

# The Movie Book Club, LLC

## Policies and Procedures

Effective June 5, 2022

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## **SECTION 1 - MISSION STATEMENT**

**“To revitalize the human spirit through the cinematic experience of the written word.”**

## SECTION 2 - INTRODUCTION

### 2.1 - Purpose of the Buzz Builder Agreement and the Policies and Procedures

The purposes of the Buzz Builder Agreement and the Policies and Procedures include the following:

- ❖ To assist Buzz Builders in building and protecting their businesses;
- ❖ To protect Movie Book Club and its Buzz Builders from legal and regulatory risks;
- ❖ To establish standards of acceptable behavior;
- ❖ To set forth the rights, privileges, and obligations of Movie Book Club and its Buzz Builders; and
- ❖ To define the relationship between Movie Book Club and its Buzz Builders.

### 2.2 - Policies and Procedures Incorporated into Buzz Builder Agreement

These Policies and Procedures, in their present form and as amended by The Movie Book Club, LLC (hereafter “Movie Book Club” or the “Company”), are incorporated into, and form an integral part of, the Movie Book Club Independent Buzz Builder Application and Agreement (“Buzz Builder Agreement”). It is the responsibility of each Buzz Builder 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. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the Movie Book Club Buzz Builder Application and Agreement (including the Terms and Conditions), these Policies and Procedures, and the Movie Book Club Business Entity Registration Form (if applicable). These documents are incorporated by reference into the Movie Book Club Buzz Builder Agreement (all in their current form and as amended by Movie Book Club). In the event that the Business Entity Registration Form is not submitted by an entity that enrolls as a Buzz Builder within sixty (60) days of its date of enrollment, Movie Book Club is authorized to and shall withhold any and all compensation to which the Buzz Builder is due from Movie Book Club until a properly completed Business Entity Registration Form is submitted to it.

### 2.3 - Changes to the Agreement

Movie Book Club reserves the right to amend the Agreement, the Compensation Plan, and its prices in its sole and absolute discretion. By executing the Buzz Builder Agreement, a Buzz Builder agrees to abide by all amendments or modifications that Movie Book Club elects to make. Amendments shall be effective thirty (30) days after publication of notice that the Agreement has been modified. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment. Notification of amendments shall be published by one or more

of the following methods: (1) posting on the Company's official web site; (2) electronic mail (e-mail); (3) posting in Buzz Builders' back-offices; (4) inclusion in Company periodicals; (5) inclusion in product orders or bonus checks; or (6) special mailings. The continuation of a Buzz Builder's Movie Book Club business, the acceptance of any benefits under the Agreement, or a Buzz Builder's acceptance of bonuses or commissions constitutes acceptance of all amendments.

#### **2.4 - 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. The severed provision, or portion thereof, shall be reformed to reflect the purpose of the provision as closely as possible.

#### **2.5 - 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 Movie Book Club to exercise any right or power under the Agreement or to insist upon strict compliance by a Buzz Builder 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 Movie Book Club's right to demand exact compliance with the Agreement. The existence of any claim or cause of action of a Buzz Builder against Movie Book Club shall not constitute a defense to Movie Book Club's enforcement of any term or provision of the Agreement.

#### **2.6 - Company Use of Information**

By submitting a Buzz Builder Application and Agreement that is accepted by Movie Book Club, the Buzz Builder consents to allow Movie Book Club, its affiliates, and any related company to: (a) process and utilize the information submitted in the Buzz Builder Application and Agreement (as amended from time to time) for business purposes related to the Movie Book Club business; and (b) disclose, now or in the future, such Buzz Builder information to companies which Movie Book Club may, from time to time, deal with to deliver information to a Buzz Builder to improve its marketing, operational, and promotional efforts. A Buzz Builder has the right to access his or her personal information via his or her respective back office, and to submit updates thereto.

## SECTION 3 - BECOMING A BUZZ BUILDER

### 3.1 - Requirements to Become a Buzz Builder

To become a Movie Book Club Buzz Builder, each applicant must:

- ❖ Be at least 18 years of age;
- ❖ Reside in the United States or U.S. Territories or country that Movie Book Club has officially announced is open for business;
- ❖ Provide Movie Book Club with his/her valid Social Security or Federal Tax ID number;
- ❖ Purchase a Movie Book Club Business Kit (optional for residents of North Dakota); and
- ❖ Submit a properly completed online Buzz Builder Application and Agreement to Movie Book Club.

The Movie Book Club reserves the right to accept or reject any Buzz Builder Application and Agreement for any reason or for no reason.

A person who is recognized as a minor in his or her jurisdiction of residence may not be a Buzz Builder. A Buzz Builder shall not enroll or recruit minors or anyone unable to legally form a contract to become a Buzz Builder. Notwithstanding the foregoing, a minor over the age of 16 who desires to become a Buzz Builder must: (a) obtain a parent's or guardian's signature on the Buzz Builder Agreement; (b) be sponsored by or added to his or her parent's or guardian's Buzz Builder's business if the Parent or guardian of the minor is a Buzz Builder; and (c) must not be a signatory in any Buzz Builder's business other than a parent's or guardian's Buzz Builder's business.

### 3.2 - Starter Kit and Product Purchases

With the exception of a Starter Kit, no person is required to purchase Movie Book Club products, services or sales aids, or to pay any charge or fee to become a Buzz Builder. In order to familiarize new Buzz Builders with Movie Book Club products, services, sales techniques, sales aids, and other matters, the Company requires that they purchase a Starter Kit. Movie Book Club will repurchase resalable kits from any Buzz Builder who terminates his or her Buzz Builder Agreement pursuant to the terms of Section 8.3.



### **3.3 - Buzz Builder Benefits**

Once a Buzz Builder Application and Agreement has been accepted by Movie Book Club, the benefits of the Compensation Plan and the Buzz Builder Agreement are available to the new Buzz Builder. These benefits include the right to:

- ❖ Sell Movie Book Club products and services;
- ❖ Participate in the Movie Book Club Compensation Plan (receive bonuses and commissions, if eligible);
- ❖ Sponsor other individuals as Readers (Customers) or Buzz Builders (Independent Sales Representatives) into the Movie Book Club business and thereby, build a marketing organization and progress through the Movie Book Club Compensation Plan;
- ❖ Receive periodic Movie Book Club literature and other Movie Book Club communications;
- ❖ Participate in Movie Book Club-sponsored support, service, training, motivational and recognition functions, upon payment of appropriate charges, if applicable; and
- ❖ Participate in promotional and incentive contests and programs sponsored by Movie Book Club for its Buzz Builders.

### **3.4 - Term and Renewal of Your Movie Book Club Business**

The term of the Buzz Builder Agreement is one year from the date of its acceptance by Movie Book Club (subject to reclassification for inactivity pursuant to Section 11.2). Buzz Builders must renew their Buzz Builder Agreement each year by paying an annual renewal fee of \$40.00 on or before the anniversary date of their Buzz Builder Agreement. If the renewal fee is not paid within thirty (35) days after the expiration of the current term of the Buzz Builder Agreement, the Buzz Builder Agreement will be automatically terminated. Buzz Builders without a credit card or bank account must renew by phone or mail. Movie Book Club shall have the right in its sole and absolute discretion not to accept the Agreement or any renewal of it.

# SECTION 4 - OPERATING A MOVIE BOOK CLUB BUSINESS

## 4.1 - Adherence to the Movie Book Club Compensation Plan

Buzz Builders must adhere to the terms of the Movie Book Club Compensation Plan as set forth in official Movie Book Club literature. Buzz Builders shall not offer the Movie Book Club opportunity through, or in combination with, any other system, program, sales tools, or method of marketing other than that specifically set forth in official Movie Book Club literature. Buzz Builders shall not require or encourage other current or prospective Readers or Buzz Builders to execute any agreement or contract other than official Movie Book Club agreements and contracts in order to become a Movie Book Club Buzz Builder. Similarly, Buzz Builders shall not require or encourage other current or prospective Readers or Buzz Builders to make any purchase from, or payment to, any individual or other entity to participate in the Movie Book Club Compensation Plan other than those purchases or payments identified as recommended or required in official Movie Book Club documents or literature.

## 4.2 - Advertising

### 4.2.1 - General

All Buzz Builders shall safeguard and promote the good reputation of Movie Book Club and its products. The marketing and promotion of Movie Book Club, the Movie Book Club opportunity, the Compensation Plan, and Movie Book Club products must avoid all discourteous, deceptive, misleading, unethical or immoral, or illegal conduct or practices.

To promote both the products and services, and the tremendous opportunity Movie Book Club offers, Buzz Builders must use the sales aids, business tools, and support materials produced by Movie Book Club. The Company has carefully designed its products, product labels, Compensation Plan, and promotional materials to ensure that they are promoted in a fair and truthful manner, that they are substantiated, and the materials comply with the legal requirements of federal and state laws.

Accordingly, Buzz Builders must not produce or use the literature, advertisements, sales aids, business tools, promotional materials, or Internet web pages or content of or for themselves or other third parties.

### 4.2.2 - Trademarks and Copyrights

The name of Movie Book Club and other names as may be adopted by Movie Book Club

are proprietary trade names, trademarks and service marks of Movie Book Club (collectively “marks”). As such, these marks are of great value to Movie Book Club and are supplied to Buzz Builders for their use only in an expressly authorized manner. Movie Book Club will only allow the limited non-exclusive use of its marks, designs, or symbols, or any derivatives thereof, solely by a Buzz Builder in the furtherance or operation of his or her Movie Book Club business, consistent with these Policies and Procedures. Movie Book Club will not allow the use of its marks, designs, or symbols, or any derivatives thereof, by any person, including Movie Book Club Buzz Builders, in any manner without its prior, written permission.

The content of all Company sponsored events is copyrighted material. Buzz Builders may not produce for sale or distribution any recorded Company events and speeches without written permission from Movie Book Club, nor may Buzz Builders reproduce for sale or for personal use any recording of Company-produced audio or video tape presentations.

As an independent Buzz Builder, you may use the Movie Book Club name in the following manner

Buzz Builder’s Name  
Independent Movie Book Club Buzz Builder

*Example:*

Alice Smith  
Independent Movie Book Club Buzz Builder

or

Alice Smith  
Movie Book Club  
Independent Buzz Builder

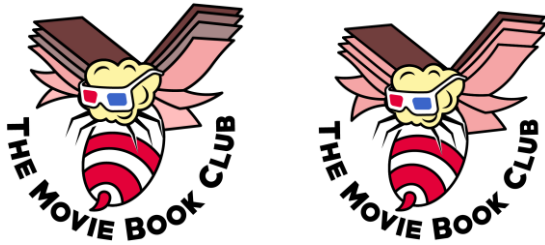
Buzz Builders may not use the name Movie Book Club in any form in your team name, a tagline, an external website name, your personal website address or extension, in an e-mail address, as a personal name, or as a nickname. Additionally, only use the phrase *Independent Movie Book Club Buzz Builder* in your phone greeting or on your answering machine to clearly separate your independent Movie Book Club business from Movie Book Club, LLC. For example,

you may not secure the domain name [www.buyMovieBookClub.com](http://www.buyMovieBookClub.com), nor may you create an email address such as [MovieBookClubsales@hotmail.com](mailto:MovieBookClubsales@hotmail.com).

#### 4.2.2.1 - Independent Movie Book Club Buzz Builder Logo

If you use a Movie Book Club logo in any communication, you must use the Independent Buzz Builder version of the Movie Book Club logo. Using any other Movie Book Club logo requires written approval. Please see examples below:

##### Logos Approved for Buzz Builder Use



##### Logos NOT Approved for Buzz Builder Use



#### 4.2.3 - Media and Media Inquiries

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

## 4.2.4 - Unsolicited Email

Movie Book Club does not permit Buzz Builders to send unsolicited commercial emails unless such emails strictly comply with applicable state and federal laws and regulations including, without limitation, the federal CAN SPAM Act. The CAN-SPAM Act regulates the transmission of all commercial e-mail messages, not just unsolicited messages. A commercial e-mail message is defined as any e-mail that has a “primary purpose of . . . commercial advertisement or promotion of a commercial product or service.” This includes commercial e-mails sent to business e-mail accounts, as well as those sent to individual consumers.

### 4.2.4.1 - Requirements for All Commercial Email Messages

#### The Mailing List

- ❖ The mailing list may include only persons who have affirmatively agreed (opted in) to receive commercial e-mail from you.
- ❖ The mailing list must not include any recipient who has previously asked not to receive commercial e-mail from the business (opted out).
- ❖ You must “scrub” the mailing list against available “do not e-mail” list at the last possible, commercially reasonable moment before the e-mail is sent.

