

ACORNKIDS DEALERSHIP TERMS AND CONDITIONS

1 June 2014

1. Introduction

- 1.1 The Acornkids marketing plan provides the opportunity to earn income based on selling products. Additional income can be earned by building a network of dealers who also sell the Acornkids products, and receiving commission on the sales of your network. Each Acornkids Dealer is an independent business person, whose individual success depends on her own selling efforts, and the selling efforts of team that she builds and manages. Every Acornkids Dealer has her own website, and all customer purchases from her website are allocated to her.
- 1.2 This document provides the terms and conditions for becoming an Acornkids Dealer. These conditions may be changed at any time by Acornkids.

2. Company Details

- 2.1 Acornkids, P O Box 50482, Waterfront, Cape Town 8002, South Africa
Acornkids, 400 Voortrekker Rd, Maitland, Cape Town 7405, South Africa
Telephone: 086 10 74776
Email: info@acornkids.com
Web: www.acornkids.com

3. SALES AND MARKETING PLAN

3.1 Dealer

A Dealer is said to be an independent business owner who is able, through various structures and qualifications, to earn a commission from purchases that take place from her network.

3.2 Customer

A customer is:

- a. Any person purchasing directly from a dealer.
- b. Any person purchasing product online from a Dealer's website, and who has the rank of Customer.
- c. A Dealer who achieves less than qualifying volume thereby being changed to the rank of Customer.

3.3 Income

Gross income from your independent business is based on a combination of two types of income:

- a. **Point-of-Sale income** - retail markup on sales to customers
- b. **Commission income** - commission earned on the sales of your network

Retail Commission on Personal Sales

This is your Retail Commission, which is the difference between the cost at which you purchase product from Acornkids, and the price at which you sell the products to your own customers. This income is realised immediately upon each sale to a customer.

Commission Income

After building a qualifying team of dealers, additional income is earned by receiving commission on the sales of your network team - the dealers that you personally recruited, and the dealers that they recruited. The commissions paid are level-based commission, leadership bonus and incentives.

- 3.4 Purpose**
The purpose of the compensation plan is to drive measurable performance, create structure and ensure the long term success of Dealers who consistently meet specified criteria. Performance is measured against two activities:
- 3.5 Recruiting**
Each Dealer is required to make personal referrals of potential customers every month. These referrals must result in registration on the Acorn site in order to contribute to commissions and promotion.
- 3.6 Leadership**
Dealers who show leadership qualities are encouraged to develop teams of Dealers and are rewarded according to a structured multi-level compensation plan.
- 3.7 Points**
All transaction activities are expressed in terms of "points" Points are assigned for volume sales (Volume Points), and for incentives (Incentive Points).
- 3.8 Compensation Types**
The compensation plan is divided into four broad categories:
- a. Retail Commission on personal sales (*Personal orders & online customer orders*)
 - b. Retail Volume Bonus
 - c. Level Based Commission
 - d. Leadership Bonus and Incentives
- 3.9 Points**
Points are assigned for each product sold. Points are assigned for volume sales (Volume Points) and for incentives (Incentive Points). Volume Points are allocated on the date that the invoice is paid. For the purpose of this document R10 Retail Value = 1 Point.
- 3.10 Personal volume (PV)**
This is the Dealer's Volume Points, and consists of all personal purchases and all online purchases by directly recruited/connected customers.
- 3.11 Active Dealer**
An Active Dealer is one who has a minimum PV of 25 volume points in a calendar month. Once becoming active in a calendar month, the Dealer retains the status of Active for the following calendar month as well. If a Dealer achieves less than 25 points in the second month, then they become Non-Active in the following month.
- 3.12 Non-Active Dealers**
Non-Active Dealers are treated as customers, until such time as they become active again. A Dealer is not active, who wishes to become Active, must achieve at least 25 points, either from personal purchases, or points received from a customer purchase. Points are aggregated every 24 hours, and a Dealer would only become active the day after achieving the 25 points.
- Non-active dealers do not receive commission, but the Retail Commission generated from their purchases are paid to qualifying up-line Dealers.
- 3.13 Minimum qualification requirements**
Qualification for Discounts, Commissions, Incentives and Promotions are dependent on the qualifying Dealer being Active.
- 3.14 Structure**
Structure is determined by measuring the number of qualified Dealers in specific predetermined positions within a given Dealer's network. Note that customers do not contribute to structure.

