

EXHIBIT A

User Agreement for PayPal™ Service

This Agreement applies to your use of PayPal's™ payment service and any related products and services (collectively the "Service"). This Agreement affects your rights and you should read it carefully.

In this Agreement, "you" or "your" means any person or entity using the Service ("Users"). Unless otherwise stated, "PayPal" will refer collectively to PayPal, X.com Corporation and their respective parent or subsidiary companies, affiliates, officers, employees and agents.

By checking the consent box on the account signup page, you represent that you understand and accept the terms and conditions of this Agreement. We may amend this Agreement at any time by posting the amended terms to our site, and your continued use of the Service will constitute acceptance of the amended terms. This Agreement was last modified on December 6, 2000.

I. User Responsibilities

1. **Eligibility.** In order to use the Service, you must register for a Personal, Premier, or Business account. If you use the Service for the purpose of conducting e-commerce on a regular basis, you agree to register for, or upgrade to, a Premier or Business Account. You agree that you will register for and maintain no more than one Personal and one Premier or Business Account. PayPal reserves the right to terminate duplicate accounts. You must be at least 16 years of age to register for an account. If you are under the age of 18, you hereby represent that you are using the service with the consent of your parent or guardian.
2. **No Multiple Accounts.** Should you register for more than one Personal Account, PayPal reserves the right to terminate all of your accounts and will restrict you from the system going forward. Users may register and hold one Personal Account and either one Premier or one Business Account.
3. **Registration Information.** You agree to provide true, accurate and complete registration information and to maintain and promptly update your information as applicable. You agree not to impersonate any person or use a name that you are not authorized to use. If any information you provide is untrue, inaccurate, not current, or incomplete, without limiting other remedies, PayPal has the right to terminate your use of the Service and PayPal, its agents, suppliers, and subcontractors have the right to recover from you any costs or losses incurred as a direct or indirect result of the inaccurate or incomplete information. You authorize PayPal and its agents, suppliers

and subcontractors to make any inquiries they consider necessary to validate your registration.

4. **International Use.** To be eligible for an account, you must be a resident of the United States or one of the approved countries listed below:

- | | | |
|-------------|---------------|------------------|
| • Australia | • Hong Kong | • Norway |
| • Austria | • Ireland | • Portugal |
| • Belgium | • Israel | • Singapore |
| • Brazil | • Italy | • South Africa |
| • Canada | • Japan | • South Korea |
| • Denmark | • Mexico | • Spain |
| • France | • Netherlands | • Sweden |
| • Germany | • New Zealand | • Switzerland |
| | | • United Kingdom |

5. **Withdrawals.** (U.S. Users) Once a User has confirmed an email address, a User may elect to withdraw all or part of the balance of his or her account by direct deposit into the User's bank account or by physical check. Check withdrawals are not sent to P.O. Box addresses. In addition to our policy of not sending check withdrawals to P.O. Box addresses, check withdrawals are only sent to users' credit card billing address, unless the user is Verified, in which case the user may choose any street address. If a user would like a check withdrawal to an address not accepted as approved on the website, the user may email customer service at checkwithdrawal@paypal.com and produce appropriate documentation before a check will be sent to the requested address.

6. Sending Limits.

- **U.S. Users:** Unverified users are limited to \$250 of spending until they confirm an email address and bank account. Unverified users of Web Accept or Instant Purchase are limited to \$500 of spending until they confirm an email address and bank account. There are no limits on how much Verified users can spend. However, there is a \$1,000 per 6 month limit on sending payments to a Personal Account from a credit card. Payments sent to a Premier or Business Account will not count towards this limit, nor do payments sent to a Personal Account from a bank account or a PayPal balance. This limit is subject to change.
- **International Users:** International users will not be able to send or withdraw money until they have confirmed a debit or credit card with their PayPal account. To become confirmed, an international user must confirm an email address and credit card. After becoming confirmed, there are no limits on how

much an international account may spend. These limits are subject to change.

7. **Credit Card Receiving Limit.** Personal Accounts are limited to receiving \$500 of credit card payments every six months. Payments funded from the sender's bank account or existing PayPal account balance will not count against the recipient's limit. Payments funded wholly or partially by a credit card are classified as credit card payments in the PayPal system.

8. **Receipt of Payments; Risk of Reversal of Transactions; Collection of Funds you owe PayPal.** When you receive a payment through the Service, unless you follow the steps necessary to qualify for our Seller Protection Policy described in Part IV of this User Agreement, you are not protected against a subsequent reversal of the transaction. In the event that the sender's transaction is reversed for any reason and you do not qualify for the Seller Protection Policy for that transaction, you will owe PayPal for the amount of the reversed transaction plus any fees imposed on PayPal as a result of the reversal. Examples of such a reversal include, but are not limited to, a credit card charge-back by the sender of the payment, and a reversal of the transaction because the sender of the payment was using a stolen credit card or unauthorized bank account. PayPal will seek to recover the funds from you by debiting your PayPal balance and, if there are not sufficient funds in your PayPal balance, PayPal reserves the right to collect your debt to PayPal by any other legal means. You authorize PayPal to charge your credit card or debit card in the amount of any debt to PayPal. You authorize PayPal to obtain a credit report on you in the event that you incur a debt to PayPal.

9. **Confirmation of Credit and Debit Cards.** PayPal requires all international users and some domestic users to complete an additional confirmation process before their credit and debit cards are available for use in their PayPal account. This process consists of a \$1.00 charge to the User's card that is associated with a randomly generated, unique 4 digit PayPal Confirmation Number. PayPal provides a page in the User's account for the User to enter this number when it is received via the User's physical monthly card statement or via online access to the statement. PayPal strongly discourages users from calling their credit card companies in order to obtain PayPal Confirmation Numbers before receiving their monthly statement in the mail or online. If PayPal receives a complaint from Visa, MasterCard, or a card issuer regarding a User's calling their credit card company to obtain PayPal Confirmation Numbers, that User's PayPal account will be permanently closed.

10. **Electronic Transfers.** Upon your request, PayPal will make electronic transfers via the Automated Clearing House (ACH) system to and from your U.S. bank account.

