

# HALE POLICIES AND PROCEDURES (US)

Effective: October 20, 2017, amended as of May 7, 2018

## 1.0 INTRODUCTION

### 1.1 Mutual Commitment Statement

Tree of Life BioSciences, LLC, a Colorado limited liability company, d/b/a HALE, (hereafter as “Company” and “the Company”) recognizes that in order to develop a long-term and mutually rewarding relationship with its independent salesforce (“Associates”) and Customers, HALE and its Associates must acknowledge and respect the true nature of the relationship and support the Customers.

- A. In the spirit of mutual respect and understanding, Company is committed to:
  - I. Provide prompt, professional, and courteous service and communications to all of its Associates and Customers;
  - II. Provide the highest level of quality products, at fair and reasonable prices;
  - III. Exchange or refund the purchase price of any product, service or membership as provided in our *Return Policy*.
  - IV. Deliver orders promptly and accurately;
  - V. Pay commissions accurately and on a timely basis;
  - VI. Expedite orders or checks if an error or unreasonable delay occurs;
  - VII. Roll out new products and programs with Associate input and planning;
  - VIII. Implement changes in the Compensation plan or Policies and Procedures that affect the Associate with input from the Associates;
  - IX. Support, protect, and defend the integrity of the Company Business Opportunity;
  - X. Offer Associates an opportunity to grow with Company with such growth guided by the principles of Servant Leadership.

- B. In return, Company expects that its Associates will:
- I. Conduct themselves in a professional, honest, and considerate manner;
  - II. Present Company corporate and product information in an accurate and professional manner;
  - III. Present the Compensation Plan and Return Policy in a complete and accurate manner;
  - IV. Not make exaggerated income claims;
  - V. Make reasonable effort(s) to support and train Associates and Customers in their downline;
  - VI. Not engage in cross-line recruiting, unhealthy competition, or unethical business practices;
  - VII. Provide positive guidance and training to Associates and Customers in their downline while exercising caution to avoid interference with other downlines. As such, an Associate is discouraged from providing cross-line training to an Associate or Customer in a different organization without first obtaining consent of the Associate's or Customer's upline leader;
  - VIII. Support, protect, and defend the integrity of the HALE Business Opportunity;
  - IX. Accurately complete and submit the Associate Agreement and any requested supporting documentation in a timely manner.

## **1.2 Company Policies and Compensation Plan Incorporated into the Associate Agreement**

- A. Throughout these Policies, when the term "Agreement" is used, it collectively refers to the Company Agreement, these Policies and Procedures, and the Company Compensation plan.
- B. It is the responsibility of the Sponsoring Associate to provide the most current version of these Policies and Procedures (available on the Company website, [www.Hale-Life.com](http://www.Hale-Life.com)) and the Company Compensation plan to each applicant prior to his, her and/or its execution of an Associate Agreement.

### 1.3 Purpose of Policies

- A. HALE is a direct sales company that markets products and services through a network of sales representatives. To clearly define the relationship that exists between Associates and Company, and to explicitly set a standard for acceptable business conduct, Company has established these Policies and Procedures.
- B. HALE Associates are required to comply with: (i) all of the Terms and Conditions set forth in the Associate Agreement, which Company may amend from time to time in its sole discretion; (ii) all federal, state, and/or local laws governing his, her and/or HALE's business; and (iii) these Policies and Procedures. **State Specific Provisions applicable to Associates residing in the following States and U.S. Territories are attached as Addendum B; Associates residing in these states should review Addendum B for cancellation and repurchase rights specific to residents of their States and Territories; Georgia residents are additionally entitled to statutory Disclosures described in Addendum B:**
- Georgia, Louisiana, Maryland, Massachusetts, Montana, Nebraska, Oklahoma, South Dakota, Tennessee, Texas, Washington, Wyoming, U.S. Territory of Guam, U.S. Territory of Puerto Rico.**
- C. HALE Associates must review the information in these Policies and Procedures carefully. Should an Associate have any questions regarding a policy or rule, the Associate is encouraged to seek an answer from their Sponsor or any other upline Associate. If further clarification is needed the Associate may contact HALE Customer Service.

### 1.4 Changes, Amendments, and Modifications

- A. Because federal, state, and local laws, as well as the business environment, periodically change, HALE reserves the right to amend the Agreement and the prices in its HALE Product Price List in its sole and absolute discretion without notification. ***This provision does NOT apply to the arbitration clause found in Section 13, which can only be modified via mutual consent.***
- B. Any such amendment, change, or modification shall be effective immediately upon notice by one of the following methods:
- I. Posting on the official HALE website;
  - II. Electronic mail (e-mail); or

- III. In writing through the HALE newsletters or other HALE communication channels.

## **1.5 Delays**

HALE shall not be responsible for delays or failures in performance of its obligations when such failure is due to circumstances beyond its reasonable control. This includes, without limitation, strikes, labor difficulties, transportation difficulties, riot, war, fire, and/or weather, curtailment of a source of supply, or government decrees or orders.

## **1.6 Effective Date**

These Policies and Procedures became effective as of October 20, 2017.

## **2.0 BASIC PRINCIPLES**

### **2.1 Becoming a Company Associate**

- A. To become an Associate, an applicant must comply with the following requirements:
  - I. Be of the age of majority (not a minor) in his or her state of residence;
  - II. Reside or have a valid address in the United States or U.S. territory;
  - III. Have a valid taxpayer identification number (i.e., Social Security Number, Federal Tax ID Number, etc.);
  - IV. Submit a properly completed and signed Associate Agreement to Company, comply with product restrictions applicable to state of residence;
  - V. Not be a Company employee.

### **2.2 New Associate Registration**

A potential new Associate may self-enroll on the Sponsor's website, HALE will accept the web-enrollment and Associate Agreement by accepting the "electronic signature" stating the new Associate has accepted the Terms and Conditions of such Associate Agreement. Please note that such electronic signature constitutes a legally binding agreement between the Associate and HALE.

### **2.2.1 New Associate Cancellation**

New Associates may return the enrollment kit for a 100% refund within ten (10) days of the order date. Any product purchases made within the first ten (10) days of enrolling is subject to the HALE Return Policy.

### **2.3 Rights Granted**

- A. HALE hereby grants to the Associate a non-exclusive right, based upon the Terms and Conditions contained in the Associate Agreement and these Policies and Procedures, to:
  - I. Purchase products and services;
  - II. Promote and sell HALE products and services; and
  - III. Sponsor new Associates and Customers.

### **2.4 Identification Numbers**

- A. Each Associate is required to provide his or her Social Security Number, or Federal Tax Identification Number, if located in the United States or any of its territories, to Company on the Associate Agreement. HALE reserves the right to withhold commission payments from any Associate who fails to provide such information or who provides false information.
- B. Upon enrollment, HALE will provide a HALE Identification Number to the Associate. This number will be used to place orders, structure organizations, and track commissions and bonuses.

### **2.5 Renewals and Expiration of the Associate Agreement**

- A. There will be an annual renewal fee in the amount of \$49 assessed at each anniversary of the execution of the Associate Agreement. If the Associate allows his or her Associate Agreement to expire due to nonpayment, the Associate will lose any and all rights to his, her or its downline organization unless the Associate re-activates within sixty (60) days following the expiration of the Agreement.
- B. If the former Associate re-activates within the 60-day time limit, the Associate will resume the rank and position held immediately prior to the expiration of the Associate Agreement. However, such Associate's paid as level will not be restored unless he, she and/or an entity qualifies at that payout level in the new month. The Associate is not eligible to receive commissions for the time period that the Associate's Associateship was expired.

- C. The downline of the expired Associate will roll up to the immediate, active upline Sponsor.

## **2.6 Business Entities**

- A. A corporation, partnership, LLC, or trust (collectively referred to as a “Business Entity”) may apply to be a Company Associate. This Associate business and position will remain *temporary* until the proper documents are submitted. The Business Entity must submit one of the following documents: Certificate of Incorporation, Articles of Organization, Partnership Agreement or appropriate Trust documents. Company must receive these documents within fourteen (14) days from the date the Associate Agreement was signed.
- B. A HALE Associate may change their status under the same Sponsor from an individual to a partnership, LLC, corporation, trust or from one type of business entity to another.

## **2.7 Independent Business Relationship; Indemnification for Actions**

- A. The HALE Associate is an independent contractor, and not a purchaser of a franchise or business opportunity. Therefore, each Associate’s success depends on his or her independent efforts.
- B. The Agreement between HALE and its Associates does not create an employer/employee relationship, agency, partnership, or joint venture between HALE and the Associate.
- C. A HALE Associate shall not be treated as an employee of HALE for any purposes, including, without limitation, for federal or state tax purposes. All Associates are responsible for paying local, state, and federal taxes due from all compensation earned as an Associate of the Company. Any other compensation received by Associates from HALE will be governed by applicable U.S. tax laws (or the tax laws of any other applicable jurisdiction). The Associate has no express or implied authority to bind the Company to any obligation or to make any commitments by or on behalf of the Company. Each Associate, whether acting as management of a Business Entity or represented as an individual, shall establish his or her own goals, hours, and methods of operation and sale, so long as he or she complies with the Terms of the Associate Agreement, these Policies and Procedures and applicable State and Federal laws.
- D. The HALE Associate is fully responsible for all of his or her verbal and written communications made regarding Company products, services, and the Compensation plan that are not expressly contained within official HALE

materials. Associates shall indemnify and hold harmless HALE, its directors, officers, employees, product suppliers and agents from any and against all liability including judgments, civil penalties, refunds, attorney fees and court costs incurred by HALE as a result of the Associate's unauthorized representations or actions. This Provision shall survive the termination of the Hale Associate Agreement.

## **2.8 Insurance**

- A. Business Pursuits Coverage. HALE encourages Associates to arrange insurance coverage for their business. A homeowner's insurance policy does not cover business related injuries, or the theft of, or damage to, inventory or business equipment. HALE Associates need to contact their insurance agent to make certain their business property is protected. In most instances, this may be accomplished with a "Business Pursuit" endorsement to an existing homeowner's policy.

## **2.9 Errors or Questions**

If an Associate has questions about, or believes any errors have been made regarding commissions, bonuses, business reports, orders, or charges, the Associate must notify HALE in writing within thirty (30) days of the date of the error or incident in question. Any such errors, omissions or problems not reported within 30 days shall be deemed waived by the Associate.

## **3.0 COMPANY ASSOCIATE RESPONSIBILITIES**

### **3.1 Correct Addresses**

- A. It is the responsibility of the Associate or Customer to make sure HALE has the correct shipping address before any orders are shipped.
- B. An Associate or Customer will need to allow up to thirty (30) days for processing after the notice of address change has been received by Company.

### **3.2 Training and Leadership**

- A. Upline Associates are encouraged to motivate and train new Associates about HALE products and services, effective sales techniques, the HALE Compensation plan and compliance with HALE Policies and Procedure with HALE produced materials.
- B. Marketing product is a required activity in HALE and must be emphasized in all recruiting presentations.

- C. We emphasize and encourage all Associates to sell HALE products and services to Customers.
- D. Use of Sales Aids. To promote both the products and the opportunity Company offers, Associates must only use the sales aids and support materials produced by HALE. If HALE Associates develop their own sales aids and promotional materials, which includes Internet advertising, notwithstanding Associates' good intentions, they may unintentionally violate any number of statutes or regulations affecting the HALE business. These violations, although they may be relatively few in numbers, could jeopardize the HALE opportunity for all Associates. Accordingly, Associates may not produce sales aids, promotional materials, advertisements, websites and other literature to promote Company or Company products. All Associates shall safeguard and promote the good reputation of Company and its products. The marketing and promotion of HALE, the HALE opportunity, the Compensation plan, and HALE products and services shall be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct or practices.

### **3.3 Constructive Criticism; Ethics**

- A. HALE desires to provide its independent Associates with the best products and services and Compensation plan in the industry. Accordingly, Company values constructive criticism and encourages the submission of written comments addressed to HALE Compliance department.
- B. Negative and disparaging comments about HALE, its products or Compensation plan, by Associates made to HALE, in the Field or at HALE meetings or events, or disruptive behavior at Company meetings or events, serve no purpose other than to dampen the enthusiasm of other Company Associates. HALE Associates must not belittle HALE, other HALE Associates, HALE products or services, the Compensation plan, or HALE directors, officers, or employees, product suppliers or agents. Such conduct represents a material breach of these Policies and Procedures and may be subject to sanctions as deemed appropriate by HALE.
- C. HALE endorses the following code of ethics:
  - I. A HALE Associate must show fairness, tolerance, and respect to all people associated with Company, regardless of race, gender, social class or religion, thereby fostering a "positive atmosphere" of teamwork, good morale and community spirit.
  - II. An Associate shall strive to resolve business issues, including situations with upline and downline Associates, by emphasizing tact,

sensitivity, good will and taking care not to create additional problems.

- III. HALE Associates must be honest, responsible, and professional and conduct themselves with integrity.
  - IV. HALE Associates shall not make disparaging statements about HALE, other Associates, HALE employees, product suppliers or agents, products, services, sales and marketing campaigns, or the Compensation plan, or make statements that unreasonably offend, mislead or coerce others.
- D. HALE may take appropriate action against an Associate if it determines, in its sole discretion, that an Associate's conduct is detrimental, disruptive, or injurious to HALE or to other Associates.

### **3.4 Reporting Policy Violation**

- A. An Associate who observes a policy violation by another Associate should submit a written and signed letter (e-mail will not be accepted) of the violation directly to the HALE Corporate office. The letter shall set forth the details of the incident as follows:
  - I. The nature of the violation;
  - II. Specific facts to support the allegations;
  - III. Dates;
  - IV. Number of occurrences;
  - V. Persons involved; and
  - VI. Supporting documentation
- B. Once the matter has been presented to HALE it will be researched thoroughly by the Compliance department and appropriate action will be taken if required.
- C. This section refers to the general reporting of Policy violations as observed by other Associates for the mutual effort to support, protect, and defend the integrity of the HALE business and opportunity. If an Associate has a grievance or complaint against another Associate which directly relates to his or her HALE business, the Procedures set forth in these Policies must be followed.

### 3.5 Sponsorship

- A. The Sponsor is the person who introduces an Associate or Customer to HALE, helps them complete their enrollment, and supports and trains those in their downline.
- B. HALE recognizes the Sponsor as the name(s) shown on the first:
  - I. Physically signed HALE Associate Agreement on file; or
  - II. Electronically signed Associate Agreement from a website or a HALE Associates website.
- C. An Associate Agreement that contains notations such as “by phone” or the signatures of other individuals (i.e., Sponsors, Spouses, relatives, or friends) is not valid and will not be accepted by HALE.
- D. Company recognizes that each new prospect has the right to ultimately choose his or her own Sponsor, but HALE will not allow Associates to engage in unethical sponsoring activities.
- E. All active Associates in good standing have the right to Sponsor and enroll others into Company. While engaged in sponsoring activities, it is not uncommon to encounter situations when more than one Associate will approach the same prospect. It is the accepted courtesy that the new prospect will be sponsored by the first Associate who presented a comprehensive introduction to HALE products or business opportunity.
- F. A *Protected Prospect* is a guest of any HALE Associate or Customer who attended a Company event or conference call. For fifteen (15) days following the event, a Protected Prospect cannot be solicited or sponsored by any other HALE Associate who attended the same event. A Company event can be defined as the following:
  - I. Any Company training session;
  - II. Conference call;
  - III. Fly-in meeting; or
  - IV. Presentation, including but not limited to a HALE at home presentation, whether sponsored by Company, an Associate, a Customer, or an agent or agency designated by HALE.

### **3.6 Cross Sponsoring Prohibition**

- A. “Cross sponsoring” is defined as the enrollment into a different line of sponsorship of an individual, or Business Entity, that already has a signed Associate Agreement. Actual or attempted cross sponsoring is not allowed. If cross sponsoring is verified by HALE, sanctions up to and including termination of an Associate’s Associateship may be imposed.
- B. The use of a Spouse’s or relative’s name, trade names, assumed names, DBA names, corporation, partnership, trust, Federal ID numbers, or fictitious ID numbers to evade or circumvent this Policy is not permitted.
- C. This Policy does not prohibit the transfer of a Company business in accordance with HALE Sale or Transfer Policy set forth in these Policies at Section 11, below.

### **3.7 Adherence to the Company Compensation Plan**

- A. An Associate must adhere to the Terms of the HALE Compensation plan as set forth in these Policies and Procedures as well as in official HALE literature. Deviation from the Compensation plan is prohibited.
- B. An Associate shall not offer the HALE opportunity through, or in combination with, any other system, program, or method of marketing other than that specifically set forth in official Company literature.
- C. An Associate shall not require or encourage a current or prospective Customer or Associate to participate in HALE in any manner that varies from the Compensation Plan as set forth in official HALE literature. Purchase of product is not required to become a HALE Associate.
- D. An Associate shall not require or encourage a current or prospective Customer or Associate to make a purchase from or payment to any individual or other entity as a condition to participating in the HALE Compensation Plan, other than such purchases or payments required to naturally build their business.