#### The E-mail Message

- ❖ The message must include complete and accurate transmission and header information.
- ❖ The “From” line must identify your business as the sender. This does not have to include your business’s formal name, if any. For example, it may contain your business’s name, trade name, or product or service name. The key requirement is that the “From” line provide the recipient with enough information to understand who is sending the message.
- ❖ The “Subject” line must accurately describe the message’s content.
- ❖ The message must clearly include the business’s valid, current physical postal address. This address can be a:
  - street address;
  - post office box that the business has accurately registered with the US Postal Service; or
  - private mailbox that the business has accurately registered with a

commercial mail receiving agency established pursuant to US Postal Service regulations.

- ❖ The message must disclose that it is an advertisement or solicitation unless the e-mail message is sent only to recipients who have affirmatively agreed (opted in) to receive these messages from the business.
- ❖ There must be a functioning return email address to the sender.
- ❖ The use of deceptive subject lines and/or false header information is prohibited.

### The Opt-out Mechanism

- ❖ The message must clearly explain that the recipient may opt out of receiving future commercial messages from the business.
- ❖ The message must include either an e-mail address or other online mechanism that the recipient may use for this opt out. The mechanism must not require the recipient to:
  - do anything more than reply to the e-mail or visit a single web page to opt out;
  - make any payment or submit any personal information, including account information (other than e-mail address), to opt out; and
  - the opt-out mechanism must work for at least 30 days after the e-mail is sent.
- ❖ You must ensure that the explanation of how a recipient can opt out is easy to read and understand.
- ❖ You may include a menu of opt-out options that permit the recipient to select the types of commercial messages the recipient would like to continue receiving. However, one option must permit opting out of all commercial messages from you.
- ❖ You must honor all opt-out requests within ten business days.
- ❖ Opt-out requests do not expire. An opt-out is overridden only by the recipient's subsequent express (opt in) request to receive commercial e-mail.
- ❖ All opt-out requests, whether received by email or regular mail, must be honored. If you receive an opt-out request from a recipient of an email, you must forward the opt-out request to the Company.
- ❖ You may not sell, share or use a business's opt-out list for any reason other than to comply with the law.

Monitoring Opt-out Capabilities – If you use a third-party service provider you must implement procedures to ensure that your opt-out capabilities actually work. An example of a

basic procedure to test the opt-out procedure is as follows:

- ❖ Establish e-mail accounts with several major private e-mail account providers (for example, Gmail, Yahoo, Hotmail, AOL, and so on) and add these e-mail addresses to the business's mailing list. For each e-mail address created for monitoring purposes, use the business's opt-out mechanism to remove the e-mail address from the mailing list.
- ❖ Repeat this procedure on a regular basis (for example, at least every two weeks).
- ❖ Examine the e-mail received by the monitoring e-mail account to confirm that the: the opt-out mechanism works; the opt-out request is honored within 10 business days; and the monitoring e-mail account no longer receives commercial messages from the business.
- ❖ If the monitoring and testing process reveals problems, the business should immediately fix the issues.

Third-party Marketing Affiliates or Service Providers - When using third-party service providers, including affiliate marketers you should ensure that the written contract with the service provider clearly sets out each party's responsibilities for compliance with the CAN-SPAM Act and includes appropriate and adequate remedies for noncompliance.

#### **4.2.4.2 - Additional Requirements for Email Messages Sent to Wireless Devices**

When sending commercial messages to wireless devices:

- ❖ Ensure that you have the recipient's prior, affirmative consent (opt in) to send the commercial message. The consent can be oral, written or electronic.
- ❖ Ask for consent in a way that involves no cost to the recipient, for example:
  - do not send the request to the wireless device; and
  - allow the recipient to respond in a way that involves no cost (such as an online, e-mail or postal mail sign-up).
- ❖ When seeking consent, make it clear that the recipient:
  - is agreeing to receive commercial e-mail on his wireless device;
  - may be charged to receive the e-mail; and
  - can revoke his consent at any time.

#### **4.2.4.3 - Commercial Email Messages Sent on Behalf of Buzz Builders**

The Movie Book Club may periodically send commercial emails on behalf of Buzz

Builders. By entering into the Buzz Builder Agreement, Buzz Builder agrees that the Company may send such emails and that the Buzz Builder's physical and email addresses will be included in such emails as outlined above. Buzz Builders shall honor opt-out requests generated as a result of such emails sent by the Company.

#### **4.2.5 - Unsolicited Faxes**

Except as provided in this section, Buzz Builders may not use or transmit unsolicited faxes in connection with their Movie Book Club business. The term "unsolicited faxes" means the transmission via telephone facsimile or computer of any material or information advertising or promoting Movie Book Club, 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: (a) to any person with that person's prior express invitation or permission; or (b) to any person with whom the Buzz Builder 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 Buzz Builder and a person, on the basis of: (a) an inquiry, application, purchase or transaction by the person regarding products offered by such Buzz Builder; or (b) a personal or familial relationship, which relationship has not been previously terminated by either party.

#### **4.2.6 - Telephone Directory Listings**

Buzz Builders may list themselves as an "Independent Movie Book Club Buzz Builder" in the white or yellow pages of the telephone directory, or with online directories, under their own name. No Buzz Builder may place telephone or online directory display ads using Movie Book Club's name or logo. Buzz Builders may not answer the telephone by saying "Movie Book Club", "Movie Book Club Incorporated", or in any other manner that would lead the caller to believe that he or she has reached corporate offices of Movie Book Club. If a Buzz Builder wishes to post his/her name in a telephone or online directory, it must be listed in the following format:

Buzz Builder's Name  
Independent Movie Book Club Buzz Builder

#### **4.2.7 - Television and Radio Advertising**

Buzz Builders may not advertise on television and radio except with Movie Book Club's express written approval.



#### **4.2.8 - Advertised Prices**

Buzz Builders may not create their own marketing or advertising material offering any Movie Book Club products at a price less than the current Autoship price of \$59.00. Similarly, Buzz Builders may not sell any Movie Book Club products at a price less than the current Autoship price of \$59.00.

### **4.3 - Online Conduct**

#### **4.3.1 - Buzz Builder Web Sites**

Buzz Builders are provided with a replicated website by Movie Book Club, from which they can take orders, enroll new Readers and Buzz Builders, place Readers on the Autoship Program, as well as manage their Movie Book Club business. Buzz Builders may use only replicated websites provided by Movie Book Club to promote their Movie Book Club business, and may not create their own websites to directly or indirectly promote Movie Book Club's products, services, or the Movie Book Club opportunity.

#### **4.3.2 - Movie Book Club Replicated Websites**

Buzz Builders receive a Movie Book Club Replicated Website subscription to facilitate online buying experience for their Readers and enrollments for prospective Readers and Buzz Builders.

Buzz Builders may not alter the branding, artwork, look, or feel of their Replicated Website, and may not use their Replicated Website to promote, market or sell non-Movie Book Club products, services or income opportunities. Specifically, you may not alter the look (placement, sizing etc.) or functionality of the following:

- ❖ The Movie Book Club Independent Buzz Builder Logo
- ❖ Your Name
- ❖ Movie Book Club Corporate Website Redirect Button
- ❖ Artwork, logos, or graphics
- ❖ Original text.

Because Replicated Websites reside on the Movie Book Club.com domain, Movie Book Club reserves the right to receive analytics and information regarding the usage of your website.

By default, your Movie Book Club Replicated Website URL is [www.Movie Book Club.com/<distributorID#>](http://www.MovieBookClub.com/<distributorID#>). You must change this default ID and choose a uniquely identifiable website name that cannot:

- ❖ Be confused with other portions of the Movie Book Club corporate website;
- ❖ Confuse a reasonable person into thinking they have landed on a Movie Book Club corporate page;
- ❖ Be confused with any Movie Book Club name;
- ❖ Contain any discourteous, misleading, or off-color words or phrases that may damage Movie Book Club's image.

#### **4.3.3 - Domain Names, email Addresses and Online Aliases**

You are not allowed to use or register Movie Book Club or any of Movie Book Club's trademarks, product names, or any derivatives, for any Internet domain name, email address, social media website, blog website, online handles or online aliases. Additionally, you cannot use or register domain names, email addresses, social media websites, blog websites, online handles and/or online aliases that could cause confusion, or be misleading or deceptive, in that they cause individuals to believe or assume the communication is from, or is the property of Movie Book Club. Examples of the improper use of Movie Book Club include, but are not limited to any form of Movie Book Club showing up as the sender of an email or examples such as:

[www.MyMovieBookClubBiz.com](http://www.MyMovieBookClubBiz.com)  
[www.ISellMovieBookClub.com](http://www.ISellMovieBookClub.com)  
[www.MovieBookClubMoney.net](http://www.MovieBookClubMoney.net)

[www.MovieBookClubDreamTeam.com](http://www.MovieBookClubDreamTeam.com)  
[www.MovieBookClubbyJaneDoe.com](http://www.MovieBookClubbyJaneDoe.com)  
[www.JanesMovieBookClubOpportunity.net](http://www.JanesMovieBookClubOpportunity.net)

#### **4.3.4 - Monetizing Websites**

Buzz Builders may not monetize their Replicated Website through affiliate programs, pay-per-click or cost-per-impression advertising, selling ad space, accepting donations, accepting sponsored posts or articles, adSense, or similar programs.

#### **4.3.5 - Online Classifieds**

You may use online classifieds (that allow direct selling companies to do so) to list, sell or retail specific Movie Book Club products or product bundles. Similarly, you may use online classifieds (to the extent it is allowed by the classified advertisement website) for prospecting, recruiting, sponsoring and informing the public about the Movie Book Club income opportunity, provided Movie Book Club-approved templates/images are used. These templates will identify

you as an Independent Movie Book Club Buzz Builder. If a link or URL is provided, it must link to your Replicated Website.

#### **4.3.6 - eBay / Online Auctions**

Movie Book Club's products and services may not be listed on eBay or other online auctions, nor may Buzz Builders enlist or knowingly allow a third party to sell Movie Book Club products on eBay, other online auction site, or ecommerce sites, such as Amazon.com, MercadoLibre.com, AliBaba.com, TowBow.com, etc.. A Buzz Builder who becomes aware, or should have reasonably become aware, that a third party to whom he or she sells Movie Book Club products on eBay or any other online auctions must immediately discontinue all sales to the third party.

#### **4.3.7 - Online Retailing**

Buzz Builders may not list or sell Movie Book Club products on any online retail store or ecommerce site (such as Amazon), nor may you enlist or knowingly allow a third party to sell Movie Book Club products on any online retail store or ecommerce site. A Buzz Builder who becomes aware, or should have reasonably become aware, that a third party to whom he or she sells Movie Book Club products on any online retail store or ecommerce site must immediately discontinue all sales to the third party.

#### **4.3.8 - Banner Advertising**

You may place banner advertisements on a website provided you use Movie Book Club-approved templates and images. All banner advertisements must link to your Replicated Website. Buzz Builders may not use blind ads (ads that do not disclose the identity of the Company) or web pages that make product or income claims that are ultimately associated with Movie Book Club products or the Movie Book Club opportunity. Banner advertisements may not be placed on any website that contains any violent, hateful, pornographic, or illegal content or any other content which may damage Movie Book Club's reputation. Whether content is or may be damaging to Movie Book Club's reputation shall be in the sole discretion of Movie Book Club.

#### **4.3.9 - Spam Linking**

Spam linking is defined as multiple consecutive submissions of the same or similar content into blogs, wikis, guest books, websites or other publicly accessible online discussion boards or forums and is not allowed. This includes blog spamming, blog comment spamming

and/or spamdexing. Any comments you make on blogs, forums, guest books, etc., must be unique, informative and relevant.

#### **4.3.10 - Digital Media Submission (YouTube, iTunes, PhotoBucket etc.)**

Buzz Builders may upload, submit or publish Movie Book Club-related video, audio or photo content that they develop and create so long as it aligns with Movie Book Club's values, contributes to the Movie Book Club community greater good, and is in compliance with Movie Book Club's Policies and Procedures. All submissions must clearly identify you as an Independent Movie Book Club Buzz Builder in the content itself and in the content description tag, must comply with all copyright/legal requirements, and must state that you are solely responsible for this content. Buzz Builders may not upload, submit or publish any content (video, audio, presentations or any computer files) received from Movie Book Club or captured at official Movie Book Club events or in buildings owned, leased, or operated by Movie Book Club without prior written permission from Movie Book Club.