You agree that such requests constitute authorization for such transfers. If you request an electronic transfer from your bank account, you grant PayPal the right to validate the authenticity of your bank account by making two small deposits to your bank account at PayPal's own expense. Your bank account and your PayPal account will be considered verified once you correctly enter the deposit amounts on the PayPal website. Support for international bank accounts is coming soon.

PayPal will never make electronic transfers from your bank account without your express permission. Furthermore, PayPal provides you unlimited protection against unauthorized withdrawals from your bank account.

11. **No Cash Advances.** You agree not to engage in behavior that could reasonably be construed as providing yourself a cash advance from your credit card, and agree not to assist users who engage in behavior that could reasonably be construed as providing themselves a cash advance from their credit cards. Such behavior includes, but is not limited to, a User paying someone by charging a credit card, then receiving the funds back from the original Recipient and attempting to withdraw the funds from an account. PayPal reserves the right to reverse all such transactions and to terminate any accounts that are associated with such behavior.

12. **Correct E-mail.** You agree that you have access to the Internet and to a current e-mail address. You have sole responsibility for providing PayPal with a correct and operational e-mail address. PayPal will not be liable for any undelivered e-mail communications or any costs you incur for maintaining Internet access and an e-mail account. You must promptly notify PayPal of any change in your e-mail or postal mailing address.

13. **Electronic Communications.** To the fullest extent permitted by applicable law, this Agreement and any other agreements, notices or other communications regarding your account and/or your use of the Service ("Communications"), may be provided to you electronically and you agree to receive Communications in an electronic form. Electronic Communications may be posted on the pages within the PayPal website and/or delivered to your e-mail address. You will print a copy of any Communications and retain it for your records. All Communications in either electronic or paper format will be considered to be in "writing," and to have been received no later than five (5) business days after posting or dissemination, whether or not you have received or retrieved the Communication. PayPal reserves the right but assumes no obligation to provide Communications in paper format. Your consent to receive Communications electronically is valid until you revoke your consent by notifying PayPal of your decision to do so, by sending an email message to help@paypal.com or by telephoning

customer service. If you revoke your consent to receive Communications electronically, PayPal may terminate your right to use the Service.

14. **No Spam.** You agree not to use unsolicited email, usenet, message board postings, or similar methods of mass messaging (spam) to gather referral bonuses. The use of spam to promote the Service has strict negative consequences. We will immediately and permanently terminate the account of any User who has used unsolicited email to gain referrals. In addition, you may be subject to state and federal penalties and other legal consequences under applicable law if you send unsolicited email. Our Anti-Spam Policy is intended to protect our users, the Internet, and us.

15. **Privacy.** View our [Privacy Policy](#). You agree that you have had an opportunity to review, download or print our Privacy Policy. You consent to have your name, email address, date of sign-up, and whether you have verified (or not verified) an account at another financial institution made available as identification to anyone whom you have paid or who is attempting to pay you through the PayPal service.

16. **Handheld Devices.** In the event of the loss or malfunction of your handheld device, payments made since your last connection to the PayPal server may be lost, and PayPal Corp. disclaims all liability for such loss.

17. **Not a Bank.** You acknowledge that (i) the Service is not a banking service (ii) Service accounts are not insured by any government agency of any nation, (iii) the Service is not subject to banking regulations and (iv) PayPal will invest in liquid assets and that interest earned on those assets will be the property of PayPal.

18. **Escheat.** If you do not access your account for a period of five years, it will be terminated. After the date of termination, you will have 90 days to redeem your account balance, after which it will be subject to applicable state laws regarding escheat of unclaimed property.

19. **Passwords.** You may not divulge your account password(s) to anyone else, nor may you use anyone else's password. PayPal is not responsible for losses incurred by Users as the result of their misuse of passwords.

20. **Close Account.** You may close your account at any time, provided all applicable fees for services and account management have been paid in full. Upon closure of an account, any monies remaining in the account, less any applicable fees, will be immediately and automatically paid in full. You will remain liable for all obligations related to the account even after such account is closed.

21. **Hacking.** If you use, or attempt to use the Service for other purposes including but not limited to tampering, hacking, modifying or otherwise corrupting the security or functionality of Service, your account will be terminated and you will be subject to damages and other penalties, including criminal prosecution where available.
22. **Assignability.** You may not transfer any rights or obligations you may have under this Agreement without the prior written consent of PayPal. PayPal reserves the right to transfer any right or obligation under this Agreement without your consent.
23. **Indemnification.** You agree to indemnify and hold PayPal, its affiliates, officers, directors and employees harmless from any claim, action, demand, loss, or damages (including attorneys' fees) made or incurred by any third party arising out of or relating to your use of the Service.
24. **Choice of Law.** This Agreement is governed by the laws of the state of California, U.S.A as such laws are applied to agreements entered into and to be performed entirely within California by California residents.
25. **Arbitration.** Any controversy or claim arising out of or relating to this Agreement or the provision of Services shall be settled by binding arbitration in accordance with the commercial arbitration rules of the American Arbitration Association. Any such controversy or claim shall be arbitrated on an individual basis, and shall not be consolidated in any arbitration with any claim or controversy of any other party. The arbitration shall be conducted in Palo Alto, California, and judgment on the arbitration award may be entered in any court having jurisdiction thereof. Either you or PayPal may seek any interim or preliminary relief from a court of competent jurisdiction in Palo Alto, California necessary to protect the rights or property of you or PayPal Corp. (or its agents, suppliers, and subcontractors) pending the completion of arbitration.

II. Rights and Disclaimers of PayPal

1. **Processing.** PayPal shall make reasonable efforts to ensure that requests for electronic debits and credits involving bank accounts, credit or debit cards, and check issuances are processed in a timely manner. However, a number of factors, several of which are outside of our control, will contribute to when the funds are received. We make no representations or warranties regarding the amount of time needed to complete processing, such as delays in the banking system or the U.S. or international mail service, nor shall we be liable for any actual or consequential damages arising from any claim of delay.

2. Miscellaneous Disclaimers.

(a) PayPal reserves the right to hold funds beyond the normal distribution periods for transactions it deems suspicious to ensure integrity of the funds.

(b) PayPal shall not be responsible for payments made to unintended Recipients due to the input of incorrect information by Senders or for payments made in incorrect amounts. PayPal shall not be responsible for the verification of the identity of Users.

(c) PayPal shall not be responsible for any information lost due to malfunction or loss of a handheld device.

