



WINE AMBASSADOR

STATEMENT OF POLICIES & PROCEDURES

United States
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SECTION 1 - INTRODUCTION

1.1 - Corporate Mission Statement

The Wine Ambassador community is a fresh new kind of wine club. Our mission is to tell you the stories behind some hidden gems from around the world and then give you direct access to these wines at the best prices. Wine Ambassador is committed to becoming the most respected name in the direct sales industry by building a family of top-notch Wine Ambassador Promoters. Our Vision is to become the #1 Wine Club in the World through Word-Of-Mouth Marketing.

Representative Code of Ethics

All Independent Representatives of Wine Ambassador agree to abide by the following Representative Code of Conduct.

1. You are the public face of the Wine Ambassador brand. Whether you're talking to a Representative, prospect, member or Wine Ambassador employee, remember, at that moment, you are representing Wine Ambassador' brand and reputation. Please be respectful and courteous.
2. Promote a climate of trust and mutual respect. Do not make discouraging or disparaging comments about or toward other Wine Ambassador Representatives, customers and employees. Refrain from engaging in negative language, bullying, threats, defamatory statements and gossip.
3. Be confident in Wine Ambassador, your business, and our products and services and refrain from criticizing other companies' products and services.
4. Be honest and fair in your dealings. As a Wine Ambassador Representative, conduct yourself in an ethical, moral, legal and financially sound manner that enhances your reputation and the positive reputation established by Wine Ambassador. Show sensitivity to local customs and culture when working internationally.
5. Respect an individual's right to privacy and their right to bring any contact to an end. Answer their questions honestly and clearly.
6. Represent Wine Ambassador' products, services and Compensation Plan as well as the products, services and compensation plans from other companies, in an honest and realistic way. Do not inflate or exaggerate the benefits, claims or attributes of the product or the opportunity.
7. When signing up a new Representative or customer, ensure that they see, understand and agree to all the terms and conditions of the contract they are agreeing to, including the Wine Ambassador Policies and Procedures and Compensation Plan.
8. Be clear that success is dependent on the amount of time and energy an individual puts into their business. Give reasonable examples of the types of expenses they should expect as well as the amount of time they'll need to devote to the business to achieve the income estimated. Do not guarantee income or earnings for any Individual Promoter.
9. Fulfill your leadership responsibilities. As a sponsor, train, support and communicate with the Promoter in your organization. Ensure you follow up and support your organization to assist them in building a customer base and downline organization.
10. Play fairly. Respect the relationship between a prospect and the Representative who introduced them to Wine Ambassador. If you're approached by someone who wants to become a Wine Ambassador Promoter, advise them to reach out to the person who invited them to the event. As a courtesy to your fellow Promoters, do not offer, entice, encourage, solicit or attempt to influence a prospect's decision to sign up

with you, as opposed to the person who introduced them to the business.

11. Have an open-door policy for your trainings and meetings. All training events should be open, meaning any Promoter from any crossline or upline may attend, as these types of events are business-building opportunities for all Representatives.
12. Abide by both the letter and spirit of Wine Ambassador' Policies and Procedures.

SECTION 2 - OVERVIEW

2.1 - Policies and Compensation Plan Incorporated into Representative Agreement

These Policies and Procedures, in their present form and as amended at the sole discretion of Wine Ambassador. (Hereafter "Wine Ambassador" or the "Company"), are incorporated into, and form an integral part of, the Wine Ambassador Representative Agreement (the "Representative Agreement"). Throughout these Policies, when the term "Agreement" is used, it collectively refers to the Representative Application and Agreement, these Policies and Procedures, the Wine Ambassador Compensation Plan, and the Wine Ambassador Business Entity Registration Form (if applicable). These documents are incorporated by reference into the Representative Agreement (all in their current form and as amended by Wine Ambassador). It is the responsibility of each Representative to read, understand, adhere to, and ensure that he or she is aware of and operating under the most current version of these Policies and Procedures. When sponsoring or enrolling a new Representative, it is the responsibility of the sponsoring Representative to provide the most current version of these Policies and Procedures and the Wine Ambassador Compensation Plan to the applicant prior to his or her execution of the Representative Agreement.

2.2 - Purpose of Policies

Wine Ambassador is a direct sales company that markets travel-related products and services through independent Representatives. It is important to understand that your success and the success of your fellow Representatives are dependent upon the integrity of the men and women who market our products and services. To clearly define the relationship that exists between Representatives and Wine Ambassador, and to explicitly set a standard for acceptable business conduct, Wine Ambassador has established the Agreement.

Wine Ambassador Representatives are required to comply with all of the Terms and Conditions set forth in the Agreement, as well as all federal, state, provincial, territorial, and local laws governing their Wine Ambassador business and their conduct. Because you may be unfamiliar with many of these standards of practice, it is very important that you read and abide by the Agreement. Please review the information in this Statement of Policies and Procedures carefully. It explains and governs the relationship between you, as an independent contractor and the Company. If you have any questions regarding any policy or rule, do not hesitate to seek an answer from anyone, your Sponsor or from Wine Ambassador.

2.3 - Changes to the Agreement

Because federal, state, provincial, territorial and local laws, as well as the business environment, periodically change, Wine Ambassador reserves the right to amend the Agreement and its prices for products and services in its sole and absolute discretion. By signing the Representative Agreement, a Representative agrees to abide by all amendments or modifications that Wine Ambassador elects to make. Amendments shall be effective upon notice to all Representatives that the Agreement has been modified. Notification of amendments shall be published in official Wine Ambassador Materials. The Company shall provide or make available to all Representatives a complete copy of the amended provisions by one or more of the following methods: (1) posting on the Company's official website; (2) electronic mail (e-mail); (3) fax-on-demand; (4) voice mail system broadcast; (5) inclusion in Company periodicals; (6) inclusion in product orders or bonus checks; or (7) special mailings. The continuation of a Representative's Wine Ambassador business or a Representative's acceptance of bonuses or commissions constitutes acceptance of any and all amendments.

2.4 - Delays

Wine Ambassador shall not be responsible for delays or failures in performance of its obligations when performance is made commercially impracticable due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, riot, war, fire, death, curtailment of a party's source of supply, or government decrees or orders.

2.5 - Policies and Provisions Severable

If any provision of the Agreement, in its current form or as may be amended, is found to be invalid, or unenforceable for any reason, only the invalid portion(s) of the provision shall be severed and the remaining terms and provisions shall remain in full force and effect and shall be construed as if such invalid, or unenforceable provision never comprised a part of the Agreement.

2.6 - Waiver

The Company never gives up its right to insist on compliance with the Agreement and with the applicable laws governing the conduct of a business. No failure of Wine Ambassador to exercise any right or power under the Agreement or to insist upon strict compliance by a Representative with any obligation or provision of the Agreement, and no custom or practice of the parties at variance with the terms of the Agreement, shall constitute a waiver of Wine Ambassador' right to demand exact compliance with the Agreement. Waiver by Wine Ambassador can be affected only in writing by an authorized officer of the Company. Wine Ambassador' waiver of any particular breach by a Representative shall not affect or impair Wine Ambassador' rights with respect to any subsequent breach, nor shall it affect in any way the rights or obligations of any other Representative. Nor shall any delay or omission by Wine Ambassador to exercise any right arising from a breach affect or impair Wine Ambassador' rights as to that or any subsequent breach.

The existence of any claim or cause of action of a Representative against Wine Ambassador shall not constitute a defense to Wine Ambassador' enforcement of any term or provision of the Agreement.

SECTION 3 - BECOMING A REPRESENTATIVE

3.1 - Requirements to Become a Representative

The Wine Ambassador business opportunity is available in the U.S. To become a Wine Ambassador Representative, each applicant must:

- a) Be of 21 legal age in his or her place of residence;
- b) Reside in a country in which Wine Ambassador conducts business and accepts new Representatives;
- c) Have a valid Social Security or Federal Tax ID number;
- d) Purchase a Ambassador Business Center; and
- e) Submit a properly completed (originals only - no copies) and signed Representative Agreement to Wine Ambassador or enroll as an Independent Sales Representative via your Enroller's Wine Ambassador internet website.

The Company reserves the right to reject any Representative Agreement for a new Representative Business Center.

As a Representative, you may conduct business in the other countries where Wine Ambassador is currently operating.

3.1.1 - Ambassador Business Center (ABC)

In order to familiarize new Representatives with Wine Ambassador products, services, sales techniques, sales aids, and other matters, the Company requires that Representatives purchase a Ambassador Business Center (“ABC”) for an annual fee. Except for the purchase of the at-cost ABC, no person is required to purchase Wine Ambassador products, services or sales aids, or to pay any charge or fee to become a Representative. The ABC is an online tool that includes a Personalized Website, Mobile App and Back-Office System as well as an online Training Program with essential Sales and Marketing tools and Facebook Group to help Representatives build their Wine Ambassador business.

3.2 - New Representative Enrollment

Wine Ambassador provides two convenient methods for new Representatives to enroll. An applicant may: a) mail the Representative Agreement payment to Wine Ambassador’ corporate offices (see the front of the Representative Agreement for appropriate company address); or b) enroll online at the personal Wine Ambassador website of his or her Enroller.

3.2.1 - Business Entity Enrollment

Business entities including corporations, limited liability companies, partnerships, sole proprietorships, or trusts, may become a Representative of Wine Ambassador, and a Wine Ambassador business may be operated under an assumed name. If a new Wine Ambassador business will be owned or operated in the above manner, a Business Entity Registration Packet (Business Entity Form, W-9, articles of organization/incorporation) must be submitted within 30 (thirty) days of the date of the application. If any shareholder, partner, member or manager of a Representative is itself an entity, then the information required for the Representative shall also be required for such shareholder, partner, member or manager.