#### **4.3.11 - Sponsored Links / Pay-Per-Click (PPC) Ads**

Except as prohibited elsewhere within the Policies and Procedures, sponsored links or pay-per-click ads (PPC) are acceptable. The destination URL must be to the sponsoring Buzz Builder's Replicated Website. The display URL must also be to the sponsoring Buzz Builder's Replicated Website, and must not portray any URL that could lead the user to believe they are being directed to a Movie Book Club Corporate site, or be inappropriate or misleading in any way.

#### **4.3.12 - Domain Names and Email Addresses**

Except as set forth in the Buzz Builder Website Application and Agreement, Buzz Builders may not use or attempt to register any of Movie Book Club's trade names, trademarks, service names, service marks, product names, the Company's name, or any derivative of the foregoing, for any Internet domain name, email address, or social media name or address.

#### **4.3.13 - Social Media**

In addition to meeting all other requirements specified in these Policies and Procedures, should you utilize any form of social media, including but not limited to Facebook, Instagram, Snapchat, Twitter, LinkedIn, YouTube, or Pinterest, you agree to each of the following:

- ❖ No product sales or enrollments may occur on any social media site. To generate sales, a social media site must link only to your Movie Book Club Replicated

Website.

- ❖ It is your responsibility to follow the social media site's Terms of Use. If the social media site does not allow its site to be used for commercial activity, you must abide by the site's Terms of Use.
- ❖ Any social media site that is directly or indirectly operated or controlled by a Buzz Builder that is used to discuss or promote Movie Book Club's products or the Movie Book Club opportunity may not link to any website, social media site, or site of any other nature, other than the Buzz Builder's Movie Book Club replicated website.
- ❖ During the term of this Agreement and for a period of 12 calendar months thereafter, a Buzz Builder may not use any social media site on which they discuss or promote, or have discussed or promoted, the Movie Book Club business or Movie Book Club's products to directly or indirectly solicit Movie Book Club Buzz Builders for another direct selling, multilevel marketing or network marketing program (collectively, "Direct Selling"). In furtherance of this provision, a Buzz Builder shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other Buzz Builders relating to the Buzz Builder's other direct selling business activities. Violation of this provision shall constitute a violation of the non-solicitation provision in Section 4.10 (Conflicts of Interest) below.
- ❖ Buzz Builders who engage in another Direct Selling Business (as defined in Section 4.10.2) must not, directly, indirectly or through a third party use any social media account (e.g., Facebook, Twitter, LinkedIn, YouTube, Pinterest, Instagram, etc.) that the Buzz Builder currently uses or has used in the past to promote or discuss Movie Book Club, its products, programs, services or the business opportunity ("Movie Book Club Social Media"), to promote another Direct Selling Business. If a Buzz Builder is involved in another Direct Selling Business, the Buzz Builder must create a separate social media account to promote the other Direct Selling Business. Buzz Builders are also prohibited from "cross-posting" from their other Direct Selling Business social media account on to the Buzz Builder's Movie Book Club Social Media and vice versa.
- ❖ A Buzz Builder may post or "pin" photographs of Movie Book Club products on a social media site, but only photos that are provided by Movie Book Club and downloaded from the Buzz Builder's Back-Office may be used.

In addition to the requirements specified in elsewhere in these Policies and Procedures, if a Buzz Builder utilizes any form of Social Media, he or she agrees to each of the following:

- a. To generate sales and/or enroll a Buzz Builder, a Social Media site must link only to the Buzz Builder's replicated website or the Buzz Builder's External Website.
- b. Other than Pinterest and similar Social Media sites, any Social Media site that is directly or indirectly operated or controlled by a Buzz Builder that is used to discuss or promote Movie Book Club products or the Movie Book Club opportunity may not link to any website, Social Media site, or site of any other nature, other than the Buzz Builder's replicated website or the Buzz Builder's External Website.
- c. If a Buzz Builder creates a business profile page on any Social Media site that promotes or relates to Movie Book Club, its products, or opportunity, the business profile page must relate exclusively to the Buzz Builder's Movie Book Club business and Movie Book Club products. If the Buzz Builder's Movie Book Club business is terminated for any reason, or if the Buzz Builder becomes inactive, the Buzz Builder must deactivate the business profile page.

#### **4.3.14 - Prohibited Postings**

A Buzz Builder may not make any postings, or link to any postings or other material that are:

- a. Sexually explicit, obscene, or pornographic;
- b. Offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise);
- c. Graphically violent, including any violent video game images;
- d. Solicitous of any unlawful behavior;
- e. Engaged in personal attacks on any individual, group, or entity; or
- f. In violation of any intellectual property rights of the Company or any third party.

#### **4.3.15 - Responding to Negative Posts**

A Buzz Builder is prohibited from conversing with others who place a negative post against them, other Buzz Builders or the Company. The Buzz Builder must report negative posts to Movie Book Club's Compliance Department at [Compliance@moviebookclub.com](mailto:Compliance@moviebookclub.com)

### **4.4 - Business Entities**

A corporation, limited liability company, partnership or trust (collectively referred to in this section as a "Business Entity") may apply to be a Movie Book Club Buzz Builder by submitting a Buzz Builder Application and Agreement along with a properly completed Business Entity

Registration Form and a properly completed IRS Form W-9. The Business Entity, as well as all shareholders, members, managers, partners, trustees, or other parties with any ownership (legal or equitable) interest in, or management responsibilities for, the Business Entity (collectively “Affiliated Parties”) are individually, jointly and severally liable for any indebtedness to Movie Book Club, compliance with the Movie Book Club Policies and Procedures, the Movie Book Club Buzz Builder Agreement, and other obligations to Movie Book Club.

#### **4.4.1 - Addition or Removal of an Affiliated Party**

When adding an Affiliated Party to an existing Movie Book Club distributorship, the Company requires a signed written request as well as a properly completed Buzz Builder Agreement containing the original Applicant’s/Applicants’ and new Affiliated Party’s/Parties/ information, tax identification numbers and signatures. Movie Book Club may, at its discretion, require notarized documents before adding an Affiliated party to a Movie Book Club business.

To prevent the circumvention of Sections 4.24 (Sale, Transfer or Assignment of Movie Book Club Business) and 4.5, (Change of Sponsor), if any Affiliated Party wants to terminate his or her relationship with the Business Entity or Movie Book Club, the Affiliated Party must terminate his or her affiliation with the Business Entity, notify Movie Book Club in writing that he or she has terminated his/her affiliation with the Business Entity, and must comply with the provisions of Section 4.24 (Sale, Transfer or Assignment of Movie Book Club Business). When removing a co-applicant from an existing Movie Book Club account, the Company requires a written and notarized request from the departing Affiliated Party/Parties, as well as a properly completed Buzz Builder Agreement containing only the remaining Affiliate Party’s/Parties’ federal tax identification number and signature(s). In addition, the Affiliated Party terminating his/her/its their interest in the Business Entity may not participate in any other Movie Book Club business for six consecutive calendar months. If the Business Entity wishes to bring on any new Affiliated Party, it must adhere to the requirements of Section 4.24 (Sale, Transfer or Assignment of Movie Book Club Business).

There is a \$25.00 fee for each change requested, which must be included with the written request and the completed Buzz Builder Application and Agreement. The original documents (not copies) relating to addition or removal of an Affiliate Party must be submitted to Movie Book Club’s Reader Service Department by mail or overnight courier to 2838 South Bronson Avenue, Los Angeles California 90018. Please allow thirty (30) days after the receipt of the request by Movie Book Club for processing.

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 (Change of Sponsor), below.

#### **4.4.2 - Changes to a Business Entity**

Each Buzz Builder must immediately notify Movie Book Club of all changes to type of business entity they utilize in operating their businesses and the addition or removal of business Affiliated Parties.

#### **4.5 - Change of Sponsor**

Movie Book Club prohibits changes in sponsorship. Accordingly, the transfer of a Movie Book Club business from one sponsor to another is not permitted. In order to protect all Sponsors, no Buzz Builder may interfere with the relationship between another Buzz Builder and his or her Sponsor in any way. A Buzz Builder may not offer, entice, encourage, solicit, recruit, or otherwise influence or attempt to persuade another Buzz Builder to change his or her Sponsor or line of sponsorship, either directly or indirectly.

In cases in which an improper sponsorship change has occurred and a downline organization has been developed in the second business developed by a Buzz Builder, Movie Book Club reserves the sole and exclusive right to determine the final disposition of the downline organization. Resolving conflicts over the proper placement of a downline that has developed under an organization that has improperly switched sponsors is often extremely difficult. Therefore, **BUZZ BUILDERS WAIVE ANY AND ALL CLAIMS AGAINST MOVIE BOOK CLUB, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM THE MOVIE BOOK CLUB'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW AN ORGANIZATION THAT HAS IMPROPERLY CHANGED LINES OF SPONSORSHIP.**

#### **4.6 - Unauthorized Claims and Actions**

##### **4.6.1 - Indemnification**

A Buzz Builder is fully responsible for all of his or her verbal and written statements made regarding Movie Book Club products, services, and the Compensation Plan that are not expressly contained in official Movie Book Club materials. This includes statements and representations made through all sources of communication media, whether person-to-person, in meetings, online, through Social Media, in print, or any other means of communication. Buzz Builders agree



to indemnify Movie Book Club and Movie Book Club's directors, officers, employees, and agents (collectively referred to herein as "Affiliates"), and hold them harmless from all liability including judgments, civil penalties, refunds, attorney fees, court costs, or lost business incurred by Movie Book Club as a result of the Buzz Builder's unauthorized representations or actions. This provision shall survive the termination of the Buzz Builder Agreement.

#### **4.6.2 - Compensation Plan Claims**

When presenting or discussing the Movie Book Club Compensation Plan, you must make it clear to prospects that financial success with Movie Book Club requires commitment, effort, and sales skill. Conversely, you must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include:

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

The above are merely examples of improper representations about the Compensation Plan. It is important that you do not make these or any other representations that could lead a prospect to believe that they can be successful as a Movie Book Club Buzz Builder without commitment, effort, and sales skill.

#### **4.6.3 - Income Claims**

Because Movie Book Club Buzz Builders do not have the data necessary to comply with the legal requirements for making income claims, a Buzz Builder, when presenting or discussing the Movie Book Club opportunity or Compensation Plan to a prospective Buzz Builder, may not make income projections, income claims, or disclose his or her Movie Book Club income (including, but not limited to, the showing of checks, copies of checks, bank statements, or tax records), unless he or she provides a Movie Book Club Income Disclosure Statement to each prospective Buzz Builder.

#### 4.6.4 - Income Disclosure Statement

Movie Book Club's corporate ethics compel us to do not merely what is legally required, but rather, to conduct the absolute best business practices. To this end, we have developed the Movie Book Club Income Disclosure Statement ("IDS"). The Movie Book Club IDS is designed to convey truthful, timely, and comprehensive information regarding the income that Movie Book Club Buzz Builders earn. In order to accomplish this objective, a copy of the IDS must be presented to all prospective Buzz Builders. The failure to comply with this policy constitutes a significant and material breach of the Movie Book Club Buzz Builder Agreement and will be grounds for disciplinary sanctions, including termination, pursuant to Section 9.1 (Disciplinary Sanctions).

A Buzz Builder, when presenting or discussing the Movie Book Club opportunity or Compensation Plan to a prospective Buzz Builder, may not make income projections, income claims, or disclose his or her Movie Book Club income (including the showing of checks, copies of checks, bank statements, or tax records) unless, at the time the presentation is made, the Buzz Builder provides a current copy of the Movie Book Club Income Disclosure Statement (IDS) to the person(s) to whom he or she is making the presentation.

A copy of the IDS must be presented to a prospective Buzz Builder (someone who is not a party to a current Movie Book Club Buzz Builder Agreement) anytime the Compensation Plan is presented or discussed, or any type of income claim or earnings representation is made.

The terms "income claim" and/or "earnings representation" (collectively "income claim") include: (1) statements of actual earnings; (2) statements of projected earnings; (3) statements of earnings ranges; (4) income testimonials; (5) lifestyle claims; and (6) hypothetical claims.

A lifestyle income claim typically includes statements (or pictures) involving large homes, luxury cars, exotic vacations, or other items suggesting or implying wealth. They also consist of references to the achievement of one's dreams, having everything one always wanted, and are phrased in terms of "opportunity" or "possibility" or "chance." Claims such as "My Movie Book Club income exceeded my salary after six months in the business," or "Our Movie Book Club business has allowed my wife to come home and be a full-time mom" also fall within the purview of "lifestyle" claims.

A hypothetical income claim exists when you attempt to explain the operation of the compensation plan through the use of a hypothetical example. Certain assumptions are made

regarding some or all of the following: (1) number of personally-enrolled Readers and Buzz Builders; (2) number of downline Readers and Buzz Builders; (3) average sales/purchase volume/sales volume per Reader and Buzz Builder; and (4) total organizational volume. Applying these assumptions through the compensation plan yields income figures which constitute hypothetical income claims.