(d) PayPal shall not be obligated to pay a User for any Payments for which PayPal has not been fully paid by the Sender's credit card issuer.

(e) PayPal will not have any liability in connection with any unauthorized interception or use of data relating to you or the PayPal service; any inability to use or access the service or the PayPal website for any reason; any actions or transactions by an individual that uses your user name and password; or any cause over which PayPal Corp. does not have direct control, including problems attributable to computer hardware or software (including computer viruses), telephone or other communications, or Internet service providers.

(f) In no event shall PayPal be liable (A) for damages caused other than by intentional misconduct or (B) for any indirect, special, incidental, consequential or punitive damages whatsoever (including, but not limited to, damages for lost profits, disclosure of confidential information, or loss of privacy), arising out of or in any way related to the use of or inability to use business service or the PayPal website or any of the associated services, even if PayPal Corp. has been advised of the possibility of such damages. In no event shall PayPal Corp. be liable for any act or omission of any third party (such as, for example, any provider of telecommunications services, internet access or computer equipment or software) or any circumstances beyond our control (such as, for example, a fire, flood, or other natural disaster, war, riot, strike, act of civil or military authority, equipment failure, computer virus, or failure or interruption of electrical, telecommunications or other utility services).

3. **Restrictions.** PayPal.com, at its sole discretion, reserves the right to restrict an account for any one of the events listed below. If your account is restricted, you may forfeit all funds currently in your balance.

1. Reports of unauthorized or unusual credit card use associated with the account including, but not limited to, notice by the card issuing bank
2. Reports of unauthorized or unusual bank account use associated with the account
3. Complaints received regarding non-shipment of merchandise, merchandise not as described, or problems with merchandise shipped
4. Initiation of a charge back process through your issuing bank
5. Receipt of potentially fraudulent funds
6. Unconfirmed identity
7. Initiation of transactions considered to be cash advances or assisting in cash advances
8. Sending unsolicited, commercial email or posting referral links on web sites where they are not permitted
9. Opening multiple Personal accounts
10. The account has been used in or to facilitate fraudulent activity
11. Inability of United States Postal Service to deliver the street address confirmation letter to the address associated with the account
12. Reports of someone other than the intended recipient receiving the Street Address Confirmation letter in the mail
13. Name on the bank account associated with the PayPal account does not match the name on the PayPal account
14. Insufficient funds in the PayPal account to cover the return of an Electronic Funds Transfer for insufficient funds in the bank account, incorrect bank routing number, or incorrect bank account number
15. Insufficient funds in the PayPal account to cover the return of a check sent in for deposit.
16. Use of an anonymizing proxy.

4. **Termination.** PayPal, in its sole discretion, reserves the right to terminate this Agreement, access to its web site, or access to Service without notice for any reason and at any time.

5. **Trademarks.** PayPal.com, PAYSAL and all related logos, products and services described in this website are either trademarks or registered trademarks of PayPal Corporation, or their licensors, and (aside from "Use of Logos" below) may not be copied, imitated or used, in whole or in part, without the prior written permission of PayPal. In addition, all page headers, custom graphics, button icons, and scripts are service marks, trademarks, and/or trade dress of PayPal and may not be copied, imitated, or used, in whole or in part, without the prior written permission of PayPal.

Use of Logos. Notwithstanding the above, HTML logos provided by PayPal through its Affiliate Program, Web Accept feature, or Auctions Tools features ("Logos"), may be used without prior written consent for the purpose of directing web traffic to the Service. These Logos may not be altered, modified, or changed in any way, or used in a manner that is disparaging to PayPal or the PayPal service. Logos may not be displayed in any manner that implies sponsorship or endorsement by PayPal. PayPal is a payment service, and no agency, partnership, joint venture, employee-employer or franchiser-franchisee relationship is intended or created by this Agreement.

III. Insurance Against Unauthorized Access

1. **In General.** PayPal protects Users from unauthorized transactions against your online account with up to \$100,000 in coverage per loss of SafeWeb® Remote Banking Insurance (provided by Travelers Property Casualty, a member of Citigroup). There are no additional fees to receive this benefit.

2. **Insurance Terms.** The SafeWeb Remote Banking Insurance Master Policy responds to losses that you would normally have liability for under applicable banking regulations. It is very important that you contact us at once if you believe your user ID or password has been compromised, or if someone has transferred or may transfer money from your account without your permission. Under applicable banking regulations, the extent of your liability for an unauthorized transaction is largely determined by your promptness in notifying us or your bank if someone has gained access to your password, or if a transfer or withdrawal in your monthly statement is incorrect or unauthorized. Notifying us quickly limits your liability:

- a) If you notify us within two business days after you learn that your password or other means to access your account may have become known by an unauthorized person, you can lose no more than \$50.00 if an unauthorized person uses your password or other means to access your account without your permission to initiate a transaction. If you do not notify us within two business days, and we can prove that we could have stopped someone from using your password or other means to access your account without your permission if you had told us, you could be liable for as much as \$500.00.

- b) We will periodically email you a notice to inspect your transaction history online. If your transaction history shows electronic funds transfers that you did not make or authorize, notify us at once. If you do not notify us within 60 days after receiving notice, you may not recover any money you lose after the 60 days if we can prove that we could have stopped someone from taking the money if you had notified us in time.

If a good reason (such as a long trip or hospital stay) kept you from notifying us, we may extend the time periods.

c) In case of unauthorized transactions, payment problems, errors or questions about your account, you should notify PayPal through application messaging or e-mail. You must: 1) Tell us your name and primary email address; 2) Describe the error or the transaction you are unsure about, and explain as clearly as you can why you believe it is an error or why you need more information; and, 3) Tell us the dollar amount of the suspected error. If you tell us by telephone, we may require that you send your complaint in writing within ten (10) business days. We will tell you the results of our investigation within ten (10) business days after we hear from you, and will correct any error promptly. If we need more time, however, we may take up to forty-five (45) calendar days to investigate the complaint or question. If we decide to do this, we will provisionally credit your transaction account within ten (10) business days for the amount you think is in error, so that you may have the use of the money during the time it takes us to complete our investigation. If we ask you to put your complaint or question in writing and we do not receive it within ten (10) business days, we may not provisionally credit your transaction account. If we determine there was no error, we will mail you a written explanation within three (3) business days after we finish the investigation. You may ask for copies of documents which we used in our investigation. We may revoke any provisional credit provided to you if we find that an error did not occur.

