

## FRANCHISE DISCLOSURE DOCUMENT

MEDXWASTE FRANCHISE LLC  
A Florida limited liability company  
13340 Lincoln Road, Riverview, Florida 33578  
(844) 733-2247

<http://medxwaste.com>



This franchise is for the establishment and operation of a medical waste disposal business providing residential and commercial removal of regulated and non-regulated bio-medical waste with additional services such as customer mail-back of regulated waste, Online Compliance Training, sharps container sales, hazardous waste disposal, and shredding services. The franchise will operate under the name and mark “MedXwaste”.

The total investment necessary to begin operation of a MedXwaste franchised business ranges from \$101,535 to \$141,985. These amounts include \$50,000 that must be paid to the franchisor and/or its affiliate.

This disclosure document summarizes certain provisions of your franchise agreement and other information in plain English. Read this disclosure document and all accompanying agreements carefully. You must receive the disclosure document at least 14 calendar days before you sign a binding agreement with, or make any payment to, us or our affiliate in connection with the proposed franchise sale. **Note, however, that no government agency has verified the information contained in this document.**

The terms of your contract will govern your franchise relationship. Don’t rely on the disclosure document alone to understand your contract. Read your entire contract carefully. Show your contract and this disclosure document to an advisor, like a lawyer or an accountant.

Buying a franchise is a complex investment. The information in this disclosure document can help you make up your mind. More information on franchising, such as “*A Consumer’s Guide to Buying a Franchise*,” which can help you understand how to use this disclosure document, is available from the Federal Trade Commission. You can contact the FTC at 1-877-FTC-HELP or by writing to the FTC at 600 Pennsylvania Avenue, NW, Washington, DC 20580. You can also visit the FTC’s home page at [www.ftc.gov](http://www.ftc.gov) for additional information. Call your state agency or visit your public library for other sources of information on franchising.

There may also be laws on franchising in your state. Ask your state agencies about them.

You may wish to receive your disclosure document in another format that is more convenient for you. To discuss the availability of disclosures in different formats, contact Sean Fredricks, MedXwaste, Franchise LLC, 13340 Lincoln Road, Riverview, Florida 33578, and (844) 733-2247.

**Issuance Date: August 1, 2024**

## How to Use This Franchise Disclosure Document

Here are some questions you may be asking about buying a franchise and tips on how to find more information:

| QUESTION                                                                                 | WHERE TO FIND INFORMATION                                                                                                                                                                                                                                       |
|------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>How much can I earn?</b>                                                              | Item 19 may give you information about outlet sales, costs, profits and losses. You should also try to obtain this information from others, like current and former franchisees. You can also find their names and contact information in Item 20 or Exhibit E. |
| <b>How much will I need to invest?</b>                                                   | Items 5 and 6 list fees you will be paying to the franchisor or at the franchisor's direction. Item 7 lists the initial investment to open. Item 8 describes the suppliers you must use.                                                                        |
| <b>Does the franchisor have the financial ability to provide support to my business?</b> | Item 21 or Exhibit G includes financial statements. Review these statements carefully.                                                                                                                                                                          |
| <b>Is the franchise system stable, growing, or shrinking?</b>                            | Item 20 summarizes the recent history of the number of company-owned and franchised outlets.                                                                                                                                                                    |
| <b>Will my business be the only MedXwaste business in my area?</b>                       | Item 12 and "territory" provisions in the franchise agreement describe whether the franchisor and other franchisees can compete with you.                                                                                                                       |
| <b>Does the franchisor have a troubled legal history?</b>                                | Items 3 and 4 tell you whether the franchisor or its management have been involved in material litigation or bankruptcy proceedings.                                                                                                                            |
| <b>What's it like to be a MedXwaste franchisee?</b>                                      | Item 20 or Exhibit E list current and former franchisees. You can contact them to ask about their experiences.                                                                                                                                                  |
| <b>What else should I know?</b>                                                          | These questions are only a few things you should look for. Review all 23 items and all Exhibits in this disclosure document to better understand this franchise opportunity. See the table of contents.                                                         |

## **What You Need To Know About Franchising *Generally***

**Continuing responsibility to pay fees.** You may have to pay royalties and other fees even if you are losing money.

**Business model can change.** The franchise agreement may allow the franchisor to change its manuals and business model without your consent. These changes may require you to make additional investments in your franchise business or may harm your franchise business.

**Supplier restrictions.** You may have to buy or lease items from the franchisor or a limited group of suppliers the franchisor designates. These items may be more expensive than similar items you could buy on your own.

**Operating restrictions.** The franchise agreement may prohibit you from operating a similar business during the term of the franchise. There are usually other restrictions. Some examples may include controlling your location, your access to customers, what you sell, how you market, and your hours of operation.

**Competition from franchisor.** Even if the franchise agreement grants you a territory, the franchisor may have the right to compete with you in your territory.

**Renewal.** Your franchise agreement may not permit you to renew. Even if it does, you may have to sign a new agreement with different terms and conditions in order to continue to operate your franchise business.

**When your franchise ends.** The franchise agreement may prohibit you from operating a similar business after your franchise ends even if you still have obligations to your landlord or other creditors.

### **Some States Require Registration**

Your state may have a franchise law, or other law, that requires franchisors to register before offering or selling franchises in the state. Registration does not mean that the state recommends the franchise or has verified the information in this document. To find out if your state has a registration requirement, or to contact your state, use the agency information in Exhibit A.

Your state also may have laws that require special disclosures or amendments be made to your franchise agreement. If so, you should check the State Specific Addenda. See the Table of Contents for the location of the State Specific Addenda.

### Special Risks to Consider About *This* Franchise

Certain States require that the following risk(s) be highlighted:

1. **Out-of-State Dispute Resolution.** The franchise agreement requires you to resolve disputes with us first by litigation only in the State of New York. Out-of-state litigation may force you to accept a less favorable settlement for disputes. It may also cost you more to litigate with us in New York than in your own state.
2. **Financial Condition.** The franchisor's financial condition, as reflected in its financial statements (see Item 21), calls into question the franchisor's financial ability to provide services and support to you.
3. **Mandatory Minimum Payments.** You must make minimum royalty, and other payments, regardless of your sales levels. Your inability to make the payments may result in termination of your franchise and loss of your investment.
4. **Short Operating History.** This Franchisor is at an early stage of development and has a limited operating history. This franchise is likely to be a riskier investment than a franchise with a longer operating history.

Certain states may require other risks to be highlighted. Check the "State Specific Addenda" (if any) to see whether your state requires other risks to be highlighted.

**(THE FOLLOWING APPLY TO TRANSACTIONS GOVERNED BY  
THE MICHIGAN FRANCHISE INVESTMENT LAW ONLY)**

THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.

Each of the following provisions is void and unenforceable if contained in any documents relating to a franchise:

A prohibition on the right of a franchisee to join an association of franchisees.

A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protection provided in this act. This shall not preclude a franchisee, after entering into a franchise agreement, from settling any and all claims.

A provision that permits a Franchisor to terminate a franchise prior to the expiration of its term except for good cause. Good cause shall include the failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity, which in no event need be more than 30 days, to cure such failure.

A provision that permits a Franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the Franchisor and inventory, supplies, equipment, fixtures, and furnishings not reasonably required in the conduct of the franchise business are not subject to compensation. This subsection applies only if: (i) The term of the franchise is less than 5 years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, trade name, logotype, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least 6 months advance notice of Franchisor's intent not to renew the franchise.

A provision that permits the Franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

A provision requiring that arbitration or litigation be conducted outside this state. This shall not preclude the franchisee from entering into an agreement, at the time of arbitration, to conduct arbitration at a location outside this state.

A provision which permits a Franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subdivision does not prevent a Franchisor from exercising a right of first refusal to purchase the franchise. Good cause shall include, but is not limited to:

The failure of the proposed transferee to meet the Franchisor's then current reasonable qualifications or standards.

The fact that the proposed transferee is competitor of the Franchisor or Sub-franchisor.

The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.

The failure of the franchisee or proposed transferee to pay any sums owing to the Franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

A provision that requires the franchisee to resell to the Franchisor items that are not uniquely identified with the Franchisor. This subdivision does not prohibit a provision that grants to a Franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bona fide third party willing and able to purchase those assets, nor does this subdivision prohibit a provision that grants the Franchisor the right to acquire the assets of a franchise for the market or appraised value of such assets if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

A provision which permits the Franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

If the Franchisor's most recent financial statements are unaudited and show a net worth of less than \$100,000.00, the franchisee may request the Franchisor to arrange for the escrow of initial investment and other funds paid by the franchisee until the obligations, if any, of the Franchisor to provide real estate, improvements, equipment, inventory, training or other items included in the franchise offering are fulfilled. At the option of the Franchisor, a surety bond may be provided in place of escrow.

THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENFORCEMENT BY THE ATTORNEY GENERAL.

Any questions regarding this notice should be directed to:

State of Michigan  
Department of Attorney General  
Consumer Protection Division  
Attn: Franchise Section  
525 West Ottawa Street  
G. Mennen Williams Blvd, 1<sup>st</sup> Floor  
Lansing, Michigan 48933  
Telephone Number: (517) 335-7599

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## **EXHIBITS TO FRANCHISE DISCLOSURE DOCUMENT**

- A. FEDERAL AND STATE REGULATORY AUTHORITIES AND AGENTS FOR SERVICE OF PROCESS
- B. STATE AMENDMENTS TO FDD
- C. MEDXWASTE FRANCHISE LLC FRANCHISE AGREEMENT, SCHEDULES 1-7 INCLUDING STATE AMENDMENTS TO FRANCHISE AGREEMENT
- D. LIST OF CURRENT FRANCHISEES AND THOSE WHO HAVE LEFT THE SYSTEM
- E. OPERATIONS MANUAL TABLE OF CONTENTS
- F. FINANCIAL STATEMENTS
- G. MUTUAL RELEASE
- H. ACH/EFT TRANSFER AGREEMENT
- I. STATE EFFECTIVE DATES PAGE
- J. RECEIPT

**ITEM 1**  
**THE FRANCHISOR, PARENTS, PREDECESSORS AND AFFILIATES**

**The Franchisor**

To simplify the language in this Disclosure Document (“Disclosure Document”), “we”, “our”, “us”, or “MedXwaste” refers to MedXwaste Franchise LLC. MedXwaste Franchise LLC is a Florida limited liability company that was formed on April 30, 2019, and its principal place of business in the U.S. 13340 Lincoln Road, Riverview, Florida 33578. We do business under our corporate name and proprietary mark “MedXwaste.” We do not conduct business under any other name. We will refer to the person who buys this franchise as “you” throughout this Disclosure Document. If the franchise purchaser is a business entity, “you” and “your” also includes each partner, shareholder and/or other owner of that entity.

**Our Parent, Predecessors and Affiliates**

We are a wholly owned subsidiary of our parent, MEDXWASTE LLC, which operates our one affiliated business located in New York. It is a Florida limited liability company that was organized on April 4, 2013. Its principal business address is 11806 S. US Hwy 41, Gibsonton, FL 33534. We have no predecessors or affiliates.

**Agent For Service Of Process**

Our agents for service of process are listed on Exhibit A.

**Prior Experience**

We commenced the MedXwaste business, which operates the same business that we are offering through this franchise, on April 4, 2013 with the operation of a MedXwaste unit through our affiliate, MedXwaste, LLC. We began franchising MedXwaste on April 30, 2019.

We have not previously operated in or offered franchises in any other line of business.

**The System**

We have developed a marketing plan and system (the “System”) for the operation of commercial businesses for the establishment and operation of a medical waste business providing residential and commercial removal of regulated and non-regulated bio-medical waste with additional services such as customer mail-back of hazardous waste removal and document shredding services (“MedXwaste,” “Franchises” or “Business”).

The System is identified by certain trade names, service marks, trademarks, logos, emblems and indicia of origin, including the mark “MedXwaste”, that are now designated and may in the future be designated by us in writing for use with the System and which are described in Item 13 (the “Proprietary Marks”).

**The Franchise Offered**

We offer franchises for the operation of a medical waste disposal business. We offer you a Franchise Agreement (the “Franchise Agreement”) which gives you the right to establish and operate one MedXwaste business in a territory approved by us (“Franchise” or “Business”). The Franchise Agreement gives you the right to use the Proprietary Marks and the System only within the Territory. You will need

to operate the day-to-day business of your MedXwaste business through the use of a specially equipped vehicle that we must approve.

We offer franchises for the establishment of a business that offers to the public and businesses medical waste removal. We offer our franchisees the opportunity to develop a start-up business. We provide an electronic Operations Manual, training, marketing, and other assistance to franchisees, all as described in the Franchise Agreement attached as Exhibit C to this Disclosure Document.

### **Market and Competition**

You will be competing against other local, regional, and national firms that offer the same or similar services as you may be offering. You will also compete against other franchisees in our system. Your Business will primarily target businesses. While the general market for Medical waste is mature, it continues to grow. The ability of each Franchise to compete is dependent on a variety of factors, including demographics, the territory, accessibility and the individual service, marketing, merchandising, capitalization and diligence of the individual franchisee. The medical waste business is not seasonal.

### **Industry Specific Regulations**

Most states and local jurisdictions have enacted laws, rules, regulations and ordinances, which may apply to the operation of your business, including occupational health and safety, labor, licensing and bonding, insurance, and advertising. You may need to obtain a contractor's license or technician certificate from the Institute of Inspection Cleaning and Restoration Certification (IICRC). You will receive your MedXwaste certification after our training course. Additionally, you may need to obtain other certifications and be a licensed contractor or engineer depending on your local or state requirements. You must investigate and comply with all applicable federal, state, county, and city laws and regulations. You alone are responsible for complying with all applicable laws and regulations. Your failure to comply with these laws constitutes a material breach of your Franchise Agreement. We strongly recommend that you hire an attorney to assist you in determining which laws will impact your operation of your Business.

## **ITEM 2** **BUSINESS EXPERIENCE**

### **President and Chief Executive Officer and Director: Sean Fredricks**

Mr. Fredricks was appointed President, Chief Executive Officer, and Director of MedXwaste Franchise LLC in April 2013. He also serves as President, Chief Executive Officer, and Director of MedXwaste LLC from April 2013 to the present. Both positions are located in Riverview, Florida.

### **Operations Support Manager: Gregory Okpych**

Mr. Okpych was appointed to the position of Operations Support Manager of MedXwaste Franchise LLC in April 2019. He also serves as Operation Manager for MedXwaste-NY LLC, from March 2015 to present. Both positions are located in West Haven, Connecticut

### **Routing Manager: Jason Fredricks**

Mr. Fredricks was appointed to the position of Routing Manager for MedXwaste Franchise LLC in April 2019. He also serves as the Routing Expert for MedXwaste LLC from January 2015 to the present. Both positions are located in Riverview, Florida

**Pharmaceutical Expert: Jeff Papo**

Mr. Papo was appointed to the position of Pharmaceutical Expert for MedXwaste Franchise LLC in April 2019. He also serves as Pharmaceutical Expert for MedXwaste LLC from January 2017 to the present. Both positions are located in Wappingers Falls, New York.

**ITEM 3**  
**LITIGATION**

There is no litigation that is required to be disclosed in this Item.

**ITEM 4**  
**BANKRUPTCY**

There is no bankruptcy information that is required to be disclosed in this Item.

**ITEM 5**  
**INITIAL FEES**

**Franchise Agreement**

We charge an Initial Franchise Fee of \$50,000 ("Initial Franchise Fee") for each MedXwaste franchise. You must pay to us, the entire Initial Franchise Fee in one lump-sum when you sign the Franchise Agreement. During our 2021 fiscal year we waived our Initial Franchise Fee one time for a franchisee candidate that converted its existing business to a MedXwaste business. Therefore, the range of our Initial Franchise Fee during that year was from \$0 to \$50,000.

The Initial Franchise Fee is fully earned by us upon receipt and is non-refundable under any and all circumstances. Except as set forth in the previous paragraph the Initial Franchise Fee is charged uniformly to all franchisees.

**ITEM 6**  
**OTHER FEES**

| (Column 1)<br><b>TYPE OF FEE (1)</b>         | (Column 2)<br><b>AMOUNT</b>                                                    | (Column 3)<br><b>DUE DATE</b>                                                                                                                                    | (Column 4)<br><b>REMARKS</b>                                                                                                                                                                                                                                                                           |
|----------------------------------------------|--------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Royalty Fee<br>(Notes 1 & 2)                 | The greater of \$650<br>or 8% of your gross<br>sales after 90<br>business days | Payable on the 15 <sup>th</sup> day of<br>the following month. For<br>purposes of clarity, the<br>Royalty for August sales<br>would be due by<br>September 15th. | Royalty Fees are payable by<br>electronic funds transfer from<br>your operating account. You<br>must make sure there are<br>sufficient funds in the<br>account each week. You will<br>not be required to pay any<br>royalty until the expiration of<br>90 days after you have<br>opened your Business. |
| Brand Awareness<br>Fund Fee (Notes 1<br>& 2) | 1% of Gross Sales                                                              | Commencing 90 days after<br>you open your Business<br>you must pay the                                                                                           | The proceeds of this fund<br>may be used by us for any<br>reason related to advertising                                                                                                                                                                                                                |

| (Column 1)<br><b>TYPE OF FEE (1)</b>             | (Column 2)<br><b>AMOUNT</b>                                                                                                                                                                 | (Column 3)<br><b>DUE DATE</b>                                                                                                 | (Column 4)<br><b>REMARKS</b>                                                                                                                                                                                                                                                                                                 |
|--------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                  |                                                                                                                                                                                             | marketing fee (not more than 1% of Gross Sales) monthly at the same time as the Royalty Fee.                                  | of the product and sales that we offer and are approved for your business.                                                                                                                                                                                                                                                   |
| Local Advertising Spend (Notes 1 & 2)            | 2% of Gross Sales for the previous quarter.                                                                                                                                                 | You must spend 2% of your Gross Sales on local forms of advertising for your business. Payable by you to third party vendors. | You are required to spend this amount in addition to your monthly payment to the Brand Awareness Fund.                                                                                                                                                                                                                       |
| Regional Advertising Cooperative Fee             | Currently none. If a Regional Advertising Program is established, you may be required to contribute a specified part of your Local Advertising Fee to the Regional Advertising Cooperative. | Payable with the Royalty                                                                                                      | Payable to Cooperative. We have not determined any formula for calculating the percentage of your Local Advertising Fee that would be paid to the Cooperative.                                                                                                                                                               |
| Transfer Fee (Note 1)                            | \$50,000                                                                                                                                                                                    | Prior to the closing of the transfer.                                                                                         | No transfer of your franchise to a third person can be approved without the payment by you or your transferee of the transfer fee to us.                                                                                                                                                                                     |
| Renewal Fee (Note 1)                             | \$2,500                                                                                                                                                                                     | Before renewal                                                                                                                | You will only need to pay this fee if you renew your franchise. Only Individual Franchise Agreements (if you are a multi-unit operator) can be renewed. There are other conditions that must be met for renewal (see Item 17(c) of this Disclosure Document).                                                                |
| Additional Trainees at Initial Training (Note 1) | Our then-current Training Fee per person, plus expenses                                                                                                                                     | At the time that you sign your Franchise Agreement.                                                                           | The training must be completed no later than 30 days before you start operating your Business. The training shall take place in our offices, or such other place we may determine. You are responsible for your own personal living expenses during training, including transportation, food and lodging, and other personal |

| (Column 1)<br><b>TYPE OF FEE (1)</b>    | (Column 2)<br><b>AMOUNT</b>                                                                                                 | (Column 3)<br><b>DUE DATE</b>                    | (Column 4)<br><b>REMARKS</b>                                                                                                                                                                                                                                                                                   |
|-----------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                         |                                                                                                                             |                                                  | expenses. See Item 11 of this Disclosure Document.                                                                                                                                                                                                                                                             |
| Additional Training (Note 1)            | \$500 per person per day                                                                                                    | 15 days after billing                            | We have the right to hold periodic or refresher training courses and may require you to attend such training courses. See Item 11 of this Disclosure Document.                                                                                                                                                 |
| Operating Assistance (Note 1)           | Our costs including transportation, food, and lodging                                                                       | At the conclusion of our visit to your Business. | We will make ourselves available to you at a mutually convenient time, in order to assist you in certain operations of the Business, including but not limited to, guidance regarding the methods and procedures for the marketing and sale of the approved services. See Item 11 of this Disclosure Document. |
| Interest on Late Payments (Notes 1 & 4) | 1.5% per month or highest rate allowed by law, whichever is less (See Note 4).                                              | Upon billing                                     | Payable on all overdue amounts. Interest accrues from the original due date until payment in full is received.                                                                                                                                                                                                 |
| Audit (Note 1)                          | The amount of any deficiency, plus interest.<br><br>You must also reimburse the cost of the audit, in certain circumstances | 15 days after billing                            | If any audit shows an understatement of any amount payable to us of 3% or more, or if the audit is conducted because you have not provided required reports to us, then the cost of inspection must also be paid by you.                                                                                       |
| Attorneys' Fees & Other Costs (Note 1)  | Will vary under circumstances                                                                                               | As incurred                                      | Payable upon your failure to comply with your Agreement.                                                                                                                                                                                                                                                       |
| Indemnification (Note 1)                | Will vary under circumstances                                                                                               | As incurred                                      | You must reimburse us if we are held liable for claims arising from your operation of your Franchised Business.                                                                                                                                                                                                |
| Liquidated Damages (Notes 1 & 3)        | See Footnote 3                                                                                                              | 15 days after termination                        | See Footnote 3                                                                                                                                                                                                                                                                                                 |
| Product or Supplier                     | Reimbursement of our                                                                                                        | On demand                                        | If you request us to evaluate a                                                                                                                                                                                                                                                                                |

| (Column 1)<br><b>TYPE OF FEE (1)</b>           | (Column 2)<br><b>AMOUNT</b>                                                                  | (Column 3)<br><b>DUE DATE</b> | (Column 4)<br><b>REMARKS</b>                                                                                                                       |
|------------------------------------------------|----------------------------------------------------------------------------------------------|-------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------|
| Evaluation Fee<br>(Note 1)                     | costs, but not more than \$1,000                                                             |                               | new supplier or product for possible approval.                                                                                                     |
| Ongoing Repairs and Maintenance Costs (Note 1) | Will vary under circumstances                                                                | As incurred                   | You must make sure that your vehicle, and all of your equipment is in good working order and that your vehicle is organized and safe at all times. |
| Insurance Premiums (Note 1)                    | Reimbursement of our costs                                                                   | On demand                     | If you do not purchase the required insurance, we may (but do not have to) purchase insurance on your behalf.                                      |
| Web Development Fee                            | \$100 per hour                                                                               | If incurred                   | Payable to approved supplier if you need assistance in posting updates to the web page we provide to you through our website.                      |
| Credit Card Processing / Merchant Service Fee  | As you or we, if chain wide, are able to negotiate with the requisite financial institution. | Monthly                       | Payable to approved supplier                                                                                                                       |

NOTE 1: All fees are uniformly imposed by and payable to us, except as otherwise noted in the chart, and are non-refundable.

NOTE 2: The term “Gross Sales” means total of the actual selling prices of all goods sold and services performed by Franchisee in association with the Proprietary Marks and all other receipts and receivables of any nature from all business conducted by Franchisee, including proceeds of any business interruption insurance, in each case whether evidenced by check, cash, credit, charge account, exchange or otherwise, without deduction for bank charges, uncollectible credit accounts, charges made by collection agencies or bad debts. Each charge or sale made on installment or credit shall be treated as a sale for the full selling price in the month during which the charge or sale is made, regardless of when Franchisee receives payment. Gross Sales does not include the amount of any retail sales tax imposed by any federal, state or local governmental authority directly on sales and collected from customers at the point of sale by Franchisee acting as agent for such authority, provided that the amount of tax is added separately to the selling price and does not form part of the quoted price for the article or service and is actually paid by Franchisee to the taxing authority.

If any state imposes a sales or other tax on the royalty fees, then we have the right to collect this tax from you.

NOTE 3: If we terminate your Franchise Agreement for cause, you must pay us within 15 days after the effective date of termination liquidated damages equal to the average monthly

Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) 24 (being the number of months in two full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

NOTE 4: Notwithstanding anything to the contrary, Minn. Stat. §604.113 allows for only one service charge per dishonored check that is not to exceed \$30.

**ITEM 7**  
**ESTIMATED INITIAL INVESTMENT**

| <b>YOUR ESTIMATED INITIAL INVESTMENT</b>                                                                                                       |                                      |                                       |                                                 |                                     |                                                             |
|------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|---------------------------------------|-------------------------------------------------|-------------------------------------|-------------------------------------------------------------|
| <b>(Column 1)<br/>TYPE OF<br/>EXPENDITURE</b>                                                                                                  | <b>(Column 2)<br/>LOW<br/>AMOUNT</b> | <b>(Column 3)<br/>HIGH<br/>AMOUNT</b> | <b>(Column 4)<br/>METHOD<br/>OF<br/>PAYMENT</b> | <b>(Column 5)<br/>WHEN DUE</b>      | <b>(Column 6)<br/>TO WHOM<br/>PAYMENT IS<br/>TO BE MADE</b> |
| Initial Franchise Fee<br>(Note 1)                                                                                                              | \$50,000                             | \$50,000                              | Lump Sum                                        | Upon Signing<br>Franchise Agreement | Us                                                          |
| Additional Inventory<br>and Supplies (Note 2)                                                                                                  | \$250                                | \$1,000                               | Lump Sum                                        | Before you open for<br>business     | Us or Approved<br>Supplier                                  |
| Uniforms (Note 3)                                                                                                                              | \$100                                | \$500                                 | Lump Sum                                        | Before you open for<br>business     | Approved<br>Supplier                                        |
| Equipment & Tools<br>(Note 4)                                                                                                                  | \$100                                | \$500                                 | Lump Sum                                        | Before you open for<br>business     | Us or Approved<br>Supplier                                  |
| Van Signage &<br>Graphics (Note 5)                                                                                                             | \$2,000                              | \$5,000                               | Lump Sum                                        | Before you open for<br>business     | Us or Approved<br>Supplier                                  |
| Printing, Business<br>Cards and Flyers                                                                                                         | \$150                                | \$500                                 | Lump Sum                                        | Before you open for<br>business     | Us or Approved<br>Supplier                                  |
| Rent deposit for<br>office lease                                                                                                               | \$2,500                              | \$4,000                               | Lump Sum                                        | Before you open for<br>business     | Approved<br>Supplier                                        |
| Training Travel<br>Expenses (Note 6)                                                                                                           | \$2,000                              | \$3,000                               | As Incurred                                     | Before Opening                      | Air travel,<br>hotels, meals,<br>incidentals                |
| Cost of Business<br>Vehicle or Security<br>Deposit on Business<br>Vehicle or Finance or<br>Lease Payments to<br>Initiate Van Lease<br>(Note 7) | \$5,000                              | \$8,000                               | Lump Sum                                        | Before you open your<br>Business    | Approved<br>Supplier                                        |
| Business Vehicle<br>Insurance                                                                                                                  | \$150                                | \$300                                 | As Incurred                                     | Before Opening                      | Third party<br>insurer                                      |

| <b>YOUR ESTIMATED INITIAL INVESTMENT</b>                  |                                 |                                  |                                        |                                            |                                                    |
|-----------------------------------------------------------|---------------------------------|----------------------------------|----------------------------------------|--------------------------------------------|----------------------------------------------------|
| (Column 1)<br><b>TYPE OF EXPENDITURE</b>                  | (Column 2)<br><b>LOW AMOUNT</b> | (Column 3)<br><b>HIGH AMOUNT</b> | (Column 4)<br><b>METHOD OF PAYMENT</b> | (Column 5)<br><b>WHEN DUE</b>              | (Column 6)<br><b>TO WHOM PAYMENT IS TO BE MADE</b> |
| Cost of Cell Phone or Security Deposit on Phone           | 0                               | \$1,000                          | Lump Sum                               | Before you open your Business              | Third Party                                        |
| Furniture for office                                      | \$500                           | \$1,000                          | Lump Sum                               | Before you open your business              | Third Party                                        |
| Cost of first month's Cellular Phone Service              | \$85                            | \$185                            | Lump sum or terms of provider          | Varies depending on contract with provider | Third Party                                        |
| POS Equipment and Computer                                | \$1,500                         | \$3,000                          | As Arranged                            | As Arranged                                | Suppliers                                          |
| Professional Fees (Note 8)                                | \$2,500                         | \$5,500                          | As Incurred                            | As Arranged                                | Attorney and/or Accountant                         |
| Insurance (Note 9)                                        | \$3,500                         | \$5,000                          | Lump sum or terms of provider          | Varies depending on contract with provider | Third-Party Insurance Company                      |
| Permits/Licenses and other organizational costs (Note 10) | \$1,200                         | \$8,500                          | As Arranged                            | As Arranged                                | Government Agencies                                |
| Grand Opening Advertising (Note 11)                       | \$5,000                         | \$5,000                          | As Arranged                            | As Arranged                                | Suppliers                                          |
| Additional Funds – 3 Months (Note 12)                     | \$25,000                        | \$40,000                         | As Arranged                            | As Arranged                                | Suppliers, Employees, etc.                         |
| <b>TOTAL (Note 13)</b>                                    | <b>\$101,535</b>                | <b>\$141,985</b>                 |                                        |                                            |                                                    |

In general, none of the expenses listed in the above chart are refundable, except any security deposits you must make may be refundable. We do not finance any portion of your initial investment.

NOTE 1: Initial Franchise Fee. These fees are discussed in Item 5. Your Initial Franchise Fee will include the tuition of your initial training and your initial inventory used in the operation of your business. We do not finance any fees. This fee is not refundable under any circumstances.

NOTE 2: Additional Inventory and Supplies. In order to commence your business, you must purchase an initial inventory of products that you will use in performing your services. Your Initial Franchise Fee will cover the cost of your initial inventory as we recommend it. We also suggest that you purchase initial inventory that is covered by the costs in this section. The range varies depending upon the initial business density of your protected territory. You may purchase your additional inventory from us or approved suppliers.

- NOTE 3: Uniforms. The initial cost of the uniforms is to be purchased from an approved supplier, at the time you sign your Franchise Agreement. After you open your franchise for business, we recommend that you retain a uniform service to launder the uniforms on a regular basis.
- NOTE 4: Equipment & Tools. You will need to use certain equipment and tools in the operation of your MedXwaste business, including a business vehicle that you will take from each place. The purchase or leasing of a vehicle will be a separate item (see #7 below for cost of the business vehicle).
- NOTE 5: Signage. You will need to install interior and exterior signage. The signage requirements and costs will vary based upon how you operate your business. Since this is a mobile business your signage likely will be on your vehicle and not at a fixed location. You will be required to use a single car wrap that we require for your vehicle that will display our name. The cost of the vehicle wrap is dependent upon the type and size of the vehicle that you will use in your business.
- NOTE 6: Training Travel Expenses. You, or your Operating Partner, or your designated manager, are required to attend our initial training course held at a training facility at the location of our affiliate in Deer Park, New York, or other such place as we may determine. You are responsible for paying for transportation to and from the training venue for you, your operating partner, and your designated manager. In addition, you are required to pay all lodging, food and personal expenses for you, your Operating Partner, and your designated manager. We will not be responsible for any of your personal expenses incident to your training requirement. You must complete your initial training at least 30 days prior to the opening of your business.
- NOTE 7: Cost of Business Vehicle. You will be responsible to either purchase or lease a Business Vehicle that meets our specifications. The Business Vehicles that we approve are uniformly less than 5 years old and in excellent working condition. Most franchisees lease their Business vehicle as opposed to purchasing it. If you lease your Business vehicle you will be required to pay a security deposit as well as your monthly lease payment. At the end of the lease term you may either purchase your Business vehicle for its residual value or you may turn it in and lease a new one.
- NOTE 8: Professional Fees. We strongly recommend that you have an attorney and an accountant and possibly other professionals to assist you in evaluating this franchise offering. You may also choose to form a corporate entity to hold the franchise, and you may require assistance in negotiating your lease and drafting of an employment contract.
- NOTE 9: Insurance. The figures in the chart represent annual insurance premiums for the insurance that we require but does not include the premiums for worker's compensation insurance which will vary by state. Depending on your insurance company's practices, you may have to pay the entire annual premium in a lump sum; generally, you pay your premiums quarterly or semi-annually. See Item 8 for additional information about the insurance you must have for your Business. If you are a conversion franchisee and you carry the insurance we require, you will not incur this cost, but if you do not have the insurance we require you will incur some cost to obtain the additional needed insurance

- NOTE 10: Permits/Licenses. Depending upon the city and state in which you operate your franchise you may be required to obtain certain licenses incident to the operation of your business.
- NOTE 11: Grand Opening Advertising. We require that you spend monies specifically for grand opening marketing and advertising. The grand opening advertising expenditures are intended to let potential customers know that you are open for business. It is likely that you will obtain various marketing initiatives while working with a third-party marketer. You will make the expenditures directly to such third parties. You must spend your grand opening advertising monies within the first 90 days of the operation of your business. We will have the right to review any grand opening package advertising that you wish to undertake. In undertaking grand opening advertising, you must conduct advertising to promote the opening of your Business.
- NOTE 12: Additional Funds. You will need capital to support ongoing expenses, such as payroll, Business Vehicle payments, royalty fees and local advertising expenses, if these costs are not covered by sales revenue for your first 3 months of operation. New businesses often generate a negative cash flow. These funds are based on our experience of operating a MedXwaste business through our parent. We estimate that the amount given will be sufficient to cover ongoing expenses for the start-up phase of the business, which we calculate to be 3 months. We do not offer or provide financing.
- NOTE 13: Total. We relied upon our experience of our affiliate owned business which was started in 2013. Our estimates assume that you will be leasing your Business vehicle in the operation of your business and that you will not purchase it.

## **ITEM 8**

### **RESTRICTIONS ON SOURCES OF PRODUCTS AND SERVICES**

#### **Specifications and Standards**

Our reputation and goodwill are based on, and can be maintained only by, the sale of high-quality services and the presentation and sale of those services in an efficient and appealing manner. As such, we have developed standards and specifications for these services and you must operate your MedXwaste Franchised Business in strict conformance with our standards and specifications. These standards will regulate the types, models and brands of required equipment, signs, materials and supplies to be used in operating your Business, required or authorized products and services offered to customers and product categories and designated or approved suppliers of certain items (which may be limited to or include us).

We will notify you in our Confidential Operations Manual (the “Manual”) or other communications (including e-mails or newsletters) of our standards and specifications and/or names of approved suppliers. We do not currently serve as an approved supplier for the equipment and products you are required to purchase in this franchise, but we may do so in the future. Our standards and specifications may change over time, as may our list of approved or designated suppliers. We do not provide material benefits to you if you use our designated or approved suppliers, but your compliance with our requirements, standards and specifications may be considered when reviewing your request for a renewal franchise. There may be situations where you can obtain items from any supplier who can satisfy our requirements and, therefore, would be considered an approved supplier. We may, when appropriate, negotiate purchase arrangements, including price terms, with designated and approved suppliers on behalf of the System. There are currently no purchasing or distribution cooperatives.

We may establish strategic alliances or preferred vendor programs with suppliers that are willing to supply some products, equipment, or services to some or all of the franchisees' businesses in our System. If we do establish those types of alliances or programs, we may limit the number of approved suppliers with whom you may deal, we may designate sources that you must use for some or all products, equipment and services, and we may refuse to approve proposals from franchisees to add new suppliers if we believe that approval would not be in the best interests of the System or the franchised network of MedXwaste businesses.

### **Required Equipment, Inventory, and Supplies**

Currently we estimate that your purchases or leases that either are from approved suppliers or are according to our specifications will represent approximately 85% your total purchases in establishing a start-up Business. We estimate that approximately 65% **of your total purchases and leases** in the continuing operation of the Business will be either from approved suppliers, of which we may be the designated approved supplier, or according to our specifications. Supplies can be obtained through one of our approved vendor partner companies. We do not sell our own products, but we do hold inventory from approved suppliers for franchisees if supplies are needed quickly or in small quantities. These supplies are sold at cost.

You must purchase or lease, at your own cost and for use in your Franchised Business, a Business vehicle which must be approved by us to ensure that it meets our specifications. You must make sure that your Business vehicle is in good working order and it is organized and safe at all times. The Business Vehicle we uniformly approve are white Ford E-350 14-16 ft box truck and must have a liftgate or ramp and a vehicle less than 5 years old and must be in excellent working condition. Other similar sized, aged, and operating vans will be approved by us. We shall have the right, at any time during normal business hours, without prior notice to you, to inspect your vehicle. If we notify you that your vehicle does not meet our specifications and requirements, you must immediately stop using it. Your vehicle must be equipped with a Cellular Telephone to allow for prompt response to customer request for service.

### **Items from Which We Derive Revenue**

While we have begun franchising we have not yet derived revenues from the sale indirectly or directly as the case may be from any of your purchases. At the present time we sell certain supplies to our franchisees at our cost plus shipping costs. We do not mark any of these costs. We currently do not have ownership in a company that will sell products to you, but we reserve the right to do so in the future.

### **Approved Products and Services**

You must agree to offer for sale all products and services approved by us and only those products and services approved by us, as they may periodically be modified. All products and services approved by us must be offered for sale on a continuous basis at your Business at the times and in the manner we specify and at the prices we designate. No sale of any product or service, except those approved by us may be solicited, accepted or made at or from your Business. If requested by us on at least 30 days' notice as part of a general program or standardization effort by us, the marketing of a product or service must be discontinued.

### **Method of Approving Products, Suppliers and Services**

If you want to use any product or material or render any service that does not comply with the standards of the System or is to be purchased from a supplier that has not yet been approved, you must first submit a written request for approval of the proposed product or supplier and obtain our approval of the product

or supplier before purchasing the product or purchasing from this supplier. We will, within a reasonable time (within 30 days), notify you of our decision. We will periodically establish procedures for submitting requests for approval of items and suppliers and may impose limits on the number of approved items and suppliers. Approval of a supplier may be conditioned on requirements relating to product quality, production and delivery capabilities, ability to meet our supply commitments, financial stability, integrity of standards of service, familiarity with our System and ability to negotiate favorable terms for our franchisees. We do not generally make available to you or any supplier our criteria for approval. If you request us to evaluate a new supplier or product for approval, you or the supplier must reimburse our costs related to our evaluation of the proposed product or supplier which shall not exceed \$1,000.

### **Rebates and Promotional Allowances**

We have the right to collect and retain any and all allowances, rebates, credits, incentives, or benefits (collectively, "Allowances") offered by manufacturers, suppliers, and distributors to you, to us, or to our affiliates, based upon your purchases of products and services from manufacturers, suppliers, and distributors. We or our affiliates will have all of your right, title, and interest in and to any and all of these Allowances. We or our affiliates may collect and retain any or all of these Allowances without restriction (unless otherwise instructed by the manufacturer, supplier, or distributor).

### **Forms**

You must use only those forms, contracts, agreements, invoices and statements which have been approved by us. If we have made available a form of customer contract, credit disclosure, customer invoice, and/or statement of account for use by you, you shall reimburse our legal fees and other expenses incurred in connection with reviewing any other form of the same type which you submit for approval.

### **Computer Hardware and Software Systems**

You must purchase, use, maintain and update computer and other systems, including software programs which meet our specifications, as they evolve over time and which, in some cases, may only be available through us and/or our affiliates. You must maintain your systems on-line to provide full 24-hour access for computer systems used by us and you must promptly update and otherwise change your computer hardware and software systems as we require, at your expense. You will pay all amounts charged by any supplier or licensor, which may be us or an affiliate, of the systems and programs used by you, including charges for use, maintenance, support and/or update of these systems or programs.

### **Bookkeeping, Accounting and Records**

You shall be required to use such software program(s) designated by us for bookkeeping, accounting, inventory control, point of sale and record-keeping for the business of the MedXwaste franchise, and you shall retain all invoices, order forms, timecards, payroll records, e-mails, check stubs, bank deposit receipts, purchase order receipts, sales tax records and returns, cash disbursements journals and general ledgers. You shall also participate in such bookkeeping and accounting programs and procedures as we may prescribe.

### **Advertising by Franchisee**

All advertising and promotional materials you wish to conduct and/or use must first be submitted to us for our review and be approved by us in writing, prior to use. You may not use any advertising until it has been approved by us. Any advertising you submit to us for review and approval will become our property.

See Item 11 of this Disclosure Document for additional advertising information and marketing requirements for both franchise offerings.

### **Insurance**

You must maintain in force and provide us evidence in the form we require of (a) comprehensive, commercial, general liability policy (currently in the amount of \$1,000,000 per occurrence) and \$2,000,000 in the aggregate; (b) product and automobile liability insurance at least \$50,000 per occurrence; (c) business interruption Insurance of not less than \$30,000 per month for loss of income and other expenses with a limit of not less than 9 months of coverage; (d) Professional liability insurance with coverage of at least \$1,000,000 per occurrence and \$1,000,000 annual aggregate; (e) Excess liability umbrella coverage for general and automobile liability coverage is an amount of not less than \$1,000,000 per occurrence and \$2,000,000 in the aggregate; (f) Environmental insurance in amounts not less than \$1,000,000 per occurrence; and (g) other insurance policies, that we may reasonably determine. All insurance policies must be issued by carriers with at least an A-rating with A.M. Best (or a similar rating by comparable rating service accepted by us) and must contain the types of minimum amounts of coverage, exclusions and maximum deductibles that we periodically prescribe, must name us and our affiliates as additional insureds, provide for 30 days' prior written notice to us of any material modification, cancellation or expiration of the policy and include all other provisions that we may require. Our specific insurance requirements will be in our Confidential Operations Manual.

### **Material Benefits**

We do not provide any material benefits to you if you buy from sources we approve.

