

Cause No. D-1-GV-07-001386

STATE OF TEXAS,  
Plaintiff,

v.

MANNATECH INCORPORATED;  
MANNA RELIEF MINISTRIES;  
THE FISHER INSTITUTE;  
SAMUEL L. CASTER, Individually; and  
REGINALD McDANIEL, Individually,  
Defendants.

§  
§  
§  
§  
§  
§  
§  
§  
§  
§

IN THE DISTRICT COURT OF

TRAVIS COUNTY, TEXAS

353<sup>RD</sup> JUDICIAL DISTRICT

Filed in The District Court  
of Travis County, Texas

JL FEB 26 2009

At 10:23 A.M.  
Amalia Rodriguez-Mendoza, Clerk

**FINAL JUDGMENT AND AGREED PERMANENT INJUNCTION  
AGAINST MANNATECH INCORPORATED**

Plaintiff, the STATE OF TEXAS, acting by and through Attorney General Greg Abbott (“ATTORNEY GENERAL”), and Defendant Mannatech Incorporated (“DEFENDANT” or “MANNATECH”) have consented to the entry of this Final Judgment and Agreed Permanent Injunction, and before any testimony is taken in this case and without Defendant admitting to any violations of the Texas Food, Drug and Cosmetic Act, TEX. HEALTH & SAFETY CODE ANN. §431.001 *et seq.* (“TFDCA”); the Texas Deceptive Trade Practices – Consumer Protection Act, TEX. BUS. & COM. CODE ANN. §17.21 *et seq.* (“DTPA”); or any other law, have jointly moved that the Court enter this Judgment.

The Court, after reading the pleadings of the parties and it appearing to the Court that both parties agree to and have approved its entry of this Judgment, makes the following orders under the provisions of the TFDCA and the DTPA. The Court is of the opinion that said agreement should be and is hereby in all things approved, and accordingly that this Final Judgment and Agreed Permanent Injunction should be entered.

## **FINDINGS OF FACT AND CONCLUSIONS OF LAW**

1. This Court has jurisdiction over the claims asserted against Defendant Mannatech and over Mannatech and the State of Texas.

2. Plaintiff's Original Petition states a claim for relief against Defendant Mannatech.

3. Venue of this matter is proper in Travis County by virtue of the fact that the State of Texas seeks an injunction to prevent violations of the TFDCA and Mannatech has consented to venue in this instance.

4. By entering into this Judgment, Defendant admits no wrongdoing and this Judgment does not constitute any evidence or admission of any kind regarding any issues set forth herein, nor does it acknowledge that Defendant has engaged in any unlawful activity, nor shall it be construed as evidence that Defendant has engaged in any methods, acts, practices, uses or solicitations declared to be unlawful under the TFDCA and the DTPA. Defendant does not admit the truth of any alleged facts, any of the characterizations of Defendant's alleged conduct, or any of the conclusions set forth in Plaintiff's Original Petition or any amended pleadings pertaining to this matter.

5. Entry of this Final Judgment and Agreed Permanent Injunction is not a finding of liability on the part of Mannatech.

### **IT IS THEREFORE ORDERED, ADJUDGED AND DECREED THAT:**

#### **DEFINITIONS**

6. The following definitions shall be used in construing this Judgment:

A. "Advertisement" or "Advertising" means all representations disseminated in any manner or by any means for the purpose of inducing, or that are likely to induce,

directly or indirectly, the purchase of any good, service, article, or food, including a dietary supplement.

- B. "Allowing Associates" means failing to take reasonable steps, including but not limited to reasonable enforcement action, to prevent any Associate from engaging in the proscribed conduct.
- C. "Associate" means any person or entity who is a distributor or seller for Mannatech or who receives any compensation for the sale of Mannatech's Products.
- D. "Clearly and conspicuously" means that the required disclosure is in such size, color, contrast, location, duration, and audibility that it is readily noticeable, readable, and understandable. A statement may not contradict or be inconsistent with any other information with which it is presented. If a statement modifies, explains, or clarifies other information with which it is presented, it must be presented in close proximity to the information it modifies, in a manner that is readily noticeable, readable, and understandable, and it must not be obscured in any manner.
- E. "Competent and reliable scientific evidence" shall mean tests, analyses, research, studies, or other evidence based upon the expertise of professionals in the relevant area, that have been conducted and evaluated in an objective manner by persons qualified to do so, using procedures generally accepted in the industry to yield accurate and reliable results.
- F. "Dietary supplement" is a food and is regulated by §431.001 *et seq.* of the TFDCA.
- G. "Drug" has the meaning by which it is defined in §431.002 (14) of the TFDCA.

- H. "Drug Monograph" means a tentative final or final federal regulation establishing conditions under which a category of over-the-counter ("OTC") drugs or specific OTC drugs are generally recognized as safe and effective and not misbranded.
- I. "Falsely advertising" means advertising that is false, deceptive, or misleading in any particular, or has the tendency or capacity to deceive or mislead.
- J. "FDA" means the Federal Food and Drug Administration.
- K. "Final Judgment" or "Judgment" means the entire Final Judgment and Agreed Permanent Injunction.
- L. "Food" means an article or a component of an article used for human food or drink, and includes chewing gum as defined in §431.002(16) of the TFDCA and dietary supplements.
- M. "Label" means a display of written, printed, or graphic matter upon the immediate container of any article.
- N. "Labeling" means all labels and other written, printed, or graphic matter upon any article or any of its containers or wrappers or accompanying such article.
- O. "MannaPage" means a Web site of an Associate which is produced or hosted by Mannatech.
- P. "Mannatech Food Product" or "Mannatech's Food Products" means any food, including dietary supplements, manufactured, held, advertised, promoted, given away, offered for sale, or sold by Mannatech. For purposes of this Judgment, the terms "Mannatech Food Product" or "Mannatech's Food Products" shall include any specific reference to any Mannatech-patented or -trademarked ingredients, or any generic reference to the product (e.g. glyconutrients or similar term).

- Q. "Mannatech Product" or "Mannatech's Products" means any food or drug manufactured, held, advertised, promoted, given away, offered for sale, or sold by Mannatech. For purposes of this Judgment, the terms "Mannatech Product" or "Mannatech's Products" shall include any specific reference to any Mannatech-patented or trademarked ingredients, or any generic reference to the product (e.g. glyconutrients or similar term).
- R. "Member" means any person or entity who may purchase Mannatech products directly from Mannatech for personal consumption only, and not for resale or redistribution, and is not an Associate.
- S. "Misbranded" or "misbranding" as used in relation to any food, means a food that meets any of the criteria listed in §431.082 of the TFDCA generally, and specifically, §431.082 (a), (f) and (j) of the TFDCA which defines misbranded food as food in which its labeling is false or misleading in any particular.
- T. "Monitoring and Compliance Program" or "Program" means the program established in compliance with paragraph 16, Section IX, below.
- U. "New drug" has the meaning by which it is defined in §431.002 (25) of the TFDCA.
- V. "Qualified Consumer" shall mean any person in the United States who purchased Mannatech Food Products between September 1, 2002 and August 1, 2007. Provided, however, no Mannatech Associate who has ever earned compensation or a commission, directly or indirectly, from signing up other Members or Associates shall be eligible to be a Qualified Consumer.

