



# COMPENSATION GUIDE

April 2019

# CLUBCO DIRECT MEMBERSHIP TERMS

## 1.0 GENERAL TERMS and DEFINITIONS

Club Member (CM) – Free to Join. Is associated with their enrolling (IRM) Independent Reward Member. No minimum order is required.

Downline – Independent Reward Members who are connected to you as an enroller and the individuals who are referred to them. So on.

Enroller – The Enroller is the individual or ID Number who personally signed you up in Clubco Direct.

Enterprise Qualified (EQ) – This is an accumulated value of 500 PQV from the sum of an Independent Reward Member and the (QV) of his or her Club Members within a single commissionable calendar month. That allows greater rewards in the compensation plan.

Group Qualifying Volume (GQV) – The sum of all Qualifying Volume in your organization through infinite levels.

- No more than 60% of the total can come from any one leg.
- No more than 50% of the total can come from any one leg of “Director Member” or higher.

Independent Reward Member (IRM) – Individual or Entity can become a “Independent Reward Member”. As you become Reward Member Qualified and Enroll another individual or entity, your organization starts with front line placement. For example, if you personally enroll 5 individuals or entities, you now have 5 “legs.”

Non-Profit Member (NPM) – Is a 501c3 who qualifies and is accepted by Clubco Direct.

Personal Qualifying Volume (PQV) – The sum of an Independent Reward Member’s Qualifying Volume (PQV) and the (QV) of Club Members that he or she has personally enrolled.

Placement – Placement is allowed for Reward Members in the Uni-level Tree for 10 days from enrollment. Uni-level placement is restricted to Levels 1 to 3. Placement is not allowed in the Matrix. Placement occurs when the Enroller “Places” a new member under a new sponsor.

Qualifying Volume (QV) Volume used to calculate rank qualifications.

Registration – The sign-up process whereby a qualified person becomes a member.

Registration Date & Time – The date & time that an individual becomes a Club Member and/or Reward Member.

Reward Volume (RV) – The volume on which commissions are calculated.

Spillover – Is the process of an Independent Reward Member being placed into the downline organization.

## **2.0 CLUBCO DIRECT MEMBERSHIP FEES AND QUALIFICATIONS**

### **2.1 CLUB MEMBERS**

2.1.1. Club Members (CM) – A Club Member must register with Clubco Direct. Free to Join as a Clubco Direct Member. No monthly minimum or required monthly order. Club Member is associated with their enrolling (IRM) Independent Reward Members “Club Member Group” in which is placed as a front line and/or level one.

2.1.2. Club Members (CM) do not receive any monthly commissions or bonuses.

2.1.3. A Club Member (CM) is not required to provide a Social Security Number or Federal Tax Identification Number.

2.1.4. A Club Member (CM) can refer and/or enroll others to become Club Members, and such persons will be linked to the Club Member’s Clubco Direct ID number. (\*Note that the QV generated by the referred Club Member will be included in the PQV of the Rewards Member who enrolled the referring Club Member. As Club Members enroll other Club Members, the QV of the enrolled Club Member will be included in the PQV of the first Rewards Member in the upline.) A Club Member will retain these Club Members as part of their “Club Member Group” in the event the Club Member choose to become an Independent Reward Member, subject to the requirements of 2.1.8 below.

2.1.5. A Club Member (CM) can convert or upgrade to a Rewards Member at any time by paying the appropriate membership fee and fill out a “Clubco Direct Application Agreement,” agreeing to the “Policies and Procedures” and “Terms of Use.”

2.1.6. Annual membership fee is waived. The membership fee may change at the discretion of the Company.

2.1.7. Club Members (CM) may be offered specials and incentives for staying active in Clubco Direct. The Company reserves the right to make any adjustments or modifications to this process if deemed necessary.

