



To Team National Independent Marketing Directors:

Team National has enjoyed a successful history and one that has been blemish free in terms of challenges by regulatory agencies. As with all leading direct selling companies, it is to be expected that inquiries will arise as to the legitimacy and intent of the Team National marketing program. Such inquiries have been routine for more than a half century for virtually all major direct selling companies, and it goes with the territory.

Because Team National always wishes to be in the mainstream of the industry, it has adopted a policy of being proactive, transparent and committed to its obligation to be a good corporate citizen wherever it conducts business. If an inquiry is made about the business, we immediately reach out and provide a complete explanation of the legitimate factors that are the underpinning of our business practices.

Therefore, the corporate office thought you would want to see the typical explanatory letter that we send in response to a regulatory inquiry. We think you will see that we have thought through the issues and are committed to being front, present and above board...always.

Best regards,

Amanda Bryan
Compliance Manager

Team National Consumer Explanation Letter

Team National approaches consumer protection with the utmost importance. Team National is a legitimate company that adheres to the very strict Code of Ethics of the Direct Selling Association and honors all federal and state legislation in the direct selling field. It is worth noting that our company's direct selling marketing program has experienced no state or federal regulatory problems since our inception in 1997.

Team National is an active member in good standing of the Direct Selling Association. We have been actively involved with national, state and local consumer protection organizations and have received awards for our activities. The consumer membership package is purchased by individual

consumers and group entities throughout the United States. Group purchases have included large private employers, hospitals and municipal entities. In fact, many of our customers across the country are small businesses that are given an opportunity to purchase a premium membership. Once they become members, they can receive a listing on our Business Exchange site, which is accessible by all of our members; giving our approximately 6,000 business members increased marketing visibility.

In terms of the membership savings opportunity, the products and services available to the consumer members are at very favorable rates, including pre-negotiated auto pricing, home furnishings, merchant credit card processing and a myriad of other products and services. In all, our membership package has benefits in 20 different industries. Independent sales representatives of the company are under no obligation to purchase the consumer membership and this point is made very clear to the distributor.

In fact, independent sales representatives do not pay anything to be a distributor, do not purchase product for resale, nor do they stock any inventory. The sole function of independent sales representatives is to market the consumer membership to other potential consumers. If an independent sales representative chooses to purchase a consumer membership, they are treated like any other consumer and thus would purchase that membership in their capacity as a consumer.

In the U.S., the direct selling industry involves approximately 15 million individuals whose sales approach \$30 billion. Unfortunately, sometimes there appears to be a blurred line between legitimate direct selling companies and illegitimate pyramid schemes, and disreputable promoters have taken advantage of the similarity of structure to abuse consumers. Over the years, legislatures, courts and regulatory agencies have developed some clear distinctions to differentiate legitimate practices from fraudulent practices. Team National can easily articulate the legitimate nature of our business. The company markets consumer products and services in a direct selling approach. Our marketing program has been structured to fit within the guidelines approved in the landmark *Federal Trade Commission's Amway* decision.

Based on the safeguards we have adopted, as addressed in the chart below, our marketing program is a legitimate direct selling program and does not fit the description of a pyramid or chain scheme. We welcome you to review our website at bign.com for more information and history of our company. As an additional note, Team National has been featured on the cover of the September 2006, November 2007, April 2010, and Spring 2012 *Success from Home* magazines.



Adopted Safeguards	How Team National Complies
To qualify for ongoing commissions, distributors are required to make ongoing retail sales to customers per reporting period.	An Independent Marketing Director (IMD) is required to make two membership sales per year and help two distributors to do the same.
Members who wish to purchase products for their own personal or family use will not receive credit for bonus purposes or advancement for their own personal purchases.	IMDs who participate in the optional Product Commission Program must generate at least two sales per month before earning commissions on products purchased for personal consumption.
Distributors may not reorder unless they have sold 70 percent of their previous product purchases.	Our qualification in the optional Product Commission Program equals monthly personal consumption: Therefore, this requirement is rarely an issue.
An industry standard 90 percent buyback policy for product returned by terminating distributors.	We refund 100% of marketing material or products purchased through our optional Product Commission Program.
No product purchase and no other investment are necessary to be a distributor. We offer an optional minimally priced, at cost, sales kit.	Our policies, IMD Agreement, Disclosure form, and marketing material clearly state this fact.
Hypothetical earnings projections or potentials are prohibited.	Our policies and marketing material clearly state this fact.
There is an absolute prohibition on front-end or inventory loading.	Since the membership is a fixed price and the qualification of the optional Product Commission Program is equal to personal consumption, front-end or inventory loading is not an option.
Distributors may not buy into levels or positions.	Team National, Inc. will not sell a level or position. IMDs may choose to sell their business according to policy.
To qualify for ongoing commissions, distributors must fulfill supervisory activity including ongoing contact, communication and managerial supervision with their sales organization.	According to the policies, each upline is required to fulfill this supervisory capacity.
Commissions and bonuses are derived from sales to, and use by, the ultimate consumer as opposed to headhunting fees.	According to our compensation plan, IMDs are compensated based on membership sales to the consumer.