In any non-public meeting (e.g., a home meeting, one-on-one, regardless of venue) with a prospective Buzz Builder or Buzz Builders in which the Compensation Plan is discussed or any type of income claim is made, you must provide the prospect(s) with a copy of the IDS. In any meeting that is open to the public in which the Compensation Plan is discussed or any type of income claims is made, you must provide every prospective Buzz Builder with a copy of the IDS and you must display at least one (3 foot x 5 foot poster board) in the front of the room in reasonably close proximity to the presenter(s). In any meeting in which any type of video display is utilized (e.g., monitor, television, projector, etc.) a slide of the IDS must be displayed continuously throughout the duration of any discussion of the Compensation Plan or the making of an income claim.

Copies of the IDS may be printed or downloaded without charge from the corporate website at <http://www.themoviebookclub.com/IDS>.

Buzz Builders who develop sales aids and tools in which the Compensation Plan or income claims are present must incorporate the IDS into each such sales aid or tool prior to submission to the Company for review.

#### **4.7 - Commercial Outlets**

Buzz Builders may not sell Movie Book Club products from a commercial outlet, nor may Buzz Builders display or sell Movie Book Club products or literature in any retail or service establishment. Online auction and/or sales facilitation websites, including but not limited to eBay and Craig's List constitute Commercial Outlets, and may not be used to sell Movie Book Club products.

#### **4.8 - Military Installations**

The offer, promotion, or sale of the goods and services, or the offer and promotion of the Movie Book Club opportunity on a military installation is not a right – it is a privilege. Even if a Buzz Builder *lives* on a military installation, he or she does not have the right to offer our products or opportunity to anyone on that installation without the permission of the installation

Commander. For the purposes of the U.S. Navy personnel and Navy Regulations, the definition of an “installation” also includes U.S. Navy vessels.

Any Buzz Builder who wants to offer, promote, or sell Movie Book Club products, or offer and promote the Movie Book Club opportunity (these activities will be collectively referred to as “commercial solicitation activities”) on a military installation must make an inquiry to the office of the installation Commander to determine whether the Commander has granted permission for Movie Book Club Buzz Builders to engage in such activities on the installation. If the Commander has not done so, the Buzz Builder must contact Movie Book Club’s offices to ask the Company to obtain the Commander’s permission. Buzz Builders are prohibited from seeking such permission from any installation Commander. If obtained, the permission to engage in commercial solicitation activities on a military installation is granted only for one particular installation.

Any Buzz Builder who intends to engage in commercial solicitation activities on a military installation must be aware of and become completely familiar with the applicable military Regulation or Instruction. There are many activities that are permissible in a civilian environment that are not permissible on a military installation. Some of these activities include, but are not limited to:

- ❖ Solicitation during enlistment or induction processing or during basic combat training, and within the first half of the one station unit training cycle.
- ❖ Solicitation of “mass,” “group,” or “captive” audiences.
- ❖ Making appointments with or soliciting military personnel during their normally-scheduled duty hours.
- ❖ Soliciting without an appointment in areas used for housing or processing transient personnel, or soliciting in barracks areas used as quarters.
- ❖ Use of official military identification cards or vehicle decals by active duty, retired, or reserve members of the military services to gain access to Army installations for the purpose of soliciting. (When entering the installation for the purpose of solicitation, Buzz Builders with military identification cards and/or installation vehicle decals must present documentation issued by the installation authorizing solicitations.)
- ❖ Offering rebates to promote transaction or to eliminate competition.
- ❖ Any oral or written representations which suggest or appear that the military branch sponsors or endorses the Company or its Buzz Builders, or the goods, services, and commodities offered for sale.

- ❖ The designation of any agent or the use by any agent of titles (for example, “Battalion Insurance Counselor,” “Unit Insurance Advisor,” “Servicemen’s Group Life Insurance Conversion Buzz Builder”) that in any manner states or implies any type of endorsement from the U.S. Government, the Armed Forces, or any State or Federal agency or Government entity.
- ❖ Entry into any unauthorized or restricted area.
- ❖ Distribution of literature other than to the person being interviewed.
- ❖ Contacting military personnel by calling a Government telephone, faxing to a Government fax machine, or sending e-mail to a Government computer, unless a pre-existing relation (that is, the military member is a current client or requested to be contacted) exists between the parties and the military member has not asked for the contact to be terminated.
- ❖ Soliciting door to door or without an appointment.

The foregoing items are not an all-inclusive list. There are many more prohibited activities that are addressed in the applicable military Regulation or Instruction. The violation of military Regulations or Instructions by one Buzz Builder could jeopardize the ability of all Movie Book Club Buzz Builders to engage in commercial solicitation activities on a particular military installation or even the entire branch of the military involved (e.g., Army, Air Force, Navy, Marines, or Coast Guard).

#### **4.9 - Trade Shows, Expositions and Other Sales Forums**

Buzz Builders may display and/or sell Movie Book Club products at trade shows and professional expositions. Before submitting a deposit to the event promoter, Buzz Builders must contact the Buzz Builder Services department in writing for conditional approval, as Movie Book Club’s policy is to authorize only one Movie Book Club business per event. Final approval will be granted to the first Buzz Builder who submits an official advertisement of the event, a copy of the contract signed by both the Buzz Builder 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 Buzz Builder Service Department. Movie Book Club 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 Movie Book Club 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 Movie Book Club wishes to portray.

## **4.10 - Conflicts of Interest**

### **4.10.1 - Crossline Recruiting**

Buzz Builders are prohibited from crossline recruiting. The use of a spouse or relative's name, trade names, DBAs, assumed names, entities, federal identification numbers, or fictitious identification numbers, or any other device or contrivance to circumvent this policy is prohibited. A Buzz Builder shall not demean, discredit, or defame other Movie Book Club Buzz Builders in an attempt to entice another customer, Buzz Builder or prospective Buzz Builder to become part of his or her organization.

For the purposes of this Section 4.10.1, the term "crossline recruiting" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any way, either directly, indirectly, or through a third party, of another Movie Book Club Buzz Builder or Reader to enroll, join, or otherwise participate in another Movie Book Club marketing organization, downline, or line of sponsorship other than the one in which he, she, or it originally enrolled.

### **4.10.2 - Nonsolicitation**

Movie Book Club Buzz Builders are free to participate in other direct selling entities, businesses, organizations, opportunities, or ventures (collectively referred to as a "Direct Selling Business"). However, during the term of this Agreement, any renewal or extension hereof, and for a period of six calendar months following the termination of a Buzz Builder's Independent Buzz Builder Agreement, with the exception of a Buzz Builder who is personally sponsored by the Buzz Builder (or former Buzz Builder, as may be applicable), a Buzz Builder (or former Buzz Builder) may not recruit any Movie Book Club Buzz Builder or Reader for another Direct Selling Business. Buzz Builders and the Company recognize that because direct selling is conducted through networks of independent contractors dispersed across the entire United States and internationally, and business is commonly conducted via the internet and telephone, an effort to narrowly limit the geographic scope of this non-solicitation provision would render it wholly ineffective. Therefore, Buzz Builders and Movie Book Club agree that this non-solicitation provision shall apply nationwide throughout the United States and to all international markets in which Buzz Builders are located. This provision shall survive the termination or expiration of the Buzz Builder Agreement.

For the purposes of this Section 4.10.2, the term "recruit" means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any way (either

directly, indirectly, or through a third party) another Movie Book Club Buzz Builder or Reader to: (1) enroll, join, or otherwise participate in another Direct Selling Business; or (2) terminate or alter his or her business or contractual relationship with the Movie Book Club. The term “recruit” also includes the above activities in the event that the Buzz Builder’s actions are in response to an inquiry made by another Buzz Builder or Reader.

#### **4.10.3 - Buzz Builder Participation in Other Network Marketing Programs**

If a Buzz Builder is engaged in another non-Movie Book Club Direct Selling Business, it is the responsibility of the Buzz Builder to ensure that his or her Movie Book Club business is operated entirely separate and apart from any other Direct Selling Business. To this end, the following must be adhered to:

- ❖ Buzz Builders must not sell, or attempt to sell, any competing non-Movie Book Club programs, products or services to Movie Book Club Readers or Buzz Builders. Any program, product or services in the same generic categories as Movie Book Club products or services is deemed to be competing, regardless of differences in cost, quality or other distinguishing factors. This provision does not apply where professional services are the primary source of revenues and the product sales are secondary to the provision of such services (e.g., physician’s offices, health clinics, health clubs, gyms, spas or beauty salons). However, a Buzz Builder may sell non-competing products or services to Movie Book Club Readers or Buzz Builders who are personally-sponsored.
- ❖ Buzz Builders shall not display Movie Book Club promotional material, sales aids, products or services with or in the same location as, any non-Movie Book Club promotional material or sales aids, products or services.
- ❖ Buzz Builders shall not offer the Movie Book Club opportunity, products or services to prospective or existing Movie Book Club Readers or Buzz Builders in conjunction with any non-Movie Book Club program, opportunity, product or service.
- ❖ Buzz Builders may not offer, present, display or discuss any non-Movie Book Club products, services or opportunity at any Movie Book Club-related meeting, seminar, convention, webinar, teleconference, or other function.
- ❖ Buzz Builders may not produce any literature, audio or video recording or promotional material of any nature (including but not limited to social media postings and emails) which is used by the Buzz Builder or any third person to recruit Buzz Builders or customers to participate in any other Direct Selling Business;
- ❖ Buzz Builders may not engage or participate in any activity that may reasonably be

foreseen to draw an inquiry from Movie Book Club's Buzz Builders or customers relating to the Buzz Builder's other Direct Selling Business activities, products or services.

All of these provisions as outlined in this Section 4.10.3 shall survive the termination or expiration of the Buzz Builder Agreement for a period of two (2) years after such termination or expiration.

#### **4.10.4 - Confidential Information**

"Confidential Information" includes, but is not limited to, Downline Genealogy Reports, the identities of Movie Book Club customers and Buzz Builders, contact information of Movie Book Club customers and Buzz Builders, Buzz Builders' personal and group sales volumes, Buzz Builder rank and/or achievement levels, and other financial and business information. All Confidential Information (whether oral or in written or electronic form) is proprietary information of Movie Book Club and constitutes a business trade secret belonging to Movie Book Club. Confidential Information is, or may be available, to Buzz Builders in their respective back-offices. Buzz Builder access to such Confidential Information is password protected, and is confidential and constitutes proprietary information and business trade secrets belonging to Movie Book Club. Such Confidential Information is provided to Buzz Builders in strictest confidence and is made available to Buzz Builders for the sole purpose of assisting Buzz Builders in working with their respective downline organizations in the development of their Movie Book Club business. Buzz Builders may not use the reports for any purpose other than for developing, managing, or operating their Movie Book Club business. Where a Buzz Builder participates in other multi-level marketing ventures, he/she is not eligible to have access to Downline Genealogy Reports. Buzz Builders should use the Confidential Information to assist, motivate, and train their downline Buzz Builders. The Buzz Builder and Movie Book Club agree that, but for this agreement of confidentiality and nondisclosure, Movie Book Club would not provide Confidential Information to the Buzz Builder.

To protect the Confidential Information, Buzz Builders shall not, on his or her own behalf, or on behalf of any other person, partnership, association, corporation or other entity:

- ❖ Directly or indirectly disclose any Confidential Information to any third party;
- ❖ Directly or indirectly disclose the password or other access code to his or her back-office;
- ❖ Use any Confidential Information to compete with Movie Book Club or for any purpose other than promoting his or her Movie Book Club business;



- ❖ Recruit or solicit any Buzz Builder or Reader of Movie Book Club listed on any report or in the Buzz Builder's back-office, or in any manner attempt to influence or induce any Buzz Builder or Reader of Movie Book Club, to alter their business relationship with Movie Book Club; or
- ❖ Use or disclose to any person, partnership, association, corporation, or other entity any Confidential Information.

The obligation not to disclose Confidential Information shall survive cancellation or termination of the Agreement, and shall remain effective and binding irrespective of whether a Buzz Builder's Agreement has been terminated, or whether the Buzz Builder is or is not otherwise affiliated with the Movie Book Club. Upon nonrenewal or termination of the Agreement, Buzz Builders must immediately discontinue all use of the Confidential Information and if requested by the Movie Book Club promptly return all materials in their possession to the Movie Book Club within five (5) business days of request at their own expense.

