and override this policy. With regard to services, at the end of the three day period as stated herein, all sales of services are final and non-returnable.
55. **Associate's responsibility.** If a retail customer mails or delivers to an Associate a valid notice of cancellation prior to midnight on the third business day after ordering or purchasing the program, service, and/or product, it must be honored by the Associate. If the buyer has taken delivery of any goods, they must be returned with the notice in substantially as good condition as when delivered. With regard to services, the shrink-wrapped materials describing and explaining the services must be returned unopened. Within ten business days after receiving the notice, the Associate must refund all payments made under the contract of sale.
56. **Liability.** To the extent permitted by law, CSB shall not be liable for and Associate releases CSB from, and waives all claims for any loss of profits, direct or indirect, special or consequential damages or any other loss incurred or suffered by Associate as a result of (a) the breach by Associate of this Agreement, (b) the operation of Associate's business, (c) any incorrect or wrong data or information provided by Associate, or (d) the failure to provide any information or data necessary for CSB to operate its business, including without

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limitation, the enrollment and acceptance of Associate into the income opportunity or the payment of commissions and bonuses.

57. **Record-keeping.** CSB encourages all its Associates to keep complete and accurate records of all their business dealings. A recommended publication is the Retail Industry ATG - Chapter 3 – Examination Techniques for Specific Industries (Direct Sellers), available from the IRS web site.
58. **Income claims.** No income claims, representations, or projections may be made to prospective Associates. Obviously, any false, deceptive or misleading claims regarding the opportunity or product/service are prohibited. Associates occasionally represent hypothetical income figures based upon the power of network marketing as actual income projections. This is counter-productive, and prohibited, since new Associates may be quickly disappointed if their results are not as rapid as the hypothetical model.
59. **Governmental endorsement.** Federal and state regulatory agencies do not approve or endorse direct selling programs. Therefore, Associates may not represent or imply, directly or indirectly, that the CSB program has been approved or endorsed by any governmental agency.
60. **Amendments.** CSB reserves the right to amend this Agreement, its prices, product availability, and compensation plan as it deems appropriate. Amendments will be communicated to all Associates through CSB publications. Amendments are effective and binding on all Associates as of the date of their publication.
61. **Non-waiver provision.** No failure of CSB to exercise any power under this Agreement or to insist upon strict compliance by an Associate with any obligation or provision herein, and no custom or practice of the parties at variance with this Agreement, shall constitute a waiver of the Company's right to demand exact compliance with this Agreement. Waiver by the Company can only be made in writing by an authorized officer of the Company.
- The Company's waiver of any particular default by an Associate shall not affect or impair the Company's rights with respect to any subsequent default, nor shall it affect in any way the rights or obligations of any other Associate.
62. **Severability.** If any provision of this Agreement, including these rules and regulations, or any specification or operating procedure which CSB has prescribed is held to be invalid or unenforceable under law or rule of any applicable jurisdiction, CSB shall have the right to modify the invalid or unenforceable provision to the extent necessary to render it valid and enforceable. The Associate shall be bound by any such modification. The modification will be effective only in the jurisdiction in which it is required.

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63. **Jurisdiction.** All disputes and claims relating to this Agreement, the CSB compensation plan, its products, the rights and obligations of an Associate and CSB, or any other claims or causes of action relating to the performance of this Agreement by either party, shall be governed by the laws of Utah and shall be adjudicated totally and finally in Utah or such other location as CSB prescribes. *Louisiana residents only:* In the event of a dispute for jurisdictional purposes, a Louisiana resident Associate shall be entitled to file an adjudicatory claim or lawsuit in the jurisdiction of Louisiana and the governing law shall be Louisiana law.
64. **Limitation of damages.** To the extent permitted by law, CSB and its affiliates, officers, directors, employees, and other representatives shall not be liable for, and the Associate hereby releases the foregoing from and waives any claim for loss of profit, incidental, special, consequential, or exemplary damages which may arise out of any claim whatsoever relating to CSB's performance, non-performance, act, or omission with respect to the business relationship or other matters between the Associate and CSB whether sounding in contract, tort, or strict liability. Furthermore, it is agreed that any damage to the Associate shall not exceed, and is hereby expressly limited to, the amount of unsold CSB products and services owned or held by the Associate and commissions owing.