

Announcement of Substance Abuse Policy - As Amended 3/25/2011

Letter to all employees:

Substance abuse is a nationwide issue in all sectors of our lives – and the workplace is no exception. Alcohol and drug abuse have a significant health and safety impact as well as seriously affect a company's productivity, product quality, healthcare and worker's compensation costs, and most importantly, the well-being of the most valuable resource – the employees.

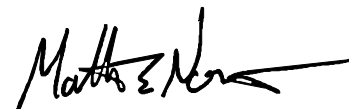
The Company has developed a policy regarding the abuse of alcohol and the illegal use of drugs that we believe serves the interests of all employees. Our policy formally and clearly states that the abuse of alcohol and illegal use of drugs will not be tolerated. This policy was designed with two basic ideas in mind:

1. Employees deserve a work environment that is free from the effects of alcohol and drugs and the problems associated with their use; and
2. This Company has a responsibility to maintain a healthy and safe workplace.

I believe it is an important and worthwhile venture that we all work together to make the Company a drug-free workplace and a safe, rewarding place to work.

The Company will not discriminate against an employee due to their status as a registered Medical Marijuana cardholder.

NOTE: This *revised* policy will take effect on 4/01/2011. All employees are required to sign the accompanying acknowledgement and receipt, indicating that you have read, understood and will comply with the Substance Abuse Policy. All employees are required to return the signed acknowledgement and receipt to the President prior to the Policy's effective date.



Matthew North, President
March 25, 2011

Drug-Free Workplace Policy

1. Purpose of Policy

The Company believes that it is important to promote a drug-free community, to maintain safe, healthy and efficient operations, and to protect the safety and security of the employees, facilities, and property of the Company. Drugs or alcohol may pose serious risks to the user and all those who work with the user. In addition, the use, possession, sale, transfer, manufacture, distribution, and dispensation of alcohol or drugs in the workplace pose unacceptable risks to the maintenance of a safe and healthy workplace and to the security of Company employees, facilities, and property. Substance abuse, while at work or otherwise, seriously endangers the safety of employees, as well as the general public, and creates a variety of workplace problems, including increased injuries on the job, increased absenteeism, increased health care and benefits costs, increased theft, decreased morale, decreased productivity, and a decline in the quality of products and services provided by the Company. For all those reasons, the Company has established this Substance Abuse Policy.

This Policy [and acknowledgement] is not intended to and does not constitute a contract of employment with the Company. [Your employment with the Company is “at will,” and either you or the Company may terminate your employment with the Company at any time, and for any or no reason. No supervisor or manager has any authority to make any statements or representations to you that change or conflict with the at-will status of your employment with the Company, or that change or conflict with any of the provisions of this Policy. The at-will status of your employment with the Company can be modified only by express written agreement signed by the president of the Company.]

This Policy supersedes and revokes all previous practices, procedures, policies, and other statements of the Company, whether by written or oral, that modify, supplement, or conflict with the Policy. This Policy may be amended at any time.

2. Scope of Policy

This Policy applies to all Company employees, including management, administration, and temporary employees, and to all applicants who have received conditional offers of employment with the Company. This policy also applies to all employees or Company contractors who are performing services on Company property, or who are operating Company equipment, machinery or vehicles. Such employees or contractors are considered “employees” within the meaning of this Policy.

Depending upon their specific job duties, certain employees may be subject to additional requirements under client requirements or state or federal regulations, including additional restrictions on drug or alcohol use, and additional provisions for drug and/or alcohol testing.

3. Dissemination of Policy

- a) All employees will receive a copy of this Policy, and will be required to sign an appropriate acknowledgement and receipt.
- b) All applicants who have received conditional offers of employment with the Company will be required to sign an appropriate acknowledgement and receipt.

4. Definitions

a) Illegal Drugs

“Illegal drugs” means any controller substance listed in schedules I through V of the federal Controlled Substances Act (21 U.S.C. § 812), medication, or other chemical substance that

(1) is not legally obtainable; or (2) is legally obtainable, but is not legally obtained, is not being used legally, or is not being used for the purpose(s) for which is prescribed or intended by the manufacturer. Thus, "illegal drugs" may include over-the-counter medications, if they are not being used for the purpose(s) for which they were intended by the manufacturer.

b) Legal Drugs

"Legal drugs" means prescribed or over-the-counter drugs that are legally obtained by the employee and used for the purpose(s) for which they were intended by the manufacturer.

c) Company Property

"Company property" and "Company equipment, machinery, and vehicles" means all property, equipment, machinery, and vehicles owner, leased, rented, or used by the Company.

d) On Duty

"On duty" means all working hours, as well as meal periods and break periods, regardless of whether on Company property, and all hours when an employee represents the company in any capacity.