3.15 Commission Amount

An average of 40% of the retail price is assigned to discounts and commissions, to be paid to Dealers. If in any month the actual commission exceeds 40%, normalisation is applied.

3.16 Normalisation

In the event that commissions in a given month calculate out at over 40%, then the system will automatically adjust all commissions to correct the average total commission to 40%.

3.17 Bonus Value (BV)

The Bonus Value is set at 75% of retail excluding VAT. Retail discount is based on full retail price while all other business and commissions are calculated on BV.

3.18 Commissionable Value (CV)

CV provides a mechanism to sell low margin products. Most of Acornkids products are set at a CV of 100%, which means that commissions are calculated at full value. Some products, which have a low margin, will have their CV set at a figure below 100%, meaning that commissions on these products will be calculated at a lower than full value figure.

3.19 Retail Commission

Active Dealers receive a Retail Commission (Dealer Discount) of 26% on product purchases. This discount is received at the time of purchase on the Invoice.

3.20 Retail Volume Bonus

A Retail Volume Bonus of 4% is paid on product purchases, additional to the Retail Commission, for achieving over a specific sales volume during each calendar month. This is calculated at the end of each month, and is paid back to the Dealer.

3.21 Level Based Commission

Commission is paid to a dealer based on the number of levels a down-line member is removed from them. Commission is paid up to 4 levels down.

3.22 Leadership Bonus

Commissions are paid to Team Leaders based upon the performance of their teams.

3.23 Pin Rank

This is the highest rank that a Dealer has achieved within the previous 365 days.

3.24 Pay Rank

This is the rank that the Dealer qualifies for in any given calendar month and on which he is paid. The Pin Rank and Pay Rank that a Dealer has at any one time may not be the same.

3.25 Recruiting of New Dealers

Each Dealer has her own website. New members can register to become Dealers on this website. When recruiting a new Dealer, it is the responsibility of the recruiting dealer to provide the new Dealer with her Dealer ID, which will direct the new member to the correct website, and ensure that the new Dealer is correctly linked to the recruiting Dealer.

If a new Dealer registers on either the Company website, or on another Dealers website, provided they insert the correct Dealer ID of the recruiting Dealer, they will be correctly linked.

3.26 Company Recruits

New Dealers who register on the Company's website as un-referred "walk-ins", will initially be linked to the Company. These Dealers will be allocated and linked to Team Leaders as a bonus on the basis of performance incentives, and at the sole discretion of the Company. The rules for allocating these Dealers will be decided by the Company, and are subject to change at any time.

4. PURCHASE BASED COMMISSIONS

4.1 Retail Commission

Retail Commission is a discount given on all product purchases by Active Dealers.

Order Placed By	Dealer Discount	How Received
Dealer	26%	On Invoice at time of purchase
Customer, directly online	26% (Excluding VAT)	Paid to Dealer Monthly

4.2 Retail Volume Bonus

Retail Volume Bonus is paid to all Active Dealers based upon the volume of purchases made by themselves directly, or by their linked customers buying online, in a calendar month. This Bonus is paid to Dealers after the end of each month.

Volume Points Accrued During Calendar Month	Bonus (Percent of BV)	Equivalent Percent of Retail
500 or more	5%	4%

5. STRUCTURE BASED COMMISSIONS

5.1 Structure

The structure of a Dealers teams is used to determine the Rank of the Dealer, according to the following rank table.

- a. CORE-3
- b. CORE-7
- c. BUSINESS BUILDER
- d. TEAM LEADER
- e. SILVER TEAM LEADER
- f. GOLD TEAM LEADER
- g. PLATINUM TEAM LEADER
- h. RUBY TEAM LEADER
- i. EMERALD TEAM LEADER

5.2 Structure Commissions

5.2.1 Core-3 Dealer

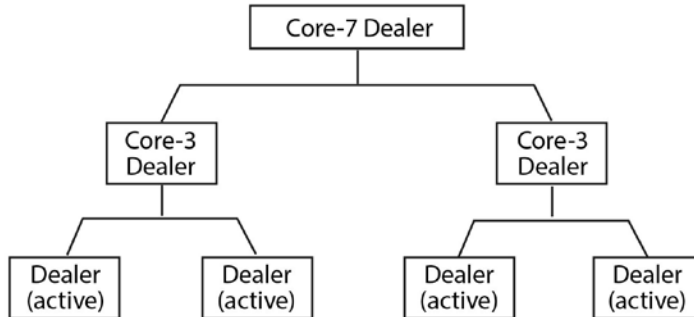
To be a Core-3 Dealer, a Dealer must have 2 Active Dealers in her direct front line.