W. "Web site" means any Web page or collection of Web pages on the World Wide Web, including but not limited to MannaPages, Independent Web sites, Web logs (i.e. blog), Internet Groups, and social networking forums.

## PERMANENT INJUNCTION

### I.

#### Prohibitions Regarding Representations and False Advertising

7. **IT IS FURTHER ORDERED THAT** Defendant Mannatech and its successors, assigns, officers, directors, servants, agents, employees, and any other person or entity acting in concert or participation with or on behalf of Defendant, who receive(s) actual notice of this Judgment by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, are hereby permanently restrained and enjoined in connection with the manufacture, advertisement, promotion, sale, or distribution of Mannatech's Products from the following:

- A. Representing or allowing Associates to represent, directly or indirectly, that any Mannatech Food Product can cure, treat, mitigate, or prevent any disease;
- B. Giving away, offering for sale, selling, marketing, promoting, distributing, advertising or allowing Associates to give away, offer for sale, sell, market, promote, distribute, or advertise, the sale of any Mannatech Food Product by representing, expressly or by implication, that such product can cure, treat, mitigate, or prevent any disease;
- C. Giving away, offering for sale, selling, distributing, sending, mailing, printing, giving, disseminating, advertising, referencing, or allowing Associates, directly or indirectly, to give away, offer for sale, sell, distribute, send, give, mail, print,

advertise, reference, or disseminate, any materials that in any manner represent, expressly or by implication, that any Mannatech Food Product can cure, treat, mitigate, or prevent any disease;

- D. Disseminating any advertisement for any of Mannatech's Products that is false or misleading in any particular;
- E. Making any health-related representations or claims, including but not limited to any representation or claim about the efficacy, safety, side effects, or the health performance or benefits of any Mannatech Product, unless at the time that the representation or claim is made, competent and reliable scientific evidence substantiates the representation or claim; Provided, however, nothing in this section shall be construed to allow any claim that violates paragraphs A, B, or C of this section 7 or causes a Mannatech Food Product to be a Drug;
- F. Falsely advertising or falsely representing that a Mannatech Product is effective for treating diseases of the body, when FDA has not approved a new drug application for these products for such purposes, or has not authorized or permitted such representation in accordance with a Drug Monograph;
- G. Representing, expressly or by implication, that any Mannatech Product has benefits which it does not have;
- H. Representing that any Mannatech Product has any benefits or characteristics unless Defendant has in its possession at the time such representation is made competent and reliable evidence that substantiates such representation and making the representation does not violate any other provision of this Judgment; or

- I. Representing that any scientific study supports a claim that a Mannatech Product can cure, treat, mitigate, or prevent any disease, unless FDA has approved a new drug application for such product or has authorized or permitted the claim in a Drug Monograph and such study actually supports Defendant's representation.

## II.

### Prohibitions Regarding Misbranded Foods and Unapproved New Drugs

8. **IT IS FURTHER ORDERED THAT** Defendant Mannatech and its successors, assigns, officers, directors, servants, agents, employees, and any other person or entity acting in concert or participation with or on behalf of Defendant, who receive(s) actual notice of this Judgment by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, are hereby permanently restrained and enjoined in connection with the manufacture, advertisement, promotion, sale, or distribution of Mannatech's Products from the following:

- A. Misbranding any food, including any dietary supplement, in commerce, or introducing or delivering into commerce any food, including any dietary supplement, that is misbranded because it:
  1. Fails to list a common or usual name or statement of identity that appropriately describes the nature of the food or failing to list net quantity of contents in a font size that is equal to or greater than the required size;
  2. Makes structure/function claims without the FDA disclaimer statement adjacent to the claim(s) or set off in a box and linked by a symbol when it is not adjacent to the claim(s), when such disclaimer is required by federal law;



3. States a direction for use, including quantity of product to be taken, that is inconsistent with the supplement facts panel for nutrient content for a serving size;
  4. Fails to properly list serving size and servings per container;
  5. Makes nutrient content claims not authorized or permitted in accordance with section 403(r) of the Federal Food, Drug, and Cosmetic Act and/or unsubstantiated structure/function claims;
  6. Makes good source claims for nutrients, without evidence to support these claims and/or without listing the nutrients in the nutritional facts panel;
  7. Makes claims to cure, treat, mitigate, or prevent diseases;
  8. For any dietary supplement, fails to include the term "dietary supplement" in bold type on the principal display panel in a size reasonably related to the most prominent printed matter on such panel, unless the term "dietary" is replaced by the name of a dietary ingredient or type of ingredient in the product;
- B. Misbranding any food, including any dietary supplement, in commerce, or introducing or delivering into commerce any food, including any dietary supplement that is misbranded as a result of Defendant engaging in any act that is prohibited by paragraphs 7(A) through 7(E) above; or
- C. Manufacturing or distributing any drug in Texas without an approved new drug application having been submitted to and approved by FDA, or in compliance with a Drug Monograph, for each drug manufactured, including by making claims that a food can cure, treat, mitigate, or prevent any disease.

**III.**  
**Representations Regarding Research**

9     **IT IS FURTHER ORDERED THAT** Defendant Mannatech and its successors, assigns, officers, directors, servants, agents, employees, and any other person or entity acting in concert or participation with or on behalf of Defendant, who receive(s) actual notice of this Judgment by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, are hereby permanently restrained and enjoined in connection with the manufacture, advertisement, promotion, sale, or distribution of Mannatech's Products from:

- A.     Making any reference to, or allowing Associates to reference, any research or publication that makes claims that any Mannatech Food Product can cure, treat, mitigate, or prevent any disease;
- B.     Making any reference to, or allowing Associates to reference, research or publications of the Fisher Institute without clearly and conspicuously disclosing the Associate status of the Fisher Institute at the time the research was conducted or the publication was published;
- C.     Making any reference to, or allowing Associates to reference, research that was conducted by or financed by Mannatech without clearly and conspicuously disclosing Mannatech's participation in the research;
- D.     Making any reference to, or allowing Associates to reference, research that was conducted by or financed by a Mannatech Associate, without clearly and conspicuously disclosing that the research was conducted or financed by a

Mannatech Associate who receives compensation from the sale of Mannatech Products; or

- E. Making any reference to, or allowing Associates to reference, a publication that is directly or indirectly represented to be a scientific publication, which is published by a Mannatech Associate, without clearly and conspicuously disclosing that the publication is controlled by a Mannatech Associate who receives compensation from the sale of Mannatech Products.

**IV.  
Prohibitions Regarding MannaRelief**

10. **IT IS FURTHER ORDERED THAT** Defendant Mannatech and its successors, assigns, officers, directors, servants, agents, employees, and any other person or entity acting in concert or participation with or on behalf of Defendant, who receive(s) actual notice of this Judgment by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, are hereby permanently restrained and enjoined from causing confusion regarding the relationship between Mannatech and MannaRelief Ministries ("MannaRelief"). Mannatech shall, at a minimum:

- A. Adopt a policy prohibiting officers, directors, employees, or Associates of Mannatech from simultaneously serving as officers, directors, or employees of MannaRelief;
- B. Adopt a policy prohibiting employees or Associates from using MannaRelief in any deceptive or misleading manner in connection with the promotion of Mannatech's Products;

- C. Adopt a policy prohibiting MannaRelief, or any representative of MannaRelief, from engaging in any conduct at a Mannatech event that would violate this Judgment if conducted by Mannatech;
- D. Provide a copy of this Judgment to MannaRelief and instruct representatives of MannaRelief not to make any claims about Mannatech's Products that Mannatech itself is prohibited from making under this Judgment; and
- E. Take reasonable steps to ensure that MannaRelief does not represent, directly or indirectly, that Mannatech's Food Products can cure, treat, mitigate, or prevent any disease, including but not limited to refusing to sell, give, or otherwise distribute any Mannatech Product to MannaRelief if MannaRelief is making such claims.

