

HUG Traders Policies & Procedures

Policies & Procedures

Notice: Please be aware that due to high incidences of online fraud, people in the following countries may be asked to send in notarized, original copies of their documents: Malaysia, Thailand, Singapore, Indonesia, Russia, Nigeria, India, Pakistan and the Philippines.

Furthermore, we are unable to offer services to the following countries:

- * Afghanistan
- * Belarus
- * Burma
- * Chad * China
- * Côte d'Ivoire
- * Cuba
- * Democratic Republic of the Congo
- * Equatorial Guinea
- * Haiti
- * Iran
- * Iraq
- * Lebanon
- * Liberia
- * Montana, USA
- * North Korea
- * Rwanda
- * Sudan
- * Syria
- * Zimbabwe

SECTION ONE: INDEPENDENT AFFILIATE STATUS

1.01 BECOMING AN INDEPENDENT AFFILIATE

An applicant becomes an Independent Affiliate ("Independent Sales Representative") of HUG Traders, when the applicant's completed Application and Agreement has been received and accepted by the Company, by Internet or by mail, at its Home Office. Company reserves the right to decline any Agreement for any reason, at its sole discretion.

Independent Affiliate uses his/her best effort to promote and sell products and services of Company to consumers pursuant to the Agreement contained within these Policies and Procedures and Terms and Conditions. In doing so, Independent Affiliate will maintain the high standards of honesty, and integrity and business ethics when dealing with Consumers, Company or other Company Independent Affiliates.

1.02 MEMBERSHIP FEES, CHARGES AND/OR PURCHASES

An initial fee, charge and/or purchase may be required to become an Independent Affiliate. As an Independent Affiliate, you agree to pay and authorize automatic, recurring, billing of the membership fee by any available payment methods, until cancelled. Any automatic, recurring, billing of the membership fee is not refundable and will not be prorated. You authorize Company to initiate debit entries from the account provided and for the membership fee, as well as any other purchases made on the Site.

1.03 INDEPENDENT AFFILIATES OBLIGATIONS & RIGHTS

Independent Affiliates are authorized to sell Company products and services and to participate in the Independent Affiliate Compensation Plan. Independent Affiliates may sponsor new Independent Affiliates.

1.04 LEGAL AGE

Independent Affiliates must be of legal age in the state / province / country of their residence.

1.05 DIVORCE

When a couple sharing Independent Affiliate entity divorces or separates, Company will continue to pay commission checks in the same manner as before the divorce or separation until it receives written notice signed by both parties or a court decree which specifies how future commission checks should be paid, provided and if applicable, the couple has complied with the requirements of Section 5.03.

1.06 CORPORATIONS, PARTNERSHIPS & TRUSTS

Corporations, partnerships, limited liability companies or other forms of business organizations or trusts may become Independent Affiliates of Company when the Agreement is accompanied by a federal ID number. Shareholders, directors, officers, partners, members, beneficiaries and trustees, as applicable of Independent Affiliate entity must agree to hold such title, and Company will hold each personally liable and bound by the Agreement and these Policies and Procedures and Terms and Conditions.

1.06 FICTITIOUS OR ASSUMED NAMES

A person or entity may not apply as Independent Affiliate using a fictitious or assumed name.

1.08 INDEPENDENT AFFILIATE STATUS

Independent Affiliates are Independent Contractors responsible for determining their own activities without direction or control by Company. They are not franchisees, joint venture, partners, employees or agents of Company and are prohibited from stating or implying, whether orally or in writing, otherwise. Independent Affiliates have no authority to bind Company to any obligation. Company is not responsible for payment or co-payment of any employee benefits. Independent Affiliates are responsible for liability, health disability and worker's compensation insurance. Independent Affiliates set their own hours and determine how to conduct business, subject to Company Agreement, the Policies and Procedures and Terms and Conditions.

1.09 TAXATION

As Independent Contractors, Independent Affiliates will not be treated as franchisees, owners, employees or agents of Company for federal or state tax purposes including, with respect to the Internal Revenue Code, Social Security Act, federal unemployment act, state unemployment acts or any other federal, state, or local statute, ordinance, rule or regulation. At the end of each calendar year, Company will issue to each Independent Affiliate an IRS Form 1099, as required by law, or other applicable documentation for non-employee compensation as an Independent Affiliate.

1.10 INDEPENDENT SALES REPRESENTATIVE IDENTIFICATION NUMBER

Independent Affiliates are required by federal law to obtain a Social Security number or Federal ID number. Independent Affiliates will be identified by this number, or a company assigned number, for purposes of Company's business. The Independent Affiliate Identification Number must be placed on all orders and correspondence with the Company.