#### **4.11 - Targeting Other Direct Sellers**

Movie Book Club does not condone Buzz Builders specifically or consciously targeting the sales force of another direct sales company to sell Movie Book Club products or to become Buzz Builders for Movie Book Club, nor does Movie Book Club condone Buzz Builders solicitation or enticement of members of the sales force of another direct sales company to violate the terms of their contract with such other company. Should Buzz Builders engage in such activity, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration or mediation is brought against a Buzz Builder alleging that he or she engaged in inappropriate recruiting activity of its sales force or customers, Movie Book Club will not pay any of the Buzz Builder's defense costs or legal fees, nor will Movie Book Club indemnify the Buzz Builder for any judgment, award, or settlement.

#### **4.12 - Errors or Questions**

If a Buzz Builder has questions about or believes any errors have been made regarding commissions, bonuses, genealogy lists, or charges, the Buzz Builder must notify Movie Book Club in writing within 60 days of the date of the purported error or incident in question. Movie Book Club will not be responsible for any errors, omissions or problems not reported to the Company within 60 days.

#### **4.13 - Governmental Approval or Endorsement**

Neither federal nor state regulatory agencies or officials approve or endorse any direct

selling or network marketing companies or programs. Therefore, Buzz Builders shall not represent or imply that Movie Book Club or its Compensation Plan have been "approved," "endorsed" or otherwise sanctioned by any government agency.

#### **4.14 - Income Taxes**

Each Buzz Builder is responsible for paying local, state, and federal taxes on any income generated as an Independent Buzz Builder. Unfortunately, we cannot provide you with any personal tax advice. Please consult your own tax accountant, tax attorney, or other tax professional. If a Buzz Builder's Movie Book Club business is tax exempt, the Federal tax identification number must be provided to Movie Book Club. Every year, Movie Book Club will provide an IRS Form 1099 MISC (Non-employee Compensation) earnings statement to each U.S. resident who: (1) Had earnings of over \$600 in the previous calendar year; or (2) Made purchases during the previous calendar year in excess of \$5,000.

#### **4.15 - Independent Contractor Status**

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

#### **4.16 - Insurance**

You may wish to arrange insurance coverage for your business. Your homeowner's insurance policy does not cover business-related injuries, or the theft of or damage to inventory or business equipment. Contact your insurance agent to make certain that your business property is protected. This can often be accomplished with a simple "Business Pursuit" endorsement attached to your present home owner's policy.

Movie Book Club maintains insurance to protect the Company and Buzz Builders against product liability claims. The Company's insurance policy contains a "Vendors Endorsement" which extends coverage to Buzz Builders so long as they are marketing Movie Book Club products in accordance with these Policies and Procedures, as well as applicable laws and

regulations. The Company's product liability policy does not extend coverage to claims or actions that arise as a result of a Buzz Builder's negligence, intentional misconduct and/or claims beyond those contained in official Movie Book Club materials.

#### **4.17 - International Marketing**

Buzz Builders are authorized to promote and/or sell Movie Book Club products and services, and enroll Readers or Buzz Builders only in the countries in which Movie Book Club is authorized to conduct business, as announced in official Company literature (an "Official Country"). Movie Book Club products or sales aids may not be given, transferred, distributed, shipped into or sold in any Unauthorized Country (see definition below). Buzz Builders not may sell, give, transfer, or distribute Movie Book Club products or sales aids from one Official Country into another Official Country.

Buzz Builders have no authority to take any steps in any country toward the introduction or furtherance of the Company. This includes, but is not limited to, any attempt to register, reserve or otherwise secure any Company names, trademarks, trade names, copyright, patent, other intellectual property, to secure approval for products or business practices, or to establish business or governmental contacts. You agree to indemnify the Company for all costs incurred by it for any remedial action needed to exonerate the Company in the event you improperly act purportedly on behalf of the Company.

Only after the Company has announced that a country is officially open for business (an "Official Country") may Buzz Builders conduct business in that Official Country by promoting the Company (or related entity) and/or promoting, marketing or selling Products, and enrolling other Buzz Builders or Readers. Buzz Builders are required to follow all laws, rules and regulations of the Official Country. Buzz Builder may use only promotional materials approved by the Company for use in an Official Country and sell only products approved for sale in that country.

In addition, no Buzz Builder may, in any Unauthorized Country:

- advertise the Company, the Compensation Plan or its products;
- offer Company products for sale or distribution
- conduct sales, enrollment or training meetings;
- enroll or attempt to enroll potential Readers or Buzz Builders;

- Accept payment for enrollment or recruitment from citizens of countries where Movie Book Club does not conduct business;
- promote international expansion via the Internet or in promotional literature; or
- conduct any other activity for the purpose of selling Movie Book Club products, establishing a marketing organization, or promoting the Movie Book Club opportunity.

A Buzz Builder is solely responsible for compliance with all laws, tax requirements, immigration customs laws, rules and regulations of any country in which he or she conducts business. Buzz Builders accept the sole responsibility to conduct their independent businesses lawfully within each country in which he or she conducts business.

A Buzz Builder's right to receive commissions in a country may be revoked at any time if the Company determines that he or she has not conducted business in particular country in accordance with the terms and conditions contained herein or the governing operations within such country.

The Company reserves the right to establish additional policies and procedures that are applicable to a specific country. A Buzz Builder who conducts business internationally agrees to abide by all special policies established by the Company for the specific country or countries in which he or she conducts business.

#### **4.18 - Excess Inventory and Bonus Buying**

Buzz Builders must never purchase more products than they can reasonably use or sell to retail customers in a month, and must not influence or attempt to influence any other Buzz Builder to buy more products than they can reasonably use or sell to retail customers in a month. In addition, bonus buying is strictly prohibited. Bonus buying includes any mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions or bonuses that is not driven by bona fide product or service purchases by end user consumers. Bonus buying includes, but is not limited to, purchasing products through a straw man or other artifice.

#### **4.19 - Adherence to Laws, Regulations and the Agreement**

Buzz Builders must comply with all federal, state, and local laws, regulations, ordinances, codes, and the terms of the Agreement in the conduct of their businesses. Many cities and counties have laws regulating certain home-based businesses. In most cases these ordinances are not applicable to Buzz Builders because of the nature of their business. However, Buzz

Builders must obey those laws that do apply to them. If a city or county official tells a Buzz Builder that an ordinance applies to him or her, the Buzz Builder shall be polite and cooperative, and immediately send a copy of the ordinance to the Compliance Department of Movie Book Club. In addition, Buzz Builders must not recommend, encourage or teach other Buzz Builders to violate federal, state, or local laws, regulations, ordinances, codes, or the terms of the Agreement in the operation of their Movie Book Club business.

#### **4.20 - One Movie Book Club Business Per Buzz Builder and Per Household**

Except as provided in this section, a Buzz Builder may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one Movie Book Club business. No individual may have, operate or receive compensation from more than one Movie Book Club business.

Individuals of the same Household may maintain, own, and operate their own Movie Book Club Business. A "Household" is defined as spouses and dependent adult children living at or doing business at the same address. In the event that two members of the same Household elect to become Buzz Builders at the same time, one must be enrolled by the other. In the event that more than two members of the same Household elect to become Buzz Builders at the same time, they must elect one Household member to enroll the others. In the event that members of the same Household elect to become Buzz Builders at different times, the Household member who joined Movie Book Club first must be the Sponsor for all other Household members.

#### **4.21 - Actions of Household Members or Affiliated Parties**

If any member of a Buzz Builder's Household or any member of an Affiliated Party's Household, engages in any activity which, if performed by the Buzz Builder, would violate any provision of the Agreement, such activity will be deemed a violation by the Buzz Builder and Movie Book Club may take disciplinary action pursuant to these Policies and Procedures against the Buzz Builder. Similarly, if any individual associated in any way with a corporation, partnership, limited liability company, trust or other entity (collectively "Business Entity") violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and Movie Book Club may take disciplinary action against the Business Entity. Likewise, if a Buzz Builder enrolls in Movie Book Club as a Business Entity, each Affiliated Party of the Business Entity shall be personally and individually bound to, and must comply with, the terms and conditions of the Agreement.

#### **4.22 - Requests for Records**

Any request from a Buzz Builder 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 - Roll-up of Marketing Organization**

When a vacancy occurs in a Marketing Organization due to the termination of a Movie Book Club business, each Buzz Builder in the first level immediately below the terminated Buzz Builder on the date of the termination will be moved to the first level (“front line”) of the terminated Buzz Builder’s sponsor. For example, if A sponsors B, and B sponsors C1, C2, and C3, if B terminates her business, C1, C2, and C3 will “roll-up” to A and become part of A’s first level.

#### **4.24 - Sale, Transfer or Assignment of Movie Book Club Business**

Although a Movie Book Club business is a privately owned and independently operated business, the sale, transfer or assignment of a Movie Book Club business, and the sale, transfer, or assignment (collectively referred to herein as “transfer”) of an interest in a Business Entity that owns or operates a Movie Book Club business, is subject to certain limitations. If a Buzz Builder wishes to transfer his or her Movie Book Club business, or transfer an interest in a Business Entity that owns or operates a Movie Book Club business, the following criteria must be met:

- ❖ The business must be at or above the rank of Wax Stacker
- ❖ The selling Buzz Builder must offer Movie Book Club the right of first refusal to purchase the business on the same terms as agreed upon with a third-party buyer. Movie Book Club shall have fifteen days from the date of receipt of the written offer from the seller to exercise its right of first refusal.
- ❖ The buyer or transferee must become a qualified Movie Book Club Buzz Builder. If the buyer is an active Movie Book Club Buzz Builder, he or she must first terminate his or her Movie Book Club business and wait six calendar months before acquiring any interest in a different Movie Book Club business.
- ❖ Before the transfer can be finalized and approved by Movie Book Club, any debt obligations the selling party has with Movie Book Club must be satisfied.
- ❖ The transferring party must be in good standing and not in violation of any of the terms of the Agreement in order to be eligible to transfer a Movie Book Club business.

Prior to transferring an independent Movie Book Club business or Business Entity interest,

the transferring Buzz Builder must notify Movie Book Club's Compliance Department in writing and advise of his or her intent to transfer his/her Movie Book Club business or Business Entity interest. The transferring Buzz Builder must receive written approval from the Compliance Department before proceeding with the transfer. The decisions of Movie Book Club regarding a transfer shall be made in its sole and absolute discretion. No changes in line of sponsorship can result from the transfer of a Movie Book Club business. In the event that a Buzz Builder transfers his or her Movie Book Club business without the express written approval of the Compliance Department, such transfer shall be voidable in the sole and absolute discretion of Movie Book Club.

#### **4.25 - Separation of a Movie Book Club Business**

Movie Book Club Buzz Builders sometimes operate their Movie Book Club businesses as husband-wife partnerships, regular partnerships, limited liability companies, corporations, trusts, or other Business Entities. At such time as a marriage may end in divorce or a corporation, limited liability company, partnership, trust or other Business Entity 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 divorce or entity dissolution process, the parties must adopt one of the following methods of operation:

- ❖ One of the parties may, with consent of the other(s), operate the Movie Book Club business pursuant to an assignment in writing whereby the relinquishing spouse, shareholders, partners or trustees authorize Movie Book Club to deal directly and solely with the other spouse or non-relinquishing shareholder, member, partner, or trustee.
- ❖ The parties may continue to operate the Movie Book Club business jointly on a "business-as-usual" basis, whereupon all compensation paid by Movie Book Club will be paid according to the status quo as it existed prior to the divorce filing or dissolution proceedings. This is the default procedure if the parties do not agree on the format set forth above.

Under no circumstances will the downline organization of divorcing spouses or a dissolving business entity be divided. Similarly, under no circumstances will Movie Book Club split commission and bonus checks between divorcing spouses or members of dissolving entities. Movie Book Club will recognize only one downline organization and will issue only one

commission check per Movie Book Club business per commission cycle. Commission checks shall always be issued to the same individual or entity.

If a former spouse has completely relinquished all rights in the original Movie Book Club business pursuant to a divorce, he or she is thereafter free to enroll under any sponsor of his or her choosing without waiting six calendar months. In the case of business entity dissolutions, the former partner, shareholder, member, or other entity affiliate who retains no interest in the business must wait six calendar months from the date of the final dissolution before re-enrolling as a Buzz Builder. In either case, the former spouse or business affiliate shall have no rights to any Buzz Builders in their former organization or to any former Reader. They must develop the new business in the same manner as would any other new Buzz Builder.