3.3 - Representative Benefits

Once a Representative Agreement has been accepted by Wine Ambassador, the benefits of the Compensation Plan and the Representative Agreement are available to the new Representative. These benefits include the right to:

- a) Purchase Wine Ambassador products and services at the Representative price;
- b) Market and promote the sale of Wine Ambassador club membership and promotional packages, and profit from these sales;
- c) Participate in the Wine Ambassador Compensation Plan (receive bonuses and commissions, if eligible);
- d) Enroll other individuals or entities as Representatives into the Wine Ambassador business and thereby, build a Marketing Organization and progress through the Wine Ambassador Compensation Plan;
- e) Receive periodic Wine Ambassador literature and other Wine Ambassador communications;
- f) Participate in Wine Ambassador-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- g) Participate in promotional and incentive contests and programs sponsored by Wine Ambassador for its Representatives.

3.4 - Renewal of Your Wine Ambassador Business

The term of the Representative Agreement is one (1) year from the date of its acceptance and is automatically renewed by Wine Ambassador from year to year as long as the Representative has not violated the Company’s Terms & Conditions and/or Policies & Procedures and is current with their annual ABC fee.

SECTION 4 - OPERATING A Wine Ambassador BUSINESS

4.1 - Adherence to the Wine Ambassador Compensation Plan

4.1.1 - General

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

4.1.2 - Product and Business Overview Presentations

All Representatives must exclusively use authorized Wine Ambassador Presentations any time Wine Ambassador Products or the Wine Ambassador Business Overview are shown. This includes, but is not limited to, Slide Presentations (PowerPoint, Flash, or otherwise), Printed Flip Books/Binders, and DVDs.

It is expressly prohibited for any Representative to use presentations of his or her own devising. Any proposed alterations to existing presentations must be submitted to the Compliance Department for approval prior to usage.

4.1.3 - Submission of Recordings of Public Product and Business Overview Presentations

All Representatives who host, arrange or are responsible for a public meeting at which a Wine Ambassador Product or a Wine Ambassador Business Overview Presentation is shown must make and provide within one week of the giving of the presentation a clearly audible audio recording of the presentation and any discussion that follows that presentation, to the following address: Wine Ambassador Compliance Department, 55 SE 2nd. Ave., Delray Beach, Florida 33444. Accompanying this audio recording must be correspondence listing all speakers who made a presentation; the date, time and location of the presentation; and how many attended the presentation.

4.2 - Advertising & Marketing

4.2.1 - General

All Representatives shall safeguard and promote the good reputation of Wine Ambassador and its products. The marketing and promotion of Wine Ambassador, the Wine Ambassador opportunity, the Compensation Plan, and Wine Ambassador products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices. When attending Wine Ambassador events or event associated with Wine Ambassador Representatives should respect and follow the Wine Ambassador event code of ethics. Wine Ambassador prohibits any Representative from enticing a prospect to join a particular sales team by showing copies of commission checks or copies of any commission statement. A Representative may not fax, email, mail or display any form of a copy of a commission check/statements to a prospective recruit. This is considered unlawful enticement and highly illegal in the eyes of the Company and the regulators. Wine Ambassador has a strict policy against making false and exaggerated income claims or misrepresenting its products/services in any way shape or form. Wine Ambassador' Company approved advertising package prohibits any Sales Representative from using the name Wine Ambassador in advertising except where

specifically outlined.

To promote both the products and services, and the tremendous opportunity Wine Ambassador offers, Representatives must use the sales aids and support materials produced by Wine Ambassador. The rationale behind this requirement is simple. Wine Ambassador has carefully designed its products, product labels, Compensation Plan, and promotional materials to ensure that each aspect of Wine Ambassador is fair, truthful, substantiated, and complies with the vast and complex legal requirements of federal and state laws. If Wine Ambassador Representatives were allowed to develop their own sales aids and promotional materials (which include Internet advertising), notwithstanding their integrity and good intentions, the likelihood that they would unintentionally violate any number of statutes or regulations affecting a Wine Ambassador business is almost certain. These violations, although they may be relatively few in number, would jeopardize the Wine Ambassador opportunity for all Representatives. Accordingly, Representatives must not produce their own literature, advertisements, sales aids and promotional materials, business cards, or Internet web pages unless approved in writing by the Company prior to use. This also includes, but is not limited to merchandise and accessories such as hats, tee-shirts, etc. A Representative can submit all written sales aids, promotional materials, advertisements, and other literature (including proposed Internet advertising) to the Company for approval. Unless the Representative receives specific written approval to use the material, the request shall be deemed denied. Wine Ambassador may monitor and document Representative promotional activity whether on the Internet, in print or through other means on an ongoing basis.

4.2.2 - Photo/Audio/Video Release

As a Wine Ambassador Representative, you irrevocably consent to and authorize the reproduction, publication, and any other use by Wine Ambassador, its licensees and assigns, of any photographs/audio/video captured by Wine Ambassador or submitted by you to Wine Ambassador, in whole or part in conjunction with other photographs/audio/video, in any medium and for any lawful purpose, including illustration, promotion, advertising or web content, without any royalty or compensation to me.

You assign to Wine Ambassador any and all rights of ownership to the photographs/audio/video, the transparencies or digital files thereof, and agree that Wine Ambassador has full right to copyright, use and publish the same in print and/or electronically, with full right of lawful disposition in any manner.

You waive any right to notice, inspection, or approval of any use of the photographs/audio/video which Wine Ambassador, may make or authorize, and release Wine Ambassador and its licensees and assigns, from any claim or liability arising from or in connection with Wine Ambassador' use of the photographs/audio/video or any alteration, processing or use thereof in composite form, whether intentional or otherwise.

4.2.3 - Representative Websites

If a Representative desires to utilize an Internet web page to promote his or her business, he or she may do so through the Company's replicated website program only. No Representative may independently design a website that uses the names, logos, or product descriptions of Wine Ambassador or otherwise promotes (directly or indirectly) Wine Ambassador products or the Wine Ambassador opportunity. Nor may a Representative use "blind" ads on the Internet that make product or income claims which are ultimately associated with Wine Ambassador products, the Wine Ambassador opportunity, or the Wine Ambassador Compensation Plan. The use of any other Internet website or web page (including without limitation auction sites such as Amazon, Ebay) to in any way promote the sale of Wine Ambassador products, the Wine Ambassador opportunity, or the Compensation Plan is strictly prohibited.

Representatives may not advertise or promote their Representative business or Wine Ambassador business, products or marketing plan or use the Wine Ambassador name in any electronic media or transmission, including on the Internet via website or otherwise, without the prior written approval of Wine Ambassador, which may be withheld in its sole discretion. If written approval is given, Representatives must comply with the guidelines set forth by Wine Ambassador, including but not limited to the following; (a) a Representative shall not make offers

or solicitations in the guise of research, surveys or informal communication, when the real intent is to sell products or services or sponsor Representatives; (b) Representatives operating approved online websites, whether or not they collect personal information from individual consumers, shall disclose to the consumer in a prominent place on the website how the consumer information will be used; (c) Representatives sharing personal information collected online shall provide individual consumers with an opportunity to prohibit the dissemination of such information, and (d) if any consumer requests that his or her personal information not be shared, Representative shall immediately stop communicating upon such request; (e) Representative must abide by all laws and regulations regarding electronic communications; (f) Representative may not distribute content by use of distribution lists or to any person who has not given specific permission to be included in such a process; (g) Representatives may not distribute content that is unlawful, harassing, libelous, slanderous, abusive, threatening, harmful, vulgar, obscene or otherwise objectionable material or material which could give rise to civil liability or otherwise violate any applicable local, state, national or international law or regulation; and (h) Representative may not, directly or indirectly, send bulk unsolicited emails to persons with whom he or she have had no prior or existing personal or business relationship.

4.2.3.1 - Team Support Websites

Team Support Websites are designed to provide our top leaders with a means to promote special team events, recognition, conference calls, training, etc. to their sales team. Representatives who have achieved the Regional Ambassador (RA) rank, or higher, may submit their proposed website to the Compliance Department for approval of all content at the sole discretion of Wine Ambassador. Adherence to the rules governing the Team support websites will be strictly enforced and Wine Ambassador reserves the right to reject it if the website is found unsuitable as detailed in its in section 4.2.2. (see above) Representative Websites. Any changes to a Team Support Website requires the prior written approval from the Compliance Department.

Team Support Website Guidelines:

- a) The words “Wine Ambassador Independent Representative(s)” must appear in the header and Page Title
- b) Only the Wine Ambassador name may be used, no company logos
- c) All Wine Ambassador support materials (e.g. Product Order Forms, and Rep Agreements) must be directly linked to those hosted by Wine Ambassador to ensure any corporate updates are affected immediately. Downloading these files and re-hosting them on the Representative’s website is prohibited.
- d) The site may not directly link to any individual Representative’s dot com websites.

Content changes must be submitted for approval to the Compliance Department immediately; however, these Team Support Websites may be randomly spot checked to ensure compliance. If a Team Support Website is determined (in our sole discretion), at any time, to be unsuitable or in violation of the Policies and Procedures, The Team Support Website must be taken down immediately until corrective measures have been taken the Representatives and approved by Wine Ambassador.

4.2.3.2 - Public Websites - Social Networking, Forums, and Blogs

If a Representative has a public webpage or presence on any websites such as Facebook, Twitter, LinkedIn, Snap-Chat, YouTube, Blogs, WordPress, etc... they must adhere to the following:

- a) HTML and picture content in comments must be disabled or user settings changed to the “Approve comments before posting” to ensure that the site does not serve as a post for inappropriate content or spam;
- b) Only Wine Ambassador-approved banner ads (available in back office under “Marketing Assets”) may be used. The banner ads must be used “as is” with no alterations or additional comments;

- c) The site must not make any reference to any related Wine Ambassador products, trademarks, logos.
- d) All sites must be submitted to the Compliance Department for approval of all content.

