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(54) Title: A MULTILINGUAL ON-LINE INCENTIVE-BASED REAL-TIME AUCTION MARKETPLACE METHOD AND SYSTEM

(57) Abstract: The invention may provide a multilingual on-line incentive-based real-time marketplace system and method for electronically displaying and describing general merchandise, services and other real and personal property. A service provider may provide a multilingual on-line incentive-based real-time marketplace with an incentive based marketing application and affiliate referral application. The incentive based marketing system may provide the ability to aggregate and value the transaction volume represented by each membership level and individual participant in the membership genealogy in order to calculate distributions, which may be used to provide compensation to referring entities. The Incentive Based Marketing system may work in conjunction with the Affiliate Referral subsystem to track member referrals and create cascading down-line genealogies for several levels below any referring entity.

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A MULTILINGUAL ON-LINE INCENTIVE-BASED REAL-TIME AUCTION MARKETPLACE METHOD AND SYSTEM

BACKGROUND OF THE INVENTION

Technical Field

The invention relates generally to an incentive-based marketing method and system, and in particular, to a multilingual on-line incentive-based real-time marketplace.

Background Art

A promotional technique used by merchants is network marketing, also known as Multi-Level Marketing, or MLM for short. With this method, to aid the sale of merchants’ products, merchants typically hire independent contractors. These independent contractors are also hired to assist the solicitation of other independent contractors, known as “recruits,” who aid in selling the merchants’ products. Each independent contractor can buy products from a merchant and use the products themselves or sell the products to others. Each independent contractor can also recruit other independent contractors who inherit the same opportunities as the person recruiting them has. This means the recruits can also purchase, use or sell the merchants' products and recruit other independent contractors. With MLM, an independent contractor earns money two ways: by selling the products they bought from the merchant to others at a markup, or by receiving a commission on their recruits’ sales. When a sale is made by the recruit of an independent contractor, the independent contractor receives a commission. In this instance, the commission structure is considered to have gone through one level of sponsorship. Commissions can derive from more than one level of sponsorship, such as when the recruit of an independent contractor’s recruit makes a sale. According to the structure, the independent contractor might earn a commission from that sale, considered to have gone through two levels of sponsorship. The industry has used various commission structures, some offering eight levels of sponsorship or more. All of the recruits included in an independent contractor’s levels of sponsorship are regarded as the independent contractor’s “down-line.” The industry has used various methods of determining an independent contractor’s commission rate. This includes totaling the sales generated by an independent contractor's down-line and applying a commission rate based on that figure.
Often, levels are set in which this rate increases as the independent contractor's down-line-sales-volume increases.

Multi-Level Marketing previously has had many disadvantages. Merchants are burdened with having to handle an enormous amount of paperwork. This paperwork includes designing and printing enrollment forms, order forms, and catalogs, and then mailing them to potential participants. This also includes receiving and processing completed enrollment forms and order forms; and calculating, printing and then mailing commission checks to independent contractors. Merchants have been known to purchase computers to assist this process. Merchants are also often limited to including in their catalog only easily-shipped or easily-stored products. This is because the independent contractors must often pay for merchandise shipping charges and store the merchandise on their own property until it is sold to others. Any product that is too bulky or heavy would not be cost-effective for independent contractors to purchase. This is because the independent contractors would have little room for storing bulky merchandise, or with the added expense of shipping and possibly storage, there would be little, if any, room for markup on its future sales.

The independent contractors are often limited to shopping through a catalog in order to purchase the merchant’s products. This has the disadvantage of an independent contractor often having to pay for shipping charges of the ordered goods. It also has the effect of causing the independent contractor frustration, as shipping often carries several problems. With shipping, the independent contractor has to wait for the merchandise to arrive. This can take days, weeks, or in some cases, even months, as the merchant may be out of stock of the selected merchandise. When the merchandise finally arrives, the independent contractor is often dissatisfied for one of several reasons. The merchandise might be damaged from shipping. It might be the wrong merchandise, as orders are often botched through improper communication. The merchandise might not be of anticipated quality, such as a dress that does not fit properly. In the likely event of this dissatisfaction, often the independent contractor must go through the ordeal of repackaging and shipping the merchandise back to the merchant. The merchant will then do one of several things. The merchant might refund the independent contractors’ money, which leaves the independent contractor feeling as though the whole experience was a waste of time. In the event the merchandise was damaged in shipping, the merchant might ship the independent contractor replacement merchandise.
This would force the independent contractor to wait even longer for the desired merchandise to arrive. The replacement merchandise could also become damaged through shipment. If a merchant issues the independent contractor a credit line equal to the amount of the original purchase which was returned, the independent contractor is often forced to buy something else from the merchant's catalog. This poses several problems for the independent contractor. The independent contractor might not be interested in any other merchandise the merchant has to offer, since the catalogs are often limited in variety, in which case the independent contractor must purchase something that is undesirable. The price of the supplemental merchandise might not be the same as the purchase price of the original merchandise. If the supplemental merchandise price is higher, the independent contractor must spend more of his/her money than he/she originally planned to spend. If the price of the supplemental merchandise is less, the independent contractor will have money, which is not gaining interest, tied up with the merchant for an extended period of time. In other words, the independent contractor will have his/her money held by the merchant until such time when it is used toward another purchase.

With MLM, independent contractors must often store merchandise on their premises. Merchandise is usually bought in advance from a merchant by an independent contractor, who, in turn, stores the merchandise and attempts to sell the merchandise to others. Many independent contractors have not had sales training, but participate in an MLM plan because they are tempted by the high profit potential this sort of self-employment offers. As a result of their lack of proper sales training, oftentimes much of the merchandise they stocked up on can not be sold to others. Rather, it remains stored on the independent contractor's premises for an extended period of time. Eventually, to become rid of the unwanted merchandise, the independent contractor must often do one of a few undesirable things. He must either give the merchandise away, sell it at a greatly reduced price, use it himself, or throw it away. This has had the unsavory result of depleting an independent contractor's cash flow. It has also resulted in many independent contractors, after a certain degree of exposure to the program, often becoming jaded with MLM, subsequently giving up self-employment with MLM forever and discouraging others from participating in any MLM plan also. Catalogs of merchant's products or services have also been bought and given to, or sold to others by independent contractors. This can alleviate the need for an independent contractor to stock up on merchandise, but requires the independent contractor to purchase the catalogs. Oftentimes,
a shopper does not want to pay for a catalog, as he is not sure if there is anything in the
catalog that he even wants to buy. Independent contractors, on the other hand, do not want to
give the catalogs out for free. When the independent contractor gives the catalog out for free,
the independent contractor does not recoup the investment he made to acquire the catalog.
This results in an independent contractor's cash flow becoming depleted. If the shopper does
buy the catalog and then buys something from the catalog, the total cost of what was spent to
acquire the merchandise is greater than the list price of the merchandise. Add on shipping
costs that the purchaser must pay and the total cost to acquire the merchandise rises
substantially. Usually, the resulting price is equal to, and often greater than, the price of
comparable merchandise found in a retail store, or especially a discount store. Shoppers
become discouraged upon having to pay an often higher-than-retail price for the merchandise
from the catalog and being subjected to the problems associated with shipping, as mentioned
previously. This leads most shoppers to avoid purchasing through these catalogs. This, in
turn, results in minimal sales for the independent contractor, who again, after a certain degree
of exposure to the program, often becomes jaded, gives up self-employment with MLM, and
discourages others from participating in any MLM plan also.

Another method used by merchants to assist sales of their goods or services, has been
the installation of incentive programs. Incentive companies have been hired in the past to
install such programs. The incentive program usually entails a participant carrying a card or
bearing an identification number. This card or identification number is used to keep track of
a participant’s transaction. With the program, participants present their cards or identification
numbers when making purchases. This allows participants to accumulate credit in their
respective accounts based upon various purchasing goals established by the merchant. These
goals can vary, but are mainly designed to increase a participant’s spending with a merchant
within certain time periods. Points have been awarded to participants according to their
performance under the program’s rules. The points are usually converted to dollar amounts
according to a formula. The dollars are then used to purchase merchandise shown in the
incentive company’s catalog. The dollars could also be used to earn a paid trip for the
participants and perhaps a certain number of family members to a vacation spot such as
Hawaii or Florida. In some cases, at either the culmination of the program or a set period
within the program, the points are converted to a direct cash payment. This payment is either
handed to the participant, wired to the participant’s bank account or charge card, or issued to
the participant as a check, money order, certificate or coupon. It has also been issued to a separate account on a participant's charge card to be used only toward the purchase of a specific merchant's goods or services.

Computer programming and data processing have often been used to assist these incentive companies with managing the operations of the program. This includes printing, issuing and mailing reports to participants, which show the credit-issuing merchant's name on the statements. These statements also show participants' earned credit to date and approaching goals. This also has included printing and issuing to participants charge cards that advertise the merchant and/or lending institution that sponsors the incentive program.

The advances in computing technology, such as fast processing speeds and large, cheap random access memory, make it possible for merchants to offer services that have not previously been feasible. This includes the prospect of planning an entire trip to a store, museum or airport, from central processing areas (such as those located in the store, airport, or travel agency, etc.), or even from the comfort of one's own home using the Internet. It also allows employees to quickly discover where what a user wants is available, and how best to tell the user to get there.

Some of the recent advances in computing have translated into efforts to produce Internet based shopping. A common approach to Internet based shopping is that of the cybermall or electronic mall. For example, MarketplaceMCI (http://www.internetmci.com) displays different merchants and provides a user with a "shopping basket" to hold their purchase record. Others include the Internet Shopping Network (http://www.internet.net), Cybershop (http://www.homeshop.com), and Virtual Vineyards (http://www.retailinfo.com). CompuServe also planned to move its Electronic Mall to the Internet. All of the systems above feature displaying merchandise and allowing the user to order on-line. Some, like Cybershop, allow the user to query across stores in interesting ways, such as by price or product description. These approaches do not involve an on-line incentive-based marketplace.

Individual stores also offer some Internet-based services. For example, J.C. Penny offers scanned images, product, and pricing information, and accommodates order taking
(http://www.jcpenny.com). Other stores are using the Internet as a means of advertising, vs. ordering and shopping. For example, Wal-Mart has a site (http://www.wal-mart.com) which shows information about the company and specials. Kmart similarly offers a home page (http://www.kmart.com) showing some of the specials that are also printed in its circular. None of these approaches offer an on-line incentive-based marketplace.

E-bay and Onsale, Inc. offer a twist on Internet shopping -- an Internet auction house -- where users bid in order to purchase merchandise. Auctions provide a popular and exciting marketplace for buying and selling property. E-bay has an on-line auction, as described at their world-wide web site http://www.ebay.com. In this auction system, bidders register and submit bids through the Internet. Items for sale are graphically displayed on the bidders' screens, in addition to the bid information for each item. Bid information is updated hourly throughout each two-week bidding session. E-bay will typically charge an up-front insertion fee or posting fee and then they also charge at the end, at the back end; that is, when you have a successful auction, what they call a final value fee. Unfortunately, E-bay's auction has no mechanism for allowing incentive-based marketing.

In addition to the on-line auctions mention above, on-line auctions are now being conducted over the Internet. One such auction, Save the Earth Foundation, has an Artrock Auction that is described at their world-wide web site http://www.commerce.com/save_earth. To participate in the auction, bidders register and submit bids for auction items through the Internet. Bidders are notified by electronic mail when a bid higher than their own is placed on an item. The winning bidder is also contacted by electronic mail at the close of the bidding session. The Artrock Auction has no mechanism to allow incentive-based marketing.

Similarly, Christie's International describes an on-line auction at their world-wide web site http://www.christies.com. In Christie's auction, bidders register and submit bids in the same manner as the Ebay auction. Christie's on-line auction also suffers from the same disadvantage as the Ebay auction in that it has no mechanism to allow incentive-based marketing.
DISCLOSURE OF THE INVENTION

A method and apparatus for providing an incentive-based on-line marketplace for conducting real-time auction services. A user may register with an on-line marketplace service provider, which may provide an incentive to buy and/or sell merchandise. The on-line marketplace service provider may provide an incentive for users to refer others to use the on-line auction services.

The on-line marketplace service provider may not charge any fees to refer users to the on-line marketplace services. Additionally, the service may not charge a fee to post an item for auction. Rather, the service may charge a user a fee when the user sells an item via the auction services (a selling fee may be charged to the seller). This fee may be divided among the on-line marketplace service provider and the users, who are registered members that have the seller listed in their genealogy tree.

In a preferred embodiment, an incentive-based marketing system (IMBS) may be an Internet relationship marketing program which gives members an opportunity to generate revenue by selling auction items and referring other members to do the same. The present method and apparatus allow a person to establish an international e-business.

In another embodiment, the incentive-based marketing method and system may work in conjunction with an affiliate referral sub-system to track member referrals and create cascading down-line genealogies for several levels below any referring entity.

An object of the present invention is to provide a marketplace service provider with the ability to track user referrals in order to provide a referral means to measure the effectiveness of the user that creates the referral. A referring entity may be a registered user of the on-line marketplace service provider, any affiliated web site or company, or any designated partner, vendor or entity. In addition, a referring entity may be an advertisement or a campaign that offers an inducement for registering with the on-line marketplace provider. The present embodiment may provide a simple means to measure the effectiveness of the ad. The system has the ability to maintain the connections between referring entities. The present system and method may also have the ability to measure how effective a user is
at referring the on-line marketplace service provider to other entities. The present method and system may be able to collect and count the new membership registration volume that a user is able to generate. This may allow an on-line marketplace service provider to measure the effectiveness of a user when ranked against other users that are referring the service provider.

A method and apparatus for providing an incentive-based on-line marketplace for conducting automated on-line auction services. A user may register with an on-line marketplace service provider, which may provide an incentive to buy and/or sell merchandise via an on-line marketplace. A user does not have to be a member of the on-line marketplace to participate in the on-line auction services; however, there is an incentive to use the service. The on-line marketplace service provider may pay users to use and refer others to use the on-line auction services.

In a preferred embodiment, an Affiliate System may be an Internet relationship-marketing program, which gives members an opportunity to generate revenue by selling auction items and referring other members to do the same.

An object of the present invention may be to provide a method for conducting a web-browser based real-time auction. The underlying technology of the auction may be based on applets that interface with standard web browser software. Using this process, a buyer may view a chart-based graphical representation of bids while competing sellers may view a table listing of their progressive bid history. Data on each bid will be updated in real-time.

Accordingly, it is the object of the present invention to provide a method for conducting an online bidding session that may permit bidders to participate using nothing more than standard browser software. The need for browser plug-ins and separate software packages may be eliminated. Users may need only a computer, an Internet connection and freely available browser software such as Microsoft’s Internet Explorer or Netscape Corporation’s Navigator.

It is another object of the invention to reduce the administrative barriers that exist between buyers and sellers. Instead of lengthy review processes, buyers and sellers may
register with the service provider by providing appropriate contact information, data on their
corporate focus and other relevant information. Once approved, buyers and sellers may
browse a list of already posted auctions or submit one of their own. Once the request for a
real-time auction has been approved, sellers and buyers may receive email messages with
hyperlinks that lead to the appropriate auction pages.

An object of the invention may be to provide an on-line marketplace that provides an
incentive to buy and sell items.

Another object of the present invention may be to a method to build a business in a
vertical manner.

Another object of the present invention may be to provide a method and apparatus to
build a genealogy-based income.

Another object of the present invention may be to provide a method and apparatus to
build a successful e-business.

It may be an object of the present invention to provide for the dynamic viewing of
genealogy and all of the pertinent information.

The present apparatus and system may provide a service provider with the ability to
track user referrals in order to measure the effectiveness of the user that creates/initiates the
referrals.

The present method and system may be able to collect and count the new membership
registration volume that a user is able to generate. This may allow an on-line service
provider to measure the effectiveness of a user when ranked against other users that are
referring the service provider.

In a preferred embodiment, the incentive-based marketing method and system may be
implemented over the World Wide Web, Intranet, WAN, LAN or any other communications
network. The incentive-based marketing method and system may provide the ability to aggregate and value the transaction volume represented by each membership level and individual participant in the membership genealogy in order to calculate distributions, which may be used to provide compensation to referring entities.

BRIEF DESCRIPTION OF THE DRAWINGS

FIG. 1 shows an embodiment of the invention
FIG. 2 shows another embodiment of the invention
FIG. 3 shows another embodiment of the invention
FIG. 4A shows another embodiment of the invention
FIG. 4B shows another embodiment of the invention
FIG. 5A shows another embodiment of the invention
FIG. 5B shows another embodiment of the invention
FIG. 6A shows another embodiment of the invention
FIG. 6B shows another embodiment of the invention
FIG. 7A shows another embodiment of the invention
FIG. 7B shows another embodiment of the invention
FIG. 8A shows another embodiment of the invention
FIG. 8B shows another embodiment of the invention
FIG. 8C shows another embodiment of the invention
FIG. 8D shows another embodiment of the invention
FIG. 8E shows another embodiment of the invention
FIG. 8F shows another embodiment of the invention
FIG. 8G shows another embodiment of the invention
FIG. 9A shows another embodiment of the invention
FIG. 9B shows another embodiment of the invention
FIG. 9C shows another embodiment of the invention
FIG. 9D shows another embodiment of the invention
FIG. 9E shows another embodiment of the invention
FIG. 10A shows another embodiment of the invention
FIG. 10B shows another embodiment of the invention
FIG. 11A shows another embodiment of the invention
FIG. 11B shows another embodiment of the invention
FIG. 12 shows another embodiment of the invention
FIG. 13 shows another embodiment of the invention
FIG. 14 shows another embodiment of the invention
FIG. 15 shows another embodiment of the invention
FIG. 16 shows another embodiment of the invention
FIG. 17 shows another embodiment of the invention
FIG. 18 shows another embodiment of the invention
FIG. 19 shows another embodiment of the invention
FIG. 20 shows another embodiment of the invention
FIG. 21 shows another embodiment of the invention
FIG. 22 shows another embodiment of the invention
FIG. 23 shows another embodiment of the invention
FIG. 24 shows another embodiment of the invention
BEST MODE FOR CARRYING OUT THE INVENTION

In the following detailed description of the preferred embodiments, reference is made to the accompanying drawings, which form a part hereof, and in which is shown by way of illustration specific preferred embodiments in which the invention may be practiced. These embodiments are described in sufficient detail to enable those skilled in the art to practice the invention, and it is to be understood that other embodiments may be utilized and that logical, mechanical and electrical changes may be made without departing from the spirit and scope of the present invention. The following detailed description is, therefore, not to be taken in a limiting sense.

