



Policies & Procedures

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Section 1. The Company.

Wine Retriever LLC DBA Scout & Cellar LLC (“Scout & Cellar” or the “Company”), a Texas Limited Liability Company, including its successors and assigns, is a federally licensed and bonded Texas winery.

Section 2. Policies and Procedures Incorporated Into Consultant Agreement

These Policies and Procedures in their current form and as amended from time to time in the sole discretion of the Company (the “Policies and Procedures”) are incorporated into and form a part of the Independent Consultant Agreement, which sets forth Scout & Cellar’s and the Consultant’s legal rights and obligations. In the Policies and Procedures when the term “Consultant Agreement” is used,” it refers to the enforceable agreement between the Company and each Consultant, which includes (a) the Terms and Conditions of the Scout & Cellar Independent Contractor Agreement; (b) these Policies and Procedures; and (c) the Scout & Cellar Compensation Plan. In the event of any conflict between the relevant Terms and Conditions of the Scout & Cellar Independent Contractor Agreement, on the one hand, and these Policies and Procedures, on the other hand, these Policies and Procedures shall control. Each Consultant is responsible for reading, understanding and following the most current version of these Policies and Procedures. When mentoring a Consultant or potential Consultant, the Mentor shall provide access to the most current version of these Policies and Procedures (including the Compensation Plan).

The Company may amend these Policies and Procedures at its discretion and will provide notice in the Consultant’s Tasting Room software portal. The amended Policies and Procedures will be effective thirty (30) days after notice is provided. Amendments shall not apply retroactively to conduct that occurred prior to the effective date of the amendment. Consultants’ continue participation in Scout & Cellar’s program, including marketing of the Company’s products and receiving commission payments, shall constitute acceptance of any changes or additions to the Policies and Procedures.

Section 3. Joining as a Consultant.

a. To become a Consultant, you must:

- i. Be 21 years of age or older;
- ii. Be a legal resident of the United States or the District of Columbia;
- iii. Have a valid Social Security number;
- iv. Not be in jail or in another correctional institution;
- v. Not have ever been convicted of a felony;
- vi. Not be a current employee, officer, director of Scout & Cellar and/or its affiliates or the spouse of the foregoing;
- vii. Complete and submit a Consultant Join Form that is accepted by the Company;
- viii. Purchase a Business Kit (except for residents of North Dakota, where the purchase of a Business Kit is optional);
- ix. Have a valid email address and valid credit card.

b. Term of Agreement and Renewal.

The term of the Consultant Agreement is one year from the date of enrollment, unless earlier terminated as provided herein. The Consultant Agreement will thereafter automatically renew for successive one-year terms unless either party notifies the other that it does not wish to renew the Consultant Agreement on the anniversary date.

c. Business Entities as Consultants.

A corporation, LLC, partnership or trust incorporated or organized in the United States or the District of Columbia and having its principal place of business in the same (hereinafter "Business Entity") may apply to be a Consultant. This Consultant business and position will remain temporary until all corporate and/or formation documents are submitted. Specifically, a Business Entity must submit a properly completed Business Entity Registration Form, a properly completed IRS Form W-9 and at least one of the following: Certificate of Incorporation, Articles of Organization, Partnership Agreement or relevant Trust documents. The Company must receive these documents within fourteen (14) days from the date the Consultant signed the Consultant Agreement and purchased a Business Kit, if applicable. If not received within such 14 day time period, the Consultant Agreement shall automatically terminate.

All Beneficial Owners of a Business Entity that enrolls as a Consultant (hereafter "Business Entity Consultant") shall be jointly and severally liable for, and shall indemnify and hold harmless Scout & Cellar from and against, any breach of the Consultant Agreement by that Business Entity or any indebtedness or other obligation to Scout & Cellar of such Business Entity.

All sales and mentorship activities of a Business Entity Consultant must be conducted only by the Beneficial Owners of the Business Entity; these activities cannot be conducted by persons (including employees, agents or contractors) who are not Beneficial Owners of the Business Entity.

A Business Entity Consultant that undergoes a change of Beneficial Ownership must comply with Section 13d or it may have its Consultant Agreement terminated.

A Business Entity Consultant may not use any trade name, business name or DBA that includes any Scout & Cellar trademark.

Subject to the above requirements and restrictions, a Consultant may change his/her/its status from a sole proprietorship to a corporation, limited liability company, partnership or trust, or from one type of Business Entity to another, by submitting a new Consultant Join Form and, if applicable, a Business Entity Registration Form. In addition, a Consultant may add her or his spouse to a sole proprietorship as a co-applicant to the Consultant's existing Consultant Agreement by submitting a new Consultant Join Form. In each such case, upon the Company's acceptance of the new Consultant Join Form and, if applicable, the Business Entity Registration Form, the Consultant's original Consultant Agreement will automatically terminate and be replaced and superseded by the newly formed Consultant Agreement. Note that none of the changes described above will permit a Consultant to change Mentors, except as specified in Section 7d, or to assign or transfer a Consultant Agreement except as specified in Section 13d below.

d. Independent Contractor Status:

Consultants shall not be treated as employees of Scout & Cellar for any purpose including,

without limitation, federal, state or local tax purposes or retirement benefits. Consultants are self-employed independent contractors not employees, agents, partners, legal representatives or franchisees of the Company. The Company shall not be required to make contributions for employment insurance or workers compensation. Consultants are fully responsible for paying all applicable federal and state withholding taxes related to their earnings. Consultants have no authority, either express or implied, to bind Scout & Cellar to any obligation. Consultants are solely responsible for paying all expenses incurred during the course of and assume the business risk in connection with their independent Scout & Cellar businesses. There is no guarantee that there is or will be a market for the Company's products or that Consultants will earn money.

e. Joining and Becoming Active

Once an applicant has submitted a correctly completed Consultant Join Form, purchased a Business Kit (except for residents of North Dakota), submitted any other documents that the Company may require, and Scout & Cellar has accepted and processed the Join Form, the Applicant will become a Consultant and will be assigned a Scout & Cellar Identification Number and Password.

- i. Consultant's ID number shall be used by the Consultant to identify herself or himself to the Company, place orders, structure organizations and track commissions and bonuses. A Consultant may provide the ID number to Members and potential Members to assist the Company in identifying and linking the Member or potential Member to that Consultant.
- ii. A Consultant uses her or his Password to access the Back Office website through which she or he can order products, access performance records, communicate with Members and downline Consultants.