2.1.8. A Club Member (CM) shall not enroll an Independent Reward Member. If a Club Member refers an Independent Reward Member, that new Reward Member will be placed as if Personally Enrolled by the Rewards Member who enrolled the Club Member. In the event the Club Member converts or upgrades to a Rewards Member, the referred Rewards Member will be placed under the converted or upgraded Rewards Member. (\*Note: If the Club Member does not convert or upgrade to Rewards Member status prior to his or her first annual Registration Renewal date, the referred Rewards Member will never be placed under the Club Member, if the Club Member converts or upgrades to Reward Member status after the annual term.)

### **2.2 INDEPENDENT REWARD MEMBERS**

2.2.1 Independent Reward Members (RM) – Must complete the necessary “Clubco Direct Membership Application”, agree to the “Policies and Procedures”, the “Terms of Use

Agreement”, and this Compensation Plan, and pay the initial Annual Membership Fee before you can become an Independent Rewards Member.

2.2.2. All Reward Members must have a valid Social Security Number or Tax Identification Number to be considered “Active” and be eligible for commissions.

2.2.3. The Clubco Direct initial Annual Membership Fee and the Annual Membership Renewal Fee is \$59.00. The Initial Membership Fee and Annual Membership Fee may change at the discretion of the Company.

2.2.4. An “Active” Reward Member may qualify to receive Commissions, Bonuses and Clubco Direct Rewards.

2.2.5. QV generated by the Club Members (CM) in your Club Member Group within a commissionable month will count toward your monthly Reward Personal Qualifying Volume. (PQV)

2.2.6. Club Members that you enroll (as well as any Club Members enrolled below them) are considered-to-be in your “Club Member Group” and placed as “Front Line Volume” on the forced Uni-Level 1<sup>st</sup> line.

2.2.7. Club Member (CM) shall not enroll an Independent Reward Member. If a Club Member refers an Independent Reward Member, that new Reward Member will be placed as if Personally Enrolled by the Reward Member who enrolled the Club Member. In the event the Club Member converts or upgrades to a Rewards Member, the referred Rewards Member will be placed under the converted or upgraded Rewards Member. (\*Note: If the Club Member does not convert or upgrade to Rewards Member status prior to his or her first Annual Registration Renewal date, the referred Rewards Member will never be placed under the Club Member, if the Club Member converts or upgrades to Reward Member status after the annual term.)

2.2.8 Annual Membership – If you are NOT ACTIVE or do not renew your Independent Reward Membership on an annual basis your Independent Reward Membership will be terminated, and you will be reclassified as a Club Member.

### **2.3 Non-Profit Member (501c3’s)**

More information can be found in the Non-Profit Member Guide

*\* Before you can enroll, sponsor or place a Non-Profit Organization you must be a qualified Regional Manager Member and you must have **Completed** Clubco Direct Non-Profit Training in-order to work and refer any Non-Profit Organization within the Clubco Direct Non-Profit Program.*

2.3.1 Non-Profit Member (NPM) must complete the necessary “Clubco Direct Membership Application”, agree to the “Policies and Procedures” and the “Terms of Use Agreement” before you can become an Independent Rewards Member.

2.3.2 Non-Profit Member (NPM) must have the necessary paperwork to prove that they are in good standing with their 501-c3 status. Tax Identification Number to be considered “Active” and be eligible for commissions.

2.3.3. Non-Profit Member (NPM) – Non-Profit Organization has the ability to become a “Independent Non-Profit Member and be placed into the Forced Uni-Level structure and will be deemed ACTIVE and qualified at the Manager Member Rank (MM) of the downline structure for the annual term registration date.

2.3.4. If the Non-Profit Member (NPM) chooses to continue with the Clubco Direct Perpetual Income Model they must pay any annual Membership Fees based on their original Registration Date.

3.3.3 The Company reserves that right to modify this program if deemed necessary.

### 3.0 MEMBER GROUP PLACEMENT

#### 3.1 CLUB MEMBER GROUP

New Club Members will be placed in their Personal Enroller’s Groups as follows:

3.1.1 As a Club Member you will be placed into your enroller’s “Club Member Group,” not the Enroller’s “Rewards Business Group.” Placed as “Front Line Volume” in the forced Uni-Level 1<sup>st</sup> line Club Member Group.