The present invention may provide a computer application, which implements a real-time multi-lingual marketplace (auction system) with a multi-level marketing incentive. A service provider may provide a method for accessing the computer application for on-line auctions through a communications network. In addition, the present invention may provide the ability for a service provider to track an independent contractor’s ability and their recruit’s ability to generate successful referrals. A successful referral may be when a recruit completes a sale using the service provider. Furthermore, the present invention may provide the ability for a service provider to track an affiliate’s ability to generate successful referrals.
A computer/computers, according to an embodiment of the present invention, may perform the operations for the computer application, which implements the real-time multilingual marketplace (auction system) with a multi-level marketing incentive. The computer may also implement the incentive based marketing application and the affiliate referral application. The computer application may be separate modules or integrated into one module. A computer(s) may be located at the service provider site, buyers/sellers site, independent contractor site and/or affiliate site. A typical computer on which the present invention may be implemented is shown in FIG. 1. Computer 10 usually includes keyboard 12, display device 14 and pointing device 16. Computer 10 may include a processor (such as the Intel Corporation PENTIUM, Cyrix K6 or Motorola 68000 series), random-access memory, read-only memory (ROM), and one or more storage devices, such as a hard disk drive, a floppy disk drive, an optical disk drive, and a tape cartridge drive. The invention is not particularly limited to a given type of computer 10. A given computer 10 is preferably a PC-compatible computer such as those manufactured and available from Gateway 2000, Inc., of North Sioux City, S.Dak., and running a version of the Microsoft Windows operating system. It is contemplated, however, that the present system would work equally well using a MACINTOSH computer or even another operating system such as a WINDOWS CE, UNIX or a JAVA based operating system, to name a few. The construction and operation of such computers are known within the art.

Monitor 14 of the computer system permits the display of information for viewing by a user of the computer. The invention is not limited to any particular type of monitor 14. Such monitors may include cathode ray tube (CRT) displays, as well as flat panel displays such as liquid crystal displays (LCD's) and super-VGA CRT displays. Each pointing device 16 permits the control of the screen pointer provided by the graphic user interface of operating system. The invention is not limited to any particular type of pointing device 16. Such pointing devices include mouses, touch pads, trackballs, remotes, and point sticks. Keyboard 12 permits textual entry into computer 10 as another input device to the computer, and typically includes a plurality of alphanumeric keys, function keys, navigation keys, cursor keys, and numeric keypad keys. However, the invention is not so particularly limited.

Computer 10 may include a communications software application, a browser, which allows a computer to access another computer over a communications medium/network. The
browser may be the Microsoft Internet Explorer, developed by Microsoft Corporation. One of ordinary skill in the art, however, will recognize that numerous other types of communications software applications may also be used to implement the present invention. Such communications software could, for example, be other types of Internet browsers such as the Netscape Navigator developed by Netscape, Inc., and other communications software such as custom network browsers, two-way communications software, cable modem software, point-to-point software and the like.

The computer 10 may be a workstation, desktop computer, laptop computer, mobile computer, PDA, server, client, peer, uniprocessor or multiprocessor machine, embedded system, and/or other computer. A suitable communication networks include local area networks, metropolitan area networks, wide area networks, the Internet, or any combination thereof. "Internet" as used herein includes variations such as a private Internet, a secure Internet, a value-added network, a virtual private network, a portion of the Internet such as the World Wide Web, or an intranet. If an Internet connection is used, some security precautions may be taken in an embodiment of the invention. For example, secure servers or encryption methods may be used.

Various possible types of communication links may be employed for the communication links between the service provider, buyers/sellers and the independent contractors/affiliates. For example, the communication link may comprise a hard wired connection, a telephone connection, a satellite RF, or other wireless connection, an Internet connection, a local area network or wide area network connection, a combination of the preceding, or any other desired type of connection. Different machines can connect using different types of communication links.

The present invention provides a multi-lingual system and method for electronically selling, displaying and describing general merchandise, services and other real and personal property. As shown in FIG. 2, the present invention may display information in at least two languages simultaneously. In this example, the slogan "Sell While You Sleep." may also be displayed in Spanish “Vende Mientras Duermes.” This feature enables a service provider to reach a wider audience with a single screen display and open the auctions to a world wide market.
A real-time auction environment is of particular benefit to those who are interested in large "high ticket" items. Seller and buyers may be able to come together in a dynamic forum that presents all necessary bidding information in a real-time manner.

Several online auction corporations have recognized the value and attractiveness of real-time auctions and are now offering real-time auctions as a part of their services. However, the auctions offered by these companies are facilitated through the use of applications that operate outside of conventional web browser software. Users who want to participate in these auctions must first acquire the software, then install and configure it. If auctions will be viewed on more than one computer, then this lengthy process must be repeated for each computer. Once this has been completed, prospective buyers and sellers must then undergo a screening process conducted by the auction corporation.

FIG. 3 shows an embodiment of the present invention (300), service provider 310 may be connected through a communications network 320 to buyers/sellers 330, independent contractors 340 and affiliates 350. In the preferred embodiment, the independent contractors may be individuals, which have registered with the service provider’s incentive based marketing system, that refer other individuals to use the real-time multi-lingual marketplace. The contractor may receive a commission/compensation when the referred individual sells an item using the real-time multi-lingual marketplace. In one embodiment of the invention, a buyer/seller may also be an independent contractor. An affiliate may be a registered member of the service provider, any affiliated website or company, or any designated partner, vendor or entity. In fact, an affiliate (referring entity) may be an advertisement or a campaign that offers an inducement for registering with the service provider, thereby providing a simple mechanism to measure the effectiveness of the ad.

When an individual connects to the real-time multi-lingual marketplace system, the service provider may display a screen, similar to the one shown in FIG. 4A and FIG. 4B, which may provide the user with different options. For example, the user may select "Register" with service provider 420. As shown in FIGS. 5A-B and FIGS. 6A-B, the service provider may display a screen requesting that the user enter his or her name, pseudonym 520 (610), or the like, and password 530 (630), which may allow the user to interact with or "log-on" to the service provider’s website. In an alternative embodiment, the user may not be
required to enter a password. The user may be required to enter an e-mail address 510 (640) and contact information 540 (620). Moreover, the user may register to participate in the incentive based marketing system 550 and/or the affiliate referral system. When registering, the user may also indicate whether an IBMS member or an Affiliate referred him/her to the service provider 560. The user may enter the IBMS_Upline ID, registration page using a URL, the Affiliate Referrer ID and/or Promotion ID. FIG. 6A and FIG. 6B show an alternative registration display. In the alternative display, a user may select the language or languages for future displays. The service provider may display a confirmation of the registration information for the user to review shown in FIG. 7A and FIG. 7B. After reviewing the information, the user may confirm that the information was entered correctly by selecting an icon to accept the information. FIGS. 8A-G show various log-in and log-off screens that the service provider may display to the user.

FIGS. 4A-B and FIGS. 5A-B also show other options the computer application may present to a user. The display screen may provide icons to select different options. The user may select an icon, as shown that consists of an alphanumeric hyperlink. The icons may also be a buttons or tabs. The size, shape or type of icon does not limit the invention. The icons shown are for illustrative purposes only. By selecting an icon, for example, the categories icon 410 a user may activate or initiate a program that allows the user to browse the auction items by a type. Other icons may be a tutorial 430, sell items 460, services 450, featured auctions 440, hot auctions 470. It is noted that the use of the term "selected" or its derivatives in this application refers to selection by manipulation of a mouse, depression of the "enter" key on a computer keyboard, activation of a touch screen, or in any manner as would readily be appreciated by one skilled in the art.

After the registering with the service provider, the user may post items for sell over the communications network. FIGS. 9A-E show examples of the screens that the service provider may display to the user to enter auction item information. FIGS. 10A-B show an item that has been submitted for auction. FIGS. 11A-B show an example of a screen the service provider may display to the user for general policies.

In a preferred embodiment, a user may register with an on-line marketplace service provider, which may provide an incentive to buy and sell merchandise via an on-line
marketplace. If a user has register to use the service provider’s incentive based marketing system application, the user/independent contractor may generate income by referring another individual to use the service provider for on-line auctions. The revenue may be generated by a selling fee, which may be charged to a seller as a percentage of the sell price. This fee may be divided among the on-line marketplace service provider and the users, who are registered members that have the seller listed in their genealogy tree. A user does not have to be register with the IBMS application to auction items. However, a user may only receive compensation when register in the IBMS application.

FIG. 12 shows an independent contractor may receive compensation from any individual in its genealogy tree, which completes a sale using the service provider. For example, Individual 1 may refer Individual 2, Individual 3 and Individual 4 to the service provider (FIG. 12). For this level of referral, Individual 1 may be a direct IBMS Up-line referrer. If one of these referred individuals sells an item using the service provider, Individual 1 may receive compensation for the referral. In addition, Individual 1 may be given credit or compensation for any successful transactions that Individual 5, Individual 6, Individual 7, Individual 8 or Individual 9 generates. Individual 2 may also receive credit or compensation for the sells generated by Individual 5. Individual 3 may also receive credit or compensation the sells generated by Individual 6, Individual 7, Individual 8 or Individual 9. Individual 6 has not register with the IBMS. Individual 6 may refer individuals to the system, however, Individual 6 may not be entitled to receive compensation or credit. Individual 6 may choose to register with the IMBS at anytime and his/her status may be update. Individual 7 may also receive credit or compensation the sells generated by Individual 8 or Individual 9. Individual 8 may also receive credit or compensation the sells generated by Individual 9. The system may track each user to determine the possible compensation. In an embodiment of the invention, commissions may be distributed to the independent contractors for successful referrals. The system may generate the checks for the independent contractors, who participate in the commissions programs.

The on-line marketplace service provider may establish qualification requirements for a member to qualify to receive the commissions/compensation accumulated during a period of time. For example, a user must be enrolled with the incentive-based marketing system. In one embodiment, affiliates and promotions may be restricted from enrolling. The service
provider may require a user to sell a certain dollar amount (e.g. $100). As shown in FIG. 20, the IBMS_Sales_Threshold may track the amount a user sells during a period. In addition, a user may be required to buy at least one auction item per period. Furthermore, a user may be required to have at least 5 members who identify them as their IBMS Up-line Referrer. Other qualification requirements are possible. The above list is intended to be for illustrative purposes only and is not limiting.

When a user registers/enrolls with the service provider's incentive based marketing system, a Period_Activity table (shown in FIG. 24) may be created to capture the distribution details and payout information for members during a particular period of time. The Period_Activity record may capture the number of contributing and non-contributing independent contractors assigned to each member's contribution level. As discussed above, a user may enter a referring IBMS member's ID or an affiliate's ID during the registration process. The ID may be used to track the referrals. As new users are added to the Users table (FIG. 18), a new Period_Activity entry may be created for the active payout period regardless of whether or not the user joins the IBMS application. A complete set of new Period_Activity records and a new Payout_Periods record may be also created for the new period. The old Period_Activity records for the prior period are used to reproduce the Member counts at each Level for the new records. Other Count and Amount fields are set to zero in the new records. Any auctions for the member that closes during an active period may have commissions distributed based on the IBMS status stored in the Users table. No distributions may be captured for any selling member auctions that occur prior to his joining IBMS.

If a member joins and enters an IBMS_Upline ID, the Level_1_IBMS_Members entry for the direct IBMS Upline referrer is incremented (and so on up the tree). The associated level counts for members in the chain of IBMS Up-line Referrers above the registering user are incremented. For example, the registering user's direct IBMS Up-line referrer has his/her Level_1_Members incremented by 1 (FIG. 24). In other word, the member, who referred the registering user, may have his/her count for direct referral incremented by 1 (FIG. 24). The IBMS Up-line referrer for that member has his/her Level_2_Members (Level 2 Fields) count incremented, etc. That is the member, who referred the direct IBMS Up-line referrer, may have his/her count for second level referrals incremented by 1 (FIG. 24). This method
continues up the referring list. The number of levels a member may have is not limited. In a preferred embodiment, five-membership level may be utilized.

Prior to the close of an IBMS period, the data for the next period is created. This may include the Payout_Periods (FIG. 21) record and the Period_Activity records (FIG. 24). This may permit transition to the next period without the need to disable auction closures or member registration. During an IBMS period, pertinent eligibility information for a member may be stored in the member's Period_Activity record.

As shown in FIG. 12, even though non-IBMS members may not be included in the distribution of IBMS commissions, they may still join IBMS at a later time. If these non-IBMS members are linked to an IBMS Upline referrer, they may still link active IBMS members in the extended chain. For example, Individual 3 (an IBMS member) referred Individual 6 (who opted not to join). Individual 6 then referred Individual 7 (who joined IBMS). If Individual 7 stages an auction (and meets eligibility requirements), Individual 3 may receive a commission for the auction even though Individual 6 (who links the two in the tree) does not. The portion that would have been allocated to 6 may automatically revert to service provider since Individual 6 was not qualified to receive commissions.

When a pre-enrolled non-participating member joins IBMS (Individual 6), the Period_Activity record may already exists. The IBMS_Joined_On_Ts may be changed to reflect the date and time the member joined (FIG. 18). The Level n IBMS Members count for his/her IBMS Upline referrers (regardless of their participation) may each incremented to include him/her as a new participant. The proceeds of any auctions for members below him in the tree that close after he/she joined may be contribute to his/her record of potential distributions. He/she may not be eligible for any proceeds on auctions that closed prior to the date he/she actually joined the program.

When an auction is closed, the various fees and participating parties are identified for preliminary distribution of commissions. This information may be stored both in the Auctions record FIG. 19 and summarized in the Period_Activity record (if applicable). The commission amounts may not be final. Eligibility determination at period-end may
disqualify a member from receiving any payout. Auction closure occurs in two stages: fee collection and distribution.

The fee collection stage identifies the fee to be charged to a seller's payment account and initiates collection. Once an auction closes, selling fees may be computed and charged to the seller's payment account (e.g. credit card, direct deposit, etc.). If the seller is not a member, the standard selling fee may be computed from the standard fee schedule and saved as the Selling_Fee in the Auctions table FIG. 19. If the seller is an IBMS member, the selling fee may be based on the IBMS fee schedule (stored as the IBMS_Gross_Commission_Pct in the Payout Control table) (FIG. 20). Since the standard fee schedule may be used as a basis for Affiliate Referral program, it may be computed for IBMS members (although it may not affect the amount charged to the seller). It may be stored separately for this purpose.

The distribution stage identifies qualification in any applicable incentive schemes and computes the actual distribution of commissions. Once the fees for an auction have been collected, the process of distributing commissions may be initiated. The auction buyer's Period_Purchases_Cnt may be incremented on his Period Activity record. The Amount for the Auction may be added to the seller's Period_Sales_Amount in his/her Period Activity record (FIG. 24). The buyer's Period_Sales_Cnt may be also incremented. If the Seller is not an IBMS member, no IBMS commissions are computed (even though the Seller may have an IBMS Up-line Referrer). The IBMS values in the Auctions and Period Activity records are not updates (and may be null or zero). Other Commissions may be payable (e.g., for the Affiliate Referral program). The net administration commission payable to service provider may be the selling fee less any of these other commissions (if applicable).

If the seller is an IBMS member, the distributions for active levels are computed based on the selling fee and the applicable IBMS Level percentages stored in the Payout Control table (FIG. 20). The distribution (computed for each level) may be stored in the Auctions record. In addition, the sales and distributions details are added to the Period_Activity records for the up-line IBMS members at each level. Other commissions may also be payable (e.g., for the Affiliate Referral program). The net administration commission payable to service provider may be the selling fee less the sum of all the IBMS and other commissions (if applicable).
Commission distributions to each of the levels above the seller are computed according to entries in the Payout Control table (based on the specially computed selling fee). The Shopper Id for each level may be identified using the IBMS Up-line Shopper Id (and his IBMS participation code) in the Users table beginning with the seller's. The individual level amounts and Shopper Ids are stored in the Auctions record. The Level Sales and Distribution amounts for the active up-line members are then added to each of those members' Period_Activity record. The Potential_IBMS_Distribution amount may be also updated for each of these up-line members to keep a current total of the member's potential payout.

FIG. 13 depicts an example of the distributions that may be made when the funding transaction occurs. For example, at the moment an auction closes and it may be deemed to have a successful bid, the auction close fee may be debited from a seller's credit card. Upon electronic notification of success of the transaction, the distribution percentages may be credited directly to the up-line participants based on a new table, the Payout_Control table. As shown in the example, the fee may be divided up between the on-line service and the people who referred the current seller. A seller sells an item that has a final selling price of $100. There may be a special selling fee of $10. The $10 may be divided among the Internet service, which you see is $4, and the first 5 levels of referrals. The commission levels may be tiered to provide incentive to bring on new members in order to build the business vertically; in other words, the commission levels are structured to provide incentive for everyone to bring in more referrals. Different compensation scales may be provided such as Level 1 – 30%, Level 2 – 15%, Level 3 – 10%, Level 4 – 15% and Level 5 – 30%. The service provider may determine these compensation levels.

In another example, a $1,000 auction sale may produce a selling fee of $100 (based on a 10% IBMS Gross Distribution Pct). The seller's Period_Sales increases by $1,000 and his Period_Sales_Cnt increase by 1. The member who referred the seller may have his Level_1_Sales amount increased by $1,000 and his Level_1_Distribution may be increased by $18 (the $100 Selling Fee x 18% IBMS_Lev_1_Pct). His Potential_IBMS_Distribution may also be increased by $18. The member who referred the Level 1 member may receive the Level 2 amounts and so on. If the seller is affected by the Affiliates Referral program, that commission may be computed. Net administration commission may be computed by
subtracting all commissions from the selling fees. All of the distribution details are stored on the Auctions record.

Until final payout, the commission amounts record the potential distributions only. Some of these participant amounts may be redistributed to other members or revert back to service provider if the member does not establish eligibility by the time the period ends.

If an intermediate IBMS tree member is not an active member, the amount for that level in the Auctions table may be allocated directly back to service provider (Shopper Id may be changed to service provider's Id for that level). The amount that would have been allocated to the inactive member for that level may be added to the same level on service provider's Period_Activity record.

Finally, the normal service provider revenue from an auction may be computed (the selling fee minus any affiliate and/or IBMS commissions) and stored as the Net_Admin_Commission. This amount may be also added to the Period_Bonus field on service provider's Period_Activity record.