Section 4. Consultant Benefits.

When an Applicant becomes a Consultant as set forth above, the Consultant is able to take advantage of the Program's benefits, which include the following:

- a. Sell Scout & Cellar products as described herein;
- b. Participate in the Compensation Plan (receiving Commissions and Bonuses, when and if eligible);
- c. Mentor other Consultants into the Program, build a Downline, and advance through the levels in the Compensation Plan;
- d. Receive information and communications from Scout & Cellar;
- e. Participate in Scout & Cellar's support, service, training, recognition and incentive programs for Consultants, upon payment of any applicable charges.

Section 5. Consultant Requirements and Restrictions

a. Business Kit

To become a Consultant, an Applicant must purchase a Business Kit when he or she submits a Consultant Join Form (except for residents of North Dakota, where the purchase of a Business Kit is optional). Consultants may return the Business Kit at any time within one year after joining Scout & Cellar and receive a refund of the purchase price (not including shipping costs and less a 10% restocking fee), provided the Business Kit is in currently marketable condition. (The one year limitation shall not apply to residents of Maryland, Massachusetts and Wyoming.) A Business Kit shall be in currently marketable condition if it is unopened and unused, and packaging and labeling has not been altered or damaged. Upon the Company's receipt of the returned Business Kit and confirmation that it is in currently marketable condition, the refund will be issued. Upon the return of a Business Kit pursuant to this Section 5a, the Consultant's Consultant Agreement shall automatically terminate.

A Montana resident may cancel his or her Consultant Agreement within 15 days from the date of enrollment, and may return his or her Business Kit within such time period and is entitled to a full refund (no restocking fee withheld) for the Business Kit and for any other consideration she or he paid in such time period to participate in the program.

b. Regulatory Considerations

The sale and transportation of wine is carefully controlled in the United States on both the state and federal levels. As a result, the Company must obtain various approvals, permits and licenses and do business in certain prescribed ways; to facilitate, the Company has developed procedures and guidelines, which must be followed by Consultants. Scout & Cellar, without exception, expects Consultants to adhere to the procedures and guidelines provided in the Legal Log in the Consultant Back Office, which will be updated from time to time as necessary. Scout & Cellar leadership works to stay informed of all legal and regulatory issues in the wine industry relating to its business. Any Consultant who fails to adhere to the procedures and guidelines provided by the Company is subject to immediate dismissal.

c. Consultant Status

An Applicant becomes a Consultant when her or his Join Form, or for a Business Entity, the Join Form and Federal Tax ID Number and additional corporate or business information, is accepted by Scout & Cellar. Consultants remain in the Program by renewing her or his Consultant Agreement on each anniversary date and the Company's acceptance of the same and by complying with the requirements in the Consultant Agreement.

d. Consultant Eligibility

Scout & Cellar reserves the right to accept or reject any Consultant Join Form for any reason in its sole discretion.

e. Spouses and Common Law Married Couples; Children Over 21:

Except as described in this 5e, spouses or common law married couples who wish to become Consultants must be jointly mentored as a single Consultant under a single Mentor using a single Social Security Number. Spouses and common law married couples may neither mentor each other directly or indirectly nor have different Mentors. Children over the age of twenty-one (21) residing with their parents who meet all of the eligibility requirements may have their own Scout & Cellar independent businesses. For information regarding the disposition of a Consultant Agreement and the independent Scout & Cellar business operated by a married couple upon divorce, see Section 13b.

The above provision prohibiting spouses from each having their own separate independent Scout & Cellar businesses is not applicable where two Consultants marry each other or where a spouse receives an independent Scout & Cellar business via inheritance.

f. Territory.

No Consultant shall claim or imply that she or he has ownership of, or exclusivity in, any particular geographic area, territory, market or region. There are no exclusive territories granted to any Consultant, and all Consultants have the full right to market and sell Scout & Cellar Products and otherwise conduct their Scout & Cellar independent businesses in all geographic areas and territories within the states to which Scout & Cellar is currently selling and shipping in accordance with the terms of the Consultant Agreement. Consultants may not market or sell Scout & Cellar Products outside the Active Market and may not conduct their Scout & Cellar independent businesses in any geographic area or territory outside the United States. For purposes of this Section 5f, the term "Active Market" means those municipalities, counties, and states within the United States in which wine may be sold and distributed by Scout & Cellar. Because the Active Market may change from time-to-time, please refer to the Legal Login of the Consultant Back Office.

g. Consultant Information.

Each Consultant is responsible for keeping her or his Consultant Information current and accurate, specifically including email contact information. Each Consultant may modify her or his Consultant Information, including address, email address and phone number. To change from a sole proprietorship to a business entity, or from one type of business entity to another, please refer to Section 3b. Without limitation of the foregoing, Business Entities that are Consultants must immediately report any changes in its Beneficial Ownership to the Company. A Consultant must submit relevant legal documentation in support of a name change request.

h. Actions of Household Members, Employees or Agents.

Each Consultant is responsible for the actions of her or his immediate household members, except for children over the age of twenty-one (21) that have their own Scout & Cellar independent businesses as contemplated by Section 5e. Each Business Entity Consultant is responsible for the actions of its owners, officers, directors, employees, contractors and

agents. If any such household member or such owner, officer, director, employee, contractor or agent engages in any activity which, if performed by the Consultant, would violate the Consultant Agreement, such activity will be deemed a violation by the Consultant and the Company may take remedial action pursuant to the Consultant Agreement and seek other appropriate remedies against such Consultant.

i. Income Taxes.

Each Consultant is responsible for paying all local, state, federal, and other taxes on any income earned from the sale of the Scout & Cellar Products and any payments or other monetary or non-monetary compensation under this Consultant Agreement. Scout & Cellar will provide an IRS Form 1099 MISC (non-employee compensation) earning statement to each Consultant who had compensation of \$600 or more in the previous calendar year or made purchases from Scout & Cellar during the previous calendar year in excess of \$5,000. Scout & Cellar will not withhold or make payments for social security, make unemployment insurance or disability insurance contributions, or obtain worker's compensation insurance on behalf of a Consultant.

j. Media Inquiries.