**V.**

**Removal of Illegal Claims from Advertising**

11. **IT IS FURTHER ORDERED THAT** Defendant Mannatech and its successors, assigns, officers, directors, servants, agents, employees, and any other person or entity acting in concert or participation with or on behalf of Defendant, who receive(s) actual notice of this Judgment by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, are hereby permanently restrained and enjoined from failing to remove completely from all of Defendant's Web sites, advertisements, and other advertising or promotional materials all representations, claims, and testimonials, whether written or oral, expressly or by implication, that Mannatech's Food Products can cure, treat, mitigate, or prevent any disease.

**VI.**

**Prohibition of Illegal Claims at Mannatech-Sponsored Events and Web Sites**

12. **IT IS FURTHER ORDERED THAT** Defendant Mannatech and its successors, assigns, officers, directors, servants, agents, employees, and any other person or entity acting in concert or participation with or on behalf of Defendant, who receive(s) actual notice of this Judgment by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, are hereby permanently restrained and enjoined from making or allowing Associates to make representations, claims, or testimonials that violate this Final Judgment, including but not limited to all representations, claims, and testimonials that any Mannatech Food Product can cure, treat, mitigate, or prevent any disease, at any corporate-sponsored meeting or event, including but not limited to MannaFest and MannaQuest, and all conference calls sponsored, hosted, or supported by Mannatech or any of its Associates. At all such events, Defendant Mannatech shall, at a minimum:

- A. Prohibit all testimonials that claim, directly or indirectly, that Mannatech's Food Products can cure, treat, mitigate, or prevent any disease, or that in any way relate Mannatech's Food Products to the cure, treatment, mitigation, or prevention of any disease;
- B. Prohibit any speakers who are known, or reasonably should be known, to publish, sell, or distribute, any materials which make claims that, directly or indirectly imply that Mannatech's Food Products can cure, treat, mitigate, or prevent any disease;
- C. Prohibit any vendors who are known, or reasonably should be known, to publish, sell, or distribute, any materials which make claims that, directly or indirectly

imply that Mannatech's Food Products can cure, treat, mitigate, or prevent any disease from publishing, selling, or distributing any such materials at any such event; and

- D. Prohibit presentations on any research related to any of Mannatech's Products that directly or indirectly imply or state that any Mannatech Food Product can cure, treat, mitigate, or prevent any disease.

13. **IT IS FURTHER ORDERED THAT** Defendant Mannatech and its successors, assigns, officers, directors, servants, agents, employees, and any other person or entity acting in concert or participation with or on behalf of Defendant, who receive(s) actual notice of this Judgment by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, are hereby permanently restrained and enjoined from continuing to publish, or allowing its Associates to publish, on the Web site [www.glycoscience.org](http://www.glycoscience.org), or any other Web site, any statement, claim, or research that makes or implies, directly or indirectly, that Mannatech's Food Products can cure, treat, mitigate, or prevent any disease, or that in any way relate Mannatech's Food Products to the cure, treatment, mitigation, or prevention of any disease.

## VII.

### **Prohibition Against Use of any Device, Subterfuge, or Pretense**

14. **IT IS FURTHER ORDERED THAT** Defendant Mannatech and its successors, assigns, officers, directors, servants, agents, employees, and any other person or entity acting in concert or participation with or on behalf of Defendant, who receive(s) actual notice of this Judgment by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, are hereby permanently restrained and enjoined

from attempting to evade the application of this Final Judgment by using of any device, subterfuge, or pretense, including but not limited to the following:

- A. Using or allowing Associates to use any testimonial to make a claim about a Mannatech Product that Defendant could not directly make itself under the law or this Final Judgment;
- B. Using or allowing Associates to use any third party, including but not limited to MannaRelief, the Fisher Institute, or a Member, to make a claim about a Mannatech Product that Defendant could not directly make itself under the law or this Final Judgment;
- C. Substituting or allowing Associates to substitute a generic term (e.g. "glyconutrient") in place of a company name or product name, when the context of the entire representation, presentation, advertisement, or other material suggests a specific product or company name;
- D. Making or allowing Associates to make any representations, claims, or testimonials that Mannatech's Food Products can cure, treat, mitigate, or prevent any disease with or without a disclaimer (e.g. that such representation, claim, or testimonial is being provided for educational purposes only);
- E. Hiding or allowing Associates to hide prohibited representations, claims, or testimonials behind password protected areas of Mannatech's or the Associate's Web site(s);
- F. Using "before and after" pictures or other forms of recorded media that directly or indirectly state or imply that Mannatech's Food Products cure, treat, mitigate, or prevent any disease;

- G. Directly linking any of Mannatech's Web sites, including MannaPages, to any other Web site(s) that directly or indirectly state or imply that Mannatech's Food Products cure, treat, mitigate, or prevent any disease;
- H. Providing a link to any Mannatech Web sites, including MannaPages, or to an independent Web site of any Associate, that utilizes search parameters, such as metatags, search and source codes, that directly or indirectly imply or state that Mannatech's Food Products cure, treat, mitigate, or prevent any disease; and
- I. Entering into, forming, organizing, or reorganizing into any partnership, corporation, sole proprietorship or any other legal structures, for the purposes of avoiding compliance with the terms of this Final Judgment and Agreed Permanent Injunction.

**VIII.**  
**Policies and Procedures**

15. **IT IS FURTHER ORDERED THAT** Defendant Mannatech and its successors, assigns, officers, directors, servants, agents, employees, and any other person or entity acting in concert or participation with or on behalf of any of the Defendants, who receive(s) actual notice of this Judgment by personal service or otherwise, whether acting directly or through any trust, corporation, subsidiary, division, or other device, are hereby permanently restrained and enjoined from failing to adopt or revise Defendant's policies and procedures for Members, Associates, sellers, and distributors to ensure that they are consistent with and require compliance with this Judgment.