Wine Ambassador will evaluate in good faith and will notify of acceptance or rejection. Wine Ambassador may reject the submission if determined (at our sole discretion) that the site is unsuitable as detailed in this Section 4.2.2, Representative Websites.

4.2.3.3 - Personal Identity Website

A Representative may have a personal identity website that is 100% generic that may include pictures of family, friends, yachts, cars, homes, vacations, etc. The site may include one of the Wine Ambassador approved banner ads available in your back office under “Marketing Assets”, but the banner ad must be used “as is” with no alterations or additional comments.

The site must not make any reference to Wine Ambassador products, compensation plan, logos, trademarks, technology, strategic partners, employees, income claims, etc. All sites must be submitted to the Compliance Department for prior approval of all content. Wine Ambassador will evaluate in good faith and will notify of acceptance or rejection. Wine Ambassador may reject the submission if determined (at our sole discretion) that the site is unsuitable as detailed in Section 4.2.2, Representative Websites.

4.2.4 - Profile Names, Domain Names, and Email Addresses

Representatives may not use or attempt to register any of Wine Ambassador’ trade names, trademarks, service names, service marks, product names, the Company’s name, or any derivative thereof, for any Internet domain name. Nor may Representatives incorporate or attempt to incorporate any of the Company’s trade names, trademarks, service names, service marks, product names, the Company’s name, or any derivative thereof, into any electronic mail address. This also includes profile pages/names, usernames, account information, for other internet identity accounts including, but not limited to: LinkedIn, Twitter, Facebook, SnapChat, MySpace, YouTube, Viddler, Vimeo, etc.

4.2.5 - Trademarks and Copyrights

All trade names, trademarks and service marks used by Wine Ambassador are owned solely by Wine Ambassador. Wine Ambassador will not allow the use of its trade names, trademarks, designs, or symbols by any person, including a Wine Ambassador Representatives, without its prior, written permission. Representatives may not produce for sale or distribution any recorded Company events and speeches without written permission from Wine Ambassador, nor may Representatives reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

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

“Representative’s Name

Independent Wine Ambassador Representative”

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

4.2.6 - Media and Media Inquiries

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

Representatives are strictly prohibited from representing Wine Ambassador in any public media arena, and from using uncompensated media forms including, but not limited to, news releases, articles, editorials, unpaid advertising, infomercials/advertorials, and television, cable or radio program appearances to promote or publicize Wine Ambassador or its products, except as approved in writing by Wine Ambassador. Such requests must be submitted in writing to Wine Ambassador' Communication Department at least 30 (thirty) days in advance of the media activity. This policy is necessary to ensure an accurate, legal and consistent public image for Wine Ambassador and its Representatives.

4.2.7 - Spamming and Unsolicited Faxes

Except as provided in this section, Representatives may not use or transmit unsolicited faxes, mass e-mail distribution, unsolicited e-mail, or "spamming" relative to the operation of their Wine Ambassador businesses. The terms "unsolicited faxes" and "unsolicited e-mail" mean the transmission via telephone facsimile or electronic mail, respectively, of any material or information advertising or promoting Wine Ambassador, its products, its compensation plan or any other aspect of the Company which is transmitted to any person, except that these terms do not include a fax or e-mail: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Representative has an established business or personal relationship. The term "established business or personal relationship" means a prior or existing relationship formed by a voluntary two way communication between a Representative and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Representative; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

In addition, it is prohibited for anyone to send, directly or indirectly, any lead generation, marketing or advertising e-mail to any person or entity that references Wine Ambassador or its websites, products or services without the recipient's prior consent. Only after a prospective customer or representative has requested specific information or has consented to receiving more information about Wine Ambassador will anyone be allowed to reference Wine Ambassador or its websites, products or services in an e-mail, and then only to the extent of satisfying the prospective customer's or representative's specific request.

Current and future complaints reported to Wine Ambassador will be handled as follows:

1. Any SPAM complaint reported to Wine Ambassador by GoDaddy (or other Internet Hosting service) must be investigated and resolved, and the results reported to GoDaddy (or the Internet Hosting service in question), within 5 days.
2. If a Representative cannot prove/show evidence that the SPAM complaint/e-mail is not valid, his or her Wine Ambassador Representative Agreement will be terminated.

Note: if a complaint is generated, the Representative in question will have the burden of proof to show that the complaint is not valid (not Wine Ambassador). Representatives should keep an active log of all messages sent and received (opt-in/out). They may need this information trail if a complaint is received, to avoid termination.

4.3 - Bonus Buying Prohibited

Bonus buying is strictly and absolutely prohibited. "Bonus buying" includes: (a) the enrollment of individuals or entities as Representatives or customers without the knowledge of and/or execution of an Representative Agreement or customer agreement by such individuals or entities; (b) the fraudulent enrollment of an individual or entity as a Representative or customer; (c) the enrollment or attempted enrollment of non-existent individuals or entities as Representatives or customers ("phantoms"); (d) the use of a credit card by or on behalf of a Representative or customer when the Representative or customer is not the account holder of such credit card for

the purpose of maximizing compensation; (e) Purchasing Wine Ambassador merchandise or services on behalf of another Representative or customer, or under another Representative's or customer's I.D. number, to qualify for commissions or bonuses; and (f) the purchase of products in amounts that exceed those that can reasonably be for personal use.

4.4 - Business Entities

A corporation, limited liability company ("LLC"), partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be a Wine Ambassador Representative by submitting its Certificate of Incorporation or Formation, Partnership Agreement or trust documents (these documents are collectively referred to as the "Entity Documents") to Wine Ambassador, along with a properly completed Business Entity Registration Form. If a Representative enrolls online, the Entity Documents and Business Entity Registration Form must be submitted to Wine Ambassador within 30 (thirty) days of the online enrollment (if not received within the 30 (thirty) day period, the Representative Agreement shall automatically terminate). A Wine Ambassador business may change its status under the same sponsor from an individual to a partnership, LLC, corporation or trust, or from one type of entity to another. There is a \$15.00 fee for each change requested, which must be included with the written request and the completed Representative Agreement. The Business Entity Registration Form must be signed by all of the shareholders, partners or trustees. Owners of the entity are jointly and severally liable for any indebtedness or other obligation to Wine Ambassador

4.5 - Changes to a Wine Ambassador Business

4.5.1 - General

Each Representative must immediately notify Wine Ambassador of all changes to the information contained on his or her Representative Application and Agreement. Representatives may modify their existing Representative Agreement (i.e. - change Social Security number to Federal I.D. number, or change the form of ownership from an individual proprietorship to a business entity owned by the Representative) by submitting a written request, a properly executed Representative Application and Agreement, and appropriate supporting documentation.

4.5.2 - Addition of Co-Applicants

When adding a co-applicant (either an individual or a business entity) to an existing Wine Ambassador business, the Company requires both a written request as well as a properly completed Representative Application and Agreement containing the applicant and co-applicant's Social Security Numbers and signatures. To prevent the circumvention of Section 4.24 (regarding transfers and assignments of Wine Ambassador business), the original applicant must remain as a party to the original Representative Application and Agreement. If the original Representative wants to terminate his or her relationship with the Company, he or she must transfer or assign his or her business in accordance with Section 4.24. If this process is not followed, the business shall be canceled upon the withdrawal of the original Representative. All bonus and commission checks will be sent to the address of record of the original Representative. Please note that the modifications permitted within the scope of this paragraph do not include a change of sponsorship. Changes of sponsorship are addressed in Section 4.5.2, below. There is a (\$25.00) fee for each change requested, which must be included with the written request and the completed Representative Agreement. Wine Ambassador may, at its discretion, require notarized documents before implementing any changes to a Wine Ambassador business. Please allow thirty (30) days after the receipt of the request by Wine Ambassador for processing.

4.5.3 - Change of Sponsor

To protect the integrity of all marketing organizations and safeguard the hard work of all Representatives, Wine Ambassador strongly discourages changes in sponsorship. Maintaining the integrity of sponsorship is critical for the success of every Representative and Marketing Organization. Accordingly, the transfer of a Wine Ambassador business from one sponsor to another is rarely permitted. Requests for change of sponsorship must be submit-

ted in writing to the Compliance Department.

Transfers will only be considered in cases in which a new Representative is sponsored or enrolled by someone other than the individual he or she was led to believe would be his or her Sponsor. Under this policy, a Representative may request that he or she be transferred to another Organization with his or her entire Marketing Organization intact. All requests for transfer under this policy will be evaluated on a case by case basis and must be made within ten (10) days from the date of enrollment and/or sponsorship. The Representative requesting the change has the burden of proving that he or she was placed beneath the wrong Sponsor and/or Enroller.

4.5.4 - Genealogy Placement Change

Wine Ambassador reserves the right to change the placement of any Representative put into the system based on either Enroller input error or computer system input error, for 48 two (2) business days) after initial input. If requested within 48 (forty-eight) hours, the error will be corrected and there will be no charge for the change. Wine Ambassador reserves the right to make these changes for up to one (1) week after input. However, after 48 hours (2 business days) the request to change may not be granted. If granted, there will be a \$25 charge to the Enroller which must be paid prior to the change being made.

4.5.5 - Cancellation and Re-application

A Representative may legitimately change organizations by voluntarily canceling his or her Wine Ambassador business and remaining inactive (i.e. - no purchases of Wine Ambassador products for resale, no sales of Wine Ambassador products or services, no sponsoring, no attendance at any Wine Ambassador functions, participation in any other form of Representative activity, or operation of any other Wine Ambassador business) for six (6) full calendar months. Following the six (6) month period of inactivity, the former Representative may reapply under a new sponsor. Wine Ambassador will consider waiving the six month waiting period under exceptional circumstances. Such requests for waiver must be submitted to Wine Ambassador in writing.