Core-3 Dealer Commission Earnings	
Level 1 (Your Frontline Team)	7%

5.2.2 Core-7 Dealer

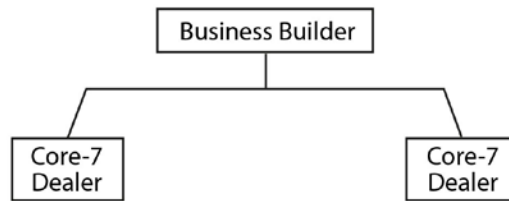
To be a Core-7 Dealer, a Dealer must have 2 Core-3 Dealers in her direct front line.



Core-7 Dealer Commission Earnings	
Level 1 (Your Frontline Team)	7%
Level 2	7%

5.2.3 Business Builder

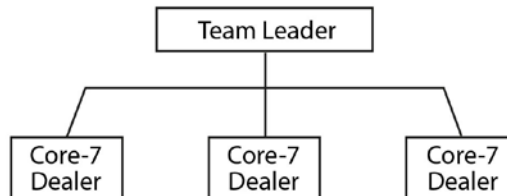
To be a Business Builder Dealer, a Dealer must have 2 Core-7 Dealers in her direct front line.



Business Builder Commission Earnings	
Level 1 (Your Frontline Team)	7%
Level 2	7%
Level 3	7%

5.2.4 Team Leader

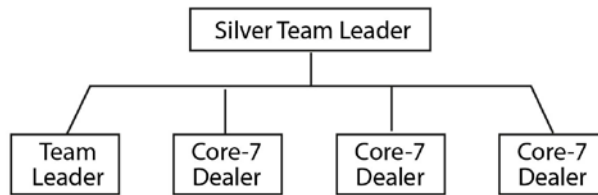
To be a Team Leader, a Dealer must have 3 Core-7 Dealers in her direct front line.



Team Leader Commission Earnings	
Level 1 (Your Frontline Team)	7%
Level 2	7%
Level 3	7%
Leadership Bonus	20% of Frontline Level-Based Commission

5.2.5 Silver Team Leader

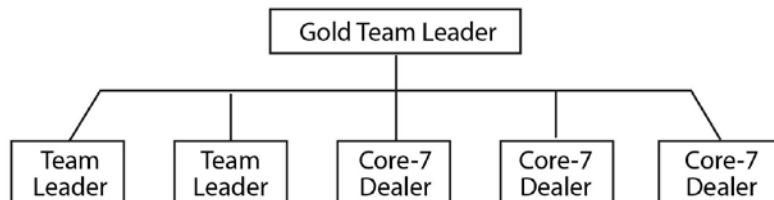
To be a Silver Team Leader, a Dealer must have 1 Team Leader and 3 Core-7 Dealers in her direct front line.



Silver Team Leader Commission Earnings	
Level 1 (Your Frontline Team)	7%
Level 2	7%
Level 3	7%
Leadership Bonus	40% of Frontline Level-Based Commission

5.2.6 Gold Team Leader

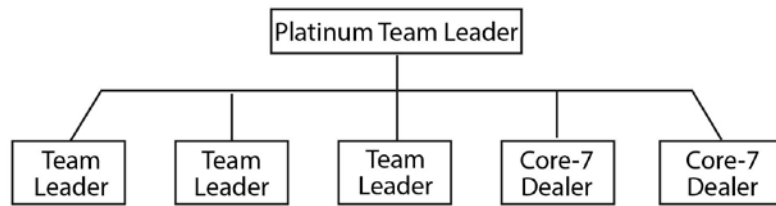
To be a Gold Team Leader, a Dealer must have 2 Team Leaders and 3 Core-7 Dealers in her direct front line.



Gold Team Leader Commission Earnings	
Level 1 (Your Frontline Team)	7%
Level 2	7%
Level 3	7%
Leadership Bonus	60% of Frontline Level-Based Commission

5.2.7 Platinum Team Leader

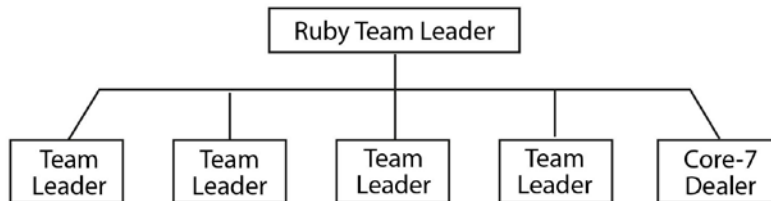
To be a Platinum Team Leader, a Dealer must have 3 Team Leaders and 2 Core-7 Dealers in her direct front line.