#### 4.26 - Sponsoring Online

When sponsoring a new Buzz Builder through the online enrollment process, the sponsor may assist the new applicant in filling out the enrollment materials. ***However, the applicant must personally review and agree to the online application and agreement, Movie Book Club's Policies and Procedures, and the Movie Book Club Compensation Plan. The sponsor may not fill out the online Buzz Builder Application and Agreement on behalf of the applicant and agree to these materials on behalf of the applicant.***

#### 4.27 - Succession

Upon the death or incapacitation of a Buzz Builder, 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, including but not limited to, letters of administration, letter testamentary and the Final Order of Probate. Accordingly, a Buzz Builder should consult an attorney to assist him or her in the preparation of a will or other testamentary instrument. Whenever a Movie Book Club business is transferred by a will or other testamentary process, the beneficiary acquires the right to collect all bonuses and commissions of the deceased Buzz Builder's marketing organization provided the following qualifications are met. The successor(s) must:

- ❖ Execute a Buzz Builder Agreement;
- ❖ Comply with terms and provisions of the Agreement;
- ❖ Meet all of the qualifications for the deceased Buzz Builder's status;
- ❖ The devisee must provide Movie Book Club 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. Movie Book Club will issue all bonus and commission checks and one 1099 to the business entity.

#### **4.27.1 - Transfer Upon Death of a Buzz Builder**

To effect a testamentary transfer of a Movie Book Club business, the executor of the estate must provide the following to Movie Book Club: (1) an original death certificate; (2) certified letters testamentary or a letter of administration appointing an executor; and (3) written instructions from the authorized executor to Movie Book Club specifying to whom the business and income should be transferred.

#### **4.27.2 - Transfer Upon Incapacitation of a Buzz Builder**

To effectuate a transfer of a Movie Book Club business because of incapacity, the successor must provide the following to Movie Book Club: (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 Movie Book Club business; and (3) a completed Buzz Builder Agreement executed by the trustee.

### **4.28 - Telemarketing Techniques**

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. Although Movie Book Club does not consider Buzz Builders to be "telemarketers" in the traditional sense of the word, these government 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.

Therefore, Buzz Builders must not engage in telemarketing in the operation of their Movie Book Club businesses. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of a Movie Book Club product or service, or to recruit them for the Movie Book Club opportunity. "Cold calls" made to prospective customers or Buzz Builders that promote either Movie Book Club's products or services or the Movie Book Club opportunity constitute telemarketing and are prohibited. However, a telephone call(s) placed to a prospective customer or Buzz Builder (a "prospect") is permissible under the following situations:

- ❖ If the Buzz Builder has an established business relationship with the prospect. An “established business relationship” is a relationship between a Buzz Builder and a prospect based on the prospect’s purchase, rental, or lease of goods or services from the Buzz Builder, or a financial transaction between the prospect and the Buzz Builder, within the eighteen (18) months immediately preceding the date of a telephone call to induce the prospect's purchase of a product or service.
- ❖ The prospect’s personal inquiry or application regarding a product or service offered by the Buzz Builder, within the three (3) months immediately preceding the date of such a call.
- ❖ If the Buzz Builder receives written and signed permission from the prospect authorizing the Buzz Builder to call. The authorization must specify the telephone number(s) which the Buzz Builder is authorized to call.
- ❖ You may call family members, personal friends, and acquaintances. An “acquaintance” is someone with whom you have at least a recent first-hand relationship within the preceding three months. Bear in mind, however, that if you engage in “card collecting” with everyone you meet and subsequently calling them, the FTC may consider this a form of telemarketing that is not subject to this exemption. Thus, if you engage in calling “acquaintances,” you must make such calls on an occasional basis only and not make this a routine practice.
- ❖ Buzz Builders shall not use automatic telephone dialing systems or software relative to the operation of their Movie Book Club businesses.
- ❖ Buzz Builders shall not place or initiate any outbound telephone call to any person who delivers any pre-recorded message (a “robocall”) regarding or relating to the Movie Book Club products, services or opportunity.

#### **4.29 - Back Office Access**

Movie Book Club makes online back offices available to its Buzz Builders. Back offices provide Buzz Builders access to confidential and proprietary information that may be used solely and exclusively to promote the development of a Buzz Builder’s Movie Book Club business and to increase sales of Movie Book Club products. However, access to a back office is a privilege, and not a right. Movie Book Club reserves the right to deny Buzz Builders’ access to the back office at its sole discretion.

#### **4.30 - Unauthorized Communication**

In the excitement and enthusiasm of working his or her Movie Book Club business, a Buzz Builder may attempt to contact the Company’s vendors, suppliers, or advisors with questions or

ideas. Any such communication without the Company's prior written consent is strictly prohibited. Vendors, suppliers, and advisors are often not set up to handle a large volume of contacts. Equally important, we must respect their rights to privacy. Questions regarding any of these Entities may be directed to Field Support.

# SECTION 5 - RESPONSIBILITIES OF BUZZ BUILDERS

## 5.1 - Change of Address, Telephone, and E-Mail Addresses

To ensure timely delivery of products, support materials, commission, and tax documents, it is important that the Movie Book Club's files are current. Street addresses are required for shipping since UPS and FedEx cannot deliver to a post office box. Buzz Builders planning to change their e-mail address or move must send their new address and telephone numbers to Movie Book Club's Corporate Offices to the attention of the Buzz Builder Services Department. To guarantee proper delivery, two weeks advance notice must be provided to Movie Book Club on all changes. In the alternative, a Buzz Builders whose contact information changes may amend their contact information through their Buzz Builder Back Office.

## 5.2 - Continuing Development Obligations

### 5.2.1 - Ongoing Training

Any Buzz Builder who sponsors another Buzz Builder into Movie Book Club must perform a bona fide assistance and training function to ensure that his or her downline is properly operating his or her Movie Book Club business. Buzz Builders must have ongoing contact and communication with the Buzz Builders in their Downline Organizations. Examples of such contact and communication may include, but are not limited to: newsletters, written correspondence, personal meetings, telephone contact, voice mail, electronic mail, and the accompaniment of downline Buzz Builders to Movie Book Club meetings, training sessions, and other functions. Upline Buzz Builders are also responsible to motivate and train new Buzz Builders in Movie Book Club product knowledge, effective sales techniques, the Movie Book Club Compensation Plan, and compliance with Company Policies and Procedures and applicable laws. Communication with and the training of downline Buzz Builders must not, however, violate Sections 4.1 and/or 4.2 (regarding the development of Buzz Builder-produced sales aids and promotional materials).

Buzz Builders should monitor the Buzz Builders in their Downline Organizations to guard against downline Buzz Builders making improper product or business claims, violation of the Policies and Procedures, or engaging in any illegal or inappropriate conduct.

### 5.2.2 - Increased Training Responsibilities

As Buzz Builders progress through the various levels of leadership, they will become more experienced in sales techniques, product knowledge, and understanding of the Movie Book Club

program. They will be called upon to share this knowledge with lesser experienced Buzz Builders within their organization.

### **5.2.3 - Ongoing Sales Responsibilities**

Regardless of their level of achievement, Buzz Builders have an ongoing obligation to continue to personally promote sales through the generation of new customers and through servicing their existing customers.

### **5.2.4 - Reporting Policy Violations**

Buzz Builders who are aware of a violation of these Policies and Procedures by another Buzz Builder must submit a written report of the violation directly to the attention of Movie Book Club's Compliance Department by mail or email at [compliance@themoviebookclub.com](mailto:compliance@themoviebookclub.com). Details of the incident in question such as dates, number of occurrences, persons involved, and any supporting documentation should be included in the report. Any incident reported to the Compliance Department must have supporting documentation such as images, screenshots, text messages, emails, etc... Any incident reported without proper supporting documentation will not be reviewed.

## **5.3 - Nondisparagement**

Movie Book Club wants to provide its independent Buzz Builders with the best products, compensation plan, and service in the industry. Accordingly, we value your constructive criticisms and comments. All such comments should be submitted in writing to the Improvement Department. Remember, to best serve you, we must hear from you! While Movie Book Club welcomes constructive input, negative comments and remarks made in the field by Buzz Builders about the Company, its products, or compensation plan serve no purpose other than to sour the enthusiasm of other Movie Book Club Buzz Builders.

For this reason, and to set the proper example for their downline, during the term of this Agreement and at any time thereafter, Buzz Builders agree not to make any false, derogatory, demeaning or disparaging statements (collectively "disparage") or encourage or induce others to disparage Movie Book Club, other Movie Book Club Buzz Builders, the Compensation Plan or any of Movie Book Club's past and present owners, officers, directors, employees or products (the "Company Parties") including, but not limited to: (i) making any statements, or take any other actions whatsoever, to disparage, defame, demean, sully or compromise the goodwill, name, brand or reputation of the Company, its products, Marketing and Compensation Plan, Readers, Buzz Builders or any of its Movie Book Club Affiliates (as defined in Section 4.6.1) (collectively,

the “Company Goodwill”) or (ii) committing any other action that could likely injure, hinder or interfere with the Business, business relationships or Company Goodwill of the Company, its Buzz Builders or its Readers.

For purposes of this Section 5.3, the term “disparage” includes, without limitation, comments or statements to the press, any media outlet, industry group, financial institution, the Movie Book Club’s Buzz Builders, employees or to any individual or entity with whom Movie Book Club has a business relationship (including, without limitation, any vendor, supplier, Reader, Buzz Builder or independent contractor), social media posts, or any public statement, that in each case is intended to, or can be reasonably expected to, materially damage any of the Company Parties. Notwithstanding the foregoing, nothing in this Section 5.3 shall prevent a Buzz Builder from making any truthful statement to the extent, but only to the extent: (1) necessary with respect to any litigation, arbitration or mediation involving this Agreement, including, but not limited to, the enforcement of this Agreement, in the forum in which such litigation, arbitration or mediation properly takes place; or (2) required by law, legal process or by any court, arbitrator, mediator or administrative or legislative body (including any committee thereof) with apparent jurisdiction over the Buzz Builder.

#### **5.4 - Providing Documentation to Applicants**

Buzz Builders must provide the most current version of the Policies and Procedures and the Compensation Plan to individuals whom they are sponsoring to become Buzz Builders before the applicant signs a Buzz Builder Agreement, or ensure that they have online access to these materials.

## SECTION 6 - SALES REQUIREMENTS

### 6.1 - Product Sales

The Movie Book Club Compensation Plan is based on the sale of Movie Book Club products and services to end consumers. Buzz Builders must fulfill personal and organizational 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.

### 6.2 - No Territory Restrictions

There are no exclusive territories granted to anyone.

### 6.3 - Sales Receipts

All Buzz Builders must provide their retail customers with two copies of an official Movie Book Club sales receipt at the time of the sale. These receipts set forth the Reader Satisfaction Guarantee as well as any consumer protection rights afforded by federal or state law. Buzz Builders must maintain all retail sales receipts for sales to their retail customers for a period of two years and furnish them to Movie Book Club at the Company's request. Records documenting the purchases of Buzz Builders' Readers will be maintained by Movie Book Club.

**Remember that customers must receive two copies of the sales receipt. In addition, Buzz Builders must orally inform the buyer of his or her cancellation rights.**

# SECTION 7 - BONUSES AND COMMISSIONS

## 7.1 - Bonus and Commission Qualifications and Accrual

A Buzz Builder must be active and in compliance with the Agreement to qualify for bonuses and commissions. So long as a Buzz Builder complies with the terms of the Agreement, Movie Book Club shall pay commissions to such Buzz Builder in accordance with the Marketing and Compensation plan. The minimum amount for which Movie Book Club will issue a commission is \$1.08. If a Buzz Builder's bonuses and commissions do not equal or exceed \$1.08, the Company will accrue the commissions and bonuses until they total \$1.08. Payment will be issued once \$1.08 has been accrued. Notwithstanding the foregoing, all commissions owed a Buzz Builder, regardless of the amount accrued, will be paid at the end of each fiscal year or upon the termination of a Buzz Builder's business.

## 7.2 - Adjustment to Bonuses and Commissions

### 7.2.1 - Adjustments for Returned Products, Cancelled Services Disputed Charges and Chargebacks

Buzz Builders receive bonuses, commissions, or overrides based on the actual sales of products and services to end consumers. When a service is cancelled, a product is returned to Movie Book Club for a refund or is repurchased by the Company, a purchaser disputes a charge for one or more product orders, or a purchaser initiates a chargeback through his or her bank or credit card issuer, any of the following may occur at the Company's discretion: (1) the bonuses, commissions, or overrides attributable to the returned or repurchased product(s) or cancelled service will be deducted from payments to the Buzz Builder and upline Buzz Builders who received bonuses, commissions, or overrides on the sales of the refunded product(s) or cancelled service, in the month in which the refund is given, and continuing every pay period thereafter until the commission is recovered; (2) the Buzz Builder or upline Buzz Builders who earned bonuses, commissions, or overrides based on the sale of the returned product(s) or cancelled service will have the corresponding points deducted from their Group Volume in the next month and all subsequent months until it is completely recovered; or (3) the bonuses, commissions, or overrides attributable to the returned or repurchased product(s) or cancelled service may be deducted from any refunds or credits to the Buzz Builder who received the bonuses, commissions, or overrides on the sales of the refunded product(s) or cancelled service. In the event that the Company is unable, within six (6) months from the payment of any refund(s) by the Company or the debiting of any chargebacks, to recover all bonuses, commissions, or overrides on the sales of the refunded product(s) or cancelled service(s) from the Buzz Builder



or upline Buzz Builders who received them, the Company shall be entitled to assert a claim against such Buzz Builder(s) for payment.

