

LARRY ECHOHAWK
ATTORNEY GENERAL
STATE OF IDAHO

DISTRICT COURT
7TH JUDICIAL DISTRICT

'91 OCT 24 P3:15

TERRY ANDERSON
Deputy Attorney General
Chief, Business Affairs and
State Finance Division

BONNEVILLE COUNTY
IDAHO

BRETT T. DELANGE
Deputy Attorney General
Business Regulation Division
Statehouse, Room 113A
Boise, Idaho 83720
Telephone: (208) 334-2424

ATTORNEYS FOR THE STATE OF IDAHO

IN THE DISTRICT COURT OF THE SEVENTH JUDICIAL DISTRICT
IN AND FOR THE COUNTY OF BONNEVILLE

IN THE MATTER OF ATTORNEY)
GENERAL LARRY ECHOHAWK'S)
INVESTIGATION INTO THE)
BUSINESS PRACTICES OF)
MELALEUCA, INC.)

CASE NO. 43467

ORDER APPROVING
ASSURANCE OF
VOLUNTARY COMPLIANCE

Upon filing and reading of the Assurance of Voluntary Compliance in the above-entitled matter, and good cause appearing therefore, the Assurance of Voluntary Compliance is hereby approved and adopted according to its terms and provisions.

Violation of the Assurance of Voluntary Compliance may subject Melaleuca, Inc. to proceedings for contempt of court, or to proceedings under the Idaho Consumer Protection Act for other appropriate relief.

DATED this 24 day of October, 1991.

/s/ TED V. WOOD

District Judge
Seventh Judicial District

ORDER APPROVING ASSURANCE OF VOLUNTARY COMPLIANCE

LARRY ECHOHAWK
ATTORNEY GENERAL
STATE OF IDAHO

CASE ASSIGNED TO
JUDGE TED W. WICK

DAVID G. HIGH
Deputy Attorney General
Chief, Business Affairs and
State Finance Division

OCT 23 1991

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OFFICE OF THE
ATTORNEY GENERAL

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MELALEUCA, INC.)

Case No. 43467
ASSURANCE OF VOLUNTARY
COMPLIANCE

This Assurance of Voluntary Compliance ("Assurance") is entered into between the State of Idaho, acting through its Attorney General, Larry Echohawk ("Attorney General"), and Melaleuca, Inc. ("Melaleuca"). The parties submit this Assurance for the court's approval and filing in accordance with Title 48, Chapter 6, Idaho Code, and stipulate that:

1. Melaleuca is an Idaho-based business, which does business in the State of Idaho. Melaleuca's business and mailing address is 560 Broadway, Idaho Falls, Idaho, 83402.

2. Melaleuca is committed to complying with all applicable Idaho laws relating to its sales programs. Melaleuca is also committed to working with the Attorney General in ensuring that all of its programs and activities comply with Idaho law.

3. The Attorney General is informed and believes that Melaleuca sells various nutrition, personal care and homecare products, pursuant to a multi-level marketing plan, in Idaho.

4. The Attorney General has carefully reviewed and has discussed with Melaleuca representatives Melaleuca's June 1, 1991, Marketing Plan and Statement of Policies, Customer Agreement, Independent Marketing Executive Agreement and Product Catalog and, without endorsing the plan, has identified no areas where Melaleuca's June 1, 1991, Marketing Plan and Statement of Policies, Customer Agreement, Independent Marketing Executive Agreement, and Product Catalog violates Idaho law, and has determined no grounds to take enforcement action against Melaleuca under Idaho law.

5. The Attorney General is informed and believes that certain independent marketing executives of Melaleuca have failed to comply with certain policies of Melaleuca, and that the actions of these independent marketing executives are in violation of Idaho law.

6. Therefore, Melaleuca assures the Attorney General that Melaleuca will enforce all policies and provisions of its

marketing plan to assure that its agents, employees, assigns, and independent contractors will comply with the Idaho Consumer Protection Act and Regulations in all future sales presentations, activities and solicitations. In addition and in particular, Melaleuca assures the Attorney General that:

A. Melaleuca shall enforce its requirement that distributors use only literature and materials ordered directly from Melaleuca.

B. Melaleuca shall enforce its policy that distributors will not use the Melaleuca trade name or trademarks except in advertising provided by Melaleuca.

