

# pawTree®, LLC

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## **1. Policies and Compensation Plan Incorporated into Independent petPro Agreement; Amendments.**

These Policies and Procedures, in their present form and as amended at the sole discretion of pawTree, LLC (hereafter “pawTree” or the “Company”), are incorporated into the pawTree Independent petPro Agreement. Throughout these Policies, when the term “Agreement” is used, it collectively refers to the pawTree Independent petPro Agreement, the Policies and Procedures, the pawTree Compensation Plan, and the pawTree Business Entity Addendum (the Business Entity Addendum is only applicable to IpPs who enroll as a business entity). Independent petPros shall be referred to herein as “IpPs.” The Company reserves the right to amend the Agreement at its discretion. Amendments shall be effective 30 days after notice and publication of the amended provisions in the IpP’s Back-Office but amended policies shall not apply retroactively to conduct that occurred prior to the effective date of the amendment.

## **2. Policies and Provisions Severable.**

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

## **3. Term and Renewal of Your pawTree Business.**

The initial term of the IpP Agreement is six months. Thereafter, the term is month-to-month and is renewed when an IpP pays his/her monthly web services fee (subject to disciplinary cancellation). Annual/monthly renewal fees are optional in North Dakota.

## **4. Compliance with the Law.**

IpPs must not engage in any act or omission that constitutes a violation of the law.

## **5. General Conduct.**

IpPs shall safeguard and promote the good reputation of pawTree and its products, and must avoid all deceptive, misleading, unethical or immoral conduct or practices, and must exhibit high moral character in their personal and professional conduct. IpPs shall not engage in any conduct that may damage the Company’s goodwill or reputation. While it is impossible to specify all misconduct that would be contrary to this policy, and the following list is not a limitation on the standards of conduct to which IpPs must adhere pursuant to this policy, the following standards specifically apply to IpPs’ activities:

- IpPs must conspicuously identify themselves as an independent pawTree IpP in all advertising, telephone directory listings, promotional material, social media postings, and other forums in which they promote pawTree’s products, services and/or the pawTree business. IpPs are responsible for the content of all of their personal posts on any social media site, as well as any and all postings that appear on any social media site that they own, operate, or control.
- Deceptive conduct is always prohibited. IpPs must ensure that their statements are truthful, fair, accurate, and are not misleading in any fashion;
- IpPs may not make any social media postings, or link to or from any postings or other material that is sexually explicit, obscene, pornographic, offensive, profane, hateful, threatening, harmful, defamatory, libelous, harassing, or discriminatory (whether based on race, ethnicity, creed, religion, gender, sexual orientation, physical disability, or otherwise), is graphically violent, is solicitous of any unlawful behavior, that engages in personal attacks on any individual, group, or entity, or is in violation of any intellectual property rights of the Company or any third party.
- If an IpP’s pawTree business is cancelled for any reason, the IpP must discontinue using the pawTree name, and all other pawTree intellectual property, and all derivatives of such intellectual property, in postings on all Social Media, websites, or other promotional material.
- IpPs may not represent or imply that any state or federal government official, agency, or body has approved or endorses pawTree, its program, or products.

## **6. Social Media.**

In addition to meeting all other requirements specified in these Policies, should an IpP utilize any form of social media, including but not limited to blogs, Facebook, Twitter, LinkedIn, YouTube, or Pinterest, the IpP agrees 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 the IpP’s pawTree replicated website.

- It is each IpP's 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 as well as all other rules of the site.
- Any social media site that is directly or indirectly operated or controlled by an IpP that is used to discuss or promote pawTree's products, or the pawTree opportunity may not link to any website, social media site, or site of any other nature, other than the IpP's pawTree replicated website.
- During the term of this Agreement and for a period of 12 calendar months thereafter, an IpP may not use any social media site on which they discuss or promote, or have discussed or promoted, the pawTree business or pawTree's products to directly or indirectly solicit pawTree IpPs for another direct selling or network marketing program (collectively, "direct selling"). In furtherance of this provision, an IpP shall not take any action that may reasonably be foreseen to result in drawing an inquiry from other IpPs relating to the IpP's other direct selling business activities. Violation of this provision shall constitute a violation of the non-solicitation provision in Policy 20.
- If an IpP creates a business profile page on any social media site that promotes or relates to pawTree, its products, or opportunity, the business profile page must relate exclusively to the IpP's pawTree business and pawTree products. The business profile page name must include 'independent petPro'. If the IpP's pawTree business is cancelled for any reason or if the IpP becomes inactive, the IpP must deactivate the business profile page.