Consultants must not interact with the media regarding the Scout & Cellar business or products without authorization from the Company. All inquiries from the media, including radio, television, print, online, or any other medium, shall be directed to the Company.

Section 6: Consultant Responsibilities and Legal Considerations

a. Professional Conduct.

Consultants are expected to conduct themselves in a professional manner at all times and shall protect and promote and good reputation of Scout & Cellar through the following:

- i. Be forthcoming, transparent and professional and conduct Scout & Cellar business with integrity, understanding and respect.
- ii. Not engage in deceptive, misleading or unethical conduct or practices, including making statements, representations, guarantees or warranties, or publishing misleading or deceptive advertising materials about the Company, its products or the Program.
- iii. Refrain from making disparaging or misleading statements about Scout & Cellar, including but not limited to its employees, Consultants, employees, partners, products and Compensation Plan.
- iv. Not engaging in behaviors that fall outside the level of professional conduct, including, but not limited to, substance abuse; sexual harassment; verbal abuse; discrimination because of race, gender, religion or sexual orientation; hate or violence-inciting or driven activity; or fraudulent, misleading or deceptive conduct.

b. Reporting Policy.

Consultants that become aware that another Consultant has violated the Consultant Agreement should notify Scout & Cellar. Details of the occurrence should be included in the report if available.

c. Confidential Information, Non-Solicitation, and Competitive Businesses:

By completing and submitting the Consultant Agreement, the Consultant acknowledges that Business Reports, customer lists, Consultant names and contact information and other information, which may contain financial or business information, is confidential and proprietary and trade secrets belonging to Scout & Cellar and are confidential information (hereinafter "Confidential Information"). Consultants agree not disclose to any third party Confidential Information. A Consultant shall use the same level of care to protect Confidential Information that she or he uses to protect her or his own sensitive and proprietary information. A Consultant shall use Confidential Information only for the purposes of performing her or his obligations or exercising rights under her or his respective Consultant Agreement. A Consultant shall limit access to Confidential Information to only those persons who have a legitimate need to know such information in the performance of Consultant's rights and obligations under her or his respective Consultant Agreement. Each person who is given access to Confidential Information shall be bound by this confidentiality obligation. A Consultant shall be responsible for the acts and omissions of her or his respective employees, contractors, and agents with respect to such confidentiality obligations.

In order to avoid disruption to Scout & Cellar's business, each Consultant agrees that, during the term of her or his Consultant Agreement and following the termination of the Consultant Agreement, the Consultant shall only use the aforementioned Confidential Information for the purposes of operating her or his independent Scout & Cellar business and shall not use Confidential information to directly or indirectly:

- solicit any Scout & Cellar Member or Consultant for any other business or charitable purpose;
- solicit for employment, or solicit for engagement as an independent consultant or contractor, any Scout & Cellar Consultant, where such person was an Scout & Cellar Consultant at any time prior to the termination of the Consultant's Consultant Agreement; and
- promote, market or sell the products, services or programs offered by any competitive business to any Scout & Cellar Customer or Consultant. A business, program or activity is "competitive" if it involves or is related to the sale of products or services by independent consultants, contractors or distributors through direct selling business.

Consultants are free to participate in other direct selling programs. However, during the term of this Consultant Agreement and for one year thereafter, **with the exception of a Consultant's personally mentored Consultants,** a Consultant may not directly or indirectly recruit other Scout & Cellar Consultants for any other direct selling business. The term "recruit" means the direct or indirect, actual or attempted, mentorship, solicitation, enrollment, encouragement, or effort to influence in any other way, another Scout & Cellar Consultant to enroll or participate in another direct selling opportunity. This conduct constitutes recruiting even if the Consultant's actions are in response to an inquiry made by another Consultant.

If a Consultant is engaged in other non-Scout & Cellar business or competitive business, it is the responsibility of the Consultant to ensure that her or his independent Scout & Cellar business is

operated entirely separate and apart from all other businesses and/or competitive businesses, including at all Scout & Cellar-related events and on any Scout & Cellar-related materials or displays.

Consultants and the Company recognize that because network marketing is conducted through networks of independent contractors, and business is commonly conducted via the internet and telephone, an effort to narrowly limit the geographic scope of the foregoing provisions would render them wholly ineffective. Therefore, Consultants and Scout & Cellar agree that the provisions of this Section shall apply to the United States and the District of Columbia.

Consultant further agrees that the provisions contained in this Section are reasonable and necessary to protect the legitimate interests of the Company and that the Company would not have accepted the Consultant's Consultant Join Form in the absence of the Consultant's agreement to these provisions. Consultant agrees that the Consultant's breach or threatened breach of such provisions would cause the Company irreparable harm and significant injury, the amount of which would be extremely difficult to estimate and ascertain and thus making any remedy at law or in damages inadequate. Each Consultant therefore agrees that the Company shall be entitled, without the necessity of posting a bond or security, to the issuance of injunctive relief by any court or arbitrator of competent jurisdiction, enjoining any breach or threatened breach of the above provisions and for any other relief such court deems appropriate. The rights granted to the Company in this Section are in addition to any other remedy available to the Company at law or in equity.

d. Handling Personal Information.

If a Consultant receives Personal Information from or about prospective Consultants, Members, or customers, it is the Consultant's responsibility to maintain the security of such information. A Consultant should shred or irreversibly delete the Personal Information of others as soon as the Consultant no longer needs it. Personal Information is information that identifies, or permits a person or entity to contact, an individual. It includes an individual's name, address, email address, phone number, credit card information, social security or tax identification number and other information associated with these details.

e. No International Sale or Marketing:

Due to legal restrictions on the sale of alcohol, Scout & Cellar must limit the sale and marketing of the Scout & Cellar Products and the presentation of the Program to potential Customers and Consultants located in an Active Market (see Section 5f) within the 50 United States the District of Columbia. Scout & Cellar Products and Marketing Materials may not be shipped into or sold in any foreign countries, including Canada.

Section 7: Team Building and Training

a. Mentoring Other Consultants.

Consultants may mentor other persons to become Consultants. However, Consultants earn Commissions and Performance Bonuses in the Program only based on the sale of Products, not just from mentoring other Consultants. Once the potential Consultants have read and understood the Consultant Agreement, they may complete the Consultant Join Form by listing the Mentors' name and Identification Number.

b. Responsibilities of Mentors.