### **3.8 Adherence to Laws and Ordinances**

- A. Many cities and counties have laws regulating certain home-based businesses. In most cases, these ordinances do not apply to Associates because of the nature of the business. However, Associates must check their local laws and obey the laws that do apply to them.
- B. A HALE Associate shall comply with all federal, state, and local laws and regulations in their conduct of his or her HALE business.

### **3.9 Compliance with Applicable Income Tax Laws**

- A. Company will automatically provide a complete 1099 Miscellaneous Income Tax form (nonemployee compensation) to each US Associate whose earnings for the year is at least \$600 or who has purchased more than \$5,000 of Company products for resale, or who received trips, prizes or awards valued at \$600 or more. If earnings and purchases are less than stated above, IRS forms will be sent only at the request of the Associate, and a minimum charge of \$20 may be assessed by HALE.
- B. An Associate accepts sole responsibility for and agrees to pay all federal, state, and local taxes on any income generated as an independent Associate, and further agrees to indemnify HALE from any failure to pay such tax amounts when due.
- C. If an Associate's business is tax exempt, the Federal Tax Identification number must be provided to HALE in writing.
- D. HALE encourages all Associates to consult with a tax advisor for additional information for their business.

### **3.10 One Company Business per Associate**

An Associate may operate or have an ownership interest, legal or equitable, as a sole proprietorship, partner, shareholder, trustee, or beneficiary, in only one (1) Company business. No individual may have, operate or receive compensation from more than one Company businesses. Individuals of the same family unit may each enter into or have an interest in their own separate Company businesses, only if each subsequent family position is placed frontline to the first family member enrolled. A "family unit" is defined as Spouses and dependent children living at or doing business at the same address.

### **3.11 Actions of Household Members or Affiliated Parties**

If any member of an Associate's immediate household engages in any activity which, if performed by the Associate, would violate any provision of the Agreement, such activity will be deemed a violation by the Associate and Company may take disciplinary action pursuant to these Policies and Procedures against the Associate. Similarly, if any individual associated in any way with a corporation, partnership, LLC, trust or other entity (collectively "Business Entity") violates the Agreement, such action(s) will be deemed a violation by the Business Entity, and HALE may take disciplinary action against the Business Entity. Likewise, if an Associate enrolls in Company as a Business Entity, each Affiliated Party of the Business Entity shall be personally and individually bound to, and must comply with, the Terms and Conditions of the Agreement.

### **3.12 No Violation of Previous Agreement**

As an Associate, you agree that you are not currently in material breach of, and will not during the term of this Agreement be in material breach of, any other contract, obligation, or covenant that would affect your ability to perform hereunder, and as a result of entering into this Agreement, will not materially breach any contract, obligation or covenant (such as a covenant not to compete located in a prior agreement).

### **3.13 Solicitation for Other Companies or Products**

- A. A HALE Associate may participate in other direct sales, multilevel, network marketing or relationship marketing business ventures or marketing opportunities. However, during the Term of this Agreement and for one (1) year thereafter, a HALE Associate may not recruit any HALE Associate or Customer for any other direct sales or network marketing business, unless that Associate or Customer was personally sponsored by such Associate.
- B. The term “recruit” means actual or attempted solicitation, enrollment, encouragement, or effort to influence in any other way (either directly or through a third party), another Associate or Customer to enroll or participate in any direct sales or network marketing opportunity. This conduct represents recruiting even if the Associate’s actions are in response to an inquiry made by another Associate or Customer.
- C. During the term of this Agreement and for a period of six (6) months thereafter, any HALE Associate must not sell, or entice others to sell, any competing products or services, including training materials, to HALE Customers or Associates. Any product or service in the same category as a Company product or service is deemed to be competing (i.e., any competing product or service regardless of differences in cost or quality).
- D. However, an Associate may sell non-competing products or services to Company Customers and Associates that they personally sponsored.
- E. An Associate may not display or bundle HALE products or services, in sales literature, on a website or in sales meetings, with any other products or services to avoid confusing or misleading a prospective Customer or Associate into believing there is a relationship between the Company and non-Company products and services.
- F. A HALE Associate may not offer any non-Company opportunity, products or services at any Company related meeting, seminar or convention, or immediately following a Company event.

- G. A violation of any of the provisions in this section shall constitute unreasonable and unwarranted contractual interference between HALE and its Associates and would inflict irreparable harm on Company. In such event, HALE may, at its sole discretion, impose any sanction it deems necessary and appropriate against such Associate or such Associate's Associateships including termination, or seek immediate injunctive relief without the necessity of posting a bond.

### **3.14 Presentation of the Company Opportunity**

- A. In presenting the Company opportunity to potential Customers and Associates, an Associate is required to comply with the following provisions:
  - I. An Associate shall not misquote or omit any significant material fact about the Compensation plan.
  - II. An Associate shall make it clear that the Compensation plan is based upon sales of Company products and upon the sponsoring of other Associates.
  - III. An Associate shall make it clear that success can be achieved only through substantial independent efforts.
  - IV. A HALE Associate shall not make unauthorized income projections, claims, or guarantees while presenting or discussing the Company opportunity or Compensation plan to prospective Associates or Customers.
  - V. An Associate may not make any claims regarding products or services of any products offered by HALE, except those contained in official Company literature including but not limited to social media posts such as Pinterest, Facebook, or any other acceptable social media site controlled by the HALE Associate.
  - VI. An Associate may not use official HALE material to promote the HALE business opportunity in any country where Company has not established a "presence."
  - VII. In an effort to conduct best business practices, the Company has developed the Income Disclosure Statement ("IDS"). The Company IDS is designed to convey truthful, timely, and comprehensive information regarding the income that Company Associates typically

earn. In order to accomplish this objective, a copy of the IDS must be presented to all prospective Associates.

A copy of the IDS must be presented to a prospective Associate anytime the Compensation plan is presented or discussed, or any type of income claim or earnings representation is made.

The terms “income claim” and/or “earnings representation” (collectively “income claim”) include; (1) statements of average earnings, (2) statements of non-average earnings, (3) statements of earnings ranges, (4) income testimonials, (5) lifestyle claims, and (6) hypothetical claims. Examples of “statements of non-average earnings” include, “Our number one Associate earned over a million dollars last year” or “Our average ranking Associate makes five thousand per month.” An example of a “statement of earnings ranges” is “The monthly income for our higher-ranking Associates is ten thousand dollars on the low end to thirty thousand dollars a month on the high end.”

### **3.15 Sales Requirements Are Governed by the Compensation Plan**

- A. HALE Associates may purchase Company products and then re-sell them at prices not less than those retail prices established by the company on a per product basis. HALE will provide suggested selling prices. There are no exclusive territories granted to anyone. No franchise fees are applicable to a HALE business.
- B. The HALE program is built on sales to the ultimate consumer. HALE encourages its Associates to only purchase inventory that they and their family will personally consume, will be used as a sales tool, or will be resold to others for their ultimate consumption. Associates must never attempt to influence any other Associate to buy more products than they can reasonably use or sell to retail Customers in a month.
- C. Each HALE Associate commits to personally use, sell, or use in business building at least 70% of every order placed with the Company prior to placing another order, and must be able to certify to such if demanded by the HALE or by any regulatory agency. ***Purchasing product solely for the purpose of collecting bonuses or achieving rank is prohibited.*** Company retains the right to limit the amount of purchases you may make if, in our sole judgment, we believe those purchases are being made solely for qualification purposes instead of for consumption or resale.

## **4.0 ORDERING**

### **4.1 General Order Policies**

- A. “Bonus Buying” is strictly and absolutely prohibited. Bonus Buying includes; (a) the enrolment of individuals or entities without the knowledge of and/or execution of an Agreement by such individuals or Business Entities; (b) the fraudulent enrolment of an individual or entity as a Associate or Customer; (c) the enrolment or attempted enrolment of non-existent individuals or Business Entities as Associates or Customers (“phantoms”); (d) purchasing HALE products or services on behalf of another Associate or Customer, or under another Associate’s or Customer’s ID number, to qualify for commissions or bonuses; (e) purchasing excessive amounts of products or services that cannot reasonably be used or resold in a month; and/or (f) any other mechanism or artifice to qualify for rank advancement, incentives, prizes, commissions, or bonuses that is not driven by bona fide product or service purchases by end user consumers.

An Associate shall not use another Associate’s or Customer’s credit card or debit checking account to enroll in Company or purchase products or services without the account holder’s *written permission*.

- B. Prices are subject to change without notice.
- C. An Associate or Customer who is a recipient of a damaged or incorrect order must notify Company within thirty (30) calendar days from receipt of the order and follow the Procedures as set forth in these Policies.

### **4.2 Product Availability; Orders**

All purchases through our website are subject to product availability. We may, in our sole discretion, limit or cancel the quantities offered on our website or limit the sales of our products or services to any person, household, geographic region or jurisdiction. We reserve the right, in our sole discretion, to refuse orders. If we believe that an order is false or fraudulent, we may cancel the order and reserve the right to inform the relevant authorities.

### **4.3. Payment methods**

For online orders, we accept payment by Visa, MasterCard, and eCheck. If a payment is not successfully settled, due to invalid payment method, declined credit, expiration, or insufficient funds or otherwise, we reserve the right to cancel your order. Orders are shipped only after receipt of full payment. For certain payment methods, you may be charged a processing fee, foreign exchange/translation fee (international orders) or other fees; you are solely responsible for the payment of all such fees. Check with your payment method

service provider for details. HALE's Terms and Conditions, including, without limitation, the provisions regarding limitation of liability and indemnification, apply with respect to payment methods and payment processing, and HALE is not responsible for any charges, errors or losses that may result from any payment method used by you for the purchase of our products.

#### **4.4 Sales Tax Obligation**

- A. The Associate shall comply with all state and local taxes and regulations governing the sale of HALE products and services.
- B. HALE will collect and remit sales tax on Associate orders unless an Associate furnishes HALE with the appropriate Resale Tax Certificate form. When orders are placed with HALE, sales tax is prepaid based upon the suggested retail price. HALE will remit the sales tax to the appropriate state, Provincial and local jurisdictions. The Associate may recover the sales tax when he or she makes a sale. HALE Associates are responsible for any additional sales taxes due on products marked up and sold at a higher price.
- C. HALE encourages each Associate to consult with a tax advisor for additional information for his or her business.

#### **5.0 Shipping & Delivery**

- A. HALE will generally ship all items the same business day of our receipt and acceptance of an order. If there is a delay affecting our ability to ship generally, the company will attempt to conspicuously post that fact on our website. HALE uses a computer algorithm to select the most expedient and cost effective priority shipper based on weight and distance, and packages can be tracked via tracking number.
- B. Unless otherwise noted on this web site, delivery of products is FCA (Incoterms (2010), the international rules for the interpretation of trade terms of the International Chamber of Commerce) HALE's facility where the products you order are located at the time of shipment. This means that the Associate or Customer will be charged for the cost of shipping, and title and risk of loss will pass to you upon HALE's delivery of the products you order to the U.S. postal service or courier service.

#### **5.1 Lost Packages**

If a package is lost after the order has been shipped, which may occasionally occur, HALE will not be responsible if the tracking information lists the order as "delivered," which means UPS or the courier service delivered the product to the address specified. If the package is sent to an address other than the one you specified, upon return of the original package to HALE, HALE will reship the order.

Please note that HALE is not responsible for errors of USPS or courier services, or if the Associate provide or confirm an incorrect address. It therefore is very important that you ensure that the address provided by Associates is exactly correct, as any mistake could delay delivery and will entail extra expense to the Associate. If you place an order by phone, we will read the delivery address (and other information you provide) aloud and repeat it to you, to help you be sure it is correct.

## **5.2 Product Defects & Damaged Packages**

- A. HALE allows three days from the date of delivery to notify the Company if there is any type of defect with a product or if the package it was in was damaged in transit. If we aren't notified of defects or damages within the three day window, it is understood that the package and products were in good condition upon delivery.

## **6.0 PAYMENT OF COMMISSIONS & BONUSES**

### **6.1 Bonus and Commission Qualifications**

- A. An Associate must be active and in compliance with Company Policies and Procedures to qualify for bonuses and commissions. So long as the Associate complies with the current Terms of the Agreement, HALE shall pay commissions to such Associate in accordance with the current Compensation plan.
- B. HALE will not issue a payment to an Associate without the receipt of a completed and signed Company Associate Agreement, Form W-9 and Electronic Authorization.

### **6.2 Computation of Commissions and Discrepancies**

- A. In order to qualify to receive commissions and bonuses, an Associate must be in good standing and comply with the Terms of the Agreement and these Policies and Procedures. Commissions, bonuses, overrides, and achievement levels are calculated each week and each month.
- B. A HALE Associate is encouraged to review his or her weekly and monthly statement and bonus/commission reports promptly and report any discrepancies within thirty (30) days of receipt. After the 30-day "grace period" no additional requests will be considered for commission recalculations.
- C. For additional information on payment of commissions, please review the Compensation plan.

### **6.3 Adjustments to Bonuses and Commissions for Returned Products or Associate Memberships.**

- A. An Associate receives bonuses and commissions based on the actual sales of products and services to end consumers and to Associates through product and service purchases. When a product or service is returned to HALE for a refund from the end consumer or by an Associate, the bonuses and commissions attributable to the returned product or service will be deducted from the Associate who received bonuses or commissions on such sales. All volume generated and earned commissions from product sales on returned products will be clawed back from the upline as well as the Associate returning product.
- B. In the event that an Associate terminates his or her Associateship, and the amounts of the bonuses or commissions attributable to the returned products or services have not yet been fully recovered by Company, the remainder of the outstanding balance may be offset against any other amounts that may be owed by HALE to the terminated Associate.

### **7.0 Return Policy\* and Process**

HALE offers a 100% money back guarantee for all resalable products returned within the first 30 days of the purchase.

Product may be returned within 11 months after the first 30 days from the date of purchase for a 90% refund of the product price, excluding shipping.

\* Product must be in resalable condition (i.e., unused, unopened, not expired). A 10% restocking fee is applied on product returns. Shipping costs associated with returning product are the responsibility of the Customer/Associate returning the product. Any commissions and bonuses paid on the sale of returned product will be reclaimed from the Upline/Sponsor. Associate must be in good standing.

- A. All returns, whether by a Customer or Associate, must be made as follows:
  - I. Obtain Return Merchandise Authorization (“RMA”) from Company from HALE Customer Support;
  - II. Ship items to the address provided by HALE Customer Support when you are given your RMA.
  - III. Provide a copy of the invoice with the returned products or service. Such invoice must reference the RMA and include the reason for the return.
  - IV. Ship back product in manufacturer’s box exactly as it was delivered.

- B. All returns must be shipped to HALE pre-paid, as HALE does not accept shipping collect packages. Any loss or damage in shipping of the returned product shall be borne solely by the Customer or Associate returning the product. If returned product is not received at HALE's Distribution Center, it is the responsibility of the Customer or Associate returning the product to trace the shipment and no credit will be applied.
- C. The return of \$500 or more of products accompanied by a request for a refund within a calendar year, by an Associate, may constitute grounds for involuntary termination.

## **8.0 PRIVACY POLICY**

### **8.1 Introduction**

This Privacy Policy is to ensure that all Customers and Associates understand and adhere to the basic principles of confidentiality.

### **8.2 Expectation of Privacy**

- A. HALE recognizes and respects the importance its Customers and Associates place on the privacy of their financial and personal information. HALE will make reasonable efforts to safeguard the privacy of, and maintain the confidentiality of its Customers' and Associates' financial and account information and nonpublic personal information.
- B. By entering into the Associate Agreement, an Associate authorizes HALE to disclose his or her name and contact information to upline Associates solely for activities related to the furtherance of the HALE business. An Associate hereby agrees to maintain the confidentiality and security of such information and to use it solely for the purpose of supporting and servicing his or her downline organization and conducting the Company business.

### **8.3 Employee Access to Information**

HALE limits the number of employees who have access to Customers' and Associates' nonpublic personal information.

### **8.4 Restrictions on the Disclosure of Account Information**

- A. HALE will not share non-public personal information or financial information about current or former Customers or Associates with third parties, except as permitted or required by laws and regulations, court orders, or to serve the Customers' or Associates' interests or to enforce the Company's rights

or obligations under these Policies and Procedures, or Associate's Agreement or with written permission from the accountholder on file.

## **9.0 PROPRIETARY INFORMATION AND TRADE SECRETS**

### **9.1 Business Reports, Lists, and Proprietary Information**

- A. By completing the enrollment and acknowledging the HALE Associate Agreement, the Associate acknowledges that Business Reports, lists of Customer and Associate names and contact information and any other information, which contain financial, scientific or other information both written or otherwise circulated by HALE pertaining to the business of Company (collectively, "Reports"), are confidential and proprietary information and trade secrets belonging to Company.

### **9.2 Obligation of Confidentiality**

- A. During the Term of the HALE Associate Agreement and for a period of three (3) years after the termination or expiration of the Associate Agreement between the Associate and HALE, the Associate shall not:
  - I. Use the information in the Reports to compete with HALE or for any purpose other than promoting his or her Company business;
  - II. Use or disclose to any person or entity any confidential information contained in the Reports, including the replication of the genealogy in another network marketing Company.