**IX.**  
**Implementation of Monitoring and Compliance Program**

16. **IT IS FURTHER ORDERED THAT** Defendant Mannatech shall adopt, implement, and maintain a program for monitoring and regulating all materials advertising or promoting its Products (whether such products are specifically named or generically referred to as “glyconutrients” or similar generic name), including the advertisements and promotional materials of Defendant’s Associates, to reasonably ensure that all advertisements and promotional materials comply with this Judgment. Such Monitoring and Compliance Program (“Program”) shall, at a minimum, include the following:

- A. The Program shall be fully documented in writing;
- B. Defendant shall designate a corporate level compliance officer who shall be responsible for ensuring compliance with the requirements of the Program and this Judgment. The Compliance Officer’s duties shall include oversight of the following:
  - 1. a corporate-based employee or a third-party vendor to whom Defendant’s employees, Members, Associates, sellers, and distributors can anonymously report any failures to comply with the Program, Defendant’s policies and procedures, or this Judgment;
  - 2. a corporate-based employee who shall be responsible for responding to questions from Defendant’s employees, Members, Associates, sellers, and distributors regarding compliance with the Program, Defendant’s policies and procedures, or this Judgment; and

3. the process by which Associate compliance with the Defendant's Policies and Procedures is reviewed and disciplinary action, if any, is determined.
- C. Defendant shall inform each current employee, Associate, seller, and distributor of (i) the terms of Defendant's Policies and Procedures and the Program; (ii) that Defendant will monitor its employees, associates, sellers, and distributors for compliance with the Program; and (iii) failure to comply with the Program constitutes grounds for disciplinary action, up to and including termination. The form of the notice to be used is attached to this Final Judgment as Exhibit A. Defendant shall provide this notice within 45 days of entry of this Judgment. Defendant shall also provide this notice to each new employee, Associate, seller, or distributor at the time that they become an employee, Associate, seller, or distributor. Thereafter, Defendant shall provide written notice to each employee, Associate, seller and distributor on an annual basis for five years. Defendant shall retain a copy of the form of each notice and the distribution list for each form for a minimum of twenty-four (24) months;
- D. At each MannaFest, MannaQuest, and other similar corporate wide events for the next five (5) years, Defendant shall include a presentation on the Program;
- E. Defendant shall require each employee and Associate to notify Mannatech for the next four years of each Web site, blog, or other electronic medium that such employee or Associate uses to advertise or promote Mannatech's Products ("Reported Web sites"). Defendant shall require each employee or Associate to provide sufficient information (e.g. URL) and access (e.g. any necessary passwords)

to completely review and monitor the Web site, blog, or other electronic medium for compliance with this Judgment;

F. Defendant shall take reasonable steps to monitor all Web sites that advertise or promote Mannatech's Products for claims by Mannatech, its Associates, or Members that are prohibited by this Judgment, including claims that Mannatech's Food Products can cure, treat, mitigate, or prevent any disease. Defendant's reasonable steps to monitor shall, at a minimum, include:

1. Using reasonably available technological means to identify all Web sites that advertise or promote Mannatech's Products ("Identified Web sites"), including for example the use of automated robot crawlers or similar technology;
2. Reviewing the contents of all Web sites which are identified as advertising or promoting Mannatech's Products, whether the Web site is a Reported Web site or an Identified Web site;
3. On or before the date of initial report called for under paragraph 18(B) of this Judgment, Mannatech will have reviewed all Reported Web sites that were reported to Mannatech prior to that date. Thereafter, Mannatech will review each Reported Web site within ten (10) business days of the date it is reported to Mannatech.
4. Mannatech will review each Identified Web site by no later than ten (10) business days after each such Web site is identified by Mannatech;

5. In reviewing the content of Web sites, Defendant shall use reasonable efforts to monitor the content of all materials available through the Web site, even if such material requires additional steps to obtain;
  6. In determining whether the owner of a Web site is an employee, Member, or Associate of Mannatech, Defendant shall make a diligent investigation of all reasonably available information to determine ownership, including but not limited to utilizing available resources to determine the registered owner, investigating all contact information contained on the Web site, and investigating links to the Web site that may provide evidence of the owner of the Web site;
  7. Any violations of this Judgment that are observed pursuant to this subparagraph shall be documented in writing and reported to the Compliance Officer designated pursuant to paragraph 16(B);
- G. Defendant shall require each employee and Associate (the "Meeting Sponsor") to notify Mannatech for the next four years of each meeting, whether in person or over the telephone, that such Meeting Sponsor intends to conduct to advertise or promote Mannatech or Mannatech's Products. Defendant shall require each Meeting Sponsor to provide such notice no less than 21 days before the in-person meeting is to be held or 5 days before the telephone meeting is to be held, and to provide sufficient information (e.g., time and address, telephone number) to allow Mannatech to attend the meeting to monitor for compliance with this Judgment. However, if the in-person meeting is scheduled on less than 21-days' notice or the telephone meeting is scheduled on less than 5-days' notice, then Defendant shall

require each Meeting Sponsor to provide such notice within 24 hours of scheduling the meeting, but no later than five (5) days before any in-person meeting or 24 hours before any phone meeting. For purposes of this paragraph and paragraph 16(H) only, for the first 24 months after the Effective Date of this Judgment, "meeting" shall mean an assembly or conference to which more than 20 people are invited or are reasonably expected to attend, and for the following 24 months, "meeting" shall mean an assembly or conference to which more than 40 people are reasonably expected to attend;

- H. Defendant shall conduct unannounced appearances at corporate and Associate meetings to monitor for compliance with this Judgment. Defendant shall use reasonable efforts to prevent the Meeting Sponsor and attendees from knowing the meeting is being monitored and shall attend a sufficient number of meetings to reasonably ensure compliance with the Judgment. The meetings attended shall include different levels of Associates. In selecting the meetings to be attended in person, Mannatech may take into consideration the geographic location of the meetings; provided, however, Mannatech shall ensure that the meetings attended are geographically diverse. Any violations of this Judgment that are observed at any meeting shall be documented in writing and reported to the Compliance Officer designated pursuant to paragraph 16(B);
- I. Defendant shall require each employee and Associate to notify Mannatech within 90 days of the Effective Date of this Judgment of each book, CD, DVD, brochure, or other promotional material that is related to Mannatech or Mannatech's Products, other than Mannatech-produced material, that such employee or Associate sells or

from which such employee or Associate otherwise obtains, directly or indirectly, any compensation from the sale of such materials. Thereafter, for the next four years, Defendant shall require each employee and Associate to notify Mannatech within 30 days after the first distribution of any new book, CD, DVD, brochure, or other promotional material that is related to Mannatech, Mannatech's products, or glyconutrients (or similar term), that such employee or Associate sells or from which such employee or Associate otherwise obtains, directly or indirectly, any compensation;

- J. Defendant shall make commercially reasonable efforts to review all promotional materials. Any materials which contain representations, claims, or testimonials that violate this Judgment shall be reported to Compliance Officer designated pursuant to paragraph 16(B);
- K. Defendant shall conduct a diligent investigation of every complaint reported to the Compliance Officer pursuant to the Program (or reported to Defendant from any other source). Defendant shall implement adequate enforcement penalties, up to and including termination, to ensure compliance with the terms of this Judgment. Further, if after a diligent investigation Defendant determines that an employee, Member, or Associate has made any claim, representation, or testimonial, directly or indirectly, that Defendant's Food Products can treat, cure, mitigate, or prevent any disease ("Disease Claim Violation"), the minimum penalty Defendant shall impose on the employee, Member, or Associate is termination; provided, however, if Defendant reasonably determines that the Disease Claim Violation is de minimus and isolated, then Defendant will apply enhanced, appropriate penalties to ensure

compliance with the terms of the Judgment. Any person terminated for a Disease Claim Violation shall not be allowed to reapply as an employee, Member, or Associate for a minimum of two years. Further, any Associate who is terminated for a Disease Claim Violation shall permanently lose his or her downline and any compensation related to such downline. Defendant shall keep all records relating to complaints and investigations under this subparagraph for a minimum of twenty-four (24) months, and shall, upon request of the Attorney General, provide copies of such documents within 30 days of its receipt of such request. Nothing in this subparagraph shall prevent Defendant from providing its employee, Member, or Associate the opportunity to rebut any complaint filed against the employee, Member, or Associate;