In addition to establishing and maintaining the connections between referring entities and their down-line associates, the system may be designed to aggregate cash value distributions in each participant's distribution account according to a flexible, database resident payment schedule. FIG. 14 shows examples of data fields may be added to a member records database. The "Up-line/Referring Member" field may contain the Member_Name of the entity that referred the user. This means that member records may also be created for affiliated websites, ad campaigns or any other non-human entity that may be a referring entity. The "Member_type" field may designate the type of Member and may contain for example: "A" for an Affiliate member, "I" for an Individual person Member, or "P" for a Promotion, such as a banner ad or other marketing entity.

A "Sold"/"Period Sales" field may contain the sales volume in US dollars of the participant. This field may be used to calculate aggregate volumes at each level and for audit reporting. The "Commission" field may be automatically incremented each time a successful sale yields an up-line distribution.
Crediting up-line commissions and the total volume sold for each Member each time a transaction is completed is relatively straightforward using this approach since the database up-line tree can be easily parsed starting with the seller. Database pointers, indexes and other technical means may be used to maintain the chain or relationships. The challenge is that accurate calculation of down-line participants and their transaction and commission volumes is essential to the functionality of the system. We may solve this problem by creating a new view to track the structure of the genealogical trees.

As shown in FIG. 3, the relational table structure may be infinitely expandable, allowing any Member to be found as well as all the Members in the first five or N number of levels below them. Thus, in the example above, Company X is the “Top Dog” for the tree that continues through level 6, while Member6 is the “Top Dog” for the tree through level 7 and Member 7 is Top Dog for the tree through level 8 (not shown) and so on. This also provides us the ability to increase or decrease the number of down-lines below any particular Member in a single genealogy. This table allow a method for quickly selecting any member and calculating their down-line sales volumes and commissions. In addition, the service provider may query down-line sales volumes to audit the commissions to be paid to any particular Member.

The IBMS distribution and payout tables may include, for example, at FIG. 18 the User Tables. These tables may be used to identify the IBMS and affiliate structures for all users. The chart may include such things as the shopper's name, whether they are a participant in the IMBS, how their payout shall be distributed by check, VISA, Mastercard or cash. There may be a field to include the credit card number. There should be fields that identify how the user was referred and the date in which the user was referred (IBMS-UpLine, Affiliate Referral ID, Promotion ID, IBMS_Joined_onTs.).

After a period has closed, the IBMS payout process may be ran. The process may begin by validating the period sales amounts and auction distribution amounts for each member. Any errors discovered are reported with an entry into the Payout_Errors table. Future changes may require validation of commission points as well.
Next, member eligibility is then determined. Members who are not IBMS participants have a Payout Status of 'Non-Member' and receive no IBMS payout. Members meeting all on-line marketplace qualification requirements have a Payout_Status of 'Eligible'. These Members receive credit for commissions accumulated during the period. Members who do not meet the requirements have a Payout_Status of 'Ineligible' and receive no new commissions. The amounts indicated in their potential IBMS distribution are redistributed to their Up-line Members using the magic money redistribution. Affiliate members may also have payouts for their activity.

After Eligibility has been determined, magic money redistribution may be performed and the Payout Total Amounts are computed. The Payout Total Amount may be the sum of the Potential_IBMS_Payout plus the Magic_Distribution. For Ineligible Members, these two amounts offset each other and the net Payout Total Amount is zero.

After Payout Total Amounts have been calculated, the actual period Payments are determined. The Payout_Status is set based on the Payout_Control record for the applicable Member Type (always an Individual for IBMS members). If Payout_Total_Amount meets or exceeds the Payout_Threshold (e.g. $20), Payout_Status is set to 'Payout'. This amount is reported to pay the member. If Payout_Total_Amount is below the Payout_Check_Threshold, Payout_Status is set to 'Rollover'. The Payout Total Amount is transferred to the next period Period_Activity record as the Prior_Period_Rollover. In some cases, it may be necessary to force payment of the Rollover amount. In this case it is necessary to remove the Prior_Period_Rollover from the next period Period_Activity record and set the Payout_Status to 'Payout' manually.

For the Members who have a Payout_Status of 'Payout', the Payout Account Type and Payout Account Number (copied from their Users record or entered manually) are used to capture how the Payout is made. For example:

<table>
<thead>
<tr>
<th>Shopper Name</th>
<th>Payout Account Type</th>
<th>Payout Account Status</th>
<th>Payout Account Number</th>
<th>Payout Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andy</td>
<td>Check</td>
<td>Number 101</td>
<td></td>
<td>$525.03</td>
</tr>
<tr>
<td>Bob</td>
<td>Check</td>
<td>Number 102</td>
<td></td>
<td>$253.12</td>
</tr>
<tr>
<td>Gus</td>
<td>VISA</td>
<td>9876 123456 123</td>
<td></td>
<td>$221.12</td>
</tr>
<tr>
<td>Thom</td>
<td>Cash</td>
<td>Receipt 2000-05-001</td>
<td></td>
<td>$12.35</td>
</tr>
</tbody>
</table>
Once the actual payment has been confirmed (either by printing of the Check, confirming the credit card payment or manually), the Payout_Status is change to 'Paid'.

Once the qualification for all IBMS participants for a period has been determined, the potential payout amount for each ineligible member may redistributed by Magic Money Redistribution. The Up-line Referrers for the ineligible member may be examined to find the up to 5 Eligible members above him. If the top of the tree is reached without finding 5 Eligible referrers, only those found may receive credit for the IBMS payout being redistributed. For example, if an ineligible member has a total of 8 members above him in the tree but only 3 are eligible, only those 3 may receive a portion of his portion of the IBMS distributions. Each of the eligible members receives 20% of the ineligible member's Magic Money. If there are fewer than 5 eligible members, the service provider may receive the remaining portions.

The Period_Payout record for the Ineligible member may have the following entries:

<table>
<thead>
<tr>
<th>Entry</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magic_Type</td>
<td>P</td>
</tr>
<tr>
<td>Magic_Amount</td>
<td>-Payout_Total_Amount</td>
</tr>
<tr>
<td>Magic_1_Member</td>
<td>Member 1</td>
</tr>
<tr>
<td>Magic_2_Member</td>
<td>Member 2</td>
</tr>
<tr>
<td>Magic_3_Member</td>
<td>Member 3</td>
</tr>
<tr>
<td>Magic_4_Member</td>
<td>Member 4</td>
</tr>
<tr>
<td>Magic_5_Member</td>
<td>Member 5</td>
</tr>
</tbody>
</table>

The Period_Payout record for each Eligible member identified above may be updated as follows:

<table>
<thead>
<tr>
<th>Entry</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Magic_Type</td>
<td>R</td>
</tr>
<tr>
<td>Magic_Amount</td>
<td>+=Payout_Total_Amount</td>
</tr>
<tr>
<td>Magic_1_Member</td>
<td>n/a</td>
</tr>
<tr>
<td>Magic_2_Member</td>
<td>n/a</td>
</tr>
<tr>
<td>Magic_3_Member</td>
<td>n/a</td>
</tr>
<tr>
<td>Magic_4_Member</td>
<td>n/a</td>
</tr>
<tr>
<td>Magic_5_Member</td>
<td>n/a</td>
</tr>
</tbody>
</table>

The service provider may receive some of the redistributed money back. These amounts may be accumulated in the Magic_Amount on the service provider Period_Activity record.

The present apparatus and system may provide a marketplace service provider with the ability to track user referrals in order to measure the effectiveness of the user that creates/initiates the referrals. A referring entity may be a registered user of the on-line marketplace service provider, any affiliated website or company, or any designated partner, vendor or entity. In addition, a referring entity may be an advertisement or a campaign that offers an inducement for registering with the on-line marketplace provider.
The Affiliate Referral System may provide the ability to track member referrals in order to provide referral counts as a measure of effectiveness of the source of the referral. A referring entity can be a registered member of the service provider, any affiliated website or company, or any designated partner, vendor or entity. In fact, a referring entity can be an advertisement or a campaign that offers an inducement for registering, thereby providing a simple mechanism to measure the effectiveness of the ad. In most cases, the referring entity may be a human member of the service provider community. As shown in FIG. 14, a member type designation may be store in a data field, Member Type. The service provider may use Member Type field to track different types of referring entities.

In addition to maintaining the connections between referring entities, the system may be able to aggregate and count the membership registration volume of each referring entity, resulting in a measure of effectiveness when ranked against other referring entities. Furthermore, there are two classes of affiliates that may participate in the Affiliate Referral program, sharing a percentage (or commission) of the referred registrant selling fees. A Master Affiliate may have one level of sub-affiliate. A gross commission as a percentage may be split in any ratio between the two related affiliates, so long as the maximum percentage does not exceed that percentage stated as the contract percent of the master affiliate.

The apparatus and system may have the ability to maintain the connections between referring entities. In addition, the present method and system may be able to collect and count new membership registration volume that a user may be able to generate from referrals. This method may allow an on-line marketplace service provider to measure the effectiveness of a user when ranked against other users that are referring the on-line marketplace service provider.

The on-line marketplace service provider may maintain a database, which contains member records. For example, FIG. 14 shows a member’s name (10-70) and type (110). Under the member name, a company 10, a promotion 15, or a members 20 through 70 may be represented. There may be three types of members: for example, “A” for a participating Affiliate member, “I” for an Individual person, and “P” for a Promotion. The member type
designation may be represented under the member type field. A promotion may be a banner ad or other marketing entity.

The Upline member/Referring member field (120) may contain the user's id of an entity that referred the member (100) to the on-line marketplace service provider. If the referring member field is empty, the member/user may be considered a Master Affiliate. On the other hand, if the Upline member/Referring member field (120) has a valid id in it, the current Affiliate is considered involved in a Master/Sub-Affiliate relationship, and may be considered the Sub-Affiliate.

Furthermore, FIG. 14 shows a members commission dollars, commission points, and sales. The commission fields may be incremented each time a successful sale is recorded. This may occur in real time using such techniques as Sun Microsystems JAVA technology. Software implemented using JAVA is ideal for these environments in that it is platform form agnostic. Users of any computer platform can view and participate in a real time auction as long as they use a JAVA-capable web browser. The records can also show the sales during a certain period of time.

The master sub-affiliate relationship is easily seen in FIG. 35. Affiliate 1 is the master affiliate who refers the Sub-Affiliates 2 and 3. In addition, Affiliate 1 may be given credit for referring Individual 1. The Sub-Affiliates 2 and 3 may refer other individuals for example, Individual 2 and Individual 3. Individuals may also refer other individuals, such as Individual 3 refers individual 4 and Individual 4 refers Individual 5.

As you can see, not all individuals in the referral structure are referred directly by an affiliate. In one embodiment of the invention, an affiliate may only receive compensation for the individual that was referred directly by the affiliate. For example, Affiliate 3 may receive compensation for any sales completed by Individual 3. In this case, Affiliate 3 would not receive any compensation for sales completed by Individual 4 or Individual 5. In an alternate embodiment, Affiliate 3 may receive compensation from any individual in its genealogy tree that completes the sale. For example, if Individual 5 completed an auction transaction, the compensation could be distributed between Individual 3, Individual 4, Affiliate 1 and Affiliate 3.
FIG. 34 shows the relationships to support affiliate referrals. Affiliates can refer individuals or other affiliates under the affiliates referral program. When referrals occur, counters are kept for the affiliate to determine possible compensation. The accumulators or counts may be maintained for all successful referrals as follows: counts of referrals by affiliate alone, counts of referrals by promotion and individual, counts of referrals of affiliate and promotion. Compensation may result from a sub-affiliate or an individual completing a sales transaction. A master affiliate, a sub-affiliate, or an individual may sponsor a promotion, although a promotion may also be unsponsored. The sponsor of the promotion may receive compensation from referrals that result from the promotion. In addition, several affiliates can use a single promotion. This is not shown. In this case, the affiliates may divide the compensation among the promoting affiliates. In addition, an individual may use the site even if another individual does not refer them.

The Affiliate Referral System may have internal auditing capabilities. During each period, the details of each referral may be stored. Using an audit trail, the system may be able to trace each new member’s referring entity.

When new individual members/users are added to the Users table, if they entered an affiliate referrer, a Referral count entry is incremented for the active referring affiliate (or sub-affiliate). The User_Ts (the date and time the user joined) is set to reflect the date and time the member joined. This may be separate from an Incentive Based Marketing upline referrer and may be separately credited.

For example, if a user enters a registration page using a URL, the Affiliate Referrer ID, Promotion ID and/or Individual Referrer ID (as applicable) may be stored in the Users record. A Direct Referrals count may be incremented in the associated referring member’s Period_Activity records. A single individual may be referred by all three entities (affiliate, promotion and/or individual). For example, a friend (Id ‘JOE’, Type ‘I’) may refer a registering user through the ‘TOPDOG’ affiliate who used the ‘BLUEGIFF’ promotion.

Commissions may be distributed to affiliates for all closed auctions conducted by members who are referred to the on-line marketplace service provider by an affiliate or sub-affiliate with an applicable contract. The distribution may be based on the Affiliate_Referrer
in the Users Table for the shopper (or individual), who conducted the auction (FIG. 27). The
service provider may compute the commissions for Affiliates and Sub-Affiliates, who
participate in the commissions program (i.e., their contract percent is greater than zero). For
example, if the Affiliate_Referrer has no sub-affiliate (i.e. he is a master affiliate), the
commission may be calculated using a contract percentage for the affiliate against the
standard selling fees for all individuals referred by the affiliate, per period. Otherwise, if an
affiliate referrer is a sub-affiliate, commissions may be calculated using a contract percentage
for the sub-affiliate against the standard selling fees for all individuals referred by the
affiliate, per period. The sub-Affiliate’s contract percentage represents a portion of the
master Affiliate’s contract percentage. The master affiliate’s commission is calculated using
the contract percentage for the master affiliate against the standard selling fees for all
individuals referred by the affiliate, per period, and subtracting the sub-affiliate’s portion of
the commission (as calculated above).

Just prior to Period End, a new Payout_Period record may be created. A complete set
of new Affiliate_Activity records may be also created for the new period. The
Affiliate_Activity records for the prior period are used to reproduce the total Member counts
at each Level for the new records. All other Count and and Amount fields are set to zero.

After a time period ends, all of the counts and amounts are validated against the
overall members who joined during the period. Errors are captured in the error table and the
total payout amounts are recorded in the Period_Activity table for each affiliate member.

The affiliate referral system may provide different member types. For example, a
direct/manual referral may occur a new member uses the regular registration process (i.e.,
there are no “links” to click). No affiliate may be given credit for these members. Another
type of member may be an automated referral (e.g., promotions and emails). The Affiliates
and Promotions for the Affiliates Referral program may be registered as members of the on-
line service provider using the Admin Console special registration functions. The use of a
Promotion by an Affiliate is also stored in the Promotion_Deployment table. When a
Promotion is distributed to an Affiliate (i.e., a Banner Ad on El Universal), OR when an
Email is sent, the properties of the promotion or email will contain a specially qualified URL,
indicating the referring entity (either an Affiliate or Individual) and the Promotion id.
For example:
//http://www.eorbitis.com/ Affiliate Referral greeting.html!%AID=BOB456%PID=12345
the URL parameters AID=BOB456 and PID=12345 will be stored in a temporary parameters table.

The user will be taken to the new Affiliate Referral Greeting Page, where they can choose to view the Affiliate Referral flash animation and register. They may browse the site at their leisure.

If they choose to register, the AID value is examined to determine whether it is an Affiliate or an Individual
If it is an Affiliate Id, the Affiliate Referrer Id is preset. This is not displayed, nor can it be changed by the member
If it is an Individual Id, it is used for IBMS referral purposes.
If the AID value is not an Affiliate Id or an Individual Id, neither program is credited with the referral.

b. the PID value is examined to determine whether it is a Promotion
If it is a Promotion, the Promotion Id is preset. This is not displayed, nor can it be changed by the member
If the value is not a Promotion, the Promotion Id is unset.

Counters for any Affiliate and/or Promotion Activity are incremented as required.

In the future, the nature of compensation for referring entities may change. Therefore, the system and method design may include a “points” system of measuring referral success.

By using points, different forms of compensation may be assigned to different types of referring entities. By redeeming points, referring members may get online credits towards discount shipping, free premier auction upgrades, free auctions, or other forms of credit-based compensation, while referring websites may get credit towards discount banner advertising or cash compensation. Promotion-type referring entities, such as a service provider banner ads running on commercial search engines, may gain no compensation, but may accrue points in proportion to the volume of new member registrations. This “sub-system” may particularly powerful when coupled with incentive based marketing systems.

The service provider may issue 1099’s for each participant who accrues more than $500 in commission fees. A simple report may be created and imported into an accounting system to automate generation of the 1099’s.

FIG. 16 shows the member management screen, which may be a graphic representation of the own-line genealogies. Each registered member (or non-human affiliated
referring entity) may log into a member management screen to see a count of his or her referrals. The management screen may also display the net change or percentage in the current month of the referral count and program-to-date counts. The may display the current balance in the member’s points account if this approach is implemented. Affiliates and individuals could also see a report listing the effectiveness of these various banner ads and other registered promotions.

The service provider may generate reports for the affiliates/independent contractors. For example, referrals generated or commission generated year-to-date. Affiliates may also see a report listing the effectiveness of their recruits. A variety of management reports may be defined and created for internal use in order to track the success of the system. A tracking ID may be associated with an affiliate to determine which affiliates are linked to an originating affiliate. An example of the affiliates activities and statistics is shown in FIG. 36.

A variety of management reports may be defined and created for internal use in order to track the success of the system. At a minimum, it is envisioned that the service provider Management reports may include:

New Members registering with a referral ID
Total Cash payout by Genealogy
Total Cash payout by referring entity type
Total Cash payout by entity/member
Total Cash Payout
10 Fastest growing IBMS Trees
10 Highest Volume IBMS Trees
Top 100 Referring entities by number of new members
10 Fastest growing referring entities
Commission owed by referrer
Revenue generated by affiliate or promotion manual referrals
Revenue generated by affiliate or promotion automated referrals
Top 10 performing affiliates
Bottom 10 performing affiliates

The affiliate types and levels are shown for illustrative purposes only. The present invention is not limited to the above mentioned affiliate types and levels and may provide alternative levels and requirements. In addition, the system is not limited to the screens
displayed in the application. The computer application may provide different variations of
the displays without changing the scope of the invention.
We claim:

1. An on-line marketplace system within a network, which shares auction information among a service provider, comprising:
   at least one service provider computer module whose actions are directed by software components;
   at least one buyer/sellers computer module whose actions are directed by software components and linked to said at least one service provider computer module;
   wherein the software components in these computers modules operate in concert as an on-line marketplace system.