Platinum Team Leader Commission Earnings	
Level 1 (Your Frontline Team)	7%
Level 2	7%
Level 3	7%
Leadership Bonus	80% of Frontline Level-Based Commission

5.2.8 Ruby Team Leader

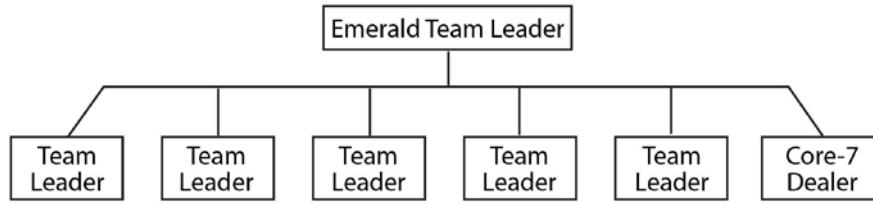
To be a Ruby Team Leader, a Dealer must have 4 Team Leaders and 1 Core-7 Dealer in her direct front line.



Ruby Team Leader Commission Earnings	
Level 1 (Your Frontline Team)	7%
Level 2	7%
Level 3	7%
Leadership Bonus	100% of Frontline Level-Based Commission

5.2.9 Emerald Team Leader

To be an Emerald Team Leader, a Dealer must have 5 Team Leaders and 1 Core-7 Dealer in her direct front line



Emerald Team Leader Commission Earnings	
Level 1 (Your Frontline Team)	7%
Level 2	7%
Level 3	7%
Level 4	7%
Leadership Bonus	100% of Frontline Level-Based Commission

6. POLICIES

6.1 Introduction

The following rules of conduct and dealer policies have been established for your protection. They represent the code of ethics by which all Dealers must operate. We encourage you to read and understand them so you are fully aware not only of your own obligations, but also of your rights as an Independent Acornkids Dealer. We want to work together to uphold the highest possible ethical standards. We are committed to maintaining the integrity of Acornkids, its sales and marketing plan and its distribution network of independent dealers.

6.2 Terminology

Throughout this document, the words "he" and "she" and "himself" and "herself" are used interchangeably, with one gender denoting the other.

6.3 Not a Pyramid Scheme

6.3.1 Acornkids is not a pyramid or chain distribution scheme. A pyramid is a scheme in which an individual pays for the right to recruit additional persons into the scheme who, in turn, receive the same right to receive profits from recruiting others. Three common elements of a pyramid scheme have been identified as: (1) a large, required initial investment or purchase of inventory; (2) direct payment for recruiting additional persons into the scheme; and (3) little or no emphasis on selling products to consumers.

6.3.2 The Acornkids Plan contains none of the above described elements. Acornkids Dealers earn money by selling products to their customers directly, but not from the introduction of additional persons into the business. It is important when recruiting new members to properly emphasize retail selling, and advise new members that they are not required to purchase product stocks, the only required purchase being the Business Starter Pack.

6.4 Becoming a Dealer

To become an Acornkids Dealer, an applicant must register on an Acornkids Dealer Website, or on the Acornkids Main Website. Applicants can also register by manually completing a New Dealer Application Form and faxing it to the Company. During the registration process, the applicant will be asked for the name of the sponsor that had recruited her. After approval, the applicant must purchase an Acornkids Starter Pack. The applicant then becomes an authorised Acornkids Dealer. Acornkids reserves the right at its sole discretion, to reject any application, without giving reasons for the rejection.

6.5 Applications from Former Dealers

Former Dealers who want to re-apply to become a Dealer again, under the same sponsor as their previous membership, may do so at any time. If a former Dealer wishes to re-apply to become a Dealer under a different sponsor, they must wait for a period of at least 12 months after the Dealership lapsed. New applications must comply with all requirements for joining as a Dealer.

6.6 Equal Opportunity

The Acornkids business opportunity is open to people from all walks of life, regardless of sex, race, nationality, religious beliefs or political affiliations.

6.7 Restrictions on Purchase Requirements

The only cost required of an applicant to become a Dealer is the purchase of a Acornkids Business Kit. A Dealer is not obliged to:

- maintain any minimum stock levels of products or materials.
- purchase any amount of materials, products or services.
- purchase admission tickets to attend any seminars, meetings or other events.