### **9.3 Breach and Remedies**

The Associate acknowledges that such proprietary information is of such character as to render it unique and that disclosure or use thereof in violation of this provision will result in irreparable damage to HALE and to independent company businesses. HALE and its Associates will be entitled to injunctive relief or to recover damages against any Associate who violates this provision in any action to enforce its rights under this section. The prevailing party shall be entitled to an award of attorney's fees, court costs, and expenses.

### **9.4 Return of Materials**

Upon demand by HALE, any current or former Associate will return the original and all copies of all "Reports" to HALE together with any HALE confidential information in such person's possession.

## 10.0 ADVERTISING, PROMOTIONAL MATERIAL, USE OF COMPANY NAMES AND TRADEMARKS

### 10.1 Labeling, Packaging, and Displaying Products

- A. A Company Associate may not re-label, re-package, refill, or alter labels of any HALE product, or service, information, materials or program(s) in any way. HALE products and services must only be sold in their original containers from HALE. Such re-labeling or re-packaging violates federal and state laws, which may result in criminal or civil penalties or liability.
- B. A HALE Associate shall not cause any HALE product or service or any HALE trade name to be sold or displayed in retail establishments except:
  - I. Where professional services are the primary source of revenue and the product sales are secondary (e.g., doctor's offices, clinics).
  - II. Where the retail establishment is owned or managed by the Associate and the store does not exceed \$1 million in annual gross revenue, and there are five (5) or fewer stores under common ownership of management.
- C. HALE will not permit Associates to solicit and make Commercial Sales For the purpose of these Policies and Procedures, the term "Commercial Sale" means the sale of:
  - I. HALE products that equal or exceed \$2,000 in a single order;
  - II. Products sold to a third party who intends to resell the products to an end consumer.
- D. An Associate may sell HALE products and services and display the Company trade name at any appropriate display booth (such as trade shows) upon **prior written approval** from Company.
- E. HALE reserves the right to refuse authorization to participate at any function that it does not deem a suitable forum for the promotion of its products and services, or the HALE opportunity.

### 10.2 Use of Company Names and Protected Materials

- A. A HALE Associate must safeguard and promote the good reputation of HALE and the products and services it markets. The marketing and promotion of HALE, the HALE opportunity, the Compensation Plan, and HALE products and services will be consistent with the public interest, and must avoid all discourteous, deceptive, misleading, unethical or immoral conduct and practices.

- B. All promotional materials supplied or created by HALE must be used in their original form and cannot be changed, amended or altered. This includes the use of the HALE Associate logos specified in the HALE Style Guide. Only HALE Associate logos will be used for events and sites not directly sponsored by HALE.
- C. The name of HALE, each of its product and service names and other names that have been adopted by Company in connection with its business are proprietary trade names, trademarks and service marks of Company. As such, these marks are of great value to HALE and are supplied to Associates for their use only in an expressly authorized manner.
- D. A HALE Associate's use of the name "HALE" is restricted to protect Company proprietary rights, ensuring that the HALE protected names will not be lost or compromised by unauthorized use. Use of the Company name on any item not produced by HALE is prohibited except as follows:
  - I. [Associate's name] Independent HALE Associate
  - II. [Associate's name] Independent Associate of HALE products and services.
- E. Further procedures relating to the use of the Company name are as follows:
  - I. All stationery (i.e., letterhead, envelopes, and business cards) bearing the HALE name or logo intended for use by the Associate must be purchased through HALE approved vendors.
  - II. Company Associates may list "Independent Hale Associate" or "HALE Associate" in the white pages of the telephone directory under his or her own name.
  - III. HALE Associates may not use the name HALE in answering his or her telephone, creating a voice message or using an answering service, such as to give the impression to the caller that they have reached the corporate office. They may state, "Independent HALE Associate."
- F. Certain photos and graphic images used by HALE in its advertising, packaging, and websites are the result of paid contracts with outside vendors that do not extend to Associates. Associates may only use images and content provided in the Associate Library.

- G. A HALE Associate shall not appear on or make use of television or radio, or make use of any other media to promote or discuss Company or its programs.
- H. An Associate may not produce for sale or distribution any HALE event or speech, nor may an Associate reproduce HALE audio or video clips for sale or for personal use without prior written permission from the HALE Compliance Department.
- I. HALE 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 affected Associate.
- J. An Associate shall not promote non-HALE products or services in conjunction with HALE products or services on the same websites or same advertisement without prior written approval from the HALE Compliance Department.
- K. Claims (which include personal testimonials) as to therapeutic, curative or beneficial properties of any products offered by Company may not be made except those contained in official Company literature. In particular, no Associate may make any claim that HALE products are useful in the cure, treatment, diagnosis, mitigation or prevention of any diseases. Such statements can be perceived as medical or drug claims. Not only do such claims violate Company policies, but also, they potentially violate federal and state laws and regulations, including the federal Food, Drug, and Cosmetic Act and Federal Trade Commission Act. Associates may only use content from the HALE Corporate Library.

### **10.3 E-mail - Limitations**

- A. Except as provided in this section, an Associate may not use or transmit unsolicited email, mass email distribution, or “spamming” that advertises or promotes the operation of his or her Company business. The exceptions are:
  - I. E-mailing any person who has given prior permission or invitation;
  - II. E-mailing any person with whom the Associate has established a prior business or personal relationship.
- B. In all states or territories where prohibited by law, an Associate may not transmit, or cause to be transmitted through a third party, (by telephone, facsimile, computer or other device), an unsolicited advertisement to any equipment, which has the capacity to transcribe text or images from an

electronic signal received over a regular telephone line, cable line, ISDN, T1 or any other signal carrying device, except as set forth in this section.

- C. All e-mail or computer broadcasted documents subject to this provision shall include each of the following:
  - I. A clear and obvious identification that the e-mail message is an advertisement or solicitation. The words “advertisement” or “solicitation” should appear in the subject line of the message, compliance with federal and state laws;
  - II. A clear return path or routing information;
  - III. The use of legal and proper domain name;
  - IV. A clear and obvious notice of the opportunity to decline to receive further commercial e-mail messages from the sender;
  - V. Unsubscribe or opt-out instructions should be the very first text in the body of the message box in the same size text as the majority of the message;
  - VI. The true and correct name of the sender, valid senders e-mail address, and a valid sender physical address;
  - VII. The date and time of the transmission;
  - VIII. Approved income and product claims from the HALE Corporate Library;
  - X. Upon notification by recipient of his or her request not to receive further e-mailed documents, a HALE Associate shall not transmit any further documents to that recipient.
- D. All e-mail or computer broadcasted documents subject to this provision shall not include any of the following:
  - I. Use of any third-party domain name without permission;
  - II. Sexually explicit materials.
- E. Restrictions may apply to marketing certain products to other states the Associate does not reside in. The law in this area continues to evolve. These restrictions are contained in Appendix A which will be amended periodically as necessary. Associates will receive notices of Amendments

to Appendix A and are expected to read and acknowledge that they understand these restrictions.

#### **10.4 Internet and Third-Party Website Restrictions**

- A. An Associate may not use or attempt to register any of HALE's trade names, trademarks, service names, service marks, product names, URLs, advertising phrases, the Company's name or any derivative thereof, for any purpose including, but not limited to, Internet domain names (URL), third party websites, e-mail addresses, Google advertisements, web pages, or blogs.
- B. A HALE Associate may not sell Company products, services or offer the Business Opportunity using "online auctions," such as eBay®.
- C. HALE products may not be displayed with other products or services.
- D. Social media sites may not be used to sell or offer to sell Company products or services. PROFILES AN ASSOCIATE GENERATES IN ANY SOCIAL COMMUNITY WHERE COMPANY IS DISCUSSED OR MENTIONED MUST CLEARLY IDENTIFY THE ASSOCIATE AS A HALE INDEPENDENT ASSOCIATE, and when an Associate participates in those communities, Associates 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 at the sole discretion of HALE, and offending Associates will be subject to disciplinary action. Banner ads and images used on these sites must be current and must come from the Company approved library and be produced only by Company-approved vendors. If a link is provided, it must link to the posting Associate's replicated website.
- E. Anonymous postings or use of an alias on any Social Media site is prohibited, and offending Associates will be subject to disciplinary action.
- F. Associates may not use blind advertising, blog spam, spamdexing, or any other mass-replicated methods to leave blog comments. Comments Associates create or leave must be useful, unique, relevant, and specific to the blog's article.
- G. Associates must disclose their full name on all Social Media postings, and conspicuously identify themselves as an Independent Associate for HALE, and may only use HALE images provided by the company. Anonymous postings or use of an alias is prohibited.
- H. Postings that are false, misleading, or deceptive are prohibited. This includes, but is not limited to, false or deceptive postings relating to the

HALE income opportunity, HALE products and services, and/or your biographical information and credentials.

- I. Associates are personally responsible for their postings and all other online activity that relates to HALE. Therefore, even if an Associate does not own or operate a blog or Social Media site, if a HALE Associate posts to any such site that relates to HALE or which can be traced to HALE, the Associate is responsible for the posting. Associates are also responsible for postings which occur on any blog or Social Media site that the Associate owns, operates, or controls and must comply with all federal and state laws.
- J. As a HALE Associate, it is important to not converse with any person who places a negative post against you, other Associates, or HALE. Report negative posts to HALE at [support@Hale-Life.com](mailto:support@Hale-Life.com). Responding to such negative posts often simply fuels a discussion with someone carrying a grudge that does not hold themselves to the same high standards as HALE, and therefore damages the reputation and goodwill of HALE.
- K. The distinction between a Social Media site and a website may not be clear-cut, because some Social Media sites are particularly robust, Company therefore reserves the sole and exclusive right to classify certain Social Media sites as third-party websites and require that Associates using, or who wish to use, such sites adhere to the Company policies relating to third-party websites.
- L. If your HALE business is canceled for any reason, you must discontinue using the Company name, and all Company trademarks, trade names, service marks, and other intellectual property, and all derivatives of such marks and intellectual property, in any postings and all Social Media sites that you utilize. If you post on any Social Media site on which you have previously identified yourself as an Independent HALE Associate, you must conspicuously disclose that you are no longer an Independent HALE Associate.
- M. Failure to comply with these Policies for conducting business online may result in the Associate losing their right to advertise and market HALE products, services and HALE business opportunity online in addition to any other disciplinary action available under the Policies and Procedures.

## **10.5 Advertising and Promotional Materials**

- A. You may not advertise any HALE products or services at a price LESS than the highest company published, established retail price of ONE offering of the Company product or service plus shipping, handling and applicable taxes. No special enticement advertising is allowed. This includes, but is not

limited to, offers of free membership, free shipping, or other such offers that grant advantages beyond those available through the Company.

- B. Advertising and all forms of communications must adhere to principles of honesty and propriety.
- C. All advertising, including, but not limited to, print, Internet, computer bulletin boards, television, radio, etc., are subject to prior written approval by the Company Compliance department.
- D. All requests for approvals with respect to advertising must be directed in writing to the Company Compliance department. Google advertisements are not permitted.
- E. Blind ads are not permitted.

## **10.6 Testimonial Permission**

By acknowledging the HALE Associate Agreement, an Associate gives HALE 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 HALE Business Opportunity, an Associate waives any right to be compensated for the use of his or her testimonial or image and likeness even though Company may be paid for items or sales materials containing such image and likeness.

## **10.7 Telemarketing – Limitations**

- A. A HALE Associate must not engage in telemarketing in relation to the operation of the Associate's HALE business. The term "telemarketing" means the placing of one or more telephone calls to an individual or entity to induce the purchase of HALE products or services, or to recruit them for the Company opportunity.
- B. 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.
- C. While an Associate 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 Associate to violate the law. These regulations must not be taken lightly, as they carry significant penalties (up to \$11,000 per violation).

D. "Cold calls" or "state-to-state calls" made to prospective Customers, or Associates that promote either HALE products, services or the HALE opportunity is considered telemarketing and is prohibited.

E. Exceptions to Telemarketing Regulations

A HALE Associate may place telephone calls to prospective Customers, or Associates under the following limited situations:

I. If the Associate has an established business relationship with the prospect;

II. In response to the prospect's personal inquiry regarding a product or service offered by the HALE Associate, within three (3) months immediately before the date of such a call;

III. If the Associate receives written and signed permission from the prospect authorizing the Associate to call;

IV. If the call is to family members, personal friends, and acquaintances. However, if an Associate 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. HALE Associates engaged in calling "acquaintances," must make such calls on an occasional basis only and not as a routine practice.

F. An Associate shall not use automatic telephone dialing systems in the operation of his or her HALE businesses.

G. Failure to abide by HALE policies or regulations as set forth by the FTC and FCC regarding telemarketing may lead to sanctions against the Associate's Associateship, up to and including termination of the Associateship.

H. By completing the Associate Enrollment and agreeing to the terms, policies and other applicable rules, or by accepting commission checks, other payments or awards from HALE, an Associate gives permission to Company and other Associates to contact them as permitted under the Federal Do Not Call regulations.

I. In the event an Associate violates this section, HALE reserves the right to institute legal proceedings to obtain monetary or equitable relief.

## **11.0 INTERNATIONAL & INTERSTATE COMMERCE MARKETING**

### **11.1 International & Interstate Marketing Policy**

- A. A HALE Associate is authorized to sell HALE products and services, to Customers and Associates only in the countries in which Company is authorized to conduct business, according to the Policies and Procedures of each country. HALE Associates may not sell products or services in any country where HALE products and services have not received applicable government authorization or approval.
- B. An Associate may not, in any unauthorized country, conduct sales, enrollment or training meetings, enroll or attempt to enroll potential Customers, or Associates, nor conduct any other activity for the purpose of selling HALE products and services, establishing a sales organization, or promoting the HALE business opportunity.
- C. Certain restrictions may apply to specific products in the HALE product offering and subject to Interstate Commerce Restrictions. It is the responsibility of the Associate to comply with all state laws and Interstate Commerce Restrictions. Associates should refer to information provided by the company regarding the promotion of specific products, and reach out to the HALE Compliance Department as needed with any questions.

## **12.0 CHANGES TO AN ASSOCIATE BUSINESS**

### **12.1 Modification of the Associate Agreement**

- A. A Company Associate may modify his or her existing Associate Agreement (i.e., change a social security number to a Federal ID number, add a Spouse or partner to the account, or change the form of ownership from an individual to a Business Entity owned by the Associate) by submitting a written request, and complete a new Associate Agreement through the HALE website and provide any applicable, required, or requested documentation from HALE.

### **12.2 Change Sponsor or Placement for Active Associates**

- A. Maintaining the integrity of the organizational structure is mandatory for the success of Company and our independent Associates. As such, under exceptional circumstances at the discretion of the Company, a request to change placement may only be made within the first seven (7) days of initial enrollment as an Associate.

- B. Sponsors may make “Placement changes” from one Associate to another for personally Sponsored (frontline) Associates during the first seven (7) days of enrollment.
- C. New Associates or their original Sponsor may request a change of Sponsor or Placement for the purpose of structuring an organization. Such requests will be reviewed by HALE on a case-by-case basis and will be decided in HALE’s absolute discretion. If granted, the new Associate Agreement must be received within the calendar month for commission calculations to be effective with the requested change.
- D. To change or correct the Sponsor, an Associate must comply with following procedures:
  - I. Submit a Sponsor Placement Transfer Form;
  - II. Complete the HALE Associate Agreement on the HALE website showing the correct Sponsor and Placement, and any appropriate supporting documentation;
- E. Upon approval, the Associate’s downline, if any, will transfer with the Associate.
- F. If approved, a \$20 fee will be assessed for the transfer. HALE reserves the right to reject subsequent transfer requests.
- G. After the first seven (7) days from initial enrollment, HALE will honor the Sponsor/Placement as shown.
  - I. Self-enrolled on the website (i.e., electronically signed Web Agreement).
  - H. HALE retains the right to approve or deny any requests to change Sponsor or Placement and to correct any errors related thereto at any time and in whatever manner it deems necessary.

### **12.3 Change Sponsor or Placement for Inactive Associates**

- A. At the discretion of Company, Associates who did not participate in an auto ship or have not ordered products or services for at least six (6) months, and who have not tendered a letter of resignation, are eligible to re-enroll in Company under the Sponsor/Placement of their choice.
- B. Upon written notice to Company that a former Associate wishes to re-enroll, Company will “compress” (close) the original account. A new Company ID number will then be issued to the former Associate.

- C. Such Associate does not retain former rank, downline, or rights to commission checks from his or her former organizations.
- D. HALE reserves the right to correct Sponsor or Placement errors at any time and in whatever manner it deems necessary.

#### **12.4 Change Organizations**

- A. If a HALE Associate wishes to transfer organizations, he or she must submit a letter of resignation to the Company Customer Service department and remain inactive (place no orders, or be on an auto ship) with or in Company for six (6) months from the receipt of the letter before being eligible to re-enroll under a different Sponsor/Placement.
- B. HALE retains the right to approve or deny any request to re-enroll after an Associate's resignation.
- C. If re-enrollment is approved, the former Associate will be issued a new Company ID number and will be required to submit a new Associate Agreement. The Associate will not be entitled to keep any former rank, downline, or rights to commission checks from any prior organization.
- D. Transfers may not be done outside of the original organization.