1.11 LEGAL COMPLIANCE

Independent Affiliates must comply with all federal, state and local statutes, regulations and ordinances concerning the operation of their business. Independent Affiliates are responsible for their own managerial decisions and expenditures including all estimated income and self-employment taxes.

1.12 NO EXCLUSIVE TERRITORIES

No franchise is granted and there are no exclusive territories for sales or sponsoring purposes. No geographical limitations exist on sponsoring or selling within the United States; provided, however, that Company reserves the right not to sell product or services or contract with Independent Affiliates in specified states / provinces within United States.

1.13 NON-COMPETITION

The Independent Affiliate (Independent Sales Representative) agrees that during his relation with HUG Traders as an Independent Affiliate and for a period of one (1) year after the end of that relation, the Independent affiliate will not engage in any business relation with other company that offers financial education or Forex trading education. The Independent Affiliate will not, directly or indirectly, as employee, owner, solo proprietor, partner, director, member, consultant, agent, founder, co-venturer or otherwise, solely or jointly with others, engage in any business that is in competition with the business, products or services offered by HUG Traders at the time of this agreement.

1.14 NON-SOLICITATION

The Independent Affiliate (Independent Sales Representative) understands and agrees that during his relation with HUG Traders as an Independent Affiliate and for a period of one (1) year after the end of that relation, the Independent affiliate will not in any way, directly or indirectly induce or attempt to induce any affiliate or student of HUG Traders to buy any Forex or Financial Educational product or services provided by any company outside of HUG Traders.

1.15 AVOIDING CONFLICT OF OPPORTUNITIES

The Independent Affiliate (Independent Sales Representative) understands and agrees that during his relation with HUG Traders as an Independent Affiliate and for a period of one (1) year after the end of that relation, the Independent affiliate will not in any way, directly or indirectly engage or participate as an as employee, owner, solo proprietor, partner, director, member, consultant, agent, founder, co-venturer or otherwise, solely or jointly with others in any other business opportunities conflicting with the best interest of HUG Traders.

1.16 AVOIDING CONFLICT OF OPPORTUNITIES

The Independent Affiliate (Independent Sales Representative) understands and agrees that during his/her relationship with HUG Traders as an Independent Affiliate and for a period of one (1) year after the end of that relation, the Independent Affiliate will BE RESPONSIBLE FOR THE FINANCIAL LOSSES OR POTENCIAL DAMAGES THAT MAY OCCUR. For example: If the Independent Affiliate engages in the competition or soliciting activity described before and as a result of that activity other members of HUG Traders cancel their membership, then the Independent Affiliate will have to compensate HUG Traders for the potential losses (members stay in the program an average of 16 to 24 months).

1.17 AFFILIATES PERSONAL PHOTOS OR VIDEOS

The Independent Affiliate (Independent Sales Representative) understands and agrees that during his/her relationship with HUG Traders as an Independent Affiliate, his/her picture or video can be used in any of the company's websites or marketing materials as a testimonial or any other similar purpose.

SECTION TWO: TERM & RENEWAL

2.01 TERM

Subject to the terms of Section 4.01, the Agreement shall have a term which shall begin on the date of acceptance by Company and end one year from the date thereof (the "Anniversary Date").

2.02 RENEWAL

Independent Affiliates must renew annually, on the Anniversary Date and Independent Affiliate has the right to decline to accept any renewal at its sole discretion. Company may require that Independent Affiliates execute a new Agreement upon renewal. Independent Affiliates not renewing by the renewal date shall be deemed to have voluntarily terminated their Independent Affiliate relationship with Company, and thereby lose their Independent Affiliate entity, all sponsorship rights, their position in the Compensation Plan and all rights to commissions and bonuses. Independent Affiliates who fail to renew their Independent Affiliate status may not reapply under a new sponsor for three (3) months after non-renewal.

SECTION THREE: SPONSORSHIP

3.01 SPONSORING

Independent Affiliates may sponsor other Independent Affiliates into Company's business. Independent Affiliates must ensure that each potential new Independent Affiliate has reviewed and has had access to the current Policies and Procedures, Terms and Conditions and Compensation Plan prior to or when giving the individual an Agreement.

3.02 MULTIPLE AGREEMENTS

If an applicant submits multiple Independent Affiliates which list different sponsors, only the first completed Agreement received by Company will be accepted.

3.03 TRAINING REQUIREMENT

A Sponsor must maintain an ongoing professional leadership association with Independent Affiliates in his or her organization and must fulfill the obligation of performing a bona fide supervisory or sales function in the sale or delivery of products and services.

3.04 INCOME CLAIMS

Independent Affiliates must truthfully and fairly describe the Compensation Plan. No past, potential or actual income claims may be made to prospective Independent Affiliates, nor may Independent Affiliates use their own incomes as indications of the success assured to others. Commission checks may not be used as marketing materials. Independent Affiliates may not guarantee commissions or estimate expenses to prospects.