6.8 Consultancies must be Individuals

Acornkids only accepts applications for Dealership in the name of individuals. Applications in the names of corporations or partnerships will not be accepted. The earnings of a Dealership will be reported in the name and tax identification number of the individual Dealer.

6.9 Dealer Age Requirements

Applicants must be over 18 years of age and otherwise legally capable of entering into a contractual agreement.

6.10 Marriage Membership Restrictions

- 6.10.1 Once an individual has registered as a Dealer, their spouse is no longer eligible for membership, either under the same or a different sponsor. This rule applies whether one or both signed the application for Dealership.
- 6.10.2 Married couples wishing to become Dealers and operate a single Dealership together must complete and sign a single application for Dealership, thereby having only one sponsor. The liability of two married Dealers who operate a Dealership together shall be joint so that both such Dealers shall be responsible for, and accept liability for, the Acornkids membership, and each shall be bound by any act or omission of the other, and any payment by Acornkids to one such Dealer shall be deemed as payment to both such Dealers.

6.11 Limited to One Dealership

An individual may operate only one Acornkids Dealership, and may have only a single sponsor. A Dealer may only participate in the development of one Dealership. He is not permitted to retail, recruit, promote, train, educate or otherwise assist in the development of the Acornkids business for any Dealership other than his own, except to assist his downline organisation

6.12 Determination and Penalty for Dual Dealership

6.12.1 In the event that an individual and/or her spouse complete and sign more than one application for Dealership, the first accepted by Acornkids is considered the valid Dealership.

6.12.2 If Acornkids determines that an individual has signed an application for Dealership, or has worked or assisted in the development of another Dealership as defined in these rules of conduct, while obligated to a prior Dealership, Acornkids has sole and absolute discretion to determine the disposition of both Consultancies, as well as any penalties or sanctions it deems necessary and appropriate for the Consultancies and the sponsors.

6.13 Membership Fee

Acornkids does not charge a membership fee. Members remain at a Dealer rank by virtue of the sales performance. In the event that a Dealer does not meet the sales criteria specified in the Business Plan, then the members rank is changed to that of a Customer, and discount and commission privileges are forfeited.

6.14 Territories

6.14.1 Acornkids grants the Dealer the right to operate the Dealership throughout the region of the Republic of South Africa, specifically within the Rand Monetary Area. All transactions are conducted in South African Rand, no other currency may be used.

6.14.2 Acornkids does not allocate any region within South Africa to any Dealer, and Dealers may not in any way imply that they represent any geographical area.

6.15 Export

Business activity of any kind in any country or territory other than the Republic of South Africa, including but not limited to; selling product, attempting to register products or marketing plans, sponsoring Dealers, advertising, conducting meetings or in any way offering Acornkids products or opportunities is strictly prohibited by Acornkids.

6.16 Selling Practices

6.16.1 Courtesy and Honesty

Acornkids Dealer shall always conduct herself in a courteous and considerate manner. All presentations of Acornkids products must be complete and truthful, including but not limited to, instructions on the usage directions and precautions.

6.16.2 Satisfaction Guarantee

Acornkids offers a Customer Satisfaction Guarantee. If your customer is not completely satisfied with their purchase, we will replace it without charge, or credit you against another product, or refund in full. The product must be returned with proof of purchase within 30 days. The satisfaction guarantee does not apply to products that have been misused.

6.17 Independent Dealers

All Acornkids Dealers are independent business persons and no Dealers shall represent or imply that he has any employment relationship with Acornkids or with any of its affiliated companies. Dealers may not use the words "employee", "agent" or "company representative" verbally or on any stationery, business cards, or other printed material.

6.18 False Information

No Dealer shall knowingly submit false or misleading information to Acornkids. Violation of this rule could lead to rejection of your application or termination of your Dealership.

6.19 Indemnify Acornkids

Without prejudice to the other rights of Acornkids under these rules of conduct and other rules and regulations of the company, Dealers shall indemnify Acornkids from and against all actions, claims, demands, prosecutions, fines, penalties and the costs thereof (including Acornkids' actual legal costs) which might be made or brought against Acornkids in respect of, or arising directly or indirectly out of, any breach of any laws or regulations applying to the operation of their Dealership. Acornkids shall have no liability to any Dealer in respect of any cost, loss, damage or expense suffered by any Dealer directly or indirectly as a result of any act, omission, representation or statement of any Dealer.