IV. Consumer Protection Policies

1. **In general.** PayPal's consumer fraud protection policies as defined below are designed to reduce fraud by encouraging users of the Service to become Verified, to help buyers recover from sellers who do not ship the promised goods, and to reduce the risk of charge-backs for sellers who follow specified risk-reduction procedures. A Verified User is a registered user of the Service who maintains a confirmed bank account on the PayPal website, thereby providing PayPal with proof that he or she holds ownership of an account at a bank or other financial institution. PayPal considers this verification process a secure and easy way to gain additional proof of a User's identity without asking for additional items of sensitive personal information during the registration process. This process, in conjunction with our other proprietary authentication methods, lowers our company's financial risk and allows us to provide the Buyer and Seller Protection Policies listed below. Because the verification process is not available for non-US residents, the Buyer and Seller Protection policies cover only U.S. residents.

2. **Buyer Protection Policy.** If you pay a seller who does not ship the promised goods, you should first contact the seller and attempt to resolve the dispute directly with the seller. You should also file a Fraud Report with PayPal as soon as possible if you suspect that fraud is involved. For instructions on how to file a Fraud Report, please contact Customer Service through the PayPal Web site or by e-mail at service@paypal.com.

If you are not able to resolve the dispute directly with the seller, and the seller is a Verified User, you may file a buyer protection claim under PayPal's Buyer Protection Policy, as described below. This Policy does not apply to disputes about the quality or attributes of delivered goods, goods that have been lost in the mail as shown by seller's presentation of proof of shipment, payments for services, payments to Unverified sellers, or a seller's failure to deliver intangible goods. In order to be eligible for the Buyer Protection Policy, you must have paid for the undelivered goods with a single payment from a single PayPal account. The seller's Verification status will be displayed to you on the PayPal website when you confirm the details of your transaction, giving you the opportunity to cancel the transaction prior to sending payment if you do not want to pay an Unverified seller.

A. Transactions on or before November 9, 2000:

If after contacting the seller you are unable to resolve the dispute and the seller has not shipped the goods, you may file a claim with PayPal for reimbursement of non-receipt of goods. Purchases from sellers who are Verified Users will be protected up to an aggregate of \$5,000 per buyer per year. Claims must be filed not earlier than 30 days after the date of payment, and not later than 60 days from the date of payment. To obtain instructions on how to file a claim, please log in to your account and click on the "Help" button at the top of the page. Then click on "Contact Customer Service" and choose the "Buyer Protection Claim" selection from the drop-down menu. You will receive an automatic response containing the instructions for filing a claim by e-mail.

**B. Transactions on or after November 10, 2000
i. All Transactions**

If after contacting the seller you are unable to resolve the dispute and the seller has not shipped the goods, and if you have filed a Fraud Report no later than 30 days after the purchase transaction, you may file a Claim with PayPal. In order to file a Claim, you must be a Verified User at the time of filing. PayPal will investigate your claim, contact the seller and, if the seller does not present appropriate proof of shipment, a full refund or other evidence of a satisfactory resolution, PayPal will restrict the seller's account and seek to collect the amount you paid from the seller. You and other buyers

who file claims against the same seller will be entitled to the return of any and all funds PayPal is able to collect from the seller, on a first-come, first-served basis. Recovery of your claim is not guaranteed.

Claims must be filed not earlier than 30 days after the date of payment, and not later than 60 days from the date of payment. To obtain instructions on how to file a claim, please log in to your account and click on the "Help" button at the top of the page. Then click on "Contact Customer Service" and choose the "Buyer Protection Claim" selection from the drop-down menu. You will receive an automatic response containing the instructions for filing a claim by e-mail. PayPal will seek to resolve the complaint within 30 days from the date the claim is filed, though such time frame may be extended to accommodate the investigation.

ii. Additional Protection for eBay Auctions

For purchases made on eBay using PayPal, PayPal offers an additional layer of protection. If you pay a Verified seller but do not receive your goods, you must first file a claim under eBay's Insurance Claims process (an "eBay Claim"). If your eBay Claim is granted but does not cover the full amount of your loss, PayPal will reimburse you for up to \$200 of such additional losses, whether or not PayPal is able to recover such funds from the seller.

In order to receive this additional protection, you must file a Fraud Report with PayPal within 30 days after the transaction, you must file a claim with PayPal within 30 days after your eBay Claim is granted, and you must be a Verified User when you file your claim with us. To obtain instructions on how to file a claim with PayPal for this additional protection, please visit the Customer Service section of the PayPal Website or contact us by e-mail at service@paypal.com. You will have to provide a copy of the eBay Claim that you filed and satisfactory evidence that your eBay Claim was granted, so you should retain a copy of these documents. PayPal will seek to reimburse you for your additional losses not covered by the eBay claim, up to \$200, within 30 days from the date your claim is filed, though such time frame may be extended if necessary to ensure the accuracy of the claim.

3. **Seller Protection Policy.** Beginning August 23, 2000, PayPal agrees to indemnify sellers of physical goods for charge back liability resulting from a buyer's fraudulent use of a stolen credit card and/or false claims of non-shipment of goods for purchases made through the Service for payments received through PayPal of up to \$5,000 per year when the following conditions are met:

1. The seller is Verified

2. The seller can provide reasonable proof-of-shipment which can be tracked online. (Most U.S. carrier companies offer this service, including the U.S. Postal Service.) Because comparable proof-of-shipment is not currently available for electronically-delivered items, we are currently unable to offer Seller Protection for digital goods and other electronically-delivered items.
3. The seller accepted a single payment from only one PayPal account for the purchase. (Multiple payments from different accounts for a single item are a fraud indicator. Sellers should not accept such payments.)
4. The seller ships to a domestic (U.S.) buyer at a U.S. address.