### **Purchasing or Distribution Cooperatives**

Currently you are not required to participate in a purchasing or distribution cooperative. However, we have the right to require you to participate in a local or regional advertising purchasing cooperative in the future.

## **ITEM 9 FRANCHISEE'S OBLIGATIONS**

**This table lists your principal obligations under the franchise and other agreements. It will help you find more detailed information about your obligations in these agreements and in other items of this disclosure document.**

| <b>Obligation</b>                                       | <b>Article in Agreement</b> | <b>Disclosure Document Item</b> |
|---------------------------------------------------------|-----------------------------|---------------------------------|
| (a) Site selection and acquisition/lease                | FA: Article 3               | Items 7 and 11                  |
| (b) Pre-opening purchases/lease                         | FA: Articles 3 and 8        | Items 7 and 11                  |
| (c) Site development and other pre-opening requirements | FA: Article 3               | Items 7 and 11                  |
| (d) Initial and ongoing training                        | FA: Article 6               | Items 6, 7 and 11               |
| (e) Opening                                             | FA: Article 3               | Item 11                         |

| <b>Obligation</b>                                           | <b>Article in Agreement</b> | <b>Disclosure Document Item</b> |
|-------------------------------------------------------------|-----------------------------|---------------------------------|
| (f) Fees                                                    | FA: Article 4               | Items 5, 6, 7 and 8             |
| (g) Compliance with standards and policies/Operating Manual | FA: Articles 8, 10 and 11   | Items 8, 11, 14 and 16          |
| (h) Trademarks & proprietary information                    | FA: Articles 9 and 10       | Items 13 and 14                 |
| (i) Restrictions on products/services offered               | FA: Article 8               | Items 8 and 16                  |
| (j) Warranty and customer service requirements              | FA: Article 20              | Not applicable                  |
| (k) Territorial development and sales quotas                | FA: Article 1               | Item 12                         |
| (l) On-going product/service purchases                      | FA: Article 8               | Items 6 and 8                   |
| (m) Maintenance, appearance and remodeling requirements     | FA: Articles 2 and 8        | Item 6                          |
| (n) Insurance                                               | FA: Article 12              | Items 7 and 8                   |
| (o) Advertising                                             | FA: Article 5               | Items 6, 7 and 11               |
| (p) Indemnification                                         | FA: Article 21              | Item 6                          |
| (q) Owner's participation/management/staffing               | FA: Articles 8 and 11       | Items 11 and 15                 |
| (r) Records/reports                                         | FA: Article 4               | Item 6                          |
| (s) Inspection/audits                                       | FA: Articles 4 and 11       | Item 6                          |
| (t) Transfer                                                | FA: Article 16              | Items 6 and 17                  |
| (u) Renewal                                                 | FA: Article 2               | Items 6 and 17                  |
| (v) Post-termination obligations                            | FA: Article 14              | Item 17                         |
| (w) Non-competition covenants                               | FA: Article 15              | Item 17                         |
| (x) Dispute resolution                                      | FA: Article 22              | Item 17                         |
| (y) Liquidated Damages                                      | FA: Article 14              | Item 6                          |

**ITEM 10**  
**FINANCING**

We do not offer any financing of any kind.

**ITEM 11**  
**FRANCHISOR'S ASSISTANCE, ADVERTISING, COMPUTER SYSTEMS AND TRAINING**

**Except as listed below, we are not required to provide you with any assistance.**

**Pre-Opening Obligations**

Before you open your Business, we will:

1. Provide you, or your Operating Partner, or your designated manager, at no added charged, with an initial training program in System standards, specifications, methods and techniques and additional assistance (FA, §§6.2, 7.1). This is further described in more detail later in this item;
2. Lend to you one copy of our Confidential Operations Manual, which may be in electronic form, and one copy of any other manuals designated for use with the System, as well as such additions and modifications thereto as we may, in our sole discretion, issue (FA, §10.1). This is further described in more detail later in this item;
3. We will assist you in obtaining the necessary equipment, tools, and supplies listed in our Operations Manual (collectively "Equipment"). We will also provide you with samples of our standard reporting forms for use in your Business. You will need to purchase these items before you open your Business. In that regard, we will provide you with lists of approved suppliers. You will need to make your own arrangements to have these items delivered and installed. The required inventory will be set forth in your operations manual. (FA, §7.1(e)).

**Site Selection and Opening**

Because this is a mobile business there will be no site selection offered to you nor will there be any site parameters for which you need to take note. You may operate your business either from your residence or if you desire you may operate it from a small business office. If you choose to operate your business from a business office, we do not recommend or approve any specific location. We do not provide you any site parameters. You will carry your equipment, inventory, and supplies in your MedXwaste vehicle which needs to be outfitted as we require. You will be able to open your Business only after you have obtained your vehicle and successfully completed your initial training (FA, §§3.2, 3.3, 6.1, 6.2). Franchisees typically open for business within 30 to 60 days after they sign the Franchise Agreement. In all events you must open within 120 days of the date you sign the Franchise Agreement (Opening Deadline) (FA §3.4). You will be required to attend training (as described below in Item 11) before you open. We may extend the Opening Deadline for a reasonable time (not to exceed 20 days) in the event factors beyond your reasonable control prevent you from meeting the Opening Deadline, and you request an extension of time from us. The factors that affect the period required to open the Business may include the ability to obtain financing, permits, and licenses; must purchase or lease and have installed and have in operating order the equipment required, and must obtain and provide evidence of insurance prior to the Opening Date.

## **Continuing Obligations**

During the operation of your Business, we will:

1. Provide guidance and assistance in the operation of your Business and in the technical aspects of medical waste disposal, in implementing approved advertising and marketing programs, and in the use of the System.
2. On reasonable written request by you (as determined by us), we will try to help you solve specific problems encountered in the operation of your business which are beyond the scope of the assistance contemplated in Section 7.1 of the Franchise Agreement. You shall reimburse us for the time spent by our personnel (at their then-current published billing rates) and for their out-of-pocket expenses of assisting you, including the cost of travel, meals and lodging for our personnel involved (FA, §7.1(h)).
3. We will administer the brand awareness fund, to promote the System and all MedXwaste businesses (FA, § 5.1).
4. Upon your request, provide periodic continuing individual or group advice, consultation, and assistance, rendered in person, by periodic correspondence (electronic or otherwise), field visits, or telephone or written communications of the System, as we may deem necessary or appropriate to assist you in conforming to the requirements of the System. Such continuing advice may include, but not be limited to, such topics as products and services to be offered to customers, improvements and developments in operating the MedXwaste business, pricing, administrative, bookkeeping, accounting and inventory control procedures, and operating problems encountered by you (FA, §§6.4, 7.1(b)).
5. Approve the local advertising you propose to use to promote your Business (FA, §5.3).
6. Indemnification against and reimbursement for all damages for which you are held liable in any proceeding arising out of your use of any of the Marks (including settlement amounts), if you and your owners have fully complied with the terms of the Franchise Agreement (FA, §9.14).
7. Provide you with new, modified or supplemented standards for the System that, in our discretion, are beneficial or necessary to maintain the uniformity and goodwill of the System (FA, §§3.1, 7.1(d)).
8. Hold a meeting of our franchisees, at a location to be determined by us, which we may hold on an annual basis or at such times that we may determine on a regional or national basis and for which you are required to attend (FA, §7.3).
9. We will give you, upon request, reasonable quantities of point-of-sale merchandising and other promotional materials developed for use in MedXwaste Franchises. You shall pay for such materials in accordance with our published price list then in effect, plus delivery cost (FA, §7.1(f)).

## **Brand Awareness Fund**

We have established a brand awareness fund (the “Fund”). You are required to contribute to the Fund each month in the amount of 1% of your gross sales from the previous month’s operations of your Business. You will commence your contributions to the Fund beginning on the 4<sup>th</sup> month after you signed your Franchise Agreement. The Fund will be used for national and regional advertising, publicity and promotion relating to the MedXwaste concept and business. We will determine, in our discretion, the manner in which monies in the Fund will be spent. Some portion of the Fund may be used for creative

concept production, marketing surveys, test marketing and related purposes. We may also use money from the Fund to support and maintain our Website and for social media initiatives.

We have the right to direct all marketing activities with sole discretion over creative concepts, materials and media used, as well as their placement and allocation. We also have the right to determine, in our sole discretion, the composition of all geographic and market areas for the implementation of these marketing and promotional activities. The Fund is intended to maximize general public recognition in all media of the Proprietary Marks and patronage of the MedXwaste businesses, but we have no obligation to make sure that expenditures of the Fund in or affecting any geographic area are proportionate or equivalent to payments of the marketing contribution by franchisees operating in that geographic area, or that any MedXwaste business will benefit directly or in proportion to the marketing contributions paid for the development of advertising and marketing materials or the placement of advertising.

We have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Marketing Contribution (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Marketing Contribution).

Any MedXwaste businesses owned by us in the United States will contribute to the Fund on the same basis as you. Funds from the Marketing Contributions will be kept separate and distinct and will be accounted for separately from our other funds. These funds will not be used to defray any of our general operating expenses, except as described in the paragraph above. We will prepare, and furnish to you upon written request, an annual, unaudited statement of funds collected and costs incurred. Any money remaining in the Fund at the end of any year will carry over to the next year.

At this time we have not collected any advertising contributions or made any advertising related expenditures.

No portion of the Fund will be used to produce or place advertising that is primarily a solicitation of franchise sales (FA, §5.1).

### **Local Advertising**

You must conduct local advertising in your Protected Territory granted to you in your Franchise Agreement. Beginning the fourth month, after you open your Business, and every calendar quarter thereafter during the term of your Franchise Agreement, you must spend 2% of your Gross Sales as defined in the Franchise Agreement for the previous calendar quarter on local advertising and promotion of its MedXwaste business. There is not a minimum amount we are required to spend on advertising in your area/territory. We must approve all advertising before you use it. You must provide us with an advertising expenditure report within 30 days of our request to show that you have complied with the local advertising requirements (FA, §5.2).

Any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding 12-month period must be submitted to us for our approval at least 10 days before you intend to use it. Unless we provide our specific disapproval of the proposed materials, the materials are deemed approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials (FA, §5.3).

We reserve the right to require you to include certain language in your local advertising, such as "Franchises Available" and our Website address and telephone number (FA, §5.3).

In addition to the local advertising requirements described above, you must participate in sales and promotional campaigns and activities as we periodically direct; provide approved promotional material to each member of the MedXwaste businesses as we may require; and maintain a sufficient supply of promotional materials for that purpose at all times; and you shall display all signs, emblems and logos in your Business as we may require (FA, §5.2).

### **Cooperative Advertising**

We have the right to form advertising cooperatives in an area where there are at least two MedXwaste businesses operating, or we may approve the formation of an advertising cooperative by our franchisees. If a cooperative is formed for an area that includes your Protected Territory, you must participate in the cooperative. The cooperative may operate according to written documents, but we must approve of the written documents before they can be implemented. If the cooperative operates according to written documents, you will have an opportunity to review the documents before joining the cooperative. The cooperatives are not required to prepare periodic statements of the collections and expenditures of the cooperative. The members of the cooperative will determine the amount each member must contribute and the frequency of contributions. Any amounts you contribute to an advertising cooperative will count toward your local advertising requirement, but if the amount you contribute to a cooperative is less than the amount you must spend on local advertising, you must still spend the difference locally. Unless otherwise agreed upon by the members of the specific advertising cooperative you will not be required to pay more than 2% of your gross sales to such cooperative. There are currently no operating advertising cooperatives at this time (FA, §5.4).

All contributions to the cooperative will be maintained and administered in accordance with the documents governing the cooperative, if any. The cooperative will be operated solely as a conduit for the collection and expenditure of the cooperative fees for the purposes outlined above, including general advertising and local advertising. No marketing or promotional plans or materials may be used by the cooperative or furnished to its members without first obtaining our approval. Each MedXwaste business in a cooperative's area will have one vote on all cooperative matters, but no franchisee (or group of commonly controlled franchisees) may have more than 25% of the total vote (FA, §5.4).

### **Grand Opening Advertising Campaign**

You must spend at least \$5,000 to conduct a grand opening advertising campaign to promote the opening of your Business. We expect that your grand opening advertising will be conducted in the 60 days after your Business opens. We must approve of your grand opening advertising program before you conduct it. You will spend the monies on your own subject to our approval and at our request, you must submit your receipts to us to confirm your expenditures for the grand opening advertising campaign and we will conduct the campaign. (FA, §5.5).

### **Advisory Councils**

We have the right to form one or more advisory councils to advise us and work with us to improve the System, including advertising, methods of operations, new products and services, and other matters. If we choose to form an advisory council, it will be made up of our representatives and franchisee representatives. The franchisee representatives may be chosen by us or may be elected by other franchisees in the System. If formed, the advisory council will act in an advisory capacity only and will not have decision making authority. We may form, change, merge or dissolve any advisory council at any time. If you participate on any advisory council, you must pay any expenses you incur related to your participation, such as travel and living expenses related to attending council meetings (FA, §5.7).

## **Website / Intranet**

Websites (as defined below) are considered as “advertising” under the Franchise Agreement and are subject (among other things) to our review and prior written approval before they may be used (as described below). As used in the Franchise Agreement, the term “Website” means an interactive electronic document contained in a network of computers linked by communications software that you operate or authorize others to operate and that refers to the Business’s, Proprietary Marks, us, or the System. The term Website includes Internet and World Wide Web home pages. In connection with any Website, under the Franchise Agreement you may not establish a Website related to the Proprietary Marks or the System, nor may you offer, promote, or sell any products or services, or make any use of the Proprietary Mark, through the Internet without our prior written approval. As a condition to granting any consent, we will have the right to establish any requirement that we deem appropriate, including a requirement that your only presence on the Internet will be through one or more web pages that we establish on our Website (FA, §5.6).

We will have the right to establish a website or other electronic system providing private and secure communications (*e.g.*, an intranet) between us, our franchisees, and other persons and entities that we decide are appropriate. If we require, you must establish and maintain access to the intranet in the manner we designate. Additionally, we may periodically prepare agreements and policies concerning the use of the intranet that you must acknowledge and/or sign (FA, §§5.6, 7.4).

You are strictly prohibited from promoting your Business or using the Proprietary Marks in any manner on social and/or networking Websites, such as Facebook, LinkedIn, Instagram, and Twitter, without our prior written consent. We will control all social media initiatives (FA, §5.6).

## **Pricing**

We do not currently set minimum or maximum pricing for your services. You are free to charge prices that you wish for your services. From time-to-time we may recommend certain pricing for certain of the services offered at your franchised business.

## **Computer System Requirements**

You must purchase or lease a computer system according to our specifications. We currently require you to use an iPad mini 2 or later, and which comes with cellular service. At the present time, there is no monthly computer maintenance service that you must subscribe to, but we reserve the right to require you to subscribe to one in the future at your expense. Our specifications for any additional required hardware and software will be included in the Manual and are subject to change periodically as technology changes. The computer system you purchase or lease, must include software that will interact with us and which will print out and track your repair orders with your customers. We estimate that the total costs of the Computer Hardware and Software Systems will be approximately \$1,500 to \$3,000 (See Items 7 and 8 of this Disclosure Document, and FA, §8.12 & Article 24).

You must maintain your systems on-line to provide full, twenty-four (24) hour access for computer systems used by us and you must promptly update and otherwise change your computer hardware and software systems as we require, at your expense (FA, §8.12). You shall also afford us unimpeded access to your Computer System and Required Software, in the manner, form, and at the times requested by us (FA, §24.1(e)). All data pertaining to the Business, and all data created or collected by you in connection with the System, or in connection with your operation of the Business or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem

appropriate without compensation to you (FA, §24.2). We will have independent access to the information generated and stored in these systems.

### **Confidential Operations Manual**

We will lend to you one copy of our Confidential Operations Manual and one copy of any other manuals designated for use with the System. These manuals contain our mandatory specifications, standards, methods, techniques and procedures and shall be kept confidential by you, at all times. The Table of Contents for our Confidential Operations Manual is attached to this Disclosure Document as Exhibit F. It has approximately 87 pages and is kept in electronic format and may be accessed by you only on the MedXwaste Online franchisee website (FA, §§7.1(c), 10.1).

You shall operate your Business strictly in accordance with the Confidential Operations Manual. We shall have the right to add to, and otherwise modify the Confidential Operations Manual, to reflect changes in the Approved Services and Products, the System, or the operation of the Business. You shall keep the Confidential Operations Manual up-to-date with replacement pages and insertions as instructed by us. The Confidential Operations Manual shall, at all times, remain our property, and you shall promptly return the Confidential Operations Manual to us upon our request. In the event a dispute arises as to the contents of the Confidential Operations Manual, the master copy maintained by us shall be controlling (FA, §10.1).

### **Training Programs (Initial & Additional)**

Before your Business opens, we will provide an initial training program which you, or your Operating Partner, or your designated manager must successfully complete not later than 30 days prior to the opening of the Business. Such training program shall be held at our training facility in Deer Park, NY, or at such other place(s) as may be specified by us. All costs and expenses incurred (including without limitation, the cost of travel, food, accommodations & wages) by you, or your Operating Partner, or your designated manager that attend the training program, shall be paid by you. We shall provide only the instruction and materials for classroom and on-site instruction. If you wish to send additional trainees to our initial training program, either before the Business opens or while it is operating, you may do so if there is space available in our next scheduled training session but you shall pay all trainees' expenses, including travel, lodging, meals and wages, as well as our then-current training fee (FA, §§6.2, 7.1).

We will provide up to one week of initial technical training of you, or your Operating Partner, or your designated manager on how to efficiently operate a MedXwaste franchised unit. The training includes approximately 5 days of classroom instruction and approximately 1 day of on-the-job training at one of our mobile franchises. After you open your MedXwaste Franchise for business, we may periodically make available other optional training programs, as we deem appropriate, and you shall be entitled to participate on such basis as we may determine (FA, §6.2).

If we determine that you cannot or have not completed the training program to our satisfaction, you will have the opportunity to re-take our initial training program at your expense, including our then-current training fee. If you fail to complete the training program a second time, we may terminate your Franchise Agreement pursuant to Section 13.1 of the Franchise Agreement (FA, §§6.2, 13.1).

We reserve the right to hold periodic refresher or additional training courses, and we may designate that attendance at these training courses be mandatory for any of your employees. You must pay our then-current per person fee for refresher training, as well as the cost for you and/or your employees to attend the courses, including travel, lodging, meals and applicable wages. If you or any of your employees are not able to attend a mandatory training course, we reserve the right to require you to send the employees to our training facility for the mandatory training (FA, §6.2).

### TRAINING PROGRAM

| Subject               | Hours of Classroom Training | Hours of On-the-Job Training | Location                                                     |
|-----------------------|-----------------------------|------------------------------|--------------------------------------------------------------|
| Welcome & Orientation | 4                           | 0                            | Corporate Headquarters or other location as we may determine |
| Software              | 8                           | 0                            | Corporate Headquarters or other location as we may determine |
| Marketing             | 8                           | 0                            | Corporate Headquarters or other location as we may determine |
| Field Operations      | 8                           | 0                            | Corporate Headquarters or other location as we may determine |
| On-the-Job Training   | 0                           | 8                            | At one of our mobile franchises                              |
| <b>Total</b>          | <b>28</b>                   | <b>8</b>                     | As set forth above                                           |

All aspects of the training program are integrated so there are no definitive starting and stopping times. We may adjust our training program based on an individual's needs and/or prior experience.

Our training program will be directed by our President Sean Fredricks, who has 6 years of relevant experience in the subject matter he will be teaching. Our other trainers include Jason Fredricks who has 6 years of relevant experience in the subject matter he will be teaching, Gregory Okpych who has 5 years of relevant experience in the subject matter he will be teaching, and Jeffrey Papo who has 4 years of relevant experience in the subject matter he will be teaching. We reserve the right to make changes in our trainer(s) as we deem necessary and advisable without prior notice.

If you fail to complete training we may terminate the Franchise Agreement, and you will receive no refund of your Initial Franchise Fee.

If you request additional extraordinary or refresher courses or training, or if we require you to take the same, we may at our option, charge you our then-current per diem fee plus expenses. You will pay your costs for travel, food, and lodging.

If you proposed to sell or transfer the Business to a third-party, part of the approval process will be the requirement that the transferee attend the Franchisor's Initial Training Program and all other training we are then requiring and that the purchaser or transfer pay for the training at the then current fees being charged, if any.

## **ITEM 12**

### **TERRITORY**

#### **Franchise Agreement**

At the time that you sign your Franchise Agreement, you and we will agree upon territory in which to operate your business. The territory will be based on the businesses and population in a designated area upon which we agree. The Franchise Agreement grants you the right to operate your Business within a territory granted to you and approved by us. The Territory granted by us is a non-exclusive territory. At all times throughout the term of this Agreement and any renewals hereof, and at all places, the unqualified right to open and operate, or to franchise and license others to open and operate, businesses utilizing the System anywhere, except within your Territory. Your Protected Area is protected only to the extent that no one may locate a MedXwaste Business within its geography.

You will not receive an exclusive territory. You may face competition from other franchises, from outlets that we own, or from other channels of distribution or competitive brands that we control.

The license granted herein does not include any right to provide any service or sell any product at or except within the Territory granted to you. Use by you, directly or indirectly, of the System, the Proprietary Marks licensed hereunder, or the sale of any product or service in any territory, other than from within the Territory granted to you shall be a material breach of this Agreement and shall give us, in addition to all other rights and remedies hereunder, the right to terminate this Agreement. You shall not engage in any promotional activities or sell the Approved Services and Products or similar services and products, whether directly or indirectly, through the internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the “Electronic Media”); or by telecopy or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located outside of the Territory. While you may place advertisements in printed media and on television and radio that are targeted to customers and prospective customers located within your Territory and will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory.

The Franchise Agreement does not give you any right to relocate your Business outside the territory granted to you. You may however, relocate your fixed office location within your territory upon our approval.

#### **Reservation of Rights**

Except as otherwise expressly provided in this Agreement, we and our Affiliates reserve all of our respective rights and discretion with respect to the Proprietary Marks, the System, and your Business anywhere in the world and the right to engage in any business whatsoever, including: (a) the right to operate, and grant to others the right to operate or establish others to operate a MedXwaste business within such territories and on such terms and conditions as we deem appropriate, provided that they are outside the Territory set forth in this Agreement; (c) the right to operate, and grant to others the right to operate not using the MedXwaste name in such territories, including your Territory, and on such terms and conditions as we deem appropriate; (d) the right to acquire, merge or consolidate with, be acquired by, operate and expand businesses; and (e) to offer the same or similar products and/or services that you are authorized within in your Territory through other channels of distribution, including, but not limited to internet offered services. We are not required to pay you any compensation for soliciting or accepting orders in your Territory.

We have not established other franchises or company-owned outlets or another distribution channel selling or leasing similar products or services under a different trademark. We describe earlier in this Item 12 what we may do within and outside of your protected Territory.

Except for the businesses operated by our Affiliate, neither we nor any parent or affiliate has established, or presently intends to establish, other franchised or company-owned outlets which sell our products or services under a different trade name or trademark, but we reserve the right to do so in the future, without first obtaining your consent.

Your territorial grant does not depend on your achieving a certain sales volume, market penetration, or other contingency, and we may not alter your Development Area.

### **ITEM 13** **TRADEMARKS**

Under the Franchise Agreement, we grant to you the right to use certain trademarks, service marks and other commercial symbols in connection with the operation of your franchise. Our primary service mark is “MedXwaste” with words and design (the “Proprietary Marks”). We own the Proprietary Marks. We have applied for registration for the Proprietary Marks in the United States Patent and Trademark Office (“USPTO”).

| Mark                                                                                | Mark Type       | Int’l Class Number | Registration Date | Registration Number | Register  |
|-------------------------------------------------------------------------------------|-----------------|--------------------|-------------------|---------------------|-----------|
|   | Logo            | 39 and 40          | June 14, 2019     | 88473983*           | Principal |
| MedXwaste                                                                           | Word Mark       | 39 and 40          | June 3, 2019      | 88457346*           | Principal |
| OnTime Shredding                                                                    | Word Mark       | 39 and 40          | January 16, 2023  | 97756343*%          | Principal |
|  | Logo plus words | 39 and 40          | January 16, 2023  | 97756346*%          | Principal |

\*Our trademark filings are based on prior use of the trademark and not on an intent to use them.

% These trademarks registration represent applications for registration. No registration has been yet granted

There are no currently effective determinations of the USPTO, the Trademark Trial and Appeal Board, the trademark administrator of this state or any court, nor is there any pending infringement, opposition, or cancellation proceeding, nor any pending material litigation involving the Proprietary Marks which may be relevant to their use in this state or in any other state. When required we will file all affidavits and other required documents to maintain our interests in and to the Proprietary Marks.

Other than set forth above, there are no agreements currently in effect which limit our right to use or to license others to use the Proprietary Marks.

You must promptly notify us of any suspected unauthorized use of the Proprietary Marks, any challenge to the validity of the Proprietary Marks, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the Proprietary Marks. We will direct and control any administrative proceeding or litigation involving the Proprietary Marks, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute

infringement of the Proprietary Marks. We may defend you against any third-party claim, suit or demand arising out of your use of the Proprietary Marks. If we, in our sole discretion, determine that you have used the Proprietary Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be paid by us. If we determine that you have not used the Proprietary Marks in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of the Proprietary Marks, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the Proprietary Marks in a manner inconsistent with the terms of your Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no infringing uses actually known to us that could materially affect your use of the Proprietary Marks in this state or elsewhere.

We reserve the right to substitute different proprietary marks for use in identifying the System and the businesses operating under it, at our sole discretion. You must implement any modified or substituted proprietary mark as we direct, at your own cost. We are not obligated to reimburse any of your costs related to a change or substitution of a proprietary mark.

## **ITEM 14**

### **PATENTS, COPYRIGHTS, AND PROPRIETARY INFORMATION**

#### **Patents and Copyrights**

We do not own any patents, pending patents, copyrights or pending copyrights that are material to the franchise.

Although we have not filed an application for a copyright registration for the Manual, we claim a copyright and the information in it is proprietary and confidential. We also claim a copyright on the proprietary MedXwaste Online software, brochures, Website materials, and other documentation.

You must promptly notify us of any suspected unauthorized use of the patent or copyright, any challenge to the validity of the patent or copyright, or any challenge to our ownership of, our right to use and to license others to use, or your right to use, the patent or copyright. We will direct and control any administrative proceeding or litigation involving the patent or copyright, including any settlement. We have the right, but not the obligation, to take action against uses by others that may constitute infringement of the patent or copyright. We may defend you against any third-party claim, suit or demand arising out of your use of the patent or copyright. If we, in our sole discretion, determine that you have used the patent or copyright in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be paid by us. If we determine that you have not used the patent or copyright in accordance with your Agreement, the cost of the defense, including the cost of any judgment or settlement, will be yours. In the event of any litigation relating to your use of the patent or copyright, you must sign any and all documents and do any acts as may, in our opinion, be necessary to carry out the defense or prosecution, including becoming a nominal party to any legal action. Except if this litigation is the result of your use of the patent or copyright in a manner inconsistent with the terms of your Agreement, we will reimburse you for your out-of-pocket costs in doing these acts.

There are no material determinations of the USPTO, the U.S. Copyright Office, or any court regarding the patent and the copyright described above. There is no agreement that limits the use of the patent and/or copyright.

We reserve the right to stop using any patented or copyrighted item and to substitute different patents and/or copyrights, at our sole discretion. You must implement any modified or substituted patents and/or copyrights as we direct, at your own cost. We are not obligated to reimburse any of your costs related to a change or substitution of a patent or copyright.

### **Confidential Operations Manual**

You must operate your Franchised Business according to the standards, methods, policies and procedures specified in the Manual. You will have access to the Manual online for the term of the Franchise Agreement after you complete our initial training program to our satisfaction.

You must treat the Manual, and any other of our manuals which are used in the operation of your Franchised Business, and the information in them as confidential, and must use all reasonable efforts to maintain this information as secret and confidential. You must not copy, duplicate, record, or otherwise reproduce these materials, in whole or in part or otherwise give them to any unauthorized person. The Manual will remain our sole property and must be kept in a secure place at the Franchised Business.

We may revise the contents of the Manual, and you must comply with each new or changed standard. You must make sure that the Manual is kept current at all times. In the event of any dispute as to the contents of the Manual, the terms of the master copy maintained by us at our home office will be controlling.

### **Confidential Information**

You must not, during the term of the Franchise Agreement, or after the term of the Franchise Agreement, communicate, divulge or use for the benefit of any other person, partnership, association, or corporation any confidential information, knowledge or know-how concerning the methods of operation of the Franchised Business which may be communicated to you or which you may learn because of your operation under the terms of the Franchise Agreement. Confidential information includes methods of business management, sales and promotion techniques, and know-how, knowledge of, and experience in, operating a MedXwaste franchise, and any other information that we designate as proprietary or confidential. You may divulge this confidential information only to those of your employees who must have access to it to operate your MedXwaste business. Any and all information, knowledge, know-how, techniques and other data which we designate as confidential will be deemed confidential for purposes of the Franchise Agreement.

At our request, you must have your manager and any personnel having access to any of our confidential information sign agreements that say that they will maintain the confidentiality of information they receive in connection with their employment by you at your MedXwaste Business. The agreements must be in a form satisfactory to us, including specific identification of us as a third-party beneficiary of the covenants with the independent right to enforce them and that they prohibit any direct or indirect ownership in a competing business.

## **ITEM 15** **OBLIGATION TO PARTICIPATE IN THE ACTUAL OPERATION OF THE FRANCHISE BUSINESS**

We expect that you will participate in the daily operation of your Business. If you do not participate in the Business's daily operation, you must employ a manager for this purpose. The manager must meet our criteria, be approved by us, and have satisfactorily completed our training program. You must also maintain a competent, conscientious, trained staff, including instructors and office staff. You must

comply with all applicable laws in your employment of managers, instructors and staff, and you must not harm the goodwill associated with the System and the Proprietary Marks (this requirement may affect who you employ).

The manager will not need to have an equity interest in your business. The manager must attend and complete our training program, as described in Item 11. The manager and other key employees may also have to sign an agreement not to compete with businesses under the System while employed by you and for two years after their employment ends. Both your employees and any independent contractor-technicians that you retain, must sign an agreement not to reveal confidential information obtained while retained by you. See Item 17 for a description of these obligations.

If you are a corporation, limited liability company, or partnership, your owners must personally guarantee your obligations under the Franchise Agreement and agree to be bound personally by every contractual provision, whether containing monetary or non-monetary obligations, including the covenant not to compete. This “Guaranty and Assumption of Obligations” is Attachment 1 to the Franchise Agreement.

You must operate the Franchised Business in strict conformity with all applicable Federal, state and local laws, ordinances and regulations. These laws, ordinances and regulations vary from jurisdiction to jurisdiction. You must learn of the existence and requirements of all laws, ordinances and regulations applicable to the Business in your jurisdiction and to adhere to them and to the then-current implementation or interpretation of them.

#### **ITEM 16**

##### **RESTRICTIONS ON WHAT THE FRANCHISEE MAY SELL**

You must use the Business solely for the operation of the MedXwaste business. You must keep your Business open and in normal operation during the hours we specify, subject to applicable law. Our required operating hours will be included in the Manual. You must not use or permit the use of the Business for any other purpose or activity at any time without first obtaining our written consent. You must operate the Business in strict conformity with the methods, standards and specifications we may require in the Manual or in writing. You must not change the standards, specifications and procedures without our prior written consent.

You must sell or offer for sale only those products and services that we have approved for sale in writing; you must sell or offer for sale all types of products and services specified by us; you may not change our standards and specifications without our prior written consent. You must stop selling and offering for sale any products or services which we may, in our discretion, disapprove in writing at any time. We reserve the right to require you to have a sales presentation slideshow or a sales presentation page on our Website. We have the right to change the types of authorized goods and services and there are no limits on our right to make changes.

The System may be periodically supplemented, improved or modified by us. You must comply with all of our reasonable requirements in that regard, including offering and selling new or different products or services as specified by us.

You are restricted by the Franchise Agreement, the Manual and any other practice or custom with respect to the goods or services which you may offer, which must be approved by us. You are not restricted as to the customers whom you may solicit or service, except as described in Item 12.

**ITEM 17**  
**RENEWAL, TERMINATION, TRANSFER, AND DISPUTE RESOLUTION**

**THE FRANCHISE RELATIONSHIP**

**These tables lists certain important provisions of the franchise and related agreements. You should read these provisions in the agreements attached to this disclosure document.**

| <b>Provision</b>                           | <b>Article in Franchise Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
|--------------------------------------------|---------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| a. Length of franchise term                | Article 2                             | Seven years (Exhibit C).                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| b. Renewal or extension of the term        | Article 2                             | Renewal terms are for seven years, subject to performance of contractual requirements.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| c. Requirements for you to renew or extend | Article 2                             | You must: provide us with written notice that you wish to renew your Franchise Agreement not less than 9 months but no more than 6 months prior to the end of the Initial Term of the Agreement; be in substantial compliance under your Franchise Agreement and all other agreements with us and/or our affiliates; be current in all payments to us and any of our affiliates; sign a general release; sign a renewal Franchise Agreement; and pay our fee. You may be asked to sign a contract with materially different terms and conditions than your original contract, but the fees on renewal will not be greater than the fees that we then impose on similarly situated renewing franchisees. |
| d. Termination by you                      | Not Applicable                        | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| e. Termination by us without cause         | Not Applicable                        | Not Applicable.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| f. Termination by us with cause            | Article 13                            | We have the right to terminate your Franchise Agreement in certain circumstances, although some breaches are subject to cure.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| g. "Cause" defined – curable defaults      | Article 13                            | We shall have the right to terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon 30 days' written notice to you, if you breach any other provision of this Agreement and fail to cure the default during such 30-day period. Defaults shall include, but not be limited to, the following: You fail to maintain the then-current operating procedures and standards established by us as set forth herein or in the Confidential Operations Manual or otherwise communicated to you; You engage in any unauthorized business or practice or sell any unauthorized product or service under the                                            |

| Provision                                        | Article in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|--------------------------------------------------|--------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                  |                                | <p>Proprietary Marks or under a name or mark which is confusingly similar to the Proprietary Marks; You fail, refuse or neglect to obtain our prior written approval or consent as required by this Agreement; You fail to refuse to comply with the then-current requirements of the Manual; or You fail to comply with any other provision of this Agreement or any specification, standard or operating procedure prescribed by us and do not correct such failure within 10 days (or 30 days if this is the first non-compliance or breach) after written notice from us (which shall describe the action that you must take) is delivered to you.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <p>h. “Cause” defined – non-curable defaults</p> | <p>Article 13</p>              | <p>You intentionally or negligently disclose to any unauthorized person the contents of or any part of our Manual or any other trade secrets or confidential information of ours; you voluntarily abandon the Business for a period of 5 consecutive days, or any shorter period that indicates an intent by you to discontinue operation of the Business, unless such abandonment is due to causes beyond your control and not related to your availability of funds; You, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a <i>supersedeas</i> bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal</p> |

| Provision | Article in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|-----------|--------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|           |                                | <p>property of the franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable; You or any owner of greater than 20% of your entity or operation is convicted of a felony, a crime involving moral turpitude, or any crime or offence that is reasonably likely, in our sole opinion, to materially and unfavorably affect the Business, the Proprietary Marks, or the goodwill or reputation thereof; You do not pay an amount owing to Franchisor or to an affiliate of Franchisor when due (whether or not owing under this Agreement) and continues in such default for more than 5 days after receiving notice of default; You misuse or fail to follow our directions and guidelines concerning use of the Proprietary Marks and fail to correct the misuse or failure within 10 days after notification from us; You have received 3 notices of default with respect to your obligations hereunder from us within any 12 month period, regardless of whether the defaults were cured by you; You sell, transfer or otherwise assign yourself, an interest in the Franchise or the Franchisee entity, this Agreement, the Business or a substantial portion of the assets of the Business owned by you without complying with the provisions of Article 16; You fail or refuse to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submit such reports more than 10 days late on 2 or more occasions during the term unless due to circumstances beyond your control; You sell or offer for sale any unauthorized merchandise, product or service, or you offer any product at wholesale; anywhere outside the Territory, and continue in such default for more than 5 days after receiving notice of default (but Franchisee's advertisements in media having a regional or general coverage which includes the Territory shall not be a default under this subsection); You do not open for business within 30 days after signing this Agreement; You contest in any court or proceeding the validity of or our ownership of or rights to the Proprietary Marks; You are a corporation or other business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without our prior written consent; You fail to successfully complete our training or</p> |

| Provision                                              | Article in Franchise Agreement | Summary                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
|--------------------------------------------------------|--------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                        |                                | retraining course(s) and scheduled meetings; You receive from us during the term and any renewal terms 4 or more notices of default regardless of whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by you; You understate Gross Sales for any period by more than 3%; You fail to comply with all applicable laws and ordinances relating to the Business, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation. |
| i. Your obligations on termination/non-renewal         | Article 14                     | Pay amounts owed; assignment of telephone numbers to us; discontinue use of Proprietary Marks; terminate any trade name filing; give us the option to purchase certain assets of the Franchised Business; de-identification of premises.                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| j. Assignment of contract by us                        | Article 16                     | No restriction on right to transfer, but our transferee must agree in writing to perform all of our obligations under the Franchise Agreement.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| k. "Transfer" by You – defined                         | Article 16                     | Includes transfer of all or substantially all of the assets of your business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| l. Our approval of transfer by you                     | Article 16                     | We have the right to approve transfers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| m. Conditions for our approval of transfer             | Article 16                     | You are in compliance with Franchise Agreement; transferee qualifies, completes training and signs our then-current Franchise Agreement; you sign general release; payment of transfer fee; we approve of the sale agreement; you comply with non-competition covenants; you do not use any mark that is confusingly similar to our Proprietary Marks.                                                                                                                                                                                                                                                                                                                                                       |
| n. Our right of first refusal to acquire your business | Article 16                     | We have a right of first refusal to match any offer you receive to purchase all or a portion of your business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| o. Our option to purchase your business                | Article 14                     | Upon expiration or termination of your Franchise Agreement, we have the right (but not the obligation) to purchase all or a portion of the assets used in your business.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| p. Your Death or disability                            | Article 16                     | Franchise must be assigned to approved buyer within six months.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

| <b>Provision</b>                                                          | <b>Article in Franchise Agreement</b> | <b>Summary</b>                                                                                                                                                                                                                                                                                                              |
|---------------------------------------------------------------------------|---------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| q. Non-competition covenants during the term of the franchise             | Article 15                            | Includes prohibition on owning, operating or participating in any business that offers similar products and services.                                                                                                                                                                                                       |
| r. Non-competition covenants after the franchise is terminated or expires | Article 15                            | You may not own, operate or participate in any business that offers similar products and services for two years after the Franchise Agreement expires or is terminated and within the territory granted to you or the territory granted to any other MedXwaste franchisee at the time of the termination of your franchise. |
| s. Modification of the agreement                                          | Article 22                            | Any modifications to the Franchise Agreement must be in writing and signed by both parties.                                                                                                                                                                                                                                 |
| t. Integration/merger clause                                              | Article 23                            | Only the terms of the Franchise Agreement and Operations Manual are binding (subject to State and Federal laws). Any representations or promises outside of the Disclosure Document and Franchise Agreement may not be enforceable.                                                                                         |
| u. Dispute resolution by arbitration or mediation                         | Article 22                            | By litigation.                                                                                                                                                                                                                                                                                                              |
| v. Choice of forum                                                        | Article 22                            | Tenth Judicial District, Suffolk County, New York or the Federal Court for the Eastern District of New York (subject to applicable state law).                                                                                                                                                                              |
| w. Choice of law                                                          | Article 22                            | Florida (subject to state law).                                                                                                                                                                                                                                                                                             |

## **ITEM 18** **PUBLIC FIGURES**

We presently do not use any public figure to promote our franchise.

## **ITEM 19** **FINANCIAL PERFORMANCE REPRESENTATIONS**

The FTC's Franchise Rule permits a franchisor to provide information about the actual or potential financial performance of its franchised and/or franchisor-owned outlets, if there is a reasonable basis for the information, and if the information is included in the disclosure document. Financial performance information that differs from that included in Item 19 may be given only if: (1) a franchisor provides the actual records of an existing outlet you are considering buying; or (2) a franchisor supplements the information provided in this Item 19, for example, by providing information about possible performance at a particular location or under particular circumstances.

We do not make any representations about a franchisee's future financial performance or the past financial performance of company-owned or franchised outlets. We also do not authorize our employees or representatives to make any such representations either orally or in writing. If you are purchasing an

existing outlet, however, we may provide you with the actual records of that outlet. If you receive any other financial performance information or projections of your future income you should report it to the franchisor's management by contacting our President, Sean Fredricks, in writing at c/o MedXwaste Franchise LLC, 13340 Lincoln Road, Riverview, Florida 33578 (844) 733-2247, the Federal Trade Commission, and the appropriate state regulatory agencies.

