

Account Notes

COMPLIANCE: Other: Inventory Loading -- CLOSED

1/2/13 - David will be submitting a business plan as he wants to order more than \$5K in a month. sgidley

12/27/12 - sent e-mail to David regarding inventory loading. Sgidley

From: ViSalus Compliance

Sent: Friday, December 28, 2012 3:28 PM

To: 'davidsmith@charitydude.com'

Subject: RE: ViSalus Account 2602821

Dear David,

Recently, we have noticed that orders have been placed on your account in excess of the \$4999.00 monthly limit as outlined in ViSalus' Policies and Procedures Section VI. Prohibited Practices of IDs: Inventory Loading. In October, you ordered \$5030 worth of product, \$6244 in November and placed an order on December 27 for \$4995. Per our policies:

ViSalus Sciences limits all distributor and customer purchases not to exceed \$4999.00 in a one month period regardless of payment method. Inventory loading is not suggested or condoned by ViSalus Sciences and we monitor all account activity on a monthly basis. Should this occur the orders will be pulled and any position promotions put on hold until resolution is reached within a reasonable amount of time.

Under Section 20 of the Agreement you acknowledged that you had read and fully understood ViSalus' Policies and Procedures and agreed that they were part of the Agreement.

As a result of the allegations referred to above, we must conduct a full investigation. We encourage you to work with us to resolve this quickly and appropriately and therefore ask you to please explain in writing the reason for the large order amounts. If your intention is to continue to place bulk orders, we require that you submit a business plan for approval by ViSalus' management team.

Upon receipt of this information ViSalus Sciences will conclude our investigation and will provide a solution that will serve all parties involved. Failure to reply will be looked at as acceptance of the allegations and may lead to the suspension of or possibly permanent termination of your ViSalus Distributorship. In the interim we insist that you cease and desist immediately from the actions discussed above in violation of your contractual and other legal obligations. If we continue to receive reports, we will be forced to pursue legal action.

We look forward to hearing from you within 7 business days to resolve this matter. Please email your response to Compliance@Visalus.com.

ViSalus•COMPLIANCE

<http://visalus.com> | compliance@visalus.com | 248.764.2160

340 E. Big Beaver Rd, Suite 400, Troy, MI 48083 | fax 877-547-1570

To: Scott Gidley, From: Scott Gidley 12/28/2012 2:34:00 PM -06:00.