3.1.2. Club Members are customers who may, if they wish, later become Independent Reward Members. Club Members can become Independent Reward Members at any time by filling out new Independent Reward Member Application Agreement, agreeing to the “Policies and Procedures” and “Terms of Use” are accepted.

3.1.3 New placement is established on the Clubco Direct Membership Application registration date and time (time stamped.)

#### 3.2 REWARD MEMBER GROUP

3.2.1 Each Reward Member shall have a “Club Member Group” and Independent Rewards Member Group that allows members to have two separate groups within the Clubco Direct compensation plan structure.

- Club Member Group – Customers who are enrolled by Independent Reward Member
- Reward Member Group - Forced Uni-Level – 5 Legs Wide on your front-line (legs)

3.2.2. Reward Members shall place personally enrolled Independent Reward Member into the first downline organization position that is available. Each Business Line is numbered (1 through 5) chronologically according to the order that the Rewards Member was placed in the Independent Reward Members Group.

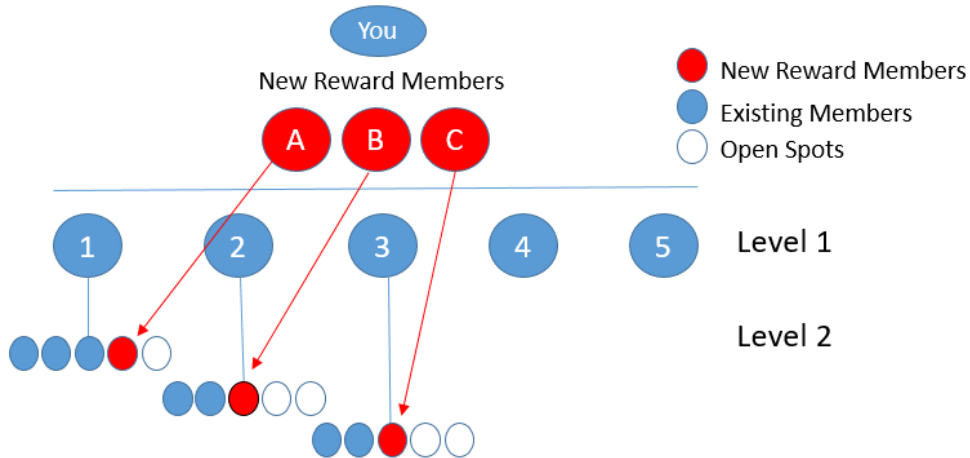


3.2.3 There is no limit to the number of Reward Members that can be personally enrolled, sponsored and/or placed with-in the organization.

3.2.4. Reward Members shall place personally enrolled Independent Reward Member in an available open Business Line leg number (1 through 5) in 1<sup>st</sup> level, (available open position) unless already filled by upline Reward Member through the spillover.

3.2.5. There is no guarantee that spillover will occur.

3.2.6. If you do not PLACE a new Reward Member within the (7) seven-day allotted time-frame into your organization. Auto placement will go into effect and the new Independent Reward Member shall be placed in an Enroller's Business Line leg number (1-5). Only new Rewards Members will be placed in Business Lines with positions available on the Level being filled and will continue to be filled in this manner until all positions on an Enroller's Level are full. Only after a Level is completely full will new Rewards Members be placed on an Enroller's next Level.



### 3.3 NON-PROFIT MEMBER GROUP

3.3.1 A Non-Profit Member shall be exempt for the period of 12 months based on registration date from the PQV requirements for the Active Member, Associate Member and Manager Member ranks. To advance to Regional Manager Member and above, Non-Profit Members must meet the PQV requirements for those ranks.”

3.3.2 Non-Profit Members placement must be approved by Clubco Direct.

#### 4. RANK QUALIFICATIONS

You must have an Independent Reward Application Agreement on file, agreed to the Policies and Procedures, Term and Conditions and purchase a “Welcome Membership Kit” to become an Independent Reward Member.