4.6 - Unauthorized Claims and Actions

4.6.1 - Indemnification

A Representative is fully responsible for all of his or her verbal and written statements made regarding Wine Ambassador products, services, and the Compensation Plan which are not expressly contained in official Wine Ambassador materials. Representatives agree to indemnify Wine Ambassador and Wine Ambassador' directors, officers, employees, and agents, and hold them harmless from any and all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Wine Ambassador as a result of the Representative's unauthorized representations or actions or other breach of the Agreement, (b) actions as a Representative, and (c) violations or the failure to comply with an applicable federal, state or local law or regulation.. This provision shall survive the termination of the Representative Agreement.

4.6.2 - Income Claims & the Wine Ambassador Income Disclosure Statement

When presenting or discussing the Wine Ambassador Opportunity or Compensation Plan to prospective Representatives, no matter the setting, Wine Ambassador Independent Representative MUST use the current Wine Ambassador Income Disclosure Statement, as provided in the Representative's back office. Every prospect must be issued their own copy of the Income Disclosure Statement for review prior to discussing the Opportunity.

Discussing specific examples of Independent Representatives' earnings can be considered enticement by the Federal Trade Commission because, if not done properly, it can create unrealistic expectations or misrepresent someone's chances of being successful. In order to assist Representatives in presenting the information accurately and honestly, Wine Ambassador has created Income Disclosure Statement Usage Requirements which can be found in your back office and are an extension of this policy.

In addition to the Income Disclosure Statement, hypothetical income examples that are used to explain the operation of the Compensation Plan, and which are based solely on mathematical projections, may be made to prospective Representatives, so long as the Representative who uses such hypothetical examples makes clear to the prospective Representative(s) that such earnings are hypothetical and the Representative provides the prospect with a copy of the most current income disclosure chart prepared by the Company.

4.6.3 - Tax Incentive or Write-Off Claims

Although owning and operating a home-based business can provide the opportunity for Representatives to take legitimate deductions for their business on their income tax return, there are numerous laws regarding the allowable deductions. Wine Ambassador Representatives must not make any tax write-off or potential tax savings claims related to Wine Ambassador, but may encourage a prospect or Wine Ambassador Representative to seek the advice of a professional tax advisor regarding any allowable deductions.

4.6.4 - Misrepresentation of the Wine Ambassador Opportunity

Wine Ambassador Representatives are independent contractors and not employees, partners, legal representatives, or franchisees of Wine Ambassador. Any marketing and recruiting efforts surrounding the Independent Representative Opportunity offered by Wine Ambassador (including, but not limited to flyers, letters, emails, and ad postings) must not in any way assert or imply that the position is a “job,” that the Representative is an “employee,” or that the Representative will receive “salary” or “wages.” The position of Independent Representative shall not be construed as creating a relationship of employee-employer, agency, partnership or joint venture between any participant, sponsor and Wine Ambassador.

4.7 - Commercial Outlets and Sales

4.7.1 - Commercial Outlets

Wine Ambassador strongly encourages the retailing and selling of its products and services through person to person contact. In an effort to reinforce this method of marketing and to help provide a standard of fairness for its Representative base, Representatives may not display or sell Wine Ambassador products, services, or literature in any retail or service establishment without specific prior approval from Wine Ambassador’ Corporate offices.

4.7.2 - Trade Shows, Expositions and Other Sales Forums

Representatives may display and/or sell Wine Ambassador products and services at trade shows and professional expositions. Before submitting a deposit to the event promoter, Representatives must contact the Compliance Department in writing for conditional approval, as Wine Ambassador’ policy is to authorize only one (1) Wine Ambassador business per event. Final approval will be granted to the first Representative who submits an official advertisement of the event, a copy of the contract signed by both the Representative and the event official, and a receipt indicating that a deposit for the booth has been paid.

Approval is given only for the event specified. Any requests to participate in future events must again be submitted to the Compliance Department. Wine Ambassador further reserves the right to refuse authorization to participate at any function which it does not deem a suitable forum for the promotion of its products, services, or the Wine Ambassador opportunity. Approval will not be given for swap meets, garage sales, flea markets or farmer’s markets as these events are not conducive to the professional image Wine Ambassador wishes to portray.

Any promotional material intended for distribution at such events must be submitted for review and approved in writing to the Compliance Department prior to the event. No text may be changed following approval without the material being resubmitted for review.

Wine Ambassador may engage the services of ‘anonymous shoppers’ to attend such events to monitor compliance to the Wine Ambassador Policies and Procedures.

4.8 - Conflicts of Interest

4.8.1 - Non-solicitation

Wine Ambassador Representatives are free to participate in other multilevel or network marketing business ventures or marketing opportunities (collectively “network marketing”). However, during the term of this Agreement and a period of one year following termination, Representatives may not recruit other Wine Ambassador Representatives for any other network marketing business, other than those they personally enrolled into Wine Ambassador. 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 Wine Ambassador Representative to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

Representatives must not sell, or attempt to sell, any competing non-Wine Ambassador products or services to Wine Ambassador’ customers or Representatives. Any product or services in the same generic category as a Wine Ambassador product or service is deemed to be competing (e.g., any wine club membership product or service is in the same generic category as Wine Ambassador, and is therefore a competing service, regardless of differences in cost or benefits.).

Representatives may not display Wine Ambassador products or services with any other products or services in a fashion that might in any way confuse or mislead a prospective customer or Representative into believing there is a relationship between the Wine Ambassador and non-Wine Ambassador products or services. Representatives may not offer the Wine Ambassador opportunity, products or services to prospective or existing customers or Representatives in conjunction with any non-Wine Ambassador program, opportunity, product or service. Representatives may not offer any non-Wine Ambassador opportunity, products or services at any Wine Ambassador-related meeting, seminar or convention, or immediately following such event.

4.8.2 - Downline Activity (Genealogy) Reports

Downline Activity Reports are available for Representative access and viewing at Wine Ambassador’ official website. Representative access to his or her Downline Activity Reports is password protected. All Downline Activity Reports and the information contained therein are confidential and constitute proprietary information and business trade secrets belonging to Wine Ambassador. Downline Activity Reports are provided to Representatives in strictest confidence and are made available to Representatives for the sole purpose of assisting Representatives in working with their respective Downline Organizations in the development of their Wine Ambassador business. Representatives should use their Downline Activity Reports to assist, motivate, and train their downline Representatives. The Representative and Wine Ambassador agree that, but for this agreement of confidentiality and nondisclosure, Wine Ambassador would not provide Downline Activity Reports to the Representative. A Representative shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- a) Directly or indirectly disclose any information contained in any Downline Activity Report to any individual, partnership, association, corporation, or other entity;
- b) Directly or indirectly disclose, to any individual, partnership, association, corporation, or other entity, the password or other access code to his or her Downline Activity Report;
- c) Use the information contained in any Downline Activity Report to compete with Wine Ambassador or for any purpose other than promoting or supporting his or her Wine Ambassador business; or
- d) Recruit or solicit any Representative or customer listed on any Downline Activity Report or in any manner attempt to influence or induce any Representative or customer, to alter his or her business relationship with Wine Ambassador.

Upon demand by the Company, any current or former Representative will return the original and all copies of Downline Activity Reports to the Company.

4.9 - Other Services and Products.

Wine Ambassador Representatives are not restricted from selling the services and Products of other companies. However, direct or indirect promotion of those product and services to Wine Ambassador Representatives is limited to those personally sponsored by the Representative.

4.10 - Cross-Sponsoring

Actual or attempted cross sponsoring is strictly prohibited. "Cross sponsoring" is defined as the enrollment of an individual who or entity that already has a current Customer or Representative Agreement on file with Wine Ambassador, or who has had such an agreement within the preceding six (6) calendar months, within a different line of sponsorship. The use of a spouse's or relative's name, trade names, DBAs, assumed names, corporations, partnerships, trusts, federal ID numbers, or fictitious ID numbers, any straw-man or other artifice to circumvent this policy is prohibited. Representatives shall not demean, discredit or defame other Wine Ambassador Representatives in an attempt to entice another Representative to become part of the first Representative's Marketing Organization. This policy shall not prohibit the transfer of a Wine Ambassador business in accordance with Section 4.24.

If Cross Sponsoring is discovered, it must be brought to the attention of the Compliance Department immediately. Wine Ambassador may take disciplinary action against the Representative that changed organizations and/or those Representatives who encouraged or participated in the Cross Sponsoring. Wine Ambassador may also move all or part of the offending Representative's Downline to his or her original Downline organization if the Company deems it equitable and feasible to do so. However, Wine Ambassador is under no obligation to move the Cross Sponsored Representative's Downline organization, and the ultimate disposition of the organization remains within the sole discretion of Wine Ambassador. Representatives waive all claims and causes of action against Wine Ambassador arising from or relating to the disposition of the Cross Sponsored Representative's Downline organization.

4.11 - Errors or Questions

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

4.12 - Governmental Approval or Endorsement

Neither federal nor state regulatory agencies nor officials approve or endorse any direct selling or network marketing companies or programs. Therefore, Representatives shall not represent or imply that Wine Ambassador or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

4.13 - Holding Applications or Orders

Representatives must not manipulate enrollments of new Representatives or customers. All Representative Agreements, and customer agreements must be sent to Wine Ambassador or entered into the computer within seventy-two (72) hours from the time they are signed by a Representative or placed by a customer, respectively.

4.14 - Identification

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

4.15 - Income Taxes

Each Representative is responsible for paying local, state/provincial, and federal taxes on any income generated as an Independent Representative. If a Wine Ambassador business is tax exempt, the Federal tax identification number must be provided to Wine Ambassador. Every year, Wine Ambassador will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement..

4.16 - Independent Contractor Status

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

4.17 - Insurance

4.17.1 - Business Pursuits Coverage

You may wish to arrange insurance coverage for your business. Contact your insurance agent to make certain that your business property is protected. This can often be accomplished with a simple “Business Pursuit” endorsement attached to your present home owner’s policy.

4.18 - International Marketing

Because of critical legal and tax considerations, Wine Ambassador must limit the sale of Wine Ambassador products and services, and the presentation of the Wine Ambassador business to prospective customers and Representatives located within the United States or one of the countries where Wine Ambassador is currently operating until further notice.