When you receive funds through PayPal, if the sender's transaction is reversed for any reason and you do not qualify for the Seller Protection Policy for that transaction, you will owe PayPal for the amount of the reversed transaction plus any fees imposed on PayPal as a result of the reversal. You agree to reimburse PayPal from either your PayPal account or by other means. Although PayPal will vigorously pursue debt collection of any amounts owed to it, **PayPal will never make electronic transfers from your bank account without your express permission.**

To increase the safety of transactions and protect sellers from unscrupulous buyers, PayPal now prompts buyers to provide sellers with their credit card billing address when making a purchase. This new security measure allows sellers to ship to a verified billing address and thus reduce the risk of being paid by a fraudulent buyer. A seller will soon be able to reject a payment for a transaction that may seem risky because the buyer has refused to provide a billing address. When this functionality becomes available (expected 12/20), sellers will be required to ship only to a buyer's billing address to qualify for protection under the Seller Protection Policy; sellers who choose not to ship to this address will be liable for any charge backs.

4. **Credit Card Transactions:** The Buyer Protection Policy does not obviate any other consumer rights Users may have, including charge back rights that may be granted by a User's credit card issuer. PayPal is the merchant of record with respect to all credit card transactions through the PayPal service to purchase goods or service. As such, we afford customers the rights and privileges expected of a credit card transaction. You acknowledge that PayPal does not control the outcome of any charge back decision initiated through a customer's credit card issuing bank.

PayPal encourages all buyer purchase disputes to be filed and resolved through the PayPal dispute resolution process, and reserves the right to terminate or restrict account privileges of buyers who file charge back complaints without attempting to resolve the complaints through PayPal. If a charge back claim is initiated, whether as a

result of a dispute or for any other reason, the parties agree to provide to any requesting party on a timely basis any and all necessary documentation to resolve any charge back or dispute. PayPal DOES NOT act as the agent of either party in any transaction or resulting dispute, though PayPal does control the outcome of disputes initiated through the Service's dispute resolution process.

If you receive funds through a PayPal transaction funded with the sender's credit card, in the event the credit card transaction is charged back and you do not qualify for the Seller Protection Policy, you agree to hold PayPal harmless for the charge back amount and to reimburse PayPal from either your PayPal account or by other means. Although PayPal will vigorously pursue debt collection of any amounts owed to it, PayPal will never make electronic transfers from your bank account without your explicit permission.

5. **Termination.** Excessive disputes or charge backs by you, multiple complaints or claims to PayPal by other Users against you, failure to respond to reasonable requests for information or other abuses of the Service are, without limitation, grounds for restricting your account and/or terminating your right to use the Service.

V. Additional Terms of Use for Business and Premier Accounts

The terms below apply specifically to use of Premier and Business Accounts through the Service and any related products and services (collectively, the "Premier/Business Service").

1. **Account Information.** In addition to the terms listed above, you further agree that PayPal may access and disclose information about you or your use of the Premier/Business Service when PayPal deems necessary or appropriate to comply with the law or legal process, to protect PayPal's systems and customers, or to ensure the integrity and operation of PayPal's business and systems. Unless otherwise prohibited by law, such disclosure may include, without limitation, user profile information (e.g., name, e-mail address, etc.), transaction information, IP address and traffic information, and usage history.

2. **Contact and Refund Information.** Each user of the Premier/Business Service will be required to input its customer service contact information into the Premier/Business Account application upon registration. You agree to clearly identify your customer service contact information, including but not limited to your business name, address, telephone number, fax number and e-mail address. You further agree to update such information to keep it true, accurate, current, and complete.

3. **Taxes.** Each user of the Business Service is required to provide its Tax Identification Number (TIN) upon request. It is your responsibility to determine what, if any, taxes apply to the payments you make or receive and to collect, report and remit the correct tax to the appropriate tax authority. PayPal is not obligated to determine whether taxes apply, and is not responsible to collect, report, or remit any taxes arising from any transaction.
4. **Security Features.** PayPal strongly suggests that you use a web browser with 128-bit encryption. Regardless of whether you use a web browser with security features, PayPal is unable to ensure that data transmitted via the Premier/Business Service is secure and/or will not be intercepted by third parties.
5. **Account Use.** By accepting the terms as outlined in this Agreement and using your Premier or Business Account, you attest that you hold all the necessary licenses to engage in the advertising and sale of the goods and services offered for sale or use through your Premier or Business Account, and that you do not provide unlawful or illicit products or services. You will not use the Business Service, the website or any of the services offered therein for any unlawful, fraudulent or improper activity. If PayPal has reason to believe that you may be engaging in or have engaged in fraudulent, unlawful, or improper activity, including without limitation any violation of any terms and conditions relating to the Premier/Business Service, the website or any related services, your access to the website and any services contained therein may be suspended or terminated. You will cooperate fully with PayPal to investigate any suspected unlawful, fraudulent or improper activity.
6. **Fees.** PayPal's current Fee Schedule for using the Premier/Business Service is posted on the website. Unless otherwise stated, all fees quoted are in U.S. dollars. Users are responsible for paying all fees associated with the use of their Premier or Business Accounts and the Premier/Business Service.

VI. Additional Terms of Use for PayPal Shops

The terms below apply specifically to use of the Website Registration feature, which enable PayPal users to display information about their website to other PayPal users utilizing the www.paypal.com website.

1. **Accuracy of website registration information.** All information you provide at the time of website registration must be truthful, including the website's title, description,

category, and all other requested information. If any change occurs in the website registration information, you must promptly update the information through the PayPal website. Failure to comply will result in removal of any mention of your website from the PayPal website, and may result in permanent ineligibility from registering a website with PayPal. Provision of deceptive information may result in the locking or closing of your PayPal account.

2. **Eligibility.** Any Verified premier or business account user who has opened a PayPal Money Market Reserve Fund account and is not banned from the PayPal service is eligible to use the Website Registration feature. If at any time the owner of a registered website removes information necessary for verification of his or her PayPal account, that website will cease to be registered with PayPal and displayed to its users. PayPal reserves the right to remove the listing of any website from the PayPal Shops directory for any reason and at any time.

3. **License to Use Your Information.** By providing Website registration information to PayPal, you grant PayPal a non-exclusive, worldwide, perpetual, royalty-free license to copy, publish and display the information on the PayPal website or in e-mail messages related to your PayPal transactions. This license will terminate upon closing or termination of your PayPal account.

4. **No Endorsement.** PayPal's presentation of website registration information is not an endorsement of the website or of any goods or services offered on the website. Any attempt to state or imply PayPal's endorsement of your goods or services constitutes grounds for immediate termination of your participation in the website registration program.