**ITEM 20**  
**OUTLETS AND FRANCHISEE INFORMATION**

**Table No. 1**  
**System-wide Outlet Summary**  
**For fiscal years Ending 2021, 2022, 2023**

| <b>(Column 1)<br/>Outlet Type</b> | <b>(Column 2)<br/>Year</b> | <b>(Column 3)<br/>Outlets at the Start<br/>of the Year</b> | <b>(Column 4)<br/>Outlets at the End of<br/>the Year</b> | <b>(Column 5)<br/>Net Change</b> |
|-----------------------------------|----------------------------|------------------------------------------------------------|----------------------------------------------------------|----------------------------------|
| Franchised                        | 2021                       | 2                                                          | 2                                                        | 0                                |
|                                   | 2022                       | 2                                                          | 2                                                        | 0                                |
|                                   | 2023                       | 2                                                          | 4                                                        | +2                               |
| Company<br>(affiliated Owned)     | 2020                       | 1                                                          | 1                                                        | 0                                |
|                                   | 2021                       | 1                                                          | 1                                                        | 0                                |
|                                   | 2022                       | 1                                                          | 1                                                        | 0                                |
|                                   | 2023                       | 1                                                          | 1                                                        | 0                                |
| Total Outlets                     |                            |                                                            |                                                          |                                  |
|                                   | 2021                       | 3                                                          | 3                                                        | 0                                |
|                                   | 2022                       | 3                                                          | 3                                                        | 0                                |
|                                   | 2023                       | 3                                                          | 5                                                        | +2                               |

**Table No. 2**  
**Transfers of Outlets from Franchisees to New Owners (other than the Franchisor)**  
**For fiscal years Ending 2021, 2022, 2023**

| <b>(Column 1)<br/>State</b> | <b>(Column 2)<br/>Year</b> | <b>(Column 3)<br/>Number of Transfers</b> |
|-----------------------------|----------------------------|-------------------------------------------|
| Total                       | 2021                       | 0                                         |
|                             | 2022                       | 0                                         |
|                             | 2023                       |                                           |

**Table No. 3**  
**Status of Franchised Outlets**  
**For fiscal years Ending 2021, 2022, 2023**

| (Col. 1)<br>State | (Col. 2)<br>Year | (Col. 3)<br>Outlet<br>s at<br>Start<br>of<br>Year | (Col. 4)<br>Outlet<br>s<br>Open<br>ed | (Col. 5)<br>Terminations | (Col. 6)<br>Non-<br>Renewal<br>s | (Col. 7)<br>Reacqui<br>red by<br>Franchi<br>sor | (Col. 8)<br>Ceased<br>Operation<br>s – Other<br>Reasons | (Col. 9)<br>Outlets<br>at End<br>of the<br>Year |
|-------------------|------------------|---------------------------------------------------|---------------------------------------|--------------------------|----------------------------------|-------------------------------------------------|---------------------------------------------------------|-------------------------------------------------|
| Arizona           | 2021             | 0                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 0                                               |
|                   | 2022             | 0                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 0                                               |
|                   | 2023             | 0                                                 | 1                                     | 0                        | 0                                | 0                                               | 0                                                       | 1                                               |
| Illinois          | 2021             | 1                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 1                                               |
|                   | 2022             | 1                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 1                                               |
|                   | 2023             | 1                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 1                                               |
| New York          | 2021             | 1                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 1                                               |
|                   | 2022             | 1                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 1                                               |
|                   | 2023             | 1                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 1                                               |
| Texas             | 2021             | 0                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 0                                               |
|                   | 2022             | 0                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 0                                               |
|                   | 2023             | 0                                                 | 1                                     | 0                        | 0                                | 0                                               | 0                                                       | 1                                               |
| <b>Total</b>      | 2021             | 2                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 2                                               |
|                   | 2022             | 2                                                 | 0                                     | 0                        | 0                                | 0                                               | 0                                                       | 2                                               |
|                   | 2023             | 2                                                 | 2                                     | 0                        | 0                                | 0                                               | 0                                                       | 4                                               |

**Table No. 4**  
**Status of Company and Parent/Affiliate-Owned Outlets**  
**For fiscal years Ending 2021, 2022 2023**

| (Col. 1)<br>State | (Col. 2)<br>Year | (Col. 3)<br>Outlets at<br>Start of<br>Year | (Col. 4)<br>Outlets<br>Opened | (Col. 5)<br>Outlets<br>Reacquired from<br>Franchisee | (Col. 6)<br>Outlets<br>Closed | (Col. 7)<br>Outlets Sold<br>to<br>Franchisee | (Col. 8)<br>Outlets at<br>End of the<br>Year |
|-------------------|------------------|--------------------------------------------|-------------------------------|------------------------------------------------------|-------------------------------|----------------------------------------------|----------------------------------------------|
| <b>New York</b>   | 2021             | 1                                          | 0                             | 0                                                    | 0                             | 0                                            | 1                                            |
|                   | 2022             | 1                                          | 0                             | 0                                                    | 0                             | 0                                            | 1                                            |
|                   | 2023             | 1                                          | 0                             | 0                                                    | 0                             | 0                                            | 1                                            |
| <b>Total</b>      | 2021             | 1                                          | 0                             | 0                                                    | 0                             | 0                                            | 1                                            |
|                   | 2022             | 1                                          | 0                             | 0                                                    | 0                             | 0                                            | 1                                            |

| (Col. 1)<br>State | (Col. 2)<br>Year | (Col. 3)<br>Outlets at<br>Start of<br>Year | (Col. 4)<br>Outlets<br>Opened | (Col. 5)<br>Outlets<br>Reacquired from<br>Franchisee | (Col. 6)<br>Outlets<br>Closed | (Col. 7)<br>Outlets Sold<br>to<br>Franchisee | (Col. 8)<br>Outlets at<br>End of the<br>Year |
|-------------------|------------------|--------------------------------------------|-------------------------------|------------------------------------------------------|-------------------------------|----------------------------------------------|----------------------------------------------|
|                   | 2023             | 1                                          | 0                             | 0                                                    | 0                             | 0                                            | 1                                            |
|                   | 2022             | 1                                          | 0                             | 0                                                    | 0                             | 0                                            | 1                                            |

As described in Item 1, we do not own or operate any MedXwaste businesses. The Businesses represented in the above chart are owned by our Parent/Affiliate.

**Table No. 5**  
**Projected Openings as of December 31, 2024**

| (Column 1)<br>State | (Column 2)<br>Franchise Agreements<br>Signed but Outlet Not<br>Opened | (Column 3)<br>Projected New<br>Franchised Outlets in<br>the Next Fiscal Year | (Column 4)<br>Projected New<br>Company-Owned<br>Outlets in the Next Fiscal<br>Year |
|---------------------|-----------------------------------------------------------------------|------------------------------------------------------------------------------|------------------------------------------------------------------------------------|
| <b>California</b>   | 0                                                                     | 1                                                                            | 0                                                                                  |
| <b>Florida</b>      | 0                                                                     | 1                                                                            | 0                                                                                  |
| <b>Maryland</b>     | 0                                                                     | 1                                                                            | 0                                                                                  |
| <b>Texas</b>        | 0                                                                     | 1                                                                            | 0                                                                                  |
| <b>Wisconsin</b>    | 0                                                                     | 1                                                                            | 0                                                                                  |
| <b>Total</b>        | 0                                                                     | 5                                                                            | 0                                                                                  |

A list of the names of all current franchisees as well as their addresses and telephone numbers of their businesses are attached to this Disclosure Document, when applicable, as Exhibit D.

A list of names of every franchisee as well as their city, state and current business telephone number (or if unknown, the last known home telephone number), who had a business terminated, cancelled, not renewed or otherwise voluntarily or involuntarily ceased to do business under the Franchise Agreement during the most recently completed fiscal year or who has not communicated with us within 10 weeks of the issuance date of this disclosure document, is attached to this Disclosure Document, when applicable, as Exhibit E.

**If you buy this franchise, your contact information may be disclosed to other buyers when you leave the franchise system.**

### **Confidentiality Agreements**

During the last three fiscal years, we have not had any franchisees in the U.S. sign confidentiality provisions that would restrict their ability to speak openly about their experience with the MedXwaste franchise system.

### **Trademark-Specific Franchisee Organizations**

There are no trademark-specific organizations formed by our franchisees that are associated with the MedXwaste franchise System.

**ITEM 21**  
**FINANCIAL STATEMENTS**

Attached to this disclosure statement as Exhibit F are the unaudited financial statements from January 1, 2024 through June 30, 2024 and the audited financial statements for years ending December 31, 2021, 2022, and 2023.

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**ITEM 22**  
**CONTRACTS**

The following agreements and other required Exhibits are attached to this Disclosure Document:

| EXHIBIT | DOCUMENT                                                                                                                                                                                                                                                                                                                                                          |
|---------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| C       | MedXwaste Franchise Agreement with attached Guaranty and Assumption of Obligations; Territory Acceptance Statement, Internet Websites and Listings Agreement; Telephone Listing Agreement; Transfer of Franchise to a Corporation or Limited Liability Company; Multi-State Amendments to Franchise Agreement; and Confidentiality and Non-Competition Agreement. |
| G       | Mutual Release                                                                                                                                                                                                                                                                                                                                                    |
| I       | ACH/EFT Transfer Agreement                                                                                                                                                                                                                                                                                                                                        |

**ITEM 23**  
**RECEIPTS**

You will find two copies of a detachable receipt in Exhibit J at the very end of this disclosure document. Please sign and date both copies acknowledging receipt of this disclosure and return one of them to us for our files.

**EXHIBIT A**  
**LIST OF STATE ADMINISTRATORS**

## EXHIBIT A

### STATE AND FEDERAL REGULATORY AUTHORITIES

#### FEDERAL TRADE COMMISSION

Franchise Rule Coordinator  
Federal Trade Commission Division of Marketing Practices  
Pennsylvania Avenue at Sixth Street, N.W., Room 238  
Washington, D.C. 20580  
Telephone: (202) 326-2970

#### STATE FRANCHISE REGULATORS AND AGENTS FOR SERVICE OF PROCESS

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><b>CALIFORNIA:</b><br/>California Department of Financial Protection<br/>320 West 4th St., Ste. 750<br/>Los Angeles, CA 90013<br/>213-576-7500 or Toll Free: 866-275-2677</p> <p><b>FLORIDA:</b><br/>Agent for Service of Process for MedXwaste Franchise, LLC.<br/>Att: Jason Fredricks<br/>11806 S US HWY 41<br/>Gibsonton, FL 33534<br/>844-733-2247</p> <p><b>HAWAII:</b><br/>Commissioner of Securities of the State of Hawaii<br/>Dept. of Commerce and Consumer Affairs<br/>Business Registration Division<br/>Securities Compliance Branch<br/>335 Merchant Street, Room 203<br/>Honolulu, HI 96813<br/>808-586-2722<br/>AGENT: Comm. of Securities of the State of Hawaii</p> <p><b>ILLINOIS:</b><br/>Illinois Attorney General<br/>500 South Second Street<br/>Springfield, IL 62706<br/>217-782-1090<br/>AGENT: Illinois Attorney General</p> <p><b>NEW YORK:</b><br/>New York State Dept. of Law Investor Protection</p> | <p><b>INDIANA:</b><br/>Securities Commissioner<br/>Franchise Section, Indiana Securities Division<br/>Secretary of State<br/>302 West Washington Street, Room E-111<br/>Indianapolis, IN 46204<br/>317-232-6681<br/>AGENT: Indiana Secretary of State</p> <p><b>MARYLAND:</b><br/>Office of the Attorney General<br/>Securities Division<br/>200 St. Paul Place<br/>Baltimore, MD 21202<br/>410-576-6360<br/>AGENT: Maryland Securities Commissioner<br/>200 St. Paul Place<br/>Baltimore, MD 21202</p> <p><b>MICHIGAN:</b><br/>Securities Director<br/>Office of Financial &amp; Insurance Regulation<br/>525 West Allegan, 1st Floor Constitution Hall<br/>Lansing, MI 48909<br/>517-241-6345<br/>AGENT: Dept. of Licensing &amp; Regulatory Affairs<br/>Corporations, Securities &amp; Comm. Licensing Bureau<br/>2501 Woodlake Circle<br/>Okemos, MI 48864</p> <p><b>MINNESOTA:</b><br/>Commissioner of Commerce<br/>Minnesota Dept. of Commerce<br/>Market Assurance Division<br/>85 7th Place East, Suite 280</p> |
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|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Bureau<br/>28 Liberty St., 21<sup>st</sup> Fl<br/>New York, NY 10005<br/>212-416-8285<br/>AGENT: New York Secretary of State<br/>One Commerce Plaza<br/>99 Washington Avenue<br/>Albany, NY 12231</p> <p><b>NORTH DAKOTA:</b><br/>North Dakota Securities Department<br/>Fifth Floor State Capitol, Dept. 414<br/>600 East Boulevard<br/>Bismarck, ND 58505-0510<br/>701-328-2910<br/>AGENT: North Dakota Securities Commissioner</p> <p><b>RHODE ISLAND:</b><br/><b>Department of Business Regulation</b><br/>Division of Securities<br/>John O Pastore Complex<br/>1511 Pontiac Ave, Building 69-1<br/>Cranston, RI 02920</p> <p><b>SOUTH DAKOTA:</b><br/>Dept. of Labor and Regulation<br/>Division of Securities<br/>124 S. Euclid Ave. Suite 104<br/>Pierre, SD 57501<br/>605-773-4823<br/>AGENT: Director of the Division of Securities<br/>124 S. Euclid Ave. Suite 104<br/>Pierre, SD 57501</p> <p><b>TEXAS:</b><br/>Secretary of State<br/>P.O. Box 12697<br/>Austin, TX 78711-2697<br/>512-463-5701<br/>AGENT: Securities Commissioner<br/>State Securities Board<br/>208 East 10<sup>th</sup> St., 5<sup>th</sup> Floor<br/>PO Box 13167<br/>Austin, TX 78701</p> | <p>St. Paul, MN 55101-2198<br/>Telephone: (651) 539-1600<br/>AGENT: Commissioner of Commerce</p> <p><b>VIRGINIA:</b><br/>State Corporation Commission,<br/>Division of Securities and Retail Franchising<br/>1300 East Main Street, 9th Floor<br/>Richmond, VA 23219<br/>804-371-9733<br/>AGENT: Clerk of the State Corporation<br/>Commission<br/>1300 East Main Street, 1st Floor<br/>Richmond, VA 23219</p> <p><b>WASHINGTON:</b><br/>Dept. of Financial Institutions<br/>Securities Division<br/>150 Israel Rd., SW<br/>Tumwater, WA 98507<br/>360-902-8760<br/>AGENT: Dept. of Financial Institutions Securities<br/>Division</p> <p><b>WISCONSIN:</b><br/>Franchise Office<br/>Wisconsin Securities Commission<br/>P.O. Box 1768<br/>Madison, WI 53701<br/>608-266-3364<br/>AGENT: Dept. of Financial Institutions<br/>Division of Securities<br/>201 W. Washington Avenue, Ste. 300<br/>PO Box 1768<br/>Madison, WI 53701-176</p> |
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**EXHIBIT B**  
**STATE AMENDMENTS TO FDD**

## EXHIBIT B

### **STATE AMENDMENTS TO DISCLOSURE DOCUMENT AS REQUIRED BY STATUTORY AND REGULATORY PROVISIONS**

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#### CALIFORNIA

OUR WEBSITE ([www.MedXwaste.com](http://www.MedXwaste.com)) HAS NOT BEEN REVIEWED OR APPROVED BY THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT. ANY COMPLAINTS CONCERNING THE CONTENT OF THIS WEBSITE MAY BE DIRECTED TO THE CALIFORNIA DEPARTMENT OF BUSINESS OVERSIGHT at [www.dbo.ca.gov](http://www.dbo.ca.gov).

THE CALIFORNIA FRANCHISE INVESTMENT LAW REQUIRES THAT A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE BE DELIVERED TOGETHER WITH THE DISCLOSURE DOCUMENT.

Item 1 is amended to state that no Statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Item 3 is amended to state that neither we, nor any person or franchise broker identified in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

In addition to the disclosure in Item 17, the following statements will also apply:

Neither we, nor any person or franchise broker identified in Item 2 of the FDD is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities Exchange Act of 1934, 15 U.S.C.A. 78a et seq., suspending or expelling such persons from membership in such association or exchange.

California Business and Professions Code 20000 through 20043 provide rights to the franchisee concerning termination or non-renewal of a franchise. If the franchise agreement contains a provision that is inconsistent with the law, the law will control.

The franchise agreement provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law. (11 U.S.C.A. Sec. 101 et seq.).

The franchise agreement contains a covenant not to compete, which extends beyond the termination of the franchise. This provision may not be enforceable under California law.

The franchise agreement contains a liquidated damages clause. Under California Civil Code Section 1671, certain liquidated damages clauses are unenforceable.

The franchise agreement requires binding arbitration. The arbitration will occur at our headquarters in Deer Park, New York with the costs being borne by the losing party to such arbitration. Prospective franchisees are encouraged to consult private legal counsel to determine the applicability of California and federal laws (such as Business and Professions Code Section 20040.5, Code of Civil Procedure Section 1281, and the Federal Arbitration Act) to any provisions of a franchise agreement restricting venue to a forum outside the State of California.

The franchise agreement requires application of the laws of New York. This provision may not be enforceable under California law.

Section 31125 of the California Corporations Code requires us to give you a disclosure document, in a form containing the information that the commissioner may by rule or order require, before a solicitation of a proposed material modification of an existing franchise.

Furthermore, *if applicable*, disclose: You must sign a general release of claims if you renew or transfer your franchise. California Corporations Code Section 31512 voids a waiver of your rights under the Franchise Investment Law (California Corporations Code Sections 31000 through 31516). Business and Professions Code Section 20010 Voids a waiver of your rights under the Franchise Relations Act (Business and Professions Code Sections 20000 through 20043).

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## HAWAII

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF HAWAII AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

**THESE FRANCHISES WILL BE/HAVE BEEN FILED UNDER THE FRANCHISE INVESTMENT LAW OF THE STATE OF HAWAII. FILING DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS OR A FINDING BY THE DIRECTOR OF COMMERCE AND CONSUMER AFFAIRS THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING.**

**THE FRANCHISE INVESTMENT LAW MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, OR SUB-FRANCHISOR, AT LEAST SEVEN DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OF ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST SEVEN DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION BY THE FRANCHISEE, OR SUB-FRANCHISOR, WHICHEVER OCCURS FIRST, A COPY OF THE DISCLOSURE DOCUMENT, TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE SALE OF THE FRANCHISE.**

**THIS DISCLOSURE DOCUMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR A STATEMENT OF ALL RIGHTS,**

**CONDITIONS, RESTRICTIONS AND OBLIGATIONS OF BOTH THE FRANCHISOR  
AND THE FRANCHISEE.**

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ILLINOIS

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND  
REQUIREMENTS OF THE STATE OF ILLINOIS AND APPLICABLE TO THE FRANCHISE  
DISCLOSURE DOCUMENT.

The following language shall be added to Item 5:

“Notwithstanding anything stated in the foregoing, all Initial Franchise Fees and payments referenced in this Item shall be deferred until we have satisfied all of the pre-opening obligations set forth in Item 11 of this Franchise Disclosure Document, and you have commenced doing business as a MedXwaste franchisee. The Illinois Attorney’s General Office imposed this deferral requirement due to our financial condition.”

The following language shall be added to Item 17:

Pursuant to Section 19 of the Illinois Franchise Disclosure Act of 1987, we may not terminate a franchise of a franchised business located in the State of Illinois prior to the expiration of its term except for "good cause" as provided below:

"Good cause" shall include, but not be limited to, the failure of the franchisee to comply with any lawful provisions of the franchise or other agreement and to cure such default after being given notice thereof and a reasonable opportunity to cure such default, which in no event need be more than 30 days, or

"Good cause" shall include, but without the requirement of notice and an opportunity to cure, situations in which the franchisee (1) makes an assignment for the benefit of creditors or a similar disposition of the assets of the franchise business, (2) voluntarily abandons the franchise business, (3) is convicted of a felony or other crime which substantially impairs the good will associated with our trademark, service mark, trade name or commercial symbol, or (4) repeatedly fails to comply with the lawful provisions of the franchise or other agreement.

Pursuant to Section 20 of the Illinois Franchise Disclosure Act of 1987, we may not refuse to renew a franchise of a franchised business located in the State of Illinois without compensating the franchisee either by repurchase or by other means for the diminution in the value of the franchised business caused by the expiration of the franchise where:

(a) the franchisee is barred by the franchise agreement (or by the refusal of the franchisor at least 6 months prior to the expiration date of the franchise to waive any portion of the franchise agreement which prohibits the franchisee) from continuing to conduct substantially the same business under another trademark, service mark, trade name or commercial symbol in the same area subsequent to the expiration of the franchise, or (b) the franchisee has not been sent notice of the franchisor's intent not to renew the franchise at least 6 months prior to the expiration date or any extension thereof of the franchise.

Pursuant to Section 41 of the Illinois Franchise Disclosure Act of 1987, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other law of the State of Illinois is void; however, this shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act of 1987, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

Items 17(v) and 17(w) shall be amended as follows:

Pursuant to 14 Ill. Adm. Code 200.608 and as described in Section 4 of Illinois Franchise Disclosure Act of 1987, a franchise agreement shall not require a franchisee to litigate any cause of action, with the exception of arbitration proceedings, arising under the franchise agreement or the Illinois Franchise Disclosure Act of 1987 outside of the State of Illinois, nor shall a franchise agreement provide for a choice of law provision for any state other than Illinois.

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#### INDIANA

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF INDIANA AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

The following shall be added to Item 17:

The release will not relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act, IC 23-2-2.7.

The time and geographic scope of the covenant not to compete shall not be greater than allowed by IC 23-2-2.7-1(9).

Item 23 shall be amended as follows:

We must provide this disclosure document to you at least 10 days prior to the execution by you of a binding franchise or other agreement, or at least ten 10 days prior to the receipt of any consideration, whichever first occurs.

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#### IOWA

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF IOWA AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

Item 17(b) shall be amended to include the following:

We shall not refuse to renew a franchise unless both of the following apply:

- a. You have been notified of our intent not to renew at least six months prior to the expiration date or any extension of the franchise agreement.
- b. Any of the following circumstances exist:
  - (i) Good cause exists, provided that our refusal to renew is not arbitrary or capricious. For purposes of this subsection, "good cause" means cause based on a legitimate business reason.
  - (ii) We and you agree not to renew the franchise.
  - (iii) We completely withdraw from directly or indirectly distributing our products or services in the geographic market served by you, provided that upon expiration of the franchise, we agree not to seek to enforce any of your covenants not to compete with us or our franchisees.

Item 17(v) shall be amended to include the following:

- a. A provision in a franchise agreement restricting jurisdiction to a forum outside this state is void with respect to a claim otherwise enforceable under Section 537A.10 of the Iowa Code.
- b. A civil action or proceeding arising out of a franchise may be commenced wherever jurisdiction over the parties or subject matter exists, even if the agreement limits actions or proceedings to a designated jurisdiction.
- c. Venue for a civil action commenced under this chapter shall be determined in accordance with Chapter 616 of the Iowa Code, Place of Bringing Actions.

Item 17(w) shall be amended to include the following:

A condition, stipulation, or provision requiring the application of the law of another state in lieu of Section 537A.10 of the Iowa Code is void.

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## MARYLAND

### AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF MARYLAND AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

- 1. Item 5, "Initial Fees" is amended as follows:

Based upon franchisor's financial condition, the Maryland Securities Commissioner has required a financial assurance. Therefore, all Initial Franchise fees and payment owed by franchisees shall be deferred until the franchisor completes its pre-opening obligations under the Franchise Agreement,

- 2. The following language shall be added to Item 17(c) and (m):

Pursuant to COMAR 02.02.08.06L, any general release required as a condition of renewal, sale and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

You are advised that a provision in the MedXwaste Franchise Agreement that provides for automatic termination of your franchise license if you file for protection under any section of the federal bankruptcy law may not be enforceable under that law (11 U.S.C. Section 101 et seq.).

3. Item 17(v) is amended to state that a franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law. Any claim arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise. Also, pursuant to COMAR 02.02.08.06L the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

4. No Statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

5. Each provision of this Addendum shall be effective only to the extent, with respect to such provision, that the jurisdictional requirements of the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §14-201 et. Seq. (2010 Repl. Vol. and Supp. 2012), are met independently without reference to this Addendum to the Disclosure Document.

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#### MICHIGAN

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF MICHIGAN AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

**THE STATE OF MICHIGAN PROHIBITS CERTAIN UNFAIR PROVISIONS THAT ARE SOMETIMES IN FRANCHISE DOCUMENTS. IF ANY OF THE FOLLOWING PROVISIONS ARE IN THESE FRANCHISE DOCUMENTS, THE PROVISIONS ARE VOID AND CANNOT BE ENFORCED AGAINST YOU.**

- (a) A prohibition on the right of a franchisee to join an association of franchisees.
- (b) A requirement that a franchisee assent to a release, assignment, novation, waiver, or estoppel which deprives a franchisee of rights and protections provided in this Act. This shall not preclude a franchisee, after entering into a franchise agreement from settling any and all claims.
- (c) A provision that permits a franchisor to terminate a franchise prior to expiration of its term except for good cause. Good cause shall include failure of the franchisee to comply with any lawful provision of the franchise agreement and to cure such failure after being given written notice thereof and a reasonable opportunity which in no event shall be more than 30 days, to cure such failure.
- (d) A provision that permits a franchisor to refuse to renew a franchise without fairly compensating the franchisee by repurchase or other means for the fair market value at the time of expiration of the franchisee's inventory, supplies, equipment, fixtures, and furnishings. Personalized materials which have no value to the franchisor in the conduct of the franchise business are not subject to compensation. This subsection applies

only if (i) the term of the franchise was less than five years and (ii) the franchisee is prohibited by the franchise or other agreement from continuing to conduct substantially the same business under another trademark, service mark, logo type, advertising, or other commercial symbol in the same area subsequent to the expiration of the franchise or the franchisee does not receive at least six months advanced notice of franchisors intent not to renew the franchise.

(e) A provision that permits the franchisor to refuse to renew a franchise on terms generally available to other franchisees of the same class or type under similar circumstances. This section does not require a renewal provision.

(f) A provision requiring that arbitration or litigation be conducted outside the state. This shall not preclude the franchisees from entering into an agreement at the time of arbitration to conduct arbitration at a location outside this state.

(g) A provision in which permits a franchisor to refuse to permit a transfer of ownership of a franchise, except for good cause. This subsection does not prevent a franchisor from exercising a right of first refusal to purchase a franchise. Good cause shall include but is not limited to:

- (i) The failure of the proposed transferee to meet the franchisor's then current reasonable qualifications or standards.
- (ii) The fact that the proposed transferee is a competitor of the franchisor or sub-franchisor.
- (iii) The unwillingness of the proposed transferee to agree in writing to comply with all lawful obligations.
- (iv) The failure of the franchisee or proposed transferee to pay any sums owing to the franchisor or to cure any default in the franchise agreement existing at the time of the proposed transfer.

(h) A provision that requires the franchisee to resale to the franchisor any items that are not uniquely identified with the franchisor. This subsection does not prohibit a provision that grants to a franchisor a right of first refusal to purchase the assets of a franchise on the same terms and conditions as a bonafide third party willing and able to purchase those assets, nor does this subsection prohibit a provision that grants a franchisor the right to acquire the assets of the franchise for the market or appraised value of such asset if the franchisee has breached the lawful provisions of the franchise agreement and has failed to cure the breach in the manner provided in subdivision (c).

(i) A provision that permits the franchisor to directly or indirectly convey, assign, or otherwise transfer its obligations to fulfill contractual obligations to the franchisee unless provision has been made for providing the required contractual services.

**THE FACT THAT THERE IS A NOTICE OF THIS OFFERING ON FILE WITH THE ATTORNEY GENERAL DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION, OR ENDORSEMENT BY THE ATTORNEY GENERAL.**

Item 23 shall be amended as follows:

We must provide this disclosure document to you at least 10 business days before the execution by you of any binding franchise or other agreement or at least 10 business days before the receipt of any consideration, whichever occurs first.

## MINNESOTA

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF MINNESOTA AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

The following language shall be added to the Cover Page:

THESE FRANCHISES HAVE BEEN REGISTERED UNDER THE MINNESOTA FRANCHISE ACT. REGISTRATION DOES NOT CONSTITUTE APPROVAL, RECOMMENDATION OR ENDORSEMENT BY THE COMMISSIONER OF COMMERCE OF MINNESOTA OR FINDING BY THE COMMISSIONER THAT THE INFORMATION PROVIDED HEREIN IS TRUE, COMPLETE AND NOT MISLEADING. THE MINNESOTA FRANCHISE ACT MAKES IT UNLAWFUL TO OFFER OR SELL ANY FRANCHISE IN THIS STATE WHICH IS SUBJECT TO REGISTRATION WITHOUT FIRST PROVIDING TO THE PROSPECTIVE FRANCHISEE, AT LEAST 7 DAYS PRIOR TO THE EXECUTION BY THE PROSPECTIVE FRANCHISEE OR ANY BINDING FRANCHISE OR OTHER AGREEMENT, OR AT LEAST 7 DAYS PRIOR TO THE PAYMENT OF ANY CONSIDERATION, BY THE FRANCHISEE, WHICHEVER OCCURS FIRST, A COPY OF THIS PUBLIC OFFERING STATEMENT TOGETHER WITH A COPY OF ALL PROPOSED AGREEMENTS RELATING TO THE FRANCHISE. THIS PUBLIC OFFERING STATEMENT CONTAINS A SUMMARY ONLY OF CERTAIN MATERIAL PROVISIONS OF THE FRANCHISE AGREEMENT. THE CONTRACT OR AGREEMENT SHOULD BE REFERRED TO FOR AN UNDERSTANDING OF ALL RIGHTS AND OBLIGATIONS OF BOTH THE FRANCHISOR AND THE FRANCHISEE.

The following language is added to Item 1:

No Statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The following language shall be added to Item 6 “Interest on Late Fees” column and Note 4:

\$50 plus any fee charged Franchisor for uncollected funds, or the maximum legal rate allowed by law (**See Note 4**).

**Note 4:** Notwithstanding anything said to the contrary, Minn. Stat. §604.113 allows for only one service charge per dishonored check that is not to exceed \$30.

The following language shall be added to Item 11, Item 17(c) and 17(m):

MedXwaste Franchise, LLC will not require a release, assignment, novation, or waiver that would relieve any person from liability imposed by Minnesota statutes 1973 supplement, § 80C.01 to 80C.22; except as part of the voluntary settlement of disputes.

The following language shall be added to Item 13:

Pursuant to Minn. Stat. Sec. 80C.12, Subd. 1(g), MedXwaste will protect the franchisee's right to use the trademarks, service marks, trade names, logotypes or other commercial symbols or indemnify the franchisee from any loss, costs or expenses arising out of any claim, suit or demand regarding the use of the name.

The following language shall be added to Item 17, and in instances where this language of the addendum is in conflict with Item 17, the language of the addendum shall control:

In the State of Minnesota, (a) no person (MedXwaste) may terminate or cancel a franchise without good cause and without first having given written notice setting forth all the reasons for such termination or cancellation to the Franchisee at least 90 days in advance of such termination or cancellation, and the recipient of the notice fails to correct the reasons stated for termination or cancellation in the notice within 60 days of receipt of the notice; except that the notice shall be effective immediately upon receipt where the alleged grounds are:

- (1) Voluntary abandonment of the franchise relationship by the Franchisee; or
- (2) The conviction of the Franchisee in a court of competent jurisdiction of an offense directly related to the business conducted pursuant to the franchise; or
- (3) Failure to cure a default under the Franchise Agreement which materially impairs a goodwill associated with the Franchisor's tradename, trademark, service mark, logo type or other commercial symbol after the Franchisee has received written notice to cure at least twenty-four hours in advance thereof.

Franchisor shall give Franchisee 180 days' notice for non-renewal of the franchise agreement.

No person may terminate or cancel a franchise except for good cause. "Good cause" means failure by the franchisee to substantially comply with the material and reasonable franchise requirements imposed by the franchisor including, but not limited to:

- (1) the bankruptcy or insolvency of the franchisee;
- (2) assignment for the benefit of creditors or similar disposition of the assets of the franchise business;
- (3) voluntary abandonment of the franchise business;
- (4) conviction or a plea of guilty or no contest to a charge of violating any law relating to the franchise business; or
- (5) any act by or conduct of the franchisee which materially impairs the goodwill associated with the franchisor's trademark, tradename, service mark, logotype or other commercial symbol.

The following language shall be included on the Cover Page and Item 17:

Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibits us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, and MedXwaste Franchise, LLC, is prohibited from requiring a franchisee to waive his or her rights

to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause, pursuant to Minn. Rule 2860.4400J.

The following language shall be added to Item 23:

We must provide this disclosure document to you at least 7 days prior to the execution by you of any franchise or other agreement, or at least 7 days prior to the payment of any consideration by you, whichever occurs first.

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NEW YORK

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF NEW YORK AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

1. The following language is added to the Cover Page of the Franchise Disclosure Document:

**INFORMATION COMPARING FRANCHISORS IS AVAILABLE. CALL THE STATE ADMINISTRATORS LISTED IN EXHIBIT "A" OR YOUR PUBLIC LIBRARY FOR SOURCES OF INFORMATION. REGISTRATION OF THIS FRANCHISE BY NEW YORK STATE DOES NOT MEAN THAT NEW YORK STATE RECOMMENDS IT OR HAS VERIFIED THE INFORMATION IN THIS FRANCHISE DISCLOSURE DOCUMENT. IF YOU LEARN THAT ANYTHING IN THE FRANCHISE DISCLOSURE DOCUMENT IS UNTRUE, CONTACT THE FEDERAL TRADE COMMISSION AND NEW YORK STATE DEPARTMENT OF LAW, BUREAU OF INVESTOR PROTECTION AND SECURITIES, 28 LIBERTY STREET, 21<sup>ST</sup> FLOOR, NEW YORK, N.Y. 10005. THE FRANCHISOR MAY, IF IT CHOOSES, NEGOTIATE WITH YOU ABOUT ITEMS COVERED IN THE FRANCHISE DISCLOSURE DOCUMENT. HOWEVER, THE FRANCHISOR CANNOT USE THE NEGOTIATING PROCESS TO PREVAIL UPON A PROSPECTIVE FRANCHISEE TO ACCEPT TERMS WHICH ARE LESS FAVORABLE THAN THOSE SET FORTH IN THIS FRANCHISE DISCLOSURE DOCUMENT.**

2. The following is added at the end of Item 3:

Except as provided above, with regard to MedXwaste, its predecessor, a person identified in Item 2, or an affiliate offering franchises under the franchisor's principal trademark:

A. No such party has an administrative, criminal or civil action pending against that person alleging: a felony, a violation of a franchise; antitrust or securities laws; fraud, embezzlement, fraudulent conversion, misappropriation of property; unfair or deceptive practices or comparable civil or misdemeanor allegations.

B. No such party has pending actions, other than routine litigation incidental to the business, which are significant in the context of the number of franchisees and the size, nature or financial condition of the franchise system or its business operations.

C. No such party has been convicted of a felony or pleaded nolo contendere to a felony charge or, within the 10 year period immediately preceding the application for registration, has been convicted of or pleaded nolo contendere to a misdemeanor charge or has been the subject of a civil action alleging: a violation of franchise, antifraud, or securities law; fraud; embezzlement; fraudulent conversion or misappropriation of property; or unfair or deceptive practices or comparable allegations.

D. No such party is subject to a currently effective injunctive or restrictive order or decree relating to the franchise, or under a Federal, State or Canadian franchise, securities, antitrust, trade regulation or trade practice law, resulting from a concluded or pending action or proceeding brought by a public agency; or is subject to any currently effective order of any national securities association or national securities exchange, as defined in the Securities and Exchange Act of 1934, suspending or expelling such person from membership in such association or exchange; or is subject to a currently effective injunctive or restrictive order relating to any other business activity as a result of an action brought by a public agency or department, including, without limitation, actions affecting a license as a real estate broker or sales agent.

3. The following is added to the end of Item 4:

Other than the actions referenced above, MedXwaste, its affiliates, its predecessor, officers, or general partner, during the 10-year period immediately preceding the date of the Disclosure document has not: (a) filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy Code; (b) obtained a discharge of its debts under the bankruptcy code; or (c) was a principal officer of a company or a general partner in a partnership that either filed as debtor (or had filed against it) a petition to start an action under the U.S. Bankruptcy code or that obtained a discharge of its debts under the U.S. Bankruptcy Code during or within 1 year after the officer or general partner of MedXwaste held this position in the company or partnership.

4. Item 11 of the FDD is revised to include the following:

If during the first 6 months after you sign your Franchise Agreement, you present to us a physical location for your Franchised Business that we do not approve and we cannot locate a suitable location for your Franchised Business within your Territory, then we can mutually agree to terminate the Franchise Agreement and we will refund to you 50% of the Initial Franchise Fee and retain the balance of the Initial Franchise Fee to cover our expenses. If during the first 6 months after you sign your Franchise Agreement, you present to us a physical location for your Franchised Business that we do not approve and we locate another site within your Territory that meets our specifications and you refuse to develop the site, then we can mutually agree to terminate your Franchise Agreement and you will not be entitled to any refund of your Initial Franchise Fee. If a location is not selected within the first 6 months after your sign your Franchise Agreement, a refund of the initial franchise fee will not be granted under any circumstances.

5. The following is added to the end of the “Summary” sections of Item 17(c), titled “**Requirements for franchisee to renew or extend,**” and Item 17(m), entitled “**Conditions for franchisor approval of transfer**”:

However, to the extent required by applicable law, all rights you enjoy and any causes of action arising in your favor from the provisions of Article 33 of the General Business Law of the State of New York and the regulations issued thereunder shall remain in force; it being the intent of this proviso that the non-waiver provisions of General Business Law Sections 687.4 and 687.5 be satisfied.

6. The following language replaces the “Summary” section of Item 17(d), titled “**Termination by franchisee**”:

You may terminate the agreement on any grounds available by law.

7. The following is added to the end of the “Summary” section of Item 17(j), titled “**Assignment of contract by franchisor**”:

However, no assignment will be made except to an assignee who in good faith judgment, and judgment of the Franchisor, is willing and financially able to assume the Franchisor’s obligations under the Franchise Agreement.

8. Item 17(s) of the FDD is revised to include the following:

Revisions to the Operations Manual will not unduly affect your obligations, including economic requirements, under the Franchise Agreement.

9. The following is added to the end of the “Summary” sections of Item(v), titled “**Choice of forum**”, and Item 17(w), titled “**Choice of law**”:

The foregoing Choice of Law should not be considered a waiver of any right conferred upon the Franchisor or upon the Franchisee by Article 33 of the General Business Law of the State of New York.

10. Item 23 shall be amended as follows:

We must provide this disclosure document to you at least 7 days prior to the execution by you of any binding franchise or other agreement, or at least 7 days prior to the receipt of any consideration, whichever occurs first.

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NORTH DAKOTA

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF NORTH DAKOTA AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

Item 10 and Item 17 shall be amended to the extent that MedXwaste shall not require the franchisee to consent to the waiver of a trial by jury, pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

Item 17 shall be further amended by deleting the reference to “Sign Release.”

Item 17 shall be further amended to the extent that MedXwaste shall not require the franchisee to consent to termination penalties or liquidated damages pursuant to Section 51-19-09 of the North Dakota Franchise Investment Law.

Item shall be further amended by deleting the reference to “and general release.”

Item 17 shall be further amended to the extent that such law does not conflict with Section 51-19-09 of the North Dakota Franchise Investment Law. Item 17) shall be further amended to the extent that MedXwaste will not require the franchisee to consent to the jurisdiction of courts outside of North Dakota. Item 17 shall be further amended to the extent that MedXwaste will not require the franchisee to waive his or her rights under North Dakota Law, and the franchise and related agreements and all issues arising from or relating to the franchise and related agreements will be governed by and construed under the laws of the State of North Dakota.

Pursuant to Section 51-19-09 of the North Dakota Franchise Investment law, Item 17 shall be amended to provide for the site of arbitration to be agreeable to all parties.

Item 23 shall be amended as follows:

We must provide this disclosure document to you at least seven days prior to the execution by you of any binding franchise or other agreement, or at least seven days prior to the receipt of any consideration, whichever occurs first.

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RHODE ISLAND

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF RHODE ISLAND AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

Item 17(v) and 17(w) shall be amended to read:

§19-28.1-14 of the Rhode Island Franchise Investment Act provides that "A provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act."

Item 23 shall be amended as follows:

We must provide a copy of this disclosure document to you at the earlier of:

- (a) Your first personal business meeting with us which is held for the purpose of discussing the sale or possible sale of a franchise; or
- (b) Ten business days prior to the execution of an agreement or payment of any consideration relating to the franchise relationship.

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SOUTH DAKOTA

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF SOUTH DAKOTA AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

Item 23 shall be amended as follows:

We must provide this disclosure document to you at least ten business days prior to the execution by you of any binding agreement or at least ten business days prior to the direct or indirect receipt of a franchise fee by us from you, whichever first occurs.

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UTAH

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF UTAH AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

The following language shall be added to the Cover Page:

**Information for Purchase of a Marketing Plan:**

To protect you, the State Division of Consumer Protection has required your seller to give you this information. *The State Division of Consumer Protection has not verified this information as to its accuracy.* The notice may contain additional precautions deemed necessary and pertinent. The seller, in lieu of the information requested by Section 13-15-4, may file with the commission and provide to prospective purchasers certified disclosure documents authorized for use by the Federal Trade Commission pursuant to title 16, chapter I, subchapter D, Trade Regulation Rules, Part 436, "Disclosure Requirements and Prohibitions Concerning Franchising and Business Opportunity Ventures".

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VIRGINIA

AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF VIRGINIA AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT.

The following language shall be added to Item 17:

Any franchise may be declared void by the franchisee at his option by sending a written declaration of that fact and the reasons therefor to the franchisor by registered or certified mail if:

(a) The franchisor's offer to grant a franchise was unlawful, as provided in §13.1-560 or §13.1-563 of the Virginia Code, provided that the franchisee send such written declaration within seventy-two hours after discovery thereof but not more than ninety days after execution of the franchise;

(b) The franchisee was not afforded the opportunity to negotiate with the franchisor on all provisions within the franchise, except that such negotiations shall not result in the impairment of the uniform image and quality standards of the franchise, provided that the franchisee send such written declaration within thirty days after execution of the franchise; or

(c) The franchisee was not furnished a copy of the franchise agreement and disclosure documents at least seventy-two hours prior to execution of the franchise, provided that the franchisee send such written declaration within thirty days after execution of the franchise.