Mentors must present the Products and the Program to others in a manner that complies with the Consultant Agreement, including the requirements of these Policies and Procedures regarding business ethics. In addition, Mentors are responsible for helping, motivating, and training their Downlines.

c. Applicant Rights.

Because of mentoring ethics, Scout & Cellar encourages any new Consultant to enroll in the Program under the Mentor who introduced the Applicant to the Program. Every Consultant, however, has the right to choose who her or his Mentor will be. As such, if an individual asks to be registered under another Mentor prior to submitting the Consultant Join Form, Scout & Cellar reserves the right to honor such request. Notwithstanding the foregoing, if a Member desires to become a Consultant, she or he must either: (i) apply as a Consultant under the Consultant with whom she or he originally enrolled as a Member; or (ii) close her or his account and wait a total of ninety (90) days before enrolling as a Consultant with a different Mentor.

If two Consultants both claim to be the Mentor of an Applicant, Scout & Cellar shall regard the first Consultant Join Form received as the controlling Consultant Join Form and shall designate the Consultant listed as the Mentor on such Consultant Join Form as the Applicant's Mentor.

Scout & Cellar reserves the sole and exclusive right to determine the final disposition between Consultants regarding claims of Mentorship of another Consultant. As such, **CONSULTANTS WAIVE ANY AND ALL CLAIMS AGAINST THE COMPANY, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM THE COMPANY'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT IS IMPLICATED IN A DISPUTE BETWEEN CONSULTANTS**

d. Change of Mentor.

Consultants changing from one mentor to another is strongly discouraged. The only means by which a Consultant may legitimately change his/her mentor are by:

- Voluntarily canceling her or his Consultant Agreement in writing and remaining inactive for six (6) full calendar months. Following the six calendar month period of inactivity, the former Consultant may reapply under a new mentor. The Consultant will lose all rights to his/her former downline organization upon his/her cancellation; or
- Submitting a written request to the Company for a change of mentor. The Consultant requesting the transfer must also submit written and signed transfer authorization forms from her or his current mentor as well as the 1 Consultant immediately above such mentor.

In cases in which a Consultant has improperly changed her or his mentor, Scout & Cellar reserves the sole and exclusive right to determine the final disposition of the downline organization that was developed by the Consultant in her or his second line of mentorship. **CONSULTANTS WAIVE ANY AND ALL CLAIMS AGAINST SCOUT & CELLAR, ITS OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS THAT RELATE TO OR ARISE FROM SCOUT & CELLAR'S DECISION REGARDING THE DISPOSITION OF ANY DOWNLINE ORGANIZATION THAT DEVELOPS BELOW A CONSULTANT WHO HAS IMPROPERLY CHANGED MENTORS.**

Section 8: Ordering and Shipments

a. General Order Policies

Federal law requires a signature be obtained from an individual over the age of 21 for all wine shipments. Notes with a signature left for the common carrier cannot be accepted as a replacement for an individual signing for the shipment. Orders should be shipped to a business address for prompt, successful delivery and to protect the wine; Consultants are trained to advise their Members of this important practice. We cannot guarantee the condition of any wine if delivery is not made on the first delivery attempt. Orders that are not delivered on the initial attempt may be held in a facility that is not temperature controlled.

A Consultant shall not use another Consultant's or Member's credit card to join the Company or purchase the Product without the account holder's written permission. Such documentation must be kept by the Consultant indefinitely in the event the Company needs to refer to the same.

Regarding an order with an invalid or incorrect payment, the Company will attempt to contact the Consultant by phone, mail or e-mail in order to obtain another form of payment. If these attempts are unsuccessful after ten (10) business days, the order will be canceled.

Prices are subject to change without notice.

A Consultant or Member who is the recipient of an incorrect order must notify the Company within 14 (fourteen) calendar days from receipt of the order.

When a card processor forcibly reverses a credit card transaction, resulting in a return of funds to the cardholder, this is known as a chargeback. When Scout & Cellar receives a chargeback notice, the account in which the service was purchased is immediately blocked, and all related services in the account are terminated.

If a chargeback was requested inadvertently, a Consultant must contact the credit card provider and issue a chargeback reversal. Reversing the chargeback is the only way to restore a blocked account.

b. Non-Deliverable Orders.

In some cases, an order may be returned to the Company because the common carrier is unable to deliver it to the provided shipping address, which may happen because the Member or Consultant did not accept the order; the Member or Consultant was not available to accept delivery for the order, which requires an adult signature upon delivery; or the Member or Consultant provided incorrect shipping information.

When this happens, the Company will refund the cost of the order less of shipping and neither the Consultant nor her or his Upline will receive credit for the order.

Section 9: Return Process and Procedures

a. General.

All Members and Consultants who want to return Scout & Cellar Products for any reason must complete a Scout & Cellar Return Authorization Form. Items returned for which no refund is available will be

discarded. For information on how return adjustments may affect Qualifications, Commissions, and Performance Bonuses, refer to Section 11d.

Scout & Cellar reserves the right to review and terminate any Consultant Agreement for excessive or improper return activity.

b. Returns of Defective or Damaged Products:

In the event a Member or Consultant receives a defective or damaged shipment of wine, she or he may contact the Support and Service Department within thirty (30) days from the date of the order. Scout & Cellar will, at the option of the Member or Consultant: (i) ship replacements for any damaged or defective items to the Member or Consultant at no additional charge if replacements are available; or (ii) provide a refund or credit of 100% of the amounts paid for the items, including purchase price, sales tax, and shipping and handling charges. The determination of whether the product was defective at the time of shipment shall be made by the Company in its sole discretion.

c. Returns Under the Satisfaction Guarantee Policy

If a Member or Consultant is not satisfied with a Scout & Cellar wine, she or he may contact the Support and Service Department within sixty (60) days from the date of order for a 100% credit to be used at Scout & Cellar for the amount paid (less applicable shipping charges, taxes and fees).

Section 10: Advertising Policies

a. Consultant-Created Advertising and Sales Tools

Consultants are permitted to create their own advertising materials, promotional materials, and sales aids (collectively "sales tools") to promote the Scout & Cellar opportunity and products only as provided in this Section 10a.