2. An on-line marketplace system of claim 1 further comprising:
   a database containing information transmitted and received from at least one service provider computer module.

3. A method for implementing an on-line incentive program, said method comprising the steps of:
   providing an Internet marketplace accessible to at least one user, via a computer system
   determining whether said user qualifies for compensation based on said user's response to purchase said at least one product;
   calculating said compensation according to a preprogrammed formula if said user qualifies for said compensation; and
   issuing said compensation to an account of said user if said user qualifies for said compensation.

4. The method as set forth in claim 1, further comprising the step of determining whether said user is enrolled in said marketplace.

5. The method as set forth in claim 1, further comprising the step of displaying to said user, via said computer system, said compensation earned by said user.

6. The method as set forth in claim 1, further comprising the step of permitting a user to enroll in said on-line marketplace.

7. The method as set forth in claim 1, further comprising the step of providing said user with an on-line order form for ordering a product for purchase.
Sell While You Sleep.

Vende Mientras Duermes.

Open Your Eyes
The World is
Your Showroom.

Abre Tus Ojos
El Mundo Es
Tu Sala De
Ventas.
FIG. 4A
Free, quick, and easy affiliate registration for eOrbis.com auctions! No risk! You receive Internet marketing training and the Galactic Internet Marketing Toolbox absolutely free! When you sign in, a prepared e-mail is ready for you at the touch of a button! As soon as you send e-mail, return to the affiliate page and access the Galactic Internet Marketing Toolbox to get the secrets of making money on the web. These tools are absolutely free! Shop at eOrbis.com auctions. Have fun! Make money! You have the web world through eOrbis.com, at your fingertips, now!

*Required to complete registration.

E-Mail Address

Please be sure to enter in a valid e-mail address. All auction notices and correspondence with other eOrbis members will be sent to the e-mail address that you specify here. This information can be changed later in the "Services" section.

Choose a User ID

Your UserID identifies you to other eOrbis users. It is used along with your password to bid and sell on eOrbis.com You can choose a User ID that describes yourself or your interests. Keep in mind that the User ID reflects you as a buy and seller, so choose wisely!

CONTACT INFORMATION

At eOrbis.com, we respect your right to privacy. However, our system needs to identify you before selling, buying, or using some of the customer service functions. Rest assured, this information will not be sold or distributed.

FIG. 5A
**IBMS and Referral Information**

The Incentive Based Marketing System (IBMS) is an exciting new way to make more money with online auctions. IBMS Affiliates are given tools that they can use to refer others to IBMS, thus generating more revenue from home, work, or even start your own e-business. Find out more about IBMS, exclusively at eOrbis.com.

Would you like to participate in IBMS?
- Yes
- No

Did an IBMS affiliate refer you?
- Yes, their User ID is: 

Member Agreement
- I have read and agree to the eOrbis.com Member Agreement and Privacy Policy.

Join Now! Clear Form

---

FIG. 5B

---

SUBSTITUTE SHEET (RULE 26)
State / Estado

Country / País
Unites States

Zipcode / Código Postal

Telephone / Telefono
1

Languages / Idiomas
☐ English ☐ Español

Select all that apply / Seleccione todos los que apliquen

Must be 18 years or older / Solo mayores de 18 años

Copyright © 1999 Orbe Online Inc. All Rights Reserved.

FIG. 6B
**New Customer Registration** / **Registro de Cliente**

<table>
<thead>
<tr>
<th>User ID / Alias:</th>
<th>JUAN</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email / Email:</td>
<td><a href="mailto:jcamacho@orbisonline.comJJCA">jcamacho@orbisonline.comJJCA</a></td>
</tr>
<tr>
<td>Name / Nombre:</td>
<td>MR. JOSE JUAN CAMACHO</td>
</tr>
<tr>
<td>Company / Compania:</td>
<td></td>
</tr>
<tr>
<td>Address / Direccion:</td>
<td>9916 SAN PEDRO AVE</td>
</tr>
<tr>
<td></td>
<td>SAN ANTONIO, TEXAS 78216</td>
</tr>
<tr>
<td>Phone / Telefono:</td>
<td>1-210-2342113</td>
</tr>
<tr>
<td>Fax / Fax:</td>
<td></td>
</tr>
<tr>
<td>Contact for offers /</td>
<td>YES / SI</td>
</tr>
<tr>
<td>Contactar para ofertas:</td>
<td></td>
</tr>
<tr>
<td>Contact for opinion /</td>
<td>YES / SI</td>
</tr>
<tr>
<td>Contactar para opinion:</td>
<td></td>
</tr>
<tr>
<td>Age / Edad:</td>
<td>N/A</td>
</tr>
<tr>
<td>Education / Educacion:</td>
<td>N/A</td>
</tr>
<tr>
<td>Income / Ingreso:</td>
<td>N/A</td>
</tr>
<tr>
<td>Use / Uso:</td>
<td>N/A</td>
</tr>
<tr>
<td>Interested in /</td>
<td>N/A</td>
</tr>
<tr>
<td>Interesado en:</td>
<td></td>
</tr>
<tr>
<td>Languages / Idiomas:</td>
<td>Espanol</td>
</tr>
</tbody>
</table>

---

FIG. 7A

---

SUBSTITUTE SHEET (RULE 26)
Registration Preview

Here is the information you entered. If any information is incorrect, you can click the "Change" button to go back and change your user information. You can change this information at anytime by going to Services section.

First Name: Jessica
Last Name: St. James
Street Address: PO Box 15322
City: Arlington
State: va
Zip Code: 22202
Country: United States
Company Name: 
Telephone Number: 703-552-0622
Fax Number: 
Email Address: cquest35@hotmail.com
User ID: cquest35
Member Referral: N/A
IBMS Participant: Yes
Receive Event E-mail: No
Receive Opinion E-mail: No

Join Now! Change

FIG. 7B
Welcome to eOrbis.com!

Please enter your User ID and Password to sign-in:

User ID: 
Password: 

Forgot your password? Click Here

Not a member yet? Register Now for FREE!

FIG. 8A
Welcome / Bienvenido
JOSE JUAN

We hope you'll have a great time using Orbis Online, click here to go to our HOME page.
If there's anything we can do to help you make this a better experience, don't hesitate to contact us at Customer Service.

Good Luck & Happy Auctioning

Esperamos que te la pases muy bien con Orbis Online, presiona aqui para ir a nuestra pagina principal. Si hay algo que podamos hacer para que tu experiencia sea mejor, no dudes en contactarnos a Servicio a Clientes.

Buena Suerte y Disfruta la Subasta

Copyright © 1999 Orbis Online Inc. All Rights Reserved.
Welcome / Bienvenido

JOSE JUAN

Password / Contraseña: ___________________________

I have forgotten my password / No recuerdo mi contraseña
I want to change my password / Quiero cambiar mi contraseña

If you are not JOSE JUAN click here
Si usted no es JOSE JUAN, por favor presione aquí

Enter

FIG. 8C
User ID was not found, correct and try again!
If you are new to ORBIS Online, please register!
Alias no encontrado, corríja e intente de nuevo!
Si es nuevo a ORBIS Online, por favor registrese!

New Customer [Click Here] to Register
Nuevo Cliente [Presione Aquí] para Registrarse

Registering with ORBIS Online lets you:
Registrarse con ORBIS Online le permitirá:
* Place your items for sale / Poner tus artículos a la venta
* Participate in the auctions / Participar en las subastas

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FIG. 8D
Thank you for being an eOrbis.com member!
You have successfully logged off of the system.

FIG. 8E
You've been successfully logged off from Orbis Online,
Hope you'll come back soon!

Tu sesión con Orbis Online ha sido cerrada,
¡Esperamos que regreses pronto!

FIG. 8F
User JUAN already logged in,
LOGOFF

Usuario JUAN esta dado de alta,
SALIR

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FIG. 8G
eOrbis.com

Find: [ ] Go

Browse: Select a Category... [ ] Go

October 12, 2000

Home » Post an item to sell

Post an item to sell

Item Information

*Required Information

*Title English: [ ]
(Up to 45 characters)

*Title Spanish: [ ]
(Up to 45 characters)

HINT: If you are bi-lingual, we recommend that you enter the item titles and descriptions in both languages to ensure the most accurate translation.

*Description English:

(Up to 255 characters)

*Description Spanish:

(Up to 255 characters)

SYSTRAN

If you would like the system to translate your item and description from English to Spanish, click here

*Category: [ ]

Choose Category [ ]

*Subcategory: [ ]

Choose Sub-Category [ ]

FIG. 9A

SUBSTITUTE SHEET (RULE 26)
Quantity: 1

NOTE: Quantities greater than one are Dutch Auctions.

Auction Information

Starting Bid Price: $0 in US Dollars.

Reserve Price: $0 in US Dollars.

NOTE: Reserve price is the price for which you are willing to sell the item. A $1.00 fee will be automatically assessed to auctions with a reserve price of less than $100.00.

Bid Increment: $1 in US Dollars.

Auction Duration: 3 days

Repost Automatically?
- No
- Once ($0.00)
- Three Times ($0.00)
- Until It Sells ($0.00)

NOTE: You can set your auction to repost automatically, in case of an unsuccessful sale.

Payment & Shipping

Accepted Payment Methods:
- American Express
- MasterCard
- VISA
- Discover
- Money Order
- Personal Check
- Escrow

Item Location:
Arlington
(i.e. San Antonio, Texas U.S.A.)

Shipping Terms:
- Buyer pays actual shipping
- Buyer pays fixed amount
- Seller pays shipping
- See item description

Will Ship:
- International
- My country only

Item Images

Image URL:
(i.e. c:\image.gif)

Image Caption:

FIG. 9B

SUBSTITUTE SHEET (RULE 26)
Auction Fees

*Posting Fee:

- Standard Auction ($2.00 per auction) - WAIVED
- Hot Auction ($5.00 per auction)
- Premier Auction ($10.00 per auction)

*How would you like to pay auction fees?

- Mastercard
- Visa
- American Express
- Automated Personal Check

NOTE: The posting fee and selling fee will be charged to the selected payment type after the auction closes.

Final selling price fee

---

FIG. 9C
22/46
Subasta · Auction · Dinero · Money · Ofertas · Bargains · Subasta · Auction

ORBISONLINE
Bid the World

Start Here
Comienza Aquí

Sell o Vende

Item / Artículo  o  User ID / Alias

☑ Required Field / Campo Requerido

Auction Type (fee) / Tipo de Subasta (cuota)
- Standard Auction / Subasta Estándar ($2.00) WAIVED / GRATIS
- Hot Auction / Subasta Estelar ($5.00 per day / por día)
- Premium Auction / Subasta Premium ($10.00 per day / por día)

Payment Type / Forma de Pago
Select - Seleccione

The auction fee has to be paid with a credit card at the time of posting. If the auction fee's been WAIVED, then no credit card is required.
La cuota de la subasta tiene que ser pagada con tarjeta de crédito al momento de poner el artículo en venta. Si la subasta es GRATIS, no se requiere tarjeta de crédito.

Item / Artículo
English: ☑
Español:

Item Description / Descripción del Artículo
English: ☑
Español:

If you would like the system to translate your item and description from English to Spanish, Click Here.
Si, desea que el sistema traduzca el artículo y la descripción de Español a Inglés, Presione Aquí.

Category / Categoría
Choose Category / Escoja Categoría

FIG. 9D

SUBSTITUTE SHEET (RULE 26)
<table>
<thead>
<tr>
<th>Sub-Category / Sub-Categoria</th>
<th>Choose Sub-Category / Escoja Sub-Categoria</th>
</tr>
</thead>
<tbody>
<tr>
<td>URL / URL</td>
<td>http://</td>
</tr>
<tr>
<td>Quantity / Cantidad</td>
<td>1</td>
</tr>
<tr>
<td>Duration / Duracion</td>
<td>1 *   days / dias</td>
</tr>
<tr>
<td>Starting Bid / Precio de Apertura</td>
<td>$ 0 per item / por artículo</td>
</tr>
<tr>
<td>Reserve Price / Precio de Reserva</td>
<td>$ 0</td>
</tr>
<tr>
<td>Bid Increment / Incremento de Oferta</td>
<td>$ 0</td>
</tr>
<tr>
<td>City / Ciudad</td>
<td>San Antonio</td>
</tr>
<tr>
<td>State / Estado</td>
<td>Texas</td>
</tr>
<tr>
<td>Country / Pasa</td>
<td>Canada</td>
</tr>
<tr>
<td>Payment Methods / Formas de Pago</td>
<td>American Express / American Express</td>
</tr>
<tr>
<td></td>
<td>Discover / Discover</td>
</tr>
<tr>
<td></td>
<td>Escrow / Escrow</td>
</tr>
<tr>
<td>Image / Imagen</td>
<td>Browse</td>
</tr>
<tr>
<td>(i.e. c:\image.gif)</td>
<td></td>
</tr>
<tr>
<td>Image Caption / Texto de Imagen</td>
<td></td>
</tr>
</tbody>
</table>

FIG. 9E

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SUBSTITUTE SHEET (RULE 26)
AUCTION: 75
SELLER: BIRDMAN
ITEM: VW Bug 1967
PRICE: $3,500.00 (reserve not met)
INCREMENT: $250.00
BIDS: 0
CLOSES: NOT OPEN YET! - ¡TODAVÍA NO ABRE!

HIGH BID:

DESC: A blue 1967 VW Beetle, 12 volt system, needs cosmetic attention. Mechanical is very new and very solid.
ENGLISH: Un 1967 Escarabajo de VW azul, 12 voltio sistema, las necesidades la atencion cosmetica. el Mecanico es muy nuevo y muy el solido.
SPANISH: 

IMAGE: 

Bidding History / Historia de Ofertas

FIG. 10A
Search String / Busqueda: "

<table>
<thead>
<tr>
<th>Item / Articulo</th>
<th>High Bid / Oferta Mas Alta</th>
<th>No. of Bids / Num. de Ofertas</th>
<th>Closes / Cierra</th>
</tr>
</thead>
<tbody>
<tr>
<td>VW Bug 1967</td>
<td>A</td>
<td>$3,500.00</td>
<td>0 11/11 @ 00:00</td>
</tr>
<tr>
<td>VW Bicho 1967</td>
<td>A</td>
<td>$3,500.00</td>
<td>0 11/11 @ 00:00</td>
</tr>
<tr>
<td>Dogged</td>
<td>A</td>
<td>$1,575.00</td>
<td>0 11/11 @ 00:00</td>
</tr>
<tr>
<td>Tobagon de Perro</td>
<td>A</td>
<td>$1,575.00</td>
<td>0 11/11 @ 00:00</td>
</tr>
</tbody>
</table>

FIG. 10B
Policies / Politicas

General Policies / Politicas Generales

Text for the General Policies section of the policies

Texto de la seccion de las politicas general

Privacy Statement / Declaracion de Privacidad

ORBIS Online values you as a customer and respects your right to privacy. Except as may otherwise required by law, ORBIS Online will make every reasonable effort to ensure that your personal information, including your credit card information, remains confidential and available only to ORBIS Online and its agents and contractors. ORBIS Online will not sell your personal information to third parties.

Security Statement / Declaracion de Seguridad

FIG. 11A
ORBIS Online uses the internet technology called Secure Socket Layer (SSL), security technology to protect your transactions and encrypt your credit card information. Popular browsers such as Netscape Navigator and Microsoft Explorer support SSL. At bidding time and registration, your information is sent to the ORBIS Online secure E-commerce server, where encryption of all personal information is done before further transmission over the Internet. ORBIS Online shall not be liable to you for any interception of online communications, or any unauthorized use of your credit card resulting therefrom. ORBIS Online's liability for acts relating to any online transaction shall be strictly limited to the aggregate dollar amount paid by you to ORBIS Online in connection with that transaction.

<table>
<thead>
<tr>
<th>I Agree/</th>
<th>Do Not Agree/</th>
</tr>
</thead>
</table>

Copyright © 1999 Orbit Online Inc. All Rights Reserved.