If the seller fails to deliver the product, products, equipment or supplies necessary to begin substantial operation of the business within forty-five days of the delivery date stated in your contract, you may notify the seller in writing of your termination of the contract.

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## WASHINGTON

### AMENDMENTS RELATING TO STATUTORY AND REGULATORY PROVISIONS AND REQUIREMENTS OF THE STATE OF WASHINGTON AND APPLICABLE TO THE FRANCHISE DISCLOSURE DOCUMENT

Item 1 of the Franchise Disclosure Document shall be amended to include the following language: No Statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Item 17(d) of the Franchise Disclosure Document under the section entitled Summary shall be amended to include the following language: Notwithstanding that there is no provision in the Franchise Agreement that provides for termination rights to the Franchisee, franchisees may terminate the Franchise Agreement under any grounds permitted by law.

Item 17(u) of the Franchise Disclosure Document under the section entitled Summary shall be amended to include the following language: the provisions set forth in section 21(a) of the Franchise Agreement are subject to state law.

Item 17(w) of the Franchise Disclosure Document under the section entitled Summary shall be amended to include the following language: the provisions set forth in section 21(h) of the Franchise Agreement are subject to state law.

It is unlawful for any franchisor to alter unilaterally and materially the terms and conditions of the basic franchise agreement or any related agreements attached to the disclosure document without furnishing the prospective franchisee with a copy of each revised agreement at least seven calendar days before the prospective franchisee signs the revised agreement. Changes to an agreement that arise out of negotiations initiated by the prospective franchisee do not trigger this seven-calendar day period.

**EXHIBIT C**

**MEDXWASTE FRANCHISE LLC FRANCHISE AGREEMENT**

**MEDXWASTE FRANCHISE LLC**

**FRANCHISE AGREEMENT**

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**FRANCHISEE**

---

**DATE**

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### **SCHEDULES TO FRANCHISE AGREEMENT**

1. Guaranty And Assumption of Obligations
2. Territory Acceptance Statement
3. Internet Websites and Listings Agreement
4. Telephone Listing Agreement
5. Transfer of Franchise to a Corporation or Limited Liability Company
6. State Amendments to Franchise Agreement
7. Confidentiality and Non-Competition Agreement

## **MEDXWASTE FRANCHISE LLC**

### **FRANCHISE AGREEMENT**

**THIS FRANCHISE AGREEMENT** (“Agreement” or “Franchise Agreement”) is made and entered into on this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by and between **MedXwaste Franchise LLC**, a Florida limited liability company having its principal place of business located at 13340 Lincoln Road, Riverview, Florida 33578 (hereinafter referred to as “we”, “us” or “our”) and \_\_\_\_\_, whose principal address is \_\_\_\_\_ (hereinafter referred to as “you” or “your”).

**WHEREAS**, we have developed a marketing plan and system (the “System”) for the operation of commercial businesses for the establishment and operation of a medical waste disposal business providing residential and commercial removal of regulated and non-regulated bio-medical waste with additional services such as customer mail-back of regulated waste, Online Compliance Training, sharps container sales, hazardous waste disposal, and shredding services. (“MedXwaste Franchises” or “Business”). The Business uses as a uniform business format and standardized equipment, methods and designs, and which are identified to the public by the trademark “MedXwaste,” which is owned by us (“Trade-mark Owner”); and

**WHEREAS**, Franchisor grants franchises to qualified persons to own and operate a MedXwaste Franchise, using the Trademarks and in association therewith to own and operate a commercial waste franchise in the territory designated in Schedule “2” hereto (hereinafter referred to as the “Territory”), and you understand and accept the terms, conditions and covenants set forth herein as those which are reasonably necessary to maintain our high and uniform standards of quality and service in order to protect the goodwill and enhance the public image of the System and the Proprietary Marks; and

**WHEREAS**, we as the Trademark Owner have the sole and exclusive right to the goodwill associated with the System and the Proprietary Marks, and we are willing to grant the right and license to you on the terms and conditions herein contained, to use the System and the Proprietary Marks; and

**WHEREAS**, Franchisee has applied to Franchisor for a MedXwaste Franchise, and Franchisor has approved Franchisee as a MedXwaste franchisee, based on the information supplied by the Principal in its Application for Franchise, including information about his experience and financial resources. You have had a full and adequate opportunity to be thoroughly advised of the terms and conditions of this Franchise Agreement by counsel of your own choosing, and you represent and warrant that you have the business experience and financial ability to operate a MedXwaste franchise; and

**WHEREAS**, you acknowledge that you have read this Agreement and our Franchise Disclosure Document (“Disclosure Document”) and that you understand and accept the terms, conditions and covenants contained in this Agreement as being reasonably necessary to maintain uniform high standards of quality in the MedXwaste franchise system, and to protect the goodwill of the Proprietary Marks; and

**WHEREAS**, we expressly disclaim the making of any warranty or guarantee, expressed or implied, oral or written, regarding the potential revenues, profits or success of the business venture contemplated by this Agreement. You acknowledge that you have not received or relied upon any such warranty or guarantee; and

**WHEREAS**, you acknowledge that you have no knowledge of any representations by us, our officers, directors, shareholders or representatives about the franchise offered hereunder, about us or our franchising programs and policies that are contrary to the statements in the Disclosure Document or to the terms of this Agreement; and

**WHEREAS**, you acknowledge that this Agreement places detailed and substantial obligations on you, including strict adherence to our reasonable present and future requirements regarding facilities, equipment,

suppliers, operating procedures, management methods, merchandising strategies, sales promotion programs and related matters. You acknowledge that future improvements, changes and developments in the System may require additional expense to be undertaken by you.

**BEFORE SIGNING THIS AGREEMENT, YOU SHOULD READ IT CAREFULLY  
WITH ASSISTANCE OF LEGAL COUNSEL.**

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements herein contained, the parties hereto agree as follows:

**ARTICLE 1**

**GRANT OF FRANCHISE**

**1.1 Grant**

Subject to the terms, conditions and limitations elsewhere in this Agreement, we hereby grant to you a non-transferable right and license to use the System, the Proprietary Marks and to market, sell and provide the Approved Services and Products in accordance with the System in the territory granted to you in Schedule “2” of this Agreement (“Territory”). The Approved Services and Products are the only services and products authorized to be offered and sold by you from or at your Business.

**1.2 Location of MedXwaste Franchise**

The right and license granted in Section 1.1 hereof, shall be restricted solely and exclusively to use in the Territory granted to you. We agree that during the term of this Agreement and any renewals thereon will not establish, nor allow another franchise owner to establish, another MedXwaste franchises within the Territory granted to you (sometimes referred to as “Protected Territory”). During the term of this Agreement, your vehicle used in your Business shall be used exclusively by you and your employees, and solely for the purposes permitted by this Agreement.

**1.3 Non-Exclusivity**

Except as set forth above, the franchise and licenses granted to you by this Agreement are non-exclusive and we shall have, at all times throughout the term of this Agreement and any renewals hereof, and at all places, the unqualified right to open and operate, or to franchise and license others to open and operate, businesses utilizing the System anywhere, except within your Territory.

**1.4 Limitations on Sale of the Approved Services and Products**

The license granted herein does not include any right to provide any service or sell any product at or except within the Territory granted to you. You may not solicit business in any other MedXwaste franchisee’s territory. Notwithstanding the foregoing, if you have serviced a client who when you originally serviced them they were not located within another franchisee’s protected territory, but subsequently became located in another franchisee’s protected territory, you may continue to service that customer, but you cannot further solicit other customers within that territory. Unless as otherwise set forth in this Agreement, use by you, directly or indirectly, of the System, the Proprietary Marks licensed hereunder, or the sale of any product or service in any territory, other than from within the Territory granted to you shall be a material breach of this Agreement and shall give us, in addition to all other rights and remedies hereunder, the right to terminate this Agreement. You shall not engage in any promotional activities or sell the Approved Services and Products or similar services and products, whether directly or indirectly, through the internet, the World Wide Web, or any other similar proprietary or common carrier electronic delivery system (collectively, the “Electronic Media”); or by telecopy

or other telephonic or electronic communications, including toll-free numbers, directed to or received from customers or prospective customers located outside of the Territory. While you may place advertisements in printed media, social media, and on television and radio that are targeted to customers and prospective customers located within your Territory and will not be deemed to be in violation of the Franchise Agreement if those advertisements, because of the natural circulation of the printed media or reach of television and radio, are viewed by prospective customers outside of your Territory.

#### 1.5 Rights Reserved to Us

Except as otherwise expressly provided in this Agreement, we and our Affiliates reserve all of our respective rights and discretion with respect to the Proprietary Marks, the System, and your Business anywhere in the world and the right to engage in any business whatsoever, including: (a) the right to operate, and grant to others the right to operate or establish others to operate a MedXwaste business within such territories and on such terms and conditions as we deem appropriate, that are outside the Territory set forth in this Agreement; (b) the right to operate, and grant to others the right to operate not using the MedXwaste name in such Territories, and on such terms and conditions as we deem appropriate; (c) the right to acquire, merge or consolidate with, be acquired by, operate and expand businesses; and (d) to offer the same or similar products and/or services that you are authorized to offer within in your Territory through other channels of distribution, including, but not limited to internet offered services.

### ARTICLE 2

#### TERM

##### 2.1 Initial Term

This Agreement, unless terminated earlier as hereinafter provided, shall remain in force for an initial term of seven (7) years commencing on the date of this Agreement (“Initial Term”).

##### 2.2 Renewal

Subject to the provisions of this Section, you shall have an option (exercisable only by written notice delivered to us less than 9 months, but more than 6 months, prior to the end of the Initial Term of this Agreement) to renew the franchise hereunder for an additional period of seven (7) years, if:

- a) you have been, throughout the Initial Term of this Agreement, in substantial compliance, and at the expiration of such Initial Term are in full compliance, with this Agreement, and all other agreements between you and us or companies associated or affiliated with us;
- b) you enter into our then-current Franchise Agreement and all other ancillary agreements, instruments and documents then customarily used by us in the granting of franchises (all of which may contain terms substantially different as those herein contained, but which will not obligate you to pay a further initial franchise fee);
- c) at the time the renewal option is exercised and at the time such renewal commences, all monetary obligations to us and any affiliate of ours must be current and must have been current at all times during the preceding 12 months; and
- d) you execute a general release running in favor of us, our affiliates and our respective officers, directors and shareholders releasing all claims against us, our officers, directors and shareholders.

- e) You pay us a renewal fee prior to the time you sign your renewal Franchise Agreement in the amount of \$2,500.

### 2.3 Failure to Renew

For the purposes hereof, you shall be deemed to have irrevocably elected not to renew the franchise hereunder (and the option to do so shall thereupon terminate) if you fail to execute and return to us our then-current Franchise Agreement, the renewal fee, and other ancillary documents required by us for a renewal franchise within 30 days after we have delivered them to you.

### 2.4 Refusal to Renew Franchise Agreement

We can refuse to renew your franchise under certain circumstances, including, but not limited to, your failure to substantially comply with the terms of this Agreement, your failure to pay amounts owed to us when due, or your failure to cure of any defaults incurred during the initial term of this Agreement, if applicable.

### 2.5 Renewal Under Law

Even though we decline the renewal of your franchise, it is possible that we can be required to renew it under a law, rule, regulation, statute, ordinance, or legal order that is applicable at the time. If that happens, to the extent it is allowed by the concerned law, rule, regulation, statute, ordinance or order, your renewal term will be subject to the conditions of the Franchise Agreement we are using for new franchisees at the time the renewal period begins. If we are not then offering new franchises, your renewal period will be subject to the terms in the Franchise Agreement that we indicate. If for any reason that is not allowed, the renewal term will be governed by the terms of this Agreement.

## ARTICLE 3

### THE BUSINESS

#### 3.1 System Changes

You acknowledge that Franchisor may have to change the System from time-to-time to meet competitive trends, to preserve and enhance the MedXwaste image and to maintain efficiency and profitability of franchisees. Therefore, we may change any of the elements of the System from time-to-time, including but not limited to introducing new trade-marks, services, standards, policies, procedures and techniques, and Franchisee shall promptly accept and implement all such changes at Franchisee's expense.

#### 3.2 Development of Business

We will provide you with our specifications for your Business vehicle including lists and specifications of approved, equipment and signage for your Business in accordance with our uniform image and standards. You must equip your Business vehicle in conformity with all laws, rules, regulations and requirements of governmental authorities having jurisdiction over the Business and in accordance with our requirements.

#### 3.3 Equipment, Vehicles, and Signs

You must purchase equipment, tools, and supplies listed in our operations manual (collectively the "Equipment"), and you must purchase them from our approved or designated suppliers, which may be us. We may earn revenue from the sale of these items to you either by us, our affiliate(s) or our approved suppliers.

#### 3.4 Opening of Business

You must open your business on, or before, 120 days from the date that you sign this Franchise Agreement. Franchisor will have one of its qualified representatives accompany Franchisee during the first week of operation of Franchisee's MedXwaste Franchise, to provide advice and guidance on hiring and training employees, on pre-opening and opening procedures, and on planning and conducting initial advertising, publicity and public relations. The cost of such advertising, publicity and public relations shall be paid for by Franchisee.

## **ARTICLE 4**

### **FEES AND REPORTING**

#### **4.1 Initial Franchise Fee**

In consideration of the grant of this license, on signing this Agreement, Franchisee shall pay to Franchisor an initial payment of which includes an Initial Franchise Fee of \$50,000 ("Initial Franchise Fee"). This amount shall be deemed to be fully earned by Franchisor. No portion of the Initial Payment is refundable under any circumstances.

#### **4.2 Royalty Fee**

Throughout the Term of the Franchise Agreement, commencing the fourth month after your execution of the Franchise Agreement, you shall pay to us a continuing monthly royalty equal to the greater of \$650 or 8% of the Gross Sales for the previous month ("Royalty" or "Royalty Fees"). The monthly Royalty shall be due by the 15<sup>th</sup> day of the following month. For purposes of clarity, the Royalty for August sales would be due by September 15<sup>th</sup>.

#### **4.3 Advertising Expenditures and Contributions**

Commencing the fourth month after your execution of the Franchise Agreement, and continuing monthly thereafter, each payment being due at the same time as your Royalties, you shall pay to brand awareness fund ("Fund") the sum of 1% of your Gross Sales for the previous month's sales activity ("Marketing Fees"). In addition to your monthly contribution to the Fund beginning with the fourth month after your execution of the Franchise Agreement you shall spend in each calendar quarter a minimum of 2% of Franchisee's Gross Sales on local advertising and promotion of its MedXwaste Franchise.

#### **4.4 Definition of Gross Sales**

For the purposes of this Section, "Gross Sales" means total of the actual selling prices of all goods sold and services performed by Franchisee in association with the Proprietary Marks and all other receipts and receivables of any nature from all business conducted by Franchisee, including proceeds of any business interruption insurance, in each case whether evidenced by check, cash, credit, charge account, exchange or otherwise, without deduction for bank charges, uncollectible credit accounts, charges made by collection agencies or bad debts. Each charge or sale made on installment or credit shall be treated as a sale for the full selling price in the month during which the charge or sale is made, regardless of when Franchisee receives payment. Gross Sales does not include the amount of any retail sales tax imposed by any federal, state or local governmental authority directly on sales and collected from customers at the point of sale by Franchisee acting as agent for such authority, provided that the amount of tax is added separately to the selling price and does not form part of the quoted price for the article or service and is actually paid by Franchisee to the taxing authority. All Royalty Fees and other fees payable hereunder shall be made via electronic funds transfer or automatic debit of funds, in a method determined by us, in our sole discretion.

- a) Gross Sales shall be deemed received by you at the time any payment is received by you, whether such payment represents an installment or partial payment or payment in full for any of the products, merchandise or services sold, contracted for or rendered. Gross Sales consisting of property or services shall be valued at the prices applicable, at the time such Gross Sales are received for the products or services exchanged for such Gross Revenue.
- b) You shall report the monthly Gross Sales to us at the time of your Royalty payment pursuant to Section 4.2 of this Agreement on such form and in such detail as may be prescribed from time-to-time by us.
- c) If you do not report your Gross Sales, we may debit your account for one hundred twenty percent (120%) of the last Royalty and Marketing Fees that we debited. If the Royalty and Marketing Fees we debit are less than the Royalty and Marketing Fees you actually owe us, once we have been able to determine your true and correct Gross Sales, we will debit your account for the balance on a day we specify. If the Royalty and Marketing Fees we debit are greater than the Royalty and Marketing Fees you actually owe us, we will credit the excess against the amount we otherwise would debit from your account during the following week.

#### 4.5 Interest on Late Payments

To encourage prompt and timely payment of the Royalty Fees and Marketing Fees and to cover the costs and expenses involved in handling and processing any payments not received by their due dates, you shall also pay, upon demand, interest on any overdue amounts equal to the lesser of: (i) one and one-half percent (1.5%) per month; or (ii) the highest rate permitted by law. Such charge shall accrue from the date payment was due until the date payment is actually received by us. Notwithstanding the foregoing, each failure to pay the Royalty Fees, Marketing Fees or other payments payable to us when due will be a material breach of this Agreement.

#### 4.6 Application of Payments

We shall have sole discretion to apply any payments received from you to any past due indebtedness of yours for the Royalty Fees, Marketing Fees, purchases made from us or our affiliates, late payment charges or any other indebtedness of yours to us or our affiliates.

#### 4.7 Method of Payment

You agree to sign and deliver to us any documents required to authorize us to initiate debit and credit entries to/from your operating account automatically for payments to you or us as described above. We will debit or credit your account (as applicable) on the 15<sup>th</sup> of each month. You agree to make the funds available for withdrawal by electronic transfer before each due date.

#### 4.8 Bookkeeping, Accounting and Records

You shall be required to use such software program(s) designated by us for guest and member management, bookkeeping, accounting, inventory control, point of sale and record-keeping for the business of the MedXwaste franchise, and you shall retain all invoices, order forms, time cards, payroll records, e-mails, check stubs, bank deposit receipts, purchase order receipts, sales tax records and returns, cash disbursements journals and general ledgers. You shall keep such original documents at your place of business throughout the term of this Agreement, and for at least 3 years following the expiration or termination of this Agreement, at a location of which we shall be kept advised, unless we give written permission to dispose of such records. At all times you shall maintain accurate and complete books and records for your Business in accordance with such procedures as Franchisor specifies from time-to-time. Franchisee shall participate in such bookkeeping and accounting programs and procedures a Franchisor prescribes from time-to-time for MedXwaste Franchises.

Within 30 days after the close of each fiscal quarter of Franchisee's business, Franchisee shall give Franchisor a copy of Franchisee's unaudited financial statements for such quarter in form prescribed by Franchisor, together with such supporting schedules and information as Franchisor may require. Within 90 days after the close of each fiscal year of Franchisee, Franchisee shall give Franchisor a copy of Franchisee's financial statements for the year and any accompanying Review Engagement Report of Franchisee's external accountants.

#### 4.9 Reports and Tax Returns

You shall furnish to us throughout the term of this Agreement in the form from time-to-time prescribed by us:

- a) Within 30 days after the close of each fiscal quarter of Franchisee's business, Franchisee shall give Franchisor a copy of Franchisee's unaudited financial statements for such quarter in form prescribed by Franchisor, together with such supporting schedules and information as Franchisor may require.
- b) Within 90 days after the close of each fiscal year of Franchisee, Franchisee shall give Franchisor a copy of Franchisee's financial statements for the year and accompanying Review Engagement Report of Franchisee's external accountants. within fifteen (15) days after the end of each calendar month, a monthly profit and loss statement for such month, and a profit and loss statement from the beginning of your latest financial year, on such forms as we may specify;
- c) such other statements, order forms, records, calculations and indices as we may, from time-to-time, require.

We reserve the right to require to change the frequency of any report you must provide to us hereunder, and you agree to comply with such change.

#### 4.10 Inspection

We or our representatives or agents shall have the right at any time during normal business hours, and without prior notice to you, to enter and inspect your vehicle used in the Business and your Business and all aspects of the operation of the Business together with all records, books of account, tax returns and other documents and materials in your possession or under your control relating to the business of the MedXwaste Franchise, you and the subject matter and terms of this Agreement, including, without limitation, all of your records required to be maintained pursuant to applicable law, to ascertain that you are operating the Business in accordance with the System, the terms of this Agreement and the Confidential Operations Manual. We or our representatives or agents shall be allowed to make extracts from or copies of any such material without any liability to us, including, but not limited to, payment for such extracts or copies.

In the event that we give notice to you of any deficiency detected during such audit, you shall diligently correct such deficiency as soon as possible, but in any event within 5 days after receipt of such notice. If you fail to correct such deficiency within such 5 day period, we shall have the right (but not the obligation) to correct such deficiency on your behalf and at your sole expense, and in such case you shall reimburse us for all costs incurred by us (including, without limitation, a reasonable charge for the time of any of our personnel) in connection therewith.

#### 4.11 Audit

We or our representatives or agents shall have the right during normal business hours, and without prior notice to you, to inspect, copy, request, receive and/or audit or cause to be inspected, copied, requested, received and/or audited the business records, bookkeeping and accounting records, invoices, payroll records, check stubs, sales, financial statements and tax returns and accompanying schedules that you are required to submit to us

hereunder along with your books and records and those of any corporate entity to which you have assigned this Agreement. We may also obtain all relevant information from any of your suppliers or vendors with whom you conduct business, and we may use such information in ascertaining whether you have reported your Gross Sales accurately to us. If we should determine that an audit is necessary during the term hereof, or after the expiration or termination of the franchise, you will, upon notice, deliver to us all required records and documents to conduct such audit. You shall fully cooperate with our representatives conducting any such audit, and you shall provide us with written permission if necessary to obtain necessary information from your suppliers and/or vendors.

If any inspection or audit, whether by direct evidence or extrapolation, discloses an understatement of the Franchisee's Business' Gross Sales or an understatement of any payment made to us, you must pay us by electronic funds transfer, within 15 days after receiving the inspection or audit report, any unpaid or understated amount plus interest (in the amount described in Section 4.6) from the date originally due until the date of payment. Further, if an inspection or audit is necessary due to your failure to furnish reports, supporting records or other information as required, or to furnish these items on a timely basis, or if such audit reveals an understatement of Gross Sales of 3% or more for any period, you agree to reimburse us for the cost of the audit, including, without limitation, the charges of attorneys and independent accountants and the travel expenses, room and board, and compensation of our employees or independent contractors, which sums shall be in addition to payment of any understated amount, plus interest. These remedies are in addition to our other remedies and rights under this Agreement and applicable law.

#### 4.12 Information from Others

Franchisee authorizes Franchisor to make reasonable inquiry during the Term of Franchisee's bankers, suppliers and other trade creditors regarding their dealings with Franchisee, to discuss Franchisee's affairs, finances and accounts with Franchisee's bankers and to obtain information and copies of records relating to any dealings between such persons and Franchisee which are in any way referable to Franchisee's MedXwaste Franchise. On request of Franchisor, Franchisee shall provide such written instructions and other documents as Franchisor may require to permit bankers, suppliers or other creditors of Franchisee to disclose and release such information and documents to Franchisor.

## ARTICLE 5

### **MARKETING AND PROMOTION**

You agree that marketing for and promotion of the MedXwaste System, including your Business, is of vital importance to each franchisee's success and, in furtherance of that goal, you agree to comply with all marketing and promotional requirements set forth herein.

#### 5.1 The Fund

Franchisor intends to develop and conduct System-wide advertising and promotional campaigns as Franchisor deems appropriate through the advertising fund ("Fund"), with absolute discretion over the creative concepts, materials and media used in such programs. We will administratively segregate the advertising contributions made by Franchisee and other MedXwaste franchisees on Franchisor's books and records, but may commingle the funds received with other funds, which belong to Franchisor. Franchisor will use the Marketing Fees that you and other franchisees make pursuant to Section 4.3 of this agreement to conduct advertising and marketing as set forth below and to help defray the cost of such advertising and promotion, whether prepared and/or placed on a national or local level and including a reasonable charges for administering the fund created by such contributions. Franchisor undertakes no obligation to ensure that any particular franchisee, including Franchisee, benefits directly or pro rata from the placement of any such advertising, nor does Franchisor undertake to make expenditures on account of advertising equivalent or proportionate to the amounts paid by

Franchisee to Franchisor. Any advertising contributions of Franchisee, which have not been allocated by Franchisor for use in the calendar year within which they are made, will be kept for use in the subsequent year. The Fund may be used for the items set forth below and managed in a manner also as set forth below.

- a) You agree that the Fund may be used to meet any and all costs of maintaining, administering, directing and preparing national and/or regional marketing materials, programs and public relations activities (including, without limitation, developing and maintaining a website, the cost of preparing and conducting television, radio, magazine, billboard, newspaper, direct mail and other media programs and activities, for conducting marketing surveys, test marketing, employing advertising agencies to assist therewith, and providing promotional brochures, coupons and other marketing materials to all franchisees of the System). We may also use money from the Fund to support and maintain our Website and for social media initiatives. The Fund shall not be used to defray any of our general operating expenses, except that we have the right to reimburse ourselves out of the Fund for the total costs (including indirect costs) of developing, producing and distributing any advertising materials and collecting the Marketing Fees (including attorneys', auditors' and accountants' fees and other expenses incurred in connection with collecting any Marketing Fees);
- b) An unaudited statement of the operations of the Fund shall be prepared annually by our accountants and shall be made available to you on written request. The cost of the statement shall be paid by the Fund. Except as expressly provided in this Section 5.1, we assume no direct or indirect liability or obligation to you with respect to the maintenance, direction or administration of the Fund. The cost of the preparation of such statement(s) shall be borne by the Fund;
- c) We and our affiliates shall, for each MedXwaste business directly owned by us or them, make contributions to the Fund as is required to be contributed by franchisees generally within the System; and
- d) Any monies remaining in the Fund at the end of any year will carry over to the next year.

## 5.2 Local Advertising

In addition to making the Fund contributions required in Section 4.3 hereof, you also must spend on a quarterly basis not less than 2% of your gross sales on local advertising for your business. We have the right to approve all local advertising, and at our request you must send to us all receipts for your purchases of the local advertising of whatever type.

If your Business is located in an area where a marketing cooperative (as described in Section 5.4 below) exists or is formed during the term of this Agreement, then any amount you contribute to such cooperative shall count toward your local advertising requirement; provided, however, that in the event the amount you contribute to the cooperative is less than the amount you are required to spend for local advertising, you shall nevertheless be required to spend the difference locally.

In addition to the local advertising requirements described above, you shall participate in such sales and promotional campaigns and activities as we may direct from time-to-time; provide such approved promotional material to each member of the Business as we may require; and maintain a sufficient supply thereof for that purpose at all times; and you shall display all such signs, emblems and logos at the Premises as we may require from time-to-time. Such promotions may include, without limitation, chamber organizations, facilities management groups, business referral groups, dental associations, and healthcare associations.

Upon our request, you shall provide us with verification of all expenditures for local advertising within 30 days of such request. You may not take pictures or videos or tape commercials or movies at the Business without our advance written approval, which we are not obligated to provide.

### 5.3 Our Approval of Marketing Materials

Prior to their use by you, any advertising that you propose to use that has either not been prepared by us or has not been approved by us in the immediately preceding twelve (12) month period must be submitted to us for our approval at least 10 days before you intend to use it. Unless we provide our specific disapproval of the proposed materials, the materials are deemed approved. Any materials you submit to us for our review will become our property, and there will be no restriction on our use or distribution of these materials. We reserve the right to require you to include certain language in your local advertising, such as “Franchises Available” and our telephone number and Website.

### 5.4 Marketing Cooperatives

We may, in our discretion, create a regional marketing cooperative (“Cooperative”) in any area, and establish the rules and regulations. Immediately upon our request, you must become a member of the Cooperative for the area in which some or all of the protected Territory is located. In no event will the Business be required to be a member of more than one (1) Cooperative. The Cooperative must be governed in the manner we prescribe. Each member of the Cooperative shall make monthly contributions thereto in an amount determined by majority vote of the Cooperative members. The following provisions apply to each Cooperative:

- a) the Cooperative must be organized and governed in a form and manner, and commence operation on a date that we approve in advance in writing;
- b) the Cooperative must be organized for the exclusive purpose of administering advertising programs and developing, subject to our approval, standardized promotional materials for the members’ use in Local Advertising within the Cooperative’s area;
- c) the Cooperative may adopt its own rules and procedures, but such rules or procedures must be approved by us and must not restrict or expand your rights or obligations under this Agreement;
- d) except as otherwise provided in this Agreement, and subject to our approval, any lawful action of the Cooperative at a meeting attended by members possessing more than 50% of the total voting power in the Cooperative is binding upon you if approved by members possessing more than 50% of the total voting power possessed by members in attendance, with each Business (both franchised and owned by us or our affiliates) having one vote, but no franchisee (or commonly controlled group of franchisees) may have more than 25% of the vote in the Cooperative regardless of the number of Businesses owned;
- e) without our prior written approval, the Cooperative may not use, nor furnish to its members, any advertising or promotional plans or materials; all such plans and materials must be submitted to us in accordance with the procedure set forth in Section 5.3;
- f) no later than the fifteenth (15<sup>th</sup>) day of each month, each member/franchisee must submit its contribution to the Cooperative, together with such other statements or reports as we or the Cooperative may require, with our prior written approval;
- g) if an impasse occurs because of a Cooperative members’ inability or failure, within 45 days, to resolve any issue affecting the Cooperative’s establishment or effective functioning, upon request of any Cooperative member, that issue must be submitted to us for consideration, and our resolution of such issue is final and binding on all Cooperative members; and

- h) the Cooperative will render quarterly and annual advertising expenditure reports (and such other financial statements as we may require) to us.

## 5.5 Grand Opening Advertising

We will require you to spend not more than Five Thousand Dollars (\$5,000) for a grand opening advertising campaign to be incurred in connection with the grand opening of the Business. This sum of money shall be spent during the Business's initial 60 days of business. Such grand opening advertising campaign is subject to our prior approval, as described in Section 5.3 above.

## 5.6 Website

As used in this Agreement, the term "Website" means an interactive electronic document, series of symbols, or otherwise, that is contained in a network of computers linked by communications software. The term Website includes, but is not limited to, Internet and World Wide Web home pages. In connection with any Website, you agree to the following:

5.6.1 We shall have the right, but not the obligation, to establish and maintain a Website, which may, without limitation, promote the Proprietary Marks, any or all of the Approved Services and the MedXwaste System. We shall have the sole right to control all aspects of the Website, including without limitation its design, content, functionality, links to the websites of third parties, legal notices, and policies and terms of usage; we shall also have the right to discontinue operation of the Website.

5.6.2 We shall have the right, but not the obligation, to designate one or more web page(s) to describe you and/or your Business, with such web page(s) to be located within our Website. You shall comply with our policies with respect to the creation, maintenance and content of any such web pages; and we shall have the right to refuse to post and/or discontinue posting any content and/or the operation of any web page.

5.6.3 You shall not establish a separate Website without our prior written approval (which we shall not be obligated to provide). If approved to establish a Website, you shall comply with our policies, standards and specifications with respect to the creation, maintenance and content of any such Website. You specifically acknowledge and agree that any Website owned or maintained by you or for your benefit, shall be deemed "advertising" under this Agreement and will be subject to (among other things) our approval under this Article 5.

5.6.4 You understand, acknowledge and agree that you are strictly prohibited from promoting your Business and/or using any of the Proprietary Marks in any manner on social and/or networking Websites, including, but not limited to, Facebook, LinkedIn, Instagram, MySpace and Twitter, without our prior written consent.

## 5.7 Advisory Councils

We have the right to form one or more advisory councils to advise us and work with us to improve the System, including advertising, methods of operations, new products and services, and other matters. If we elect to form an advisory council, it will be made up of our representatives and franchisee representatives. The franchisee representatives may be chosen by us or may be elected by other franchisees in the System. If formed, the advisory council will act in an advisory capacity only and will not have decision making authority. We reserve the right to form, change, merge or dissolve any advisory council at any time. If you participate on any advisory council, you understand and acknowledge that you will pay any expenses you incur related to such participation including, without limitation, travel and living expenses to attend advisory council meetings.

## ARTICLE 6

### TRAINING AND TECHNICAL ASSISTANCE

#### 6.1 Managerial Responsibility

We require that you, your equity operating partner (“Operating Partner”), or your designated manager as defined in this section, to actively participate and exert your best efforts to, the management of your franchised Business, and any other MedXwaste Business that you own. You agree that either you, or your Operating Partner, or your designated manager must complete our initial training course. Each person that becomes an owner or Operating Partner must execute a Personal Guaranty in the form Schedule 1 to this Agreement, and incorporated herein by reference, undertaking to be bound jointly and severally by the terms of this Agreement. Each individual must be an individual acting in his personal capacity, unless we waive this requirement. The term Operating Partner is defined as a person or entity that has at least a 10% direct or indirect legal or beneficial ownership interest in your MedXwaste franchise, if you are a business corporation, partnership, limited liability company or other legal entity. You must designate to us at least one officer that has signed the Franchise Agreement as the person who may act for and on behalf of the Franchise.

#### 6.2 Initial Training Program; Additional Training

We shall make available, at no additional charge, an initial training program which you must successfully complete not later than 30 days prior to the opening of the Business. Such training program shall be held at the training facility owned by our affiliate in Deer Park, New York, or at such other place(s) as may be specified by us. All costs and expenses incurred by you, your manager, or your partner to attend such training, and which relates to the training program (including, without limitation, the cost of travel, food, accommodations and wages) shall be paid by you. We shall provide only the instruction and materials for classroom and on-site instruction. If you wish to send additional trainees to our initial training program, either before the Business opens or while it is operating, you may do so if there is space available in our next scheduled training session, but you shall pay all of the trainees’ expenses, including travel, lodging, meals and wages, as well as our then-current training fee.

We will provide up to 1-week of initial technical training of the Principal in how to set up and operate your Business. After Franchisee opens its MedXwaste franchise for business, Franchisor may periodically make available other optional training programs as it deems appropriate and the Franchisee shall be entitled to participate on such basis, as we may determine. If required by Franchisor, in each year the Franchisee and such other employees of Franchisee as Franchisor specifies shall attend at their own expense and shall successfully complete up to two refresher-training courses, seminar courses or other programs conducted by Franchisor.

If we determine that you cannot or have not completed the training program to our satisfaction, you have the opportunity to re-take our initial training program at your expense, including our then-current training fee. If you fail to complete the training program a second time, we may terminate this Agreement pursuant to Section 13.1 hereof.

We reserve the right to hold periodic refresher or additional training courses, and we may designate that attendance at these training courses is mandatory for any of your employees. You must pay our then-current per person fee for refresher training as well as the cost for you and/or your employees to attend the courses, including travel, lodging, meals and applicable wages. If you or any of your employees are not able to attend a mandatory training course, we reserve the right to require you to send the employees to our training facility for the mandatory training.

#### 6.3 Hiring and Training of Employees by You

You shall hire and train, at your expense, except as may be set forth in Section 6.2, all employees of the Business, and shall be exclusively responsible for the terms of their employment and compensation. You shall not employ anyone who refuses or fails to complete such training program according to our specifications. You shall, at all times, maintain a sufficient number of trained employees to service your customers, but at least the minimum number specified by us. You understand and acknowledge, that all of the people working in the Business other than the owners, must be hired and employed by you, and in no event shall any person working in the Business be an independent contractor. In your discretion, you may require your employees to execute an employment agreement with you, which employment agreement (if you choose to have one) shall be in addition to the Confidentiality and Non-Competition Agreement, attached hereto as Schedule 7, that each of your managers and specifically designated key personnel should sign. We shall be a third-party beneficiary of each such agreement with the independent right but not obligation to enforce its terms. You shall provide to us a copy of each executed agreement within 10 days after its execution or our request for such copy.

If we determine that one or more of your key personnel, either have not been trained to below our standards, we have the right to require you to send those employees to us for additional training.

#### 6.4 Operating Assistance

We will make available to you such operating assistance and training on a continuing basis, as we consider appropriate, and which may consist of advice and guidance with respect to:

- a) methods and procedures for the marketing and sale of the Approved Services and Products;
- b) guidance in the technical aspects of medical waste pick-up and disposal;
- c) such additional services and products as we may approve, from time-to-time, to be used or offered for sale by franchisees;
- d) the purchase, operation, maintenance and use of displays, uniforms, equipment, materials and supplies;
- e) formulating and implementing advertising and promotional programs using such merchandising, marketing and advertising research data and advice as may, from time-to-time, be developed by us and deemed by us to be helpful in the operation of the Business;
- f) the establishment and implementation of administrative, bookkeeping, accounting, inventory control and general operating procedures for the proper operation of the Business; and
- g) the operation, safety, cleanliness and efficiency of your business.

If you ask us to come to your Territory or place of business, you shall reimburse us for the time spent by our personnel (at their then-current published billing rates) and for its out-of-pocket expenses of assisting Franchisee, including the cost of travel, meals and lodging for Franchisor personnel involved.

### **ARTICLE 7**

#### **OUR DUTIES**

##### 7.1 Our Duties

During the term of this Agreement, we shall, at our expense, offer to you the following:

- a) an initial training program in System standards, specifications, methods and techniques and additional assistance as provided for in Section 6.2 hereof;
- b) upon your request, such periodic continuing individual or group advice, consultation, and assistance, rendered in person, by periodic correspondence (electronic or otherwise), field visits, or telephone or written communications made available from time-to-time to all franchisees of the System, as we may deem necessary or appropriate to assist you in conforming to the requirements of the System. Such continuing advice may include, but not be limited to, such topics as products and services to be offered to customers, improvements and developments in operating the MedXwaste business, pricing, administrative, bookkeeping, accounting and inventory control procedures, and operating problems encountered by you;
- c) subject to Section 10.1 hereof, to lend to you one copy of the Confidential Operations Manual and one copy of any other manuals designated for use with the System, as well as such additions and modifications thereto as we may, in our sole discretion, issue from time-to-time; and
- d) new, modified or supplemented standards for the System that, in our sole discretion, are beneficial or necessary to maintain the uniformity and goodwill of the System utilized by all franchisees.
- e) We will assist you in obtaining the necessary equipment and inventory in which to operate your Business (collectively "Equipment"). Franchisor will also provide Franchisee with samples of Franchisor's standard reporting forms for use in Franchisee's Business.
- f) On request of Franchisee, Franchisor will give Franchisee reasonable quantities of point-of-sale merchandising and other promotional materials developed from time-to-time for use in MedXwaste Franchises. Franchisee shall pay for such materials in accordance with Franchisor's published price list then in effect, plus delivery cost.
- g) Franchisor will have one of its qualified representatives accompany Franchisee during the first week of operation of Franchisee's MedXwaste Franchise, to provide advice and guidance on pre-opening and opening procedures, and on planning and conducting initial advertising, publicity and public relations. The cost of such advertising, publicity and public relations shall be paid for by Franchisee.
- h) On reasonable written request by Franchisee (as determined by Franchisor), Franchisor will try to help Franchisee solve specific problems encountered in the operation of Franchisee's business, which are beyond the scope of the assistance contemplated in Section 6.4. Franchisee shall reimburse Franchisor for the time spent by its personnel (at their then-current published billing rates) and for its out-of-pocket expenses of assisting Franchisee, including the cost of travel, meals and lodging for Franchisor personnel involved.

## 7.2 System Maintenance

We shall continue our efforts to maintain uniform standards of quality, safety, cleanliness, appearance and service, at all of our franchisees' businesses in the System, to promote, protect and enhance the public image and reputation of the System, and to increase the demand for the services offered by all System franchisees, and to that end we shall:

- a) review all other materials prepared by you for use in local advertising and promotion pursuant to Section 5.3 hereof; and

- b) conduct periodic inspections of the services and products provided to the public by your Business.

### 7.3 Meetings

To develop and maintain cooperation and friendship with other franchisees, to enhance the ability to operate the Franchised Business properly, to learn the most recent developments in business methods for the Franchised Business and to take instructions from us on new or revised procedures or requirements, you shall be required to attend any regional and/or national meetings organized and conducted by us for franchisees, to be held at locations to be determined by us.

### 7.4 Intranet

We may, in our sole discretion, establish an intranet or similar internet-based venue via our Website for our franchisees to access to obtain, among other things, updates to the Confidential Operations Manual, changes in policies and procedures, upcoming events and marketing information. Access to such intranet shall be password based, and you agree that all information obtained via such intranet shall be deemed confidential information and subject to the covenants of confidentiality contained in this Agreement.

## ARTICLE 8

### YOUR DUTIES

In order to maintain the high quality and uniform standards associated with the System and the Proprietary Marks, and to promote and protect the goodwill associated therewith, you shall perform the following duties.

#### 8.1 Compliance with Standards and Specifications; Uniforms

You, shall at all times, strictly comply, and cause the Business to strictly comply, with all of our standards, specifications, processes, procedures, requirements and reasonable instructions regarding the operation of the Business, whether they now exist or are hereafter established from time-to-time. You shall adopt our standards as a standard for performance and operation of your Business and conform to all specifications relating to the Equipment and vehicles used in your Business, the products, services, uniforms, signs, displays or decorations, and other identifying materials, uniform record keeping practices, days and hours of operation and such other matters as may be in any administrative bulletins (subject to applicable law), and other confidential manuals or materials developed by us, or otherwise, as any of same may be modified from time-to-time by us. To insure your conformance and compliance with our standards of performance, you will permit us, our officers, employees and designated representatives to enter your place of business at any time and from time-to-time to conduct an inspection to ascertain whether or not the uniform standards are being met. If at any time during the Initial Term or any renewal thereof any of the equipment and furnishings become obsolete or depreciated, then to the extent that they require replacement in accordance with our standards, you will replace the same with items required by our then-current standards and specifications within 30 days after notice from us.