- L. No Associate may serve in any capacity in the implementation of the Program, as an employee of the Compliance Department, or act on behalf of the Defendant in investigating or adjudicating compliance issues.
- M. The Program shall be implemented within thirty (30) days of the entry of this Judgment; provided, however, Defendant shall have ninety (90) days to implement its zero tolerance policy for making unlawful disease claims as required by paragraph 16(K) and to implement the requirement that each Meeting Sponsor notify Mannatech of each meeting the Meeting Sponsor intends to conduct, as required by paragraph 16(G). Defendant shall provide a copy of the Program to the Attorney General no later than forty-five (45) days after the entry of this Judgment, and will, upon request of the Attorney General, provide copies of any changes or modifications to the Program within seven days of its receipt of such request.

**X.**  
**Distribution of Order by Defendant**

17. **IT IS FURTHER ORDERED THAT**, for a period of three (3) years from the Effective Date of this Judgment, Defendant shall deliver a copy of this Judgment and Exhibit A thereto to all of its principals, officers, and directors, and shall deliver a copy of Exhibit A to this Judgment to all of its employees, agents, and Associates in the United States who engage in conduct related to the subject matter of the Judgment. For current personnel, delivery shall be within forty-five (45) days of the Effective Date of this Judgment. For new personnel, delivery shall occur no later than the date they assume their responsibilities. For purposes of this paragraph, delivery of the Judgment or Exhibit A may be accomplished through hand delivery, mail, or electronic mail.

**XI.**  
**Compliance Reporting by Defendant**

18. **IT IS FURTHER ORDERED THAT**, in order that compliance with the provisions of this Judgment may be monitored:

- A. For a period of 3 years from the Effective Date of this Judgment, Defendant Mannatech shall provide the Attorney General with copies of any 10-K, 10-Q, or 8-K that address any changes in corporate structure that may affect compliance obligations arising under this Judgment, including but not limited to dissolution, assignment, sale, merger, or other action that would result in the emergence of a successor entity; the creation or dissolution of a subsidiary, parent, or affiliate that engages in any acts or practices subject to this Judgment; the filing of a bankruptcy petition; or a change in the corporate name or address, upon filing with the SEC;



B. One hundred eighty (180) days after the Effective Date of this Judgment, Defendant Mannatech shall provide a written report to the Attorney General, sworn to under penalty of perjury, setting forth in detail the manner and form in which they have complied and are complying with this Judgment. This report shall include:

1. Documentation of all changes that have been made to Mannatech's Web sites, advertisements, or other promotional material as required by paragraph 11;
2. Documentation of all policy changes required by paragraph 15;
3. A copy of the notice that was delivered pursuant to paragraph 16(C), and documentation of the recipients of such notice;
4. A copy of each complaint received by Defendant regarding the subject matter of this Judgment;
5. A document summarizing the results of Defendant's Compliance Committee's investigation into each such complaint; and
6. A list identifying each employee or Associate who was terminated or disciplined since the Effective Date of the Judgment for any reason related to the subject matter of this Judgment. Such list shall include the name of the person or entity, the discipline they received, and the reason for such discipline.

**XII.**  
**Regulatory Compliance Monitoring**

19. **IT IS FURTHER ORDERED THAT**, for a period of five years from the Effective Date of this Judgment, for purposes of determining or securing compliance with this Judgment, in connection with advertising, promoting, giving away, offering for sale, sale, or distribution of Mannatech's Products, Mannatech, its successors, assigns, officers, and employees, shall permit representatives of the Attorney General upon reasonable written notice:

- A. Access during normal office hours to any office or business facility in which documents relating to compliance with the terms of this Judgment are stored or held, to inspect and copy such documents; and
- B. To interview current officers, directors, distributors, independent contractors, representatives, and employees of any entity directly or indirectly under their control or under common control with them, relating to compliance with the terms of this Judgment without restraint or interference from any defendant at a location reasonably convenient to defendants and the person to be interviewed. The person interviewed may have counsel present.

20. **IT IS FURTHER ORDERED THAT**, the Attorney General is authorized to use representatives posing as consumers of, and suppliers to, Defendant Mannatech, Defendant Mannatech's employees, Defendant Mannatech's Members or Associates, or any other entity managed or controlled in whole or in part by Defendant Mannatech, without the necessity of identification or prior notice.

21. Nothing in this Judgment shall limit the Attorney General's lawful use of compulsory process pursuant to the DTPA, including but not limited to Civil Investigative

Demands and Sworn Statements, to investigate whether Defendant has violated any provision of this Judgment or the DTPA. Nothing in this Judgment shall limit the enforcement of the Texas Food, Drug, and Cosmetic Act or any other law against Mannatech or the right for the Texas Department of State Health Services to investigate whether Defendant has violated any provision of the Texas Food, Drug, and Cosmetic Act or term of this Judgment pertaining to this Act, other than the violations of those acts that were charged in the Plaintiff's Original Petition in this proceeding.

22. **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that, in the event that Defendant concludes, based on changed circumstances or change in law, that the terms of this Judgment are unfairly restrictive on its business practices, then Defendant may request that the Attorney General modify the terms of this Judgment. To seek a modification or termination of this Judgment, Defendant shall send a written request to the Attorney General. The Attorney General shall make a good faith evaluation of the then-existing circumstances, and after collecting information the Attorney General deems necessary, make a prompt decision as to whether to agree to the modification or termination of this Judgment. In the event the Attorney General denies the modification or termination, Defendant reserves all rights to pursue any legal or equitable remedies that may be available to it. No waiver, termination, modification, or amendment of the terms of this Judgment shall be valid or binding unless made by order of the Court.

23. **IT IS FURTHER ORDERED THAT** Defendant, its successors, assigns, officers, and employees shall be permanently restrained and enjoined from failing to produce any distribution records related to Mannatech requested by the Texas Department of State Health Services, as authorized by Texas law. Distribution records produced by Mannatech will be treated as confidential to the extent allowed by Texas law.

24. **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that Defendant shall not represent to the public that this Judgment constitutes approval by Plaintiff or this Court of any of Defendant's actions or business activities.

**XIII.**  
**Scope of Injunction**

25. **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that the scope of this injunction shall be limited to conduct that occurs in the United States. As used herein, "occurs in the United States" shall mean that the conduct or transaction affects, directly or indirectly, any consumer located in the United States, that all or any part of the conduct or transaction occurred within the United States, or that the conduct or transaction relates to a product that is to be sold or used within the United States. Without limiting the foregoing, such conduct occurs when the person who is engaging in the conduct is located in the United States or any person to whom the conduct is directed is in the United States; or in the event of advertising, promotional, or labeling material, such material is accessible to consumers located in the United States who can purchase products referenced in such material. For example, a telemarketing call occurs in the United States if any participant in the telemarketing call is located in the United States. Further, a Web site is located in the United States if it is accessible to a person in the United States and such person can purchase Mannatech products through the Web site or from any Web site linked to such Web site, or the Web site provides instructions on where such person can obtain Mannatech products.