## **7. IpP Created Advertising, and Promotional Material (Sales Tools).**

Subject to the requirements set forth in these Policies, IpPs may create their own sales aids, non-business presentations, advertising and promotional materials (collectively "Sales Tools") with the exception of product samples. IpPs must use only pawTree approved pre-packaged samples and products for sampling. IpP produced or sponsored websites are not permitted under this policy.

To ensure that the Sales Tools are of professional quality, are not deceptive and contain only substantiated claims, all IpP created Sales Tools must be submitted to the Company and receive written approval before they can be used or made public. IpPs who receive written authorization from pawTree to produce and publish Sales Tools may make approved Sales Tools available to other IpPs free of charge if they wish, but may not sell the Sales Tools to other pawTree IpPs.

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

Approved Sales Tools will be posted in the Marketing Library section of IpPs' Back Offices, and will be available for all IpPs' use free of charge. The IpP(s) who created the Sales Tools grants pawTree and its Independent IpPs an irrevocable license to use the Sales Tools at their discretion, and waives all intellectual property right claims, including but not limited to copyright claims, and/or claims for remuneration against pawTree, its officers, directors, owners, agents, and other Independent IpPs for such posting and/or use of the Sales Tools.

## **8. IpP Web Sites & Internet Policies**

The national scope of the Internet creates not only an excellent resource, but also a challenge to pawTree to develop a global strategy that ensures this resource supports and accurately promotes your independent contractor relationship and our direct selling marketing philosophy. In order to take full advantage of the Internet, pawTree has developed the following Internet Policies. The Internet Policies will help protect the business and the image of pawTree and its petPros, promote a consistent Company message free from unauthorized, untruthful or exaggerated claims and rumors, as well as deter poor Web site design.

### **Linking Policy**

Linking to your replicated web site from another Web site can be a great way to direct customers to you and generate additional sales. If you choose to link to your replicated web site, you must follow this Linking Policy:

- A site that links to your replicated web site shall not:
  - o Imply, either directly or indirectly, that pawTree is endorsing its contents;
  - o Use any Company trademarks or trade names, other than those approved for use by IpPs;
  - o Contain content or material that could be construed as offensive, controversial, or distasteful and should only contain content that is appropriate for all age groups Disparage pawTree or its products in any way or otherwise negatively affect or harm the reputation and goodwill of pawTree;
  - o Present false or misleading information about pawTree or the pawTree career opportunity;
  - o Misrepresent any relationship with pawTree;
  - o Be operated in violation of any applicable federal, state or local law, rule or regulation;

- o Contain content that violates or infringes upon the copyright, trademark, trade name, patent, literary, intellectual, artistic or dramatic right, right of publicity or privacy or any other right of any entity or person or contain material which is libelous or slanderous;
- o Accept or process orders or enrollments. All product orders and IpP enrollments must be placed through the IpP's replicated website;
- o Replicate in any manner any content in your replicated web site; and
- o If your replicated web site is no longer displayed on the Internet (cancelled or terminated subscription), you must remove the link to your replicated web site from all pages where a link was inserted.

### **Promoting Your pawTree Replicated Web Site Through Search Engines**

pawTree does not register your replicated web site with search engines (e.g., Yahoo®, Lycos®). We feel that it is of greater benefit to IpPs to have the official corporate Web site, www.pawtree.com, be found in a search.

If you choose to submit or register your Replicated Web Site with a search engine, the following applies:

- The search string or title you submit cannot contain any Company trademarks (e.g., "pawTree").
- Sometimes you're asked to describe the Web site. The description given cannot contain any Company trademarks.
- In the event your replicated web site is no longer displayed on the Internet (cancelled or terminated subscription), you must contact the search engine provider to remove your submission or listing.