If Franchisor notifies Franchisee that any items of Equipment or any motor vehicle being used by Franchisee does not meet Franchisor's specifications, standards and requirements, then Franchisee must immediately stop using the item. Each motor vehicle used in Franchisee's MedXwaste Franchise must be equipped with a cellular telephone to allow for prompt response to customer requests for service. Franchisee may purchase or lease Equipment and motor vehicles from any source as long as Franchisor's specifications and quality standards are met. Franchisee must advise each supplier and any other person with whom it deals that Franchisee is an independent contractor and that all debts incurred by it are for Franchisee's account only and

are not incurred on behalf of Franchisor. Franchisee must maintain all Equipment and motor vehicles used in its MedXwaste Franchise in good order and repair. Franchisee shall display on all Equipment and motor vehicles used in its MedXwaste Franchise only such colors, decals, signs, logos and display materials as are authorized in writing by Franchisor from time-to-time, and must cause its employees to wear neat, clean and approved uniforms identified with the MedXwaste emblem.

If we change any component of the System, as we may do in our discretion, you shall comply with each such change within 30 days after receiving notice from us of such change, or such other period of time as our notice shall designate.

## 8.2 Licenses and Permits

Franchisee shall obtain at its own expense all licenses and permits required to operate Franchisee's MedXwaste Franchise, shall maintain these in good standing throughout the Term, and shall operate its business in compliance with all applicable laws, by-laws and regulations.

You shall not attach or exhibit any signs, displays, or posters on or in the interior of said building other than signs, displays or posters then currently supplied, required, or authorized in writing by us, nor shall you permit or suffer others to do so. You will bear the entire cost of any remodeling, repairs, replacements, redecoration or other maintenance or refurbishing required hereunder. You acknowledge that possible additional investment may be required pursuant to this Section. If you fail to make or begin to make any required remodeling, repairs, replacements, redecoration or other maintenance or refurbishing required hereunder within 10 days after receipt of notice from us of the actions required to be taken, we may, but are not required to, arrange for the completion of all required actions on your behalf and you shall reimburse us upon demand for all costs plus 10% as an administrative fee.

## 8.3 Sale of Approved Services and Products

You shall offer for sale all the Approved Services and Products and only the Approved Services and Products, as same exist from time-to-time. All Approved Services and Products must be offered for sale on a continuous basis at the Business at the time and in the manner required by us. No sale of any product or service, except Approved Services and Products may be solicited, accepted or made at or from your Business. If requested by us on at least 30 days' notice, as part of a general program or standardization effort by us, the marketing of a Product or Service must be discontinued. In such an event, such product ceases to be an Approved Product or Approved Service.

- a. You must at all times maintain an inventory of products sufficient in quantity and variety to realize the full potential of the Business.
- b. We may, from time-to-time, conduct market research and testing to determine consumer trends and salability of new products and services. We believe that conducting such tests are important to the development of the franchise system. If we ask you to participate in such tests we ask you to cooperate by participating in our market research programs, test marketing new products and services and providing timely reports and other relevant information regarding marketing research.

## 8.4 Advertising; Signage

You shall, at your own expense, promotionally display in the operation of your Business "MedXwaste" advertising signs or wraps of such nature, form, color, number, location, size and containing such material as we shall direct or approve in writing. We or our suppliers shall furnish to you, without cost or expense to you, design plans or specifications for outside advertising beyond your vehicle. Only signs or advertising media

approved by us shall be displayed by you in the Business, subject to local law. All signs must be purchased from suppliers approved by us. You shall install and maintain such signs at your own expense for the period that such signs remain in your possession. Upon termination of this Agreement for whatever reason, the signs shall become our property, and you shall promptly remove and procure any such signs and deliver them to us according to our direction.

#### 8.5 Standards and Specifications; Approved Suppliers

Franchisor may seize and remove any unauthorized goods that it may find Franchisee using in its business, without liability to or need to compensate Franchisee. You shall adhere to our minimum quality standards and specifications for all facets of the MedXwaste Franchised Business, including equipment, uniforms, signage, vehicles, inventory supplies, advertising and sales promotion materials and other products or materials used in the operation of your Business. Such standards and specifications have been established by us for uniformity, quality control and to protect, maintain and foster our reputation, goodwill and public acceptance. All such information regarding standards and specifications shall be provided to you in writing or otherwise through a Confidential Operations Manual. The Confidential Operations Manual is incorporated in this Agreement by reference and you will comply with all provisions therein. All such standards and specifications may be modified at any time by us. We will provide you with a list of any specifications for the vehicles, and equipment that are consistent with the operation of a MedXwaste business. We will provide you with a list of mandatory and recommended and the approved suppliers thereof, which list may be modified by us from time-to-time. We shall also provide you with lists and specifications of approved promotional materials, supplies, and other inventory items needed in the daily operation of the Business. We will afford you the opportunity to purchase in sufficient quantity, and in a timely manner to meet your reasonable needs, such products and supplies as we or our affiliate(s) are in the business of selling. You will also have the opportunity to purchase from us advertising, promotional and training materials developed by us, if we choose to make such items available.

- a. We have and will continue to periodically approve suppliers and distributors, which may be us, of the products, materials and supplies used in the operation of the Business that meet our standards and requirements, including, without limitation, standards and requirements relating to product quality, prices, consistency, reliability, financial capability, labor relations and customer relations. You must purchase all products, materials and supplies only from distributors and other suppliers approved by us from time-to-time.
- b. We may approve a single distributor, which may be us, or other supplier (collectively “supplier”) for any product and may approve a supplier only as to certain products, including but not limited to Approved Products. We may concentrate purchases with one or more suppliers to obtain lower prices or the best advertising support or services for any group of MedXwaste franchises. We may, if we choose, take advantage of discounts offered by a supplier in connection with the acquisition of large quantities of products and resell said products to you at a profit. Approval of a supplier may be conditioned on requirements relating to the frequency of delivery, concentration of purchases, standards of service, including prompt attention to complaints, or other criteria and may be temporary, pending our continued evaluation of the supplier from time-to-time.
- c. If you desire to purchase any items not previously approved by us or desire to purchase from any unapproved supplier, you must submit to us a written request for approval of the proposed item or supplier and obtain our written approval of the item or supplier prior to purchasing any such items or purchasing from said supplier. We may inspect the proposed supplier’s facility and require product samples from the proposed supplier to be delivered at our option either directly to us or to any independent entity which we designate for testing. You or the supplier

agree to reimburse our costs for evaluation and testing, not to exceed \$1,000. Our evaluation and ultimate approval or rejection shall be completed within 30 days of submission of the request. We reserve the right to periodically re-inspect the Businesses and products of any approved supplier and to revoke our approval if the supplier does not continue to meet any of our criteria. We shall in no event be obligated to approve any proposed product or supplier.

#### 8.6 Compliance with Applicable Laws

You shall secure and maintain in force in your name all required licenses, permits, certificates and surety bonds relating to the operation of the Business. You must operate the Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, the Americans with Disabilities Act, Anti-Terrorism Laws (as defined in Section 23.15), as well as all government regulations relating to workers' compensation insurance, unemployment insurance, and withholding and payment of federal and state income taxes, social security taxes and sales taxes. All necessary and appropriate measures must be taken to avoid unsatisfactory safety, sanitation or health ratings, at all times from government authorities. Conditions or practices disapproved by any such authorities must be corrected promptly except that, after consultation between you and us, you may contest in good faith the action by such authority as being arbitrary, capricious, unfair or unlawful. All advertising employed by you must be completely factual, in good taste (in our judgment), and must conform to the highest standards of ethical advertising. You must in all dealings with us, customers, suppliers, and public officials adhere to the highest standards of honesty, integrity, fair dealing and ethical conduct. You must refrain from any business or advertising practice which may be harmful to our business, the goodwill associated with the Proprietary Marks or other Businesses. You must notify us in writing within five (5) days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency or other governmental unit, which may adversely affect the operation or financial condition of you or the Business, or of any notice of violation of any law, ordinance or regulation relating to health or safety.

#### 8.7 Franchise Management; No Employment Interference

You shall ensure, that at all times, your Business must be under the direct supervision of you or an approved manager who has satisfactorily completed our training program. You shall ensure, that all of your employees are properly certified at all times, as may be required. You shall hire all employees of your Business and be exclusively responsible for the terms of their employment, their compensation, and for the proper training of the employees in the operation of the Business. You understand and acknowledge that all employees must be your employees and may not be independent contractors.

#### 8.8 Payments to Us or Our Affiliates

You shall provide that payment for all products and services purchased from us or our affiliates by you shall be due and payable within 15 days after receipt of an invoice therefor, unless otherwise specified by us. All other supplies, forms, documents and equipment required for the operation of the Business and not required to be purchased from us or our designees may be purchased from us or from any source or supplier approved or designated in writing by us or from any other source or supplier, provided that we shall have first approved in writing such other source or supplier, which approval shall not be unreasonably withheld so long as the standards of the System are met.

#### 8.9 Forms of Payment

You shall maintain at all times and shall implement and operate such point-of-sale systems and credit verification systems as we may designate from time-to-time.

#### 8.10 Training Requirements

You shall assure us that your Managers, and other personnel of the Business, as we may direct, shall attend and participate at such additional or supplemental training courses, seminars and franchisee meetings, as may be specified by us, from time-to-time, as described in Article 6 and Article 7.

#### 8.11 Inventory

You shall, at all times, maintain under proper conditions, an adequate inventory of the Approved Products, all required components, materials, equipment and supplies, including, without limitation, the marketing and administrative aspects of the Franchised Business.

#### 8.12 Computer Hardware and Software Systems

Since the effective and efficient operation of a Business is intimately connected with the use and maintenance of appropriate computer hardware and software systems as specified by us, with direct interconnection to and access by our computer hardware and software systems, you must purchase, use, maintain and update computer and other systems, including software programs which meet our specifications, as they evolve over time and which, in some cases, may only be available through us and/or our affiliates. You must maintain your systems on-line to provide full, twenty-four (24) hour access for computer systems used by us and you must promptly update and otherwise change your computer hardware and software systems as we require from time-to-time, at your expense. You will pay all amounts charged by any supplier or licensor, which may be us or an affiliate, of the systems and programs used by you, including charges for use, maintenance, support and/or update of these systems or programs.

#### 8.13 Mutual Dependence

You acknowledge that you are one of a number of franchisees, each of whose success depends in substantial part on the integrity, reputation and marketing efforts of each other franchisee. You further acknowledge that the value of the Proprietary Marks and of membership in the System to you, to us and to each other franchisee depends on the maintenance of uniform standards of quality, integrity and appearance. You further acknowledge that any action which impairs the reputation and goodwill of the Proprietary Marks, impairs or adversely affects our objectives or brings us into disrepute, or departs from the uniform practices specified by us, will be likely to injure all members of the System.

#### 8.14 Variances

Complete and detailed uniformity under many varying conditions may not be possible or practicable, and we therefore reserve the right and privilege, at our sole and absolute discretion and as we may deem in the best interest of all concerned in any specific instance, to vary standards to accommodate special needs of you, or those of any other franchisee, based upon the peculiarities of a particular site or location, density of population, business potential, population of trade area, existing business practices, requirements of local law or local custom, or any other condition which we deem to be of importance to the successful operation of such franchisee's business. Further, we may from time-to-time allow certain franchisees to depart from normal System standards and routines in certain respects in order to experiment with or test new products or services, equipment, designs, procedures and the like. In no event shall such variance, or such testing, be deemed a waiver of any of our rights, or an excuse from performance of any of your duties hereunder. We may at any time require you to commence full compliance with all of our standards and procedures. We shall not under any circumstances be required to grant any variance to you. Nothing contained in this Article is intended to confer on you any right to compel us to grant a variance to you or to grant, withdraw or modify any variance given to any other franchisee. Such matters shall at all times remain within our sole and absolute discretion.

#### 8.15 Relationship with Former Franchisees

You acknowledge that former franchisees (those whose franchise agreements have expired or have been terminated) are in a position to compete unfairly with you and/or other members of the System, and to cause great injury to the reputation of the System and/or the Proprietary Marks. You therefore agree as follows:

- a) You will not sell, loan, give or otherwise transfer or deliver to any former franchisee, or allow any former franchisee to copy or otherwise obtain, any confidential business information about the System; any marketing or promotional materials produced by the Fund or by us or which bear any of the Proprietary Marks; any other materials or publications of ours, including, without limitation, the Confidential Operations Manual; any directory or roster of franchisees or Approved Suppliers, any other customer lists or mailing lists pertaining in any way to the System; or any other information about the System or a Business which is not available to the public.
- b) You will not refer prospective customers to any former franchisee.
- c) You will not notify or advise any former franchisee of, or in any other way assist any former franchisee in learning about, the date, time and place of any meetings of franchisees.
- d) If you observe any former franchisee using any of the Proprietary Marks, in any way, or utilizing business premises from which the Proprietary Marks and/or distinctive color scheme have not been completely obliterated, you shall immediately report such observation to us, along with all details available to you.
- e) You shall in general have no dealings with a former franchisee which you, under this Agreement, could not have with a person who has never been a franchisee.
- f) The provisions of this Section 8.15 of this Agreement shall apply to you as soon as you are on notice of the expiration or termination of another franchise agreement. You shall be deemed to be on such notice when:
  - i. you receive a new list of franchisees in which such franchise does not appear; or
  - ii. you receive written notice from us that one or more particular franchise agreements have expired or have been terminated.

#### 8.16 Parties to Litigation

You will not in any way contribute to the legal costs and fees of any actual or contemplated legal proceeding against us, the Fund or any other franchisee or any individual member or owner thereof, nor in any other way encourage, support or assist such litigation, except:

- a) to give evidence to the extent required by law, pursuant to a subpoena or court order; or
- b) to carry on litigation to which you are a proper party.

#### 8.17 Service Customers

Franchisee shall ensure that prompt, courteous and efficient service is given to customers, at all times and, shall observe the highest standards of honesty, integrity, fair dealing and ethical conduct in all dealings with customers, suppliers and the public. Franchisee shall employ sufficient stock of Equipment and supplies to satisfy customers demand and shall otherwise operate Franchisee's MedXwaste Franchise efficiently.

#### 8.18 Local Advertising

Franchisee shall use best efforts to promote and increase the demand for the goods and services distributed by its MedXwaste Franchise. All advertising and promotion done by Franchisee shall conform in manner strictly to the policies issued by Franchisor from time-to-time, shall be completely factual and shall conform to the highest standards of ethical advertising. Franchisee shall not engage in any business or advertising practice which may depreciate the goodwill associated with the Marks or which may harm the business of Franchisor, other franchisees or licensees. Franchisee shall submit all advertising and promotional material proposed to be used by it to Franchisor for its prior written approval. However, Franchisee agrees that Franchisor shall have no liability because Franchisor approves use of the material.

## **ARTICLE 9**

### **PROPRIETARY MARKS AND INTELLECTUAL PROPERTY**

#### **9.1 Proprietary Marks and Intellectual Property**

When used in this Agreement, “Proprietary Marks” mean the “MedXwaste” trademarks and service marks which are used now or in the future to identify the Business or the Approved Services and Products and to distinguish it from that of any other business, and the trademarks, service marks, trade names, logos and commercial symbols as may be designated by us from time-to-time for use in connection with the System. When used in this Agreement, “Intellectual Property” means any patents and/or copyrights applicable to the System which are used now or in the future, and any patents and/or copyrights that may be designated by us from time-to-time for use in connection with the System. You acknowledge that we are the owner of the Proprietary Marks and Intellectual Property, with the authority to license the Proprietary Marks and Intellectual Property to you and other franchisees in the System. All references in this Article 9 to our rights and interest in and to the Proprietary Marks and Intellectual Property shall be deemed to include the owner’s rights and interest in and to the Proprietary Marks and Intellectual Property.

#### **9.2 License of Proprietary Marks and Intellectual Property**

You are licensed to use the Proprietary Marks, Intellectual Property goodwill and trade secrets in the operation of the Business only in the Territory specified in Schedule 2. Nothing in this Agreement shall be construed as authorizing or permitting their use at any other territory or for any other purpose, except as may be authorized in writing by us.

#### **9.3 Ownership of Proprietary Marks and Intellectual Property**

You acknowledge that the ownership of all of the Proprietary Marks, Intellectual Property, goodwill and trade secrets remains solely with us and the owner of the Proprietary Marks and Intellectual Property, and that you shall not register or attempt to register the Proprietary Marks or Intellectual Property or to assert any rights in them other than as specifically granted in this Agreement.

#### **9.4 Use of Proprietary Marks and Intellectual Property**

You shall only use the Proprietary Marks, logos, trade styles, color combinations, designs, signs, symbols and slogans, and other Intellectual Property, designated by us, and only in the manner and to the extent specifically permitted by this Agreement, the Confidential Operations Manual or in any manuals, directives or memos prepared by us.

#### **9.5 Approval of Items Using Proprietary Marks and/or Intellectual Property**

We reserve the right to approve all signs, memos, stationery, business cards, marketing material, forms and all other objects and supplies using the Proprietary Marks or Intellectual Property. All advertising, publicity,

point of sale materials, signs, decorations, furnishings, equipment, or other materials employing the words “MedX or MedXwaste” shall be in accordance with this Agreement and the Confidential Operations Manual, and you shall obtain our approval prior to such use.

#### 9.6 Cessation of Use after Expiration, Termination or Non-Renewal

Upon the expiration, termination or non-renewal of this Agreement, you shall immediately cease using the Proprietary Marks, color combinations, designs, symbols or slogans, and the Intellectual Property; and we may cause you to execute such documents and take such action as may be necessary to evidence this fact. After the effective date of expiration, termination or non-renewal, you shall not represent or imply that you are associated with us. To this end, you irrevocably appoint us or our nominee to be your attorney-in-fact to execute on your behalf any document or perform any legal act necessary to protect the Proprietary Marks and Intellectual Property from unauthorized use. You acknowledge and agree that the unauthorized use of the Proprietary Marks and Intellectual Property will result in irreparable harm to us for which we shall be entitled to obtain injunctive relief, monetary damages, reasonable attorneys’ fees and costs.

#### 9.7 Notification of Infringement

You shall immediately notify us of any apparent infringement of or challenge to your use of the Proprietary Marks and/or Intellectual Property, or any claim, demand, or suit based upon or arising from the unauthorized use of, or any attempt by any other person, firm, or corporation to use, without authorization, or any infringement of or challenge to, any of the Proprietary Marks or Intellectual Property. You also agree to immediately notify us of any other litigation instituted by any person, firm, corporation or governmental entity against us or you.

#### 9.8 Our Right to Defend

We shall undertake the defense or prosecution of any litigation concerning you that relates to any of the Proprietary Marks and/or Intellectual Property or that, in our judgment, may affect the goodwill of the System; and we may, in such circumstances, undertake any other action which we deem appropriate. We shall have sole and complete discretion in the conduct of any defense, prosecution or other action we choose to undertake. In that event, you shall cooperate and execute those documents and perform those acts which in our opinion are necessary for the defense or prosecution of the litigation or for such other action as may be undertaken by us.

#### 9.9 You May Use Only Designated Proprietary Marks

In order to develop and maintain high uniform standards of quality and service and to protect our reputation and goodwill, you shall do business and advertising using only the Proprietary Marks designated by us. You shall not do business or advertise using any other name. You are not authorized to and shall not use the words “Medx” or “Medxwaste” by themselves, as a part of the legal name of any corporation, partnership, proprietorship or other business entity to which you are associated, or with a bank account, trade account or in any legal or financial connection.

#### 9.10 Inspection

In order to preserve the validity and integrity of the Proprietary Marks and Intellectual Property, and to assure that you are properly employing them in the operation of your Business, we and our agents shall have the right at all reasonable times to inspect your Business and operations. You shall cooperate with and assist our representative in such inspection.

#### 9.11 Copyright and Trademark Symbols

You shall be required to affix the ©, ®, ™ or ™ symbol upon all advertising, publicity, signs, vehicles, equipment or other printed or graphic material employing the words “MedXwaste” or any other of the Proprietary Marks, whether presently existing or developed in the future.

#### 9.12 No Right to Deny Use of Proprietary Marks or Intellectual Property

You acknowledge that you do not have any right to deny the use of the Proprietary Marks or Intellectual Property to any other franchisees. In consideration therefor, you shall execute all documents and take such action as may be requested to allow us or other franchisees to have full use of the Proprietary Marks or Intellectual Property.

#### 9.13 Avoidance of Conflict

If during the term of this Agreement there is a claim of prior use of the “MedXwaste” name or any other of the Proprietary Marks in the area in which you are doing business or in another area or areas, you shall so use our other Proprietary Marks in such a way and at our discretion in order to avoid a continuing conflict.

#### 9.14 Indemnification

We agree to indemnify you against, and to reimburse you for, all damages, costs, reasonable attorneys’ fees and expenses for which you are held liable in any proceeding in which your use of any Proprietary Mark or Intellectual Property pursuant to and in compliance with this Agreement is held to constitute infringement, unfair competition or dilution, and for all costs reasonably incurred by you in the defense of any such claim brought against you or in any such proceedings in which you are named as a party, provided that you have timely notified us of such claim or proceedings, have otherwise complied with this Agreement and have tendered complete control of the defense of such to us. If we defend such claim, we shall have no obligation to indemnify or reimburse you with respect to any fees or disbursements of any attorney retained by you.

#### 9.15 Limited License

You understand and agree that the limited license to use the Proprietary Marks and Intellectual Property granted hereby applies only to such Proprietary Marks and Intellectual Property as are designed by us, and which are not subsequently designated by us as being withdrawn from use, together with those which may hereafter be designated by us in writing. You expressly understand and agree that you are bound not to represent in any manner that you have acquired any ownership or equitable rights in any of the Proprietary Marks and Intellectual Property by virtue of the limited license granted hereunder, or by virtue of your use of any of the Proprietary Marks and Intellectual Property.

If it becomes advisable at any time, in our discretion, to modify or discontinue use of any Proprietary Mark and Intellectual Property and/or to adopt or use one or more additional or substitute Proprietary Marks and Intellectual Property, then you shall be obligated to comply with any such instruction by us. You waive any claim arising from or relating to any Proprietary Mark or Intellectual Property change, modification or substitution. We will not be liable to you for any expenses, losses or damages sustained by you, as a result of any Proprietary Mark or Intellectual Property addition, modification, substitution or discontinuation. You covenant not to commence or join in any litigation or other proceeding against us for any of these expenses, losses or damages.

#### 9.16 Name Registrations

Before commencing business at your MedXwaste franchise, you must supply evidence satisfactory to us that you have complied with all applicable laws regarding the use of fictitious or assumed names. You must take such steps as we approve in writing to register the d/b/a “MedXwaste” to be able to operate the Business under

such name within your Protected Territory. Except for registration of a “d/b/a” or assumed name or other fictitious name certificate in connection with the operation of the Business, you must not register or attempt to register our names or the Proprietary Marks in your own name or that of any other entity, nor shall you make any attempt to register a domain name which includes the Proprietary Marks.

## **ARTICLE 10**

### **OPERATIONS MANUAL AND CONFIDENTIALITY**

#### **10.1 Confidential Operations Manual**

We have developed and will lend to you during the term of this Agreement, an operating manual for the MedXwaste franchised business (herein referred to as the “Confidential Operations Manual” or “Manual”) containing mandatory specifications, standards, methods, techniques and procedures for the operation of the Business, prescribed from time-to-time by us for our franchisees, and containing information relative to your other obligations hereunder. We may provide the Manual to you electronically, or in paper format. All such specifications, standards and operating procedures shall be consistent with this Agreement and all applicable laws. Specifications, standards and operating procedures prescribed from time-to-time by us in the Confidential Operations Manual or otherwise communicated to you in writing, shall constitute provisions of this Agreement as if fully set forth herein, and shall be kept confidential by you, at all times during the term of this Agreement and after the termination or expiration thereof for any reason. You shall operate your Business strictly in accordance with the Confidential Operations Manual. We shall have the right to add to, and otherwise modify, the Confidential Operations Manual from time-to-time to reflect changes in the Approved Services and Products, the System, or the operation of the Business. You covenant to accept, implement and adopt any such modifications at your own cost. You shall keep the Confidential Operations Manual up to date with replacement pages and insertions as instructed by us. You acknowledge that the Confidential Operations Manual contains our proprietary information and you agree, to keep the Confidential Operations Manual and its contents confidential, at all times and not to make any copies thereof. The Confidential Operations Manual shall at all times remain our property, and you shall promptly return the Confidential Operations Manual to us upon our request, and in any event upon the termination or expiration of this Agreement for any reason. In the event a dispute arises as to the contents of the Confidential Operations Manual, the master copy maintained by us shall be controlling.

#### **10.2 Confidentiality**

You shall not, during the term of this Agreement or at any time thereafter, communicate, divulge, or use for the benefit of any other person, persons, partnership, association or corporation any confidential information or know-how concerning the methods of operation of the System hereunder which may be communicated to you, or of which you may become apprised, by virtue of the operation of the Business under this Agreement. You shall divulge such confidential information only to such of your employees who must have access to it in order to operate the Business. Any and all information, knowledge, and know-how, including, without limitation, the materials, equipment, specifications, techniques, and other data, which we designate as confidential shall be deemed confidential for purposes of this Agreement, except information which you can demonstrate came to your attention prior to disclosure thereof by us; or which, at the time of disclosure by us to you, had become a part of the public domain through publication or communication by others; or which, after disclosure to you by us, becomes a part of the public domain through publication or communication by others.

At our request, you shall require any personnel having access to any confidential information provided by us to execute covenants that they will maintain the confidentiality of information they received in connection with their employment by you at the Business. Such covenants shall be on a form provided by us, and which will include, without limitation, specific identification of us as a third-party beneficiary of such covenants with the independent right to enforce them. A copy of each signed agreement shall be forwarded to us within 5 days

after it has been signed, and the original of each agreement will be retained by you in each employee's personnel file.

You acknowledge that any failure to comply with the requirements of this Article 10 will cause us irreparable injury, and you agree to pay all court costs and reasonable attorneys' fees incurred by us when we seek to obtain specific performance of or an injunction against violation of the requirements of this Article 10.

#### 10.3 Customers

You acknowledge that the database of MedXwaste customers is proprietary to us and that we shall have access to same at all times during the term of this Agreement. You further acknowledge that upon termination, expiration or non-renewal of this Agreement, such database shall remain our property.

#### 10.4 Return of Confidential Operations Manual

You shall keep the Confidential Operations Manual in your Business in a secure location at all times and promptly return all copies to us upon the expiration or termination of this Agreement and shall refrain from making any copies thereof or otherwise reproducing it either in whole or in part at any time.

### ARTICLE 11

#### **OPERATIONAL REQUIREMENTS**

##### 11.1 Sole Business

You shall not carry on all or part of any business except the Franchised Business in your Territory. Without limiting the generality of the foregoing, you shall not receive mail or telephone calls or visitors in the territory for or in connection with any other line of business, without our prior written approval.

##### 11.2 Hours of Operation

You shall be open for business to the public during the hours specified by us in the Confidential Operations Manual or otherwise in writing, subject to applicable law.

##### 11.3 Business Forms

You shall use only those forms, contracts, agreements, invoices and statements which have been approved as to form by us. If we have made available a form of customer contract, credit disclosure, customer invoice, and/or statement of account for use by you, you shall reimburse our legal fees and other expenses incurred in connection with reviewing any other form of the same type which you submit for approval.

##### 11.4 Prior Review of Collection Practices

You acknowledge that abusive or excessive collection techniques and unnecessary or unfounded litigation against your customers is likely to injure the goodwill of the Proprietary Marks and the reputation of the System. You therefore agree that you will neither (a) assign any account for collection, nor employ any collection agency, without obtaining our prior approval of the collection agency; nor (b) commence any legal action or proceeding against any customer or former customer, or allow a collection agency to do so, without first submitting such matter for our review for a period of ten (10) days from the time we receive all documentation pertaining to the account, customer or former customer in question.

If we believe that such legal action is not well founded in law, or brings disrepute on us, or is likely to result in disclosure of trade secrets or other confidential business information about us, and we so advise you in writing prior to the expiration of such ten (10) days referred to herein, you shall make such modifications to your complaint as may be necessary to avoid risks of the kind set forth in Section 11.5 hereof, and shall obtain our approval before filing or serving the complaint. Such approval shall not be unreasonably withheld.

#### 11.5 Compliance with Laws and Ethical Business Practices

You shall secure and maintain in force, in your name, all required licenses, permits and certificates relating to the operation of the Business. You shall operate your Business in full compliance with all applicable laws, ordinances and regulations, including, without limitation, laws relating to health regulations, workers' compensation insurance, unemployment insurance, and withholding and payment of income taxes, social security taxes and sales taxes. All advertising by you will be completely factual, in good taste in our sole and absolute discretion, and will conform to high standards of ethical advertising. You will, in all dealings with your customers, suppliers and public officials, adhere to high standards of honesty, integrity, fair dealing and ethical conduct, in each case above and beyond merely legal requirements. You will refrain from any business or advertising practice which may be injurious to our business and the goodwill associated with the Proprietary Marks and other franchisees. You will notify us in writing within 5 days of the commencement of any action, suit or proceeding, and of the issuance of any order, writ, injunction, award or decree of any court, agency, or other governmental instrumentality, which relates to or which may affect the operation or financial condition of you and/or your Business.

11.5.1 Without limiting the generality of the foregoing, you shall obtain any appropriate or necessary license if required to do so by the laws of any state in which you operate. If your license is suspended or revoked, your subsequent failure to operate the Business shall not be deemed an abandonment thereof, provided that within 30 days after the effective date of such suspension or revocation:

- i. you transfer the business in accordance with Article 16 of this Agreement to one who does have such license; or
- ii. you take all appropriate steps to have such suspended or revoked license restored to good standing.

If such lack of a required license continues more than 30 days, you shall be deemed to have abandoned the Business. You shall be in default under this Agreement if you continue operating the Business without a license when one is required by applicable law.

11.5.2 In no event shall your failure or inability to comply with applicable laws or regulations excuse you from timely performance of each and every one of your obligations under this Agreement.

#### 11.6 Disclosure

In order to facilitate compliance with current and future legal obligations and requirements, we shall maintain the right, in our sole and absolute discretion, to disclose, whether in our Disclosure Documents or otherwise, any information relating to your ownership and operation of your Business including, but not limited to, your name, address and/or telephone number, e-mail address, revenues, expenses, results of operation or other information. All such information which comes into our possession will be deemed to be our property.

#### 11.7 Inspection by Us

We and our employees and representatives shall have the right to observe and monitor the activities of you and your employees, agents and independent contractors, including the right to enter your designated place

of your Business at all reasonable times during the business day, and without prior notice to you, for the purpose of ascertaining if all the provisions of this Agreement and if the operating standards and procedures and other directives of ours are being observed by you. On any such inspection, we and/or such representatives shall have the right to observe your marketing and sales techniques; to monitor your use of required principles and techniques; to inspect your vehicle and equipment; to observe the customer relations services rendered by you and to inquire of your customers about their satisfaction; to observe the conditions of maintenance and repair; to observe and question your employees; and otherwise to investigate all aspects of your operations.

- a) You and all those under your control shall cooperate fully in such inspection by admitting our representatives to the location in which you are then operating your Business, by allowing our representatives to accompany your representatives to customer meetings, by answering questions, by providing and explaining business records, and by otherwise facilitating in good faith the proper completion of such inspection.
- b) You shall include in any and all agreements with independent contractors terms and conditions sufficient to ensure cooperation by their respective employees, agents and independent contractors with such inspections by us.

#### 11.8 Other Forms of Agreement

You understand, acknowledge and agree that we may have offered franchises in the past, may currently be offering franchises and/or may offer franchises in the future on economic and/or other terms, conditions and provisions which may significantly differ from those offered by this Agreement and any related documents.

### ARTICLE 12

#### INSURANCE

Not later than 10 days prior to opening the Business for business, you must obtain the following insurance coverages under policies of insurance issued by carriers approved by us and provide us with a certificate of insurance evidencing same. Our specific provisions and requirements for each type of coverage to be maintained by you pursuant to this Agreement will be included in the Manual. Currently you are required to maintain the following insurance coverages:

- a) general liability insurance with limits as follows: One Million Dollars (\$1,000,000) per occurrence / Two Million Dollars (\$2,000,000) aggregate, One Million Dollars (\$1,000,000) Product Liability aggregate, One Million Dollars (\$1,000,000) Personal Injury, One Million Dollars (\$1,000,000) Advertising Liability, One Hundred Thousand Dollars (\$100,000) Fire Legal Liability;
- b) automobile liability insurance, including hired, owned and non-owned vehicles, at a combined single limit of One Million Dollars (\$1,000,000);
- c) workers' compensation insurance as required by the state in which your Business is operated and employer's liability insurance with limits of \$1,000,000;
- d) employment practices liability insurance, including third party coverage, for not less than One Million Dollars (\$1,000,000) aggregate policy limit;
- e) umbrella liability in the amount of One Million Dollars (\$1,000,000) in excess of general liability, auto liability, employer's liability for each Business you own and operate.

- f) cyber liability insurance with Five Hundred Thousand Dollars (\$500,000) limit of liability, event notification coverage and third-party liability coverage;
- g) environmental insurance in amounts not less than \$1,000,000 per occurrence;
- h) any insurance required by the Confidential Operations Manual
- i) any other insurance we may require in the future.

You must maintain all required policies in force during the entire term of this Agreement and any renewals thereof. We may periodically increase or decrease the amounts of coverage required under these insurance policies and require different or additional kinds of insurance at any time, including excess liability insurance, to reflect inflation, identification of new risks, changes in law or standards of liability, higher damage awards, or other relevant changes in circumstances. Each insurance policy must name us (and, if we so request, our directors, employees or shareholders) as additional insureds and must provide us with 30 days' advance written notice of any material modification, cancellation, or expiration of the policy. Your commercial general liability insurance policy must include the "Additional Insured – Grantor of Franchise" endorsement that we require. The insurance carriers providing coverage as outlined above must be financially sound, be rated A-VII or better in the most current Best's Insurance Reports or Best's Key Rating Guide, must be licensed by the state in which your Business is located, and must be approved by us.

Before the expiration of the term of each insurance policy, you must furnish us with a Certificate of Insurance for each policy to be maintained for the upcoming term, along with evidence of the payment of the premium for each. If you do not maintain the required insurance coverage, or do not furnish us with satisfactory evidence of the required insurance coverage and the payment of the premiums for same, we may obtain, at our option and in addition to our other rights and remedies under this Agreement, any required insurance coverage on your behalf. If we do that, you agree to fully cooperate with us in our effort to obtain the insurance policies, promptly execute all forms or instruments required to obtain or maintain the insurance, allow any inspections of the Business which are required to obtain or maintain the insurance and pay to us, on demand, any costs and premiums we incur.

Your obligation to maintain insurance coverage, as described in this Agreement, will not be reduced in any manner by reason of any separate insurance we maintain on our own behalf, nor will our maintenance of that insurance relieve you of any obligations under this Article 12.

## **ARTICLE 13**

### **DEFAULT AND TERMINATION**

#### **13.1 Termination Without Right to Cure**

We shall have the right, at our option, to terminate this Agreement and all rights granted to you hereunder, subject to the provisions of applicable state law governing franchise termination and renewal, effective upon receipt of notice by you, addressed as provided in Section 23.8, upon the occurrence of any of the following events without any right to cure such event:

- a) You intentionally or negligently disclose to any unauthorized person the contents of or any part of our Manual or any other trade secrets or confidential information of ours;
- b) You voluntarily abandon the Business for a period of 5 consecutive days, or any shorter period that indicates an intent by you to discontinue operation of the Business, unless such abandonment is due to causes beyond your control and not related to your availability of funds;

- c) You, or any of your partners, if you are a partnership, or any of your officers, directors, shareholders, or members, if you are a corporation or limited liability company, shall become insolvent or make a general assignment for the benefit of creditors; if a petition in bankruptcy is filed by you or such a petition is filed against and not opposed by you; if you are adjudicated a bankrupt or insolvent; if a bill in equity or other proceeding for the appointment of a receiver or other custodian for you or your business or assets is filed and consented to by you; if a receiver or other custodian (permanent or temporary) of your assets or property, or any part thereof, is appointed by any court of competent jurisdiction; if proceedings for a composition with creditors under any state or federal law should be instituted by or against you; if a final judgment remains unsatisfied or of record for 30 days or longer (unless a *supersedeas* bond is filed); if you are dissolved; if execution is levied against your business or property; if suit to foreclose any lien or mortgage against the Premises or equipment is instituted against you and not dismissed within 30 days; or if the real or personal property of the Franchised Business shall be sold after levy thereupon by any sheriff, marshal, or constable;
- d) You or any owner of greater than 20% of your entity or operation is convicted of a felony, a crime involving moral turpitude, or any crime or offence that is reasonably likely, in our sole opinion, to materially and unfavorably affect the Business, the Proprietary Marks, or the goodwill or reputation thereof;
- e) You do not pay an amount owing to Franchisor or to an affiliate of Franchisor when due (whether or not owing under this Agreement) and continues in such default for more than 5 days after receiving notice of default;
- f) You misuse or fail to follow our directions and guidelines concerning use of the Proprietary Marks and fail to correct the misuse or failure within 10 days after notification from us;
- g) You have received 3 notices of default with respect to your obligations hereunder from us within any 12-month period, regardless of whether the defaults were cured by you;
- h) You sell, transfer or otherwise assign yourself, an interest in the Franchise or the Franchisee entity, this Agreement, the Business or a substantial portion of the assets of the Business owned by you without complying with the provisions of Article 16;
- i) You fail or refuse to submit any report, financial statement, tax return, schedule or other information or supporting records required herein, or submit such reports more than 10 days late on two or more occasions during the term unless due to circumstances beyond your control;
- j) You sell or offer for sale any unauthorized merchandise, product or service, or you offer any product at wholesale;
- k) You solicit offers for or offers or sell, perform, offer or otherwise provide the services that are offered under the Business anywhere outside the Territory, and continue in such default for more than 5 days after receiving notice of default (but Franchisee's advertisements in media having a regional or general coverage which includes the Territory shall not be a default under this subsection);
- l) You do not open for business within 30 days after signing this Agreement;

- m) You contest in any court or proceeding the validity of or our ownership of or rights to the Proprietary Marks;
- n) You are a corporation or other business entity and any action is taken which purports to merge, consolidate, dissolve or liquidate such entity without our prior written consent;
- o) You fail to successfully complete our training or retraining course(s) and scheduled meetings;
- p) You receive from us during the term and any renewal terms 4 or more notices of default regardless of whether such notices of default relate to the same or different defaults, or whether such defaults have been remedied by you;
- q) You understate Gross Sales for any period by more than 3%;
- r) You fail to comply with all applicable laws and ordinances relating to the Business, including Anti-Terrorism Laws, or if your or any of your owners' assets, property, or interests are blocked under any law, ordinance, or regulation relating to terrorist activities, or you or any of your owners otherwise violate any such law, ordinance, or regulation.

### 13.2 Termination With Right to Cure

We shall have the right to terminate this Agreement (subject to any state laws to the contrary, where state law shall prevail), effective upon 30 days' written notice to you, if you breach any other provision of this Agreement and fail to cure the default during such 30-day period. In that event, this Agreement will terminate without further notice to you, effective upon expiration of the 30-day period. Defaults shall include, but not be limited to, the following:

- a) You fail to maintain the then-current operating procedures and standards established by us as set forth herein or in the Confidential Operations Manual or otherwise communicated to you;
- b) You engage in any unauthorized business or practice or sell any unauthorized product or service under the Proprietary Marks or under a name or mark which is confusingly similar to the Proprietary Marks;
- c) You fail, refuse or neglect to obtain our prior written approval or consent as required by this Agreement;
- d) You fail to refuse to comply with the then-current requirements of the Manual; or
- e) You fail to comply with any other provision of this Agreement or any specification, standard or operating procedure prescribed by us and do not correct such failure within 10 days (or 30 days if this is the first non-compliance or breach) after written notice from us (which shall describe the action that you must take) is delivered to you.

Notwithstanding the foregoing, if the breach is curable, but is of a nature which cannot be reasonably cured within such 30 day period and you have commenced and are continuing to make good faith efforts to cure the breach during such 30 day period, you shall be given an additional reasonable period of time to cure the same, but in no event longer than 30 additional days, and this Agreement shall not terminate.

### 13.3 Cross-Defaults, Non-Exclusive Remedies, etc.

Any default by you (or any person/company affiliated with you) under this Agreement may be regarded as a default under any other agreement between us (or any of our affiliates) and you (or any of your affiliates). Any default by you (or any person/company affiliated with you) under any other agreement between us (or any of our affiliates) and you (or any person/company affiliated with you), and any default by you (or any person/company affiliated with you) under any obligation to us (or any of our affiliates) may be regarded as a default under this Agreement. Any default by you (or any person/company affiliated with you) under any security interest or otherwise, whether with us, any of our affiliates and/or any third party may be regarded as a default under this Agreement and/or any other agreement between us (or any of our affiliates) and you (or any of your affiliates).

In each of the foregoing cases, we (and any of our affiliates) will have all remedies allowed at law, including termination of your rights (and/or those of any person/company affiliated with you) and our (and/or our affiliates') obligations. No right or remedy which we may have (including termination) is exclusive of any other right or remedy provided under law or equity and we may pursue any rights and/or remedies available.

#### 13.4 Our Right to Discontinue Services to You

If you are in breach of any obligation under this Agreement, and we deliver to you a notice of termination pursuant to this Article 13, we have the right to suspend our performance of any of our obligations under this Agreement including, without limitation, the sale or supply of any services or products for which we are an approved supplier to you and suspension of your web page on our Website, until such time as you correct the breach.