Accordingly, Representatives are authorized to sell Wine Ambassador products and services, and enroll customers and Representatives only in the countries in which Wine Ambassador is authorized to conduct business, as announced in official Company literature. You may find a list of markets in which Wine Ambassador currently conducts business, along with any restrictions for each market, in the back office. In addition, no Representative may, in any unauthorized country and in any manner unauthorized in the then-current open markets list in the back office: (a) conduct sales, enrollment or training meetings; (b) enroll or attempt to enroll potential customers or Representatives; or (c) conduct any other activity for the purpose of selling Wine Ambassador products, establishing a Marketing Organization, or promoting the Wine Ambassador opportunity.

4.19 - Adherence to Laws and Ordinances

4.19.1 - Local Ordinances

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

4.19.2 - Compliance With Federal, State, Local Laws

Representatives shall comply with all federal, state, and local laws and regulations in the conduct of their businesses.

4.20 - Minors

A person who is recognized as a minor in his/her state or country of residence, may not be a Wine Ambassador Representative. Representatives shall not enroll or recruit minors into the Wine Ambassador program.

4.21 - One Wine Ambassador Business Per Individual Person/Representative

Representatives may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one (1) Wine Ambassador Business Center, per Tax ID number. If an individual has a Social Security number and also owns a corporation limited liability company or partnership and has the appropriate government issued Tax Identification Documents to go along with it then he/she may operate two (2) or more separate Wine Ambassador Business Centers as long as the following formulas apply. The multiple Business Centers owned and/or controlled by an individual MUST BE directly enrolled by the primary Business Center. This will insure that all Business Centers will have a common upline.

If a husband and wife or other domestic partnership chooses to operate their respective businesses separately, they may operate separately under their own SS# or Tax ID number, but one spouse/partner MUST BE recruited directly by the other.

In a partnership, each partner can have a Business Center in his or her own name and tax ID # and share the proceeds equally with their partner(s). In the case of partners sharing the proceeds of more than one (1) Business Center, all Business Centers must have a common Upline. The first Partner in the binary structure must be the direct recruiter of the second partner. In the event of more than two (2) partners, all the partners involved must have been recruited by another one of the other partners, with the exception of the “top position/partner” in the binary structure.

In the event a Representative wishes to be granted an exception or exclusion from the above policy, he or she must submit a request to the Company in writing which must then be explicitly approved by the Company.

4.21.1 - Actions of Household Members or Affiliated Individuals

If any member of a Representative’s Immediate Household engages in any activity which, if performed by the Representative, would violate any provision of the Agreement, such activity will be deemed a violation by the Representative and Wine Ambassador may take disciplinary action pursuant to the Statement of Policies against the Representative. Similarly, if any individual associated in any way with a corporation, partnership, trust, Limited Liability Company or other entity (collectively “affiliated individual”) violates the Agreement, such action(s) will be deemed a violation by the entity, and Wine Ambassador may take disciplinary action against the entity.

4.22 - Requests for Records

Any request from a Representative for copies of invoices, applications, Downline Activity Reports, or other records will require a fee of \$1.00 per page per copy. This fee covers the expense of mailing and time required to research files and make copies of the records.

4.23 - Sale, Transfer or Assignment of Wine Ambassador Business

Although a Wine Ambassador business is a privately owned, independently operated business, the sale, transfer or assignment of a Wine Ambassador business is subject to certain limitations. If a Representative wishes to sell his or her Wine Ambassador business, the following criteria must be met:

- a) Protection of the existing line of sponsorship must always be maintained so that the Wine Ambassador business continues to be operated in that line of sponsorship.
- a) If the buyer is an active Wine Ambassador Representative, he or she must first terminate his or her Wine Ambassador business and wait a period of six (6) months before the transfer, assignment, or acquisition

of any interest in the new Wine Ambassador business will be accepted and processed.

- b) Before the sale, transfer or assignment can be finalized and approved by Wine Ambassador, any debt obligations the selling Representative has with Wine Ambassador must be satisfied.
- c) The selling Representative must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to sell, transfer or assign a Wine Ambassador business.

Prior to selling a Wine Ambassador business, the selling Representative must notify Wine Ambassador of his or her intent to sell the Wine Ambassador business. Upon complete execution of the purchase and sale agreement, the parties must submit a Wine Ambassador Sale & Transfer Form to Wine Ambassador for review. Wine Ambassador reserves the right to request additional documentation that may be necessary to analyze the transaction between the buyer and seller. Wine Ambassador will, in its sole and absolute discretion, approve or deny the sale, transfer or assignment within thirty (30) days after its receipt of all necessary documents from the parties. If the parties fail to obtain Wine Ambassador' approval for the transaction, no transfer shall occur.

The purchaser of the existing Wine Ambassador business will assume the obligations and position of the selling Representative. A Representative who sells his or her Wine Ambassador business shall not be eligible to re-apply as a Wine Ambassador Representative for a period of at least six (6) full calendar months after the date of the sale. Purchaser agrees to become a Wine Ambassador Representative and to be bound by all terms and conditions as well as this Agreement. All sales volume and any sales representatives shall transfer with said position. The selling Representative must submit any materials or credentials issued to the selling Representative.

Sales and transfers only apply to Wine Ambassador Businesses which includes the Representative Agreement, Ambassador Business Center (ABC), and the Business Center in the Wine Ambassador Genealogy. Wine Ambassador Products.

No changes in line of sponsorship can result from the sale or transfer of a Wine Ambassador business.

4.24 - Separation of a Wine Ambassador Business

Wine Ambassador Representatives sometimes operate their Wine Ambassador businesses as husband-wife partnerships, regular partnerships, corporations, or trusts. At such time as a marriage may end in divorce or a corporation, partnership, limited liability company, or trust (the latter three entities are collectively referred to herein as "entities") may dissolve, arrangements must be made to assure that any separation or division of the business is accomplished so as not to adversely affect the interests and income of other businesses up or down the line of sponsorship.

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

- a) One of the parties may, with consent of the other(s), operate the Wine Ambassador business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, members, partners or trustees authorize Wine Ambassador to deal directly and solely with the other spouse or non-relinquishing shareholder, partner or trustee.
- b) The parties may continue to operate the Wine Ambassador business jointly on a "business-as-usual" basis, whereupon all compensation paid by Wine Ambassador will be paid in the joint names of the Representatives or in the name of the entity to be divided as the parties may independently agree between themselves.
- c) If the parties cannot mutually agree on how the business shall be allocated during the pendency of a divorce or dissolution, the Company shall treat the business according to the status quo as existed prior to the filing of the divorce or dissolution. In the event of divorce, Wine Ambassador will assign the business per the direction of the court.

Under no circumstances will the Downline organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Wine Ambassador split commission and bonus checks between divorcing spouses or members of dissolving entities. Wine Ambassador will recognize only one (1) Downline organization and will issue only one (1) commission check per Wine Ambassador business per commission cycle. Commission checks shall always be issued to the same individual or entity. In the event that parties to a divorce or dissolution proceeding are unable to resolve a dispute over the disposition of commissions and ownership of the business, the Representative Agreement shall be involuntarily canceled.

If a former spouse or a former entity affiliate has completely relinquished all rights in his or her original Wine Ambassador business, they are thereafter free to enroll under any Sponsor of their choosing, so long as they meet the waiting period requirements set forth in Section 4.5.4. In such case, however, the former spouse or entity shall have no rights to any Representatives in his or her former organization or to any former customer. They must develop the new business in the same manner as would any other new Representative.

4.25 - Sponsoring and Enrolling

All Active Representatives in good standing have the right to sponsor and enroll others into Wine Ambassador. Each prospective Representative has the ultimate right to choose his or her own Enroller. If two (2) Representatives claim to be the Enroller of the same new Representative, the Company shall regard the first application received by the Company as controlling.

4.26 - Stacking

“Stacking” is strictly prohibited. The term “stacking” includes: (a) the failure to transmit to Wine Ambassador or the holding of a Representative Application and Agreement in excess of three (3) business days after its execution; (b) the placement or manipulation of Agreements for the purpose of maximizing compensation pursuant to Wine Ambassador’ Compensation Plan; or (c) providing financial assistance to new Representatives for the purpose of maximizing compensation pursuant to Wine Ambassador’ Compensation Plan; (d) violating the one (1) business per tax ID rule.

4.27 - Succession

Upon the death or incapacitation of a Representative, his or her business may be passed to his or her heirs. Appropriate legal documentation must be submitted to the Company to ensure the transfer is proper. Accordingly, a Representative should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a Wine Ambassador business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Representative’s Marketing Organization provided the following qualifications are met. The successor(s) must:

- a) Execute a Representative Agreement, and;
- b) Comply with terms and provisions of the Agreement, and;
- c) Continue to meet all of the qualifications to be paid at various Ranks within the compensation plan.

Bonus and commission checks of a Wine Ambassador business transferred pursuant to this section will be paid in a single check jointly to the devisees. The devisees must provide Wine Ambassador with an “address of record” to which all bonus and commission checks will be sent. If the business is bequeathed to joint devisees, they must form a business entity and acquire a federal taxpayer Identification number. Wine Ambassador will issue all bonus and commission checks and one 1099 to the business entity.

4.28 - Transfers

4.28.1 - Transfer Upon Death of a Representative

To effect a testamentary transfer of a Wine Ambassador business, the successor must provide the following to

Wine Ambassador: (1) an original death certificate; (2) a notarized copy of the will or other instrument establishing the successor's right to the Wine Ambassador business; and (3) a completed and executed Representative Agreement.

4.28.2 - Transfer Upon Incapacitation of a Representative

To affect a transfer of a Wine Ambassador business because of incapacity, the successor must provide the following to Wine Ambassador: (1) a notarized copy of an appointment as trustee; (2) a notarized copy of the trust document or other documentation establishing the trustee's right to administer the Wine Ambassador business; and (3) a completed Representative Agreement executed by the trustee.