To ensure that any Sales Tools that a Consultant creates or uses a) are not deceptive, b) contain only substantiated claims, and c) properly identify Scout & Cellar's trademarks and copyrights, all Sales Tools that a Consultant creates or has created on his/her behalf must be submitted to the Company for review. Such Sales Tools may only be used or displayed to the public if the Consultant receives written approval from the Company. Consultants who receive written authorization from Scout & Cellar to produce and publish Sales Tools may make approved Sales Tools available to other Consultants free of charge if they wish, but may not sell the Sales Tools to other Consultants. Any sale or attempt to sell Sales Tools to another Consultant will result in the termination of the offending Consultant's Consultant Agreement. Scout & Cellar reserves the right to rescind approval for any previously approved Sales Tool(s), **and Consultants waive all claims against Scout & Cellar, its officers, directors, owners, employees, and agents for damages, expenses, costs, or remuneration of any other nature arising from or relating to such rescission.**

At Scout & Cellar's discretion, approved Sales Tools will be made available for use by other Consultants, free of charge, by including the same in each Consultant's Back Office. **A Consultant who has created an approved Sales Tool grants Scout & Cellar and other Consultants an irrevocable and royalty-free license to use the Sales Tools for Scout & Cellar business purposes, and waives all claims, including but not limited to intellectual property rights claims, and/or claims for remuneration against Scout &**

Cellar, its officers, directors, owners, agents, and other Independent Consultants for the posting and/or use of the Sales Tools.

b. Labeling, Packaging and Display of Scout & Cellar Products

Consultants may not re-label, re-package, refill or alter labels of any Scout & Cellar package or merchandise, information, materials or program in any way. Any such repackaging or relabeling violates federal and state law, which may result in criminal or civil penalties.

Consultants may not cause Scout & Cellar product or trade names to be sold or displayed in a retail establishment, including restaurants and trade shows, except upon the prior written approval from the Company.

Consultants are strictly prohibited from reselling wine directly to Members or anyone else. All customer and Member purchases are directly fulfilled by Scout & Cellar.

c. Use of Company Names and Protected Materials

Consultants must protect and promote the good reputation of Scout & Cellar. The marketing and promotion of Scout & Cellar, the Scout & Cellar opportunity, the Compensation Plan, and Scout & Cellar products will be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct and practices.

All promotional materials supplied or created by the Company must be used in their original form and cannot be changed, amended or altered except upon prior written approval from Scout & Cellar.

The name of Scout & Cellar, each of its product offerings and other names that have been adopted by Scout & Cellar in connection with its business are proprietary trade names, trademarks and service marks of the Company. As such, these marks are of great value to Scout & Cellar and are supplied to Consultants for their use only in an expressly authorized manner.

Consultant's use of the name "Scout & Cellar" and/or "clean-crafted" is restricted to protect Scout & Cellar's proprietary rights so that the Company's protected names will not be compromised by unauthorized use. Use of "Scout & Cellar", "clean-crafted", or any derivative of either of these on any item not produced by the Company is prohibited except when the Consultant describes herself or himself as a "Scout & Cellar Consultant" or "S&C Consultant."

Further guidelines relating to the use of the Scout & Cellar name are as follows:

- i. All stationary (e.g. thank-you cards, letterhead, envelopes, and business cards) must include the specific Scout & Cellar logo provide by the Company.
- ii. Consultants may not use the name "Scout & Cellar" in answering her or his telephone, creating a voice message or using an answering service; but they may state, "Scout & Cellar Independent Consultant" or "Independent Scout & Cellar Consultant".
 - i. Particular photos and graphic images created or used by Scout & Cellar in its advertising, marketing packaging and websites are the result of paid contracts with outside vendors that do not extend to Consultants. Consultants must first receive written permission to use these images.

- ii. Consultants shall not appear on or make use of television or radio or use other media to promote or discuss Scout & Cellar without prior written permission from the Company.
- iii. Consultants may not produce for sale or distribution any Company event or speech, nor may a Consultant reproduce Scout & Cellar audio or video clips for sale or for personal use without prior written permission from the Company.
- iv. Scout & Cellar reserves the right to rescind its prior approval of any sales aid or promotional material to comply with changing laws and regulations and may request the removal from the marketplace of such materials without financial obligation to the impacted Consultant.
- v. Consultants shall not promote non-Scout & Cellar products or services in conjunction with Scout & Cellar products on the same websites or same advertisement without prior approval from the Company.

d. Income Claims

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

e. Compensation Plan Claims

When presenting or discussing the Scout & Cellar Compensation Plan, Consultants must make it clear to prospects that financial success in Scout & Cellar requires commitment, effort, and sales skill. Conversely, a Consultant must never represent that one can be successful without diligently applying themselves. Examples of misrepresentations in this area include, but are not limited to:

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

The above are just examples of improper representations about the Compensation Plan and the Scout & Cellar opportunity. It is important that Consultants do not make these, or any other representations,

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

f. Social Networking and Social Media:

Scout & Cellar encourages Consultants to join social media sites, online forums, discussion groups, blogs, and other forms of internet communication to leverage the power of the Scout & Cellar brand and to share the story of the Scout & Cellar Products and the Program. Online social media sites may be used to drive traffic to Consultants' replicated websites or to the Scout & Cellar website. Social media sites include such sites as Facebook, LinkedIn, Twitter, Instagram, etc.

Social media sites may be used to offer or refer Scout & Cellar Products and memberships. Profiles a Consultant generates in any social community where Scout & Cellar or the Program are discussed or mentioned must clearly identify the Consultant as an Independent Consultant, and when a Consultant participates in those communities, Consultants must avoid inappropriate conversations, comments, images, video, audio, applications or any other adult, profane, discriminatory or vulgar content. The determination of what is inappropriate is in Scout & Cellar's sole discretion, and offending Consultants will be subject to disciplinary action. If a link is provided, it must link to the posting Consultant's replicated website or to a Consultant's independent website that has been approved in writing by the Company.

Consultants may not use blog spam, spamdexing or any other mass-replicated methods to leave blog comments. Comments Consultants create or leave must be useful, unique, relevant, and specific to the blog's article.