### **Unsolicited Email**

pawTree recognizes the concern many people have regarding unsolicited email (also called "SPAM"). An IpP may not use unsolicited emails to promote pawTree products or the career opportunity. SPAM is an unauthorized electronic advertisement. IpPs are encouraged to follow Internet etiquette and to be good "Net" citizens and expected to abide by all applicable laws and regulations regarding electronic communications.

### **Online Auctions and Online Flea Markets**

pawTree products may not be sold or listed for sale on any online forum, auction or other online outlet. IpP's company provided replicated websites are the only online forum through which IpPs may sell pawTree products or enroll new IpPs.

## **9. IpP Created Business Presentations and Marketing Methods.**

IpP's may only use company produced and provided business presentations when presenting the pawTree income opportunity. IpPs shall not offer or create their own marketing "systems" or "methods" to recruit new IpPs or build a pawTree business.

## **10. Trademarks, Copyrights and Images.**

The name "pawTree" and other names as may be adopted by the Company are proprietary trade names, trademarks and service marks of pawTree. The Company will not allow the use of its trade names, trademarks, designs, or symbols, or any derivatives of such marks, by any person, including pawTree IpPs, in any unauthorized manner without its prior written permission. This includes, but is not limited to, use in any email address, website domain name, or social media name or address, or unapproved Sales Tools.

Only Company-approved images or artwork created for IpP use may be used in any form of advertising or communication by IpPs. The use of Company trademarks or copyright protected material not in the IpP library or any confusingly similar variation thereof in any form of advertising or communication is not authorized.

Most Internet Service Providers allow you to create a Web site in connection with the services they offer (i.e., your family Web site). If you take advantage of this service, refer to the Linking Policy under Policy #8. If you create your own Web site, it cannot incorporate Company trademarks or incorporate copyright protected material except Company-approved images or artwork created for IpP use, available in the IpP back-office library. You may, however, link from your own Web Site to your replicated web site provided you adhere to the Linking Policy.

Use of company approved images is allowed on independent websites solely for the purposes of linking to the IpPs replicated site. These images are not intended to be used to sell products, provide product or opportunity details or recreate the IpPs replicated site in anyway.

IpPs may not utilize the Company's trademarks or copyright protected material on any website nor may IpPs utilize the Company's trademarks or copyright protected material to advertise on the Internet by purchasing space on any other Web site or by purchasing or otherwise obtaining a banner advertisement or other similar advertisement (i.e., electronic classified advertisement).

### **11. Retail Outlets.**

pawTree strongly encourages the retailing and selling of its products through person-to-person contact. In an effort to reinforce this method of selling, to help provide a standard of fairness for all IpPs, and to protect the independent contractor relationship, IpPs may not sell pawTree products or literature, or in any other way promote the pawTree opportunity or products in any retail, wholesale, warehouse, or discount establishment without prior written approval from pawTree (point of sale displays are permissible at such locations however). Notwithstanding the foregoing, IpPs may display and sell pawTree products at temporary booths and professional trade shows.

### **12. Service Related Establishments.**

pawTree strongly encourages the retailing and selling of its products through person-to-person contact. IpPs may not sell pawTree products in service-related establishments. A service-related establishment is one whose primary revenue is earned by providing personal service rather than by selling products. Such establishments include offices of veterinarians and groomers. pawTree reserves the right to make the final determination as to whether an establishment is service-related. Point of sale displays are permissible at such locations.

### **13. Change of Sponsor.**

The only means by which an IpP may legitimately change his/her sponsor is by voluntarily canceling his/her pawTree business in writing and remaining inactive for six (6) full calendar months. Following the six-calendar month period of inactivity, the former IpP may reapply by purchasing a new petPro kit. They may do so under the same or a new sponsor. The IpP will lose all rights to his/her former downline organization upon his/her cancellation. The downline organization and customers will not be reinstated under the IpP when they reapply for petPro status.

### **14. Waiver of Claims.**

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

### **15. Product Claims.**

IpPs must not make claims, including but not limited to testimonials, about pawTree's products or services that are not contained in official pawTree literature or posted on pawTree's official website. Under no circumstances shall any IpP state or imply that any pawTree product is useful in the diagnosis, treatment, cure, or prevention of any disease, illness, injury, or other medical condition.

