



SIX MONTH INACTIVITY RULE

'Any breach of the Six Month Inactivity Rule requires Amway to re-start the inactivity period from the date of breach.'

There are several Rules of Conduct which provide a source of ongoing enquiry from IBOs.

Questions relate to the interpretation of a Rule, or they may allege that there has been a breach of a Rule, usually with resulting disadvantages to an IBO or line of sponsorship.

The Rules governing changes in lines of sponsorships and the inactivity period which must be satisfied prior to rejoining the business are examples of Rules which are sometimes a source of either breach or misunderstanding.

In this issue, we will be taking a closer look at Rule 6.4 – Six Month Inactivity which states:

"An IBO who wishes to TERMINATE (by resignation or failure to renew) his IB under his present sponsor and who thereafter becomes inactive for a period of six or more consecutive months shall cease to be an authorised IBO and may, following the lapse of said inactive period, reapply to become a new IBO under a new sponsor. Applicants may not apply to become active in an already existing IB."

To apply for a new IB under this Rule, the IBO must submit a new registration form. This application must be sent to Amway and MUST accompany a written statement of inactivity. Upon receipt of this application, Amway will notify the original Platinum of the fact and will grant him/her 15 days to file an objection to the inactivity claim. If evidence of inactivity is provided, Amway will refuse to honour the application and will return it to the applicant. If the Platinum does not reply within 15 days, or if he/she verifies that the IBO has in fact been inactive for six months, then the new application will be accepted and processed. The right of an IBO to contest the sponsorship of a former IBO who is now sponsored under different sponsor ceases when two years have elapsed since the date Amway accepted the application.

Let's now take the opportunity, and for purposes of Rule 6.4, clarify the question of "total inactivity".

A resigned or non-renewed IBO who wishes to rejoin in another line of sponsorship must pass through a total of six clear months from the date the registration is registered by Amway, during which time he or she:

- Must not have engaged directly or indirectly in any business activity in connection with an Amway Independent Business.
- Must not have purchased products or services from the Corporation as an IBO or Member (other than client) at IBO/Member price for personal use.
- Must not have sold any Amway product or involved in taking an order, making a delivery or accepting payment.
- Must not have presented the Amway Sales and Marketing plan to any prospective IBOs.
- Must not have attended any recruiting, training or motivational meetings conducted by Amway or any IBO or any company controlled by or associated with any IBOs contracted to Amway.

It is important to note that during the inactive period, the former IBO must not participate in any Amway activity under another IB in the name of his/her parents, siblings or others, or he/she shall not be determined as "inactive" for the purposes of this Rule. Where only husband or wife has been named on an IB, the non-IB spouse will also be subject to the six month inactivity Rule.

Any breach of the six months inactivity requires Amway to re-start the inactivity period from the date of the breach.

Up until now we have been speaking about the Six Month Inactivity Rule, however there are instances where Amway will apply a two year period of inactivity. Rule 6.4.3 and 6.4.4 addresses these situations where an IBO has changed lines of sponsorship but now wishes to re-sponsor IBOs who were downline or upline in his or her former line of sponsorship. In this instance, two years must elapse before a prospect can rejoin anywhere within the personal group or his former sponsor.

A breach of the above-mentioned Rule will require Amway to re-locate sponsored IBOs and his Personal Group as well as the business volume generated during the period of violation to the original line of sponsorship.

This issue is fundamental to maintaining the integrity of the Sales and Marketing Plan, because it is only through guaranteeing to Amway sponsors that the work they do in building a downline group will see the group effectively "locked-in" to their line, that a sponsor will feel justified in spending time and effort to secure a long term, stable and profitable business.