FIG. 11B
FIG. 12
### FIG. 13

<table>
<thead>
<tr>
<th>MEMBER NAME</th>
<th>MEMBER TYPE</th>
<th>UPLINE / REFERRING MEMBER</th>
<th>COMMISSION DOLLARS</th>
<th>COMMISSION POINTS</th>
<th>PERIOD SALES</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPANY X</td>
<td>A</td>
<td></td>
<td>$6.60</td>
<td>2500</td>
<td></td>
</tr>
<tr>
<td>BANNER AD 1</td>
<td>P</td>
<td></td>
<td></td>
<td>100</td>
<td></td>
</tr>
<tr>
<td>MEMBER 1</td>
<td>I</td>
<td>COMPANY Y</td>
<td>$2.40</td>
<td>25</td>
<td>$100</td>
</tr>
<tr>
<td>MEMBER 2</td>
<td>I</td>
<td>MEMBER 1</td>
<td>$3.30</td>
<td>50</td>
<td>$100</td>
</tr>
<tr>
<td>MEMBER 3</td>
<td>I</td>
<td>MEMBER 2</td>
<td>$2.70</td>
<td>75</td>
<td>$100</td>
</tr>
<tr>
<td>MEMBER 4</td>
<td>I</td>
<td>MEMBER 3</td>
<td>$1.80</td>
<td>35</td>
<td>$100</td>
</tr>
<tr>
<td>MEMBER 5</td>
<td>I</td>
<td>MEMBER 4</td>
<td></td>
<td></td>
<td>$100</td>
</tr>
<tr>
<td>MEMBER 6</td>
<td>I</td>
<td>COMPANY Z</td>
<td>$5.40</td>
<td>150</td>
<td>$100</td>
</tr>
<tr>
<td>MEMBER 7</td>
<td>I</td>
<td>MEMBER 6</td>
<td>$3.20</td>
<td>100</td>
<td>$100</td>
</tr>
<tr>
<td>MEMBER 8</td>
<td>I</td>
<td>MEMBER 7</td>
<td>$1.80</td>
<td>75</td>
<td>$100</td>
</tr>
<tr>
<td>MEMBER 9</td>
<td>I</td>
<td>MEMBER 8</td>
<td>$2.70</td>
<td>125</td>
<td>$100</td>
</tr>
<tr>
<td>MEMBER 10</td>
<td>I</td>
<td>MEMBER 9</td>
<td>$1.80</td>
<td>80</td>
<td>$100</td>
</tr>
<tr>
<td>MEMBER 11</td>
<td>I</td>
<td>MEMBER 10</td>
<td></td>
<td></td>
<td>$100</td>
</tr>
</tbody>
</table>

### FIG. 14

SUBSTITUTE SHEET (RULE 26)
<table>
<thead>
<tr>
<th>LEVEL 1</th>
<th>LEVEL 2</th>
<th>LEVEL 3</th>
<th>LEVEL 4</th>
<th>LEVEL 5</th>
<th>LEVEL 6</th>
<th>LEVEL 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>COMPANY X</td>
<td>MEMBER1</td>
<td>MEMBER2</td>
<td>MEMBER3</td>
<td>ADD'L MEMBER</td>
<td>UNDER MEMBER2</td>
<td>MEMBER4</td>
</tr>
<tr>
<td>MEMBER6</td>
<td>MEMBER7</td>
<td>MEMBER8</td>
<td>MEMBER9</td>
<td>MEMBER10</td>
<td>MEMBER11</td>
<td></td>
</tr>
</tbody>
</table>

MR. ZEEK  
(NON-PARTICIPANT)

FIG. 15
eOrbis.com IBMS Management System

Welcome: Popeye Last Login: January 3, 2000

Current Period: January 1, 2000 through January 31, 2000

Current Commission Balance: $118.00 Growth Since Last Period: 42%

Estimated Commission Payment Date: February 1, 2000

Current Downline Status:

<table>
<thead>
<tr>
<th>Level</th>
<th>Members</th>
<th>Current Sales</th>
<th>Your Commission</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>12</td>
<td>$475.00</td>
<td>$8.50</td>
</tr>
<tr>
<td>Level 2</td>
<td>58</td>
<td>$1225.00</td>
<td>$15.50</td>
</tr>
<tr>
<td>Level 3</td>
<td>112</td>
<td>$2102.25</td>
<td>$16.00</td>
</tr>
<tr>
<td>Level 4</td>
<td>253</td>
<td>$4115.80</td>
<td>$25.50</td>
</tr>
<tr>
<td>Level 5</td>
<td>500</td>
<td>$7218.50</td>
<td>$52.50</td>
</tr>
</tbody>
</table>

eMail Downlines Detailed Report Payment Options

FIG. 16
FIG. 17
### FIG. 18

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>*** IDENTITY</td>
</tr>
<tr>
<td>Opt3 (IBM participant flag)</td>
<td>Char</td>
<td>1</td>
<td></td>
<td>Y</td>
<td>YES OR NO</td>
</tr>
<tr>
<td>Member_Type</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td>Payout_Control</td>
</tr>
<tr>
<td>Payout_Account_Type</td>
<td>VarChar</td>
<td>12</td>
<td></td>
<td></td>
<td>Check, Visa, MC, Cash</td>
</tr>
<tr>
<td>Payout_Account_Number</td>
<td>VarChar</td>
<td>50</td>
<td></td>
<td></td>
<td>This should be encoded</td>
</tr>
<tr>
<td>IBMS_Upline</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type 'Y')</td>
</tr>
<tr>
<td>IBMS_Joined_On_Ts</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type 'Y')</td>
</tr>
<tr>
<td>Affiliate_Referree</td>
<td>Integer</td>
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34/46

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FIG. 21

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FIG. 22

SUBSTITUTE SHEET (RULE 26)
### FIG. 23

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FIG. 26
### FIG. 27

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<td>19</td>
<td>2</td>
<td>Y</td>
<td>Affiliate, etc.</td>
</tr>
<tr>
<td>Distribution_Type</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td>10.0000%</td>
</tr>
<tr>
<td>Commission_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td>$100.00</td>
</tr>
<tr>
<td>Normal_1_Min_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### FIG. 29

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>***Identity</td>
</tr>
<tr>
<td>Period_Status</td>
<td>VarChar</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Start_Dt</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_End_Dt</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
### FIG. 30

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>IBMS_Periods</td>
</tr>
<tr>
<td>Shopper_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>Users</td>
</tr>
<tr>
<td>Affiliate_Referer</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Prior_Period_Rollover</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>for future expansion</td>
</tr>
<tr>
<td>Period_Sales_Amount</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Purchases_Cnt</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Qualification</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Bonus</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Direct_Refferals</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_1_Members</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_2_Members</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_1_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_2_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_1_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_2_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payout_Status</td>
<td>VarChar</td>
<td>12</td>
<td></td>
<td></td>
<td>Visa, Amex, Check</td>
</tr>
<tr>
<td>Payout_Total_Amount</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>Card number</td>
</tr>
<tr>
<td>Payout_Account_Type</td>
<td>VarChar</td>
<td>12</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payout_Account_Number</td>
<td>VarChar</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### FIG. 31

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>IBMS_Periods</td>
</tr>
<tr>
<td>Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Auction_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Auctions</td>
</tr>
<tr>
<td>Error_Message</td>
<td>VarChar</td>
<td>255</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### FIG. 32

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion_Length</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type 'P')</td>
</tr>
<tr>
<td>Deploy_To_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type 'A' or 'T')</td>
</tr>
<tr>
<td>Deployment_D1</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type 'D')</td>
</tr>
<tr>
<td>Login_Shopper_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email_Id</td>
<td>VarChar</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email_Text</td>
<td>VarChar</td>
<td>255</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SUBSTITUTE SHEET (RULE 26)
FIG. 35
View your IBMS Statistics

<table>
<thead>
<tr>
<th>Level</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

- **Number of IBMS Affiliates:**
- **Closed, Fee Paid Auctions:**
- **Closed Auction Sales:**
- **Potential Commissions:**

- **Auctions won:** 0
- **Referral Activity Count:** 0
- **Month's Auction Sales:** $0.00
- **Prior Rollover:** $0.00

**Current Report**

**October 2000**

**Program:** IBMS

**Qualified:** NO

**Period Payout:** Period still active
Congratulations! You have successfully registered as an IBMS Affiliate.

Send E-Mail Referrals

Just enter your friends' email addresses and add a personal note below. We will send each of your friends an email that explains eOrbis.com and includes a link identifying you as the referrer. If you prefer to write your own copy here are some helpful hints.

Please use our referral program responsibly. We strictly enforce our Anti-Spam Policy!

EMAIL ADDRESS 1

EMAIL ADDRESS 2

EMAIL ADDRESS 3

EMAIL ADDRESS 4

EMAIL ADDRESS 5

EMAIL ADDRESS 6

Be sure to preview the message you are sending and copy your new affiliate code to your word processor, e-mail draft or database. Your affiliate code is the URL, including your user ID, identifying you as a referrer. This allows you to keep your affiliate code handy to use at anytime. There are additional draft e-mail messages for you to use with your affiliate code in the Marketing Toolbox.

PERSONAL NOTE:

(You can include up to 255 characters.)

Click Submit to send the referral email to the addresses listed above.
Click Preview to view the email that will be sent to your friends.
Click Reset to clear the form.

continue without sending email

FIG. 37

SUBSTITUTE SHEET (RULE 26)
FIG. 39
Realtime Auction Seller Screen

Auction Start: 9:13:02 06-May-00
Auction End: 9:18:32 06-May-00
Valid Time: 12 minutes 5 seconds

Historical Price: $1,000,000.00
Reserve Price: $1,000,000.00
Initial Bid: $0.00

Current Bid: $367,500.00 at 9:18:14 AM
Bid Increment: $5.0
Pause Bid: $352,500.00

FIG. 40
FIG. 41
# eOrbis IBMS Functional Design

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---

**A-1**
**Overview and General Vision**

The Incentive Based Marketing system will provide the ability to aggregate and value the transaction volume represented by each membership level and individual participant in the membership genealogy in order to calculate distributions, which may be used to provide compensation to referring entities.

The Incentive Based Marketing system works in conjunction with the Affiliate Referral sub-system\(^1\) to track member referrals and create cascading downline genealogies for several levels below any referring entity.

In addition to establishing and maintaining the connections between referring entities and their downline associates, the system will be designed to aggregate cash value distributions in each participant's distribution account according to a flexible, database resident payment schedule. For example:

<table>
<thead>
<tr>
<th>Genealogy Participant</th>
<th>Final Selling Price</th>
<th>Special IBMS Selling Fee</th>
<th>Potential Payout From Commission</th>
<th>Percent. of Special IBMS Selling Fee</th>
<th>Auctions Database Attribute Names</th>
</tr>
</thead>
<tbody>
<tr>
<td>eOrbis</td>
<td></td>
<td></td>
<td>$4.00</td>
<td>40%</td>
<td>Net_Admin_Commission</td>
</tr>
<tr>
<td>TopDog (Level 5)</td>
<td></td>
<td></td>
<td>$1.80</td>
<td>18%</td>
<td>IBMS_Level5_Payout</td>
</tr>
<tr>
<td>Upline Level 4</td>
<td></td>
<td></td>
<td>$0.90</td>
<td>9%</td>
<td>IBMS_Level4_Payout</td>
</tr>
<tr>
<td>Upline Level 3</td>
<td></td>
<td></td>
<td>$0.60</td>
<td>6%</td>
<td>IBMS_Level3_Payout</td>
</tr>
<tr>
<td>Upline Level 2</td>
<td></td>
<td></td>
<td>$0.90</td>
<td>9%</td>
<td>IBMS_Level2_Payout</td>
</tr>
<tr>
<td>Upline Level 1</td>
<td></td>
<td></td>
<td>$1.80</td>
<td>18%</td>
<td>IBMS_Level1_Payout</td>
</tr>
<tr>
<td>Total Distributions</td>
<td></td>
<td></td>
<td>$10.00</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sellers: $100.00 $10.00

These distributions will be made when the funding transaction occurs. For example, at the moment an auction closes and it is deemed to have a successful bid, the auction close fee will be debited from seller’s credit card. Upon electronic notification of success of the transaction, the distribution percentages will be credited directly to the upline participants based on a new table, the Payout Control table.

---

\(^1\) See “Affiliate Referral System SRD, 4/03/00”
How it Works

To support this system, several new data fields will be added to the member records database:

- The "Upline" field will contain the Member_Name of the entity that referred them. This means that member records must also be created for affiliated websites, ad campaigns or any other non-human entity that may be a referring entity1.

- The "Member_type" field will designate the type of Member and may contain:
  o "A" for an Affiliate member
  o "T" for an Individual person Member
  o "P" for a Promotion, such as a banner ad or other marketing entity

- The "Sold" field will contain the sales volume in US dollars of the participant. This will be used to calculate aggregate volumes at each level and for audit reporting.

- The "Commission" field is automatically incremented each time a successful sale yields an upline distribution.

Member table and Distribution table attributes relate as follows2:

<table>
<thead>
<tr>
<th>Member Name</th>
<th>Member Type</th>
<th>Upline Member</th>
<th>Commission Dollars</th>
<th>Commission Points</th>
<th>Period Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company X</td>
<td>A</td>
<td></td>
<td>$6.60</td>
<td>2500</td>
<td></td>
</tr>
<tr>
<td>Banner Ad 1</td>
<td>P</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member1</td>
<td>I</td>
<td>Company Y</td>
<td>$2.40</td>
<td>25</td>
<td>$100</td>
</tr>
<tr>
<td>Member2</td>
<td>I</td>
<td>Member1</td>
<td>$3.30</td>
<td>50</td>
<td>$100</td>
</tr>
<tr>
<td>Member3</td>
<td>I</td>
<td>Member2</td>
<td>$2.70</td>
<td>75</td>
<td>$100</td>
</tr>
<tr>
<td>Member4</td>
<td>I</td>
<td>Member3</td>
<td>$1.80</td>
<td>35</td>
<td>$100</td>
</tr>
<tr>
<td>Member5</td>
<td>I</td>
<td>Member4</td>
<td></td>
<td></td>
<td>$100</td>
</tr>
<tr>
<td>Member6</td>
<td>I</td>
<td>Company Z</td>
<td>$5.40</td>
<td>150</td>
<td>$100</td>
</tr>
<tr>
<td>Member7</td>
<td>I</td>
<td>Member6</td>
<td>$3.20</td>
<td>100</td>
<td>$100</td>
</tr>
<tr>
<td>Member8</td>
<td>I</td>
<td>Member7</td>
<td>$1.80</td>
<td>75</td>
<td>$100</td>
</tr>
<tr>
<td>Member9</td>
<td>I</td>
<td>Member8</td>
<td>$2.70</td>
<td>125</td>
<td>$100</td>
</tr>
<tr>
<td>Member10</td>
<td>I</td>
<td>Member9</td>
<td>$1.80</td>
<td>80</td>
<td>$100</td>
</tr>
<tr>
<td>Member11</td>
<td>I</td>
<td>Member10</td>
<td></td>
<td></td>
<td>$100</td>
</tr>
</tbody>
</table>

---

2 This database view does not include many existing fields such as address, state, language preference, etc. for brevity.

3 These relational attributes are computed on a regular cycle.
Crediting upline commissions and the total volume sold for each Member each time a transaction is completed is relatively straightforward using this approach since the database upline tree can be easily parsed starting with the seller. Database pointers, indexes and other technical means will be used to maintain the chain or relationships. The challenge is that accurate calculation of downline participants and their transaction and commission volumes is essential to the functionality of the system. We will solve this problem by creating a new view to track the structure of the genealogical trees.

<table>
<thead>
<tr>
<th>Level 1</th>
<th>Level 2</th>
<th>Level 3</th>
<th>Level 4</th>
<th>Level 5</th>
<th>Level 6</th>
<th>Level 7</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member1</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Member3</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Add'l Member</td>
<td>Under Member2</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Member4</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Member5</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member6</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member7</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Member8</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Member9</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Member10</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Member11</td>
</tr>
</tbody>
</table>

Mr. Zeek (non-participant)

This relational table structure is infinitely expandable, allowing any Member to be found as well as all the Members in the first five or N number of levels below them. Thus, in the example above, Company X is the Top Dog for the tree that continues through level 6, while Member6 is the Top Dog for the tree through level 7 and Member 7 is Top Dog for the tree through level 8 and so on. This also provides us the ability to increase or decrease the number of downlines below any particular Member in a single genealogy. Using this table we can quickly select any member and calculate all their downline sales volumes and commissions. We can also query downline sales volumes to audit the commissions to be paid to any particular Member.

**Member Management Features**

Each registered member (or non-human affiliated referring entity) will log into a Member management screen to see a graphic representation of their downline genealogy by number of members and transaction volume at each level. Names of downline members and individual transaction volumes will not be displayed to protect privacy. The management screen will also display the net change in the current month of the downline count and transaction volume at each level. The screen will display the current cash value in the Member’s commission account and could easily link to more detailed reports about the number of new members at each level, changes in gross sales and commissionable income at each level, etc.
This management screen could provide communications utilities to allow a Top Dog to talk to their downlines and other reports as needed.

The screen might look something like this:

---

**eOrbis.com IBMS Management System**

**Welcome:** Popeye  **Last Login:** January 3, 2000

**Current Period:** January 1, 2000 through January 31, 2000

**Current Commission Balance:** $118.00  **Growth Since Last Period:** 42%

**Estimated Commission Payment Date:** February 1, 2000

**Current Downline Status:**

<table>
<thead>
<tr>
<th>Level</th>
<th>Team</th>
<th>Commission Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>Popeye</td>
<td>$118.00</td>
</tr>
<tr>
<td>Level 2</td>
<td>Member 1</td>
<td>$96.00</td>
</tr>
<tr>
<td>Level 3</td>
<td>Member 2</td>
<td>$80.00</td>
</tr>
<tr>
<td>Level 4</td>
<td>Member 3</td>
<td>$64.00</td>
</tr>
</tbody>
</table>

---

A-5
eOrbis Management Reporting Features

A variety of management reports may be defined and created for internal use in order to track the success of the system. At a minimum, it is envisioned that eOrbis Management reports would include:

- New Members registering with a referral ID
- Total Cash payout by Genealogy
- Total Cash payout by referring entity type
- Total Cash payout by entity/member
- Total Cash Payout
- 10 Fastest growing IBMS Trees
- 10 Highest Volume IBMS Trees

Legal requirements for IRS reporting may require that 1099's must be issued for each participant who accrues more than $500 in commission fees. If this is the case, a simple report will be created which may be imported into the accounting system to automate generation of the 1099's.

Auditing Capabilities

The IBMS system will have internal auditing capabilities. During each period, the details of each distribution for all auctions that close with a payable commission will be stored in the Auction record. Using this audit trail, the system will be able to verify the closing price of each auction, recalculate commissions, and compare it to the value stored in the "Commission" field of the Member table. This also provides a way to prove to a skeptical upline participant the exact number of auctions and the closing values on which their commission is based. It may also provide a valuable tax-detail report for the sellers, who will be able to print out a list of all their closed auctions each period along with the final sale price and any fees paid.

Processing Considerations

We currently believe the IBMS system can be entirely hosted within the existing Cold Fusion application using the current production hardware. However, reporting and maintenance requirements for the IBMS system may require separate hardware on which to run so as to not slow down site transactions once the volume of IBMS participants is large.

This system may also require Crystal Reports or an alternate reporting engine in order to provide the management and Member reports described.

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4 See “Affiliate Referral SRD, 4/03/00"
eOrbis IBMS Functional Design

The Member Enrollment/Change Distribution processes

The Period_Activity table is used to capture the IBMS distribution details and Payout information for members during a period.

This Member enrollment process creates new Period_Activity records and captures the number of contributing and non-contributing IBMS members assigned to each member’s contribution level. As new members are added to the Users table, a new Period_Activity entry is created for the active Payout Period regardless of whether they join IBMS or not. The associated level counts for members in the chain of IBMS Upline Referrers above him are incremented. For example, his direct IBMS Upline referrer has his Level_1_Members incremented by 1. The IBMS Upline referrer for that member has his Level_2_Members count incremented, etc.

All pertinent eligibility information for a member during an IBMS Period will be stored in his Period_Activity record.

If a member joins and has an IBMS_Upline id, the Level_1_IBMS_Members entry for his direct IBMS Upline referrer is incremented (and so on up the tree). Any auctions for the member that close during an active period will have commissions distributed based on the IBMS status stored in the Users table. No IBMS distributions will be captured for any selling member auctions that occur prior to his joining IBMS.