#### **12.5 Unethical Sponsoring**

- A. Unethical sponsoring activities include, but are not limited to, enticing, bidding or engaging in unhealthy competition in trying to acquire a prospect or new Associate from another Associate or influencing another Associate to transfer to a different Sponsor.
- B. Allegations of unethical sponsoring must be reported in writing to the HALE Compliance Department within the first 90 days of enrollment. If the reports are substantiated, Company may transfer the Associate or the Associate's downline to another Sponsor, Placement or organization without approval from the current up-line Sponsor or Placement Associates. HALE remains the final authority in such cases.
- C. HALE prohibits the act of "Stacking." Stacking is the unauthorized manipulation of the HALE compensation system and/or the marketing plan in order to trigger commissions or cause a promotion off a downline Associate in an unearned manner. One example of stacking occurs when a Sponsor places participants under an inactive downline without his or her knowledge in order to trigger unearned qualification for commissioning. Stacking is unethical and unacceptable behavior, and as such, it is a punishable offense with measures up to and including the termination of the

independent consultant positions of all individuals and/or entities found to be directly involved.

- D. Should Associates engage in solicitation and/or enticement of members of another direct sales company to sell or distribute HALE products and services to, they bear the risk of being sued by the other direct sales company. If any lawsuit, arbitration, or mediation is brought against an Associate alleging that they engaged in inappropriate recruiting activity of another company's sales force or Customers, HALE will not pay any of Associate's defence costs or legal fees, nor will HALE indemnify the Associate for any judgment, award, or settlement.

## **12.6 Sell, Assign, or Delegate Ownership**

- A. In order to preserve the integrity of the hierarchical structure, it is necessary for HALE to place restrictions on the transfer, assignment, or sale of an Associateship.
- B. A HALE Associate who has achieved the rank of Silvermay not sell or assign his or her rights or delegate his or her position as an Associate without *prior written approval* by HALE, which approval will not be unreasonably withheld. Any attempted sale, assignment, or delegation without such approval may be voided at the discretion of HALE.
- C. Should the sale be approved by HALE, the Buyer assumes the position of the Seller at the current qualified title, but at the current "paid as" rank, at the time of the sale and acquires the Seller's Downline.
- D. To request corporate authorization for a sale or transfer of a HALE Associateship, the following items must be submitted to the Company Compliance department;
  - I. A Sale/Transfer of Associateship Form properly completed, with the requisite signatures.
  - II. A copy of the Sales Agreement signed and dated by both Buyer and Seller.
  - III. A Company Associate Agreement completed and signed by the Buyer;
  - IV. Payment of a \$500 administration fee;
  - V. Any additional supporting documentation requested by Company.

- E. Any debt obligations that either Seller or Buyer may have with Company must be satisfied prior to the approval of the sale or transfer by Company.
- F. A HALE Associate who sells his or her Associateship is not eligible to re-enroll as a Company Associate in any organization for six (6) full calendar months following the date of the sale except as otherwise expressly set forth in these Policies and Procedures.

## **12.7 Separating a Company Business**

- A. Pending a divorce or dissolution of a partnership or other business entity, the parties must adopt one of the following methods of operation:
  - I. One of the parties may, with the written consent of the other(s), operate the HALE business whereby the relinquishing Spouse, shareholders, partners, members or trustees authorize Company to deal directly and solely with the other Spouse, non-relinquishing shareholder, partner, member or trustee;
  - II. The parties may continue to operate the HALE business jointly on a “business as usual” basis, whereupon all compensation paid by Company will be paid in the name designated as the Associates or in the name of the entity to be divided, as the parties may independently agree between them. If no name is stipulated, Company will pay compensation to the name on record and in such event, the Associate named on the account shall indemnify HALE from any claims from the other business owner(s) or the other Spouse with respect to such payment.
- B. HALE recognizes only one Downline organization and will issue only one commission check per HALE business per commission cycle. Under no circumstances will the Downline of an organization be divided, nor will HALE split commission and/or bonus checks.
- C. If a relinquishing Spouse, partner or owner of the business has completely relinquished (“Relinquishing Party”), in writing, all rights to the original HALE business, he or she may immediately thereafter re-enroll under the Sponsor and Placement of his or her choice. In such cases, however, the Relinquishing Party shall have no rights to, and shall not solicit, any Associate or active Customer in the former organization, and must develop a new business in the same manner as any other new Company Associate. An Associate in the Relinquishing Party’s former Downline who wishes to transfer to the Relinquishing Party’s new organization or to any other organization, must comply with the requirements in Section 13.5.

## 12.8 Succession

- A. Upon the death or incapacity of an Associate, the Associate's business may be passed on to his or her legal successors in interest (successor). Whenever a HALE business is transferred by will or other testamentary process, the successor acquires the right to collect all bonuses and commissions of the deceased Associate's sales organization. The successor must:
  - I. Complete and sign a new HALE Associate Agreement;
  - II. Comply with the Terms and provisions of the Associate Agreement; and
  - III. Meet all the qualifications for the last rank achieved by the former Associate.
- B. Bonus and commission checks of a HALE business transferred based on this section will be paid in a single check to the successor. The successor must provide HALE with an "address of record" to which all bonus and commission Payments will be sent. Payments will be based on the current performance of the Associateship, not the highest rank or volume achieved.
- C. If the business is bequeathed to joint devisees (successors), they must form a business entity and acquire a Federal taxpayer identification number. HALE will issue all bonus and commission payments and one 1099 Miscellaneous Income Tax form to the managing business entity only.
- D. Appropriate legal documentation must be submitted to HALE Compliance Department to ensure the transfer is done properly. To affect a testamentary transfer of a HALE business, the successor must provide the following to the HALE Compliance Department:
  - I. A certified copy of the death certificate; and
  - II. A notarized copy of the will or other appropriate legal documentation establishing the successor's right to the Hale business.
- E. To complete a transfer of the HALE Associateship because of incapacity, the successor must provide the following to the HALE Compliance Department:
  - I. A notarized copy of an appointment as trustee;

- II. A notarized copy of the trust document or other appropriate legal documentation establishing the trustee's right to administer the HALE business; and
  - III. A completed Associate Agreement executed by the trustee.
- F. If the successor is already an existing Associate, HALE will allow such Associate to keep his or her own Associateship plus the inherited Associateship active for up to six (6) months. By the end of the 6-month period, the Associate must have compressed (if applicable), sold or otherwise transferred either the existing Associateship or the inherited Associateship.
- G. If the successor wishes to terminate the HALE Associateship, he or she must submit a notarized statement stating the desire to terminate the Associateship, along with a certified copy of the death certificate, appointment as trustee, and/or any other appropriate legal documentation.
- H. Upon written request, Company may grant a one (1) month bereavement waiver and pay out at the last "paid as" rank.

## **12.9 Resignation/Voluntary Termination**

- A. An Associate may immediately terminate his or her Associateship by calling HALE Support at (833)-609-5634 or by submitting an email to the HALE Support Department at [support@hale-life.com](mailto:support@hale-life.com).

When calling HALE Support to terminate, the following information must be presented at the time of the call:

- I. Account security information, i.e., full legal name, date of birth, address, phone, website URL, Company Identification Number, credit card on file;
- II. Reason for resigning; and
- III. Date of resignation.

When terminating by e-mail, the written notice must include the following:

- I. The Associate's intent to resign;
- II. Date of resignation;
- III. Company Identification Number;

- IV. Reason for resigning; and
- V. Signature of Associate (e.g., “Signed, \_(Associate’s Name)\_\_\_\_\_”)

B. A Hale Associate may not use resignation as a way to immediately change Sponsor and Placement. Instead, the Associate who has voluntarily resigned is not eligible to reapply for an Associateship or have any financial interest in any Hale business for six (6) months from the receipt of the written notice of resignation.

C. No one other than the Associate can write or call in to terminate an account on behalf of an Associate, unless a Power of Attorney (POA) is provided to HALE Support.

### **12.10 Involuntary Termination**

- A. Company reserves the right to terminate an Associate’s Associateship for, but not limited to, the following reasons:
  - I. Violation of any Terms or Conditions of the Associate Agreement;
  - II. Violation of any provision in these Policies and Procedures;
  - III. Violation of any provision in the Compensation plan;
  - IV. Initiating a chargeback or charge dispute for any product order;
  - V. Violation of any applicable law, ordinance, or regulation regarding the Company business;
  - VI. Engaging in unethical business practices or violating standards of fair dealing; or
  - VI. Returning over \$500 worth of products, services and/or sales tools for a refund within a twelve (12) month period.
- B. Company will notify the Associate in writing, at his or her last known email address of its intent to terminate the Associate’s Associateship and the reasons for termination. The Associate will have fifteen (15) calendar days from the date of mailing of such notice to respond in writing to the allegations or claims constituting cause for termination as stated in the notice. Company will then have thirty (30) calendar days from the date of receipt of the Associate’s response to render a final decision as to termination. The account will be placed in a “terminated” status during this time. No product orders or HALE business building activity will be permitted.

- C. If a decision is made by HALE to terminate the Associate's Associateship, Hale will inform the Associate in writing that the Associateship is terminated effective as of the date of the written notification. The Associate will then have fifteen (15) calendar days from the date of mailing of such notice to appeal the termination in writing. HALE must receive the Associate's written appeal within twenty (20) calendar days of the date of the HALE termination letter. If the written appeal is not received within this time period, the termination will be considered final.
- D. If the Associate does file a timely appeal of termination, HALE will review its decision, along with any other information it may deem relevant, reconsider any other appropriate action, and notify the Associate of its decision. The decision of HALE is then considered final and not subject to further review.
- E. If the termination is not rescinded, the termination will be effective as of the date of the original termination notice by HALE. The former Associate shall thereafter be prohibited from using the names, marks or signs, labels, stationery, advertising, or business material referring to or relating to any Hale products or services. Company will notify the active Upline Sponsor within ten (10) days after termination. The organization of the terminated Associate will "roll up" to the active Upline Sponsor on record.
- F. The Independent Associate who is involuntarily terminated by HALE may not reapply for an Associateship, either under his or her present name or any other name or entity, without the *express written consent of an officer of Company*, following a review by the *Company Compliance Committee*. In any event, such Associate may not re-apply for an Associateship for six (6) months from the date of termination.
- G. Any Associate who has terminated their account either voluntarily or involuntarily may return product according to the current HALE Return Policy.

### **12.11 Effect of Cancelation**

- A. Following an Associate's cancelation for inactivity or voluntary or involuntary termination (collectively, a "cancelation") such Associate:
  - I. Shall have no right, title, claim or interest to any commission or bonus from the sales generated by the Associate's former organization or any other payments in association with the Associate's former independent Associateship;
  - II. Effectively waives any and all claims to property rights or any interest in or to the Associate's former Downline organization;

- III. Shall receive commissions and bonuses only for the last full pay period in which he or she was active prior to cancelation, less any amounts withheld during an investigation preceding an involuntary cancelation, and less any other amounts owed to HALE.

## **13.0 DISCIPLINARY SANCTIONS**

### **13.1 Imposition of Disciplinary Action – Purpose**

It is the spirit of Company that integrity and fairness should pervade among its Associates, thereby providing everyone with an equal opportunity to build a successful business. Therefore, HALE reserves the right to impose disciplinary sanctions at any time, when it has determined that an Associate has violated the Agreement or any of these Policies and Procedures or the Compensation plan as they may be amended from time to time by HALE.

### **13.2 Consequences and Remedies of Breach**

- A. Disciplinary actions may include one or more of the following:
  - I. Monitoring an Associate's conduct over a specified period of time to assure compliance;
  - II. Issuance of a written warning or requiring the Associate to take immediate corrective action;
  - III. Imposition of a fine (which may be imposed immediately or withheld from future commission payments) or the withholding of commission payments ("Commission Hold") until the matter causing the Commission Hold is resolved or until Company receives adequate additional assurances from the Associate to ensure future compliance;
  - IV. Suspension from participation in Company or Associate events, rewards, or recognition;
  - V. Suspension of the HALE Associate Agreement and Associateship for one or more pay periods;
  - VI. Involuntary termination of the Associate's Agreement and Associateship;
  - VII. Any other measure which HALE deems feasible and appropriate to justly resolve injuries caused by the Associate's Policy violation or contractual breach; OR

VIII. Legal proceedings for monetary or equitable relief.

## **14.0 DISPUTE RESOLUTION**

### **14.1 Grievances**

- A. If a HALE Associate has a grievance or complaint against another Associate regarding any practice or conduct relating to their respective Company businesses, he or she is encouraged to resolve the issue directly with the other party. If an agreement cannot be reached, it must be reported directly to the HALE Compliance Department as outlined below in this Section.
- B. The HALE Compliance Department will be the final authority on settling such grievance or complaint and its written decision shall be final and binding on the Associates involved.
- C. HALE will confine its involvement to disputes regarding Company business matters only. Company will not decide issues that involve personality conflicts or unprofessional conduct by or between Associates outside the context of a Company business. These issues go beyond the scope of Company and may not be used to justify a Sponsor or Placement change or a transfer to another Company organization.
- D. HALE does not consider, enforce, or mediate third party agreements between Associates, nor does it provide names, funding, or advice for obtaining outside legal counsel.
- E. Process for Grievances:
  - I. The HALE Associate should submit a written letter of complaint (e-mail will not be accepted) directly to the HALE Compliance Department. The letter shall set forth the details of the incident as follows:
    - a. The nature of the violation;
    - b. Specific facts to support the allegations;
    - c. Dates;
    - d. Number of occurrences;
    - e. Persons involved; and
    - f. Supporting documentation.
  - II. Upon receipt of the written complaint, HALE will conduct an investigation according to the following procedures:

- a. The Compliance department will send an acknowledgment of receipt to the complaining Associate;
  - b. The Compliance department will provide a verbal or written notice of the allegation to the Associate under investigation. If a written notice is sent to the Associate, he or she will have ten (10) business days from the date of the notification letter to present all information relating to the incident for review by Company
  - c. The Compliance department will thoroughly investigate the complaint, consider all the submitted information it deems relevant, including information from collateral sources. Due to the unique nature of each situation, determinations of the appropriate remedy will be on a case by case basis, and the length of time to reach a resolution will vary.
  - d. During the course of the investigation, the Compliance department will only provide periodic updates simply stating that the investigation is ongoing. No other information will be released during this time. Associate calls, letters, and requests for “progress reports” during the course of the investigation will not be answered or returned.
- F. Company will make a final decision and timely notify the HALE Associates involved.

## **14.2 Arbitration**

- A. **Any controversy or claim arising out of or relating to the HALE Associate agreement, these Policies and Procedures, or the breach thereof, the Associate’s business or any dispute between HALE and the Associate, shall be settled by binding and confidential arbitration administered by the American Arbitration Association under its commercial arbitration rules, and judgment on the award rendered by the arbitrator may be entered in any court having jurisdiction thereof.** Any such arbitration shall be held in Albuquerque, New Mexico. There shall be one arbitrator, who shall have expertise in business law transactions and who shall be knowledgeable in the direct selling industry, selected from a panel provided by the American Arbitration Association.
- B. The prevailing party in any such arbitration shall be entitled to receive from the losing party, all costs and expenses of arbitration, including reasonable attorney’s fees and filing fees. The decision of the arbitrator shall be final and binding on the parties and may, if necessary, be reduced to judgment in any court of competent jurisdiction.

- C. This agreement to arbitration shall survive any termination or expiration of the Associate agreement.
- D. Nothing in these Policies and Procedures shall prevent Company from applying for or obtaining from any court having jurisdiction a writ of attachment, a temporary injunction, preliminary injunction, permanent injunction, or other relief available to safeguard and protect Company interests or its Confidential Information prior to, during or following the filing of an arbitration or other proceeding, or pending the rendition of a decision or award in connection with any arbitration or other proceeding.
- E. **NO CLASS ACTION, OR OTHER REPRESENTATIVE ACTION OR PRIVATE ATTORNEY GENERAL ACTION OR JOINDER OR CONSOLIDATION OF ANY CLAIM WITH A CLAIM OF ANOTHER PERSON OR CLASS OF CLAIMANTS SHALL BE ALLOWABLE. HALE ASSOCIATES AGREE THAT THIS PROVISION IS NEITHER SUBSTANTIVELY NOR PROCEDURALLY UNCONSCIONABLE.**
- F. These Policies and Procedures and any arbitration involving an Associate and HALE shall be governed by and construed in accordance with the laws of the state of New Mexico, without reference to its principles of conflict of laws.

### **14.3 Severability**

If any provision of these Policies and Procedures is found to be invalid, or unenforceable for any reason, only the invalid provision shall be severed. The remaining terms and provisions hereof shall remain in full force and shall be construed as if such invalid or unenforceable provision never had comprised a part of these Policies and Procedures.