2.4.1 Active Member (A) – To achieve the Rank of Independent Active Member (Active) you must maintain 60 PQV monthly volume.

2.4.2 Associate Member (AM) – To achieve the Rank of Associate Member you shall maintain 100 PQV monthly volume.

2.4.3 Manager Member (MM) – To achieve the Rank of Manager Member you shall, maintain 100 PQV monthly volume and have (3) personally enrolled Active Club Members (or higher) and a minimum 1,000 in Group Qualifying Volume (GQV), with no more than 60% coming from one leg.

2.4.4 Regional Manager Member (RM) – To achieve the Rank of Regional Manager you must maintain 150 PQV monthly volume and have (3) personally active enrolled Associate Members (or higher) legs. In addition, you must have at least 5,000 in Group Qualifying Volume (GQV), with no more than 60% coming from one leg.

2.4.5 Director Member (DM) – To achieve the Rank of Director you must maintain 200 PQV monthly volume, (4) four personally enrolled active “Associate” or higher legs. (3) three active personally enrolled “Manager Member” (or higher) legs. In addition, you must have at least 10,000 in Group Qualifying Volume (GQV), with no more than 60% coming from one leg.

2.4.6 Regional Director Member (RD) – To achieve the Rank of “Regional Director” you must maintain 250 PQV monthly volume, (4) four personally enrolled active Associate Members and have 3 three “Regional Manager” (or higher) legs. In addition, you must have at least 15,000 in Group Qualifying Volume (GQV), with no more than 50% from any one leg (or line of sponsorship).

2.4.7 Vice President Member (VP) – To achieve the Rank of “Vice President” you must maintain 300 PQV monthly volume, (5) five personally enrolled active Associate Members and have (3) three “Director Member” (or higher) legs. In addition, you must have at least 50,000 in Group Qualifying Volume (GQV), with no more than 50% from any one leg.

2.4.8 President Member (P) – To achieve the Rank of “President” you must maintain 300 PQV monthly volume, (5) five personally enrolled active Associate Members and have 5 “Director Member” (or higher) legs. In addition, you must have at least 150,000 in Group Qualifying Volume (GQV), with no more than 50% in one leg.

## 5.0 COMMISSION AND BONUSES

Reward Members are paid both weekly and monthly to qualified Reward Members based on Rank and structure levels.

	Number	KIND OF BONUS OR COMMISSION	BONUS PERIOD
Reward Member	1	Club Member Order Bonus (CMO)	Monthly
	2	Customer Retention Bonus (CRB)	Monthly
	3	Leader Structure Bonus (LSB)	One-Time
	4	Uni-Level Commission (UNI)	Monthly
	5	Generation Commission Bonus (GCB)	Monthly
Enterprise Qualified	6	Fast-Start Bonus (FSB)	Weekly
	7	Coding Rank Bonus (CRB)	Weekly
	8	Dream Bonus	Monthly
	9	Lifestyle Destination Trips	Points & Rank
	10	Recognition & Perks	Points & Rank

1. Club Member Order Bonus (CMO) – (Monthly) Independent Rewards Members or higher earn an 10% bonus based on Reward Volume of all new purchases with 30-days from registration date, up to \$250 per customer order.

(i) Club Members (CM) count towards your own (PQV) Personal Qualifying Volume.

(ii) Club Members (CM) count toward your total (GV) Group Volume.

2. Customer Retention Bonus (CRB) – (Monthly) After 30-days from registration date. Earn an additional bonus based on customer acquisition and retention. If you acquire or maintain 1 to 25 active Club Members who order 25 QV every month. You are-able-to earn these bonuses each month as-long-as you maintain the required number of Club Members. This bonus is based on number of actual customers, not customer points.