6.20 Comply with Rules of Conduct

Dealers must comply with all Acornkids rules of conduct and any amendments or additions together with any procedures, recommendations, guidelines or instructions which may be issued from time to time.

6.21 Violations of Rules of Conduct

In the event of a violation of the Acornkids rules of conduct, procedures or directions issued by Acornkids, Acornkids may in its sole discretion take whatever actions or measures it deems necessary and appropriate, including but not limited to, suspension of buying privileges, suspension of earnings, monetary fines or deletion or termination of the Dealership

6.22 Resignation

6.22.1 A Dealer may resign his Dealership at any time, by submitting a witnessed letter of resignation to Acornkids. The resignation becomes effective when received, validated and accepted by Acornkids. Acornkids will advise in writing when this is complete.

6.22.2 If the resignation is within 60 days after signing the application for Dealership, the Dealer may then return the Acornkids Starter Kit to her sponsor for a refund for any unused contents that are still in good and reasonable condition, less a 20% handling fee.

6.23 Liability for Unpaid Debts

A Dealer who resigns will remain liable for unpaid debts owed to Acornkids or for liabilities for violations of the Acornkids rules of conduct or other rules and regulations that govern the business practices of Dealers.

6.24 Resignation of Spouse

In the event that one spouse of a joint Dealership resigns, Acornkids reserves the right to terminate the Dealership, if the activities of the resigned Dealer diminishes, damages or weakens the reputation of Acornkids or its products.

6.25 Inventory Repurchase

6.25.1 A resigning Dealer may return unused product or sales material which are current products, unopened and in resalable condition, for repurchase under the following terms and conditions.

6.25.2 The products must have been purchased from Acornkids within the last 3 months, and the resigning Dealer must provide proof of purchase.

6.25.3 Acornkids reserves the right to offer the upline of the resigning Dealer the opportunity to repurchase those products directly, for a period not to exceed two weeks. If the upline does not repurchase the inventory, the Dealer will then be directed to return the products to Acornkids.

6.25.4 Upon receipt of these items, reimbursement to the Dealer will be issued for the full amount paid for the returned product by the Dealer, less a restocking charge of 20% and less any amounts owed by the Dealer to Acornkids.

6.26 Training

A sponsor is responsible for properly training her personally sponsored Dealers. Training must include product knowledge, marketing plan, rules of conduct, company rules and guidelines for Dealers. She may seek assistance from her upline Dealer, but the primary responsibility remains her own. No sponsor may request payment from a personally sponsored Dealer for training or training facilities, unless the training is additional to basic training, and she fully explains that the Dealer may choose whether or not she wants to participate in such training, and states the cost for such training. If the Dealer declines to participate in "additional" training, the sponsor is still obligated to provide the basic training necessary at no cost.

6.27 Independent Relationship

A sponsor must maintain & uphold the independent relationship between himself & his Dealers.

6.28 Support Company Sponsored Events

A sponsor shall keep his/her dealers informed of company sponsored events and when appropriate encourage his personally sponsored dealers to attend Acornkids sponsored meetings and training and to participate and support all company sponsored events.

6.29 Sponsorship

6.29.1 The Dealer/Sponsor relationship is the foundation of the Acornkids sales and marketing plan and as such, the principles and rules of the company protect the rights of the sponsor. Changes of sponsorship are detrimental to the integrity of the business and are not permitted.

6.29.2 In order to protect the sponsor, no Dealer may interfere with the relationship between another Dealer and her sponsor in any way. A Dealer may not offer, entice, encourage, solicit, or otherwise influence or attempt to persuade another Dealer to change his sponsor or line of sponsorship, either directly or indirectly.

6.30 Violation of the Change of Sponsorship Rule

6.30.1 In the event of evidence coming to light that a Dealer or his spouse who have re-joined Acornkids under a different sponsor, had re-applied to be a Dealer prior to the 12 month period, then Acornkids has the sole and absolute discretion to apply penalties to the Dealership.

6.30.2 Penalties will be assessed by Acornkids in its sole discretion, and include, but are not limited to, the transfer of all sponsored Dealers in the new dealership to the original sponsor's organisation, financial penalties, suspension and termination of the Dealer.

6.31 Assigning or Transferring a Dealership

6.31.1 A Dealership may only be assigned or transferred to an individual who is not currently a Acornkids Dealer. Assignment or transfer must be approved by Acornkids. The person assuming responsibility for the Dealership will be required to register as a Dealer. If this person was formerly a Acornkids Dealer then he must meet requirements of a former Dealer to rejoin.