### **16. Weight Loss Testimonials.**

IpPs must not make any claim or representation that their pet lost weight by using pawTree products.

### **17. Income Claims.**

When presenting or discussing the pawTree opportunity or Compensation Plan to a prospective IpP, IpPs may not make income projections, income claims, income testimonials, or disclose their pawTree income (including, but not limited to, the showing of checks, copies of checks, bank statements, or tax records), or the income of any other pawTree IpP. Nor may IpPs make "lifestyle" income claims. A "lifestyle" income claim is a statement or depiction that infers or states that the IpP is able to enjoy a luxurious or successful lifestyle due to the income they earn from their pawTree business. Examples of prohibited lifestyle claims include, but are not limited to, representations (either through audio or visual medium) that an IpP was able to quit his/her job, acquire expensive or luxury material possessions, or travel to exotic or expensive destinations.

### **18. Compensation Plan Claims.**

When presenting or discussing the pawTree compensation plan, you must make it clear to prospects that financial success in pawTree 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.
- All you have to do is buy your products every month.

The above are just 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 an IpP without commitment, effort, and sales skill.

### **19. Media Inquiries.**

IpPs must not interact with the media regarding the pawTree business or products. All inquiries from the media, including radio, television, print, online, or any other medium, shall be directed to pawTree's Support department.

### **20. Participation in Other Network Marketing Programs and Non-solicitation.**

pawTree IpPs are free to participate in other network marketing programs. However, during the term of this Agreement an IpP may not directly or indirectly Recruit other pawTree IpPs for any other network marketing business. Following the termination of this Agreement, and for a period of one year thereafter, the former IpP shall not Recruit any IpP for another network marketing business other than those IpPs whom he or she personally sponsored as an IpP. The term "Recruit" means the direct or indirect, actual or attempted, sponsorship, solicitation, enrollment, encouragement, or effort to influence in any other way, a pawTree IpP to enroll or participate in another network marketing opportunity.

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

- Display pawTree promotional material, sales aids, or products with or in the same location as, any non pawTree promotional material or sales aids, products or services (Pinterest and similar social media sites are exempt from this policy).
- Offer the pawTree opportunity, products or services to prospective or existing customers or IpPs in conjunction with any non-pawTree program, opportunity or products.
- Offer, discuss, or display any non pawTree opportunity, products, services or opportunity at any pawTree related presentation, party, meeting, seminar, convention, webinar, teleconference, or other function.

### **21. Confidential Information.**

"Confidential Information" includes, but is not limited to, the identities, contact information, and/or sales information relating to pawTree's IpPs and/or customers: (a) that is contained in or derived from any IpPs' respective Back Office; (b) that is derived from any reports issued by pawTree to IpPs to assist them in operating and managing their pawTree business; and/or (c) to which an IpP would not have access or would not have acquired but for his/her affiliation with pawTree. Confidential Information constitutes proprietary business trade secrets belonging exclusively to pawTree and is provided to IpPs in strict confidence. Confidential Information shall not be directly or indirectly disclosed to any third party nor used for any purpose other than IpP's use in building and managing his/her Independent pawTree business.

### **22. Product Inventory & Bonus Buying**

The Company strongly encourages that all products be direct shipped from the company to the consumer. IpPs may carry limited inventory or pawTree products for resale if desired. In addition, bonus buying is strictly prohibited. Bonus buying includes the purchase of merchandise for any reason other than bona fide use or resale, or any mechanism or artifice to qualify for rank advancement or maintenance, incentives, prizes, commissions or bonuses that are not driven by bona fide product purchases by end user consumers for actual use.

Customers and IpPs may only have one pawTree account. Examples of bonus buying include, but are not limited to, creating multiple customer accounts in effort to qualify for rank advancement or maintenance, incentives, prizes, commissions or bonuses or IpPs purchasing products from other IpPs in effort to qualify for rank advancement or maintenance, incentives, prizes, commissions or bonuses.

### **23. Limitations on IpP and Household Businesses.**

IpPs may own, operate, control, or have an interest in, only one pawTree business, and there may be only one pawTree business in a household. A "household" is defined as spouses or couples, and dependent children of one or both spouses or couples, living in the same home of the spouses or member of the couple.