3.05 TRANSFER OF SPONSORSHIP

The company does not permit the transfer of sponsors. Network Marketing is a business of creating relationships. Once an Independent Affiliate is sponsored, the company believes in maximum protection of that relationship. The only exception is upon prior written approval of Company to correct ethical violations as determined at the sole discretion of Company.

3.06 CROSS SPONSORING

Independent Affiliate may not sponsor, or attempt to sponsor, any non-personally sponsored Independent Affiliates in any other Network Marketing or Direct Sales Company. In addition, no Independent Affiliate may participate in any action that causes another Independent Affiliate to be sponsored through someone else into another network marketing company.

SECTION FOUR: RESIGNATION/TERMINATION

4.01 VOLUNTARY RESIGNATION

a) Independent Affiliate may voluntarily terminate his or her Independent Affiliate status by failing to renew or by sending thirty (30) days written notice of such resignation or termination to Company. Voluntary resignation is effective upon receipt of such notice by Company.

b) Independent Affiliate who resigns or terminates their Independent Affiliate status may reapply as Independent Affiliate, three (3) months after resignation.

4.02 SUSPENSION

Independent Sales Representative may be suspended for violating the terms of his or her Agreement, which includes these Policies and Procedures, the Terms and Conditions and the Compensation Plan and other documents produced by Company. When a decision is made to suspend Independent Sales Representative, Company will inform the Independent Sales Representative in writing that the suspension has occurred effective as of the date of the written notification, the reason for the suspension and the steps necessary to remove such suspension (if any). The suspension notice will be sent to the Independent Sales Representatives "address on file" pursuant to the notice provisions contained in the Policies and Procedures and Terms and Conditions. Such suspension may or may not lead to termination of the Independent Sales Representative as so determined by Company at its sole discretion. If the Independent Sales Representative wishes to appeal, Company must receive such appeal in writing within fifteen (15) days from the date of the suspension notice. Company will review and consider the suspension and notify the Independent Sales Representative in writing of its decision within thirty (30) days from the date of the suspension notice. The decision of Company will be final and subject to no further review. Company may take certain action during the suspension period, including, but not limited to, the following:

a) Prohibiting the Independent Sales Representative from holding himself or herself as Independent Sales Representative or using any of Company's proprietary marks and/or materials;

b) Withholding commissions and bonuses that are due the Independent Sales Representative during the suspension period;

c) Prohibiting the Independent Sales Representative from purchasing services and products from Company; and/or;

d) Prohibiting the Independent Sales Representative from sponsoring new Independent Sales Representatives, contacting current Independent Sales Representatives or attending meetings of Independent Sales Representatives.

If Company, at its sole discretion, determines that the violation which caused the suspension is continuing, and has not satisfactorily been resolved or a new violation involving the suspended Independent Sales Representative has occurred, the suspended Independent Sales Representative may be terminated.

4.03 TERMINATION

Independent Sales Representative may be immediately terminated for violating the terms of his or her Agreement, which includes these Policies and Procedures, Terms and Conditions and the Compensation Plan and other documents produced by Company upon written notice. Company may terminate a violating Independent Sales Representative without placing the Independent Sales Representative on suspension, at Company's sole discretion. When the decision is made to terminate Independent Sales Representative, Company will inform the Independent Sales Representative in writing at the address in the Independent Sales Representative's file that the termination has occurred.

4.04 APPEAL

If Independent Sales Representative wishes to appeal the termination, Company must receive the appeal in writing within fifteen (15) days from the date of notice of termination. If no appeal is received within the fifteen (15) day period, the termination will automatically be deemed final. If Independent Sales Representative files a timely notice of appeal, Company will review the appeal and notify the Independent Sales Representative of its decision within ten (10) days after receipt of the appeal. The decision of Company will be final and subject to no further review. In the event the termination is not rescinded, the termination will remain effective as of the date stated in the original termination notice.

4.05 EFFECT OF TERMINATION

Immediately upon termination, the terminated Independent Sales Representative:

- a) Must remove and permanently discontinue the use of the trademarks, service marks, trade names and any signs, labels, stationary or advertising referring to or relating to any product, plan or program of Company.
- b) Must cease representing themselves as Independent Sales Representative of Company;
- c) Loses all rights to his or her Independent Sales Representative position in the Compensation Plan and to all future commissions and earnings resulting therefrom;
- d) Must take all action reasonably required by Company relating to protection of Company's confidential information. Company has the right to offset any amounts owed by Independent Sales Representative to Company including, without limitation, any indemnity obligation incurred pursuant to Section 11.01 herein, from commissions or other compensation due to the Independent Sales Representative.

4.06 REAPPLICATION

The acceptance of any reapplication of a terminated Independent Sales Representative or the application of any family member of a terminated Independent Sales Representative shall be at the sole discretion of Company and can be denied.