### **14.4 Waiver**

- A. Only an officer of Company can, in writing, affect a waiver of the HALE Policies and Procedures. Company's waiver of any particular breach by an Associate shall not affect Company's rights with respect to any subsequent breach, nor shall it affect the rights or obligations of any other Associate.
- B. The existence of any claim or cause of action of an Associate against HALE shall not constitute a defense to enforcement by HALE of any term or provision of these Policies and Procedures.

## 14.5 Successors and Claims

The agreement shall be binding upon and inure to the benefit of the parties and their respective successors and assigns.

## 15.0 GOVERNING LAW

These Policies and Procedures shall be governed by and construed in accordance with the Laws of the State of New Mexico and the exclusive jurisdiction of the United States courts.

## 16.0 COMPANY GLOSSARY OF TERMS

**ACTIVE ASSOCIATE:** An Associate who satisfies the minimum volume requirements, as set forth in the Compensation plan, to ensure that they are eligible to receive bonuses and commissions.

**AGREEMENT:** The contract between the Company and each Associate; includes the Associate Agreement, the Company Policies and Procedures, and the Company Compensation plan, all in their current form and as amended by Company in its sole discretion. These documents are collectively referred to as the "Agreement."

**ASSOCIATE:** An individual, who enrolls as an Independent Contractor through the company, agrees to the Company Policies and Procedures, Terms and Conditions, Return Policy and all other requirements to become a Associate, purchases product, generates retail sales and business building commissions.

**CANCEL:** The termination of an Associate business. Cancellation may be either voluntary, involuntary, or through non-renewal.

**COMPENSATION PLAN:** The guidelines and referenced literature for describing how Associates can generate commissions and bonuses.

**CUSTOMER:** A Customer who purchases Company products from an Independent Associate and does not engage in building a business or retailing product. See also "Registered Customer" below.

**LINE OF SPONSORSHIP (LOS):** A report generated by Company that provides critical data relating to the identities of Associates, sales information, and enrolment activity of each Associate's organization. This report contains confidential and trade secret information which is proprietary to Company.

**ORGANIZATION:** The Customers and Associates placed below a particular Associate.

**OFFICIAL COMPANY MATERIAL:** Literature, audio or video tapes, and other materials developed, printed, published, and distributed by HALE to Associates.

**PLACEMENT:** Your position inside your Sponsor's organization.

**QUALIFIED:** To be Qualified, the Associate must have at least one personally enrolled Associate that is Active in each of the left and right legs of their binary organization.

**RECRUIT:** For purposes of the Company Conflict of Interest Policy, the term "Recruit" means the actual or attempted solicitation, enrolment, encouragement, or effort to influence in any other way, either directly, indirectly, or through a third party, another Company Associate or Customer to enrol or participate in another multilevel marketing, network marketing, or direct sales opportunity.

**REGISTERED CUSTOMER:** A Customer who purchases Company products from an Independent Associate through their company replicated site, may or may not participate in auto ship, and does not engage in building a business or retailing product.

**RESALABLE:** Products shall be deemed "resalable" if each of the following elements is satisfied: (i) they are unopened and unused; (ii) original packaging and labelling has not been altered or damaged; (iii) they are in a condition such that it is a commercially reasonable practice within the trade to sell the merchandise at full price; and (iv) the product contains current Company labelling. Any merchandise that is clearly identified at the time of sale as nonreturnable, discontinued, or as a seasonal item, shall not be resalable.

**SPONSOR:** An Associate who enrolls a Customer, or another Associate into the Company, and is listed as the Sponsor on the Associate Agreement. The act of enrolling others and training them to become Associates is called "sponsoring."

**UPLINE:** This term refers to the Associate or Associates above a particular Associate in a sponsorship line up to the Company. It is the line of sponsors that links any particular Associate to the Company.

## **ADDENDUM A – WEBSITE USE**

### **Access to the HALE Website**

**Individuals must be eighteen (18) years or older to use the HALE website**, including to register for an account and purchase goods or services on our website. **If you are under eighteen (18) years of age, you are not permitted to access this website for any reason.** By using this website (and agreeing to the Terms and Conditions) you warrant and represent that you are at least eighteen (18) years of age. Due to the age

restrictions for use of this website, no information obtained by this site falls within the Child Online Privacy Act (COPA) and is not monitored as doing so.

To access this site or some of the products and resources it has to offer, persons may be asked to provide certain personal information or other details for registration or order purposes. It is a condition of use of this site that all the information you provide to HALE be true, accurate, current and complete. If you provide any untrue or inaccurate information, or if we have reasonable grounds to suspect that such information is untrue or inaccurate, we may suspend or terminate your account and refuse all current and future use by you of our website. Account information and certain other information about you are subject to the terms of our Privacy Policy.

### **Website and Medical Information Disclaimer**

The HALE website and marketing materials contains general information and content about diet, health and nutrition. This information and content is not advice, and should not be treated as such. **The contents of this website are for informational purposes only and are not intended to be a substitute for professional medical advice, diagnosis or treatment. Always seek the advice of your physician or other qualified health professional with any questions an Associate may have regarding a medical condition.**

The general information and content in HALE materials “**AS IS**” without any representations or warranties of any kind, express or implied. HALE makes no representations or warranties whatsoever in relation to any health information on the website.

Do not rely on the information on the HALE website and/or marketing materials as an alternative to medical advice from your doctor or other professional healthcare provider. If an Associate believes they may be suffering from any medical condition, they should seek medical attention. Never delay seeking medical advice, disregard medical advice, or discontinue medical treatment because of information in Company materials or provided by any Company representative, none of which information is intended to be a substitute for medical diagnosis, advice or treatment. Any person considering making any changes to their lifestyle, diet or nutrition, including taking any nutritional, herbal or homeopathic supplement, you should consult with their doctor or other health care provider before doing so. **Statements regarding dietary supplements have not been evaluated by the Food and Drug Administration and are not intended to diagnose, treat, cure, or prevent any disease.**

Neither the Company nor its representatives is providing any medical advice, and none should be inferred, from any ideas, suggestions, testimonials or other information set forth on the website or in other Company materials or provided over the phone or in email correspondence. All of the information on this website, whether historical in nature or forward-looking, speaks only as of the date the information is posted on this site, and

HALE does not undertake any obligation to update such information after it is posted or to remove such information from this site if it is not or no longer accurate or complete.

## **Hyperlinks**

HALE websites and marketing materials may contain links to third-party websites. The Company provides these hyperlinks as a convenience only and does not sponsor or endorse any of these sites or their contents. The Company is not responsible for the content of, and does not make any representations or warranties regarding the content or materials on, such linked third-party websites. Any person who decide to access on information at a linked third-party website, does so at their own risk. Do not use the information on the HALE website or any third-party website to substitute medical advice or delay medical treatment.

HALE has no control over these linked sites, all of which have separate privacy and data collection practices, independent of HALE. Nonetheless, HALE seeks to protect the integrity of its website, and therefore requests any feedback on sites to which it links, including if a specific link does not work.

## **Indemnity**

By becoming a HALE Independent Associate, you agree to indemnify, defend and hold harmless HALE, its subsidiaries, affiliates, officers, directors, employees, agents, suppliers, contractors, licensors, and service and content providers (hereinafter known as the “**Indemnified Parties**”) from and against all losses, expenses, damages, and costs, including reasonable attorneys’ fees, resulting from any violation of these Policies and Procedures Conditions or any activity related to your account (including negligent or wrongful conduct) by you or any person accessing the site using your account. Customers and Associates also agree to indemnify and hold the Indemnified Parties harmless from and against any claims brought by third parties arising out of your use of the information accessed from the HALE website.

## **Limitation on Liability**

In no event shall any indemnified parties be liable for any actual, consequential, incidental, direct, indirect, punitive, exemplary, special, or other damages, including without limitation loss of revenue or income, profits, value or use, pain and suffering, or similar damages, even if the company has been advised of the possibility of such damages. No person is authorized on behalf of HALE to give any other representations, or to modify or extend the limited warranties provided on the company website, or to assume any other liability in connection with this website or the products offered for sales by HALE. In no event shall the collective or total liability of the indemnified parties to any party for any claim (regardless of the form of action, whether in contract, warranty, tort or otherwise, excluding willful misconduct or gross negligence) exceed the price paid for the product or service which gives rise to such claim.

HALE shall not, under any circumstances, be liable for any use of, or the inability to use, the materials on this site.

Applicable law may restrict the use or extent of limitations or exclusions to liability for incidental or consequential damages, so the foregoing limitations and exclusions may not apply in full to the Associate or Customer. Nonetheless, in no event will HALE's liability for products purchased from this site exceed the price paid for such products, including any shipping and handling charges.

### **Tetrahydrocannabinol Disclaimer**

HALE's industrial-hemp derived supplements, and the majority of industrial-hemp products on the market, contain a naturally occurring trace amount of tetrahydrocannabinol (THC). The amount of THC in our products never exceeds 0.3% concentration by weight, per state and federal regulations and definitions of industrial hemp, and while it is highly unlikely that one would fail a traditional drug test from using our products, that possibility cannot be ruled out. Taking excessive amounts of industrial hemp products, the type or method of drug test utilized, and an employer's or organization's requirements and policies, among other things, are factors that may influence drug test results. By agreeing to these Policies and Procedures and placing an order with us, you are indicating that you understand that failing a drug test is a possibility when using industrial hemp products, and that you waive the right to make a claim against HALE for any matters related to any drug test you take or the results of any such drug test, including the loss of employment or any employment opportunity or the imposition of a civil or criminal penalty.

### **Local Jurisdictions/Buyer's Compliance with Applicable Laws**

HALE makes no representations that the products available through the HALE website will be available or appropriate in every jurisdiction in which this website may be accessed. To the best of HALE's knowledge, it operates legally under both state and federal law in the United States; however, it is impossible for the Company to be aware of the laws and regulations of all local jurisdictions (e.g., municipalities and counties) relating to industrial hemp-derived products. HALE isn't responsible for any potential legal matters that may arise due to such local regulations.

Individuals are solely responsible for compliance with any laws governing the purchase and use of the products available through HALE's website or a website linked to HALE's website. IT IS YOUR RESPONSIBILITY AS THE PURCHASER AND/OR USER, NOT HALE'S, TO ASCERTAIN AND OBEY ALL APPLICABLE LOCAL, STATE, AND FEDERAL LAWS REGARDING THE POSSESSION AND USE OF ANY ITEM OR PRODUCT OFFERED BY HALE OR BY A WEBSITE LINKED TO HALE'S WEBSITE. IF YOU ARE UNSURE, PLEASE CONTACT YOUR LOCAL OR STATE AUTHORITIES BEFORE PLACING AN ORDER. BY PLACING AN ORDER, YOU INDICATE THAT YOU UNDERSTAND AND AGREE it is your sole responsibility as buyer to determine if industrial hemp derived products are legal according to the laws that apply to you and

represent and warrant that you have read this disclaimer and that all products purchased will be used in a lawful manner and that you are of legal age to purchase and use such products.

### **Warranty Disclaimer**

HALE and, except as provided in the following sentence, the materials and products offered on this site are provided “as is” and without warranties of any kind, whether express or implied. HALE warrants that all HALE products purchased from the company or company associates, at the time of shipment, will not be adulterated, and will contain the ingredients specified for the products as labeled.

HALE makes no warranty with respect to products, services or this website that is not set forth in writing in these terms and conditions, and specifically disclaims and excludes, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, any and all other representations and warranties of any kind, express or implied, arising by operation of law or otherwise, including, but not limited to, any implied warranty of merchantability or fitness for a particular purpose. The remedies provided in these terms and conditions are exclusive, and HALE expressly and specifically disclaims, and customer irrevocably waives the right to seek, all other remedies.

HALE does not represent or warrant that the functions contained in the company websites will be uninterrupted or error-free, that defects will be corrected, or that this site or the server that makes the site available are free of viruses or other harmful components. HALE does not make any warranties or representations regarding the use of the materials in this site in terms of their correctness, accuracy, adequacy, usefulness, timeliness, reliability or otherwise.

Some states restrict the use or extent of limitations or exclusions regarding warranties, so the foregoing limitations may not apply in full to Associates.

### **Notice**

HALE may deliver notice to Associates by means of a general notice posted on the site, or an e-mail to any address you have provided to HALE, or by any other method reasonably believed by HALE to be reliable.

### **ADDENDUM B – STATE SPECIFIC PROVISIONS**

The following provisions apply to Associates who are residents of the corresponding States and United States Territories listed below, and are hereby incorporated into this agreement by reference. To the extent, if any, that these provisions conflict with any of the general provisions stated within the body of this agreement hereinabove, or policies cited therein, including, but not limited to, the Company’s New Associate Cancellation policy, Section 2.2.1, and Return Policy and Process, Section 7.0, the following state specific provisions control:

LOUISIANA, NEBRASKA, OKLAHOMA, SOUTH DAKOTA, TENNESSEE, TEXAS,  
WASHINGTON

Up until the first anniversary of an Associate's purchase, Company agrees to repurchase, on written request of the purchaser, all unencumbered products (including products no longer marketed by Company) that are in an unused, commercially resalable condition at 90 percent of the amount actually paid by the purchaser for the products being returned, minus any consideration received by Associate for purchase of the products being returned.

Products are not considered resalable if before the Associate purchased the products it was clearly disclosed to the Associate that the product was sold as non-returnable, discontinued, seasonal, or a special promotion item.

MARYLAND

Upon request, Company agrees to repurchase goods in resalable condition that Associate has been unable to sell 3 months after receipt of the goods first ordered. Associate may cancel the contract for any reason by written notice to Company within 3 months after the receipt of goods or services first ordered. Upon cancellation, Company shall repurchase the goods. The repurchase price shall be 90% of the original price paid by participant.

MASSACHUSETTS, WYOMING

This contract may be cancelled by Associate at any time and for any reason. The notice of cancellation shall be made in writing to the Company. All unencumbered products that are in an unused, commercially resalable condition at 90 percent of the amount actually paid by the purchaser for the products being returned, minus any consideration received by Associate for purchase of the products being returned.

At the time of the cancellation of the contract, the Company shall be bound to perform the following:

- (a) Reacquire the total of the products acquired by the Associate which are in Associate's possession and in good condition at a price of not less than ninety percent (90%) of their original net cost.
- (b) Return to the Associate not less than ninety percent (90%) of the original net cost of any services acquired by Associate.
- (c) Return to the Associate not less than ninety percent (90%) of any sum paid by Associate for the purpose of participating in the business.

## MONTANA

New Associates may return the enrollment kit for a 100% refund within fifteen (15) days of the order date. Any product purchases made within the first fifteen (15) days of enrolling is subject to the HALE Return Policy.

Up until the first anniversary of an Associate's purchase, Company agrees to repurchase, on written request of the purchaser, all unencumbered products (including products no longer marketed by Company) that are in an unused, commercially resalable condition at 90 percent of the amount actually paid by the purchaser for the products being returned, minus any consideration received by Associate for purchase of the products being returned.

## U.S. TERRITORY OF GUAM

Company shall issue a full refund (less any demonstration products used) to Associate for thirty (30) days after the delivery of the Welcome Kit if the Associate returns the kit to the Company, whether or not the kit is used; and provided further that if the kit was purchased on Guam the kit can be returned to a location in Guam and the refund immediately collected thereat and if purchased off-island can be returned to the place of purchase for the refund.

## U.S. TERRITORY OF PUERTO RICO

This contract may be cancelled by Associate at any time and for any reason within the term of ninety (90) days after the electronic signature thereof, and/or at any time upon showing noncompliance with any of the essential obligations of the contract on the part of the Company or any act or omission by the latter affecting adversely the interests of the Associate in the development of the market of the properties or services. The notice of cancellation shall be made in writing and shall be sent to the Company by registered mail.

At the time of the cancellation of the contract, the Company shall be bound to perform the following:

- (a) Reacquire the total of the products acquired by the Associate which are in Associate's possession and in good condition at a price of not less than ninety percent (90%) of their original net cost.
- (b) Return to the Associate not less than ninety percent (90%) of the original net cost of any services acquired by Associate.
- (c) Return to the Associate not less than ninety percent (90%) of any sum paid by Associate for the purpose of participating in the business.

## GEORGIA

A participant in this multilevel marketing 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.

### Cancellation Rights:

(1) If Associate has purchased products or paid for administrative services while the contract of participation was in effect, the Company shall repurchase all unencumbered products, sales aids, literature, and promotional items which are in a reasonably resalable or reusable condition and which were acquired by the Associate from the Company; such repurchase shall be at a price not less than 90 percent of the original net cost to Associate of the goods being returned. For purposes of this paragraph, "original net cost" means the amount actually paid by Associate for the goods, less any consideration received by Associate for purchase of the goods which is attributable to the specific goods now being returned.