4.29 - Telemarketing

The Federal Trade Commission and the Federal Communications Commission each have laws that restrict telemarketing practices. Both federal agencies (as well as a number of states) have "do not call" regulations as part of their telemarketing laws. While you may not consider yourself a "telemarketer" in the traditional sense of the word, these regulations broadly define the term "telemarketer" and "telemarketing" so that your inadvertent action of calling someone whose telephone number is listed on the federal "do not call" registry could cause you to violate the law. Moreover, these regulations must not be taken lightly, as they carry significant penalties.

In addition, Representatives shall not use automatic telephone dialing systems relative to the operation of their Wine Ambassador businesses. The term "automatic telephone dialing system" means equipment which has the capacity to: (a) store or produce telephone numbers to be called, using a random or sequential number generator; and (b) to dial such numbers.

4.30 - Use of the Wine Ambassador Communication System

In the event that Wine Ambassador provides any channel of group communication accessible by individual Representatives, it shall be used exclusively as a tool to communicate with his or her Downline, to promote the sale of Wine Ambassador products and services and the Wine Ambassador opportunity. Under no circumstances shall a Representative use the Wine Ambassador communication system, be it electronic mail or voice mail, to promote the sale of any non-Wine Ambassador products or services or any non-Wine Ambassador program or opportunity.

4.31 - Prohibiting Against Excessive Charges.

Wine Ambassador prohibits any Sales Representative from charging any other Sales Representative more than \$20 per day for any training regarding Wine Ambassador. For example, if a Sales Representative in Wine Ambassador is holding a two day training class then the most that can be charged for that particular training would be \$40 per person.

Note: Training classes and Representative team meetings may be monitored by Wine Ambassador on an ongoing basis through the use of outside anonymous resources.

Additionally, any training sessions, whether Representative- or Company-sponsored, may be attended only by Wine Ambassador Representatives and may not be open to the public (i.e. – prospects).

Lastly, any direct contact with Wine Ambassador or wine partners, vendors, or suppliers, or their affiliates or representatives, is strictly prohibited.

4.33 - Confidentiality

During the term of the Agreement, the Company may supply to Representatives confidential and proprietary information which may not be distributed or abused, including, but not limited to genealogical and Downline Ac-

tivity Reports, customer lists, customer information developed by the Company or developed for and on behalf of the Company by Representatives, (including but not limited to, credit data, customer and Representative profiles and product purchase information). Representative lists, vendor and supplier business information (whether in written or electronic form) which the Company may designate as confidential. Confidential information may not be used, shared, disseminated directly or indirectly by the Representative without prior written approval to do so from Wine Ambassador Compliance Department.

SECTION 5 - RESPONSIBILITIES OF REPRESENTATIVES

5.1 - Change of Address or Telephone

To ensure timely delivery of products, support materials, and commission checks, it is critically important that the Wine Ambassador' files are current. Street addresses are required for shipping since UPS cannot deliver to a post office box. Representatives planning to move should update their personal information via the Back Office function of the Representative's replicated Wine Ambassador website. To guarantee proper delivery, 2 (two) weeks advance notice must be provided to Wine Ambassador on all changes.

5.2 - Non-disparagement

Wine Ambassador wants to provide its independent Representatives with the best products, compensation plan, and service in the industry. Accordingly, it values a Representative's constructive criticisms and comments. All such comments should be submitted in writing to the Client Services Department. Remember, to best serve Representatives. While Wine Ambassador welcomes constructive input, negative comments and remarks made in the field by Representatives about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other Wine Ambassador Representatives. For this reason, and to set the proper example for their Downline, Representatives must not disparage, demean, or make negative remarks about Wine Ambassador, other Wine Ambassador Representatives, Wine Ambassador' products, the Compensation Plan, or Wine Ambassador' directors, officers, or employees.

Representatives shall not defame, abuse, harass, stalk, threaten or otherwise violate the legal rights (such as rights of privacy and publicity) of others. Representatives shall not publish, post, unload, distribute, or communicate any inappropriate, profane, defamatory, infringing, obscene, indecent or unlawful topics, names, materials or information. Representative shall not advertise or offer to sell any goods or services for any commercial purpose or conduct or forward surveys, contests, pyramid schemes or chain letters.

5.2.1 - Harassment Zero-Tolerance Policy

Wine Ambassador has a zero-tolerance policy regarding harassment of another person by a Wine Ambassador Independent Representative. Wine Ambassador expects its Independent Representatives to treat each other, as well as potential Representatives and Customers with dignity and respect. Violations of this policy include, but are not limited to:

- a) Intimidating, harassing, or other aggressive behavior;
- b) Causing repeated conflicts with Representatives or Customers;
- c) Direct or veiled threats of harm.

Violations of this policy will result in termination. If you are a victim of such behavior, it is important to respond appropriately. Please do not overreact and escalate the situation. Remain calm and notify Wine Ambassador' Compliance Department immediately with detailed information about the incident in writing to Wine Ambassador Compliance, 55 SE 2nd. Ave., Delray Beach, Florida 33444.

5.3 - Providing Documentation to Applicants

Representatives must provide the most current version of the Policies and Procedures and the Compensation

Plan to individuals whom they are enrolling to become Representatives before the applicant signs a Representative Agreement or by the enrollee acknowledging his or her understanding and agreement to the terms and conditions of the Policies & Procedures and the Compensation Plan through the Representative website.

5.4 - Reporting Policy Violations

Representatives observing a Policy violation by another Representative should submit a written report of the violation directly to the attention of the Wine Ambassador Compliance Department. Details of the incidents such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report.

5.5 - Business Conduct

Each Representative will perform all of his/her business activities in a professional and ethical manner, which will enhance the Representative's reputation and the positive reputation of Wine Ambassador. Representatives will be courteous and respectful of every person contacted including employees and executives of the corporate offices of Wine Ambassador, and will conduct their business in a way as to respect the products, services and professionalism of Wine Ambassador and its other Representatives. Any Representative found in violation of any provision could face disciplinary action.

5.6 - Employee Gifts

Wine Ambassador employees may accept small tokens of appreciation in the form of a gift from an Independent Representative or a group of Representatives. Such gift shall not exceed a value of \$50.00 (fifty dollars). All gifts regardless of size and scope must be disclosed to Wine Ambassador Compliance Department prior to presentation or acceptance.

SECTION 6 - SALES REQUIREMENTS

6.1 - Product Sales

The Wine Ambassador Compensation Plan is based upon the sale of Wine Ambassador products and services to End Consumers. Representatives must fulfill personal and Downline Organization retail sales requirements (as well as meet other responsibilities set forth in the Agreement) to be eligible for bonuses, commissions and advancement to higher levels of achievement. The following sales requirements must be satisfied for Representatives to be eligible for commissions:

Representatives must satisfy the Qualified Sales requirements as specified in the Wine Ambassador Compensation Plan in order to receive bonuses or commissions.

6.2 - No Territory Restrictions.

There are no exclusive territories granted to any Representative.

SECTION 7 - BONUSES AND COMMISSIONS

7.1 - Bonus and Commission Qualifications

A Representative must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Representative complies with the terms of the Agreement, Wine Ambassador shall pay commissions and bonuses to such Representative in accordance with the Compensation Plan.

7.2 - Adjustment to Bonuses and Commissions

7.2.1 - Adjustments for Returned Products or Cancelled Services

Representatives receive bonuses and commissions based on the actual sales of products and services to con-

sumers. When a product is returned to Wine Ambassador or a Wine Ambassador service is cancelled, and the customer or Representative returning the product or canceling the service is entitled to a refund under these Policies and Procedures or by law, the bonuses and commissions attributable to the returned product or cancelled service will be deducted in the month in which the refund is given, and continuing every pay period thereafter until all commissions and bonuses are recovered from the Representatives who received bonuses and commissions on the sales of the refunded product or cancelled service. Wine Ambassador further reserves the right to issue product purchase refunds at any time, at its sole discretion.

7.3 - Unclaimed Commissions and Credits

Representatives must deposit or cash commission and bonus checks within six (6) months from their date of issuance or as mandated by each state. A check that remains uncashed after six months will be void. There shall be a \$30.00 charge for reissuing a check. These charges shall be deducted from the balance owed to the Representative.

7.4 - Online and Telephonic Activity Reports

All information provided by Wine Ambassador in online or telephonic Downline Activity Reports, including but not limited to personal and Group Sales Volume (or any part thereof), and Downline enrolling activity is believed to be accurate and reliable. Nevertheless, due to various factors including the inherent possibility of human and mechanical error; the accuracy, completeness, and timeliness of orders; denial of credit card and electronic check payments; returned products; credit card and electronic check charge-backs; the information is not guaranteed by Wine Ambassador or any persons creating or transmitting the information.

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

TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, WINE AMBASSADOR AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY REPRESENTATIVE OR ANYONE ELSE FOR ANY DIRECT, INDIRECT, CONSEQUENTIAL, INCIDENTAL, SPECIAL OR PUNITIVE DAMAGES THAT ARISE OUT OF THE USE OF OR ACCESS TO PERSONAL AND GROUP SALES VOLUME INFORMATION (INCLUDING BUT NOT LIMITED TO LOST PROFITS, BONUSES, OR COMMISSIONS, LOSS OF OPPORTUNITY, AND DAMAGES THAT MAY RESULT FROM INACCURACY, INCOMPLETENESS, INCONVENIENCE, DELAY, OR LOSS OF THE USE OF THE INFORMATION), EVEN IF WINE AMBASSADOR OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE BEEN ADVISED OF THE POSSIBILITY OF SUCH DAMAGES. TO THE FULLEST EXTENT PERMITTED BY LAW, WINE AMBASSADOR OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION SHALL HAVE NO RESPONSIBILITY OR LIABILITY TO YOU OR ANYONE ELSE UNDER ANY TORT, CONTRACT, NEGLIGENCE, STRICT LIABILITY, PRODUCTS LIABILITY OR OTHER THEORY WITH RESPECT TO ANY SUBJECT MATTER OF THIS AGREEMENT OR TERMS AND CONDITIONS RELATED THERETO.