Buzz Builders receive bonuses, commissions, or overrides based on the actual sales of products and services to end consumers. When a service is cancelled or a product is returned to Movie Book Club for a refund, is repurchased by Movie Book Club, a purchaser disputes a charge for one or more orders, or a purchaser initiates a chargeback through his or her bank or credit card issuer, any of the following may occur at Movie Book Club's discretion: (1) the bonuses, commissions, or overrides attributable to the returned, repurchased, disputed or charged back products or services will be deducted from payments to the Buzz Builder and upline Buzz Builders who received bonuses, commissions, or overrides on the sales of the products or services, in the month in which the refund is given or chargeback is made, and continuing every pay period thereafter until all commission are recovered; (2) the Buzz Builder or upline Buzz Builders who earned bonuses, commissions, or overrides based on the sale of the returned, repurchased, disputed or charged back products or services will have the corresponding points deducted from their Group Volume in the next month and all subsequent months until it is completely recovered; (3) the points associated with any disputed charges for products or services may be "suspended" and will not be posted to a Buzz Builder's Personal Sales or the upline's Group Sales Volume until such time as the dispute is successfully resolved; or (4) the bonuses, commissions, or overrides attributable to the returned, repurchased, disputed or charged back products or services may be deducted from any refunds or credits to the Buzz Builder who received the bonuses, commissions, or overrides on the sales of such products or services. In the event that Movie Book Club is unable, within six (6) months from the payment of any refund(s) by Movie Book Club or the debiting of any disputed amounts or chargebacks, to recover all bonuses, commissions, or overrides on the sales of the refunded product(s) or cancelled service(s) from the Buzz Builder or upline Buzz Builders who received them, Movie Book Club shall be entitled to assert a claim against such Buzz Builder(s) for payment.

### **7.2.2 - Hard Copy Commission Checks**

The Company pays commissions via direct deposit into Buzz Builders' bank accounts or via direct payment onto a Company provided debit card. There is no charge for direct deposit. A Buzz Builder may also request a hard-copy. The Company will deduct a \$5.00 processing fee from each hard-copy commission check issued.

### **7.2.3 - Tax Withholdings**

If a Buzz Builder fails to provide his or her correct tax identification number, Movie Book

Club will deduct the necessary withholdings from the Buzz Builder's commission checks as required by law.

### 7.3 - Reports

All information provided by Movie Book Club in downline activity reports, including but not limited to personal and group sales volume (or any part thereof), and downline sponsoring activity is believed to be accurate and reliable. Nevertheless, due to various factors including but not limited to the inherent possibility of human, digital, 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 Movie Book Club 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, MOVIE BOOK CLUB AND/OR OTHER PERSONS CREATING OR TRANSMITTING THE INFORMATION WILL IN NO EVENT BE LIABLE TO ANY BUZZ BUILDER 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/OR 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 MOVIE BOOK CLUB 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, MOVIE BOOK CLUB 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 Movie Book Club's 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 Movie Book Club's online and telephone reporting services and your reliance upon the information.

# SECTION 8 - PRODUCT GUARANTEES, RETURNS AND INVENTORY REPURCHASE

## 8.1 - Product Guarantee and Rescission

The Movie Book Club offers a money back guarantee on products returned within two (2) days from the date of sale, less a 10% restocking fee. Products shipped directly to a Reader by the Company must be returned to the Company and the refund will be issued to the Reader by the Company. Products delivered to a retail customer by a Buzz Builder / Hostess must be returned to the selling Buzz Builder, and it shall be the responsibility of the Buzz Builder to issue the refund to his or her retail customer. Every Buzz Builder is bound to honor the retail customer guarantee. If, for any reason, a retail customer is dissatisfied with any Movie Book Club product or service, the retail customer may return the unused portion of the product to the Buzz Builder from whom it was purchased, within three (3) days for a replacement, exchange or a full refund of the purchase price (less shipping costs). This product satisfaction guarantee does not apply to products damaged by abuse or misuse, and shipping costs are not refundable.

If a Buzz Builder returns more than five hundred dollars (\$500.00) for a refund in any 12 consecutive month period, the request will constitute the Buzz Builder's voluntary termination of his/her Buzz Builder Agreement, and the refund will be processed as an inventory repurchase pursuant to Section 8.3, and the Buzz Builder's Agreement will be terminated and his or her Movie Book Club business will be cancelled.

## 8.2 - Rescission

### 8.2.1 - Readers

Federal and state law requires that a retail customer who makes a purchase of \$25.00 or more has three business days (excluding Sundays and legal holidays) (5 business days for Alaska residents and 15 business days in North Dakota for Individuals age 65 and older) after the sale or execution of a contract to cancel the order and receive a full refund consistent with the cancellation notice on the order form or sales receipt. When a Buzz Builder makes a sale or takes an order from a retail customer who cancels or requests a refund within the three business day period, the Buzz Builder must promptly refund the customer's money as long as the products are returned to the Buzz Builder in substantially as good condition as when received (five business days for Alaska residents).

### 8.2.2 - Informing Readers

Buzz Builders *must* notify their Readers that they have three business days (excluding Sundays and legal holidays) (5 business days for Alaska residents and 15 business days in North Dakota for Individuals age 65 and older) within which to cancel their purchase and receive a full refund upon return of the products in substantially as good condition as when they were delivered. Buzz Builders should also notify their Readers about these time limits at the time they enroll as a Reader and place their first order. Products shipped directly to a Reader by the Company must be returned to the Company and the refund will be issued to the Reader by the Company. Readers may contact the Company for a “call tag” that will provide return shipping back to the Company at no cost to the Reader.

### **8.2.3 - Providing Receipts**

Buzz Builders *MUST* verbally inform their Readers of this right of rescission, they *MUST* provide their retail customers with TWO copies of a retail receipt at the time of the sale, and *MUST* point out this cancellation right stated on the receipt. If a Reader places an order online, the Company will provide the Reader with the receipt. Buzz Builders must ensure that the date of the order or purchase is entered on the Retail Sales Receipt. All retail customers must be provided with two copies of an official Movie Book Club Retail Sales Receipt at the time of the sale. The back of the receipt provides the customer with written notice of his or her rights to cancel the sales agreement.

### **8.3 - Return of Inventory and Sales Aids by Buzz Builders Upon Termination**

Upon termination of a Buzz Builder’s Agreement, the Buzz Builder may return Starter Kits, products, and sales aids that he or she personally purchased from Movie Book Club (purchases from other Buzz Builders or third parties are not subject to refund) that are in Resalable (see Definition of “Resalable” below) condition and which have been purchased within one year prior to the date of termination. Upon receipt of a Resalable Starter Kit and/or Resalable products and sales aids, the Buzz Builder will be reimbursed 90% of the net cost of the original purchase price(s), less any amounts or compensation the Buzz Builder received on account of the purchase of the returned products.. Neither shipping and handling charges incurred by a Buzz Builder when the Starter Kit, products or sales aids were purchased, nor return shipping fees, will be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. If a Buzz Builder was paid a commission, rebate, or any other form of compensation based on a product(s) that he or she purchased, and such product(s) is/are subsequently returned for a refund, the commission, rebate, or any other form of compensation that was paid based on that product purchase will be deducted from the amount of the refund.

Products and Sales aids shall be deemed "resalable" if each of the following elements is satisfied: (1) they are unopened and unused; (2) packaging and labeling has not been altered or damaged; (3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; (4) they are still in Movie Book Club's current inventory; (5) the expiration date(s) for any returned products has not passed; and (6) they are returned to Movie Book Club within one year from the date of purchase. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable. Replicated Website fees are not refundable except as required by applicable state law.

### **8.3.1 Montana Residents**

A Montana resident may cancel his or her Buzz Builder Agreement within 15 days from the date of enrollment, and may return his or her Starter Kit for a full refund within such time period.

## **8.4 - Procedures for All Returns**

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

- ❖ All items must be returned by the Buzz Builder or customer who purchased it directly from Movie Book Club.
- ❖ All items to be returned must have a Return Authorization Number which is obtained by calling the Buzz Builder Services Department. This Return Authorization Number must be written on each carton returned.
- ❖ The return is accompanied by:
  - The original packing slip with the completed (and signed Consumer Return information, if applicable);
  - The unused portion of the item(s) in its/their original container.
- ❖ Proper shipping carton(s) and packing materials are to be used in packaging the items(s) being returned, and the best and most economical means of shipping is suggested. All returns must be shipped to Movie Book Club shipping pre-paid. Movie Book Club does not accept shipping-collect packages. The risk of loss in shipping for returned items shall be on the Buzz Builder. If the returned items are not received by the Company's Distribution Center, it is the responsibility of the Buzz Builder to trace the shipment.
- ❖ If a Buzz Builder is returning merchandise to Movie Book Club that was returned to him or her by a personal retail customer, the product must be received by Movie Book Club within ten (10) days from the date on which the retail customer returned

the merchandise to the Buzz Builder, and must be accompanied by the sales receipt the Buzz Builder gave to the customer at the time of the sale.

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

# SECTION 9 - DISPUTE RESOLUTION AND DISCIPLINARY PROCEEDINGS

## 9.1 - Disciplinary Sanctions

Violation of the Agreement, these Policies and Procedures, violation of any common law duty, including but not limited to any applicable duty of loyalty, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by a Buzz Builder that, in the sole discretion of the Company may damage its reputation or goodwill (such damaging act or omission need not be related to the Buzz Builder's Movie Book Club business), may result, at Movie Book Club's discretion, in one or more of the following corrective measures:

- ❖ Issuance of a written warning or admonition;
- ❖ Requiring the Buzz Builder to take immediate corrective measures;
- ❖ Imposition of a fine, which may be withheld from bonus and commission checks;
- ❖ Loss of rights to one or more bonus and commission checks;
- ❖ Movie Book Club may withhold from a Buzz Builder all or part of the Buzz Builder's bonuses and commissions during the period that Movie Book Club is investigating any conduct allegedly violative of the Agreement. If a Buzz Builder's business is canceled for disciplinary reasons, the Buzz Builder will not be entitled to recover any commissions withheld during the investigation period;
- ❖ Suspension of the individual's Buzz Builder Agreement for one or more pay periods;
- ❖ Permanent or temporary loss of, or reduction in, the current and/or lifetime rank of a Buzz Builder (which may subsequently be re-earned by the Buzz Builder);
- ❖ Transfer or removal of some or all of a Buzz Builder's downline Buzz Builders from the offending Buzz Builder's downline organization.
- ❖ Involuntary termination of the offender's Buzz Builder Agreement;
- ❖ Suspension and/or termination of the offending Buzz Builder's Movie Book Club website or website access;
- ❖ Any other measure expressly allowed within any provision of the Agreement or which Movie Book Club deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Buzz Builder's policy violation or contractual breach;
- ❖ In situations deemed appropriate by Movie Book Club, the Company may institute legal proceedings for monetary and/or equitable relief.



## 9.2 - Grievances and Complaints

When a Buzz Builder has a grievance or complaint with another Buzz Builder regarding any practice or conduct in relationship to their respective Movie Book Club businesses, the complaining Buzz Builder 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 involves interpretation or violation of Company policy, it must be reported in writing to the Buzz Builder Services Department at the Company. The Buzz Builder Services Department will review the facts and attempt to resolve it.

## 9.3 - Arbitration

If mediation is unsuccessful, **any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled by arbitration. The Parties waive all rights to trial by jury or to any court.** The arbitration shall be filed with, and administered by, the American Arbitration Association (“AAA”) or JAMS Endispute (“JAMS”) under their respective rules and procedures. The *Commercial Arbitration Rules and Mediation Procedures* of the AAA are available on the AAA’s website at [www.adr.org](http://www.adr.org). The *Streamlined Arbitration Rules & Procedures* are available on the JAMS website at [www.jamsadr.com](http://www.jamsadr.com). Copies of AAA’s *Commercial Arbitration Rules and Mediation Procedures* or JAM’s *Streamlined Arbitration Rules & Procedures* will also be emailed to Buzz Builders upon request to Movie Book Club’s Dispute Resolution Department.