5. Work Rules

a) Substance Abuse by Employees

The Company will not tolerate impairment from alcohol or drugs, legal or illegal, at work.

1 Alcohol

Employees may not use, possess, sell, or transfer alcohol while working, while on Company property, or while operating Company equipment, machinery or vehicles.

Employees may not work or report to work under the influence of alcohol, with an alcohol level that would constitute a violation of A.R.S. § 28-1381(a), or with an alcohol level that would create a presumption that the employee was under the influence of intoxicating liquor pursuant to A.R.S. § 28-1381 (g).

Employees who violate either of these rules will be subject to discipline, up to and including immediate discharge. The company may make exceptions to these rules for certain business or social functions sponsored or approved by the Company.

2 Illegal Drugs

Employees may not possess illegal drugs or engage in the illegal use of drugs while on duty, while working, while on Company property, or while operating Company equipment, machinery or vehicles.

Employees may not work or report to work under the influence of illegal drugs or with detectable levels of illegal drugs or the metabolites of illegal drugs in their systems.

Employees may not manufacture, distribute, dispense, transfer, or sell illegal drugs

Employees who violate any of these rules will be subject to discipline, up to and including immediate discharge.

3 Legal Drugs / Medication

Employees, including legal holders of a Medical Marijuana card or other lawfully obtained drug, may not possess, use or be impaired by that drug while at work. Any impairment from drugs, legal or illegal while at work will not be tolerated.

Any employee who has reason to believe that the legal use of drugs, such as a prescribed medication, may pose a safety risk to any person or interfere with the employee's performance of his or her job must report such legal drug use to his or her supervisor. The Company shall then determine whether any work restriction or limitation is indicated. Failure to report the legal use of a drug that may pose a safety risk could result in disciplinary action.

b) Criminal Drug Convictions

Any employee who is convicted of violating any criminal drug statute while in the workplace will be subject to discipline up to and including immediate discharge. Employees are required to report any criminal drug statute conviction occurring in the workplace to their immediate supervisor within five days.

c) Inspection of Property, Equipment and Vehicles

All persons on Company property or who are performing services on a Company project, and all property, equipment and vehicles on Company property or being used in connection with the performance of work on a Company project (including without limitation all vehicles, containers, desks and file cabinets), are subject to unannounced inspection by the Company. You should not expect that any property or items that you bring to work with you or that you use at work are private. If you do not want any property or items inspected, do not bring them to work.

Employees who refuse to permit inspections under this Policy or who fail to cooperate with inspections under this Policy will be subject to discipline, up to and including immediate discharge.

6. Drug and Alcohol Testing

The Company may require that employees and applicants provide urine, blood, breath, and/or other samples for drug and alcohol testing under any of the following circumstances:

a) Pre-employment testing

All applicants who have received conditional offers or employment with the Company will be required to undergo drug testing as a condition of employment.

b) Reasonable suspicion testing

The Company may require any employee to undergo drug and alcohol testing if management has a reasonable suspicion that the employee:

- 1 Has violated the Company's written work rules prohibiting the use, possession, sale or transfer of alcohol and/or *drugs (legal or illegal)* while on duty, while working, while on Company property, or while operating Company equipment, machinery or vehicles;
- 2 Is under the influence of alcohol and/or *drugs (legal or illegal)* while on duty, while working, while on Company property, or while operating Company equipment, machinery or vehicles;

- 3 Is impaired by alcohol and/or *drugs (legal or illegal)*; or
- 4 May be affected by the use of alcohol and/or *drugs (legal or illegal)* and that the use may adversely affect job performance or the work environment.

c) Post-accident testing

The Company may require any employee to undergo drug and alcohol testing as soon as practicable after a work-related accident, if the Company reasonably believes that the employee may have contributed to the accident.

d) Post-injury testing

The Company may require any employee who has sustained a work-related injury to undergo drug and alcohol testing.

e) Random testing

All employees are subject to periodic unannounced drug and alcohol testing on a random selection basis.

f) Treatment program testing

Any employee who has been referred by the Company for chemical dependency treatment or evaluation or who is participating in a chemical dependency treatment program under an employee benefit plan may be required to undergo drug and alcohol testing without prior notice during the evaluation or treatment period and for up to two (2) years following the employee's return to work.

g) Additional testing

The Company may also require employees to undergo drug and alcohol testing when, in the judgment of management, such testing is appropriate for the maintenance of safety for employees, customers, clients, or the public at large or for the maintenance of productivity, quality, or security of property or information.