26. **IT IS FURTHER ORDERED, ADJUDGED, AND DECREED** that nothing in this Final Judgment and Agreed Permanent Injunction shall prevent Defendant Mannatech, its successors, assigns, officers, directors, servants, agents, employees, and any other person or entity acting in concert or participation with or on behalf of Defendant from making or allowing

Associates to make claims, (a) allowed by the TFDCA and the Rules and Regulations adopted pursuant to the TFDCA; (b) authorized or permitted under section 403(r) of the Federal Food, Drug, and Cosmetic Act and implementing regulations; and (c) permitted by tentative final or final regulations or standards promulgated by FDA or by any new drug application, and that by law (including as set forth in 403A of the Federal Food, Drug and Cosmetic Act) may not be prohibited by Plaintiff.

**XIV.  
Notices to Attorney General**

27. Any notice or report to the Attorney General required by this Judgment shall be addressed and sent to:

Division Chief  
Consumer Protection and Public Health Division  
Ref AG#052168077  
300 W.15th Street, Mail Code 010  
Austin, Texas 78701

**RESTITUTION**

28. IT IS FURTHER ORDERED that Defendant MANNATECH shall make restitution to Qualified Consumers as follows:

- A. Defendant Mannatech shall provide full refunds to Qualified Consumers; provided however, the total amount of refunds paid by Mannatech shall not exceed Four Million and No/100 Dollars (\$4,000,000.00). Further, if total claims of Qualified Consumers is less than Four Million and No/100 Dollars (\$4,000,000.00), the difference shall be paid to the State of Texas and shall be deposited in the General Revenue of the State of Texas ("Unclaimed Restitution").

- B. Within fifteen (15) business days of the Effective Date of the Judgment, Defendant Mannatech shall send a notice letter and claim form to all persons in the United States who, based on Defendant Mannatech's records, are known to have purchased Mannatech's Food Products between September 1, 2002 and August 1, 2007, and who have never earned compensation or a commission, directly or indirectly, from signing up other Members or Associates. The form and substance of the notice letter shall be substantially similar to Exhibit B. The form and substance of the claim form shall be substantially similar to Exhibit C. The notice letter and claim form shall be sent via United States, first class mail. Before mailing any notice letters or claim forms, Defendant Mannatech shall run the address it has for each person through the National Change of Address System and update the addresses. Provided, however, if any person has provided Defendant Mannatech with an electronic mail address, Defendant Mannatech may send the notice letter and claim form via electronic mail; Provided further, however, that if Defendant Mannatech sends a notice letter and claim form via electronic mail, Defendant shall request a delivery confirmation for the electronic message and for any person whose electronic mail message cannot be confirmed, Defendant shall mail a notice letter and claim form via United States, first class mail, no later than thirty (30) calendar days from the Effective Date of the Judgment.
- C. If a notice letter or claim form is returned as undeliverable to Defendant Mannatech within 120 days after the Effective Date of the Judgment, Defendant shall immediately attempt to locate the person by (i) contacting the person at any phone number, e-mail address, facsimile number, or other contact information that is

contained in Defendant Mannatech's business records regarding the person; or (ii) mailing the notice and claim form to any forwarding address provided by the United States Postal Service for the person.

D. Within fifteen (15) business days of the Effective Date of the Judgment, Defendant Mannatech shall provide the Attorney General a copy of the notice letter and claim form that was sent to Qualified Consumers. Defendant Mannatech shall also post a copy of the notice letter and claim form on its Web site for a period of at least 120 days following the Effective Date of the Judgment.

E. Defendant Mannatech shall accept claim forms submitted by Consumers if they are received within 120 days of the Effective Date of the Judgment; Defendant Mannatech will have the discretion to accept or reject claim forms received up to 10 business days after this date, and will send notices of rejection to those claim forms it rejects. Mannatech may require that claim forms meet the following criteria to be eligible for a refund:

- (i) Be sworn to (provided that notarization will not be required),
- (ii) Be accompanied by some credible proof of purchase of Mannatech's Food Products; provided, however, if the consumer (i) received a notice and claim form from Mannatech, (ii) can provide a valid Member number, or (iii) can provide sufficient information (e.g., name and address) for Mannatech to find the consumer in Defendant's own records, Defendant's own records shall constitute sufficient proof of purchase, and

- (iii) Require the consumer to affirm the amount of the refund being claimed and that no previous refund or restitution has been received for the Mannatech Food Products that are the subject of the consumer's claim.

Any customers whose claim form is timely received but fails to meet the above criteria may receive their claim form back with an explanation of the defect and the opportunity to resubmit the claim form within thirty days. Further, if any consumer claims an amount of refund but fails to include any receipts from the purchase of Mannatech Food Products and if Defendant's own records establish that the consumer should receive a different refund amount, then the consumer will receive a letter explaining the discrepancy and stating that the consumer will receive the amount shown by Defendant's own records unless they provide receipts evidencing the higher amount.

F. Within 200 days of the Effective Date of the Judgment, Defendant Mannatech shall review all claim forms submitted, identify Qualified Consumers, calculate the appropriate amount of relief for each Qualified Consumer, and issue and mail restitution checks. The amount each Qualified Consumer shall receive shall be calculated as follows:

- (i) Each Qualified Consumer's claim amount shall be calculated by taking the maximum amount he or she paid to Defendant Mannatech for Mannatech Food Products (minus any refunds previously received) in any consecutive six month period between September 1, 2002 and August 1, 2007, not to exceed \$10,000;



- (ii) If the total amount of claims submitted by Qualified Consumers is less than Four Million and No/100 Dollars (\$4,000,000.00), each Qualified Consumer shall receive the full of amount of his or her claim (as calculated in accordance with subparagraph (i) above);
  - (iii) If the total amount of claims submitted by Qualified Consumers exceeds Four Million and No/100 Dollars (\$4,000,000.00), each Qualified Consumer shall receive a pro-rata share based on each such consumer's claim amount (as calculated in accordance with subparagraph (i) above).
- G. The checks that are issued shall state on their face that they shall be void unless cashed within 90 days. Checks that are issued, but that are returned or not cashed within 90 days, will be treated as unclaimed property pursuant to Title 6 of the Texas Property Code.
- H. No later than 200 days after the Effective Date of the Judgment, Defendant Mannatech shall provide a written report to the Office of the Texas Attorney General, Attention: Assistant Attorney General C. Brad Schuelke, Consumer Protection and Public Health Division, P.O. Box 12548, Austin, Texas 78711. The report shall include:
- i. A list of all persons who submitted a claim form;
  - ii. A list of all Qualified Consumers, the total amount of each such Consumer's claim, and the total amount of the check sent to each such Consumer; and
  - iii. For each person who submitted a claim form, but to whom a check was not issued, an explanation of why the person was not a Qualified Consumer.