### **24. Actions of Household Members.**

If a household family member of an IpP engages in conduct that would be a violation of the Agreement, the conduct of the household family member shall be imputed to the IpP.

#### **25. Tampering With Product Packaging.**

IpPs shall not alter the original packaging or labeling of pawTree products.

#### **26. Negative Comments.**

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

#### **27. Adjustment to Bonuses and Commissions.**

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

#### **28. Return of Products and Sales Aids by IpPs Upon Cancellation.**

Upon cancellation of an IpP's Agreement, the IpP may return products and Sales Tools that he or she personally purchased from pawTree within one year prior to the date of cancellation (the one-year limitation shall not apply to residents of Maryland, Massachusetts, Wyoming and Puerto Rico) so long as the goods are in Resalable condition. Upon the Company's receipt of returned goods and confirmation that they are in Resalable condition, the IpP will be reimbursed 90% of the net cost of the original purchase price(s). Shipping and handling charges will not be refunded. If the purchases were made through a credit card, the refund will be credited back to the same account. Goods are "Resalable" if they are unopened and unused and packaging and labeling has not been altered or damaged. Any merchandise that is clearly identified at the time of sale as nonreturnable, closeout, discontinued, or as a seasonal item, is not Resalable. Replicated website fees are not refundable except as may be required under applicable state law.

#### **29. Order Cancellation and Satisfaction Guarantee.**

Federal and state law requires that IpPs notify their retail customers that they have three business days (5 business days for Alaska residents. 15 days for residents of North Dakota over the age of 65. Saturday is a business day, Sundays and legal holidays are not business days) within which to cancel their purchase and receive a full refund upon return of the products in as good condition as when they were delivered.

In addition, pawTree offers a 100% money back guarantee on products returned within 90 days from the date of sale. This product satisfaction guarantee does not apply to products damaged by abuse or misuse, and shipping and handling charges are not refundable. IpPs shall disclose the terms of the warranty to his/her customers at the time of sale and shall also point out this warranty information on the sales confirmation email and product literature and/or website.

If an IpP returns more than 225 PV for a refund in any 12-consecutive month period, the request will constitute the IpP's voluntary cancellation of his/her IpP Agreement, and the refund will be processed as an inventory repurchase and the IpP's pawTree business will be cancelled.

#### **30. Montana Residents.**

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

#### **31. Disciplinary Sanctions.**

Violation of the Agreement, any illegal, fraudulent, deceptive or unethical business conduct, or any act or omission by an IpP that the Company believes may damage its reputation or goodwill, may result in the suspension or termination of the IpP's pawTree business, and any other disciplinary measure that pawTree deems appropriate to

address the misconduct. In situations deemed appropriate by pawTree, the Company may institute legal proceedings for monetary and/or equitable relief.

### **32. Effect of Cancellation.**

An IpP whose business is cancelled for any reason will lose all IpP rights, benefits and privileges. This includes the right to represent yourself as an Independent pawTree IpP, to sell pawTree products and services and the right to receive commissions, bonuses, or other income resulting from his/her own sales and the sales and other activities of the IpP and the IpP's former downline sales organization. There is no whole or partial refund for IpP Kit fees or renewal fees if an IpP's business is cancelled.

### **33. Voluntary Cancellation.**

A participant in this network marketing plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted to pawTree support department. The notice must include the IpP's name, address, and IpP I.D. number.

If an IpP is also on the EZ Ship program, the IpP's EZ Ship order shall continue unless the IpP also specifically requests that his or her EZ Ship Agreement also be canceled.

An IpP may also voluntarily cancel his/her pawTree business by failing to pay their monthly web services fee.

If the IpP requests termination of their business, they voluntarily give up their customers and downline. If they decide within a 6-month period they want to become a petPro again they can "reactivate" as a petPro and do not have to purchase a new enrollment kit, however they do forfeit their customers and downline. In addition, they must also reactivate under the same sponsor and pay any outstanding web fees due from months where commissions were paid by Company. If the IpP desires to reactivate after 6 months they will be required to purchase an enrollment kit and they may request a different sponsor at that time, but they still forfeit their customers and downline.

