

MINUTES OF A SPECIAL MEETING OF THE MEMBERSHIP OF THE CORPORATION

**INSIDE OUT BEAUTY LABS, LLC.
(THE "CORPORATION")**

HELD ON AUGUST 1, 2017

Attendees: Clark Swanson (Managing Member)
James Westbrook (Member)
Tati Westbrook (Member)

I. Call to Order

A special meeting of the members was called by James Westbrook and held on August 1, 2017 and all of the Member Attendees being present. The meeting commenced with Mr. James Westbrook presiding over the Meeting and Mr. Clark Swanson acting as Secretary of the Meeting. The meeting was held at the residence of Mr. Clark Swanson in Marina Del Rey, California, and lasted about 1 hour and 40 minutes and was documented by audio recording as agreed upon by the Member Attendees.

II. Management Discussion

Mr. James Westbrook and Mrs. Tati Westbrook made a detailed presentation to Mr. Clark Swanson on the focus of the company and their desire to expand the business lines into other areas of the beauty industry.

Discussion included their detailed knowledge of the cosmetic industry, and specifically the opportunity to disrupt brick and mortar establishments with a global e-commerce launch similar to indie brands Too Faced, IT Cosmetics, Jeffrey Starr Cosmetics, among those brands noted by James and Tati Westbrook. Mr. Westbrook expressed his desire for increased ownership of the company. Ms. Westbrook similarly expressed her desire to increase her equity stake in the company. Both Mr. & Mrs. Westbrook emphasized the opportunity to grow a "gigantic" brand based on the unique skills and resources that each of the three Members contribute to the business. For Ms. Westbrook's part, she noted her notoriety, trustworthiness, and both size and quality (age) of audience commanded on her YouTube (and other social media platforms). Ms. Westbrook spoke of her current position within the context of the company and stated that she would be willing to continue with the current equity ownership of 25% but that maintaining that level of ownership would result in Ms. Westbrook limiting her time and efforts to selling only vitamins. Ms. Westbrook expressly stated that she would like to increase her ownership in the company, and in exchange, would see that all three owners would benefit by expanding the products offered beyond vitamins.

After considerable questioning and discussion, it was agreed that James and Tati Westbrook together will collectively own 66.66% of the business and Mr. Swanson will own 33.33%. Ms.

Tati Westbrook, in exchange for the additional ownership under the modified arrangement, will contribute her name and brand on a solely exclusive basis to the company. James Westbrook, Tati Westbrook and Clark Swanson all agreed that the company will begin with the launch of supplements as planned, starting with the Hair, Skin and Nails formula. Other vitamin products will follow. The company will continue to develop products in the supplement industry while preparing to launch beauty product extensions under the brand name Halo Beauty. It was agreed that the company will launch skincare and cosmetics following supplements. The brand extensions of products are not limiting, and include beauty industry products such as a wet line (shampoo, conditioners, and hair treatments, etc.), makeup accessories (wipes and cleansers), and more.

III. Changes to Beneficial Ownership

Mr. Tati Westbrook, James Westbrook, and Clark Swanson are all beneficial owners Inside Out Beauty Labs, LLC. The entity was incorporated for the purpose of the formulation and commercial sale of vitamin supplements. The ownership structure for the vitamin business is as follows:

1. *Clark Swanson* *50% of 100%*
2. *James Westbrook* *25% of 100%*
3. *Tati Westbrook* *25% of 100%*

It is unanimously resolved by the Members:

The business entity will refocus their commercialization efforts to include skincare and cosmetics, expanding beyond supplements/vitamins. The business will initially launch with a line of supplements and be poised to expand into the beauty industry as the exclusive brand of Ms. Tati Westbrook. For further clarification, it was agreed and resolved that the company will be called Halo Beauty.

The ownership under the new arrangement and contemplated name, HALO BEAUTY, will change the allocation of equity from the above 1-3 ownership, as follows:

- i) *Clark Swanson* *33.33% of 100%*
- ii) *James Westbrook* *33.33% of 100%*
- iii) *Tati Westbrook* *33.33% of 100%*

IV. Social Media and Valuation

Ms. Tati Westbrook identified a huge opportunity to capitalize on the use of YouTube and social media influencers as the catalyst for Halo Beauty. Ms. Westbrook explained that there were a lot of changes happening in social media and indie brands were taking huge profits from traditional

beauty brands such as Estee Lauder and others. Mr. Westbrook stated that the relationships within the beauty community on Youtube can propel the sales of the brand by multiples of sales. Social media collaboration with notable mentions included Jeffree [Star], James [Charles], Manny [Mua] and Laura [Lee]. Acquisitions were growing and more importantly, the acquisitions of indie beauty brands were being bought for even bigger multiples of revenue. Each year, constituents of Ms. Tati Westbrook were offered greater and greater values for their cosmetics brands ranging in the hundreds of millions to billions.