Consultants who use social media sites must also comply with the rules associated with that particular website or network. For example, some sites prohibit users from advertising products or promoting financial opportunities. Federal and state agencies have established guidelines and rules for what may and may not be communicated and even a Consultant's personal experience may not conform to these regulatory guidelines. Consultants who provide testimonials on social networking sites and otherwise on the internet are responsible for ensuring that their testimonials comply with all applicable laws and regulations. Among other things, Consultants shall not: (i) make any specific income claim that others may realize as a Consultant; or (ii) make any guarantee of success. Consultants may describe, in general terms, the positive impact of Scout & Cellar on their lifestyle. Any testimonial and any general income claim posted by a Consultant must include the appropriate disclaimer, which are provided in the Back Office.

In addition to the foregoing general provision, the Company's specific policies regarding Social Networking and Social Media are as follows:

Consultants Are Responsible for Postings

Consultants are personally responsible for their postings and all other online activity that relates to the Company. Even if a Consultant does not own or operate a blog or social media site, if a Consultant posts to any such site that relates to Scout & Cellar or which can be traced to the Company, the Consultant is responsible for the posting. Consultants are also responsible for postings which occur on any blog or social media site that the Consultant owns, operates or controls.

Identification as a Scout & Cellar Consultant

Consultants must disclose their full names on all social media postings, and conspicuously identify themselves as Scout & Cellar Independent Consultants. In addition to the foregoing, Consultants may use the Scout & Cellar Independent Consultant logo in social networking profiles. The Scout & Cellar Independent Consultant logo is available in the Back Office. Anonymous postings or use of an alias is prohibited.

Deceptive Postings

Postings that are false, misleading or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the Scout & Cellar Products, the Program, and/or Consultant biographical information and/or credentials.

Use of Third Party Intellectual Property

If Consultants use the trademarks, trade names, service marks, copyrights, or intellectual property of any third party in any posting, it is solely their responsibility to ensure that they have received the proper license to use such intellectual property and pay the appropriate license fee. All third party intellectual property must be properly referenced as the property of the third party, and Consultants must adhere to any restrictions and conditions that the owner of the intellectual property places on the use of its property.

Privacy

Consultants must respect the privacy of others and be thoughtful and courteous in their postings.

Professionalism

Consultants must conduct themselves with professionalism on social media sites. Consultants must ensure that their postings are truthful and accurate. Consultants should also carefully check their postings for spelling, punctuation, and grammatical errors. Social media sites are not proper forums to publish grievances or take retaliatory action. Report negative posts to the Company.

Prohibited Postings

Consultants shall not make any posting, or link to any posting or other material, that:

- Is sexually explicit, obscene or pornographic;
- Is 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 solicitous of any unlawful behavior;
- Engages in personal attacks on any individual, group, or entity;
- Is in violation of any intellectual property rights of the Company or any third party; or
- Is not consistent with the standards set forth in these Policies and Procedures.

Social Media Sites with Website-like Features

Scout & Cellar reserves the sole and exclusive right to classify certain social media sites as websites and require that Consultants using, or who wish to use, such sites adhere to the Company's policies relating to Independent Websites.

Termination of the Consultant Agreement

If a Consultant Agreement is terminated for any reason, the Consultant must discontinue using the Scout & Cellar name, all of the Company Trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and on all social media sites that she or he utilizes. If the Consultant posts on any social media site on which she or he has previously identified herself or himself as a Consultant, she or he must conspicuously disclose that she or he is no longer a Scout & Cellar Independent Consultant.

Independent Websites

Scout & Cellar provides Consultants with their own replicated websites from which they can market Scout & Cellar Products and the Program.

However, if a Consultant wishes to develop their own independent website to promote Scout & Cellar, the Products or the Program, they may do so if and only if they first receive written permission from the Company; simultaneous with or before requesting such written permission, the Consultant must submit proof that the website has been reviewed by outside counsel and that it complies with these Policies and Procedures and all applicable laws and regulations.

g. Unsolicited Emails and Other Communications

A Consultant may not use or transmit unsolicited mass e-mail distribution, unsolicited e-mail or engage in "spamming" in connection with the advertising, promotion or sale of Scout & Cellar Products or the Program, or the operation of her or his independent Scout & Cellar business. The term "unsolicited e-mail" mean the transmission via electronic mail of any material or information to any person on an unsolicited basis. The exceptions to this prohibition are e-mail to: (i) any person who gave the Consultant prior consent to send such e-mail; or (ii) any person with whom the Consultant has an established business or personal relationship. Any e-mail sent by or for a Consultant advertising or promoting the Company's Products, the Program or the Consultant's independent Scout & Cellar business must comply with requirements applicable to commercial e-mailers found in the Controlling the Assault of Non-Solicited Pornography and Marketing Act ("CAN-SPAM") and the related FTC regulations, and any other applicable laws and regulations.

Without limiting the preceding paragraph, any e-mail sent by a Consultant advertising or promoting the Scout & Cellar Products, the Program or the Consultant's independent Scout & Cellar business must meet all of the following requirements:

- the e-mail must clearly identify the Consultant as the sender of the e-mail and as a Scout & Cellar Independent Consultant;
- there must be a functioning return e-mail address to the sender;
- there must be a notice in the e-mail that advises the recipient that she or he may reply to the e-mail via the functioning return e-mail address to request that future e-mail solicitations or correspondence not be sent to her or him (a functioning "opt-out" notice);

- the e-mail must include the Consultant’s physical mailing address;
- the e-mail must clearly and conspicuously disclose that the message is an advertisement or solicitation;
- the use of deceptive subject lines and/or false header information is prohibited; and
- all “opt-out” requests, whether received by e-mail or regular mail, must be honored.

Scout & Cellar may periodically send commercial e-mails on behalf of Consultants and Consultants agree that Scout & Cellar may send such e-mails and that the Consultants’ physical and e-mail addresses may be included in such e-mails as outlined above.

h. Telemarketing Limitations

Consultants must not engage in telemarketing in relation to the operation of the Consultant's business. The term “telemarketing” means the placing of one or more telephone calls to an individual or entity to induce the purchase of the Company's Products, or to recruit them for the Company's Program.

The Federal Trade Commission (“FTC”) and the Federal Communications Commission (“FCC”) each have laws that restrict telemarketing practices. Both federal agencies, as well as a number of states, have “do not call” regulations as part of their telemarketing laws.