5. **No Illegal Websites.** You may not register a website that promotes or facilitates illegal actions, including but not limited to the sale of goods or services that infringe on the intellectual property of a third party. Any such registration constitutes ground for immediate termination of your participation in the website registration program and immediate closure of your PayPal account.

6. **Shopping at Websites Registered with PayPal.** Website registration information is provided by the owner of the website, and PayPal is not responsible for any errors or misrepresentations in such information. PayPal specifically disclaims all warranties with respect to website registration information, including but not limited to the warranty of merchantability and the warranty of accuracy of informational content. PayPal does not guarantee any level of security in shopping at third-party websites registered with PayPal, nor does PayPal guarantee the quality of goods or services

offered on these websites. For more information on security in Web shopping, please visit our Security Tips page (link to the Security Tips page).

7. **Fees.** PayPal will charge a monthly \$10 base fee to any user registering a website and displaying it to other PayPal users through the PayPal website. In the future, additional fees may apply based on the amount of visitors your website receives through the PayPal website. You agree that if you are subject to this fee, PayPal may send you a PayPal Money Request for the amount of the fee. Failure to pay this fee in the appointed time will result in the removal of your site from the website registration program.

VII. PayPal/MasterCard™ Debit Card Terms of Use

1. **Eligibility.** The PayPal/MasterCard ATM/Debit Card (the "Debit Card" or the "Card") is offered to a limited set of PayPal users, based on system requirements and capacity. Many of our users will not be offered a debit card immediately. Users that are offered a debit card will need to complete the following application requirements, if they have not already done so:

1. Upgrade to a Premier or Business account
2. Add and Verify a Bank Account
3. Sign up for the Money Market Reserve Fund to earn money market rates of return

2. **Obtaining and activating your ATM/Debit Card.**

a) PayPal retains the sole discretion to accept or reject any application for a Debit Card. If your application is accepted, it will take between 3-4 weeks to process your request and mail the Debit Card to your address. For security reasons, we will only send the card to your Primary credit card billing address.

b) Once you receive your card in the mail, you can activate your card by logging into www.PayPal.com and following the instructions at the "Activate Debit Card" link on the Account Overview page.

3. **Debit Card Transactions.**

a) ATM Transactions. You may use your Debit Card at any ATMs which are a part of the MasterCard/Maestro/Cirrus ATM network. ATM withdrawals are available up to the daily authorization limits disclosed in Section 5 below, provided the available balance in your PayPal Account (including your Money Market Reserve Fund) is greater than or equal to the amount requested. You may use your Debit Card at such an ATM to perform the following types of transactions:

1. Withdraw cash from your PayPal Account
2. Find out your PayPal Account balances

Note: A specific ATM terminal may not perform or permit all the above transactions, and transactions may be subject to a surcharge assessed by the terminal owner. Each Debit Card may only be linked to a single PayPal account.

b) Point-of-Sale Transactions. You may use your Card to purchase goods and services from merchants that accept MasterCard, up to the available balance in your PayPal Account. Purchases made with your Card will be charged against your PayPal Account balance.

4. Fees and Rebates

a) There are no fees to make purchases with your Card. PayPal charges a \$1.00 ATM fee when you make a cash withdrawal. The PayPal \$1.00 fee will be rebated, up to a maximum of \$3.00 per month, when you use your Card to make at least \$100 in purchases in a calendar month. The rebate for any given month will be paid out by the 5th of the following month, provided the given month's purchases total greater than \$100.

b) In addition, ATM transactions may be subject to a surcharge assessed by the terminal owner. PayPal has no control over these surcharge fees.

c) There is a card issuance fee of \$5.00 - which will be waived if you use your Card at least once, for either a purchase or ATM withdrawal, within 90 days of requesting the Card.

5. Other Terms and Conditions

Limitations On The Number And Dollar Amount Of Card Transactions. Your Card transactions will be subject to daily limits of \$300 for ATM cash withdrawals / \$1000 for purchases.

Benefits of a PayPal/MasterCard Premier BusinessCard. Both Premier and Business Accounts will be eligible for a PayPal / MasterCard Premier BusinessCard. This card has additional features and benefits that are entirely free to the cardholder and are not available on standard consumer cards. Please see the Mastercard Guide to Benefits (.pdf, 494 KB). If you are not a business and do not want a PayPal / MasterCard Premier BusinessCard, please email cardsupport@paypal.com and put "Consumer Card Request" in the subject line. One of our Debit Card Support

Representatives will process your request and mail the card to you.

Expiration. Unless otherwise stated on your Card and in your Card activation materials, the Card will expire 2 years from the month it was issued.

Foreign Transactions. If you use your Card to obtain cash or to purchase goods or services in another country, the amount of the charge in foreign currency will be converted to a U.S. dollar amount by the MasterCard network. In making this conversion, the network will use the procedures set forth in its operating regulations. Conversion to U.S. dollars may occur on a date other than the date of the transaction; therefore, the currency conversion rate may be different from the conversion rate in effect on the transaction date. You acknowledge that PayPal does not determine the currency conversion rate that is used, and we do not receive any portion of the currency conversion rate.

Preauthorization Holds. When you use your Card at a point of sale location or when you use the MasterCard or other network enhancement feature of the Card to obtain goods or services or to obtain cash from a merchant, the merchant may attempt to obtain preauthorization from us for the transaction. We place a four-calendar day hold on your PayPal account for the amount of the preauthorization request (which may vary in some cases from the amount of the actual purchase, depending on the merchant's request.) If the preauthorization request varies from the amount of the actual transaction, payment of the transaction may not remove the hold, which will remain on the account until the fourth calendar day after the request. This hold may affect the availability of funds from your PayPal Account to pay for transactions. We will not be responsible for any damages if any transactions are not completed because of the hold.

Your Right To Receive Documentation Or Notice Of Transactions. You have a right to receive a receipt at ATMs and POS terminals that accept your Card each time you make a transaction. You will also be able to view your financial statement and transaction history at the PayPal.com Website. PayPal will send you a monthly reminder (the "Periodic Notice") to check your debit card and other PayPal activity online.