Even though non-IBMS members are not included in the distribution of IBMS commissions, they could still join IBMS at a later time. If these non-IBMS members are linked to an IBMS Upline referrer, they could still link active IBMS members in the extended chain. For example, Joe (an IBMS member) referred Bob (who opted not to join). Bob then referred Rick (who joined IBMS). If Rick stages an auction (and meets eligibility requirements), Joe may receive a commission for the auction even though Bob (who links the two in the tree) does not. The portion that would have been allocated to Bob automatically revert to Orbis as though Bob had not qualified (which he actually doesn’t by virtue of his election not to join IBMS).

When a pre-enrolled non-participating member joins IBMS, the Period_Activity record already exists. The IBMS_Joined_On_ts is changed to reflect the date and time he joined. The Level n IBMS Members count for up to 5 of his IBMS Upline referrers (regardless of their participation) are each incremented to include him as a new IBMS participant. Immediately, the proceeds of any auctions for IBMS members below him in the IBMS tree that close after he joined will contribute to his record of potential IBMS distributions. He is not eligible for any proceeds on auctions that closed prior to the date he actually joined the IBMS program.

If the member entered the registration page using a URL, the Promotion Id and Affiliate Referrer (if applicable) are also stored in the Users record. The Period Direct Referrals counts are then incremented in the associated Period_Activity records for the Promotion and Affiliate.

This process must create and update Period_Activity records for ANY active period. Prior to the close of an IBMS Period, all of the data for the next period is created. This includes the Payout_Periods record and all the Period_Activity records. This will permit transition to the next period without the need to disable auction closures or member registration.

---

5 See “Affiliate Referral System SRD 4/03/00” A-7
The Auction Closure Distribution processes

As an auction is closed, the various fees and participating parties are identified for preliminary distribution of commissions. This information is stored both in the Auctions record and summarized in the Period Activity record (if applicable). The IBMS commission amounts are not final. Eligibility determination at period-end may disqualify a member from receiving any IBMS payout.

Auction Closure occurs in two stages. The Fee Collection Stage identifies the Fee to be charged to a seller's credit card and initiates collection. The Distribution Stage identifies qualification in any applicable incentive schemes and computes the actual distribution of commissions.

Fee Collection Stage

Once an Auction closes, Selling Fees are computed. These are charged to the Seller's credit card.

- If the seller is not an IBMS member the standard Selling Fee is computed from the standard fee schedule and saved as the Selling Fee in the Auctions table.
- If the seller is an IBMS member the Selling Fee is based on the IBMS fee schedule (stored as the IBMS Gross Commission Pct in the Payout Control table).
- Since the standard fee schedule is used as a basis for Affiliate Referral program, it may be computed for IBMS members (although it will not affect the amount charged to the seller). It will be stored separately for this purpose.

Distribution Stage

Once the Fees for an Auction have been collected, the process of distributing commissions is initiated.

- The Auction buyer's Period Purchases Cnt is incremented on his Period Activity record.
- The Amount for the Auction is added to the seller's Period Sales Amount in his Period Activity record. His Period Sales Cnt is also incremented.
- If the Seller is not an IBMS member, no IBMS commissions are computed (even though the Seller may have an IBMS Upline Referrer). The IBMS values in the Auctions and Period Activity records are not updates (and may be null or zero).

Other Commissions may be payable (e.g. for the Affiliate Referral program). The Net Admin Commission payable to eOrbis will be the Selling Fee less any of these other commissions (if applicable).

- If the Seller is an IBMS member the IBMS Distributions for active levels are computed based on the Selling Fee and the applicable IBMS Level percentages stored in the Payout Control table.

The IBMS distribution (computed for each level) is stored in the Auctions record. In addition, the sales and distributions details are added to the Period Activity records for the upline IBMS members at each level.

Other commissions may also be payable (e.g. for the Affiliate Referral program). The Net Admin Commission payable to eOrbis will be the Selling Fee less the sum of all the IBMS and Other Commissions (if applicable).

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⁶ See “Affiliate Referral System SRD 4/03/00”
Commission distributions to each of the IBMS levels above the seller are computed according to entries in the IBMS Payout Control table (based on the specially computed Selling Fee). The Shopper Id for each level is identified using the IBMS Upline Shopper Id (and his IBMS participation code) in the Users table beginning with the seller's. The individual level amounts and Shopper Ids are stored in the Auctions record. The Level Sales and Distribution amounts for the active upline members are then added to each of those members' Period_Activity record. The Potential_IBMS_Distribution amount is also updated for each of these upline members to keep a current total of the member's potential payout.

For example, a $1,000 auction sale will produce the following:
- A Selling Fee of $100 (based on a 10% IBMS Gross Distribution Pct).
- The seller’s Period_Sales increases by $1,000 and his Period_Sales_Cnt increase by 1.
- The member who referred the seller will have his Level_1_Sales amount increased by $1,000 and his Level_1_Distribution will be increased by $18 (the $100 Selling Fee × 18% IBMS_ Lev_1_Pct). His Potential_IBMS_Distribution will also be increased by $18.
- The member who referred the Level 1 member will receive the Level 2 amounts and so on.
- If the seller is affected by the Affiliates Referral program, that commission is computed.
- Net Admin Commission is Computed by subtracting all commissions from the Selling Fees
- All of the distribution details are stored on the Auctions record.

Until final payout, the IBMS commission amounts record the potential IBMS distributions only. Some of these IBMS participant amounts will be redistributed to other members or revert back to Orbis if the member does not establish eligibility by the time the period ends.

If an intermediate IBMS tree member is not an active IBMS member, the amount for that level in the Auctions table is allocated directly back to Orbis (Shopper Id will be changed to Orbis's Id for that level). The amount that would have been allocated to the inactive member for that level is added to the same level on Orbis’s Period_Activity record.

- Finally, the normal Orbis revenue from an auction is computed (the Selling Fee minus any Affiliate and/or IBMS commissions) and stored as the Net_Admin_Commission. This amount is also added to the Period_Bonus field on Orbis’s Period_Activity record.

New Period Set-up Process

Just prior to Period End, A new Payout_Periods record is created for the next IBMS accounting period. A complete set of new Period_Activity records is also created for this new period. The Period_Activity records for the prior period are used to reproduce the Member counts at each Level for the new records. All other Count and and Amount fields are set to zero.
The Period Payout processes

After a period has closed, the IBMS payout process is run. It begins by validating the Period Sales amounts and Auction distribution amounts for each member. Any errors discovered are reported with an entry into the Payout_Errors table. Future changes may require validation of Commission points as well.

Member eligibility is then determined:

- Members who are not IBMS participants have a Payout Status of ‘Non-Member’. Non-Members receive no IBMS payout.
- Members meeting all IBMS Qualification Requirements (see page 11) have a Payout Status of ‘Eligible’. These Members receive credit for commissions accumulated during the period.
- Members who do not meet the requirements have a Payout Status of ‘Ineligible’ and receive no new commissions. The amounts indicated in their potential IBMS distribution are redistributed to their Upline Members using the Magic Money Redistribution (see page 11).
- Affiliate7 members may also have payouts for their activity.

After Eligibility has been determined, Magic Money Redistribution is performed and the Payout Total Amounts are computed. The Payout Total Amount is the sum of the Potential_IBMS_Payout plus the Magic_Distribution. For Ineligible Members, these two amounts offset each other and the net Payout Total Amount is zero.

After Payout Total Amounts have been calculated, the actual period Payments are determined. The Payout_Status is set based on the Payout_Control record for the applicable Member Type (always an Individual for IBMS members).

- If Payout_Total_Amount meets or exceeds the Payout_Threshold (e.g. $20), Payout_Status is set to ‘Payout’. This amount is reported to pay the member.
- If Payout_Total_Amount is below the Payout_Check_Threshold, Payout_Status is set to ‘Rollover’. The Payout Total Amount is transferred to the next period Period_Activity record as the Prior_Period_Rollover.
- In some cases, it may be necessary to force payment of the Rollover amount. In this case it is necessary to remove the Prior_Period_Rollover from the next period Period_Activity record and set the Payout_Status to ‘Payout’ manually.

For the Members who have a Payout_Status of ‘Payout’, the Payout Account Type and Payout Account Number (copied from their Users record or entered manually) are used to capture how the Payout is made. For example:

<table>
<thead>
<tr>
<th>Shopper</th>
<th>Payout Account Type</th>
<th>Payout Account Number</th>
<th>Payout Status</th>
<th>Payout Total Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Andy</td>
<td>Check</td>
<td>Number 101</td>
<td></td>
<td>$525.03</td>
</tr>
<tr>
<td>Bob</td>
<td>Check</td>
<td>Number 102</td>
<td></td>
<td>$253.12</td>
</tr>
<tr>
<td>Gus</td>
<td>VISA</td>
<td>9876 123456 123</td>
<td></td>
<td>$221.12</td>
</tr>
<tr>
<td>Thom</td>
<td>Cash</td>
<td>Receipt 2000-05-001</td>
<td></td>
<td>$12.35</td>
</tr>
</tbody>
</table>

Once the actual payment has been confirmed (either by printing of the Check, confirming the credit card payment or manually), the Payout_Status is change to ‘Paid’.

---

7 See “Affiliate Referral System SRD”
IBMS Qualification Requirements

For an IBMS Member to qualify to receive the commissions accumulated during the period:

- They must be enrolled in the IBMS program. Affiliate and Promotions cannot enroll.
- They must sell at least the IBMS_Sales_Threshold (e.g. $100)
- They must buy at least one auction item per period.
- They must have at least 5 members who identify them as their IBMS Upline Referrer.

Magic Money Redistribution

Once the qualification for all IBMS participants for a period has been determined, the potential payout amount for each Ineligible member is redistributed as follows:

- The Upline Referrers for the ineligible member are examined to find the up to 5 Eligible members above him. If the top of the tree is reached without finding 5 Eligible referrers, only those found will receive credit for the IBMS payout being redistributed.

  *For example, if an Ineligible member has a total of 8 members above him in the tree but only 3 are Eligible, only those 3 will receive a portion of his portion of the IBMS distributions.*

- Each of the Eligible members receives 20% of the Ineligible member’s Magic Money. If there are fewer than 5 Eligible members, eOrbis will receive the remaining portions.

The Period_Payout record for the Ineligible member will have the following entries:

- Magic_Type = P for Paid Out
- Magic_Amount = -Payout_Total_Amount e.g. -$75.00
- Magic_1_Member = Member 1 closest Upline Referrer who is Eligible
- Magic_2_Member = Member 2 next Upline Referrer who is Eligible
- Magic_3_Member = Member 3
- Magic_4_Member = Member 4 could be eOrbis (see example above)
- Magic_5_Member = Member 5 could be eOrbis (see example above)

The Period_Payout record for each Eligible member identified above will be updated as follows:

- Magic_Type = R for Received
- Magic_Amount = ++Payout_Total_Amount e.g. $15.00 will be added to its value
- Magic_1_Member = n/a not used
- Magic_2_Member = n/a not used
- Magic_3_Member = n/a not used
- Magic_4_Member = n/a not used
- Magic_5_Member = n/a not used

eOrbis could receive some of the redistributed money back. These amounts would be accumulated in the Magic_Amount on the eOrbis Period_Activity record.
IBMS Distribution and Payout Tables

Use of the Payout Control and Periods tables make it possible to automate the distribution and payout processes while allowing for future changes. They also make it possible to verify and keep the distribution and payout information for each period. The Payout Control table captures percentages and thresholds for the IBMS distribution (as well as the Affiliates rewards).

Table A-1 – Users Table (changes)

The changes to this table identify the IBMS and Affiliate structures for all Users. Italicized entry names represent pre-existing table fields. Not all fields in this table are shown.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>*** Identity</td>
</tr>
<tr>
<td>Opt3 (IBMS participant flag)</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td>Yes or No</td>
</tr>
<tr>
<td>Member_Type</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td>Payout_Control</td>
</tr>
<tr>
<td>Payout_Account_Type</td>
<td>VarChar</td>
<td>12</td>
<td></td>
<td></td>
<td>Check, Visa, MC, Cash</td>
</tr>
<tr>
<td>Payout_Account_Number</td>
<td>VarChar</td>
<td>50</td>
<td></td>
<td></td>
<td>This should be encoded</td>
</tr>
<tr>
<td>IBMS_Upline</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type ‘I’)</td>
</tr>
<tr>
<td>IBMS_Joined_On_Ts</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliate_Referrer</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type ‘A’)</td>
</tr>
<tr>
<td>Affiliate_Contract_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type ‘P’)</td>
</tr>
</tbody>
</table>

Table A-2 – Auctions Table (changes)

The changes to this table capture all payout details associated with an auction at close and payout. Italicized entries represent pre-existing table fields. Not all fields in this table are shown.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auction_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>*** Identity</td>
</tr>
<tr>
<td>Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type ‘I’)</td>
</tr>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Payout_Periods</td>
</tr>
<tr>
<td>Selling_Fee</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Net_Admin_Commission</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Affiliate_ fields</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>IBMS_Lev_1_Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>IBMS_Lev_2_Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>IBMS_Lev_3_Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>IBMS_Lev_4_Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>IBMS_Lev_5_Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>IBMS_Lev_1_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IBMS_Lev_2_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IBMS_Lev_3_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IBMS_Lev_4_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>IBMS_Lev_5_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

8 See “Affiliate Referral SRD, 4/03/00”
Table A-3 - Payout Control Table

This table identifies the amounts and percentages that control IBMS distributions and payouts.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member_Type</td>
<td>VarChar</td>
<td>1</td>
<td></td>
<td>Y</td>
<td>Affiliate, Promotion, Individual</td>
</tr>
<tr>
<td>Affiliates__fields</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution_Type</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td>$bms, Normal</td>
</tr>
<tr>
<td>IBMS_Sales_Threshold</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>$100.00</td>
</tr>
<tr>
<td>IBMS_Gross_Commission_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td>10.0000%</td>
<td></td>
</tr>
<tr>
<td>IBMS_Kitty_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td>6.0000%</td>
</tr>
<tr>
<td>IBMS_lev_1_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td>18.0000%</td>
</tr>
<tr>
<td>IBMS_lev_2_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td>9.0000%</td>
</tr>
<tr>
<td>IBMS_lev_3_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td>6.0000%</td>
</tr>
<tr>
<td>IBMS_lev_4_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td>9.0000%</td>
</tr>
<tr>
<td>IBMS_lev_5_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td>18.0000%</td>
</tr>
<tr>
<td>Normal_1_Min_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>0.00</td>
</tr>
<tr>
<td>Normal_1_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal_2_Min_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal_2_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal_3_Min_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal_3_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal_4_Min_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal_4_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal_5_Min_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Normal_5_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payout_Check_Threshold</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>$20.00</td>
</tr>
</tbody>
</table>

---

9 See “Affiliate Referral SRD, 4/03/00”
**Table A-4 – Payout_Periodes Table**

This table identifies the status and duration of an IBMS payout period.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>*** Identity</td>
</tr>
<tr>
<td>Period_Name</td>
<td>VarChar</td>
<td>50</td>
<td></td>
<td></td>
<td>eg. 'January 2000'</td>
</tr>
<tr>
<td>Period_Status</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td>Active, Ended, Closed</td>
</tr>
<tr>
<td>Period_StartDt</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_EndDt</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table A-5 – Payout_Errors Table**

This table captures error messages for a User during an IBMS Payout Period.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Index</td>
<td>Payout_Periodes</td>
</tr>
<tr>
<td>Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Auction_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Auctions</td>
</tr>
<tr>
<td>Error_Message</td>
<td>VarChar</td>
<td>255</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stored_Amount</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Computed_Amount</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table A-6 – Promotion_Deployment Table**

This table captures the Deployment of Promotions to Affiliates and Individuals, and logs the recruitment emails that are sent using the email generator.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type ‘P’)</td>
</tr>
<tr>
<td>Deployed_To_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type ‘A’ or ‘I’)</td>
</tr>
<tr>
<td>Deployment_Dt</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Deployment_Type</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td>Email, URI or I con</td>
</tr>
<tr>
<td>Login_Shopper_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type ‘I’)</td>
</tr>
<tr>
<td>Email_Id</td>
<td>VarChar</td>
<td>50</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email_Text</td>
<td>VarChar</td>
<td>255</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table A-6 – Period Activity Table

This table captures all payout distribution details for a User for an IBMS Payout Period.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>Payout_Periods</td>
</tr>
<tr>
<td>Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>Users</td>
</tr>
<tr>
<td>IBMS_Upline</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>IBMS_Participant_Flag</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td>Y es or No</td>
</tr>
<tr>
<td>IBMS_Joined_On Ts</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prior_Period_Rollover</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Sales_Amount</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Purchases_Cnt</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Qualification</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Bonus</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Direct_Referrals</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_1_Member</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Level_1_IBMS_Members</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_1_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_1_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_2_fields</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_3_fields</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_4_fields</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_5_fields</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Potential_IBMS_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Magic_Type</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td>R c e i v e d or P aid</td>
</tr>
<tr>
<td>Magic_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>negative for paid out amounts</td>
</tr>
<tr>
<td>Magic_1_Member</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (null for received)</td>
</tr>
<tr>
<td>Magic_2_Member</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (null for received)</td>
</tr>
<tr>
<td>Magic_3_Member</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (null for received)</td>
</tr>
<tr>
<td>Magic_4_Member</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (null for received)</td>
</tr>
<tr>
<td>Magic_5_Member</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (null for received)</td>
</tr>
<tr>
<td>Payout_Status</td>
<td>VarChar</td>
<td>12</td>
<td></td>
<td></td>
<td>Paid, Rollover, Ineligible</td>
</tr>
<tr>
<td>Payout_Total_Amount</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payout_Account_Type</td>
<td>VarChar</td>
<td>12</td>
<td></td>
<td></td>
<td>Visa, Amex, Check</td>
</tr>
<tr>
<td>Payout_Account_Number</td>
<td>VarChar</td>
<td>50</td>
<td></td>
<td></td>
<td>Card Number (encoded)</td>
</tr>
</tbody>
</table>
**eOrbis IBMS Member Type Relationships**

**Logical Relationships to Support IBMS**

**B-1 – Individual Relationships.**

1. Individuals refer other individuals.
2. Individuals participate in distributions of monies (payout).
3. Not all individuals in a referral structure need to be participants. Individual 6, for example, is referred by Individual 3 and refers Individual 7 but declines to participate. If he joins at a later date, his position in the structure is pre-determined.
**IBMS used with the Affiliate Referral Sub-System**

**C-1 – Direct (Manual) Referral**

1. If the member is new, they use the regular registration process. There are no “links” to click.
2. If the member exists, they will use Services/Update Account Information to join IBMS.
3. User elects to participate in IBMS by checking the block, they are presented with an opportunity to view the “About IBMS” flash and the IBMS Member Agreement.
4. If the IBMS_Upline block is blank, they can enter an IBMS_Upline that may have been given to them.
5. IBMS_Upline is not a required field. If they do not have one, they become Top Dog of their own “branch” or “line”.