Access to and use of Wine Ambassador' online and telephone reporting services and your reliance upon such information is at your own risk. All such information is provided to you "as is". If you are dissatisfied with the accuracy or quality of the information, your sole and exclusive remedy is to discontinue use of and access to Wine Ambassador' online and telephone reporting services and your reliance upon the information.

SECTION 8 - PRODUCT GUARANTEES, RETURNS, REFUNDS, CANCELLATIONS, AND INVENTORY REPURCHASE

8.1 - Cancellations and Returns

All Representatives may cancel their Representative Agreement, for any reason, at any time, by giving Wine Ambassador prior written notice by mail at its address of record or by email to support@WineAmbassador.com

Wine Ambassador may terminate the Representative Agreement pursuant to the Policies and Procedures or in

the event of breach by the Representative of any part of the Representative Agreement. In addition Wine Ambassador reserves the right to terminate the Representative Agreement upon thirty (30) days' notice if it elects in the Region to: (1) cease business operations; (2) dissolve as a business entity; or (3) terminate sale of its products and/or services via direct selling channels.

Following termination of the Representative Agreement within fourteen (14) days from the date of initial purchase and enrollment, upon request Wine Ambassador shall refund the purchase and of any products returned in accordance with the Wine Ambassador Product Return Policy.

8.2 - Return of Products by Representatives.

Upon cancellation of a Representative's Agreement at any time after the expiry of fourteen (14) days from initial purchase and enrollment, the Representative may return for a refund products purchased by him or her in the last twelve (12) months preceding cancellation that are in currently marketable condition.

Except during the first fourteen (14) days in accordance with Section 8.1 of these Policies and Procedures, no refund will be made on cancellation for the purchase of services which the Representative has personally used.

Upon the Company's receipt of currently marketable products, the Representative will be reimbursed 90% of the net cost of the original purchase price(s), less shipping charges and less set off of any monies due to the Company. If the purchases were made through a credit card, the refund will be credited back to the same account.

The Company reserves the right to recover Sales Volume credited or commissions paid to a Representative and to adjust rank advancement any time a purchase of any kind that was commissionable or contributed to Sales Volume credits has is refunded to a Customer.

8.2.1 - Procedures for Product Returns

All product returns must be in accordance with the Wine Ambassador Product Return Policy and in particular:

- a) All merchandise must be returned by the Representative who purchased it directly from Wine Ambassador.
- b) No return shipments will be accepted without prior authorization.
- c) Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped with shipping pre-paid.

Wine Ambassador does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Representative. If returned product is not received by the Company, it is the responsibility of the Representative to trace the shipment.

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

8.3 - Return of Sales Aids by Representatives

Upon cancellation of a Representative's Agreement, the Representative may return currently marketable sales aids for a refund. A Representative may only return sales aids purchased by him or her in the last 60 days that are in currently marketable condition. Upon the Company's receipt of resalable sales aids, the Representative will be reimbursed 75% of the net cost of the original purchase price(s), less shipping charges and less set off of any monies due to the Company. If the purchases were made through a credit card, the refund will be credited back to the same account.

8.3.1 - Procedures for Sales Aid Returns

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

- a) All merchandise must be returned by the Representative or customer who purchased it directly from Wine Ambassador.
- b) No return shipments will be accepted without prior authorization from the Wine Ambassador Client Services team.
- c) Proper shipping carton(s) and packing materials are to be used in packaging the product(s) being returned for replacement, and the best and most economical means of shipping is suggested. All returns must be shipped to Wine Ambassador shipping pre-paid. Wine Ambassador does not accept shipping-collect packages. The risk of loss in shipping for returned product shall be on the Representative. If returned product is not received by the Company, it is the responsibility of the Representative to trace the shipment.

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

8.4 - Excluded Products

For the purpose of this Section 8 “currently marketable” products and sales aids do not include those if returned for repurchase after the products’ or sales aids’ commercially reasonable usable or shelf life period has passed; nor shall products or sales aids be considered “currently marketable” if the company has clearly disclosed prior to purchase that the products or sales aids are seasonal, discontinued, or special promotion products or sales aids and are not subject to the repurchase obligation.

SECTION 9 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

9.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, or any illegal, fraudulent, deceptive or unethical business conduct by a Representative may result, at Wine Ambassador’ discretion, in one or more of the following corrective measures:

- a) Issuance of a written warning or admonition;
- b) Requiring the Representative to take immediate corrective measures;
- c) Withholding commissions and bonuses, and/or imposing fines, in an amount determined by Wine Ambassador at its sole discretion;
- d) Loss of rights to one or more bonus and commission checks;
- e) Wine Ambassador may withhold from a Representative all or part of the Representative’s bonuses and commissions during the period that Wine Ambassador is investigating any allegedly violative conduct;
- f) Involuntary termination of the offender’s Representative Agreement;
- g) Any other measure expressly allowed within any provision of the Agreement or which Wine Ambassador deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Representative’s policy violation or contractual breach.

9.2 - Grievances and Complaints

When a Representative has a grievance or complaint with another Representative regarding any practice or conduct in relationship to their respective Wine Ambassador businesses, the complaining Representative should first report the problem to his or her Sponsor who should review the matter and try to resolve it with the other party’s Upline Sponsor. If the matter cannot be resolved, it must be reported in writing only and must bear the name and identification number of the party or parties submitting the formal complaint, to the Wine Ambassador Compliance Department. No telephone calls will be accepted regarding such matters as documentation must

be presented in writing both from the complaining party or parties and ultimately from the individual(s) cited for the possible policy violation. The Compliance Representative will review the facts and attempt to resolve it. If it is not resolved, it will be referred to the Dispute Resolution Board for final review and determination.

9.3 - Dispute Resolution Board.

The Dispute Resolution Board reviews evidence, deliberates, and responds to current outstanding issues on a collective basis. The purpose of the Dispute Resolution Board (“DRB”) is to: (1) review appeals of disciplinary sanctions; and (2) review matters between Wine Ambassador Representatives that have not been resolved following referral to the Customer Service Department.

A Representative may submit a written request for a telephonic or in-person hearing within 15 (fifteen) business days from the date of: (1) the written notice by Wine Ambassador of a disciplinary sanction; or (2) the written decision of the Compliance Department regarding disputes between Representatives. All communication with Wine Ambassador and the Representative(s) seeking resolution of a dispute must be in writing. It is within the DRB’s discretion whether a claim is accepted for review. If the DRB agrees to review the matter, it shall schedule a hearing within 15 (fifteen) days of receipt of the Representative’s written request. All evidence (e.g., documents, exhibits, etc.) that a Representative desires to have considered by the DRB must be submitted to Wine Ambassador no later than 7 (seven) business days before the date of the hearing. The Representative shall bear all of the expenses related to his or her attendance and the attendance of any witnesses he or she desires to be present at the hearing. The decision of the DRB will be final and subject to no further review, except as provided in Section 9.4 below. During the pendency of the claim before the DRB, the Representative waives his or her right to pursue arbitration or any other remedy.

Following issuance of a disciplinary sanction, the disciplined Representative may appeal the sanction to the DRB. The Representative’s appeal must be in writing and received by the Company within 15 (fifteen) days from the date of Wine Ambassador’ notice of the disciplinary sanction. If the appeal is not received by Wine Ambassador within the 7 (seven) day period, the sanction will be final. The Representative must submit all supporting documentation with his or her appeal correspondence. If the Representative files a timely appeal of a disciplinary sanction, the DRB will review and reconsider the sanction, consider any other appropriate action, and notify the Representative in writing of its decision.

9.4 - Arbitration

Any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration administered by the American Arbitration Association under its Commercial Arbitration Rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof. Representatives waive all rights to trial by jury or to any court. All arbitration proceedings shall be held in the Palm Beach County, Florida, unless the laws of the state in which a Representative resides expressly require the application of its laws, in which case the arbitration shall be held in the capital of that state. All parties shall be entitled to all discovery rights pursuant to the Federal Rules of Civil Procedure. There shall be one arbitrator, an attorney at law, who shall have expertise in business law transactions with a strong preference being an attorney knowledgeable in the direct selling industry, selected from the panel which the American Arbitration Panel provides. Each party to the arbitration shall be responsible for its own – costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court of competent jurisdiction. This agreement to arbitration shall survive any termination or expiration of the Agreement.

Nothing in these Policies and Procedures shall prevent Wine Ambassador from applying to and obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction or other relief available to safeguard and protect Wine Ambassador’ interest prior to, during or following the filing of any arbitration or other proceeding or pending the rendition of a decision or award in connection with any arbitration or other proceeding.

Notwithstanding the foregoing, the arbitrator shall have no obligation or jurisdiction over disputes relating to the ownership, validity or registration or any mark of other intellectual property or proprietary or confidential information of the Company, without the Company's written consent. The Company may seek any applicable remedy in any applicable forum with respect to these disputes. In addition to monetary damages, the Company may obtain injunctive relief against a Representative in violation of the Agreement, and for any violation of misuse of the Company's trademark, copyright or confidential information policies.

Nothing in this rule shall prevent the Company from terminating the Representative Agreement. Nothing contained herein shall be deemed to give the arbitrator any authority, power, right to alter, change, amend, modify, add to, or to subtract from any of the provisions of the Policies or Procedures, Compensation Plan or the Representative Agreement.

9.5 - Governing Law, Jurisdiction and Venue

Jurisdiction and venue of any matter not subject to arbitration shall reside in Palm Beach County, State of Florida unless the laws of the state in which a Representative resides expressly require the application of its laws. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Florida shall govern all other matters relating to or arising from the Agreement unless the laws of the state in which a Representative resides expressly require the application of its laws.