### **34. Cancellation for Inactivity.**

IpPs should have a minimum of \$600 PV in every 12-month period to remain a petPro and keep their downline. If they fail to meet this requirement in any 12-month period, pawTree has the right to cancel them as a petPro which causes them to be removed from the company downline organization. Their downline and customers will be compressed to the next upline petPro who is in good standing.

IpPs may also be cancelled for inactivity when they fail to pay their web services fee.

### **35. Business Transfers.**

IpPs in good standing who wish to sell or transfer their business must receive pawTree's prior written approval before the business may be transferred. An IpP wishing to sell or transfer his/her business must be at the rank of Vice President or higher at the time of the sale and must have held the paid as rank of Vice President or higher for three consecutive months. Requests to transfer a business must be submitted in writing to the Customer Service Department at support@pawtree.com. It is within pawTree's discretion whether to allow a business sale or transfer, but such authorization shall not be unreasonably withheld. However, no business that is on disciplinary probation, suspension, or under disciplinary investigation may be transferred unless and until the disciplinary matter is resolved. Prior to transferring a business to a third party, the IpP must offer pawTree the right of first refusal to purchase the business on the same terms as negotiated with a third party. The Company shall have ten days to exercise its right of first refusal.

### **36. Transfer Upon an IpP's Death.**

An IpP may devise his/her business to his/her heirs. Because pawTree cannot divide commissions among multiple beneficiaries or transferees, the beneficiaries or transferees must form a business entity (corporation, LLC, partnership, etc.), and pawTree will transfer the business and issue commissions to the business entity. In the case of a business transfer via testamentary instrument, the beneficiary of the business must provide pawTree with certified letters testamentary and written instructions of the trustee of the estate, or an order of the court, that provides direction on the proper disposition of the business. The beneficiary must also execute and submit to the Company a pawTree IpP Agreement within 30 days from the date on which the business is transferred by the estate to the beneficiary or the business will be cancelled.

### **37. Business Distribution Upon Divorce.**

pawTree is not able to divide commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in divorce cases, any settlement or divorce decree must award the business in its entirety to one



party. pawTree will recognize as the owner of the business the former spouse to who is awarded the business pursuant to a legally binding settlement agreement or decree of the court. The former spouse who receives the pawTree business must also execute and submit a pawTree IpP Agreement within 30 days from the date on which the divorce becomes final or the business will be cancelled.

### **38. Dissolution of a Business Entity.**

pawTree is not able to divide commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in the event that a business entity that operates a pawTree business dissolves, the owners of the business entity must instruct the Company on the identity of the proper party who is to receive the business. The pawTree business must be awarded to a single individual or entity that was previously recognized by the Company as an owner of the business entity; the Company cannot divide the business among multiple parties or issue separate commission payments. If the business entity wishes to sell or transfer its pawTree business, it must do so pursuant to Policy 35. In addition, the recipient of the pawTree business must also execute and submit a pawTree IpP Agreement to the Company within 30 days from the date of the dissolution of the business entity or the pawTree business will be cancelled.

### **39. International Activities.**

IpPs may not sell pawTree products in any international market, or conduct business activities of any nature, in any foreign country that the Company has not announced is officially open for business.

### **40. Dispute Resolution.**

For claims seeking \$10,000.00 or more that arise from or relate to the Agreement, prior to filing arbitration as set forth below, the parties shall meet in good faith and attempt to resolve such dispute through confidential nonbinding mediation. One individual who is mutually acceptable to the parties shall be appointed as mediator. If the Parties cannot agree on a mediator, the complaining party shall request a mediator be appointed by the American Arbitration Association ("AAA"). The mediation shall occur within 60 days from the date on which the mediator is appointed. The mediator's fees and costs, as well as the costs of holding and conducting the mediation, shall be divided equally between the parties. Each party shall pay its portion of the anticipated shared fees and costs at least 10 days in advance of the mediation. Each party shall pay its own attorney's fees, costs, and individual expenses associated with conducting and attending the mediation. Mediation shall be held in Dallas, Texas and shall last no more than two business days.