4.07 STATE LAWS

Where state laws on termination are inconsistent with this policy, the applicable state law shall apply.

SECTION FIVE: TRANSFERABILITY

5.01 ACQUISITION OF BUSINESS

Any Independent Sales Representative desiring to acquire an interest in another Independent Sales Representative's business must first terminate his or her Independent Sales Representative status and wait three (3) months before becoming eligible for such a purchase. All such transactions must be fully disclosed and must be approved by Company in advance.

5.02 TRANSFERS OF INDEPENDENT SALES REPRESENTATIVES

Except as expressly set forth herein, Independent Sales Representative may not sell, assign or otherwise transfer his or her Independent Sales Representative entity (or rights thereof) to another Independent Sales Representative or to an individual which has an interest in Independent Sales Representative entity. Notwithstanding the foregoing, Independent Sales Representative may transfer his or her Independent Sales Representative entity to his or her sponsor, subject to the conditions of Section 5.03 and 5.07. In such an event, the sponsor's entity and the transferring Independent Sales Representatives entity shall be merged into one entity.

5.03 CONDITIONS TO TRANSFERABILITY

Independent Sales Representatives may not sell, assign, merge or transfer his or her Independent Sales Representative entity (or rights thereto) without the prior written approval of Company and compliance with the following conditions:

- a) Company possesses the right of first refusal with respect to any sale, assignment, transfer or merger of any Independent Sales Representative entity. Independent Sales Representative wishing to sell, assign, transfer or merge his or her Independent Sales Representative entity must first provide Company with the right and option to make such a purchase or receive such transfer in writing on the same terms and conditions as any outstanding or intended offer. Company will advise the Independent Sales Representative within ten (10) business days after receipt of such notice of its decision to accept or reject the offer. If Company fails to respond within the ten (10) day period or declines such offer, the Independent Sales Representative may make the same offer or accept any outstanding offer which is on the same terms and conditions as the offer to Company to any person or entity who is not Independent Sales Representative, married to, or a dependent of Independent Sales Representative or who has any interest in Independent Sales Representative;
- b) The selling Independent Sales Representative must provide Company with a copy of all documents which detail the transfer, including, without limitation, the name of the purchaser, the purchase price and terms of purchase and payment;
- c) An office administration transfer fee of \$100.00 must accompany the transfer documents;
- d) The documents must contain a covenant made by the selling Independent Sales Representative for the benefit of the proposed purchaser not to compete with the purchaser or attempt to divert or sponsor any existing Independent Sales Representative for a period of one (1) year from the date of the sale or transfer;
- e) Upon a sale, transfer or assignment being approved in writing by Company, the buying Independent Sales Representative must assume the position and terms of agreement of the selling Independent Sales Representative and must execute a current Agreement and all such other documents as required by Company; and
- f) Company reserves the right, at its sole discretion, to stipulate additional terms and conditions prior to approval of any proposed sale or transfer. Company reserves the right to disapprove any sale or transfer, where allowed by law.

5.04 CIRCUMVENTION OF POLICIES

If it is determined, at Company's sole discretion, that Independent Sales Representative entity was transferred in an effort to circumvent compliance with the Agreement, the Policies and Procedures, Terms and Conditions or the Compensation Plan, the transfer will be declared null and void. The Independent Sales Representative entity will revert back to the transferring Independent Sales Representative, who will be treated as if the transfer had never occurred from the reversion day forward. If necessary and at Company's sole discretion, appropriate action, including, without limitation, termination, may be taken against the transferring Independent Sales Representative to ensure compliance with the Policies and Procedures and Terms and Conditions.

5.05 SUCCESSION

Notwithstanding any other provision of this Section, upon the death of Independent Affiliate, the Independent Affiliate-ship will pass to his or her successors in interest as provided by law. However, Company will not recognize such a transfer until the successor in interest has executed a current Agreement and submitted certified copies of the death certificate, will, trust or other instrument required by Company. The successor will thereafter be entitled to all the rights and be subject to all the obligations of a Company Independent Affiliate.

5.06 RE-ENTRY

Any Independent Affiliate who transfers his or her Independent Affiliate Center must wait for three (3) months after the effective date of such transfer before becoming eligible to reapply to become an Independent Affiliate.

5.07 TRANSFERABILITY OF SPONSORSHIP WHEN AN AFFILIATE IS CANCELLED OR INACTIVE AND HAS PERSONAL AFFILIATES LEFT WITHOUT A SPONSOR.