Notwithstanding the rules of the AAA or JAMS, the following shall apply to all Arbitration actions:

- ❖ The Federal Rules of Evidence shall apply in all cases;
- ❖ The Parties shall be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure;
- ❖ The Parties shall be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure;
- ❖ The arbitration shall occur within 180 days from the date on which the arbitrator is appointed, and shall last no more than five business days;
- ❖ The Parties shall be allotted equal time to present their respective cases, including cross-examinations.

All arbitration proceedings shall be held in Los Angeles, California. There shall be one arbitrator selected from the panel that the Alternate Dispute Resolution service provides. Each

party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The parties shall be allotted equal time to present their respective cases. 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 arbitrate shall survive the cancellation or termination of the Agreement.

The parties and the arbitrator shall maintain the confidentiality of the entire arbitration process and shall not disclose to any person not directly involved in the arbitration process:

- ❖ The substance of, or basis for, the controversy, dispute, or claim;
- ❖ The content of any testimony or other evidence presented at an arbitration hearing or obtained through discovery in arbitration;
- ❖ The terms or amount of any arbitration award;
- ❖ The rulings of the arbitrator on the procedural and/or substantive issues involved in the case.

Notwithstanding the foregoing, nothing in these Policies and Procedures shall prevent either party 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 its intellectual property rights, and/or to enforce its rights under the non-solicitation provision of the Agreement.

#### **9.4 - Governing Law, Jurisdiction, and Venue**

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in the county and state in which the Buzz Builder resided at the time at which the alleged cause or causes of action first arose. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the state in which the distributor resided at the time at which the alleged cause or causes of action first arose shall govern all other matters relating to or arising from the Agreement.

##### **9.4.1 - Louisiana Residents**

Notwithstanding the foregoing, and the arbitration provision in Section 9.4, residents of the State of Louisiana shall be entitled to bring an action against Movie Book Club in their home forum and pursuant to Louisiana law.

## **SECTION 10 - PAYMENTS**

### **10.1 - Restrictions on Third Party Use of Credit Cards**

A Buzz Builder shall not permit other Buzz Builders or Readers to use his or her credit card, or permit debits to his or her checking or savings account, to enroll in or to make purchases from the Company. A Buzz Builder shall not use the credit card or debit card of a third party, or make debits to the checking or savings account of a third party, to enroll in or to make purchases from the Company.

### **10.2 - Sales Taxes**

Movie Book Club is required to charge sales taxes on all purchases made by Buzz Builders and Readers, and remit the taxes charged to the respective states. Accordingly, Movie Book Club will collect and remit sales taxes on behalf of Buzz Builders, based on the suggested retail price of the products or the transaction price (if allowed by the state), according to applicable tax rates in the state or province to which the shipment is destined. If a Buzz Builder has submitted, and Movie Book Club has accepted, a current Sales Tax Exemption Certificate and Sales Tax Registration License, sales taxes will not be added to the invoice and the responsibility of collecting and remitting sales taxes to the appropriate authorities shall be on the Buzz Builder (unless the state in question does not accept a Sales Tax Exemption Certificate and Sales Tax Registration License from a direct selling independent contractor). Exemption from the payment of sales tax is applicable only to orders which are shipped to a state for which the proper tax exemption papers have been filed and accepted. Applicable sales taxes will be charged on orders that are drop-shipped to another state. Any sales tax exemption accepted by Movie Book Club is not retroactive.

# SECTION 11 - INACTIVITY, RECLASSIFICATION AND TERMINATION

## 11.1 - Effect of Termination

So long as a Buzz Builder remains active and complies with the terms of the Buzz Builder Agreement and these Policies and Procedures, Movie Book Club shall pay commissions to such Buzz Builder in accordance with the Compensation Plan. A Buzz Builder's bonuses and commissions constitute the entire consideration for the Buzz Builder's efforts in generating sales and all activities related to generating sales (including building a downline organization). Following a Buzz Builder's non-renewal of his or her Buzz Builder Agreement, termination for inactivity, or voluntary or involuntary termination of his or her Buzz Builder Agreement (all of these methods are collectively referred to as "termination"), the former Buzz Builder 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 Buzz Builder whose business is cancelled will lose all rights as a Buzz Builder. This includes the right to sell Movie Book Club products and services and the right to receive future commissions, bonuses, or other income resulting from the sales and other activities of the Buzz Builder's former downline sales organization. In the event of termination, Buzz Builders 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 Buzz Builder's termination of his or her Buzz Builder Agreement, the former Buzz Builder shall not hold himself or herself out as a Movie Book Club Buzz Builder and shall not have the right to sell Movie Book Club products or services. A Buzz Builder whose business is canceled shall receive commissions and bonuses only for the last full pay period he or she was active prior to termination (less any amounts withheld during an investigation preceding an involuntary termination).

## 11.2 - Termination Due to Inactivity

### 11.2.1 - Failure to Meet PV Quota

If a Buzz Builder fails to personally generate at least 50 PV for 12 consecutive months, his or her Buzz Builder Agreement shall be canceled for inactivity.

### 11.2.2 - Failure to Earn Commissions

If a Buzz Builder has not earned a commission for six consecutive months (and thus become “inactive”), his or her Buzz Builder Agreement shall be canceled for inactivity.

### **11.2.3 - Reclassification Following Termination Due to Inactivity**

If a Buzz Builder is cancelled for inactivity, his or her Buzz Builder Agreement will be terminated. If he or she is on the Company’s autoship program, the autoship agreement shall remain in force. If the former Buzz Builder was not on autoship, he or she will be entitled to continue purchasing products directly from the company at the suggested retail price.

### **11.3 - Involuntary Termination**

A Buzz Builder’s violation of any of the terms of the Agreement, including any amendments that may be made by Movie Book Club in its sole discretion, may result in any of the sanctions listed in Section 9.1, including the involuntary termination of his or her Buzz Builder Agreement. Termination shall be effective on the date on which written notice is mailed, emailed, faxed, or delivered to an express courier, to the Buzz Builder’s last known address, email address, or fax number, or to his/her attorney, or when the Buzz Builder receives actual notice of termination, whichever occurs first.

Movie Book Club reserves the right to terminate all Buzz Builder Agreements upon thirty (30) days written notice in the event that it elects to: (1) cease business operations; (2) dissolve as a corporate entity; or (3) terminate distribution of its products via direct selling.

### **11.4 - Voluntary Termination**

A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Termination must be submitted in writing to the Company at its principal business address. The written notice must include the Buzz Builder’s signature, printed name, address, and Buzz Builder I.D. Number. In addition to written termination, Buzz Builders who have consented to Electronic Contracting will cancel their Buzz Builder Agreement should they withdraw their consent to contract electronically. If a Buzz Builder is also on the Autoship program, the Buzz Builder’s Autoship order shall continue unless the Buzz Builder also specifically requests that his or her Autoship Agreement also be canceled.

### **11.5 - Non-renewal**

A Buzz Builder may also voluntarily cancel his or her Buzz Builder Agreement by failing to renew the Agreement on its anniversary date or by failing to pay his/her annual renewal fee. The Company may also elect not to renew a Buzz Builder's Agreement upon its anniversary date.

## **11.6 - Exceptions to Activity Requirements**

### **11.6.1 - Maternity**

A pregnant Buzz Builder shall be exempt from meeting her Personal Volume and Group Volume requirements for a period of three months prior to and four (4) months following the birth of a child. The Buzz Builder should notify the Buzz Builder Services Department to request a Maternity Waiver Form.

### **11.6.2 - Military Deployment**

Military personnel shall be exempt from meeting their Personal Volume and Group Volume requirements for the duration of the deployment and three (3) full calendar months thereafter while deployed into a foreign country. The Buzz Builder should notify the Buzz Builder Services Department to request a Deployment Waiver Form.

## SECTION 12 - DEFINITIONS

**Active Reader** — A Reader who purchases Movie Book Club products or services during a particular month, and whose account has been paid for the ensuing year.

**Active Buzz Builder** — A Buzz Builder who satisfies the minimum Personal Sales Volume requirements, as set forth in the Movie Book Club Compensation Plan, to ensure that he or she is eligible to receive bonuses and commissions.

**Active Rank** — The term “active rank” refers to the current rank of a Buzz Builder, as determined by the Movie Book Club Compensation Plan, for a particular pay period. To be considered “active” relative to a particular rank, a Buzz Builder must meet the criteria set forth in the Movie Book Club Compensation Plan for his or her respective rank. *(See the definition of “Rank” below.)*

**Affiliated Party** - A shareholder, member, partner, manager, trustee, or other parties with any ownership interest in, or management responsibilities for, a Business Entity.

**Agreement** - The contract between the Company and each Buzz Builder includes the Buzz Builder Application and Agreement Terms and Conditions, the Movie Book Club Policies and Procedures, the Movie Book Club Compensation Plan, and the Business Entity Registration Form (where appropriate), all in their current form and as amended by Movie Book Club in its sole discretion. These documents are collectively referred to as the “Agreement.”

**Cancel** — The termination of a Buzz Builder’s business. Termination may be either voluntary, involuntary, through non-renewal or inactivity.

**Downline** — Your downline (or downline organization) consists of the Buzz Builders you personally enroll or sponsor (your first level Buzz Builders), the Buzz Builders that first level Buzz Builders enroll or sponsor, as well as the Buzz Builders that are subsequently enrolled or sponsored beneath them.

**Downline Leg** — Each one of the individuals personally enrolled immediately underneath you and their respective marketing organizations represents one “leg” in your marketing organization.

Enroll — The act of introducing a prospective Buzz Builder to Movie Book Club and assisting him or her to execute a Buzz Builder Application and Agreement and thereby become a Movie Book Club Buzz Builder. These activities are called “enrolling.”

Enroller — The person who enrolls a prospective Buzz Builder into Movie Book Club.

Group Volume — The commissionable value of services and products purchased by the Readers and Buzz Builders in the downline of a particular Buzz Builder.

Immediate Household — Spouses, heads-of-household, and dependent family members residing in the same residence.

Level — The layers of downline Readers and Buzz Builders in a particular Buzz Builder’s downline. This term refers to the relationship of a Buzz Builder relative to a particular upline Buzz Builder, determined by the number of Buzz Builders between them who are related by sponsorship. For example, if A enrolls B, who enrolls C, who enrolls D, who enrolls E, then E is on A’s fourth level.

Official Movie Book Club Material — Literature, audio or video tapes, websites, and other materials developed, printed, published and/or distributed by Movie Book Club to Buzz Builders.

Personal Volume — The commissionable value of services and products purchased by: (1) a Buzz Builder; (2) the Buzz Builder’s personally-enrolled Readers; and (3) the Buzz Builder’s personal Retail Readers who purchase from the Buzz Builder’s Movie Book Club replicated website.

Rank — The “title” that a Buzz Builder holds pursuant to the Movie Book Club Compensation Plan. “Title Rank” refers to the highest rank a Buzz Builder has achieved in the Movie Book Club compensation plan at any time. “Paid As” rank refers to the rank at which a Buzz Builder is qualified to earn commissions and bonuses during the current pay period.

Recruit — For purposes of Movie Book Club’s Conflict of Interest Policy (Section 4.10), the term “Recruit” means the actual or attempted sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Movie Book Club Buzz Builder or Reader to enroll or participate in another multilevel marketing, network marketing or direct sales opportunity.



Replicated Website – A website provided by Movie Book Club to Buzz Builders which utilizes website templates developed by Movie Book Club.

Resalable — Products and Sales aids shall be deemed "resalable" if each of the following elements is satisfied: 1) they are unopened and unused; 2) packaging and labeling has not been altered or damaged; 3) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; 4) it is returned to Movie Book Club within one year from the date of purchase. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable.

Social Media - Any type of online media that invites, expedites or permits conversation, comment, rating, and/or user generated content, as opposed to traditional media, which delivers content but does not allow readers/viewers/listeners to participate in the creation or development of content, or the comment or response to content. Examples of Social Media include, but are not limited to, blogs, chat rooms, Facebook, MySpace, Twitter, LinkedIn, Delicious, and YouTube.

Starter Kit — A selection of Movie Book Club training materials and business support literature, and Buzz Builder replicated website that each new Independent Marketing Buzz Builder is required to purchase.

Upline — This term refers to the Buzz Builder or Buzz Builders above a particular Buzz Builder in a sponsorship line up to the Company. Conversely stated, it is the line of sponsors that links any particular Buzz Builder to the Company.