Except as otherwise provided in the Agreement, any controversy or claim arising out of or relating to the Agreement, or the breach thereof, shall be settled through confidential arbitration. The Parties waive rights to trial by jury or to any court. This arbitration provision applies to claims that were not successfully resolved through the foregoing mediation process as well as claims for less than \$10,000.00 not subject to the mediation requirement. The arbitration shall be filed with, and administered by, the American Arbitration Association in accordance with the AAA's Commercial Arbitration Rules and Mediation Procedures, which are available on the AAA's website at [www.adr.org](http://www.adr.org). Copies of the AAA's Commercial Arbitration Rules and Mediation Procedures will also be emailed to IpPs upon request to pawTree's customer Service Department. Notwithstanding the rules of the AAA, unless otherwise stipulated by the Parties, the following shall apply to all Arbitration actions:

- The Federal Rules of Evidence shall apply in all cases;
- The Parties shall be entitled to all discovery rights permitted by the Federal Rules of Civil Procedure;
- The Parties shall be entitled to bring motions under Rules 12 and/or 56 of the Federal Rules of Civil Procedure;
- The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Texas, without regard to principles of conflicts of laws, shall govern all other matters relating to or arising from the Agreement,
- The arbitration hearing shall commence no later than 365 days from the date on which the arbitrator is appointed, and shall last no more than five business days;
- The Parties shall be allotted equal time to present their respective cases;
- The arbitration shall be brought on an individual basis and not as part of a class or consolidated action.

All arbitration proceedings shall be held in Dallas, Texas. There shall be one arbitrator selected from the panel that the AAA provides. Each party to the arbitration shall be responsible for its own costs and expenses of arbitration, including legal and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to a judgment in any court to which the Parties have consented to jurisdiction as set forth in the Agreement. This agreement to arbitrate shall survive the cancellation or termination of the Agreement.

The parties and the arbitrator shall maintain the confidentiality of the arbitration proceedings and shall not disclose to third parties:

- The substance of, or basis for, the controversy, dispute, or claim;
- The substance or content of any settlement offer or settlement discussions or offers associated with the dispute;
- The pleadings, or the content of any pleadings, or exhibits thereto, filed in any arbitration proceeding;
- 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 the Agreement shall prevent either party from applying to and obtaining from any court to which the Parties have consented to jurisdiction as set forth in the Agreement a temporary restraining order, preliminary or permanent injunction, or other equitable relief to safeguard and protect its intellectual property rights, trade secrets, and/or confidential information, including but not limited to enforcement of its rights under the Non-solicitation provisions of the Agreement.

#### **41. Liquidated Damages.**

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

- For IpPs at the "Paid As" rank petPro through Senior Director, liquidated damages shall be in the amount of his/her gross compensation that he/she earned pursuant to pawTree's Compensation Plan in the twelve (12) months immediately preceding the termination.
- For IpPs at the "Paid As" rank Executive Director through Vice President, liquidated damages shall be in the amount of his/her gross compensation that he/she earned pursuant to pawTree's Compensation Plan in the eighteen (18) months immediately preceding the termination.
- For IpPs at the "Paid As" rank One Star Vice President through 3 Star Vice President, liquidated damages shall be in the amount of his/her gross compensation that he/she earned pursuant to pawTree's Compensation Plan in the twenty-four (24) months immediately preceding the termination.

Gross compensation shall include commissions and bonuses earned by the IpP pursuant to pawTree's Compensation Plan as well as retail profits earned by IpP for the sale of pawTree merchandise. However, retail profits must be substantiated by providing the Company with true and accurate copies of fully and properly completed retail receipts provided by IpP to customers at the time of the sale.

The Parties agree that the foregoing liquidated damage schedule is fair and reasonable.

An IpP's "Paid As" rank is the rank or title at which they actually qualified to earn compensation under the pawTree Compensation Plan during a pay-period. For purposes of this Policy, the relevant pay-period to determine an IpP's "Paid As" rank is the pay-period during which the IpP's business is placed on suspension or terminated, whichever occurs first. The "Paid As" rank differs from the "Title Rank," which is the highest title or rank that a Consultant has ever achieved under the pawTree Compensation Plan.