#### 13.5 Amendment Pursuant to Applicable Law

Notwithstanding anything to the contrary contained in this Article, if any valid, applicable law or regulation of a competent governmental authority having jurisdiction over this franchise and the parties hereto shall limit our rights of termination under this Agreement or shall require longer notice periods than those set forth above, this Agreement is deemed amended to satisfy the minimum notice periods or restrictions upon such termination required by such laws and regulations; provided, however, that such constructive amendment shall not be deemed a concession by us that the grounds for termination set forth in this Agreement do not constitute "good cause" for termination within the meaning ascribed to that term by any applicable law or regulation. We shall not be precluded from contesting the validity, enforceability or application of such laws or regulations in any action, hearing or proceeding relating to this Agreement or the termination of this Agreement.

### ARTICLE 14

#### **RIGHTS AND OBLIGATIONS UPON TERMINATION OR EXPIRATION**

##### 14.1 Payment of Amounts Due

You agree to pay within 5 days of the effective date of termination or expiration of the Franchise all amounts owed to us, our affiliates, the landlord of the premises (if applicable) and your trade and other creditors which are then unpaid. All periodic payments to us shall be deemed to accrue daily and shall be adjusted accordingly and shall include interest at the rate described in Section 4.7 above.

##### 14.2 Telephone Numbers and Directory Listings

You agree that upon termination or expiration of this Agreement, you shall take such action within 5 days as may be required to cancel all registrations relating to your use of any of the Proprietary Marks. You shall notify the telephone company and all listing agencies of the termination or expiration of your right to use any telephone number and any classified or other telephone directory listings associated with the Proprietary

Marks and shall authorize the transfer of same to us or any new franchisee as may be directed by us. You acknowledge as between us and you, we have the sole rights to, and interest in, all telephone numbers and directory listings associated with the Proprietary Marks. You hereby appoint us as your attorney-in-fact to execute such directions and authorizations as may be necessary or prudent to accomplish the foregoing. In addition, you shall:

- a) Immediately discontinue the use of all Proprietary Marks, signs, structures, forms of advertising, telephone listings and service, the Manual, and all materials and Approved Services or Products of any kind which are identified or associated with the System and return all these materials to us;
- b) Make no representation nor state that you are in any way approved, endorsed or licensed by us or associated or identified with us or the Business in any manner;
- c) Immediately take all steps necessary to amend or terminate any registration or filing of any d/b/a or business name or fictitious name or any other registration or filing containing the Proprietary Marks, so as to delete the Proprietary Marks and all references to anything associated with the System;
- d) Provide us the option to purchase as set forth in Section 14.9; and
- e) Comply with the provisions of Article 15.

#### 14.3 Removal of Proprietary Marks

If, within 7 days after termination of this Agreement by us, you fail to remove all displays of the Proprietary Marks from the Business which are identified or associated with the System, we may enter the Business to effect removal. In this event, we will not be charged with trespass nor be accountable or required to pay for any displays or materials.

#### 14.4 Termination of Trade Name

If, within 7 days after termination, you have not taken all steps necessary to amend or terminate any registration or filing of any business name or d/b/a or any other registration or filing containing the Proprietary Marks, you hereby irrevocably appoint us as your true and lawful attorney-in-fact, and in your name, place and stead and on your behalf, to take action as may be necessary to amend or terminate all registrations and filings, this appointment being coupled with an interest to enable us to protect the System.

#### 14.5 Our Remedies

Termination of this Agreement shall not affect, modify or discharge any claims, rights, causes of action or remedies which we may have against you, whether such claims or rights arise before or after termination.

#### 14.6 Survival of Certain Terms

All obligations of the parties hereto which expressly or by their nature survive the expiration or termination of this Agreement shall continue in full force and effect, notwithstanding such expiration or termination. In particular, but without limiting the generality of the foregoing, the provisions of Articles 9, 10, 15, 21, 22 and 23 hereof shall survive termination or expiration of this Agreement.

#### 14.7 Applicable Law

THE PARTIES ACKNOWLEDGE THAT IN THE EVENT THAT THE TERMS OF THIS AGREEMENT REGARDING TERMINATION OR EXPIRATION ARE INCONSISTENT WITH APPLICABLE STATE OR FEDERAL LAW, SUCH LAW WILL GOVERN YOUR RIGHTS REGARDING TERMINATION OR EXPIRATION OF THIS AGREEMENT.

#### 14.8 Liquidated Damages

Upon termination of this Agreement according to its terms and conditions, you agree to pay to us within 15 days after the effective date of this Agreement's termination, in addition to the amounts owed hereunder, liquidated damages equal to the average monthly Royalty Fees you paid or owed to us during the 12 months of operation preceding the effective date of termination multiplied by (a) twenty-four (24) (being the number of months in 2 full years), or (b) the number of months remaining in the Agreement had it not been terminated, whichever is higher.

The parties hereto acknowledge and agree that it would be impracticable to determine precisely the damages we would incur from this Agreement's termination and the loss of cash flow from Royalty Fees due to, among other things, the complications of determining what costs, if any, we might have saved and how much the Royalty Fees would have grown over what would have been this Agreement's remaining term. The parties hereto consider this liquidated damages provision to be a reasonable, good faith pre-estimate of those damages.

The liquidated damages provision only covers our damages from the loss of cash flow from the Royalty Fees. It does not cover any other damages, including damages to our reputation with the public and landlords and damages arising from a violation of any provision of this Agreement other than the Royalty Fee section. You and each of your owners agree that the liquidated damages provision does not give us an adequate remedy at law for any default under, or for the enforcement of, any provision of this Agreement other than the Royalty Fee section.

#### 14.9 Our Right to Purchase

If the Licensed Rights expire or are terminated for any reason, Franchisor shall have the option for 30 days to purchase any or all Equipment and motor vehicles used by Franchisee to operate its franchise, for a price equal to Franchisee's original cost less depreciation calculated on a straight-line basis at the rate of 20% per annum. For greater certainty, the purchase price shall include no increment or factor for goodwill. Franchisor has 30 days after expiry or termination of the licensed Rights within which to exercise its option, and if it does so then closing of the purchase shall be at Franchisor's head office five business days after exercise of the option, even if the purchase price for the assets has not then been determined. In such event, Franchisor shall pay \$100 to Franchisee at closing on account of the purchase price for the assets being bought and shall pay the balance to Franchisee when the purchase price has been finally determined. Franchisor may set off against the purchase price all amounts then owing by Franchisee to Franchisor or Franchisor's affiliates (including the amount of the damages referred to in Article 14) and if the total of all amounts owing to Franchisor exceeds the purchase price then Franchisee shall pay the excess to Franchisor immediately on demand. The purchase of assets shall be completed in accordance with applicable bulk sales legislation and at closing Franchisee shall execute a bill of sale with the usual covenants of good title and such other conveyances, assignments, assurances and other documents as Franchisor may reasonably require.

### ARTICLE 15

#### NON-COMPETITION

##### 15.1 Non-Competition During Agreement

During the term of this Agreement, you shall not individually or in conjunction with any person, firm, partnership, corporation or other third party as principal, agent, shareholder, director, officer, employee, consultant or guarantor or in any other manner whatsoever, directly or indirectly, carry on or be engaged in or concerned with or interested in, financially or otherwise, or advise in the establishment or operation of any business which consists primarily of the operation of a business involving the sale of medical waste disposal services, and/or any other services that we approve to offer under your Business, anywhere within the Territory or within the protected territory of any other franchisee of Franchisor ("Similar Business"), unless such business is operated under a franchise agreement with Franchisor.

#### 15.2 Non-Competition Following Termination, Expiration or Transfer

In the event of the expiration, non-renewal or termination of this Agreement for any reason whatsoever, or in the event this Agreement is transferred pursuant to Section 16.2, 16.5 or 16.8 hereof, you (or, in the case of a Transfer among the individuals comprising you pursuant to Section 16.5, the Transferor individual(s)) shall not, without our prior written consent, at any time during the period of 2 years from the date of such expiration or termination or transfer, either individually or in conjunction with any person, firm, partnership or corporation or other third party as principal, agent, shareholder, director, officer, employee, consultant, guarantor or in any other manner whatsoever, directly or indirectly, carry on, be engaged in or be concerned with or interested in, financially or otherwise, or advise in the operation of, any business involving the sale of medical waste disposal services, and/or any other services that we approve to offer under your Business, anywhere within the Territory or within the protected territory of any other franchisee of Franchisor ("Similar Business").

#### 15.3 Intentionally left blank

#### 15.4 Amendment of Restrictive Covenants

You acknowledge that the provisions of this Article 15 have been inserted for our sole benefit, and that we shall have the right, from time-to-time during the term of this Agreement, in our sole discretion, to waive in whole or in part or otherwise reduce the scope of any covenant set forth in this Article 15, or any portion thereof without your consent, effective upon our giving notice thereof to you.

#### 15.5 Other Covenants

You covenant that after termination, non-renewal or expiration of this Agreement, regardless of the cause of termination or expiration, you shall not, without our prior written consent, directly or indirectly:

- a) adopt, use, employ or trade under any of the Proprietary Marks, nor adopt, use, employ or trade under any other name, mark or symbol that constitutes a reproduction, counterfeit, copy, imitation or variation thereof, or which is confusingly similar thereto;
- b) adopt, use, employ or trade under any description or representation that falsely suggests or indicates a connection or association with us;
- c) copy, communicate or otherwise use for benefit of you or of any other person any information deemed confidential pursuant to Article 10 hereof; or
- d) contest or aid others in contesting the validity or enforceability of the Proprietary Marks or the System, contrary to Article 9 hereof.

#### 15.6 Power of Attorney

You hereby irrevocably appoint us as your true and lawful attorney to take any action, execute any document, or do any other act or things required by Articles 9 and 14 hereof, at your sole risk and expense upon your failure or refusal to comply fully therewith within 10 days after termination, non-renewal or expiration of this Agreement; and you further consent and agree that you or your designated agents shall have the right to enter the Business at any time, at your sole risk and expense and without liability for trespass, tort or other act, to make any alterations thereto required by Section 14.4 hereof due to your failure or refusal to do so within ten (10) days after the termination, non-renewal or expiration of this Agreement, and you hereby covenant and agree for your successors and assigns to allow, ratify and confirm whatever we or our representative shall do by virtue of the foregoing power of attorney. You hereby declare that the powers of attorney herein granted may be exercised during any subsequent legal incapacity on your part.

#### 15.7 Confidential and Non-Competition Covenants of Your Employees

You shall ensure that each of your managers or employees who receive our Confidential Information from you execute the Confidentiality and Non-Competition Agreement we require, the form of which is attached hereto as Schedule 7. Such agreement shall contain in-term confidentiality and non-competition covenants similar to the covenants described earlier in this Article 15, as well as post-term confidentiality and non-competition covenants after any manager or other employee who receives such Confidential Information terminates (or has terminated) his or her employment with you. We shall be a third-party beneficiary of each such agreement with the independent right to enforce such agreement's terms. You may, but are not obligated to, use a form of employment agreement for your employees and managers; provided, however, that such employment agreement must incorporate the confidentiality and non-competition provisions we require (including naming us as a third-party beneficiary of such agreement) and must be pre-approved by us.

### ARTICLE 16

#### **ASSIGNMENT, TRANSFER AND SALE**

##### 16.1 Assignment by Us

We shall have the right to assign this Agreement and all of our attendant rights and privileges to any person, firm, corporation or other entity without prior notice to you, may assign any or all of its rights under this Agreement, provided that the assignee agrees in writing with Franchisor to assume all obligations to Franchisee arising from the rights transferred, and upon such assignment and assumption Franchisor shall be relieved of all such obligations.

You expressly affirm and agree that we may sell our assets, our rights to the Proprietary Marks or to the System outright to a third party; may go public; may engage in a private placement of some or all of our securities; may merge, acquire other corporations, or be acquired by another corporation; may undertake a refinancing, recapitalization, leveraged buyout or other economic or financial restructuring; and, with regard to any or all of the above sales, assignments and dispositions, you expressly and specifically waive any claims, demands or damages arising from or related to the loss of said Proprietary Marks (or any variation thereof) and/or the loss of association with or identification of "MedXwaste" as Franchisor. Nothing contained in this Agreement shall require us to remain in the medical waste business or to offer the same products and services, whether or not bearing the Proprietary Marks, in the event that we exercise our right to assign our rights in this Agreement.

##### 16.2 Assignment by You

You shall not, in whole or in part, voluntarily or involuntarily, directly or indirectly, pledge, encumber, mortgage, assign, subdivide, sub franchise or otherwise transfer any interest in this Agreement, or any interest in the Business or the franchise granted hereunder (including, without limitation, by your personal representatives

in the event of your death, if you are an individual, by will, declaration of, or transfer in, trust or the laws of intestate succession), or any interest in you or in any proprietorship, partnership or corporate entity which owns any interest in this Agreement or in the Business or the franchise granted hereunder or in you, nor offer, permit or suffer the same without our prior written approval. Approval shall be subject to compliance with each of the following conditions either before or concurrently with the effective date of the transfer:

- a) your being then in full compliance herewith and settling and paying to us or our affiliates and all trade creditors of the Business all outstanding debts;
- b) the transferee executing our then-current Franchise Agreement, which agreement may contain entirely different business, financial and other terms from those in this Agreement for a new term of 7 years and such other ancillary agreements, instruments and documents then customarily used by us to grant Business franchises;
- c) you and your officers, directors and shareholders, partners or members, if a corporate entity, executing a general release of us, our officers, directors and employees releasing all claims against us, our officers, directors and employees;
- d) the transferee purchasing all of your assets used in the Business in accordance with all applicable bulk sales legislation and assuming all of your business liabilities;
- e) the transferee being an individual having adequate financial resources and otherwise meeting all the criteria for franchisees;
- f) payment to us, by you or the transferee, of a transfer fee of \$50,000 Dollars;
- g) you and the transferee entering into a written agreement of purchase and sale, the form and content of which shall be subject to our approval;
- h) neither the transferee nor its owners or affiliates operate or have any ownership interest in a Similar Business;
- i) we determine that the purchase price and payment terms will not adversely affect the transferee's operation of the Business;
- j) if you finance any portion of the purchase price, you and/or your owners agree that all of the transferee's obligations under promissory notes, agreements or security interests reserved in the Business are subordinate to the transferee's obligation to pay Royalty Fees, Marketing Fees, Cooperative contributions, and other amounts due to us, our affiliates and third-party vendors and otherwise to comply with this Agreement;
- k) you or your transferring owners (and their spouses) will not, for two (2) years beginning on the transfer's effective date, engage in any of the activities prescribed in Article 15 hereof; and
- l) you and your transferring owners will not directly or indirectly at any time or in any manner (except with respect to other MedXwaste franchises they own and operate) identify themselves or any business as a current or former MedXwaste franchisee or as one of our franchisees; use any Proprietary Mark, any colorable imitation of a Proprietary Mark, or other indicia of a MedXwaste business in any manner or for any purpose; or utilize for any purpose any trade name, trade or service mark, or other commercial symbol that suggests or indicates a connection or association with us.

### 16.3 Effect of Consent to Transfer

Our consent to a transfer of this Agreement and the Business or any interest in you is not a representation of the fairness of the terms of any contract between you and the transferee, a guarantee of the successor business' or transferee's prospects of success, or a waiver of any claims we have against you (or your owners) or of our right to demand the transferee's full compliance with this Agreement's terms and conditions.

### 16.4 Assignment to Corporate Entity

Notwithstanding Section 16.2, after obtaining our written consent, the franchise granted hereunder may, subject to Section 17.1, be assigned by you without charge, once only, to a newly formed corporate entity which shall conduct no business other than the franchise granted hereunder, which is actively managed by you and in which you at all times own and control greater than fifty percent (50%) of the equity and voting rights and interests. For purposes of this Agreement, "corporate entity" shall include, but not be limited to, a partnership, corporation or limited liability company, and all references herein to "corporation" shall be deemed to include these other forms of corporate entities. You and such corporate entity shall execute an Assignment and Guarantee Agreement in our standard form.

In the event of such an assignment by you of the franchise granted hereunder to a corporate entity which you control, you agree, as a condition of being permitted to make such assignment, forthwith to cause the corporate entity and its directors, officers, managers, members, partners and shareholders to acknowledge this Agreement and to agree in writing to be bound by the provisions hereof, cause the corporate entity in its articles of organization to provide in effect that its object or business is confined exclusively to the operation of the Business as provided in this Agreement, and cause the corporate entity to restrict the issue of, and its directors, shareholders, partners or members to restrict the transfer of, equity interests in the corporate entity so that you shall continuously own greater than 50% of the equity and voting rights and interests in such corporate entity.

### 16.5 Transfer Among Franchisee Individuals

In the event that you comprise two or more individuals, we shall not unreasonably withhold our consent to a sale, assignment or transfer of any kind (a "Transfer") of the interest of one such individual (the "Transferor") in the franchise hereunder to the other individual or individuals comprising you, if but only if:

- a) the Transferor transfers the whole of such interest in this Agreement and all other agreements relating to the franchise hereunder;
- b) the Transfer shall not relieve the Transferor of the Transferor's obligations hereunder to us;
- c) the Transfer shall be completed in accordance with all applicable bulk sales legislation;
- d) the Transferor shall have given us at least 30 days' prior written notice of the proposed Transfer, together with all reasonable details thereof which we may request;
- e) the Transferor and the remaining individual(s) with an interest in you execute such documents as may be required by us in connection with such Transfer; and
- f) the remaining individual(s) with an interest in you is (are), in our opinion, capable of operating the business associated with the Business without the Transferor.

### 16.6 Our Right of First Refusal

If you shall at any time decide to sell the Business or the ownership interest therein, you shall obtain a bona fide, executed written offer to purchase the Business, together with all personal property, and other assets used by you in connection with the Business, from a responsible and fully disclosed purchaser and shall submit an exact copy of such offer to us. We shall, for a period of 30 days from the date of delivery of such offer, have the right, but not the obligation, exercisable by written notice to you, to purchase all of the Business and the said assets of yours for the price and on the terms and conditions contained in such offer, provided that we may substitute cash for any form of payment proposed in such offer and there shall be deducted from the purchase price the amount of any commission or fee that would otherwise have been payable to any broker, agent or other intermediary in connection with such sale. During said 30 day period, we shall have the right to inspect all of your books and records relating to the Business's operation, specifically including all financial records and statements for the 3 full fiscal years preceding the date on which the 30 day right of first refusal commences, and if you are a corporate entity, all corporate minute books, partnership or operating agreements, and transfer records. If we do not exercise our right of first refusal, you may complete the sale of the Business to such purchaser on the same terms offered to us subject to the provisions of Section 16.2 hereof. If the sale to such purchaser is not completed within 60 days after delivery of such offer to us, or if there is a material change to the terms of the offer, we shall again have the right of first refusal herein provided.

#### 16.7 Temporary Operation of Business by Us

For the purposes of this Section 16.7, "you" or "Franchisee" shall include the controlling shareholder of a corporate Franchisee. In the event that you:

- a) fail to keep the Business open for business during the hours required by us (whether pursuant to the Confidential Operations Manual or otherwise);
- b) are absent from the Business for more than 15 consecutive days or for more than 30 days in any consecutive 90-day period, or abandon the Premises; or
- c) die or become incapacitated and your heirs or personal representatives have not yet, or do not, assume control of the business of the Business by means of an assignment (with our approval) pursuant to Sections 16.2 and 16.8 hereof, then, unless and until we terminate this Agreement pursuant to Article 13 or Section 16.8 hereof, we shall be entitled to operate and manage the Business for your (or your estate's) account until the franchise hereunder is terminated, assigned to a party acceptable to us or until you resume control over the Business and operate it in accordance herewith; provided, however, that no such operation and management by us shall continue for more than 90 days without the written consent of you or your personal representatives or the representatives of your estate. In the event that we so operate the Business we shall account to you (or your estate) for all net income from such operation, less our reasonable expenses incurred in, and a reasonable management fee for, our operation of the Business.

#### 16.8 Death or Incapacity

For the purposes of this Section 16.8, "you" or "Franchisee" shall include the controlling shareholder of a corporate Franchisee. If you die or become incapacitated (which shall be deemed to include, in our reasonable opinion, your inability, by reason of physical or mental illness or disability, to operate the business of the Business in the ordinary course for a period of 30 days or more in any consecutive 90 day period) so that you (or, in the case of your incapacity only, the Manager(s)) is not able to devote full time and attention to the operation of the Business, then the rights granted hereunder may be transferred to your heirs or personal representatives, if our prior written consent is obtained, within six months from the beginning of the disability or from the date of death. In no event will we be willing to provide our consent to such transfer unless the conditions set forth in Section 16.2 hereof (save and except the requirement to pay our then-current transfer fee)

are satisfied. In the event that such conditions (save and except the requirement to pay our then-current transfer fee) are not satisfied, we shall have the right in our sole discretion to terminate this Agreement by notice, in the case of death, to your estate and, in the case of your incapacity, to you.

## **ARTICLE 17**

### **CORPORATE ENTITY FRANCHISEES**

If you or any successor thereof are a corporate entity, or if the franchise granted hereunder is assigned to a corporate entity pursuant to Article 16 hereof:

- a) upon the execution of this Agreement (or, in the case of an assignment, upon such assignment) and subject to the provisions of Article 16 hereof, upon each transfer of an interest in this Agreement or in you, all holders of an interest in you shall execute a written agreement with us in the form required by us individually undertaking to be bound, jointly and severally, by all of the terms of this Agreement;
- b) the articles of partnership, partnership agreement, articles of incorporation, by-laws, articles of organization, operating agreement and other organization documents shall recite that the issuance and transfer of any interest therein is restricted by the terms of Article 16 of this Agreement and copies thereof shall be furnished to us at our request. You shall also submit to us, at any time upon request, a list of all directors, officers and partners or beneficial shareholders reflecting their respective interests in you and other information regarding you, in such form as we may require; and
- c) you, if you are a corporation, shall maintain stop transfer instructions against the transfer on your records of any securities with voting rights subject to the restrictions of Article 16 hereof and shall issue no such securities, nor permit any issued securities to remain outstanding, upon the face of which the following printed legend does not legibly and conspicuously appear:

“The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ between MedXwaste Franchise LLC and \_\_\_\_\_.”

or

“The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ between MedXwaste Franchise LLC and \_\_\_\_\_.”

## **ARTICLE 18**

### **TAXES, PERMITS AND INDEBTEDNESS**

#### **18.1 Responsibility for Taxes**

You shall be solely responsible for all expenses of the business franchised by this Agreement and shall promptly pay when due all taxes levied or assessed and all indebtedness to us or to others incurred by you in connection with the conduct of such business.

#### **18.2 Compliance with Laws**

You shall comply with all federal, provincial and local by-laws, rules and regulations, and shall timely obtain any and all permits, certificates or licenses necessary for the full and proper conduct of the business licensed by this Agreement, including, without limitation, licenses to do business, name registrations and sales tax permits.

### 18.3 Notice of Litigation

You shall notify us in writing within 5 days of the commencement of any action, suit or proceeding and of the issuance of any order, writ, injunction, award or decree of any court, agency or other government instrumentality which may adversely affect the operation or financial condition of the business associated with the Business.

## **ARTICLE 19**

### **DISCOUNTS**

In the event that any volume discounts, rebates, allowances, or other similar discounts are received by us from any manufacturer or other supplier designated by us on account of purchases made by us for our account or for your account, or by you directly for your own account, we shall have the option of remitting same to the Fund or retain the full amount of the said volume discounts, rebates, allowances, or other similar discounts.

## **ARTICLE 20**

### **CUSTOMER RELATIONS**

#### 20.1 Limitation on Products and Services Offered

You shall not offer any products or services of any kind in the Business or in any other way associated or connected with the Proprietary Marks, except those products and services authorized by this Agreement, the Confidential Operations Manual and any other written consent which we may from time-to-time authorize.

#### 20.2 Quality of Service

In order to protect the reputation of us and the Franchised Business and increase consumer confidence in the Proprietary Marks and the System, you agree to offer only the Approved Services and Products and any other approved products and services to your customers in compliance with all applicable laws and regulations.

#### 20.3 Employment and Retainer Agreements

You shall cause each agreement for employing or retaining employees to contain provisions which require all employees to comply with all the provisions of this Article 20. You shall in any event be responsible for full compliance by your employees with the provisions of this Article 20. You shall also be responsible for obtaining executed confidentiality and non-competition agreements from your Manager(s) and all of your employees, as hereinbefore described. Such Confidentiality and Non-Competition Agreements shall be in the form attached hereto as Schedule 7 and shall identify us as a third-party beneficiary of such agreements with the independent right to enforce the terms of such agreements.

#### 20.4 Complaints

You shall respond promptly and in good faith to any complaints raised by your customers. You shall rectify any complaints promptly and courteously. No later than the first day of the week following your receipt of any customer complaint, you shall provide to us a complaints report listing the name, addresses, and telephone numbers of any customers who have made a complaint, a brief description of the complaint.

## 20.5 Legal Actions

You shall notify us promptly, in writing, of any civil action or any administrative proceeding or criminal prosecution commenced against you in any way arising out of or in connection with the operation of the Business.

## ARTICLE 21

### **RELATIONSHIP AND INDEMNIFICATION**

#### 21.1 Independent Parties

You are and will at all times remain an independent contractor and are not and shall not represent yourself to be an agent, joint venturer, partner or employee of ours, or to be related to us other than as our independent franchisee. No representations will be made, or acts taken by you which could establish any apparent relationship of agency, joint venture, partnership or employment, and we shall not be bound in any manner whatsoever by any agreements, warranties or representations made by you to any other person, nor with respect to any other action of yours. You shall not establish any bank account, make any purchase, apply for a loan or credit, or incur or permit any obligation to be incurred in our name or on our credit.

#### 21.2 Non-Liability

We shall not be obligated or liable for any injury or death to any person, or damage to or loss of any property caused by your action, failure to act, negligence, breach of this Agreement or willful misconduct, nor for any liability of yours.

#### 21.3 Indemnification by Us

We shall, during the term of this Agreement only, indemnify you and hold you harmless from and against all damages, losses, claims, expenses and costs (including your attorney and customer costs, travel, investigation and living expenses and witness fees) for which you are held liable, or which you incur in the defense of any litigation commenced against you by a third party claiming that you are misusing or infringing upon the Proprietary Marks; provided that you are properly using the Proprietary Marks in accordance herewith; and provided further that you have timely notified us of such litigation or threatened litigation. We shall have the right to participate in and to control such litigation or proceeding (including the right to compromise or settle such litigation or proceeding) to the extent that we deem necessary or advisable, and you shall fully cooperate with us and execute such documents and do such acts and things as, in our opinion, may be necessary.

#### 21.4 Indemnification by You

You shall, during the term of this Agreement and after the termination or expiration of this Agreement and in addition to your obligations contained in Article 14 hereof, indemnify us and our affiliates and our respective officers, directors and employees, and hold them harmless from and against all damages, losses, claims, actions, liability, expenses and costs for which they are held liable or which they incur (including solicitor and legal fees, customer costs, travel, investigation and living expenses of employees and witness fees) in any litigation or proceeding as a result of or arising out of:

- a) your breach of this Agreement, or any other lease, agreement or contract to which we and you are parties;
- b) any injury to, or loss of property of, any person in or on the Premises;

- c) your taxes, liabilities, costs or expenses of your business;
- d) losses, claims or damages incurred by persons, other than you, due to errors or omissions contained in financial statements prepared by you pursuant to Section 4.11 hereof, even if caused by the negligence of us, our employees, agents, contractors, or others for whom we are, in law, responsible;
- e) any negligent or willful act or omission of you, your employees, agents, servants, contractors or others for whom you are, in law, responsible; and
- f) any marketing or promotional material distributed, broadcast or in any way disseminated by you or on your behalf, unless such material has been produced or approved in writing by us.

## **ARTICLE 22**

### **DISPUTE RESOLUTION**

#### **22.1 Litigation, Waiver of Jury Trial; Limitation of Damages, etc.**

The parties agree that any litigation between you and us (and/or involving any principal of yours or which could be brought by you or on your behalf and including matters involving any of our related entities or otherwise) involving any litigation, dispute, controversy, claim, proceeding or otherwise between or involving you and us or otherwise, will be held exclusively before a court in the most immediate state judicial district and court encompassing our headquarters and having subject matter jurisdiction or (if a basis for Federal jurisdiction is present) the United States District Court for the Eastern District of New York the parties consenting to the exclusive jurisdiction of such court(s) and WAIVING ALL RIGHTS TO TRIAL BY JURY.

THE PARTIES AGREE THAT IN ANY LITIGATION BETWEEN US AND YOU (AND/OR ANY PRINCIPAL OF YOURS OR WHICH COULD BE BROUGHT BY YOU OR ON YOUR BEHALF) THE PARTIES KNOWINGLY WAIVE ALL RIGHTS TO TRIAL BY JURY. IN ANY LITIGATION OR OTHERWISE, THE PARTIES WAIVE ALL RIGHTS TO PUNITIVE, EXEMPLARY, CONSEQUENTIAL, MULTIPLE, PAIN-AND-SUFFERING, MENTAL DISTRESS OR SIMILAR DAMAGES AND AGREE THAT THE PARTIES MAY ONLY RECOVER ACTUAL FINANCIAL LOSSES.

#### **22.2 Prior Notice of Claims by You**

Prior to your taking any legal or other action against us, whether for damages, injunctive, equitable or other relief (including but not limited to rescission) and whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise, based on any alleged act or omission of ours, you will first give us 60 days' prior written notice and opportunity to cure such alleged act or omission.

#### **22.3 Periods In Which to Make Claims**

22.3.1 The parties agree that, except as provided below, no action or suit (whether by way of claim, counterclaim, cross-complaint, raised as an affirmative defense or otherwise) by either party will lie against the other (nor will any action or suit by you against any person and/or entity affiliated with us), whether for damages, rescission, injunctive or any other legal and/or equitable relief, in respect of any alleged breach of this Agreement, or any other claim of any type, unless such party will have commenced such action or suit before the expiration of the earlier of:

- a) One hundred eighty (180) days after the date upon which the state of facts giving rise to the cause of action comes to the attention of, or should reasonably have come to the attention of, such party; or
- b) One (1) year after the initial occurrence of any act or omission giving rise to the cause of action, whenever discovered.

22.3.2 Notwithstanding the foregoing limitations, where any federal, state or provincial law provides for a shorter limitation period than above described, whether upon notice or otherwise, such shorter period will govern.

22.3.3 The foregoing limitations may, where brought into effect by our failure to commence an action within the time periods specified, operate to exclude our right to sue for damages but will in no case, even upon expiration or lapse of the periods specified or referenced above, operate to prevent us from terminating your rights and our obligations under this Agreement as provided herein and under applicable law nor prevent us from obtaining any appropriate court judgment, order or otherwise which enforces and/or is otherwise consistent with such termination.

22.3.4 The foregoing limitations shall not apply to our claims arising from or related to: (1) your under-payment or non-payment of any amounts owed to us or any affiliated or otherwise related entity; (2) indemnification by you; (3) your confidentiality, non-competition or other exclusive relationship obligations; and/or (4) your unauthorized use of the Proprietary Marks.

#### 22.4 Withholding Consent

In no event will you make any claim, whether directly, by way of setoff, counter-claim, defense or otherwise, for money damages or otherwise, by reason of any withholding or delaying of any consent or approval by us.

#### 22.5 Survival and Construction

Each provision of this Article 22, together with the provisions of Article 23, will be deemed to be self-executing and continue in full force and effect subsequent to and notwithstanding the expiration, termination, setting aside, cancellation, rescission, unenforceability or otherwise of this Agreement (or any part of it) for any reason, will survive and will govern any claim for rescission or otherwise. Each provision of this Agreement will be construed as independent of, and severable from, every other provision; provided that if any part of this Agreement is deemed unlawful in any way, the parties agree that such provision will be deemed interpreted and/or modified to the minimum extent necessary to make such provision lawful or, if such construction is not permitted or available, the remainder of this Agreement will continue in full force and effect. Each party reserves the right to challenge any law, rule or judicial or other construction which would have the effect of varying or rendering ineffective any provision of this Agreement.

#### 22.6 Costs and Attorneys' Fees

Each party will each bear their respective costs of enforcement and/or defense (including but not limited to attorneys' fees) in any claim or dispute between the parties (including your and/or our affiliates, related persons/entities, etc.) and will make no claim against the other with regard thereto.

#### 22.7 Validity and Execution

This Agreement will become valid when executed and accepted by us.

## 22.8 Binding Effect; No Modifications

This Agreement is binding upon the parties hereto and their respective executors, administrators, heirs, assigns, and successors in interest, and will not be modified except by written agreement signed by both parties.

## 22.9 Construction

Nothing in this Agreement is intended, nor will be deemed, to confer any rights or remedies upon any person or legal entity not a party hereto. Except where this Agreement expressly provides otherwise, we have the right to condition, withhold and/or refuse, in our sole and absolute discretion, any request by you and our approval of, or consent to, any action or omission by you. The headings of the several articles and sections hereof are for convenience only and do not define, limit, or construe the contents of such articles or sections. The term “attorneys’ fees” will include, without limitation, legal fees, whether incurred prior to, in preparation for or in contemplation of the filing of any written demand or claim, action, hearing or proceeding to enforce the obligations of this Agreement. References to a “controlling interest” in you will mean more than fifty percent (50%) of the voting control of you, if you are a corporation or limited liability company, and any general partnership interest, if you are a partnership. The term “Franchisee” as used herein is applicable to one (1) or more persons or a corporate entity, as the case may be. The singular usage includes the plural and the masculine and neuter usages include the other and the feminine. If two (2) or more persons are at any time Franchisee hereunder, whether or not as partners or joint venturers, their obligations and liabilities to us will be joint and several. This Agreement will be executed in multiple copies, each of which will be deemed an original. Each of the provisions of this Article 22 shall apply to any claim brought (or which could be brought) by you, any principal of yours or on your behalf.

## 22.10 Choice of Laws

Except as provided elsewhere in this Agreement and except to the extent governed by the United States Trademark Act and other federal laws, the parties agree that this Agreement (including any claims, counter-claims or otherwise by you) and all other matters concerning the parties will be governed by, and construed and enforced in accordance with, the laws of the State of Florida.

# ARTICLE 23

## GENERAL

### 23.1 Joint and Several

If two (2) or more parties shall sign or be subject to the terms and conditions of this Agreement as Franchisee, the liability of each such party to make the payments to be made and to perform all other obligations to be performed under or pursuant to this Agreement shall be deemed to be joint and several. A breach hereof of one (1) such party or you shall be deemed to be a breach of both or all.

### 23.2 Rights Cumulative

No right or remedy conferred upon or reserved to us or you by this Agreement is intended to be, nor shall such right or remedy be deemed to be, exclusive of any other right or remedy herein or by law or equity provided or permitted and each shall be cumulative of every other right or remedy.

### 23.3 Entire Agreement and Amendments

This Agreement, the Schedules hereto and any documents incorporated by reference herein, contain the entire understanding and agreement of the parties hereto concerning the subject matter hereof and supersede all

prior agreements, understandings, negotiations, and discussions with respect to the subject matter hereof, whether oral or written; provided, however, that nothing in this or any related agreement is intended to disclaim the representations made by us in the Disclosure Document that was furnished to you by us. Except as provided herein, you acknowledge and agree that there are no warranties, representations, statements, promises or inducements, express or implied, or collateral, whether oral or written, about this Agreement by us or our officers, directors, shareholders, employees or agents that are contrary to the terms of this Agreement or the documents referred to herein. No amendment or other modification to this Agreement shall be valid or binding upon the parties unless the same is in writing signed by both parties to this Agreement.

Notwithstanding anything stated in Section 23.3, this Agreement may be amended at any time whenever we and a super-majority (as hereinafter defined) of the then operating franchises agree to any such amendment. We agree to provide you, at least 90 days prior to the date such amendment is to be effective, a copy of the proposed amendment, together with a brief statement explaining the reasons therefore. A “super-majority” of the MedXwaste franchises shall consist of the owners of at least 75% of all franchised MedXwaste Businesses in the United States of America. Whenever a super-majority of franchised Business approve an amendment in the manner provided for herein, such amendment shall be binding on all franchises, including you, to the same extent and in the same manner as if the amendment was unanimously approved by all franchises, and regardless whether you may or may not desire to be bound by the amendment. By signing this Agreement, you appoint any of our officers as your attorney in fact with irrevocable power and authority to execute any such amendment so approved.

#### 23.4 Non-Waiver

No waiver by us of any breach, failure or default in performance by you and no failure, refusal or neglect of ours to exercise any right hereunder or to insist upon strict compliance with or performance by your obligations hereunder shall constitute a waiver of the provisions of this Agreement with respect to any subsequent breach, failure or default and shall not constitute a waiver by us of our rights at any time or thereafter to require strict compliance with the provisions hereof.

#### 23.5 Invalid Provisions; Substitution of Valid Provisions

As stated earlier in this Agreement in Article 15, if any provision of this Agreement relating to the payment of fees to us, to non-competition during the term of this Agreement, or to the preservation of any of the Proprietary Marks or confidential information disclosed pursuant to this Agreement is declared invalid or unenforceable, and if, as a result, we believe in our sole opinion that the continuation of this Agreement would not be in the best interests of the System, we have the right to terminate this Agreement on written notice to you. If any state or federal law requires renewal of this Agreement, you agree to enter into our then-current form of franchise agreement. To the extent that any restrictive covenant contained in this Agreement is deemed unenforceable because of its scope in terms of area, business activity prohibited, or length of time, you agree that the invalid provision will be deemed modified or limited to the extent or manner necessary to make that particular provision valid and enforceable to the greatest extent possible in light of the intent of the parties expressed in that provision under the laws applied in the forum in which we are seeking to enforce it.

If any lawful requirement or court order of any jurisdiction (1) requires a greater advance notice of the termination or non-renewal of this Agreement than is required under this Agreement, or the taking of some other action which is not required by this Agreement, or (2) makes any provision of this Agreement or any specification, standard or operating procedures prescribed by us invalid or unenforceable, the advance notice and/or other action required or revision of the specification, standard or operating procedure will be substituted for the comparable provisions of this Agreement in order to make the modified provision enforceable to the greatest extent possible. You agree to be bound by the modification to the greatest extent lawfully permitted.

#### 23.6 Time of Essence

Time shall be of the essence in this Agreement.

### 23.7 Gender

Whenever a personal pronoun is used herein, it is understood that such usage shall include both singular and plural, masculine, feminine and neuter, and refer in appropriate cases to corporations or other legal entities as well as to individuals.

### 23.8 Notice

All notices, consents, approvals, statements, authorizations, documents, or other communications required or permitted to be given hereunder shall be in writing, and may be delivered personally or mailed by registered mail, postage prepaid, or transmitted by telex or other form of electronic communication tested prior to transmission to the said parties at their respective addresses set forth hereunder, namely:

To Franchisor at: 13340 Lincoln Road. Riverview, Florida 33578

With a copy to: Ted P. Pearce, Esq.  
Bradley Arant Boult Cummings LLP  
214 N. Tryon Street, Ste. 3700  
Charlotte, North Carolina 28202

To Franchisee at: \_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

or at any such other address or addresses as the party to whom such notice, consent, approval, statement, authorization, documentation or other communication is to be given may designate by notice in writing so given to the other parties hereto as provided hereinbefore. Any notices, consents, approvals, statements, authorizations, documents or other communications, if mailed, shall be deemed to have been given on the fifth (5th) business day (except Saturdays and Sundays) following such mailing, or, if delivered personally or transmitted by telex or other form of electronic communication, shall be deemed to have been given on the day of delivery or transmission (as the case may be), if a business day, or if not a business day, on the business day next following the day of delivery or transmission (as the case may be).

### 23.9 Impossibility of Performance

Notwithstanding anything to the contrary contained in this Agreement, if either party hereto is bona fide delayed or hindered in or prevented from the performance of any term, covenant or act required hereunder by reason of strikes, labor troubles, inability to procure materials or services, power failure, restrictive governmental laws or regulations, riots, insurrection, sabotage, terrorism, acts of God or other reasons beyond the control of such party, whether all of a like nature or not, which is not the fault of the party delayed in performing work or doing acts required under the terms of this Agreement, then the performance of such term, covenant or act is excused for the period of the delay and the party so delayed shall be entitled to perform such term, covenant or act within the appropriate time period after the expiration of the period of such delay. However, the provisions of this Section shall not in any way operate to excuse you from the prompt payment of any fees, Royalty Fees or other sums required to be paid to us or our affiliates by the terms of this Agreement, or from the prompt performance of any of your other obligations hereunder where such prompt performance is delayed, hindered or prevented by reason of lack of funds.

### 23.10 Further Assurances

Each of the parties covenants and agrees to execute and deliver such further and other agreements, assurances, undertakings, acknowledgments or documents, cause such meetings to be held, resolutions passed and by-laws enacted, exercise their vote and influence and do and perform and cause to be done and performed any further and other acts and things as may be necessary or desirable in order to give full effect to this Agreement and every part hereof. You shall, within the time and from time-to-time forthwith upon our request, provide us with a statutory declaration confirming any matter provided for in this Agreement. You shall, at any time and from time-to-time forthwith upon our request, provide us with access to your corporate records to confirm your compliance with the terms of this Agreement.