C. Melaleuca shall enforce its policy that distributors will not discuss the Melaleuca marketing plan or its products with the press or the media.

D. Melaleuca shall enforce its policy that no distributor will refer to the Federal Drug Administration, the Idaho Attorney General, or the Office of the Idaho Attorney General in any way to imply or suggest their endorsement or approval of Melaleuca products or its marketing plan.

E. Melaleuca shall enforce a policy that no distributor will display materials, photographs, or other documents which contain pictures of past or present Idaho Attorney Generals for purposes of implying or suggesting the endorsement or approval by them of Melaleuca products or its marketing plan.

F. Melaleuca, in partial compliance with subparagraphs 6.D. and 6.E., will distribute a notice in one of its Melagrams, in language agreeable to both parties, which notifies distributors of these policies.

7. This Assurance is submitted for settlement purposes only and without any admission of wrongdoing.

8. Melaleuca understands and agrees that this Assurance applies to it, its agents, employees, representatives, successors and assigns, jointly and severally, while acting personally or through agents or employees or through any corporation or other organization or entity whose acts, practices, or policies are directed, formulated, or controlled by Melaleuca.

9. Notwithstanding the provisions of Idaho Code §48-610(4), the parties acknowledge (i) that a distributor's violation of Melaleuca's policies listed in paragraph 6 hereof does not necessarily constitute a violation of the Idaho Consumer Protection Act, and (ii) that such a violation of Melaleuca's policies listed in paragraph 6 hereof does not necessarily constitute a violation of the Idaho Consumer Protection Act for which Melaleuca may be found liable. Melaleuca expressly understands and acknowledges, pursuant to Idaho Code 48-610(4), that any violation of this Assurance shall establish prima facie that Melaleuca knows, or in the exercise of due care should know, that the acts identified

herein may violate the Idaho Consumer Protection Act and may result in the filing of a lawsuit by the Attorney General seeking relief, as authorized by the Idaho Consumer Protection Act.

10. Melaleuca agrees that the sum of One Thousand Dollars (\$1,000.00) shall be due to the Consumer Protection Account created in Idaho Code §48-606 as reimbursement for the expenses, investigative costs, and attorney fees incurred by the Attorney General in this matter. The Attorney General ~~agrees to waive payment of Five Hundred Dollars (\$500.00) of~~ this sum in recognition of Melaleuca's cooperation and responsiveness in resolving this matter. Melaleuca's check in the amount of Five Hundred Dollars (\$500.00) shall be made payable to the Idaho Attorney General and shall be deposited in the Consumer Protection Account created in Idaho Code §48-606.

11. This Assurance shall be filed with and subject to the approval of the District Court of Bonneville County, Idaho, which has subject matter jurisdiction, pursuant to Idaho Code §48-610(1), and personal jurisdiction, pursuant to Idaho Code §5-514. The terms of this Assurance, once approved by the District Court, are enforceable by contempt proceedings before the District Court of Bonneville County, pursuant to Idaho Code §48-610(1).

12. Matters set forth in this Assurance may be reopened by the Attorney General for further proceedings in the public

interest if Melaleuca violates any term of this Assurance. In addition to seeking civil penalties of up to Five Thousand Dollars (\$5,000.00) per violation, pursuant to Idaho Code §48-606(1)(e), the Attorney General may seek all other remedies and relief as provided by Idaho Code §48-606 and §48-607.

13. Melaleuca acknowledges receipt of a copy of this Assurance prior to its filing with the District Court. Melaleuca further agrees to accept service of a conformed copy by prepaid first class mail sent to the address set forth above. Melaleuca expressly waives personal service of a conformed copy of this Assurance after it has been filed.

DATED this 17th day of October, 1991.

LARRY ECHOHAWK
ATTORNEY GENERAL
STATE OF IDAHO

By: Brett T. DeLange
BRETT T. DELANGE
Deputy Attorney General
Business Regulations Division

DATED this 11th day of October, 1991.

MELALEUCA, INC.

By: Frank L. VanderSloot
Frank L. VanderSloot, President

1645j/as

LARRY ECHOHAWK
ATTORNEY GENERAL
STATE OF IDAHO

DISTRICT COURT
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/S/ TED V. WOOD
District Judge
Seventh Judicial District

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