Notice Of Your Rights And Liabilities. TELL US AT ONCE if you believe your Card or any other Access Device has been lost or stolen or if you think your PIN or Password is no longer secure or confidential. Please login into www.PayPal.com and report your card as Lost / Stolen in the "Profile" section. Reporting the card Lost / Stolen on the site is the best and fastest way of keeping your possible losses down. If

you tell us within two days after you learn of the loss or theft, you will not be charged more than \$50.00 if someone used your Card or other Access Device without your permission. If you do NOT tell us within two business days after you learn of the loss or theft of your Card or other Access Device, and we can prove we could have stopped the unauthorized transactions if you had told us, you could lose as much as \$500.00. Also if your on-line statement shows transactions that you did not authorize, TELL US AT ONCE. If you do not tell us within 60 days after the Periodic Notice is transmitted to you, you may not get back any money you lost after the 60 days if we can prove that we could have prevented the transactions if you had told us in time.

If a good reason (such as a long trip or a hospital stay) kept you from telling us, let us know and we will extend the time periods as appropriate. You may also have additional rights under the MasterCard Zero Liability program.

You agree that you will not reveal your Password, PIN, or any other Access Device to any person not authorized by you to use your Access Devices; not write your PIN or Password on your Card or on any item kept with your Access Devices; and not leave a computer terminal unattended after you have logged in using your Password or other Access Device.

In Case Of Errors Or Questions About Your Electronic Transfers. Telephone Customer Service at (888) 932-2204, or e-mail debit-unauthorized@paypal.com or write PayPal.com Customer Service Attn: Debit Card Service Department at P.O. Box 50185, Palo Alto, CA 94303 as soon as you can if you think your statement is wrong or if you need more information about a transfer shown on the statement. We must hear from you NO LATER than 60 days after the problem or error has appeared on your on-line statement. In your communication to us, be prepared to provide us with the following information:

1. Your name and Account number.
2. A description of the error or the transfer you are unsure about, why you believe it is an error or why you need more information.
3. The dollar amount of the suspected error.

What We'll Ask You

If you initially provide this information to us via the telephone, we may require that you send your complaint or question in writing within 10 business days. We will advise you of the results of our investigation within 10 business days after we hear from you and if we have made an error, it will correct it promptly. If we need more time, however, we may take up to 45 days to investigate your complaint or question (90 days for transactions at a point of sale terminal or outside of the United States). If

we decide to do this, we will provisionally recredit your Account within 10 days for the amount you think is in error. If we ask you to put your question or complaint in writing and we do not receive it within 10 business days, we may not provisionally recredit your Account.

At the end of our investigation, we will advise you of the results within three (3) business days. If we determine that there was no error, we will send you a written explanation and we may debit any provisional credit, any fees, and/or interest provisionally credited in relation to the alleged error. You may ask for copies of the documents that we used in our investigation.

Our Liability For Failure To Complete Transactions. If we do not complete a Card transaction on time or in the correct amount, according to our agreement with you, we will be liable for your losses or damages proximately caused by this failure. However, there are some exceptions. For instance, we will not be liable if:

1. Through no fault of ours, you do not have enough available funds in your PayPal Account to make the transaction.
2. The automated teller or cash dispensing machine does not have enough cash.
3. Any terminal or system was not working properly and you knew about the breakdown when you started the transaction.
4. Circumstances beyond our control (such as fire or flood) prevent the transaction, despite reasonable precautions that we have taken.

Confidentiality. We will disclose information to third parties about your Card account or the transactions you complete with the Card only:

- i) Where it is necessary for completing your transactions, including verifying the authenticity of the transaction;
- ii) In order to comply with government agency or court orders, including proper requests from law enforcement agencies; or
- iii) If you give us your written permission.

Please see our [Privacy Policy](#) for a complete description of our use and protection of your Account information.

Termination. We may terminate debit card services, in whole or in part, without notice, due to your default, account downgrade, our decision to terminate our debit card business, or as a security precaution. If you or we cancel this Debit Card Agreement you must surrender or destroy your Card or any other Access Device issued to you.

Liability For Authorized Use. If you designate an Authorized User, that person is considered your agent. As such, you are liable for all activities of that person using the Access Devices you provide to them, including ATM/Debit transactions. The agency relationship can be terminated only through written notification to us of your intent to terminate the agency relationship, and through your retrieving the Access Devices that you provided to the user or, if the Access Devices consist in whole or in part of a PIN, password or code, through changing that number.

This Agreement is subject to change at any time without notice, and you agree to review the current terms of use prior to initiating a transaction.

EXHIBIT B

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8 AMERICAN ARBITRATION ASSOCIATION
9 COMMERCIAL ARBITRATION TRIBUNAL
10

11 In the Matter of the Arbitration between:

Case No.: 74 E 181 01836 02 SAT

12 PAYPAL, INC.,

FINAL DECISION AND AWARD

13 Claimant,

14 and

15 JASON PITCOCK,

16 Respondent
17

18 The final hearing in this matter was held on April 17, 2003 at 9:30 a.m., in the offices of
19 the American Arbitration Association located at 225 Bush Street, 18th Floor, San Francisco,
20 California. Appearing on behalf of Claimant, PayPal, Inc., were Curtis E. Smolar and
21 Christopher C. Kirk of Bay Capital Legal Group. Respondent appeared in the case, agreed to
22 arbitrate the dispute, agreed to the jurisdiction of the arbitrator, and participated in the
23 scheduling of the arbitration. Nonetheless no appearance was made on behalf of Respondent at
24 the hearing, even though Respondent was duly notified. Testimony was heard and evidence
25 was received during the hearing. This is the Decision and Award.

1 Based on the evidence presented, the Arbitrator finds that Respondent breached the
2 PayPal User Agreement entered into with Claimant, committed intentional fraud against
3 Claimant, and used Claimant's trademarks in violation of the Lanham Act. The Arbitrator
4 further finds that Respondents' fraud and violation of Petitioner's trademark rights were
5 egregious, and that Respondent engaged in a Ponzi scheme, using the money they received
6 from the new sales of computers to issue refunds on older computer sales.