#### 23.11 Enforcement

You acknowledge that your failure to comply herewith could cause us irreparable harm which may not be compensable by way of damages, and, therefore, we shall be entitled to apply to a court of competent jurisdiction to have ourselves appointed as the receiver of your business and to obtain (without bond) declarations, temporary and permanent injunctions and orders of specific performance enforcing the provisions of this Agreement relating to your use of the Proprietary Marks, relating to your obligations upon termination or expiration of this Agreement, and relating to assignment of the franchise hereunder and ownership interests in you, and to prohibit any act or omission by you or your employees that constitutes a violation of any applicable law, by-law or regulation, is dishonest or misleading to your customers or prospective customers, or constitutes a danger to employees, customers, or to the public, or which may impair the goodwill associated with the Proprietary Marks. If we secure any such injunction, declaration or order of specific performance, you agree to pay to us any damages incurred by us as a result of your breach of any provision, our full legal fees and customer costs and all expenses we may have incurred to enforce this Agreement (including a reasonable allowance for our employees' time spent).

#### 23.12 You May Not Withhold Payments

You agree that you will not, on grounds of an alleged nonperformance by us of any of our obligations or for any other reason, withhold payment of any amount due whatsoever to us or our affiliates. No endorsement or statement on any check or payment of any sum less than the full sum due to us shall be construed as an acknowledgment of payment in full or an accord and satisfaction, and we may accept and cash such check or payment without prejudice to our right to recover the balance due or pursue any other remedy provided herein or by law. We may apply any payments made by you as we may see fit. We may set off against any payment due by you to us, and may, at our option, pay your trade creditors and, if do so, you shall repay us on demand.

#### 23.13 Changes and Modifications

You understand and agrees that the System must not remain static if it is to meet (without limitation) presently unforeseen changes in technology, competitive circumstances, demographics, populations, consumer trends, societal trends and other marketplace variables, and if it is to best serve the interests of us, you and all other franchisees. Accordingly, you expressly understand and agree that we may from time-to-time change the components of the System including, but not limited to, altering the products, programs, services, methods, standards, forms, policies and procedures of that System; abandoning the System altogether in favor of another System in connection with a merger, acquisition, other business combination or for other reasons; adding to, deleting from or modifying those products, programs and services which your Franchised Business is authorized and required to offer; modifying or substituting entirely the building, premises, equipment, signage, trade dress, décor, color schemes and uniform specifications and all other unit construction, design, appearance and operation attributes which you are required to observe hereunder; and changing, improving, modifying or substituting the Proprietary Marks. You expressly agree to comply with any such modifications, changes, additions, deletions, substitutions or alterations, at your own expense.

You shall accept, use and effectuate any such changes or modifications to, or substitution of, the System as if they were part of the System at the time that this Agreement was executed.

We shall not be liable to you for any expenses, losses or damages sustained by you as a result of any of the modifications contemplated hereby. You hereby covenant not to commence or join in any litigation or other proceeding against us or any third party complaining of any such modifications or seeking expenses, losses or damages caused thereby.

#### 23.14 Acknowledgments

You acknowledge the fact that some franchisees of ours may operate under different forms of agreements and, consequently, that our obligations and rights in respect to our various franchisees may differ materially in certain circumstances.

#### 23.15 Compliance with Patriot Act

You and your owners agree to comply, and to assist us to the fullest extent possible in our efforts to comply, with Anti-Terrorism Laws (defined below). In connection with that compliance, you and your owners certify, represent, and warrant that none of your property or interests is subject to being blocked under, and that you and your owners otherwise are not in violation of, any of the Anti-Terrorism Laws. "Anti-Terrorism Laws" mean Executive Order 13224 issued by the President of the United States, the USA PATRIOT Act, and all other present and future federal, state, and local laws, ordinances, regulations, policies, lists, and other requirements of any governmental authority addressing or in any way relating to terrorist acts and acts of war. Any violation of the Anti-Terrorism Laws by you or your owners, or any blocking of your or your owners' assets under the Anti-Terrorism Laws, shall constitute good cause for immediate termination of this Agreement.

#### 23.16 Step-In Rights

23.16.1 If we determine in our sole judgment that the operation of your Business is in jeopardy, or if a default occurs, then in order to prevent an interruption of the Franchised Business which would cause harm to the System and thereby lessen its value, you authorize us to operate your Business for as long as we deem necessary and practical up to a period of 90 days from the date that we exercise such step-in rights, and without waiver of any other rights or remedies which we may have under this Agreement. In our sole judgment, we may deem you incapable of operating the Franchised Business if, without limitation, you are absent or incapacitated by reason of illness or death; you have failed to pay when due or have failed to remove any and all liens or encumbrances of every kind placed upon or against your Franchised Business; or we determine that operational problems require that we operate your Business for a period of time that we determine, in our sole discretion, to be necessary to maintain the operation of the Business as a going concern.

23.16.2 We shall keep in a separate account all monies generated by the operation of your Business, less the expenses of the Business, including reasonable compensation and expenses for our representatives. In the event of our exercise of the Step-In Rights, you agree to hold harmless us and our representatives for all actions occurring during the course of such temporary operation. You agree to pay all of our reasonable attorneys' fees and costs incurred as a consequence of our exercise of the Step-In Rights. Nothing contained herein shall prevent us from exercising any other right which we may have under this Agreement, including, without limitation, termination.

### ARTICLE 24

#### TECHNOLOGY

##### 24.1 Computer Systems and Required Software

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The following terms and conditions shall apply with respect to the Computer System and Required Software:

- a) We shall have the right to specify or require that certain brands, types, makes, and/or models of communications, computer systems, and hardware to be used by, between, or among MedXwaste businesses, including without limitation: (i) back office and point of sale systems, data, audio, between or among MedXwaste franchises, and between and among your Business and us or you; (ii) Point of Sale Systems; (iii) physical, electronic, and other security systems; (iv) printers and other peripheral devices; (v) archival back-up systems; and (vi) internet access mode and speed (collectively, the “Computer System”).
- b) We shall have the right, but not the obligation, to develop or have developed for us, or to designate: (i) computer software programs and accounting system software that you must use in connection with the Computer System (“Required Software”), which you shall install; (ii) updates, supplements, modifications, or enhancements to the Required Software, which you shall install; (iii) the tangible media upon which you shall record data; and (iv) the database file structure of your Computer System.
- c) You shall record all sales on computer-based point of sale systems approved by us or on such other types of systems as may be designated by us in the Manual or otherwise in writing (“Point of Sale Systems”), which shall be deemed part of your Computer System.
- d) You shall make, from time-to-time, such upgrades and other changes to the Computer System and Required Software as we may request in writing (collectively, “Computer Upgrades”).
- e) You shall comply with all specifications issued by us with respect to the Computer System and the Required Software, and with respect to Computer Upgrades. You shall also afford us unimpeded access to your Computer System and Required Software as we may request, in the manner, form, and at the times requested by us.

#### 24.2 Data

We may, from time-to-time, specify in the Manual or otherwise in writing the information that you shall collect and maintain on the Computer System installed at your Business, and you shall provide to us such reports as we may reasonably request from the data so collected and maintained. All data pertaining to the Business, and all data created or collected by you in connection with the System, or in connection with your operation of the Business or otherwise provided by you (including, without limitation, data uploaded to, or downloaded from your Computer System) is and will be owned exclusively by us, and we will have the right to use such data in any manner that we deem appropriate without compensation to you. Copies and/or originals of such data must be provided to us on our request. We hereby license the use of such data back to you for the term of this Agreement, at no additional cost, solely for your use in connection with the business franchised under this Agreement.

#### 24.3 Privacy

You shall abide by all applicable laws pertaining to privacy of information collected or maintained regarding customers or other individuals (“Privacy”) and shall comply with our standards and policies pertaining to Privacy. If there is a conflict between our standards and policies pertaining to Privacy and applicable law, you shall: (a) comply with the requirements of applicable law; (b) immediately give us written notice of said conflict; and (c) promptly and fully cooperate with us and our counsel as we may request to assist us in our determination regarding the most effective way, if any, to meet our standards and policies pertaining to Privacy within the bounds of applicable law.

#### 24.4 Telecommunications

You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to establishing and maintaining telecommunications connections between your Computer System and our Extranet (as defined below), if any, and/or such other computer systems as we may reasonably require.

#### 24.5 Extranet

We may establish a website providing private and secure communications between us, you, other franchisees or licensees and other persons and entities as determined by us, in our sole discretion (an “Extranet”). You shall comply with our requirements (as set forth in the Manual or otherwise in writing) with respect to connecting to the Extranet and utilizing the Extranet in connection with the operation of the Business. The Extranet may include, without limitation, the Manuals, training other assistance materials, and management reporting solutions (both upstream and downstream, as we may direct). You shall purchase and maintain such computer software and hardware as may be required to connect to and utilize the Extranet.

#### 24.6 Online Use of Proprietary Marks

You shall not use the Proprietary Marks or any abbreviation or other name associated with us and/or the System as part of any e-mail address, domain name, and/or other identification of you in any electronic medium, except for any e-mail address that we may set up for you. You agree not to transmit or cause any other party to transmit advertisements or solicitations by e-mail or other electronic media without our prior written consent as to your plan for transmitting such advertisements.

#### 24.7 No Outsourcing Without Prior Written Approval

You shall not hire third party or outside vendors to perform any services or obligations in connection with the Computer System, Required Software, or any other of your obligations without our prior written approval therefor, unless we have designated an approved supplier to provide such services. Our consideration of any proposed outsourcing vendor(s) may be conditioned upon, among other things, such third party or outside vendor’s entry into a confidentiality agreement with us and you in a form that is reasonably provided by us.

#### 24.8 Changes to Technology

You and we acknowledge and agree that changes to technology are dynamic and not predictable within the term of this Agreement. In order to provide for inevitable but unpredictable changes to technological needs and opportunities, you agree that we shall have the right to establish, in writing, reasonable new standards for the implementation of technology in the System; and you agree that you shall abide by those reasonable new standards established by us as if this Article 24 were periodically revised by us for that purpose. You acknowledge and understand that this Agreement does not place any limitations on either our right to require you to obtain Computer Upgrades or the cost of such Computer Upgrades.

### ARTICLE 25

#### **SECURITY INTEREST**

##### 25.1 Collateral

You grant to us a security interest (“Security Interest”) in all of the furniture, fixtures, equipment, signage, and realty (including your interests under all real property and personal property leases) of the Business together with all similar property now owned or hereafter acquired, additions, substitutions, replacements,

proceeds, and products thereof, wherever located, used in connection with the Business. All items in which a security interest is granted are referred to as the “Collateral”.

## 25.2 Indebtedness Secured

The Security Interest is to secure payment of the following (the “Indebtedness”):

- a) All amounts due under this Agreement or otherwise by you;
- b) All sums which we may, at our option, expend or advance for the maintenance, preservation, and protection of the Collateral, including, without limitation, payment of rent, taxes, levies, assessments, insurance premiums, and discharge of liens, together with interest, or any other property given as security for payment of the Indebtedness;
- c) All expenses, including reasonable attorneys’ fees, which we incur in connection with collecting any or all Indebtedness secured hereby or in enforcing or protecting our rights under the Security Interest and this Agreement; and
- d) All other present or future, direct or indirect, absolute or contingent, liabilities, obligations, and indebtedness of you to us or third parties under this Agreement, however created, and specifically including all or part of any renewal or extension of this Agreement, whether or not you execute any extension agreement or renewal instruments.

Our security interest, as described herein, shall be subordinated to any financing related to your operation of the Business.

## 25.3 Additional Documents

You will from time-to-time as required by us join with us in executing any additional documents and one or more financing statements pursuant to the Uniform Commercial Code (and any assignments, extensions, or modifications thereof) in form satisfactory to us.

## 25.4 Possession of Collateral

Upon default and termination of your rights under this Agreement, we shall have the immediate right to possession and use of the Collateral.

## 25.5 Our Remedies in Event of Default

You agree that, upon the occurrence of any default set forth above, the full amount remaining unpaid on the Indebtedness secured shall, at our option and without notice, become due and payable immediately, and we shall then have the rights, options, duties, and remedies of a secured party under, and you shall have the rights and duties of a debtor under, the Uniform Commercial Code of New York (or other applicable law), including, without limitation, our right to take possession of the Collateral and without legal process to enter any premises where the Collateral may be found. Any sale of the Collateral may be conducted by us in a commercially reasonable manner. Reasonable notification of the time and place of any sale shall be satisfied by mailing to you pursuant to the notice provisions set forth above.

## 25.6 Special Filing as Financing Statement

This Agreement shall be deemed a Security Agreement and a Financing Statement. This Agreement may be filed for record in the real estate records of each county in which the Collateral, or any part thereof, is

situated and may also be filed as a Financing Statement in the counties or in the office of the Secretary of State, as appropriate, in respect of those items of Collateral of a kind or character defined in or subject to the applicable provisions of the Uniform Commercial Code as in effect in the appropriate jurisdiction.

[Signatures Appear on Following Page]

**IN WITNESS WHEREOF**, the parties hereto have executed this Agreement under seal as of the day and year first above written.

SIGNED, SEALED AND DELIVERED  
in the presence of:

**MedXwaste Franchise LLC**

\_\_\_\_\_  
WITNESS

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**FRANCHISEE**

\_\_\_\_\_  
WITNESS

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE 1 TO THE FRANCHISE AGREEMENT**

**GUARANTY AND ASSUMPTION OF OBLIGATIONS**

THIS GUARANTY AND ASSUMPTION OF OBLIGATIONS is given this \_\_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_, by \_\_\_\_\_.

In consideration of, and as an inducement to, the execution of that certain Franchise Agreement (the "Agreement") on this date by **MedXwaste Franchise LLC** ("us", "we", or "our"), each of the undersigned personally and unconditionally (a) guarantees to us and our successors and assigns, for the term of the Agreement and afterward as provided in the Agreement, that \_\_\_\_\_ ("Franchisee") will punctually pay and perform each and every undertaking, agreement and covenant set forth in the Agreement and (b) agrees to be personally bound by, and personally liable for the breach of, each and every provision in the Agreement, both monetary obligations and obligations to take or refrain from taking specific actions or to engage or refrain from engaging in specific activities, including the non-competition, confidentiality and dispute resolution requirements.

Each of the undersigned consents and agrees that: (1) his or her direct and immediate liability under this Guaranty will be joint and several; (2) he or she will render any payment or performance required under the Agreement upon demand if Franchisee fails or refuses punctually to do so; (3) this liability will not be contingent or conditioned upon our pursuit of any remedies against Franchisee or any other person; and (4) this liability will not be diminished, relieved or otherwise affected by any extension of time, credit or other indulgence which we may from time-to-time grant to Franchisee or to any other person, including, without limitation, the acceptance of any partial payment or performance of the compromise or release of any claims, none of which will in any way modify or amend this Guaranty, which will be continuing and irrevocable during the term of the Agreement.

Each of the undersigned waives all rights to payments and claims for reimbursement or subrogation which any of the undersigned may have against Franchisee arising as a result of the undersigned's execution of and performance under this Guaranty.

**IN WITNESS WHEREOF**, each of the undersigned has affixed their signature on the same day and year as the Agreement was executed.

GUARANTOR(S)

|       |       |
|-------|-------|
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |
| _____ | _____ |

**SCHEDULE 2 TO THE FRANCHISE AGREEMENT**

**TERRITORY ACCEPTANCE STATEMENT**

The Territory of the Franchise which relates to the foregoing Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_, between **MedXwaste Franchise LLC** (“Franchisor”) and \_\_\_\_\_ (“Franchisee”) shall be the area defined below:

\_\_\_\_\_

\_\_\_\_\_  
City/State/Zip Code(s)

The Exclusive Territory of the Franchise shall be:

FRANCHISEE:

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

The undersigned officer of Franchisor hereby approves the above described Business location.

MedXwaste Franchise LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **SCHEDULE 3 TO THE FRANCHISE AGREEMENT**

### **INTERNET WEBSITES AND LISTINGS AGREEMENT**

**THIS INTERNET WEB SITES AND LISTINGS AGREEMENT** (the “Internet Listing Agreement”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between **MedXwaste Franchise LLC**, a Florida limited liability company (“we, “us” or “our”), and \_\_\_\_\_ (“you” or “your”).

#### **W I T N E S S E T H :**

**WHEREAS**, you desire to enter into a MedXwaste Franchise Agreement (the “Franchise Agreement”); and

**WHEREAS**, we would not enter into the Franchise Agreement without your agreement to enter into, comply with, and be bound by all the terms and provisions of this Internet Listing Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

#### **1. DEFINITIONS**

All terms used but not otherwise defined in this Internet Listing Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

#### **2. TRANSFER; APPOINTMENT**

2.1 Interest in Internet Web Sites and Listings. You may acquire (whether in accordance with or in violation of Section 5.6 of the Franchise Agreement) during the term of the Franchise Agreement, certain right, title, and interest in and to certain domain names, hypertext markup language, uniform resource locator addresses, and access to corresponding Internet Web Sites, and the right to hyperlink to certain Web Sites and listings on various Internet search engines (collectively, the “Internet Web Sites and Listings”) related to the Business or the Marks (all of which right, title, and interest is referred to herein as “Your Interest”).

2.2 Transfer. On Termination of the Franchise Agreement, or on our periodic request, you will immediately direct all Internet Service Providers, domain name registries, Internet search engines, and other listing agencies (collectively, the “Internet Companies”) with which you have Internet Web Sites and Listings: (i) to transfer all of Your Interest in such Internet Web Sites and Listings to us; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event we do not desire to accept any or all such Internet Web Sites and Listings, you will immediately direct the Internet Companies to terminate such Internet Web Sites and Listings or will take such other actions with respect to the Internet Web Sites and Listings as we direct.

2.3 Appointment; Power of Attorney. You hereby constitute and appoint us and any officer or agent of ours, for our benefit under the Franchise Agreement and this Internet Listing Agreement or otherwise, with full power of substitution, as your true and lawful attorney-in-fact with full power and authority in your place and stead, and in your name or the name of any affiliated person or affiliated company of yours, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Internet Listing Agreement. You further agree that this appointment constitutes a power coupled with an interest and is irrevocable until you have satisfied all of your obligations under the Franchise Agreement and any and all other agreements to which you and any of your affiliates on the one hand, and we and any of our affiliates on the other, are parties, including without limitation this Internet Listing Agreement. Without limiting the generality of the foregoing, you hereby grant to us the power and right to do the following:

2.3.1 Direct the Internet Companies to transfer all your interest in and to the Internet Web Sites and Listings to us;

2.3.2 Direct the Internet Companies to terminate any or all of the Internet Web Sites and Listings; and

2.3.3 Execute the Internet Companies' standard assignment forms or other documents in order to affect such transfer or termination of your interest.

2.4 Certification of Termination. You hereby direct the Internet Companies to accept, as conclusive proof of Termination of the Franchise Agreement, our written statement, signed by our officer or agent, that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Internet Companies have duly transferred all your interest in such Internet Web Sites and Listings to us, as between you and us, you will have no further interest in, or obligations under, such Internet Web Sites and Listings. Notwithstanding the foregoing, you will remain liable to each and all of the Internet Companies for the sums you are obligated to pay such Internet Companies for obligations you incurred before the date we duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Internet Listing Agreement.

### 3. MISCELLANEOUS

3.1 Release. You hereby release, remise, acquit, and forever discharge each and all of the Internet Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Internet Listing Agreement.

3.2 Indemnification. You are solely responsible for all costs and expenses related to your performance, your nonperformance, and our enforcement of this Agreement, which costs and expenses you will pay us in full, without defense or setoff, on demand. You agree that you will indemnify, defend, and hold harmless us and our affiliates, and our and their directors, officers, shareholders, partners, members, employees, agents, and attorneys, and the successors and assigns of any and all of them, from

and against, and will reimburse us and any and all of them for, any and all loss, losses, damage, damages, claims, debts, demands, or obligations that are related to or are based on this Internet Listing Agreement.

3.3 No Duty. The powers conferred on us hereunder are solely to protect our interests and shall not impose any duty on us to exercise any such powers. You expressly agree that in no event shall we be obligated to accept the transfer of any or all of Your Interest in any or all such Internet Web Sites and Listings.

3.4 Further Assurances. You agree that at any time after the date of this Internet Listing Agreement, you will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Internet Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All our rights and powers, and all your obligations, under this Internet Listing Agreement shall be binding on your successors, assigns, and affiliated persons or entities as if they had duly executed this Internet Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Internet Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Internet Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All your obligations under this Internet Listing Agreement shall be joint and several.

3.9 Governing Law. This Internet Listing Agreement shall be governed by and construed under the laws of the State of \_\_\_\_\_, without regard to the application of \_\_\_\_\_ conflict of law rules.

**IN WITNESS WHEREOF**, the undersigned have executed or caused their duly authorized representatives to execute this Agreement as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

MedXwaste Franchise LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

## **SCHEDULE 4 TO THE FRANCHISE AGREEMENT**

### **TELEPHONE LISTING AGREEMENT**

**THIS TELEPHONE LISTING AGREEMENT** (the “Telephone Listing Agreement”) is made and entered into as of the \_\_\_\_ day of \_\_\_\_\_, 20\_\_ (the “Effective Date”), by and between MedXwaste Franchise LLC, a Florida limited liability company (“we, “us” or “our”), and \_\_\_\_\_ (“you” or “your”).

#### **W I T N E S S E T H :**

**WHEREAS**, you desire to enter into a MedXwaste Franchise Agreement (the “Franchise Agreement”); and

**WHEREAS**, we would not enter into the Franchise Agreement without your agreement to enter into, comply with, and be bound by all the terms and provisions of this Telephone Listing Agreement;

**NOW, THEREFORE**, for and in consideration of the foregoing and the mutual promises and covenants contained herein, and in further consideration of the Franchise Agreement and the mutual promises and covenants contained therein, and for other good and valuable consideration, the receipt and sufficiency of all of which are hereby acknowledged, the parties hereto agree as follows:

#### **1. DEFINITIONS**

All terms used but not otherwise defined in this Telephone Listing Agreement shall have the meanings set forth in the Franchise Agreement. “Termination” of the Franchise Agreement shall include, but shall not be limited to, the voluntary termination, involuntary termination, or natural expiration thereof.

#### **2. TRANSFER; APPOINTMENT**

2.1 Interest in Telephone Numbers and Listings. You have, or will acquire during the term of the Franchise Agreement, certain right, title, and interest in and to those certain telephone numbers and regular, classified, yellow-page, and other telephone directory listings (collectively, the “Telephone Numbers and Listings”) related to the Business or the Marks (all of which right, title, and interest is referred to herein as “Your Interest”).

2.2 Transfer. On Termination of the Franchise Agreement, if we direct you to do so, you will immediately direct all telephone companies, telephone directory publishers, and telephone directory listing agencies (collectively, the “Telephone Companies”) with which you have Telephone Numbers and Listings: (i) to transfer all Your Interest in such Telephone Numbers and Listings to us; and (ii) to execute such documents and take such actions as may be necessary to effectuate such transfer. In the event we do not desire to accept any or all such Telephone Numbers and Listings, you will immediately direct the Telephone Companies to terminate such Telephone Numbers and Listings or will take such other actions with respect to the Telephone Numbers and Listings as we direct.

2.3 Appointment; Power of Attorney. You hereby constitute and appoint us and any officer or agent of ours, for our benefit under the Franchise Agreement and this Telephone Listing Agreement or otherwise, with full power of substitution, as your true and lawful attorney-in-fact with full power and

authority in your place and stead, and in your name or the name of any affiliated person or affiliated company of yours, on Termination of the Franchise Agreement, to take any and all appropriate action and to execute and deliver any and all documents that may be necessary or desirable to accomplish the purposes of this Telephone Listing Agreement. You further agree that this appointment constitutes a power coupled with an interest and is irrevocable until you have satisfied all of your obligations under the Franchise Agreement and any and all other agreements to which you and any of your affiliates on the one hand, and we and any of our affiliates on the other, are parties, including, without limitation, this Telephone Listing Agreement. Without limiting the generality of the foregoing, you hereby grant to us the power and right to do the following:

2.3.1 Direct the Telephone Companies to transfer all your interest in and to the Telephone Numbers and Listings to us;

2.3.2 Direct the Telephone Companies to terminate any or all of the Telephone Numbers and Listings; and

2.3.3 Execute the Telephone Companies' standard assignment forms or other documents in order to affect such transfer or termination of your interest.

2.4 Certification of Termination. You hereby direct the Telephone Companies that they shall accept, as conclusive proof of Termination of the Franchise Agreement, our written statement, signed by our officer or agent that the Franchise Agreement has terminated.

2.5 Cessation of Obligations. After the Telephone Companies have duly transferred all your interest in such Telephone Numbers and Listings to us, as between you and us, you will have no further Interest in, or obligations under, such Telephone Numbers and Listings. Notwithstanding the foregoing, you will remain liable to each and all of the Telephone Companies for the sums you are obligated to pay such Telephone Companies for obligations you incurred before the date we duly accepted the transfer of such Interest, or for any other obligations not subject to the Franchise Agreement or this Telephone Listing Agreement.

### 3. MISCELLANEOUS

3.1 Release. You hereby release, remise, acquit, and forever discharge each and all of the Telephone Companies and each and all of their parent corporations, subsidiaries, affiliates, directors, officers, stockholders, employees, and agents, and the successors and assigns of any of them, from any and all rights, demands, claims, damage, losses, costs, expenses, actions, and causes of action whatsoever, whether in tort or in contract, at law or in equity, known or unknown, contingent or fixed, suspected or unsuspected, arising out of, asserted in, assertable in, or in any way related to this Telephone Listing Agreement.

3.2 Indemnification. You are solely responsible for all costs and expenses related to your performance, your nonperformance, and our enforcement of this Agreement, which costs and expenses you will pay us in full, without defense or setoff, on demand. You agree that you will indemnify, defend, and hold harmless us and our affiliates, and the directors, officers, shareholders, partners, members, employees, agents, and attorneys of us and our affiliates, and the successors and assigns of any and all of them, from and against, and will reimburse us and any and all of them for, any and all loss, losses, damage, damages, claims, debts, claims, demands, or obligations that are related to or are based on this Telephone Listing Agreement.

3.3 No Duty. The powers conferred on us under this Telephone Listing Agreement are solely to protect our interests and shall not impose any duty on us to exercise any such powers. You expressly agree that in no event shall we be obligated to accept the transfer of any or all of Your Interest in any or all such Telephone Numbers and Listings.

3.4 Further Assurances. You agree that at any time after the date hereof, you will perform such acts and execute and deliver such documents as may be necessary to assist in or accomplish the purposes of this Telephone Listing Agreement.

3.5 Successors, Assigns, and Affiliates. All our rights and powers, and all your obligations, under this Telephone Listing Agreement shall be binding on your successors, assigns, and affiliated persons or entities as if they had duly executed this Telephone Listing Agreement.

3.6 Effect on Other Agreements. Except as otherwise provided in this Telephone Listing Agreement, all provisions of the Franchise Agreement and exhibits and schedules thereto shall remain in effect as set forth therein.

3.7 Survival. This Telephone Listing Agreement shall survive the Termination of the Franchise Agreement.

3.8 Joint and Several Obligations. All your obligations under this Telephone Listing Agreement shall be joint and several.

3.9 Governing Law. This Telephone Listing Agreement shall be governed by and construed under the laws of the State of New York, without regard to the application of New York conflict of law rules.

**IN WITNESS WHEREOF**, the parties hereto have duly executed and delivered this Telephone Listing Agreement as of the Effective Date.

FRANCHISEE:

FRANCHISOR:

MedXwaste Franchise LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE 5 TO THE FRANCHISE AGREEMENT**

**TRANSFER OF FRANCHISE TO A  
CORPORATION OR LIMITED LIABILITY COMPANY**

This Transfer Agreement hereby amends that certain Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_, between **MedXwaste Franchise LLC** (“Franchisor”) and \_\_\_\_\_ (“Franchisee”).

The undersigned, an Officer, Director and Owner of a majority of the issued and outstanding voting stock of the corporation set forth below, or Members of the issued and outstanding Interests of the Limited Liability Company set forth below and the Franchisee of the Business under a Franchise Agreement executed on the date set forth below, between himself or herself and Franchisor, granting him/her a franchise to operate at the location set forth below, and the other undersigned Directors, Officers and Shareholders of the Corporation, or the Members of the Limited Liability Company, who together with Franchisee constitute all of the Shareholders of the Corporation, or the Members of the Limited Liability Company, in order to induce Franchisor to consent to the assignment of the Franchise Agreement to the Corporation, or Limited Liability Company in accordance with the provisions of Section 16.4 of the Franchise Agreement, agree as follows:

1. The undersigned Franchisee shall remain personally liable in all respects under the Franchise Agreement and all the other undersigned Officers, Directors and Shareholders of the Corporation, or the Members of the Limited Liability Company, intending to be legally bound hereby, agree jointly and severally to be personally bound by the provisions of the Franchise Agreement including the restrictive covenants contained in Article 15 thereof, to the same extent as if each of them were the Franchisee set forth in the Franchise Agreement and they jointly and severally personally guarantee all of the Franchisee’s obligations set forth in said Agreement.

2. The undersigned agrees not to transfer any stock in the Corporation, or any interest in the Limited Liability Company without the prior written approval of the Franchisor and agree that all stock certificates representing shares in the Corporation, or all certificates representing interests in the Limited Liability Company shall bear the following legend:

“The shares of stock represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_, between MedXwaste Franchise LLC and \_\_\_\_\_, Inc.”

or

“The ownership interests represented by this certificate are subject to the terms and conditions set forth in a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_, between MedXwaste Franchise LLC and \_\_\_\_\_, Inc.”

3. \_\_\_\_\_ or his designee shall devote his best efforts to the day-to-day operation and development of the Business.

4. \_\_\_\_\_ hereby agrees to become a party to and to be bound by all of the provisions of the Franchise Agreement executed on the date set forth below between Franchisee and Franchisor, to the same extent as if it were named as the Franchisee therein.

Date of Franchise Agreement: \_\_\_\_\_

Territory of Business: \_\_\_\_\_

WITNESS: As to Paragraph 3:

\_\_\_\_\_ [Name]

As to Paragraph 4:

\_\_\_\_\_ [Name]

ATTEST: \_\_\_\_\_  
Name of Corp. or Limited Liability Company

By: \_\_\_\_\_(SEAL)  
Title: \_\_\_\_\_

In consideration of the execution of the above Agreement, \_\_\_\_\_, Inc.  
hereby consents to the above referred to assignment on this \_\_\_\_ day of \_\_\_\_\_, 20\_\_\_\_.

MedXwaste Franchise LLC

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHEDULE 6 TO THE FRANCHISE AGREEMENT**

**STATE AMENDMENTS TO FRANCHISE AGREEMENT**

**AMENDMENT TO MEDXWASTE FRANCHISE LLC  
FRANCHISE AGREEMENT REQUIRED BY THE STATE OF CALIFORNIA**

1. Article 4 entitled "Fees and Report" shall be amended to include the following language at the end of this section:

Notwithstanding the language in this section, the highest interest rate allowed by California law is 10% per annum.

2. Section 13(c) entitled "Termination without Right to Cure" provides for termination upon bankruptcy. This provision may not be enforceable under federal bankruptcy law (11 U.S.C.A. Sec. 101 et seq.).

3. Article 15 entitled "Non-competition" contains covenants not to compete which extend beyond the termination of the franchise. These provisions may not be enforceable under California Law. Therefore, these sections are hereby modified to the extent necessary to be consistent with California Business and Professions Code Sec. 16600.

4. Section 22.10 entitled "Choice of Law" requires application of the laws of \_\_\_\_\_. This provision may not be enforceable under California law.

5. Section 23.14 shall be amended to include the following language:

No Statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

By: \_\_\_\_\_  
Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**AS INDIVIDUALS:**

\_\_\_\_\_

Franchisee

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Franchisee

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Franchisee

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Franchisee

**ILLINOIS AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

1. Article 2 entitled "Term" shall be amended as follows: notwithstanding the foregoing, pursuant to Section 20 of the Illinois Franchise Disclosure Act of 1987, Franchisor may not refuse to renew a franchise of a franchised business located in the State of Illinois without compensating the franchisee either by repurchase or by other means for the diminution in the value of the franchised business caused by the expiration of the franchise where:

(a) the franchisee is barred by the franchise agreement (or by the refusal of the franchisor at least 6 months prior to the expiration date of the franchise to waive any portion of the franchise agreement which prohibits the franchisee) from continuing to conduct substantially the same business under another trademark, service mark, trade name or commercial symbol in the same area subsequent to the expiration of the franchise, or (b) the franchisee has not been sent notice of the franchisor's intent not to renew the franchise at least 6 months prior to the expiration date or any extension thereof of the franchise.

2. Article 4.1 entitled "Initial Franchise Fee" shall be amended to add the following language at the end of this section:

Notwithstanding anything stated to the contrary in this Section 4.1, the Initial Franchise Fee shall be deferred until the Franchisor has performed all of its pre-opening obligations as set forth in the Franchise Agreement, and you have commenced doing business as a MedXwaste franchisee. The Illinois Attorney General's Office imposed this deferral requirement due to the Franchisor's financial condition.

3. Article 13 entitled "Default and Termination" shall be amended as follows:

Pursuant to Section 19 of the Illinois Franchise Disclosure Act of 1987, Franchisor may not terminate a franchise of a franchised business located in the State of Illinois prior to the expiration of its term except for "good cause" as provided below:

"Good cause" shall include, but not be limited to, the failure of the franchisee to comply with any lawful provisions of the franchise or other agreement and to cure such default after being given notice thereof and a reasonable opportunity to cure such default, which in no event need be more than 30 days, or

"Good cause" shall include, but without the requirement of notice and an opportunity to cure, situations in which the franchisee (1) makes an assignment for the benefit of creditors or a similar disposition of the assets of the franchise business, (2) voluntarily abandons the franchise business, (3) is convicted of a felony or other crime which substantially impairs the good will associated with our trademark, service mark, trade name or commercial symbol, or (4) repeatedly fails to comply with the lawful provisions of the franchise or other agreement.

4. Article 22 entitled "Dispute Resolution" shall be amended as follows:

Notwithstanding the foregoing, pursuant to 14 Ill. Adm. Code 200.608 and as described in Section 4 of Illinois Franchise Disclosure Act of 1987, a franchise agreement shall not require a franchisee to litigate any cause of action, with the exception of arbitration proceedings, arising under the franchise agreement or the Illinois Franchise Disclosure Act of 1987 outside of the State of

Illinois, nor shall a franchise agreement provide for a choice of law provision for any state other than Illinois. Also, Pursuant to Section 41 of the Illinois Franchise Disclosure Act of 1987, any condition, stipulation, or provision purporting to bind any person acquiring any franchise to waive compliance with any provision of the Illinois Franchise Disclosure Act of 1987 or any other law of the State of Illinois is void; however, this shall not prevent any person from entering into a settlement agreement or executing a general release regarding a potential or actual lawsuit filed under any of the provisions of the Illinois Franchise Disclosure Act of 1987, nor shall it prevent the arbitration of any claim pursuant to the provisions of Title 9 of the United States Code.

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

AS INDIVIDUALS:

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**ILLINOIS AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

Illinois law governs the agreements between the parties to this franchise.

Section 4 of the Illinois Franchise Disclosure Act provides that any provision in a franchise agreement that designates jurisdiction or venue outside the State of Illinois is void. However, a franchise agreement may provide for arbitration outside of Illinois.

Section 41 of the Illinois Franchise Disclosure Act provides that any condition, stipulation or provision purporting to bind any person acquiring any franchise to waive compliance with the Illinois Franchise Disclosure Act or any other law of Illinois is void.

Your rights upon termination and non-renewal of a franchise agreement are set forth in sections 19 and 20 of the Illinois Franchise Disclosure Act.

**MedXwaste Franchise LLC**

DATED: \_\_\_\_\_

By: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_  
Developer

**INDIANA AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

1. The following language shall be added to Article 2 entitled “Term: and Section 16.6 entitled “Our Right of First Refusal”:

The release will not relieve any person from liability to be imposed by the Indiana Deceptive Franchise Practices Act, IC 23-2-2.7.

2. The following language shall be added to Article 15 entitled “Non-Competition”:

The time and geographic scope of the covenant not to compete shall not be greater than allowed by IC 23- 2-2.7-1(9).

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

By: \_\_\_\_\_  
Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

AS INDIVIDUALS:

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**IOWA AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

1. Article 2 entitled "Term" shall be amended as follows:

Notwithstanding the foregoing, we shall not refuse to renew a franchise unless both of the following apply:

- a. You have been notified of our intent not to renew at least six months prior to the expiration date or any extension of the franchise agreement.
- b. Any of the following circumstances exist:
  - (i) Good cause exists, provided that our refusal to renew is not arbitrary or capricious. For purposes of this subsection, "good cause" means cause based on a legitimate business reason.
  - (ii) We and you agree not to renew the franchise.
  - (iii) We completely withdraw from directly or indirectly distributing our products or services in the geographic market served by you, provided that upon expiration of the franchise, we agree not to seek to enforce any of your covenants not to compete with us or our franchisees.

2. Article 22 entitled "Dispute Resolution" shall be amended to include the following at the end of the Article:

- a. A provision in a franchise agreement restricting jurisdiction to a forum outside this state is void with respect to a claim otherwise enforceable under Section 537A.10 of the Iowa Code.
- b. A civil action or proceeding arising out of a franchise may be commenced wherever jurisdiction over the parties or subject matter exists, even if the agreement limits actions or proceedings to a designated jurisdiction.
- c. Venue for a civil action commenced under this chapter shall be determined in accordance with Chapter 616 of the Iowa Code, Place of Bringing Actions.
- d. A condition, stipulation, or provision requiring the application of the law of another state in lieu of Section 537A.10 of the Iowa Code is void.

[Signatures Appear on Following Page]

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

By: \_\_\_\_\_

Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**AS INDIVIDUALS:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**MARYLAND AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

The following Addendum modifies and supersedes MedXwaste, LLC Franchise Agreement (the “Agreement”) with respect to MedXwaste franchises offered or sold to either a resident of the State of Maryland or a non-resident who will be operating a MedXwaste franchise in the State of Maryland pursuant to the Maryland Franchise Registration and Disclosure Law, MD. BUS. REG. CODE ANN. §14-201 et. seq. (2010 Repl. Vol. and Supp. 2012), as follows

1. The Franchise Agreement is amended to include the following:

All representations requiring prospective franchisees to assent to a release, estoppel or waiver of liability are not intended to nor shall they act as a release, estoppel or waiver of any liability incurred under the Maryland Franchise Registration and Disclosure Law.

No Statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

2. Section 2.2 entitled “Renewal” and Article 16 entitled “Assignment, Transfer And Sale” are revised to include the following:

Pursuant to COMAR 02.02.08.16L, the general release required as a condition of renewal, sale, and/or assignment/transfer shall not apply to any liability under the Maryland Franchise Registration and Disclosure Law.

3. Section 4.1 entitled “Initial Franchise Fee,” The following language shall be added at the end of this section:

“Notwithstanding anything contained in this Agreement to the contrary, all initial fees and payments due under this Agreement, including the initial franchise fee described in 4.1 of this Agreement, are deferred until your MedXwaste opens for business and MedXwaste has completed its initial obligations to you under this Agreement.’

3. Article 22 entitled “Dispute Resolution” is revised to include the following:

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

By: \_\_\_\_\_  
Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

AS INDIVIDUALS:

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**MARYLAND AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

The Franchise Agreement shall be amended to include the following:

Section 6.1 entitled "Fees," shall be amended to include the following language at the end of this section:

"Notwithstanding anything contained in this Agreement to the contrary, all initial franchise fees and payments due under this Agreement, including the initial franchise fee described in Section 6.11 of this Agreement, are deferred until your MedXwaste opens for business and MedXwaste has completed its initial obligations for the applicable franchise to you under this Agreement."

A franchisee may bring a lawsuit in Maryland for claims arising under the Maryland Franchise Registration and Disclosure Law; and,

Any claims arising under the Maryland Franchise Registration and Disclosure Law must be brought within 3 years after the grant of the franchise.

**MedXwaste Franchise LLC**

DATED: \_\_\_\_\_

By: \_\_\_\_\_

ATTEST:

\_\_\_\_\_

DATED: \_\_\_\_\_

\_\_\_\_\_  
Developer

**MINNESOTA AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

1. Article 2 entitled “Term” and Article 22 entitled “Dispute Resolution” shall be amended as follows:

The release referred to in this section shall not relieve any person from liability imposed by Minnesota statute 1973 supplement, § 80C.01 to 80C.22. However, the parties are free to enter into voluntary settlements of disputes.

2. Article 4 entitled “Fees and Reporting” shall be amended as follows:

Notwithstanding anything said to the contrary, Minn. Stat. §604.113 allows for only one service charge per dishonored check that is not to exceed \$30.

3. Article 13 entitled “Default and Termination” shall be amended as follows and in instances where this language of the Addendum is in conflict with Section 17, the language of the Addendum shall control:

Notwithstanding anything stated to the contrary, Minnesota law provides Franchisees with certain termination and non-renewal rights. Minn. Stat. Sec. 80C.14, Subd. 3, 4 and 5 require, except in certain specified cases, that a franchisee be given 90 days’ notice of termination (with 60 days to cure) and 180 days’ notice for non-renewal of the Franchise Agreement and that consent to the transfer of the franchise will not be unreasonably withheld. Where the provisions of the Minnesota Statute conflict with the provisions contained in the Lawlers Barbecue Franchise Agreement, Minnesota Law shall control.

4. Section 22.10 entitled “Choice of Laws” shall be amended as follows:

Notwithstanding anything stated to the contrary, Minn. Stat. §80C.21 and Minn. Rule 2860.4400J prohibit us from requiring litigation to be conducted outside Minnesota. In addition, nothing in the disclosure document or agreement can abrogate or reduce any of your rights as provided for in Minnesota Statutes, Chapter 80C, and Franchisor is prohibited from requiring the Franchisee to waive his or her rights to a jury trial or to waive rights to any procedure, forum, or remedies provided for by the laws of the jurisdiction, or to consent to liquidated damages, termination penalties, or judgment notes; provided that this part shall not bar an exclusive arbitration clause, pursuant to Minn. Rule 2860.4400J.