**NOTE:** IBMS_Upline Referral Id CAN NOT be modified after a member has joined IBMS.

**C-2 – Automated Referrals (Promotions and Emails).**

1. All IBMS Promotions are registered as eOrbis members using the Admin Console special registration functions.
2. When a Promotion is distributed to an Affiliate (i.e., a Banner Ad on Company X), OR when an Email is sent, the properties of the promotion or email will contain a specially qualified URL, indicating the referring entity (Affiliate or Individual) and the promotion id. Example:

   ![URL Example]

   (a) The URL parameters RID=BOB456 and PID=12345 will be stored in a temporary parameters table.
   (b) The user will be taken to the new IBMS Greeting Page, where they can choose to view the IBMS flash animation and register. They may browse the site at their leisure.
   (c) If they choose to register,
      (i) The RID value is examined to determine whether it is a registered, active member.
      (ii) If it is an Affiliate, the Affiliate Referrer id is preset. This is not displayed, nor can it be changed by the member
      (iii) If it is an Individual, IBMS_Upline will be preset with BOB456. The new member is inserted into the IBMS tree structure, and initially flagged as a non-member. The user cannot change this preset value. If they choose to become a member of IBMS during this session, they will be so marked. If they become an IBMS member during a later session, they will not be able to modify their IBMS_Upline referrer.
      (iv) If the value is not an active Affiliate or Individual neither the Affiliate_Referrer nor the IBMS_Upline are preset, and the RID reference is ignored.
   (d) the PID value is examined to determine whether it is a registered Promotion
      (i) If it is a Promotion, the Promotion Id is preset. This is not displayed, nor can it be changed by the member
      (ii) If the value is not a Promotion, the Promotion Id is unset.
   (e) Counters for any Affiliate and/or IBMS_Upline are incremented as required.

---

10 Rules are excerpted here for overall functional clarity. See “Affiliate Referral SRD 4/03/00” for complete explanations covering referral types.
Requirements for New and Existing Pages to Support IBMS Membership

D-1 – Add to main REGISTRATION page, (right hand column).

1. IBMS_Participant_Flag (Opt3 on Users record)
   
   Learn More is the link to "About IBMS" flash.

2. IBMS_Upline (Shopper Id for the User_Name entered is stored)
   
   I was referred by: ____________________________

D-2 – Add to REGISTRATION DATA REVIEW page. (The “data confirmation” page).

1. If IBMS_Participant_flag (Opt 3) = "Y"
   
   Display IBMS-member-agreement link instead of Standard member agreement link.

2. Switch to new page, and display this message:
   
   A registration email containing your validation code will be sent to the email address you have entered. To complete your registration, you must return to the eOrbis site and enter your validation code, or click the link in the registration email.

D-3 – Add to SERVICES / PROFILE MAINT page.

1. Add to “Update Account Information” section

   Display IBMS-member-agreement link.

2. Display the IBMS_Upline entry block.
   
   I was referred by: ____________________________

   If IBMS_Upline is blank, allow entry of an IBMS_Upline
   Otherwise, display the value and do not allow change.

D-4 – Create an Email Generator service.

1. Add this new function to the SERVICES section of the eOrbis site.

2. Require login to use this new service.

3. Valid member is taken to the Email Generator page. If they are not Authorized to create Affiliate entries, they will not see the Affiliate entry.

4. For Authorized Users, an Affiliates Id entry is available for non-IBMS use11.

5. Require selection of a Prepared Message from one of three messages OR Selection of a “Custom Message” and enter a text message in the entry block.

6. Enter from one to ten target Email ID’s in the ID blocks. Require at least one.

---

11 See “Affiliate Referral SRD, 4/03/00”
7. Include a link to the Spamming Policy at the bottom of the page.
8. Hit the GO button.
9. The system should generate one email per ID, including the selected text, and embedding a hyperlink as follows in each email message:

   //http://www.eorbis.com/%IID=ABC999

   where ABC999 is the Shopper id of the logged in member.

10. The system should log the instance of each use, including the text message, member_ID, datetime, and target email ID's in the Promotion_Deployment table.
11. The system should provide onscreen acknowledgement of success or failure of the execution of this service. Provide error message feedback if failed.
12. When a target email recipient clicks on the hyperlink in the received email, the system should operate as explained under "Automated Referrals".

Diagram 1 – Sample Email Generator page.

MEMBER: ABC999
AFFILIATE: 

Email 1
Email 2
Email 3
Email 4
Email 5
Email 6
Email 7

MSG 1 Welcome to the best thing since sliced bread……
MSG 2 Bienvenidos to the best thing since masa tortillas……
MSG 3 Bienvenidos to the best thing since unleavened pita……
MSG 4 (Your message goes here…keep it clean)

Read Our Anti-Spamming Policy....
1. Add this new function to the SERVICES section of the eOrbis site.
2. Require login to use this new service.
3. Valid members are taken to the Banner & Buttons Generator page. If they are not Authorized to create Affiliate entries, they will not see the Affiliate entry.
4. For Authorized Users, an Affiliates Id entry is available for non-IBMS use[12].
5. Require selection of a Prepared Banner from one of three Banners OR Selection of one of three Buttons (Icons).
6. Enter from one to ten target Email ID’s in the ID blocks. Require at least one.
7. Include a link to the Spamming Policy at the bottom of the page.
8. Hit the GO button.
9. The system should generate one Banner or Button per email ID, embedding the hyperlink below in the images properties, and attaching the selected image to each email message:

   //http://www.eorbis.com/%AID=ABC999%PID=99999

   where ABC999 is the Shopper id of the Affiliate (or the logged in member if the Affiliate is not entered)
   and 999999 is the Shopper id of the Promotion for the selected banner or icon

[12] See “Affiliate Referral SRD, 4/03/00”
10. The system should log each instance of use, including the banner or button number, member_ID, datetime, and target email ID's in the Promotion_Deployment table.

11. The system should provide onscreen acknowledgement of success or failure of the execution of this service. Provide error message feedback if failed.

12. When a target email recipient receives the image, they will deploy it on their site. When a site visitor clicks on the image, the system should operate as explained under “Automated Referrals”.
**EObis Affiliate Referral Functional Design**

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Overview and General Vision

The Affiliate Referral System will provide the ability to track member referrals in order to provide referral counts as a measure of effectiveness of the source of the referral. A referring entity can be a registered member of the eOrbis.com site, any affiliated website or company, or any designated partner, vendor or entity. In fact, a referring entity can be an advertisement or a campaign that offers an inducement for registering, thereby providing a simple mechanism to measure the effectiveness of the ad. In most cases, the referring entity will be a normal, human member of the eOrbis community. Nevertheless, a new field—Member_type—will be added to Orbis Member database to track different types of referring entities. In the future this could support different types of compensation programs.

In addition to maintaining the connections between referring entities, the system will be able to aggregate and count the membership registration volume of each referring entity, resulting in a measure of effectiveness when ranked against other referring entities. In addition, there are two classes of affiliates that can participate in the Affiliate Referral program, sharing a percentage (or commission) of the referred registrant selling fees. A Master Affiliate may have one level of sub-affiliate. A gross commission as a percentage may be split in any ratio between the two related affiliates, so long as the maximum percentage does not exceed that percentage stated as the contract percent of the master affiliate.

In the future, the nature of compensation for referring entities may change. Therefore, our design will include a “points” system of measuring referral success. By using points, different forms of compensation may be assigned to different types of referring entities. By redeeming points, referring members may get online credits towards discount shipping, free premier auction upgrades, free auctions, or other forms of credit-based compensation, while referring websites may get credit towards discount banner advertising or cash compensation. Promotion-type referring entities, such as eOrbis banner ads running on commercial search engines, would gain no compensation, but would accrue points in proportion to the volume of new member registrations. This “sub-system” is particularly powerful when coupled with Incentive Based Marketing systems.¹

How it Works

To support this system, several new data fields will be added to the member records database:

- The “Referring Member” field will contain the Member_Name of the entity that referred each user. This means that member records must also be created for affiliated websites, ad campaigns or any other non-human entity that may be a referring entity. If the “referring member” field is empty, the affiliate is considered a master affiliate. If a current affiliate’s “referring member” field has a valid affiliate ID in it, the current affiliate is considered involved in a Master/Sub-affiliate relationship, and is considered the sub-affiliate.

- Accumulators (counts) will be maintained for all successful referrals as follows:
  o Count of referrals by Affiliate alone
  o Count of referrals by Promotion and Individual
  o Count of referrals of Affiliate and Promotion

- The “Member_type” field will designate the type of Member and may contain
  o “A” for a participating Affiliate member
  o “I” for an Individual person Member
  o “P” for a Promotion, such as a banner ad or other marketing entity

¹ See “Incentive Based Marketing System SRD 4/03/00”
**Member Management Features**

Each registered member (or non-human affiliated referring entity) will log into a Member management screen to see a count of his or her referrals. The management screen will also display the net change in the current month of the referral count and program-to-date counts. The screen could display the current balance in the Member’s points account if this approach is implemented. Affiliates and Individuals could also see a report listing the effectiveness of these various banner ads and other registered promotions.

A variety of management reports may be defined and created for internal use in order to track the success of the system. At a minimum, it is envisioned that eOrbis Management reports would include:

- New Members registering with a referral ID
- Top 100 Referring entities by number of new members
- 10 Fastest growing referring entities
- Commission owed by referrer
- Revenue generated by affiliate or promotion manual referrals
- Revenue generated by affiliate or promotion automated referrals
- Top 10 performing affiliates
- Bottom 10 performing affiliates

**Auditing Capabilities**

The Affiliate Referral System will have internal auditing capabilities. During each period, the details of each referral will be stored. Using an audit trail, the system will be able to trace each new member’s referring entity.
eOrbis Affiliate Referral Functional Design

The Member Enrollment processes

As new Individual members are added to the Users table, if they have an Affiliate Referrer, the Referral count entry is incremented for the active Referring Affiliate (or Sub-Affiliate). The User_Ts (the date and time the user joined) is set to reflect the date and time the member joined.

This is separate from an Incentive Based Marketing upline referrer and may be separately credited.

If the member entered the registration page using a URL, the Affiliate Referrer ID, Promotion ID and/or Individual Referrer ID² (as applicable) are stored in the Users record. The Direct Referrals counts are incremented in the associated referring member’s Period_Activity records. A single Individual could be referred by all three entities (for example, a friend (Id ‘JOE’, Type ‘1’) could refer him through the ‘TOPDOG’ Affiliate who used the ‘BLUEGIFF’ Promotion).

Affiliate Distribution Process

Commissions are distributed to Affiliates for all closed auctions run by members who are referred to eOrbis by an Affiliate or Sub-Affiliate with an applicable contract. The distribution is based on the Affiliate_Referrer in the Users table for the Shopper (or Individual) who ran the Auction.

For those Affiliates and Sub-Affiliates who participate in the commissions program (i.e., their contract percent is greater than zero) commissions are computed as follows:

- If the Affiliate_Referrer has no Sub-affiliate (i.e. he is a master Affiliate), the commission is calculated using the contract percentage for the Affiliate against the standard selling fees for all Individuals referred by the Affiliate, per period.

- Otherwise, if the Affiliate Referrer is a sub-affiliate, commissions are calculated as follows:

  - the Sub-Affiliate’s commission is calculated using the contract percentage for the Sub-Affiliate against the standard selling fees for all Individuals referred by the Affiliate, per period. The Sub-Affiliate’s contract percentage represents a portion of the master Affiliate’s contract percentage.

  - the master Affiliate’s commission is calculated using the contract percentage for the master Affiliate against the standard selling fees for all Individuals referred by the Affiliate, per period, and subtracting the Sub-Affiliate’s portion of the commission (as calculated above).

New Period Set-up Process

Just prior to Period End, a new Payout_Period record is created. A complete set of new Affiliate_Activity records is also created for the new period. The Affiliate_Activity records for the prior period are used to reproduce the total Member counts at each Level for the new records. All other Count and and Amount fields are set to zero.

Period Payout Process

After a Period ends, all of the counts and amounts are validated against the overall members who joined during the period. Errors are captured in the error table and the total Payout amounts are recorded in the Period_Activity table for each Affiliate member.

² See “Incentive Based Marketing System SRD 4/03/00”
Figure 1 – Affiliate Referral Tables and Processes
**Affiliate Referral Tables**

Use of the Payout_Control and Payout_Periods tables make it possible to automate the distribution and payout processes while allowing for future changes. They also make it possible to verify and keep the distribution and payout information for each period. The Payout_Control table captures percentages and thresholds for the Affiliates rewards and commissions.

**Table A-1 – Users Table (changes)**

The changes to this table identify the Affiliate Referral and Affiliate structures for all Users. Italicized entries represent pre-existing table fields. Not all fields in this table are shown.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>*** Identity</td>
</tr>
<tr>
<td>Member_Type</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>User_Ts</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type 'A')</td>
</tr>
<tr>
<td>Affiliate_Referrer</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type 'P')</td>
</tr>
<tr>
<td>Affiliate_Contract_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promotion_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table A-2 – Auctions Table (changes)**

The changes to this table capture all Affiliate referral payout details associated with an auction at close and during final period payout. Italicized entries represent pre-existing table fields. Not all fields in this table are shown.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Auction_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>*** Identity</td>
</tr>
<tr>
<td>Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type 'I')</td>
</tr>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>IBMS_Periods</td>
</tr>
<tr>
<td>Affiliate_1_Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Affiliate_1_Contract_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliate_2_Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Affiliate_2_Contract_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Selling_Fee</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net_Admin_Commission</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliate_1_Payout</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Affiliate_2_Payout</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Table A-3 – Payout_Control Table**

This table identifies the amounts and percentages that control commissions and payouts.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member_Type</td>
<td>VarChar</td>
<td>1</td>
<td></td>
<td>Y</td>
<td>Affiliate, Promotion, Individual</td>
</tr>
<tr>
<td>Affil_Lev_1_Reward</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payout_Threshold</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>$20.00</td>
</tr>
<tr>
<td>Distribution_Type</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td>Affiliate, etc</td>
</tr>
<tr>
<td>Commission_Pct</td>
<td>Number</td>
<td>9</td>
<td>6</td>
<td></td>
<td>10.0000%</td>
</tr>
<tr>
<td>Normal_1_Min_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>$100.00</td>
</tr>
</tbody>
</table>
### Table A-4 — Payout_Periods Table

This table identifies the status and duration of each specific payout period.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>*** Identity</td>
</tr>
<tr>
<td>Period_Status</td>
<td>VarChar</td>
<td>1</td>
<td></td>
<td>Y</td>
<td></td>
</tr>
<tr>
<td>Period_Start_Dt</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_End_Dt</td>
<td>DateTime</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Table A-5 — Period_Activity Table

This table captures all Affiliate Referral payout details for a User for a Payout Period.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>IBMS_Periods</td>
</tr>
<tr>
<td>Shopper_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>Users</td>
</tr>
<tr>
<td>Affiliate_Referrer</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Prior_Period_Rollover</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Sales_Amount</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Purchases_Cnt</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Qualification</td>
<td>Char</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Period_Bonus</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td>for future expansion</td>
</tr>
<tr>
<td>Period_Direct_Referrals</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_1_Members</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_2_Members</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_1_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_2_Sales</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_1_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Level_2_Distribution</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payout_Status</td>
<td>VarChar</td>
<td>12</td>
<td></td>
<td></td>
<td>Paid, Rollover, Ineligible</td>
</tr>
<tr>
<td>Payout_Total_Amount</td>
<td>Number</td>
<td>19</td>
<td>2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payout_Account_Type</td>
<td>VarChar</td>
<td>12</td>
<td></td>
<td></td>
<td>Visa, Amex, Check</td>
</tr>
<tr>
<td>Payout_Account_Number</td>
<td>VarChar</td>
<td>50</td>
<td></td>
<td></td>
<td>Card Number</td>
</tr>
</tbody>
</table>

### Table A-6 — Payout_Errors Table

This table captures error messages for a User during a Payout Period.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Period_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td>Y</td>
<td>IBMS_Periods</td>
</tr>
<tr>
<td>Shopper</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users</td>
</tr>
<tr>
<td>Auction_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Auctions</td>
</tr>
<tr>
<td>Error_Message</td>
<td>VarChar</td>
<td>255</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table A-7 – Promotion_Deployment Table

This table captures the Deployment of Promotions to Affiliates and Individuals, and emails used as a recruiting tool.

<table>
<thead>
<tr>
<th>Column Name</th>
<th>Data Type</th>
<th>Length</th>
<th>Decimals</th>
<th>Key?</th>
<th>Lookup</th>
</tr>
</thead>
<tbody>
<tr>
<td>Promotion_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type 'P')</td>
</tr>
<tr>
<td>Deployed_To_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td>Users (Type 'A' or 'I')</td>
</tr>
<tr>
<td>Deployment_Dt</td>
<td>Date/Time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Login_Shopper_Id</td>
<td>Integer</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Email_Id</td>
<td>VarChar</td>
<td>50</td>
<td></td>
<td></td>
<td>Users (Type 'I')</td>
</tr>
<tr>
<td>Email_Text</td>
<td>VarChar</td>
<td>255</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Logical Relationships to Support Affiliate Referral

B-1 – Affiliate and Promotion Relationships.

1. Affiliates can refer Individuals (under the Affiliates Referral program).
2. When referrals occur, counters are kept for the Affiliate to determine possible compensation.
3. Promotions do not participate in an Affiliate Referral distribution of monies.
4. Affiliates can sponsor promotions although a promotion can also be unsponsored.
5. Several Affiliates can use a specific Promotion (hence multiple deployment).
6. An individual may or may not use a Promotion to link to Orbis for registration.
B-2 – Individual Relationships.

1. Affiliates can refer other Affiliates (making them Sub-Affiliates).
2. Affiliates or Sub-Affiliates can refer Individuals.
3. Individuals can refer other Individuals.
4. Not all Individuals in a referral structure are referred directly by an affiliate. Even if an Affiliate referred one Individual (e.g. Individual 3, shown below), the Affiliate does not get credit for another Individual referred by the direct referral (e.g. Individual 4, shown below).