6.31.2 The achievements of a Dealer are personal to the individual, and as such, if an assignment or transfer should be authorised, the status and benefits achieved by the Dealer are not transferred with the Dealership. The individual assuming responsibility will be required to achieve all qualifications for status and earning requirements after the assignment or transfer is made

6.32 Separation or Divorce

Whenever a Dealer is in the process of a separation, divorce or dissolution of a marriage, the Dealer must ensure that the interest of the Dealership and the sponsor are protected. During the separation, divorce or dissolution proceedings, neither of the parties may develop or assist in developing, either alone or with or on behalf of someone else, any other Acornkids dealership except under their original sponsor.

6.33 Authority of a Legal Decision

Acornkids rules and regulations do not supersede the dictates of any court of law as to the disposition of the dealership and or the rights, benefits or obligations of parties to the Dealership.

6.34 Death of a Dealer

Upon the death of a Dealer who has a surviving spouse or heir who is an active participant in the business, the Dealership will remain with the spouse or heir. Any other disposition of the dealership must be approved by Acornkids.

6.35 Proper Purchasing of Product

- 6.35.1 A Dealer must purchase all Acornkids products directly from Acornkids. Product purchased will be recorded, and used to calculate personal and group rebates, as well as to award rank privileges.
- 6.35.2 A Dealer is prohibited from buying products from any other Dealer other than her direct upline. A Dealer is prohibited from selling to any other Dealers other than her downline.
- 6.35.3 Payment for all orders purchased from Acornkids must be made by the Dealer designated as the purchaser on the order, his spouse or partner or the first upline Dealer, unless written approval is given by Acornkids for payment to be made by another individual.
- 6.35.4 Dealers may not order product in the name of another Dealer, nor may they make payment for products ordered in another Dealers name. Ordering products in another Dealers name could be interpreted as an attempt to improperly manipulate the operation of the marketing plan.

6.36 Volume Month

- 6.36.1 Sales volume is credited to and accumulated by a Dealer on a volume monthly basis. The volume month begins on the first day of the month and ends on the last day of the month. Acornkids reserves the right to modify the volume month as it deems appropriate.
- 6.36.2 Sales volume is credited to the volume month in which full payment is received by Acornkids for the order. Under no circumstances can volume be placed for any other month.

6.37 Product Distribution

Acornkids is a wholesale/retail distribution company. Products purchased from the company are intended to be sold and distributed to retail customers, downline dealers or used for dealers and their immediate families own personal consumption. The purchase of products solely as an attempt to qualify for advancement in the marketing plan is not permitted. Any such attempts will result in sanctions, including, but not limited to, demotion in team status, probation, suspension of buying privileges, suspension of earnings, disqualification from bonus participation, deletion or termination of the Dealership.

- 6.38 Debts Owed to Acornkids**
If a Dealer owes Acornkids a debt, Acornkids reserves the right to deduct the amount owed from any sum payable to the Dealer or to withhold payment of monies owed until such time as all amounts owing by the Dealer to Acornkids have been paid in full and/or may decide not to recognise any qualification until the amount due to Acornkids has been paid.
- 6.39 Directions for Use**
Dealers shall explain the directions for use and cautions, if any, specified on product labels when selling the products.
- 6.40 Product Sales to non-Dealers for Resale**
No Dealer may sell Acornkids products to persons who are not Acornkids Dealers and whose intention it is to resell those products.
- 6.41 Modifications to Packaging**
Acornkids products must be delivered to customers in original unopened packaging as supplied by Acornkids. A Dealer may not modify in any way any the labeling, literature, material or packaging of any Acornkids product.
- 6.42 Display in Retail Outlets and other Establishments**
The fundamental business of an Acornkids Dealer is the selling of Acornkids products to consumers. In order to achieve this, Dealers may display their products in locations that they consider appropriate, such as markets, trade events, schools, doctors, healthcare or other professional offices, beauty and hair salons, health spas or gymnasiums, etc.
- 6.43 Display or Sale Online**
The fundamental business of a Acornkids Dealer is the selling of Acornkids products directly to consumers. Dealers may display/advertise Acornkids products on websites, but may not sell Acornkids products from any website, including auction sites, coupon sites, discount sites or similar sites. Acornkids products may only be sold from the official Acornkids Dealer Websites.
- 6.44 Dealers Private Offices**
A Dealer with a private office may sell Acornkids products from such an office, and can display the products, and advertise by means of signs, posters, flyers or brochures.
- 6.45 Advertisement and Promotional Material**
A Dealer may only use Company produced advertising and promotional material. A Dealer may use Acornkids produced literature or promotional material solely for the purpose of conducting their business as a Acornkids Dealership.
- 6.46 Interviews or Statements to the Media**
A Dealer from time to time may be approached by reporters interested in interviewing them about the Acornkids products or business. While we appreciate any interest expressed in our products and business opportunity, only the company may grant interviews or authorise advertising of the company or product names. Only authorised officials of Acornkids are permitted to speak with or write to the press or other media for, or on behalf of, Acornkids or any of its subsidiaries. If a Dealer should be approached with a request for an interview or statement, advise the reporter to contact Acornkids.
- 6.47 Offering Products for Auction**
No Dealer may offer any Acornkids product for sale by soliciting or receiving bids for such product.