7 Accordingly, it is adjudged that:

- 8 1. Claimant shall recover from Respondent, jointly and severally, the amount of
9 \$63,026.11 in compensatory damages for breach of contract and fraud, plus
10 interest at the legal rate from June 1, 2002;
- 11 2. Claimant shall recover from Respondent, jointly and severally, the amount of
12 \$35,000.00 in additional damages as authorized under the Lanham Act;
- 13 3. Respondents shall pay for all costs of this arbitration.
- 14 4. The administrative fees and expenses of the American Arbitration Association
15 ("the Association") totaling \$900.00, and the compensation and expenses of the
16 arbitrator totaling \$907.95 shall be borne by Respondent. Therefore,
17 Respondent shall pay to Claimant the sum of One Thousand Eight Hundred
18 Seven Dollars and Ninety-Five Cents (\$1,807.95), representing Claimant's share
19 of deposits previously advanced to the Association.

20 This award is in full settlement of all claims submitted to this arbitration.

21
22 Dated this 1st day of July, 2003.

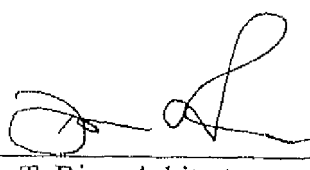
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24 Denis T. Rice, Arbitrator
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EXHIBIT C

AMERICAN ARBITRATION ASSOCIATION

CASE NO. 74 E 181 01836 02 SAT

In the Matter of the Arbitration between
PayPal, Inc. v. Jason Pitcock

**REPORT OF PRELIMINARY
HEARING AND SCHEDULING
ORDER NUMBER ONE**

Pursuant to the Commercial Arbitration Rules of the American Arbitration Association (AAA), a preliminary hearing was held by teleconference at 2:30 P.M., P.S.T. on January 6, 2003, before Arbitrator Denis T. Rice. Appearing by telephone were Curtis Smolar and Jason Pitcock.

By Order of the Arbitrator, the following is now in effect:

1. An additional preliminary hearing shall be held by telephone conference call on February 10, 2003, at 2:30 p.m.
2. Pursuant to the direction of the Arbitrator, all parties shall amend/specify claims and/or counterclaims (monetary amounts) and file any motion to join additional parties by mail, e-mail or fax by 5:00 P.M., P.S.T., on February 24, 2003.

- 1 3. The parties shall file any stipulation of uncontested facts by
- 2 Wednesday, March 19, 2003.
- 3 4. a) Pursuant to the direction of the Arbitrator, Claimant shall serve and
- 4 file a disclosure of all witnesses reasonably expected to be called by
- 5 the Claimant by Wednesday, March 19, 2003.
- 6 b) Pursuant to the direction of the Arbitrator, Respondent shall serve
- 7 and file a disclosure of all witnesses reasonably expected to be called
- 8 by the Respondent by Wednesday, March 19, 2003.
- 9 c) The disclosure of witnesses shall include the full name of each
- 10 witness, a short summary of anticipated testimony, copies of any
- 11 experts' reports, and written C.V. of experts. If certain required
- 12 information is not available, the disclosures shall so state. Each party
- 13 shall be responsible for updating its disclosures as such information
- 14 becomes available, together with facts to show why such information
- 15 was not earlier available.
- 16 d) The duty to update this information continues up to and including
- 17 the date that hearing(s) in this matter terminate. A witness not
- 18 designated in the witness disclosure may not testify absent a showing
- 19 of good cause.
- 20 e) The parties shall make arrangements to schedule the attendance of
- 21 witnesses at the hearing, which may on good cause shown be
- 22 conducted by conference call, so that the case can proceed with all due
- 23 expedition and without any unnecessary delay.
- 24 f) The party presenting evidence shall give notice to the other party
- 25 the day before the hearing of the names of the witnesses who will be
- 26 called to testify the next day and the order in which the witnesses will
- 27 be called.
- 28

- 1 5. a) Not later than Wednesday, March 26, 2003, the parties shall
2 exchange copies of (or, when appropriate, make available for
3 inspection) all exhibits to be offered and all schedules, summaries,
4 diagrams and charts to be used at the hearing. Each proposed exhibit
5 shall be premarked for identification using the following designations:

PARTY	EXHIBIT #	to EXHIBIT #
6 Claimant	C-1	C-200
7 Respondent	R-1	R-200

8 b) The parties shall submit a set of exhibits to the AAA on or before
9 Wednesday, April 2, 2003. Exhibits not submitted and served on the
10 opposing party shall not be admitted into evidence, absent a showing
11 of special circumstances.

12 c) The parties shall agree upon and submit a jointly prepared
13 consolidated and comprehensive set of joint exhibits, arranged as near
14 as can be in chronological order.

- 15
16 6. Hearings in this matter will commence before the Arbitrator at the
17 offices of the AAA at 225 Bush Street, San Francisco, California,
18 94104, on Wednesday, April 9, 2003 at 9:30 A.M.(P.S.T.). The
19 parties estimate that this case will require one day of hearing time,
20 inclusive of arguments.

- 21 7. Any and all documents to be filed with or submitted to the Arbitrator
22 outside the hearing shall be given to the AAA Case Administrator for
23 transmittal to the Arbitrator. COPIES OF SAID DOCUMENTS
24 SHALL ALSO BE SENT SIMULTANEOUSLY TO THE
25 OPPOSING PARTY. There shall be *no* direct oral or written
26 communication between the parties and the Arbitrator, except at oral
27 hearings.
28

- 1 8. On or before Wednesday, April 2, 2003, each party may serve and file
2 a prehearing brief no more than 15 pages in length on all significant
3 disputed issues, setting forth briefly the party's position and the
4 supporting arguments and authorities.
- 5 9. a) The form of award shall be Findings of Fact and Conclusions of
6 Law.
7 b) A Court Reporter has not been requested.
- 8 10. Pursuant to the direction of the Arbitrator, any other preliminary
9 matters not otherwise provided for herein shall be raised by written
10 request filed no later than Monday, February 10, 2003.
- 11 11. All deadlines stated herein apply as of 5:00 P.M., P.S.T. on the
12 respective date indicated, and will be strictly enforced. The service of
13 any document called for under this order may be by facsimile, e-mail,
14 hand delivery, or expedited mail, provided it arrives at the deadline
15 time.
- 16 12. This order shall continue in effect unless and until amended by
17 subsequent order of the Arbitrator.

18 DATED: January 7, 2003

19 
20 DENIS T. RICE, Arbitrator

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22 WD 010603/1-629046/1047321/v1
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