29. Defendant Mannatech may use a third party administrator, subject to the approval of the Attorney General, to administer the above restitution provisions, or any part thereof. If Mannatech uses a third party administrator, then the actions to be undertaken by Mannatech in paragraph 28 may be delegated to the third party administrator, under the direction of Mannatech. The reasonable cost of such third party administrator may be paid for from Unclaimed Restitution funds. No later than 215 days after the Effective Date of this Judgment, Defendant Mannatech shall provide the State an accounting of the costs incurred by the third party administrator.

30. **IT IS FURTHER ORDERED THAT** no later than March 1, 2010, Defendant Mannatech shall pay to the State of Texas any Unclaimed Restitution (less reasonable costs of the third party administrator as allowed by Paragraph 29).

#### **ATTORNEYS' FEES AND COSTS**

31. **IT IS FURTHER ORDERED THAT** within 30 days of the Effective Date of the Judgment Defendant Mannatech shall pay Two Million and No/100 Dollars (\$2,000,000.00) as attorneys fees and investigative costs. These attorneys fees and investigative costs shall be allocated and paid as follows: One Million Nine Hundred Seventy-Five Thousand and No/100 Dollars (\$1,975,000.00) to the Office of the Attorney General as attorneys fees and investigative costs, and Twenty-Five Thousand and No/100 (\$25,000.00) to the Texas Department of State Health Services as investigative costs.

32. Payments made to the State of Texas pursuant to paragraphs 30 and 31 of this Judgment shall be made via a cashier's check made payable to the Office of the Attorney General of Texas. The check(s) shall bear Attorney General No. 052168077 on it and shall be mailed to the following address: Office of the Attorney General of Texas, c/o C. Brad Schuelke, Assistant

Attorney General, Consumer Protection and Public Health Division, P.O. Box 12548, Austin, Texas 78711-2548.

33. **IT IS FURTHER ORDERED THAT** Defendant shall pay all costs of the Court.

**MISCELLANEOUS**

34. **IT IS FURTHER ORDERED THAT** Defendant Mannatech shall, in connection with this action or any subsequent investigations related to or associated with the transactions or occurrences that are the subject matter of this lawsuit, cooperate in good faith with the Attorney General, produce documents requested by the Attorney General, and appear, or cause its officers, employees, representatives, or agents to appear, at such places and times as the Attorney General shall reasonably request, after written notice, for interviews, conferences, pretrial discovery, review of documents, and for such other matters as may be reasonably required by the Attorney General. If requested in writing by the Attorney General, Defendant shall appear, or cause its officers, employees, representatives or agents to appear, and provide truthful testimony in any trial, deposition or other proceeding related to or associated with the transactions or occurrences that are the subject of this lawsuit, without the service of a subpoena. If requested in writing by the Attorney General, Defendant shall take reasonable steps to facilitate and encourage former officers, employees, representatives, or agents to cooperate with the Attorney General in connection with this action or any subsequent investigations related to or associated with the transactions or occurrences that are the subject matter of this lawsuit. Such reasonable steps shall include, but not be limited to providing consent to such officers, employees, representatives, or agents to talk to the Attorney General, notwithstanding any prior agreement between Defendant and such person. Further, in any instance in which the Attorney General requests an interview, conference, pretrial discovery, review of documents, or any testimony from a then current officer, employee,

representative, or agent of Defendant, the Attorney General shall provide advance notice to the Defendant and shall provide the Defendant the opportunity to have counsel present.

35. **IT IS FURTHER ORDERED THAT** if Defendant Mannatech employs Samuel L. Caster ("Caster") or engages Caster as an independent consultant, Caster shall report directly to the Chief Executive Officer of Mannatech Incorporated, who will be responsible for monitoring Caster's compliance with Mannatech's policies and procedures and this Judgment.

36. The clerk of the Court is authorized to issue such writs of execution or other process necessary to collect and enforce this Judgment.

37. The Court retains jurisdiction to enforce this Judgment.

38. It is agreed and understood that this Judgment shall in no way affect the rights of individual citizens.

39. All relief not granted herein is hereby denied.

Signed this 26<sup>th</sup> day of February, 2009.

  
\_\_\_\_\_  
DISTRICT JUDGE

THE UNDERSIGNED, WHO HAVE THE AUTHORITY TO CONSENT AND SIGN ON BEHALF OF THE PARTIES IN THIS ACTION, HEREBY CONSENT TO THE FORM AND CONTENTS OF THE FOREGOING FINAL JUDGMENT AND AGREED PERMANENT INJUNCTION AND TO ITS ENTRY:

Signed this 26<sup>th</sup> day of February, 2009.

GREG ABBOTT  
Attorney General of Texas

MANNATECH INCORPORATED

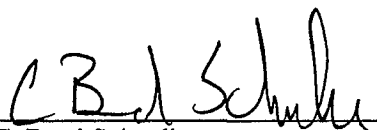
C. ANDREW WEBER  
First Assistant Attorney General

By: 

JEFF L. ROSE  
Deputy First Assistant Attorney General

its SVP

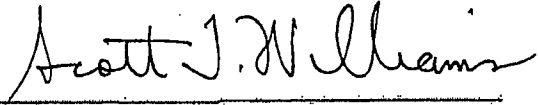
PAUL D. CARMONA  
Chief, Consumer Protection and  
Public Health Division



C. Brad Schuelke  
State Bar No. 24008000  
Joyce W. Iliya  
State Bar No. 00784319  
Assistant Attorneys General  
Consumer Protection Division  
300 W. 15<sup>th</sup> Street, 9<sup>th</sup> Floor  
Austin, Texas 78701  
Tel. (512) 475-4628  
Fax (512) 473-8301

ATTORNEYS FOR THE STATE OF  
TEXAS

APPROVED AS TO FORM:



---

Orrin L. Harrison  
State Bar No. 09130700  
Mary L. O'Connor  
State Bar No. 15186900  
Scott T. Williams  
State Bar No. 00791937  
Akin Gump Strauss Hauer & Feld LLP  
1700 Pacific Avenue, Suite 4100  
Dallas, Texas 75201  
214.969.2800 TELEPHONE  
214.969.4343 FACSIMILE

COUNSEL FOR DEFENDANT  
MANNATECH INCORPORATED

EXHIBIT A

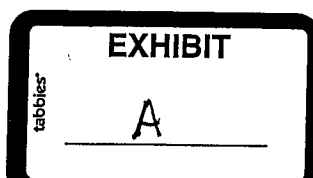
NOTICE

Mannatech, Inc. ("Mannatech") has agreed and entered into a Final Judgment and Agreed Permanent Injunction to settle litigation with the State of Texas Attorney General ("AG") (the "Settlement"). Pursuant to the Settlement, Mannatech informs you that:

1. Mannatech has adopted revised Policies and Procedures, including an expanded Compliance Program (the "Program"). These Policies and Procedures, among other provisions, prohibit Mannatech Associates and employees from directly or indirectly making claims that Mannatech Food Products or glyconutrients cure, mitigate, treat or prevent any disease.
2. You may report failures to comply with the Program to EthicsPoint, through EthicsPoint.com or by calling 866-292-4946, anonymously.
3. You may submit questions regarding the Program to the Senior Corporate Counsel – Compliance, at [lec-monitoringprogram@mannatech.com](mailto:lec-monitoringprogram@mannatech.com).
4. Under Mannatech's updated Policies and Procedures, you must provide Mannatech with (i) a list of Internet sites where you promote glyconutrients, Mannatech, or its products, (ii) advance notice of meetings or phone conferences being held to promote glyconutrients, Mannatech or its products, and (iii) a copy of all promotional material you sell that is related to glyconutrients, Mannatech or its products.
5. Mannatech's Program will monitor Associate conduct, including communications in meetings, telephone calls and via the Internet. Such monitoring may be random and unannounced.
6. Failure by an Associate to comply with Mannatech's Policies and Procedures will constitute grounds for disciplinary action, up to and including termination.