1 - 5 active Club Members - \$25 (monthly)

6 - 10 active Club Members - \$50 (monthly)

11 - 15 active Club Members - \$75 (monthly)

16 -20 active Club Members - \$100 (monthly)

25 or more active Club Members or more - \$150 (monthly)

3. Leader Structure Bonus (LSB) – (One-Time Only) Independent Reward Members (or higher) can earn Leader Structure Bonuses. Must have (5) personally enrolled active Reward Members to qualify.

Active Reward Members	Bonus	Time Frame
5 Active Reward Members – Level 1	\$50	\$100 within 30 days
25 Active Reward Members – Level 2	\$125	\$250 within 60 days
125 Active Reward Members – Level 3	\$500	\$1,000 within 90 days



4. Uni-level Commissions (UNI) – (Monthly) The Uni-level Commission pays Independent Rewards Members “Active” or higher on Reward Volume (RV) the Uni-level Tree.

Paid – As Rank	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6
Independent Rewards Member	0%					
Active	1%-5%					
Associate Member	1%-5%	1%-5%				
Managing Member	1%-5%	1%-5%	1%-5%			
Regional Manager Member	1%-5%	1%-5%	1%-5%	1%-5%		
Director Member	1%-5%	1%-5%	1%-5%	1%-5%	1%-5%	
Regional Director Member	1%-5%	1%-5%	1%-5%	1%-5%	1%-5%	1%-5%
Vice-Presidential Member	1%-5%	1%-5%	1%-5%	1%-5%	1%-5%	1%-5%
Presidential Member	1%-5%	1%-5%	1%-5%	1%-5%	1%-5%	1%-5%

Margin Payout: The difference of 1% to 5% is based on the product and/or service margin.

- Brand Products are paid at the 5%
- Service Products are paid at the 1%

(i) Any of our Market Stores, Gift cards, or Services that use third party affiliate sources have a narrow profit margin pricing structure. Bonuses are based on 80% of the pricing and paid through our Service, Gift Card or Market Store Program. To be paid into the Uni-Level program at 1% through the downline structure organization.

5. Generation Commission Bonus (GCB) – (Monthly) This begins on your 7th level and is paid to Regional Director Members and above only.

Regional Manager Members: The Generational Commission pays 1% percentage on the RV “Reward Volume” through 1 generation of Regional Manager Members. This “Generation” includes every “Active” member in the Uni-Level tree down to and including the first Regional Manager or higher.

Note: The Generation Commission Bonus begins on the 7<sup>th</sup> level and continues downward until a Regional Manager Member with equal or greater rank is met. This Regional Manager Member or higher rank cuts off the bonus for that leg group only.

A Rewards Members 1<sup>st</sup> Generation Regional Manager Member would be the first Reward Member in their downline with a rank of Regional Manager or higher.

A 2<sup>nd</sup> Generation Regional Manager Member would be the next downline Reward Member below the 1<sup>st</sup> Generation Regional Manager Member who also has a rank of Regional Manager or higher.

Paid – As Rank	Payout
Regional Director Member	Receive 1% on First Generation of Regional Manager Members
Vice President Member	Receive 1% on First Generation of Regional Manager Members Receive 1% on Second Generation of Regional Manager Members
President Member	Receive 1% on First Generation of Regional Manager Members Receive 1% on Second Generation of Regional Manager Members Receive 1% on Third Generation of Regional Manager Members

6. Fast Start Bonus (FSB) – (Weekly) Independent Reward Members or higher earn (FSB) Fast Start Bonus of \$100 on Enterprise Pack sales or purchases made by their personally enrolled Club Members and their personally enrolled Independent Reward Members.

7. Coding Rank Bonus (CRB) – (Weekly) Associate Level or higher can earn Coding Rank Bonuses on Enterprise Qualified Reward Members ONLY. Coding Rank Bonuses are paid unlimited levels. To earn the Coding Rank Bonus an Independent Rewards Member must meet the requirements outlined, in the Qualification Period:

1. Must be an Independent Rewards Member “Associate” or higher
2. Must be Enterprise Qualified. The sum of 500 PQV from personally enrolled Club Members volume orders and/or personal consumption use order in any given (30-day period) in any given qualified month to qualify.