Mr. Westbrook stated that the collaboration with the top influencers on YouTube are easily accessible to Ms. Westbrook, noting they actively seeking and require the endorsement of Tati Westbrook as the most trusted and notable beauty reviewer on the YouTube platform. The upcoming launches of brands (by way of Manny and Laura) or existing company products launched (by way of Jeffree Star) will help assure this quid pro quo. Many of the customers are also known to be active collectors of products, helping to insure the sell through of new launches.

V. Trademarks & Product Extensions

Ms. Tati Westbrook stated she wanted to name the company, Halo Beauty. Mr. Westbrook had previously researched the name and discovered that there was a potential name conflict. He investigated this and determined the ownership of the conflict was a trademark, Halo-C®, held by a doctor in New York who marketed this as an ingredient in a skincare formulation. It is not a product, but is an ingredient. Mr. Swanson advised that counsel had recommended placing a word in front of the name Halo to differentiate it from the mark. Ms. Tati Westbrook advised that we make an application for the brand tradename Halo Beauty and see if we are successful. As a backup plan, Mr. Westbrook suggested that the brand can be established without a registered trademark by using brand extensions such as Halo Beauty Skincare, Halo Beauty Nutraceuticals, Halo Beauty Cosmetics, etc. The name would still be Halo Beauty, but the registered trademark may or may not be granted.

VI. Approvals

Ms. Tati Westbrook moved to approve the changes discussed. Mr. Westbrook and Mr. Swanson were in full agreement, and the motions were carried unanimously:

1. Business to be named, Halo Beauty.
2. Expanded Focus: Halo Beauty will not only make vitamins, but is the solely exclusive brand of Ms. Tati Westbrook. Beauty industry product lines include but not limited to supplements (“ingestible beauty”), skincare, and cosmetics/makeup and other products lines such as wet line, personal care products, and ancillary beauty products.
3. Equity Allocation: Resolved equal ownership allocation for Mr. Clark Swanson, Mr. James Westbrook, Ms. Tati Westbrook (33.33%, 33.33%, and 33.33% each respectively)

VII. Other Matters

4. Dilution Events or Sale of Equity:

Mr. Westbrook proposed, and it was unanimously agreed, that any dilution events that take place require the unanimous agreement of Mr. Clark Swanson, Ms. Tati Westbrook and Mr. James Westbrook.

5. Added business decisions proposed by Mr. James Westbrook that were unanimously agreed upon by Mr. Clark Swanson, Ms. Tati Westbrook and Mr. James Westbrook:

- (i) Any departure from the lines of business (i.e. beauty industry related vitamins, skincare, makeup, etc.) require unanimous agreement of Mr. Clark Swanson, Ms. Tati Westbrook, and Mr. James Westbrook;
- ii) Any “substantial” expenditures will require unanimous agreement of Mr. Clark Swanson, Ms. Tati Westbrook, and Mr. James Westbrook;
- iii) Any sale of equity by any of the owners will trigger a right of first refusal for the other owner or owners;
- iv) If equity is sold by any of the owners, the equity sold will lose it’s voting rights and become fully subordinate to the remaining equity. The remaining equity will continue to enjoy equal voting rights and require unanimous agreement to remain in place. The spirit of this agreement to protect the founding shareholders from any new shareholders ability to make decisions or have control;
- v) Restriction of the sale of equity is limited to three (3) years. Mr. Westbrook suggested 4 or 5 year restriction, Mr. Swanson suggested 3 years, and this latter number (3) was unanimously agreed.

VIII. Operations

It was agreed that the headquarters for the brand will be the remote office of Mr. Clark Swanson located in Culver City, California.

Packaging discovery will include earth friendly recyclables, looking into a variety of plastics.

Ms. Tati Westbrook stated the appeal to keep the brand on point and look at cosmetic packaging, e.g. Arden.

Refill packaging – consideration for a blister pack or similar “refill” item to minimize eco footprint.

IX. Closing

Mr. Westbrook closed the discussion with reference to suggested YouTube influencers that we could immediately begin to work with (reference to top 50 YouTube channels). E.g. Laura Lee, Nikki Tutorial, Manny Mua, Jacqueline Hill. Some influencers maybe difficult to work with, e.g. Patrick Starr (“train wreck”).

Mr. Swanson agreed he would send out a memo to both Mr. James Westbrook and Ms. Tati Westbrook regarding the action items needed from the meeting.

Mr. Swanson suggested banking with Wells Fargo N.A. vs. City National, inconclusive which bank will be used.

XO’s Tati will be used on the branding of company product.

X. Termination

There being no further business to conduct, the meeting was adjourned.

On behalf of the Attendees:

signed
CLARK SWANSON
Secretary of the Meeting