While a Consultant may not consider himself or herself a “telemarketer” in the traditional sense, these regulations broadly define the term “telemarketer” and “telemarketing” so that the unintentional action of calling someone whose telephone number is listed on the federal “Do Not Call” registry could cause the Rep to violate the law. These regulations must not be taken lightly, as they carry significant penalties (up to \$11,000 per violation).

“Cold calls” or “state-to-state calls” made to prospective Members or Consultants that promote either Scout & Cellar Products or the Scout & Cellar Program is considered telemarketing and is prohibited.

i. Exceptions to Telemarketing Regulations

A Consultant may place telephone calls to prospective Members or Consultants under the following limited situations:

- i. If the Consultant has an established business relationship with the prospect;
- ii. In response to a personal inquiry or application regarding the Scout & Cellar Program or Scout & Cellar’s products, within three (3) months immediately before the date of such a call;
- iii. If the Consultant receives written and signed permission from the prospect authorizing the Consultant to call;
- iv. If the call is to family members, personal friends, and acquaintances. However, if a Consultant makes a habit of collecting business cards from everyone he/she meets and subsequently calls them, the FTC may consider this a form of telemarketing that is not subject to this exemption;
- v. Consultants engaged in calling “acquaintances,” must make such calls on an occasional basis only and not as a routine practice;

A Consultant shall not use automatic telephone dialing systems in the operation of his or her independent Scout & Cellar business.

Failure to abide by these policies or regulations as set forth by the FTC and FCC regarding telemarketing may lead to sanctions against the Consultant's business, up to and including termination of said business.

j. Testimonial Permission

By signing the Consultant Agreement, a Consultant gives the Company permission to use his or her testimonial or image and likeness in corporate sales materials, including but not limited to print media, electronic media, audio and video. In consideration of being allowed to participate in the Scout & Cellar Program, a Consultant waives any right to be compensated for the use of his or her testimonial or image and likeness even though Scout & Cellar may be paid for items or sales materials containing such image and likeness. In some cases, a Consultant's testimonial may appear in another Consultant's advertising materials. If a Consultant does not wish to participate in the Company's sales and marketing materials, she or he should provide a written notice to the Company to ensure that her or his testimonial or image and likeness will not be used in any corporate materials, corporate recognition pieces, advertising or recordings of annual events.

Section 11: Compensation Plan 3

a. Bonus and Commission Qualifications

A Consultant must be active and in compliance with these Policies and Procedures to qualify for bonuses and commissions. So long as a Consultant complies with the Terms of the Consultant Agreement, the Company shall pay commissions to such Consultant in accordance with the Compensation Plan.

- i. Scout & Cellar will not issue a payment to a Consultant without the receipt of a completed and signed Consultant Agreement and Electronic Authorization.
- ii. Scout & Cellar reserves the right to postpone bonus and commission payments until such time the cumulative amount exceeds \$25.

b. Computation of Commissions and Discrepancies

- i. In order to qualify to receive commissions and bonuses, a Consultant must be in good standing and comply with the Terms of the Consultant Agreement. Commissions, bonuses, overrides, and achievement levels are calculated each month.
- ii. A Consultant must review his or her monthly statement and bonus/commission reports promptly and report any discrepancies within thirty (30) days of receipt. After the thirty-day "grace period," no additional requests will be considered for commission recalculations.
- iii. For additional information on payment of commissions, please review the Compensation Plan.

c. Payment Processing

Scout & Cellar uses an independent third-party payment processor ("Payment Processor") to pay Commissions and Performance Bonuses earned by Consultants through the Compensation Plan. The Payment Processor will set up an account for Consultants (an "S&C Account") and will deposit monies owed to Consultants into their S&C Accounts. With the exception of certain Performance Bonus

payments made on an exception basis, all Commissions or Performance Bonuses that Consultants may earn will be paid through this program. However, this payment processing service may be terminated or modified by the Company or the Payment Processor at any time upon notice as specified in these Policies and Procedures. CONSULTANTS WAIVE ANY AND ALL CLAIMS AGAINST THE COMPANY THE PAYMENT PROCESSOR AND THEIR OFFICERS, DIRECTORS, OWNERS, EMPLOYEES, AND AGENTS IN THE EVENT THAT THE COMPANY AND/OR ITS PAYMENT PROCESSOR MAKE AN ERROR THAT RESULTS IN AN UNDERPAYMENT OR OVERPAYMENT TO A CONSULTANT, AND EACH CONSULTANT AUTHORIZES THE COMPANY, THROUGH THE PAYMENT PROCESSOR, TO DEBIT OR CREDIT HER OR HIS ACCOUNT AS NECESSARY TO CORRECT ERRORS.

d. Return Adjustments

When a product is returned to Scout & Cellar for a refund, the qualifications, Commissions, and Performance Bonuses attributable to the returned product(s) will be deducted from the Consultant's current and future qualifications, Commissions, and Performance Bonuses. These deductions will be made in the month in which the refund was given and will continue every Commission Period thereafter until the Commissions and Performance Bonuses are recovered from the Consultant who received the Commissions and Performance Bonus on the sale of the returned product. In the event any Consultant terminates her or his Consultant Agreement and the amounts of the Commissions and Performance Bonuses attributable to the returned product(s) have not yet been fully recovered by Scout & Cellar, the remainder of the outstanding balance may be set off against any earnings amounts owed to the terminated Consultant. Scout & Cellar reserves the right to review and terminate any account for consistently excessive or improper return activity associated with non-defective Product.

Section 12: Disciplinary Measures, Termination and Suspension

3

a. Disciplinary Measures.

Violation of the Consultant Agreement, 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 Consultant 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 Consultant's independent Scout & Cellar business), may result, at Scout & Cellar's discretion, in one or more of the following corrective measures:

- Issuance of a written warning or admonition;
- Requiring the Consultant to take immediate corrective measures;
- Scout & Cellar may withhold from a Consultant all or part of the Consultant's bonuses and commissions during the period that Scout & Cellar is investigating any conduct allegedly in violation of the Consultant Agreement. If a Consultant's independent Scout & Cellar business is canceled for disciplinary reasons, the Consultant will not be entitled to recover any commissions withheld during the investigation period;

- Suspension of the individual's Consultant Agreement and independent Scout & Cellar business for one or more pay periods (without pay);
- Involuntary termination of the offender's Consultant Agreement;
- Suspension and/or termination of the Consultant's Scout & Cellar website or website access; or
- Any other measure expressly allowed within any provision of the Consultant Agreement or which Scout & Cellar deems practicable to implement and appropriate to equitably resolve injuries caused partially or exclusively by the Consultant's policy violation or contractual breach.