Coding Rank Group	Enterprise Payout Amount
Associate Member	\$10
Managing Member	\$10 up to \$20
Regional Managing Member	\$10 up to \$30
Director Member	\$10 up to \$40
Regional Managing Member	\$10 up to \$50
Vice-Presidential Member	\$10 up to \$60
Presidential Member	\$10 up to \$70

8. Dream Bonus (DB) – This bonus is earned when an Enterprise Qualified (EQ) Director Members or higher qualifies to earn at the Director Member rank or higher for 2 consecutive months. (Example: Qualify in January and February and payout in March during February pay commission run.)

Rank	Dream Bonus
Director Member	\$200
Regional Director Member	\$400
Vice President Member	\$500
President Member	\$500

9. Lifestyle Destination Trips (LDT)

Cruise to Director – This is a Reward Member who achieve the Rank of Director or above.

Lifestyle Destinations – This is for the Clubco Direct Leadership Retreats.

10. Recognition & Perks – Recognition, Gifts and Perks are received when a Rewards Member achieves the Rank of Manager or higher for two consecutive months. These gifts are earned one-time and are typically awarded at National Events.

## **6.0 MEMBER COMPRESSION**

### **INACTIVE MEMBER COMPRESSION**

Inactive Independent Reward Member Compression occurs for all Reward Members who do not qualify to receive commissions in any given qualified month because they are not “Active” Reward Member in that month. In such a case, all Independent Reward Members (if any) in that Business Line are compressed up in the unqualified spot for the commission pay run.

Notwithstanding this monthly Inactive Member Compression, the Inactive Rewards Members retain their position for 1 year based on their renewal date. To stay Active the Rewards Members Business Group a product/service monthly qualifying order must be placed to qualify for monthly commission, unless, Club Members monthly volume in place for monthly active PQV requirements.

If a Rewards Member is terminated, either voluntarily or involuntarily, the terminated Independent Rewards Member is removed from the Business Group, but their position remains vacant and all Compression occurs as Inactive Rewards Member Compression set forth above.

### **BREAKAGE**

“Breakage” means that Commissions are not paid to an Active Independent Reward Member because, although Active, the Reward Member does not qualify to be paid Commissions on the Level of Active Rewards Members Business Group where the GV “Group Volume” exists. For example, if GV exists on an Active Rewards Business Group on Level 5, but the Active Reward Member only qualifies to be paid through Level 4, Commissions on GV of the Business Member’s Level 5 will be Breakage.

Breakage compression is calculated after all Inactive Member Compression.

Like Inactive Member Compression, is calculated monthly and does not impact any Reward Member’s position in an Active Reward Member’s Business Group.

## **7.0 RETURNS AND COMMISSION CLAW BACKS**

All products returned and/or services cancelled for payment refund will result in a “Claw-Back” of all or portion Commissions, Order Bonus, and any other Commissions and Bonuses paid based upon the product or service sale. This includes not only Commissions and Bonuses paid to other “Active” Club Members and Reward Members based upon the PQV for that product purchase.

All adjustments will be posted to the Commission payment for the month of the return or cancelation and/or deducted from any product return credit.

The Company will not redistribute Commissions or Bonuses funds from any negative adjustments to other “Active” Reward Members.

## **8.0 COMMISSION PAYMENTS**

Clubco Direct can only pay commissions to Independent Reward Members, who are in good standing with a Clubco Direct Membership Application on file, agreed to the Policies and Procedures and the Terms of Use.

Weekly and monthly commission payments to rank qualified Independent Reward Members. There is a monthly commission payout fee of \$3.50.

Clubco Mastercard – Electronic commission payout system. Included in your Annual Membership Fee.

Company Check – A additional Service Fee of \$1.00 will be charged for all Commission payments made by check for processing.

No paper statement of Independent Reward Member Group report will be sent with the check. Independent Reward Members will access all payment and account details through their login back-office accounts on the Company's website.