

## Let's Get The Legal Stuff Out Of The Way First, Shall We?

The information in this newsletter should not be considered legal advice or a “How To” on creating your own promotion. As an Independent Distributor, you should always consult a government official or attorney who is familiar with the local laws in the state, province, or country in which you reside.

## What You Should Know About Creating Your Own Promotion

As you find new ways to “spice up” your business, it’s not uncommon to start by getting your team motivated to grow their business even more. While there are several ways to do this, some leaders like to add a little incentive for their team such as creating their own promotions or contests within their team. Not to be confused with promotions that Xyngular corporate will offer from time to time, these promotions are distributor-sponsored promotions and are entirely separate from corporate-sponsored promotions. There are several different kinds of Distributor-sponsored promotions and it is important to know the dos and don’ts of how a promotion works, not only from a Xyngular Policies & Procedures perspective, but more importantly, from a legal perspective.

Did you know that, depending on the rules and guidelines of a promotion, some can be illegal and even considered an unlawful lottery? Even promotions that offer a prize or monetary payout over a certain amount can come with a tax liability and have repercussions if not reported properly to the IRS or other government tax agencies. Although every state, province, and country has different rules and laws of what’s legal and illegal, there are a few things that you should know before creating your own promotion.

## Knowledge Is Power: Xyngular VS the Government

When deciding whether or not to create your own promotion, here are some basic guidelines to help you determine if your promotion is compliant with Xyngular’s policies. It is also very important to know if your promotion is considered illegal according to state or provincial laws.

### Xyngular’s Policies & Procedures

Xyngular Corporate cannot approve individual promotions. Based on Xyngular policies, the following criteria will apply to all Xyngular Independent Distributors to ensure an equal playing field:

1. **Independent Distributor Specification:** It is important to disclaim clearly and conspicuously that the promotion is run by an Independent Distributor and not Xyngular corporation.
2. **Distributor Responsibility:** Each Distributor is responsible for fulfilling the terms and obligations of the promotion.
3. **Advertising Below Wholesale Price:** Promotions that advertise that you can buy a product for less than the wholesale price is not permitted.

#### Example of selling below wholesale:

*“Buy one Ultimate System and receive a bottle of Xyng for half off.”*

#### Example of NOT selling below wholesale:

*“Buy one Ultimate System and receive a FREE bottle of Xyng.”*

#### Example of selling below wholesale:

*“Enroll with an Ultimate System today and get \$150 off your system.”*

#### Example of NOT selling below wholesale:

*“Enroll with an Ultimate Kit and receive a rebate for your enrollment fee.”*

## **Government Laws**

As mentioned above, it is the responsibility of the Independent Distributor to consult with a local government official or attorney to ensure that their promotion is legal according to local laws. Xyngular corporate cannot advise on these laws or approve individual promotions. The following are just a few basics of what an illegal lottery is:

- Contests or promotions should not be “cash pots” or solely based off of a monetary “grand prize.”
- Contests or promotions must not require the participant to purchase or pay money in order to participate or be entered into the contest.
- Promotion or contest cannot have a winner that is based off of chance.