6.48 Offering the Business Opportunity

When offering the business opportunity or presenting the Acornkids sales and marketing plan, a Dealer must:

- a. Clearly indicate that the principal activity of a Dealer is to sell and distribute Acornkids products to consumers and may not represent or imply that this is secondary to sponsoring or building the business.
- b. Not imply or represent that a Dealer can benefit solely by the sponsoring of other Dealers.
- c. Not imply that a dealer is under any obligation to sponsor others to become Dealers.
- d. Not imply that success may be achieved with little or no effort.
- e. Not make any statements which are not accurate or truthful.
- f. Not claim that high earnings can be easily achieved.

6.49 Income Claims

When a Dealer promotes or represents the earnings from her own or another Dealership, she must at all times be truthful in her statements and it is necessary that the claims can be verified.

6.50 Video/Audio Tapes

A Dealer may not display or mention the name of any Acornkids product, trademark or trade name in any video or audio recording made by, for, on behalf of, or at the direction of a Dealer, unless such tape has been approved for use by Acornkids.

6.51 Television, Satellite or Radio Broadcasting

It is not permitted for any Dealer to broadcast any video or audio recording of any kind that relates to, mentions, displays or promotes in any way, either directly or indirectly, the Acornkids name, products, materials, business opportunity or methods of conducting business.

6.52 Telephone Book Listings

An Acornkids Dealer may list himself/herself in the yellow pages of the telephone directory under the heading "Acornkids independent Dealer". The only information that may follow this is the Dealers name and/or address and telephone number. A Dealer may use display ads in the yellow pages as long as the advertisement is within the guidelines for print advertising.

6.53 Local Laws

In addition to Acornkids' policies, a Dealer must comply with any and all local and national ordinances, laws or other regulations when operating their business, and advertising or promoting Acornkids products or business opportunity. It is the responsibility of the Dealer to determine what these may be and how they apply to his business.

6.54 Must Retail and Qualify to Earn

A Dealer must clearly indicate that sales discounts, rebates and other earnings of a Acornkids Dealership may only be achieved through the continuing sales of Acornkids products to retail customers by herself and her sponsored Dealers and after certain qualifications have been met.

6.55 No Obligation to Purchase Product

No Dealer may represent that there is any obligation to purchase products, literature or sales aids except for the once-off purchase of the Acornkids Business Kit, nor may he represent that sales discounts, rebates or other benefits may be obtained solely from the wholesale purchase of products rather than the retail sale of products.

6.56 Trade Names, Trademarks and Logos

It is not permissible to use Acornkids's trademarks, trade names, logos or any facsimile thereof in any way, without prior written consent from Acornkids. These belong exclusively to Acornkids which endeavors to protect the name Acornkids, the trademark, the trade names and designs of labels to prevent unauthorised use.

6.57 Business Stationery

Business stationery produced by a dealer must clearly indicate that her business is independent, and that she is an Acornkids dealer. The wording may not imply that the Dealer is employed by Acornkids.

6.58 Reproduction of Material

No Dealer or any other person may reproduce in whole or in part any printed material, audio cassettes, video and film recordings that have been produced by Acornkids unless given written authorisation to do so by Acornkids.

6.59 Penalties for Supplying Non-Acornkids Sales Aids or Materials

In the event that Acornkids determines that non-Acornkids produced sales aids and materials supplied by a Dealer, violates any applicable Acornkids rules of conduct or other rules and regulations published by the company or impairs the Acornkids business or damages its reputation, Acornkids reserves the right to take whatever action is necessary to hold the Dealer responsible for any damages incurred.