When an Independent Business Owner (IBO) cancels his/her subscription with IML, and/or becomes inactive as per IML Policies and Procedures, the IBO has three (3) months to renew his/her subscription with IML and maintain his/her position within the Matrix. The IBO may be experiencing financial, personal, and/or any other difficulties, which cause the cancellation, for a period of time, of his/her subscription with IML. The three (3) months period will provide the sponsor, of the cancelled and/or inactive IBO, time to

work with him/her directly to renew its subscription with IML and reactivate. If after the three (3) month period, the cancelled and/or inactive IBO does not renew his/her subscription, their position in the Matrix is forfeited, and any personal IBO will be rolled up to the next active upline IBO, who will become the new sponsor, and would therefore qualify for the Bonus, as outlined in the Compensation Plan.

5.08 Three Day (72 Hour) Placement or Sponsor Change Request

When a new IBO signs up to HUGtraders.com, the direct sponsor has the option to email support@HUGtraders.com and request a placement and/or sponsor change in the Unilevel for their new personal IBO. Only the direct sponsor of the new IBO can request the change. After the 72 hour period, no change can be made by either the sponsor or IBO.

SECTION SIX: PROPRIETARY INFORMATION

6.01 CONFIDENTIALITY AGREEMENT

During the term of the Agreement, Company may supply to Independent Affiliates confidential information, including, but not limited to genealogical and Downline reports, customer lists, customer information developed by Company or developed for and on behalf of Company by Independent Affiliates (including, but not limited to, credit data, customer and Independent Affiliate profiles and product purchase information), Independent Affiliate lists, manufacturer and supplier information, business reports, commission or sales reports and such other financial and business information which Company may designate as confidential. All such information (whether in written or electronic format) is proprietary and confidential to Company and is transmitted to Independent Affiliates in strictest confidence on a "need to know" basis for use solely in Independent Affiliates business with Company. Independent Affiliates must use their best efforts to keep such information confidential and must not disclose any such information to any third party, or use this information for any non-company activity directly or indirectly while an Independent Affiliate and thereafter.

Independent Affiliates must not use the information to compete with Company or for any purpose other than promoting Company's program and its products and services. Upon expiration, non-renewal or termination of the Agreement, Independent Affiliates must discontinue the use of such confidential information and promptly return any confidential information in their possession to Company.

6.02 COPYRIGHT RESTRICTIONS

With respect to product purchases from Company, Independent Affiliates must abide by all manufacturers' use restrictions and copyright protections.

6.03 VENDOR CONFIDENTIALITY

Company's business relationships with its vendors, manufacturers and suppliers are confidential. Independent Affiliates must not contact, directly or indirectly, or speak to, or communicate with any supplier or manufacturer of Company except at Company sponsored events at which the supplier or manufacturer is present at the request of Company.

SECTION SEVEN: TRADEMARKS, LITERATURE & ADVERTISING

7.01 TRADEMARKS

Companies name trademarks, service marks and copyrighted materials are owned by the Company. The use of such marks and materials must be in strict compliance with these Policies and Procedures.

7.02 ADVERTISING & PROMOTIONAL MATERIALS

Only the promotional and advertising materials produced by Company or approved in advance in writing by Company may be used to advertise or promote an Independent Affiliate's business or to sell products and services of Company. Company's literature and materials may not be duplicated or reprinted without the prior written permission.

7.03 USE OF COMPANY NAME

Independent Affiliates may use the name of Company only in the following format: "HUG Traders Independent Affiliate".

7.04 STATIONERY AND BUSINESS CARDS

Independent Affiliates are not permitted to "create" their own stationery, business cards or letterhead graphics, if Company's trade name or trademarks are used. Only the approved Company's graphics version and wording are permitted; letterhead, envelopes and business cards must be ordered using the online/stationery order form.

7.05 ELECTRONIC ADVERTISING

Independent Affiliates may not advertise or promote their Independent Affiliate business or Company's business, products or marketing plan or use Company's name in any electronic media or transmission, including on the Internet via web sites or otherwise, without the prior written approval of Company's legal department.

7.06 TELEPHONE LISTING

Independent Affiliates are not permitted to use Company's trade name in advertising their telephone and telecopy numbers in the white or yellow page sections of the telephone book. Independent Affiliates are not permitted to list their telephone numbers under Company's trade name without first obtaining Company's prior written approval. If approval is granted for an "800" listing, it must be stated in the following manner: "Independent Affiliate for Company".

7.07 TELEPHONE ANSWERING

Independent Affiliates may not answer the telephone by saying "HUG Traders, HUG Capital Group.," or in any other manner that would lead the caller to believe that he or she has reached the offices of the Company.

7.08 IMPRINTED CHECKS

Independent Affiliates are not permitted to use Company trade name or any of its trademarks or service marks on their business or personal checking accounts.