Goods shall be deemed "resalable or reusable" if the goods are in an unused, commercially resalable condition at the time the goods are returned to Company. Goods which are no longer marketed by Company shall be deemed "resalable or reusable" if the goods are in an unused, commercially resalable condition and are returned to the Company within one year from the date Company discontinued marketing the goods; provided, however, that goods which are no longer marketed by a Company shall not be deemed "resalable or reusable" if the goods are sold to Associates as nonreturnable, discontinued, or seasonal items and the nonreturnable, discontinued, or seasonal nature of the goods was clearly disclosed to the Associate seeking to return the goods prior to the purchase of the goods by Associate. Notwithstanding anything to the contrary contained in this paragraph, Company shall not assert that any more than 15 percent of its total yearly sales per calendar year to Associates in dollars are from nonreturnable, discontinued, or seasonal items;

(2) The repayment of all administrative fees or consideration paid for other services shall be at not less than 90 percent of the costs to Associate of such fees or services and shall reflect all other administrative services that have not, at the time of termination, been provided to Associate; and

(3) Associate shall be held responsible for all shipping expenses incurred in returning sales aids or products to Company.

### NOTICE REQUIRED BY STATE LAW REGARDING DISCLOSURES (GEORGIA)

State law requires that a multilevel distribution company shall make available certain disclosures regarding the company prior to obtaining participants. This is your official notice that you have a right to request to see these disclosures prior to entering into any agreement with a multilevel distribution company. This will be the only notice you receive

regarding your rights to see these disclosures. If you waive these rights, you are giving up an important consumer protection that the State of Georgia has found you should be provided. If you wish to exercise these rights, please indicate below that you want to see the disclosures before agreeing to be a participant, then do not agree to become a participant until the disclosures have been made available to you.

SIGN ONLY ONE OF THE FOLLOWING STATEMENTS:

I wish to see the disclosures required by law before I agree to become a participant.

\_\_\_\_\_ Date: \_\_\_\_\_  
(SEE DISCLOSURE STATEMENT HERE (LINK))

I do not wish to see the disclosures required by law; I understand that I will not be seeing important information which might affect my decision to participate in this multilevel distribution company.

\_\_\_\_\_ Date: \_\_\_\_\_

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## MEMORANDUM -- EXHIBIT A to HALE P&P

### CBD, Hemp Oil Extracts and Hemp Laws in America

#### INTRODUCTION

This document is a survey and compilation of the differing CBD and hemp laws throughout the United States as they currently stand. This information includes: (1) direct statutory code language along with the citations to those provisions; (2) the appropriate legislative, executive, or administrative opinion/ interpretation, where applicable, and; (3) a brief analysis of the considerations and potential legal consequences behind engaging in the business of CBD or hemp oil extractions. This document is organized as follows: (1) background of CBD and Hemp; (2) the federal government and CBD; (3) Federal cases; (4) Pending litigation, and; individual state laws. This memo shall be updated periodically with any new and substantial developments in the law.

#### BACKGROUND

-What is CBD?

“A (nonpsychoactive) cannabinoid found in the plant *Cannabis sativa* L. or any other preparation thereof that is essentially free from plant material, and has a THC level of no more than 3 percent. Also known as (synonyms): 2-[(1R,6R)-3-Methyl-6-(1-methylethenyl)-2-cyclohexen-1-yl]-5-pentyl-1,3-benzenediol; trans-(-)-2-p-mentha-1,8-dien-3-yl-5-pentylresorcinol; (-)-Cannabidiol; (-)-trans-Cannabidiol; Cannabidiol (7CI); D1(2)-trans-Cannabidiol.” ALA. CODE § 13A-12-214.2 (LexisNexis 2017).

Currently, under the Controlled Substances Act of 1970, “marihuana,” and all of its components are labeled a Schedule I substance and the possession and distribution of marijuana-containing substances remains a federal offense. Recently, the federal government has made a point to clarify that low-thc marijuana and hemp, as well as extracts containing cannabidiol are subsumed within this definition and can result in federal prosecution. However, there are a total of 18 states that currently have law specifically pertaining to CBD or low-THC cannabis. These states are: Alabama, Delaware, Florida, Georgia, Indiana, Iowa, Kentucky, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Utah, Virginia, Wisconsin, and Wyoming. *18 States with Laws Specifically about Legal Cannabidiol (CBD)*, PROCON, <https://medicalmarijuana.procon.org/view.resource.php?resourceID=006473> (last updated July 24, 2017).

#### THE FEDERAL GOVERNMENT AND CBD

Pursuant to 21 C.F.R. § 1308.11, the Drug Enforcement Agency (“DEA”) stands firmly behind the position that Marijuana, including marijuana extracts and marijuana concentrates, remains as a Schedule I controlled substances under the Controlled Substances Act (“CSA”). Controlled Substances Act of 1970, 21 U.S.C. §§ 801-971 (2017). Schedule I drugs have a high potential for abuse and the potential to create severe psychological and/or physical dependence. As defined by the DEA, “marijuana is a mind-altering (psychoactive) drug, produced by the *Cannabis sativa* plant,” which includes over 480 constituents. Drug Enforcement Administration & U.S. Department of Justice *Drugs of Abuse: A DEA Resource Guide, 2017 Edition*, DEA.GOV (2017) [https://www.dea.gov/pr/multimedia-library/publications/drug\\_of\\_abuse.pdf#page=74](https://www.dea.gov/pr/multimedia-library/publications/drug_of_abuse.pdf#page=74). The DEA has previously established separate code numbers for marihuana and for tetrahydrocannabinols, but not for marihuana extract. To better track these materials and comply with treaty provisions, DEA is creating a separate code number for marihuana extract with the following definition: "Meaning an extract containing one or more cannabinoids that has been

derived from any plant of the genus *Cannabis*, other than the separated resin (whether crude or purified) obtained from the plant." Extracts of marihuana will continue to be treated as Schedule I controlled substances. Chuck Rosenberg, *Establishment of a New Drug Code for Marihuana Extract*, FEDERAL REGISTRAR, <https://www.federalregister.gov/documents/2016/12/14/2016-29941/establishment-of-a-new-drug-code-for-marihuana-extract> (last updated Dec. 14, 2016).

A marijuana concentrate is defined as “a highly potent THC concentrated mass that is most similar in appearance to either honey or butter, which is why it is referred to or known on the street as “honey oil” or “budder.” *Id.* In December 2016, in an effort to make sure all versions of marijuana are covered under the CSA, the DEA created a new Administration Controlled Substances Code Number for "Marihuana Extract." Statement of Principles on Industrial Hemp, 81 Fed. Reg. 156 (Aug. 12, 2016) <https://www.gpo.gov/fdsys/pkg/FR-2016-08-12/pdf/2016-19146.pdf>. The new drug code allows the DEA a more appropriate way for accounting of such materials consistent with treaty provisions. *Id.* Overall, marijuana and extracts of marihuana will continue to be treated as Schedule I controlled substances.

The U.S. Food and Drug Administration (“FDA”) are consistent with the DEA, taking the position that marijuana will remain a Schedule 1 substance under federal law. The FDA’s role is to provide scientific input and assess the controls on marijuana to the DEA, support and regulate scientific research on potential therapeutic uses of marijuana compounds, and take any actions as necessary against products containing compounds found in marijuana. Douglas C. Throckmorton, M.D., *FDA Regulation of Marijuana: Past Actions, Future Plans*, FDA (Apr. 12, 2016)

<https://www.fda.gov/downloads/aboutfda/centersoffices/officeofmedicalproductsandtobacco/cder/ucm498077.pdf>. As of now, “the FDA has not approved a marketing application for a drug product containing or derived from botanical marijuana and has not found any such product to be safe and effective for any indication.” *FDA and Marijuana: Questions and Answers*, FDA, <https://www.fda.gov/newsevents/publichealthfocus/ucm421168.htm> (last updated Aug. 15, 2017). The FDA has not approved marijuana as a safe and effective drug for any indication, holding the position that marijuana is properly labeled a Schedule 1 controlled substance, making it a federally illegal substance. *FDA and Marijuana*, FDA <https://www.fda.gov/newsevents/publichealthfocus/ucm421163.htm> (last updated Feb. 28, 2017). However, since Marijuana has been legalized by several states, the FDA has stated its support for researchers who conduct adequate and well-controlled clinical trials which may lead to the development of safe and effective marijuana products to treat medical conditions. *Id.*

The United States Department of Agriculture (“USDA”) issues, with the concurrence of the DEA and the FDA, Statement of Principles regarding the applicability of Federal laws to activities associated with growing and cultivating industrial hemp. Statement of Principles on Industrial Hemp, 81 FR 53395-01 (Aug. 12, 2016). Under § 7606 of the Agricultural Act of 2014, “the growing and cultivating of industrial hemp for research purposes in States where such growth and cultivation is legal under State law, notwithstanding existing Federal statutes that would otherwise criminalize such conduct” was legalized, which further “authorized State departments of agriculture to promulgate regulations to carry out these pilot programs.” Legitimacy of Industrial Hemp Research, 7 U.S.C. § 5940 (2017). Section 7606 of the Agriculture Act of 2014 authorizes growth of industrial hemp and research under prescribed circumstances, in spite of, or notwithstanding, the CSA. As such, it expressly carves out a limited exception to the CSA for the entire industrial hemp plant. *Id.* Specifically, it states that “[n]otwithstanding the Controlled Substances Act (21 U.S.C. 801 et seq.), the Safe and Drug Free

Schools and Communications Act (20 U.S.C. 7101 et seq.), chapter 81 of title 41, United States Code, or any other Federal law, an institution of higher education (as defined in section 101 of the Higher Education Act of 1965 (20 U.S.C. 1001)) or a State department of agriculture may grow or cultivate industrial hemp (with certain regulatory limitation)." *Id.* And industrial hemp has been defined, accordingly, as an exclusion/ exception to the CSA, as, "the plant *Cannabis sativa L.* and any part of such plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis." *Id.* However, §7606 did not provide a specific delegation to the USDA or any other agency to implement the program. *Id.* Nothing in §7606 alters the Federal "requirements of the CSA that apply to the manufacture, distribution, and dispensing of drug products containing controlled substances." The "manufacturers, distributors, dispensers of drug products derived from cannabis plants, as well as those conducting research with such drug products, must continue to adhere to the CSA requirements." *Id.*

The CSA has established five schedules of controlled substances, to be known as Schedules I, II, III, IV, and V. 21 U.S.C § 812 (2017). The 1970 CSA made CBD illegal from its enactment in 1970. The CSA states: "The term 'marihuana' means all parts of the plant *Cannabis sativa L.*, whether growing or not; the seeds thereof; the resin extracted from any part of such plant; and every compound, manufacture, salt, derivative, mixture, or preparation of such plant, its seeds or resin. Such term does not include the mature stalks of such plant, fiber produced from such stalks, oil or cake made from the seeds of such plant, any other compound, manufacture, salt, derivative, mixture, or preparation of such mature stalks (except the resin extracted therefrom), fiber, oil, or cake, or the sterilized seed of such plant which is incapable of germination." 21 U.S.C. § 802(16) (2017).

## CONGRESSIONAL APPROPRIATIONS

To the extent that it affects conduct authorized under the Farm Bill, Congress enacted provisions in the Consolidated and Further Continuing Appropriations Act of 2015 (Pub. L. 113-235, 128 Stat. 2130, § 538 (2014)), and re-authorized such regulations in the Consolidated Appropriations Act, 2016 (Pub. L. No. 114-113, 129 Stat. 1175, § 763 (2015)), extended the same through September 30, 2017, (collectively, the "Spending Bill") (Pub. L. No. 115-31, § 773). Those certain provisions of the Spending Bill precluded or blocked federal law enforcement authorities from interfering with conduct authorized by the Farm Bill, state agencies that administer industrial hemp programs authorized by the Farm Bill, authorized hemp growers, and prohibited efforts to obstruct agricultural research in the area of industrial hemp. Accordingly, the applicable provision of the Spending Bill states:

None of the funds made available by this Act or any other Act may be used –

- (1) in contravention of section 7606 of the Agricultural Act of 2014 (7 U.S.C. 5940); or
- (2) to prohibit the transportation, processing, sale, or use of industrial hemp that is grown or cultivated in accordance with subsection section 7606 of the Agricultural Act of 2014, within or outside the State in which the industrial hemp is grown or cultivated.

See Pub. L. No. 115-31, § 773.

Furthermore, subsection 538 of division B provides that "None of the funds made available by this Act may be used in contravention of section 7606 ("Legitimacy of Industrial

Hemp Research”) of the Agricultural Act of 2014 (Pub. L. No. 113-79) by the Department of Justice or the Drug Enforcement Administration. *Id.*

Most recently, this appropriations provision was adopted and extended through December 8, 2017 in Pub. L. No 115-56 § 101 of the Continuing Appropriations Act, 2018 - Division D. Additionally, Senate Bill 1609, introduced on July 20, 2017, has a proposed section 204 that would allow for the use of water for industrial hemp cultivation, notwithstanding the CSA.

### **IMPORTATION OF HEMP**

According to the U.S. Customs and Border Protection, “hemp products such as paper, rope, and clothing (which contain fiber made from the cannabis plant) and animal feed mixtures, soaps, and shampoos (which contain sterilized cannabis seeds or oils extracted from the seeds), etc. may be imported into the United States.” *Importing Hemp Products into the U.S.*, U.S.

CUSTOMS AND BORDER PROTECTION,

[https://help.cbp.gov/app/answers/detail/a\\_id/1751/~/importing-hemp-products-into-the-u.s.](https://help.cbp.gov/app/answers/detail/a_id/1751/~/importing-hemp-products-into-the-u.s.) (last updated Mar. 1, 2016). If importing hemp seeds, imports must be sterilized. Non-sterilized hemp seeds remain a schedule one controlled substance and therefore may only be imported into the U.S. with a DEA Permit Form 3. *Id.*

### **SEMINAL FEDERAL COURT CASES ON CBD AND HEMP**

1. *State v. Hanson*, 480 N.W.2d 77 (Minn. App. 1991).
  - a. In this case, the defendant grew marijuana on his property for the purpose of experimenting with it as an anti-seizure medicine. The trial court convicted the defendant for the possession and sale of marijuana. On appeal the court affirmed, concluding that the trial court did not err in concluding that the defense of medical necessity did not apply to possession or use marijuana, or even cannabidiol, which was opinioned to be “therapeutically useful in controlling epileptic seizures.” *Id.* at 78.
2. *United States v. Bowen*, 127 F.3d 9 (1st Cir. 1997).
  - a. Appellants were convicted and sentenced for importing and trafficking in a controlled cannabis-derived substance that the sentencing court determined to be hashish oil, as opposed to marihuana. Because the findings regarding the substance were undisputed, even though there was not a technical definition on the book at the time of this case, it was clear that the substance certainly qualified as marihuana under the Code.
3. *Hemp Indus. Ass’n v. DEA*, 357 F.3d 1012 (9th Cir. 2004).
  - a. Appellants dealt in products that contained only non-psychoactive trace amounts of THC. DEA published what it labeled an “Interpretive Rule” stating that “any product that contains any amount of THC is a schedule I controlled substance . . . .” The court rejected the DEA’s claim that naturally-occurring THC in those parts of the hemp plant excluded from the definition of marijuana in 21 U.S.C.S. § 802(16) of the Controlled Substances Act (CSA) have always been included

under the listing for THC. The DEA's rules attempted to add naturally-occurring THC to Schedule I without following the requirements for such an addition; hence, those rules could not be enforced with respect to THC found in parts of the plant excluded under 21 U.S.C.S. § 802(16). The court granted appellants' petition and permanently enjoined enforcement of the final rules at issue with respect to non-psychoactive hemp or products containing it. *Id.* at 1014-19.

4. *Monson v. DEA*, 522 F.Supp.2d 1188 (D. N.D., 2007).
  - a. Plaintiffs, farmers, sought to cultivate industrial hemp and sued defendants, United States Drug Enforcement Administration (DEA) and United States Department of Justice, seeking a declaration that they could not be prosecuted under the federal Controlled Substances Act (CSA), 21 U.S.C.S. § 801 et seq. The farmers also alleged that the CSA violated the Commerce Clause. The farmers moved for summary judgment and defendants moved to dismiss. The issue before the court was a question of law, namely, whether the CSA applied to the cultivation of industrial hemp pursuant to North Dakota's state regulatory regime. The farmers had received state licenses, had an economic need to begin cultivation of industrial hemp, and apparently stood ready to do so but were unwilling to risk federal prosecution of possession for manufacture or sale of a controlled substance. They claimed that the DEA misconstrued the CSA by requiring that persons who sought to grow marijuana for industrial purposes obtain DEA registrations. After determining that it had jurisdiction and the farmers had standing, the court addressed the merits. The court held that whether viewed as marijuana, or as industrial hemp, the plant the farmers sought to grow was clearly a Schedule I controlled substance under the plain language of the CSA. The fact that North Dakota chose to regulate the growth of Cannabis in a manner contrary to federal law did not change its status as a Schedule I controlled substance under federal law. *Id.* at 1202.
5. *Olsen v. Iowa Bd. Of Pharm.*, 2017 Iowa App. LEXIS 785 (2017).
  - a. Appeal from the district court's order affirming the Iowa board of Pharmacy's ruling denying a request to recommend the legislature reclassify marijuana from a Schedule I controlled substance to another scheduled substance. Although "the board stated 'Schedule 1 [was] inappropriate for cannabidiol' but declined to 'make the broader recommendation' to remove the entire category of marijuana from Schedule I. *Id.* at 5.
6. *Afi Holdings of Ill., Inc. v. NBC*, 2017 U.S. Dist. LEXIS 34077 (2017). (Not really relevant for allowing Hemp or CBD, but interesting).
  - a. Case based on diversity jurisdiction. Happy Leaves, an Illinois company, brings a defamation lawsuit against Waterman Broadcasting, a Florida corporation. Happy Leaves alleges that on July 1, 2016, Waterman aired on its television station a

segment about a product called Charlotte's Web. Happy Leaves alleges that before Waterman aired its broadcast, Happy Leaves was the only distributor of Charlotte's Web that sold the product via the website Groupon. At bottom, the only contacts that Waterman made with Illinois were to view some web pages, send Happy Leaves a two-sentence email, and attempt an unspecified form of communication with Groupon from which it got no real-time response. These contacts resulted in a broadcast that mentioned Happy Leaves only insofar as to show screen caps of its Groupon page and that garnered no viewer in Illinois other than Groupon. On these facts, the Court concludes that Waterman's contacts with Illinois are too attenuated for the exercise of power to hale it into court. *Id.* at 27-28.