In situations deemed appropriate by Scout & Cellar, the Company may institute legal proceedings for monetary and/or equitable relief.

b. Involuntary Cancellation.

A Consultant's violation of any of the terms of the Consultant Agreement, including any amendments that may be made by Scout & Cellar in its sole discretion, may result in any of the sanctions listed in Section 12a above, including the involuntary cancellation of his or her Consultant Agreement. Cancellation shall be effective on the date on which written notice is mailed, emailed, faxed, or delivered to an express courier, to the Consultant's last known address, email address, or fax number, or to his or her attorney, or when the Consultant receives actual notice of cancellation, whichever occurs first.

Scout & Cellar reserves the right to terminate all Consultant 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.

c. Cancellation For Inactivity.

If a Consultant fails to earn a commission for **six** consecutive months, such Consultant's Consultant Agreement and independent Scout & Cellar business will be cancelled for inactivity. If such a Consultant is also enrolled in a Scout & Cellar wine club, the Consultant's participation in that program shall continue pursuant to the terms of that program (unless the Consultant also specifically requests that her or his enrollment in that program also be canceled), and the former Consultant shall be reclassified as a Member.

d. Voluntary Cancellation.

A participant in this direct selling plan has a right to cancel at any time, regardless of reason. Cancellation must be submitted in writing to the Company at its principal business address or by cancelling the Consultant Agreement through the Back Office. If written notice is given, it must include the Consultant's signature, printed name, address, and Consultant I.D. Number. If such a Consultant is also enrolled in a Scout & Cellar monthly wine purchasing program, the Consultant's participation in that program shall continue pursuant to the terms of that program unless the Consultant also specifically requests that her or his enrollment in that program also be canceled. A former Consultant who continues her or his participation in a monthly wine purchasing program shall be reclassified as a Member. **A Consultant may also voluntarily cancel her or his Consultant Agreement by failing to renew the agreement on its annual anniversary date or by withdrawing consent to contract electronically.**

e. Effect of Cancellation.

A Consultant whose Consultant Agreement is cancelled for any reason will lose all Consultant rights, benefits and privileges. This includes the right to represent herself or himself as an Independent Scout & Cellar Consultant, to sell Scout & Cellar products and services and the right to receive commissions, bonuses, or other income resulting from her or his own sales and the sales and other activities of the Consultant and the Consultant's former downline sales organization. There is no whole or partial refund for Business Kits that are not currently marketable, Back-Office, Replicated Website or renewal fees if a Consultant's Consultant Agreement is cancelled.

f. Indemnification.

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

Section 13: Miscellaneous 3

a. Transfer of Consultant Agreement Upon Death or Incapacity.

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

- Execute an Independent Consultant Agreement;
- Comply with the terms and provisions of the Agreement;
- Meet all of the qualifications for the deceased Consultant's Rank in the Compensation Plan; and
- Engage in the roles and responsibilities corresponding with the Rank of the deceased Consultant.

The devisee(s) must provide Scout & Cellar 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. Scout & Cellar will issue all bonus and commission payments and one 1099 to the business entity.

Note that only Scout & Cellar businesses that have achieved the Rank of Executive Manager or above may be transferred pursuant to this policy. If the deceased or incapacitated Consultant was at a lesser Rank upon his or her death or incapacity, the Consultant Agreement shall automatically terminate.

- **Transfer Upon Death of a Consultant:** To effect a testamentary transfer of a Scout & Cellar business, the executor of the estate must provide the following to Scout & Cellar: (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 Scout & Cellar specifying to whom the business and income should be transferred.
- **Transfer Upon Incapacitation of a Consultant:** To effectuate a transfer of a Scout & Cellar business because of incapacity, the successor must provide the following to Scout & Cellar: (1) a copy of the appointment of the trustee; (2) written instructions from the trustee instructing how the proceeds from the business should be paid; and (3) a completed Consultant Agreement executed by the trustee.

b. Business Distribution Upon Divorce.

Scout & Cellar is not able to divide bonuses or commissions among multiple parties, nor is it able to divide a downline organization. Consequently, in event a Consultant is divorces her or his spouse, any settlement or divorce decree must award the business in its entirety to one party. Scout & Cellar will recognize as the owner of the business the former spouse to whom the business is awarded pursuant to a legally binding settlement agreement or decree of the court. The former spouse who receives the Scout & Cellar business must also execute and submit a Scout & Cellar Consultant Join Form within 30 days from the date on which the divorce becomes final or the business will be cancelled. The other spouse may immediately enroll as a Consultant under the mentor of her or his choice; she or he need not observe the six month waiting period set forth in Section 7d above.

c. Dissolution of a Business Entity.

Scout & Cellar 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 is enrolled as a Business Entity Consultant dissolves, the owners of the business entity must instruct the Company on the identity of the proper party who is to receive and operate the independent Scout & Cellar business of the Business Entity Consultant. Such an independent Scout & Cellar business shall be awarded to a single individual or entity that was previously recognized by the Company as an owner of the business entity; Scout & Cellar will not divide the business among multiple parties or issue separate commission or bonus payments. If the business entity wishes to sell or transfer its independent Scout & Cellar business, it must do so pursuant to Section 13d below. In addition, the recipient of the independent Scout & Cellar business must also execute and submit a Consultant Join Form to the Company within 30 days from the date of the dissolution of the business entity or the subject independent Scout & Cellar business will be cancelled.

d. Sale or Transfer of an Independent Business.

Consultants in good standing who wish to sell or transfer their independent Scout & Cellar businesses must receive the Company's prior written approval before the business may be transferred. Requests to transfer a business must be submitted in writing to the Company. It is within Scout & Cellar'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. The buyer of business must

complete a Consultant Join Form before the transfer will be finalized by Scout & Cellar. Prior to transferring an independent Scout & Cellar business to a third party, the Consultant must offer Scout & Cellar 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.