7.09 MEDIA INTERVIEWS

Independent Affiliates are prohibited from granting radio, television, newspaper tabloid or magazine interviews or using public appearances, public speaking engagements, or making any type of statement to the public media to publicize the Company, its products or Company businesses, without the express prior written approval of Company. All media inquiries should be in writing and referred to Company's corporate office, legal department.

7.10 ENDORSEMENTS

No endorsements by a Company officer or administrator or third party may be asserted, except as expressly communicated in Company literature and communications. Federal and state regulatory agencies do not approve or endorse direct selling programs. Therefore, Independent Affiliates may not represent or imply, directly or indirectly, that Company's programs, products or services have been approved or endorsed by any governmental agency.

7.11 RECORDINGS

Independent Affiliates may not produce or reproduce for sale or personal use products sold by Company or any Company-produced literature, audio or video material, presentations, events or speeches, including conference calls. Video and/or audio taping of Company meetings and conferences is strictly prohibited.

7.12 REPACKAGING PROHIBITED

Independent Affiliates may not repackage products or materials of Company.

7.13 INDEPENDENT COMMUNICATIONS

Independent Affiliates, as Independent Contractors, are encouraged to distribute information and direction to their respective Downlines. However Independent Affiliates must identify and distinguish between personal communications and the official communications of Company.

SECTION EIGHT: PAYMENT OF COMMISSIONS

8.01 BASIS FOR COMMISSIONS

Commissions and other compensation cannot be paid until a completed Agreement has been received and accepted by Company. Commissions are paid ONLY on the sale of Company services and products. No commissions are paid on the purchase of Sales materials or for Sponsoring Independent Affiliates. In order to receive commissions on products and services sold, Company must have received and accepted an Agreement prior to the end of the commission period in which the sale is made.

8.02 COMMISSION PERIOD

A business period refers to the time period opening on the first (1st) day of the commission period and extending up until order entry closes on the last day of the period (11:59 PM EST). Company offices are open Monday through Friday 9 a.m.-5 p.m., with the exception of certain days as posted by Company.

8.03 COMMISSION PAYMENTS

Commissions are paid to "qualified" Independent Affiliates as defined within the Compensation Plan. Independent Affiliates must consult the Compensation Plan for a detailed explanation of the benefits, commission structure and requirements of the Compensation Plan.

8.04 OFFSET OF COMMISSIONS

Any commissions or bonuses earned and paid on products returned is the obligation of and must be repaid to Company by Independent Affiliates earning such commissions. Company has the right to offset such amounts against future commissions and other compensation paid or owed to such Independent Affiliates who received commissions.

8.05 PAYMENT OF BONUSES AND COMMISSIONS

In order for any member or independent affiliate to receive any bonuses or commissions from the Company, the member or independent affiliate must be "Active" and in "Good Standing". "Active" refers to a member or independent affiliate that is paying their monthly subscription and using the products and services of the Company on a regular basis. "Good Standing" refers to a member or independent affiliate that does not owe any monies to the Company.

8.06 CANCELLED HUG MEMBER

If the Independent Affiliate is no longer active with HUG, and has not logged into his/her HUG eWallet account within ninety (90) days, any and all funds in his/her HUG eWallet account will be forfeited and returned to HUG. "No longer active" in HUG refers to a member who is cancelled and no longer an Independent Affiliate of HUG.

8.07 DORMANT HUG eWallet ACCOUNT

If an Independent Affiliate of HUG Traders is considered Active and in Good Standing, (see Section 8.05 above for the definition of Active and in Good Standing), but has not logged into his/her HUG eWallet account within six (6) months, the HUG eWallet account will become dormant. If the HUG eWallet account becomes dormant, meaning that the Independent Affiliate has not done any transactions in his/her HUG eWallet account within six (6) months, any and all funds in his/her HUG eWallet account will be forfeited and returned to HUG. HUG will send notices to the Independent Affiliate when funds are deposited in his/her HUG eWallet account. It is the responsibility of the Independent Affiliate to be consistently active with the funds available in his/her HUG eWallet account.

SECTION NINE: PURCHASE & SALE OF SERVICES

9.01 PAYMENT OPTIONS

Payments made by credit card may be subject to up to a 24 hour hold during this period we cannot guarantee your placement in the referral network until payment is authorized. If an underpayment is made, the order will not be processed until the full amount is received by Company. If an overpayment is made, Company will process the order and issue a credit to Independent Affiliate's account, which will automatically refund on the next commission check paid to Independent Affiliate. Orders will not be processed if cancellation of a credit card is made. Orders for services are not effective until accepted by Company.

9.02 PROMOTIONAL ITEMS

All promotional items which bear Company name or logo must be purchased solely from Company unless prior written permission is obtained from Company.

9.03 SERVICES CLAIMS

Independent Affiliates may make no claim, representation or warranty concerning any service of Company, except those expressly approved in writing by Company or contained in official Company materials.