### PENDING LITIGATION

1. *Hemp Indus. Ass'n v. Drug Enf't Admin.*, 2017 WL 1346354 (C.A.9) (9th Cir. Apr. 3, 2017).
  - a. Petition for review of the “Final Rule - Establishment of a New Drug Code for Marihuana Extract,” issued by Respondent Drug Enforcement Administration (“DEA”) on December 14, 2016, 81 Fed. Reg. 90,194-96 (Dec. 14, 2016) (the “Final Rule”). The Final Rule apparently flows from the underlying Proposed Rule - Establishment of a New Drug Code for Marihuana Extract, 76 Fed. Reg. 39,039-41 (July 5, 2011) (the “Proposed Rule”), which DEA published more than **five (5) years** before the Final Rule. DEA purported to issue the Final Rule pursuant to the Controlled Substances Act (the “CSA”), 21 U.S.C. § § 811, 812 & 871(b). Petitioners are organizations engaged in the import, cultivation, manufacture, distribution and/or sale of products derived from lawful portions and/or varieties of the *Cannabis* plant, more commonly referred to as non-psychoactive industrial hemp. Notably, over 80 cannabinoids naturally occur within all parts of the *Cannabis* plant. As previously confirmed by this Ninth Circuit Court of Appeals over a decade ago, certain portions of the *Cannabis* plant are exempt from treatment as controlled substances under the Controlled Substances Act, 21 U.S.C. § § 802 *et seq.* (the “CSA”). *Hemp Industries Ass'n v. Drug Enforcement Admin.*, 357 F.3d 1012 (9th Cir. 2004); *Hemp Industries Ass'n v. Drug Enforcement Admin.*, 333 F.3d 1082 (9th Cir. 2003). In accordance with these exemptions, many companies have lawfully imported, manufactured, distributed and sold products containing oils and derivatives from these exempt portions of the plant for decades. On December 14, 2016, over five years after issuing its Proposed Rule in 2011 and during which time Congress enacted the Farm Bill, DEA published its “Final Rule - Establishment of a New Drug Code for Marihuana Extract,” 81 Fed. Reg. 90,194-96 (the “Final Rule”), purportedly assigning a drug code to “marihuana extract.” Drug codes are generally assigned to controlled substances in order for DEA to restrictively authorize and regulate

the use of controlled substances. 21 F.R. § 1308.03 (1997). However, the CSA does not contain any reference to, and does not define, “marihuana extract.” Moreover, the Final Rule schedules the entire Cannabis plant, rather than the prohibited portions thereof, and also schedules cannabinoids, which are not controlled per se, and that may be derived from a non-Cannabis plant or other sources. Baselessly, DEA's Final Rule broadly defines “marihuana extract” as, “any extract containing one or more cannabinoids that has been derived from any plant of the genus Cannabis ...” Final Rule, 81 Fed. Reg. at 90,194-96 (emphasis added). By wrongfully conflating the CSA's narrow definition of “marihuana” with the entire Cannabis plant, this definition of “marihuana extract” wholly fails to reflect the lawfulness of industrial hemp and non-THC cannabinoids derived therefrom. This Final Rule, made effective on January 13, 2017, has the effect of instantly transforming Petitioners' long-standing lawful business activities pursuant to the CSA and the Farm Bill into criminal enterprises, pursuant to the DEA's alleged interpretation of the law.

2. *Hemp Indus. Ass'n v. Drug Enf't Admin.*, 357 F.3d 1012 (9th Cir. 2004).

- a. In *HIA v. DEA II*, the Court found that the definition of THC under the CSA includes only synthetic THC, not naturally occurring THC. 357 F.3d at 1017. The Court further found that the “non-psychoactive hemp in Appellants’ products was derived from the ‘mature’ stalks or is ‘oil and cake made from the seeds’ of the Cannabis plant, and therefore fits within the plainly stated exception to the CSA definition of marijuana.” *Id.* The Court determined that “the DEA’s action is not a mere clarification of its THC regulations; it improperly renders naturally-occurring 8 non-psychoactive hemp illegal for the first time.” 357 F.3d at 1017. The Court held that: Congress was aware of the presence of trace amounts of psychoactive agents (later identified as THC) in the resin of non-psychoactive hemp when it passed the 1937 “Marihuana Tax Act,” and when it adopted the Tax Act marijuana definition in the CSA. . . . Congress knew what it was doing and its intent to exclude non-psychoactive hemp from regulation is entirely clear. The DEA’s Final Rules are inconsistent with the unambiguous meaning of the CSA definitions of marijuana and THC, and the DEA did not use the appropriate scheduling procedures to add non-psychoactive hemp to the list of controlled substances. . . The Final Rules therefore may not be enforced with respect to THC that is found within the parts of the Cannabis plants that are excluded from the CSA’s definition of “marijuana” or that is not synthetic. *Id.* at 1018. The Court concluded, “We grant Appellants’ petition and permanently enjoin enforcement of the Final Rules with respect to nonpsychoactive hemp or products containing it.” *Id.* at 1019 (emphasis added). The Court denied DEA’s petition for rehearing en banc (No. 03-71336, Dkt. #72). The DEA did not petition the Supreme Court for a writ of certiorari, nor has it ever sought modification of the injunction. Despite

issuance of the permanent injunction, DEA has never amended the listing for “Tetrahydrocannabinols” in Schedule I in DEA’s regulations to remove the language “naturally occurring.” 21 C.F.R. §1308.11(d) (27) (2016). In fact, DEA continues to display the announcement of the adoption of the 2003 Final 9 Rule on DEA’s website. DEA, “DEA Clarifies Status of Hemp in the Federal Register,” Oct. 9, 2001, <https://www.dea.gov/pubs/pressrel/pr100901.html> (last visited February 4, 2017; screenshot attached hereto as Exhibit 3). In effect, DEA has simply refused to accept the Court’s ruling over a decade ago as governing law.

- i. FOR ACTUAL PETITIONER’S MOTION ON CONTEMPT -  
<https://www.thehia.org/resources/Documents/Legal/HIA-v-DEA-9th-Circuit-Motion.pdf>

## **STATE LAWS ON CBD**

### **I. ALABAMA**

In Alabama, a prescription for “CBD” is allowed for patients with a debilitating epileptic condition. The use or possession of CBD that has been authorized by the UAB Department and prescribed by a health care practitioner employed by or on behalf of the UAB Department for a debilitating epileptic condition is an affirmative and complete defense in a prosecution for the unlawful possession of marijuana under the laws of this state. ALA. CODE § 13A-12-214.2 (LexisNexis 2017). This law is known as “Carly’s Law.” *18 States with Laws Specifically about Legal Cannabidiol (CBD)*, PROCON, <https://medicalmarijuana.procon.org> (2017). A patient must have a debilitating epileptic condition in order to obtain “a prescription for the possession or use of cannabidiol (CBD).” ALA. CODE § 13A-12-214.2 (f) (LexisNexis 2017). A health care practitioner of the UAB Department shall be “the sole authorized source of any prescription for the use of cannabidiol (CBD), and shall be the sole authorized source to use cannabidiol (CBD) in or as a part of the treatment of a person diagnosed with a debilitating epileptic condition.” *Id.* The health care practitioner is also responsible with the sole authority to determine the use or amount of cannabidiol (CBD), if any, in the treatment of an individual diagnosed with a debilitating epileptic condition. *Id.*

### **II. DELAWARE**

Delaware law allows for a prescription for “Medical Marijuana” for “registered qualifying patients” with a debilitating medical condition. Under Delaware law, a registered qualifying patient is authorized for the medical use of marijuana (up to no more than 6 ounces at one time) with the assistance of a registered designated caregiver to treat a debilitating medical condition. This law was created in the Delaware Medical Marijuana Act. Delaware does not specifically state the law is for CBD, instead they use the term “medical marijuana,” which includes CBD. In order to qualify, patient must have a debilitating medical condition. A debilitating medical condition means one or more of the following:

- a. Terminal illness, cancer, positive status for human immunodeficiency virus, acquired immune deficiency syndrome, decompensated cirrhosis, amyotrophic lateral sclerosis,

agitation of Alzheimer's disease, post-traumatic stress disorder, intractable epilepsy, seizure disorder, or the treatment of these conditions.

b. A chronic or debilitating disease or medical condition or its treatment that produces 1 or more of the following: cachexia or wasting syndrome; severe, debilitating pain that has not responded to previously prescribed medication or surgical measures for more than 3 months or for which other treatment options produced serious side effects; intractable nausea; seizures; severe and persistent muscle spasms, including those characteristic of multiple sclerosis.

c. Any other medical condition or its treatment added by the Department, as provided for in § 4906A of this title. DEL. CODE ANN. tit. 16, § 4902A (West 2017).

“A registered qualifying patient shall not be subject to arrest, prosecution, or denial of any right or privilege, including but not limited to civil penalty or disciplinary action by a court or occupational or professional licensing board or bureau, for the medical use of marijuana pursuant to this chapter, if the registered qualifying patient does not possess more than 6 ounces of usable marijuana.” DEL. CODE ANN. tit. 16, § 4903A (West 2017). Further, a “registered designated caregiver shall not be subject to arrest, prosecution, or denial of any right or privilege, including but not limited to civil penalty or disciplinary action by a court or occupational or professional licensing board or bureau” for assisting a qualifying patient or receiving compensation for costs associated with assisting a qualified patient.

### **III. FLORIDA**

In Florida, a “Qualifying patient” who has been diagnosed to have a debilitating medical condition, who has a physician certification and a valid qualifying patient identification card, is authorized for the medical use of medical marijuana. FLA. STAT. ANN. 381.986 (LexisNexis 2017). A qualifying patient or physician prescribing certifications to qualifying patients are not subject to criminal or civil liability or sanctions under Florida law for the medical use of marijuana by a qualifying patient. *Id.* The legalized use in Florida is for “non-smoked of cannabis oil that is less than 0.8% THC and more than 10% cannabidiol by certain patients with cancer, chronic seizures, or severe muscle spasms.” *Id.*; *18 States with Laws Specifically about Legal Cannabidiol (CBD)*, PROCON, <https://medicalmarijuana.procon.org> (2017).

### **IV. GEORGIA**

Georgia passed “Haleigh’s Hope Act” into law which allows for an “eligible patient” who has been authorized as a “card holder” (can be the patient or caregiver) to possess low THC oil as diagnosed by a Physician licensed to practice and in good standing with the Georgia Composite Medical Board. Regulation of low THC oil, GA. CODE ANN. §§ 16-12-190 – 91 (2017); *18 States with Laws Specifically about Legal Cannabidiol (CBD)*, PROCON, <https://medicalmarijuana.procon.org> (2017). Georgia laws define “low TCH oil” to mean “an oil that contains an amount of cannabidiol and not more than 5 percent by weight of tetrahydrocannabinol, tetrahydrocannabinolic acid, or a combination of tetrahydrocannabinol and tetrahydrocannabinolic acid which does not contain plant material exhibiting the external morphological features of the plant of the genus Cannabis” GA. CODE ANN. §§ 16-12-190. By statute, Georgia has created a research program through the Board of Regents of the University System of Georgia designed to develop and administer low THC oil to develop data that will inform and expand the community’s understanding of potential treatments for individuals with medication-resistant epilepsies. GA. CODE ANN. § 31-51-1 (2017). However, as established under

the Low THC Oil Patient Registry, a condition is not limited to seizure-related diseases, but includes: cancer, when diagnosed as end state or the treatment produces illness or nausea and vomiting, types of sclerosis, when diagnosed as severe or end stage, Crohn's disease and many more. *See* GA. CODE ANN. § 31-2A-18 (2017). Finally, to have possession of low TCH oil in Georgia, the person “must be involved in a clinical research program being conducted by the Board of Regents of the University System of Georgia or any authorized clinical trial or research study in this state or their authorized agent... *See* GA. CODE ANN. §§ 16-12-191(b) (2017).

## V. INDIANA

On April 27, 2017, the Governor of Indiana signed HB 1148 into law which allowed the use of cannabidiol that is at least 5% CBD and contains no more than 0.3% THC for treatment-resistant epilepsy. *18 States with Laws Specifically about Legal Cannabidiol (CBD)*, PROCON, <https://medicalmarijuana.procon.org> (2017). The act was codified into Indiana statutes chapter 28.6 Drugs: Use of Cannabidiol for the Treatment of Epilepsy. IND. CODE §§ 16-42-28.6-1 – 6-11 (2017). The referenced statutes above define the limited permitted use of low THC oil for patients who have been diagnosed with treatment resistant epilepsy by a physician. IND. CODE § 16-42-28.6-3 (2017).

On November 21, 2017, Indiana's Attorney General, Curtis T. Hill, released an executive summary/ official opinion to clarify the legality of cannabidiol in Indiana. Simply stated, “as a matter of legal interpretation, products or substances marketed for human consumption or ingestion containing cannabidiol, remain unlawful in Indiana, and under federal law.” RE: Cannabidiol & HEA 1148, Op. Att’y Gen. 2017-7 (2017). However, the Attorney General is careful to clarify that this conclusion does not apply to any product that is approved by the FDA, or the two products, Epidiolex and Sativex, currently undergoing clinical trials. Although Indiana has recognized the potential benefits for epilepsy treatment in HB 1148, this bill only serves as a legislatively-created and narrowly-focused affirmative defense for limited qualified patients or their caregivers who are properly registered with the State Department of Health Cannabidiol Registry.

However, since the passage of HB 1148 allowing for possession of CBD oils for people with certain medical conditions, the Indiana state legislature has been debating the legality of CBD with regards to specifically hemp-derived CBD. Where CBD derived from cannabis is heavily regulated, the legality of hemp-derived CBD has remained unclear. Most recently, Indiana's Alcohol and Tobacco Commission apologized for citations sent out right before Christmas of 2017 to almost 50 businesses for “possession of marijuana, unlawful manufacture, and distribution or possession of counterfeit substances” for selling CBD oil. On January 8, 2018, the Alcohol and Tobacco Commission issued a statement suggesting that “this was an administrative error and these letters should be disregarded.” Until the legislature resolves CBD's legal status, stores selling CBD will not be cited.

## VI. IOWA

Iowa Governor signed SF 2360 into law in 2014 allowing for the possession or use of cannabidiol that has less than 3% THC for the treatment of intractable epilepsy with the written recommendation of a neurologist. *18 States with Laws Specifically about Legal Cannabidiol (CBD)*, PROCON, <https://medicalmarijuana.procon.org> (2017). However, the bill stated that the cannabidiol must be obtained from an out-of-state source and “recommended for oral or

transdermal administration”. *Id.* Under the Medical Cannabidiol Act, the medical use of cannabidiol serves as an affirmative defense so long as the individual complies with the requirements of Chapter 124D.6 which state:

- a.** A recommendation for the possession or use of cannabidiol as authorized by this chapter shall be provided exclusively by a neurologist for a patient who has been diagnosed with intractable epilepsy.
- b.** Cannabidiol provided exclusively pursuant to the recommendation of a neurologist shall be obtained from an out-of-state source and shall only be recommended for oral or transdermal administration.
- c.** A neurologist shall be the sole authorized recommender as part of the treatment plan by the neurologist of a patient diagnosed with intractable epilepsy. A neurologist shall have the sole authority to recommend the use or amount of cannabidiol, if any, in the treatment plan of a patient diagnosed with intractable epilepsy.- IOWA CODE § 124D.6 (2017).

Finally, although there are possible penalties for violating the requirements of the chapter (such as possible penalties from acquiring CBD from an out of state source (the statute provides that being a qualified medical patient would serve as an affirmative defense. All the provisions of this chapter are scheduled to be repealed July 1, 2017, pursuant to Iowa Code § 124D.8. IOWA CODE § 124D.8 (2017).