SECTION 10 - ORDERING

10.1 - Purchasing Wine Ambassador Products and Services

Each Representative should purchase his or her products and services directly from Wine Ambassador. If a Representative purchases products or services from another Representative or any other source, the purchasing Representative will not receive the Personal Sales Volume that is associated with that purchase. Wine Ambassador reserves the right to limit the amount of any product that may be purchased by a Representative for personal use.

10.2 - General Order Policies

On mail orders with invalid or incorrect payment, Wine Ambassador will attempt to contact the Representative by phone, email, and/or mail to try to obtain another payment. If these attempts are unsuccessful after five (5) working days the order will be returned unprocessed. No C.O.D. orders will be accepted. Wine Ambassador maintains no minimum order requirements. Orders for products and sales aids may be combined.

10.3 - Confirmation of Order

A Representative and/or recipient of an order must confirm that the product received matches the product listed on the shipping invoice, and is free of damage. Failure to notify Wine Ambassador of any shipping discrepancy or damage within thirty (30) days of shipment will Cancel a Representative's right to request a correction.

SECTION 11 - PAYMENT AND SHIPPING

11.1 - Insufficient Funds

It is the responsibility of each Representative to ensure that there are sufficient funds or credit available in his or her account to cover his or her purchases. Wine Ambassador will not contact Representatives in regard to orders or services canceled due to insufficient funds or credit. This may result in a Representative's failure to meet his or her Personal Sales Volume requirements for the month.

11.2 - Returned Checks

All checks returned by a Representative's bank for insufficient funds will be re-submitted for payment. A \$25.00 returned check fee will be charged to the account of the Representative. After receiving a returned check from a customer or a Representative, all future orders must be paid by Credit Card, money order or cashier's check. Any

outstanding balance owed to Wine Ambassador by a Representative for NSF checks and returned check fees will be withheld from subsequent bonus and commission checks.

11.3 - Restrictions on Third Party Use of Credit Cards and Checking Account Access

Credit card purchases or purchases made by personal/business checks may only be made by the individual to whom they have been assigned by the banking institution. Any Representative who uses another individual's credit card or checking account to pay for purchases must submit a credit card/checking account authorization form to Wine Ambassador with the order. Wine Ambassador considers the unauthorized use of credit cards or checking accounts as fraudulent and will report such actions to the proper authorities for settlement. In addition the Representative involved may be subject to Suspension of Representative status pending resolution of the dispute.

A Representative shall not permit other Representatives or customers to use his or her credit card, or permit debits to his or her checking accounts, to enroll or to make purchases from the Company.

11.4 - Credit Card Chargebacks

Under no circumstances will any Representative charge back any credit card purchase. Any Representative who does so will immediately lose all credit card ordering privileges until the charges are replaced with certified funds. If an erroneous charge is applied to a Representative's credit card, the Representative should immediately contact Wine Ambassador to initiate an investigation and resolution.

SECTION 12 - INACTIVITY AND CANCELLATION

12.1 - Effect of Cancellation

So long as a Representative remains active and complies with the terms of the Representative Agreement and these Policies and Procedures, Wine Ambassador shall pay commissions to such Representative in accordance with the Compensation Plan. A Representative's bonuses and commissions constitute the entire consideration for the Representative's efforts in generating sales and all activities related to generating sales (including building a Downline organization). Following a Representative's non-renewal of his or her Representative Agreement, cancellation for inactivity, or voluntary or involuntary cancellation of his or her Representative Agreement (all of these methods are collectively referred to as "cancellation"), the former Representative shall have no right, title, claim or interest to the Marketing Organization which he or she operated, or any commission or bonus from the sales generated by the organization. A Representative whose business is cancelled will permanently lose all rights as a Representative. This includes the right to sell Wine Ambassador products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Representative's former Downline sales organization. In the event of cancellation, Representatives agree to waive all rights they may have, including but not limited to property rights, to their former Downline organization and to any bonuses, commissions or other remuneration derived from the sales and other activities of his or her former Downline organization.

Following a Representative's cancellation of his or her Representative Agreement, the former Representative shall not hold himself or herself out as a Wine Ambassador Representative and shall not have the right to sell Wine Ambassador products or services. A Representative whose Representative Agreement is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to cancellation.

12.2 - Cancellation Due to Inactivity

It is the Representative's responsibility to lead his or her Marketing Organization with the proper example in personal production of sales to End Consumers. Without this proper example and leadership, the Representative may lose his or her right to receive commissions from sales generated through his or her marketing organization.

12.2.1 - Insufficient Personal Volume to Maintain Active Requirement

Representatives who do not maintain their YEARLY RBS fee for any calendar YEAR will not receive commissions for the sales generated throughout their Marketing Organization for that month. If a Representative becomes and remains Inactive for more than four (4) weekly pay periods, the Sales Volume he/she has accumulated will irrevocably expire. If a Representative becomes and remains Inactive for more than twelve (12) consecutive weekly pay periods at any time, the Representative's Agreement may be terminated at the option of Wine Ambassador. A Representative terminated for inactivity who is also a Customer may retain their Product(s) membership.

12.2 - Involuntary Cancellation

A Representative's violation of any of the terms of the Agreement, including any amendments that may be made by Wine Ambassador in its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary cancellation of his or her Representative Agreement. Cancellation shall be effective on the date on which written notice is mailed, faxed, or delivered to an express courier, to the Representative's last known address (or fax number), or to his/her attorney, or when the Representative receives actual notice of cancellation, whichever occurs first.

12.4 - Voluntary Cancellation

A participant in this network marketing plan has a right to Cancel at any time, regardless of reason. Cancellation must be submitted in writing either by fax, postal delivery or email to the Company. The written notice must include the Representative's signature, printed name, address, and Representative I.D. Number.

SECTION 13 - DEFINITIONS

Active Customer – A customer who has an active and paid-up subscription to any of Wine Ambassador' memberships, for the subject calendar month.

Active Representative – A Representative becomes/remains Active by paying his/her monthly smartship fee.

Active Rank – The term "Active Rank" refers to the current rank of a Representative, as determined by the Wine Ambassador Compensation Plan, for any calendar month OR volume period. To be considered "Active" relative to a particular rank, a Representative must meet the criteria set forth in the Wine Ambassador Compensation Plan for his or her respective rank. (See the definition of "Rank" below.)

Agreement - The contract between the Company and each Representative includes the Representative Agreement, the Wine Ambassador Policies and Procedures, the Wine Ambassador Compensation Plan, and the Business Entity Registration Form (where appropriate), all in their current form and as amended by Wine Ambassador in its sole discretion. These documents are collectively referred to as the "Agreement."

Cancel – The termination of a Representative's business. Cancellation may be either voluntary, involuntary, through non-renewal or inactivity.

Commissionable Products/Services – All Wine Ambassador products and services on which commissions and bonuses are paid. Representative Business Systems and sales aids are not commissionable products.

Company – The term "Company" as it is used throughout the Agreement means Wine Ambassador.

Downline – See "Marketing Organization" below.

Downline Activity Report – A monthly report generated by Wine Ambassador that provides critical data relating to the identities of Representatives, sales information, and enrollment activity of each Representative's Marketing Organization. This report contains confidential and trade secret information which is proprietary to Wine Ambassador.

Downline Leg – Each one of the individuals enrolled immediately underneath you and their respective Marketing Organizations represents one “leg” in your marketing organization. Each Business Center has two legs—one on the left and one on the right.

End Consumer – A person who purchases Wine Ambassador products for personal use rather than for resale to someone else.

Enroller – A Representative who recruits and enrolls another Representative into the Company. . The Enroller is typically also the Sponsor of the new Representative.

Group Sales Volume – The commissionable value of Wine Ambassador products generated by a Representative’s Marketing Organization. Group Sales Volume does not include the Personal Sales Volume of the subject Representative. (Representative Business Systems and sales aids have no Sales Volume.)

Immediate Household – Heads of household and dependent family members residing in the same house.

Left Side Group Sales Volume (GSV) – The commissionable value of Wine Ambassador products and services sold in the left downline leg of a particular Business Center.

Level – The layers of downline Representatives in a particular Representative’s Marketing Organization. This term refers to the relationship of a Representative relative to a particular upline Representative, determined by the number of Representatives between them who are related by sponsorship. For example, if A sponsors B, who sponsors C, who sponsors D, who sponsors E, then E is on A’s fourth level.

Lineage – The legs in your marketing structure that were initially started by you sponsoring a personal Representative, and then extended by them recruiting Reps personally and that process duplicating. You can think of your lineage as your sponsorship family tree. It comes from those whom you personally recruited and who they personally recruited, etc. Spillover will not add to your lineage.

Marketing Organization – The Representatives sponsored below a particular Representative.

Official Wine Ambassador Material – Literature, audio or video tapes, and other materials developed, printed, published and distributed by Wine Ambassador to Representatives.

Personal Production – Moving product to an end consumer for personal use.

Rank – The “title” that a Representative has achieved pursuant to the Wine Ambassador Compensation Plan.

Recruit – For purposes of Wine Ambassador’ Conflict of Interest Policy (Section 4.8), 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 Wine Ambassador Representative to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.

Retail Customer – An individual or entity who is not a Wine Ambassador Representative and who purchases Wine Ambassador products or services from or through a Representative.

Right Side Group Sales Volume (GSV) – The commissionable value of product sold in the right downline leg of a particular Business Center.

Sponsor – The Representative to whom front-line lineage is credited when a new Representative is enrolled into the Company.

Representative Business System – A selection of Wine Ambassador training materials and business support literature that each new Representative is required to purchase. The Representative Business System is sold to Representatives at the Company’s cost.

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

Contact Details:



WINE AMBASSADOR

Wine Ambassador

Website: <http://wineambassador.com>

info@wineambassador.com