9.04 FAX BLASTS, SPAMMING

Fax blasting and unsolicited e-mailing (SPAMMING) is prohibited.

SECTION TEN: GUARANTEE & REFUND POLICY

10.01 MONEY BACK GUARANTEE

The Company offers a seven (7) day, 100% Money Back, and Satisfaction Guarantee to all subscribers. The seven (7) days, 100% Money Back Guarantee, starts from the date of purchase, includes weekends, and applies to the initial purchase of a Member Package. If a subscriber is dissatisfied with the service for any reason, the subscriber may receive a refund within seven (7) days of the subscriber's initial purchase, for a full refund of the purchased price. All other warranties and guarantees are disclaimed. After seven (7) days, your purchase will no longer be refundable.

The Company offers a seven (7) days Money Back Guarantee for all subscription payments made to HUG Traders. This includes the date the subscription is due, includes weekends, and applies to monthly subscription ("Autoship") payments. If a subscriber is dissatisfied with the service for any reason, the subscriber may receive a refund within seven (7) days of the subscriber's monthly subscription, for a full refund of the subscription price. All other warranties and guarantees are disclaimed. After seven (7) days, your purchase will no longer be refundable.

10.02 WARRANTIES

Except as expressly stated herein, Company makes no warranty or representation as to the merchantability, fitness for a particular purpose, workmanship or any other warranty concerning any product or service purchased from or through Company.

10.03 BUYER'S RIGHT TO CANCEL

Federal law grants a buyer the right to cancel certain sales without penalty prior to midnight of the third business day after the transaction. This rule covers retail consumer sales of \$25.00 or more that occur away from the seller's main office. Independent Affiliates must orally inform the buyer of the three-day right to cancel at the time the buyer purchases the goods and deliver 2 three-day cancellation notices to every customer.

SECTION ELEVEN: GENERAL PROVISIONS

11.01 INDEMNITY AGREEMENT

Each and every Independent Affiliate agrees to indemnify and hold harmless Company, its shareholders, officers, directors, employees, agents and successors in interest from and against any claim, demand, liability, loss, cost or expense including, but not limited to, court costs and attorneys' fees, asserted against or suffered or incurred by any of them, directly or indirectly arising out of or in any way related to or connected with allegedly or otherwise, the Independent Affiliates (a) activities as Independent Affiliate; (b) breach of the terms of the Agreement; and/or (c) violation of or failure to comply with any applicable federal, state or local law or regulation.

11.02 PROCESSING CHARGES

Company reserves the right to institute a processing charge for commission checks and/or genealogy requests.

11.03 OTHER SERVICES

Independent Affiliates may not promote or sell another company's services at functions organized to feature Company and its products/services. Independent Affiliates are not restricted from selling the services and products of other companies, however promotion of any other companies' services, products and/or business programs to Company Independent Affiliates or Customers is strictly prohibited.

11.04 LIABILITY

To the extent permitted by law, Company shall not be liable for, and each Independent Affiliate releases Company from, and waives all claims for any loss of profits, indirect, direct, special or consequential damages or any other loss incurred or suffered by Independent Affiliate as a result of (a) the breach by Independent Affiliate of the Agreement and/or the Terms and Conditions and/or the Policies and Procedures; (b) the operation of Independent Affiliate's business; (c) any incorrect or wrong data or information provided

by Independent Affiliate; or (d) the failure to provide any information or data necessary for Company to operate its business, including, without limitation, the enrollment and acceptance of Independent Affiliate into the Compensation Plan or the payment of commissions and bonuses.

11.05 RECORD KEEPING

Company encourages all Independent Affiliate to keep complete and accurate records of all their business dealings.

11.06 FORCE MAJEURE

Company shall not be responsible for delays or failure in performance caused by circumstances beyond a party's control, such as but not limited to: fire, flood, earthquake, storm, power outages, labor difficulties, strikes, war, government decrees or orders and/or curtailment of a party's usual source of supply. **11.07**

VIOLATIONS

It is the obligation of every Independent Affiliate to abide by and maintain the integrity of the Policies and Procedures and Terms and Conditions. If Independent Affiliate observes another Independent Affiliate committing a violation, he or she should discuss the violation directly with the violating Independent Affiliate. If the Independent Affiliate wishes to report such violation to Company, he or she must detail violations in writing only and mark the correspondence "Attention: Legal Department".

11.08 AMENDMENTS

Company reserves the right to amend the Agreement, Policies and Procedures, Terms and Conditions, its retail prices, product and service availability and the Compensation Plan type at any time without prior notice as it deems appropriate. By entering into the Independent Affiliate Agreement, an Affiliate agrees to abide by all amendments or modifications that Company elects to make. Amendments will be communicated to Independent Affiliate through official Company notifications such as, but not limited to, posting on Company website, posting in Independent Affiliate back office, e-mail, special mailings or publications. Amendments are effective and binding upon submission to the Company website. In the event any conflict exists between the original documents or policies and any such amendment, the amendment will control. The continuation of an Independent Affiliate business, the acceptance of any benefits under the Agreement, or acceptance of commissions from the sale of products or services constitutes acceptance of all amendments.