## **VII. KANSAS**

On January 24<sup>th</sup>, 2018, Kansas State Attorney General, Derek Schmidt, released a statement concluding that possession or sales of any product or substance containing any amount of cannabidiol or any amount of tetrahydrocannabinol is unlawful under Kansas law. RE: Crimes and Punishments – Crimes Involving Controlled Substances – Unlawful Possession of Controlled Substances; Cannabidiol, Op. Att’y Gen. 2018-5 (2018). This statement came in response to questions from the District Attorneys for Johnson County and Shawnee County questioning the legality of CBD oil that does not contain THC, as well as attempting to ask for a threshold amount of THC content that would make CBD products legal to possess. *Id.* Turning to the plain language of the Kansas Uniform Controlled substances Act and its definition of “marijuana” under K.S.A. 2017 Supp. 65-4101(aa). Under this definition, as well as under the identical definition of the Kansas Criminal Code K.S.A. 2017 Supp. 21-5701(j), marijuana includes “all parts of all varieties of the plant Cannabis whether growing or not, the seeds thereof, the resin extracted from any part of the plant and every compound, manufacture, salt, derivative, mixture or preparation of the plant, its seeds or resin.” K.S.A. 2017 Supp. 65-4101(aa). Because marijuana is anything derived from any variety of cannabis plant and cannabidiol is one of the identified cannabinoids unique to the cannabis plant, and product containing any amount of cannabidiol is not excluded from the definition of marijuana under Kansas law and is prohibited as a Schedule 1 drug. RE: Crimes and Punishments – Crimes Involving Controlled Substances – Unlawful Possession of Controlled Substances; Cannabidiol, Op. Att’y Gen. 2018-5 (2018).

## **VIII. KENTUCKY**

In 2014, the Kentucky legislature passed SB 124 revising the definition of marijuana under state law to create legal protection for patients who use a cannabidiol (CBD) medicine as part of an approved clinical trial or on the written order of “The substance cannabidiol, when transferred, dispensed, or administered pursuant to the written order of a physician practicing at a

hospital or associated clinic affiliated with a Kentucky public university having a college or school of medicine.” KY. REV. STAT. ANN. § 218A.010(27)(c) (LexisNexis 2017). The statute further excludes a “cannabidiol product derived from industrial hemp” and “a cannabidiol product approved as a prescription medication by the United States Food and Drug Administration.” *Id.* at (e)-(f). The statute does not provide for a distribution model, or list any specific diseases that would qualify for being part of the clinical trials.

## **IX. MISSISSIPPI**

Currently in Mississippi, the legislature has revised its definition of Schedule I substances to expressly exempt low-thc cannabidiol products from control. Specifically the statutes states that “Processed cannabis plant extract, oil or resin with a minimum ratio of twenty-to-one cannabidiol to tetrahydrocannabinol (20:1) cannabidiol and diluted so as to contain at least fifty (50) milligrams of cannabidiol per milliliter, with not more than two and one-half (2.5) milligrams of tetrahydrocannabinol per milliliter.” MISS. CODE ANN. § 41-29-113 (2017). Pursuant to Harper Grace’s law, a “CBD solution” may only prepared from “Cannabis plant extract that is provided by the National Center for Natural Products Research at the University of Mississippi under appropriate federal and state regulatory approvals may be dispensed by the Department of Pharmacy Services at the University of Mississippi Medical Center (UMMC Pharmacy) after mixing the extract with a suitable vehicle.” MISS. CODE ANN. § 41-29-136 (2)(a). The statute further defines a qualifying condition to become a medical marijuana patient in the trial as a “debilitating epileptic condition or related illness and the use or possession of CBD solution was pursuant to the order of a physician as authorized under this section...” *Id.* at (3)(i).

## **X. MISSOURI**

In 2014, Missouri Governor signed HB 2238, only allowing the use of cannabis oil that is at least 5% CBD and less than 0.3% THC for intractable epilepsy and requiring that a neurologist determine that the potential patient did not respond to at least three alternative treatment options to be eligible to use the extract. *18 States with Laws Specifically about Legal Cannabidiol (CBD)*, PROCON, <https://medicalmarijuana.procon.org> (2017). The only qualifying condition under the statute that would allow for the possession or use of hemp extract is having a signed statement by a neurologist that the individual suffers from “intractable epilepsy and may benefit from treatment with hemp extract.” MO. REV. STAT. § 192.945 (2)(3)(a) (2017); MO. REV. STAT. § 195.207 (2)(1); MO. REV. STAT. § 261.265 (3).

## **XI. NORTH CAROLINA**

Similar to Missouri, above, North Carolina allows for the use of CBD oil only, and the qualifying conditions include intractable epilepsy. The stated purpose of the North Carolina Epilepsy Alternative Treatment Act is to “permit the use of hemp extract as an alternative treatment for intractable epilepsy.” N.C. GEN. STAT. § 90-113.100 (2017). Accordingly, only persons diagnosed by a neurologist with intractable epilepsy are viable patients in the state. N.C. GEN. STAT. § 90-113.101 (8) (2017). However, the North Carolina law stipulates the creation of a state database, explicitly stating that:

- (a) The Department shall create a secure and electronic Intractable Epilepsy Alternative Treatment database registry for the registration of neurologists, caregivers, and patients as provided by this Article. All caregivers shall be required to register with the Department. Law enforcement agencies are authorized to contact the Department to

confirm a caregiver's registration. The database shall consist of the following information to be provided by the caregivers at the time of registration:

- (1) The name and address of the caregiver.
  - (2) The name and address of the caregiver's patient.
  - (3) Repealed by Session Laws 2015-154, s. 4, effective July 16, 2015.
  - (4) The name, address, and hospital affiliation of the neurologist recommending hemp extract as an alternative treatment for intractable epilepsy for the patient.
- N.C. GEN. STAT. § 90-113.102 (2017).

## **XII. OKLAHOMA**

Similarly, Oklahoma allows for the use of CBD oil only. However, the relevant statutes enacted in 2015, provide for the use of CBD oil for the treatment of severe forms of epilepsy and expands the qualifying conditions to include any person that has been diagnosed by a physician as having Lennox-Gastaut Syndrome, Dravet Syndrome, also known as Severe Myoclonic Epilepsy of Infancy, or any other severe form of epilepsy that is not adequately treated by traditional medical therapies...” OKLA. STAT. ANN. tit. 63 § 2-101(f) (West 2017). More importantly, the statute outlining the controlled substances, and excluding hemp oil including cannabidiol, suggests that importation to the state is the only method of getting hemp into the state. The statutes states “industrial hemp, from the plant *Cannabis sativa* L. and any part of such plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than three-tenths of one percent (0.3%) on a dry weight basis which shall not be grown anywhere in the State of Oklahoma but may be shipped to Oklahoma pursuant to the provisions of subparagraph e or f of this paragraph;” *Id.* at (g).

## **XIII. SOUTH CAROLINA**

South Carolina is another state that only allows for the use of CBD oil, but only as part of a state-run clinical trial. Accordingly, South Carolina government has adopted their definition of marijuana to exclude:

- “(ii) oil or cake made from the seeds of the marijuana plant, including cannabidiol derived from the seeds of the marijuana plant;
- (iii) any other compound, manufacture, salt, derivatives, mixture, or preparation of the mature stalks (except the resin extracted therefrom), including cannabidiol derived from mature stalks.” S.C. CODE ANN. § 44-53-110(27)(b) (2017).

The state has further defined a cannabidiol “means a finished preparation containing, of its total cannabinoid content, at least 98 percent cannabidiol and not more than 0.90 percent tetrahydrocannabinol by volume that has been extracted from marijuana or synthesized in a laboratory.” S.C. CODE ANN. § 44-53-1810(2) (2017).

Furthermore, the statute clarifies the accepted qualifying conditions as a “patient has been diagnosed with Lennox-Gastaut Syndrome, Dravet Syndrome, also known as “severe myoclonic epilepsy of infancy”, or any other severe form of epilepsy that is not adequately treated by traditional medical therapies and the physician’s conclusion that the patient might benefit from the medical use of cannabidiol.” S.C. CODE ANN. § 44-53-110(27)(c) (2017). The trials themselves are limited to academic research centers. These are limited to facilities such as “a research hospital that operates a medical residency program for physicians and conducts research that involves human subjects, and other hospital research programs conducting research as a

subrecipient with the academic medical center as the prime awardee.” S.C. CODE ANN. § 44-53-1810(1) (2017).

#### **XIV. TENNESSEE**

In May, 2015, SB 280 allowed, until July 1<sup>st</sup>, 2018, the use of cannabis oil containing cannabidiol that is less than 0.9% THC if the person in possession of the oil retains: “Proof of the legal order or recommendation from the issuing state; and (b) proof that the person or the person's immediate family member has been diagnosed with intractable seizures or epilepsy...” or less than .0-6% as part of a clinical research study on the treatment of intractable seizures, cancer, or other diseases. TENN. CODE ANN. § 39-17-402(16) (2017).

#### **XV. TEXAS**

In June, 2015, Texas Governor signed SB 339 allowing for the medical use of cannabis oil that is no more than .5% THC and at least 10% CBD for the treatment of intractable epilepsy. TEX. OCC. CODE ANN. § 169.001 (3) (West 2017). Medical use was limited to means a “means of administration other than by smoking of a prescribed amount of low-THC cannabis by a person for whom low-THC cannabis is prescribed under this chapter.” *Id.* at (4). Further restrictions required that for a physician to be qualified he must dedicate a significant portion of clinical practice to the evaluation and treatment of epilepsy, and also required that a patient be diagnosed with intractable epilepsy and that the physician determine that the risk of the medical use of low-THC cannabis by the patient be reasonable. TEX. OCC. CODE ANN. §§ 169.002, 169.003 (West 2017). However, under this section, and all relevant sections, these definitions and provisions were set to expire September 1<sup>st</sup>, 2017. There is no information yet available to determine whether or not Texas continued with their current restrictions.

#### **XVI. UTAH**

Utah is another state that only allows for the use and possession of CBD oil, under certain conditions, by people diagnosed with intractable epilepsy that have a signed statement by a neurologist stating that the patient may benefit from treatment with hemp extract. UTAH CODE ANN. § 58-37-4.3(2)(a) (LexisNexis 2017). A hemp extract in Utah is defined in this statute to mean “an extract from a cannabis plant, or a mixture or preparation containing cannabis plant material, that: (a) is composed of less than 0.3% tetrahydrocannabinol by weight; (b) is composed of at least 5% cannabidiol by weight; and (c) contains no other psychoactive substance.” *Id.* at (1). Intractable epilepsy is also defined in the hemp oil statutes, known as Charlee’s law, as epilepsy that, “as determined by a neurologist, does not respond to three or more treatment options overseen by the neurologist.” UTAH CODE ANN. § 26-56-102(3) (LexisNexis 2017). The original statutes propose that a department shall conduct a study of hemp extract by using the required database of neurologists who prescribe cannabis oil starting July 1<sup>st</sup> of 2016 in order to discover any adverse effects that may be attributable to the patient’s use of hemp extract. *Id.* at (9). The legislature has also gone as far as to allow the cultivation of industrial hemp for the purpose of agricultural or academic research. UTAH CODE ANN. § 4-41-103(2) (LexisNexis 2017).

#### **XVII. VIRGINIA**

In February of 2015, HB 1445 was signed into law for the state of Virginia. *18 States with Laws Specifically about Legal Cannabidiol (CBD)*, PROCON, <https://medicalmarijuana.procon.org> (2017). The bill stated in part that: “In any prosecution... involving marijuana in the form of cannabidiol oil... it shall be an affirmative defense that the

individual possessed such oil pursuant to a valid written certification... for treatment or to alleviate the symptoms of... intractable epilepsy.” *Id.*; VA. CODE ANN. § 54.1-3408.3(D) (2017).

Within Title 54.1, subtitle III, Chapter 34 are all of the drug controls in place for the state of Virginia. Section 54.1-3408.3 is titled: Certification for use of cannabidiol oil or THC-A oil to treat intractable epilepsy. Under this section of the statute, cannabidiol oil means: a processed Cannabis plant extract that contains at least 15 percent cannabidiol but no more than five percent tetrahydrocannabinol, or a dilution of the resin of the Cannabis plant that contains at least 50 milligrams of cannabidiol per milliliter but not more than five percent tetrahydrocannabinol. VA. CODE ANN. § 54.1-3408.3 (2017). THC-A oil is defined as: “a processed Cannabis plant extract that contains at least 15 percent tetrahydrocannabinol acid but not more than five percent tetrahydrocannabinol, or a dilution of the resin of the Cannabis plant that contains at least 50 milligrams of tetrahydrocannabinol acid per milliliter but not more than five percent tetrahydrocannabinol.” *Id.* Furthermore, the statute is explicit to state that licensed physicians that fail to properly evaluate or treat a patient’s medical condition violates his applicable standard and can be sanctioned by the Board of Medicine. *Id.* To have possession, the patient must have a written certification issued by a medical practitioner in the course of his professional practice stating that the use of cannabidiol oil or THC-A oil will treat the symptoms of the patient’s intractable epilepsy. *Id.* at (B) & (D).

## **XVIII. WISCONSIN**

In April of 2016, Wisconsin Governor signed AB 726 into state law. The relevant assembly bill stated that “any physician may provide an individual with a hard copy of a letter or other official documentation stating that the individual possesses cannabidiol to treat a seizure disorder if the cannabidiol is in a form without a psychoactive effect.” *18 States with Laws Specifically about Legal Cannabidiol (CBD)*, PROCON, <https://medicalmarijuana.procon.org> (2017).

First, Wisconsin legislature adapted its Schedule I definition of tetrahydrocannabinols to “not include cannabidiol in a form without a psychoactive effect that is dispensed as provided in § 961.38 (1n) (a) or that is possessed as provided in § 961.32 (2m) (b).” WIS. STAT. § 961.14 (2017). The next statute that is relevant to CBD directs that “An individual may possess cannabidiol in a form without a psychoactive effect if the individual has certification stating that the individual possesses cannabidiol to treat a medical condition, if the certification has an issue date that is no more than one year prior to the possession, and if any expiration date provided by the physician in the certification has not passed.” WIS. STAT. § 961.32 (2m)(b) (2017). Statutory section 961.34 then outlines the restrictions that limit cannabidiol as an investigational drug. This means that only through the request of a physician, the controlled substances board shall approve and aid practitioners in applying for an investigational drug permit under 21 U.S.C. 355(i). WIS. STAT. § 961.34 (2017). The adopted statute also explicitly implies that “if cannabidiol is removed from the list of controlled substances, or if cannabidiol is determined not to be a controlled substance, under schedule I of 21 USC 812 (c), the controlled substances board shall approve which pharmacies and physicians may dispense cannabidiol to patients as treatment for a seizure disorder.” *Id.* at (2)(b).

Finally, section 961.38, dealing with prescriptions, clarifies that a physician approved under § 961.34(2)(a) may dispense cannabidiol or may issue an individual certification that the individual may possess cannabidiol to treat a medical treatment so long as the cannabidiol is in a form without a psychoactive effect. WIS. STAT. § 961.38 (2017). However, unlike most states,

these statutes do not have specific percentage requirements for cannabidiol or THC; the only requirements in Wisconsin being that the investigational drug not have psychoactive effects.

## **XIX. WYOMING**

After Governor Matt Mead neither signed, nor vetoed HB 32, the House Bill officially became law on July 1, 2015. *18 States with Laws Specifically about Legal Cannabidiol (CBD)*, PROCON, <https://medicalmarijuana.procon.org> (2017). The law allowed for the use of hemp extract that contains at least 15% CBD and no more than 0.3% THC for the treatment of intractable epilepsy. *Id.*

Currently, the statutory sections relevant to the supervision and restrictions on the medical use of hemp extracts are included under Article 19. Supervised Medical use of Hemp Extracts; WYO. STAT. ANN. §§ 35-7-1901 – 1903. Under the definitions sections, “hemp extract” means:

“(a) an extract from a cannabis plant or a mixture or preparation containing cannabis plant material that:

(A) Is composed of less than three-tenths of a percent (0.3%) tetrahydrocannabinol by weight;

(B) Is composed of at least five percent (5%) cannabidiol by weight;

(C) Contains no other psychoactive substance; and

(D) Complies with federal definitions of industrial hemp, including the definition under section 7606 of the federal Agricultural Act of 2014, which shall apply to all samples, products, derivatives and oils.” WYO. STAT. ANN. § 35-7-1901(a) (2017).

Furthermore, the statutes provides that the only ones allowed to issue hemp extracts are the department of Health and Safety and they shall also maintain a registry of the names of applicants to whom the department issues a hemp extract registration card. WYO. STAT. ANN. § 35-7-1902 (2017). For an individual in need of hemp extracts, or parent of an individual in need of hemp extracts, has a statement signed by a neurologist specifying that the person suffers from intractable epilepsy or a seizure disorder and may benefit from treatment with hemp extracts. *Id.* So long as an individual possess or uses hemp extracts lawfully as defined in Article 19, the individual possessor, or an individual who administers hemp extract to a minor child, is not subject to the criminal or civil penalties associated with the possession or use of a hemp extract. WYO. STAT. ANN. § 35-7-1903 (2017).

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