#### **42. Damage Waiver.**

In any action arising from or relating to the Agreement, the parties waive all claims for incidental and/or consequential damages, even if the other party has been apprised of the likelihood of such damage. The parties further waive all claims to exemplary and punitive damages.

#### **43. Governing Law, Jurisdiction and Venue.**

Jurisdiction and venue of any matter not subject to arbitration shall reside exclusively in Dallas County, State of Texas, or the United States District Court for the District of Texas, residing in Dallas, Texas. The Federal Arbitration Act shall govern all matters relating to arbitration. The law of the State of Texas, without regard to principals of conflicts of laws, shall govern all other matters relating to or arising from the Agreement.

#### **44. Louisiana Residents.**

Notwithstanding the foregoing, and the arbitration provision set forth above, residents of the State of Louisiana shall be entitled to bring an action against pawTree in their home forum and pursuant to Louisiana law.

#### **45. Handling Personal Information.**

As an IpP, you will receive Personal Information from and about prospective IpPs, customers and other individuals. Keeping their Personal Information secure not only helps to ensure your compliance with the law, but it also helps you to maintain current customers' and potential customers' trust, which is an important factor in your success. Personal Information is information that identifies, or permits you to contact, an individual. It includes a customer's, potential customer's or other individual's name, address, email address, phone number, credit card information, and other information associated with these details, such as purchases.

## **WHEN FOR COLLECTING, USING & DISCLOSING PERSONAL INFORMATION**

Give the customer notice. Customers want to know why you are collecting their Personal Information and what you plan to do with it, so tell them what you are collecting, why and with whom you are going to share it. Tell them this before or at the time that you collect their Personal Information, and then be sure that you use and share Personal Information only in the ways you promised.

### **Collect only what you need.**

Collect only the Personal Information that you really need. Review the forms that you use to collect Personal Information and revise them to remove fields for information you do not need. Less is more. For example, don't collect a credit or debit card number unless your customer actually makes a purchase.

### **Give the customer control.**

Give customers a choice about how you communicate with them. For instance, find out if a customer wants to receive promotions and other marketing messages from you and, if so, whether he or she would prefer to receive them by email, phone or another method of communication. Respect the customer's wishes: if, for example, a customer tells you that he or she doesn't want to receive emails, then find another way to communicate with him or her.

### **Stay up-to-date.**

Keep the customers' Personal Information up-to-date. Remind them to let you know if their Personal Information changes. Keeping your contacts current helps you to stay in touch with them.

### **Your Back-Office.**

Your Back-Office may have information relating to your downline IpP's confidential information. You must not show this information to anyone, nor may you share your Back-Office access with anyone.

### **Share only if necessary.**

Don't share a customers' Personal Information unless you have a real business reason to do so—and then share only what is necessary, and no other information, and make sure that the other person agrees to use the Personal Information only in the ways you have agreed.

### **Be careful.**

A customer's information is a valuable asset. Don't communicate it to the general public or to anyone who doesn't have a legitimate need for it. Protect it from unauthorized access or disclosure.

### **Dispose of Personal Information responsibly.**

When you no longer need a customer's Personal Information, stop using it. Dispose of it in a way that makes it unreadable, such as by shredding paper documents.

### **Be very careful with debit and credit card numbers and other sensitive Personal Information.**

If sensitive Personal Information falls into the wrong hands, customers could become the victim of fraud or identity theft. Consider these steps to help reduce that risk:

- Pay attention to your surroundings and use good judgment whenever you need to discuss or transmit sensitive Personal Information;
- Do not share (or ask a customer to share) sensitive Personal Information, including payment information, in an unsecure way, such as by email;
- Keep sensitive Personal Information in a secure place, such as a locked drawer. Do not leave it lying around where someone could see or take it;
- Use similar safeguards if you keep sensitive Personal Information on your computer. For example, use passwords that are not easy to guess, install virus protections, and password protect documents that contain sensitive Personal Information;
- Avoid storing Personal Information on your laptop or another portable device that could be lost or stolen, unless the device is encrypted; and

- Unless you have a legitimate business need, do not keep sensitive Personal Information. Keeping it for longer than you need it creates unnecessary risk.