5. Section 23.14 shall be amended as follows:

No Statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

[Signatures Appear on Following Page]

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

By: \_\_\_\_\_

Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**AS INDIVIDUALS:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**NEW YORK AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

1. Article 10 entitled "Operations Manual and Confidentiality" shall be amended to include the following:

Revisions to the Manual will not unduly affect your obligations, including economic requirements, under this Agreement.

New York Effective Date: See Effective Dates Page included in Franchise Disclosure Document.

2. Section 22.10 entitled "Choice of Laws" shall be amended to include the following language:

"Provided, however, that all rights arising in the favor from the provisions of Article 33 of the GBL of the State of New York and the regulations issues thereunder shall remain in force, it being the intent of this provision that the non-waiver provisions of GBL sections 687.4 and 687.5 be satisfied."

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

By: \_\_\_\_\_  
Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

**AS INDIVIDUALS:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**NORTH DAKOTA AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

The following sections of the Franchise Agreement are hereby amended pursuant to the provisions of Section 51-19-09 of the North Dakota Franchise Investment Law:

1. Article 2 entitled "Term" shall be amended to the extent that Franchisor shall not require the Franchisee to sign a general release upon renewal of the Franchise Agreement.

2. Section 8.15 entitled "Relationship with Former Franchisees, Section 15.5 entitled "Other Covenants" and Section 15.7 entitled "Confidential and Non-Competition Covenants of Your Employees" shall be amended as follows:

"Covenants not to compete such as those outlined in this Section are generally considered unenforceable in the State of North Dakota. The restrictive covenants contained in this section are subject to section 9-08-06, N.D.C.C."

3. Article 13 entitled "Default and Termination" and Section 14.8 entitled "Liquidated Damages" shall be amended to the extent that Franchisor shall not require the Franchisee to consent to termination penalties or liquidated damages.

4. Article 22 entitled "Dispute Resolution" shall be amended to the extent that Franchisor will not require the Franchisee to waive his or her rights under North Dakota Law, and this Franchise Agreement and all issues arising from or relating to this Franchise Agreement will be governed by and construed under the laws of the State of North Dakota.

5. Section 22.1 entitled "Litigation, Waiver of Jury Trial; Limitation of Damages, etc., shall be amended to the extent that Franchisor will not require the Franchisee to consent to a waiver of exemplary and punitive damages, nor shall the Franchisor require the franchisee to consent to a limitation of claims. The statute of limitations under North Dakota law applies.

6. Section 22.1 entitled "Litigation, Waiver of Jury Trial; Limitation of Damages, etc., and Section 22.10 entitled "Choice of Laws" shall be amended to the extent that Franchisor will not require the Franchisee to consent to the jurisdiction of courts outside of North Dakota.

[Signatures Appear on Following Page]

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

By: \_\_\_\_\_

Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**AS INDIVIDUALS:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**RHODE ISLAND AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

Pursuant to Section 19-28.1-14 of the Rhode Island Franchise Investment Act, Section 22.10 entitled “Choice of Laws” shall be amended to include the following language:

Notwithstanding anything stated to the foregoing, a provision in a franchise agreement restricting jurisdiction or venue to a forum outside this state or requiring the application of the laws of another state is void with respect to a claim otherwise enforceable under this Act.

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

By: \_\_\_\_\_  
Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_  
Its: \_\_\_\_\_

AS INDIVIDUALS:

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**SOUTH DAKOTA AMENDMENT MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

The Franchisor and Franchisee agree to the following amendments to the Franchise Agreement as follows:

1. Article 13 entitled "Default and Termination" shall be amended as follows:

Before the termination of this Agreement due to your breach of the Agreement, failure to meet performance and quality standards, or failure to make royalty payments, we will afford you 30 days written notice with an opportunity to cure said default.

2. Section 15.7 entitled "Confidential and Non-Competition Covenants of Your Employees" shall be amended as follows:

Notwithstanding anything stated to the foregoing, covenants not to compete upon termination or expiration of the Franchise Agreement are generally unenforceable in the State of South Dakota.

3. Section 22.10 entitled "Choice of Laws" shall be amended as follows:

Notwithstanding anything stated to the contrary, the law regarding franchise registration, employment, covenants not to compete, and other matters of local concern will be governed by the laws of the State of South Dakota; but as to contractual and all other matters, this Agreement and all provisions of this instrument will be and remain subject to the application, construction, enforcement and interpretation under the governing law of \_\_\_\_\_.

Notwithstanding anything stated to the contrary, any provision which designates jurisdiction or venue or requires the franchisee to agree to jurisdiction or venue in a forum outside of South Dakota is void with respect to any cause of action which is otherwise enforceable in South Dakota.

4. Article 22 entitled "Dispute Resolution" shall be amended to include the following language:

Notwithstanding anything stated to the contrary, pursuant to SDCL 37-5B, any condition, stipulation or provisions purporting to waive compliance with any provisions of this chapter or any rule or order thereunder is void. Any acknowledgment provision, disclaimer or integration clause or provision having a similar effect in a franchise agreement does not negate or act to remove from judicial review any statement, misrepresentation or action that would violate this chapter or a rule or order under this chapter.

Any provision that provides that the parties' waive their rights to claim, punitive, exemplary, incidental, indirect, or consequential damages or any provision that provides that parties' waive their right to a jury trial may not be enforceable under South Dakota law.

[Signatures Appear on Following Page]

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

By: \_\_\_\_\_

Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

By: \_\_\_\_\_

Its: \_\_\_\_\_

**AS INDIVIDUALS:**

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

\_\_\_\_\_  
Franchisee

**WASHINGTON AMENDMENT TO MEDXWASTE FRANCHISE LLC**  
**FRANCHISE AGREEMENT**

The state of Washington has a statute, RCW 19.100.180 which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise. There may also be court decisions which may supersede the franchise agreement in your relationship with the franchisor including the areas of termination and renewal of your franchise.

In any arbitration involving a franchise purchased in Washington, the arbitration site shall be either in the state of Washington, or in a place mutually agreed upon at the time of the arbitration, or as determined by the arbitrator.

In the event of a conflict of laws, the provisions of the Washington Franchise Investment Protection Act, Chapter 19.100 RCW shall prevail.

A release or waiver of rights executed by a franchisee shall not include rights under the Washington Franchise Investment Protection Act except when executed pursuant to a negotiated settlement after the agreement is in effect and where the parties are represented by independent counsel. Provisions such as those which unreasonably restrict or limit the statute of limitations period for claims under the Act, rights or remedies under the Act such as a right to a jury trial may not be enforceable.

Transfer fees are collectable to the extent that they reflect the franchisor's reasonable estimated or actual costs in effecting a transfer.

No Statement, questionnaire, or acknowledgment signed or agreed to by a franchisee in connection with the commencement of the franchise relationship shall have the effect of (i) waiving any claims under any applicable state franchise law, including fraud in the inducement, or (ii) disclaiming reliance on any statement made by any franchisor, franchise seller, or other person acting on behalf of the franchisor. This provision supersedes any other term of any document executed in connection with the franchise.

The undersigned does hereby acknowledge receipt of this addendum.

Dated: \_\_\_\_\_

**MedXwaste Franchise LLC**

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: President

Dated: \_\_\_\_\_

**FRANCHISEE:** \_\_\_\_\_

\_\_\_\_\_  
By: \_\_\_\_\_  
Its: \_\_\_\_\_

**AS INDIVIDUALS:**

\_\_\_\_\_  
Franchisee  
\_\_\_\_\_

Franchisee

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Franchisee

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Franchisee

**SCHEDULE 7 TO THE FRANCHISE AGREEMENT**

**CONFIDENTIALITY AND NON-COMPETITION AGREEMENT**

**(for trained employees, shareholders, officers, directors,  
general partners, members and managers of Franchisee)**

In consideration of my being a \_\_\_\_\_ of \_\_\_\_\_  
("Franchisee"), and other good and valuable consideration, the receipt and sufficiency of which is  
acknowledged, I hereby acknowledge and agree that:

1. Pursuant to a Franchise Agreement dated \_\_\_\_\_, 20\_\_\_\_ (the "Franchise Agreement"), Franchisee has acquired the right and franchise from **MedXwaste Franchise LLC** (the "Company") to establish and operate a **MedXwaste business** (the "Franchised Business") and the right to use in the operation of the Franchised Business the Company's trade names, service marks, trademarks, logos, emblems, and indicia of origin (the "Proprietary Marks"), as they may be changed, improved and further developed from time-to-time in the Company's sole discretion, only at the following authorized and approved location: \_\_\_\_\_ (the "Approved Location").

2. The Company, as the result of the expenditure of time, skill, effort and resources has developed and owns a distinctive format and system (the "System") relating to the establishment and operation of Franchised Businesses, which is a medical waste and shredding franchise. The Company possesses certain proprietary and confidential information relating to the operation of the System, which includes certain proprietary trade secrets, methods, techniques, formats, specifications, systems, procedures, methods of business practices and management, sales and promotional techniques and knowledge of, and experience in, the operation of the Franchised Business (the "Confidential Information").

3. Any and all information, knowledge, know-how, and techniques which the Company specifically designates as confidential shall be deemed to be Confidential Information for purposes of this Agreement.

4. As \_\_\_\_\_ of the Franchisee, the Company and Franchisee will disclose the Confidential Information to me, in furnishing to me training programs, the Company's Confidential Operations Manuals (the "Manuals"), and other general assistance during the term of the Franchise Agreement.

5. I will not acquire any interest in the Confidential Information, other than the right to utilize it in the operation of the Franchised Business during the term of the Franchise Agreement, and the use or duplication of the Confidential Information for any use outside the System would constitute an unfair method of competition.

6. The Confidential Information is proprietary, involves trade secrets of the Company, and is disclosed to me solely on the condition that I agree, and I do hereby agree, that I shall hold in strict confidence all Confidential Information and all other information designated by the Company as confidential. Unless the Company otherwise agrees in writing, I will disclose and/or use the Confidential Information only in connection with my duties as \_\_\_\_\_ of the Franchisee, and will continue not to disclose any such information, even after I cease to be in that position, and will not use any such information, even after I cease to be in that position, unless I can demonstrate that such

information has become generally known or easily accessible, other than by the breach of an obligation of Franchisee under the Franchise Agreement.

7. Except as otherwise approved in writing by the Company, I shall not, while in my position with the Franchisee, either directly or indirectly for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any business or e-commerce business which: (a) is the same as, or substantially similar to, a Franchised Business; or (b) offers to sell or sells any products or services which are the same as, or substantially similar to, any of the products and services offered by a Franchised Business (a "Competitive Business"); and for a continuous uninterrupted period commencing upon the cessation or termination of my position with Franchisee, regardless of the cause for termination, or upon the expiration, termination, transfer, or assignment of the Franchise Agreement, whichever occurs first, and continuing for 2 years thereafter, either directly or indirectly, for myself, or through, on behalf of, or in conjunction with any person, persons, partnership, or corporation, own, maintain, operate, engage in, act as a consultant for, perform services for, or have any interest in any Competitive Business that is, or is intended to be, located at or within:

7.1 Franchisee's Exclusive Territory, as defined in the Franchise Agreement ("Franchisee's Territory");

7.2 30 miles of Franchisee's Exclusive Territory; or

7.3 30 miles of any Franchised Business operating under the System and the Proprietary Marks.

The prohibitions in this Paragraph 7 do not apply to my interests in or activities performed in connection with a Franchised Business. This restriction does not apply to my ownership of less than 5% beneficial interest in the outstanding securities of any publicly held corporation.

8. I agree that each of the foregoing covenants shall be construed as independent of any other covenant or provision of this Agreement. If all or any portion of a covenant in this Agreement is held unreasonable or unenforceable by a court or agency having valid jurisdiction in an unappealed final decision to which the Company is a party, I expressly agree to be bound by any lesser covenant subsumed within the terms of such covenant that imposes the maximum duty permitted by law, as if the resulting covenant were separately stated in and made a part of this Agreement.

9. I understand and acknowledge that the Company shall have the right, in its sole discretion, to reduce the scope of any covenant set forth in this Agreement, or any portion thereof, without my consent, effective immediately upon receipt by me of written notice thereof; and I agree to comply forthwith with any covenant as so modified.

10. The Company is a third-party beneficiary of this Agreement and may enforce it, solely and/or jointly with the Franchisee. I am aware that my violation of this Agreement will cause the Company and the Franchisee irreparable harm; therefore, I acknowledge and agree that the Franchisee and/or the Company may apply for the issuance of an injunction preventing me from violating this Agreement, and I agree to pay the Franchisee and the Company all the costs it/they incur(s), including, without limitation, legal fees and expenses, if this Agreement is enforced against me. Due to the importance of this Agreement to the Franchisee and the Company, any claim I have against the Franchisee or the Company is a separate matter and does not entitle me to violate or justify any violation of this Agreement.

11. This Agreement shall be construed under the laws of the State of \_\_\_\_\_. The only way this Agreement can be changed is in writing signed by both the Franchisee and me.

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Name

\_\_\_\_\_  
Address

\_\_\_\_\_  
Title

**ACKNOWLEDGED BY FRANCHISEE**

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

**EXHIBIT D**

**LIST OF CURRENT FRANCHISEES AND THOSE WHO HAVE LEFT THE SYSTEM**

**I. LIST OF CURRENT FRANCHISEES**

| State, Name & Address, City & State                                           | Telephone Number |
|-------------------------------------------------------------------------------|------------------|
| Illinois                                                                      |                  |
| J Adams Enterprises, Inc.<br>701 E. Lincoln #2<br>Bloomington, Illinois 61752 | 309-661-2269     |
| New York                                                                      |                  |
| NT Transportation, Inc.<br>11 Glick Road,<br>Saratoga Springs, New York 12866 | 844-733-2247     |

**II. LIST OF FRANCHISES Terminated, Canceled, Not Renewed, or Voluntarily or Involuntarily  
Ceased to do Business**

| Name & Address | Telephone Number | Reason for leaving |
|----------------|------------------|--------------------|
| None           |                  |                    |

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**OPERATIONS MANUAL TABLE OF CONTENTS**

**(As of September 6, 2019)**

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**EXHIBIT F**  
**FINANCIAL STATEMENTS**



**DAY SECKLER**

**MEDXWASTE FRANCHISE LLC**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2023, 2022 AND 2021**

**MEDXWASTE FRANCHISE LLC**

**Financial Statements  
December 31, 2023, 2022 and 2021**

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## INDEPENDENT AUDITORS' REPORT

To the Member of  
MedXwaste Franchise LLC

### Opinion

We have audited the accompanying financial statements of MedXwaste Franchise LLC (a limited liability company), which comprise the balance sheets as of December 31, 2023, 2022 and 2021, and the related statements of income and member's equity and cash flows for the years then ended, and the related notes to the combined financial statements.

In our opinion, the financial statements referred to above presents fairly, in all material respects, the financial position of MedXwaste Franchise LLC as of December 31, 2023, 2022 and 2021, and the results of its operations and cash flows for the years then ended in accordance with account principles generally accepted in the United States of America.

### Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of MedXwaste Franchise LLC and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about MedXwaste Franchise LLC's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

## **Auditors' Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statement.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of MedXwaste Franchise LLC's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about MedXwaste Franchise LLC's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.



Fishkill, NY  
May 6, 2024

# MEDXWASTE FRANCHISE LLC

## Balance Sheets December 31,

### A S S E T S

|                             | <u>2023</u>     | <u>2022</u>     | <u>2021</u>      |
|-----------------------------|-----------------|-----------------|------------------|
| <b>Current Assets</b>       |                 |                 |                  |
| Cash                        | \$ 7,573        | \$ 1,165        | \$ 24,940        |
| <b>Total Current Assets</b> | <u>\$ 7,573</u> | <u>\$ 1,165</u> | <u>\$ 24,940</u> |

### LIABILITIES & MEMBER'S DEFICIT

|                                                 |                  |                  |                  |
|-------------------------------------------------|------------------|------------------|------------------|
| <b>Current Liabilities</b>                      |                  |                  |                  |
| Deferred Revenue                                | \$ 21,429        | \$ 14,286        | \$ 14,286        |
| <b>Long-Term Liabilities</b>                    |                  |                  |                  |
| Deferred Revenue                                | 75,296           | 48,511           | 62,797           |
| Due to Related Party                            | <u>58,850</u>    | <u>52,850</u>    | <u>37,850</u>    |
| <b>Total Long-Term Liabilities</b>              | <u>134,146</u>   | <u>101,361</u>   | <u>100,647</u>   |
| <b>Total Liabilities</b>                        | <u>155,575</u>   | <u>115,647</u>   | <u>114,933</u>   |
| <b>Member's Deficit</b>                         | <u>(148,002)</u> | <u>(114,482)</u> | <u>(89,993)</u>  |
| <b>Total Liabilities &amp; Member's Deficit</b> | <u>\$ 7,573</u>  | <u>\$ 1,165</u>  | <u>\$ 24,940</u> |

See Notes to Financial Statements

# MEDXWASTE FRANCHISE LLC

## Statements of Income and Member's Equity For the years ended December 31,

|                                            | <u>2023</u>                       | <u>2022</u>                       | <u>2021</u>                      |
|--------------------------------------------|-----------------------------------|-----------------------------------|----------------------------------|
| <b>Income</b>                              |                                   |                                   |                                  |
| Franchise Revenue                          | \$ 16,072                         | \$ 14,286                         | \$ 14,286                        |
| Franchise Royalties                        | <u>20,150</u>                     | <u>0</u>                          | <u>0</u>                         |
| <b>Total Income</b>                        | <b>36,222</b>                     | <b>14,286</b>                     | <b>14,286</b>                    |
| <b>Expenses</b>                            |                                   |                                   |                                  |
| Advertising                                | 28,872                            | 11,897                            | 27,217                           |
| Business Licenses & Permits                | 457                               | 0                                 | 0                                |
| Fuel Expense                               | 0                                 | 0                                 | 77                               |
| Office Expense                             | 0                                 | 0                                 | 914                              |
| Printing                                   | 0                                 | 0                                 | 2,088                            |
| Professional Fees                          | 26,830                            | 17,733                            | 8,323                            |
| Postage & Shipping                         | 1,129                             | 0                                 | 2,060                            |
| Travel Expense                             | 3,823                             | (1,651)                           | 1,298                            |
| Membership                                 | 4,550                             | 6,133                             | 0                                |
| Supplies                                   | <u>4,081</u>                      | <u>4,663</u>                      | <u>0</u>                         |
| <b>Total Expenses</b>                      | <b><u>69,742</u></b>              | <b><u>38,775</u></b>              | <b><u>41,977</u></b>             |
| <b>Net Loss</b>                            | <b>(33,520)</b>                   | <b>(24,489)</b>                   | <b>(27,691)</b>                  |
| <b>Member's Deficit, Beginning of Year</b> | <b><u>(114,482)</u></b>           | <b><u>(89,993)</u></b>            | <b><u>(62,302)</u></b>           |
| <b>Member's Deficit, End of Year</b>       | <b><u><u>\$ (148,002)</u></u></b> | <b><u><u>\$ (114,482)</u></u></b> | <b><u><u>\$ (89,993)</u></u></b> |

See Notes to Financial Statements

**MEDXWASTE FRANCHISE LLC**

**Statements of Cash Flows**  
**For the years ended December 31,**

|                                                                                        | <u>2023</u>     | <u>2022</u>     | <u>2021</u>      |
|----------------------------------------------------------------------------------------|-----------------|-----------------|------------------|
| <b>Cash Flows from Operating Activities:</b>                                           |                 |                 |                  |
| Net Loss                                                                               | \$ (33,520)     | \$ (24,489)     | \$ (27,691)      |
| <b>Adjustments to Reconcile Net Loss to Net Cash Provided By Operating Activities:</b> |                 |                 |                  |
| <b>Changes in Operating Assets and Liabilities</b>                                     |                 |                 |                  |
| Prepaid Expenses                                                                       | 0               | 0               | 9,874            |
| Deferred Revenue - Current                                                             | 7,143           | 0               | 0                |
| Deferred Revenue - Long-Term                                                           | 26,785          | (14,286)        | (14,286)         |
| Due to Related Party                                                                   | 6,000           | 15,000          | 0                |
| <b>Net Cash Provided by (Used in) Operating Activities</b>                             | <b>6,408</b>    | <b>(23,775)</b> | <b>(32,103)</b>  |
| <b>Cash, Beginning of Year</b>                                                         | <b>1,165</b>    | <b>24,940</b>   | <b>57,043</b>    |
| <b>Cash, End of Year</b>                                                               | <b>\$ 7,573</b> | <b>\$ 1,165</b> | <b>\$ 24,940</b> |

See Notes to Financial Statements

## **MEDXWASTE FRANCHISE LLC**

### **Notes to the Financial Statements December 31, 2023, 2022 and 2021**

#### **Note 1    Summary of Significant Accounting Policies**

##### ***Incorporation and Nature of Operations***

MedXwaste Franchise LLC (the “Company”), was established April 30, 2019, under the laws of the State of Florida to engage primarily in the business of offering and selling franchise services, specifically the ownership and operation of services for the transportation of medical waste for disposal but also includes compliance training using a third party software platform, shredding services, hazardous waste services, sharps containers sales and mailback disposal services.

##### ***Basis of Presentation***

The accompanying financial statements have been prepared on the accrual basis of accounting, in accordance with accounting principles generally accepted in the United States of America.

##### ***Cash and Cash Equivalents***

Management considers all short-term investments with a maturity of three months or less to be cash equivalents.

##### ***Revenue Recognition***

Revenue is recognized when performance obligations under the terms of the contract with customers are satisfied.

##### ***Advertising Costs***

The Company follows the policy of charging the cost of advertising to expense as incurred.

##### ***Income Taxes***

The Company is a limited liability company whose taxes are the personal responsibility of its member.

## **MEDXWASTE FRANCHISE LLC**

### **Notes to the Financial Statements December 31, 2023, 2022 and 2021**

#### **Note 1 Summary of Significant Accounting Policies - Continued**

##### ***Uncertain Tax Positions***

The Company is required to recognize, measure, classify and disclose in the financial statements uncertain tax positions taken or expected to be taken in the Company's tax return. Management has determined that the Company does not have any uncertain tax positions and associated unrecognized benefits that materially impact the financial statement or related disclosures. Since tax matters are subject to some degree of uncertainty, there can be no assurance that the Company's tax return will not be challenged by the taxing authorities and that the Company will not be subject to additional tax, penalties and interest as a result of such challenge. For the years ended December 31, 2023, 2022 and 2021, there were no interest or penalties recorded or included in the Company's financial statements.

##### ***Use of Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenue and expenses during the reporting period. These estimates are based on management's best knowledge of current events, historical experience, actions that the Company may undertake in the future and on various other assumptions that are believed to be reasonable under the circumstances. Accordingly, actual results could differ from these estimates.

##### ***Subsequent Events Evaluation by Management***

Management has evaluated subsequent events for disclosure and/or recognition in the financial statements through May 6, 2024, which is the date that the financial statements were available to be issued.

#### **Note 2 Revenue from Contracts with Customers**

Franchise revenue consists of franchise fees associated with new franchise owners. Under the franchise agreement, the Company provides the franchisee with (i) use of MedXwaste name in an exclusive territory, (ii) training, (iii) software and (ix) initial supplies. The services provided under the franchise agreements are highly interrelated and dependent upon the franchise license therefore the services do not represent individually distinct performance obligations. Consequently, the Company bundles the franchise license performance obligations and promises to provide services into a single performance obligation, which is satisfied by providing the right to use over the term of each franchise agreement. The terms of each franchise agreement are seven years, with an option to renew. Revenue from franchise fees are recognized pro-rata over seven years.

One franchise was sold during the year ended December 31, 2023. There were no franchises sold for the years ending December 31, 2022 and 2021.

## MEDXWASTE FRANCHISE LLC

### Notes to the Financial Statements December 31, 2023, 2022 and 2021

#### Note 2 Revenue from Contracts with Customers – Continued

##### *Contract Balances*

The timing of revenue recognition, billings and cash collections results in billed accounts receivable, unbilled receivables (contract assets), and customer advances and deposits (contract liabilities) on the Balance Sheet. Amounts are billed as work progresses in accordance with agreed-upon contractual terms, either at periodic intervals (e.g., quarterly or monthly) or upon achievement of contractual milestones. Generally, billing occurs subsequent to revenue recognition, resulting in contract assets. However, the Company sometimes receive advances or deposits from its customers, particularly on international contracts, before revenue is recognized, resulting in contract liabilities. These deposits are liquidated when revenue is recognized.

The beginning and ending contract balances were as follows as of December 31,:

|                             | 2023   | 2022   | 2021   |
|-----------------------------|--------|--------|--------|
| Deferred Revenue, beginning | 62,797 | 77,083 | 91,369 |
| Deferred Revenue, ending    | 96,725 | 62,797 | 77,083 |

Franchise revenue recognized that was included in the contract liability balance at the beginning of each year was \$14,286 for each of the years ended December 31, 2023, 2022 and 2021.

#### Note 3 Related Party Transactions

The sole member of the Company, MedXwaste LLC, holds the copyrights and other intellectual property that are used by the Company. In 2020, MedXwaste LLC loaned the Company \$37,850 to satisfy operating expenses. In 2022 and 2023, an additional \$15,000 and \$6,000 was loaned to the Company, respectively. This loan is unsecured, payable on demand and does not bear interest.

#### Note 4 Concentration of Credit Risk

The Company maintains its cash balance in one financial institution. At times, cash balances may be in excess of FDIC insurance limits. The Company has not experienced any losses on such account. Management does not believe the Company is exposed to any significant risks.

## **MEDXWASTE FRANCHISE LLC**

### **Notes to the Financial Statements December 31, 2023, 2022 and 2021**

#### **Note 5 Management's Plan to Improve Financial Condition and Results of Operations**

For the years ended December 31, 2023, 2022 and 2021, the Company's retained deficit was \$148,002, \$114,482 and \$89,993, respectively, as they have incurred losses in the last four years. For the years ended December 31, 2023, 2022 and 2021, the Company realized net losses of \$33,520, \$24,489 and \$27,691, respectively. In 2023, Management implemented a plan to improve the financial performance of the Company through increased sales of franchises and beginning to collect royalties on franchises already sold. The ability of the Company to continue as a going concern is dependent on the continued success of this plan. Expenses increased in 2023, as the Company increased advertising to assist existing franchises to generate more revenue. The Company also receives support from a related party, which is also owned by the sole member of the Company, who has expressed a vested interest in providing additional funding in the form of loans with terms similar to those described in Note 3 when necessary. The financial statements do not include any adjustments that might be necessary if the Company is unable to continue as a going concern.

These Financial Statements Have Been Prepared without an Audit. Prospective Franchisees or Sellers of Franchises Should be Advised that No Independent Certified Public Accountant Has Audited These Figures or Expressed an Opinion with Regard to their Content or Form.

# MedXwaste Franchise LLC

## Profit and Loss January - June, 2024

|                                 | TOTAL              |
|---------------------------------|--------------------|
| Income                          |                    |
| Franchise Initial Fee           | 50,000.00          |
| Franchise Royalty               | 14,750.00          |
| Software                        | 146.20             |
| <b>Total Income</b>             | <b>\$64,896.20</b> |
| Cost of Goods Sold              |                    |
| Initial Inventory Franchisees   | 1,141.54           |
| <b>Total Cost of Goods Sold</b> | <b>\$1,141.54</b>  |
| GROSS PROFIT                    | <b>\$63,754.66</b> |
| Expenses                        |                    |
| Advertising                     | 15,495.60          |
| Business Licenses and Permits   | 500.00             |
| Office Expense                  |                    |
| Printing                        | 2,703.31           |
| <b>Total Office Expense</b>     | <b>2,703.31</b>    |
| Professional Fees               | 9,012.00           |
| QuickBooks Payments Fees        | 282.78             |
| Travel Expense                  | 384.95             |
| <b>Total Expenses</b>           | <b>\$28,378.64</b> |
| NET OPERATING INCOME            | <b>\$35,376.02</b> |
| NET INCOME                      | <b>\$35,376.02</b> |

# MedXwaste Franchise LLC

Balance Sheet  
As of June 30, 2024

|                                        | TOTAL                |
|----------------------------------------|----------------------|
| <b>ASSETS</b>                          |                      |
| Current Assets                         |                      |
| Bank Accounts                          |                      |
| Chase                                  | 60,005.89            |
| <b>Total Bank Accounts</b>             | <b>\$60,005.89</b>   |
| Accounts Receivable                    |                      |
| Accounts Receivable                    | 2,146.20             |
| <b>Total Accounts Receivable</b>       | <b>\$2,146.20</b>    |
| Other Current Assets                   |                      |
| Undeposited Funds                      | 0.00                 |
| <b>Total Other Current Assets</b>      | <b>\$0.00</b>        |
| <b>Total Current Assets</b>            | <b>\$62,152.09</b>   |
| <b>TOTAL ASSETS</b>                    | <b>\$62,152.09</b>   |
| <b>LIABILITIES AND EQUITY</b>          |                      |
| Liabilities                            |                      |
| Current Liabilities                    |                      |
| Credit Cards                           |                      |
| Blue Business Plus Card (1008) - 2     | -797.26              |
| <b>Total Credit Cards</b>              | <b>\$ -797.26</b>    |
| Other Current Liabilities              |                      |
| MedXwaste Loan In                      | 78,850.00            |
| MXNY Loan                              | 0.00                 |
| <b>Total Other Current Liabilities</b> | <b>\$78,850.00</b>   |
| <b>Total Current Liabilities</b>       | <b>\$78,052.74</b>   |
| <b>Total Liabilities</b>               | <b>\$78,052.74</b>   |
| Equity                                 |                      |
| Members Equity                         | -51,276.67           |
| Net Income                             | 35,376.02            |
| <b>Total Equity</b>                    | <b>\$ -15,900.65</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>    | <b>\$62,152.09</b>   |

**EXHIBIT G**  
**MUTUAL RELEASE**

**MUTUAL RELEASE**  
**MEDXWASTE FRANCHISE LLC**

WHEREAS, \_\_\_\_\_, (“Franchisee”) wishes to terminate its agreement with **MedXwaste Franchise LLC** (“Franchisor”) and cease and desist operation of all business under that agreement, and as a condition of releasing Franchisee of its obligations under its franchise agreement with Franchisor, the parties agree as follows:

Release – General Provisions. The Franchisee and Franchisor, jointly and severally, hereby release and forever discharge each other of and from any and all causes of action, in law or in equity, suits, debts, liens, defaults under contracts, leases, agreements or promises, liabilities, claims, demands, damages, losses, costs or expenses, of any nature whatsoever, howsoever arising, **known or unknown**, fixed or contingent, past or present, that they have or may hereafter have against each other by reasons of any matter, cause or thing whatsoever from the beginning of time to the date hereof (the “Claims”), it being the mutual intention of the parties that this release be unqualifiedly general in scope and effect and that any Claims against any of the are hereby forever canceled and forgiven.

THE FRANCHISEE AND FRANCHISOR ACKNOWLEDGE THAT THEY ARE FAMILIAR WITH THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 1542, WHICH PROVIDES AS FOLLOWS:

A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

THE FRANCHISEE AND FRANCHISOR, BEING AWARE OF THIS CODE SECTION, HEREBY EXPRESSLY WAIVE ALL OF THEIR RIGHTS THEREUNDER AS WELL AS UNDER ANY OTHER STATUTES OR COMMON LAW PRINCIPLES OF SIMILAR EFFECT OF ANY APPLICABLE JURISDICTION, INCLUDING, WITHOUT LIMITATION, NORTH CAROLINA AND/OR JURISDICTIONS OF FRANCHISEE(S)’ RESIDENCE AND LOCATION OF FRANCHISED UNITS.

The Franchisee and Franchisor expressly assume the risk of any mistake of fact or fact of which they may be unaware or that the true facts may be other than any facts now known or believed to exist by Franchisee and Franchisor, and it is the Franchisee and Franchisor’s intention to forever settle, adjust and compromise any and all present and/or future disputes with respect to all matters from the beginning of time to the date of this document finally and forever and without regard to who may or may not have been correct in their understanding of the facts, law or otherwise. All releases given by the Franchisee and Franchisor are intended to constitute a full, complete, unconditional and immediate substitution for any and all rights, claims, demands and causes of action whatsoever which exist, or might have existed, on the date of this document. The Franchisee and Franchisor represent and warrant that they have made such independent investigation of the facts, law and otherwise pertaining to all matters discussed, referred to or released in or by this document as they in their independent judgment, believe necessary or appropriate. The Franchisee and Franchisor have not relied on any statement, promise, or representation, whether of fact, law or otherwise, by the other party or anyone else, not expressly set forth herein, in executing this document and/or the related releases.

No Assignment or Transfer of Interest. Franchisee and Franchisor represent and warrant that there have been, and there will be, no assignment or other transfer of any interest in any Claims that the Franchisee and Franchisor may have against the other, all Claims having been fully and finally extinguished. The Franchisee and Franchisor agree to forever indemnify and hold each other harmless from any liability, claims, demands, damages, losses, costs, expenses or attorneys' fees incurred by either party as a result of any person asserting any interest in any of the Claims and/or any voluntary, involuntary or other assignment or transfer thereof. It is the intention of the parties that this indemnity does not require payment by either party as a condition precedent to recovery against the other party under this indemnity.

Attorneys' Fees. If the Franchisee and Franchisor, or anyone acting for, or on behalf of, the Franchisee and Franchisor or claiming to have received, by assignment or otherwise, any interest in any of the Claims, commences, joins in, or in any manner seeks relief through any suit (or otherwise) arising out of, based upon or relating to any of the Claims released hereunder, or in any manner asserts against either of the parties any of the Claims released hereunder, each party agrees to pay its own attorneys' fees and other costs incurred in defending or otherwise responding to said suit or assertion.

Date of Releases, Joint and Several Liability. The releases granted hereunder shall be deemed effective as of the date hereof. The liabilities and obligations of the Franchisee and Franchisor shall be joint and several.

Severability. In event that any provision or portion of this Agreement shall be determined to be invalid or unenforceable for any reason, in whole or in part, the remaining provisions of this Agreement shall be unaffected thereby and shall remain in full force and effect to the fullest extent permitted by law.

Governing Law/Jurisdiction. This Agreement shall be governed by and construed and interpreted in accordance with the laws of North Carolina without reference to principles of conflict of laws.

\_\_\_\_\_ [FRANCHISEE]

MedXwaste Franchise LLC

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**EXHIBIT H**  
**ACH/EFT TRANSFER AGREEMENT**

**ACH/EFT TRANSFER AGREEMENT**

**AUTHORIZATION TO HONOR CHECKS AND DEBITS BY AND PAYABLE TO THE  
FOLLOWING PAYEE(S):**

**1. (CHECK EACH APPLICABLE BOX)**

**MedXwaste Franchise LLC**

**BANK NAME**

**ACCOUNT#**

**ABA#**

**2. Bank Account in Name of:**

**ATTACH ONE VOIDED CHECK FOR THE ABOVE ACCOUNT TO THIS SHEET**

**3. Business Location:**

**Business#**

**4. For Information Call:**

**Address:**

**Phone #:**

**Fax #:**

**TO THE BANK DESIGNATED:**

You are hereby requested and authorized to honor and to charge to the foregoing account, checks and electronic debits (collectively, "debits") drawn on such account which are payable to any of the above-named Payees. It is agreed that rights with respect to each such debit shall be the same as if it bore a signature authorized for such account. It is further agreed that if any such debit is not honored, whether with or without cause, you shall be under no liability whatsoever. This authorization shall continue in force until revocation in writing is received by you.

**5. DATE:** \_\_\_\_/\_\_\_\_/\_\_\_\_

**6.** \_\_\_\_\_  
Name of Franchisee/Payor (please print)

**7. By:** \_\_\_\_\_

SIGNATURE AND TITLE OF AUTHORIZED REPRESENTATIVE

**INDEMNIFICATION AGREEMENT**

To the above-named Payee and the Bank Designated:

The Payor agrees with respect to any action taken pursuant above authorization:

1. To indemnify the Bank and hold it harmless from any loss it may suffer resulting from or in connection with any debit, including, without limitation, execution and issuance of any check, draft or order, whether or not genuine, purporting to be authorized or executed by the Payee and received by the

Bank in the regular course of business for the purpose of payment, including any costs or expenses reasonably in collection therewith.

2. To indemnify Payee and the Bank for any loss arising in the event that any such debit shall be dishonored, whether with or without cause and whether intentionally or inadvertently.

3. To defend at our own cost and expense any action which might be brought by any depositor or any other persons because of any actions taken by the Bank of Payee pursuant to the foregoing request and authorization, or in any manner arising by reason of the Bank's or Payee's participation therein.

**BE SURE THAT ALL INFORMATION ASKED FOR IS PROVIDED**

## EXHIBIT I

### State Effective Dates

The following states have franchise laws that require that the Franchise Disclosure Document be registered or filed with the state, or be exempt from registration: California, Hawaii, Illinois, Indiana, Maryland, Michigan, Minnesota, New York, North Dakota, Rhode Island, South Dakota, Virginia, Washington, and Wisconsin.

This document is effective and may be used in the following states, where the document is filed, registered or exempt from registration, as of the Effective Date stated below:

| State     | Effective Date |
|-----------|----------------|
| Illinois  | Pending        |
| Indiana   | Pending        |
| Maryland  | Pending        |
| Minnesota | Pending        |
| New York  | Pending        |
| Wisconsin | Pending        |

Other states may require registration, filing, or exemption of a franchise under other laws, such as those that regulate the offer and sale of business opportunities or seller-assisted marketing plans.

**EXHIBIT J**

**RECEIPT**

## **EXHIBIT J**

### **RECEIPT (Our Copy)**

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and to the appropriate state agency listed on Exhibit A.

The franchisor is: MedXwaste Franchise LLC, located at 13340 Lincoln Road, Riverview, Florida 9. Its telephone number is: (844) 733-2247.

The franchise seller for this offering is [name] \_\_\_\_\_, [title] \_\_\_\_\_, [address], \_\_\_\_\_, [telephone number] \_\_\_\_\_.

Issuance Date: August 1, 2024.

See Exhibit A for our registered agent authorized to receive service of process.

I have received a disclosure document dated August 1, 2024 that included the following Exhibits:

|                                                                                                                     |                                  |
|---------------------------------------------------------------------------------------------------------------------|----------------------------------|
| A. Federal and State Regulatory Authorities and Agents for Service of Process                                       | F. Initial Opening Balance Sheet |
| B. State Amendments to FDD                                                                                          | G. Mutual Release                |
| C. MedXwaste Franchise LLC Franchise Agreement, Schedules 1 – 7 (including State Amendments to Franchise Agreement) | H. ACH/EFT Transfer Agreement    |
|                                                                                                                     | I. State Effective Dates Page    |
| D. List of Current Franchisees AND Those Who Left the System                                                        | J. Receipt                       |
| E. Operations Manual Table of Contents                                                                              |                                  |

Dated: \_\_\_\_\_

**(Do not leave blank)**

\_\_\_\_\_  
**Signature of Prospective Franchisee**

\_\_\_\_\_  
**Print Name**

**Please sign and date this receipt and return it to MedXwaste Franchise LLC, via US Mail at Franchisor's corporate address, 13340 Lincoln Road, Riverview, Florida.**

### **RECEIPT (Your Copy)**

This disclosure document summarized certain provisions of the franchise agreement and other information in plain language. Read this disclosure document and all agreements carefully.

If we offer you a franchise, we must provide this disclosure document to you 14 days before you sign a binding agreement with, or make a payment to us or an affiliate in connection with the proposed franchise sale.

New York requires that we give you this disclosure document at the earlier of the first personal meeting or 10 business days before the execution of the franchise or other agreement or the payment of any consideration that relates to the franchise relationship.

Michigan, Oregon, and Washington require that we give you this disclosure document at least 10 business days before the execution of any binding franchise or other agreement or the payment of any consideration, whichever occurs first.

If we do not deliver this disclosure document on time, or if it contains a false or misleading statement, or a material omission, a violation of federal and state law may have occurred and should be reported to the Federal Trade Commission, Washington, D.C. 20580, and to the appropriate state agency listed on Exhibit A.

The franchisor is: MedXwaste Franchise LLC, located at 13340 Lincoln Road, Riverview, Florida 33578. Its telephone number is: (844) 733-2247.

The franchise seller for this offering is [name] \_\_\_\_\_, [title] \_\_\_\_\_, [address], \_\_\_\_\_, [telephone number] \_\_\_\_\_.

Issuance Date: April 30, 2024.

See Exhibit A for our registered agent authorized to receive service of process.

I have received a disclosure document dated April 30, 2024, that included the following Exhibits:

|                                                                                                                     |                                  |
|---------------------------------------------------------------------------------------------------------------------|----------------------------------|
| A. Federal and State Regulatory Authorities and Agents for Service of Process                                       | F. Initial Opening Balance Sheet |
| B. State Amendments to FDD                                                                                          | G. Mutual Release                |
| C. MedXwaste Franchise LLC Franchise Agreement, Schedules 1 – 7 (including State Amendments to Franchise Agreement) | H. ACH/EFT Transfer Agreement    |
|                                                                                                                     | I. State Effective Dates Page    |
| D. List of Current Franchisees/ AND Those Who Left the System                                                       | J. Receipt                       |
| E. Operations Manual Table of Contents                                                                              |                                  |

Dated: \_\_\_\_\_

**(Do not leave blank)**

\_\_\_\_\_  
**Signature of Prospective Franchisee**

\_\_\_\_\_  
**Print Name**

**Please sign and date this receipt and return to: MedXwaste Franchise LLC., via U.S. Mail at Franchise Administration, 13340 Lincoln Road, Riverview, Florida 33578. You may keep this copy for your records.**