7. Specimen Collection and Testing Procedures

a) Specimen Collection Procedures

1 Test subject privacy

Appropriate professional personnel will supervise the collection of urine and blood specimens for testing. In the absence of a reasonable suspicion that the test subject will alter or substitute a urine specimen, the collection personnel will not directly observe the collection of the urine specimen.

2 Chain of Custody Procedures

The Company will take steps to preserve the chain of custody of specimens, in order to ensure testing accuracy.

b) Specimen Testing Procedures

Specimens will be tested only by laboratories that are properly approved to conduct drug and alcohol testing by the U.S. Department of Health and Human Services (SAMHSA, formerly NIDA), the College of American Pathologists, or the Arizona Department of Health Services.

Specimens will be tested only for the presence of alcohol, illegal drugs, and their metabolites. *Employees should be aware that marijuana will be screened for as it may be an illegal drug if the employee is not a registered card holder. As with all other positive drug results that may represent a legally obtained substance, the Medical Review Officer will contact the employee directly for proper documentation. The Company will not be made aware of the specifics of this research by the Medical Review Officer as part of the policy to prevent discrimination.*

Positive initial screening test results for employees will also be confirmed by gas chromatography/mass spectrometry or other appropriate methods of confirmatory analysis (“confirmatory test”).

c) Cost of Testing

The Company will pay for any drug test that it requests or requires.

d) Suspension pending test results

Pending receipt of test results and writer explanations of positive confirmatory test results, employees may be temporarily suspended. If an employee is suspended and the final confirmatory test result is negative, the employee will be reinstated immediately with full back pay.

e) Test result reports

The company will promptly communicate test results to test subjects. Any test subject may request a copy of his or her test result report.

8. Confidentiality of Test Results

The Company will not disclose test results except as authorized by the test subject or as authorized, permitted or required by applicable law.

9. Consequences of Refusal

Employees and applicants may refuse to undergo drug and alcohol testing. However, employees who refuse to undergo testing or who fail to cooperate with the testing procedures will be subject to discipline, up to and including immediate discharge. Employees who refuse to undergo testing or who fail to cooperate with the testing procedures also may be disqualified from receiving unemployment compensation benefits and/or workers’ compensation benefits. Applicants who refuse to undergo testing or who fail to cooperate with the testing procedures will not be hired **and will not be reconsidered for employment for three months.**

10. Right to explain test results

Any test subject who tests positive on a confirmatory test on any drug and alcohol test required by the Company may submit additional information to the Company, in a confidential setting, to try to explain the confirmed positive test result.

11. Consequences of confirmed positive test results

a) Applicants

Any applicant who tests positive on a confirmatory test on any drug test required by the Company and who does not timely and successfully explain the test results will not be hired **and will not be reconsidered for employment for three months.**

b) Employees

Any employee who tests positive on a confirmatory test on any drug or alcohol test required by the Company and does not timely and successfully explain the test results will be subject to appropriate disciplinary action, at the sole discretion of the Company, up to and including immediate discharge.

Any employee who tests positive on a confirmatory test on any drug and alcohol test required by the Company, and does not timely and successfully explain the test results, and is discharged on the basis of the positive test result, may be disqualified from receiving unemployment compensation benefits.

Any employee who tests positive on a confirmatory test on any drug and alcohol test required by the Company after a work related injury and does not timely and successfully explain the test results may be disqualified from receiving workers' compensation benefits in connection with the injury.

Substance Abuse Policy Acknowledgement and Receipt

I have received and read a copy of the Company's *Amended* Substance Abuse Policy dated 3/25/11 .

I understand that the Policy applies to me, and I agree to comply with the terms and conditions of the Policy. I understand that if I fail to comply with any aspect of the Policy, I will be subject to discipline, up to and including immediate termination of my employment with the Company.

I understand that the Policy is not intended to and does not constitute a contract of employment between me and the Company. I also understand that my employment with the Company is "at will" and that either I or the Company may terminate my employment with the Company at any time, and for any or no reason. I also understand that no supervisor or manager has any authority to make any statements or representations to me that change or conflict with the at-will status of my employment with the Company, or that change or conflict with any of the provisions of the Substance Abuse Policy. I understand that the at-will status of my employment with the Company can be modified only by express written agreement signed by the president of the Company.

I understand that that Substance Abuse Policy supersedes and revokes all previous practices, procedures, policies, and other statements of the Company, whether written or oral, that modify, supplement, or conflict with the Policy. I also understand that the Policy may be amended at any time.

Employee Signature

Date

Employee Name (printed)