



USI-Tech January 5, 2018 Termination Notice

1 message

Extraordinary Termination of Distributor Agreement (Distributor ID: xxxxxxxx)

Dear Customer,

You are active for our company in the US and/or Canada as a distributor offering our services. We were utterly dismayed to learn that a large number of our sales partners extensively advertise our services on their own websites as well as on social media in a manner which is a breach of contract as well as illegal, and which gives the appearance that our service portfolio violates both US and Canadian law. Despite the measures which we have already initiated, this behavior has even intensified in recent weeks and months. This has already resulted in actions by the respective authorities against various distributors, as well as the first preliminary injunctions in response to this advertising behavior.

The initiation of the above-mentioned official action and the court-ordered preliminary injunctions has also inevitably placed our company in a legally problematic situation. This is due to the fact that, in the event of any doubt, it cannot be ruled out that this illegal advertising by the distributors involved will cause the relevant authorities to suspect that our company itself is promoting this type of advertising activity, or at least tolerates it. This type of alarming view by the authorities would lead to unforeseeable damage for our company as well as our sales partners who observe applicable laws. We cannot subject our company or our reputable sales partners to this danger.

Consequently, we have decided to immediately discontinue our business activities as well as our sales in the US and Canada. Unfortunately, this also has a direct consequence for you as a sales partner since the cessation of our marketing operations means that we are forced to immediately terminate our contractual relationship with you.

Although we deeply regret this step both on a business and a personal level, effective immediately we hereby summarily cancel the existing contractual relationship with you as a distributor, or, alternatively, hereby notify you of ordinary termination as of the next possible date.

In light of the above-announced termination, effective immediately you may no longer market goods, software or other services to our customers, and we will unfortunately no longer be able to accept applications for distributor agreements from third parties from you. In order not to jeopardize the termination of our contractual cooperation, for security reasons your sales partner account in our back office will also immediately be blocked.

Naturally, we will be paying out all commissions earned up to today's date. We expect to check your remaining unpaid commissions within the next 2 weeks, and as part of this process we will also check/offset/reclaim commission claims of various distribution partners for unlawful double payments/rebuys as well as for unlawful payments due to double-accounts (multiple registrations). Once we have concluded our audit and have determined commission claims, we will remit them to you taking into account the requirements of Section 14 of our Distributor Terms and Conditions. With respect to those sales partners whose illegal advertising behavior is responsible for this current situation, we reserve the right to assert claims for damages, which we will also enforce by offsetting them against commission claims.

We would also like to point out that, as a result of the above termination, effective immediately you must destroy and/or take offline all websites, landing pages, social media sites/chat groups (e.g., Facebook, YouTube, Instagram, WhatsApp, Telegram pp.) or other online or offline advertising materials relating to direct sales of our goods, software, other services and/or our direct sales concept. At the same time, you are obligated to immediately discontinue or cancel all current advertising and/or planned advertising, promotional events or other promotional efforts for our company. In addition, you must immediately terminate or discontinue the use of any registered internet domains, social media accounts, WhatsApp groups or comparable tools, as well as delete the associated login info and/or registrations insofar as these internet domains, social media accounts, WhatsApp Groups or similar tools include our name, trademarks, product names or other characteristics of our company.

Compliance with the foregoing is also very important with respect to your own interests, e.g. in order to still any concerns on your part with respect to warnings or other actions for misleading or unlawful advertising by third parties or any official investigation of you, given that we have terminated our direct sales in the United States and Canada.

If you currently also use our products, software or other services as a customer, we will be promptly informing you separately regarding the continuation of our customer relationship with you.

We would like to conclude by thanking you for your commitment to our company and for your sales efforts. We extremely regret these recent negative developments caused by the behavior of dubious sales partners and wish you all the best professionally and personally.

Best regards

USI-TECH Management