The Settlement also requires Mannatech to make periodic reports to the AG on violations of the Policies and Procedures, including a record of Mannatech's oversight of Associate meetings and websites.

Mannatech has adopted strict penalties for those making impermissible claims that Mannatech's Food Products or their ingredients cure, mitigate, treat or prevent disease. A copy of the Settlement, the revised Policies and Procedures, and a summary of the Program may be found at [www.mannatechtexasag.com](http://www.mannatechtexasag.com) or may be requested from the Company by sending an email to [lec-monitoringprogram@mannatech.com](mailto:lec-monitoringprogram@mannatech.com) or sending a letter to Mannatech Incorporated, attn: Senior Corporate Counsel – Compliance, 600 South Royal Lane, Suite 200, Coppell, TX 75019.



## IMPORTANT REFUND INFORMATION

Dear Mannatech Customer:

On [date], Mannatech, Inc. ("Mannatech") entered into an agreement with the Attorney General of the State of Texas. Under this agreement, Mannatech is providing this notice to all persons<sup>1</sup> who purchased Mannatech's dietary supplements between September 1, 2002 and August 1, 2007 (the "refund period"). This notice is to inform you that you may submit a claim form by [date] and request a refund from Mannatech. Any refund is limited to the maximum amount you paid to Mannatech for dietary supplements (minus any previously-paid refunds) in any consecutive six months during the refund period, up to a maximum of \$10,000.

**To request a refund, you must fill out and sign the attached Claim Form and mail it back no later than \_\_\_\_\_.**

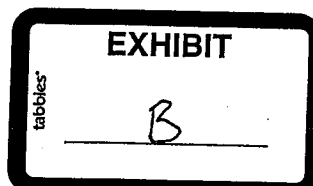
Once your claim form is received, it will be reviewed to ensure that you are entitled to a refund. If you are entitled to a refund, then Mannatech will calculate the appropriate amount to be refunded, and issue and mail you a check. We anticipate mailing checks to eligible recipients in [month, year]. Checks will be void if they are not cashed within 90 days.

The total amount of money set aside to pay the refunds under this agreement is \$4,000,000.00. If the total amount of eligible refund claims submitted is less than \$4,000,000.00, then each eligible consumer will receive the full amount of his or her claim, calculated as set forth above. If the total amount of eligible refund claims submitted exceeds \$4,000,000.00, then each eligible consumer will receive a pro-rata share based on his or her claim amount, calculated as set forth above.

If you have questions concerning this process or Mannatech's agreement, please go to [website] or send an email to [MannatechRefund@classadministrator.com](mailto:MannatechRefund@classadministrator.com).

---

<sup>1</sup> Any Mannatech Associate who has ever earned compensation or a commission, directly or indirectly, from signing up other Mannatech Members or Associates is not eligible to receive a refund under this agreement, and therefore is not intended to receive this notice or a claim form.





## CLAIM FORM INSTRUCTIONS

On [date], Mannatech entered into an agreement with the Attorney General of the State of Texas. Under this agreement, Mannatech is offering a refund to all persons<sup>2</sup> who purchased Mannatech's dietary supplements between September 1, 2002 and August 1, 2007 (the "refund period"). Any refund is limited to the maximum amount you paid to Mannatech for dietary supplements (minus any previously-paid refunds) in any consecutive six months during the refund period, up to a maximum of \$10,000.

**To request a refund, you must submit this claim form by [date] and request a refund from Mannatech.**

To request a refund, you must complete the form on page 3 listing each purchase you made during the six month period for which you are requesting a refund, and attach proof of each purchase (such as invoice and cancelled check or credit card statement). If you do not provide proof of purchases, then Mannatech will use its own records to determine the amount of purchases eligible for refund. Also, please verify that the Member numbers and Names listed on page 4 are a complete listing of all your Mannatech Members. If one of the numbers is not yours, please indicate that by circling the word NO. If you have additional Mannatech Member number(s) that are not included in the table, please add those in the space provided on page 4 of this claim form.

Once you have compiled your claim information, then you must sign the affirmation, verifying the amount of refund you are claiming and that you have not previously received a refund or restitution from Mannatech for the dietary supplements that are the basis of your refund claim. Pages 3 and 4 of this form, along with the accompanying proof of purchase(s), should be mailed by no later than [date] to:

Mannatech Refund  
PO Box 3049  
Greenwood Village, CO 80155-3049

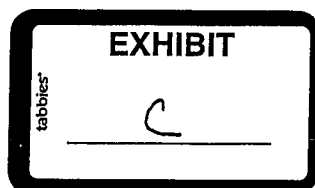
Failure to complete these requirements may cause your claim form to be returned or rejected.

If you need additional space, please attach additional pages and provide the requested information.

If you have questions concerning this process or Mannatech's agreement, please go to [website] or send an email to MannatechRefund@classadministrator.com.

---

<sup>2</sup> Any Mannatech Associate who has ever earned compensation or a commission, directly or indirectly, from signing up other Mannatech Members or Associates is not eligible to receive a refund under this agreement, and therefore should not submit a claim form.



## CLAIM FORM

List each purchase you made during the six month period for which you are requesting a refund and put the corresponding # on the supporting documentation:

#	Invoice number	Date of purchase / Invoice	Item(s) purchased	Amount paid
1				
2				
3				
4				
5				
6				
7				
8				
9				
10				
11				
12				
Total amount of refund claimed (maximum: \$10,000.00):				\$ _____

Please check one:

I have stapled proofs of purchase and payment to this form (for example, copies of Mannatech's invoices, statements and either cancelled checks or credit card statements).

I have not attached proofs of purchase and would like Mannatech to use its own records to determine the amount of purchases eligible for refund

{Member Name}

{Address}

{Unique # & Barcode}

PLEASE PRINT Name or Address Change Information:	
Name:	
Address:	
Address:	
City: :	State:     Zip:

Please review the Member Name(s) and Number(s) associated with your claim and verify that each of the Member Number(s) are yours.

#	Member Name(s)	Member Number(s)	This is my member # (circle one)	
1			Yes	No
2			Yes	No
3			Yes	No
4			Yes	No
5			Yes	No
6			Yes	No
7			Yes	No
8			Yes	No

The information in the "shaded area" will be preprinted on the claim form

If you have other Member Name(s) and Number(s) associated please enter them below in the spaces provided.

#	Member Name(s)	Member Number(s)
1		
2		
3		

AFFIRMATION

I hereby affirm that I have made the above-claimed purchases of Mannatech foods or dietary supplements, that I am claiming a refund in the amount listed above, and I have not previously received a refund or restitution from Mannatech for the foods or dietary supplements that are the basis of my refund claim.

Signature: \_\_\_\_\_

Print Name: \_\_\_\_\_