---

3 See “Incentive Based Marketing System SRD 4/03/00”
Referral Types for the Affiliate Referral program

C-1 – Direct (Manual) Referral

1. If the member is new, they use the regular registration process. There are no “links” to click. No Affiliate is given credit for these members.

C-2 – Automated Referrals (Promotions and Emails).

1. All the Affiliates and Promotions for the Affiliates Referral program are registered as eOrbis members using the Admin Console special registration functions. The use of a Promotion by an Affiliate is also stored in the Promotion_Deployment table.

2. When a Promotion is distributed to an Affiliate (i.e., a Banner Ad on El Universal), OR when an Email is sent, the properties of the promotion or email will contain a specially qualified URL, indicating the referring entity (either an Affiliate or Individual) and the Promotion id. Example:

   //http://www.eorbis.com/Affiliate Referral greeting.html?%AID=BOB456%PID=12345

1. The URL parameters AID=BOB456 and PID=12345 will be stored in a temporary parameters table.

2. The user will be taken to the new Affiliate Referral Greeting Page, where they can choose to view the Affiliate Referral flash animation and register. They may browse the site at their leisure.

3. If they choose to register,
   a. the AID value is examined to determine whether it is an Affiliate or an Individual
      • If it is an Affiliate Id, the Affiliate Referrer Id is preset. This is not displayed, nor can it be changed by the member
      • If it is an Individual Id, it is used for IBMS referral purposes.
      • If the AID value is not an Affiliate Id or an Individual Id, neither program is credited with the referral.
   b. the PID value is examined to determine whether it is a Promotion
      • If it is a Promotion, the Promotion Id is preset. This is not displayed, nor can it be changed by the member
      • If the value is not a Promotion, the Promotion Id is unset.

4. Counters for any Affiliate and/or Promotion Activity are incremented as required.

\[See \text{"Incentive Based Marketing System SRD 4/03/00"}\]
**Requirements for New and Existing Pages to Support Affiliate Referral Referrals**

**D-1 – Create a new Admin Console based REGISTRATION for Affiliates and Promotions.**

**Note:** Either create one or two versions of special registration to accomplish the following:

1. Add a Member_Type field. Allow “A” and “P” only.
2. If Member_Type = “A” (affiliate)
   - Require Company Name
   - Modify First/Last name fields to be Contact First Name, Contact Last Name
   - Permit and Validate “Affiliate Referrer” for Sub-Affiliates against Users table and ensure the Referrer exists and has a Member_Type = “A”. Also:
     - Validate that the Affiliate_Contract_Pct is less than the master Affiliate’s Contract Pct (since Sub-Affiliates should only receive a portion of it).
   Otherwise If Member_Type = “P” (promotion)
   - Permit and Validate “Affiliate Member ID” against Users table to ensure it exists and has a Member_Type = “A”.
     - This permits the Promotion to be owned by a specific Affiliate. This also creates a Promotion_Deployment entry.
   - DO NOT require email/address/city/state/country/zipcode info.
   - Add a Deployment section to permit entry of multiple Shopper Ids in the Promotion_Deployment table.

**Note:** eORBIS can be registered as an Affiliate for generic promotion development.

**D-2 – Create a Promotion Deployment registration function.**

1. Add this new function to the SERVICES section of the eOrbis site.
2. **Require** login to use this new service. Log use of the service. Only selected members will be permitted to generate Promotion Deployments.
3. Valid member is taken to the Promotion Registration page which permits entry of Promotion Id. There will be an ‘Affiliates Only’ button (preset) to constrain the use of this screen to Affiliate Id’s only.
4. **Require and Validate** the entry of up the Promotion Id against the Users table to ensure they exist and have a Member_Type = “P”.
5. **Permit and Validate** the entry of up to 20 Member Ids against the Users table to ensure they exist and have a Member_Type = “A” or “T”. If the ‘Affiliates only’ button is set, Individual Ids will not be accepted.
6. When the “GO” button is pressed, each of the Member Ids creates an entry in the Promotion_Deployment table.
7. The Deployed_To_Id entries will be set to the Ids entered while the Login_Shopper_Id is set to the member who is logged on (and deploying the promotion).
### Diagram 1 – Promotion Deployment page.

**member:** ABC999  
**Promotion:** __________

**Members:**

<table>
<thead>
<tr>
<th>Member 1</th>
<th>Member 2</th>
<th>Member 3</th>
<th>Member 4</th>
<th>Member 5</th>
<th>Member 6</th>
<th>Member 7</th>
<th>Member 8</th>
<th>Member 9</th>
<th>Member 10</th>
<th>Member 11</th>
<th>Member 12</th>
<th>Member 13</th>
<th>Member 14</th>
<th>Member 15</th>
<th>Member 16</th>
<th>Member 17</th>
<th>Member 18</th>
<th>Member 19</th>
<th>Member 20</th>
</tr>
</thead>
</table>

**D-3 – Create an Email Generator Service.**

1. Add this new function to the SERVICES section of the eOrbis site.
2. **Require** login to use this new service. Log use of the service. Only selected members will be permitted to generate E-mail for an Affiliate Id (although they can for an Individual Id).
3. Valid member is taken to the Email Generator page. If they are not Authorized to create Affiliate entries, they will not see the Affiliate entry.
4. For Authorized Users, **Permit and Validate** the Affiliates Id against the Users table to ensure it exists and has a Member_Type = "A". This entry can be left blank for Authorized Users.
5. **Require** selection of a Prepared Message from one of three messages OR
6. Selection of a “Custom Message” and enter a text message in the entry block.
7. **Enter** from one to ten target Email ID’s in the ID blocks. **Require** at least one.
8. Include a link to the Spamming Policy at the bottom of the page.
9. Hit the GO button.
10. The system should generate one email per ID, including the selected text, and embedding a hyperlink as follows in each email message:
    
    /http://www.eorbis.com/%AID=ABC999
    
    where ABC999 is the Shopper id of the Affiliate (or the logged in member if the Affiliate is not entered)

11. The system should log the instance of each use, including the text message, member_ID, datetime, and target email ID’s in the Promotion_Deployment table.
12. The system should provide onscreen acknowledgement of success or failure of the execution of this service. Provide error message feedback if failed.
13. When a target email recipient clicks on the hyperlink in the received email, the system should operate as explained under “Automated Referrals”.

---

**B-12**
D-5 - Create Banners and Buttons Generator service.

1. Add this new function to the SERVICES section of the eOrbis site.
2. Require login to use this new service. Log use of the service.
3. Valid member is taken to the Banner & Buttons Generator page. If they are not Authorized to create Affiliate entries, they will not see the Affiliate entry.
4. For Authorized Users, Permit and Validate the Affiliates Id against the Users table to ensure it exists and has a Member_Type = "A". This entry can be left blank for Authorized Users.
5. Require selection of a Prepared Banner from one of three Banners OR
6. Selection of a one of three Buttons (Icons).
7. Enter from one to ten target Email ID’s in the ID blocks. Require at least one.
8. Include a link to the Spamming Policy at the bottom of the page.
9. Hit the GO button.
10. The system should generate one Banner or Button per email ID, embedding the hyperlink below in the images properties, and attaching the selected image to each email message:

```
//http://www.eorbis.com/?AID=ABC999%PID=999999
```

- Where ABC999 is the Shopper id of the Affiliate (or the logged in member if the Affiliate is not entered)
- And 999999 is the Shopper id of the Promotion for the selected banner or icon
11. The system should log each instance of use, including the banner or button number, member_ID, datetime, and target email ID's in the Promotion_Deployment table.
12. The system should provide onscreen acknowledgement of success or failure of the execution of this service. Provide error message feedback if failed.
13. When a target email recipient receives the image, they will deploy it on their site. When a site visitor clicks on the image, the system should operate as explained under "Automated Referrals".

Diagram 3 – Sample Banner Generator page.

Changes to Existing Processes to Support Affiliate Referral

E-1 – Change to all "secure processes", such as Posting and Bidding.
   a. All execution of "secure processes" is allowed by Individuals only, that is, by Shopper_Type = "I", which is to say that "A" (affiliates) and "P" (promotions) may not execute secure processes.

E-2 – Change to "Session Variable storage":
   a. From an affiliate site, banner Ad or other promotion, store the inbound URL with the Referrer_ID in a temporary table in hopes of using it as part of an Affiliate Referral enrollment during the session.
The Incentive Based Marketing System (IBMS) is a new Internet relationship marketing program created by eOrbis.com that gives its members an opportunity to generate revenue by selling auction items and referring other members to do the same.

With a worldwide market available to you and your referrals, you will see your e-commerce business grow.

IBMS was created to help persons build their own successful e-business on the web.

Utilizing proven networking techniques, IBMS is an innovative system that empowers persons in any part of the world to use the Internet to develop their own business opportunities.

eOrbis.com members will be able to establish online auctions and, by becoming IBMS members, recommend others to do the same. When an IBMS member referred by you sells something (anything) on the site, a percentage of the selling fee goes to you. IBMS costs nothing to join, allows for the sale of any non-prohibited products, and will pay commissions to its members down to 5 levels of referrals.

The process for becoming a member of IBMS is easy:
1. Go to www.eOrbis.com
2. Click on the Login/Register button
3. Click on "New Customer click here to Register".
4. Fill out the required information, and check the box that says: "I would like to be a participant in the Incentive Based Marketing Program."
5. Fill in the member ID of the person who referred you:  

In order to make your business successful, IBMS members commit to the following:
1. Register a minimum of 5 people on your first level (a one time requirement).
2. Sell $100 in auctions per month.
3. Make one successful bid per month (any amount).
4. Teach others how to take advantage of the opportunity!
eOrbis.com has developed a program that blends the best of the Internet and its possibilities with the awesome power of relationship marketing. Utilizing proven networking techniques, IBMS is an innovative system that empowers persons in any part of the world to use the Internet to develop their own business opportunities. eOrbis.com members will be able to establish online auctions, and by becoming IBMS members, recommend others do the same. When an IBMS member referred by you sells something (anything) on the site, a percentage of the selling fee goes to you. IBMS costs nothing to join, allows for the sale of any non-prohibited products, and will pay commissions to its members down to 5 levels of referrals.

IBMS Features:
- IBMS allows you to auction whatever you want to a worldwide market
- IBMS allows you to create referral income.
- Empowers anyone who desires to participate in the Internet revolution.
- Is FREE!
- There is nothing to purchase, no upfront investment, so it's a no risk opportunity.
- The only time you pay a fee is when you sell something. The selling fee for IBMS items is 10%.

It is super easy to get started under the IBMS program. Simply go to the eOrbis.com registration page, entering the member ID number of the person who referred you. Browse the categories, and think about what you'd like to sell, post your items for sale, and tell everyone you know about your items on the Internet.

Conditions of IBMS are:
1. Register under the IBMS program on the Registration page, entering the member ID of the person who referred you.
2. Register five people on your first level (a one time requirement).
3. Sell $100 (of anything you want) in auctions per month.
4. Make one successful bid per month (any amount).
5. Teach others how to take advantage of the IBMS opportunity.
6. You can go from being a regular member to an IBMS member, but not the reverse.

How IBMS works:
- 40% of IBMS selling fees go to eOrbis.com.
- 60% of IBMS selling fees go to IBMS members.
- The 60% of total IBMS selling fees becomes 100% of IBMS compensation for the relationship marketing plan.
- When you register your five people, and they in turn register five and so on, the compensation you receive and the number of persons at each level is as follows:
<table>
<thead>
<tr>
<th>Level</th>
<th>Payout Percentage</th>
<th>Number of Persons</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>30%</td>
<td>5</td>
</tr>
<tr>
<td>Level 2</td>
<td>15%</td>
<td>25</td>
</tr>
<tr>
<td>Level 3</td>
<td>10%</td>
<td>125</td>
</tr>
<tr>
<td>Level 4</td>
<td>15%</td>
<td>625</td>
</tr>
<tr>
<td>Level 5</td>
<td>30%</td>
<td>3,125</td>
</tr>
<tr>
<td>Total:</td>
<td></td>
<td>3,905</td>
</tr>
</tbody>
</table>

As of June 1, 2000, the site will have a user console for each IBMS member. At any given time, you’ll be able to see exactly where you stand. It will tell you:

- Downline to 5 levels
- Sales volume per level
- Commission per level
- Registered members in your tree
- Your qualifying information

Another very important feature of IBMS is that if someone in your downline doesn’t qualify, the referral income they would have received for the month is evenly divided and split 5 levels up.
Be An IBM Sales rep

Do you have products to sell?
- Find an item you're familiar with, can identify with, and enjoy working with.
- Consider capitalizing on a hobby.
- Check out flea markets, craft shows, and garage sales.
- Identify the top 25 items in your home that you'd put on a table to sell or get rid of if you were having a garage sale.
- Do you sell Avon, Mary Kay, or any MLM products?
- Look into closeout companies.
- Check out www.boypp.com (Business Opportunity Yellow Pages).
- Do you own a company with inventory? Who do you know that does?
- What do you enjoy buying?

Have you purchased anything online? Do you know how online auctions work?
- Familiarize yourself with the eOrbis.com site, and what it can do for you. Buy an item, and become familiar with the transaction process: bidding, follow-up emails with buyers and sellers, exchanging addresses to facilitate the exchange of money and merchandise.
- Spend time on the Internet. Check out what other auction sites are doing and how they work. Find out who's buying and selling. Check out what a particular item is selling for. This helps you determine what will sell, what to charge, what's selling well, and what to buy that has a good market.
- Buy from others and establish relationships. Every seller is a potential buyer, and every buyer is a potential seller.
- Decide your best time of day for working on the Internet. Use part of that time to track buyers and sellers.
- Monitor the competition. Avoid their mistakes, and learn from their successes. Duplicate what works!

Who do you know? Make lists of potential sellers for your downline, but also potential buyers!
- Relatives: parents, grandparents, stepparents, sisters, brothers, uncles, aunts, cousins, children, and stepchildren.
- Professionals: dentist, physician, minister, lawyer, accountant, veterinarian, optometrist, chiropractor, congresspersons, pharmacist, professor, teacher, surgeon, podiatrist, dental hygienist, physical therapist, interior decorator, florist, artist, author, publicist, nurse, hairstylist, insurance agent, builder.
- Who sold us our house, car, boat, pool supplies, motorcycle, motor home, clothes, jewelry, shoes, bikes, furniture, appliances, office supplies, office equipment, computer, cell phone, bedding, window treatments, stereo, entertainment system, hot tub, spa and bath products, health and beauty products, antiques, art supplies, candles, silk plants, dishes, landscape materials, ceramics, collectibles, pots and pans, construction materials, tanning sessions, books, coffee.
- People you admire and respect.
- Business associates and co-workers.
• Who are the top 100 people you know with crafts, mom and pop stores, specialty stores, MLM businesses, and artist talents?

Build Long-term, lasting relationships.
• Ask questions, then listen. Showing sincere interest in people draws them to you. If you are really listening, then you’ll hear what’s missing in their lives.
• Speak kind words. By offering a kind word or helping hand, you set yourself apart. People need praise and support.
• Genuinely care about others. People know if you truly, sincerely care about their interests and well being by the things you do and say. People don’t care how much you know until they know how much you care. When you help others succeed, you win.
• Set high standards.
• Share.
• Trust is an essential part of any relationship. People will do anything for those they trust, and nothing for those they don’t.
• Under promise and over deliver.
• Smile!
• Enthusiasm is contagious.
• Relationships can happen with the click of a button on the Internet. Acquaint yourself with the other person. Follow what they buy so you know what they are interested in. Look for that merchandise, familiarize yourself with it and their interests. Email regularly just to keep in touch.
**INTERNATIONAL SEARCH REPORT**

International application No.
PCT/US00/28617

A. **CLASSIFICATION OF SUBJECT MATTER**

<table>
<thead>
<tr>
<th>IPC(7)</th>
<th>G06F17/60</th>
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<td>US CL</td>
<td>705/14.26</td>
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</table>

According to International Patent Classification (IPC) or to both national classification and IPC

B. **FIELDS SEARCHED**

Minimum documentation searched (classification system followed by classification symbols)

- U.S. : 705/14.26, 27

Documentation searched other than minimum documentation to the extent that such documents are included in the fields searched

Electronic data base consulted during the international search (name of data base and, where practicable, search terms used)

- East text search (auctions and incentive programs concepts)

C. **DOCUMENTS CONSIDERED TO BE RELEVANT**

<table>
<thead>
<tr>
<th>Category*</th>
<th>Citation of document, with indication, where appropriate, of the relevant passages</th>
<th>Relevant to claim No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td>US 5,890,138 A (GODIN et al), 30 March 1999, abstract, Figs. 2,4,5, and accompanying discussion, col. 1 line 58 et seq., entire document</td>
<td>1-2, 4, 6-7</td>
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<tr>
<td></td>
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<td>3, 5</td>
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<tr>
<td>Y</td>
<td>US 6,041,308 A (WALKER et al.) 21 March 2000, abstract, Figs 2,7,8A-B, and accompanying discussion, entire document</td>
<td>3, 5</td>
</tr>
<tr>
<td>A</td>
<td>US 6,006,201 A (BERENT et al) 21 December, 1999, abstract, all figures</td>
<td>1-2, 4, 6, 7</td>
</tr>
</tbody>
</table>

☐ Further documents are listed in the continuation of Box C. ☐ See patent family annex.

* Special categories of cited documents:
  - "A" document defining the general state of the art which is not considered to be of particular relevance
  - "B" earlier document published on or after the international filing date
  - "L" document which may throw doubts on priority claim(s) or which is cited to establish the publication date of another citation or other special reason (as specified)
  - "O" document referring to an oral disclosure, use, exhibition or other means
  - "P" document published prior to the international filing date but later than the priority date claimed
  - "T" later document published after the international filing date or priority date and not in conflict with the application but cited to understand the principle or theory underlying the invention
  - "X" document of particular relevance: the claimed invention cannot be considered novel or cannot be considered to involve an inventive step when the document is taken alone
  - "Y" document of particular relevance: the claimed invention cannot be considered to involve an inventive step when the document is combined with one or more other such documents, such combination being obvious to a person skilled in the art
  - "&" document member of the same patent family

Date of the actual completion of the international search: 12 DECEMBER 2000

Date of mailing of the international search report: 16 JAN 2001

Name and mailing address of the ISA/US Commissioner of Patents and Trademarks

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* Form PCT/ISA/210 (second sheet) (July 1998)