11.09 NON-WAIVER PROVISION

No obligation or provision herein, and no custom or practice of the parties at variance with these Policies and Procedures, shall constitute a waiver of Company's right to demand exact compliance with these Policies and Procedures. Company's waiver of any particular default by Independent Affiliate shall not affect or impair Company's rights with respect to any subsequent default, nor shall it affect in any way the rights or obligations of any other Independent Affiliate. No delay or omissions by Company to exercise any right arising from a default effect or impair Company's rights as to that or any subsequent or future default. Waiver by Company can be affected only in writing by an authorized officer of Company.

11.10 GOVERNING LAW

The Agreement and these Policies and Procedures shall be governed by the laws of Florida, United States.

11.11 DISPUTES

In the event a dispute arises between the Company and an Independent Affiliate regarding their respective rights, duties under this agreement, or in the event of a claim of breach of the Independent Affiliate Agreement, it is agreed that such dispute shall be exclusively resolved pursuant to binding arbitration under the Commercial Rules of the American Arbitration Association with arbitration to occur at Hollywood, FL United States. The Arbitrator may award, in addition to declaratory relief, contractual damages and shall award reasonable attorney's fees and costs to the prevailing party. An award of attorney's fees and costs shall continue through any review, appeal or enforcement of an arbitration decision. The arbitration decision may be enforced in any court of competent jurisdiction. This provision shall not be construed so as to prohibit either party from obtaining preliminary or permanent injunctive relief in any court of competent jurisdiction. The parties each expressly waive their right to collect consequential, punitive and exemplary damages from the other party.

11.12 ENTIRE AGREEMENT

The Policies and Procedures are incorporated into the Agreement and, along with the Terms and Conditions and Compensation Plan, constitute the entire agreement of the parties regarding their business relationship.

11.13 SEVERABILITY

If under any applicable and binding law or rule of any applicable jurisdiction, any provision of the Agreement, including these Policies and Procedures and Terms and Conditions, or any specification, standard or operating procedure which Company has prescribed is held to be invalid or unenforceable, Company shall have the right to modify the invalid or unenforceable provision, specification, standard or operating procedure or any portion thereof to the extent required to be valid and enforceable, and the Independent Affiliate shall be bound by any such modification. The modification will be effective only in the jurisdiction in which it is required.

11.14 LIMITATION OF DAMAGES

TO THE EXTENT PERMITTED BY LAW, COMPANY AND ITS INDEPENDENT AFFILIATES, OFFICERS, DIRECTORS, EMPLOYEES AND OTHER REPRESENTATIVES, SHALL NOT BE LIABLE FOR, AND INDEPENDENT AFFILIATE HEREBY RELEASE THE FOREGOING FROM, AND WAIVE ANY CLAIM FOR LOSS OF PROFIT, INCIDENTAL, SPECIAL, CONSEQUENTIAL OR EXEMPLARY DAMAGES WHICH MAY ARISE OUT OF ANY CLAIM WHATSOEVER RELATING TO COMPANY PERFORMANCE, NONPERFORMANCE, ACT OR OMISSION WITH RESPECT TO THE BUSINESS RELATIONSHIP OR OTHER MATTERS BETWEEN ANY COMPANY AND COMPANY, WHETHER SOUNDING IN CONTRACT TORT OR STRICT LIABILITY. COMPANY SHALL NOT EXCEED AND IS HEREBY EXPRESSLY LIMITED TO, THE AMOUNT OF UNSOLD COMPANY SERVICES AND/OR PRODUCTS OF COMPANY OWNED BY THE INDEPENDENT AFFILIATE AND ANY COMMISSIONS OWED TO THE INDEPENDENT AFFILIATE.

11.15 NOTICE

Any communication, notice or demand of any kind whatsoever which either the Independent Affiliate or Company may be required or may desire to give or to serve upon the other shall be in writing and delivered by electronic communication whether by telex, telegram, Email or telecopy (if confirmed in writing sent by registered or certified mail, postage prepaid, return receipt requested). Any such communication, notice or demand shall be deemed to have been given or served on the date of confirmed dispatch, if by electronic communication, or on the date shown on the return receipt or by other evidence if delivery is by mail.

Home Office:

HUG TRADERS
4000 Hollywood Blvd Suite 555-S
Hollywood, FL 33021

Customer Service:

Email: support@HUGtraders.com
Hours: Monday to Friday, 9:00 AM to 7:00 PM, EST.