

**California Affiliate Non-Solicitation Agreement
Under California Revenue and Taxation Code Section 6203**

In 2011, California Revenue and Taxation Code (RTC) section 6203 was amended to require the collection of sales tax by certain out-of-state retailers selling to California residents. New RTC section 6203(c)(5), known as the "affiliate nexus provision," creates an in-state nexus for otherwise out-of-state retailers who enter into an agreement with a person or company in California that solicits sales on behalf of the retailer in exchange for sales commissions, provided that certain in-state sales thresholds are achieved.

On September 5, 2012, the California Board of Equalization (BOE) issued Sales and Use Tax Regulation 1684 (*Collection of Use Tax by Retailers*) offering guidance for out-of-state retailers seeking to avoid application of the affiliate nexus provision. Specifically, Regulation 1684 states that a retailer can demonstrate that an agreement with a California affiliate is not subject to the affiliate nexus provision if:

1. The retailer's agreement prohibits persons operating under the agreement from engaging in any solicitation activities in California that refer potential customers to the retailer including, but not limited to, distributing flyers, coupons, newsletters and other printed promotional materials or electronic equivalents, verbal soliciting (for example, in-person referrals), initiating telephone calls, and sending emails;
2. The person or persons operating under the agreement in California certify annually, under penalty of perjury, that they have not engaged in any prohibited solicitation activities in California at any time during the previous year; and
3. The retailer accepts the certification or certifications in good faith, and the retailer does not know or have reason to know that the certification or certifications are false or fraudulent.

_____ agrees that it will not engage in any solicitation activities in California that refer potential customers to you including, but not limited to, distributing flyers, coupons, newsletters and other printed promotional materials or electronic equivalents, verbal soliciting (for example, in-person referrals), initiating telephone calls, and sending emails. In addition, _____ will certify annually, under penalty of perjury, that it has not engaged in any prohibited solicitation activities on your behalf in California at any time during the previous year.

It is the intention of both parties that this letter is intended to constitute an agreement satisfying the compliance of provisions set forth in Regulation 1684.

Signature: _____

Date: _____